Chapter 3

Action Tools

Tool 19: Business Development Services

What is it?

In the traditional, subsidised economic model, agencies providing business services, such as voluntary organisations, NGOs, and other non-commercial organisations, frequently acted as service providers for micro and small enterprises (MSEs) in the tourism industry (e.g., by delivering services such as training in tourism business management, consulting, and market access). These efforts often turned out to be inefficient and problematic because the programmes had a tendency to target only a limited number of MSEs, consequently having a high cost-to-impact ratio with limited sustainability, as they generally ended with the end of the tourism programme or project itself.

In the new market development paradigm, the focus has shifted to building up vibrant, commercial, and sustainable tourism service markets. Local commercial tourism enterprises offer tourism business services, whereas the facilitating organisations support the development of the entire tourism market system. This means that the facilitator does not become directly involved in transactions between service providers and MSEs, but instead carries out an array of system-wide activities that strengthen both the tourism demand and supply sides of the market.

Strengthening the capacity of a range of profitable providers of business development services (BDS) to offer demand-driven, affordable, and high-impact services to a large number of tourism MSEs overcame the limitations of the traditional, subsidised model of tourism service provision.

When is it used?

In current BDS thinking, the primary objective of a tourism enterprise or programme is to develop dynamic BDS markets that promote the integration of tourism enterprises, including micro enterprises, into profitable and sustainable tourism value chains (for more information on value chains, see Tool 16). The facilitating organisation can maximise its contribution to this objective during tourism market assessments by focusing on the collection of data that will be most useful in the design and piloting of tourism programmes.

Figure 19.1 illustrates a framework for BDS market sustainability that can help a facilitator to visualise how to develop a whole tourism system and plan for a viable and independent tourism market structure from the start of a tourism project.

The figure shows the different functions in a sustainable tourism market and the various types of stakeholders who (might) perform those functions. For a tourism market to be viable, each function must be both performed and paid for in a sustainable manner. Keeping this framework in mind during a tourism market assessment will help a facilitator to focus the data collection on the understanding of current tourism markets and to envision how it could be changed to offer more benefits to micro-enterprises in the tourism industry in the future.

