

**Building a Better Business:
A Flexibly Delivered SME Skills Program**

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Abstract

This paper discusses a recently funded tourism industry capacity building pilot for micro tourism businesses in regional Australia. Skills augmentation, building destination relationships and linkages and industry-wide benchmarking are internationally recognised as leading economic drivers for economic growth in general, and the tourism industry in particular. Small and micro tourism enterprises (SME) face enormous difficulty competing with their larger counterparts. To make matters worse, many SME are often located in peripheral regions where access to skills support is limited. To date self-regulation efforts in the tourism sector have resulted in little evidence that the industry is capable of capacity building without external planning and intervention. With increasing ICT literacy of prospective customers, consumer expectations on product information are rising. In light of this development there is general agreement that SME managers of the future will need to have both business acumen and skills in information and communication technologies (ICT) if they want to exploit its full potential. SME will be lost in the marketplace unless they are assisted in the usage of the tools necessary to participate in the digital economy.

Building a Better Business: A Flexibly Delivered SME Skills Program

Introduction

This paper discusses a recently funded¹ tourism industry capacity building pilot program for micro tourism businesses in the Goldfields region of Victoria, Australia. Skills augmentation, building destination relationships and linkages and industry-wide benchmarking are internationally recognised as leading economic drivers for economic growth in general and the tourism industry in particular [DOTAR, 2002 #478; OECD, 2001 #196]. Small and micro tourism enterprises, however, face enormous difficulty competing with their larger counterparts. Competition is made more difficult because many small and micro tourism enterprises are often located in peripheral regions where access to skills support is limited. To date self-regulation efforts in the tourism sector have resulted in little evidence that the industry is capable of capacity building without external planning and intervention [Hollick, 2003 #488].

With increasing information and communication technology (ICT) literacy of prospective customers, consumer expectations on product information are rising. In light of this development there is general agreement that tourism enterprise managers of the future will need to have both business acumen and skills in ICT if they want to exploit its full potential. Small and micro tourism enterprises may be lost in the marketplace unless they are assisted in the usage of the tools necessary to participate in the digital economy [[Buhalis, 2002 #73; Evans, 2001 #79].

SME Skilling

The search for strategies to enhance the sustainability of micro and SME tourism enterprises has ranged from the provision of industry led and funded regional workshops to individual business mentoring. Success of such skilling initiatives has

¹ Funding to deliver the program was granted under the Small Business Enterprise Culture Program (SBCECP), AusIndustry, Department of Industry, Tourism and Resources in May 2003.

been beset with challenges derived from the characteristics of micro enterprises in general [Danielle, 1999 #98]. Research also indicates that micro businesses engage in little formal market research intelligence gathering and rarely use external consultants due to resource constraints, lack of specialist expertise and size versus their perceived impact in the market place [Jameson, 2000 #100].

Research into information and communication technology (ICT) adoption, specifically, reveals significant impediments to achieving success in general, as it indicates that small enterprises in Australia still hesitate to invest their time and money in a rapidly changing economy, despite considerable government support for infrastructure [NOIE, 2002 #140]. Studies cite isolation, fear of competitors, and alienating intermediaries, uncontrolled growth, lack of skills and lack of strategic sense of how to move forward as significant barriers to adoption.

The inertia reflects a fear of opportunistic behaviour from competitors and a lack of trust in each other. In an increasingly competitive environment for destination market share, and the dominance of micro enterprises in destinations, lack of small enterprise capacity and consequent lack of ability to engage effectively with other tourism stakeholders results in loss of competitive advantage for the destination region and thus the wider economy [Hollick, 2003 #488]. How then might such systemic and structural difficulties be overcome in creating a more knowledgeable and capable tourism industry?

To overcome these multiple barriers, a pilot skilling project was designed which seeks to develop a more effective capacity building model for tourism enterprises by applying an ICT and Internet-enhanced platform for the delivery of integrated skills development. The venture aims to address a major gap in current training initiatives by performing a coordination role between the diversity of stakeholders in the provision of tourism capacity building. Using ICT to facilitate delivery of a wide array of learning modules, tailored to the needs of both start-up and established tourism operators, the project intends to build a regional learning network, where stakeholders can access industry-tailored data, learn and exchange knowledge to achieve best practice and gain competitive advantage. The development of a regional skills network, in the course of program delivery, will be facilitated by central access

to flexibly delivered business modules and online interaction, augmented by multi-model (e.g. face to face, individual mentoring or call-centre assisted) business learning.

Project outcomes focus on the enhancement of small business viability, creation of regional competitive advantage and reduction of the current high rate of business failure in tourism.

The Project

The pilot program seeks to overcome micro-operator barriers to skilling through the creation of a learning region as part of the skilling process [Florida, 2002 #612; Tell, 2001 #502]. Skills augmentation will focus on business development enhanced by ICT development. By using a learning region and community of practise approach [Wenger, 1998 #355], tourism operators can effectively learn with and from each other to leverage their knowledge of business and best practise to become sustainable businesses in their own right and thereby enhancing while of destination knowledge.

The development of a regional skills network through central access to flexible delivered training modules and online interaction seeks to overcome two of the major barriers identified in micro business training to date: operator sense of isolation and inability to leave the business as a sole trader. Cognizant of the fact that small business managers are often time and resource poor and many have yet to embrace ICT beyond email, knowledge transfer will involve multi-modal, e.g. face-to-face, individual mentoring, CD-ROM based and call assisted business learning. Under the theme, '*Any Time, Any Where, Any Place*', it is proposed to offer the learning to maximise operator involvement at any time of their choosing. Workshops are being offered to familiarise tourism operators with the online learning environment. The use of online technologies enables learner access to current content, online interaction and community knowledge building and best practice through a 'knowledge bank' depository, while the operator remains physically within the business.

Using ICT to facilitate delivery of a wide array of learning modules tailored to the needs of both start-up and established tourism operators, the project intends to build a

regional learning network, where stakeholders can access industry tailored data, learn and exchange knowledge to achieve best practise and gain competitive advantage.

The project builds on established infrastructure, such as regional IT enterprise centres, and tourism sector objectives, such as facilitating industry accreditation. The Goldfields tourism product region of Victoria was chosen to pilot the capacity building model as it was a sufficiently mature destination with a solid infrastructure of tourism management support, diversity of product and ICT for the model to be developed.

Development of business content, tourism portal and CD Rom support will be completed by the end of 2003 while implementation is scheduled to commence in the early part of 2004. The project duration is 18 months.

Target Audience

The project targets micro tourism enterprise owners and managers in the Goldfields region. Given the growing number of women in new tourism start up ventures, this project particularly aims to augment the capacity and skills of women in micro tourism businesses. There are approximately 1,500 new and established tourism operators within the region and the pilot will target 25% of these.

Project participants will represent a large cross section of new and established tourism business owners and managers who will be encouraged to become leaders in their communities through the learning process. Feedback, interaction and cooperation between project participants will be encouraged in both a face-to-face and an online collaborative business-learning environment. Such interaction will allow for the sharing of best practise and set the pace for industry wide benchmarking.

Conclusion and Implications

Documentation collected during the course of the project will provide a unique insight into the learning styles and progressive business acumen of small business. It

is anticipated that the project will develop a replicable learning model for micro businesses that will be applicable to a cross section of industries.

Through a regional forum at the end of the program operators will be invited to exchange experiences and provide input on key elements of the program: face-to-face delivery, online access, operator interaction and community capacity building.

The project outcomes focus on the enhancement of small business viability, creation of regional competitive advantage and reduction of the current high rate of business failure in tourism.

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