EVALUATION REPORT ON THE IMPACT OF THE TIERED SUPPORT PROGRAMMES ON TOURISM SMALL BUSINESS DEVELOPMENT IN THE WESTERN CAPE

Prepared by:

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For:

THE PROVINCIAL GOVERNMENT OF THE WESTERN CAPE
DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

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Table of Contents

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Abbreviations and Acronyms

BEE	Black Economic Empowerment
CCDI	Cape Craft and Design Institute
CTICC	Cape Town International Convention Centre
CTRU	Cape Town Routes Unlimited
DEAT	National Department of Environmental Affairs and Tourism
FEDHASA	Federated Hospitality Association of South Africa
HDIs	Historically disadvantaged individuals. PDIs (previously disadvantaged individuals) carry the same meaning, referring to South Africans disenfranchised under Apartheid.
ITESP	Integrated Tourism Entrepreneurial Support Programme
LTA	Local Tourism Authority
MCM	Marine and Coastal Management
RED Door	Real Enterprise Development initiative, a Western Cape Provincial Government programme geared at providing SMMEs with access points to business support.
SATSA	South African Tourism Services Association
SMEs	Small and medium enterprises, also referred to as SMMEs (small, medium and micro enterprises).
TBCSA	Tourism Business Council of South Africa
TBF	Tourism Business Forum
TEP	Tourism Enterprise Programme
THD	Tourism Help Desk
Theta	Tourism Hospitality Education and Training Authority
the dti	National Department of Trade and Industry
TMP	Tourism Mentorship Programme
WCDEDT	Western Cape Department of Economic Development and Tourism

Executive Summary

The *Evaluation Report on the Impact of the Tiered Support Programmes on Tourism Small Business Development in the Western Cape* is a benchmark study of regional tourism development. It assesses the Tiered Support Programmes, as facilitated by the Western Cape Department of Economic Development and Tourism, by setting out the research findings from the Tourism Entrepreneur Survey (n=197) and the Programme Stakeholders Survey (n=33). Taken together, these findings develop an understanding of the impact of the Tiered Support Programmes as at August 2005.

The report is made up of several chapters. Chapter 1 introduces the Tiered Support Programmes per component as well the research methodology used to collect primary information from a sample of tourism entrepreneurs as well as programme stakeholder within government or support agencies. Chapter 2 provides a summary of the findings of the Tourism Entrepreneur Survey, noting the characteristics of entrepreneurs as well as the profile of these mainly black-owned tourism small businesses involved in the Tiered Support Programmes. Chapter 3 focuses on measuring the direct impacts of the four components of the Tiered Support Programmes, namely: the Tiered Business Development Training Programmes, the Business Support Programmes, the Market Access Programmes and the Financial Support Programmes. Key impact measures used in the report are: increases in business confidence among entrepreneurs, job creation within tourism SMEs, and the economic indicators of average monthly turnover and profitability. Chapter 4 applies the business sophistication model, a policy tool for aligning business support interventions with the needs of small business based on the characteristics particular to categories of enterprise development, namely: survivalist, stable/emerging, growth-orientated and globally competitive firms. Chapter 5 steps away from the enterprises themselves and evaluates the commentary and insights gained from the Programme Stakeholder Survey where stakeholders note their levels of satisfaction or confidence in the Tiered Support Programme. Chapter 6 sets out the research conclusions, including a diagram illustrating the operational integration of the business sophistication model and the interventions of the Tiered Support Programmes. The chapter also makes recommendations for the further support for regional tourism development.

In summary, the key finding of the evaluation report is that the Tiered Support Programmes, through the four components, is delivering value to emerging entrepreneurs as well as new and existing tourism small business in the regional tourism industry. Programme participants have reported increases entrepreneurial confidence, monthly sales (turnover), profitability, and staff due to their involvement in the Tiered Support Programmes. Furthermore, there is confidence expressed by tourism stakeholders in the Tiered Support Programmes meeting its goals of small business development and transformation with the regional tourism industry.

Introduction

The *Evaluation Report on the Impact of the Tiered Support Programmes on Tourism Small Business Development in the Western Cape* sets out the findings of an extensive research programme aimed at benchmarking the Tiered Support Programmes' impact on tourism small businesses.[1]

This report consists of several chapters:

- Chapter 1 sets the context of the report by providing an overview of the Tourism Business Development Programmes and the research parameters within which the research was conducted. It goes on to describe the business sophistication model for identifying the business support needs of small and medium enterprises and how the model applies to tourism small business development.

- Chapter 2 sets out the research findings for the Tourism Entrepreneurs Survey. The profile of the sample of entrepreneurs and the nature of tourism enterprise development are discussed before turning to a detailed review of the impacts of the Tier Support Programmes on entrepreneurs in Chapter 3. The tiered tourism business development training, business support, market access and financial support programme components are focused on in turn, although the training programme, Fast Track and Tourism Mentorship Programme receive specific attention in that chapter. In Chapter 4 the attempt is made at categorising entrepreneurs' business ventures against the business sophistication model.

- The Programme Stakeholder research findings are discussed in Chapter 5. This chapter describes the opinions of stakeholders directly involved in the Tiered Support Programme through the Tourism Business Forum and the Western Cape Department of Economic Development and Tourism as well as those government officials and tourism representatives with an interest in tourism development in the region.

- The conclusions and recommendations drawn from the research are presented in Chapter 6. The chapter draws together the insights from the previous chapters to provide an overall view of the Tiered Support Programme's impact on regional tourism small business development. The programme's alignment to the business sophistication model is presented here. The chapter also notes those areas where programme enhancements are required and further entrepreneurial and small business support need are required. Finally, recommendations for the Tiered Support Programme are set out and focus on informing policy interventions in regional tourism enterprise development that focus on small business development and the transformation of the industry.

[1] This report should be read with reference to the *Annexure of Detailed Findings*, submitted separately.

Chapter 1 – Programme and Project Overview

1.1 Synopsis of the Tiered Support Programmes

The Tiered Support Programmes provides a tiered business support framework for emerging entrepreneurs and small and medium business (SME) development in the Western Cape tourism industry. The Tiered Support Programmes are geared to address the goals of job creation, economic growth and transformation within the regional tourism industry.

The Tiered Support Programmes are comprised of several complimentary sub-programmes and is governed by a body representative of public sector led tourism development in the region.

1.1.1 Institutional Arrangements

The Western Cape Department of Economic Development and Tourism (the Department) funds and facilitates the TBDP along with its partners in the Tourism Business Forum (TBF). The partners as at the time of the survey phase of the research programme (i.e. August 2005) were:

- *Cape Craft and Design Institute* (CCDI) - represents the development of the arts and craft sector as a primary supplier of goods to the tourism industry.[2]
- *Cape Town Routes Unlimited* (CTRU) – represents market access programmes that promote regional tourism products and services.[3]
- *South African Tourism Services Association* (SATSA) – represents the link to the tourism industry and access to business opportunities via membership benefits.[4]
- *Tourism Enterprise Programme* (TEP) – represents financial programmes supporting tourism enterprise development and the marketing of tourism SMEs.[5]

The TBF was instituted in 2002 and meets monthly. The TBF is focused on integrating approaches to tourism development in the region. The TBF has also been seeking further institutional linkages to strengthen representation within the TBF and access further support for tourism SME development. In July 2005 the First National Bank (FNB)[6] joined the TBF as a corporate partner representing the banking sector. FEDHASA,[7] a key role-player in the hospitality industry, joined the TBF in January 2006.

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[2] See www.capcraftanddesign.org.za for specific CCDI business support and training initiatives.
[3] See www.tourismcapetown.co.za for further details on the regional destination marketing organisation and its e-business market access system.
[4] See www.satsa.com for details on member benefits.
[5] See www.tep.co.za for details of its financial support programmes.
[6] See www.fnb.co.za for further details on SME banking options.
[7] See www.fehasa.co.za for further details on member benefits.

Although represented on the TBF through the Department, the Tourism Help Desk Forum provides a further institutional arrangement aimed at governing the Tourism Help Desks (THDs). The THD Forum meets quarterly. The THDs provide an access point to tourism entrepreneurs at the local level in each of the six regions of the Western Cape. The THDs operate alongside the Local Tourism Authorities in promoting tourism development.

1.1.2 Components of the Tiered Support Programmes

The Tiered Support Programmes was designed within the framework of the Department's Tiered Support Strategy. Initially conceived in November 2002, by the end of 2005 the programme had expanded to include several complementary components aimed at supporting the development of emerging entrepreneurs and SMEs. These programme components includes training and capacity building, business support, market access as well as financial support and incentives sub-programmes. It should be noted that these sub-programmes were not necessarily developed as an integrated tourism development support framework although the TBF is currently in the process of establishing a common platform for providing support through the Tiered Support Programmes. Some sub-programmes pre-date others and each has a specific constituency in mind when offering or facilitating tourism SME development.[8]

1.1.2.1 Training and Capacity Building Programme

The Department instituted *Tiered Tourism Business Development Training* in 2004. This *training and capacity building* programme aims at developing tourism business management skills among entrepreneurs, thereby building entrepreneurial confidence within the sector. The primary emphasis is on training historically disadvantaged entrepreneurs with new or existing businesses that service tourists (i.e. direct tourism operations) and suppliers to tourism businesses (i.e. indirect tourism ventures). This programme also creates awareness among emerging entrepreneurs as to the business opportunities within the tourism sector.

The tiered training comprises of four levels, each providing scenario based training sessions:

- Level I - Tourism Awareness Information Session that introduces emerging entrepreneurs to the tourism industry. This information session encourages participants to make a decision whether they are an entrepreneur and assess whether they have a viable business concept.
- Level II – Beginners' Information Session that sets out the requirements and skills for starting a business within the tourism industry.

[8] It should be noted that not all of the Tiered Support Programmes are provided as free services to entrepreneurs or SMEs. Some services are paid-for, such as the Market Access Programme and Tourism Enterprise Programme. The result is that the respondents may in some cases score higher satisfaction ratings where services are free versus that that is paid for.

- Level III – Intermediate Training provides capacity building for entrepreneurs with newly established or existing tourism businesses. The key focus here is on maintaining profitability within the business.
- Level IV – Advanced Training is geared towards entrepreneurs who wish to grow their tourism businesses.

The tiered tourism business development training is accessed directly via the THDs in each of the regions. Applicants are streamed as to their level of entrepreneurial activity and allocated to the relevant Tiered Tourism Business Development Training programme. A trainer usually facilitates a group of fifteen persons - the number of participants is dependent on the component attended. The training components run over eight sessions between the months of March to September.

1.1.2.2 Business Support Programmes

The *business support* sub-programmes are aimed at industry transformation by enabling HDI entrepreneurs to grow their tourism enterprises through skills transfer and business brokering initiatives.