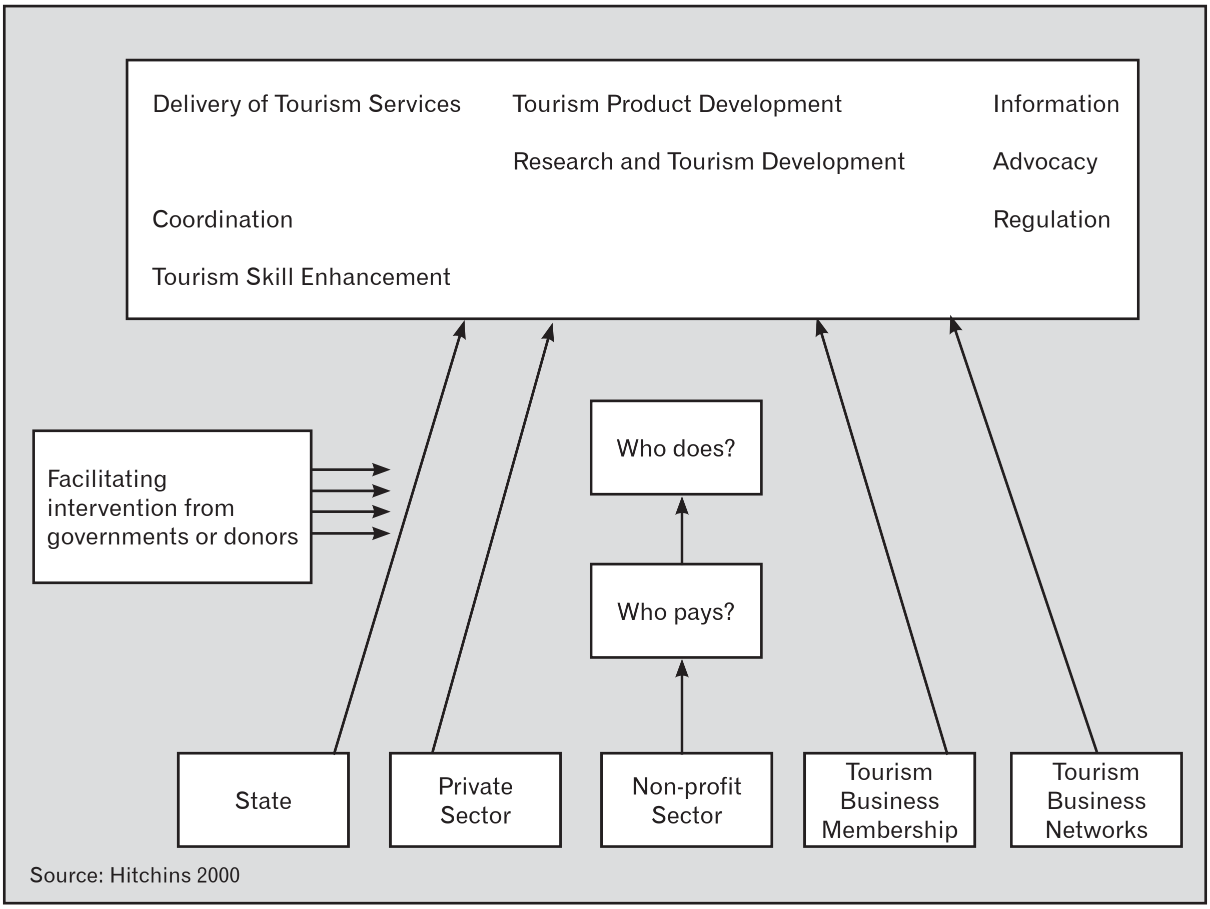

Figure 19.1: Framework for BDS tourism market sustainability

How to apply it?

In order to achieve long-term tourism programme impacts, the creation of robust tourism business models for service delivery is vital. The traditional BDS provision by donor-funded NGOs made MSEs vulnerable to changes in development priorities. To mitigate the risks to poor MSEs, a facilitator can concentrate on designing tourism interventions that result in vibrant, autonomous, and commercial BDS markets that continue to exist after the donor and NGO have completed the programme. It can be used to connect BDS tourism providers and MSEs, designing affordable and useful tourism service products, building the awareness of MSEs of tourism services and their benefits, and modelling new tourism payment and delivery mechanisms.

One business model that is often effective in weak tourism markets involves the bundling and/or embedding of tourism services (see also business linkages and sub-contracting, Tool 20). This paradigm is particularly relevant for making services affordable to MSEs in the tourism industry. For example, tourism MSEs commonly want services which help them to achieve a particular business objective, such as increasing sales or reaching new markets. To achieve these goals, several services may be required, e.g., new product design, quality control, and market access. On the service supply side, tourism traders or larger tourism enterprises in value chains may have a vested interest in helping MSEs achieve both their goals and developing the capacity to deliver a bundle of embedded services. Considering this possibility from the outset can assist a facilitator to design market research that will aid in the design of a tourism programme with greater impact on micro-enterprises in the tourism industry.

Tool 20: Business Linkage and Sub-Contracting

What is it?

Business linkages are commercial dealings between separate profit-oriented tourism enterprises. They are the positive results of market forces compelling mountain businesses to seek the most efficient means of sourcing the components and services that make up their tourism products and services. Business linkages result in specialisation, diversification, efficiency, and wide benefit dispersion as well as access to value-added opportunities in both domestic and foreign tourism markets. There are three building blocks of business linkages: information, capacity building, and capital.

When is it used?

