
Co-operation and Partnerships in Tourism: A Global Perspective

Prepared for:

Canadian Tourism Commission
World Tourism Organization
World Tourism Organization Business Council

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A Global Perspective

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Foreword

In early 2002, the World Tourism Organization (WTO) invited the Canadian Tourism Commission (CTC) to partner with them in the publication of a study that would examine international best practices in co-operation and partnership within the tourism sector.

Recognizing that public-private sector co-operation and partnership among private companies constitute a rising trend in competitiveness, especially for the tourism sector, the CTC agreed to join in this endeavour. A partnership was formed with the WTO and the World Tourism Organization Business Council (WTOBC), who would be primarily responsible for overseeing the management of the project in collaboration with the CTC's Industry Relations division.

As both the WTOBC and the CTC had previously published partnerships studies, *Developing Business Opportunities Through Partnering* (CTC, 1995), and *Public-Private Sector Co-operation* (WTOBC, 2000), it was a welcomed joint venture that would expand upon these previous two studies.

The aim of *Co-operation and Partnerships in Tourism: A Global Perspective* is to give inspiration and guidance on how to build, implement and further develop partnerships - focusing on strategic and operational issues in partnering and lessons learned from past partnering experiences. By examining cases from all regions of the world and from several different areas in tourism, the study provides insight that can be applied beyond the specific cultural and economic contexts of each case. As tourism is increasingly becoming a sector successfully built on co-operation and partnerships, we trust that you will find this study to be a valuable resource.

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The report was written by Paula Bund, KPMG Canada. Her patience and commitment, in addition to her professional skills, enabled her to synthesize a vast amount of information, give it shape, and present it in a highly readable style. In addition, the KPMG Tourism Network was of great support in providing local insight in different regions of the world.

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I. Introduction

Co-operation and partnerships are increasingly being used in the tourism sector to achieve impressive business and community goals. What is surprising is that these partnerships are forming in a sector that has traditionally been viewed as fragmented. More surprising is that the tourism sector has begun venturing beyond its own sector to form partnerships. We believe that sharing the experience of partnership is important to the further development of the sector and of the communities that support, or are looking to support, a vibrant, dynamic tourism sector. This report is meant to give inspiration on how to plan, implement and further develop partnerships, focusing on strategic and operational issues in partnering and the lessons, good and bad, learned from past partnering experiences.

A. Why partner?

The underlying impetus to partner, or the key motivator to co-operate, is that all partners, whether from the private or the public sector, will benefit from the alignment of resources and objectives. Partnerships in fact form for a variety of reasons (see Exhibit I-1). Partnerships can be formed to create new products or services, to achieve higher levels of efficiency or economies of scale, to open markets that were previously inaccessible or to simply pool resources—financial and/or human.

Exhibit I-1. Typical partnership objectives

Products

- ☐ Enhance and preserve resources
- ☐ Set quality standards
- ☐ Develop attractions, theme parks and accommodation
- ☐ Provide technical support for innovative product development programs
- ☐ Contribute to the economic wealth of the community
- ☐ Create sustainable development of tourism sector
- ☐ Overcome trade and investment barriers
- ☐ Protect consumers
- ☐ Deal with competition

Research and Technology

- ☐ Provide research and measurement methodologies
- ☐ Implement Tourism Satellite Accounts
- ☐ Enhance technological innovation and application

Human Resources

- ☐ Set service and quality standards
- ☐ Provide training and education programs
- ☐ Improve productivity and innovation

Marketing and Sales

- ☐ Improve destination image
- ☐ Improve marketing efficiency
- ☐ Improve market coverage and reach
- ☐ Provide support for electronic marketing and distribution, including Internet
- ☐ Provide support for participation at trade shows
- ☐ Harness power of co-op marketing programmes
- ☐ Access new markets

Infrastructure

- ☐ Improve roads, transport infrastructure and basic services
- ☐ Provide impetus for intermodal transportation
- ☐ Improve public health and sanitation
- ☐ Improve safety and security
- ☐ Enhance telecommunications system

Financing

- ☐ Obtain investment and funding
- ☐ Leverage public investment
- ☐ Obtain start-up financing
- ☐ Improve yield

Source: (Canadian Tourism Commission, World Tourism Organization Business Council and KPMG, 2002)

As well, partnerships can go by various names and structures and be formed with the private sector (i.e. private-private), with the public sector (i.e. public-public) or between the private and the public sectors (i.e. public-private). The following definitions of the types of partnerships that can be formed were adapted from the *Developing Business Opportunities Through Partnering* completed by the Canadian Tourism Commission in 1995.

- Consortium — a pooling of resources to gain a benefit that they could not afford on their own (e.g. joint technology, joint services).
- Joint venture — a co-operative project (typically bringing different skills/resources) pursue an opportunity. The initiative is often given a “corporate entity” of its own.
- Strategic alliance — generally a longer-term agreement to achieve common objectives. May involve both smaller and larger organizations with complementary resources or expertise. Termed “strategic” because the objectives are of critical importance to the overall business/market development strategy of the partners.
- Co-operative marketing — an agreement to market partners’ products or services through joint promotion. Often relates to maximizing the potential of distribution networks of various partners and gaining familiarity with target markets through an “in-market” partner.
- Value-chain relationship — where organizations in different industries with unique but complementary skills link their capabilities to create value. The relationship is very tightly knit, with joint or overlapping activities occurring in many areas.
- Organization network — a multi-organization alliance in which member businesses collaborate to meet common objectives.
- Outsourcing—contracting of non-core services to third-party providers.

A partnership is not a:

- Sponsorship
- Grant
- Acquisition
- One-off contribution
- Merger

The basis of a partnership lies in the partners sharing **both** risk and return.

The key to any successful partnership, however, is the recognition that the partnership is a business relationship wherein the partners share the risks, rewards and responsibility for the success or failure of the initiative.

This is not to say that the partners want or seek the same benefits. For the public sector, a partnership with the private sector can bring:

- Access to new sources of capital;
- Accelerated development of infrastructure assets;
- Risk sharing opportunities;
- Maintenance or improvement of service levels;
- Access to skills in planning, management and service delivery;
- Realization of the value of under-utilized assets; and
- Greater value from economic development opportunities.

On the other hand, for the private sector, partnerships can bring:

- Access to new markets that they would be unable to develop on their own;
- Ability to improve skill levels and performance;
- Expansion of products or services beyond current capability;
- Enhancement of credibility through association; and
- The opportunity to earn a return commensurate with the risks and merits of the venture.

This report explores the robust set of reasons for forming partnerships and the benefits a partnership can bring not only for the organizations involved, but also for the larger community.

B. Scope of study

This project is itself a partnership among three organizations: The World Tourism Organization, the World Tourism Organization Business Council (WTOBC) and the Canadian Tourism Commission (CTC).

The increasing interest in the importance of partnerships in the tourism sector prompted the WTOBC to consider building upon an already extensive study, *Public-Private Sector Co-operation*, published in 2000. The WTOBC contacted the Canadian Tourism Commission, which, since the mid-1990s, has developed strong competence in partnership operations by partnering with both the public and private sectors in all its program undertakings. In 1995, the CTC published *Developing Business Opportunities Through Partnering*, prepared by KPMG, which has become a benchmark publication within the Canadian tourism sector. As a result of this past experience, KPMG was engaged by the WTOBC and CTC to undertake the implementation of the study.

The aim of this report is to produce a set of “best practice” case studies that give inspiration and guidance on how to build, implement and further develop partnerships, focusing on strategic and operational issues in partnering and the lessons learned from past partnering experiences. Some of the case studies presented are new and others are updated from the earlier WTOBC and CTC studies.¹

Objectives of the study:

To provide a global sample of best practices, expanding the set of public-private, public-public, and private-private partnership case studies and updating some of the case studies reported in previous studies.

To demonstrate the variety of models of co-operation and partnerships in different areas, such as marketing, product development and training, taking into account the differences in culture and traditions in different parts of the world.

¹ We encourage you to explore both of these documents for further discussion.

The CTC and WTOBC shared the responsibility for identifying the 18 case studies covering the five regions of the world.

REGION	CASE CODE	CASE STUDIES
Europe	A	Revitalizing a core tourism asset: Hungary's Spa and Wellness Industry
	B	Sustaining a mature partnership: MeetingPlace Wonderful Copenhagen, Denmark
	C	Creating a tourist cluster: the Armada Hotel, Istanbul
	D	Extending the tourist season: the Island of Crete, Greece
Middle East	E	Creating a destination: the Red Sea Riviera, Egypt
Asia	F	Restructuring Nepal's national tourism organization: the Nepal Tourism Board
	G	Repositioning a destination through a themed marketing campaign: Amazing Thailand
	H	Maximizing an opportunity: the Tourism Olympic Forum, Australia
Caribbean and Latin America	I	Establishing an ecotourism venture: Kapawi Eco-Lodge, Ecuador
	J	Establishing a comprehensive development program: Small Tourism Enterprise Project (STEP), Caribbean
Americas	K	Creating a product alliance: Arts in the Wild, Canada
	L	Providing a tourism education program at the secondary school level: Canadian Academy of Travel & Tourism
	M	Expanding an established partnership: wine and cultural tourism in the Thompson Okanagan, Canada
	N	Harnessing the power of co-operative marketing programs: Spa Canada
	O	Bridging the gap between non-traditional partners: Canadian Sport Tourism Alliance
	P	Malama (Caring for) a tourist district: Waikiki, United States
	Q	Partnering for stewardship of a natural resource: Delaware North and the U.S. National Parks Service
Africa	R	Creating a tourist route "all together": the Sonke Cape Tourist Route

The case studies were chosen based on their ability to illustrate the variety of partnerships that are formed to address key themes such as product development, marketing and sales, research and technology, infrastructure, human resources and financing, all the while ensuring that the lessons learned could be transferable beyond the specific cultural and economic context. Using the case codes identified above, the following matrix situates each case study as to the type of partnership formed and the key partnership objective(s) it illustrates. The letters cross reference to the case studies.

Exhibit I-2. Case code matrix

	Type of partnership formed							
Partnership objectives		Consortium	Joint venture	Strategic alliance	Co-operative marketing	Outsourcing	Value chain relationship	Organization network
	Products	A, E	C	H, I, K, M, O, R		Q	D	J, P
	Marketing & sales			K, M	G, N		D	B, F, J
	Research & technology			O, R				
	Infrastructure	A, E						
	Human resources	A		L				J
	Financing	A, E	C	I, K			D	J

The case studies should not be viewed as universal or exhaustive of all partnership types, but illustrative of successful practices, or guiding themes, that can be used in strategic planning exercises. As well, it should be noted that each case study is clearly situated in its own cultural and historical context, however we believe that the themes that emerge around how to plan, implement and further develop partnerships can be adapted to a specific context and applied anywhere in the world.

II. Creating and Maintaining Partnerships

As the WTO recognized in the 2000 report, two key forces, globalization and technology, are transforming the tourism sector into a dynamic economic force that has never been possible before. The industry is in transition. Sector customers, both business and leisure travellers, have become more sophisticated and are looking for customized experiences. In response, distribution networks are creating flexible bundles of travel experiences, and destinations are forming wider networks of alliances to deliver a credible, exciting guest experience. Where previously segments of the tourism sector had clear-cut boundaries, now key players—airlines, hotels, attractions and tour operators for example—have discovered that they must get together to market, book and sell the destination in order to get their fair share of a growing market segment.

Key challenges are still facing the sector. Much work still needs to be accomplished in order for the sector to capitalize on technology to create sustainable relationships with selected customer segments. In order to do this we need to manage the integrity of the value chain, generate innovative and sustainable business practices, and convince the financial markets to invest.

This chapter summarizes the key experiences of the 18 case studies presented in this report. It follows the stages of a partnership from its formation, to implementing and managing the partnership arrangement to regenerating and empowering a mature partnership. We conclude with some thoughts on how we can manage the transition through each phase of this exciting journey.

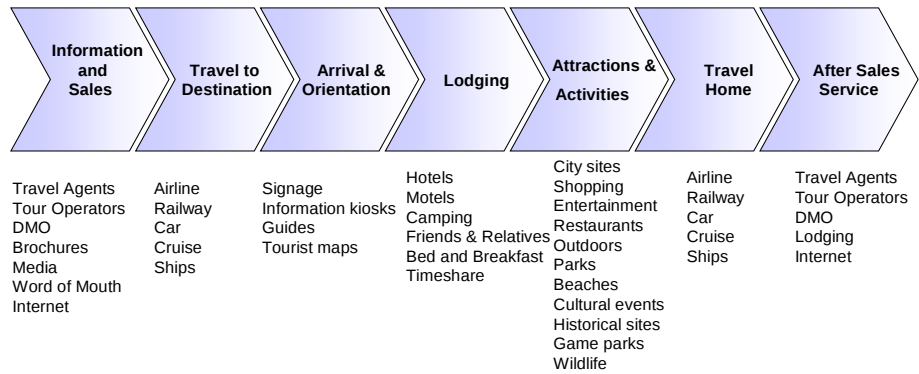
A. Recognizing the opportunities

The tourism sector, perhaps because it encompasses so many sectors of the economy, is susceptible to fragmentation. Travellers are becoming more sophisticated and wanting customized experiences, creating tendencies for the sector to develop micro-segments, niche brands and customized products—all valid strategies. Unfortunately, these same strategies can also build barriers to protect narrow regional identity or business interests that in a globalized world may not allow sufficient leverage of resources. But building partnerships is about trying to find where the commonalities lie, breaking down the barriers in order to leverage what each can bring to the table.

The tourism sector presents any number of opportunities to partner. It is characterized by a burgeoning set of small and medium sized businesses that have the entrepreneurship and flexibility to take advantage of new opportunities. On a global scale, the public sector is looking for new ways to partner with the private sector to strategically develop and market tourism and to leverage available assets for growth.

We are beginning to recognize that the destination represents a bundle of experiences that all together create a competitive cluster. The greater number and range of things to see and do, the better the destination is able to sustain visitation in fragile times. But it's individual businesses that make up the "destination," and it's not just those that provide the attractions and activities, the things to see and do, that are important. As Exhibit II-1 suggests, the value chain in the tourism sector begins outside the destination, where the idea to travel is first presented and converted into the decision to travel. The opportunity to partner resides in the myriad of links in the value chain.

Exhibit II-1. Tourism value chain



Source KPMG, 2002

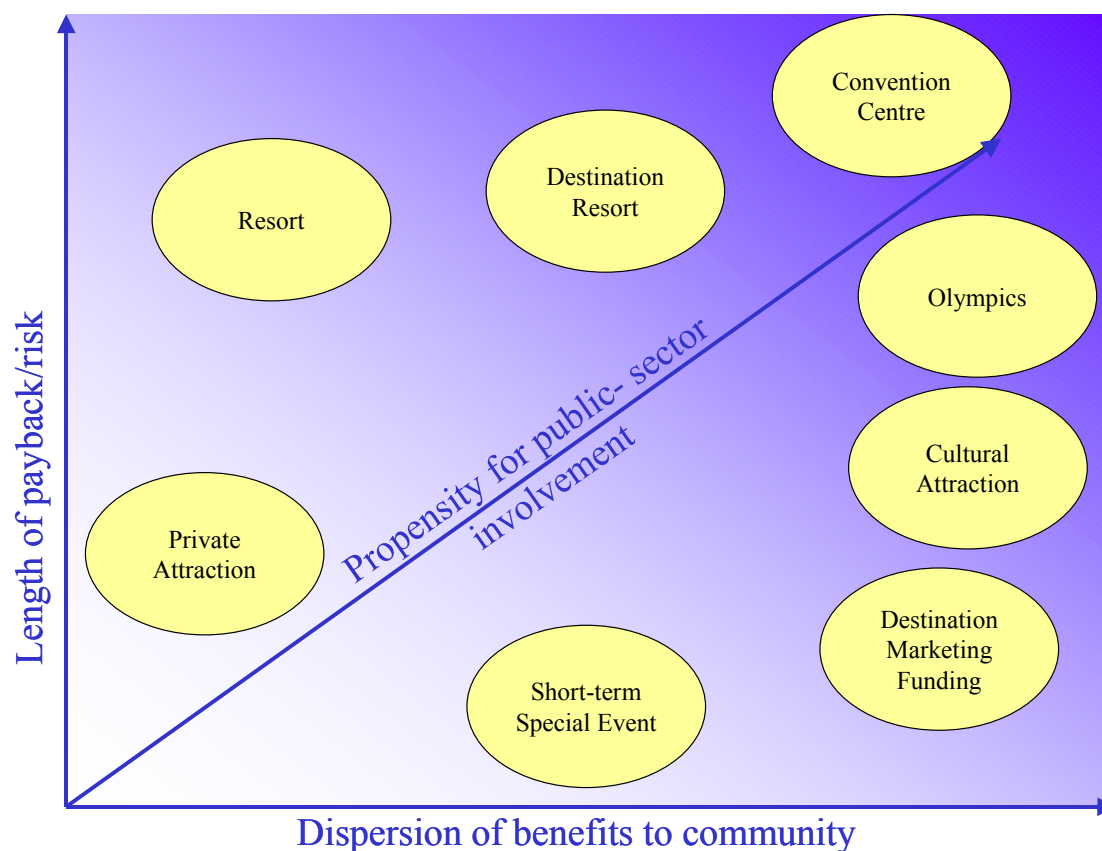
It’s also important to note that the opportunity to partner is not just with organizations that are traditionally viewed as being within the tourism sector. Organizations are beginning to think creatively about opportunities to partner with non-traditional sectors. For example, in our case studies *Spa Canada*, a consortium of spa operators, partnered with a retail chain that specialized in paint and home decorating because these two industries targeted the same market segments and each could leverage the other’s offering.

Partnerships can then take a variety of forms and involve any number of partners—indeed, and as the WTOBC 2000 study noted, no “correct” formula or model is available to follow. The formation of partnerships depends on the circumstances, economic, organizational, cultural, and structural capability of the private or the public sector to participate, and the willingness of the potential partners to assume the additional responsibility that the partnership entails.

Each partner brings unique assets and capabilities to the partnership. For its part, the public sector may be able to offer assets that are under utilized or “soft assets,” such as reputation or an existing customer base. Given the capacity of the public sector to be able to borrow at an effective rate, the public sector can also bring a lower cost for financing capability. On the other hand, the private sector can often bring a business focus and may also be able to bring international operational and marketing experience. In some instances the private sector can also bring capital. However, whether they are from the private or the public sector, the key motivator to co-operate is that all partners will benefit from the alignment of resources and objectives.

Public-private partnerships have become popular vehicles for creating investment in tourism development. But when does it make sense for the public and the private sectors to partner? As demonstrated in Exhibit II-2, and as a rule of thumb, the public sector will likely have a higher propensity to invest when the dispersion of benefits to the public is high *and* the return on investment is stretched over a long period of time (making it prohibitive for the private sector to undertake solely). In other words, the public sector is more likely to solely own and operate assets such as such as convention centres, museums and large destination attractors. These assets require intensive and ongoing capital investment, but the payback to the public is substantial in terms of quality of life and the economic impact of the incremental inflow of high-value visitors to the city.

Exhibit II-2. Propensity for the public sector to invest in tourism projects



Source: KPMG, 2002

If the public sector is looking to partner, generally it will be in those areas where the dispersion of benefits to the public is high, but the payback to the private sector is within a reasonable amount of time. As the WTOBC 2000 report indicated, the main area for public-private sector co-operation in the tourism sector has been in marketing and promotion. Marketing, particularly in international markets, is inherently expensive and partnerships offer the opportunity to pool limited resources. Other common areas for public-private co-operation are product and infrastructure development; education and training, and; financing and investment.

The case studies presented in this report highlight a number of instances where the public and private sector have joined to promote tourism development. The *Nepal Tourism Board* has restructured as a public-private partnership to ensure that the national tourism organization is meeting the needs of Nepal's private sector. In Nepal, the dispersion of benefits of an active and vibrant tourism sector to the country's population can be tremendous. It makes sense for the private sector to participate, because the success of the national tourism organization will directly affect their bottom line. The private sector can not only bring additional financial investment, but they can also bring marketing expertise.

In another case study, the Hungarian government has led the redevelopment of the spa and wellness tourism sector by supporting a targeted set of public-private partnerships. Under Hungary's *Szechenyi Plan*, the national government's funding was aimed primarily at those spa assets that are the main tourist attractors and/or are culturally important but neglected. The return on investment in these spa assets would likely not be initially interesting to the private sector given the magnitude of the investment and associated risks. However the dispersion of benefits to the public would be large once the spa was revitalized, spurring further private sector investment in the support infrastructure such as hotels, taxis, health tourism, among other ventures. In instances such as this, the public sector will more likely take the lead when the required investment to kick start the redevelopment is high, allowing the private sector to take advantage of the opportunities as they arise.

Similarly, in Egypt, the Egyptian government is partnering with the private sector in a massive redevelopment effort in what has become known as the *Red Sea Riviera*. However, in this redevelopment, the Egyptian government is not directly investing in tourism assets, but is investing in basic infrastructure such as roads, hydro and communications and then supporting the private sector through various incentive plans. Through a number of structured schemes, large and small capital can participate.

In some cases the public sector is not always available to partner. The public sector may be hampered by the availability of resources and/or may not have a history or tradition to partner because of a variety of cultural and economic factors. In these cases, the public sector may wait until the private sector demonstrates the interest and willingness to partner. For example, in Cape Town's townships, the private sector has undertaken a phenomenal initiative leveraging off of an existing Web-based marketing solution to create the *Sonke Tourist Route*. Through the demonstrated success of the project and the enthusiasm of the participants, the public sector is now taking note and beginning to come to the table as a participating partner.

No easy answer is available to the question as to when should the public and private sectors partner. The case studies demonstrate that both the public and private sector can play a role. Public-private partnerships are becoming very popular, but they should not be viewed as a cure-all for public and private sector challenges, such as limited development capital, limited operating funds and inefficient cost structures.

Without a doubt, public private partnerships can bring about significant benefits, but they are difficult to achieve and may not be achievable in all circumstances. As demonstrated by the private sector experience in Cape Town's townships, the private sector may need to take the lead at least initially in the development initiative. And, of course, sometimes it just makes more sense for the private sector to create partnerships with each other to ensure competitiveness.

The tourism sector is under great pressure. The financial sector tends to see parts of the tourism sector as being relatively traditional, slow to change and prey to shocks. That the tourism sector consists mainly of small and medium sized enterprises – even micro-enterprises – is part of the tourism reality. Small though many of its members may be, the tourism sector has proven that it can be resilient and creative in response to changing environments. Now, more than ever, if they are to be successful, tourism operations must master partnering to sustain and grow this important sector.

B. Creating a partnering arrangement

Maximize the benefits, minimize the risks... Where to begin?

We are all likely familiar with the process:

Step One: Identify the problem.

Step Two: Establish the business case.

- Identify the strategies.
- Identify the project(s) for each strategy.
- Evaluate the project(s).
- Select the delivery approach.
- Identify the impacts.

Step Three: Assess project suitability.

But what we often forget is that the process takes time and leadership. In most of our case studies, a business case was researched and documented; but a partnership is more than a business case. A partnership begins with a lot of preparation, and much of the preparation involves establishing the relationship. It is here that a degree of leadership needs to be present. In other words, the “soft skills” of communication, negotiation and relationship building prove time and again to be paramount.

As well, our case studies demonstrated that to be successful, it is best not to put too many requirements up-front. By building a base of consensus and trust, the partnership sows the ground for flexibility and change later on. For example, the *Ontario Tourism Marketing Partnership Corporation* first allows the product alliances, such as *Arts in the Wild* profiled in our case studies, to grow and learn together. As the partnership matures and the partners begin to trust one another, initiatives such as sharing databases can take place. If the *Ontario Tourism Marketing Partnership Corporation* had originally put this requirement on the table the partners would have likely walked away from the process.

The process also requires vision and energy. Without a doubt, the creation of a partnership is easier when the idea is compelling, and the benefits are easily seen. But this may not always be the case. Not surprisingly then, many partnerships in the formative stages benefit from the presence of a champion that provides vision, energy and enthusiasm. For example, in our case studies, the *Canadian Academy of Travel and Tourism*, the *Canadian Sport Tourism Alliance*, and the development of a group of tourism products by the *Armada Hotel in Istanbul* all relied extensively on one person to carry the vision forward.

The *Canadian Academy of Travel and Tourism* offers a substantial hospitality program through the secondary school system in Canada. But while the benefits are easily seen and acted upon by the school system, the private sector has been slow to contribute resources. The initiative has relied extensively on the project champion to spend the time communicating with and getting buy-in from the tourism sector. On the same theme, the *Canadian Sport Tourism Alliance* has been challenged to bridge the gap between two non-traditional partners: sport and tourism. Sport tourism is a relatively new market segment and, as such, the benefits and rewards are not always obvious to potential partners. The initiative has relied on the project champion to spend the extra time, energy and effort to educate prospective partners about the benefits of the partnership.

And finally, in Istanbul, one entrepreneur took a dilapidated and neglected, but historically important, district and turned it into a vibrant and alive tourism district. His energy, passion and vision were needed to overcome the initial resistance of the financial community and the municipal government.

But whether there is a project partner or a core team, all of our case studies suggest that to be successful the project requires all of the key stakeholders to be at the table and committed to the achievement of the stated objectives.

The project must be financially sound. The private sector will always want to earn a return commensurate with the risk undertaken. In the case of public-private partnerships, the public sector must constantly view the economics of the project from the private sector's perspective. The public sector must ask whether the risk the private sector is expected to shoulder is commensurate with the reward. For example, in contracting out the concession services of *Yosemite National Park* to *Delaware North Company*, the Government of the United States has downloaded operating and financial risk onto the private sector. Under the agreement, the private sector had assumed significant risk in terms of environmental cleanup and asset regeneration, which was accounted for in the feasibility assessment. Unfortunately the company was also exposed to unforeseen forces of nature that resulted in the closure of revenue earning assets for a period of time. These incidences have forced the partners to sit down together, to re-evaluate and work towards a mutually beneficial solution.

In forming new partnerships, whether it be for a product or a marketing alliance, organizations are requiring partners to invest capital and commit to staying in the partnership for a stated length of time. In other words, they are requiring partners to recognize the risk upfront so that they remain committed to achieving the rewards further down the road. Without this upfront commitment, the partnership would not be viewed as a business relationship where each partner is responsible for the success or failure of the initiative.

The upfront commitment may not necessarily be money. In the case of the *Kapawi Eco-lodge in Ecuador*, the private sector put up the capital, but the Achuar indigenous community put up the land and other benefits. Both parties, however, committed to remain in the partnership for 15 years.

Finally, the people we interviewed emphasized the need to confirm in writing the key decisions as the deal develops. For this reason we have included the following list of issues that need to be covered in the partnership proposal (see Exhibit II-3). By ensuring clarity and transparency, the foundations are laid for a positive outcome.

Exhibit II-3. Considerations for a partnership proposal

Objectives for the partnership. What will be achieved and the ways and means in which partners can evaluate if the objectives have been achieved (i.e. benchmarks, targets and time frames).

Roles and responsibilities. In some cases, responsibilities will overlap or be shared by partners; in other cases the roles will be very discrete.

The contribution of partners. Should be quantified where possible (i.e. financial contributions, a particular mailing list, a set amount of room-nights or airline seats, hours of consulting or media time).

Acceptable levels of risk for each of the partners. What is the risk? Construction, operating risk, marketing? Is the reward commensurate with the risk undertaken?

Participation criteria. Where additional partners are to be brought into the arrangement, the current partners should discuss how and when the new partners will be selected and any limits on participation (e.g. location, types of business, size, level of competition, etc.).

Confidentiality. What level of confidentiality/publicity is to be maintained for the venture?

Product and packaging issues. Issues could include the type and name of the product or package to be developed, or the development/design process to be followed.

Marketing plan. Target markets, key marketing activities, and associated budgets.

Ownership. If anything is to be owned, what arrangements need to be put in place? Issues could range from sharing existing databases, jointly building

up a customer list that is owned by all partners, or jointly acquiring or developing technology that is to be shared by participants.

Decision-making. What structures (e.g. board of directors, committees) are needed? .

Management. Structure may range from a volunteer-based organization, to an allocation of current staff to the venture for a specified duration, to hiring a paid executive or staff.

Funding and financing arrangements. Issues should be identified surrounding the sources of funding, the levels of participation and funding, and expected schedule of payment.

Timetable. The expected schedule for key activities and key milestones need to be clear.

Partnership logistics. Such items as meetings, translation, communications and decision-making processes must be thought through and made clear.

Termination of the partnership. Issues surrounding how to end the partnership, either because the contract is planned to sunset at a certain time or because of unexpected circumstances. This will include establishing exit clauses, exit penalties and confirming how assets and materials will be disposed of, as well as establishing provisions for renegotiation if set targets are not achieved. The agreement should also discuss the eventuality of including new and different partners during multi-year plans.

Evaluation. The quantitative and qualitative measures that will be used to determine whether objectives have been achieved.

Source: *Developing Business Opportunities Through Partnering: Canadian Tourism Commission, 1995.*

C. Managing a partnership

Managing the day-to-day activities of the partnership is often where many fail. This is why in our interviews we spent time considering the key success factors and lessons learned from the partnering experience. While each situation is unique, we have distilled the following six key success factors to managing a partnership from the interviews we conducted.

