

Column: Public Private Partnering for Tourism Development

Title: Setting up a successful strategic partnership

Summary: The changes that have been taking place in the last five years require that everyone work together successfully with others. Now, hoteliers, and also the public have been accustomed to cooperate without deeply analyzing their whole supplying, management, marketing and partnership necessities. It is natural that cooperation will encounter problems. This article examines the necessity to create a successful strategy for the partnership.

Let us understand, through some questions, whether the entrepreneurs who read this article know about cooperation with the public and with other competitors:

- If your hotel has not joined a consortium and/or chain, do you personally have a precise idea of the advantages, opportunities, but also disadvantages and pitfalls to avoid in working together with other hoteliers?
- If, on the other hand, you have had experience of cooperation between competitors, did you understand exactly "what worked and what didn't" in the past experiences of PPP? Have you learned precise lessons?
- Did you share those lessons with your actual partners?
- Together with all the shared lessons, did it give rise to a narrow list of "things to do" and "things to avoid" for the success of the present or future partnership?

(Schedule-base: G. H. Mead¹).

If you have answered "yes" to these questions this means that you have a good basic knowledge of Public-Private Partnership and that you are, or may become an influential partner. If you cooperate or want to do so with competitors or public authorities that provide similar responses to yours, then your basic knowledge of PPP is widespread and this will help you a lot during the following stages. Otherwise, the lack of basic know-how will mean that you and other organizations will have to expend more effort than is necessary to gain results whatever they are.

What are the obstacles to overcome in order to setting up a successful partnership?

The first obstacle is definitely the lack of information. Hoteliers who have a clear vision of their future start with more enthusiasm, but this "alone" is not enough to work together for long periods of time, to create new products, to help and get help. Enthusiasm without detailed information, creates doubts, and if not clarified remains over time and can reduce the productivity of the partnership. Setting up the strategic PPP means creating the information on which to base all future stages.

What kind of help can the Public Private Partnering give at this stage? Working together involves both advantages and disadvantages and if we focus only on the first, while we forget the second, we make the first big mistake. If the pros and cons of the emerging partnership emerge "on the road", partners could consider the co-operation is based on partial considerations and that's one reason why performance declines over time. Partnering for Tourism Development³ recommends to put at the base of cooperation the benefits to be obtained, the disadvantages of co-operation to reduce and fix both in a Letter of Intent before starting to work together.

Is knowing the pros and cons enough to set up a partnership?

Common sense is not enough. Some partnerships want to achieve important results in the middle term. In this case, we need a methodology, which is a work route that can produce useful results not only in the short term (palliative), but also in the middle term.

What does the proposed methodology seek to do?

The methodology recommends to deepen the knowledge of the method and to gather even more detailed information about the needs of stakeholders. The table below shows the steps proposed to provide and collect information.

Tab. 1. Methodology: points to be developed.

Information:	Aspects:	Type of Messages
A. About method	Immediate necessities (numbers) and Future benefits (uncertain)	Cooperation is not a "safe haven" in which many hope to enter, but requires commitment to the innovation, patience and dedication
	Disadvantages	loss of autonomy, need for specific skills, risks of mistakes are daily present
	Pitfalls to avoid	not recognizing and avoiding a bad habits, not putting the strategic customer first, continuing
B. About the Companies involved	marketing and organization	individual results obtained through individual initiatives, obstacles to the reinforcement of individual initiatives, necessity of support, resources Involved assets, etc

Providing information on the methodology and collecting information about the needs of businesses creates a circuit of knowledge, a fundamental basis for any plan of action.

Best practices have weaknesses?

Yes they have. Not everyone into the destination or the hotel is interested in the needs of the best customers, of the intermediation or are interested in the necessities of transport operators. In the partnership that must manage a public investment plan or is responsible for organizing an event of international visibility, the temptation to forget the commitments taken before the funding or the event can be very strong.

How can we overcome these weaknesses?

We should for example measure the real necessities of entrepreneurs "what they really want", and understand what kind of marketing strategy they are interested to support for the future. Then specific tools are needed to measure existing gaps ad surplus between necessities and ambitions. "What businessmen say and what they don't say in public, but think" is often the root of the PPP. This is the base of every involving marketing and partnering strategy.

