

## COPING WITH CRISIS

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### INTRODUCTION

Imagine a company celebrating 120 years of continuous service. With uniformed conductors, engineers, and authentic coal-fired steam engines, the historic Durango & Silverton Narrow Gauge (D&SNG) Railroad, Inc. fully expected to continue delighting tourists by providing this historic and scenic ride for years to come. As the number one tourist attraction for both Durango and Silverton, Colorado, the train had become a mainstay for both economies. Now, imagine being in charge of this operation and facing a crisis decision in the midst of poor economic times and soft tourism demand.

For most tourism-related industries, 2001 was a dismal year. Even prior to 9/11, many companies were experiencing both declining revenues and increasing operating expenses. Unfortunately, the end-result for most service providers in the tourism industry was worse than projected revenue and visitor numbers. It was a simple case of supply and demand; the supply of tourism venues continued to expand, while the uncertain economy and terrorism fears caused travelers to scale back their plans for venturing out. The stock market peaked in March of 2000 and tumbled dramatically to multi-year lows, making consumers even more financially conservative with their leisure expenditures. People with extra cash were reluctant to part with it.

The tourism industry in Southwest Colorado was feeling the economic pains of the slow-down in tourism like the rest of the country. In the midst of this gloomy scenario, some good news came to the local tourism economy. Newspaper headlines screamed the news: “Thomas the Tank Engine is coming to Durango, June 15–23 to travel on the historic D&SNG Railroad, Inc.” With records set for lack of snow and rainfall, the drought-conscious Durango business owners needed a shot in the arm that increased tourism could bring. Thomas’s popularity, due to its own web site, books, toys, videos, movie, Public Broadcasting System (PBS), and Nickelodeon television features, was expected to draw thousands of new visitors to Durango. For \$14 per person (nonrefundable tickets), visitors could experience “A Day Out With Thomas.” Every 45 minutes, the D&SNG coaches were expected to transport thousands of visitors on a 30-minute ride.

Since the train was the main destination attraction in the region, this added venue came at a good time for many of the local tourism businesses that were starving for customers. Train riders typically stayed in Durango, the largest town in the region, while participating in other activities, such as visiting Mesa Verde National Park and enjoying a variety of outdoor activities. While Durango served as the station for the train, one town in the region was even more dependent on the train than any other—Silverton.

### SILVERTON AND THE D&SNG

The small mountain town of Silverton, population 720, was especially dependent on the day-trippers that flooded into the town with each scheduled train. These passengers had two and a half hours to sightsee, eat, and shop in this historic mining town before boarding for the return trip to Durango.

In its continuing efforts to promote tourism, the Silverton Chamber of Commerce hailed 2002 as The International Year of the Mountains. Noted events included the 31st Annual Iron Horse Bicycle Classic where riders from all over the world come to race the D&SNG as it chugged along the 45 scenic miles of twisting mountain tracks passing through the San Juan National Forest between Durango and Silverton. An announcement from the Silverton, Colorado Chamber of Commerce extolled the virtues of Silverton.