1. Clearly articulated, transparent goals and objectives

Our interviews suggest that once defined, the vision of the partnership typically stays constant but the activities that surround meeting the objectives of the partnership can and often do change to meet new market conditions. As a result, the responsibilities and activities of each of the partners need to be well defined upfront in the partnership agreement. The agreement can then function as the mechanism that places decisions and disputes squarely in the business arena and eliminates political or other extraneous issues.

The agreement can also be one of the mechanisms that provide assurance to the partners that they are doing the right things, especially in situations where the partnership is relatively new and both partners need time to work out the logistics of the partnerships. For example, the partnership between the *Delaware North Company* and the *U.S. National Parks Service* has been tightly structured and characterized by legal documents and operating agreements. This has proved useful for both partners as they search for new and better ways to improve the services at Yosemite National Park. The contract provides a solid base of understanding from which both partners can move forward.

The types of contracts such as the one signed by *Delaware North* often take a long time to negotiate and are hard to modify once implemented. This is fine as long as the partnership continues as first envisaged. As the partnership matures, however, the scope of services may change or unforeseen circumstances may arise. Provisions should be in the agreement that allow for organizational flexibility and change.

The *Canadian Sport Tourism Alliance* found that the agreement with the Canadian Tourism Commission was flexible enough to allow adjustment and this has enabled the Alliance to adapt and be successful in a changing environment. This flexibility became important in the development process of one of its tools, which took far more time, energy and resources than had been originally envisioned. And yet it was also the lack of a formal agreement with another one of the major partners that created some concern for the *Canadian Sport Tourism Alliance*. While the issue was subsequently resolved, the situation could have been avoided with the establishment of an agreement (e.g. contract, memorandum of understanding or deal memo) that clearly articulated the objectives of the partnership and the responsibility and commitments of each of the partners.

2. Open and frequent communication

To capitalize on the synergies created during the formation of the partnership, the operation and organizational structure of the partnership must build and maintain a close, cohesive cooperative culture. Involving individuals in a meaningful way by asking them for input and allowing dissent builds trust and candour, but it also communicates respect for individuals, the work they have done, and the initiatives they have put in place.

Throughout the interviews, we heard that frequent communication was essential because it allowed ideas to be floated or concerns to be heard before they become a major issue. Membership-based organizations, such as *Spa Canada* and *MeetingPlace Wonderful Copenhagen*, felt they needed to maintain close dialogue with all their members so that the partnership remained relevant. We also heard that both formal and informal meetings needed to be held regularly, reminding us that one-on-one, private conversations are also extremely important.

The timing and efficiency of the communication is also imperative to sustain commitment to the overall vision and goals of the partnership over time, particularly if the partnership is focused on a specific goal with a finite end. The *Tourism Olympic Forum* in Sydney was a partnership formed to ensure that key stakeholders were able to leverage the once-in-a-lifetime opportunity of holding the Olympic and Paralympic games to its fullest extent. Well-run meetings were held regularly and frequently as the Forum spoke to community groups, the tourism sector and their associations and other government departments to give updates on the Olympic initiatives and give advice on how to leverage the opportunity. Participants were able to come, get the key points, leave and report to their members.

We also heard from a number of people that the partnership needs to be realistic about the amount of information that people can absorb—as well as prepared to share—and that the partnership needs to communicate through a variety of media to suit the needs of the partners. Timing of communication to gain realistic outcomes is key.

And finally, try to capture everything on paper. By capturing key decisions and the reasons surrounding the final outcome allows for historical understanding of why final decisions are made.

3. Build capability through continuous learning

Partnerships can provide insight into the strengths and weaknesses of the individual partners. They can be powerful platforms for continuous improvement as the partnership moves to address any performance gaps. Often the exclusive domain of large businesses, partnerships can offer the small and medium size enterprises in-house training and a cohesive brand delivery mechanism. This certainly is one of the key success factors for the *Arts in the Wild Product Alliance* formed by the *Ontario Tourism Marketing Partnership Corporation* in Canada.

It is also a key factor in the success of the *Sustainable Tourism Enterprise Program* in the Caribbean spearheaded by Organization of American States (OAS) and the United States Agency for International Development (USAID). The result of an extensive set of partnerships, the program provided the small tourism sector with:

- A comprehensive set of management and operational toolkits easily accessible on line or at walk-in resource centres;
- Basic computer training delivered through one-on-one training sessions;
- One-on-one coaching and training to international standards in the management and operation of hotel properties; and
- A brand system under the umbrella brand “Caribbean Experiences” supported by associated standards and a rating system.

Without the partnerships formed, the small Caribbean tourism enterprises would have been hard pressed to participate in such programs.

4. Indicators and measurement

Key performance measures must be built into the review process in order to allow partners to determine if the value received was worth the effort. The process by which the performance of the partnership is monitored can be both formal and informal and measure quantitative and qualitative aspects of the initiative. Whatever the measures are, the measurements serve to remind the partners of the original vision of the partnership, why the partners joined and what the benefits are. If the key performance measures do not align with partner needs, then an imbalance can arise over the perception of risk and reward. For example, *MeetingPlace Wonderful Copenhagen*, a destination marketing initiative formed to market Copenhagen to the meeting and incentive travel market, is currently undergoing a re-examination of its key performance measures to more accurately reflect the concerns of its largest stakeholders.

Another benefit of keeping and recording data is that it allows the small and medium sized enterprises to intelligently respond to new investors whether they be from the public or the private sector. For example the Geographic Information System (GIS) that forms the basis of the *Open Africa* marketing database allows for detailed data collection. Once compiled, the route stakeholders can report on who is offering what product, where and how many are employed. With this information, the route stakeholders can better leverage their efforts by, for example, providing interested investors with detailed and accurate statistics and data.

5. Adequate resourcing

In many of our case studies, such as the case of the *Armada Hotel* in Istanbul, the project required an internal champion to lead the operations of the partnership. In reality, failure to identify and empower a champion all too frequently contributes to unsuccessful partnerships because this role requires substantial time, effort and skill.

But in the tourism sector, where human and financial resources are often stretched, we can rely too heavily on the project champion. We often heard that if the organization could have someone to deal with the operation of the partnership and another to create marketing and fundraising campaigns, the organization would be further along. By not staffing and financing the operations of the partnership adequately, in effect relying too heavily on one person, the risk is that the partnership will be unable to meet some or all of its goals.

To meet this risk, the *Ontario Tourism Marketing Partnership Corporation* provided a consultant/facilitator to support the partnership in the early years. They found that when the partners of the alliance get together, they bond and develop trust; but as they go back to their businesses, they get caught up in the day-to-day, time goes by and the commitment gets fainter. The job of the facilitator is to ensure that the partners maintain the original vision by staying in constant contact and trouble shooting when necessary.

6. Planning and risk management

The tourism sector is subject to economic, social and political upheavals—a situation unlikely to change. The onus is on the sector to think about and plan for times of crisis. For its part, the *Nepal Tourism Board*, a newly formed public-private partnership, is currently in the process of formulating a crisis plan to deal with external shocks, just as large companies have a risk management plan in place to deal with large, negative events.

But how can the tourism sector remain agile? Partnerships must be proactive instead of reactive by being brutally honest about capabilities and by assessing risk continuously. Those companies that can withstand the pressure are those that assess the risks and opportunities and create alternative action plans.

For example, the *Nepal Tourism Board*'s original mandate was extensive, but in the time of crisis that followed its initiation, many of the strategies and actions that were planned could not be implemented. Therefore, Nepal turned to the potential of collaborative marketing and found that where one country could not do it alone, a consortium of countries could potentially leverage their marketing budgets and product experiences to attract more visitors to the region.

To mitigate against promising too much and eventually being unable to fulfil promises, many of our case studies preferred to start small, but dream big. For example, *Business Improvement District in Waikiki* believes from its experience and the experience of others, that it is better to start small and accomplish the basics first.

On a more extensive scale, when creating a tourist district such as the destinations in *Istanbul* and the *Red Sea Riviera*, the project can be approached in two ways. A comprehensive master plan can be designed and implemented all at once, such as the case in the *Red Sea Riviera*, or the vision can be achieved through a series of small projects that align ultimately into one big project, such as the case in Istanbul. While both can be successful if based on solid planning, if the redevelopment of an area is started without a vision, the partners, both public and private court disaster. The plan will change, but the overall structure remains the same.

These six key success factors are by no means exhaustive of the experiences expressed by the participants in this case study. However, to help you think through the key issues in the initial stages of preparing to partner, we have included the following two checklists.

Checklist: Matching Your Needs With Potential Partners

- Step 1:** Consider the weaknesses of your organization. What are your greatest needs? What are you lacking? What are you having difficulty doing on your own?
- Step 2:** Think about the strengths of your organization. What can you offer to a partner? What is unique to your business?
- Step 3:** Consider the list of potential partners who might be able to help you. What might they be able to provide? What might you be able to offer them?

What do you need?

- ☐ Market information?
- ☐ Additional amenities and services?
- ☐ More innovative packages?
- ☐ More creative and extensive promotions/advertising?
- ☐ New distribution vehicles?
- ☐ A local (in-market) sales force?
- ☐ Greater purchasing power?
- ☐ A new technology?



Whom might you approach as potential partners?

- ☐ Other tourism operators (accommodation operators, airlines, car rental firms, transportation companies, festivals/event organizers, attractions and ancillary tourism products and services).
- ☐ Retail outlets, auto dealers.
- ☐ Radio and TV.
- ☐ Travel trade (tour operators, tour wholesalers, receptive operators, travel agents).
- ☐ Suppliers, manufacturers, retailers of products that your business uses/represents.
- ☐ Industry organizations, associations.
- ☐ Trade shows/conferences and attendees.
- ☐ Consultants, research firms.
- ☐ Ad agencies, public relation firms.
- ☐ Destination marketing management organizations.
- ☐ Regional travel associations.
- ☐ Chambers of commerce, service organizations.
- ☐ Government agencies (federal, provincial/territorial, municipal).

What can you offer?

- ☐ Customer information?
- ☐ New amenities and services?
- ☐ Additional packaging elements?
- ☐ New promotional opportunities and venues?
- ☐ New market opportunities?
- ☐ Additional purchasing power?
- ☐ Specialized skills?
- ☐ Additional financial resources?



Source: *Developing Business Opportunities Through Partnering*, Canadian Tourism Commission, 1995.

Checklist: How Prepared are you to Partner?

Partnering is a different way of doing business. This checklist provides a quick evaluation of your partnering history and assesses your willingness to adjust your business style to take on this new challenge.

A Develop a Partnering Profile. Have you partnered with others in the following areas?

	Yes	With Whom?
1. Research (e.g. gathering information on competitors, customer research, feasibility studies)	☐	_____
2. Marketing (e.g. joint data basis, promotions, advertising trade shows, trade missions, familiarization tours)	☐	_____
3. Human resources (e.g. recruitment, apprenticeship, training)	☐	_____
4. Operations (e.g. accounting, materials purchasing, insurance)	☐	_____
5. Financing (e.g. joint investment)	☐	_____
6. Technology (e.g. electronic mail, central reservations systems)	☐	_____
7. Advocacy (e.g. taxation, regulations, government policies)	☐	_____

Keep this record and re-evaluate your partnering history as part of your annual business plan activities. (Conclusion? What does partnering history tell you about readiness to partner in future?)

B. Evaluate Your Partnering Potential. Are you a good candidate for partnering activities?

	Yes
1. Are you willing to be patient and flexible?	☐
2. Are you willing to let others share control?	☐
3. Are you willing to communicate on an ongoing basis?	☐
4. Are you willing to share information?	☐
5. Are you willing to spend time on a partnership?	☐
6. Are you willing to deal with logistical issues?	☐
7. Are you willing to invest the necessary resources?	☐
8. Are you willing to acknowledge your competition as a partner?	☐

Source: *Developing Business Opportunities Through Partnering, Canadian Tourism Commission, 1995*

D. Regenerating the mature partnership

We'd like to believe that the mature partnerships have it easier; that eventually we can sit back and reap the benefits of having slowly broken down a substantial number of barriers. However, our interviews suggest that this might not always be the case.

Oftentimes the partnership will seek to grow, recruiting new members to enter new markets (as in the case of the *Thompson Okanagan Wine and Cultural Corridor*) or to increase available funds for marketing initiatives (as in the case of *MeetingPlace Wonderful Copenhagen*). Our case studies have demonstrated that the following issues should be considered when inviting new partners into the partnership. The partnership requires:

- A mechanism to evaluate the quality of the new product, or new marketing initiative, especially if the older partners have gained substantial market share;
- A mechanism to raise the quality of the product through product development initiatives and education before new product is allowed to enter the partnership; varying degrees of export readiness can increase the risk of the partnership losing its credibility in the marketplace;
- Assurance that once the partnership expands, all partners will still be aligned to the original goals and not diluting the efforts of the original partners;
- A communications plan so that the customer understands the linkages to the new product and accepts the relevance of the new packages; and
- A strategic review that assesses the relevancy of the partnership to ensure that the partnership does not exist simply for the sake of continuing.

Our case studies also note that the requirements for increasing the level and frequency of communications in order to ensure all stakeholders are aligned and working towards the same goals often places great strain on the partnership's resources. New ideas and objectives add volatility. Working with a large number of partners of varying marketing readiness and financial capability requires extraordinary skill and capabilities.

E. Involvement of the broader community

Up until now we have considered the partnership in isolation from the broader community. But no business, and particularly those in the tourism sector, exists in isolation.

More often than not, the broader community will benefit from a healthy vibrant partnership. For example, in the *Thompson Okanagan* region of British Columbia, Canada, the launch of the wine and cultural tourism product has allowed the Thompson Okanagan region to appeal to a more sophisticated, higher-yield market and extend the tourism season. With this, has come other benefits such as the requirement to preserve the region's cultural and heritage resources in order to develop the new product. Indeed, our interviews and research suggest that the community benefits in the following ways from a healthy partnership:

- Image and destination enhancement;
- Widened market reach and coverage;
- Preservation of cultural and heritage resources;
- Education, training and development of work-place skill sets (such as, sales, service, quality, leadership);
- Introduction of quality standards;
- Improvement of roads, transport infrastructure and basic services;
- Improvement of public health, sanitation, safety and security;
- Reduction of trade and investment barriers and leveraged public investment; and
- Greater competitiveness.

Whether involved formally in the partnership or not, to leverage the benefits, the community has a responsibility to implement consistent policies and co-ordination in the field to ensure that the "occasional ambassadors," such as the police, taxi drivers, retailers, public transport drivers, and municipal workers are aware of the initiative and playing a co-ordinated, positive role.

A smart partnership will nurture the community to garner the needed support, communicating the spin-off benefits and the mutually beneficial policies and activities that could help all parties.

For example, the partnership that has formed to *extend the tourism product in Crete* has just begun to address the fact that much of Crete's tourist product closes in the winter, a rhythm of life that the local population may be unwilling to break. But if other operators see that product remains open in the winter and more visitors are coming, operators may stay open, giving Crete a competitive critical mass of available product in the "off season."

By involving the broader community, the tourism sector remains dynamic, and consolidates the destination's brand. If unable to create a compelling vision in the community, the partnership risks creating competing social interests resulting in interest groups with conflicting motives and goals.

F. Some closing thoughts

This chapter has summarized the key experiences of the 18 case studies presented in this report. We have followed the life cycle of a partnership from creation to regeneration. The following is a summary of the best practices for creating successful partnerships drawn from our interviews. The topics are organized by the stages of the partnership life cycle.

- Creation of the partnership
 - Don't underestimate the importance of having the skills to create and sustain partnerships.
 - Communicate frequently and focus on explaining the vision and explaining and coming to terms with mutual goals.
 - Have the key stakeholders on board to add legitimacy.
 - Formally agree in writing on the division of roles and the legal construction of the partnership.
- Experimentation and realization
 - Start small, dream big.
 - Build a base of consensus and trust to allow flexibility and change. If you request too much too fast, potential partners may walk away.
 - Give strong support to maintain the partnership (either through a project champion and/or through a facilitator. This support in the early years gets the product or service to market faster.
 - Build the knowledge base. Take the time to organize the process of peer-to-peer learning and develop centres of knowledge.
 - Fulfil your promises. Creating high expectations that cannot be fulfilled risks serious loss of momentum.
 - Generate trust through credibility.
- The mature partnership
 - Remember that many mature partnerships cannot reach a plateau, sit back and expect the benefits to continue to flow. In order to remain sustainable, the partnership may need to add new partners, new products or services, new markets—all of which create change and volatility.
 - Add/adapt programs and explain the benefits of the partnership to meet the new needs of partners and customers.
 - Undertake product (re)-development and education to meet market expectations. The partnership risks losing credibility if new product is not market ready.
 - The sheer volume of communication initiatives and programs, both formal and informal, to stakeholders and customers, can stretch resources and requires extraordinary skill.

In each instance, we heard that the partnership must create buy-in to the vision and goals and then communicate, communicate, communicate. The organization has to constantly remind members of the original vision of the partnership or members can forget why they joined and what the benefits are. Therefore, the management of the partnership must communicate clearly, directly and regularly about activities, results achieved and what the partnership expects to achieve.

Active listening to the membership is extremely important. Differing opinions and dissent is common: the organization cannot be everything to everybody. Therefore, the organization has to be brutally honest about its objectives and capabilities and not guarantee that which it can't fulfil. Certainly, many of the interviewees suggested that there needs to be a certain amount of honesty and openness, but many also added integrity.

And finally, it is fundamentally important to keep researching and maintaining contact with others in the field to learn best practice management techniques. A wealth of experiences is available and most people are very willing to assist.

Choose your partners wisely. From what we've learned from these 18 case studies, success requires strong commitment to a good project, a fair balance of risks and rewards, tenacity...and a little good luck along the way.

III. Case Studies



A. Revitalizing a core tourism asset: Hungary's spa and wellness industry

Location:	Hungary	
Partners:	Prime Minister's Office Hungarian Tourist Offices Other Ministries Private Sector Parliament Tourism Committee Municipalities	
Type of Partnership:	Public-Private Partnership Consortium	
Issues Illustrated:	Enhancing and preserving resources Setting quality standards Developing attractions, theme parks and accommodation Contributing to the economic wealth of the community Co-ordinating planning	Creating sustainable development of tourism sector Providing training and education programs Obtaining investment and funding Leveraging public investment

Background

Hungary has had a long history in spa and wellness tourism. The use of Hungary's thermal baths and medicinal waters dates back to ancient times and has cycled through the ages, peaking during the Roman, Turkish (16th & 17th century) and the Austro-Hungarian (18th & 19th century) eras. In more recent times, the 1920s through the 1930s saw a massive revival and interest in Hungary's spas, particularly in Budapest, the "City of Spas." But during the 1940s and 1950s, the spa culture declined and the bath and spa assets began to be neglected.

In 2001, Hungary embarked on a massive revitalization strategy (entitled the Szechenyi Plan) that would stimulate economic development through targeted public investment. Within the tourism sector, wellness and medicinal spa tourism was identified very quickly as one of Hungary's potential competitive advantages. Hungary had a historical reputation for its medicinal waters and product was available: 800 thermal wells operated in Hungary, the majority of which qualified as medicinal. In addition, 1,200 non-medicinal pools in approximately 350 public baths were available.

Objectives of the spa and wellness tourism development program:

- Increase Hungary's tourism-related revenues through health and hot springs tourism;
- Attract new target groups including the younger generation;
- Develop products that will be permanently competitive on an international scale;
- Develop complex service packages in health and hot springs tourism;
- Encourage investments in quality and select products and the provision of competitive investment opportunities in health and hot springs tourism; and
- Extend the tourist season.

Source: <http://www.am.hu/kulfold/english/tourism/sz-tour.htm>

Spa and wellness tourism had several strategic advantages. As spa tourists tend to spend more and stay longer, spa and wellness tourism would then also serve to shift Hungary's tourist visitor profile from a high number of visitors with low spend, to higher-value tourists that may be smaller in number but would spend more money. And given the aging population, demand for wellness tourism was expected to grow. In addition, the spas and pools were scattered throughout Hungary and their development would help to achieve the government's aim of spreading economic activity in a number of geographic areas.

Given its strategic nature, under the Szechenyi Plan for tourism, the spa and wellness product was allocated two-thirds of the available funds. Much of the initial investment would be needed to invest in the spas and public baths currently available. These spas and public baths in most cases were owned by the local government and consisted of a large spa/bath complex that generally had a big public pool, a children's pool, thermal waters, and a "specialty" amusement pool (for example, jet pool or Jacuzzi).

But the large central spa assets were not typically the profit maker of the region—although these public pools were the attractor. The income and profit generators of the economy were the other businesses that surround the spa/bath complex (such as the restaurants, hotels and other accommodation, retail, car rental, and other attractions).

Fundamentally, the government did not want to own and operate the large spa/bath assets. And yet they understood that any development would require a mix of financing that would involve the municipality, the private sector and the government. The next level of investment by the Hungarian government in a project was directed at the medicinal or wellness hotels (or spa-related hotels). In these types of projects, the private sector had to invest at least 33 per cent of the total project cost, before qualifying for government support. In 2001 the government would provide 15 per cent (later rising to 20 per cent) of the total project cost. The maximum grant to any one project was US \$2-2.5 million). Still, a higher proportion of the overall government investment was concentrated in those towns where a large spa bath complex existed because the government wanted to continue to concentrate investment in those areas that could develop a critical mass of product.

The third level of government investment was targeted at the unexploited hot springs. Most of this funding was directed at feasibility studies and planning initiatives.

To support the bricks and mortar initiative, the government also invested in education. The state would provide 50 per cent of the cost of education (up to US \$800) for individuals taking programs related to spa treatment, massage, sport healthcare, language, marketing, and hospitality and protocol training. To meet the new demand for tourism and healthcare education, colleges and other educational institutes initiated new programs and schools.

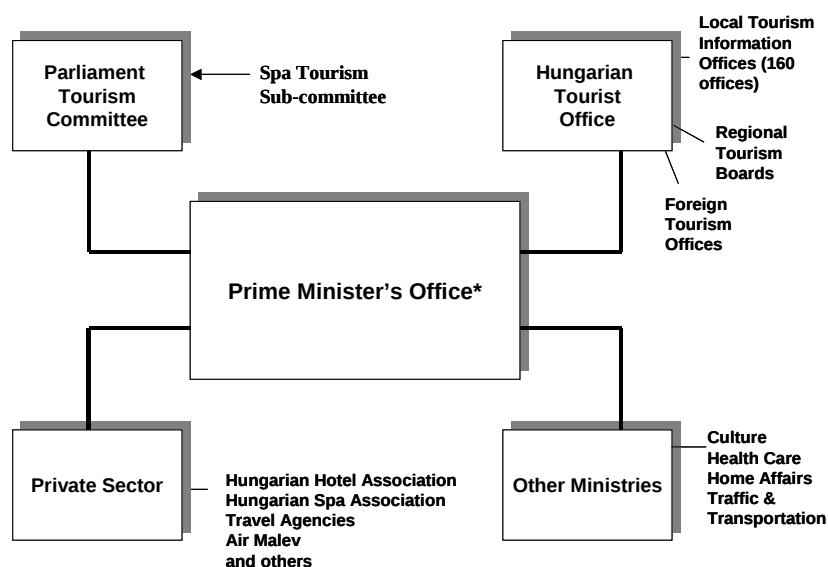
The strategic plan also wrestled with the problem of how to cluster and brand the spa product. Under European Union requirements, Hungary had to form seven regions out of its 19 historical counties. In many cases, the resulting new regions not only lacked the structural and organizational mechanisms to manage the partnerships efficiently, but they also had to learn the art of co-operating. Each region could have up to 15-25 spas and hotels plus any number of restaurants, bus companies, and consulting and educational providers.

Yet in order to leverage the spa asset development, to effectively communicate the unique spa experience, the Szechenyi Plan encouraged the mayors and municipal departments, hotel owners and other private sector entrepreneurs to coalesce around a regional brand based on the unique natural or cultural resources of the region, for example:

- Family holiday based on the spa experience
- Turkish Hamam
- Roman bath
- 19th century historical monument
- Medicinal spas
- Wellness (massage and spa treatments, food and diet, spiritual connectivity)
- Active wellness (sport, physical activity aimed at the younger market)

As a result, regional committees have formed with representatives from the public and private sectors to define the regional cluster and the brand with varying success across the country. As noted, however, these types of initiatives take time. The Szechenyi Plan brought people together that have not worked together before, requiring a new way of thinking about their spa assets, and necessitating a new way of thinking about how the public and the private sector could work together.

Organizational structure and operation of the partnership



*Project initially under the Ministry of Economic Affairs

The Szechenyi Plan was undertaken in two major planning phases. In the first phase a spa-tourism sub-committee of 22 tourism professionals was invited by Economic Affairs (later taken in to the Prime Minister's Office) to develop the overall strategic plan. The sub-committee undertook a situation analysis and identified preferred towns where thermal water was in supply and could be the focus of development. The sub-committee was then broken into six smaller working groups focusing on:

- Market research
- Product development (hotel, spa)
- Infrastructure development
- Marketing strategy
- Education strategy
- Regulatory issues

These working committees fed into the overall sectoral strategy and action plan. The second stage comprised the tender process. The tender process was rigorous as a 12-member committee vetted all proposals. The committee was composed of the following representatives:

- Three members from the Ministry of Economic Affairs (now part of the Prime Minister's Office);
- One member from each of the ministries of finance, healthcare and culture; and
- Six members from the private sector, including the Spa Association and the Hotel Association.

The successful applicants had to meet an extensive list of criteria; but above all the proposals had to show how the project would improve the quality of the product. As a rule of thumb, the committee was looking for spa capacity and revenue to grow by 25 per cent and hotel capacity and revenue to grow by 35 per cent. The committee reasoned that as quality increased, more guests would be attracted and/or the attraction/hotel could charge higher prices. The preferred maximum return on the investment was 10-12 years.

A typical spa development proposal was perhaps made by the Budapest spa "Rác Fürdő." The proposal was made by a joint venture consortium composed of Budapest Thermal Bath Inc. (Company of the Municipality of Budapest) and Rev Nostalgia Ltd. (private sector). The project would be managed by a joint venture company, Rác Nostalgia Ltd. The consortium proposed to revive the original Turkish-bath atmosphere through renovating the old spa section. In addition they would build a 3-4 star, 60-room hotel with underground parking garage. The project was estimated at US \$20-22 million, of which the private sector company would provide US \$3 million and Szechenyi fund US \$5 million. The rest of the investment would be raised through debt financing. To proceed with the development Rác needed to be rezoned to permit the development envisaged and this in turn required a City Council decision.

Over the last two years, the participating partners in the initiative have not changed, but new associations have sprung up. For example the Hungarian Spa Marketing Association has formed to leverage and assist individual spa marketing programs. As well, associations have instituted new activities. For example the Hungarian Hotel Association formed a sub-committee on wellness hotels that is quite active in the Szechenyi initiative.

Monitoring performance

Because of the central importance of the spa initiative to the government's tourism objectives, the government monitors both the success of the public private sector product development initiatives underway and the resulting demand. The spas themselves are monitored for number of visitors, annual income and annual profit. The hotels are monitored for number of guest nights, annual income and annual profit.

Sharing risk and reward

The Szechenyi Plan for the development of spa and wellness tourism faced a number of risks. The stakeholders in the Hungarian spa industry were not used to working together in partnership, there was fundamentally a lack of trust and many in the private and public sectors were afraid of losing market share to competitor regions, competitor hotels, and so on. If the Szechenyi Plan could not in the end mobilize investment (or if projects were initiated but failed), then the government would face a massive loss of credibility and the impetus would be lost.

Many of these upfront risks were managed through a strong public relations, education and communication campaign. Initially the campaign was aimed at the local-area governments because, while the municipalities owned at least 90 per cent of the spas, many were new to marketing and managing these spas as a for-profit venture. Yet these spa assets were the lynchpin to getting the private sector on board because if these spas were generating higher turnover, the risk to entering the market for the private sector would be minimized.

The reward for both the local area and government would be a strong, prospering private sector.

Key success factors

To date, the Hungarian government has invested US \$360-370 million for 74 projects of varying size and capacity. Approximately 2,750 direct new jobs have been created and the economic spin-off into other sectors of the economy has created altogether 9,000 new jobs. Approximately 80 per cent of Hungary's spa towns submitted good quality tenders and received support under the Szechenyi Plan. Needless to say, the Hungarian government has been pleased with the outcome.

As well, the government received innovative proposals. For example, the Hajduszoboszlo consortium invested in a US \$1.5 million 32-acre aqua park with waterslide. The project opened in June 2000 and while the return on investment was projected for three years, the investment was paid back in 1.5 years.

The key success factors for the spa and wellness tourism development project were as follows:

- **Comprehensive planning, flexibility and logical thinking**—The Szechenyi Plan was a national program and therefore inherently complicated. Not all problems and available solutions were apparent during the initial stages and therefore the Plan, while rigorous, also needed to be flexible to accommodate issues as they arose.
- **Clearly identified need for the project**—Most of the regional spas had almost no new investment in a number of years and it was obvious to the stakeholders that if Hungary could develop the spa product, they would have a competitive advantage through the diversity of the product, the number of product and the history of spa tourism in Hungary. This message was very easy to communicate.

