

We need MORE foresight and innovation! FAST!

How's business for you? Is everything OK? These two questions appeared on a slide presented by the President of the European Travel Commission at a recent international conference on Information Technology and Tourism. As a participant in the conference, it struck me that the issues that we discussed at the conference over the 3 days are almost identical to the issues that we wrestle with in this industry.

Perhaps the key issue is the need for strategic thinking and foresight. Some recent comments published in this publication suggest that parks are not really ready to address the needs and wants of the aging baby boomer. While some parks are making incremental improvements – generally adding sites, consolidating others, and making other relatively minor adjustments, it's my contention that this type of tinkering is not going to really amount to a whole lot in the big scheme of things.

Let me explain where I'm coming from. We're really talking about adjustments and improvements. We're basically talking about taking our existing product and service and tweaking it with the hope that it's going to satisfy the demands of our clientele. The author of *Tourism, Technology and Competitive Strategies* suggests that those tourism businesses that rely solely on incremental innovation will not be able to keep up.

The Canadian Tourism Commission (CTC) produced a report last year entitled "*Passages to Innovation*" which outlines how tourism businesses can grow by adding new products or pursuing new markets. The CTC suggests that the least innovative strategy is where minor adjustments are made to the current product and / or service, thereby making it the least risky.

I disagree with this assessment, despite the fact that it appears to be the most common strategy employed in our industry. I equate this approach with two of the mice in Spencer Johnson's book "*Who Moved My Cheese?*" The book's story line revolves around four mice that live in a maze and look for cheese to nourish themselves and to make them happy. One morning two of the mice found out that there was no cheese in the normal location. It was gone! They weren't surprised, as they had noticed the supply of cheese had been getting smaller each day, so they were quite prepared for the inevitable. After analyzing the situation, the two mice went off quickly in search of new cheese. It took the other two mice a little longer to notice that there was no cheese. They were not paying attention to the small changes that were taking place, assuming that the cheese would always be there so they weren't prepared for what they found. "What! No Cheese!" the one hollered. "Who moved my cheese?" Finally, he put his hands on his hips, his face turned red, and he screamed at the top of his voice, "It's not fair!"

It's my contention that too many parks are operated along the lines of the latter two mice. We have the belief that we can continue to operate the way we always have, fixing this, repairing that, and maybe adding in a few "new" products. The new additions are primarily based on the experiences of others, so we're simply replicating what others are doing. Everett Peters, who wrote *Diffusion of Innovations*, would label this approach as the majority (of people). He actually splits the label between early and late, depending on how quick you are to follow the lead of the industry's innovators. By his calculation, two-thirds of a population are those who follow the lead, while less than 3 percent of a population actually provide innovation. The rest are either laggards – the last to adopt an innovation, or are directly on the heels of the innovators.

It's my position that these numbers are not reflective of our industry. We've got very few leading the train, and a lot more at the back end who wait to see what others are doing and then copying

them, thinking if they're doing it, so had I. True innovation is hard to find, although there are a number of operations that could be classified as early adopters of innovation.

I believe the reason why innovation is difficult to find is because fear is the CEO – the chief executive officer of the company - the top dog. The fear includes losing clientele if prices are raised “too” high and a fear of being different by introducing a new product or process. Yet for others, the fear extends to Wal-Mart's attraction of what could be a potential customer.

Simply because of fear, rates are kept relatively low, new marketing initiatives are passed on, and new products or services are not introduced. We continue to operate as if the market place is cool about all this. Hey, don't get me wrong. There certainly is a market that wants inexpensive camping and RVing. There certainly is a market that is happy to obtain the same experience year after year. Unfortunately, the size of this market is dwindling. There is no growth here. The golden opportunities, albeit what appears to be the most risky, are via the introduction of new products – truly new and not just more of the same. It's my belief in fact that this approach is less risky than making a bunch of minor improvements.

Take a look at El Capitan Canyon in California. While most parks believe growth is via the addition of more sites, this park went the opposite direction. They actually reduced the number of sites. Yeah, they got rid of a bunch. This strategic change in tactics shifted the focus from quantity to quality – an innovative approach. The park routinely accommodated up to 2,000 people a night at a rate of \$10 per person, but whittled the number down to 350, and charged \$135 a night, while providing deluxe accommodation. So the strategy shifted from quantity (the industry norm) to quality (the industry soft spot, given market demands). Makes sense to me. I've shared a similar example with several attendees at my conference seminars about the trend in Australia to offer luxury cabins. Rates can go as high as \$3,500 a week! I've seen them. They're gorgeous. They're also full!

These two examples mirror a current dichotomy that I'm working through. I have one client who purchased a “resort” property, and is looking to generate additional revenue. While the property has been operational for 50 years, he prefers to make minor adjustments to what's in place, with the belief that it's generating cash flow, so why rock the boat. I've expressed my views already to him on this. Conversely, I have another client who's looking to develop an RV park to compliment an existing business. From day one, the client expressed the desire to be the best, because that's what his clientele (baby boomers and the mature market) want. From day one, he was prepared to invest 150 percent more on capital development costs than the national average. Who do you think will be “successful” in 5 years?

Again, this is my view, but I think the client who has used foresight will be the one who's smiling from the minute the park opens. Foresight is a process. It requires reflection on what could happen in the future, and then making decisions that will create the best tomorrow. I believe that it expects change before it happens. It provides you, the operator, with the opportunity to position your products or services in line with the anticipated needs and wants of your customers.

The foresight process is carried out in three steps. First, you've got to collect information on trends and expected developments. You've got to conduct research with your customers. You've got to talk to experts. You've got to network (particularly outside the industry), and you've got to brainstorm. Lots of “you've got to's,” but... At the end of this first step, you should have lots of knowledge. The second step involves taking all the information that you gathered in Step 1, and interpreting the how, what, when and why of the implications on your business. You might want

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to consider bringing in a third party to help make sense of it all. The last step is the commitment to take action and act upon what you found in Steps 1 and 2.

If you follow this recipe – one cup of foresight and one cup of innovation, I guarantee you that fear will no longer be in your organization. You've fired it. You've dismissed it. You're back at the helm. So when you go to the next conference, and some speaker asks you "How's business for you? Is everything OK? You can smile big time, and give 'em the thumbs up.