

'Back of the Envelope'? Small and Medium Tourism Enterprises and Strategic Planning.

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Abstract

Small and medium tourism enterprises (SMTEs) form the backbone of New Zealand's tourism industry. They are pivotal to a destination and important vehicles of regional economic development. However, they are characterised as being resource poor and vulnerable commercial operations. Despite this, it has been reported that SMTE owner-managers are not strategic planners, have an under-appreciation of strategic planning and are therefore unlikely to seek planning assistance. Why are those who could benefit most from strategic planning least likely to undertake such an approach?

This research explored the perceptions and approaches SMTE owner-managers have of strategic planning. This was based on semi-structured interviews of owner-managers of fifteen SMTEs on New Zealand's West Coast.

It was found that most owner-managers are informal and 'back of the envelope' planners. This was compensated for by their experience, which allowed intuitive decision-making. Considerable operational involvement resulted in a need for owner-managers to prioritise their time. Therefore, taking the time to document plans was not considered necessary. Despite these findings, owner-managers valued planning. They could be described as being strategic by the means of 'strategic intent', in which intentions are not explicit target statements, but more subtle ambitions. These business decisions were long-term considerations, which reflected their motivations and objectives. This strategic intent was evident in the owner-manager's experience with the business. With lifestyle a motivator for starting the business, lifestyle also became a business objective and the basis for their strategic decisions. One way this occurred was the strategic decision regarding growth. With few staff, owner-managers were time poor and not enjoying the lifestyle they expected. To relieve this situation, the business could employ more staff to free the owner-manager from the daily operative work. However, this required greater turnover and customer volume, although such growth does not reflect the initial intention for the business. Alternatively, business growth has a number of implications, which may make it unfeasible, resulting in a 'Catch-22' situation.

Regardless of whether a business grew or not, this common predicament meant owner-managers were making strategic decisions, albeit influenced by lifestyle. This thesis outlines the strategic decision and its surrounding factors. It also conceptualises strategic planning in a manner that is appropriate to SMTEs, focussing on the role of strategic intent.

Most importantly, this research highlights the need to recognise SMTEs' unique characteristics, such as that of lifestyle motivations, without dismissing them as unprofessional or lacking commitment. Understanding and recognising these characteristics, which are so often unlike other industries or

business types, will serve to address the development needs of this important sector of the tourism industry.