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- **Strong sense of commitment and patience on part of the partners**—A project of this size inevitably leads to debate and in Hungary's experience the debate was based on honesty and openness from all partners involved.

Problems encountered and lessons learned

Under the Szechenyi Plan almost all of the major spa assets applied and received funding, with exception of Hévíz, which was the site of a state-run hospital and spa (thermal lake). Unfortunately Hévíz, while Hungary's biggest and best known spa, was a state-owned company and therefore could not apply under the Szechenyi Plan.

The scale of the Szechenyi plan was massive. To those contemplating a project of a similar scale, the following advice was offered:

- Be meticulous in establishing the goals and objectives of the project.
- Undertake market research into, for example, the area's natural resources and the economic requirements.
- Document the project's priorities and develop a strategic plan.

In the end the project has to be comprehensive and wide ranging, taking into account the different programs that will meet the needs of a variety of stakeholders and target markets but at the same time will raise the bar in terms of quality and product standards.

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B. Sustaining a mature partnership: MeetingPlace Wonderful Copenhagen, Denmark

Location:	Copenhagen, Denmark	
Partners:	MeetingPlace Wonderful Copenhagen Wonderful Copenhagen 65-70 of largest private-sector stakeholders in MICE network	
Type of Partnership:	Organization network	
Issues Illustrated:	Product development, enhancement Improving destination image Improving marketing efficiency	Improving market coverage and reach Monitoring performance

Background

MeetingPlace Wonderful Copenhagen is a partnership formed by the private sector in co-operation with the local marketing agency, Wonderful Copenhagen, to make Copenhagen and the Oresund Region the leading destination for international association congresses and corporate meetings in Northern Europe. To this end, the partnership is primarily focused on marketing and image enhancement, although it also undertakes product development to create and continuously update interesting products that would attract international congresses and provide something new and different for repeat visitors.



The partnership undertakes three key activities:

- Marketing Copenhagen as a destination for corporate meetings;
- Product Development with the Meetings, Incentives, Conferences, Exhibitions (MICE) network, involving local members, to create interesting product; and
- Networking opportunities for members.

MeetingPlace Wonderful Copenhagen was formed in 1994 under the initiative of the private sector. In 1994, two of Copenhagen's largest hoteliers, each with 500 rooms and substantial meeting facilities, informally began talking about sales and improving demand. Through these discussions, both came to realize that they were not selling their hotel as such, but selling the destination. If one hotelier was successful in bringing in a large meeting, other hotels would, in fact, benefit—one hotel would get the direct bookings and the other would get the overflow. In addition, each hotel was aggressively spending in the same markets. By coming together and pooling their funds, the cost of promotion went down and the effectiveness of marketing went up.



At the same time that these discussions were underway, a network of approximately 100 members had formed among the small and medium sized properties to share best practices. The network successfully attracted the two big hoteliers onto the board and, instead of talking hotel operation and development, the group now began to talk destination marketing. Prevalent in the discussions was the dissatisfaction with the public-sector-managed convention bureau, which from the private sector point of view was having difficulties in meeting the business needs of hoteliers. The group lobbied to have this institution closed down and, in its stead, the private sector formed the MeetingPlace Wonderful Copenhagen partnership.

The membership was divided into “A”, “B” and “C” levels. An A member paid a higher fee (approximately 30,000 Euros annually for three years). This category of membership was given a place on the board of directors and given voting rights. To be a member of the A group, the hotel had to earn the majority of its income through meetings and congresses. In addition, if the hotel was given a lead, but was full or could not accommodate the group, then it had an obligation to pass on the lead to the other members of the group. If they did not, they were no longer eligible to belong. This mechanism was crucial to building trust and openness in a business environment.

Thirty to 35 hotels joined as “B” members. B members paid a lower fee (approximately US \$5,700 annually for three years). They did not receive leads, nor were they given voting rights on the board. The primary benefit a B member received was through the additional marketing and promotion to the MICE network their business received. As well, logic dictated that if the large hotels were empty, the bigger players could absorb demand through strong promotion campaigns. On the other hand, if the hotels were busy, then additional business would flow to the smaller properties.

The C category was created for restaurants, retail and other support services. In addition, Wonderful Copenhagen joined paying 300,000 Euro (US \$345,000) fee annually for three years. To initiate the partnership, they successfully tapped into federal government funding to underwrite the initiative for its first year. The fledgling partnership used the first six months to get the details right and the partnership was formerly established in 1996.

The first activities of MeetingPlace Wonderful Copenhagen included defining its goal, which was to create 70,000 extra room nights in the first and fourth quarters, which are traditionally the shoulder season in Denmark. With this goal came decisions about the source of the demand and how much effort was needed to attract that demand. To carry out the action plan, a manager was hired and space was rented out in the offices of Wonderful Copenhagen.

The partnership had a solid base to begin, as the large hotels and major players took the initiative to create the network and get other partners on board. At the time the partnership was established, the benefits were easy to sell because the need was apparent. The timing was also good. In 1996 Copenhagen was appointed the cultural capital of Europe and everyone in Copenhagen seemingly took on a positive attitude.

As the partnership matured, it became crucial to get other members to join MeetingPlace Wonderful Copenhagen in order to increase the marketing spend. But as the organization grew, the structure was felt to become unwieldy. So in 2000, MeetingPlace Wonderful Copenhagen restructured, downsized the board and collapsed the three categories of membership into one, with all members having access to all programs. Businesses paid varying fee levels based on the size and scope of their business.

Organizational structure and operation of the partnership

The activities of the partnership are carried out by the local marketing agency, Wonderful Copenhagen, in close co-operation with the Danish Tourist Board. Wonderful Copenhagen employs approximately 70 people of which 25 are working for MeetingPlace Wonderful Copenhagen as part of their duties. Wonderful Copenhagen in effect supplies the administration of the meeting and social events, distribution of the business leads that develop and oversees the marketing activities and product development for the partnership.

The partnership is funded largely by the membership. Of the 6 million Danish Kroners (approximately US \$850,000), 4.4 million Danish Kroners (73 per cent) are raised from membership fees, which Wonderful Copenhagen administers; Wonderful Copenhagen also funds the remainder. At least half of the funds go to marketing activities, 40 per cent to salaries (salary contribution to employees in marketing) and 10 per cent go to other expenses.

The current board of MeetingPlace Wonderful Copenhagen is made up of one person from each of the following five membership categories:

- Hotels
- Convention Centres
- Local organizers
- Air carriers plus the airports (one major and one minor airport)
- Attractions, museums, restaurants and shops



Wonderful Copenhagen is also allowed one person on the board.

The board formally meets four times per year and holds a number of other informal meetings for educational seminars, social events and networking opportunities. Members of the five categories also meet at least four times per year and just before the annual board meeting to discuss whether anything should be put forward the agenda.

The day-to-day operations of the partnership are managed relatively autonomously by the secretariat within Wonderful Copenhagen. The board provides the three-year strategy at the annual meeting and MeetingPlace Wonderful Copenhagen formulates an action plan to meet the strategy. The board then approves the action plan and the budget.

Monitoring performance

The overall vision of MeetingPlace Wonderful Copenhagen is to ensure Copenhagen is the most popular destination for international conferences in Northern Europe. To this end, the partnership sets out goals annually for the number of conventions, meetings and leads. Activities are measured in terms of number of conventions, number of meetings, and number of leads generated.

Key performance indicators: Association congresses

KPI	TARGET 2003
Bids placed	40
Room nights won	175,000
Congresses won	35

Key performance indicators: Corporate meetings

KPI	TARGET 2003
Leads generated	250
Room nights won	25,000

Source: MeetingPlace Wonderful Copenhagen

In addition, twice a year MeetingPlace Wonderful Copenhagen sends out a survey to all members to monitor whether they are satisfied with the leads being generated and the marketing initiatives being delivered.

At this juncture, performance measurement is under heavy discussion. Some of the large stakeholders think that the goals and activities of MeetingPlace Wonderful Copenhagen are not aligned with their needs. Criticism has been voiced that the organization is not focusing on the markets and activities that benefit the most significant stakeholders. For example, while MeetingPlace Wonderful Copenhagen has been successful in increasing room nights booked, this was achieved by attracting a few large meetings that existing room capacity could not meet and therefore the benefit spilled into neighbouring areas. The remainder of the year was not filled in by smaller bookings. So while overall growth was achieved in room nights due to these few large events, the revenue to the individual hotels declined because the remainder of the year was not filled in by smaller bookings. At the moment, the key performance measures being reported are not the same ones that the large stakeholders use to determine if the value received was worth the effort.

Sharing risk and reward

Market failure—The most relevant risk for membership-based organizations such as MeetingPlace Wonderful Copenhagen is the risk of market failure, which naturally greatly affects the satisfaction level of the membership. When times are tough and the industry needs to stand together, but the temptation is to hold back fees, membership rivalry could become more intense and the propensity to co-operate could in fact decline.

The only way to manage this risk is for the leader and committed members of the organization to take an active lead. More frequent communications are required at member meetings to discuss what the organization is doing in both the short and the long term. After all, gathering the relevant facts and recommending an appropriate response contribute to the true added value of organizations such as MeetingPlace Wonderful Copenhagen.

Complacency—Some of the original members believe that MeetingPlace Wonderful Copenhagen succeeded very well in the first few years because it was focused on a few key goals that aligned with the goals of the largest players. However, as the organization has evolved, some of the original members have become concerned that its effectiveness has become diluted as it tries to meet a wide set of interests. In other words, initial success has caused the organization to lose its focus.

Imbalance between risk and reward—The largest players that still fund most of the MeetingPlace Wonderful Copenhagen projects are beginning to think that they are not receiving a reward commensurate with their capital outlay. The debate now is whether the partnership should continue to try to broaden its membership base to acquire more funds for marketing or return to the targeted focus of the small group of key stakeholders that is thought to have formed the base of MeetingPlace Wonderful Copenhagen's original success.

Key success factors

The partnership was formed to achieve two main objectives: enhance the destination's image and generate conventions. As the following exhibit demonstrates, these goals have been achieved to a large extent, despite the present dissatisfaction of some of the members.

Results Achieved

	1997	1998	1999	2000	2001	2002
Association congresses						
# Bids placed	n/a	n/a	45	28	22	47
# Congresses won	12	15	19	22	22	24
# Room-nights won	95,000	54,660	110,000	199,500	237,500	146,700
Corporate meetings						
# Leads generated	n/a	n/a	179	351	298	250
# Room-nights won	8,100	11,681	16,059	37,031	17,251	20,000

Source: Meeting Place Copenhagen

MeetingPlace Wonderful Copenhagen began on a solid foundation. The partnership had a solid base to begin with, as the large hotels and major players took the initiative to create the network.

Key success factors for the partnership include:

- **Clearly defined goals and identified needs**—At the time the network was forming, it was compelling to pool resources for marketing needs, and the fact that the key stakeholders were already on board added legitimacy.
- **Availability of a champion**—The idea was championed by a powerful group of the 10 founding companies. Wonderful Copenhagen played an important part, but the 10 founding companies were crucial.
- **Flexibility**—As the partnership matured, it became important to get other members on board in order for marketing spend to increase. The original 10 members had to re-invent the organization to accommodate the new needs.

However, for MeetingPlace Wonderful Copenhagen, the primary success has been to gather 65 to 70 of the most important MICE stakeholders in Copenhagen and create a viable, vibrant partnership.

Problems encountered and lessons learned

Monitor and communicate performance—The organization also has to remind members constantly of the original vision of the partnership so that members do not lose sight of the reasons they joined and the benefits.

Clear focus on goals—When potential members can see a direct commercial benefit to joining the partnership, it becomes an easier sell. Therefore, organizations such as MeetingPlace Wonderful Copenhagen should have a clearly defined business model to reassure current and potential partners of the likelihood of success.

Open and frequent communication—A membership-based organization such as MeetingPlace Wonderful Copenhagen must maintain close communication with all members at all times so that the partnership remains relevant. Formal meetings need to be held regularly, but the president of the organization must also hold one-on-one, private conversations with the members to surface ideas, hear concerns and respond in a timely manner.

Active listening to the membership is extremely important. In this type of association, differing opinions are common: the organization cannot be everything to everybody. Therefore, the organization has to be honest and not guarantee that the potential business member will increase their revenue base simply by joining. Organizations such as MeetingPlace Wonderful Copenhagen can guarantee exposure and the commitment to work closely with membership to address any program or organizational problems.

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C. Creating a tourist cluster: the Armada Hotel, Istanbul

Location:	Turkey	
Partners:	Armada Hotel Sabahattin The Fisherman Restaurant Sehir Restaurant Alafranga Restaurant Turkish Government	
Type of Partnership:	Value-chain joint venture	
Issues Illustrated:	Product development, enhancement and preservation of resources Developing attractions and accommodation	Contributing to the economic wealth of the community Creating sustainable development of tourism sector Obtaining start-up financing

Background

The Armada Hotel, built in 1991, is located in the ancient district of Ahirkapi. From the hotel terrace, guests can take in fantastic views of the Blue Mosque and Hagia Sophia. The hotel is just steps away from the Topkapi Palace, the ancient throne of the Ottoman Empire. Indeed, the district has had a glorious history. But when the sultans abandoned the Topkapi Palace in the 1850s, the important locals also left and the district began its slow descent into neglect. One hundred years later, in the 1960s and 1970s, only tourists visited the district and only in the daytime, preferring to stay in the new part of Istanbul.

In 1989, Kasim Zoto, decided to return to his native home of Istanbul, after having lived in Paris for a number of years. Working in the travel business, Kasim saw the remarkable redevelopment of the old cities in Europe and asked himself why the old part of Istanbul had not undergone the same transformation.



Upon his return, Zoto lobbied the government to build a hotel in the Ahirkapi district and undertake extensive redevelopment of the area. His vision was to construct a hotel modelled on a series of row houses that housed the marine soldiers of the Ottoman Admiral Hayrettin Pasha (Barbarossa) in the 16th century. He saw the hotel as a blend of modern and ancient, both in the exterior and in the interior design. In 1988, he received permission to build and was given a 49-year lease for 2,300 square meters of land in Ahirkapi. Three percent of total revenue of the venture in rent, plus four percent of profit, would be paid to the government. The next step was to convince nervous financing groups of the viability of the project.

And they were nervous for good reason. The district is very historical, reaching far back into the roots of Constantinople. Zoto could not know what would happen even six months into construction. If they came across an archaeological site, construction would necessarily be halted. As it was, Istanbul's Heritage Council as well as several influential NGOs were against the project. It took five years before Zoto was able to put a shovel in the ground; and the financing group changed three times.

Nevertheless, the project started in 1993. Construction of the 110-room hotel took 16 months. Excavations were slow as the work had to be done in stages and by hand. No machines were used, as they could inadvertently destroy something of immeasurable historical significance. In fact they found ancient Roman walls that formed the inside of the harbour walls in Greek times. These were incorporated into the design, but constructing around the walls caused the building specifications to change three times, which proved costly. In the end, the project came in 20 per cent over budget.



The Armada hotel was open for service in 1994 and the first part of the project was complete. But Zoto wanted to build more than a hotel; he also wanted to build a destination that would attract the local citizens, reasoning that to create a vibrant and healthy tourism industry the locals would also have to appreciate and celebrate the area.

Zoto embarked on the next stage of his vision for Ahirkapi. In order to attract the locals, Ahirkapi had to have something to attract them with—and in this case, Zoto needed restaurants and entertainment offering high-quality Turkish cuisine, but not as part of the hotel. Zoto first started to restore the buildings adjacent to the hotel and then searched for local partners to operate a business that would appeal to the domestic and international tourist market.

The first partnership was formed with the owner of a very small (three table) seafood restaurant. It took 1.5 years for Zoto to persuade the owner to participate in the venture. The hardest part of the persuasion was not the financial aspect of the project, but the fact that it would be a total change in personal and business operation—the restaurateur would have to break the bridge behind him. His current clientele were a few local people but Zoto’s vision was an 80-seat restaurant that would attract people from all over the world, would be in all the international tourist guides and would win international awards. For this scale of vision, it was not enough that Kasim Zoto believed his partner could do it; the restaurateur also had to believe. The restaurant, Sabahattin The Fisherman, opened in 1996, to rave reviews and is now famous. The New York Times chose the restaurant as one of Istanbul’s best in February 2000.

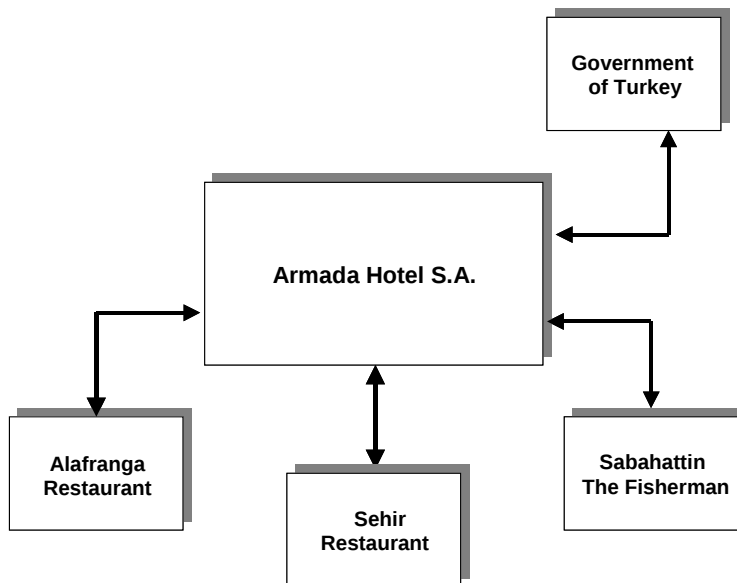


Two other partnerships were formed. Zoto partnered to create the Alafranga, a luxury-event restaurant that caters to weddings and other large receptions. As well, Zoto partnered with three other local area entrepreneurs to open Sehir, a 700-seat restaurant that caters to tour groups.

To provide animation, the Armada Hotel created and sponsored an event to promote the area using its wonderful streets and squares. They used a Spring Festival that was based on an old traditional festival that had not been practised in Istanbul for the last 10 to 15 years. The festival featured the colourful gypsies that came to Ahirkapi from the Balkans in the 1940s and 1950s. The gypsy musicians, dressed in their traditional garb, played in the restaurants and in the streets. For this festival, the Big Gypsy Band of Arkapii formed featuring 26 people dressed in the colourful traditional gypsy costume playing high-energy, original music. The event attracted 3,500 people and received good media attention. Sony music discovered the Big Gypsy Band of Arkapii and now their music is sold in stores. As a bonus, many more people in Istanbul know the name of the district because of the success of the band.

Aside from restaurants and entertainment, Zoto also started to restore the houses near the hotel, turning them into Oriental-style residential studios of between 30-45 square meters. The studios can be used by the Turks as small apartments or by international visitors on longer stays. It took three years to develop the hotel to a point that the local people started to see it as a destination and Zoto has not looked back. The Armada Hotel is now eight years old and the initial investment of US \$5 million was paid back in the first 4.5 years.

Organizational structure and operation of the partnership



The business model that Zoto created was to first restore the building and then find a local partner to operate the business. The Armada makes the total upfront investment and then takes five per cent of total turnover and shares 50 per cent of the profit. In addition to earning 50 per cent of the profit, the partner draws a small salary.

Throughout the partnership, the Armada Hotel remains a silent partner. The entrepreneurs are free to run their business as they see fit. Communication is constant and informal amongst the four partners, as they operate in a small area. But every month, the four businesses informally get together to inform each other of opportunities. While each business undertakes its own marketing, each business leverages off the other businesses in the partnership.

The Armada Hotel offers its partners the benefit of bulk purchases for goods they all share. As well, all the partners can use the hotel's communications consultant for their public relations and marketing activities, the legal consultant, and the accounting and bookkeeping services free of charge. The businesses are also profiled on the Armada Internet site as part of the deal.

Monitoring performance

Every month, the Armada Hotel discusses the performance of the restaurant with each of the partners separately. The performance criteria the partners have to reach is detailed clearly in the contract that each of the partners signed. Gross operating profit for all four ventures must average 35 per cent and while the fish restaurant and the event restaurant outperform the performance criteria, the tour group restaurant is performing below what the hotel expects to earn.

The Armada Hotel recognizes that the tour group restaurant operates in a low-margin business; but the bigger problem is that the restaurant has been running high accounts receivable with tour operators delaying payment by three to four months. The high accounts receivable compounded with the low-margin nature of the business is forcing the partnership to re-evaluate its entry into this market. The market itself may not prove interesting: better money could be earned elsewhere. The Armada Hotel is working with its partners in this restaurant to evaluate their position.



Sharing risk and reward

The most relevant risks associated with the partnership are market failure and financial. All four partners share the risk of declining international visitors to Istanbul. This risk, however, has been managed by ensuring that the businesses draw from the domestic market as well as international visitors.

The Armada Hotel has assumed most of the financial risk. However, in personal terms, the risk assumed by each of the partners is equally as great. This risk is managed by ensuring that the partners leverage the experience and business know-how of the Armada Hotel. The Armada offers business advice and training, from what menu items should be offered at what price, to the design of the facility (e.g. parking requirements for tour buses).

The Armada has also worked to lower the operating cost of the businesses by offering bulk buying on items that make sense and offering the professional expertise of consultants required by the normal operation of the hotel. These services are not insignificant to a new, small business.

The reward is a dynamic group of businesses that feed off of one another to create an interesting, energetic tourist district.

Key success factors

When Kasim Zoto first arrived by taxi in 1989, the taxi driver did not want to drive into the area and warned Zoto against it. Now people come from all over and one by one the more historical buildings in the area are being restored back to life. The project has created a successful tourist destination out of a deteriorated area, creating jobs and entrepreneurs.

The key success factors in this project are as follows:

- **Clearly identified need for the project**—Despite initial resistance by the municipality and the NGOs, the need for the project was apparent. A major tourist destination, and a historically important district was being neglected. This project has given it new life and now relations with the city and the NGOs are very good. The Armada Hotel is held up to be a model of how sensitive cultural development can take place.
- **Clearly defined goals and roles**—When Kasim Zoto began the project, he had a clear vision of what was expected of his partners and this was detailed in the contract.
- **Having a champion**—One entrepreneur was willing to fight for and stake resources and his reputation on the partnership.

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- **Strong sense of commitment and patience on part of the partners**—The revitalization of the district has taken eight years of very hard work.
 - **Honesty and openness**—The partners informally meet regularly, helping when required. Each knows what the other is doing.
 - **Win/win mutual gain** —Through co-operation, the partners have been able to revitalize the Ahirkapi district and run vital, interesting businesses.

Problems encountered and lessons learned

The problems encountered by the partnerships have been many and have been overcome one at a time. Most of the effort was required at the beginning when Zoto had to convince the government and the financing groups to invest in the project. At this stage, the entrepreneur with the vision has to be persistent.

A project such as this can be approached in two ways. A master plan can be designed and implemented all at once, or the vision can be achieved through a series of small projects that align ultimately into one big project. While both can be successful if based on solid grounds, Zoto chose the latter path and for him the adventure has so far proved rewarding.

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D. Extending the tourist season: Island of Crete, Greece

Location:	Greece	
Partners:	Aegean Airlines Aldemar Hotels Capsis Hotels Maris Hotels Elounda Hotels Mamidakis Hotels	
Type of Partnership:	Value-chain relationship	
Issues Illustrated:	Improving destination image Improving market coverage and reach	Harnessing the power of co-op marketing programmes Contributing to community economic wealth

Background

This very informal partnership was created to increase tourism on the Island of Crete during the traditionally low winter season, when facilities and equipment are closed or operating at the break-even point. The idea for the partnership was conceived in November 2000 by Spyros Kokotos, founder of Elounda SA, and owner of Porto Elounda De Luxe Resort. The hotel had remained open for the previous five winter seasons and had only broken even. Nevertheless, Kokotos saw the potential for generating a more active tourist season if other partners would become involved. Any additional visitors, even if heavily discounted, would bring in welcome additional revenue.

One of the key deterrents to attracting tour groups to Crete in the winter season is the lack of access. The difficulty of getting to Crete discouraged tour operators from recommending that clientele try an unproved winter holiday destination. Undaunted, Kokotos, met with the owner of Aegean Airlines in 2001, Theodoros Vassilakis, and proposed the scheme of direct flights from Heraklion, Crete, to destinations in continental Europe. The flights, he suggested, could be coupled with discounts at luxury hotels to form a very attractive package.



Aegean Airlines received the idea with interest. Itself a very young company, only in operation since 1999, Aegean Airlines was aggressively looking for ways to expand its market share. Three months later, there was a meeting at Aegean Airlines headquarters with the four other leading hoteliers in Crete who had facilities open in the winter: Capsis Hotels, Aldemar Hotels, Maris

Hotels, and Mamidakis Hotels At this meeting, Aegean Airlines agreed to provide tour operators and travel agents operating in Germany, eastern France, and northern Austria, with a faster and easier transport option to the island of Crete. For their part, the hoteliers similarly agreed to offer discounts on their winter tariffs to tour operators and travel agents who co-operated with Aegean Airlines to bring their customers to the island.

In fact, this was the first time a regularly scheduled flight (twice weekly) had been offered, linking Heraklion with Munich, Dusseldorf and Stuttgart. With a discount from both Aegean Airlines and the hotels, the partnership could make a very competitive package to the tour operators.

Organizational structure and operation of the partnership

The partnership is very informal, with Aegean Airlines primarily managing the offer. Each hotel has provided Aegean Airlines with its clientele list in Germany for the airline to use in its initial promotion. The hoteliers are at the ready to offer their services to guests referred to them by either the company or associated agents at the discounted rate agreed upon in the original meeting.

Monitoring performance

The partners' performance is not monitored apart from tracking the additional interest in visitation.

Sharing risk and reward

The financial risks of the venture are high. Aegean Airlines has opened three new connections (six flights) to capture a new market segment in a traditional low season. Demand may not pay for the capacity. The hotels are staying open and profit margin is low to non-existent through higher food and employment costs.

In addition, the partnership has not been formalized and the partners have made no commitment to the project. Nor has any formal strategy been voiced to date. Clearly, the promotion is in its early stages and still largely *ad hoc*. The five hotel entrepreneurs know each other very well and have co-operated in numerous other ventures; but the looseness of the partnership increases the risk of it falling apart.

However, the potential benefits are clear. No other airline is taking visitors directly to Crete at a price point that is hard to resist. By making an investment now, Aegean Airlines and the hotel partners are hoping that Crete will extend its tourist season to the winter, encouraging visitors to stay longer and spend more money.

Key success factors

It is still too early to tell the results of the partnership, as the offer is still in its first season. Further, at the time of publication, there was an economic downturn in Germany. To make the partnership truly successful, many more people and organizations need to believe in the project and get involved. Nonetheless, to date, Aegean Airlines has published a brochure and is pleased that two major tour operators have agreed to market the product.

Problems encountered and lessons learned

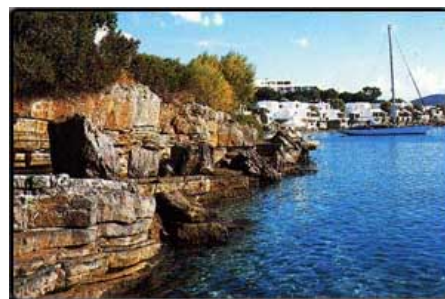
Key stakeholders—Not all of the key stakeholders are as yet on board. The partnership is still convincing the Greek National Tourism Organization (GNTO) to allocate some of its budget towards promoting the product *Crete in the Winter* at the airports Aegean flies from.

Effective marketing of the project—The nature of the tour business requires the tour operators to make a good profit, quickly. The product that Aegean Airlines is offering is new and needs to be communicated properly. In order to sell the new package, Aegean Airlines must break through clutter in the distribution channel because there are many other tour choices. The partnership has to educate the tour operators that direct access is available and that Crete is a high-value destination in the winter. The partners can do this by, for example, reducing the tariffs even lower to promote interest. Or they can bring selected tour operators to show them the destination in the shoulder season of April and October and try to persuade them that Crete in the winter is not all that different April and October.

Comprehensive planning—The partnership may need to review the product offering, its strengths and weaknesses and the opportunities and threats in order to remain competitive.

Maintain a strong sense of commitment and patience on part of the partners—The partners do not expect to see results in these early days and understand they are investing now for rewards later.

Community support—Much of the product closes in the winter on Crete and it is a rhythm of life that may be hard to break. But it is the belief of the partners that if other operators see that product remains open in the winter, there will be more available for visitors to stay and enjoy.



