

**Enhancing Financial and
Economic Yield
in Tourism:**

**Business Support Programme
for Small and Medium
Enterprises:
Existing Initiatives and
Delivery Mechanisms**

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Yield Report 9



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Introduction

This Report has been prepared as part of the ‘Enhancing Financial and Economic Yield in Tourism’ programme of research funded by The Ministry of Tourism and the Tourism Industry Association. It brings together what we have learned about the needs of small and medium tourism enterprises (SMTEs), with the knowledge of current business support programmes.

Business Needs

The survey and interview research projects carried out in 2005 and 2006 respectively, sought to achieve an enhanced understanding about SMTEs in New Zealand. The following aspects of running a SMTE were explored:

- Business owner characteristics (e.g. age, qualifications, business experience)
- The motivations of business owners
- The goals and priorities of business owners
- Typical business practices
- Apparent gaps in best practice
- How business and financial success is generally measured
- The most useful sources of tourism information
- The most useful sources of business support
- Any linkages between business practices and Financial Yield

The findings from this research, together with those from an extensive international literature review, helped identify the key business needs of SMTEs in New Zealand.

Business Support Initiatives

The literature and website reviews of business support initiatives were more narrowly focused and served to provide a succinct overview of the main business support initiatives currently available in New Zealand. A complementary literature review of international research sought to provide an overview of:

- The effectiveness of publicly provided business support programmes in New Zealand and other OECD countries
- Common business support delivery mechanisms
- What is known about how SMEs learn

A key finding is that while many tools and support programmes are offered, few have adequate monitoring of their effectiveness in securing behavioural change.

The findings of these reviews were initially presented as a draft supplementary paper. The contents of the supplementary paper remain intact, albeit expanded, within this Report.

The literature and website reviews did not seek to evaluate the value of programme content (e.g. human resources, marketing etc) as this is well established by business education programmes at the tertiary level. This said, business education programmes are, of course,

always changing to some extent, to take account of new ways of thinking and doing that which comes from research, practice and external pressures. For example, some business areas (e.g., innovation and environmental sustainability) now receive more attention than previously in response to external pressures (increasing competitiveness, threats to the environment, government policies). There is also growing recognition that some aspects of well established knowledge within business education programmes is less relevant to SMEs than to larger corporate business, and also, that it is most often manufacturing oriented and this does not always work for service industries, tourism included. This accounts for the emergence of some business programmes being tailored for the tourism sectors.

Report Content

This report contains three main sections. First, the expanded overview of business support initiatives is presented in sections 2.0 to 6.0. Second, key findings from the research projects are tabled in section 7.0. Each key finding is accompanied by a list of the current business support resources that addresses the finding, and, the implications for a programme of tools are listed. Third, recommendations for a programme of tools are presented.

Chapter 1

Current Government Support for SMEs in New Zealand

Government initiatives supporting SMEs are of high interest to this research programme and therefore much of our focus has been on publicly provided business support programmes. Programmes that are generic (i.e. developed for all sectors) and those targeted at the tourism sectors were investigated and descriptions of these programmes are presented in this section. The Ministry of Economic Development has carried out a number of reviews of government support programmes to SMEs and key findings of those reviews are presented in section 2.3.

1.1 Generic Programmes for Small and Medium Enterprises

Government support for SMEs is primarily directed through New Zealand Trade and Enterprise (NZTE). NZTE contracts 16 separate organisations to deliver their programmes. The Department of Labour also provides resources for employers. A descriptive summary of the support provided by these organisations is presented below.

NZTE Business Support Programmes:

- Biz – a business information service
 - A Government portal for business services, compliance and business information
 - Online access to regulatory information about tax, ACC, workplace safety and employing staff
 - Online access to government business services, publications and forms
 - Online training modules (number of modules under each topic)
 - Starting a business (4)
 - Employing staff (1)
 - Exporting (10)
 - Marketing, including market research (4)
 - Financing business growth (1)
 - Innovation (1)
 - Managing growth (2)
 - Sales and marketing (6)
- Business Mentoring
 - NZTE provides funding to Business In The Community (Business Mentors New Zealand) and Company Rebuilders to provide free mentors for business people.
- Business Incubators – assisting people to establish a business, facilitating:
 - Shared premises
 - Business advice
 - Business services
 - Networking
 - Mentoring

- **Business Cluster Facilitation**
 - Aimed at groups of companies that collaborate to grow a core area of business and ultimately to build export income
 - NZTE can provide businesses interested in establishing a cluster with a cluster building toolkit, advice, facilitation and co-funding
- **E-business Guide**
 - A roadmap to help people make optimal use of information technology and the internet
 - Consultation with an e-business mentor
 - Guide include checklists, information and advice, best practice examples, recognised supplier lists
- **Enterprise Training Programme (ETP)**
 - Aimed at owner operators wanting to develop and grow their business
 - No cost to participants
 - Needs assessment carried out before attendance at workshop
 - Workshops - workshop content varies between regions but the following are considered the core NZTE curriculum:
 - Business planning
 - Finance
 - Managing resources
 - Investment ready
 - Marketing strategies
 - Business systems
 - Introduction to exporting
 - Follow-up coaching is available after attendance at the workshop
 - A limited amount of training is available for people interested in starting a business
- **The Enterprise Development Fund**
 - Grants are made to SMEs who want to gain business skills or obtain external expertise and assistance in developing business projects
 - 50 percent of costs covered up to \$20,000
 - Examples of what might be funded:
 - Mentoring
 - Advanced management or technology-based training
 - Investigation of a new international market
 - Rental space at international trade fairs
- **MarketNewZealand.com**
 - Connects New Zealand exporters with buyers from around the world
 - Provides market intelligence, news and events
- **Escalator**
 - Four independent brokers provide learning around funding business growth and accessing additional investment. Support includes:

- On-line information and assistance
- Assessment of investment potential
- Investment specific workshops
- Brokering expertise and assistance to raise up to \$5m
- Expertise in negotiating strategic partnerships
- Co-ordination with appropriate agencies and advisors

Department of Labour Business Support Programmes

The Department of Labour (DOL) provides on-line and hard copy resources to employers on recruitment and workplace productivity. These resources are extensive and include:

- How to hire
- Job description templates
- Personal profile templates
- Letters of appointment
- Workplace productivity 'starter' toolkit
- Workplace self assessment sheet
- Health and Safety resources
- Guides for employment agreements
- Fact sheets on employment legislation (e.g. Holidays Act 2003)
- Pay issues
- Union matters
- Parental leave
- Grievances

DOL also provides referral points for training on employment relations and health and safety issues.

Inland Revenue Department Business Support Programmes

The Inland Revenue Department provides some basic start-up information although this is primarily focused on business structures, accounting and taxation.

1.2 Targeted Programmes for Small and Medium Tourism Enterprises

This section presents the main thrust of business support specifically provided for tourism operators from The Ministry of Tourism, Tourism New Zealand, and New Zealand Trade and Enterprise. Other partners are acknowledged where this is known. Each organisation's website has been the main source of information.

Joint Seminar Programme

The main industry support programme is the nationwide Joint Industry Seminar Programme coordinated by Tourism New Zealand (TNZ) in association with Tourism Industry Association New Zealand (TIANZ), Qualmark and The Ministry of Tourism (TMT). These are co-hosted with Regional Tourism Organisations (RTOs) and are usually a full day. The topics covered on the Programme during 2006 were:

- How international visitors plan and purchase their New Zealand holidays

- International visitors – what are they looking for and how is New Zealand delivering
- Yield and selling techniques – extracting profit from your business
- Intelligent tourism – an introduction to a computer based business builder tool
- Operational risk management
- Attracting, selecting and retaining the people you need
- Ready set Qualmark
- Untapped Silver – how to tap into a wealth of tourism information

Tourism New Zealand advised that 1,500 operators attended these seminars in 2006. We asked for a breakdown of this number by sector but this was not available. Our current understanding is that attendees are asked to give feedback about the seminars but there is no formal monitoring system in place to evaluate the longer term benefits to the businesses.

The Joint Seminar Programme has now been reconfigured into a new format for 2007. The full day seminar includes:

- An update by the Ministry of Tourism on national and local statistics and an introduction to the Ministry's research database to better understand markets
- An update from the local RTO on recent activities, plans and joint marketing initiatives and how to get involved
- An update on Qualmark's latest initiatives, marketing and value to licence holders
- Tourism New Zealand's workshop on enhancing the experience for the international visitor
- Tourism New Zealand's workshop on the evolution of the Distribution Channel
- TIA workshops giving basic direction on financial yield and environmental sustainability
- TIA workshop on marketing and selling your product

It is too early to assess the impact of this new format.

Tourism New Zealand (TNZ)

In addition to the Joint Seminar Programme, TNZ's website provides access to its market research, business resources to operators, publications, news, TNZ event updates, and media resources.

Market research includes information about:

- Visitor arrivals
- Visitor satisfaction
- Market guides
- Trends and forecasts
- Other research recently completed – e.g. "Cultural Tourism" and "Customer Needs and Motivations"

Business resources include advice on:

- Who does what? - an overview of the tourism industry for operators new to tourism
- Links to other organisations who can help with research, Biz services, business mentoring, Maori facilitation service, exporter education, financial advice and assistance, and training
- The criteria and components of its Quality Strategy

- First steps when setting up a new business
- Advice on developing marketing resources
- How to work internationally

Publications include:

- The Tourism News magazine in pdf
- Regional Rap (news from inbound markets) in pdf

TNZ Events web pages provide:

- Tips on participating in trade shows in pdf
- Upcoming events

The Media Kit includes:

- Information about Tourism New Zealand and the tourism industry in New Zealand
- International media programme
- Media contacts
- Image library

In 2006 Tourism New Zealand developed “Give It 100%: An introductory guide to marketing and developing your tourism product”. The Guide is available in hard copy as well as being downloadable from the Tourism New Zealand website. It is aimed at helping operators develop marketing resources to attract international visitors as well as providing information on how they can work with Tourism New Zealand’s international marketing campaign. A Tourism New Zealand representative suggests that this was a one-off publication and that further such initiatives for tourism operators were unlikely.

The Ministry of Tourism

The Ministry of Tourism website has a separate section for ‘Starting a Business’. This section offers advice and information on the following:

Common stages in starting a business:

- Research
- Planning
- Gaining funding
- Licences and approvals
- Construction (building)
- Marketing

Each of the above topic headings provides information about what an operator needs to consider when starting a business, and provides hyperlinks to:

- Narrative elsewhere on the site
- Resources such as official statistics (regional and national)
- Forecasts
- Surveys
- Links to other websites (including the Biz website).

The Ministry also provides statistics at a national level:

- The commercial accommodation survey
- The domestic travel survey
- The international visitor survey
- Regional tourism summaries and forecasts

The Maori Tourism Facilitation Service (MTFS) was established in October 2004 with The Ministry of Tourism as the purchasing agent and Te Puni Kokiri as the delivery agent. The aim of the programme was to provide assessment and mentoring to Maori tourism businesses to improve individual performance and ensure a quality experience for the visitor. Funding for this programme has been suspended but is likely to be considered against priorities that come out of the New Zealand Tourism Strategy 2015.

New Zealand Trade and Enterprise (NZTE)

Some contracted providers delivering NZTE Enterprise Training Programme have modified or expanded their training programme content specifically for delivery to the tourism sector. A review of provider websites in May 2007 suggests at least eight providers are delivering workshops with a specific tourism focus during the 2007 year. It is recognised that the following list of tourism workshops run under the Enterprise Training Programme will not be accurate if the provider websites are not up-to-date. The list does, however, give an impression of the extent to which the Enterprise Training Programme has adapted to the demand for business training in the tourism sector.

Auckland

- Costing and Pricing for tourism operators
- Customer Service for tourism operators and their team
- Effective Budgeting and Cashflow Planning for season businesses
- Effective Business Planning for the tourism industry
- Effective Email Marketing - Tourism
- Effective Marketing Using the Web - Tourism
- Tourism Marketing - How to generate profitable new clients and keep them coming back

Waitakere

- Marketing: How to generate profitable new clients & keep them coming back
- Effective Marketing Using The Web for tourism operators
- Effective Email Marketing for tourism operators

Gisborne Tourism

Tourism Fast Track – Business Strategy and Planning (Part 1)

- Success factors for tourism business
- Goal setting
- Forecasting activity and revenue

Tourism Fast Track – Pricing & Costing a Tourism Product

Many tourism businesses undervalue what they offer and what tourists are prepared to pay.

