EXAMINING THE CRITICAL SUCCESS FACTORS OF SMALL OPERATORS
entry to the nature-based tourism sector

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TECHNICAL REPORTS

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Examining the critical success factors of small operators: entry to the nature-based tourism sector.

Bibliography.


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Abstract

This report examines the current issues relating to individuals intending to start-up a nature-based tour operation using public land. Specifically, the study focuses on the challenges these individuals face and the type of support required from the early stages to actual business establishment.

The report initially contains an overview of the literature as it relates to success factors relevant to nature-based sector issues, business success factors and business start-up. Then, details are provided of the data collection methods. The results section summarises the outcome of the study relating to interviewee profiles, the barriers and enhancers to entry to the sector, practices of good operators, as well as, an overview of the nature-based support environment. The report concludes with recommendations for assisting intenders who are considering the start-up of a nature-based operation and a description of a fact sheet as a future action of the project.

Acknowledgements

The Sustainable Tourism Cooperative Research Centre, an Australian Government initiative, funded this research.

Thanks are extended to Erin Slattery, Project Coordinator, Tourism Alliance Victoria and Anna Wadley, Research Officer, Centre for Hospitality and Tourism Research of Victoria University, who provided invaluable information and support for the project.
SUMMARY

OBJECTIVES OF THE STUDY

The aim of this project was to identify the current issues relating to individuals who intend to start-up nature-based tour operations using public land. Specifically, the project focused on the challenges that face individuals and the types of support required in the early stages of business start-up from first considerations to actual establishment of the business. There were three principal components:

1. Nature-based operators:
   - Their characteristics and behaviours (existing and intenders).
   - The issues or challenges faced during entry to the sector.
   - The dimensions of their support requirements.

2. The nature-based support service environment:
   - The landscape of the nature-based tourism sector (who, what, where).
   - The type and extent of support available to the business intenders within this landscape.

3. The identification of any gaps in effectively supporting the needs of these business intenders to assist in business sustainability, as well as industry professionalism.

METHOD

As perceptions and experiences of operators and intending operators were needed for this study, a qualitative approach was taken involving three principal data collection stages: a meeting with industry partners, a literature review, and collection of primary data through in-depth interviews with current and intending tour operators during 2005.

In the first stage, the team met with representatives of Parks Victoria, Tourism Victoria and Tourism Alliance Victoria to confirm the direction, approach and the specific desired outcomes. Following the initial meeting there was continuing communication with Tourism Alliance Victoria for the development of the questionnaire for the in-depth interviews and also for identification of suitable interviewees. In the second stage, a review of secondary data including reports from a range of organisations such as State Tourism Organisations (STO), nature-based industry and relevant industry associations, was undertaken. Information relating to nature-based firms on support provision and industry concerns was obtained and utilised in the development of the in-depth questionnaires for current and intending tour operators. In the third stage, primary data were obtained by means of in-depth interviews with intending and current tour operators including both new starters and those who were established and successful. Interviews were conducted with these three types of tour operator until no new key issues were arising. In this way a total of eight tour operators were interviewed.

Finally the data were analysed to identify the key enhancers and barriers to establishing a nature-based tour operation and to determine the strengths of, and gaps in, existing support and establishment processes.

Profile of Interviewees

The backgrounds of the interviewees fitted into four groupings based on McKercher (1998):

- Have some natural or physical science background, and view ecotourism as a business where their skills and knowledge will be used to educate others.
- Have past experience in tourism sector and see nature-based tourism as a logical sector to follow which provides an extension of tours or accommodation already provided.
- Guides who have set up own business as career progression.
- Not from a tourism background, however, have an interest in nature-based leisure pursuits.

Nearly all the interviewees were motivated to start their own business in the nature-based sector because they had a love of the outdoors, needed a change in their work, believed that work in the nature-based sector would allow them to work with people, which they enjoyed, and they were making a lifestyle choice. The need for a challenge was only indicated by one operator.

KEY FINDINGS AND FUTURE ACTION

Three dimensions important to start-up were identified:

1. Issues and Challenges Faced at Entry to the Sector

Of the three dimensions important to successful start-up legal compliance emerged as the greatest concern. Of the legal compliance requirements the intenders and existing operators interviewed were largely troubled by
the Taxi Directorate licensing process, the cost of public liability insurance and misunderstandings about Parks Victoria permit requirements. The concerns regarding permits and licensing were generally related to ‘not knowing what you should know’. It seems that sourcing advice was based on luck and, even when advice was found, the general nature of the information did little to clarify issues.

Licensing and permits were considered to be important ways of protecting the environment, though monitoring of permits was of concern as the number of permits issued may be too great for some parks. There was some support for including the assessment of the operator’s knowledge of the environment in permit applications. In addition, accreditation was stressed by most intenders and operators as a possible entry requirement and there was also support for the provision of various accreditation levels, which should be linked to achievement in environmental practices.

2. Issues Regarding Small Business Management Capabilities

Overall, most of the interviewees were engaging in small business management training and education but it was not helping them with feasibility analysis and market research leaving some of them ‘stuck’ and unable to find a way to business start-up. This was due to a combination of lack of market knowledge, compliance constraints and a lack of a ‘can-do’ approach.

The intenders and early start-up businesses were confident about the technical skills they possessed. However, there was also a misconception that operating a nature-based tourism operation in the current climate is restricted to technical outdoor activity skills. Successful operators know that to be competitive they need to provide safe, value-added experiences that require their business to have guides and operators with more than the basic technical skills. These skills may include health and safety, interpretation of the environment, event management and interpersonal communication. Current intenders were not seeking to further their technical knowledge and skills. However, without considerable field or work experience in leading a nature-based operation a real understanding of the risks is limited.

3. The Nature-Based Support Environment

Intenders spend a lot of time and effort tracking down advice and support, and a key issue was lack of knowledge of the sector’s stakeholders. Assistance is needed to help intenders gain a ‘bigger picture’ view of the support environment and tourism industry. Currently their understanding is confused and piece-meal.

Not all intenders had the same backgrounds and therefore had different support needs. They seemed to know how to seek generic small business support, but this does not fully assist them and they knew less about how to find sector specific compliance and skill development related support.

What Good Operators do in the Start-up Phase

Personal characteristics and capabilities and specific management practices were identified as assisting ‘good operators’ in the business set up and early start-up phases. These personal characteristics and capabilities include:

- A good understanding of the tourism industry and the nature-based sector (key stakeholder, support mechanisms and inter-relationships), which has been gained via experience (paid work or volunteer work) in the industry;
- Realistic expectations of their future venture, which in most cases is based on previous experience in small business; and
- Key personal qualities, such as persistence and passion, which gets them through the ‘difficult times’. This ‘can-do’ attitude means that they are pro-active in seeking support and improved knowledge.

Additionally, a number of specific management practices are also undertaken by these operators to enhance, not only the establishment of the venture, but also its long term sustainability. These practices are:

- Use of personal and informal networks within the industry to help gather information and improve knowledge of the industry (key players, trends), their market, and business operation competencies; and development of good relationships with individual personnel in nature-based tourism agencies (e.g. Parks Victoria regional officers and rangers);
- Use of Information and Communication Technology (ICT) as a learning tool;
- Affiliation with associations and agencies (e.g. TAV and Professional Guides Association) and involvement in regional and state-based committees; and
- Collaborative work with other businesses within and outside the sector in order to attract more business.

The needs of intenders change as they move into start-up:

- Marketing is a primary need for new and mature tour operator businesses, as sustainability and growth are dependent on growing customer numbers or finding customers who provide greater yield. At this stage marketing activities relate to brochure development, website development and alliance
formation. However, marketing can be an expensive activity and good operators have utilised their networks and partnerships to access and enhance marketing opportunities.

- Networking acts as a support mechanism. As operators become more familiar with the nature-based sector and improve their knowledge of the key stakeholders they are then able to develop their own support mechanisms. As a result, after start-up networking and partnerships became the most important means of accessing support. From the interviews it was apparent that most of the existing operators were able to find and develop their own support networks. The formation of alliances and support groups is largely undertaken in an informal manner but nevertheless they provide the important support. Informal networks tapped into by good operators included local regional tourism groups, Visitor Information Centres and other operators in the area. Accommodation enterprises seem to be important links for nature-based operators. However, there is recognition that accessing local networks is difficult for newcomers to the area.

Despite these issues a number of opportunities exist for more sector specific support to be provided. For example, websites are not always fully utilised as a resource by intenders. Currently the main issues that need to be addressed are: lack of knowledge about what sites exist; lack of computer skills on behalf of the intenders; and poor site design, which makes the sites difficult to navigate. Furthermore, both the intenders and the support providers do not seem to be aware of the three key factors important to successful start-up. The factors that drive success encompass compliance as well as technical and small business capabilities. These three aspects need to be addressed equally by the support agencies. Making sure that intenders and start-up businesses are compliant is not enough to ensure the sustainability of a nature-based tourism operation. For example, engaging in the process of accreditation can assist with meeting legal requirements, improvement of management skills and ensuring that key technical skills are obtained. Finally, the nature-based tourism support sector and its key players are not fully understood by intenders. There is an opportunity to provide resources that help intenders to work their way through the support maze currently available and to do so in a way that encourages them to make use of the key agencies and businesses within the sector.

