



BUSINESS
EXCELLENCE

TOURISM EXCELLENCE

Revise, Survive, Grow - Business Sustainability Fact Sheet – Hints and Tips

Prepared by **VECCI** for **Tourism Victoria**



TOURISM
EXCELLENCE





FACT SHEET – HINTS AND TIPS



Key Point

Market Insights

- According to the June 2010 International Visitor Survey results international visitor numbers to Victoria remained at 1.5 million for the year ending June 2010, while international visitor expenditure grew by 7% to \$3.9 billion
- There were 5.2 million interstate overnight visitors to Victoria for the year ending June 2010 according to the June 2010 results of the National Visitor Survey
- Domestic overnight visitor expenditure in Victoria was \$8.5 billion

Key Point:

- Although the general economic climate is tough, there remains significant opportunity for you to survive and even grow your businesses
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Key Point

Steps to Business Management:

1. Identify your strengths, weaknesses, opportunities & threats
2. Determine the critical success factors of your business
3. Develop a long term vision for the business
4. Translate your vision and critical success factors into key objectives
5. Develop the strategies, tactics and actions to achieve the objectives
6. Install a system to monitor and measure performance
7. Review, revise and improve your performance

Key points:

- In challenging economic times, one of the first things you should do is to ensure you have your business basics in place and working effectively
 - Ensure you make time to work 'on', rather than just 'in' your business
 - Your current business plan and future profit/growth strategy must be regularly reviewed and adjusted as necessary
 - Nominating some measurable key performance indicators will help you to frequently track how your business is performing, and enable you to detect possible changes in the market
 - Cash flow is critical – be aware of not only how profitable your business is, but also how/when you need to meet liabilities and costs you incur
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*Source: Penna
Management Pty
Ltd*

FACT SHEET – HINTS AND TIPS (continued)



Key Point

Example measurements you could regularly monitor/check:

- Yield: the profit generated by the business divided by the number of customers
- Revenue per customer
- Cost of sales: the cost of purchase as a percentage of the revenue derived from sales
- Total retail sales
- Admissions as a % of total revenue
- Marketing costs as a % of total revenue
- Occupancy or utilisation: eg seats on a tour vs total seats available

Key point:

- There are various tourism and small business mentors available to help you review your business operations – proactively seek help and support to ensure your business remains viable
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Be Aware

Cut costs and increase revenue!

- Cutting costs has the added benefit of reducing how much cash your business requires to stay in operation – if you can reduce your overheads and reduce your cost of sales, profits will increase

Caution:

- Cutting costs too much, or in the wrong areas can impact the quality of your product/s and visitor experience – making your business less competitive
 - Handling cost cutting sensitively will also help to minimise the potential for loss in staff morale and motivation – try to communicate and work with your staff for maximum efficiency and teamwork
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Hot Tip

Increase Your Average Sale Value!

- Up-sell or cross-sell additional products and services at standard prices
 - Bundle additional products or services into one package at a discounted price
 - Increase prices (if appropriate)
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FACT SHEET – HINTS AND TIPS (continued)



Hot Tip

Strategy ideas for cutting costs and increasing revenue

- Re-evaluate all costs
 - Premises
 - Staffing – do you need to think about job sharing, do you know who generates most business, consult with IR advisors
 - Suppliers – explore alternatives and review ordering processes for waste
 - Loans – can you negotiate lower rates or consolidate?
 - Utilities – can you switch suppliers or combine packages for lower costs, change usage behaviour, explore support options for reducing, reusing and recycling
- Maximise staffing
 - Capacity plan – review shifts/hours/peak times
 - Train and cross-skill
- Focus on your finances
 - Produce monthly cash flows
 - Be aware of bottlenecks – can you stagger payments to improve cash flow?
 - Build up funds for large expenses – forward-plan
 - Tighten billing – ensure timely invoicing for all products and services, take deposits, consider offering gift vouchers and incentivise advance purchases with added extras, follow up on cancellation terms and conditions
 - Reduce stock – offer less choices, but better quality, monitor stock and manage inventory
- Focus on quality and customer 'value'
 - Customer service and feedback
 - Attention to detail
 - Value, not just price
 - Improve marketing
 - Review pricing and packaging/bundling
- Track and measure results

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FACT SHEET – HINTS AND TIPS (continued)



Hot Tip

Source: Hartnett, R. and Keisler, K. 'Small Business, Big Opportunity', 2nd Ed, Sensis, 2008

Tips: Developing Your Brand For Competitive Advantage

- Simplicity
 - Identify the vision and goals for your brand name
 - Make them easy to remember, popular, recognisable and likely to stick in a person's mind
- Validity
 - What things represent your business to the public?
- Distinction
 - Your business brand should make you stand out – you should be proud of it!
- Protection
 - It is essential to seek expert legal advice to determine if you can use or register a brand name and image
- Likeability
 - Seek feedback from customers – can they relate to your image? Why/why not?
- Extension
 - Are you able to use it across a number of visual communications and product/s?



Hot Tip

Tips: Promoting Your Brand

- Your Staff
 - Train them to be champions – explain the relevance of your brand and it's customer promise
 - Discuss how their roles impact the business brand and image – both positively and negatively
- Word of Mouth
 - Make this easy – provide staff and customer incentives to refer others to your business
- Lead by Example
 - On a day-to-day basis and in extraordinary situations
- Tell Your Story
 - If you are a local, family-owned business competing with larger businesses, ensure people know that you are proud of this

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Hot Tip

FACT SHEET – HINTS AND TIPS (continued)

Effective Marketing

- In challenging economic times, it is vital to be aware of all costs and look for reasonable ways to cut wasted costs - however your marketing investment and focus should be maximised (and measured)
- Understand where/when your enquiries, bookings and sales come from

Tips:

- Track business performance with marketing activities
 - Target your advertising – remember to be specific to the needs and wants of your market
 - Consider growth markets
 - Explore new advertisement opportunities – industry support is available
 - Seek bundling partnerships
 - Review and refresh your website
 - Consider new distribution channels
 - Include some direct marketing and follow up existing customers
 - Attend networking and trade events
 - Explore sponsorship opportunities to advertise your business
 - Invest time in skilling/motivating staff to represent your brand and image
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Key Point

Customer Care

- Customers are the lifeblood of your tourism business – delivering quality visitor experiences to improve customer satisfaction should be a key goal
- Whilst price cuts may appear to be a logical strategy to win more customers in an economic downturn, you need to be careful to ensure sales volume increases still retain enough margin to impact your profits

Creating Engaging Experiences for Differentiation

- Value, not price
 - Most customers look for 'value' and how the extras will help them to experience a memorable trip
 - Raise quality to add value
 - Increases competitiveness – look for ways that will not increase your costs
 - Customer service
 - Exceed customer expectations – how can you 'delight them'?
 - Remember the benefits of positive word of mouth for referrals
 - Create a shared customer service vision for your business, and share positive customer feedback with your team
 - Invite customers to provide feedback
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