The *Fast Track* component provides basic mentorship (i.e. business coaching) for six months to entrepreneurs who have completed Intermediate Training (Level III) and have a business currently operating. The aim of Fast Track is to ensure tourism businesses break-even by implementing business tools leant through training as well as access the market and business opportunities via other tiered support sub-programmes. The outcomes of Fast Track are profitability, stability, linking an entrepreneur to a business network. Once completed, entrepreneurs are ready to participate in the Advanced Training (Level IV) component.

The *Tourism Mentorship Programme* (TMP), on the other hand, matches entrepreneurs running a growth orientated tourism business with a mentor from established industry, usually drawn from SATSA members. The TMP provides six months of one-on-one mentoring services to mostly black-owned SMEs. SATSA, CTRU, TEP and the Department set up the TMP in 2003 as joint initiative. Anix Trading was contracted to manage the TMP. The main focus of the TMP is accelerating transformation within the industry. The mentorship approach adopted by the TMP promotes skills transfer and relationship building with established industry players as well as focusing on enhancing the quality of product or service offered by entrepreneurs.

The *Integrated Tourism Entrepreneurial Development Programme* (ITESP) was launched in late 2004 as a CTRU initiative. ITESP's key driver is to expand black-owned tourism SMEs through integrated market and brokering business interventions with established tourism businesses. The focus is on high-level industry transformation, deal making, access to finance, joint ventures, and affirmative procurement. Several independent agents have been appointed by ITESP to act as business brokers on behalf of the SMEs.

1.1.2.3 Market Access Programmes

Several sub-programmes of the TBDP address *market access* for tourism SMEs. These components support black-owned businesses by providing a platform to attend industry exhibitions and market their products and services.

The *Cape Tourism Showcase*, initiated in 2001, is a CTRU managed programme in association with TBF partners that provides early stage entrepreneurs with a marketing platform at the Cape Town International Convention Centre (CTICC). These exhibitors benefit from both trade delegates and consumers visiting the CTICC. Similarly, further marketing opportunities are provided through the *Indaba Roving* and *Indaba Exhibitor* programme components at the annual South African tourism exhibition held in Durban. The distinction between the two latter components is that *Indaba Roving* entrepreneurs do not have a fixed stand at the exhibition.

While the former components mentioned above promote regional tourism products and services to a domestic market, an international marketing platform is created through support to *attend international shows and workshops*. This market access component is geared towards showcasing world-class South African tourism products and services.

1.1.2.4 Financial Support and Incentives

The TBDP also comprises of *financial support and incentives* programmes managed by TEP and the National Department of Trade and Industry (the dti). These sub-programmes are geared at early stage and growth orientated SMEs to access financial support for marketing their tourism businesses (see market access above) or for enterprise development (i.e. business plan development or expansion plan development). SMEs are required to meet the application criteria to access financial support and incentives.

1.2 Monitoring and Evaluation Project

The Department funds the majority of the components of the tiered support programme or has facilitated key linkages via the TBF. Consequently, the need to account for this tourism development as a public benefit programme is a key requirement for the Department. In the light of the need to set a monitoring and evaluation benchmark for measuring of the impact of the tiered support, the Department appointed the Tourism Development Consortium (TourDev), a research consultancy, through a tender process.

1.2.1 Project Aims

While the overall project addressed the monitoring and evaluation needs of the Department, this report sets out the findings and recommendations pertaining to the evaluation of the Tiered Support

Programme. Nevertheless, this evaluation report does inform the basis for the future monitoring of the Tiered Support Programme as it provides a benchmark study of the TBDP as at August 2005.[9]

The evaluation has three primary aims.

- First, *to measure the success of the Department's tourism SME development interventions through the Tiered Support Programme*. This is to include an evaluation of the level of business activity of entrepreneurs involved in the Tiered Support Programme, noting their contribution to the transformation of the regional tourism industry. A further area of investigation is the programme stakeholders' opinions of the Tiered Support Programmes' success.

- The second aim is *to classify tourism entrepreneurs as to their level of enterprise development*. This entails identifying the business development needs of entrepreneurs at each level of enterprise development and to make recommendations for future Tiered Support Programme interventions to enable tourism SME growth in the region.

- Thirdly, the *development of programme management information system* (a MS Access database) to facilitate the management of the Tiered Support Programmes and track the development of entrepreneurs and their businesses.

1.2.2 Project Scope

The scope of the evaluation report is limited to an assessment of entrepreneurship and SME development the Western Cape's tourism industry. More specifically, the focus is on those entrepreneurs, predominately previously disadvantaged individuals (PDIs), who have participated in the tiered support programme during 2004 and 2005. A further limitation is the fact that databases used for sampling contained the names of those entrepreneurs who participated in the Tiered Tourism Business Development Training, Fast Track, Tourism Mentorship Programme, and 2005 Cape Tourism Showcase. The implication is that entrepreneurs surveyed were primarily involved in the Tourism Business Development Training programme, although some representation was gained from the business support and market access programme components. Lastly, due to the orientation of the tiered support programme, the evaluation report also focuses on direct tourism businesses as well as those businesses that supply services to the tourism industry (indirect tourism). However, due to the focus on tourism development, respondents were drawn primarily from direct tourism businesses.

[9] See Annexure 1 for recommendations for the monitoring and evaluation framework for the Tiered Support Programme.

1.2.3 Research Method

1.2.3.1 Research Process

The research project was initiated in May 2005 and ran through to October 2005. The TourDev project team reported to the Department, who in turn communicated research progress to the TBF.

TourDev instituted an internship programme during the course of the research, providing on-site training in surveying techniques specific to tourism SME monitoring and more generally in terms of tourism development. Interns were drawn primarily from tourism development students at the Cape Peninsula University of Technology as well as students from the University of the Western Cape. The project also drew on research associates to assist with the research capacity and Ideosphere for its I-Survey programme – an electronic surveying and data analysis tool – and Nitric Industries for the development of the MS Access database.

The research project was carried out over several phases:

- Phase 1 - consolidation of the Department's tiered business development training programme database to determine survey sample, review of CTRU, Red Door and TEP client database fields, and design of a MS Access database during May and June 2005.
- Phase 2 - telephonic verification of contact details and initial benchmarking based on the Department's database in June 2005. A report was presented to the Department in August 2005.
- Phase 3 – questionnaire design in July 2005 was followed by surveying of entrepreneurs in August 2005. Surveying was conducted telephonically as well as face-to-face during the 2005 Cape Tourism Showcase. Programme stakeholders were interviewed telephonically and face-to-face during August and September 2005.
- Phase 4 – data capture, data analysis during September was followed by the presentation of research findings in early October 2005.

1.2.3.2 Survey Sample

The total survey population was drawn from two sets of respondents – tourism emerging entrepreneurs and small business owners and/or managers as well as stakeholders directly or indirectly associated with the Tiered Support Programmes. Each are described in turn.

The *sample of tourism entrepreneurs* was drawn from the consolidated list of participants involved in the tiered business development training programme. This list was further correlated with the list of exhibitors at the 2005 Cape Tourism Showcase (market access programme) as well as the Fast Track and Tourism Mentorship Programme components of the business support programme. A total entrepreneur sample of 579 was surveyed, of which 34% (n=197) were willing to participate in the research programme. *The research findings are based on the responses of these 197 tourism* *entrepreneurs. Unless otherwise indicated in this study, all reported percentiles are a percentage of n = 197 (i.e. 100%).*

Survey Population	n	%
Total respondents contacted from Department's training database	516	89.1%
Total respondents contacted from Cape Tourism Showcase database	63	11.9%
Total survey population	***579***	***100%***

Table 1: Survey Population - Tourism Entrepreneurs

Survey statistics	n	%
Completed surveys	*197*	*34.0%*
Partially completed surveys	19	3.3%
Not willing to participate in survey	28	4.8%
Not available/not contactable during survey period	155	26.8%
No contact details in database	29	5.0%
Had not yet participated in a training programme	151	26.1%
Total survey population	***579***	***100.0%***

Table 2: Survey Statistics - Tourism Entrepreneurs

The *sample of programme stakeholders* was made up of representatives involved directly or indirectly with the Tiered Support Programmes. The following stakeholder groupings were interviewed (see References for the full list of respondents).

Survey statistics	n	%
Tourism Business Forum partners (Department, CTRU, CCDI, SATSA, TEP, FNB).	7	21.2%
Departmental team	3	9.1%
Tourism Help Desk officials	6	18.2%
Tourism Mentorship Programme (managers and mentors)	5	15.2%
ITESP (manager and agents)	4	12.1%
Tourism and economic development stakeholders (City of Cape Town, DEAT, MCM, the dti, and IDP and LED municipal managers)	8	24.2%
Total survey population	***33***	***100.0%***

Table 3: Survey Population - Programme Stakeholders

1.2.4 *Business Sophistication Model for Tourism Enterprise Development*

The language of SME development within the tourism industry, as in other sectors, is riddled by a plethora of terms. Small businesses, for example, are called "grassroots", "start-up", "emerging" or "early stage." The main confusion with this terminology is in defining enterprise development in a meaningful manner that allows decision-makers to determine business needs against the level of entrepreneurial activity. This requires that a model for enterprise development be used to standardise development "speak" and make sense of the business support needs of a range of SMEs not necessarily determined by the size or turnover or years in operation of the business (although attentive to policy definitions of SMEs as set out in the *National Small Business Act*, Act 102 of 1996).[10]

In developing a SME development framework for the tourism industry, this report draws on the City of Cape Town report *Business Support Policy: Supporting the growth of existing and new business* (2002). The key insight of that policy document is that the degree of business sophistication among SMEs is relative to business support needs – i.e.: "The extent to which business support needs are met, and the way in which they are met, varies according to the type of business as defined by the degree of sophistication of the business" (City of Cape Town, 2002: p.14). The business sophistication model takes into account several characteristics: the level of business formalisation, types of business activities, readiness for business growth, and potential for job creation - in effect providing a framework for identifying the nodes of transition (or thresholds) in enterprise development. These thresholds provide the focal areas for policy and business support programmes addressing enterprise development.

Figure 1 below describes the business sophistication model as used in this report to classify entrepreneurs as to their level of business activity and development of their enterprises (see Chapter 4). This theoretical model for SME development as applied to the regional tourism industry provides a starting point from which the Tiered Support Programme can evaluate its impact on economic growth, job creation and transformation as well as begin to identify those thresholds where interventions can best be targeted to foster tourism enterprise development.

[10] The City of Cape Town report sets out how the business sophistication model aligns to other accepted definitions of SMEs, noting specifically the dti classifications of enterprises.