Therefore, given the findings of this study the following recommendations are proposed in order to improve the way support is provided to intenders and early business start-ups.

- To develop a guide to assist those intending to start a nature-based tourism operation.
  - This guide could be published by key industry organisations and support agencies in hard copy or electronic format.
  - The guide could also be a useful tool for support agencies to ensure the provision of consistent and needed assistance. The guide could be used as a tool for training workshops.
- To inform the State Government about the concerns regarding the existing practices and processes of the Victorian Taxi Directorate.
- To encourage existing small business (and specifically nature-based) support providers to find better ways to reach intenders and early start-ups. Understanding that not all intenders are the same nor have the same needs is important. This may mean providing support that is more sector based and less generic.

**FUTURE ACTION**

After consultation with the industry a decision was made to develop a fact sheet for intenders and existing nature-based operators. This sheet will be a support tool to assist individuals and businesses to better understand the requirements for starting a business in the nature-based tourism sector. The fact sheet will draw on the information identified in this study and will be made available to key Victorian tourism agencies in electronic format. The fact sheet will provide details of the steps required and key contact points available for compliance and assistance to intenders. The agencies have indicated that they will place the fact sheet on their websites for access by those interested in knowing how to successfully set up a business in this sector.
Chapter 1

INTRODUCTION

In the past three decades the popularity of nature-based activities (including ecotourism, adventure tourism and other outdoor related experiences) has increased (South Australia Tourism Commission 2005). Due to today’s urbanised society there is a growing tendency to access outdoor experiences through commercial providers (Wearing, Archer & Jackson 2003). This growth has generated an interest in many individuals to consider the establishment of tour operations (McKercher 1998).

Many people wanting to start a tour operation currently have few tools available to assess the feasibility of such a venture and they are often left on their own to search for information and support. As a result concerns relating to the failure of these ventures and the risk of increased damage to the environment have emerged (McKercher 1998, Tourism Victoria 2002).

We know from past research that there are a number of important success factors that drive small business performance (Peacock 1999, Storey 2000, Yusof & Aspinwall 1999). Although there are factors that are common to small businesses in general there are also factors that are specific to the type and size of the business (Bergin-Seers, Breen, Jago & Carlsen 2003). Therefore, an important consideration for the establishment of tour operations, particularly those that are seeking to become Parks Victoria Licensed Tour Operators, is not just that the business be viable but that it also contributes to the management and protection of the environment. Added to this is the desire to maintain a quality authentic experience.

This project aims to identify the current issues relating to individuals intending to start-up a nature-based tour operation utilising public land. Specifically, the study will focus on the challenges these individuals face and the type of support utilised or needed in the early stages spanning ‘first consideration’ to actual business establishment. The research will focus on three components:

1. Nature-based operators:
   • their characteristics and behaviours (existing and intenders);
   • the issues or challenges faced during entry to the sector; and
   • the dimensions of their support requirements.

2. The nature-based support service environment:
   • the landscape of the nature-based tourism sector (who, what, where); and
   • the type and extent of support available to the business intenders within this landscape.

3. The identification of any gaps in effectively supporting the needs of these business intenders to assist in business sustainability, as well as industry professionalism.

This report provides:

• An overview of the literature, as it relates to success factors relevant to nature-based sector issues, business success factors and business start-up.
• Details of the data collection methods.
• A summary of the results of the study relating to interviewee profiles; the barriers and enhancers to entry to the sector, practices of good operators, as well as an overview of the nature-based support environment.
• Conclusions and recommendations for assisting intenders who are considering the start-up of a nature-based operation.

Background

Defining Nature Tourism and Ecotourism

The definition of nature tourism varies in the literature (Weaver, Faulkner & Lawton 1999). Under the Eco Certification Program, Nature Tourism is defined as ‘ecologically sustainable tourism with a primary focus on experiencing natural areas’. Whilst ecotourism is defined as ‘ecologically sustainable tourism with a primary focus on experiencing natural areas that fosters environmental and cultural understanding, appreciation and conservation’ (Ecotourism Australia 2005). However, McKercher (1998) prefers to use nature-based tourism as an all-encompassing term to include ecotourism and general outdoor-oriented, non-mass tourism. Nature-based tourism may include experiences that are educational, adventurous, cultural and heritage. This definition was adopted for this study.
Nature-based Sector Issues

Over the past few decades nature-based tourism has been viewed as an important growth sector (McKercher 1998). Although there is evidence of this growth flattening in the past few years nature-based pursuits currently attract the interest of almost half of international visitors to Australia (South Australia Tourism Commission 2005). In Victoria the diversity and accessibility of natural attractions is a draw-card for local, interstate and international visitors. However, the Victorian Government (Tourism Victoria 2000) believes, as is the case with other international tourism agencies (Akama 1996), that the true potential of nature-based tourism is yet to be realised. The tourism industry has put in place a number of plans to encourage the development of quality product, raise consumer and community awareness and to improve the viability of tourism operations (Tourism Victoria 2000; Tourism Victoria & Victorian Tourism Operator's Association 2002).

Influencing the sustainability of this sector is a number of factors. One of the key factors is the characteristics of the nature-based firms. According to several researchers (Burton 1998; Higgins 1996; McKercher 1998; Silva & McDill 2004) these firms are typified by a number of features that indicate that firms in this sector need help:

- Largely micro businesses (average size is 6EFT);
- Inadequate resources (particularly marketing);
- Owner-operators have little or no formal business or tourism training;
- Many businesses are marginal and seek second income to keep business operational;
- Motivation for being in business is often for ‘lifestyle’ reasons;
- Drop out rate for failed businesses is high (100s enter and leave each year and average lifespan is 10 years);
- Feelings of isolation; and
- Led by individuals who are fiercely independent.

In an effort to address the issues relating to this sector a competitive analysis of the Adventure Tourism Industry was presented in The Victoria’s Adventure Tourism Action Plan 2002-2004. A SWOT analysis approach was used to highlight both strengths and weaknesses of the industry. Of interest to this study was the perception that a weakness was a lack of regulation in regard to licence condition adherence. It was noted that there were low barriers to entry for new operators as well as low business skills. On the other hand there was also concern about the threats to this industry, particularly in relation to legislative changes regarding food handling, bus accreditation and the increase in the cost of public liability insurance. Yet, the existing regulations and permits at that time were viewed as a positive means of monitoring sustainable practices. As a result of these observations it was suggested that there was an opportunity to provide education and training to develop needed business and marketing skills amongst operators.

Since the introduction of the plan specific industry agencies have worked to implement the 2002-2004 Action Plan. Of particular relevance to this study are the documented objectives:

- Objective 2 – To ensure the professional and sustainable (including environmental) management practices are developed in consultation with operators.
- Objective 4 – To strengthen and improve partnerships that support adventure tourism operators.

Of interest to this study is whether the industry has succeeded in meeting the objectives of Victoria’s Adventure Tourism Action Plan 2002-2004 in relation to providing needed assistance to those individuals wishing to enter the nature-based tourism sector. Another concern is whether the nature-based support environment is assisting the entry of sustainable operations. As a result of this study it is hoped that there will be more direction to the industry as to ‘where do we go from here’?

Defining Success

In the broader context of the small business sector the failure rate for generic small firms is high. Reynolds, Williams and Savage (1994) claim that 30,000 businesses fail in Australia each year. Whilst many debate this claim there is general agreement that failure rates for small business are greater than they should be (McKercher 1998). In a number of cases failure can be blamed on economic conditions, however, the more controllable factors of founder ignorance, personal attributes (Meredith 1993) and poor management skills (English 1995) are issues of concern for those wanting to reduce failure rates. Success factors important to firms operating in the nature-based sector go beyond the owner manager merely being good at core activities such as bush tours, horse-riding or survival activities (Burton 1998; McKercher 1998). The desire of many intendees to convert hobby-type activities into an enterprise can mean that these people lack the required business acumen. Silva and McDill (2004) believe that ecotourism success is dependent on establishing a critical mass of attractions within an area, which requires a level of local co-operation and community support. Silva and McDill also highlight a number of personal and organisational factors such as the business...
experience of the owner/manager, business management capabilities, and the product and service offerings of firms.

For many small businesses survival is the prime dimension of success (Reichel & Haber 2005). In order to better understand small business performance researchers have determined different factors to distinguish between these two aspects of survival and success. Financial measures such as return on investment and profitability are commonly used to reflect firm performance. However, there is increasing recognition that other non-financial measures such as market share, number of employees and customer satisfaction are also important indicators of success (Reichel & Haber 2005). When considering the viability and future success of a firm, measures that reflect improvement, stagnation or decline have been studied. Improvement in firm performance is often measured by growth in revenue and increase in the number of employees. However, in the tourism industry the achievement of the owner/manager’s goals together with other performance measures is a special feature that differentiates small tourism businesses from those in other industries. For example, achieving lifestyle goals and generating jobs for family members are considered to be valid measures of success in some tourism sectors (Getz & Carlsen 2000).

