

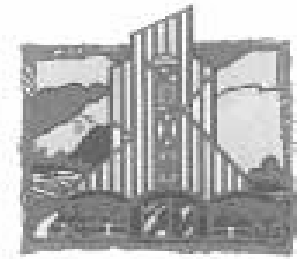
How to...?

Tips and Tools for Tourism Companies on opportunities for local linkage

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Pro-Poor Tourism
Pilots in Southern Africa



MBOZA VILLAGE
ENTERPRISES

The objective

- assist those companies that would like to do more, but could benefit from practical advice on how.
- Provide hands-on guidance for implementers, based on experience and lessons learned by others

Four topics

- 1) Increasing sourcing of **goods and services** from the local economy
- 2) Stimulating local **cultural and heritage** enterprises
- 3) Establishing **partnerships** with communities and neighbours
- 4) Prioritising local linkages in the **corporate agenda** and managing internal change

Increasing sourcing of goods and services from the local economy

Approaches:

- 1) A strategic approach to reviewing and changing procurement policy and practice.
E.g. Spier
- 2) An ad hoc, product-led approach, responding to an opportunity. Eg. Sun City cards
- 3) A destination-wide approach, in which several companies, suppliers, government and others focus on increasing business linkages.

TIPS: Increasing local sourcing

GETTING GOING

TIP 1: Set **policy priorities**: be clear what you want to achieve and how

TIP 2: Some **local products are better options** than others: prioritise!

HELPING LOCAL ENTREPRENEURS ENTER THE SUPPLY CHAIN

TIP 3: Use new networks to find new suppliers

TIP 4: Provide infrastructure on site and **change contract specifications**

TIP 5: Provide **technical support** and training to local entrepreneurs

TIP 6: In-source contracts to help local businesses get started

TIP 7: Help suppliers reach **economies of scale** and cope with seasonality

TIP 8: Bring in a facilitator to get contracts going between suppliers and your Buyers

TIP 9: Assist local suppliers to draw on other expertise

TIPS: for local sourcing cont'd

TIPS FOR INTEGRATING NEW SUPPLIERS INTO DAILY BUSINESS PRACTICE

TIP 10: Work out how to adapt daily operational practice

TIP 11: Expect - and address - **staff resistance** and personal politics.

TIPS FOR INCREASING LOCAL STAFFING

TIP 12: Review recruitment procedures to increase opportunities for local applicants

TIP 13: Invest heavily in **training** of local staff

Stimulating local cultural and heritage enterprises

- = a wealth of attractions and services for tourists e.g. shebeen visits, craft centres, political history, artists, performances....
- = what makes a trip memorable, word-of-mouth stories .
- = a way for companies to diversify their product offer and support the local economy

DIFFERENT APPROACHES TO THE ISSUE

- Approach 1: Collaborate with local artists and entrepreneurs to develop new local cultural and heritage products for tourists.
- Approach 2: Integrate local cultural elements into the goods and services you provide to tourists.

TIPS: cultural and heritage SMMEs

- Tip 1: Be strategic - choose carefully which approach fits your business
- Tip 2: Assess market demand and **separate the specialists from the regulars**
- Tip 3: Assess potential supply of local products – authenticity, marketability, quality and value for money
- Tip 4: Authenticity is a key ingredient – but needs to be balanced with other needs
- Tip 5: Much depends on building relations with the right entrepreneurs, local leaders, and wider community
- Tip 6: For local SMMEs, **your business advice, networks, and market access can be critical.**

Tip 7: Watch out for **logistics** – and unexpected rhino

Tip 8: Toilets and other facilities need priority attention

Tip 9: Work out where to compete with local business, **where to complement**

Tip 10: Link the cultural products to tour operators and the international **marketing** networks

Tip 11: Work across the destination and involve other tourism operators

Tip 12: Company procedures may conflict with the local cultural product provision

Creating local partnerships in tourism

Distinguish between:

- ***Joint venture*** - either in core operation (lodge) or spin-off operation (café, campsite)
- ***Operational agreement***: training, resource sharing, business development ... beyond a contract or donation.

TIPS: local partnerships

Tip 1: Start by identifying your options and which type of partnership you want.