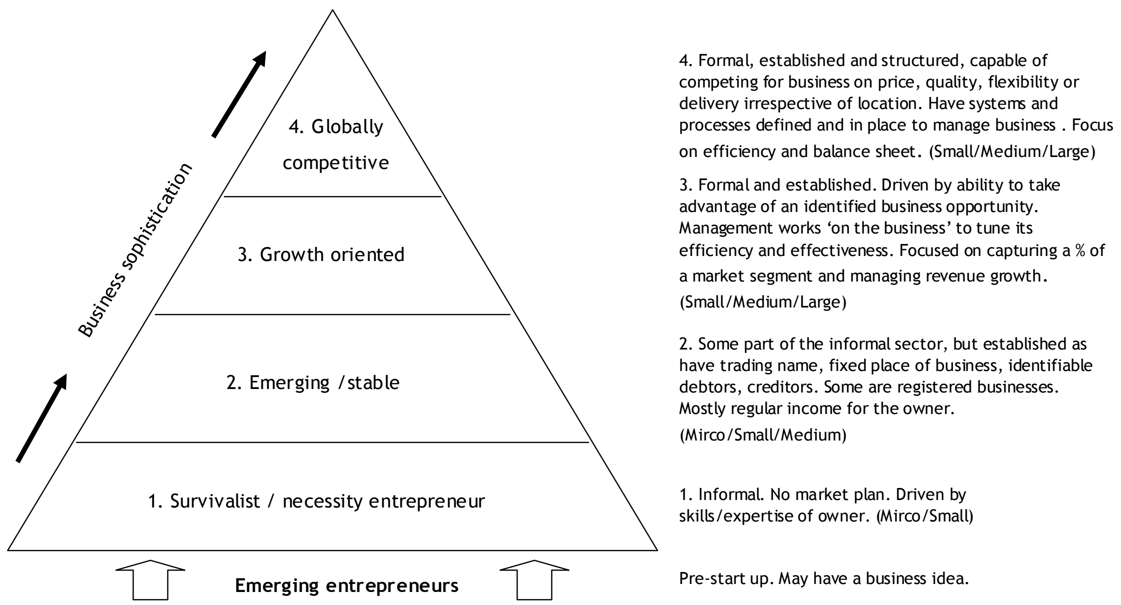


Figure 1: Business Sophistication Enterprise Model

1.2.5 Observations on Tourism Development and the Regional Economy

Tourism development is essentially about stimulating new and sustaining existing tourism products within a destination. It is also, within the context of transformation within the Western Cape, a driver for reducing the barriers to entry into tourism for previously disadvantaged individuals by supporting entrepreneurial development and small business development. However, the question needs to be posed whether there are growth opportunities in the market to support regional tourism development initiatives.

According to the Global Competitiveness Project research findings on the national tourism economy in 2004: '[a]lthough the order of magnitude of growth is uncertain, the upward trend seems certain."[11] This positive trend is seen as tourism's contribution to the gross domestic product and increased employment in the sector. However, despite these positive national trends, South African Tourism's Strategic Research Unit quarterly report for the fourth quarter of 2004 reports that "the number of arrivals to the province decreased by 0.8% from 497,784 in Q4 2003 to 494,015 inQ4 2004. The share of arrivals to Western Cape (as a percentage of total arrivals to South Africa)

[11] DEAT and the dti, "Global Competitiveness Project – Executive Summaries" presentation of preliminary findings, 2004.

decreased by 2.0% from 28.0% in Q4 2003 to 25.9% in Q4 2004."[12] Although these are small percentile changes in tourist arrivals, these statistics point to a slightly less optimistic regional outlook for tourism sector growth. They also provide a useful reminder that the reliance on direct tourism business to stimulate sector growth and employment maybe unfounded if the expectation that international and domestic visitors will continue to increase. The reality is that a tourist market can never be guaranteed in the short or medium-term but an upward trend for the region is expected.

These observations need to be borne in mind when addressing transformation and SME development in the regional tourism industry. Turning again to the research conducted for the Global Competitiveness Project following insight pertaining to SME development bears highlighting: "SMEs have been able to enter in good numbers where there are low barriers to entry (e.g. small tour operators / ground handlers), but they face significant structural barriers to sustained growth." For instance, "SME product owners also face significant challenges accessing the [import sales agent market] channel due to the structural and pricing characteristics of the channel, i.e. volume discounting that large players get.)"[13]

These two observations – a changeable tourism market and structural barriers to SME market entry – are offered to point regional policy-makers toward seeking alternatives to tourism small business development that reside in other areas of the tourism cluster value chain. These observations are also aimed at balancing the high expectations of emerging and existing tourism entrepreneurs – who feel that success in tourism is reliant on public sector business support - with market realities pertaining to the region.

[12] South African Tourism Strategic Research Unit, *South African Tourism Quarterly Report – Western Cape (Q4 2004).*

[13] DEAT and the dti, "Global Competitiveness Project – Executive Summaries" presentation of preliminary findings, 2004.

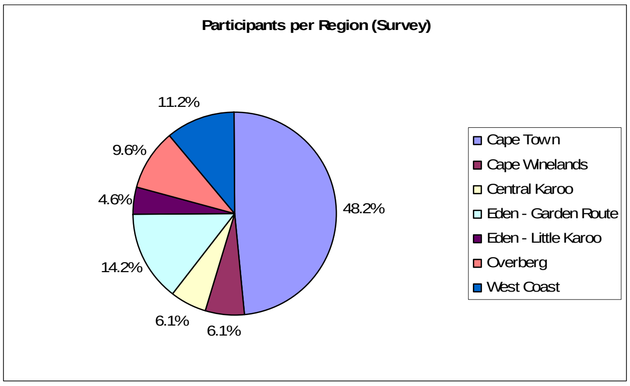
Chapter 2 – Tourism Entrepreneurs involved the Programme

The Tourism Entrepreneur Survey was structured to provide information on entrepreneurial development and SME's business activities.[14] In this chapter we focus on profiling the entrepreneurs involved in the programme as well as describing the state of tourism enterprise development represented by the sample of small businesses surveyed.

2.1 Profile of Participants

2.1.1 Regional Representation

The overwhelming majority of participants (48.2%) came from Cape Town. Eden participants represented 18.8% of the sample, 14.2% from the Garden Route and 4.6% from the Little Karoo. Participants from the West Coast, Overberg, Central Karoo and Cape Winelands made up the remainder of the survey sample. (Regional differentiation per training programme level is set out below).



2.1.2 Demographics

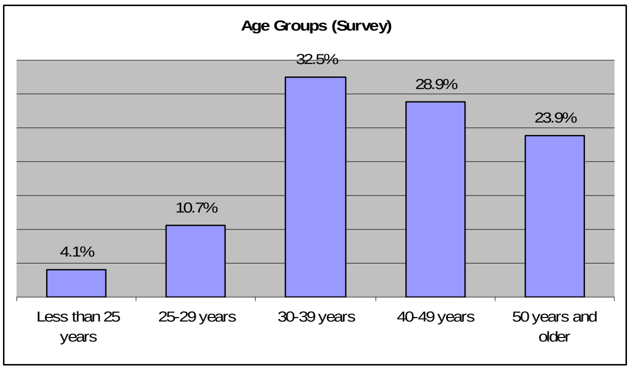
The gender ratio of respondents was nearly 2:1 women (58.4%) to men (41.6%). Disabled persons made up a small part of the sample (2.5%).

In terms of historical racial classification, Coloured respondents were in the majority (52.8%). With the remainder of the sample including: Africans (27.9%), Indians (6.6%) and Whites (11.2%). Non-South African citizens made up 1.5% of respondents.

Afrikaans was well-represented within the sample. 43.2% of respondents indicated that it was their home language while 28.9% were English-speaking, 24.9% isiXhosa speakers and 3.1% spoke other languages such as seSetho, French and Zulu.

[14] The questionnaire is included in the supporting document entitled *Annexure of Detailed Findings*.

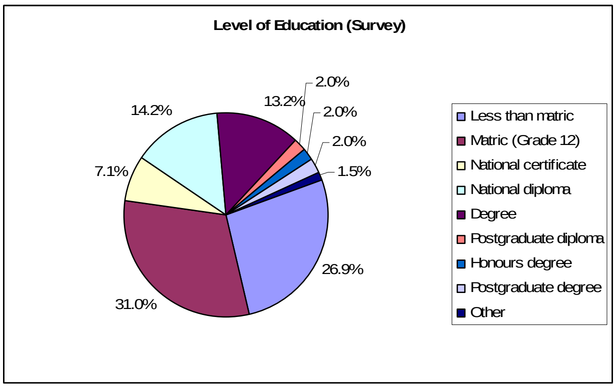
The age of programme participants demonstrates an under-representation of youth. Although some respondents within the 30-39 years age group may be 35 years and less (the threshold age for youth development business support and financing), it can be estimated that 66%, if not more, of respondents are 36 years and older. 52.8% reported ages of forty years plus.



2.1.3 *Education and Skills*

The overall level of education is low. 31% and 26.9% of respondents indicated Matric and less than Matric as their highest-level of education, that is 57.9% of the total sample. Respondents with a National Diploma or Degree made up 27.4% of the sample.

Respondents were also asked about their business and tourism skills.[15] A worrying statistic is that 16.8% of all these entrepreneurs indicated no business skills and 23.9% were without tourism specific skills. Nevertheless, a ranked scoring of skills (based on frequency of responses among the survey sample) does indicate there is a need for tourism business skills training. In terms of business skills, while computer skills, administrative procedures were ranked high, strategic and business planning was ranked 3 while financial management ranked 6. However, compared to business skills, there was a lower incidence of tourism management skills reported among respondents, except in the hospitality sector where hospitality management ranked 2. Tourist guiding (1) and customer care (3) were among the top three ranked tourism skills reported by respondents.



Business Skills	Rank	Tourism Skills
Computers	***1***	***Tourist guiding***
Administrative procedures	***2***	***Hospitality management***
Strategic / business planning	***3***	***Customer care □tourism reception□***
Communications; Marketing*	4	Tourism development and planning
Sales	5	Event management; Professional cookery*
Financial management	6	Destination marketing

[15] The business and tourism skills listed here follow Theta's human resource development categories.

Human resource management	7	Computer systems (Galileo, booking system)
Internet	8	Foreign languages
Advertising and promotions	9	Attractions management (visitor management)
Market research	10	Travel agency operations and management
Government procedures (tenders, licence)	11	Natural resource / environmental management
Business law	12	

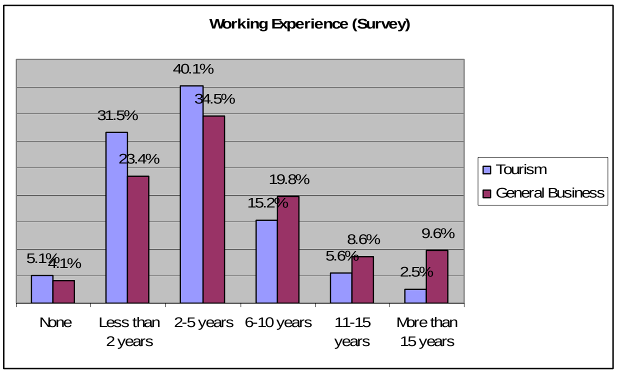
Table 4: Business and Tourism Skills (Equal rankings of these skills)*

2.1.4 Entrepreneurial Characteristics

In this section, the respondent's entrepreneurial characteristics are discussed, which include: managerial control, commitment to the business, working experience, openness to risk by owning a business, and what motivated them to start a business. This provides a means of understanding the entrepreneurial psychographics of Tiered Support Programme participants.