The Importance of the Start-up Phase

The new firm formation or start-up phase is defined as ‘the process that takes place between the intention to start a business and making the first sale’ (Gatewood, Shaver & Gartner 1995, cited in Newbert 2005). The process of start-up is initiated by the nascent entrepreneur or business intender. Yet, the activities that the intender undertakes in this gestation phase are not fully understood. Given the concern about high failure rates in small firms a number of studies have been undertaken over the past decade in an attempt to identify the activities that are important in forming a successful firm (Newbert 2005). Of particular interest to this study is the work undertaken by Eisenhardt and Martin (2000). The business focused activities of business intenders in acquiring resources in the start-up phase is described as dynamic capability. Such capability is presented as a way of signifying the best way for intenders to create new firms. Important to the process of the establishment of a successful firm are the key ingredients (the specific components that must be executed) and the recipe (the manner in which they must be executed). At this stage the ingredients and recipe central to the start-up of a nature-based tourism operation are unknown. However, three previous studies of small tourism firms have explored the activities and skills important to business start-up. In order to develop a framework of the dynamic capability for business start-up in the nature-based sector a review of these studies was undertaken. In this review ingredients for the start-up phase were identified were categorised as presented in Table 1.

Table 1: Gestation Activities and Skills Important to Successful Business Start-up

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<tbody>
<tr>
<td>Business Management</td>
<td>Prepared business plan;</td>
<td>Business skills:</td>
<td>Business planning</td>
</tr>
<tr>
<td></td>
<td>Financials:</td>
<td>- Finance</td>
<td></td>
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<td></td>
<td>- Purchased Materials</td>
<td>- Business planning</td>
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<td></td>
<td>- Bought/rented</td>
<td>- marketing</td>
<td></td>
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<tr>
<td></td>
<td>- Projected financial statements</td>
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<td></td>
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<tr>
<td></td>
<td>- Saving money to invest</td>
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<tr>
<td></td>
<td>- Invested own money</td>
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<tr>
<td></td>
<td>- Asked others for money</td>
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<td></td>
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<tr>
<td></td>
<td>- Established credit with customers</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Organised team;</td>
<td>Management:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hired employees;</td>
<td>- Human Resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Defined market opportunities;</td>
<td>- Management/ supervisory</td>
<td></td>
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<tr>
<td></td>
<td>Began promotional efforts</td>
<td></td>
<td></td>
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<td></td>
<td>Facilities and equipment;</td>
<td>Sales and service skills:</td>
<td>Marketing</td>
</tr>
<tr>
<td></td>
<td>Worked full time at venture</td>
<td>- Customer service</td>
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<td></td>
<td></td>
<td>- Sales</td>
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<td></td>
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</tr>
<tr>
<td>Legal Compliance</td>
<td>Applied licence / patent;</td>
<td></td>
<td>Operational skills</td>
</tr>
<tr>
<td></td>
<td>Formed legal entity</td>
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</tbody>
</table>
To understand the key dimensions important to start-up, various activities and skills from the three studies have been classified into four groups – 1) business management capabilities, 2) technical capabilities, 3) legal compliance and 4) personal attributes. These dimensions are also illustrated in Figure 1. This study examines the extent and type of support provided to intenders and early start-up businesses in each of these dimensions.

**Figure 1: The dimensions of successful business start-up**
Chapter 2

METHOD

The following process for the study of business intenders and existing business operators was selected because it was important to capture the perceptions and experience of these individuals. A qualitative approach was selected as in-depth responses were needed to explore what underpinned the perceptions of the intenders and operators. Data collection procedures in this methodology included individual interviews with people who were identified as intending to start a tour operation and existing successful tour operators. Each of the research stages is outlined below.

Stage One – Industry Partner Meeting

The team met with Parks Victoria, Tourism Victoria and Tourism Alliance Victoria to confirm the direction, approach and the specific desired outcomes. Ongoing communication with Tourism Alliance Victoria was undertaken throughout the project in order to develop the interview guide and to identify the interviewees.

Stage Two – Analysis of Secondary Data

The project commenced with a review of relevant secondary data such as State Tourism Organisation (STO) reports, nature-based industry reports and reports from relevant industry associations. In particular, information was sought on support provision in relation to the nature-based sector and industry concerns about nature-based firms. Issues arising from the secondary data analysis were important to the development of the interview instruments for intenders as well as existing tour operators. These instruments are located in Appendix A and B.

Stage Three - Qualitative Phase

The qualitative component involving collection of primary data through in-depth interviews was conducted in order to explore the following research questions:

1. What are the motivations and needs of nature-based tour operators in establishing and starting a business?
2. What are the challenges and enhancers to business start-up?
3. What are the elements of the support environment relevant to these intenders and operators?
4. How are the various support agencies/resources used by the intenders and operators?
5. How do the intenders and operators source needed support?
6. What can the support agencies do (if anything) to improve assistance to the intenders and operators?

To obtain these data in-depth interviews were conducted with a group of intenders, new start-ups, as well as established successful enterprises. The potential interviewees were drawn from the Tourism Alliance Victoria non-member database and were selected so that the intender, start-up and established categories were represented. The number of interviews was determined by the type of information collected with the view that repetition regarding the key issues meant that little new data would be collected with further interviews, that is, theoretical saturation was reached. Therefore, a total of eight in-depth interviews was considered to be sufficient to gather the needed data.

Stage Four – Analysis and Report Write Up

All of the interviews were recorded and transcribed in full. Using the transcriptions the data were analysed to identify the key enhancers and barriers to establishing a nature-based tour operation and to determine the strengths and gaps with existing support and establishment processes. A content analysis approach was employed to capture key themes within each of the main research questions. Several matrices were used to summarise the data by research question and related themes. An example of a summary matrix developed in the analysis phase is presented in Table 2.
Table 2: Matrix of Sources of Support for Intenders and Operators

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>How do the intenders and operators source necessary support?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intender A</td>
<td>The process was a bit ‘hit and miss’. Organisations gave information on what other organisations provided. The process was a bit like detective work in following up leads. Was aware of TV and their advertising on television, TV referred him to TAV and also Licensing Victoria.</td>
</tr>
<tr>
<td>Intender B</td>
<td>VTOA (now TAV) was found via the Professional Tour Guides Association.</td>
</tr>
<tr>
<td>Intender C</td>
<td>Sourced support via Professional Guides Association, past work experience and the internet.</td>
</tr>
<tr>
<td>Early start-up A</td>
<td>Began with their own knowledge of the importance of having a risk management policy due to the liability and licences they required, they combined the risk management policy to form their business plan thus acted as their main document. In order to find out what was required from a government stance, they went to a regional small business centre for advice however nothing but a website was provided to go to see what is required, as they didn’t know what was required for someone wanting to start-up a tour operators business. The information on the website was out of date. ‘Thankfully we met up with a PV regional officer who told us exactly what we needed to get and do.’</td>
</tr>
<tr>
<td>Early start-up B</td>
<td>Indicated that the NEIS program gave him a more structured approach to starting and planning the business. Knew of VTOA from past work in tourism. The approach to licensing and permits seemed to be ad hoc. His personal and informal networks have in the past, and were hoped in the future, to provide him with more support and information.</td>
</tr>
<tr>
<td>Early start-up C</td>
<td>Persistence was his main strength. He said that at times he nearly gave up but felt that once he got the licence through the Directorate that he could do anything.</td>
</tr>
<tr>
<td>Existing A</td>
<td>The mentor provided them with most support and information. The Mansfield Tourism Association seems to provide ongoing support and help with marketing. It was pretty much learn as you go. ‘It is a self learning process, there is not a check list that has been developed and there is no government body that licences the whole thing.’</td>
</tr>
<tr>
<td>Existing B</td>
<td>Wasn’t very complicated in 1986 - only needed to register the business.</td>
</tr>
</tbody>
</table>

Limitations

It should be noted that there are two main limitations of the sampling frame. Firstly, the interviewees were all drawn from the Tourism Alliance Victoria non-member database, which may mean there is a sample bias. Secondly, the results from the interviews (as with any qualitative study) cannot be generalised without further follow up research, as it is not known if they are representative of the nature-based tourism population.
Chapter 3

RESULTS AND DISCUSSION

Interviewee Profile

A total of eight in-depth interviews were conducted in Victoria. Of these, two were conducted with established nature-based tourism businesses, three with early start-up businesses (those who have been in operation for less than two years) and three with business intenders (those intending to start a nature-based tourism operation).

Characteristics and Behaviours

To better understand the type of individuals who want to operate in the nature-based tourism sector a number of questions were asked that focused on previous work background and motivations.

Background of Operators

Previous research has been undertaken to explore the backgrounds of operators to profile the nature-based tourism sector (McKercher 1998). He noted that there were three main groupings relating to operator background: 1) a natural or physical science background; 2) past experience in another tourism sector; and 3) previous work as a guide. In this study a fourth grouping was observed, which included those not from a tourism background but had an interest in nature-based leisure pursuits. Using these four typologies the existing operators and intenders interviewed in this study were categorised according to their background type. Table 3 presents a summary of the backgrounds of the interviewees. The typologies for previous background are described in the key below Table 3. It is interesting to note that about half of the interviewees had previous work experience as guides or were not from a tourism background but have an interest in outdoor pursuits. Of the existing operators three of the five have past experience in the tourism sector and see nature-based tourism as a logical sector to follow, which provides an extension of tours or accommodation already provided. All of the existing operators were in the middle-age group and had at least 14 years experience in the workforce.