- Knowing the full cost of your tourism experience
- How much is the visitor willing to pay

- Calculating a fair price
- Making sure your price is competitive
- Ensuring your pricing generates a profit

Tourism Fast Track – Budgets and Cashflow for a Seasonal Tourism Business

- Understanding financial fundamentals
- Cash flow planning and budgets
- How to keep cash for the off-peak season
- Keeping track of the cash required

Tourism Fast Track – Business Strategy and Planning (Part 2)

- Planning collaboration
- Planning for seasonal factors
- Managing challenges faced by growing businesses
- Measuring success

Venture Taranaki

Catalyst – Tourism Sector Programme (8 workshop series including individual coaching)

Details not given

Canterbury Development Corporation

Tourism Roadmap to the Future Programme (From May 2007)

- Strategic Planning
- Market research
- Costing and pricing the tourism product & cash flow management
- Financial controls to make your business succeed
- Understanding your unique difference
- Getting clients domestic and international market development, marketing plans
- Human resources and customer service excellence
- Business and Action Plans

West Coast Development Trust

Tourism Marketing

- How to get the most out of TRENZ
- Websites for tourism operators
- Pricing and distributing your tourism product

Otago Chamber of Commerce

- Advance to Growth – tourism high impact

Venture Southland

- How to improve your tourism website
- Planning for seasonality
- Tourism marketing on a shoestring budget
- Strategies to grow rural tourism accommodation

As with the generic business support, support for tourism operators is delivered primarily via websites and workshop formats.

1.2.1 Activate Northland

In 2003 Enterprise Northland secured \$2 million of funding from NZTE for capacity building in its tourism sectors; this Major Regional Initiative became known as ‘Activate Northland’ (AN). One component of Activate Northland was a Professional Development Programme for Small and Medium Enterprises. This commenced with a pilot phase for community small and medium enterprises from January 2004 to July 2004 and was followed with a partnership with Tai Tokerau Tourism and the addition of twelve Maori tourism businesses into the Programme. An additional fifty three tourism businesses entered the Programme during January 2005 to November 2006.

The Programme consisted of:

- A Capability Assessment Interview reviewing 18 Key Result Areas
- Capability Assessment Recommendation Reports and Action Plans guided by the ‘Human Performance Technology Model’
- Facilitation of or recommendation to Biz North Enterprise Workshops and seminars, brokerage and subsidy provision, networking events, e-zines and other resources.
- Face to face or telephone coaching provided by the Business Improvement Coordinator (AN)
- Benchmarking surveys, data collection, evaluation and analysis

Activity results included:

- 79 businesses participated in the Programme between January 2004 and November 2006.
- 358 hours of face to face coaching was provided
- 13 Enterprise Training workshops and AN workshops were facilitated.
- Participating businesses valued the Programme at an average of \$84.50 per hour.

The Final Report (April 2007) highlights the achievements of the Professional Development Programme as:

- The successful development of a comprehensive performance improvement framework / processes and benchmarking, monitoring, evaluation and reporting systems
- 79 businesses participated in the Programme
- 25.2 percent increase in annual turnover
- 37 new jobs
- 16 percent of participants became employers for the first time
- \$5+ million in capital development

The impact on the profitability of the businesses was not reported.

Participants and Enterprise Northland staff indicated that it was the Capability Assessment that was the ‘heart of the Programme’ and subsequent conversations with two staff associated with the Programme strongly support this view. Reported results at the regional level appear impressive although at the time of the completion of this report no detailed evaluation of the impact of the programme on individual businesses was available.

1.3 Effectiveness of Government Support

The Ministry of Economic Development (MED) has undertaken a number of reviews of New Zealand Trade and Enterprise's (NZTE) programmes over the last few years. The reviews are comprehensive and cover generic and sector programmes. Of particular note was the review of NZTE's Sector Facilitation Activities published in September 2006 where the authors found the level of NZTE commitment to tourism to be very small and asked the question whether the commitment was sufficient to add value. This suggests there is indeed room for more support to be made available to the tourism sectors.

We found the MED reviews of Biz services and the Enterprise Training Programme to be the most relevant as they address capability building issues for a larger number of SMEs than do other NZTE programmes, some of which were established for businesses to proceed to after attending Enterprise Training, and some which are less relevant for tourism.

1.3.1 Biz Services

Two of the four ultimate outcomes of the Biz services have high relevance for the Enhancing Financial Yield Programme. These are:

- Improved firm performance
- Improved firm business capability

A review of the Biz services was published by The Ministry of Economic Development in August 2006. The review reported that although the service was initially conceived of as a referral service providing information on available business assistance, the service has gone beyond this and now also refers or provides generic information on starting and running a business.

This section presents key findings from the Review on:

- Client feedback about Biz services
- The effectiveness of the service delivery network
- The evaluation of the Biz website

A survey of clients¹ sought feedback on a number of service delivery issues and the impact of those services. It was reported that:

- 75 percent of survey respondents either agreed or agreed strongly that Biz increased their understanding of running a business
- 44 percent of respondents recalled being referred to training services
- 31 percent recalled being referred to mentoring services
- 67 percent of respondents agreed or agreed strongly that they had made practical use of the information and ideas gained through Biz
- Contacting Biz has a positive impact on intentions to write a business plan
- 11 percent of respondents thought the Biz services should be better promoted

Commentary on the effectiveness of the services across the network of delivery centres (over which NZTE has limited control) suggested that more could be done to improve the consistency of service across the network. NZTE has limited direct control over service

1. 150 Biz clients were surveyed.

delivery agencies (e.g., EDAs and Chambers of Commerce) and therefore the quality of the communication and support within the network of Biz centres as well as the quality of staff training are regarded as important to ensure that a consistent standard of service is provided across the centres.

The website biz.org.nz is an important component of the Biz service and research carried out by A C Neilson (2004) indicated that there was a high level of satisfaction amongst users and usage was high. Those who visited looking for information about starting a new business gave the most positive ratings with seven out of ten rating the site as excellent or good. Those looking for information about business courses rated the site less favourably with just under a half giving it an excellent or very good rating.

“The main reasons for visiting the Biz portal ... are in relation to starting up a small business (over a third of responses) or finding out about sources of information for small businesses (a fifth of responses). Others said their purpose is for information to help run a business more smoothly, or for general business information. Thus, information on the site aimed at improving good business practices is of relevance to those who visit.” (MED, 2006, Section 2.8.1)

NZTE announced recently that the Biz.org website is to be replaced (updated) with a website that ‘becomes the first place business people and their advisors go to for the information and support they need to manage and grow successful businesses’ (From EOI documents, NZTE, April 2007).

1.3.2 Enterprise Training Programme (ETP)

The Ministry of Economic Development carried out a review of NZTE’s Enterprise Training Programme in 2005. Given the high relevance to the tool development process, a copy of the Executive Summary of this Report can be found in Appendix A. Key findings of the review are presented below. Note that the numbers given are for all business owners, not just tourism operators.

- In the 2003/2004 year, there were 50,849 attendees; in 2004/2005 there were 50,348 attendees (numbers to some extent are determined by contractual arrangements)
- ETP is accessed by 12,000 – 15,000 firms annually, approximately 4 percent of the total populations of SMEs on a yearly basis
- 86 percent of ETP services are delivered to recipients who have been on previous training
- The majority of ETP attendees are located in major centres, reflecting population distribution
- ETP continues to fill a well defined niche in the market for management training services
- ETP complements more academic / institutionally based training (e.g polytechnics)
- ETP does not appear to be crowding out other providers
- ETP is generally effective in improving perceptions amongst SMEs of the value of capability training and upskilling and in generating demand for further training
- There are some indications that ETP contributes to capability improvements in SMEs although the ability to draw definite conclusions about this is limited by the lack of a complete performance management system for the programme
- Few ETP firms go on to access grant funding for capability building through the Enterprise Development Grant service
- There was some evidence that there was unmet demand in the market for ETP services

- Funding for the 2005/06 year for ETP (including Maori Trustee Training) was \$8,975,111 and for mentoring was \$1,200,000

Reviewer recommendations were for two new systems to be developed and implemented in order to assess the impact of the ETP with more confidence.

- A clearly defined set of learning outcomes across subject areas be developed and aligned with the NZTE curriculum framework (reflective of 100-level or foundational training)
- A standardised national system of data collection should be implemented post intervention focusing on the implementation of learning

Drawing definitive conclusions about sector distribution of ETP firms was difficult due to data constraints. It is understood that NZTE is addressing this by working to adopt a classification system based on ANZSIC.

The review reported that capability assessments and general follow-up coaching had the greatest uptake by firms; these services were seen as the “bookends” of the training. While marketing workshops were the most popular, training providers reported that firms don’t always attend to the business areas where training is needed the most:

“Marketing is huge Most people think they can solve their problem with more marketing” (p22)

While follow up coaching was considered to be a particularly vital, if not the most important, component of the programme, only 20 percent to 50 percent of eligible firms requested it. While greater proportions were found to register for it, many failed to follow through on their intentions.

The review found that most providers observed differences in practices and performance between SMEs that had participated in ETP and those who had not but the evidence was subjective. Review authors made reference to international research that suggests that while the link between management training and improvements in SME performance may exist, it has not been adequately proven in research to date.² Part of the problem of measuring the impact of training interventions has been the reliance on participant satisfaction feedback (at the time of the workshop) rather than sophisticated performance impact assessments.³

The review considered the delivery of higher level training, but found the case for doing so was not considered clear cut. There appear to be differences of opinions of what is ‘foundation training’ and what is ‘higher level training’, and whether entry into the latter would mean competing directly with other providers. A core aspect of programme policy is that participants should move to access training from private providers over time. It was suggested that further work on the needs of potential participants, the extent and nature of other training available, and how any new training product would differentiate from existing ETP is needed.

2 Storey, D.J. Exploring the link among small firms between management training and firm comparison: a comparison between the UK and other OECD countries. *International Journal of Human Resource Management*, 15:1 February, 2004.

3 Ibid.

1.3.3 Mentoring

The Report “Small and Medium Businesses in New Zealand: Report of the Small Business Advisory Group 2004” provides further insight into current mentoring / coaching services for SMEs. The main finding was:

“While the current Business In The Community customer survey shows good scores, there is still an inconsistency nationwide in the provision of "ideal" mentors. This is partly because of differences in the agencies recruiting mentors, and in mentors understanding their role. Also, many clients have unrealistic expectations of a business mentor. They often listen to the mentor's advice but do not take it, or don't have time to put it into practice. Therefore, expectations and perceptions need to be managed as well.”

This finding was followed with the recommendation that funding be enhanced to Business in the Community and/or similar providers of mentoring services to upskill their mentors and mentor co-ordinators in order to provide a superior service to clients and to market their services.

1.3.4 Maori Tourism Facilitation Service (MTFS)

The Ministry of Economic Development carried out an evaluation of the MTFS in August 2006, 16 months after the programme began. Key findings were:

- 84 businesses enrolled in the programme but only 70 remained at the time of the evaluation, 14 having withdrawn.
- Most of the businesses were small and had been in operation for fewer than five years, had fewer than five employees, and had annual turnover of less than \$100,000.
- 79 percent of businesses had Business Development Plans signed off but only 40 percent had mentors assigned. The delays in the mentoring service resulted mainly from the unexpected length of time taken to recruit and train assessors and mentors, and the limited availability of clients during the peak tourist season (November 2005 – March 2006).
- 76 percent of participants perceived the Business Development Plans addressed the needs of their businesses.
- 60 percent of programme participants interviewed (21) had experienced improvements in the intended intermediate outcomes of the programme (e.g. market knowledge and development, strategic planning, product development).
- 25 percent of participants interviewed indicated their revenues had grown by over 20 percent.
- 60 percent of participants interviewed indicated no growth.
- 75 percent of participants interviewed had expectations of growth once their Business Development Plans had been implemented (median growth expectations was 15 percent).