Business linkages are used to develop inter-firm tourism linkages particularly between large and small and micro tourism enterprises. This tool is both a demand and supply side instrument: it brings buyers and suppliers together. Business linkages and sub-contracting are essential to promote local linkages with the formal tourism sector and informal local tourism service and production systems, which helps to minimise economic leakages at the local mountain tourism destination. Business linkages are not only useful but also essential for survival in the present-day mountain tourism industry. Promoting linkages between tour operators (local, domestic, and international) and between local mountain communities, as well as small and micro mountain tourism enterprises, makes perfect business sense. Potential target groups with promising opportunities for sub-contracting are small tourism enterprises and informal local economic activities (e.g., guiding, portering, renting yaks, horses, ponies, running lodges or teahouses, weaving and producing handicrafts) located in areas with tourism potential where several larger-scale tourism businesses operate. Establishing these linkages promotes and strengthens a sustainable approach to mountain tourism.

How to apply it?

Mountain tourism business linkages can be established through the following measures:

- Identifying tourism-related growth sectors that have promising opportunities for sub-contracting
- Identifying as many tourism enterprises as possible (MSEs as well as large tourism businesses) which might be interested in sub-contracting
- Holding networking events to help tourism business owners and managers meet one another to discuss their market needs and capabilities for supply
- Creating a database of interested tour companies (tour operators, trekking agencies, and local tourism enterprises in the mountain community) and encouraging them to list their sub-contracting possibilities
- Disseminating the information and database so that tourism enterprises can identify potential subcontractors or suppliers and customers

Tourism business linkages can be facilitated through manufacturers or producers' associations and cooperatives or self-help groups. Development organisations can also play a role as temporary facilitators. Mountain tourism business linkages are effective or appropriate in the following circumstances:

- When large tourism enterprises need to meet big demands for tourism products or services and do not have the time or resources to invest in full-time workers.
- When small businesses have the ability to process large orders that meet market standards in a timely fashion.
- When large tourism firms are exposed to international market competition and need to become more efficient by creating sub-contracting opportunities.
- When the volume and value of tourism linkages developed are independent of project support.
- In the context of the mountain tourism industry, promoting sub-contracting between large tour operators, travel agencies, hotels, and local, small, and micro tourism enterprises for handling the tourists or guests and providing products and services.
- Similarly, in the handicraft sector, sub-contracting between handicraft marketing companies and producers of (semi) finished products.

Box 20.1 gives an example of commercial linkages in handicraft promotion in Lumbini, Nepal.

Box 20.1: Commercial Linkages in Handicraft Promotion in Lumbini, Nepal

The Tourism for Rural Poverty Alleviation Programme (TRPAP) and SNV Nepal have facilitated the establishment of commercial linkages between the Nepal Knott Craft Centre and natural fibre handicraft producers of Lumbini. The following facilitation procedure was followed in exploring commercial linkages.

- Rapid assessment of local handicraft production – number of producers, their existing skills, and time
- Interaction with a number of handicraft marketing organisations and companies seeking indigenous local groups of producers; the dissemination of information on Lumbini handicraft producers and sample products
- Assessment and skill testing of Lumbini handicraft producers
- Conducting training series in skills and knowledge development to produce market-friendly designs and product modifications
- Appropriate transfer of production technology and design knowledge
- Exposure visits to wider handicraft markets (Kathmandu Valley)
- Facilitating negotiations between producers and Nepal Knot Craft about the supply of products, the quality required, uniformity of design, mode of delivery and time, and price and mode of payment
- Forming self-help groups and functional groups, and selecting coordinator(s) to coordinate production, communication, quality control, and timely delivery
- Continuous backstopping and monitoring of commercial linkages and strengthening the capacity of the functional groups, particularly in the areas of negotiation, communications, costing, and pricing

Requirements and limitations

This type of instrument works most effectively with growth-oriented small, micro, and medium tourism enterprises. The deal between the two parties has to be for mutual commercial benefit (a win-win situation), not because of a social obligation felt by the large enterprise. The tourism project facilitator has to have minimal involvement (a minimalist approach) as far as possible. He or she should not get involved in the hardware functions (such as delivery of finance between two parties), only in the software components (e.g., awareness raising or capacity building). Furthermore, the facilitator should know when to stop facilitating (exit strategy).