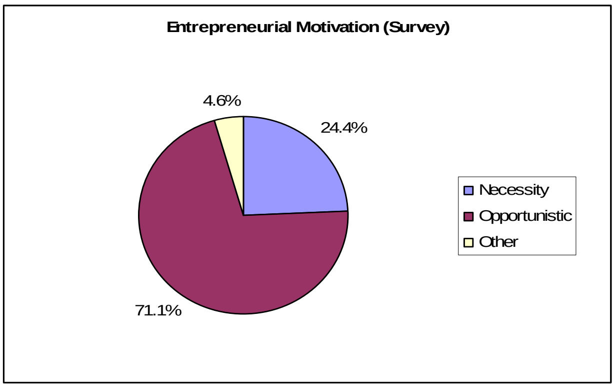
The ownership and the management of a small business usually go hand in hand. The result is that *control of operations* resides with the same person or persons. The data corroborates this: 64.5% of respondents indicated that they were owner/managers. A further 23.4% were owners and the remaining 12.2% were employed as staff or managers. The control of business operations may also point to a high *commitment to enterprise development*. This can be measured by the average number of hours a day an entrepreneur spends working. 45.2% of programme participants reported that they work, on average, more than 8 hours a day and 23.9% indicated working 7 to 8 hour days.

A further factor to consider is *working experience*: respondents show an overall low level of tourism and general business experience. 76.6% reported five or less years of experience in tourism and 61.9% the same for general business experience. These figures are compounded by the age distribution of participants (see section 2.1.2.2 above) where nearly half of the sample was over the age of forty. In addition to working experience, 37.1% of all respondents reported that they had experience of managing or owning a tourism venture prior to pursuing their current business interest.



The risk of SME ownership also lies with the entrepreneur's *ability to generate income* through the business. 60% of respondents indicated that their business was their only source of income. Of those who also drew on other income streams, 12.2% reported relying on the business for fifty percent or more of their income. A small sample (4.1%) noted that they were not dependent on the business for their income.

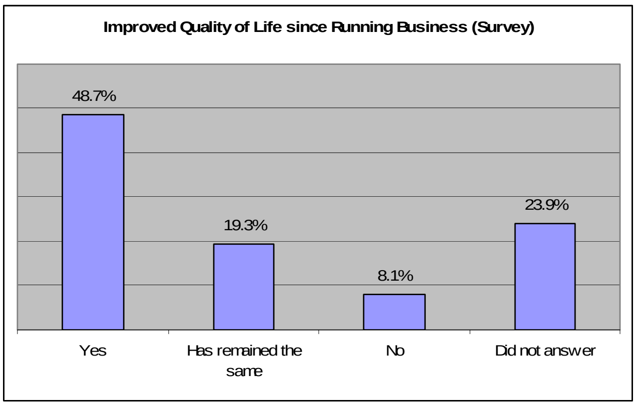
However, when turning to *what motivated participants to start a business*, the most telling contextual indicators come into play. Following the schema adopted by the Global Entrepreneurial Monitor research programme, 24.4% indicated that “I had no other choice but self-employment” (necessity entrepreneurs) and 71.1% reported than “I saw a business opportunity and had the capital to pursue it” (opportunistic entrepreneurs). Again, age is be a factor among participant’s surveyed as there is a correlation between opportunistic entrepreneurs and distribution of respondents in the forty plus age range.



2.1.5 Quality of Life

A quality of life measure sheds light on the social impact of entrepreneurship and takes into consideration that the overall aim of entrepreneurial and SME support is in fact human development.

Respondents were asked several questions to sketch their overall quality of life. 48.7% considered that their quality of life had improved since starting their tourism venture, while 27.4% felt there was no improvement. Most entrepreneurs (33.5%) indicated that their stress levels were high due to the business and only 37.1% were able to take a holiday at least once a year.



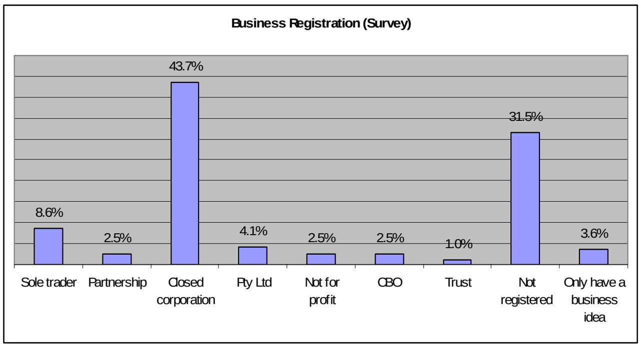
2.2 Tourism Enterprise Development

In the previous section respondents' entrepreneurial profiles were described. It has already been noted (see section 2.1.1) that Cape Town based ventures are in the majority. We now turn from the individual to the enterprise and describe the characteristics of those SMEs which have engaged with the Tiered Support Programme.

2.2.1 Emerging Entrepreneurs

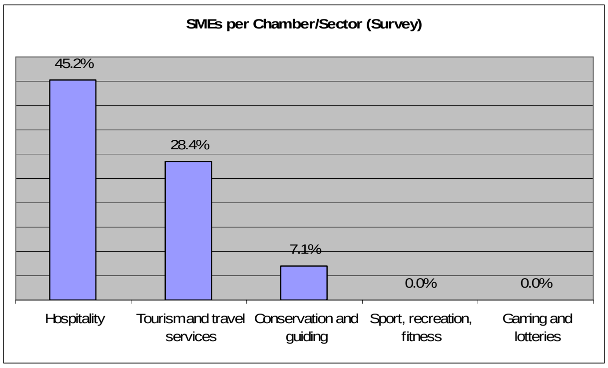
Emerging entrepreneurs are those persons who show an interest in starting a business in or, have begun the process of registering the business, but have not begun operations. 10.2% of all respondents fall within this category. These figures include those with business ideas (3.6%), see section 2.2.1 above. It also includes the 2% that reported considering setting up a business entity and those 4.6% which are not in operation. 7.6% of these emerging entrepreneurs wished to set up a tourism venture, most of whom saw opportunities in the Hospitality chamber (Bed and Breakfast, guest houses and catering) and in tourist guiding. These figures are included within section 2.2.3 below.

2.2.2 Formalisation



65% of the SMEs indicated that their business was a registered entity. The majority of these entities were registered as closed corporations (43.7%). The next ranked business registration was "sole trader" (8.6%). Along with the 31.5% of business that are not registered, the persons surveyed illustrate that business liabilities are directly tied to the entrepreneurs despite most operating formal businesses. A further factor for the high incidence of close corporations is the opportunity cost to establish a propriety limited company.

2.2.3 SMEs per Chamber, Sector and Standard Industry Classification



Survey participant's businesses were classified using Theta's enterprise taxonomy for direct tourism businesses. The Hospitality chamber carries the largest representation among respondents although inbound tour operators, within the Tourism and Travel Services chamber, are in the majority as a business type.

Tourist guides predominated among respondents within the Conservation and Guiding chamber.[16] There was no representation in either the Sport, Recreation and Fitness chamber or the Games and Lotteries chamber.

Inbound tour operators	**24.4%**
Bed and breakfast (B&B's)	**17.8%**
Guest houses	**9.6%**
Caterers	**6.6%**
Tourist guiding	**5.6%**
Homestays	**4.1%**
Restaurant	3.0%
Self-catering accommodation	2.5%
Event and conference management	2.0%
Sightseeing bus tours	1.5%
Vehicle hire and transport	1.5%
Museum activities and preservation of historical sites	1.5%
Backpackers	1.0%
Camping site	0.5%
Guest farm	0.5%
Tearoom	0.5%
Take-away and fast foods	0.5%
Other catering services (pubs, taverns, night-clubs)	0.5%
Tourism information centres	0.5%
Tourism marketing	0.5%
Multiple responses in some cases	*(n=197)*

Table 5: Range and ranking of tourism businesses

Arts and crafts enterprises (usually seen as tourist attractions) as well as indirect tourism businesses made up 28.9% of all programme participants' operations. While the arts and crafts sector forms the mainstay of those SMEs outside of the tourism chambers, 15.2% indirect tourism businesses include 3% retail (clothing, curios, flowers, jewellery), 5.1% other business services (business support, computers, consultant, training, hairdressers, photographer) and 7.1% suppliers (bakery, cleaning services, construction, organic farming, poultry farming, printing).

2.2.4 Industry Affiliations and Membership

Just over half of all respondents reported affiliation or membership to an industry body. Local Tourism Authorities received the most mention (34%),[17] of which Cape Town Tourism predominated (11.2%) followed by the Cape Winelands, Knysna, Oudtshoorn, and Mossel Bay Tourism offices, amongst others. "Other" (12.2%) included Cape Chamber of Industry and Commerce, Cape Sonke,

Local Tourism Authority	34.0%
CTRU	13.2%
SATSA	7.6%
GHASA	2.0%
NAFCOC	1.5%
CCDI	1.0%
Tourism Grading Council of SA	1.0%
ASATA	0.5%
CTGA	0.5%
SAACI	0.5%
WECBOF	0.5%
FEDHASA	0.0%
Other	12.2%
None	45.7%
Multiple responses	*(n=197)*

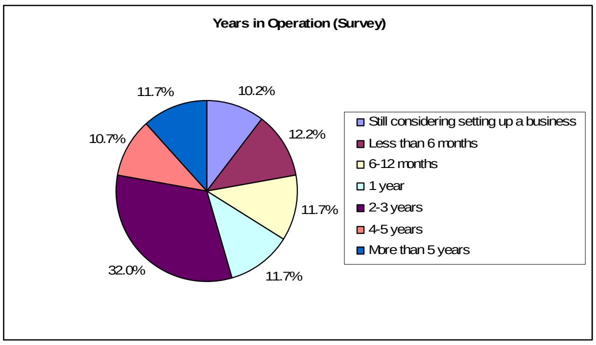
Table 6: Ranking Participant Affiliation and Membership

[16] Respondents in some instances provided multiple responses. Some SMEs providing hospitality and travel and tourism services also offered tourist guiding.
[17] 13.2% of respondents reported CTRU membership. However, in terms of actual affiliation, these respondents are members of their LTA and not the CTRU. The LTA total therefore increases to 47.2%.

Dreamcatcher, Southern Cape Business Centre, Stellenbosch Business Centre, and South African Womens' Entrepreneur Network (SAWEN).