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E. Creating a destination: the Red Sea Riviera, Egypt

Location:	Egypt	
Partners:	Tourism Development Authority (TDA) Banks, International and Domestic Local Authorities Environment Ministry Private-Sector Investors	
Type of Partnership:	Public-Private Partnership Consortium	
Issues Illustrated:	Developing product, enhancing and preserving resources Setting quality standards Developing attractions, theme parks and accommodation Contributing to the economic wealth of the community Coordinate planning Creating sustainable development of tourism sector	Overcoming trade and investment barriers Improving roads, transport infrastructure and basic services Providing impetus for intermodal transportation Enhancing telecommunications system Obtaining investment and funding Leveraging public investment

Background

The Red Sea Riviera Development was first reported in the WTO Business Council 2000 report and concentrated on the Taba Tourism Development Corporation (TTDC) that was developing an integrated resort destination along the Gulf of Aqaba. This resort development is just one small part of the overall redevelopment of the area.

The history of the project dates back to 1991. At that time, the private sector started to lobby the Egyptian government for opportunities to invest in touristic ventures. At the same time, the government of Egypt was looking for means to promote development and turned its eyes to a sparsely populated area that stretches from the Gulf of Suez to the Sudanese border. The region was beautiful, home to migrating birds, white sand beaches and some of the world's most fantastic coral reefs.

The mechanism to jump-start the development was creating the Tourist Development Authority (TDA) under the auspices of the ministry of tourism. The TDA was formed to be an economic body that would specialize in land for tourist development only; the government ceded the land to TDA control in 1991. The TDA took the next two years to plan the development using well known



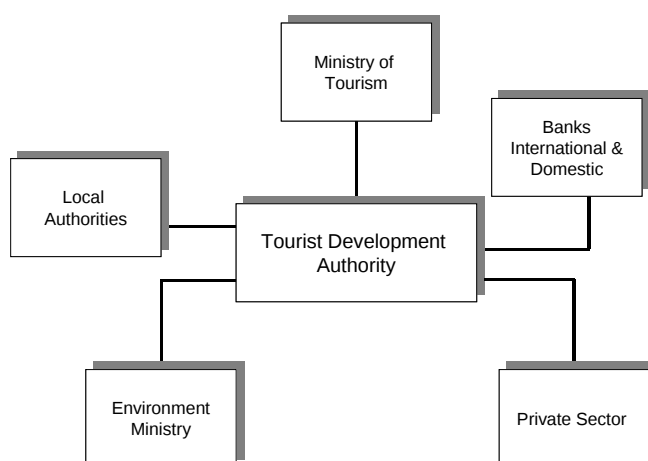
international engineering and planning firms. After the two-year planning period, the government started to promote the area for tourism investment, which started to flow in 1994. The initiative changed the role of the public sector in Egypt from owner-operator to planner, regulator, promoter and facilitator.

The development plan called for the creation of 51 integrated tourist centres or 120,000 rooms by 2017. The integrated tourist centres would be similar to towns, but their main function would be tourism. An investor could take a huge area and assume responsibility for the entire development including roads, sewage, planning and development.

The TDA created a vision for the area. Its role was to help the investors follow the vision. In this capacity, the TDA provided the investors with engineering plans and feasibility studies to help carry out the project. Only a certain number of rooms for each area were allowed, taking care to protect the fragile environment. Major infrastructure, such as roads, water and sewage networks, that are part of the overall national system, would be supplied by the TDA. However, the private sector investors would be responsible for any internal infrastructure to a resort town, such as flood control dams, water desalinization plants, sewage, electricity, communication and road networks, leisure and cultural facilities, golf courses, shopping centres, hospitals, schools and hotels, marinas, and airports for light cargo.

For example, the Orascom Projects and Touristic Development (OPTD) developed a tourism town called El Gouna. Investment to date included five-star hotels, plus a number of other boutique and four-star accommodations. They have also opened an 18-hole par-72 golf course. The infrastructure that the OPTD has invested in includes four electrical power plants, a water treatment plant, roads and communications infrastructure, two marinas, a private airport, an international school and a hospital.

Organizational structure and operation of the partnership



The TDA is overseen by a Board of Directors composed of:

- Three to four members appointed by government;
- Three to four members appointed by the private sector; and
- Three to four ministers of the government.

The board of the TDA is responsible for the development strategy and has jurisdictional authority over the tourist zones. It has the authority to allocate new land, where appropriate, and take back land if there is a problem. Any new projects must get board approval. The board meets 10-12 times per year.

But the TDA goes far beyond a regulatory role and sees itself as an active partner in the development. It employs approximately 300 staff that helps the investors identify and pursue investments, providing assistance and advice from the early stages of a project to the opening and operation.

Monitoring performance

The TDA monitors the performance of the investors quite rigorously. The agreement between investors and TDA is structured so that the investor must complete a certain percentage of the project in a specified time period or the TDA can take back the land without the investor's recovering any investment that has been made. Therefore, the TDA inspects the sites weekly to make sure the investors are following the regulations and meeting the deadlines.

When the inspections indicate a project is not on schedule or is limited or no signs of advancement, a red flag is raised. The TDA will work with an investor to see if the situation can be resolved, but if the investor cannot meet his commitments, the TDA will take back the land and look for a new investor, although the TDA structures agreements to reduce its risk of incomplete projects.

Sharing risk and reward

While the project is under construction, the TDA retains ownership of the land. When the project is 100 per cent complete, the land is transferred to the entrepreneur at US \$1 per square meter. At that time, a down payment of 20 per cent of the total cost is paid to the TDA. After three years, the investor is required to begin paying the remaining 80 per cent of the total cost of the land over the next 10 years.

The Red Sea Riviera Development Plan is not meant to give land to a few entrepreneurs, but to ensure that the area is redeveloped—in other words, the investors must accomplish what they promised. But while the TDA has been forced to take back some land, they are reluctant to do so. They understand that the tourism industry is subject to external shocks and downturns. At the moment, the sector is having problems, visitation has slowed down and the banks are not investing. In reviewing investor progress, the TDA has to consider all of these issues and not be too tough. In the end, they have to help the investors because the strategy is to build jobs and the economy through partnering with the private sector.

The TDA is also aware that a significant number of new hotel rooms are being added in a relatively short period of time and the impact on the environment is unknown. In recent years, the plight of the coral reefs has come to light. The coral reef ecosystem is extremely fragile and, in response, the Egyptian government has created and enforces strict new legislation and regulations that prohibit destruction of the tidal flats, natural coastline and coral reefs. The risk that the environment will be destroyed is being managed through careful master planning. The integrated resorts are planned to create aesthetically pleasing and sensitive environments. As well, working with USAID, the TDA promotes the adoption of environmental best practices by the hotel industry.

Key success factors

Since 1991, the TDA has attracted approximately 400 investors, both large and small, to the region and 36,000 of the 120,000 rooms have been completed. The new tourist centres have created 156,000 jobs and these employees plus their family members now live in the region.

The broader Egyptian community has benefited through:

- Improved roads, transport infrastructure and basic services;
- Improved intermodal transportation;
- Improved public health and sanitation;
- New buildings and telecommunications;
- Investment barriers that have been taken down;
- The image of Egypt and the destination, which have been enhanced;
- The new product that has extended Egypt's offering beyond the cultural tourism market; and
- Investment of government monies that have been saved for those areas in Egypt that need public support, such as health care, housing and education.

The key success factors of this project are:

- **Comprehensive planning**—Investment needs to start with a vision and a plan. If redevelopment of an area is started without a vision, the partners, both public and private, court disaster. The plan can change, but the overall structure remains the same.
- **Use of a consultant**—The TDA invested in bringing in outside experts in law, economics and engineering, leveraging their expertise while building internal skills.
- **Maintaining plan flexibility**—The TDA is revisiting some of the tourism plans made 10 years ago to update to modern planning methods.
- **Maintaining flexibility with investors**—The TDA seeks to act as a true partner with the investors.
- **Experienced and skilled staff**—The employees of the TDA are fundamental to the success of the effort. They embody the spirit of partnership that the TDA wants to project. They must develop and maintain a good relationship with investors themselves, giving them know-how, help and support when needed.
- **Streamlined development process**—The TDA is the only government body in contact with the investor, making for a smooth communication and development process. In this sense, TDA functions as a “one-stop shop.”
- **Assistance in arranging financing**—While the TDA does not invest in the projects, they have been careful to inform the international banks and the National Bank of Egypt of the scheme and get them on side. Otherwise, the banks might be nervous to lend because the investors do not own the land until the project is complete. The TDA has got the banks to agree to allow the investors to use the buildings as collateral when they are 25 per cent completed.
- **Relief from tax and import duties**—The government has given permission to the investors to import anything they need, without taxes, while they are building.

Problems encountered and lessons learned

As this case study indicates, the project has encountered numerous problems that the TDA has been actively working to solve one by one. One of the larger issues, however, is that the TDA tried to redevelop the whole area at one time. While some of the investment was driven by requests from the private sector, they now believe that it might have been better to concentrate on one or two centres at a time, moving on to new centres only once those already started were semi-complete to complete. The project is thus advancing slowly because of financial problems—400 projects at one time are placing a strain on already limited sources of available capital.

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F. Restructuring Nepal's national tourism organization: the Nepal Tourism Board

Location:	Nepal	
Partners:	Nepal Tourism Board Ministry of Culture, Tourism, and Civil Aviation Private sector travel industry Local communities and district development committees NGOs	
Type of Partnership:	Public-Private Partnership Organization network	
Issues Illustrated:	Improving the image of the destination Improving marketing efficiency Improving market coverage and reach Providing support for electronic marketing	Harnessing power of co-op marketing programmes Developing product Setting quality standards

Background

This case study is an update to a previous study reported in the WTO Business Council 2000 report that focused on Visit Nepal Year 1998 (VNY 1998) campaign. The VNY 1998 campaign was an internationally focused marketing initiative that was carried out in partnership with the Royal Nepal embassies, consulates and "Friends of Nepal." A second aspect of the initiative was to increase awareness in Nepal of the economic importance of tourism and to develop tools through which education and training could be offered.

The VNY 1998 campaign closed on December 31, 1998, and on January 1, 1999, the Nepal Tourism Board (NTB) was established, replacing the Department of Tourism. The NTB is a public-private partnership between His Majesty's Government of Nepal and the private-sector tourism industry. As the country's destination marketing organization, the core focus of the NTB is to undertake the marketing activities necessary to promote Nepal in the international markets; but as the Board matures it will likely undertake more activity in product development.

Objectives of the NTB

Develop Nepal as an attractive travel destination by maintaining, improving and diversifying the quality of tourism products and services in the country and promoting them effectively in the international marketplace.

The NTB was established as a result of a confluence of forces in both the private and the public sector, which took several years to come to fruition. The idea surfaced as far back as 1993, when Nepal experienced a heavy decline in tourist arrivals. As a result, the private sector began to demand more say in the marketing of the destination and called for a new organizational structure. At the same time, the government of Nepal was becoming increasingly aware of the power of public-private sector partnerships and the success other destination marketing organizations were having in the international market.



In conjunction with the United Nations Development Programme's Partnership for Quality Tourism Project, the government undertook a best practice study of national tourism organizations in Asia that included:

- Tourism Authority of Thailand
- Hong Kong Tourist Association
- Singapore Tourism Promotion Board
- Department of Tourism, Bali, Indonesia.

The decision was to model the NTB after the Singapore Tourism Board, which incorporates the leadership and implementation capacity of the government with strong participation and direction from the private sector through a voting majority on the board of directors.

The NTB was created to provide a vision for Nepal's tourism effort and to provide "good management and guidance." The NTB is primarily responsible for the following:

- Effectively marketing Nepal as an attractive, safe and secure destination in the international marketplace;
- Creating awareness of tourism in the country while preserving the natural, environmental and cultural resources;
- Increasing gross domestic product and foreign exchange by promoting the tourism industry and increasing employment;
- Working toward providing quality service to the tourists visiting Nepal; and
- Coordinating among the key stakeholders in Nepal's tourism industry.



The NTB also lists the following as ancillary activities:

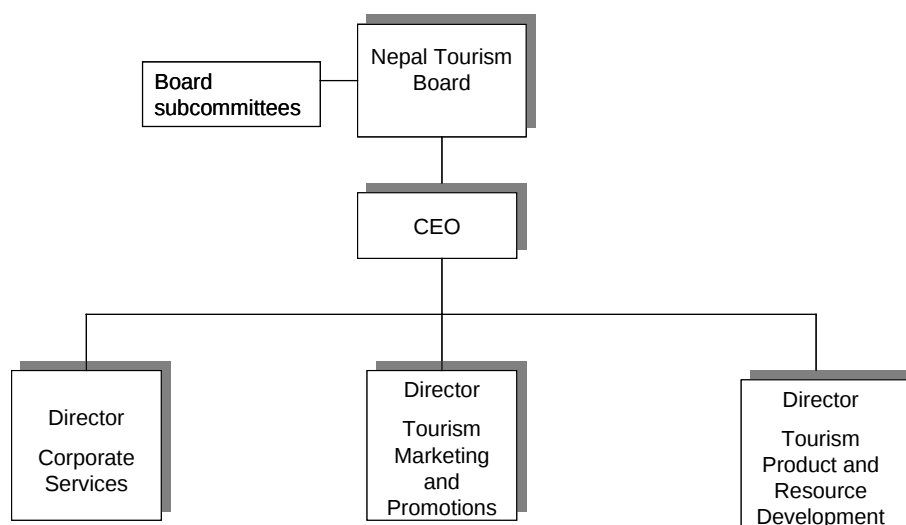
- Developing or causing to develop infrastructure and services relating to the tourism industry;
- Conceptualizing and creating plans to increase the service standards within Nepal;
- Commissioning technical and financial feasibility studies to develop existing and new tourism products;

- Obtaining increased involvement of the private sector in the promotion of tourism and creation of new product; and
- Obtaining local community participation in conserving and maintaining temples and other cultural places of importance and promoting the concept of village tourism.

To support the NTB, the government of Nepal has initiated policy changes and reforms for the betterment of tourism as follows:

- Opened 116 more peaks to support the 160 that were already open to provide more depth for Nepal's best-known product—mountaineering and trekking;
- Opened five more rivers for rafting to support emerging water sports product;
- Revised the entry system to Nepal and reduced the fees to make the process less complicated and more attractive for international travellers;
- Rationalized the fee and policy structure for foreign companies wanting to produce travel documentaries; and
- Initiated air services agreements with the UAE, Qatar and Israel and made plans to do the same for China.

Organizational structure and operation of the partnership



Eleven board members that are drawn from the following sectors govern the NTB:

- The Secretary of the Ministry of Culture, Tourism and Civil Aviation serves as the Chairman.
- The CEO of the Board is drawn from the private sector.
- Four *ex officio* members are drawn from other government ministries such as Parks and Wildlife, the Civil Aviation Authority, the Department of Immigration, and the Ministry of Finance.
- Five members are drawn from the private sector.
- Royal Nepal Airlines attend as observers.

Given this structure, the private sector forms the majority of the board. The management of the NTB manages the day-to-day operations, including taking executive decisions once the board approves the strategy and action plan at the annual meeting. Progress reports are made monthly when the board meets to review activities undertaken by the NTB.

Funding for the NTB comes in the form of a tourist service fee of two per cent, which is added to the total bill for purchases collected from all registered tourism enterprises (for example, the travel trade, hotels, restaurants, tours and trekking operators).

Not surprisingly, the stakeholders have very high expectations for the NTB. And while the NTB is dedicated to sustaining commitment to the overall vision and goals of the partnership, in reality it operates with resource restrictions. For example, the NTB operates with 41 staff that oversee a number of activities. In comparison, the Singapore Tourism Promotion Board employs 600 staff, while the Tourism Authority of Thailand employs 1,000. To be fair, Nepal's 500,000 annual visitors fall short of the 6.7 million tourists who visit Singapore and the 10 million who visit Thailand.

Monitoring performance

Of course, the NTB tracks visitor arrivals and spending. However, the tourism industry has been operating under a series of shocks, such as September 11, and some internal problems that perhaps mask its achievements. Other measures are given equal importance, for example:

- The extent to which new product is developed;
- The extent to which other public private partnerships are beginning to form in Nepal, such as the Road development Board, Nepal Film Development Board;
- The extent to which local communities and donors assist in the development of projects. Awareness of the importance of tourism to the economy is not measured by a survey, but by the level of participation from individual communities; and
- The extent to which the private sector is satisfied through their participation in international trade fairs and international sales missions.

These measures speak to the professionalism and quality of the initiatives that the NTB operates over the short period of time it has been in existence—even louder than visitor numbers and spending.

Sharing risk and reward

The NTB highlighted the following risks:

Financial—The NTB budget is tied to the number of visitors that come to Nepal, as the funding source is the tourism service fee. While this link focuses the tourism stakeholders on succeeding, it does make the NTB vulnerable to shocks that may not be within its control.

Market failure—Nepal is vulnerable to international financial crises, particularly in Europe, the source of the majority of its visitors. If Europe's economy declines, Nepal's tourism suffers. As well, despite being a very safe tourist destination, international terrorism and internal national disputes can prompt distrust in the international marketplace, and subsequently visitation can drop.



Knowledge base—Many markets lack awareness of the broad range of product in Nepal, which is rich in bio-diversity, culture and heritage, and adventure products such as white river rafting. Significant effort is needed to break through the clutter of the promotion channels to communicate this message.

Intensity of rivalry—Nepal is seriously outgunned by its regional competitors. Given its size and marketing budget, Nepal simply cannot compete with its regional neighbours—and it doesn't try to compete. Instead Nepal is trying to complement the region's tourism product and broker joint marketing and packaging initiatives whereby both destinations benefit.

To mitigate these risks, Nepal is focusing its communications on a few key messages, but in a variety of channels. The key message is that Nepal offers a warm, safe, welcoming environment with great attractions. The NTB is focusing on HR strategies that will encourage the people of Nepal to offer tourists a great experience through high-quality products.

Key success factors

Nepal has not seen increased visitor numbers despite the hard work and professionalism of the board. However, the NTB also pointed out that in terms of solidifying the public-private partnership through building confidence in the initiative, it has achieved a lot. The foundation has been laid and once the situation improves domestically and internationally, the NTB is ready to reap tangible results. In the meantime, the following results were cited:

Website—Because Nepal does not maintain international offices, their Website is an extremely important marketing tool, currently offered in three languages and soon to include others.

Participation—The NTB has seen increased interest in, and participation with, its initiatives at the local community level.

Development of entrepreneurship—Through various programs, the NTB has been actively developing entrepreneurial skills in the local population to ensure that the benefits of tourism are distributed through mechanisms such as the consumption of locally made products and services.

Awards—The NTB won a PATA Gold Award for its CD ROM "Mt Everest & More, Experience it in Nepal." The CD included over 600 pages of text, 30 video clips and over 500 high-resolution images, including user-friendly maps. The NTB's entry, Sirubari village tourism project (where visitors can experience a stay in a typical Nepali village), won the PATA Gold Award in the heritage and culture category in 2001.

In 1999, NTB was named the "Overall Winner of Greening of Business Tourism Awards 1999" by the European Incentive and Business Travel Meeting (EIBTM) in Geneva, Switzerland.

The NTB also won the PATA/Business Traveller Germany Vasco da Gama Award as the "Company of the Year 2003" for its years of outstanding work promoting and developing European travel and tourism to the PATA region and for the positive actions the Board has taken to address the hard times the industry currently faces.

Problems encountered and lessons learned

The NTB believes the action plans and marketing strategies that have been implemented since 1999 are, for the most part, very much appreciated in the domestic market. International agencies have also voiced their approval. But complaints are still heard. Despite being active in a number of critical sectors, there are still complaints that the Board must not be doing enough because there has been no increase in tourist arrivals to Nepal.

External and internal shocks—From the Board's perspective, the problem of low tourist arrivals results from the country's internal dispute which has been exaggerated by the international media. Not unpredictably, the awareness of Nepal by potential tourists is low, despite Nepal's being historically safe and welcoming. Add to this the shock of September 11 that caused a decline in tourism world wide, and Nepal is still not meeting its goals. The NTB Board believes these are the true reasons for low visitation numbers and that the new private-public organization is only a scapegoat.

Risk management—In a vulnerable industry particularly, the NTB believes that tourism professionals, such as national tourism organizations, should have crisis plans in place to deal with external shocks, just as the private sector has risk management plans in place to deal with large, negative events. If they did, crises such as September 11 would not leave the tourism industry in as much disarray as it did.

Collaborative marketing—The NTB's original mandate was extensive, but in the time of crisis that followed, they were unable to implement many of the planned strategies and actions. Therefore, Nepal turned to collaborative marketing and found that where one country could do it alone, a consortium of countries could leverage their marketing budgets and product experiences to attract more visitors to the region.

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G. Repositioning a destination through a themed marketing campaign: Amazing Thailand

Location:	Thailand	
Partners:	Tourism Authority of Thailand Various government departments Private sector	
Type of Partnership:	Co-operative marketing	
Issues Illustrated:	Improving marketing coverage and reach Harnessing marketing programmes	Overcoming economic barriers Co-ordinated planning

Background

The 1998-1999 Amazing Thailand campaign co-ordinated by the Tourism Authority of Thailand (TAT) was a monumental effort to reposition Thailand as a unique destination for food, shopping cultural attractions and much more. The campaign was launched throughout Thailand, but was also promoted heavily in key international source markets. The focus of the campaign was on two important events—the 13th Asian Games in December 1998 and the celebration of the king’s birthday.

Themed marketing campaigns were not new to Thailand. Indeed, 12 years before, Thailand had initiated the “Visit Thailand” campaign also to commemorate the king’s birthday. The campaign was quite successful, but in the succeeding years tourism to Thailand had become stagnant. With the confluence of two high-profile events, the Asian Games and the King’s Birthday Celebrations, the TAT thought that it was about time to have another big campaign. They started planning in 1996, one year prior to the launch in 1997.

However, just as TAT was to launch the campaign, the Asian Economic Crisis hit in July 1997. With the advent of the crisis, enthusiasm for the campaign was considerably dampened, making it hard for TAT to mobilize participation. As well, the planned budget increase that would support the campaign vanished in the wake of Thailand’s currency devaluation.

Objectives:

- To promote Thailand as the venue and host of the 13th Asian Games in December 1998 and celebrate the birthday of the king.
- Upgrade the standards of the Thai Tourism industry and enable overseas visitors to travel comfortably throughout all the kingdom, contribute to the national goal of decongesting urban areas and distribute income to reduce social income gaps.
- To position Thailand as a quality tourism destination well worth visiting, and offer good value for money.
- To emphasize the significance and importance of the tourism industry to all the various stakeholders, and boost awareness of tourism.

From Amazing Thailand Campaign 1998-1999 Fact Sheet

Instead of being defeated, TAT rallied. Strategically it was important for the nation to “stimulate the spirit of the public and private stakeholders.” But the question remained: Because of a limited budget, what could Thailand do?

TAT held a series of working lunches and meetings with the public- and private-sector partners and divided into groups. They acknowledged that the increased budget had been lost. Thailand could therefore admit overall defeat or the industry could join together with good spirit and move forward. The solution TAT offered was simple. Regardless of the economic situation, the public and private sectors still had to communicate with their respective communities and markets. Therefore, instead of creating new campaigns over and above what would normally be undertaken, TAT asked that partners use the already complete Amazing Thailand logo and other creative on their communications materials and in this way promote the campaign. In other words, the decision was to use the regular marketing budget and align individual communications campaigns with the overall “Amazing Thailand” program.

The campaign coalesced around nine themes:

- Amazing Shopping Paradise
- Amazing Taste of Thailand
- Amazing Arts of Lifestyle
- Amazing Sports of Entertainment
- Amazing World Heritage
- Amazing Cultural Heritage
- Amazing Natural Heritage
- Amazing Agricultural Heritage
- Amazing Gateways

For example, whether the company was a shopping centre, credit card company, car rental company or fast food chain, they still had to print shopping bags and create packaging. TAT asked that they simply incorporate the Amazing Thailand logo into their packaging design. If a community was holding a festival or an event, they could claim the event as part of the Amazing Thailand program of activities. TAT just requested that they put a little more effort than usual into the activities to make the event more colourful and compelling.

The creative for the Amazing Thailand program (logo, brochure, handbook, banner, and colour diskette) was provided free of charge upon request. The only condition was that the material was not to be misused. However, no contract was signed: TAT distributed the material based on trust that the end-user would use the creative in such a way as to promote the national interest.

The campaign had high-level support. The prime minister lent his enthusiastic support to the project and encouraged Thai citizens to participate. In the end, the 1998-1999 Amazing Thailand campaign incorporated a variety of products and services that included hotels and accommodation, restaurants, car rentals, theme parks, souvenirs, TV and radio spots, and special packages from airlines, rails, coaches, hotels/resorts, entertainment complexes etc.

The following lists the activities and support that some of the partners lent to the Amazing Thailand campaign:

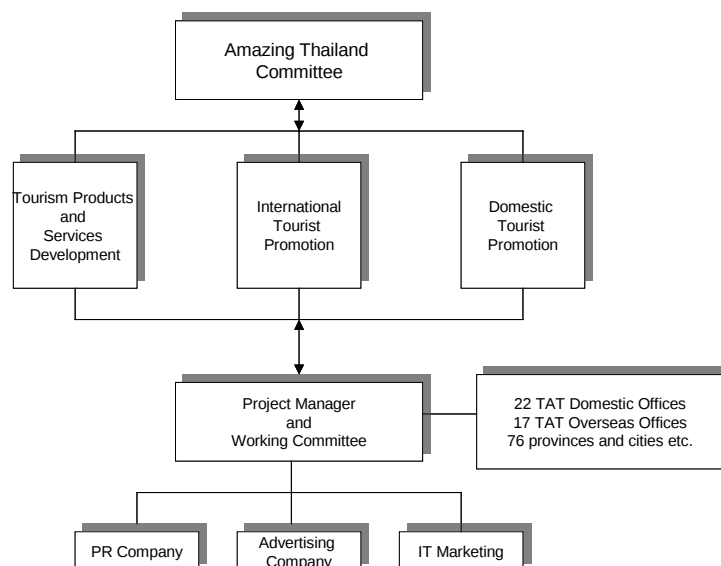
- The ministry of the interior exempted the private sector from all taxes on signs promoting the Amazing Thailand project and issued the following directives to Bangkok Metropolitan Administration, official agencies and state enterprises:
 - o Solve the problem of deterioration of tourist destination;
 - o Set up provincial tourism promotion and development committees;



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- o Facilitate immigration checkpoints; and
 - o Encourage provincial agencies to co-operate in the campaign for the Amazing Thailand project.
 - The department of export promotion helped organize the “Amazing Thailand Grand Sale” with discounts offered nationwide. Participating regions included the major tourist destinations such as Bangkok, Chiang Mai, and Khon Kaen. Department stores and concerned agencies gave price reductions of 20 - 80 per cent. The Thai Product Dealers Association also co-operated by organizing special activities, offering major categories of merchandise (clothing and accessories; silk products, gems and jewellery; art and craft products, and; general merchandise) on a weekly basis:
 - Silpkorn University collaborated with TAT to feature more than 17 art programs, such as Art and Culture in the Sea in Phuket.
 - The Board of Trade of Thailand hosted a major business event attended by representatives from more than 25 nations. They distributed promotional items advertising the Amazing Thailand project.
 - The customs department supported Thailand’s image as a centre of low-cost shopping by providing more tax refunds. The policy that inhibited the sale of duty-free goods was temporarily suspended.
 - Bangkok Metropolitan Administration co-operated with other agencies such as the Police Department, Ministry of Transport and Communications, and the Expressway and Rapid Transit Authority to better service visitor needs. Bangkok’s streets were decorated with banners or signs and campaigns such as Shopping Street, Walking Tours, and River Tours were launched. The city also set up tourism information centres in the major tourism areas around Bangkok.
 - To commemorate the Amazing Thailand project, the Communications Authority of Thailand (CAT) issued stamps produced with images of Thai arts and crafts, food and other traditional Thai images. Domestic phone cards publicizing the campaign were made available. CAT also introduced an International Toll Free Service (ITFS) so that prospective tourists could easily obtain service information concerning hotel, travel agents, airlines, exporters or overseas business transactions. The ITFS rental fee was reduced to maximize the use of this service during the Amazing Thailand campaign.
 - Thai Airways participated with publicity/advertising for the campaign.
 - The private sector from traditional to non-traditional partners joined in and participated in creative and unique ways. For example the C.P. Group supported the Amazing Thailand campaign throughout the network of its 7-Eleven convenience stores. They also decorated their stores in China with the Amazing Thailand logo and posters and on the premises of its suppliers. The C.P. Group went further by operating as a co-ordinator in sales promotions, seminars and exhibitions. TAT was involved by promoting the initiative with the private or public organizations with which they maintained regular contact. They also arranged for corporate meetings in Thailand, promoted incentive tours by C.P. staff members based in China, and displayed Amazing Thailand stickers on all C.P.-produced export items or products distributed by the group, including those manufactured in China.
 - The major tour companies and travel agents co-operated with TAT to develop the tour programmes and produced a manual featuring suggested programmes to distribute to travel agents worldwide.

The campaign proved to be very well received in the market place and Amazing Thailand has become the brand with a lifecycle longer than originally anticipated. TAT has continued to use the Amazing Thailand brand in new and interesting ways.