Business linkages as an instrument are useful for overcoming constraints in tourism business information and developing linkages with the local mountain culture. The instrument itself is a business service. The facilitator should not use this instrument to provide tourism services but to facilitate the development of permanent tourism provider(s) providing specific tourism products or services in the market.

Establishing business linkages and sub-contracting in the sustainable mountain tourism sector is difficult when the following circumstances are present:

- Poor information on the demand and supply side about the benefits and opportunities of inter-tourism firm linkages.
- Weak or inappropriate capacity of smaller tourism enterprises or organisations to deliver corporate business services (see also Tool 19, business development services).

Tool 21: Local Tourism Development Steps

What is it?

Local tourism development steps support the analysis and assessment of the tourism potential of a mountain area (e.g., mountain ranges, area-specific mountain tourism development projects, and so on.). They are a guideline for the in-depth analysis, preparation, and implementation of an overall 'tourism development plan'. A tourism development plan helps to coordinate all tourism development interventions in a mountain area with reference to the overall development goal. By doing so, it minimises the overlap of mountain tourism activities and contributes to the synergy of the planned mountain tourism activities within an intervention.

When is it used?

A tourism development plan can be used to coordinate and guide all the tourism development interventions taking into account the natural, human, and financial resources which are available and can be tapped (or expanded) in a given mountain region. The most important aim of this approach is to develop and sustain local employment opportunities through sustainable mountain tourism. The implementation of the tourism development plan needs to be monitored to ensure optimal use of scarce tourism resources and to make sure that the results required are achieved as stipulated in the plan. A mechanism should be in place to provide feedback so that corrective measures can be taken to keep the tourism development plan on track.

How to apply it?

First the team involved should define the information requirements for the focus of the analysis of mountain tourism potential and the design of mountain tourism interventions leading to sustainable benefits for the target population. To design a mountain tourism intervention to develop the local tourism economy, the following steps need to be taken:

- Step 1: Data gathering and analysis of the local tourism economy according to, for example, a checklist to assess local economic development (LED) (see Tool 28).
- Step 2: Organisational analysis of the LED in terms of its planning resources and with reference to the physical, regulatory, and/or attitudinal environment; of the capacity of the LED area in the mountain community to perform basic development functions; and of its role and capacity as either a facilitator or implementer.
- Step 3: Select local tourism development strategies (this should be done in meetings in which tourism stakeholders are represented) based on sound problem analysis and establishment of specific goals and criteria.
- Step 4: Select a local tourism development project(s), define its purpose, expected results, activities, and indicators. Design viable organisational structures through which all tourism stakeholders coordinate their activities.
- Step 5: Specify the details of the tourism project (supported by a feasibility study), prepare tourism business plans, and design an adequate monitoring and evaluation programme.
- Step 6: Prepare and implement the overall tourism development plan through a tourism project implementation schedule.

The preparation of an overall tourism development plan is a long-lasting, sometimes never-ending, process of consultancies, workshops, and meetings. Local tourism development steps actually make use of a series of participatory instruments, such as district or area profiles, diagnosis of the local economy, SWOT and organisational analysis (see Tool 15), problem analysis, strategic orientation (Tool 23), and the logical framework (Tool 29) to come up with a realistic tourism development plan.

Requirements and limitations

The quality of the overall tourism development plan depends on the tourism expertise available. The preparation of a tourism development plan is not a one-time exercise, but a continuous process, which may take place every three to five years. In terms of interventions related to mountain tourism, one should continuously assess the international, regional, and national trends in the flow of tourists, their needs and interests, and shifts in mountain tourism markets.

Tool 22: Semi-Structured Interview

What is it?