2.2.5 Years in Operation

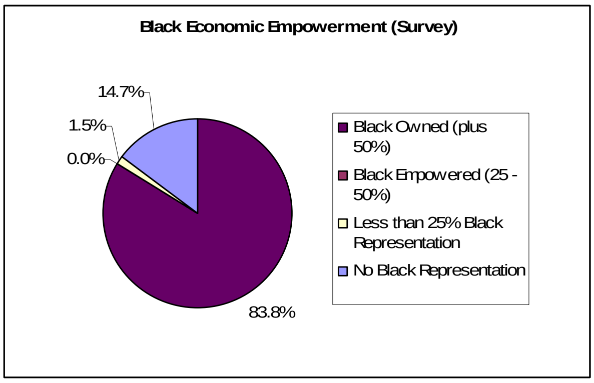
While there is a fairly even spread of business for differing years in operation, the largest concentration of SMEs have been operating for 2 – 3 years (32%). Those operating for a year or less made up 35.5% of the sample. 22.3% were 4 or more years in business, with 11.7% established 5 or more years ago.



2.2.6 Black Economic Empowerment

There are two key indicators for transformation in the tourism industry: direct empowerment through ownership and management control as well as human resource development.[18] This section focuses on the former and the latter is addressed below under job creation.

In terms of black economic empowerment (BEE) policy, a *Black Owned SME* is a business that has more than 50% ownership/management control by black persons and a *Black Empowered SME* has black representation of between 25% to 50%. Using these categories, 83.8% of all SMEs are black owned. 6.6% of these were emerging entrepreneurs' ventures. None reported black representation of between 25-50%. However, 1.5% did indicate that black representation in the operation was less than 25%. 14.7% reported no black representation in the business.



Black Owned SMEs per tourism chamber	% of Total Sample (*n=197*)	% of Chamber (*n = 157*)
- Hospitality	37.1%	82%
- Travel and Tourism Services	26.4%	92.9%
- Conservation and Guiding	5.6%	78.6%

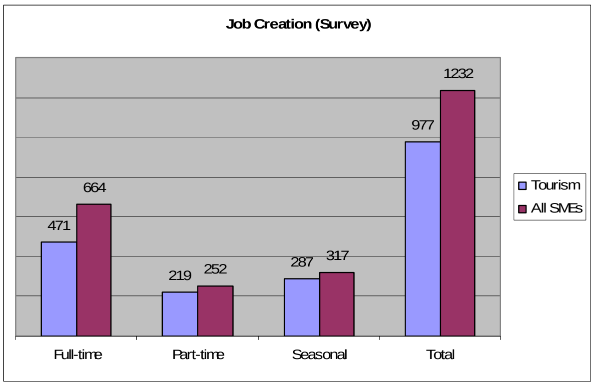
Table 7: BEE and Tourism Chambers

[18] See DEAT, *Tourism BEE Charter and Scorecard*, 8 May 2005 for the broad-based BEE strategy for the tourism industry. It is noted that BEE policy supports black-owned and empowered SMEs through encouraging enterprise development initiatives by established tourism industry players to generate or share revenue with SMEs. DEAT uses annual turnover of less than R10 million to classify SMEs.

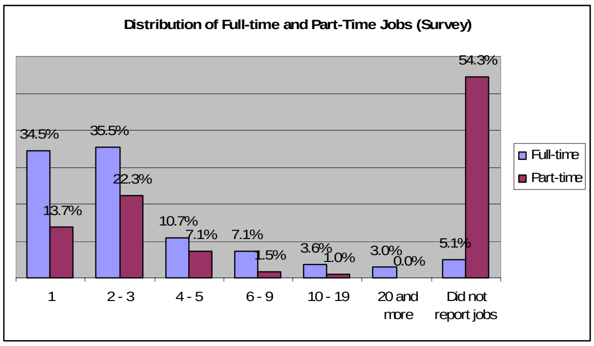
Most of the Black Owned SMEs were within the Hospitality chamber (37.1%) – however, it should be noted that numerically the hospitality sector was better represented in the survey sample (see section 2.2.3 above). The businesses in the Tourism and Travel Services chamber nevertheless carried the higher percentage representation of Black Owned SMEs within a chamber, i.e. 92.9%. If the overall BEE Owned SME score of 83.8% is taken as a benchmark, then the Hospitality chamber (82%) and Conservation and Guiding chamber (78.6%) fall below the benchmark.

2.2.7 Job Creation and Seasonality

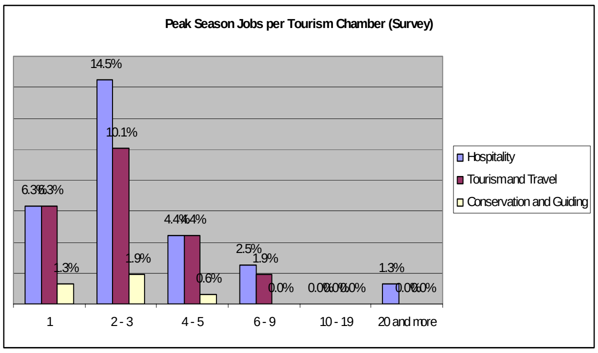
It is estimated that the SMEs represented on the Tiered Support Programme have created ***1232 jobs***, 977 of these jobs are attributed to direct tourism SMEs and 255 to indirect tourism SMEs (i.e. arts and craft SMEs and SME suppliers to the industry). 60.9% of SMEs reported creating jobs over and above of that of the entrepreneur, accounting for 1164 jobs.



There are more full-time (contract) employees (664) than part-time (contract) staff (252) employed by SMEs. Most SMEs have full-time 1 to 3 staff members as well as part-time employees. The Hospitality chamber generally employs more staff per business than the other chambers, with incidences of 20 and more staff.



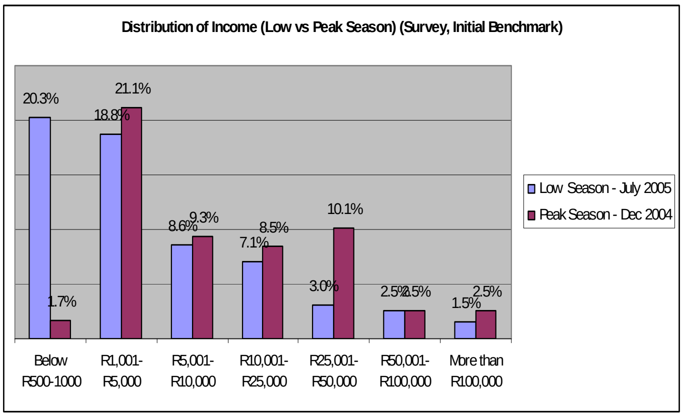
46.7% of all SMEs reported employing additional staff during peak season. Seasonal work represents 25.7% (i.e. 317) of all jobs created among the survey sample. Direct tourism SMEs accounted for 287 and the arts and craft sector for 30 of these jobs. Again, the Hospitality chamber provides slightly more job opportunities than the other chambers.



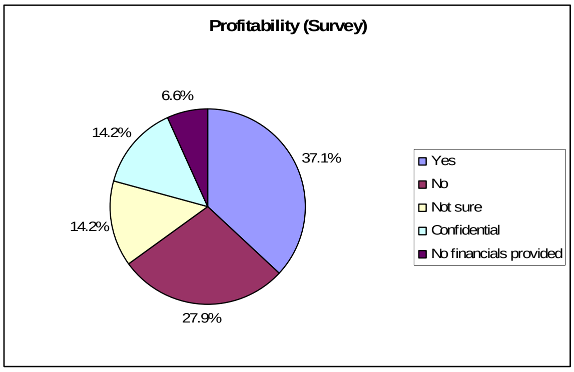
2.2.8 Turnover and Profitability

Respondents were asked to provide average turnover figures for the month of July 2005, i.e. for the low season. In an earlier phase of the research programme, programme respondents were asked what their average turnover was for December 2004.[19] This section brings together these findings to discuss the potential for economic growth among the SME which participated in the Tiered Support Programme. However, a proviso is noted: the economic data here should be read as *estimates* based on limited data sets as reported by respondents and should be used for benchmarking purposes only.[20]

61.9% of respondents provided turnover figures for July 2005 and 18.8% (n=351) of the initial benchmarking sample provided December 2004 financials. These figures demonstrate that, as expected, seasonality impacts negatively on turnover. Financial information for July 2005 (low season) show a distribution toward the lower turnover groupings of R500.00 (20.3%) and less as well as R5,000.00 (18.8%). There is an even spread for the R5,000.00 to R50,000.00 bands with few instances (4%) of turnover of more than R50,000.00 per month. The December 2004 (peak season) financial data illustrates more confident income streams for these SMEs with 21.1% reporting average monthly turnover of between R1,000.00 and R5,000.00, a higher percentage of respondents (27.9%) in the R5,000.00 to R50,000.00 band, and 5% who indicated income of over R50,000 in the month.



A statistic of concern is that nearly a fifth of then total sample of respondents (17.3%) reported that they were "unsure" of their monthly turnover for July 2005.



However, the test of business sustainability and economic growth is not just sales but

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[19] See the TourDev report submitted to the Department entitled, "Initial Analysis (Benchmarking) and Bi-Annual Report (Phase 2): Monitoring and Evaluation of the Tourism Business Development Programme", June 2005.

[20] Recommendations are made in Annexure 1 as to the need for statistically useful regional tourism data, such as drawing on Regional Service Council Levy data per municipality. There is a need for a Tourism Research Unit based in the Department that can report regularly, and with confidence, on these and other tourism industry trends.

profitability. 37.1% of all respondents indicated that their businesses made a profit, while 27.9% had not. A further 14.2% were "not sure" of profitability. 20.8% did not provide financial information.[21]

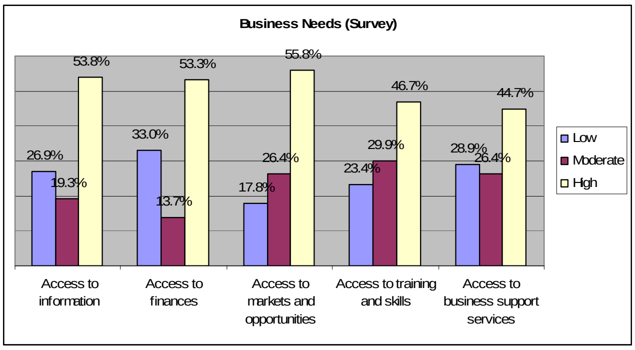
An extrapolation of this data shows that all businesses represented in the survey clearly fall within the definition of SMEs (as per the Tourism BEE Scorecard) as stipulated by annual turnover of less than R10 million. An optimistic projection of the annual turnover of those operations with an average monthly turnover of more than R100,000.00 shows that their sales are below R2 million per annum. The majority of SMEs in this study, on the other hand, do not come close to this.

2.2.9 Participant's Contribution to the Economy

Taking a step further with these sparse data sets, the economic contribution of surveyed SMEs to the regional economy can be estimated. The *estimation* of programme respondents' contribution to economic growth is put forward as ***R25.2 million*** for the period October 2004 to September 2005. This figure is based on the estimated average monthly income for peak and low seasons.[22]

2.2.10 Business Needs

It is not unsurprising to find that access to business needs generally scored high across all categories. The demand for access to information, finance, and markets and opportunities was each scored by more than half of the survey sample as important business needs.