Organizational structure and operation of the partnership



To organize and co-ordinate the campaign, a series of committees was established, headed by the Amazing Thailand Tourism Committee, which reported to the prime minister of Thailand. The minister in charge of tourism; the chairman of TAT chaired the committee; and the committee secretary was the TAT governor. The 41 committee members were drawn from the representatives of government agencies, the private sector, the Thai Tourism Society and airlines. The following three sub-committees reported to the Amazing Thailand Committee:

- Products and Services Development—62-member committee
- International Tourism Promotion—59-member committee
- Local Tourism Promotion—41-member committee

Each of the sub-committees was chaired jointly by the TAT governor and president of the Thai Tourism Society.

The progress of each sub-committee was co-ordinated by a project management group chaired by the TAT deputy governor for planning and development. The working group comprised seven people from TAT staff and the TAT chief of marketing planning.

Monitoring performance

The objective was to attain a cumulative total of at least 17.8 million international visitors during the two-year period and boost Thailand's foreign exchange income to at least US \$16 million. The goal for domestic tourism was to generate at least 122 million trips over the two-year campaign.

How do the results measure against what was initially envisioned? Thailand received approximately 16.5 million international visitors over the two-year campaign period with continually increasing visitation thereafter.

Sharing risk and reward

During the campaign, the biggest risk was the regional economic crisis: politically, the internal economy and government were stable. Because much of this risk was largely beyond the control of TAT, priority was given to communication and public relations. TAT hired outside experts and insisted on quick response times, and complete transparency to the general public and to the market overseas. Any doubts or adversities (perceived or otherwise) were addressed immediately.

The reward to Thailand over the short term was a general lift in the spirit of the nation coupled with increased economic opportunity by opening markets and improving the product.



Key success factors

The achievement of the campaign throughout the period was enormous both quantitatively and qualitatively. Tourism business was up overall as a result of the intensive marketing activities. The Amazing Thailand campaign and its logo garnered wide recognition overseas and domestically.

The following key success factors were highlighted:

- **Clearly identified need for the project**—TAT was prepared with a clear vision for the campaign before going to market.
- **Strong sense of commitment and patience on part of the partners.**
- **Honesty and openness.**
- **Community support**—The prime minister, who was willing to put resources and time to the project across a number of ministries, backed it. The public sector's transparent commitment and enthusiasm for the campaign gave confidence to the private sector that the campaign would be credibly supported over the two-year time frame.
- **Efficient management**—There was good project management by the working committee and close co-ordination among the partners.

Problems encountered and lessons learned

Importance of flexibility—Perhaps the biggest problem occurred at the launch of the project when the Asian Economic Crisis hit. TAT had to rethink and revise the campaign within a relatively short time frame and with an appreciably smaller budget than originally anticipated. The combination was daunting. TAT took out of this experience that a destination has to be flexible, nimble and prepared for shocks and crises within the tourism sector.

TAT firmly believes that the Amazing Thailand model can be applied to any country or any region of the world. But they caution that the success of a country cannot just be copied. The model has to be adapted to fit the unique strengths of the destination.

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H. Maximizing an opportunity: the Tourism Olympic Form

Location:	Australia
Partners:	Tourism New South Wales Australian Tourist Commission (ATC) Sydney Organising Committee for the Olympic Games (SOCOG) Olympic Co-ordination Authority (OCA) Thirty-five of the key tourism industry associations
Type of Partnership:	Strategic Alliance/Association
Issues Illustrated:	Co-ordinated planning Creating sustainable development of the tourism sector Improving destination image

Background

The 2000 Sydney Olympics has developed a reputation as being highly successful for a number of reasons, including the unique partnerships formed with the private sector to ensure sustainable economic development. Indeed, the private sector was brought into the planning stage early on through the formation of the Tourism Olympic Forum (TOF) in 1994, following the successful nomination of Sydney to host the Olympics in 1993.



The TOF was formed to guide tourism planning management and co-ordination in the lead-up to the Sydney 2000 Olympic and Paralympic Games to ensure the benefits were maximized and the risks identified early. Chaired by Tourism New South Wales, the TOF represented 35 of the key tourism industry associations, the Australian Tourist Commission, as well as the main Olympic Games authorities such as Sydney Organizing Committee for the Olympic Games (SOCOG) and the Olympic Co-ordination Authority (OCA).

The long-term promotional benefits of the Olympic Games to Sydney, New South Wales and Australia were expected to be huge and ongoing. As the following chart demonstrates, the 1999 Olympic and Paralympic Tourism Strategy expected that between 1997 and 2004 an additional 1.6 million international visitors would visit Australia as a result of the Games. The stakeholders, including the private sector had to be ready.

Expected Olympic-induced international visitor arrivals to Australia

YEAR	PROMOTIONAL IMPACT (1)	DIRECT IMPACT (2)	TOTAL IMPACT
1997	0	3	3
1998	70	6	76
1999	161	12	173
2000	231	111	342
2001	335	0	335
2002	350	0	350
2003	236	0	236
2004	106	0	106
2005	0	0	0
	1,489	132	1,621

(1) Incremental visitors to Australia

(2) Visitors such as athletes, officials, judges, journalists and spectators

Source: Sydney 2000 Olympic and Paralympic Games Tourism Strategy, 1999

To position Sydney and Australia as a wonderful place to come and visit, the industry had to take the long-term view and create a positive image through implementing an operationally positive image of the games as reported in the public media. However, from the outset, numerous issues were raised, including infrastructure needs, research requirements, accommodation supply and demand, and marketing. Sydney knew there was a lot to do and if the community was going to realize the benefits, they needed to work together.

In 1995, five years before the Olympics, one of the first initiatives of the TOF was the formation of a fact-finding mission, including six operators, to meet with tourism industry counterparts in Atlanta to gauge the effect the Sydney 2000 Olympic and Paralympic Games would have on the tourism industry in New South Wales. This mission spent four days with government and tourism representatives and confirmed that Atlanta experienced a major growth in convention bookings, international visitation, hotel occupancy, job creation, housing development and infrastructure investment in the period prior to the 1996 Games.

The mission also confirmed the requirement for research into Sydney's capability to host the Olympics. In other words, they needed to determine Sydney's accommodation supply and demand and commissioned a study. This study indicated a requirement for 11,000 new rooms and proved to be an important catalyst for the state government to release a number of sites in the inner city for hotel development and for the private sector to invest in. Without this study, Tourism New South Wales believes that these rooms would not have been built.



A second, larger mission was undertaken during the 1996 Games in Atlanta. The mission included 30 operators studying operational issues, looking for media opportunities and gaining firsthand knowledge of potential operational challenges and opportunities for the industry while the Olympic Games were underway.

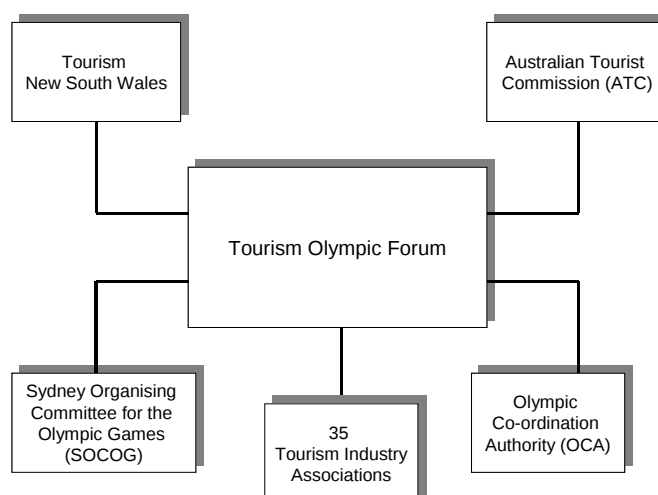
A third mission took place in March 1997, when a small delegation returned to Atlanta post-event to talk to the industry to glean their observations and thoughts on what they would have done differently, better or not at all, in retrospect.

Small fact-finding missions were also undertaken to Nagano Winter Olympics in 1998 to gain a deeper understanding of operational issues and assess process for dealing with the media.

After each mission, the TOF would hold a seminar for industry that attracted 400-700 participants. These seminars were held to ensure that the stakeholders understood what the impact of the Games would be and what they needed to plan for. The seminars also ensured that any unrealistic expectations were dampened. The fact-finding missions clearly demonstrated that the direct impact of the Games would be in Sydney, as most of the visitors to Sydney during the Games would not go to the outlying areas.

Also, out of the process came an acute understanding of the requirements of the media. In 1998, a second partnership with the Department of Foreign Affairs and Trade (DFAT), the Australian Tourist Commission and the City of Sydney was formed that was charged specifically with managing marketing and media responsibilities. The Olympic Tourism Group was to deepen and strengthen the brands of Sydney and New South Wales through the establishing the Sydney Media Centre to service the non-accredited media. In past Olympic Games, minimal support was given to non-accredited media; but Sydney proved that the public relations that resulted from this targeted effort was very important to creating a sustained legacy.

Organizational structure and operation of the partnership



The TOF met quarterly every year for seven years and was managed by a secretariat provided by Tourism New South Wales. Each of the sessions was well attended, attracting 400-600 participants. Operational issues (such as parking and accommodation) were a primary concern and these could only be resolved through workshops managed by working groups that reported at the quarterly meetings.

The following sub-committees were formed to focus on the most critical issues:

- Sponsorship—responsible for supporting the sponsorship initiative to bring in required investment;
- Branding/positioning;
- Media/publicity—responsible for creation of the Sydney Media Centre;
- Capacity/access—responsible for studies such as the accommodation supply and demand;
- Regional dispersion—responsible for pre-games training and helping take advantage of the torch relay opportunities;
- Packaging/distribution—responsible for ensuring the travel trade and packagers got the information they needed;
- Visitor services/information—responsible for developing visitor information packages;
- Service quality—responsible for development of an “Olympic Customer Service Resource Project” to enable any business with a customer focus to prepare for the extra visitors and the high profile the Games would bring;
- Welcome/hosting—responsible for developing the hosting strategy;
- Day tours/attractions—responsible for providing relevant information to operators on how to maximize the opportunity;
- Food/beverage/entertainment—responsible for packaging the food and beverage and entertainment experience Sydney offered; and
- Visitor shopping—responsible for packaging the retail experience Sydney offered.



Ongoing funding of the partnership was underwritten by Tourism New South Wales, with other partners funding specific projects. The seminars were self-funded on a break-even basis and in-kind contributions were accepted. In-kind contributions ranged from transportation of the fact-finding missions to Atlanta and Nagano to the Australian Hotels Association “Pub-Stay” program that contributed to a “room bank” for Tourism New South Wales to use in hosting media visits. Other industry groups were involved, such as the Restaurant and Caterers Association and the Tourist Attractions Association, which provided services for visiting media and encouraged stories to be written about unique aspects of Sydney and New South Wales.

Monitoring performance

The performance of the partnership was monitored through the regular quarterly meetings of the committees and reporting at the year-end conference. The excitement and commitment by the private sector for the Games in Sydney were intense and peer pressure, as well as a desire for success, was sufficient to ensure the tasks got done.

Sharing risk and reward

Sydney's tourism sector equally shared the potentially devastating risk of loss of credibility. If they were unable to coalesce around a few shared goals and efficiently leverage a once-in-a-lifetime opportunity, the implications could reverberate throughout the sector for years to come. The sector also could have collapsed under the inability to minimize competing social interests, resulting in interest groups with conflicting motives and goals. These risks were managed by constant, open communication, and a willingness of each of the partners to pitch in to get the job done.

Because the business community shared the risks equally, they would also share equally the rewards, such as increased exposure, visitation and visitor spending.

Key success factors

The results achieved by the formation of the partnership were tangible. The short-term results showed that there was increased consumer preference for Sydney and New South Wales holidays. The ability of New South Wales to convert that interest into visitation has been obscured by external events, such as the collapse of the airline, Ansett, and September 11. Tourism New South Wales, however, does know that the satisfaction of the media was high and Sydney received good, positive destination publicity.

As well, Tourism New South Wales believes that the initiative enhanced strategic partnerships throughout the sector. Following the Games, the TOF morphed into the Tourism Industry Forum. While the partners have changed slightly, an organization such as this would have been more difficult to create from scratch.

Key success factors cited were as follows:

- **Clearly identified need**—The need for the TOF came from industry itself. The opportunity of hosting the Olympic and Paralympic games generate a lot of excitement. The industry recognized the requirement to pull the industry together and create a co-ordinated front.
- **Presence of the key players**—The participation of SOCOG and the Games Organizers in the TOF ensured to the likelihood of success.
- **Good communication techniques**—The TOF meetings ran well. Members were able to come, get the key points, leave and report to their members.
- **Constant communication**—The TOF was able to sustain commitment to the overall vision and goals of the partnership over time by regularly and constantly speaking to community groups, the tourism industry and their associations and other departments to give updates on the Olympic initiatives and give advice on how to leverage the opportunity.

Problems encountered and lessons learned

Following the Games, the image and awareness of Sydney and New South Wales were high, but more work needed to be done to convert awareness of the destination to intention to travel. A host city of a mega-event of the scale of the Olympics cannot sit back on its laurels and expect the benefits to flow in. Tourism New South Wales believes that the impetus beyond the games has not been continued. And while one could argue that world events have intervened, public- and private-sector commitment has also declined.

Tourism New South Wales shared the following advice for other destinations thinking about hosting a mega-event such as the Olympics. Once the decision has been made to go forward, the tourism body responsible for the destination must step up and show leadership. It must define the needs of the community and workshop what is required to get buy in early. It also needs to listen openly and build the spirit of partnership as the destination moves forward with its hosting proposal.

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I. Establishing an eco-tourism venture: Kapawi Eco-Lodge, Ecuador

Location:	Ecuador	
Partners:	Canodros S.A. FINAE Pachamama Alliance	
Type of Partnership:	Strategic Alliance	
Issues Illustrated:	Develop accommodation Preservation of resources Contribute to the economic wealth of the community	Create sustainable development of tourism Provide training and education programs

Background

Kapawi is a community-based eco-lodge built on a relationship between a private tourism operator, Canodros S.A., and an indigenous people, the Achuar, in Ecuador. The project has an interesting history. In the 1990s, the Achuar were the least acculturated, least contacted indigenous group in Ecuador.

Located in the Amazon basin of southeastern Ecuador, the Achuar territory is not accessible by roads or river transportation. Visitors must fly from either Shell or Macas on small airplanes. Their territory is pristine. No logging, oil exploration or intensive agricultural projects have been conducted and the Achuar live in self-sustained small communities, making their living from farming, hunting, fishing and gathering.



However, the outside world was beginning to intrude and the Achuar started to struggle economically. They realized that unless they organized they risked losing control over their territory. To be politically effective, they needed to be present in the city and, hence, needed money for accommodation, telephones, transportation and other expenses. In other words, they needed financing and foreign exchange. The Achuar organized into a Federation—FINAE (Interprovincial Federation of the Ecuadorian Nation of Achuar) composed of 58 communities (approximately 5,000 people) and began looking for an outside partner to help implement a revenue-earning business that they could use to initiate and fund access to the broader Ecuadorian political structure and economy.

At the same time, Canodros, through Daniel Kouperman, wanted to create a lodge that was out of the way, provide a true eco-experience and intimately involve the indigenous people of the area. Kouperman had a hotel business and adventure travel background and knew the Achuar indigenous culture very well through previous travel expeditions. When Kouperman heard about the Achuar initiative, he approached them with the eco-lodge concept. However, the last thing that the Achuar had envisioned was an eco-lodge.

To build up trust, Kouperman negotiated for two years with the Achuar, in the end putting together a detailed master plan based on two fundamental objectives.

- Implement a US \$2 million project in the Achuar territory by leasing land, sharing benefits, and passing on the know-how and asset to the Achuar at the end of a 15-year period. In 2011, the project would be owned and managed by the Achuar. Meanwhile Canodros would seek to recover the investment and to obtain a profit.
- Facilitate the Achuar's request for partnership with the outside world by contributing to the creation of a not-for-profit organization that would provide access to technical expertise and funding for a variety of Achuar projects.

The project was intended to enhance the Achuar's ability to manage integration with the outside world on their own terms and to defend their lands against encroachment. Much attention was thus placed on putting together a deal that provided training and education that supported the Achuar's governing federation and leadership.

The Canodros' proposal given to the Achuar was as follows:

- Make an investment of US \$2 million, without buying the land, in order to build an eco-lodge at the Kapawi lagoon.
- Build and operate an eco-tourism structure and create a marketing network in the following 15 years. In 2011, Canodros would withdraw all the investment and the Achuar would manage the entire operation. Meanwhile, Canodros agreed to train the Achuar in the various activities required to successfully operate an eco-lodge.
- The majority of employees would be drawn from the Achuar community.
- Canodros would pay a monthly rent of US \$2,000 for the use of the territory, with an annual increment of seven per cent.
- Every tourist would pay an entrance fee of US \$10 to the Achuar organization.
- Canodros and FINAE would, together with different NGOs, work to improve the health and education systems and search for other economic alternatives.



For their part, the Achuar organization FINAE would:

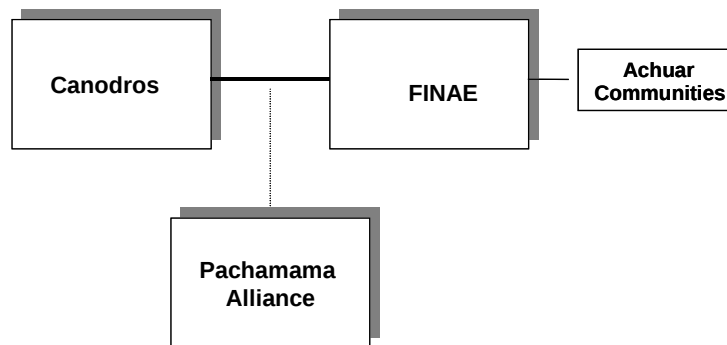
- Provide wood, palm leaves and other materials for the building.
- Contribute the use of the existing airstrip.
- Restrict hunting to the areas outside the site destined for ecotourism.

One NGO, the Pachamama Alliance based in San Francisco, has been particularly active supporting the lodge and the federation. The Pachamama Alliance is committed to halting the destruction of the rainforest and loss of indigenous culture and wisdom. Both parties, Canodros and the Achuar, view the Pachamama Alliance as a third, informal partner to the agreement.

Building the lodge started in July 1994; the opening was in April 1996. Built like Achuar architecture (without using metal nails), the lodge accommodates 70 people, including guests and employees – much like a regular Achuar community.

The initial years were not easy, however. Canodros was itself a young, struggling company that operated a tour boat company taking tours through the Galapagos. Kapawi was meant to draw from the same high-value customer base that participated in the Galapagos ecotour offering. After the first two months of Kapawi's opening, disaster struck and the tour boat was scuttled on the rocks. It was one year before a new tour boat became operational. As if this wasn't enough, within a year of the lodge opening, war broke out between Ecuador and Peru.

Organizational structure and operation of the partnership



Each of the partners is responsible for the following:

- Canodros
 - o Keeping high levels of service;
 - o Managing and maintaining operations of the lodge;
 - o Keeping ongoing funding of the programs;
 - o Marketing the lodge; and
 - o Training Achuar employees to run the lodge in 2011.
- FINAE
 - o Remaining the natural and cultural stewards of the rainforest;
 - o Providing labour; and
 - o Defending the natural and cultural resources.
- Pachamama Alliance
 - o Funding and resources for programs that support conservation of natural resources and well being of the indigenous population.

The eco-lodge is managed under a president and a vice president who report to a board of directors that represents FINAE and the 58 Achuar communities. A meeting is held once a year where Canodros reports on the activities of the past year. And, despite not being part of the agreement, Canodros opens up the books because they believe that this is important for the Achuar, as they will own the lodge in 2011.

The day-do-day operations of the lodge are managed autonomously from the Board. Management decisions, such as setting the rate structure of the lodge, are not discussed with FINAE; however, under the agreement, the Federation must approve the employment of all the Achuar employees.



Throughout the year, there inevitably are disagreements, but these are generally between the lodge and the communities. Most of these day-to-day issues involve the eight communities that are near the lodge (e.g. tourists walking through the vegetable garden). These issues are resolved through one-on-one meetings between the affected members of the community and the lodge manager. This is the Achuar culture—talking together, discussing and problem solving.

There have been two other cultural management challenges for Canodros:

- **Time**—In the first six months after the lodge first opened, the Achuar did not appreciate the importance of the concept of time to the guest of the lodge. When guests at the lodge book a tour, the tour guide is expected to be at the designated place at the agreed upon time. When the tour guide is not there, guest satisfaction declines precipitously. This problem was resolved through lots of meetings, and lots of explanation. Canodros provided watches to the employees, but ultimately time is a philosophical concept, and the Achuar could not understand why the outsiders were always in a hurry. Now the Achuar accept the outsider's philosophy of time and work within the philosophy, but they may still not understand why the outsiders are always in such a hurry and so time-conscious.
- **Gender**—The Achuar do not want Achuar women to work in the lodge; however, in the Achuar community it is the women that do such jobs as the laundry and cooking. These jobs the Achuar men simply will not do and, therefore, Kapawi has had to rely on bringing employees from outside the community, which is expensive.

Monitoring performance

Aside from the normal financial measures, Kapawi monitors how many Achuar are working and have worked at the lodge, why they left employment (federation request, do not want to work at lodge, did not work out as an employee of the lodge, etc.), what training they received, and what skills they possess (bird watcher, housekeeper). The lodge also reports to FINAE on how many Achuar are learning English and the different business skills that are being taught. The resident manger of Kapawi teaches in the federation-run high schools, giving courses on tourism, financing and English. As well, the eco-lodge guides go to the schools to teach ecology, etc.

Canodros is beginning to think more rigorously about the hand-over of the lodge in 2011. To date, the lodge has been concentrating on launching the project and creating a successful operation. But as the company prepares to transfer the lodge to the Achuar, developing and monitoring key performance indicators will play a larger part in their business activities.

Sharing risk and reward

The most relevant risks associated with the partnership are as follows:

- **Financial**—Canodros has assumed and manages all the financial risk: The federation shares financial risk only vicariously, as the Achuar would lose a significant source of income if company collapsed.
- **Credibility**—Any credibility issues between Canodros and the Achuar are solved through open dialogue and discussion. Not much is hidden between the two parties.
- **Not getting customer acceptance and satisfaction.**
- **Market failure**—war with Iraq.

The rewards shared are not all economic. The Achuar, through the eco-lodge, gain exposure to the outside world and can form linkages with NGOs and environmental groups. This is important because the Ecuadorian government wants to develop the area for oil.

As well, because of the Canodros project, the federation is seen as solid, active and reliable. The project has enabled them to implement a good, well structured accounting system and the other activities FINAE undertakes are solid. In addition, many communities benefit from a significant income source from the ecotourism product through either direct employment in the lodge or through the supply of products and handicrafts.

Canodros is also a receiver in the exchange. The Achuar provide wood, palm thatch and other building materials, access to their existing airstrips, an agreement to restrict hunting to the areas outside the ecotourism zone, and knowledge about their culture and environment, which, although not measurable, have been probably their most valuable contribution.

Key success factors

The federation is reported to be happy with the partnership because it has funding for its projects. In particular, the eight communities around the lodge are happy because they earn revenue through supply of labour, food and handicrafts.

For the company, the financial results have not been as successful as originally envisioned. The lodge was expected to break even in the first three years, but it was only in the fifth year that the project began to pay back the original investment. However, by having the partnership, the company gains reputation and prestige in its niche market. Canodros can demonstrate to its clients that the company is active in being sensitive to the environment and to indigenous cultures.

The key success factors in order of importance are:

- **Having a champion**—Kouperman and Rodríguez were brought on board at the beginning of the project and provided most of the vision, energy and enthusiasm.
- **Clearly identified need for the project.**
- **Comprehensive planning**—a formal business case was researched and documented.
- **Clearly defined goals and roles.**



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- **Availability of resources.**
 - **Community support.**

Problems encountered and lessons learned

An import issue has begun to surface. Not all of the stakeholders may be satisfied with the project—in particular, the communities that are further away from the lodge. But realistically, the project is small—one 50-guest lodge in an area that is 5,000 sq. + km. Canodros understands that the Achuar have very high expectations for the project, but are firm in their belief that tourism and the Kapawi eco-lodge should only be seen as a complement to other activities. It will not solve all of the problems for the Achuar.

As to lessons learned, the management of Kapawi Eco-lodge believes that while there is no recipe for success for all projects, the following lessons can be applied anywhere:

Transparency—Ensure that legal documentation is drawn up and everything is written and transparent.

Participatory decision-making—Through participatory meetings, all representatives and partners in the project know the project and its goals.

Planning—Upfront development planning has to be done, documented and distributed.

Avoid false promises—Goals have to be clear and few. Avoid at all costs false promises or promises that are difficult to fulfil. In this case, the lodge is a business and not an NGO. One of the first areas for disagreement was that the Achuar thought Canodros was a NGO and should provide health care and other services. This misinterpretation of the role of the private sector took at least two years to resolve.

Work within the culture—Understand the culture and how it works. Participatory engagement with the Achuar was essential. As well, Canodros had to rethink how to operate an accommodation property within the Achuar culture, accommodating the prohibition against hiring Achuar women and taking photographs, for example.

Sharing of risk—Canodros signed an agreement that provides the Achuar a fixed rent for 15 years; therefore, the Achuar do not directly share the financial risk for the project. When the property passes to the Achuar in 2011, they will suddenly assume all the risks along with the benefits. Canodros believes a better structure may be that the private sector company would assume the risk for five years beyond 2011 by paying a fixed rent regardless of whether the company is doing well. But in the fifth year, the partnership should be equal, with both parties sharing risks and benefits.

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J. Creating a comprehensive development program: Small Tourism Enterprise Project (STEP), Caribbean

Location:	Caribbean	
Partners:	Organization of American States (OAS) United States Agency for International Development (USAID) Partners on specific projects: • Caribbean Alliance for Sustainable Tourism (CAST) • International Finance Corporation (IFC) • Canadian International Development Agency (CIDA) • Canadian Executive Service Overseas (CESO) • Netcorps Canada, Netcorps Americas • Caribbean Hotel Association (CHA) • Cable and Wireless • American Hotel and Lodging Association (AHLA) • National public/private sector working groups	
Type of Partnership:	Organizational Network	
Issues Illustrated:	Product development Improving marketing channels Creating sustainable development of tourism sector	Providing technical support for product development Setting quality standards

Background

The Small Tourism Enterprise Project (STEP) is a comprehensive development program that focuses on small tourism enterprises in the Caribbean. Spearheaded by the Organization of American States (OAS) and the United States Agency for International Development (USAID), the objective of the project is to create the necessary support and assistance services to enable small tourism enterprises to profitably compete. The annual Caribbean destination marketing expenditures are now over US \$200 million. And yet the small tourism sector remains stagnant with low occupancy rates averaging 45-50 per cent.

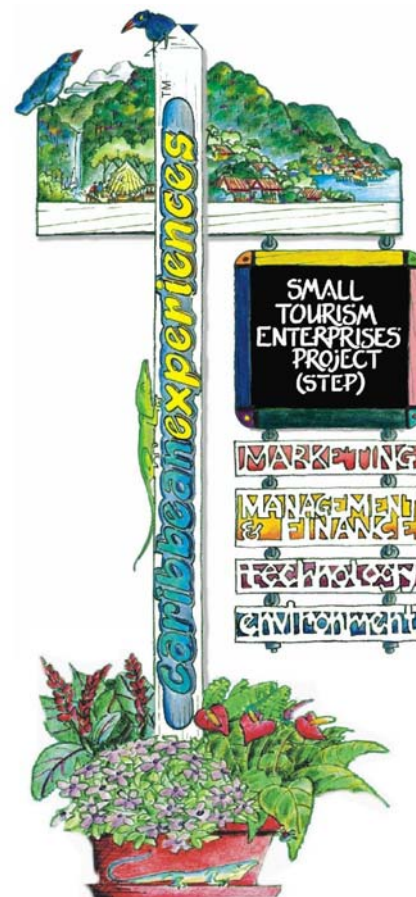
The OAS and USAID launched the STEP program in 1998 with an industry consultation on sector issues. This was followed by a needs assessment survey of 387 of approximately 1200 operators in 12 countries to identify the needs of small tourism enterprises. The surveys were supplemented by over 250 property visits. The needs analysis indicated that the sector required:

- Technology tools and upgraded skill sets;
- More sustainable environmental practices;
- Market-driven branding and standards;
- A market identity linked to a delivery mechanism;
- Group purchasing mechanism(s) to take advantage of economies of scale; and
- Access to financing.

In 1999, Netcorps Canada and Netcorps US offered to deliver one-on-one technology training to the small-accommodation operators. The training was focused on improving management and marketing skills, including the construction of a Website and the computerization of business operations such as accounting and reservations. The Netcorps initiative was given an extra boost in 2000, when the Canadian Executive Service Overseas (CESO) came on board and offered specialist volunteers to provide executive training in hotel management and food and beverage operations through one-on-one coaching.