At the time of the evaluation, the MTFS programme had been running for about a year yet only 25 participants had Business Development Plans prepared and only a few assigned mentors. Given this, only 21 (30 percent) of the 70 programme participants were selected to be interviewed as part of the evaluation. The full impact of the programme on business outcomes was not evident so early into the programme's implementation.

The evaluation report generally gave a positive review of the MTFS programme although it included a long list of recommended improvements covering the target group, intended programme outcomes, eligibility criteria, operational improvements, quality issues,

information sharing, and monitoring and evaluation of the programme. These are too lengthy to repeat here but would be useful references for the development of detail around implementation of a programme of tools developed as a result of this research programme.

Chapter 2

Industry Support for Small and Medium Tourism Enterprises

This section is limited to relevant support provided by the Tourism Industry Association. A search of websites such as Bus and Coach Association, the Hotel Association of New Zealand, Motel Association of New Zealand and ProGuides New Zealand found membership of these organisations strongly favoured benefits such as discounts on products and services, newsletters, networking opportunities, advocacy, and sector conferences. Training and education are a small aspect of membership benefits and are highly specific (e.g. driver training, hotel licences) rather than providing support for improving business performance.

Tourism Industry Association (TIA)

Industry development is one of TIA's four main areas of activity. In addition to being a partner in the Joint Seminar Programme summarised in an earlier section, TIA provides resources for businesses to grow and develop. The 'Tourism in Action' software and Guide (hard copy) were launched in April 2007.

The 'Tourism in Action' software covers learning in the following business areas:

- Starting up
- Planning
- People
- Marketing
- Selling
- Quality
- Thinking Ahead
 - Health & safety
 - Cash flows
 - Risk management
- Assessment
 - Best practice
 - Business health
 - Customer satisfaction
 - Pricing
 - Measuring performance

While the Workbook is aimed primarily at those starting and developing their tourism business, the software resources are relevant to those starting and growing their business. The software resources are styled in the format used extensively for online learning in the private sector. Movement across and within learning modules is easy with a simple menu system and the format is 'clean' and 'easy on the eye'. Tutorials include short narratives and a range of learning opportunities such as expert tips, templates, articles, input spaces to insert one's own data for calculating figures (e.g. financial indicators) or for entry of information or decisions into an Action Plan (e.g. Marketing Plan). Self assessments via easy survey formats are included. Data and documents can be imported or exported. Hyperlinks to websites facilitate easy access to an expanded range of relevant information. Updates for the software will be

available via the internet. While this is not online learning as is readily available and common overseas, it reflects the significant shift that is taking place in learning delivery.

Chapter 3

Private Sector Support for Small and Medium Enterprises

This section presents a short introduction to the developments that are taking place in business learning both here in New Zealand and internationally and how this has been applied to the development of learning opportunities for SMEs.

3.1 Private Sector Embraces Online Learning

Educational institutions were some of the first organisations to develop eLearning for their students. It was seen as a way of taking education into areas where it was difficult for students to get to a campus or as a way to expand business opportunities beyond the reach of traditionally delivered education. From these roots, and with the aid of the ever growing multimedia capabilities of internet technology, the private sector is now embracing the opportunities that online training offers.

Training organisations are now offering online business training for managers and their employees. Some of the key benefits offered to businesses address the perennial issues of the difficulty in making time to leave the workplace for training and the need for convenient short learning opportunities that are relevant to the tasks being undertaken. Benefits offered can include:

- Quick and easy access to new skills without leaving the workplace
- Purchase of courses made online - no paper work
- Bite sized learning modules
- Self paced

Examples of such sites:

- <http://www.learndirect-business.co.uk/>
- <http://www.worldwidelearn.com/business-course/index.html>
- <http://www.elementk.com/>

It is not just training businesses, however, that are taking up the opportunities to deliver training online. Multinational corporations, not-for-profit organisations and some government departments are offering learning opportunities to their clients as a way of adding value to their products and services. It is in this arena that learning opportunities are now being offered to small and medium sized business. Two 'levels' of support are discernable:

1. Corporate websites

Corporations (e.g. banks), Government (e.g., TMT, TNZ), industry and development agencies provide on-line narrative information, statistics, reports, case studies, guides and pdfs, as well as links to other websites. Resources may be supported by hard copies of the online resources (e.g. handbooks) and by software (e.g. CD ROMS). While these websites remain focused on the core business of organisations, the business support resources are in some instances comprehensive. Access into the business support aspect of the website is signalled by a hyperlink to, for examples, "Business Toolkit", "Business Resource Centre", "Training", or "Business Issues".

Examples of such sites:

- <http://www.nbnz.co.nz/business/banking/information/guides.htm>
- <http://www.microsoft.com/nz/smallbusiness/training/default.msp>
- <http://www.anz.com.au/australia/business/toolkit/toolkit.asp>

2. Specialist learning websites

Some organisations have developed separate business support websites. Access usually requires registration, enabling data capture for evaluation. These sites are ‘clean’ of organisational information and product promotion and provide access to, for examples:

- Online learning modules
- On-line registration onto upcoming workshops
- A range of free resources such as free online briefings, templates, case studies, workbooks, checklists, suggestions, tips, and links to other relevant websites

Examples of such sites:

- <http://www.exported.co.nz/>
- <http://goyellowlife.yellowpages.co.nz/>
- <http://upandrunning.hsbc.co.uk/go.asp?/.upandrunning.homepage/bHKC001>
- <http://www.lds4b.com/News/Free+online+briefings.htm>

None of the organisations mentioned here have been interviewed but it might be presumed that they promote their learning websites (separate from their corporate websites) to clients via promotional materials or personal recommendation. Access to some of these learning websites is not easily achieved from the corporate website’s homepage, although of the above examples, access from the New Zealand Trade and Enterprise website to the www.exported.co.nz site is relatively easy.

Private companies are unlikely to make their evaluations of their learning websites available to the public. It is most likely that the ongoing development of these sites will be seen within the context of innovation, product development and the application of best practice. In other words products develop in response to how clients perceive their usefulness.

Chapter 4

Research

The international literature review undertaken as part of the tool development process was carried out on the premise that there was a level of acceptance that business support for small and medium tourism enterprises was desired. It included a review of literature about how SMEs learn and the delivery mechanisms utilised in business support programmes. It was found that face to face training was the most common method of delivery. With the increasing use of the internet in learning, however, a review of research focused on eLearning and online learning was also carried out. This revealed that this is a very new field of practice and research and to date the majority of the research has been carried out in Europe. Findings about the effectiveness of these two different methods of training delivery are reported in this section.

Yield management [a relatively new concept] in tourism businesses in Europe has received much attention from the European Commission and was the subject of an extensive research programme in 1995. Recommendations from this research are presented here as potential methods for encouraging the use of financial yield [also a new concept] among operators.

Finally, the key findings from the Enhancing Financial Yield research about sources of ideas and information and the usefulness of current business support are presented.

4.1 Training Research

The majority of research undertaken in OECD countries about learning in SMEs has focused on employee training and the impact this has on business performance. This is problematic for us from the outset as there are different definitions of SMEs in different countries. The size of SMEs in New Zealand is actually more comparable with what is termed micro-firms in Europe (fewer than 19 employees).

It is likely that many of the larger SMEs do not have their owners engaged in the business at a hands-on level and this may contribute to the focus being primarily on employee training (which does include training for managers). This suggests that New Zealand cannot simply apply the findings from studies in Europe to its own situation. What is required is an approach that is focused on the character of our SMEs. That current New Zealand programmes are directed at owner operators suggests this is well recognised, as is the knowledge that the self image of a business owner is central to how a firm develops (Tuck and Hamilton 1993).

Training has been perceived as delivering improvements in productivity, competitive advantage and ultimately firm performance and this has led many governments to apply resources to programmes (Kotey and Folker, 2007:214). There is, however, a lack of empirical evidence that programmes aimed at individuals contribute positively to firm performance and economic growth (Massey, 2004:458). Massey is critical of both firms and governments in that investment in training, whilst seen as a key developmental strategy, is given inadequate attention to planning and evaluation to ensure sufficient gains in value are achieved. Importantly, she sees that New Zealand is in the same position as others around the world in that it is unable to assess the value of its investment in training in any real sense (Massey, 2004:461). These comments should not, however, be interpreted as there being no

value in training. Rather, they are a signal that the evaluation of programmes requires as much attention as the design and delivery of them. In the context of assessing improved performance of firms, evaluation is complex and demands a robust framework. Furthermore, it requires resources to engage in longitudinal studies. Given the lack of empirical evidence and well established evaluation frameworks, future investments in training need to incorporate evaluation programmes from the outset.

4.2 Online Learning Research

Online learning, or eLearning, for SMEs has emerged from the early application of eLearning in vocational education. The European Commission has undertaken a number of studies in eLearning in SMEs and whilst the difficulties in comparing European SMEs with New Zealand SMEs are well recognised, there is value in reporting some of the findings from the Commission's work, as research into the value of online learning for SMEs is a relatively new area of research interest.

First, the shift to eLearning for SMEs comes within the context of unrealised expectations of digital technologies for learning within the vocational sector. Some of the issues that emerged related to learning being driven by institutional administrators rather than the needs of students, the focus on institutional cost cutting (e.g., fewer classrooms and materials), and the replication of classroom and course design practices rather than a consistent vision about what eLearning should do (Hamburg, Lindecke, Terstriep, undated⁴).

Hamburg et al report that little eLearning activity is going on in SMEs. This is partly because they believe SMEs do not have a suitable infrastructure for learning. While the content and presenters are important to delivery, what is also important are the skills to master and apply the content once the learning experience is over. eLearning is an independent approach to learning compared with training that can be quite highly dependent on trainers or others. Hamburg et al believe that SMEs have not adjusted their learning cultures and that while they do so, a blended approach to learning may be a good solution. Blended learning is defined as a learning solution that might include a mix of:

- Varied delivery media (e.g., non technology based and online based)
- Varied learning events (e.g., individual, self paced, collective)
- Electronic performance support (e.g., instruction based and knowledge management support)

Combining a range of delivery methods is seen as having potential to balance out and optimise costs and time for developing and deploying the learning programme. Examples of this blended learning for SMEs might include self paced learning with interactive trainer support in face to face contact, emails, discussion forums, organised learning events (Hamburg et al, section 3). That said, authors of the Commission's report do state that blended learning is an innovative approach and is still in the minority of the programmes in their research.

eLearning and blended learning both require acceptance of lifetime learning and an approach to learning where self motivation and discipline is present. If the culture of a SME or the thinking of a business owner does not recognise this (and this seems to be the case) then

⁴ See <http://elead.campussource.de/archive/2/236/>

communication around what is required to make the most of this style of learning must also be provided, otherwise, low uptake of such programmes can be expected. Collins, Buhalis and Peters (2003) investigated the use of ICTs in SMTEs (European hotel sector) in Europe and found that on the whole most firms were using the internet to promote their business but learning on-line had not yet been embraced. They encouraged governments and universities to invest in research aimed at understanding best practices in online learning since it was still an emerging field (Collins et al, p 492).

4.3 Yield Management Research

In 1995 the Tourism Unit of the European Commission contracted a study of yield management in small and medium tourism enterprises across 17 member states (European Commission, 1997). A SME in this context was defined as having fewer than 500 employees. Furthermore, the definition of Yield differs from that used within the Enhancing Financial Yield Programme. Despite these notable differences, the comprehensiveness of the study and their conclusions on how best to encourage businesses to adopt a yield management approach provides some insights into what a tool programme might look like. Table 1 presents those key recommendations relevant to our own research.