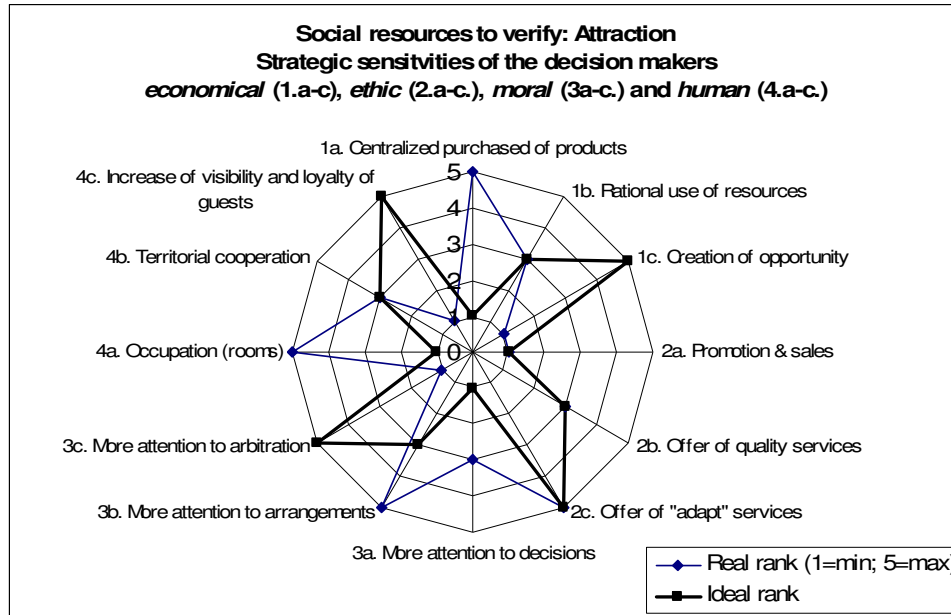
What is the tool used to easure the deep intentions of the stakeholders?

The instrument in this case, consists of a test that examines the real necessities of Entrepreneurs and the Public. Our research shows how a PPP driven by number produces a better ratio between results, period of achievement and money spent. These necessities or *sensibilities* are quite stable over time and are little influenced by technical directors, chairmen of consortiums or researchers and thus may be "photographed". Hoteliers who want to create a strategic partnership are similar to engineers: they want to build a bridge between the past and the future and are generally more ambitious; those who want to create an operational partnership are more driven by necessity. This means that entrepreneurs with sensitivity adapted to the years between the 80s-90s should be in the minority and those with mental patterns which relate to the 60s-70s should be even less so.

The test of real necessities uses and develops the concept of ideal-type which is centrally used in sociology and proposed by one of the greatest sociologists of the modern age: Max Weber². The proposed instrument is a radial graph capable of representing "what stakeholders consider most important in solving four specific fundamental organizational issues." The graph which shows the results of the test is called "Model Lignano Sabbiaodoro", was tested successfully in this area in 2001 and depicts two distributions of data. The first distribution represents the ideal necessities or sensitivities. This distribution is shaped like a propeller because there exists an ideal combination

of attitudes. The more traditional sensitivity (years'60-'70) form the base of the propeller, the most typical of the 80s-90s are in the middle, while the most rational and middle term (after 2001) form the propeller tip. The second distribution is related to the observed case. The chart below shows the results obtained in the case presented by the text which had just been published².

Tav.2. Describing sensitivities through Model Lignano Sabbiadoro.



(Reference: period 2004, Destination different from Lignano Sabbiadoro)

The majority of hoteliers interested in working together consider that it is more important to meet immediate needs such as savings on the purchase of products commonly used (1.a), rather than create new spending opportunities for its customers that work in terms of yield management (1 c). In the ethic field most of the operators are interested in offering existing services which kind and quality are the one the customers are asking for (2.c). The other sensitivities are typical of commercial partnership. The ethic sensitivity configuration is therefore the only one in which the optimum and the real distribution match and it is the only one on which you can work on to create a partnership that produces results in the short and middle term: a strategic one.

What are the results obtained through a model of this type?

Using a model of diagnosis like this allows us to :

- understand what the players say "between the guide-lines of the future strategies" or do not say now, but expect from them (vision);
- understand what the mission of the partnership is and prepare to build it;
- write a Letter of Intent that reflects the vision, establishes the mission and creates a coherent work direction with the real intentions of each single individual concerned;
- create conditions in which entrepreneurs and public administrators better support the activities of the group stages.

We can say in synthesis that: informing stakeholders in what it means to co-operate in good and bad makes them better prepared to face the difficulties that inevitably arise. Understanding the needs of each one helps to set a coherent marketing strategy, but to analyze the true intentions of the enterpreners and the public decision makers will allow clear agreements from the outset.

When the stakes are high, there is the need to build broad agreements different from "castles on the sand". Representing the situation through a complete set of numbers helps making clear and coherent initial agreements. This creates a solid foundation for all following activities. Without subscribing solid but flexible and coherent agreements the undecided entering the partnership,

find confirmation of their doubts, confuse the ideas to those who already have clear ones and slow down the pace of decisions, which should instead increase to keep pace with the evolution of technology, market and competitors.

References:

¹ Mead, G. H., (1972), "Mente, sè e società", Giunti Barbera, Firenze, .

² Weber, M. (1958), "Il metodo delle scienze storico-sociali", Einaudi, Torino.

³ Droli, M. (2007), "Partnering turistico. L'impostazione, la creazione, l'organizzazione e il rinforzo di una partnership strategica di successo", Editrice Universitaria Forum, Udine.

Maurizio Droli

www.sisad.it
info@sisad.it