

## **Column: Public Private Partnering for Tourism Development**

### **Title. "Coordinating SME's systems" becomes a science**

Summary: Public Private (PP) Partnering is a discipline that studies the necessities of the private and mixed private-public groups and attempts to optimize the existing ratio between cost, time and final results produced.

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Working together, between entrepreneurs, and between these and the public is not as simple as it seems. Sometimes we don't know the disadvantages and the traps to avoid, together with the principle advantages of the cooperation. Some strategies, once defined together, are not easy to be put into action opportunely and there is the risk that the decisions are made in a confused manner again. These are only a few of the symptoms that this new approach, Public Private (PP) Partnering will invite you to grasp to individualize the weaknesses of the SME's group in which one is a part of, and to reinforce it before these weaknesses reduce the operativity and the results obtained. Numerous private and mixed private-public associations which operate in ours and in other countries of the world demonstrates how successful cooperation is not an easy tack, but is indispensable and also possible. PPPartnering is a discipline that studies past successful and failed partnership's experiences in the attempt to understand what makes them similar and most of all how to find useful solutions for both short and middle to long term periods. This discipline tries to obtain a better relationship between costs, times and results (PPPproductivity) from 2 or more organizations who work together.

#### **A new discipline : Why?**

Because by ourselves we are weak. In the environmental sector, there have been appeals for cooperation for many years. In the high intensity capital sector which include cars, houses and technology the stakes are high. The structure of the market is changing because it is made by people who are always interested in saving but are also demanding, or are sophisticated and interested in spending (polarization of the market). Within the tourism sector the structure of the competition is changing, with ever more new countries and new destinations that enter into the marketplace, far away, but easily attainable thanks to internet and low cost flights. This is why it is an urgent necessity to profoundly improve the structure so that it is competitive. The alliance between enterprises is one of the most followed methods in all sectors and can answer the challenge of global competition and together will help the field of tourism in Italy which is great difficulty.

#### **Why are we in great difficulty?**

For two reasons. The first is that this tourism product is different than all the others. To verify if an industrial product works or not is less complex than to understand if we are offering good service. Tourism is an abstract service in which the quality is based on opinions (basically we are selling experience and dreams). The second reason is that when we produce a tourist service together with somebody else, certain mechanisms are introduced that have a tendency to remain hidden, but could create problems that subtract energy from the marketing direction. Sometimes, for example, the organizations that cooperate are not only private but are also public and are a part of associations and this means that there will be the necessity of coordinating and integrating necessities and different mentalities. Public organizations are more interested in the visibility and the influence (in a good sense), whereas the private ones are looking for immediate results. In other cases the organizations that cooperate are more interested in capturing public financing, which are also important, than defining the product and service necessity of

the guests. Then again other entrepreneurs take over many structures in many different destinations and do not collaborate closely with the local associations because they think that they don't need them. The result of this is the rapid decline of the decision making mechanism and with its efficiency. The basic problem is that all the associations both private and mixed, in Italy and not only here, operate through a learning process which works by trial and error, without the help of a real and functional discipline.

### **What's the Challenge?**

Many of the large multinational groups operating in the sector are trying to do one thing only: capture high spending guests because these are able to generate higher profits, investments and occupation. Within the associations, the future will not be in "dividing the cake in ever smaller pieces" but in "creating a larger cake to have more advantages for everybody" (Hirsh, 2001). In this way, PPPartnering for Tourism Development increases the competitive advantage (of the hotel in this case) with external ways. Its mission consists of creating a virtuous hotel, which not only makes the clients loyal, raises the profits, pays its own workers, pays off the bank debts, but is also *effective*: which produces profits through a large number of guests visiting for the first time the destination; *efficient*: which offers high quality desired services as well as quantity of services, at the best prices and at the right moment (when they are requested); *sustainable*: that help to reinforce the natural and historic resources which are used by the guests and *equal*: that share ideas and the proceeds with many people and organizations which are active within the area that they operate.

### **To always become more cooperative to always become more operative**

With cooperation, as we know, the hotelier saves both time and money in the purchase of products that are commonly used and of publicity, constantly improves the product that is being offered, arrives to the marketplace earlier and earns more visibility. Even so other companies and destinations cooperate as well. Improving competitively does not mean cooperating well, but cooperating better than others. This is the sense of the appeal put forward by many international tourist organizations one of which is UNWTO which invites us to "always become more cooperative to always be more operative" independently of the resources, the technology, and of the funds that are available.

The PPPartnering supports Marketing and the company organization is therefore no longer "alone". In this way we can withdraw from a tunnel. The resulting products from today's economy, are the results of two great disciplines: Marketing and Management. The first allows us to solve problems that are tied to the choice of product, price, and the distribution (the 4 P's). The company organization, on the other hand, helps to improve the production process based on hierarchy, with a owner and employees, who if they make errors often, may risk being fired. A large number of the things that are done within the cooperation between organizations which are independent, in which no one can fire anyone, were not based on solid rules and regulations. This approach was introduced in the middle of the '90's in the United States to help the multinationals in the industrial sector to better confront the competition and the global market. If we want to understand the role of this discipline with a metaphor, we could say that PPPartnering has the function of the power steering in a car. Without power steering the steering wheel turns anyway but it is more difficult to do; and the sharp corners are impossible to turn.