Table 3: Interviewee Profile

<table>
<thead>
<tr>
<th>Size by employment</th>
<th>Location</th>
<th>Time in operation</th>
<th>Product Offered</th>
<th>Target Market</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Sole operator</td>
<td>Bright</td>
<td>16 Months</td>
<td>4WD tours, kayaking, canoeing, snow tours with gourmet food and wine. Have a B&amp;B on site</td>
<td>Targeting the older age groups and local resort visitors</td>
</tr>
<tr>
<td>B</td>
<td>Sole operator</td>
<td>Sebastopol</td>
<td>6 Months</td>
<td>4WD bush tours, package tours. Half to full day tours for small groups</td>
<td>Unsure but possibly up and coming families and early retirees</td>
</tr>
<tr>
<td>C</td>
<td>Sole operator</td>
<td>Ballarat</td>
<td>18 Months</td>
<td>4WD eco, historical and wildlife tours. Half and full day tours</td>
<td>Market includes internationals, Northern Vic., Southern NSW and Sydney</td>
</tr>
<tr>
<td>D</td>
<td>Up to 12 in peak season</td>
<td>Mansfield</td>
<td>18 Years</td>
<td>Cross country skiing, guided bush walks, 4WD tours, restaurant and catering facilities for events</td>
<td>Depends on season. Summer – families, weddings and corporates. Winter - school groups, young families and a few older people</td>
</tr>
<tr>
<td>E</td>
<td>1</td>
<td>Mansfield</td>
<td>12 Months under current owner, 7 years under past owner.</td>
<td>4WD tours &amp; camping safaris. Day and multiple day tours</td>
<td>Senior citizens, Probus clubs, retirees</td>
</tr>
</tbody>
</table>
Entry to the nature-based tourism sector

<table>
<thead>
<tr>
<th>Intendees</th>
<th>Planned Start-up Size</th>
<th>Planned Location</th>
<th>Planned Start date</th>
<th>Product Planned to Offer</th>
<th>Target Market</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Sole operation</td>
<td>NE Victoria, based in Melbourne</td>
<td>Spring 2005</td>
<td>Combination of fishing, camping, bike riding, and customer-designed tours</td>
<td>Unclear</td>
<td>1 &amp; 4</td>
</tr>
<tr>
<td>G</td>
<td>Sole operation</td>
<td>National Parks of Victoria, based in Melbourne</td>
<td>Unsure</td>
<td>Bush walking and Melbourne sites and experiences</td>
<td>Unsure but probably interstate or international professionals</td>
<td>3 &amp; 4</td>
</tr>
<tr>
<td>H</td>
<td>Sole operation</td>
<td>Areas of environmental significance within Victoria and Melbourne</td>
<td>Unsure</td>
<td>Familiarisations of Melbourne and Victoria and cultural and educational tours of natural attractions</td>
<td>Unsure but probably international business market - French speaking visitors in particular</td>
<td>1 &amp; 3</td>
</tr>
</tbody>
</table>

*Key to Background Groupings:
1. Have some natural or physical science background, and view eco tourism as a business where their skills and knowledge will be used to educate others.
2. Have past experience in tourism sector and see nature-based tourism as a logical sector to follow which provides an extension of tours or accommodation already provided.
3. Guides who have set up own business as career progression.
4. Not from a tourism background, however, have an interest in nature-based leisure pursuits. (Based on McKercher 1998)

Motivations
As indicated in Table 4 nearly all the interviewees were motivated to start their own business in the nature-based sector because they had a love of the outdoors and the need for a change in their work. For example, factory work for one operator was stifling and as a result he wanted more work outdoors.

Table 4: A summary of the motivational factors influencing the decision to start a business

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sparked by travel</td>
<td></td>
<td></td>
<td>yes</td>
<td>yes</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>Seeking financial and job security</td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>yes*</td>
<td>yes*</td>
<td></td>
</tr>
<tr>
<td>Needing a change of work</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td></td>
<td>Yes**</td>
</tr>
<tr>
<td>Enjoy working and sharing with people</td>
<td>yes</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>Lifestyle choice</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td></td>
<td>yes</td>
</tr>
<tr>
<td>For the challenge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>yes</td>
<td>yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Love of the outdoors</td>
<td>yes</td>
<td></td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

* but this is hindering start-up
** largely for stress-related reasons

Furthermore, nearly all of the interviewees also believed that work in the nature-based sector would allow them to work with people, which they enjoyed. For some interviewees previous work has led to a change in personal values, which sparked a desire to work less in product-based industries and more in service industries. Lifestyle choice was also an important motivation for most people. On the other hand the need for a challenge was only indicated by one operator. This intender commented that there was some fear about the challenge of setting up their own business but was also excited by the opportunities tourism can provide, particularly with the government push in this area.
Views of the Legal Requirements

Of the three dimensions important to successful start-up, legal compliance emerged as the greatest concern. Of the legal compliance requirements the intenders and existing operators interviewed were largely troubled by the Taxi Directorate licensing process, the cost of public liability insurance and the misunderstanding about Parks Victoria permit requirements.

Overview of Legal Requirements

The concerns regarding permits and licensing are generally related to ‘not knowing what you should know’. There was some suggestion that full compliance is so hard for a small business to achieve that some operators choose to remain ignorant about these requirements. It seems that sourcing advice was based on luck. Even when advice was found the general nature of the information did little to clarify issues. In some government agencies expertise keeps shifting as personnel are moved around within their organisation. The following quote is a pertinent summary of the intenders concerns: ‘I had trouble finding out about licences. I still don’t know what is legally required. When I found information it was very brief and not sector specific.’

The individuals who had difficulties seeking advice were selected from the Tourism Alliance Victoria database. This sample could be considered biased because they had already found their way into the support environment. However, this fact gives reason for greater concern about other intenders who are unknown to the support agencies. Since these people are experiencing problems there is reason for disquiet for the other ‘unknown’ intenders who have not had access to the same support.

Victorian taxi directorate licensing

For three of the interviewees obtaining a taxi licence was a huge problem. The Victorian Taxi Directorate, which is responsible for the provision of this licence, is generally seen as a bureaucratic organisation. Taxi licensing issues relate not only to the long delays but also to the ad hoc manner in which information is given.

Initially, most of the interviewees were unaware that they needed a taxi licence to operate a small nature-based tour operation. On the one hand the need for a taxi licence, in order to transport 6 to 8 customers, is considered by a number of the interviewees to be an unnecessary requirement. On the other hand, gaining a special bus driver or four-wheel drive licence or accreditation was believed to be a more acceptable or important requirement for those taking clients into remote or off road environments.

Strong negative views were expressed about the time delays and the red tape. The unsympathetic manner in which the Directorate dealt with business intenders caused great frustration. In one case it took as long as six months to get a licence, whilst in another the tour operator had to buy a new four-wheel drive to meet the Directorate’s requirements. At that time a freeze had been placed on licences and it was only via a regional Department of Infrastructure contact that the intender was able to obtain the much-needed licence.

Public liability insurance

A major issue for the nature-based industry for a number of years has been public liability insurance. Unfortunately, as indicated by the interviews undertaken in this study, insurance continues to be a concern. Of the eight people interviewed public liability insurance was mentioned by six. Overwhelmingly, the hefty cost of obtaining public liability insurance is the greatest concern. Public liability and related insurances is more of an issue for intenders. It seems that obtaining insurance is a daunting process for those who have little or no experience in this area. Intenders could learn from the existing businesses that have dealt with the issue by seeking advice from either an insurance broker or Tourism Alliance (was VTOA) to obtain affordable insurance.

The cost of insurance has a profound affect on those intending to start-up business. One mentioned that the cost affected the viability of the planned business and another found that the requirement to have public liability insurance before being able to access Parks Victoria permits further complicated matters. More than one interviewee mentioned that they could not afford to pay for the insurance and then wait six to eight weeks to see if permits would be granted.

Parks Victoria permits

In Victoria it is a requirement for nature-based operators who take tours into national and public parks to obtain a permit. This requirement is not fully understood by intenders who have not worked in the nature-based sector previously. One intender did not know that Parks Victoria was the licensing body for permits. There is also some confusion as to what types of permits are required and whether the permits are related to specific activities.
Entry to the nature-based tourism sector

Although obtaining Parks Victoria permits was not as great a concern as insurance or driver’s licensing, there is a view that the process of obtaining Parks Victoria permits is complicated and time consuming. The six-week period it takes to get a permit is considered to be rather drawn out. There is also a perception that the process has been made more complex since being linked to accreditation, adventure tourism activity standards and driver’s licensing. The order in which these were to be obtained was confusing for some intenders and operators, which led to the view that a step by step process regarding compliance requirements should be spelt out in the first contact made with the key tourism industry agencies.