Table 1
Recommended Support for SMTEs

Measure	Support for SMTEs
Information	<p>Ensure the following types of information is available:</p> <ul style="list-style-type: none"> • internal business information (e.g., costs, sales, customers) • business statistics (e.g., benchmark studies) • general supply and demand information (official statistics on industry capacity, demand and its sources, trends in supply and demand) • market and competitive information (e.g., demand for specific markets and customer segments, competitor performance)
Communication	<p>Achieving more widespread effective use of yield management is ultimately a matter of communicating the concepts, applications and benefits of this approach to a larger number of businesses in such a way that managers are persuaded to adopt it and are properly informed as to how to practise it effectively.</p> <p>This communication is already occurring in the private sector by software vendors, consultants and trade publications. Word of mouth and exchange of ideas and experiences among colleagues are important factors.</p>
Training	<p>Adoption of yield management not only requires greater awareness, it also requires the skills to practise it effectively. Training needs to recognise the different levels of knowledge and understanding that SMEs have – some will already have sophisticated understanding of business practices such as marketing and financial analysis, others will not.</p> <p>For the current generation of tourism managers continuing professional education is needed and yield management can be addressed in seminars, workshops and panel discussion. A focus on practical applications for smaller businesses and actual examples are most appropriate.</p>
Cooperation	<p>There is a need for more cooperation to improve information, increasing marketing strength, and lowering costs through joint purchasing of systems and services. Regional tourism organisations can help small businesses reach larger markets.</p>

It was found that SMEs are most likely reached at the local level. Trade associations were seen to be the best place to start to apply recommendations and chambers of commerce and

local tourism organisations were also considered as appropriate information channels. The researchers also suggest that tourism training institutions be brought into the development of continuing professional education programmes. Finally, it was suggested that there was potential for communicating yield management principles and techniques with vendors of yield management systems. It is interesting that methods of delivery of training did not include online learning which is probably indicative of the newness of online learning for SMEs.

4.4 Current NZ Tourism Sector Research

The Small Business Survey (Lincoln University, 2006) asked operators from where they source new information (Table 2)

Table 2
Small Business Operators' Sources of Ideas

Source	Percent of Respondents
Customers	78.5
Books, journals and the internet	56.9
Existing staff	53.7
Competitors and other tourism businesses	51.6
Professional advisors (accountants, consultants, banks)	43.6
Industry organisations	23.2
Government	10.2
Universities and polytechnics	6.7
Research organisations	4.7

The Business Operator Interviews (Lincoln University, in press) found that the top three sources for tourism information were

- RTOs (41 respondents)
- Tourism New Zealand (23)
- Tourism Industry Association (15).

Furthermore, these sources were mostly considered to be 'useful' or 'very useful'. Trade associations did feature in the list with MANZ, HANZ and Bus and Coach all being mentioned at least once.

The responses to the question about the usefulness of business support perhaps gives the best information in terms of how business support might be best received. The top four sources of useful business support were:

- Accountants (30 respondents)
- Membership of an association (23)
- Seminars (13)
- Mentoring (11)

Professional advisors such as accountants appear to be well regarded for both information and business support. Industry associations are also well regarded. Government (including Qualmark), education and research organisations did not, however, score highly. These

findings provide some good pointers to distribution channels for any programme of tools that is developed.

Chapter 5

Discussion

This section discusses some of the key findings in a broader context. The level of acceptance accorded to traditional methods of training and new developments in training is discussed as is the growing use of websites as mechanisms for the facilitation of learning.

Mentoring has not received as much attention as training in the literature and this leaves us with as many questions as answers in terms of how best to proceed, despite the growing acceptance of it. Discussion here asks some important questions as well as presenting some possible ways of providing mentoring services to operators.

A short section on the need for a communication strategy is presented along with a brief perspective on the value of having a suite or programme of initiatives. Finally we highlight the implications of inadequate evaluation systems and present a suggested evaluation framework.

5.1 Training

Training is a well established intervention in the educative process. While it is core to vocational and academic institutions, more recently it has also become central to many business support programmes.. Acknowledging the value accorded to training by society should negate any nervousness around having training as a core component of a business support programme. The issues of interest need to be focused around content, delivery and evaluation for any agreed set of objectives.

The expansion of training to include online learning is a relatively new development and is being driven primarily by the private sector. Ascertaining evaluations of these developments to date is likely to be difficult to secure, however, as the information will be considered confidential. Information about NZTE's "export development" website should however be available in time.

Given its newness, incorporating online learning in a programme of tools is to some extent a 'hand-on-heart' proposition. Yet the private sector is embracing it which strongly suggests there is value for these organisations; the private sector does not persist with products that hold no value for them. A strong argument for including online learning as part of a programme of tools is the reach that it enables in the tourism business community. Where workshop training can only reach a relatively small proportion of tourism operators, online learning has the potential to reach everyone [with a computer, and reliable network provider]. No other method of delivery has such potential. Mailing hard copies to potential learners raises issues of updating materials and is likely a high cost option. Updating content (and form) on-line is much less an issue.

We believe that online learning is here to stay and that over time, and perhaps quite quickly, best practices will develop and new distribution channels will allow opportunities for uptake of learning to be increased.

5.2 Websites

A quick summary of website development might be that initially organisation websites held information about what the organisation did (i.e., its purpose) and what its products or services were. Links to other related websites were common. Evolving technology saw the introduction of online shopping and B2B transactions to name a few of the earlier developments.

Over time there has been a shift to organisations providing information and advice for their client groups and the most recent development has seen the provision of learning opportunities packaged and presented in a way that has developed into what has become known as online learning. Learning modules are generally packaged into short (e.g. 20 minute) modules ensuring the key points of learning are easy accessible.

The development of specialist online learning websites such as those developed by Microsoft, Yellow Pages, and some banks (as mentioned above) takes online learning to a new level and creates new distribution channels. Importantly, SMEs are the focus for much of this online learning and further, the private sector is already educating SMEs to take advantage of these new learning opportunities. These new channels will provide government with opportunities to broaden its reach to small and medium business operators.

Two important points can be made. First, web based technology evolves quickly and new opportunities are presenting themselves all the time. Second, the latest developments in online learning provide the tourism industry with an opportunity to piggy back off private sector initiatives (i.e. take advantage of the education process around the use of online learning for SMEs) as well as utilise the distribution channels that have developed (at a cost of course).

Some corporates are investing a great deal of resources into online learning suggesting that there are benefits to be had. While evaluations of the success in terms of the impact on business performance may not be forthcoming, the ongoing use and developments in this area suggest that government should include this style of delivery in its mix of business support programmes.

5.3 Mentoring

There has been discussion about the value of mentoring or coaching at various times throughout this tool development phase of the research programme. Feedback from the Small Business Advisory Group suggests that more funding is needed to improve mentoring services. Evaluation of the mentoring component of NZTE's ETP programme implies that it may not yet be valued sufficiently by many business operators as the uptake of the service is lower than hoped for. Yet NZTE, Business Mentors New Zealand (BITC), NZIM, the Executive Connection and many private sector businesses continue to offer and are building their mentoring / coaching services. This is an acknowledgement that mentoring is increasingly seen as having value.

Mentoring following a training intervention or even as an option in itself not only has business and professional development benefits, it also keeps programme participants linked in with a programme. If the tourism industry sees a business support programme as

developing an ongoing relationship with business operators, rather than a number of disparate transactions, then mentoring will assist in this process.

Mentoring is most often regarded as a face to face interaction and operators have indicated their preference for personal interactions of this nature. There are a number of key questions to be considered if mentoring was seen to be part of a programme of tools:

- Do tourism operators want to be mentored by mentors with experience in the tourism sectors?
- What training would potential mentors require?
- How would the standard of mentoring be maintained and improved?
- Who would coordinate the coming together of mentors and mentees?

Some options already discussed include:

- Work with one of the established mentor programmes
- Workshop facilitators could fulfil this role
- Tourism operators could be trained as mentors as part of the workshop programme - this would help increase recognition of the value of mentoring and also train operators to mentor their staff as well as their business 'colleagues'.
- Develop on-line mentoring

5.4 Communication

As indicated by the authors of the European Commission's Yield Management report, communication of new concepts (e.g., financial yield, sustainability) is critical to the success of any education process. Operators need to understand new concepts, know how they can be applied and what the benefits are to their business. Operators need to be persuaded to adopt the concepts and importantly be properly informed as to how to practise them. It is a key mechanism to encourage operators to take up training or mentoring or other interventions offered. Communication is an ongoing process. It needs to be targeted and specific. It is an umbrella process for all other components of a programme of tools.

5.5 Packaging Initiatives

The range of business support initiatives offered by NZTE supports the view that offering a suite or programme of activities has value. While different delivery mechanisms appeal to different people, perhaps according to their dominant learning style, a programme may allow initiatives to be complementary or facilitate a staircase effect where attendees continue to lift their level of learning over time.

An example of this is the strategy developed by the Business Capability Partnership which is a public/private sector initiative aimed at developing demand for management and business capability development services. It developed a distribution strategy for delivery of a capability building programme that is structured around six 'channels' through which firms can develop capability⁵. These channels are:

- Formal and informal learning;

⁵ See http://www.med.govt.nz/templates/ContentTopicSummary____15059.aspx. Accessed 24 May 2007.

- Mentoring and advisory services;
- Standards and certification;
- Learning through networking and knowledge sharing;
- Business improvement models and assessment tools; and
- Research and benchmarking.

Put simply, a suite or programme is a way to package a variety of related initiatives that might otherwise target different segments of a population whilst having the same overall objective. The above strategy also reinforces the acceptance that many delivery mechanisms have attained.

5.6 Evaluation

There are clearly many different kinds of learning opportunities available to SMEs in New Zealand via a wide range of organisations and delivery options. Publicly funded business support programmes are primarily funded and overseen by NZTE and delivered by a range of contracted parties around the country. While some of the providers delivering the Enterprise Training Programme have developed training specifically for tourism operators there is currently insufficient data to assess the extent to which ETP and other NZTE's programmes are capturing tourism business operators.

The evaluations carried out by MED point to a strong need for better data collection systems to be put in place so programme effectiveness can be better evaluated. There is currently no evidence from the evaluations that participation in the existing business support programme improves the performance of businesses. This is not to say the programmes are ineffective, just that the data collected is insufficient to assess the effectiveness.

International research finds the lack of evaluation systems in many OECD countries and highlights the need for monitoring and evaluation systems to be given higher priority so that empirical evidence of support, or otherwise, can be established, thereby giving governments and others a more solid foundation on which to make their investments in business support. Evidence from good evaluation systems also allow the opportunity to continue with, and promote with confidence, highly successful programmes and to refine those aspects of programmes that are not working so well.

Securing evidence that a programme improves the financial yield of a tourism business requires an evaluation system that collects data at a variety of points following the training (or other) intervention. Current evaluations focus primarily on satisfaction with a particular intervention. Assessing the impact on business performance requires a more sophisticated evaluation system. Information gathered from businesses would need to include feedback not only about the intervention, but also:

- The learning gained by the operator (e.g., knowledge and skills)
- What learning had been applied in the business and how this was achieved
- What impact the application of the learning had on business performance (financial and non-financial).

The methodology developed will be complex and comprehensive and needs to be in place from the outset of any support programme so that participants can be made aware of the

process they will be participating in and the type of information that will be asked of them. Participant cooperation will be a critical element of the system. Putting the evaluation system in place at the outset also signals a commitment to it from Government. Table 3 presents a summary of how such an evaluation process of training might proceed.

Table 3
Phases for the Evaluation of the Impact of Training on Business Performance

Phase	Evaluation focus
1. At the end of the training	Assessment of delivery of training or other business support intervention Focus on delivery style and content relevance
2. Perhaps 4 to 8 weeks after the training	Assessment of learning and how that learning has been applied to the business Focus on the new knowledge and skills taken up by the operator, what was applied to the business and how this was achieved
3. [2 phases] Perhaps 12 months after training for behavioural changes, and 24 months for financial performance	Identification of other changes potentially generated from programme interventions Focus on behavioural changes Assessment of changes in financial and other business performance indicators Focus on KPIs established at the beginning of the evaluation cycle.

Information about a business’s financial performance is best taken from the Annual Accounts. These are often not available to the business even after a year following the year of interest. This requires the evaluation to be ‘in process’ for a period of between two and three years, the latter taking account of the need to analyse and report the data. Hence the suggestion that a programme of tools, that includes a comprehensive evaluation system, requires resourcing for three years.

Data collection during phases two and three could be done on-line but with support from telephone or face to face interviews. Companies such as Consumer Link now carry out extensive surveying on-line and their model provides a pointer on how this might be set up. It would be our expectation, however, that operators would need prompting so administrative support to follow up operators would be needed.

Taking the approach presented here would be ground breaking territory. It would be innovative and innovation requires courage. It is an opportunity for the tourism industry to take leadership in how it attends to the professional development of its business operators and the financial and other business outcomes for the industry. It is an opportunity to do better than what has been achieved elsewhere to date.