A joint venture partnership in a shared business, or an operating arrangement covering training/support/sourcing but not shared operation?

Tip 2:**Sort out the legalities** – with patience.

Land tenure, financial commitments, and business regulation can delay or even prevent partnerships

Tip 3: When structuring the financial deal, explore a range of options.

Equity shares, leases, management fees, or a combination? Don't forget to look at how to boost local wages and small enterprise earnings too.

Tip 4:**Non-financial benefits** can be just as important, so need negotiation and development.

Look to see how community priorities and company priorities can be met.

Tip 5:Recognize that the community need time, advice and other options to make a good deal.

It is better for them to choose you than just take the first option. Don't give up just because they consider another partner or get advice.

TIPS: local partnerships

Tip 6: Agree on roles, deliverables and contingencies, and document it.

Be clear on who is responsible for management and daily operations. Capture agreements in a contract.

Tip 7: Communicate, communicate, communicate

Don't underestimate how little the partners know of each others' ways of working and needs. And how lack of knowledge leads to suspicion.

Tip 8: Channelling guest donations can be a great help – but a job in itself

Give tourists a chance to donate to local projects. But ensure you have resources to manage the administration, or find funds for a separate charity.

Tip 9: Recognise your limits – and what internal community matters you couldn't or shouldn't influence

Be clear at the start what issues are joint, and where you have to stand back.

Tip 10: The partnership is just a start: maintain, adapt and expand it over time

Don't invest everything in setting up a partnership, then stand back. Identify a manager responsible for keeping it going and finding new areas of collaboration.

Tip 11: Success of the partnership depends on success of the business

If the business goes under, neither partner benefits. Choose partnership approaches that benefit the business in the long term. If the partnership involves risk, keep it separate from core business at first.

Managing corporate change for implementing local business linkages

Donations can be separate from day to day business and the roles of operational staff.

Establishing linkages needs changes in operations, therefore:

- High-level strategic commitment
- A process of internal change

Managing corporate change for implementing local business linkages

different approaches:

- ***Overhaul of*** policy and targets, e.g. Spier
- ***Business model:*** e.g. Wilderness Safaris integration of partnerships. Owner-operated sites.
- ***CSI plus:*** e.g. Sun City enterprise support from CSI to supply chain

TIPS: corporate change for linkages

Tip 1: You need to have board, top management and staff buy-in for the new approach

Owners and top management need to prioritise local linkages that relate to current drivers of change affecting the company. Commitment from the top, and understanding of what it means for daily operations among staff, are critical.

Tip 2: You need a champion and facilitator to drive the process

A champion is needed to drive linkages forward, so they don't get overtaken by other priorities or existing procedures. A facilitator is needed for the time-consuming interaction with local partners.

Tip 3: Analyse existing practices before initiating any change

Gathering information first creates an informed starting point – and can also start catalysing discussion and change.

Tip 4: Turn existing challenges into opportunities and energy for change

Think laterally, so local linkages become part of the solution to a current problem.

Tip 5: Ensure the new linkages are incorporated into daily operations

Once a linkage is established, it needs to become part of the product, the menu, the delivery run, the guest information in rooms, the book-keeping, the guest itinerary, the brochure... or whatever other part of the tourist operation it relates to. This means adapting staff daily operations.

TIPS: corporate change for linkages

Tip 6: Motivate staff and deal with resistance

Change creates resistance. Clear communication, directive management, participation in creating linkages, rolling out corporate values and training... all help bring staff on board.

Tip 7: Use small practical steps to demonstrate efficacy

Demonstrate by doing. Choose some easy successes first

Tip 8: Bringing in an outsider can help move things on

An outsider can bring fresh ideas, credibility, an impartial way through internal politics, and new expertise.

Tip 9: Integrate the linkages approach into your values and brand

Once linkages are part of the brand, they become part of the expectations of guests – and hence of management and staff.

Tip 10: Manage expectations

Internal *and* external expectations should be kept realistic, to avoid disappointment.

Tip 11: Combine innovation and risk-taking with protection of core business

Doing business differently requires innovation. Take risks, but at the same time protect the core business: keep linkages as an add-on at first; invest most heavily in low season; and set boundaries for costs to be invested.