Views on Entry Requirements

Both intenders and existing operators believe that there should be entry requirements for those wishing to start a nature-based tourism operation. Licensing and permits were considered to be important ways of protecting the environment. It was assumed that these compliance requirements would control the conduct of operations using public land.

People conducting tours in parks without permits were a key issue for the intenders and existing operators. This concern was related to the impact that these operators may have on the environment and the safety of consumers, which could jeopardise insurance premiums for the sector. There was also support for the provision of a marketing advantage to those who comply with the Parks Victoria permit requirement, which would distinguish the compliant operators from those operating illegally.

The monitoring of permits was another concern for intenders and operators. Parks Victoria was seen as the organisation that should be responsible for monitoring the use of parks and the number of permits allocated to specific areas. However, it was recognised that it may be difficult for a single organisation to monitor usage and compliance. Suggestions were made that this role may need to be supported by a number of nature-based groups, such as the Victorian Outdoor Recreation Group, Tourism Alliance Victoria and Tourism Victoria. There was also a view that the number of permits issued may be too great for some parks, as more sensitive areas are not able to survive high-level usage. It was a view expressed by some intenders and operators that Parks Victoria could also keep operators informed about the vegetation, flora and fauna and dangers within parks. There was some support for including the assessment of the operator’s knowledge of the environment in permit applications.

Accreditation was stressed by most intenders and operators as a possible entry requirement. There was a suggestion that accreditation should be mandatory, providing there is not too much red tape associated with the process. There was also support for the provision of various accreditation levels, which should be linked to achievement in environmental practices.

Issues Regarding Small Business Management Capabilities

Issues relating to the management of the business were generally not a major consideration of the intenders. However, it was noted that the intenders and early start-ups had a limited understanding of the management practices that drive the success of a business. Key findings relating to small business management are as follows:

- All of the intenders had participated in business management related training and education (for example, NEIS program, ecotourism undergraduate course and small business TAFE course). In the case of the existing operators most had gained some management knowledge from previous work experience.
- The intenders and operators indicated that they also valued access to a formalised process or framework for business planning purposes.
- Accreditation, business planning support (for example, a template available on Business Victoria website) and risk management templates were seen as an invaluable way of helping to assess the feasibility of the business as well as planning for the future. However, only two of the people interviewed had engaged in any of these processes.
- For some of the intenders the passion for operating their own business in a field that they love overrides the realities of managing a sustainable business.
- There was an obvious lack of feasibility analysis and market research by the intenders. Lack of market knowledge is a major issue for intenders and young firms.
- As a result of the lack of analysis and research most of the intenders and early start-up businesses were not prepared to ‘risk all’ to start the business. In fact, they generally planned to phase in the business and to run it part-time until it got to a point where they could afford to give up their current full-time jobs. In some cases there was some uncertainty as to whether this point would ever be reached.
Summary of the Small Business Management Capabilities Issues

Overall, the intenders and early start-ups are engaging in small business management training and education. However, the small business management training and education undertaken is not assisting with feasibility analysis and market research. Some of the intenders are ‘stuck’ and cannot find a way to business start-up. This inability to start is due to a combination of lack of market knowledge, compliance constraints and a lack of a ‘can-do’ approach.

Concerns in Relation to Technical Capabilities

The passion and motivation for working in the nature-based sector is driven by the technical ‘know-how’ and past experience of the intenders and early start-ups. The intenders are confident that they have all the necessary technical skills, which in most cases had been obtained via travel experiences and participation in leisure and recreational pursuits. Additionally, technical skills such as survival techniques, first aid, tour guiding, 4WD, skiing or kayaking have been obtained through previous work experience. For example, one intender worked as a plumber in the Antarctic whilst another has developed guiding skills over a number of years by working as a volunteer with various bushwalking clubs. However, for some of the intenders and early start-ups who have limited work experience in the nature-based sector there is a level of ignorance about the risks involved in taking customers into natural surroundings. On the one hand having the technical skill is not necessarily enough to ensure they have an understanding of risk management. On the other hand, existing operators appeared to be more aware of the need for risk management. The impact of increasing awareness of the risks of outdoor activities, as broadcast by national and international incidences (crocodile attacks and canyon disasters), combined with the increasing incidence of litigation has forced existing operations to review risk management.

Business growth in the nature-based sector is difficult because of the type of service provided. Unlike other service businesses the small nature-based business cannot survive on repeat business from individual customers. Growth in this sector is also largely dependent on partnerships with large accommodation entities and major tour organisations or diversification into other areas. Additionally, it seems that in order to grow a small nature-based operation further technical skills beyond what the operators had at business start-up are needed. For example, the increasing interest in educational and experiential type tours has encouraged some operators to develop specialised skills so that they can offer unique products and services that differentiate them from other operators in the sector. Often these skills extend beyond the expected nature-based type skills. In some cases, adding value to the nature-based experience with the provision of a food and wine experience in a unique setting has meant that operators are pursuing skills that draw on the catering or event management fields.

Summary of the Technical Capabilities Issues

The intenders and early start-up businesses are confident about the technical skills they possess. However, this confidence could be based on ignorance. Current intenders are not seeking to further their technical knowledge or skills. Their awareness of the Outdoor Recreation Centre Adventure Activity Standards is limited. Without considerable field or work experience in leading a nature-based operation a real understanding of the risks is limited. There is also a misconception that operating a nature-based tourism operation in the current climate is restricted to technical outdoor activity skills. Successful operators know that to be competitive they need to provide safe, value added experiences that require their business to have guides and operators with more than the basic technical skills. These skills may include health and safety, interpretation of the environment, event management and interpersonal communication.

Nature-Based Tourism Support Environment (who, what, where)

The support environment for nature-based tourism operators has been classified into six types of organisations – 1) industry associations, 2) private advisors, 3) government agencies, 4) education and training providers, 5) regional and local tourism associations, and 6) other businesses. Appendix C provides an overview of the support agencies within the nature-based tourism sector. This overview highlights the complexity of the support environment, which is delivered via the three tiered government system and the tourism industry.

From this study it is obvious that unless the intenders and current operators had previous work experience in the tourism industry it is difficult to understand the components of the industry and to source support. Intenders indicated that they use a combination of internet searching and telephone calling, followed by face-to-face visits to locate the required or needed agencies. This process is usually time-consuming for intenders as
they often get inconsistent and incomplete advice. Given the number of compliant requirements for intenders it can sometimes take several months before intenders find their way through the maze. This issue is often complicated by bureaucracies who make it difficult for intenders to understand what they need to do and how best to go about meeting the requirements. During this study the intenders and operators were asked about their experiences in seeking support and meeting legal requirements. Following is a summary of their perceptions of the support agencies used by intenders and operators.

A Industry associations

- **Tourism Alliance Victoria (TAV)** is an association that is generally known and valued by those who are members (although a number of the more mature firms still talk about VTOA). The website is seen as a useful way for members to access current information. This site does not appear to be widely known to the intenders. Overall, TAV is largely valued for its support with public liability insurance. Non-members are not always able to get the support they need and for some intenders the cost of the membership is not affordable and so accessing advice on insurance is an issue. Views regarding the Starting Up in Tourism (SUIT) workshop are mixed. For some it was considered to be a good overview of the industry. It also provided a clear process for gaining licensing and insurance. For others it was too general and did not address specific management issues such as marketing and feasibility research and analysis. The intenders learnt about TAV via other industry agencies such as Tourism Victoria and the Professional Tour Guides Association.

- **Other nature-based industry associations** utilised include:
  - Professional Tour Guides Association, which is well known to those who have worked as guides;
  - Outdoor Recreation Centre (ORC) – is not known by all intenders and early start-up businesses;
  - EcoTourism Australia - not widely known;
  - Australian Institute of Management (AIM) - better known to those who have worked in large businesses;
  - Victorian Employers Chamber of Commerce and Industry (VECCI), which is generally known and more widely used by businesses with employees; and
  - Various local tourism associations.

B Advisors

- An **accountant** is used by most operators for taxation purposes. Only two operators had used their accountant for business start-up compliance advice. However, the cost of an accountant is a deterrent. Most of the operators undertake their own book keeping/accounting and utilise various computer software packages to do so. The GST has put pressure on operators to manage their finances on a more regular basis. An accountant is not usually considered by intenders as a source of advice for business start-up.

- **Other Advisors and Consultants.** Most intenders and operators do not utilise advisors and consultants in the start-up phase. In general the intenders and operators are unsure of their value. Cost is also a deterrent, however, some existing operators see marketing and market research as an area best supported by external experts and indicated they may seek this assistance in the future.

C Government agencies

- **Business Enterprise Centre (BEC)** Although half of the interviewees knew of BECs only one had utilised their services. The majority were unsure about the services they provide.

- **Local Council.** In most cases the local council is not regarded as a resource for business operators. There is a general view that local councils are regulatory bodies rather than support agencies.

- **State Government**
  - **Parks Victoria (PV)** was known by most interviewees (but not all) as the agency for gaining permits to operate in national parks and for obtaining general licensing advice. However, there was concern about the consistency of the support, which was regarded as a bit ‘hit and miss’. For some intenders they did not find out about the permit requirement until late in their search for support and advice.
  - The **Department of Infrastructure’s Victorian Taxi Directorate** is contacted by those who need the required licensing, but they are not considered to be a support service. This view is largely due to the bureaucratic way in which it operates.