Chapter 6

Matching Business Needs with Business Support

As indicated in previous sections there is a range of business support programmes and initiatives available to all SMEs. While there is a general sense of satisfaction from participants with what is being delivered, the effectiveness in terms of their impact on business and financial performance remains largely unclear. Some initiatives are now being modified to be delivered specifically to industry sectors, including some targeted at tourism, yet these remain in the minority. Of note is the extent to which the private sector are now developing business support resources for their clients and this is driving the development of new products and new distribution channels. While it is too early to assess the uptake of these new products, the success of the distribution channels and the impact on business performance, the developments are most worthy of consideration for the public sector. New Zealand Trade and Enterprise have already started to adopt these new developments and this gives the public sector an opportunity in the near future to evaluate their effectiveness.

Given the lack of clarity with the current situation, we undertook an exercise that sought to match our key research findings about business needs with current business support initiatives and to then assess the implications of our findings for a programme of tools for the tourism sectors. Section 7.1 presents the exercise in tabular format.

6.1 Findings

Matching research findings and current business support initiatives enabled a closer look at the extent to which tourism operators are currently supported through government and industry programmes. The matching exercise is presented in Table 4. We have made some initial interpretations about the match (or otherwise) and commented about the implications it has for a programme of tools for the tourism sectors. The exercise was carried out with limited detail about the range and depth of content within many of the initiatives – for example the workshops and seminars. Content varies from region to region and the detail is mostly not available on the internet. Furthermore, it is apparent that those running workshops and seminars make regular modifications to their content to take account of changing thoughts about what is needed and so in a sense, initiatives are a ‘changing feast’. Broadening discussion about the findings presented here may also bring about new interpretations and implications and this should be encouraged.

Table 4
Matching Business Needs with Current Business Support Initiatives

Source Survey N= 770 Interviews N=65	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
Survey	Characteristics	More accommodation, activity and attraction respondents had a below average FYs. Restaurant/cafes, retail and transport had the same or more respondents with above average FYs. Over half (52.9%) of small business owners had been running their business for 3 years or fewer.	Resources don't differentiate between sectors. TIA: Tourism in Action (members only) TMT website TNZ website NZTE: Enterprise Training Programme (ETP), Biz On-line modules (BOM)	In the first instance it is advised that a programme of tools be available to all tourism characteristic sectors (those with >25% sales from tourism). This group of operators can be considered in a start-up phase. There are a lot of resources targeted at start-ups where the focus is on survival.
Interviews	Characteristics	Over 1/3 (37%) of SMEs had been operating their current business for 3 years or fewer. Of those who had been running their business for 3 years or less, more had below average FY. From year 4 onward, more operators had above average FY.	As above	As above
Survey	Characteristics		NZTE ETP targets start-ups and those with learning needs at the 100-level (NZTE curriculum).	Should not duplicate what is already available for start up and early established businesses. Look to build on success.

Source	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
Survey N= 770 Interviews N=65				
Survey	Characteristics	It was not until year eight since the inception of the business (there may have been more than one owner) that there were more businesses with above average yield. 2/3 of interviewees were 45 years old and over.	not applicable (na) na	Building on success should be a key feature of a programme of tools. Operators are likely to demonstrate a high level of independence. They will need to be convinced of the benefits of any programme of business support. Programme delivery will need to take account of Adult Teaching theories as well as what is known about how SMEs learn.
Interviews	Characteristics			Tools will be best delivered in a practical non academic style and language.
Interviews	Characteristics	1/3 of interviewees had only a school qualification	na	This group understand the basics of business and any programme of tools aimed at them will need to build on their qualifications AND their practical experience.
Interviews	Characteristics	Nearly a third (31.7%) of interviewees had business related qualifications.	The Enterprise Development Fund for advanced training or mentoring. Uptake of this programme by SMTEs is unknown.	A lot of practical business experience already – need to build on this and offer higher level learning opportunities.
Interviews	Characteristics	67.7% of interviewees had run more than one business. 70.8% of interviewees had 10 years or more experience in operating or running a business. 72% of interviewees had previous experience running a tourism business.	The Enterprise Development Fund for advanced training or mentoring. Uptake of this programme by SMTEs is unknown.	Few advanced programmes aimed specifically at tourism operators are available outside of formal education. Queenstown Resort College runs an Executive Education series of speakers.
Interviews	Characteristics	Nearly half (47.7%) indicated their business was in a growth phase.	NZTE: BOM, Mentoring, Cluster facilitation, E-business Guide, ETP Investment Ready, Coaching, Enterprise Development Fund, Escalator. Uptake of these by SMTEs unknown. DoL Employer Guides. TIA Tourism in Action	If a programme of tools is aimed at those wanting to ‘grow’, we might estimate the total potential (maximum) number of owners interested in accessing business support over time might be about ½ of the SMTEs. This is a large group.

Source Survey N= 770 Interviews N=65	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
		It was implied that after a time (in this study 17 years) owners lose interest in growth and go into a maintain mode.	na	The number of years in the current business may be one way to target some of the tools. Maintenance mode does not necessarily mean a poor FY in the short or long term. If it was found that there were a high number of operators in this 'maintenance' phase there could be an initiative focused on 'exiting tourism with a high value saleable product'. This might appeal to those who went into tourism as a transition to retirement. This should be seen as a strategy to ensure operators understand that being in the industry for the medium term and developing a high value product for sale is a valid business strategy. This would have the benefit of ensuring new owners purchased a good operation, rather than having to build the business up from a low position. Human resource training will not be of interest to everyone. If some components of a training programme were compulsory, this should not be one of them. Some resources could be developed around being effective working proprietors which could include a component on when it is the right time to employ staff, how to do that, and how to best utilise what staff bring to the business for the benefits of all.
Interviews	Characteristics	14 (22%) had no staff.	na	
Interviews	Characteristics	People went into their business for a wide range of personal and business reasons: to build a successful business, to be independent, enjoyed what they were doing, to get away from something else, a transition to retirement.	na	Any programme of tools has to assume operators are highly independent (there are no must-dos from their perspective), that they love what they do and they are doing their best to achieve their own set of goals. Any hint of them being a poor performing sector or they need to do better will damage the credibility of the programme. A base position and an indicator of how initiatives need to be communicated to potential clients (i.e.,
Survey	Motivations	Most small business owners want to develop a profitable business (87.5%) and are strongly	na	

Source	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
Survey N= 770 Interviews N=65				
Survey	Motivations	independent (be own boss 81.4%). 83.4% of small business owners want to keep the business growing.	na	carrot not stick). Business growth is a generic term. Will need to be specific about the goals of a programme of tools (e.g. growing revenue).
Survey	Motivations	70% of those 'agreeing strongly' that 'to be my own boss' was a reason for starting the business had above average FY compared with those who 'agreed' (35%). Statistically significant.	na	Those who feel strongly about building their own business will likely respond to issues around being a leader in their business. Leadership needs to be a core element of a programme of tools as it touches everything else that occurs within a business.
Survey	Motivations	55% of those who 'agreed strongly' that enjoying the job was more important than making lots of money had an above average FY compared with 37% of those who 'agreed'. Statistically significant.	na	Personal enjoyment – a critical success factor.
Survey	Business practice <i>Innovation</i>	More operators had introduced innovations into sales and marketing (51.8%) than into products and services (46.7%), organisational (40.8%) and operational processes (38.2%).	NZTE BOM (4 modules on marketing, 6 modules on sales and marketing, 1 module on innovation). The innovation module, however, focuses on IP.	The percent of respondents innovating was shown to be quite low. There appears to be a strong need for enhanced understanding of what is 'innovation'. Knowing best practice in each operational area (e.g. sales and marketing) does not mean operators know how they can be innovative in that area. Furthermore, knowing where in the business to be innovative so that one can get the best return for the investment is a challenge in itself
Survey	Business practice <i>Innovation</i>	The three top reasons for innovating were to increase revenue (83.9%), to remain competitive (80.4%), to improve customer service (79.6%).	As above	Understanding the benefits of innovating - the results suggest the rationale for innovating is understood but fewer operators are confident in applying it to their business.
Interviews	Business practice <i>Innovation</i>	Innovation strongly focused on continuous improvement.	As above	Continuous improvement is a valid approach to innovation and that it is more common than larger initiatives is not unexpected as it is a lower risk approach. Guidance might be given however on how to approach larger innovative projects.
Survey	Business practice <i>Innovation</i>	Customers are by far the most common source of ideas (78.5%) followed by books, journals and internet (56.9%) and existing staff (53.7%).	As above	Operators could make better use of some sources of new ideas. Applying feedback from customers to the business is about being customer focused and

Source Survey N= 770 Interviews N=65	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
		Research (4.7%), education (6.7%) and government agencies (10.2%) were the least common sources.		this is good. However the customer is generally not fully aware of the opportunities, threats, risks etc that a business may face and so the sources of ideas for being informed need to be broadened.
Survey	Business practice <i>Success</i>	Cost and financial measures are given more focus than operational, innovation, quality and human resource factors when assessing performance.	NZTE BOM, ETP	Tools or mechanisms to encourage operators to take advantage of the resources available through 'knowledge institutions' will need to be well resourced. Owners are likely to be open to learning on financial issues. Given the labour market, more might be done to attend to Human Resource Management issues.
Interviews	Business practice <i>Success</i>	Customer satisfaction was by far the most common way of assessing business success. Most had 2 -3 ways of assessing success.	Tourism NZ research on visitor satisfaction. Some ETP workshops targeted at tourism include looking at success factors	Customer satisfaction as a measure of success appears well understood and while it needs to be part of any learning opportunity about success factors there does not appear to be any need to place emphasis on it.
Interviews	Business practice <i>Success</i>	'Marketing' was by far seen as the recent action that was making the greatest contribution to business success AND was expected to increase success in the future and build on strengths. It was also the most common response to address barriers.	NZTE ETP (core) workshop "Marketing Strategies". NZTE Biz on-line modules – four modules on Marketing. Joint Seminar Programme – TIA workshop on marketing and selling your product. TNZ Marketing Guide. TIA Tourism in Action Some ETP workshops targeted at tourism include Marketing workshops.	Marketing appears well covered in current resources. Evaluation of ETP indicated that most people think they can solve their problem with more marketing. While there is certainly demand for marketing support, the more immediate need may be more to do with understanding the role of marketing within the broader strategic and operational contexts of the business. It would be useful if future business support could differentiate between marketing and promotion so that operators understand that Marketing includes the full range of thinking and activities including being strategic about marketing, doing market research, marketing plans, positioning, products, promotion, pricing, distribution and budgeting.

Source	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
Survey N= 770 Interviews N=65				
Interviews	Business practice <i>Success</i>	'People' oriented actions were the second most common in terms of the greatest contribution to business success but the second least common in terms of future actions. Yet people featured highly on the list of the business's strengths.	NZTE Biz on-line training modules "Employing staff" and possibly "Managing growth". TIA Tourism in Action Department of Labour	Despite the number of operators who do not employ staff, there is a strong need for more effort into people oriented initiatives - from assessing the need for staff, recruitment, retention, development and managing people for growth. These are not a strong component of the NZTE initiatives. Some thought might be given to how people can be seen as an asset and not a cost.
Survey	Business practice <i>HR</i>	Of those who were employers, more (55%) had above average FY compared with working proprietors (32.4%). Statistically significant.	Resources don't differentiate between employers and working proprietors.	A programme of tools could be directed toward employers and prospective employers?
Survey	Business practice <i>HR</i>	Staff training given a low priority.		Staff training needs to be part of any initiatives about Human Resource Management. This is about improving the effectiveness of the business.
Interviews	Business practice <i>HR</i>	The most common employee practice themes were professional development (in-house staff training being the most popular, followed by empowering staff) and recruitment.	TIA Tourism in Action Department of Labour	While staff training in small businesses was given a low priority, this finding suggests that larger businesses (medium) give it more attention. The extent to which in-house staff training is effective for the business remains an unknown.
Interviews	Business practice <i>HR</i>	Staff needs analysis, formal inductions and remuneration issues were reported less frequently than other HR issues.	TIA Tourism in Action Department of Labour	These practices are standard in larger organisations and have well recognised benefits. HR resources need to provide guidelines to all of these aspects.
Literature reviews	Business practice <i>HR</i>	Those businesses that introduced their human resource management practices as a mutually supporting package outperformed businesses that introduced such practices individually p59. (Blake et al, 2006)		Packaging enables employers to see the big picture as well as the detail. The Department of Labour has excellent resources in these areas but they could be expanded and modified to be tourism specific.
Interviews	Business practice <i>Marketing</i>	Very little formal market research is undertaken by operators.	NZTE BOM, Joint Seminar Programme, Tourism new Zealand, The Ministry of Tourism, some ETP for tourism workshops.	Most of the tourism organisations and NZTE offer something that contributes to part of the marketing research effort. The gap is in the knowing of how to pull it all together into a usable database, file or document and how it might be used in developing a Marketing Plan.