A weighted average score for each of these categories of business needs reveals that access to markets and opportunities (2.38) was in the greatest demand by entrepreneurs surveyed, followed by access to information (2.27) and then access to finances (2.20). The demand for training and skills (2.16) as well as business support services (2.16) scored lowest amongst respondents.

Respondents' comments below highlight the business support they require. The general comment can be summarised in the words of a respondent: *"Business support with ongoing financial support."*

- "Make more money available to small business."
- Assistance with registering a business.

[21] Further discussion of profitability and levels business sophistication can be found in section 4.2.4 below.
[22] The calculation used here is: the sum of the total reported average monthly turnover for December 2004 and July 2004 as contributions of the total sample multiplied by number of months per season (peak: October to February, low: March to September).

- Marketing assistance.
- "Get the necessary financial support and the structure to be able to compete with bigger operations."
- "More one-on-one support is needed."
- "Assist with business support and the links to new opportunities."

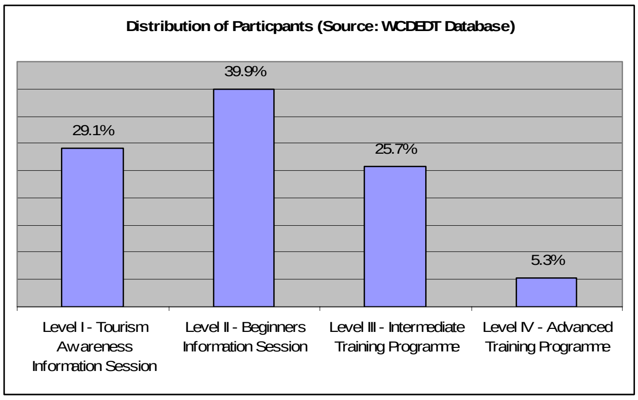
Chapter 3 – Impact of Tiered Support Programmes

The Tiered Support Programmes, as explained in Chapter 1, consist of four programme components: the tiered business development training, business support, market access, and financial support and incentives. In this chapter the impact of each programme component on participants will be assessed. It should be noted that the detailed impact of the Tiered Business Development Training, Fast Track and Tourism Mentorship Programme are highlighted.

3.1 Tiered Business Development Training Programme

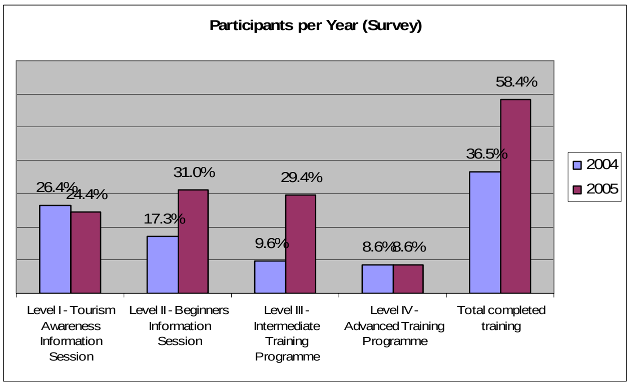
3.1.1 Number of Participants

The Department has supported 419 entrepreneurs through the tiered business development training programme during 2004 and 2005. As at August 2005, the Beginner's Information Session has received the most participants (39.9%) compared to respondents who had participated in the other levels of training.



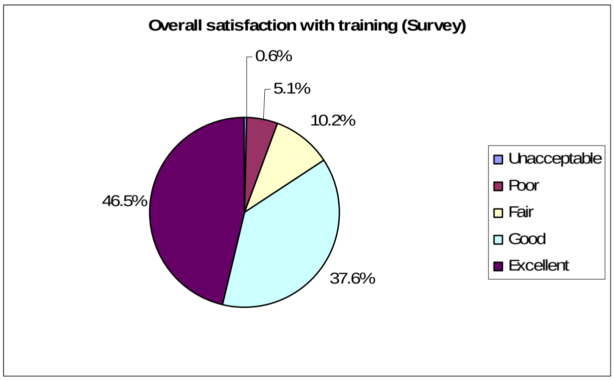
79.9% (n=197) of respondents indicated that they had completed training. 5.1% reported having registered but had not undergone training at the time of interview. A further 15.2% had not participated in the training programme.

The distribution of programme participants illustrates an increase in the year-on-year demand for tourism industry information and start-up business skills (Level I, II, III) and a steady requirement to meet the training needs of existing and expanding SMEs (Level IV). Overall, the 2005 training programme saw a 37.4% increase in participants, including returning participants. There is a steady demand for Level I awareness sessions and an increased demand for the Level II and III training programmes geared to support emerging entrepreneurs and survivalist businesses. The demand for advanced training (Level IV) in 2005 remained similar to that of 2004.

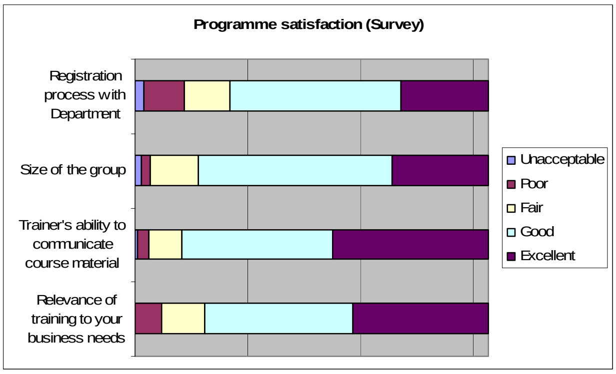


3.1.2 Satisfaction with Training

Respondents reported high-levels of satisfaction with the programme: “excellent” scored 45.5% (n=157) and “good” 37.5%. In the main, the registration process, the size of the group undergoing training, the trainer’s ability to communicate the course material all were rated satisfactory barring few calls for improvement to these processes.



A key test of satisfaction levels was the relevance of the training to meeting business needs, 38.2% reported “excellent” and 42% “good”. This showed correspondence with respondent’s overall satisfaction with the programme.



A further means of understanding the relevance of training is whether participants use the training material after completing the programme. In this instance, 74.5% had used the course material since attending the training.

3.1.3 Impacts of Training

However, respondents were asked to further qualify these responses by seeking to link the training to business confidence and enterprise performance measures. The following direct impacts of the training are set out in the table below; noting particularly that 20.8% of the total survey sample indicated making a profit due to the training:

Reported Impacts due to Training	**% of Participants who were Trained (*n=157*)**	**% of Total Sample (*n=197*)**
“I gained more information about the industry.”	56.1%	44.7%
“I was able to understand my business better.”	51%	40.6%
Increase turnover	28%	22.3%
Increase in profits	26.1%	20.8%
Increase in staff	5.7%	4.6%

Table 8: Impact of Training

Respondents were forthcoming in indicating what they **liked** and **disliked** about the tiered tourism business development training. Respondents' comments are grouped thematically and ranked according to frequency of mention.

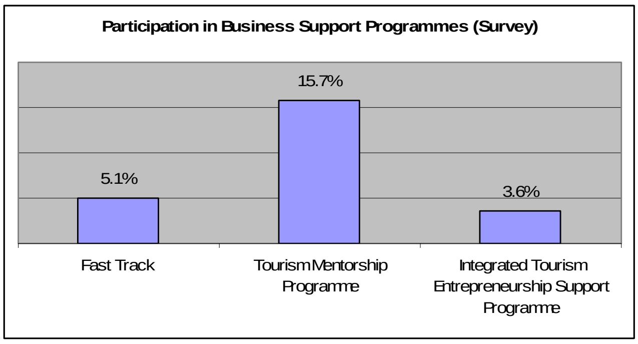
Likes	Dislikes
Good, relevant information provided	Too much information for one day.
Networking opportunities	Problem with language used for training.
Marketing module	Unsuitable location, too far away.
Excellent trainer	Competencies of trainees too varied.
Financial Management module	Wide range of participant skills levels makes for ineffective learning environment.
	Bureaucracy.
	Not enough post-training support or follow-up.
	No financial support.

Table 9: Feedback on Training

Additional overall comments on the training programme are also noted:

- "The guidance was very good, I now know where to go and start a business in tourism."
- "The sharing information and giving advice made people more aware of the opportunities in tourism".
- "Keeps one in touch with the real world of tourism."

3.2 Impact of Business Support Programmes

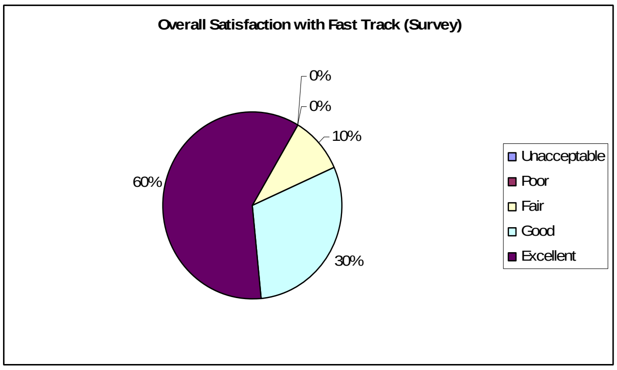


The Business Support Programmes includes three sub-components: the Fast Track Programme, Tourism Mentorship Programme and the Integrated Tourism Entrepreneurial Support Programme (ITESP). In this sector the impact of the Fast Track Programme and Tourism Mentorship Programme is focused on, with brief mention of respondent's satisfaction with ITESP. All percentages are reported as a total survey population, unless otherwise indicated. The rationale for this is that the former both aim at capacity building and are closely aligned to the Tiered Business Development Training Programme.

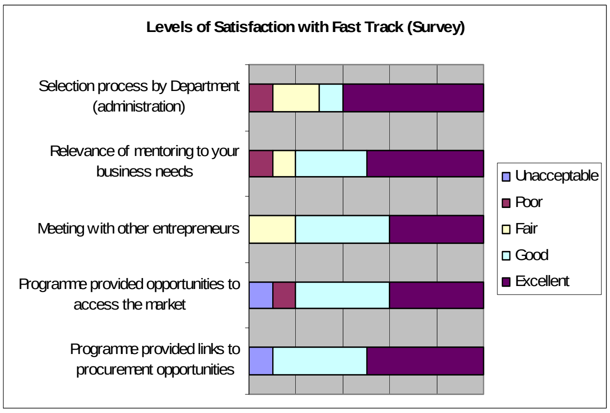
ITESP, on the other hand, addresses transformation and business brokering with established industry.

3.2.1 Fast Track Programme

A total of twenty-two (22) entrepreneurs participated in the Fast Track Programme launched in 2005. Forty-three (43) entrepreneurs had initially applied for the programme. 5.1% (n=10) of respondents indicated that they were involved in the Fast Track Programme at the time of the survey. The survey sample represents 45.5% of all Fast Track participants.



The majority of respondents (60%, n=10) rate their satisfaction with the Fast Track Programme as "excellent", followed by "good" (30%) and "fair" (10%).