- **Tourism Victoria (TV).** For some intenders and operators TV was the first point of contact (mainly due to its name), however, there is confusion about the role of TV. There is a perception that TV provides support to operators about starting in the industry. In the case of existing operators TV was well used for marketing purposes. The marketing forums provided by TV are also well known by operators in the industry.
EXAMINING THE CRITICAL SUCCESS FACTORS OF SMALL OPERATORS

- **Other state government based support** used included:
  - Department of Sustainability and Environment (DSE) (used to gain information on flora and fauna of Victoria for the content and general understanding for tours and to obtain maps);
  - Business Victoria (accessed to gain knowledge on various business start-up areas including accessing the Business Licensing Information Service (BLIS) website for licensing information);
  - and
  - Tourism Accreditation Board of Victoria (TABV).

- **Federal Government.** Federal Government support is provided via the **New Enterprise Incentive Scheme (NEIS)**. Only one of the early start-ups had used this program. The operator had concerns about the value of the mentor system.

**D Regional and local tourism organisations**

Existing operators align themselves with these groups for a number of reasons. These reasons included, to remain up to date about local and industry trends; to increase marketing power; and to partner with other businesses in the promotion of the destination and to lobby government. Intenders are generally not aware of tourism groups.

**E Other businesses**

The existing firms recognise the importance of the support provided by other businesses, both within the local area and the wider nature-based sector. Formal mentors are not used unless through start-up programs such as NEIS. On the other hand, the intenders indicated that they would like to discuss their plans with existing and successful operators but were not sure how to go about making contact and asking for support.

**F Training and education providers**

There is a good level of awareness amongst the intenders of the need to obtain specific education about the tourism industry and small business management. The intenders indicated that they had undertaken a number of courses to assist with business start-up. These courses included Certificate II in Tourism run through CAE; Certificate I in Small Business run through Holmesglen TAFE; Diploma of Ecotourism offered by Ballarat University and William Angliss Institute of TAFE.

**Summary**

The current support environment is a complex maze. Intenders spend a lot of time and effort tracking down needed advice and support. For some intenders and early start-up businesses the names and roles of the various tourism organisations and government departments is confusing. A key issue for intenders is lack of knowledge of the sector’s stakeholders. Obviously, knowledge of the sector and associated support improves with ongoing business operation. Assistance is needed to help intenders gain a ‘bigger picture view’ of the support environment and tourism industry. Currently their understanding is confused and piece-meal.

Although there are a number of websites available to assist start-ups (TAV, TV, PV BLIS and Business Entry Point) they were generally unknown and under-utilised by the intenders. However, the few intenders who had discovered these sites found them very useful.

Not all intenders have the same backgrounds or needs and therefore have different support needs. Current generic small business services do not fully assist the various intenders wishing to enter the nature-based tourism sector. The intenders seem to know how to seek generic small business support but know less about how to find sector specific compliance and skill development related support.

The needs of intenders change as they move into start-up. Compliance is a concern for intenders but marketing is a primary need for new and young businesses. Once the nature-based sector and its stakeholders are better known informal networking becomes a valuable support mechanism, but not all start-up businesses know how to go about this.

**What Good Operators Do in the Start-Up Phase**

Data gathered from some interviewees, who were selected for the project because they were considered to be good operators1, have indicated that they share common behaviours and characteristics, which are important to reach a better understanding of the drivers of business success in the nature-based tourism sector.

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1 Good operators are defined as those operators who have moved from start-up to business operation and who have either exceeded their expected performance (in both financial and non-financial terms) or who have a solid history of achieving sales growth over the life of the business. These operators are usually well known in their region and/or sector.
These ‘good operators’ possess particular personal characteristics and capabilities that assist in the business set up and early start-up phases of the business. These personal characteristics and capabilities include:

- **Past experience in the industry** – provides a good understanding of the tourism industry and the nature-based sector (key stakeholder, support mechanisms and inter-relationships), which has been gained via experience (paid work or volunteer work) in the industry;
- **Past experience in small business** – affords realistic expectations of their future venture, which in most cases is based on previous experience in small business; and
- **‘Can-do’ attitude** – personal qualities, such as persistence and passion, which gets them through the ‘difficult times’. This ‘can-do’ attitude means that they are pro-active in seeking support and improved knowledge.

Additionally, a number of specific management practices are also undertaken by these operators to enhance, not only the establishment of the venture, but also its long-term sustainability. These practices are:

- **Personal and informal networks** – use of networks within the industry to help gather information and improve knowledge of the industry (key players, trends), their market, and business operation competencies;
- **Relationships with key personnel** – development of good relationships with individual personnel in nature-based tourism agencies (e.g. Parks Victoria regional officers and rangers);
- **Information and Communication Technology (ICT) usage** - employment of ICT as a learning tool;
- **Industry organisation membership** – affiliation with associations and agencies (e.g. TAV and Professional Guides Association) and involvement in regional and state based committees; and
- **Links with other businesses** – collaborative work with other businesses within and outside the sector in order to attract more business.

**Marketing is a primary need for new and mature businesses**

The support needs of the nature-based businesses changed after start-up. For existing operators compliance concerns, which dominated their time in the early stages, were replaced with concerns about business growth and market knowledge. Although marketing is also a concern for intenders it is more related to identifying their market from the outset and how to find them once the business started. However, as the business becomes established marketing becomes a prime concern. Marketing needs for existing businesses is a key pursuit as sustainability and growth are dependent on growing customer numbers or finding customers who provide greater yield. At this stage marketing activities relate to brochure development, web site development and alliance formation. However, marketing can be an expensive activity and good operators utilise their networks and partnerships to access and enhance marketing opportunities.

**Networking as a support mechanism**

The support needs for businesses continue after start-up but the type of need required and the approach to accessing support changes. As operators become more familiar with the nature-based sector and improve their knowledge of the key stakeholders they are then able to develop their own support mechanisms. As a result, after start-up networking and partnerships became the most important means of accessing support. From the interviews it is apparent that most of the existing operators are able to find and develop their own support networks. The formation of alliances and support groups is largely undertaken in an informal manner but nevertheless they provide important support. These networks provide:

- access to information about industry changes and market trends;
- connection to needed advice / help;
- expansion of marketing capabilities;
- ways of sourcing new business;
- capacity for lobbying for changes in the economic or legislative environment; and
- assistance with the development of new initiatives for guiding the future of the sector and its operators (for example, adventure activity standards).

Informal networks tapped into by good operators included local regional tourism groups, Visitor Information Centres and other operators in the area. Accommodation enterprises seem to be important links for nature-based operators. However, there is recognition that accessing local networks is difficult for newcomers to the area.
CONCLUSIONS AND RECOMMENDATIONS

In this study a number of issues and enhancers were identified which affect those intending to enter the nature-based tourism sector. These issues were explored using a framework for entry success. This framework included personal attributes of the operator, legal compliance, technical capabilities and small business management capabilities. Firstly, in relation to legal compliance it was found that both intenders and existing operators believe that there should be entry requirements for those wishing to start a nature-based tourism operation. Licensing and permits were considered to be important ways of protecting the environment. People conducting tours in parks without permits were a key issue for the intenders and existing operators as they were concerned about the impact that these operators may have on the environment and the safety of consumers. There was also support for the provision of a marketing advantage to those who comply with the Parks Victoria permit requirement, which would distinguish the compliant operators from those operating illegally.

The monitoring of permits was another concern for intenders and operators. Suggestions were made that the monitoring role may need to be supported by a number of nature-based groups, such as Parks Victoria, the Victorian Outdoor Recreation Group, Tourism Alliance Victoria and Tourism Victoria. There was some support for including the assessment of the operator’s knowledge of the environment in permit applications.

An interesting finding was that accreditation was stressed by most intenders and operators as a possible entry requirement. There was a suggestion that accreditation should be mandatory, providing there is not too much red tape associated with the process. There was also support for the provision of various accreditation levels, which should be linked to achievement in environmental practices. Despite the interviewees already confronting an enormous range of issues they are accepting of another hurdle. This view indicates that the interviewees place a high value on ensuring that entrants to the nature-based tourism sector are professional and environmentally aware.

In regards to small business management the intenders and early start-ups are generally engaging in small business management training and education. However, the small business management training and education undertaken is not assisting with feasibility analysis and market research. Some of the intenders are ‘stuck’ and cannot find a way to business start-up. This inability to start is due to a combination of lack of market knowledge, compliance constraints and a lack of a ‘can-do’ approach.

Additionally, the intenders and early start-up businesses are confident about the technical skills they possess. However, this confidence could be based on ignorance. Current intenders are not seeking to further their technical knowledge or skills. Their awareness of the Outdoor Recreation Centre Adventure Activity Standards is limited. Without considerable field or work experience in leading a nature-based operation a real understanding of the risks is limited. There is also a misconception that operating a nature-based tourism operation in the current climate is restricted to technical outdoor activity skills. Successful operators know that to be competitive they need to provide safe, value added experiences that require their business to have guides and operators with more than the basic technical skills. These skills may include health and safety, interpretation of the environment, event management and interpersonal communication.