### **Partnering: What is it more precisely?**

There are many definitions of Partnering: Generally speaking it is "the discipline that consists in the development of successful relationships in the middle area between client

and supplier, based on the acquisition of good techniques and has the effect of improving the competitive advantage of the partners” (Lendrum, 1997).

### What are the Key variables of PPPartnering for TD?

If marketing considers the “4P” aspects decisive, PPPartnering will fix ten pivotal issues in which a partnership will be called to improve its productiveness; these are called the “10A” of Partnering (Droli, 2007). The method assumes that whoever cooperates has their own strategy and knows well the advantages, the disadvantages and the risks of cooperation and is looking for a work method to accomplish the initiatives within a year or two. The Table number one presents the questions that will be confronted in the single phases.

Index 1. cyclical phases in the life of a partnership, questions, developed solutions and variables of Partnering

Phases	Questions	Proposed solutions	Variables
Definition	<i>How to balance the expectation of success and make the decision makers fully responsible?</i>	Propose at the basis of the partnership the clear necessities for the short, medium and long term period in order to create realistic expectations and more commitment over time	Awareness
Creation	<i>How to resolve the question of necessity and the objectives that are in conflict</i>	Define the service portfolio of the partners so they can obtain the maximum results from the marketing strategy and so they will be sustained in time	Assessment
	<i>How to make the partners exit from the routine without breakage and avoid that the strategy stays in the cupboard?</i>	Put the different business units in contact with each other with dynamic immediate, concrete and coherent packaging	Adaptation
Organization	<i>How to avoid that, through the disciplinarians, the innovation does not diminish but increase with time?</i>	Choose the principles which emerge in the duration of the previous phase and propose them as the base of all the agreements so that the rules of quality, courtesy etc. are fixed even if the strategies differ.	Articulation
	<i>How to increase the number of partners and the entity of the portion of the association?</i>	Demonstrate the type and value of the first results in a detailed and clear manner.	Adhesion
	<i>How to facilitate the realization of the intervention to reinforce the competitiveness which are more costly and important for the outcome?</i>	Define tactical agreements and prepare units of the product/ segment for the coordination of the participation upon infrastructure, buildings, systems etc.	Activation
Reinforcement	<i>How to improve the capacity of the association to produce proceeds for itself, for the partners and for the area in which it operates?</i>	Synchronize the speed in which the association becomes more operative in base of the rhythm in which the request of products and services changes	Acceleration
	<i>How to integrate the newly offered product without changing the fixed operating costs of the association?</i>	Increase the involvement of the organizations in which the brand name is less known and more dynamic	Affiliation
	<i>How to improve the team spirit and create a cooperative and stabilizing climate?</i>	Transform the results that have been obtained in opportunities for savings, in the billings of the company and in the occupations for the partners	Attraction
	<i>How to learn “what’s needed”, when it is needed ... before the others, without running the risk of losing precious information?</i>	Conclude agreements with associations which are more evolved and not in competition, weighing knowledge gained and lost	Approach

Every phase is indicated as important by one or more of the perspective plans and in many cases by the associations that are called upon to answer to every single question. In this way we are reasonably certain that the concentration is focused on the most important, practical and urgent aspects of the cooperation.

### **PPPartnering for Tourism Development: Why now?**

Partnering was developed in the sectors with the highest density of capital investment which are aeronautics, space development, automobiles, technology and finances. The increase in the requested investments in the tourist sector and of the technology in use, has made this an intensive area of know-how and has increased the necessity of a discipline that addresses the operators of the tourist sector, which are the most dynamic and important in the world.

### **PPPartnering for Tourism Development was born in Friuli Venezia Giulia region, Italy.**

Yes, every once in a while something is actually born here. It is successful maybe because of the large number of small and middle size enterprises that operate in the sector, which form the backbone of our economic system, which suffer from the major problems of competition and which offer the major possibilities of studying the effects, unsolved knots and solutions. In this sense today Italy offers a certain cognitive advantage.

### **PPPartnering is a collection of good practises, a discipline or a science?**

With a superficial look, PPPartnering is a knowledge of good practises that should be imitated and traps to avoid, to one who is more attentive it is a work ethic used to solve the various questions confronted by the 10A s, but at a profound level it is a science. Partners in Tourism is based on the use of instruments of analysis with which the direction of the association can measure (with the use of numbers) : the difference there is between " what needs to be done in base of the strategy" and " what the partners are used to doing and consider useful to be done" (to mediate between the two positions), the availability of the company to spend to self finance the initiatives ( to better calibrate the system of the associative shares ) , the probability that each single agreement will be respected (starting with those that are more important for the strategy, but which require fewer controls) etc. At this level the Partners in Tourism considers an association like an living organism and offers the instruments to measure the vital parameters. This authorizes us to speak about Partners in Tourism as the "scientific coordination of cooperation".

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