The support offered by both Netcorps and CESO allowed STEP to deliver tangible benefits to the sector while designing the overall STEP program. The program that STEP developed was comprehensive and consisted of three components:

- Establishing a Caribbean-wide regional infrastructure base:
 - o National public/private sector working groups in participating countries;
 - o Comprehensive set of management and operational toolkits easily accessible on line through www.caribbeaninnkeeper.com or at walk-in resource centres;
 - o Walk-in resource centres in each of the participating countries so that the small tourism operators would have access to a computer workstation, tools for Web development, training toolkits and information;
 - o Basic computer training delivered by volunteers in one-on-one training sessions;



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- o One-on-one coaching and training to international standards in management and operations of hotel properties by volunteers; and
 - o Comprehensive environmental program that included toolkits and environmental walk-throughs and audits for small hotels.
 - Creating the brand, *CaribbeanExperiences*.
 - Creating a Caribbean Tourism Investment Facility.

In 2000, the International Finance Corporation (IFC) stepped up to fund STEP's development of the brand and associated standards. To support the branding initiative, a 10-member working group was formed composed of the following key stakeholder groups:

- The international travel trade in Europe and North America;
- Tourism industry stakeholders in the Caribbean region; and
- Small Caribbean hoteliers.

Through an extensive set of surveys and interviews with companies and individuals in each of the stakeholder segments, STEP proposed a brand system, positioned under the brand name *CaribbeanExperiences*. The brand system was divided into eight brand categories that differentiated the properties by experience, as follows:

- Bed and breakfasts/guest houses
- Small hotels
- Holiday cottages/cabanas
- Holiday villas
- Inns of the Caribbean
- Holiday apartments
- Small resorts
- Nature lodges

Comprehensive standards for each brand category were developed against which each participating property could be evaluated on a regular basis and given a one to five starfish rating. Three drafts of the brands and standards were circulated among the working group over a period of nine months before agreement was reached.

The process of developing the brand and associated standards was considered fundamental to the program. Small tourism enterprises needed to build confidence that the segment could offer a consistent quality product to the major international tour operators. The effort paid off. As of 2003, 16 tour operators indicated that they were interested in discussing agreements to sell the *CaribbeanExperiences* product once it commenced.

An Internet marketing portal—*CaribbeanExperiences.com*—will support the brand once launched late in 2003. The site will permit packaging with attractions, events and other experiences for participating properties.

As the branding piece was being developed, STEP was active on a number of other fronts. Walk-in resource centres were established in each of the participating countries. To participate in the STEP program, the national government had to fund the salary of at least one full-time STEP co-ordinator and provide the office space, including computers, software and other necessary equipment to enable the small property owner to access the Internet and design Web pages.

The resource centres also housed the various instructional manuals and videos on hotel management and operations. Most of the instructional materials were posted on-line at caribbeaninnkeeper.com. Travelinx of Toronto, Canada, sponsored the development of the Website. Educational content was supplied by a number of sources, including the Caribbean Hotel Association and the Caribbean Development Bank.

Additional partners were brought in as opportunities arose. In 2001, the Caribbean Alliance for Sustainable Tourism (CAST) and USAID came on board with a focus on the environmental component. USAID funded the development of toolkits distributed through the resource centres and caribbeaninnkeeper.com. The toolkits covered industry topics including upgrading rooms, front office, food and beverage, environmental management, business planning, financial management, property positioning, competitive pricing, and profitability improvements. USAID also supported CAST to develop and deliver a walk-through assessment and certification program for small hotels aimed at increasing operator awareness of environmental management practices.



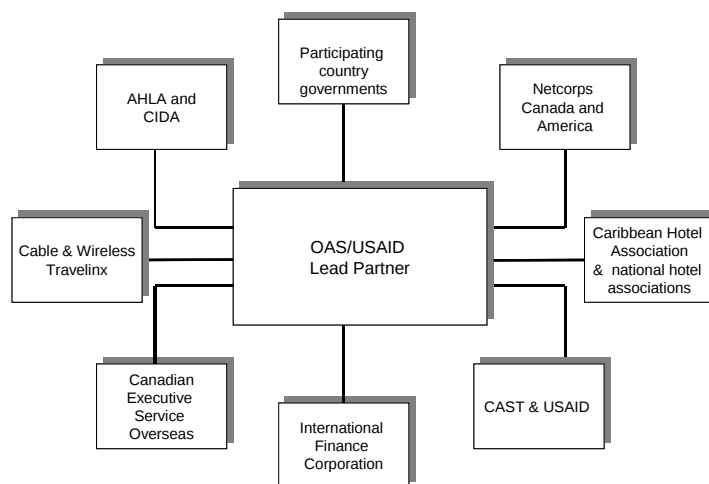
In another initiative, STEP gained an agreement with the American Hotel and Lodging Association (AHLA) to adapt the internationally recognized AHLA Certified Training Program for Hotel Staff to meet the needs of the small hotel sector in the Caribbean. STEP purchased a 10-year licence from AHLA, which AHLA trained 12 master trainers in January 2002. The training and certification program to the small accommodation sector was offered through the Caribbean Regional Human Resource Development Program for Economic Competitiveness a CIDA-funded program. With the partnership of the AHLA, the certification program that STEP offered the Caribbean small accommodation sector was now recognized internationally and could be leveraged by participants to gain added credibility.

While the infrastructure and branding programs were underway, STEP was also active in pursuing the final component of the program—access to financing. To test whether the brands and standards would in fact increase the confidence of the lenders to small tourism enterprises, STEP undertook a survey of the national and international development banks active in each country in the Caribbean. The survey indicated positive results. The Caribbean banks in general liked the program because they could send clients they thought would benefit from the program. Belonging to the program would give the participating business added credibility when applying for a loan.

As a result of the positive reception of STEP in the banking community, STEP contracted an investment banking firm in 2002 to establish an investment facility. The fund would be a source of financing for new or existing small hotels that join the CaribbeanExperiences program and maintain brand standards. The investment fund target was US \$50 million.

To assist the investment banking firm in reaching the target, STEP convened meetings with the Caribbean financial institutions and international financial institutions in Washington, D.C., in April and July 2002. The meetings were held to present the STEP program and initiate discussions on the structure and requirements of the investment facility. The meetings were attended by high-profile institutions such as the International Finance Corporation (IFC), European Union representatives in Washington, USAID in Washington, and the European Investment Bank (EIB).

Organizational structure and operation of the partnership



OAS in conjunction with USAID acted as the lead partner and provided the co-ordination and much of the impetus behind STEP. The major partners and their responsibilities are as follows:

- Netcorps Canada and Netcorps America—delivered one-on-one technology training to improve management and marketing skills from the construction of a Website to the computerization of business operations such as accounting and reservations.
- CESO—provided specialist volunteers that could offer training in hotel management and food and beverage operations through one-on-one coaching.
- AHLA and CIDA—provided the Certified Training Program for Hotel Staff offered by AHLA for adaptation to the needs of small hotels in the Caribbean.
- CAST & USAID—delivered content for environmental toolkits and undertook an Environmental Management program that provided an environmental assessment and certification through a walk-through inspection process.
- Governments of participating countries—contributed the walk-in resources centres including the salary of the co-ordinator, office space and utilities including unlimited Internet access.
- IFC—provided funding to create the brands and standards.
- Cable and Wireless—discounted ISP access in most Caribbean countries.
- Travelinx—sponsored the development of the caribbeaninnkeeper.com Website.
- Caribbean Hotel Association and national hotel associations—provided STEP training materials for caribbeaninnkeeper.com website and co-ordination assistance.
- Caribbean Development Bank—provided STEP materials for caribbeaninnkeeper.com Website.

As described, the overall partnership is loosely structured, although contracts are formed with individual organizations to perform a certain set of activities. Nevertheless, a partnership board of directors has not been formed.

The OAS is the on-the-ground grassroots organization with offices in each country. OAS directors in each country have taken up the task to get the buy-in and commitment on a national level and deliver through the national working groups. If the project begins to become stalled, the director would send up a warning flag and remedial action would be undertaken. The partnership is held together by a common communication infrastructure and philosophy focused on improving small tourism enterprises and that makes it work.

Monitoring performance

Monitoring the overall performance of the partnership is on the whole informal, although programs such as those supported by USAID have their own specific reporting requirements. STEP monitors the projects to ensure the individual initiatives are kept on track and focused on helping the small properties.

Sharing risk and reward

Initiating and managing a complicated and comprehensive program such as STEP, characterized by a high number of partners and interested stakeholders, has a number of associated risks—not the least of which was that in the beginning nobody believed it could be done. But as the process has evolved and the pieces of the project have fallen in place, STEP has advanced from “it cannot be done” to “can the money be raised?” STEP believes that this is a substantially different place from where they began and a new phase of risk assessment.

As the project had advanced, the rewards have been shared. Small tourism enterprises have benefited from the development of training manuals and on-site support, the walk-in resource centres and the thinking through of the brands and associated standards.

Without a doubt, the final piece, investment in the STEP program, carries the biggest risk and, not surprisingly, the biggest reward. But STEP argues that the biggest risk, attracting and maintaining a stable source of financing, has been mitigated by slowly and carefully building a solid foundation. In other words, STEP first built the passion, clarified the goals and empowered local area champions with tangible and sustainable programs. Only once these program elements were in place did STEP begin the search for investment funding.



Key success factors

To date, the STEP program has been undertaken with limited monetary investment. Together the OAS and USAID have invested approximately US \$4 million. The volunteer programs and other in-kind services have been valued at US \$3.5 million.

STEP has won a number of key achievements:

- By 2003, over 400 small hotels have received technology skills training by Netcorps volunteers.
- In the first year CESO provided three volunteers but the program was so well received that the volunteer base grew to 15 in 2002. The program has been very well received by the small hotel sector and will be continued in all participating countries.
- The Certified Training Program for Hotel Staff offered by AHLA and adapted to meet the needs of the small hotel sector in the Caribbean was piloted in Barbados and Grenada. By May 2002, STEP, in collaboration with CIDA/CPEC trained 60 trainers with an additional 2,500 trainers targeted.
- The branding and associated standards have assisted the banks with assessing the risk of loaning into the sector. If the property is part of the *CaribbeanExperiences* program, the banks can be assured that a credible management and operational training program support the owner/operators.
- Anecdotal evidence suggests that the general attitude in Washington regarding small tourism enterprises has changed. Co-ordination amongst the various organizations and lending bodies is up and better communication is flowing.



When asked what were the key success factors that enabled this rather impressive set of achievements, the following were listed:

- **Comprehensive planning**—the STEP program was planned over three years with input from the stakeholders.
- **Clearly defined goals and roles**—the partners in the project knew what their roles and responsibilities were and what they were to achieve. The OAS ensured overall co-ordination.
- **Having a champion**—the OAS in conjunction with USAID undertook the lead role, ensuring overall co-ordination and impetus behind the project.
- **Community support**—national public/private working groups were formed in each country and, for the most part, have been effective.
- **Adequate funding**—important, but STEP believes that the sector cannot get adequate funding until the foundation pieces (infrastructure and branding and standards) are in place.
- **Win/win mutual gain of the outcomes**—this factor is critical.

STEP believes that part of its success to date was the ability to operate in a flexible mode. To accomplish what this project has delivered is entirely attributable to the power of partnerships—one step at a time through a series of agreements. To tell the truth, in the beginning STEP did not have such an expansive initiative in mind. However, as the needs bubbled up and organizations stepped up to the plate, such as the program provided by CAST, STEP shifted to accommodate the initiative.

Problems encountered and lessons learned

The STEP program had a good start. In the beginning the IFC believed in this project and funded the branding study. The fact that an internationally recognized body came on board quite early got people's attention. When USAID came on board, their presence created an inter-agency community within which information could be filtered.

Extensive consultation with the hospitality sector at the various levels ensured consistency of focus and conviction in the sector. Indeed, one of the most important activities for STEP was to be aware of the various initiatives in the sector by attending a wide variety of meetings in the Caribbean in order to share ideas and discuss.

When asked about how the partnership managed conflicting ideas in an environment surely fraught with political minefields, STEP responded that the project had been seemingly blessed with goodwill. That being said, to achieve the results of a program such as STEP, there must be hard work to find the common elements across the countries.

And finally, in a project such as STEP, inevitably the players will each have a variation on how to see the objective through. Differing views need to be respected because the partners have to be free to be open and candid—able to discuss and argue and ultimately build consensus.

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K. Creating a product alliance: Arts in the Wild, Canada

Location:	Canada	
Partners:	Ontario Tourism Marketing Partnership Corporation (OTMPC) 23 organizations and tourism suppliers	
Type of Partnership:	Strategic Alliance	
Issues Illustrated:	Product development Improving market coverage and reach	Leveraging public investment

Background

Launched in 1999, the Ontario Tourism Marketing Partnership Corporation (OTMPC) is principally a marketing organization that is led by a board of directors and funded by the provincial Government of Ontario through the ministry of tourism and recreation. As a marketing organization, the OTMPC is continually on the lookout for new product that will ensure Ontario remains competitive against other destinations. However, a relatively new initiative of OTMPC is product development. To create new product, OTMPC has developed a process designed to take a nascent tourism product idea to market-ready status through a product alliance partnership structure.

OTMPC has two priorities. First, it aims to ensure that Ontario's tourism products are competitive, appealing and meet the interests and expectations of high-yield customers. Second, OTMPC wants to ensure that participating tourism operators understand the importance and benefits of promoting the complete tourism experience rather than the individual features of the product or region.

The OTMPC program is modelled after the Product Club Program of the Canadian Tourism Commission. The program has essentially five phases that takes an idea for a product club from conception to a sustainable product alliance. The five phases are as follows:

Phase 1: Project Development (Outline the priority)

- Research
- Committee review and priority
- Staff analysis
- Committee recommendations
- Industry direction and buy-in

Phase 2: Supplier and Experience Inventory Development

(Clarify the experience, create the alliance and improve marketing skills)

- Focus on market opportunity
- Learn from best practices
- Quality criteria
- Create the product alliance
- Training (packaging, media, travel trade)

Phase 3: Industry-Driven Development One-Year Plan

(Work together as a product alliance, test the opportunity)

- Branding
- Packaging
- Supplier development
- Brochures, Website, media
- Product launch

Phase 4: Three-Year Plan and Integration into OTMPC Marketing

- Financial sustainability
- Advertising
- Promotion
- Travel trade
- Website and links
- Product and package development

Phase 5: Sustainability

- Financial sustainability (going national, corporate sponsorship, other avenues)
- On-going tracking of results
- New programme opportunities with partners

The length of time from conception of the idea to the formation of the partnership is approximately one year. Because most of the participants are small business owners who are stretched for time and are scattered over a wide geographic area, a professional facilitator is provided to smooth the process—doing much of the upfront co-ordinating work and ensuring that all participants are connected with key decisions.

Arts in the Wild

One of the first partnership programs that OTMPC initiated was the Arts in the Wild initiative, an alliance of Ontario-based organizations that offered products and services that combine art and nature themes. The idea for Arts in the Wild came out of individual businesses looking to partner with other businesses and organizations that provided art lessons outside typical urban settings, such as museums, galleries and universities. OTMPC's market research indicated good potential demand and a certain media cachet—useful for generating strong media interest.

To begin the process, approximately 25 artists, businesses and organizations were brought together to discuss the Arts in the Wild concept and discover if together they had enough common elements to form a product alliance. OTMPC facilitated the meeting, being careful to ensure that all decisions taken at the meeting were industry led and not overly influenced by the OTMPC participants. The Arts in the Wild concept obtained instant buy-in, sparking an energy and enthusiasm in the participants that was described as being akin to “spontaneous combustion.”

A wide range of issues was discussed at that initial meeting, and initial challenges were identified and addressed:

- While the schools and colleges were empty in the summer and looking to fill classrooms, the outfitters were at peak season with their traditional product. Therefore, conflicting seasonal capacity had to be addressed.
- The potential alliance members came from a variety of backgrounds and businesses. They had to come to some agreement on what they had in common to sell.
- Finally, they had the considerable challenge to identify artists who could not only offer expert instruction but could also engage the participants and ensure the arts in the wild experience would be fun. In the end, the industry decided members had to meet certain criteria to join the Arts in the Wild alliance. They had to be or have:
 - A Canadian- or Ontario-based organization;
 - Experience and expertise in either the arts and culture or nature and the outdoors;
 - Willing to partner with one or more other alliance members to provide a complete "tourism" experience;
 - Willing to have their products reviewed and evaluated by other members of the alliance; and
 - Authority and ability to financially support the alliance at the levels it established.

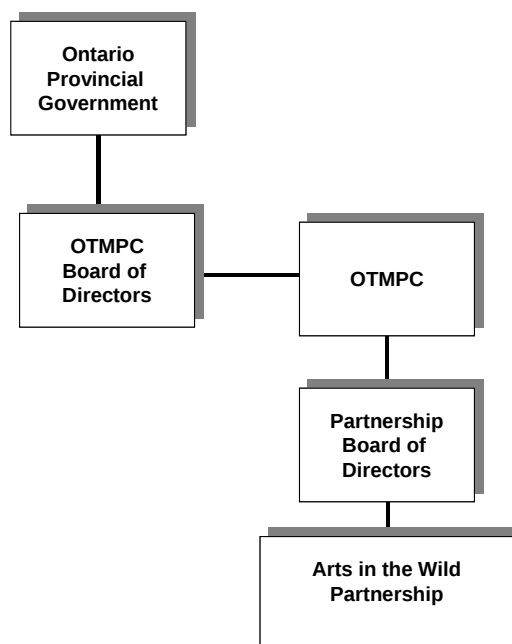
The participants at the initial product alliance meeting also came to an agreement on the overall product criteria as follows:

- The “arts component” would include "hands-on" opportunities and could comprise," but not be limited to:
 - Painting
 - Drawing
 - Photography
 - Sculpture
 - Creative movement
 - Drama
 - Visual appreciation
 - Writing
- The “wild” component would consist of viewing or experiencing life beyond urban boundaries.
- There would be no less than three hours of instruction/training/observation, which could span several weeks.
- The program would combine an educational component with a life experience. The educational component might consist of "how-to" training in the application of the arts identified, or "how-to" training to move beyond urban boundaries such as canoe lessons, kayak lessons, hiking, etc. A life experience would consist of living for a few hours or days in the outdoors.
- The program would be available in all parts of the Province of Ontario. Different organizations may offer their products in one or more locations.

- Arts in the Wild could be offered locally (by the offering organization) or could begin in one location and conclude in another.
- Finally the program could be designed and operated by as few as one alliance member or by several alliance members, depending upon the "educational" and "life experience" requirements of the product.

For each product offering, one alliance member would accept the lead role of co-ordinating the product components.

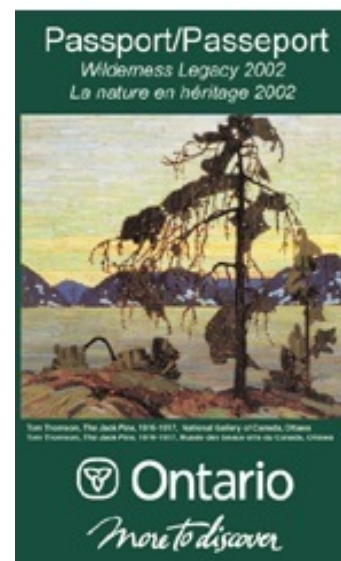
Organizational structure and operation of the partnership



The Arts in the Wild partnership, as all OTMPC product alliances, elects a board of directors. The alliance is assigned a project manager/facilitator on a part-time basis who acts as the funnel for activities and interfaces with OTMPC. The alliance is slowly weaned away from the services of the facilitator over a two-year period.

The initial contract the alliance signs with the OTMPC addresses only two requirements. First, all product alliance members must commit to staying in the partnership for four years and they must contribute financially to the partnership. Beyond these two specific criteria, the alliance is free to form its own memorandum of understanding that outlines:

- Quality of the experience;
- Standards and criteria;
- Adherence to a system of tracking performance measures; and
- Participation in tactical marketing activities, such as developing brochures and any cross-marketing activities.



Each product alliance then develops its own member responsibilities and committees.

The whole alliance membership meets annually to plan strategies and tactical activities. The board itself may meet only two to three times per year. The committees meet three times per year in person and participate in three to four conference calls.

The annual partnership budget is limited: approximately US \$82,000. Paradoxically, OTMPC doesn't believe that having a limited budget for marketing is all that bad in the early stages. Having less money forces the alliance to be creative and invest in initiatives that are likely to see results. As well, and especially in the initial years, the partners need to ramp up and grow their product to market-ready status—and product development does not necessarily take a lot of money. Once the partners are ready, they can link into the OTMPC's bigger marketing programs. In other words, a smaller budget tends to keep the product alliance focused on the critical upfront issues.

Monitoring performance

OTMPC requires the Alliance to track detailed performance measurement criteria by reporting twice a year to the OTMPC on:

- Number of experiences sold
- Revenues
- Number of Website hits
- Packages created
- Familiarization trips and media mentions
- Room nights sold.



While the report focuses on quantifiable measures, the Alliance is also required to report on qualitative measures such as the value of peer-to-peer learning.

To measure compliance with the performance measure and with the spirit of the partnership, the OTMPC initiated a mystery shopper program where a trained interviewer phones the product alliance member pretending to be a customer. The program measured and reported on the participants' response to questions, their manner, the information they offered, whether they referred the caller to other members of the partnership and whether the participant met the fulfilment request by sending brochures or other follow-up information.

Sharing risk and reward

For OTMPC, the risks to partner and fund a new product alliance are partially financial, as typically scarce resources are committed for a four-year period to back a product that may not ultimately be a market success. Strong upfront market research and credible planning, along with educational workshops and a rigorous process of peer-to-peer learning, mitigate this risk. The reward is a strong mix of product, helping to build Ontario's place as a competitive destination.

For the Arts in the Wild partners, the risks to participating in the product alliance are not only financial. Partners are also asked to commit time and resources, which for a small or medium sized enterprise can be just as onerous.

The benefit of the product alliance is that it opens new markets and customers that the alliance members could not access individually. Without the partnership, the alliance members would each be implementing only small program initiatives and limited marketing. Once the members have built a solid base and the product is refined, they can participate in the provincial marketing program a stronger message, leveraging their limited resources even further. Without their partners, these small and medium sized operators simply could not get to market with the clarity, visibility and brand impact they are acquiring.

Key success factors

Arts in the Wild has tremendous cachet, and the media have paid attention, including the widely read travel section of the New York Times. Air Transat also included a story in their in-flight magazine, which gave the alliance needed profile. In 2002, the product alliance partners benefited from US \$1 million worth of media mentions. This year, three out of 13 segments of the Irish television series, "Simply Painting from Around the World," will feature Arts in the Wild partners. This series reaches 71 million viewers on 143 channels in the U.S., Canada, the U.K. and Australia.

The following key success factors were highlighted:

- **Comprehensive planning**—The development of the Arts in the Wild product critically benefited from the upfront market research undertaken by OTMPC.
- **Strong sense of commitment and patience on part of the partners**—To undertake a project of this scale, the participants have to understand and accept that it takes time for ideas to be processed and work to get done. Everyone operates under a steep learning curve when a product such as this is launched.
- **Solid base of trust**—To allow flexibility and change, the alliance has had to build on a base of consensus and trust. For example, now some of the alliance members share their databases. If OTMPC had originally put this requirement on the table, the partners would likely have balked, believing that they would be undermining their strengths in favour of their competitors. The perspective is different once the partners view themselves as allies.
- **Consultant/facilitator**—Strong administrative and operational support was required to maintain the partnership in the early years. The facilitator played an integral part in the sustainability of the partnership in its start-up phase.
- **Stable funding source and commitment**—To assure stability, OTMPC committed funding the partnership for four years and this was paid largely as a lump sum at the beginning of the formation of the partnership. Subsequently, all partners add their own four-year financial commitment. This combination of seed capital and long-term partner commitment ensures that the concept is not tested only for one year in the market and then abandoned because it did not meet short-term goals.

Problems encountered and lessons learned

Knowledge base—One of the issues that arose early on was that not all the partners understood how to operate in a broadened tourism environment. To support the development of market-ready tourism products and experiences, OTMPC has developed an extensive set of programs that include handbooks and workshops around packaging and how to sell through the travel trade.

Working with SMEs—Through initiatives such as these, the OTMPC has become sensitive to the requirements of SMEs, where entrepreneurs are generally extremely busy and operating on thin margins. Their window of opportunity to make money and support family is often very narrow. Inevitably, when the alliance members get together, they bond and make commitments. Despite the best of intentions, however, those commitments can be hard to maintain as time goes by and day-to-day concerns draw attention away. This is why OTMPC has been careful to support the SMEs in the early stages of the partnership. They know that providing a stable source of funding and providing a facilitator can keep the initiative moving.

Changing mindsets—The OTMPC also understands that partnerships are a different way of doing business. To be effective, each member of the alliance must accept that their competitors are members of the alliance—if one business is profiled by the media or does well one year, the others will also benefit. The natural inclination is perhaps to promote the individual business or product rather than the benefits of the complete tourism experience that the Arts in the Wild brand offers. Once the trust is built and the mindset changed, the individual business more readily accept the broader focus, recognizing the benefit for the whole alliance.

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L. Providing a tourism education program at the secondary school level: Canadian Academy of Travel & Tourism

Location:	Canada
Partners:	Canadian Academy of Travel & Tourism National Industry Advisory Group—American Express Foundation, Canadian Tourism Human Resource Council (CTHRC), Air Canada, Fairmont Hotels & Resorts, Signature Vacations and Cara Operations Limited Specialty Partners—Parks Canada, Canadian Hospitality Foundation, Canadian Tourism Commission (CTC), The Society for Educational Visits and Exchanges in Canada (SEVEC) Provincial—Tourism Education Councils (TECs), Education Ministries, Colleges/Universities Local—Local Industry Advisory Groups, School Boards and Schools International—Global Travel & Tourism Partnership (GTPP)
Type of Partnership:	Strategic Alliance/Association
Issues Illustrated:	Provision of training and educational programs

Background

The Canadian Academy of Travel & Tourism (CATT) offers students across Canada in Grades 10, 11 and 12 the chance to acquire the skills and experience needed to begin a career in tourism. Industry sponsored and education driven, the academy is a charitable organization that works in partnership with the tourism industry and education organizations.

The Canadian Academy of Travel & Tourism (CATT) is a national “school without walls” that functions within the Canadian school system. Its mission is to introduce and promote careers in the tourism industry while students pursue their high school diplomas. Students enrolled in the program follow the regular high school curriculum with a “specialization” in tourism. Students graduate with a national certificate that could provide them with preferential entrance treatment to participating colleges or universities after achieving their high school graduation requirements.

CATT’s overall goals and objectives are to:

- Develop and introduce into secondary schools curriculum that imparts knowledge of and skills for the tourism industry.
- Provide on-the-job-training and temporary employment opportunities for secondary school students in order that students can learn the skills and knowledge required by industry.
- Educate secondary school teachers ensuring delivery of Academy curriculum in secondary schools across Canada.
- Develop and provide tourism career planning education and training materials to secondary schools.

Building relationships to form partnerships with both business and education took time to develop. In 1993/1994, Bonnie Stevens, the current Executive Director of CATT, was working in education as an administrator and as a consultant to the school board. She saw a need to expand the secondary school core curriculum to include more experiential learning activities and work place skills. A hospitality program seemed to be a natural fit. While researching the availability of other programs nationally and globally, a pilot model was visualized and captured on paper with many educational and business leaders in Canada to form a rigorous pedagogy and accountability structure. Throughout 1993 and 1994 the program was developed and customized. Potential funding and education partners were identified, and input and approvals from the various provincial school boards secured.



In May 1995, CATT received seed funding from the first corporate founding partner: American Express Foundation (Amex). Amex had funded similar projects in the U.S., U.K. and elsewhere. The American Express Foundation provided CDN \$100,000 (US \$70,000) of seed funding to assist in establishing the Canadian Academy over the three-year pilot phase, 1995-1997. The Ottawa Carleton School District funded the services of the Executive Director (half time) for the first year. A second founding partner was the Canadian Tourism Human Resource Council (CTHRC), which offered in-kind office space to CATT.

With the seed funding and office support CATT began work on a formal three-year strategy with clearly defined visions and goals for communicating expectations to potential partners. Between June to September, 1995 a steering committee was created to gather input from the industry and local boards of education, responsible for the management of the schools. With this committee's effort three pilot school sites were selected. Using face-to-face public relations efforts directed at students, teachers, parents and the community, the teachers and students were recruited to the program.

In October 1995, at the Tourism Industry Association of Canada conference in Montréal, Amex Canada Inc. announced the Academy program in Canada, the three pilot schools and their partnership with this business education model. CATT was officially launched. The first national Advisory Board meeting was held later that year. At this time, program guidelines, a resource binder, mechanisms for increasing collaborative communication, resource sharing and professional input were prepared with input from the education and industry partners.

In April/May of 1996, CATT was in a position to evaluate and modify the three pilot programs. The pilot program was deemed a success, which helped to attract further sponsorship dollars. CATT was then able to broaden the project to other provinces. The 1996/97 school years opened with 12 schools on board. Participating schools grew to 15 in 1997/98, 18 in 1999/00 and 19 in 2000/01 and 2001/02. To date, 347 students have graduated from high school with CATT certificates.

"I'm interested in tourism because it's a wide-open field with many job opportunities. I know the CATT program has taught me to be more work-driven and experienced when I enter the job force in the future."