This study also found that there is considerable support available in the wider small business sector for business start-ups but there is strong evidence to indicate that his support is difficult to locate. It is also apparent that the start-up needs of intenders wishing to enter the nature-based sector are different to other small business intenders. In this study it was indicated that nature-based tourism intenders use a combination of internet searching and telephone calling followed by face-to-face visits to locate the required or needed agencies. Tourism Alliance Victoria (TAV) is an association that is generally known and valued by those who are members (although a number of the more mature firms still talk about VTOA). The website is seen as a useful way for members to access current information. This site does not appear to be widely known to the intenders.

Overall, the current support environment is a complex maze. Intenders spend a lot of time and effort tracking down needed advice and support. For some intenders and early start-up businesses the names and roles of the various tourism organisations and government departments is confusing. A key issue for intenders is a lack of knowledge of the sector’s stakeholders. Obviously, knowledge of the sector and associated support improves with ongoing business operation. Assistance is needed to help intenders gain a ‘bigger picture view’ of the support environment and tourism industry. Currently their understanding is confused and piece-meal. Other key findings indicate that although there are a number of websites available to assist start-ups (TAV, TV, PV BLIS and Business Entry Point) they are generally unknown and under-utilised by the intenders. However, the few intenders who had discovered these sites found them very useful. Furthermore, not all intenders have

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the same backgrounds or needs and therefore have different support needs. Current generic small business services do not fully assist the various intenders wishing to enter the nature-based tourism sector. The intenders seem to know how to seek generic small business support but know less about how to find sector specific compliance and skill development related support. The needs of intenders also change as they move into start-up. Compliance is a concern for intenders but marketing is a primary need for new and young businesses. Once the nature-based sector and its stakeholders are better known informal networking becomes a valuable support mechanism, but not all start-up businesses know how to go about this.

Finally, much can be learnt from the ‘good operators’ who possess particular personal characteristics and capabilities that assist in the business set up and early start-up phases of the business. These personal characteristics and capabilities include past experience in the industry; past experience in small business; and a ‘can-do’ attitude. Additionally, a number of specific management practices are also undertaken by these operators to enhance, not only the establishment of the venture, but also its long-term sustainability. These practices are: personal and informal networks; relationships with key personnel; information and communication technology (ICT) usage; industry organisation membership; links with other businesses

In summary, the nature-based tourism sector has specific requirements of its intending and start-up businesses, which are not well addressed in the current support environment. Current and past intenders have spent enormous amounts of time searching for support. There is confusion in regard to the names of organisation, the roles they play and the specific support they deliver to intenders and early start-ups. The ad hoc nature of information-giving means that obtaining necessary advice and support is hit and miss. Additionally, the complexity of compliance requirements and lack of step-by-step guidance places an administrative burden on intenders. Therefore, there is a need to provide intenders with a more integrated support system and simpler access to support.

Despite the concerns raised in the study a number of opportunities exist for more sector specific support to be provided. For example, websites are not always fully utilised as a resource by intenders. Websites can be both a reliable and cost effective way of providing support to intenders. Currently the main issues that need to be addressed are lack of knowledge about what sites exist. Furthermore, both the intenders and the support providers do not seem to be aware of the three key factors important to successful start-up. It is not understood that the legal requirements, small business management capabilities and technical capabilities are all equally important to start-up and are often interconnected. Making sure that intenders and start-up businesses are compliant is not enough to ensure the sustainability of a nature-based tourism operation. The factors that drive success encompass compliance as well as technical and small business capabilities. These three aspects need to be addressed equally by the support agencies. For example, engaging in the process of accreditation can assist with meeting legal requirements, improvement of management skills and ensuring that key technical skills are obtained. Finally, the nature-based tourism support sector and its key players are not fully understood by intenders. There is an opportunity to provide resources that help intenders to work their way through the support maze currently available and to do so in a way that encourages them to make use of the key agencies and businesses within the sector.

Therefore, given the findings of this study the following recommendations are proposed in order to improve the way support is provided to intenders and early business start-ups:

- To develop a guide to assist those intending to start a nature-based tourism operation:
  i. This guide could be published by key industry organisations and support agencies in hard copy or electronic format.
  ii. The guide could also be a useful tool for support agencies to ensure the provision of consistent and needed assistance. The guide could be used as a tool for training workshops.
- To inform the state government about the concerns regarding the existing practices and processes of the Victorian Taxi Directorate.
- To encourage existing small business (and specifically nature-based) support providers to find better ways to reach intenders and early start-ups. Understanding that not all intenders are the same nor have the same needs is important. This may mean providing support that is more sector-based and less generic.

**Future Action**

After consultation with the industry a decision was made to develop a fact sheet for intenders and existing nature-based operators. This sheet will be a support tool to assist individuals and businesses to better understand the requirements for starting a business in the nature-based tourism sector. The fact sheet will draw on the information identified in this study and will be made available to key Victorian tourism agencies in electronic format. The fact sheet will provide details of the steps required and key contact points available for
compliance and assistance. The agencies have indicated that they will place the fact sheet on their websites for access by those interested in knowing how to successfully set up a business in this sector.

**Future Research**

This study highlights that within the nature-based tourism sector competition is increasing. Furthermore, nature tourists are becoming more discerning, so if businesses want to grow, they really need to be doing something ‘special’ which may require skills beyond those required for start-up. Many skills listed in the personal skills category can be learned and honed; operators don’t have to be ‘born’ with them. However, researchers know little about these skills and how good operators go about developing them. Further exploration of this area would be of value to the industry.
Appendix A: Interview Questions - Existing Nature-Based Tour Operators

1. OPERATOR BACKGROUND

Historical
a. What is your background? Experience in the sector? Other industries?
b. What was your motivation for starting a nature-based tour operation?
c. What influenced your decision to enter the nature-based tourism sector?
   Personal and business ambitions to be explored here

Current
a. Could you please describe any formal education/training qualification you may have?
b. Are you involved in any industry training programs? If yes, please describe.
c. What motivates you to stay in the nature-based tourism sector?
   Personal and business motivations to be explored here

Future
a. Do you plan to undertake any formal education or training or seek further support in the near future to assist with your business?
   If yes, what programs/courses/support do you intend to undertake?

2. BUSINESS OVERVIEW

Historical
a. How long has your business been in operation?
b. How long have you been an owner/manager?
c. How long have you been in the nature-based tourism sector overall?

Current
a. Where do you view your business in the current competitive climate?
   Prompt - Are you in front or behind your competitors in terms of the products/services offered or in terms of sales growth.
b. What is the product or service that your operation offers?
c. Where does your business operate?
d. What would you describe as the principal market segments for your operation?
e. How would you describe the development of the business since start-up? That is, has it grown, stayed the same or declined in terms of sales, profit or number of customers?

3. START-UP PHASE ISSUES

a. Did you experience any challenges or issues when starting up the business?
   Probe for extent and type of challenges. For example was the challenge related to -
   I. Not knowing about the legal requirements of business set up. That is, government legislation, licensing requirements, council regulation, environmental issues, taxation and financials
   II. Not having business management expertise. That is, staff recruitment, financial management, business planning, establishing processes and systems, resource management (equipment, transport, buildings and materials)
   III. Not having the technical expertise. That is, lack of guiding skill, lack of specialised knowledge of the field or area of business.
   b. Do you think that other operators or intenders experienced similar challenges?
c. If you had to go through this start-up phase again what would you do differently?
d. In the start-up phase, which factors are the most critical for success?

4. THE SUPPORT ENVIRONMENT

Start-up phase assistance
a. Were there any people or organisations that were important in assisting you or helping you to overcome the issues or challenges in the start-up phase?
   Probe for information on existing support programs within the sector. For example-
   - Workshops
   - Industry associations(Tourism Alliance……)
   - Business advisor/ consultant
   - Accountant
- BECs
- Local council
- State govt agency
- Financial advisor

If yes -
   I. Could you explain how you utilised these people or organisations?
      Probe for what aspects of the business set up the support was used. For example, how to register the business, how to get a licence.....)
   II. How did you find these people or organisations?

b. Were there any particular resources that were useful to you in the start-up phase?
   Probe for examples in relation to -
   - Booklets or guides
   - Websites
   - CDs

If yes -
   I. Could you explain how you utilised these resources?
      Probe for what aspects of the business set up the resource was used. For example, how to register the business, how to get a licence.....)
   II. How did you find these resources?

c. What could the sector do better to help business intenders in the nature-based sector?

**Ongoing support**

a. Once the business was set up what sort of support did you seek or get from external people or organisations to assist with running the business.
   (For example, suppliers, partners, competitors, government agencies, industry associations or community)
   Prompt for a response as to whether they pursued this support or whether the support services were proactive in locating the operator.

b. Can you tell me where you would go to get assistance with the following:
   i. Your finances
   ii. Legal issues (licensing, registration....)
   iii. Environmental obligations
   iv. Your transport, equipment and materials
   v. The day to day operation of your business

5. **ENTRY REQUIREMENTS**

a. In your opinion, should there be special requirements for those considering starting up a nature-based operation? Please explain.
   Probe for views on legislation (licensing), accreditation, insurance, environmental issues.

b. If yes, who should be enforcing these requirements?

c. What is the best way of business intenders to get information on these requirements?