In turning to the other elements within the Fast Track Programme, those areas where "unacceptable" and "poor" scores were noted indicate that programme improvements could be made or participant's expectations were not met. The selection process, and administration thereof, and provision of mentoring services each received a 10% "poor" score although these elements were seen by the majority as "excellent" (60%). However, the programme's ability to provide market access and procurement opportunities both scored "unacceptable" by 10% of Fast Track respondents. In addition, lack of market access opportunities were reflected by a further 10% was rated their satisfaction as "poor".

The direct impacts of the Fast Track Programme were evident among some of the respondents:

Reported Impacts due to Fast Track	**% of Participants on Fast Track (*n=10*)**	**% of Total Sample (*n=197*)**
"I gained more information about the industry."	50%	2.5%
"I was able to understand my business better."	40%	2%

Increase turnover	30%	1.5%
Increase in profits	10%	0.5%
Increase in staff	10%	0.5%

Table 10: Fast Track Impacts

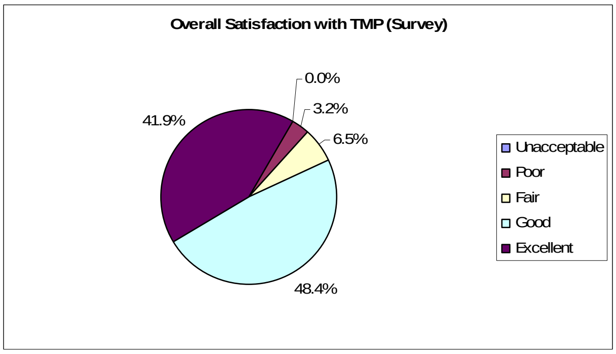
Respondents indicated their **likes** and **dislikes** about the Fast Track Programme, which corresponded to their satisfaction reporting. There were:

Likes	Dislikes
Networking with other entrepreneurs "The information from the mentor is very relevant and it opens more doors for me." Skills training. "Accessed more business opportunities." "Mentoring provided support for business."	We've just started and have not really benefited.

Table 11: Feedback on Fast Track

3.2.2 Tourism Mentorship Programme

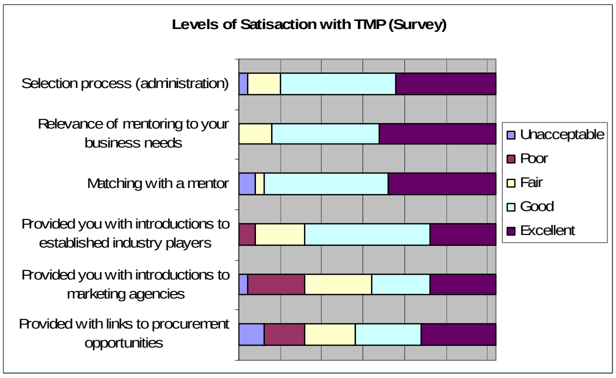
Thirty-seven (37) entrepreneurs have been involved in the Tourism Mentorship Programme. Thirty-one (31) of these were interviewed as part of the survey. They made up 15.7% of the total respondents surveyed and 83.8% (n=31) of all Tourism Mentorship Programme participants.



41.9% of respondents rate their levels of satisfaction with the Tourism Mentorship Programme as "excellent" and a further 48.4% as "good".

Besides an overall positive rating of satisfaction with the relevance of mentoring to their business needs, and many of the other programme elements, many respondents felt that areas of the programme could improved on as reflected by those levels of satisfaction which scored "unacceptable" or "poor". In particular, the selection process and matching a ***mentee*** (that is, the entrepreneur) to a mentor received low scores from respondents who were dissatisfied with these programme areas. However, the levels of satisfaction were lowest when addressing mentee's expectations of gaining external benefits as a result of their participation in the programme. 6.5%

indicated that their levels of satisfaction with "introductions to established industry players" were "poor". 25.8% scored "provided you with introductions to marketing agencies" and provided you with links to procurement opportunities" as "unacceptable" or "poor".



The direct impacts of the Tourism Mentorship Programme were evident among some of the respondents:

Reported Impacts due to TMP	% of Participants on TMP (*n=31*)	% of Total Sample (*n=197*)
"I gained more information about the industry."	67.7%	10.7%
"I was able to understand my business better."	45.2%	7.1%
Increase turnover	38.7%	6.1%
Increase in profits	38.7%	6.1%
Increase in staff	9.7%	1.5%

Table 12: TMP Impacts

A further question on the specifics regarding the increase in staff however did show some deviance from the 9.7% (n=31) incidence rate reported in Table 12. When asked to distinguish the type of staff employed as a result of their involvement in the Tourism Mentorship Programme, respondents' noted the following:

- 25.8% employed additional professional staff, including bookkeeper, tour guides or mechanics.
- 16.1% employed additional support staff, including cleaning and office administration personnel.
- 3.2% employed additional staff, including consultants.

The deviance can be accounted for by making a distinction between direct and indirect impacts of the programme on the mentee's business. The 9.7% who reported an increase in staff seem to demonstrate a direct relation to the programme's impact on the growth of their business while the higher incidence rate reported for additional staffing (i.e. 25.8% employing professional staff and 16.1% employing support staff) refers to indirect programme benefits whereby mentee's have gained from the mentorship programme but do not ascribe the increase in staff specifically to the programme itself. Indirect programme benefits are most likely attributed to the increased skills and entrepreneurial confidence and the state of the business's growth or expansion at the time of the interview.

Following on this discussion, additional questions were asked of Tourism Mentorship Programme respondents to inform a richer understanding of how the skills gained as a result of mentorship had added value to mentee's businesses.

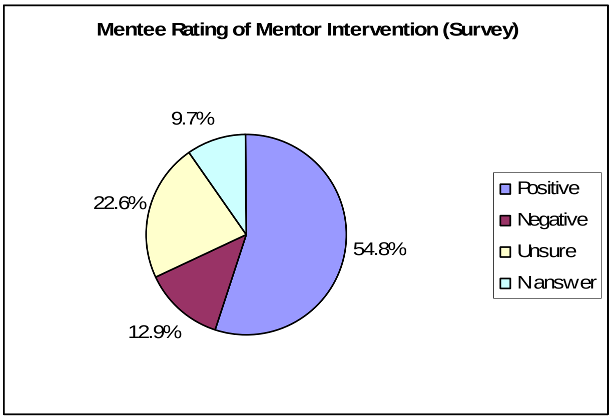
Further reported Impacts due to TMP	% of Participants on TMP *(n=31)*	% of Total Sample *(n=197)*
Acquiring new assets	48.3%	7.6%
Improved management and administration	58.6%	9.1%
Improved service delivery	41.9%	6.6%
Received indirect financial benefits of less than R10,000 due to relationship with mentor	22.6%	3.6%
Secured service contract due to relationship with mentor (to value of R20,000 to R50,000)	6.5%	1.0%
Increased staff confidence	3.2%	0.5%

Table 13: Further TMP Impacts

Respondents were also questioned as to the ***nature of the mentoring*** received during the programme. A clear majority (90.3%) noted that mentoring advice offered during face-to-face meetings was the best means of communication for this form of business support. Telephonic and email communications were infrequently reported.

The relationship between mentee and mentor was also of interest in determining the nature of mentoring engagements. A common mentee description of their mentor was as a "business advisor" (48.4%). Other descriptions were: "business consultant", "business colleague" (both 19.4%) or "trusted friend" (16.1%).

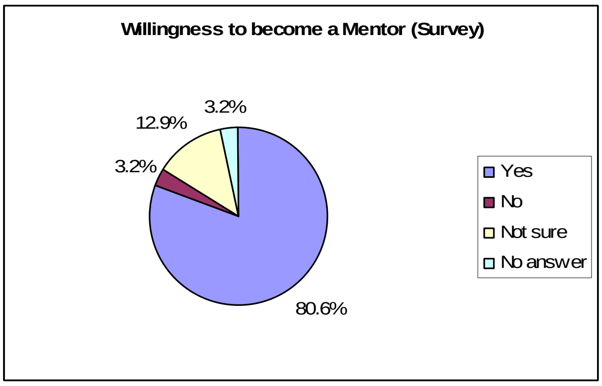
In reflecting on their mentoring interactions, most mentees (32.3%) felt they had experienced "informal and professional" engagements that offered "business support" (29%), "personal support" (19.4%) or "consulting advice" (6.5%). Others indicated "formal and friendly" interactions (12.9%), "formal and professional" or "informal and friendly" (both 6.5).



In rating these interactions, 54.8% of respondents involved in the programme felt the mentor had a positive intervention on the business while 12.9% reported that these interventions negatively affected their business. 22.6% noted that they were "unsure" as to the impact on their business of the mentoring intervention.

67.8% of mentees reported continued contact with their mentor after the completion of the programme, and 25.8% indicated that they had received mentoring after the programme had ended from the mentor assigned to them during the programme.

A good gage of a mentoring programme's impact is the willingness of mentees to return the service to other entrepreneurs. A significant majority of mentees (81%) indicated that they would mentor another entrepreneur. Only 3% did not wish to become a mentor while 13% were "unsure".



Mentees general comments reveal that the programme's impact does add value to a growing small business. However, mentee respondents' saw a mentor making a difference in their business. In some cases, the level of that support was determined by how willing a mentor was willing to become involved in the mentee's business. Overall, the ***mentor was seen as guide*** to the mentee in plotting a course within the tourism industry. One mentee's reflection on their mentoring experience bears noting: *"He showed me to reach success is not difficult but certain things must be in place - financial support, good relationship with bigger operators, patience."* However, another mentee raised the point of balancing business support with access to business opportunities: *"I cannot plan set times and dates for meeting as I can't loose business."* Nevertheless, this comment also may as highlight a low level of commitment of the mentee to the mentoring programme.

Respondents indicated their **likes** and **dislikes** about the Tourism Mentorship Programme. There were:

Likes	Dislikes
"Broadened my knowledge of running a business." Mentor's expertise. "Advice that helped me to gain confidence." Mentor as "springboard" for business idea. Networking	Logistics Introductions to industry players, marketing agencies and procurement opportunities lacking. "Lack of strong candidates." Intervals between interventions were too long. No access to finances via programme.

"Meeting in an informal environment to discuss business." "Develop weak points in business into strengths." "I had an opportunity to view my business through another person's eyes." "Takes you to the next level." Good communications. "Sharing information and giving advice and making people to be aware of the opportunity in tourism." The mentor's willingness to assist business.	Taking the initiative to set up a meeting with the mentor "makes it a bit difficult." Waiting on mentor for feedback on a business problem.

Table 14: Feedback on TMP

In looking at further Tourism Mentorship Programme participant's specific needs, 19.4% requested further mentoring. However, in terms of the programme meeting expectations, a mentee's insight on the interrelationship between programmes begins to demonstrate the need by programme managers to adhere to selection criteria: "The programme lacked strong candidates due to some candidates not being fully prepared during previous training" (i.e. the Intermediate Training Programme). This lack of business expertise was seemingly addressed, in the view of the respondent, through the Advanced Training Programme offered as part of the Tiered Business Development Training Programme.