Brandy Timm, Grade 11 student, Quesnel Secondary School, British Columbia

To support its activities, CATT carries out the following activities through industry funding:

- Furnishes the specialized curriculum, resources, templates, tool kits and activity modules that individual schools can use selectively;
- Engages teachers and education personnel in professional development activities to enable quality instruction in core courses, and guidance in customizing their Academy program site for their community;
- Assists with the start-up of the Academy at the school;
- Guides the development of a Local Industry Advisory Group;
- Hosts an Academy national business education conference annually;
- Creates marketing and awareness tools for schools and businesses to help them explain the CATT program to students, parents and the industry;
- Creates and distributes a national newsletter; and
- Offers an annual scholarship program.

In turn, each Academy school, with the support of its school board, provides and funds the following:

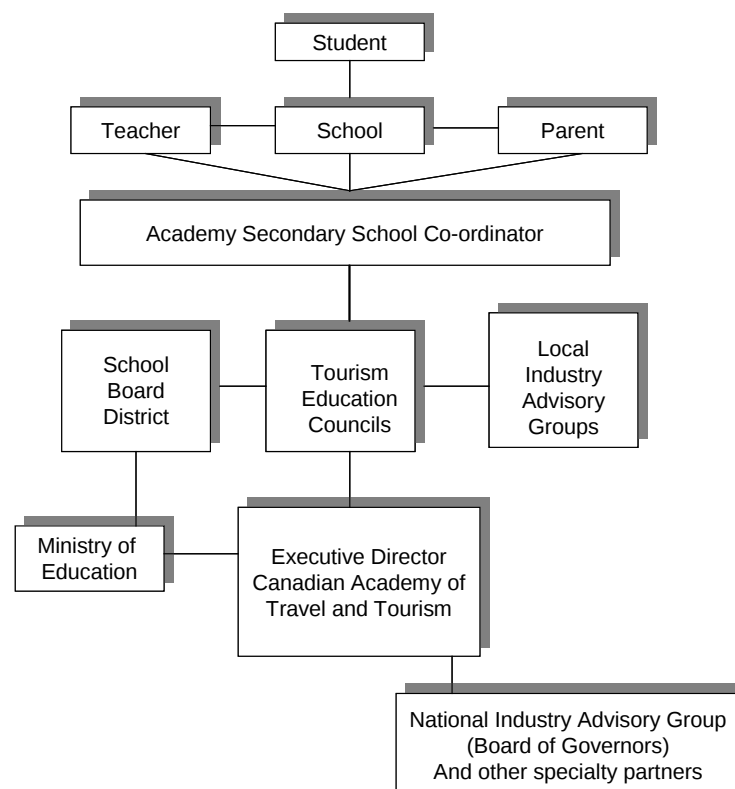
- Cost of a secondary school co-ordinator;
- Textbooks and additional resource material;
- Instructional staff;
- Administrative support; and
- Attendance of CATT educators at the national annual conference.

The school boards are committed to funding their own local Academy site. The individual schools are supported by their school boards or school administration and are guided by their local industry advisory group.



Organizational structure and operation of the partnership

To operate this business education model, CATT requires partners in the industry and in the educational system at the national, regional and local levels. As the following diagram indicates, the student comes first in the organizational structure and operations of CATT; next the grass roots activities of the school and community are fundamental; and finally, the national program administration adds value.



The responsibilities and activities of each of the partners are as follows:

- The Board of Governors is a national industry advisory group that oversees the Academy, offering approval and guidance to the strategic plan, policy and budget. They support the implementation and program direction of CATT through financial sponsorship and act in an advisory and support capacity. They also promote the Academy in business, education and government forums. All partners have a seat on the Board – American Express Foundation, Canadian Tourism Human Resource Council, Air Canada, Fairmont Hotels & Resorts, Signature Vacations and Cara Operations Limited. The Executive Director is a non-voting member of the board of governors.
- Global Travel & Tourism Partnership – This education-business collaboration helps link tourism awareness education to the development of national tourism strategies.
- The Canadian Tourism Human Resource Council has been integral to the Academy from its inception. The Council appoints CATT's National Executive Director to ensure co-ordination, communication, current and consistent programming and smooth functioning of the Academy.
- Tourism Education Councils (TECs) in each province or territory partner with CATT supporting the implementation, expansion and maintenance of the Academy(ies) in their jurisdictions.

"Some of the extras in the CATT program, like the the Workplace Hazardous Materials Information System program (WHMIS), were very useful. Plus I understand the tourism field a little better and I get to see tourism in different places. It's fun and the trips rock."

Devin Gillis, Kensington Intermediate Senior High, Prince Edward Island

- Each participating school forms its own Academy Management Team consisting of a secondary school academy co-ordinator, the principal, vice principal and the teachers of Academy-specific courses. This team guides the program and monitors progress.
- Local Industry Advisory Group — To support industry-awareness and readiness, each school area forms a local industry advisory group that comprises the school representative(s), local businesses, college and university representatives and parents. Their role is to guide the Academy program to reflect career and industry needs and to support projects at the local Academy site. They also provide guidance for student work experience, mentorship, fundraising and other activities.
- The students themselves are thought of as partners in the Academy because they:
 - o Act as informed ambassadors for the Academy;
 - o Provide financial resources e.g., fund raise for their Academy activities;
 - o Represent the Academy at local, regional, national and international events; and
 - o Support the industry through unpaid work experience.

Operationally, CATT has only one paid, full-time employee, the Executive Director, whose role is to manage policy formulation, finances, strategic planning, program services, partnerships and sponsorship. CATT has implemented the following reporting processes:

- Annual General Meeting (AGM);
- Semi-annual meetings of the Board of Governors;
- Semi-annual school progress reports; and
- Annual national conference of CATT schools.

Resources to operate the Academy come from several sources. Member sponsorships, for example, help finance Academy operations. Each member of the national industry advisory group pays an annual gold sponsorship fee of approximately CDN \$15,000 (US \$11,000) for three years (other levels available). These funds are allocated to curricula development, teacher training and on-going co-ordination of the Academy. The Canadian Tourism Human Resource Council helps offset overhead by providing office space. In addition, CATT receives support from specialty partners such as Parks Canada (the federal government department responsible for the national parks), the Canadian Hospitality Foundation, the Canadian Tourism Commission, and the Society for Educational Visits and Exchanges in Canada (SEVEC). These organizations fund specific projects that enhance CATT offerings.



Monitoring performance

Performance is monitored both formally and informally. CATT must report to sponsors such as Amex because these sponsors have tied key performance criteria to their funding to track:

- Academic performance
 - o Number of schools, number of students, number of graduates
 - o CATT curriculum and resource tools
 - o Performance of individual program sites
 - o Student Learning Outcomes
- Partnership activities
 - o Number of partners (local, regional and national)
 - o Number of activities
- Amount of sponsorship funds



Sharing risk and reward

The most relevant risks associated with CATT are:

- **Financial**—While the academic or experiential portion of the program is funded by the education system, the administration of CATT is funded by the industry. However, the tourism industry has not entirely bought into the CATT high school program at the national level. This risk is being mitigated by requiring the national industry advisory partners to commit to funding for three years in order to ensure board stability.
- **Credibility**—The CATT program is relatively new in Canada and the industry is sceptical. The industry is watching CATT with interest to assess the relevance to their business needs.
- **Educational reform**—Education is in the hands of the provincial and territorial governments in Canada. Curriculum is undergoing rapid change; and educators are doing more with less. Therefore, enrichment programs like the Academy must compete for time and resources in an uncertain educational climate.
- **Intensity of rivalry**—Copycats are beginning to enter the market, but CATT has an early lead, building on a solid national base and conservative planning.

For CATT, risk is managed through building a trusting relationship: partnerships are not a buy-sell relationship (for example, I'll do this if you do that) or simply pure sponsorships. The partner has to be involved and actively work towards the Academy vision with passion and integrity. Once CATT signs the partners on, the partners are there for the long term. This process of building genuine partnerships takes time and resources.

Key success factors

CATT has measured up well against what was initially envisioned. The Academy has succeeded in placing tourism programs in the schools, producing highly motivated and skilled workers with skill sets relevant to the travel and tourism industry (i.e. sales, service, leadership, written and verbal communicators, and problem solvers).

The key success factors for CATT are:

- **Comprehensive planning**—A formal business case was researched and documented in part based on the National Academy Foundation model in the U.S.A. Rigorous pedagogical research was undertaken to identify a Canadian business education model. Ongoing research and monitoring remain the key to staying current and relevant in both fields.
- **Communications strategy**—The project had a number of early converts, but getting through to the various educational jurisdictions presented a challenge. CATT needed to have a strong communications strategy that clearly stated the shared vision of what CATT wanted to achieve.
- **Focus on the student**—CATT built a system of partners from the local, regional, national and international levels. But at each level, the guiding principle to any decisions made must be with the student in mind.
- **Having a champion**—The Executive Director has provided vision, energy and enthusiasm to this program.
- **Leadership**—Strong sense of commitment and patience on the part of the partners, encouraging honest and open communication.
- **Experienced and skilled staff and partners at the grassroots level**—The local industry advisory group and the school partnership can make or break the success of this business education model. Champions at every partnership level are essential. Without the dedication of the school management teams and local partners, the program objectives would not be achieved.
- **Effective management**—Formal partnership agreements are drawn up and signed by CATT and its partners. As each education system is brought on board, it signs a letter of intent.
- **Win/win mutual gain of the outcomes**—With this mix of partners, differing objectives can arise. For example, the industry is driven by profit; goals may conflict with educational system requirements (e.g. a business cannot put logos at their discretion on Academy educational products, although businesses do get marketing exposure in many areas). Therefore, CATT typically starts a meeting with a description of what a student or school is undertaking in support of the CATT program. This serves to remind the partners of what CATT is really talking about—the students. CATT will get to a win/win position, even if it takes time.
- **Succession planning**—Relationships are built not simply with individuals, but with the organizations to which they belong. CATT is mindful that there needs to be a succession plan in place so that the program does not get abandoned if the local champion moves on.
- **On-going communication**—CATT involves many industry and education partners across a large geographic mass. Therefore, communication at times is challenging. CATT has learned to be realistic about the amount of information that people can absorb, and communicates through a variety of media to suit the needs of the partners, recognizing that of communications is often key to the outcome.

Problems encountered and lessons learned

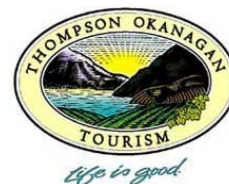
Perception of industry—A common public perception of tourism is that the industry is characterized by low-paying jobs that do not offer viable careers. CATT believes that this myopic conditioning has been a chronic obstacle in the tourism industry's ability to attract, retain and develop its fair share of visionary leaders. The CATT program is meant to intervene at a time when high school students are beginning to think about their career goals in order to reverse the stereotypical perception of the industry. CATT demonstrates that travel and tourism can be a viable career. Nonetheless, the industry is slow to step up to the national table with essential financial support for the Academy to grow.

Ongoing financing—In truth, the main Academy challenges have centred on financing. Adequate funding and availability of resources is critical. Limited funding has not allowed for expansion, seizing operating and marketing opportunities, and the hiring of needed support staff. Hence, finding time to operate the program and undertake marketing activities to recruit new partners is stretched. It takes about 14 months to build a partner relationship and, while CATT has developed two new industry sponsorship recruitment kits, most of the partnerships are created through face-to-face meetings. The current Executive Director is not by training a marketer, but an educator/administrator; yet the organization needs both skills. Recruiting new sponsorship partners requires a huge time commitment. CATT is currently undertaking a needs assessment to sustain its future.

To begin a similar program to CATT, an organization has to have a clear vision and goals for the program. As well, there have to be champions among education and business communities in order to build those key partnership commitments at the local, regional, national and global levels. Encouraging flexibility and creativity, choosing partners strategically, consolidating relationships, and thinking long term are ingredients that will sustain a business education partnership.

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M. Expanding an established partnership: Wine and cultural tourism in the Thompson Okanagan

Location:	Canada
Partners:	Thompson Okanagan Tourism Association (TOTA) Okanagan Wine Festivals Society (OWFS) British Columbia Wine Institute Okanagan Cultural Corridor Private sector participants including wineries, hotels, motorcoach and tour operators, and sponsors.
Type of Partnership:	Strategic Alliance
Issues Illustrated:	Product development, enhancement and preservation of resources Setting quality standards Improving market coverage and reach

Background

This partnership was one of the original case studies in the CTC's 1995 report *Developing Business Opportunities Through Partnering*. At that time, the Okanagan wine tourism partnership was a co-operative marketing and product development alliance that involved both the private and the public sectors:

- Thompson Okanagan Tourism Association (TOTA)²
- Okanagan Wine Festivals Society (OWFS)
- British Columbia Wine Institute
- Private sector participants including wineries, hotels, motorcoach operators and a range of sponsors.

The goal originally was to promote tourism to the Okanagan region in the fall through a fall wine festival that showcased the region's wine and wine products. Launched in 1995, the fall wine event was created as a 10-day festival with 45 planned events. Approximately six to eight wineries participated through offering tours, wine judging, dinners and other events.

² In 1995, the Thompson Okanagan Tourism Association was called the Okanagan-Similkameen Tourist Association (OSTA).

From these relatively humble beginnings, the wine tourism product has evolved into four cornerstone festivals, one in each season of the year:

- The Fall Festival now has 150 events—tripling in size over the last five years.
- The Ice Wine Festival in the winter is held in partnership with a private sector partner, Sun Peaks Resort, and includes packages of two to three nights' accommodation, ski lift tickets and tickets to wine-event activities.
- The Spring Festival features approximately 40 events over a four-day period and focuses on cuisine and the culinary arts.
- The Summer Wine festival, held in partnership with another resort operator, Silverstar Mountain Resort, is the latest addition and features two- or three-night packages that include hotel accommodation, a variety of outdoor activities and wine events.



Through the success of the wine festivals, the wine tourism partners believe that the product has become relatively established. Many of the region's 60 wineries are on board and participating in innovative ways. Therefore, using wine tourism as a spring board, the partners have begun to broaden the region's wine tourism product by creating linkages with complementary cultural product (such as museums, galleries, arts events, heritage attractions, artist studios, cultural festivals, and restaurants) to leverage the natural synergies.

To promote the new initiative, TOTA, the British Columbia Wine Institute, the Okanagan Cultural Corridor, and the Okanagan Wine Festivals Society have partnered to produce a new publication—A Wine and Cultural Tourism Guide—that will be distributed through TOTA's marketing channels. The overall goal is to create a year-round tourism product, using wine tourism as the lead, but also featuring the region's cultural products to build strong packages and promote longer stays.

Organizational structure and operation of the partnership

The partnership that has been brought together to develop and market the Thompson Okanagan wine and cultural tourism product is the result of an alliance among four associations:

- TOTA—the region's destination marketing organization.
- The Okanagan Wine Festivals Society (OWFS)—a partnership of wineries and tourism industry providers that develops and operates the festivals and is responsible for their long-term viability.
- The British Columbia Wine Institute—a membership-based organization serving the wineries and grape growers of British Columbia, with the principal role of establishing standards for B.C. wine and certify compliance (although the organization also provides marketing and other support services for the industry).



-
- **Okanagan Cultural Corridor**—A relatively new partnership that manages the development of the cultural tourism product in order to position the Okanagan Valley as a destination for wine, art and culture.

All four organizations jointly participate in producing a calendar of events, a wine route brochure and a tour operator's guide. The goals of these four organizations, in the words of TOTA, "are a match made in heaven." Indeed, a lot of interaction is evident among them as each shares many of the same members. Communication among the four organizations is constant through mechanisms such as newsletters, members' e-room, regular meetings, board of directors meetings, group workshops and face-to-face meetings with the owners and operators of the tourism products.

Monitoring performance

Each organization formally reports on its individual key performance measures. The OWFS has been measuring results since 1995 and the participating wineries now know that they have to measure and report in. The OWFS admits that compliance was not easy in the early years; but they have followed a set approach (adapted when necessary) and now collecting statistics during the festivals is simply another aspect of participating. The OWFS principally measures the number of event tickets and Festival Passports sold and the revenue reported by members through sale of wine on site at the winery (excluding liquor store sales and gift purchases).

Sharing risk and reward

However, the very success of the partnership is creating perhaps its biggest risk. The OWFS is a well-established organization that has a successful track record. A small, disciplined team that has largely stayed the same since it was incorporated in 1992 manages the organization. The organization itself has grown from 12 members in 1992 to over 50 members from the wineries and 60 to 65 from the tourism business community.

However, the new regional tourism positioning is to grow market share leveraging the successful wine festival product by creating linkages to more and relatively new cultural products. The incorporation of new cultural product into a mature festival product represents a number of challenges:

- **Credibility**—The Okanagan Cultural Corridor project only began in 2000 and is not as well developed as the OWFS. As an initial step, the Okanagan Cultural Corridor inventoried and catalogued the region's cultural product and found that while some product was export ready, many products were not quite ready. Product development and education needed to take place in order to meet already high market expectations in part created by the OWFS successful positioning in the market and by the cultural tourists themselves. Consumer research of the cultural segments indicates that this type of tourist demands a high level of quality.

While product development is not part of TOTA's mandate, the organization began working with the Okanagan Cultural Corridor team to informally educate the sector, trying to increase the amount of export-ready product that could meet the needs of the industry.

- **Customer acceptance of the new packaging and launch of the new product**—The communications plans needed to be very clear so that the customer understood the linkages between the new product and the familiar wine tourism product.

- **New ideas and objectives add volatility**—As new operators are brought on board, new ideas, objectives, and constraints are added to the mix to a process that had been operating fairly smoothly. To meet these new needs, programs had to be added, and the benefits of programs such as advertising and glossy brochures had to be explained to a sceptical, cash-strapped small business sector.
- **Availability of resources**—The sheer volume of stakeholder communication initiatives and programs, both formal and informal, has stretched management time and resources.

The operational risk to TOTA is managed through funding the initiative only on a matching-funds basis. Both the OWFS and the Wine and Cultural Corridor project need to raise funds from the private sector partners and these will be matched by TOTA. In 2002, TOTA contributed approximately US \$40,000 to the OWFS advertising budget, plus another US \$30,000 to the Wine and Cultural Tourism Guide.

Key success factors

The partnership created to manage and market the wine tourism product, the OWFS, reports outstanding results. The Fall Festival has increased the number of visitors from 28,000 in 1995 to 125,000 in 2002. Revenues from the events and wine sales at the winery increased from CDN \$575,000 (approximately US \$414,000) in 1995, to CDN \$2.43 million (approximately US \$1.75 million) in 2002.

The Spring Festival counted 11,000 visitors in 1997 and this increased to 27,000 visitors in 2002. Revenue from the events and wine sales at the winery increased from CDN \$226,000 (approximately US \$160,000) in 1997 to CDN \$454,000 (approximately US \$330,000) in 2002.

While it has taken a few years, the Ice Wine Festival now sells out.

But apart from the financial success of the festivals, the broader community has benefited from the partnership largely through broadening the tourism product offering. The Thompson Okanagan region had traditionally been viewed as a summer resort and ski vacation destination for families, principally from western Canada. However, the aging of the baby boomers was eroding the market for family vacations and the destination had to appeal to a wider, more sophisticated adult audience.

The launch of the wine, and now cultural tourism, product has allowed the Thompson Okanagan region to appeal to a more sophisticated, higher-yield market and broadened the seasonality. With this has come other benefits, such as the requirement to preserve the region's cultural and heritage resources in order to develop the new product. The broader community has also benefited through the setting of quality standards, as they have had to meet the consumer's higher performance expectations.

The key factors cited in the success of this partnership initiative ranged from comprehensive planning and clearly defined goals and roles, to the partners having a strong sense of commitment and patience.

But the strongest key success factor cited was honesty and openness and integrity demonstrated by the partners. Working with a large number of partners of varying marketing readiness and financial capability requires extraordinary skill in terms of managing communications.

Problems encountered and lessons learned

There was not always a clearly defined wine tourism sector. The Fall Wine Festival was launched in 1985 and managed to continue along until 1992 when the society was incorporated and a management team was put in place. The board was a disparate group of people coming from commercial, estate and farm wineries, each with its own set of goals and challenges, and the accommodation that fundamentally wanted to put people in hotels.

The OWFS management team convinced the board that they needed a strategic plan to grow and succeed and took the lead in developing one. They realized the growth potential of the wine and wine tourism products and believed that, with work, the products would take off. There were lots of years where the team just pitched in, and volunteered to get things done.

In the beginning it was difficult to find partners. The management team had to create a vision and then sell that vision on a personal, one-on-one basis. They had to communicate not only what the vision was, but also what the vision would be and how professional the management team would be to sustain the partnership over time. A substantial amount of investment was required in the early years.

“Just as wineries need substantial upfront investment in the grapes and vineyards, so too does a wine-tourism initiative such as this.”

Blair Baldwin - OWFS

In this regard, the OFWS in partnership with TOTA, led the way. Essentially they began by looking at what the region offered that was unique and aesthetically valuable. While they acknowledged weaknesses, they did not dwell upon them. In fact, the OWFS took a very entrepreneurial approach that involved moving quickly with product that they new would sell if positioned correctly in the marketplace. It simply boiled down to (in marketing parlance): Create trust. Sell the sizzle.

Yet the toughest step is perhaps now. The OWFS and TOTA have always had a positive, exciting working relationship that has historically been successful. But the growth of the market and the need to continually provide new product require the partnership to grow and change—to invite new people in. This very act of inviting new people in has made TOTA and the OWFS stop and reassess what had been working very well. In addition, with more people and new product, more communication and another learning curve are ahead. But while the addition of the new partners will be challenging and perhaps cumbersome, the partners believe it is a move they have to make to remain competitive in the marketplace.

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N. Harnessing the power of co-operative marketing programs: Spa Canada

Location:	Canada	
Partners:	Private sector spa owners and operators Private sector spa industry service providers	
Type of Partnership:	Co-operative marketing Industry Association	
Issues Illustrated:	Harnessing co-operative marketing programs Setting quality standards Training and education Improving destination image	Improving market coverage and reach Electronic marketing and distribution, including the internet

Background

Spa Canada is a consortium of spa owners and operators that administers a variety of marketing programs and quality initiatives for the spa industry in order to promote Canadian spas as an international tourism destination.

The organization took a number of years to form, but it was the convergence of industry effort on a single event that helped launch the association. The spa industry had attempted to organize earlier in the 1980s. This effort failed on a national basis, although a smaller, provincially based organization continued on.

The next chance to organize came when the spa industry united to bid for and host the International Spa Association (ISPA) conference in 1997—an event that was never before held outside of the United States. Approximately 15 spas came together in 1997 to demonstrate to ISPA the professional strength of the Canadian spa industry featuring exciting, unique product. This event galvanized the spa industry for the first time to promote a national spa brand. Following this, in 1999, Spa Canada was formally constituted and a board of directors was elected.

The objectives of Spa Canada are:

- To promote, foster and develop the interest of owners and operators of spa resort and spa facilities.
- To represent the interests of the spa industry and its owners and operators.
- To develop and promote standards for the benefit of the spa industry and its owners and operators.
- To carry out informational and promotional activities on behalf of the spa industry and its owners and operators.
- To educate the public about the value and benefit of the spa experience.
- To cooperate with the government departments and other bodies in establishing regulations and policies for the benefit of the spa industry and its owners and operators.
- To encourage members to comply with business and practice standards established from time to time.

From the original 15 members, Spa Canada has grown to over 100 members, each benefiting from quality marketing initiatives, a Website and national code of standards. The association is mandated to collectively market Canadian spas to the international market in ways that would simply not be feasible for individual spa operators.

“There are some things that you can do in a consortium that you cannot do individually.”

Pat Corbett, President, Spa Canada

Organizational structure and operation of the partnership

Spa Canada is a private-sector-funded, membership-driven organization where all members pay the same membership fee. It functions with a sparse administration team made up of an administration director, executive director and a marketing manager. The nine members of the board of directors are elected and each chairs a committee. The committees are as follows:

- Conference
- Education
- Standards and Practices
- Marketing
 - Public-sector partnerships
 - Corporate partnerships
- Fundraising
- Membership services
- Membership growth
- Strategic planning



The day-to-day management of the partnership is largely autonomous. The board would only step in to give added direction where necessary. The association is member driven, and not staff driven, and this is what Spa Canada believes accounts for most of the association's success.

The association has been able to sustain commitment to the overall vision and goals of the partnership over time by maintaining an ongoing organization that is interesting, attractive, innovative, effective, and follows through on initiatives.

The following highlights some of Spa Canada's more interesting initiatives:

- **Canadian Tourism Commission (CTC)**—One of the first partnership initiatives that Spa Canada formed was with the CTC. The partnership enabled Spa Canada to leverage its members' individual marketing budgets to launch the Canadian spa product experience into the U.S. market—largely focusing on New York. With the CTC, Spa Canada designed and distributed a highly attractive, 40-page brochure that demonstrated the quality and uniqueness of spas in Canada. Following the launch of the brochure, the members reported an increase in bookings and the hits to the association's Website—spacanada.com—tripled.

The launch of the brochure was also timed to coincide with a media relation partnership initiative, also with the CTC, to increase the visibility of Canada as a destination for spa travel. The CTC identified and contacted key media in the U.S., using the spa brochure as content. Spa Canada then co-ordinated and hosted the media familiarization (“fam”) trips and events.

- **Air Canada**—Spa Canada successfully brokered a partnership with Canada's national airline, Air Canada, to distribute 200,000 Spa Escapes brochures on board airplanes.
- **Glow Magazine**—Spa Canada partnered with Glow Magazine to offer a national polling campaign that allowed spa goers to elect their favourite spa. Contributors were eligible to win prizes at spas across Canada.
- **Benjamin Moore Paint & Co.**—Through research, Spa Canada found that women buy most of the retail paint sold in Canada. Therefore, Spa Canada partnered with Benjamin Moore Paint & Co. to display, at 350 of the chain's most exclusive store locations across Canada, eye-catching point of sale materials, including Spa Canada's brochure. Included was a draw for a spa day.

Each of these partnerships was built on two win/win marketing principles: Spa Canada would gain market exposure and the partners would gain brand loyalty opportunities. Each partnership was aimed at organizations that targeted the same demographic segment.

And finally, in order to acquire research on the spa sector, Spa Canada also partnered with Cornell University in the U.S. and a trade show organizer and promoter. The trade show sponsored a well known Cornell professor to speak at four shows throughout 2002. Cornell designed a survey that was distributed at each of the shows and collected the results. The results will form the beginning of a database of spa product and services in Canada. In this partnership, each organization contributed equal amounts of money.

Monitoring performance

The association uses both formal and informal methods to measure performance. Every committee has objectives that are agreed to and that meet with the strategic plan. The progress that has been made to meeting those objectives is reported on quarterly. The key performance indicators measured are as follows.

- Number of hits on the association Website;
- Amount of money raised through partnership initiatives;
- Number of people that attend the annual spa conference; and
- Number of members.



Sharing risk and reward

The national objective of Spa Canada is perhaps its biggest risk. In Canada, tourism falls under provincial jurisdiction; hence, each province channels money into marketing efforts within its boundaries—which the province typically does on a matched-funding basis. In an era of limited resources, individual spas may be forced to choose between participating in a broader national campaign or in a more localized effort. Spa Canada believes that in a country as vast as Canada, which is not already known for its spas, a national marketing campaign could result in greater market exposure for all spas.

To address its concern that the marketing focus be national, Spa Canada has, for one thing, built a good partnering relationship with the Canadian Tourism Commission (CTC) and has launched a number of good national marketing campaigns based on substantial partnership initiatives. One of the roles of the CTC is to help the tourism industry market Canadian products and services nationally and internationally.

The benefit of being a member of Spa Canada and participating in the partnership programs is to add to the member's bottom line. If Spa Canada cannot deliver against its regional counterparts (in other words, bring more international visitors to Canada's spa products) then it risks becoming obsolete. Being a member of Spa Canada has to make good economic sense.

Key success factors

The Canadian spa industry has grown at 16 per cent per annum on an eight-year compounded growth rate. The number of jobs in the spa industry has grown dramatically and the level of standards and practices in the spa industry is on the rise across the industry.

The board is very pleased. The organization has achieved its "blue sky" vision rather rapidly:

- Membership growth—100 members in 1999 was only a dream;
- Increased basic membership rate based on extra marketing benefits; and
- Increased members in Atlantic Canada and Ontario.

Spa Canada believes that these types of results can only be achieved with a dedicated team.



Problems encountered and lessons learned

In a national association such as this, Spa Canada has had to manage through diplomacy. Buy-in comes from partners who agree that Canada is the brand, and that this branding will enhance benefits to the business and to the province or territory where it is located.

The association also has to be managed exceedingly well. In a country as geographically large as Canada, the management staff needs to have the right communication skills to enter into promotions, manage deadlines and deliver on expectations. This challenge is compounded by the fact that Spa Canada is still a relatively young organization that has created high expectations. It must be seen to be moving quickly to meet new demands.

And finally, the spa industry is made up of a wide variety of players, (small and large organizations, companies that offer a single line of products, to those that offer a variety of products). The key to managing this disparate group with diverging issues and concerns is to have facilitation skills and create a vision that everyone can buy into. The process of building a vision forces the group to think about what it is they want the organization to be and do.