6. **OTHER INFORMATION**

a. Is there any other information about starting up a business in the nature-based sector that we have missed or that you would like to add?
Appendix B: Interview Questions - Intending Nature-based Tour Operators

1. OPERATOR BACKGROUND

Historical
a. What is your background? Experience in the sector? Other industries?
b. What is your motivation for wanting to start a nature-based tour operation?
   *Personal and business ambitions to be explored here*

Current
c. Could you please describe any formal education/training qualification you may have?
d. Have you been involved in any industry training programs? If yes, please describe.

Future
e. Do you plan to undertake any formal education or training or seek further support in the near future to assist with your business?
   If yes, what programs/courses/support do you intend to undertake?

2. BUSINESS INTENTIONS

a. When do you expect to commence operation of the business?
b. How long have you been planning the business for?
c. What is the product or service that you plan to offer?
d. Where do you think your business will operate?
e. What would you describe as the principal market segments for your intended operation?
f. How many staff do you intend on employing, if any?
   *Probe to find out what assistance/support will be provided by staff*

3. PLANNING PHASE ISSUES

a. Have you experienced many challenges or issues during this planning phase?
   *Probe for extent and type of challenges. For example was the challenge related to:*
   I. Not knowing about the legal requirements of business set up. That is, government legislation, licensing requirements, council regulation, environmental issues, taxation and financials
   II. Not having business management expertise. That is, staff recruitment, financial management, business planning, establishing processes and systems, resource management (equipment, transport, buildings and materials)
   III. Not having the technical expertise. That is, lack of guiding skill, lack of specialised knowledge of the field or area of business.

b. Do you think other operators or intenders experience similar challenges?
c. If you had to go through this planning phase again, would you do anything differently? If so what would you do differently?
d. In the planning phase to date, what have you done or what support have you sought that has been the most important to you starting the business?
   *Probe: Certain skills of knowledge you have received that has been of assistance*

4. THE SUPPORT ENVIRONMENT

Planning Phase Assistance

a. Have there been any people or organisations that have been important in assisting you or helping you to overcome the issues or challenges that you have experienced so far?
   *Probe for information on existing support programs within the sector. For example:-*
   - Workshops
   - Industry associations (Tourism Alliance……)
   - Business advisor/ consultant
   - Accountant
   - BECs (Business Enterprise Centre’s)
   - Local council
   - State govt agency
   - Financial advisor
   - Regional Tourism Organisations
EXAMINING THE CRITICAL SUCCESS FACTORS OF SMALL OPERATORS

- Local Tourism Organisations
- Mentor/other business

If yes -
I. Could you explain how you have utilised these people or organisations?
   *Probe for what aspects of the business set up the support was used. For example, how to register the business, how to get a licence……*)

II. How did you find these people or organisations?
   b. Are there any particular resources that you have found useful to you?
   *Probe for examples in relation to -
   - Booklets or guides
   - Websites
   - CDs
   - Workshops
   - Courses/training

If yes -
I. Could you explain how you utilised these resources?
   *Probe for what aspects of the business set up the resource was used. For example, how to register the business, how to get a licence……*)

II. How did you locate these resources?

b. What could the nature-based tourism sector do better to help business intenders in the nature-based sector?
*Probe for what organisations could do better local tourism organisation, state govt and local govt.

**Definition of nature-based sector** – Specific organisations or associations such as ORC (Outdoor Recreation Centre), Victorian Rafting Association, Four Wheel Drive Victoria, general tourism associations and government agencies such as Parks Vic.

**Ongoing Support**
d. Once your business is up and running do you anticipate you will seek support from external people or organisations to help in the management of your business. If so why and how? (For example, suppliers, partners, competitors, government agencies, accountant, service providers, industry associations or community).
e. Can you tell me where you would go to get assistance with the following:
   vi. Financial Management
      a. Record Keeping
      b. Financial Planning
   vii. Legal issues (licensing, registration, insurance)
   viii. Environmental obligations (Fire restrictions, vehicle access to areas…)
   ix. Your transport, equipment and materials (Leasing, maintenance)
   x. The day to day operation of your business (Business management skills)

5. **ENTRY REQUIREMENTS**
a. In your opinion, should there be special requirements for those considering starting up a nature-based operation? Please explain.
   *Probe for views on legislation (licensing), accreditation, insurance, environmental issues.
b. If yes, who should be enforcing these requirements?
c. What is the best method for business intenders to get information on these requirements?

6. **OTHER INFORMATION**
a. Is there any other information or issues about starting up a business in the nature-based sector that we have missed or that you would like to add?
## Appendix C: Nature-Based Tourism Support Maze

### Support for Nature-based Tourism Businesses: REGULATORY REQUIREMENTS

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### Federal Requirements

- **Start-Up Licences & Permits**
  - IP Australia (Online), Victorian Business Centre (Online), ASIC (online)

- **Business Registration**
  - Australian Taxation Office (direct) Business Entry Point (Online), Victoria Online website

- **Taxation**
  - Australian Taxation Office (direct) Business Entry Point (Online), Victoria Online website

- **Employment, wage conditions**
  - Wagenet (online) Wageline (online) Australian Workplace (online) Office of employment advocate (online)

- **Insurance**
  - Public Liability Insurance, through insurance broker or agent (direct contact)

### State Requirements

- **Start-Up Licences & Permits**
  - Victorian Taxi Directorate. - Commercial Passenger Vehicle Licence

- **Business Registration**
  - BLIS (online)

- **Taxation**
  - State Revenue Office (online)

- **Employment, wage conditions**
  - Industrial Relations Victoria (online); VECCI

- **Insurance**
  - Agent for public liability insurance (members)

### Local Requirements

- **Start-Up Licences & Permits**
  - Home office permit (if required)
### Support for Nature-based Tourism Businesses: SMALL BUSINESS MANAGEMENT

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<td>Small Business Enterprise Cultural Program (SBEC); SB Answers Program;</td>
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<td>Grants Link (online), Indigenous Capital Assistance Scheme (ICAS)</td>
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<td>Australian Tourism Accreditation Association (ATAA)</td>
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<td>Wagenet (online) Wageline (online) Australian Workplace Portal (online) JobNetwork (online) JobSearch (online);</td>
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<td><strong>Getting Started</strong></td>
<td>Business Channel (online), Business in Victoria (online); Pre business workshops; Business Access (online); Small Business Counselling Service, Vic Business Centres</td>
<td><em>Starting up in Tourism</em> (B), <em>Staying in Tourism</em> (Workshop); <em>Succeeding in Tourism</em> (Workshop by TV and ATO)</td>
<td>Certificate 1 in Small Business, TAFE; Certificate II in Tourism at CAE, Diploma of Eco-tourism at Ballarat University and William Angliss TAFE</td>
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<td><strong>Business Improvement and Growth</strong></td>
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<td>Drought recovery program, marketing workshops and conferences</td>
<td>Parks Victoria - information and interpretation support.</td>
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<td><strong>Getting Started</strong></td>
<td>Example - Industry Training Alpine Region Tourism</td>
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<tr>
<td><strong>Business Improvement and Growth</strong></td>
<td>Various networking and marketing support</td>
<td>Local councils provide workshops and programs for growth – e.g. E-Commerce training’ @ East Gippsland Shire/East Gippsland TAFE</td>
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## Support for Nature-based Tourism Businesses: TECHNICAL SKILLS

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References


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The Sustainable Tourism Cooperative Research Centre (STCRC) is established under the Australian Government’s Cooperative Research Centres Program. STCRC is the world’s leading scientific institution delivering research to support the sustainability of travel and tourism - one of the world’s largest and fastest growing industries.

**Research Programs**

Tourism is a dynamic industry comprising many sectors from accommodation to hospitality, transportation to retail and many more. STCRC’s research program addresses the challenges faced by small and large operators, tourism destinations and natural resource managers.

**Areas of Research Expertise:** Research teams in five discipline areas - modelling, environmental science, engineering & architecture, information & communication technology and tourism management, focus on three research programs:

- **Sustainable Resources:** Natural and cultural heritage sites serve as a foundation for tourism in Australia. These sites exist in rural and remote Australia and are environmentally sensitive requiring specialist infrastructure, technologies and management.

- **Sustainable Enterprises:** Enterprises that adhere to best practices, innovate, and harness the latest technologies will be more likely to prosper.

- **Sustainable Destinations:** Infrastructural, economic, social and environmental aspects of tourism development are examined simultaneously.

**Education**

- **Postgraduate Students:** STCRC’s Education Program recruits high quality postgraduate students and provides scholarships, capacity building, research training and professional development opportunities.

- **THE-ICE:** Promotes excellence in Australian Tourism and Hospitality Education and facilitates its export to international markets.

**Extension & Commercialisation**

STCRC uses its research network, spin-off companies and partnerships to extend knowledge and deliver innovation to the tourism industry. STCRC endeavours to secure investment in the development of its research into new services, technologies and commercial operations.

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