Source	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
Survey N= 770 Interviews N=65		The most common methods of communicating with customers were via their own website, advertising and brochures.	Joint Seminar Programme – Distribution Channel. TIA workshop on marketing and selling your product.	While communication and promotion is generally well covered there is not nationwide support for developing top websites for communication (and other activities – e.g. bookings). However, this might be more appropriate for businesses in start up or early phases of development rather than those in growth mode.
Interviews	Business practice <i>Marketing</i>		TIA Tourism in Action Tourism New Zealand’s Give it 100% Marketing Guide. Some ETPs for tourism (e.g. Email marketing, Using the Web, websites for tourism operators)	
Interviews	Business practice <i>Marketing</i>	Competitiveness was cited as the most common factor for setting prices (mentioned 60 times).	New Zealand Tourism Give it 100% Guide. Some ETP for tourism workshops. TIA Tourism in Action	See below.
Interviews	Business practice <i>Marketing</i>	Nearly half (48%) did not consider cost as a factor in pricing. Considering cost as a factor in pricing was shown to be significant (statistically) for achieving a higher Financial Yield.	New Zealand Tourism Give it 100% Guide. Some ETP for tourism workshops. TIA Tourism in Action	This was a key finding and one that was found to be statistically significant for Financial Yield. Given this, pricing products needs to be a core part of any programme of tools.
Interviews	Business practice <i>Benchmarking</i>	75% carried out some comparisons of business practice with competitors but it was mostly of an informal nature.	None	Operators appear to prefer their informal approach to this and there was little demand for any additional support in this area. This may however be due to the lack of understanding of the benefits of benchmarking within one’s own business and with others in the same sector.
Survey	Business practice <i>Environment</i>	¾ of small business owners have introduced measures to reduce their impact on the environment but few (2.3%) have formal accreditation.	Joint seminars 2007	Relevant to Tourism Strategy 2015. Finding suggests a preference for informal approaches. Development of any formal accreditation will require a strong educative process to promote benefits before operators will participate.

Source	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
Survey N= 770 Interviews N=65				
Interviews	Business practice <i>Environment</i>	Monitoring energy and water resources through accounts and usage of the resources appear common practice and half had looked at alternatives to reduce use / cost. Few had made changes however.	TIA workshop on environmental sustainability 2007	Awareness of energy usage issues amongst operators was not generally seen as being translated into practice. An important aspect of the New Zealand Tourism Strategy 2015 and so should be part of any programme of tools.
Survey	Business practice <i>Financial</i>	Half (51%) of those who 'agreed strongly' that their business would permit them to be financially independent had above average FY compared with 61% of those who 'agreed'. Statistically significant. Profit was seen as the most useful measure of financial performance, followed by income and costs. Ratios were rarely mentioned.	ETP Finance	An interesting result. A strong focus on financial independence may limit growth. Business support about investing in growth needs to include all funding options - equity, joint partnerships etc.
Interviews	Business practice <i>Financial</i>		ETP Finance. Some ETP for tourism workshops.	On the whole operators were found to display a very simple approach to financial measurement, suggesting there is room for improved understanding about the range of financial measures available, including ratios, and what they can tell you about your business. An important part of a programme of tools.
Survey	Business practice <i>Financial</i>	78.8% of small business owners think it best to avoid debt as much as possible.	TIA Tourism in Action. NZTE: BOM, ETP. Private sector: National Bank, ANZ	Is this because they don't understand debt or because debt is not the best option? Need to be careful about assumptions here. It is recommended that support takes the form of understanding financing options that are appropriate for the type of expansion or investment planned.
Survey	Business practice <i>Financial</i>	73% 'agreed' or 'agreed strongly' that it is best to avoid debt as much as possible. Of those who 'agreed strongly', 66% had an above average FY compared with 40% of those who 'agreed'. Statistically significant.	As above	As above
Interviews	Business practice <i>Financial</i>	Current assets were mostly financed by commercial debt. Expansion will mostly be funded by cash flow.	As above	As above
Literature reviews	Business practice <i>Finance</i>	Relying on internal funds for capital investment may limit growth. P 60. (Blake et al, 2006)	As above	As above

Source	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
Survey N= 770 Interviews N=65				
Interviews	Business practice <i>Support</i>	Newsletters were the most common source of tourism information and 84% of users found them useful or very useful.	na	A newsletter would be one powerful way of keeping people associated with a programme of tools.
Interviews	Business practice <i>Support</i>	RTOs were by far the most common source of tourism information. TNZ & TIA received some support.	na	This suggests support at a regional level is highly desirable. The result begs the question how RTOs might be involved in the management / delivery of a programme of tools.
Interviews	Business practice <i>Support</i>	Operators expressed they would like more in-depth and up-to-date tourism data / information.	Joint Seminar Programme TNZ, Ministry of Tourism.	It is already recognised that more work can be done on data sets. This can be achieved outside of a programme of tools. If a dedicated tourism operator website is developed the data sets should be easily accessible from the site.
Interviews	Business practice <i>Support</i>	Accountants were the most common source of business support, followed by industry membership. Seminars and mentoring received some support.	na	One-on-one support for operators is highly desirable and should be in the mix of a programme of tools.
Interviews	Business practice <i>Support</i>	24 operators didn't want any additional business support. Mentoring (9 operators) and marketing (7) received some support.	na	There will be a percentage of operators who do not want to take up business support options. Marketing is always in demand. Call for mentoring reinforces earlier comments about one-on-one support.
Literature reviews	Business practice <i>Growth</i>	High growth can be achieved by firms with a variety of size, sector and age characteristics. Firms do not move through a series of stages in incremental fashion, growth can be a discontinuous process. Therefore, a firm's recent performance may not be a good indicator of its future growth potential. p63. (Smallbone et al, 1995) Quartile four (high) businesses were characterised by having owners who had a strong business focus, had staff, act on a broad range of activities, and are focused on growing the business with plans to expand. They consider both cost and competition in price setting and use profit as a financial measure of business performance. They consider both cash flow	NZTE BOM and ETP are largely targeted at start up businesses or those in their early years. They also target identified disadvantaged groups such as women, Maori, PI. BOM Managing Growth	A consideration for decision making around targeting a programme of tools. Building in some flexibility around the eligibility criteria will be useful.
Interviews	Business practice <i>Growth</i>		A few ETP for tourism had workshops on Strategic Planning.	Few current programmes or initiatives provide opportunities for business owners to look at their business from the strategic perspective nor to see the leadership role that is essential for sustained business growth. These two elements need to be a highlight of any programme of tools and integrated with all other elements.

Source Survey N= 770 Interviews N=65	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
Literature reviews	Business support programmes	and debt for expansion plans. There is a lack of empirical evidence that programmes aimed at individuals contribute positively to firm performance and economic growth. New Zealand is in the same position as others around the world in that it is unable to assess the value of its investment in training in any real sense. (Massey, 2004)	MED evaluations	An evaluation system must be put in place as part of a programme of tools and the resourcing for the programme to include the essential evaluation phase.
Literature reviews	Business support programmes	Combining a range of delivery methods is seen as having the potential to balance and optimise costs and time for developing and deploying learning programmes. Blended learning combines a mix of technologically based and non technologically based learning and may be a good solution, despite it still being innovative. (Hamburg, European Commission)	Currently in use: Biz Telephone service Biz On-line training & resources ETP Workshops Joint seminars Mentoring Grants Brokerage Hard copy guides Software	Blended learning is already a reality for business support delivery in New Zealand. The research gives support for continuation of this approach.
Literature reviews	Business support programmes	ICT in SMTEs in Europe are still not using ICT for learning but governments and universities are being encouraged to invest in research aimed at understanding best practices in on-line learning, given it is still an emerging field.	unknown	What is needed now is specific support within the on-line learning programmes to ensure that users know how to use the technology, they take onboard the new knowledge, practice new skills and know how to apply the learning in their business. In other words the [on-line] learning environment needs to be better supported than currently in the private sector. Tourism operators are using the internet to access information relevant to their business. The extent to which they are utilising and applying on-line training is as yet unknown. The NZTE Export website will give some early indication of this as will a programme of tools for tourism operators that incorporate this new distribution channel. This reinforces the need for a well thought out evaluation system to be in place from the outset.
Literature reviews	Business support programmes	There is a base of business information that all businesses need (business statistics, supply & demand information, market and competitive information).	TNZ, The Ministry of Tourism	All information should be accessible from one dedicated tourism website.

Source Survey N= 770 Interviews N=65	Theme	Finding	Current resources: Government Industry	Implications for programme of tools
		New concepts need widespread communication – about the concept, its application and its benefits.		Promoting new concepts such as Financial Yield needs to be communicated well and consistently and alongside an educative process.
		Training provides operators with the skills to practise new learning effectively.		Workshops need to include opportunity to learn about and practice new skills not just give information.
Literature reviews	Business support programmes	Mentoring is growing in acceptance in the general business environment but SMEs may not yet value it sufficiently.	NZTE Mentoring Business Partnership Capability	There is clearly an interest from operators in having one-on-one support and a growing recognition from within the business environment of its merits. It is a new field of research so little empirical evidence for its effectiveness exists yet. This is changing however and an evaluation system within a programme of tools would assist with the learning that is occurring around this mode of learning and development.
Literature reviews	Business support programmes	The Business Capability Partnership (NZ) have taken a multi – channel approach to its programme which includes formal and informal learning, mentoring and advisory services, standards and certification, networking and knowledge sharing, models and tools, research and benchmarking.	Tourism New Zealand & Qualmark NZTE Programme Industry benefits	Wrapping a range of business support tools into a programme is not a new concept and there are many examples of it currently in existence. It assists with cost effectiveness and addresses access [to learning] issues and the different learning styles of learners.

Chapter 7

Implications for a Programme of Tools

The exercise presented in section 7.1 provided further insights into the extent to which tourism business needs are currently being addressed. In our view, it provides good support for developing a Programme of business support tools aimed specifically at the tourism sector. While the expectation is that Government will continue to offer business support initiatives to SMEs through NZTE, they are, on the whole, generic and aimed primarily at start-up or early stage businesses. A commitment to capacity building within the tourism business sectors requires a more focused and robust commitment of resources.

The traditional approach to business development has been to identify where gaps exist in the current situation and to find ways to plug those gaps so that poorer performers can be brought up to a level of business practice that will increase the likelihood of improved business performance and financial outcomes. In part, we took this approach with the business operator interview research by identifying business practices that do not meet best practice guidelines (e.g., price setting) or are not utilised routinely (e.g., some employee practices). We also identified other research that highlights weaknesses commonly found in SMEs (e.g., innovation). We regard much of the New Zealand Trade and Enterprise business support as responding to these kinds of gaps and needs, and hence, recognise the value in the continuation of their programmes. We believe, however, that this only partially responds to the business needs of the tourism sectors.