Once defined, the vision stays constant, but the tactics change and are reviewed constantly. This is the fuel for going forward.



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O. Bridging the gap between non-traditional partners: Canadian Sport Tourism Alliance

Location:	Canada	
Partners:	Canadian Sport Tourism Alliance (CSTA) Canadian Tourism Commission (CTC) Sport Canada Approximately 50 municipalities across Canada Sport event rights holders Sport tourism service providers	
Type of Partnership:	Strategic Alliance	
Issues Illustrated:	Providing technical support for product development Providing research and measurement methodologies	Setting quality standards Creating of sustainable development of a niche segment

Background

The Canadian Sport Tourism Alliance (CSTA) is a national not-for-profit organization formed in November 2000. Primarily a partnership among the CSTA, the Canadian Tourism Commission (CTC) and Sport Canada, the CSTA is a tourism-industry-driven initiative involving municipal, sport and tourism partners. Approximately 50 municipalities are currently registered as active members.

The CSTA mandate is to increase the Canadian capacity to host sport tourism events. To this end, the CSTA promotes a planned, coordinated and strategic approach to event hosting and provides:

- An events database and search engine, a product-matching tool that allows municipalities to search for events that are open and available for bid. It also provides event rights holders with a tool to search for communities that meet their event needs. The events database currently contains profiles of events at the following levels:
 - o World championships
 - o Continental championships
 - o National events

Sport tourism itself is an emerging tourism segment and requires a definition. The CSTA defines sport tourism as any activity in which people are attracted to a particular location as a sport event participant, an event spectator, or to attend sport attractions. An estimated 200,000 sport events occur in Canada annually.

In addition, a provincial extension to the database has recently been completed through an agreement with the provincial Government of Ontario. The extension, which lists provincial and community level events in Ontario, is accessible to communities and sport organizations across the province. The template will also be made available to other provinces wishing to participate in the project.

- A standardized, easy-to-use method to evaluate the economic aspects of a sport tourism event using a consistent data source, and consistent multipliers. This tool is known as the Sport Tourism Economic Assessment Model (STEAM).
- Access to sport tourism best practices (e.g. bid documents, event execution plans).

The Canadian Sport Tourism Alliance was formed in response to two previous initiatives. In 1996/97, the CTC, in conjunction with the Canadian Association of Convention and Visitor Bureaux (CACVB), identified sport tourism as an emerging market segment. As a result, the CTC supported the Canadian Sport Tourism Initiative that identified communities across Canada considered to be market ready to launch a sport tourism product on an international level.

The work by the Canadian Sport Tourism Initiative revealed that many communities were already involved in sport tourism, although primarily on an informal basis. This led to the positioning of sport tourism as a grassroots economic development initiative. The work demonstrated that the stakeholders in the sport tourism sector could include not only the convention and visitor bureaus, but also economic development commissions, sports organizations, media, tourism businesses, and other sport-related commercial enterprises. However, before the CTC would lend financial support to a project that would unite these stakeholders under a management umbrella, the private sector and the communities would need to demonstrate that the idea was viable and would receive broad private sector support.

The mission of the CSTA is to increase Canadian capacity to attract and host sport tourism events. The objectives are as follows:

1. To market Canada as a preferred sport tourism destination.
2. To facilitate networking, educational and communications opportunities.
3. To coordinate research, data collection, monitoring and reporting of activity within the sport tourism industry.
4. To build investment and involvement in the sport tourism industry from the public and private sectors.
5. To enhance the image and profile of the sport tourism industry.
6. To develop and facilitate access to national tools.

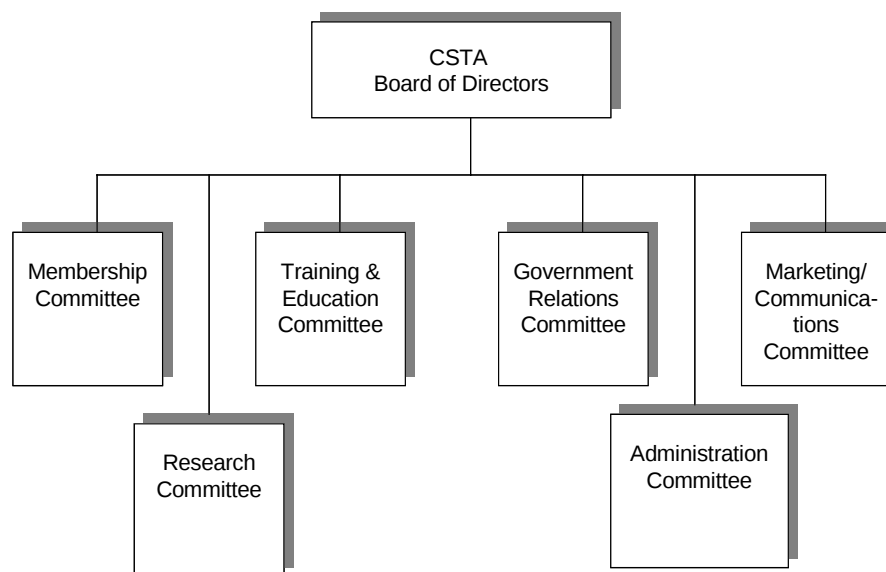
Source: *Canadian Sport Tourism Alliance*

Through a series of workshops, eight cities set about defining the required organizational structure and requirements for a national sport tourism marketing organization. The 1999 conference on Canadian Sport Tourism attracted over 50 delegates and is thought to have stimulated widespread support for sport tourism development.

Shortly thereafter, the CACVB and its membership base applied to the CTC for seed funding under the CTC's Product Club Program to establish a dedicated entity to create a viable sport tourism industry in Canada. The proposal was approved by the CTC in 2000 and the CSTA was formed and staffed in November that year with approximately 20 communities as members.

From the original founding partners, the CSTA now boasts a membership of over 50 municipalities that range from all of Canada's major metropolitan areas to towns and cities across the country. The CSTA has created an affiliate membership category for suppliers of products and services such as event management companies, sport event marketing agencies, consulting firms, institutions such as colleges and universities, hotels, car rental companies and airlines. National sport organizations qualify for membership as "rights holders," a category to which no fees apply. These organizations, historically undercapitalized, are critical to the future of the partnership. Thus the financial issue, which might have become a barrier to their participation, has been removed.

Organizational structure and operation of the partnership



The CSTA is managed and administered by a full time chief executive officer and a membership services coordinator. Contract personnel, as required, provide additional support.

The CSTA is directed by a volunteer board of directors of ten individuals, who are elected by the membership. The board meets bi-monthly by conference call and semi-annually in person. The annual general meeting is held in conjunction with the annual congress during the month of April. Here, full and extensive reporting is made on the achievements of the previous year and the budget is presented for the next fiscal year.

Many of the activities undertaken by the CSTA are implemented through the committee structure. The CSTA considers that committees are an effective way to engage members and to access expertise within its membership base to promote industry growth.

The CSTA has an operating budget of approximately US \$300,000 per year.

Revenue is derived from:

- Membership fees (perhaps greatest growth potential);
- Annual Congress (significant revenue stream);
- STEAM model and partnering with entities that want to access the model; and
- Partnerships (e.g. Sport Canada contributed financially to the development of STEAM).

The organization has also benefited from in-kind contributions. The early development of the marketing materials was undertaken by the City of Moncton, which underwrote the development of a logo, branding materials and brochures. In addition, the Ottawa Tourism and Convention Authority has provided office space and administration support, significantly reducing overhead costs.

The activities and resources of the CSTA, in the early stages of its development, have been largely concentrated on the development of the following two leading-edge industry tools:

The events database and search engine

The events database and search engine is a Web-based, intranet tool that allows sport and tourism partners to exchange information about hosting opportunities. Available to CSTA members on a secure access basis through a portal on the CSTA website, the events database lists the specifications and event profiles of over 200 sports events at national and international levels. For example, each profile contains the name of the event, a description, time of year, facility and other requirements to host – such as number of hotel rooms, venues, seating capacity, bidding process and bidding guidelines. From the event profile, communities can determine if the event provides a good fit with their ability to host.

Tourism Saskatoon has managed the events database on behalf of CSTA since its launch in 2001.

STEAM

Another leading-edge industry tool developed by the CSTA is the Sport Tourism Economic Assessment Model (STEAM). STEAM, the first web-based economic impact assessment model in Canada, was developed as a collaborative initiative between the CSTA, Sport Canada, Skate Canada and the Canadian Tourism Research Institute at the Conference Board of Canada. STEAM was created to promote a standardized, cost effective and accessible methodology in the area of economic impact assessments to assist in predicting and measuring the economic impact of a sport event on a community.



The model estimates the direct, indirect and induced economic impact for nearly 60 measures, including employment (jobs or person years), wages and salaries and gross domestic product (GDP) by categorical industry output. Unlike many economic impact models, STEAM uses the latest actual tax rates to ensure that the information is up-to-date and the impacts reported for key measures are accurate. The model utilizes visitor profiles based on Statistics Canada's Canadian Travel Survey (CTS) and International Travel Survey (ITS).

Historically, the amateur sport system in Canada has been challenged to generate, maintain or increase public sector support for sport, in the absence of any credible economic impact data demonstrating return on investment of public sector funding for sport. Partnering on the STEAM project allowed the federal government to begin to develop data related to return on investment on a per-event basis and on a cumulative basis over time.

At the same time, Sport Canada was revising its Hosting Policy for International Sport Events. One of the required elements for submissions to the hosting program was the inclusion of an economic impact projection for the event. By its own admission, however, Sport Canada did not have a standardized methodology to evaluate the economic impact of events, thereby precluding any comparative analysis or evaluation of data from occurring.

As a result, a clear opportunity arose for the CSTA to provide leadership in the development of an economic assessment model. The model would provide a mechanism for rights holders and municipalities to quantify the impact of a sport event on the community and to assist Sport Canada to evaluate submissions to the hosting program. Partnerships were formed leading to the launch of the STEAM model in November 2002.

Monitoring performance

The performance of the CSTA to date has been primarily driven by responding to feedback from its members to a needs assessment survey conducted in 2001 and by the development of leading-edge industry tools. The Product Club contract with the CTC requires that the CSTA report quarterly on a series of deliverables related to industry development. This requirement has helped structure the organization's work plan.

Sharing risk and reward

The CSTA listed the following as the partnership's most significant risks:

- **Financial**— While a formal partnership agreement was signed with the CTC, the CSTA did not have a written agreement with Sport Canada, primarily due to a series of leadership changes at the ministerial and bureaucratic levels within Sport Canada during 2001. As a result, the partnership between CSTA and Sport Canada to share development costs of the STEAM model was formalized only toward the completion of the model, which occurred over a period of approximately ten months. The CSTA was therefore exposed to financial risk throughout the development process. Having formal, written agreements in place where the obligations and commitments of all parties are clearly articulated mitigates the risk to organizations involved in the partnership.
- **Credibility**— The STEAM model is under constant scrutiny and subject to the rigour associated with the tourism research community. Economic impact assessments have generally been viewed with scepticism in the public domain, primarily due to the lack of a standardized methodology to gather and interpret data. The CSTA and its partners are sensitive to maintaining the credibility of the STEAM model and, therefore, require any potential users to attend a comprehensive training workshop prior to being granted access to the model.
- **Customer acceptance**— For any member-based organization like the CSTA, the organization must continue to deliver meaningful benefits in order to ensure long-term sustainability.

The reward for Sport Canada in the development of STEAM is related to increased accountability for the investment of public funds in international events hosted in Canada. The CTC benefits through access to a better product to generate international traffic using sport events as a key travel motivator, and CSTA members get access to the latest industry research tools that increase their effectiveness as a participant in the industry.

Results achieved

The CSTA has grown the Sport Event Congress to be the largest annual gathering of sport event rights holders, event managers and other sport and tourism professionals in Canada. The first congress in Toronto in 2001 attracted 47 delegates. The 2002 congress in Ottawa sold out with 120 attendees, and the 2003 congress is expected to attract over 200 delegates. The CSTA also takes great pride in developing the Events Database and Search Engine and the STEAM model. Both these tools have gained positive support from the industry. In the end, the CSTA has created linkages among sport and tourism organizations or agencies where none or few linkages existed previously.

Key success factors

The following key success factors were listed:

- **Have a solid business plan in place**—The key to success of any start-up organization is to have a sound plan in place. The time and energy involved in the up-front planning process pays major dividends at subsequent stages of an organization's development. For the CSTA, the corporate plan that launched the organization has undergone several revisions, but the original framework and concept have not changed.
- **Retain flexibility**—The CTC agreement has allowed adjustment to many elements of the agreement in order to adapt to a changing environment. For example, this flexibility became important in the development process of the STEAM model, because of the significant time, energy and resources invested in the development of the tool.
- **Bring key strategic partners onboard early**—Another key success factor has been the CSTA's ability to identify the key strategic partners in the industry as they relate to individual issues within the sport tourism segment. The CSTA brought together the Canadian marketing agency and the federal ministry responsible for sport. Each brought to the partnership the necessary expertise and resources to make the initiative successful.
- **Have the skills to recognize and the skill set to build a partnership**—Don't underestimate the importance of being able to create and sustain partnerships. To this end, the CSTA undertook the work necessary to identify potential partner objectives and provide the services or programs to meet those objectives. Partnerships must be able to achieve mutual organizational objectives through the creation of win/win situations.

Problems encountered and lessons learned

Bridging the gap between two non-traditional partners—One of biggest challenges has been to bridge the gap between sport and tourism. Many of the leaders from the sport industry have a vast amount of experience in the management of amateur sport organizations, but do not necessarily have a background in tourism. Sport tourism is a relatively new market segment and, as such, the benefits and rewards are not always obvious to potential partners. Extra time, energy and effort are sometimes needed to educate prospective partners on the benefits of the partnership, particularly those within the amateur sport environment.

Lack of a formal agreement with one of the major partners—The lack of a formal agreement with Sport Canada early in the partnership created some concern for the CSTA, particularly during the period involving a change in leadership at the ministerial and bureaucratic levels. While the issue was subsequently resolved, the situation could have been avoided with the establishment of an agreement (e.g. contract, memorandum of understanding or deal memo) that clearly articulated the objectives of the partnership and the responsibility and commitments (including financial) of each of the partners.

Availability of resources—The availability of resources, especially time, is critical to the long-term success and sustainability of an organization such as the CSTA. Building partnerships requires a significant investment of time on the part of the organization, often during a period of competing short-term priorities. The CSTA has moved toward a model where its CEO is focused on business/partnership development and another position is dedicated to providing services to its membership base.

As to the question of how the CSTA has been able to sustain commitment to the overall vision and goals—the answer may be that it is still premature to answer this question. The test will be in another five years.

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P. Malama (caring for) a tourist district: Waikiki, United States

Location:	United States	
Partners:	Waikiki Business Improvement District Association Assessed property owners and tenants Municipality of Honolulu Honolulu Police Department Waikiki Improvement Association (WIA)	
Type of Partnership:	Organization network	
Issues Illustrated:	Product enhancement Setting quality standards Dealing with competition	Improving destination image Improving safety and security

Background

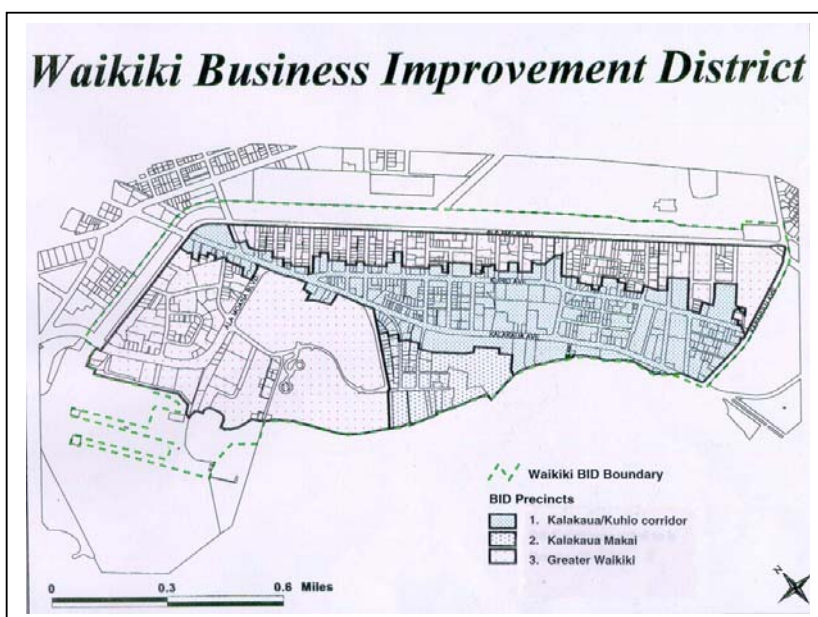
Waikiki is a district within Honolulu, Hawaii. And while Waikiki itself is geographically small (approximately one square mile), and is home to only about 19,000 residents, the district boasts that on an average day it hosts 70,000 visitors and generates half of Hawaii’s visitor industry expenditures. In 1999, despite its success as a tourist destination, the business owners and residents of Waikiki noted that the district had deteriorated physically and needed to be revitalized. Waikiki had begun to slowly lose market share as visitor satisfaction. But what was more alarming was that Waikiki seemed to be losing its Hawaiian culture—its sense of aloha—that was at the very heart of its success as a tourist destination.

In 1999, the Waikiki Improvement Association (WIA), an association that has been in existence now for over 30 years and “dedicated to making Waikiki a great place to invest, work, live and play,” began to look at what other cities around the United States were doing to improve their core business areas. This research formed the impetus behind the creation of a Business Improvement District (BID) in the core tourist zone that would be managed by a non-profit organization made up largely of the tenants and owners within the district.

A Business Improvement District is public-private partnership created to provide additional services and programs for a specific geographic area. The businesses and owners in a BID pay assessments in order to provide the money necessary to fund and manage these supplemental services. Safety and security, sidewalk cleaning, landscape maintenance, and visitor information are the most popular services provided by BIDs. The BID is typically governed by a non-profit organization made up primarily of those who pay assessments.
Source: Waikiki Improvement Association

While the idea of a Business Improvement District is relatively well known in the continental United States, it was a new concept in Hawaii and so for successful implementation, all stakeholders had to agree to the programs and goals of the project. The WIA had to in effect find a balance between what services the BID would offer and how much each sector in the diverse business community would be able/and willing to pay.

By July 2000, the WIA managed to put an agreement together that outlined the primary service programs and the demarcated three precincts.



Each precinct would be assessed at different rates. Land owners in the Kalakaua/Kuhio Corridor, the primary tourist zone, would pay the full rate and receive full service. Other areas that are adjacent to the Kalakaua/Kuhio Corridor but receive only indirect benefits from the improvements and services, would pay only a portion of the full rate.

The next step was taking the idea to City Council for approval. By this stage the idea was an easy sell, largely because the industry had worked it out amongst themselves before going to City Council. The legislation approving the establishment of the City's first BID had smooth sailing through council. The agreement with the City of Honolulu and Honolulu County was that Honolulu would continue to provide basic municipal services and that the BID would provide maintenance and security/hospitality services that were over and above the basic services offered by the municipality.

The Waikiki Business Improvement District Association (WBIDA) was formed as a not-for-profit corporation in September 2000. Its objective was to achieve a "clean, safe, vibrant resort destination area" that is welcoming to visitors and residents, reflects the Hawaiian culture, and contributes to economic prosperity." The short-term goals were to improve Waikiki's physical appearance and improve visitor satisfaction. To this end the Board initiated two programs, focusing first on the primary pedestrian Kalakaua-Kuhio Avenue corridor, as follows:

- The **Streetscape Maintenance program** (Malama Waikiki Crew) would be focused on exacting high standards of cleanliness and appearance, making an already clean Waikiki even brighter and attractive. The work included hauling trash, sweeping sand, removing graffiti, stains and spills, even getting to the minutia of scraping gum off the sidewalks. But it was also judged that the mere presence and energy of the crews would help reinforce the Waikiki brand, the sense of "aloha" on the sidewalks and create a positive experience.

WBIDA's motto, Malama Waikiki (Caring for Waikiki) is based on the concepts of stewardship and hospitality embraced by Hawaii's host culture.

WBIDA programs reflect the Hawaiian values of aloha 'aina (love of the land), malama 'aina (care of the land), palekana (safety/safe passage), and ho'okipa (hospitality).

From WBIDA Website.

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- The **Security and Hospitality program** was formed by working closely with the Honolulu Police Department, to create the Aloha Patrol Officers (APOs) to provide a sense of safety and well being, to offer assistance and information; and to improve the pedestrian environment by reducing unlawful sidewalk activity. The APOs were also tasked with being Waikiki's "sidewalk ambassadors" and therefore they were trained on how to communicate effectively and interact with visitors, including knowledge of Waikiki's history, culture and tradition of aloha.

These two programs would work hand in hand—together the WBIDA believed the combination to be dynamic.

Organizational structure and operation of the partnership

The 25 members of the board of directors are elected by the membership and are responsible for the financial and policy and program decisions that govern the WBIDA. The board of directors is made up of 14 representatives from the landowners and lessees of the district, five representatives from the Commercial Tenants Association and six representatives from organizations that have an interest in the operation of the WBIDA. This latter group includes the:

- Mayor or representative
- Chief of Police
- Department of Facility and Maintenance
- Council member for the area
- Waikiki Neighbourhood Board (represents the residents interests)
- Department of Budget and Fiscal Services

The WBIDA has a minimum annual budget of US \$1.58 million, of which the landowner assessment accounts for approximately 90 per cent.

When the WBIDA was first set up, the board met every month, but as the intensity of implementing the programs declined, the board has fallen back to a regular meeting every two months in addition to the annual meeting. The board members are also active in the committees that oversee the WBIDA's programs. Two paid staff manage the association: an executive director and a program co-ordinator.

Once the WBIDA was formed, the contracts for the maintenance and security services were issued approximately six months thereafter. The organization has therefore moved swiftly to implement its programs.

Once introduced, the streetscape/maintenance program was a relatively easy program to administer and monitor. However, the Aloha Patrol Officers program has required tweaking and improvement over the course of the last two years. Two issues in particular were targeted for improvement.

Uniforms

Initially the Board wanted the APO uniform to depict the colourful, bright, welcoming Hawaiian culture. A lot of discussion went into whether the APO should wear a hat, have a badge, colour of the uniform and so on. Just as it is important for the front-of-house personnel in a hotel to follow through on the hotel's brand standards, so too was it important to the Board that the uniforms for the work crews and APOs reflect the Waikiki brand. Therefore, they followed through with the brand colours of blue for the APOs and teal for the work crews.

But after the first six-month reassessment, the WBIDA realized that visitors were not recognizing the APOs as officers and were therefore not approaching them for information or help. The uniform issue went back to the board and after more intense discussion the board came to the agreement that it was not the way the APO was dressed that says Hawaii but the way they dispense friendliness and service. Now the APOs are in white shirts, navy blue pants, gold badge, epaulettes, and a baseball cap with BID logo. Interestingly, because they look more authoritative, the visitors are approaching them more often.



Focus on hospitality

When the board let the contract for the security and hospitality program, the initial emphasis was more on patrol than on providing hospitality services. The firm that won the contract was in fact a well-known international security firm. After the initial six-month period, it became obvious to the WBIDA that the program was not achieving the objective of creating a more hospitable destination. A review of the APO daily activity logs found that the officers were spending more of their time on security-type activities and fewer on hospitality. However, the WBIDA created the program not just to patrol, but to address the needs of visitors to the area.

The WBIDA then took a step back and refocused the key performance indicators of the APO. Now, 50 per cent of an APO's effort had to be expended on hospitality (such as greeting people, approaching people that look even slightly lost, and offering assistance). Security issues would now comprise approximately 25 per cent of the APOs effort and liaising with the business community would comprise the remaining 25 per cent.

In addition to revising the key performance indicators, the WBIDA found that the personality type of typical security personnel was not, in general, outgoing and they hesitated to approach visitors. The WBIDA had to work with the contractor to recruit more outgoing personalities and train the APOs in hospitality duties. A four-hour course was formed at the local college to train the APOs in service standards and give them a good working knowledge of Waikiki history and surroundings.

At the time of the interview for this publication, the APO program was still undergoing refinement. However, the board and stakeholders are becoming more satisfied.

Monitoring performance

The various programs of the WBIDA are monitored through a variety of measures:

- The contractor for the Security and Hospitality Program provides the WBIDA with statistics that summarize the APO daily activity reports taken during the course of the shift. The contractor meets with the WBIDA weekly to report and discuss measures such as the number of people the APOs assisted or directed, the number of handbillers and street performers warned, etc.
- The contractor for the Maintenance Program reports on the number of graffiti tags removed, sidewalks pressure washed, etc.
- Merchant satisfaction is measured through comment cards, which at the beginning were used regularly because the program was new, but now are trickling off.
- Property owner satisfaction is measured through an annual survey distributed with material to be discussed at the WBIDA annual membership meeting.
- And finally, the WBIDA has recently made an agreement with Department of Business Economic Development and Tourism that administers the visitor exit surveys. The exit survey will now include a couple of questions that pertain to the WBIDA objectives (for example, how satisfied the visitors were with the cleanliness and attractiveness of the public sidewalks and spaces).



Sharing risk and reward

One of the biggest risks to the WBIDA is that the funding from the landowner assessment is not automatically renewed. If the landowners are not satisfied with the program they can stop contributing. On the other had, even if they are satisfied, but the economy experiences a downturn, they may not be able to afford the program, and may reduce their contribution.

However, the latter risk is mitigated by the compelling benefits of the partnership. The WBIDA programs in the end help to maintain the property values and encourage investment into Waikiki. The WIA also points out that because the supplemental services offered by the WBIDA are not run by the city, and are therefore managed by a non-bureaucratic organization,



it is able to respond quickly to market changes and business needs. And we have already seen an example of the organizational flexibility of the WBIDA. To address the drop of tourists in the aftermath of September 11, the WBIDA was able to reduce the rate structure to 8.5 per cent to meet the needs of its membership.

Key success factors

The WBIDA Board and its members are pleased with the progress achieved to date in revitalizing Waikiki. While the security and hospitality initiative still requires tweaking, the results of the streetscape and maintenance program are clearly evident. But perhaps the most important result has been the renewed focus on the Hawaiian culture and sense of aloha that has historically welcomed visitors to Waikiki.

The WBIDA attributes their success to the following key success factors:

- **Clearly defined goals and roles**—this factor has been most important as the organization strives to put the organizational and operational structure into place.
- **Comprehensive planning**—extensive upfront planning was undertaken by the WIA and their stakeholders to ensure the success of the project.
- **Clearly identified need for the project**—the WIA clearly identified the need for the project and undertook the necessary lobbying to put the legislative structure in place to support the project.
- **Availability of resources**—the WBIDA recognizes that in many cases organizations are only as good as the resources they have, but the WBIDA has also learned that they can achieve a lot with a limited budget. They just had to become more creative about how things could be done.
- **Benchmarking**—the WBIDA has benchmarked other BIDs extensively and has learned from the experience of other destinations. The WBIDA also points out that the benchmarking exercise has helped them to create relationships with individuals and organizations beyond their immediate stakeholders.

Problems encountered and lessons learned

Without a doubt the WIA had been successful in forming a BID in Waikiki—creating the buy-in from a diverse set of stakeholders and lobbying government to initiate legislation. However, when the time came to implement the programs that the WBIDA was tasked to do, it became apparent that many of the goals and guidelines had been expressed only verbally or implied in the overarching objectives of the organization. For example, when the committees for the programs came to creating the performance measures for the contractors, the committees needed to decide what things they wanted to measure, which in turn related back to the specific goals of the program. The committees found that the specific goals were not written down, and debate ensued as to what people thought these goals were or should be. The committees were lucky that the people that undertook the initial formation were still available



to provide input. Once the goals were written down, the WBIDA found that they could tweak and get agreement much more quickly.

From this experience the WBIDA believes that while it is very important that the stakeholders know and buy into the vision and overarching goals, the organization still has to go through the process of putting down on paper specific goals and action plans that everybody can refer back to.

As well, the WBIDA believes from their experience that it is better to start small and accomplish the basics first. However, “this doesn’t mean that you can’t dream big.” From their benchmarking exercise the WBIDA has a long list of initiatives that they would like to prioritize and focus on next. Once the fundamentals are in place they will be moving to establish other programs that would perhaps:

- Extend the hospitality and security program by, for example, teaming with social services organizations to provide outreach programs (job training, youth programs) to homeless, prostitutes and drug addicts.
- Deepen promotion efforts through, for example, managing festivals and events to attract residents and provide activities for visitors.
- Generate additional revenue through, for example, entering into contracts with adjacent areas to provide streetscape maintenance and/or security hospitality services on a periodic basis.

And finally, the WBIDA believes that it is fundamentally important to keep researching and talking to people. By speaking with older more experienced BIDs, such as New York and Philadelphia, Waikiki got excited and empowered by the turnaround experienced by these districts. In fact some BIDs are much smaller than Waikiki and they continue to do great things. So while the WBIDA has to try to be