A semi-structured interview (SSI) is a technique to involve key tourism stakeholders in participatory planning exercises. SSIs are conducted with a fairly open framework which allows for focused, conversational, two-way communication between tourism stakeholders. They can be used both to give and receive information. Unlike the questionnaire framework, in which detailed questions are formulated ahead of time, an SSI starts with more general questions or topics. Relevant topics (such as tourism resources and impacts) are identified initially and the possible relationship between these topics and the issues, such as accessibility and carrying capacity or limits of acceptable change (see Tool 2), become the basis for more specific questions which do not need to be prepared in advance.

When is it used?

Conducting semi-structured interviews is a technique to motivate stakeholders to participate in sustainable mountain tourism planning, development, implementation, management, or monitoring. It is used in most or all participatory tourism planning exercises.

The main purposes of the tool are:

- To obtain specific quantitative and qualitative information from a sample of the population;
- To obtain general information relevant to specific tourism issues (i.e., to probe for what is not known); and
- To gain a range of insights on specific tourism issues.

Major benefits are as follows:

- SSIs are less intrusive to those being interviewed as the semi-structured interview encourages two-way communication. Those being interviewed can also ask questions of the interviewer. In this way the SSI can also function as an extension tool.
- SSIs confirm what is already known and also provide an opportunity for learning. Often the information obtained from semi-structured interviews will provide not only answers, but also the reasons for the answers.
- When individuals are interviewed they may discuss sensitive issues more easily.
- SSIs help field staff become acquainted with mountain community members. Outsiders may be better at interviewing because they are perceived to be more objective.
- Using both individual and group interviews can optimise the strengths of both.

How to apply it?

Semi-structured interviews can be developed in different ways for use as a collective participatory exercise (as opposed to one-on-one interviews), for example using the following steps:

Step 1: Introduce SSIs to the key tourism stakeholders.

Step 2: Distribute handouts on SSI guidelines (see above).

Step 3: Give the key tourism stakeholders 20 minutes to read the document.

Step 4: Discuss it for another 20 minutes and answer questions.

Step 5: Split the group into four or five sub-groups.

Step 6: Ask each group to conduct an SSI on different mountain tourism topics.

Step 7: Assign roles to each member of the sub-group: there should be two to three interviewers, one interviewee, and one observer or rapporteur.

Step 8: Give interviewers five minutes to formulate interview questions.

Step 9: Observe a practice SSI and note the key tourism stakeholders' behaviour for later discussion.

Step 10: Discuss the results of the interviews in the larger group after role playing has ended. The observers report their observations and the whole group discusses the way in which the interviews were conducted, what mistakes were made, and how to overcome them in the future.

Step 11: Points for discussion

- What were the main results?
- Did the interviewers follow the guidelines?
- Which guidelines were ignored?

Step 12: Comments and application

- Remember to use SSI guidelines, and
- Discuss the process and method of the SSI exercise, not the content of the interview.

The following guidelines are used for conducting an SSI.

- The interviewing team consists of two to four people from different disciplines.
- Begin with the traditional greeting and state that the interview team is there to learn.
- Begin the questioning by referring to someone or something visible.
- Conduct the interview informally and mix questions with discussion.
- Be open minded and objective.
- Let each team member finish his or her line of questioning (don't interrupt).
- Carefully lead up to sensitive questions.
- Assign a rapporteur (but rotate).
- Be aware of non-verbal signals.
- Avoid leading questions and value judgments.
- Avoid questions that can be answered with 'yes' or 'no'.
- Individual interviews should be no longer than 45 minutes.
- Group interviews should be no longer than two hours.
- Each interviewer should have a list of topics and key questions written down in his or her notebook.

Requirements and limitations

- A lot of extra information may surface during interviews. Team meetings can help identify similarities in responses.
- Assure that, in a personal interview, the person being interviewed understands and trusts that the responses will be confidential.
- It may take some practice for the interviewer to find the balance between open-ended and focused interviewing.
- In a semi-structured group interview people may interrupt one another or 'help one another out,' or not take turns. They may get off the topic completely.
- Interviewers need some skills. The most common problem with interviewers is asking leading questions. Other problems are failure to listen closely; repeating questions that have already been asked; failure to probe when necessary; failure to judge the answers; and asking vague or insensitive questions.