Given that external pressures now make for a much more demanding environment within which to run a business, there is a strong need for a complementary approach in the way SMTEs are supported as they grow. These pressures are summarised concisely in the draft New Zealand Tourism Strategy 2015:

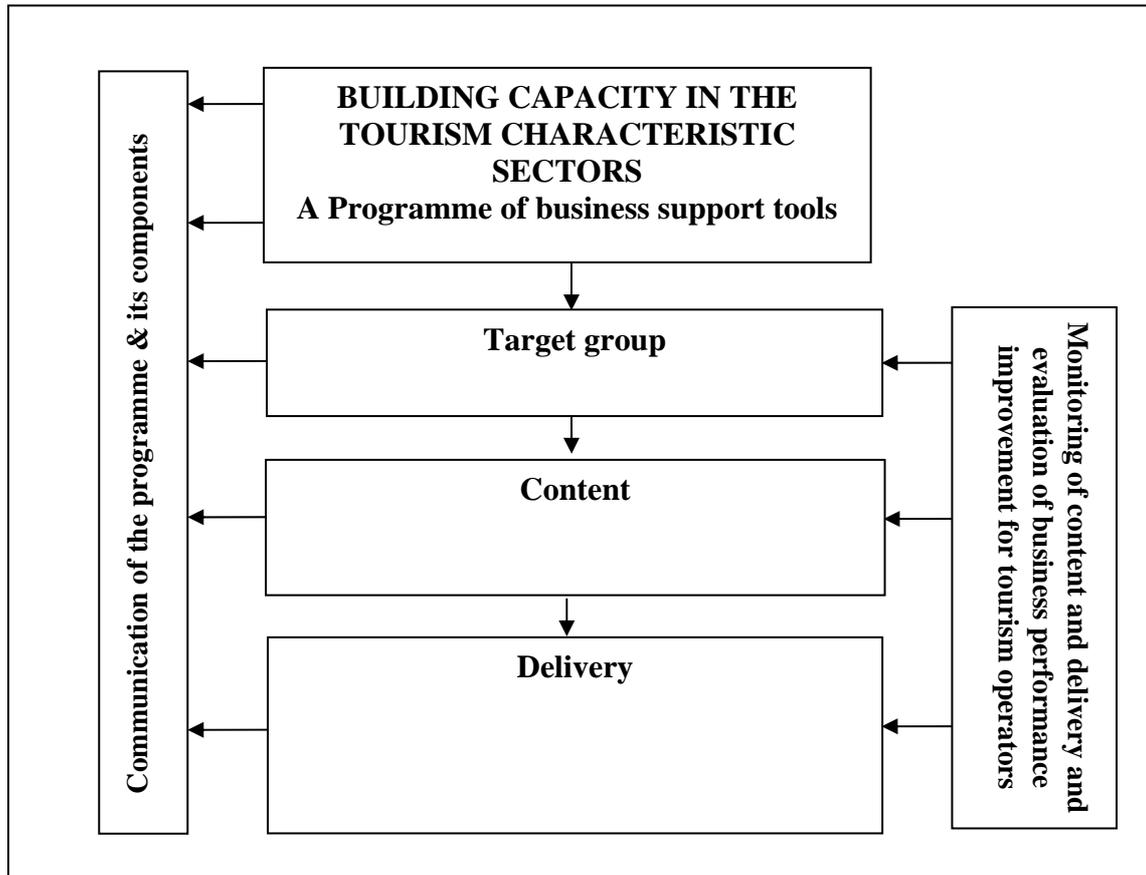
“... There will be intensified pressures from climate change, rapid evolution in consumer attitudes and expectations, and further challenges to our security and biosecurity.” (p4)

In short, tourism operators need to show strong leadership, be innovative and responsive, run resilient sustainable businesses that meet the needs of the discerning visitor, and have the capacity to respond to business opportunities and threats as they arise. This scenario requires a capacity building response that builds on success, not weakness. It requires a level of professional development for successful business owners that enables them to lift their visitor experience, their business performance and their return on investment to a higher level than is currently being achieved. Sustainable investment in the sectors needs to continue.

Importantly, supporting operators to be high performers needs to utilise the best learning technologies available as well as those that are innovative and responsive to the specific needs of SMEs.

Given this scenario, we have developed a framework for a Programme of business support tools that includes the core requirements for a programme of learning for the tourism sectors (Figure 1). The remainder of this section discusses more fully the details that fall within this framework and these ultimately lead to our recommendations found in section 9.0.

Figure 1
A Framework for a Programme of Business Support Tools



7.1 Targeting

The current mix of business support programmes suggest that start up businesses and those in the early stage of development are relatively well supported. Some advanced business initiatives are provided by NZTE although it has not yet been established the extent to which these are taken up by tourism operators.

The emergence of tourism specific seminars within the Enterprise Training Programme suggest that there is a need for tourism specific support and the uptake of the Joint Seminar Programme is further evidence that the industry desires a programme of support that is one hundred percent relevant to tourism operators and takes account of the specific characteristics of tourism businesses and markets. The extent to which this might be achieved within the current NZTE framework is a moot point and discussions with that agency will need to take place before conclusions can be reached.

At this time there seems no rationale to support the view that any new Programme of business support tools should be targeted at any specific sector or sub-sector of tourism. A corollary to this might be that it is aimed at tourism characteristic businesses (i.e., where at least 25% of the sales are from tourism) and that programme content refer to and include a range of case studies from each sector.

A great deal of discussion resulting from the research has centred around the term ‘business growth’ and its desirability. This is, however, a very generic term and there is a need to be more explicit about what is meant by it within the context of a Programme of business support tools. Given the thrust of the draft New Zealand Tourism Strategy 2015 and the focus in this research programme on Financial Yield, we suggest it is regarded as growing capacity and / or growing revenue. It is not simply about growing the volume of visitors. Being explicit about what is meant by growth will help with the targeting of the Programme.

The research provides some evidence that it is businesses with staff that are higher performing (i.e., have higher financial yields). This should not be surprising. Employing staff allows the owner(s) to step out of the operational side of the business to focus on the strategic elements of the business, to expand the range of activities, and to bring in a wider range of skills and knowledge. Growing staff numbers over time can be evidence (although not necessarily) of business success. It also means however that the business is carrying additional risk in terms of its commitment to wages and staff training. Targeting some components of a Programme of business support tools at employers and prospective employers is therefore recommended.

Not all elements of a Programme of business support tools need to be targeted however and self selection of some elements is desirable. For example while a workshop programme may have eligibility criteria, a website dedicated to tourism businesses committed to growth can be accessible for all who choose to use it.

7.2 Content

The various components of a business education are well established by tertiary institutions and are also accessible via a large range of texts and websites. Those who are experts in developing and delivering business education can be expected to be well versed with what is appropriate for SMEs and modifying material for the tourism sectors is not difficult. For consistency it is recommended that the content is developed and packaged by one team of ‘experts’ as this gives more control over the quality of the Programme and consistency in its delivery. This team might also be engaged to have a watching brief on the quality of the content delivered.

Targeting employers and prospective employers who are committed to growth suggests that a degree of success has already been achieved. Taking one’s business to another level requires two essential business skill areas: leadership and strategic thinking. While these two areas were not specifically explored to any depth in the research they are none-the-less essential components of business growth and a Programme of business support tools must aim to enhance operators’ capabilities in these areas. Indeed they need to be considered as the ‘umbrella’ aspects of the Programme as they are relevant to all business areas, not just as knowledge in itself.

Those business areas identified in the research as being the focus of a Programme of business support tools need to be given emphasis. These are:

- Growth strategies
- Financing growth
- Innovation
- Human resource management

- Marketing research
- Marketing planning
- Pricing
- Financial performance measures

The details of the modules of learning for each of these should be directed by comments made in Section 6.

There is also a range of other business areas that have received less attention in the research but also need to be taken into account. These include:

- Environmental and social sustainability
- Information and communication technologies (e.g., including website management)
- Business systems
- Process management
- Quality practices

We believe that a Programme of business support tools must be delivered holistically. It must stand on its own as a comprehensive package and linkages must be made between business areas. The programme should not be a collection of fragmented learning modules. It is suggested that the significant output for those participating in (e.g. workshops), or interacting with (e.g., on-line modules), the Programme is a Strategic Plan. This ensures operators address all aspects of their business in their plans for growth.

7.2.1 Level of Learning

It is understood that NZTE will in future be recording data about the industry sectors from which their seminar attendees come and this will give an indication of the extent to which tourism operators regard the seminars as relevant and useful. In the interim, the NZTE Enterprise Training Programme could be deemed as a first step in business education for new tourism business operators.

Building on success and strength to lift financial performance at a firm and national level, requires a different level of learning. Currently, few options exist outside of formal tertiary education for experienced tourism operators to advance their tourism business knowledge and skills. NZTE does offer some generic advanced training but the extent to which this is taken up by tourism operators is currently unknown. It is, however, this higher level of learning that is required by many tourism operators.

What does a higher level of learning mean? The research programme has not addressed this question in any depth. We believe, however, that it means being more strategic about one's business; going beyond the operational basics of running a business; taking the business to a different place (e.g. new capacity, new markets, new products, new positioning, new benchmarks). It assumes all essential business systems and processes are in place (although these may need to change with growth). It also assumes that the owners are ready to take on a leadership role, to be innovative, and to do so, ensuring as best they can, that the business is sustainable for the long run. Experts who develop business education programmes are well placed to develop an appropriately targeted programme.

7.2.2 Financial Yield Calculator

Development work for a Financial Yield (FY) calculator for the TIA website is already underway (September 2007). The calculator and supporting text will commence the process of explaining what Financial Yield is and how it can be improved. The FY calculator facility allows business operators to:

- Calculate their FY.
- Compare their most recent FY with their previous results.
- Benchmark themselves against their sector.
- Access 'suggestions' on how to improve their FY.

Ideally the FY calculator needs to be accompanied by a comprehensive communication and education campaign as planned for the full Programme of business support tools set out in this section. Advance launch into the public arena without these components may affect its usage in the short term. It can however be promoted by TIA in a way that it sees appropriate and be incorporated into more holistic campaigns in the future.

7.3 Tourism Information and Statistics

The research showed that certain tourism information and statistics are vital to remain up to date with the external environment (e.g., international markets, visitor trends, upcoming events and opportunities). It also showed that much of what is currently available is under-utilised, possibly under-valued, and in some cases too complex or not relevant for operators to make quick sense of. Information and statistics produced by knowledge institutions (e.g. government, research organisations, universities) needs to be easily accessed and easily understood.

Reducing the fragmentation of such data and improving access to it would be very advantageous.

7.4 Delivery

Delivery of a Programme of business support tools needs to take account of both research and current practice. Blended learning is already a reality in New Zealand and it is recommended that a programme of tools be delivered in this manner – i.e., both technology and person delivered learning.

First, we recommend a website dedicated to tourism businesses be developed. This website would provide easy access to learning, information, statistics, tourism news and research. In the first instance some information might be accessed via links to various other websites (e.g. The Ministry of Tourism, Tourism New Zealand, Tourism Industry Association) but it would be preferable for all business support resources to be available from this one dedicated website as soon as possible (a one-stop-shop model). The website would include a range of on-line learning modules packaged in a way that reflects the points made in sections 8.0 to 8.3. Online registration for events, such as workshops and seminars, could also be managed via a dedicated website reducing much of the administration associated with such events. This could be a copy of the one launched on the TIA website or one that is informed by the uptake and feedback of that first version.

Second, the research showed strong operator interest in people delivered support and we believe that a workshop programme packaged as suggested in section 8.2 needs to be an important component of a Programme of business support tools. Applicants would be subjected to eligibility criteria and a comprehensive business capability assessment. Graduates of the programme would be eligible for one-on-one mentoring for a period of time (to be determined). Management, delivery and administration of such a workshop programme are not discussed in this document and would need to be addressed post the policy development process.

Third, digital distribution channels, such as bank websites, should be considered for the provision of online training modules to clients of private sector businesses.

7.5 Communication

Communication of the purpose of the Programme of business support tools is important at the time of its launch and thereafter on a continuous basis. Consistency of message is paramount and all within the sector need to understand its intent, its components and its benefits. Developing a Communication Plan to run alongside launch, implementation and management ensures this is carried out appropriately and fully.

If the concept of Financial Yield continues to be an important focus for the programme in the long term, then the concept needs to be well communicated to operators with explanations about its context, business applications and benefits. A comprehensive and well supported education process is essential. Whether the public sector retains the Financial Yield calculator and educative processes around it, is a matter for further exploration. The private sector, notably software vendors (e.g. MYOB), may be well placed to incorporate the concept into their accounting software programmes. Accounting firms may also be well placed to promote the concept to their tourism clients. Uptake of the Financial Yield calculator and feedback about its usefulness during the first year of its availability on the TIA website will provide some guidance on its future.

7.6 Evaluation

Much has been said about the importance of a full and proper evaluation system. For this Programme of business support tools the emphasis must go on evaluating whether the programme achieves its goals for business operators in the long run, not just whether it achieves intermediate goals such as numbers taking up the workshop and mentoring options or the level of satisfaction with the website. The Programme necessitates a long term view. The evaluation system needs to be extensive and will likely be complex, breaking new ground for government funded business support programmes. It will need to be well resourced and run for two to three years to cover all the different phases outlined in Table 3 in section 6.6.

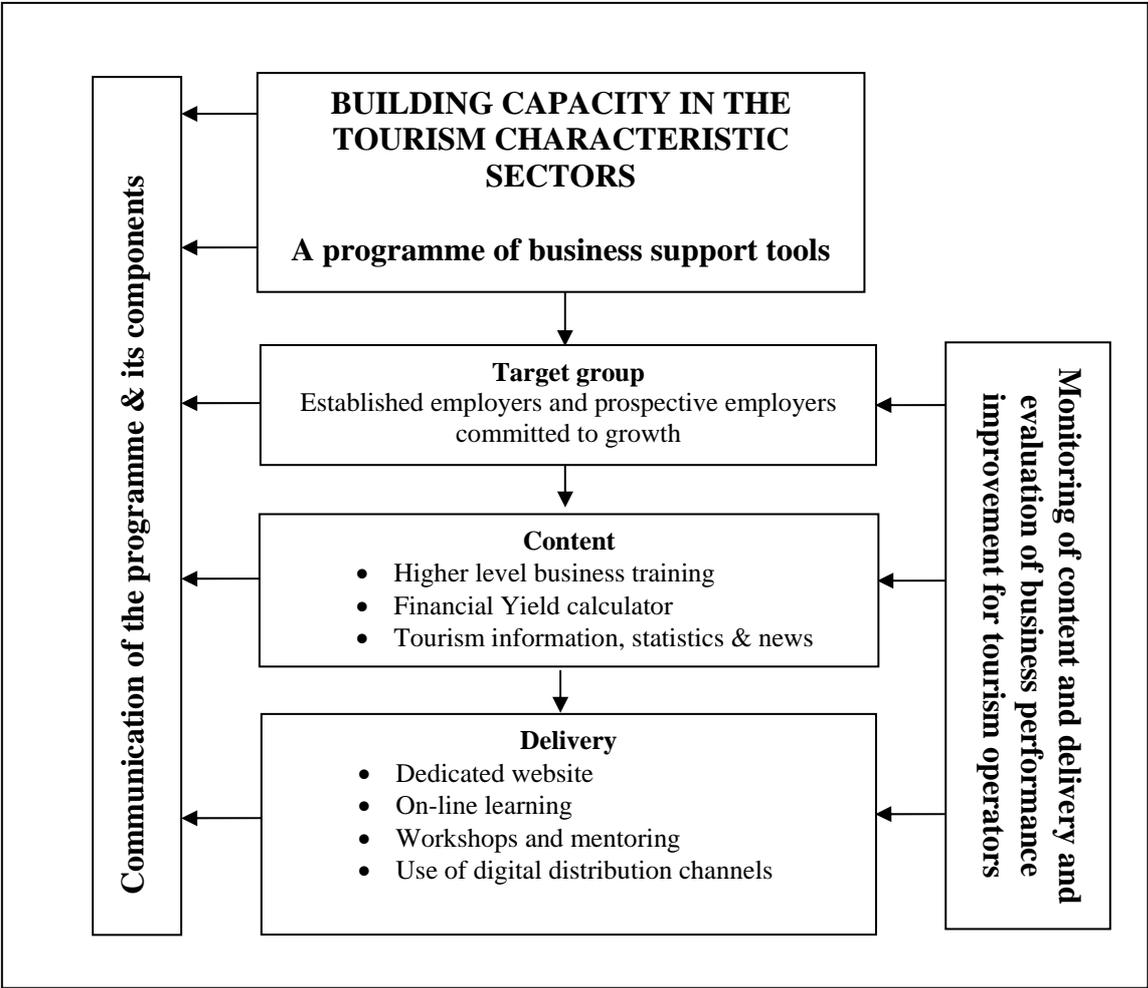
7.7 A Summary of the Implications for Tools

The detail discussed in this section constitutes what we regard as an appropriate Framework for a Programme of business support tools for building capacity in the tourism sectors. We believe the Programme needs to be implemented in its entirety for its full value to be realised.

The full Programme responds to operator preferences in terms of delivery as well as attending to different learning styles. It is recognised, however, that it may be practical to phase in the different components of the programme in which case we would recommend the development of a dedicated website that includes on-line learning modules, tourism information, statistics, and news, and the Financial Yield calculator. A dedicated website on its own can not however be expected to deliver the kind of outcomes sought and therefore we regard the workshop programme (including application of an eligibility criteria and a business capability assessment) and follow up mentoring as being fundamental to the Programme.

The Programme of Tools framework is presented below including the details of the components set out in this section (Figure 2).

Figure 2
Recommended Components for a Programme of Tools



Chapter 8

Recommendations

1. Develop Programme content that focuses on building on strength and provides higher level business training to tourism operators committed to growth and / or enhanced business performance. Those business areas identified in the research should be considered as non-negotiable when considering content breadth.
2. Target a Programme of business support tools for the tourism sectors at established employers and prospective employers. This could be expanded to include owner operators at a later date if desired.
3. Deliver the Programme utilising a variety of delivery mechanisms (blended learning) including a dedicated website, workshops, mentoring and digital distribution of online training.
4. Monitor the use of the Financial Yield calculator and its supporting components on TIA's website to see how it is best integrated into the broader Programme of Tools.
5. Develop a Communication Plan that provides publicity and education about the Programme of business support tools to the industry and its influencers (e.g. accountants).
6. Develop a monitoring and evaluation system to commence at the beginning of delivery of the Programme so that usage, satisfaction, learning application, business and financial outcomes of the tools can be assessed with confidence.

Chapter 9

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Appendix 1

Enterprise Training Programme Review, December 2005

Ministry of Economic Development

Executive Summary

Programme Background

The Enterprise Training Programme (ETP) was launched in its current form in the 2003/04 year. Its predecessor was the BIZ Training programme. The ETP is delivered under contract to New Zealand Trade and Enterprise (NZTE) by regional providers. In the 2005/06 year the ETP (including Maori Trustee Training (MTT)) was appropriated \$8.975 million (GST exclusive). A further \$0.312 and \$0.267 million (GST exclusive) was appropriated for Investment Ready Training (IRT) and Pacific Pre-Business Training (PBT) respectively. Both IRT and PBT have been included within the scope of this review

The programme utilises business capability assessments, group training in a number of subject areas, and one-on-one business coaching to achieve the following policy objectives:

- To improve the management capability of SME owner-operators and entrepreneurs so that they are able to manage their businesses more effectively and efficiently and have improved ability to make decisions on their ongoing training requirements;
- To improve SME owner-operators' and entrepreneurs' perception of the value of seeking further training; and
- To improve the provision of quality, private sector management training across New Zealand, so that the need for publicly-funded training is eliminated in the longer-term.

Review Objectives

The purpose of this review was three-fold:

- To provide accountability to Cabinet for the performance of the programme;
- To provide those involved in policy development and programme delivery with an assessment of the effectiveness of the ETP against its policy objectives; and
- To inform NZTE's upcoming contract tender process for programme lead providers. The current provider contracts expire in June 2006 and new contracts will take effect from July 2006.

Review Findings

Programme Niche

The review finds that the ETP continues to fill a large and reasonably well-defined niche in the market for management training services. The programme has a targeted and practical emphasis and utilises a combination of group and one-on-one training methods. Based on the evidence available to the review, the programme does not appear to be crowding out other providers.

Training providers (both within and outside the programme) identified the limitations of training available from other organisations in meeting the needs of SMEs and these primarily centred on the duration or format of training, and its academic or theoretical nature.

Effectiveness Against Objectives

The review considers that the ETP is generally effective in achieving its policy objectives, namely improving the perceptions amongst SMEs of the value of capability training and upskilling and in generating demand for further training. There are some indications that the ETP contributes to capability improvements in SMEs, although the ability to draw definite conclusions about this is limited by the lack of a complete performance management system for the programme. However, the opportunity now exists, with new contracts for service providers required to be in place by July 2006, to begin to address this problem. The ETP's effectiveness is largely driven by its established niche in the market.

- The review has made its assessment of effectiveness based on interviews with training providers (both ETP providers and training providers outside the programme), client value research conducted by NZTE, consideration of previous programme evaluation (both work undertaken by the Ministry of Economic Development and the ETP providers), and evidence of a high percentage of individuals and firms returning to the programme for further training.

Based on the review evidence, which suggests that the ETP is both filling a clearly defined market niche, and generally achieving its objectives, we can have some confidence that there is an ongoing need for the programme and, therefore, value in its continuation.

Implications for Contracting

The following are the review's recommendations, and these relate primarily to NZTE's upcoming tendering and subsequent contracting process:

- There are two systems that the review considers need to be developed and implemented in order to assess the impact of the ETP with more confidence:
 1. A clearly defined set of learning outcomes across subject areas should be developed and aligned with the curriculum framework. These should specify the capabilities that programme participants are expected to acquire or improve as a result of receiving ETP services. Outcomes should reflect MED's, NZTE's, and programme providers' collective understanding of "100-level" or foundational training. NZTE advises that some providers do specify learning outcomes for the services they offer, however, this practice has not been adopted nationally. The review considers that consistency in this practice across providers is necessary for improving the overall effectiveness of the ETP and a requirement to this effect should be included in providers' contracts beginning in the 2006/07 year.
 2. A standardised national system of data collection should be implemented post-intervention focusing on the implementation of learning. The follow-up coaching component of the programme represents a good opportunity to collect first-order outcomes information. In assessing overall performance of the programme, this post-intervention data can be compared to the set of learning outcomes expected for the training a participant has undertaken.

Currently, drawing any definitive conclusions about the sector distribution of ETP firms is difficult due to data constraints. The review understands that NZTE is currently working to adopt a new sector classification system organisation-wide (based on ANZSIC codes) and recommends that, as part of this, NZTE investigates the most efficient means for providers to collect and record more detailed sector data on ETP recipients.

Prior to finalising contracts with providers, the review recommends that NZTE undertakes further work, in consultation with programme providers, to identify the specific problems with the current content and/or delivery structure of the MTT programme. NZTE advises that this work has been planned and will be carried out in consultation with programme providers to ensure that the new model will be relevant and applicable to participants.

Implications for Policy Development

The ETP remains central to the foundation services identified as core business for NZTE when it was established in 2003. In delivering basic training for 12,000-15,000 businesses per annum, the programme provides both a practical service to businesses and an important network of SMEs for NZTE.

Indications are that the market for practical training may be beginning to mature, which has implications for policy in this area. However, this maturation does not appear to be occurring throughout New Zealand, leading some providers to identify a supply gap between the ETP and other training available in the market. This raises two policy issues for consideration:

How should or could the government continue to encourage the development of the management training market, particularly in those regions where private provision is limited?

The review considered the case for government development and/or delivery of a higher-level training product (i.e. the next level above the ETP). Overall, given the relatively limited evidence available to the review, the case for the provision of higher-level management training is not clear cut. Further work on the needs of potential participants, the extent and nature of other training available, and how any new training product would be differentiated from the existing ETP suite is necessary prior to committing to further government provision in this area. A case for a more advanced training service should also be dependent on a suitably well-defined policy rationale, which includes a clearly defined need for intervention, objectives, and associated outcomes.

Where the market is maturing, how could or should the government transition out of direct provision of training services? The ETP policy states that over time, firms will demand training outside the ETP range, the private sector will respond to that demand and fill the supply gap, and the need for government involvement in the market will be eliminated. The policy, however, does not provide any indication of how, or over what time period, this is likely to occur. The review examined the appetite for charging as one mechanism that could be used to achieve the transition, although recognises that this is a complex policy issue and one that ultimately needs to be tested with programme recipients.

The review recommends that, while not impacting on the upcoming contract process, policy decisions should be made on the nature and extent of the longer-term role for the government in the management training market, both as a provider of foundational-level training as well as of more advanced management training. The contribution of all stakeholders (e.g. regional economic development agencies and industry organisations) in growing and developing the training market should be considered.