Tool 23: Strategic Orientation

What is it?

Strategic orientation is a method of finding consensus among stakeholders about priority strategies for mountain tourism development based on the identification of strong and weak points within the tourism organisation and opportunities and threats external to the organisation (SWOT, see Tool 15). Based on the opportunities and threats, strategic options are formulated which are matched with the organisation's strengths and weaknesses. The most appropriate strategies are the options that draw mostly on strengths and are least affected by weaknesses. Box 23.1 provides an example of a strategic orientation matrix.

Box 23.1: Example of a Strategic Orientation Matrix

	Strategic Options			
	To merge companies	**To improve debt collection**	**To protect infrastructure**	**To create awareness about policies and regulations**
Strengths				
Sufficient production capacity	XX	XX		
Trained technical staff	XX	XX	XX	XX
Clear task division	XX	XXX	XX	XX
Motivated staff	XX	XXX	XXX	XX
Total Strengths	**8**	**10**	**9**	**6**
Weaknesses				
Old infrastructure	XX	X	XX	
Low quality of middle management	XXX	XXX	XX	XX
Inadequate structure	XXX	X		X
Bad public relations	XX	XXX	XX	XXX
Bad debt collection procedures		XXX		XXX
Total Weaknesses	**10**	**11**	**6**	**9**
Difference Strengths or Weaknesses	**-2**	**-1**	**3**	**-3**

The following are some examples of strategies based on the matrix in Box 23.1.

Strategy 1: To protect the infrastructure by:

- using motivated and skilled staff,
- rehabilitating old infrastructure,
- improving the quality of middle management, and
- improving public relations.

Strategy 2: To improve debt collection by:

- using clear task divisions and motivated staff,
- improving the quality of middle management,
- improving public relations, and
- improving debt collection procedures.

When is it used?

Strategic orientation creates consensus among tourism stakeholders about how to reach strategic mountain tourism priorities to tackle major weaknesses and threats using the organisation's main strengths and opportunities. It helps to set priorities and is a first step towards developing tourism strategies to improve a problem area.

Core questions are as follows:

- What are the strategic options?
- Which options have most effect?
- Which strengths should be used and which weaknesses should be improved to realise an option?

How to apply it?

Strategic orientation can be accomplished using the following steps:

Step 1: Define the basic question.

Step 2: Identify strengths, weaknesses, opportunities, and threats and prioritise them (see Tool 15).

Step 3: Develop strategic tourism options based on opportunities and threats.

Step 4: Assess the effect of the options and select the options that are most cost effective.

Step 5: Match strategic options with strengths and weaknesses.

Step 6: Formulate tentative sustainable tourism strategies.

Step 7: Develop an action plan.

A strategic orientation should take place with a group of stakeholders (not more than 20 people) on a participatory basis. It requires an atmosphere of trust. Depending on the level of consensus, the process should take around one day. The strategic orientation requires identification of strengths, weaknesses, opportunities, and threats (SWOT, see Tool 15). This can be done in a brainstorming session or through the use of one or more other analysis tools. The integrated organisation model (IOM, see Tool 10) is useful as a basis for this identification. Strategic orientation can lead to a need for strategic planning by the tourism organisation in a more structured way (see Tool 32). A strategic orientation can be followed by an action plan (in the form of a logical framework, see Tool 29) or a more detailed analysis of the consequences of the options.

Requirements and limitations

Strategic orientation is best used as an intermediate step between analysis and planning. It therefore relies heavily on the quality of the analysis done. It requires the understanding and commitment of key tourism stakeholders. The follow up should be taken seriously, turning the analysis into concrete action plans and assigning responsibilities.