3.2.3 Integrated Tourism Entrepreneurial Support Programme (ITESP)

The low levels of participation in the Integrated Tourism Entrepreneurial Support Programme (ITESP) is due to the recent implementation of the programme in late 2004 and the focus of the programme on business brokering for growth-orientated black-owned SMEs wishing to break into the established market. As such, few businesses surveyed here met the selection criteria to enter into joint ventures or high-value deals with "mainstream" industry players.

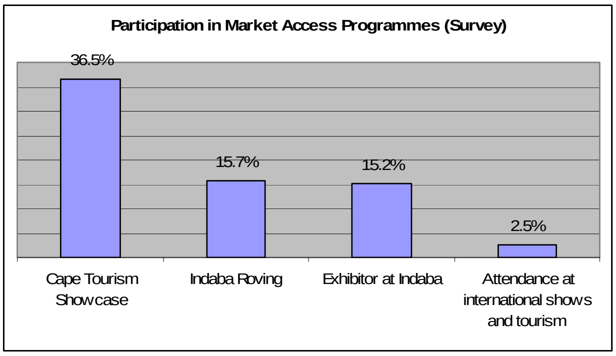
Of those participants who had accessed the ITESP programme, 28.6% rated their levels of satisfaction with ITESP as "excellent" or "good". 42.9% reported lower levels of satisfaction with the programme, largely due to the programme not meeting their expectations of accessing opportunities and networks.

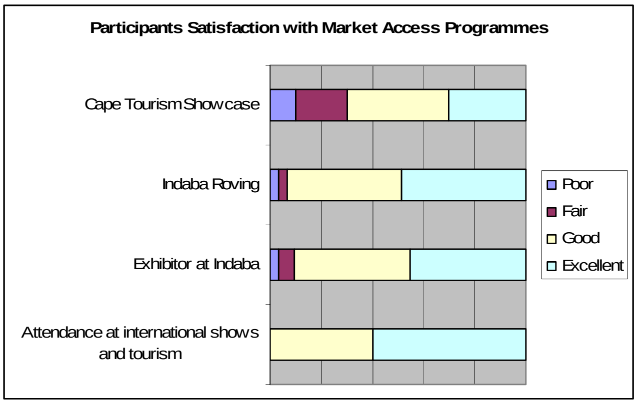
Respondent's ranking of ITESP's benefits to their business was clearly focused on seeking opportunities to broker new business:

1. To see what opportunities are presented to me.
2. To access a network.
3. Improve my skills.
4. To better understand the tourism industry.

3.3 Impact of Market Access Programmes

The Market Access Programmes include four components: the Cape Tourism Showcase, Indaba Roving, exhibiting at Indaba and attendance at international shows and tourism workshops. Of these programmes, the Cape Tourism Showcase was mentioned the most by survey respondents (i.e. 36.5%). There was an equivalent representation of respondents who engaged with the Indaba Roving (15.7%) and Indaba Exhibitor (15.2%) market access opportunities. Few (2.5%), largely based on the selection criteria geared towards growth-orientated firms, reported attendance at international shows and tourism workshops.





The levels of satisfaction with the market access programmes are rated per programme component.

3.3.1 Cape Tourism Showcase

Although the majority of respondents were satisfied with the programme (38.9% reported "good" and 29.2% "excellent"), the Cape Tourism Showcase scored some dissatisfaction by those respondents who indicated "poor" (9.7%) and fair (19.4%). These comments relate specifically to the 2005 event, at which many respondents were exhibiting at the time of surveying. Specific comments by respondents on the Cape Tourism Showcase point to these areas of dissatisfaction:

- No advice on marketing material and no support in assisting the development thereof.

- "Few potential clients attended the Showcase."
- "Showcase attracted the wrong clientele."
- "Exposure was basically only local, no international market."
- Key role-players from established industry were not visible at the event.
- "Local industry is not interested."
- Too many similar tourism products, specifically Bed and Breakfast establishments.
- PDI operators' stands were seen as very small, and those from the Western Cape of a poor standard.
- "My stand was very far, we could have been situated in a better area."
- "The program was okay but today I am very disappointed as the CTICC is not a stadium to watch rugby [on television], especially after paying R800 to market myself in this showcase. I came here to network, which I could not do for those hours of the game."

3.3.2 Indaba Roving, Exhibitors and International Shows and Tourism Workshops

The overwhelming majority of respondents who had participated in Indaba Roving or exhibited at Indaba were satisfied with their experience. 93.5% reported satisfaction with Indaba Roving and 90.3% were satisfied exhibitors. However, there were a few who showed dissatisfaction, 6.5% and 9.7% of respondents respectively for these market access programme components. These can be accounted for by the following comments:

- "There is little help with preparation for Indaba. Too few visitors to the Western Cape hall."
- "Lack of support of the other tourism players in the industry."
- "The lack of effective confidence by CTRU and Western Cape Government to its members for not allowing us to promote our company to international travel agents."[23]

On the other hand, while only a few respondents (n=5) had engaged with the programme, there was high levels of satisfaction with participation in international shows and tourism workshops. 60% of respondents reported "excellent" and 40% "good" in reflecting on their satisfaction with this market access sub-programme.

The general **likes** and **dislikes** about the Market Access Programmes are set out below:

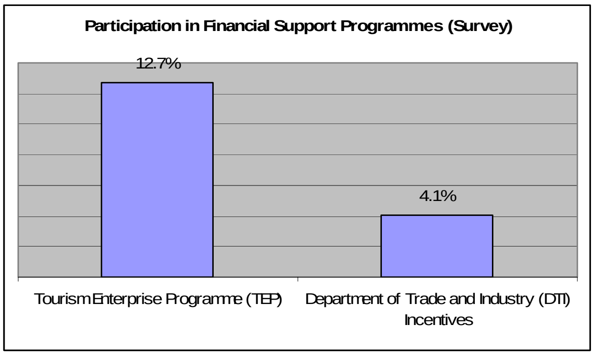
[23] This comment points to a key issue in tourism SME development. The level of expectation among some entrepreneurs as to the role of Government and tourism associations in acting as marketing or business brokers at trade shows. This is set against the actual role of Government and its partners in establishing an enabling environment (platform) for entrepreneurs to conduct their business at these events.

Likes	Dislikes
"Won the award for the most responsible tourism attraction."	Not provided with marketing material for CTS.
Networking and marketing exposure in the industry.	Too many similar tourism products promoted at events
Gained tourism industry knowledge.	Support agencies' show a lack of confidence in tourism products by not promoting these to international travel agents.
Access to potential clients.	
Helpfulness of CTRU in communicating event requirements.	More new operators should be recruited to the market access programmes.
Indaba workshops.	White industry players do not support local tourism development among PDI operators.
Increase in confidence to promote product.	
Market research on similar product offerings.	International clientele not targeted by local events.

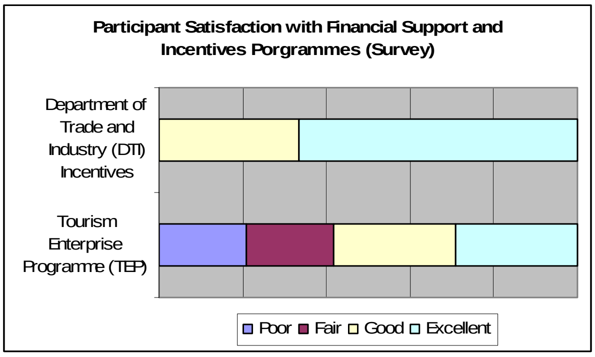
Table 15: Feedback on Market Access Programmes

3.4 Impact of Financial Support and Incentives Programmes

The programmes of the Tiered Support that offer financial support and incentives are managed by the Tourism Enterprise Programme (TEP) and the National Department of Trade and Industry (the dti). These programmes have specific requirement for accessing finances for business development and marketing geared largely to survivalist, stable and growth-orientated small businesses run by previously disadvantaged individuals. 12.7% of respondents indicated accessing TEP's financial support and 4.1% the dti's financial incentives programmes.



There is general satisfaction by respondents with the dti's incentives with 66.7% scoring "excellent", although the numbers of respondents who access this support are low (n=6). While, 58.3% of respondents reported "good" or "excellent" satisfaction scored for TEP, a further 20.8% indicated "fair" and "poor" each. The various likes and dislikes of respondents illustrate their levels of satisfaction.



Likes	Dislikes
"Received real financial assistance." "TEP is approachable and very keen to assist." "The financial support and benefits excellent." "They gave financial support to a self-motivated programme."	"Demands huge amounts of paperwork, they take a very long time to get back to you." "Lack of communication, excessive paper work." "TEP – the is long time lapse before payment is made. "Services are poor. The financial support excellence, but takes too long to be awarded for people who depend on it."

Table 16: Feedback on Financial Support and Incentives Programmes

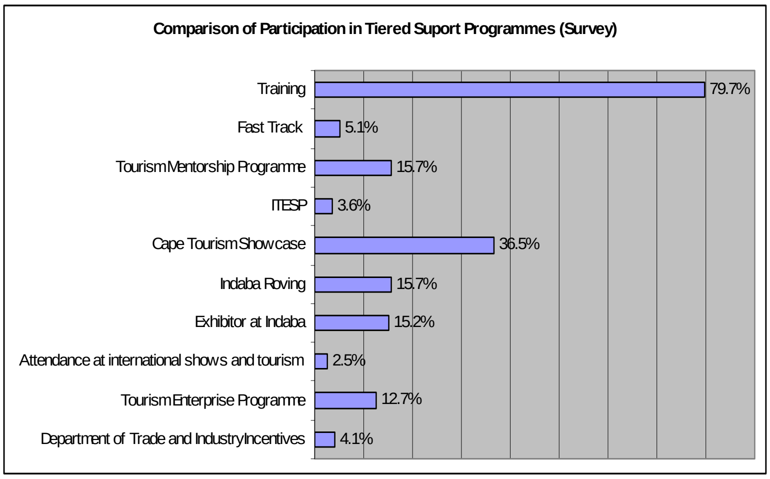
3.5 Assessing the Tiered Support Programmes

This section provides a summary of sections 3.1 to 3.4 above by turning to an evaluation of all the Tiered Support Programmes, and then turns to the impacts of these programmes on entrepreneurs' quality of life as well as presents the direct economic and job creation impacts of the programmes.

3.5.1 Programme Satisfaction

39.6% of all respondents involved in the tiered business development training also participated in the business support, market access and financial support programmes. The majority (60.4%) therefore had only participated in the training programming – this demonstrates a potential market for other Tiered Support Programmes but is also indicative of the fact that most training programme participants were new entrants into the SME sector, and still to meet the selection requirements for other Tiered Support Programmes.

Of the total sample, the Tiered Business Development Training was participated in by the majority of respondents (79.7%). The Cape Tourism Showcase, with 35.5%, was the next most frequent accessed programme followed by the Tourism Mentorship Programme and Indaba related market access programme components.



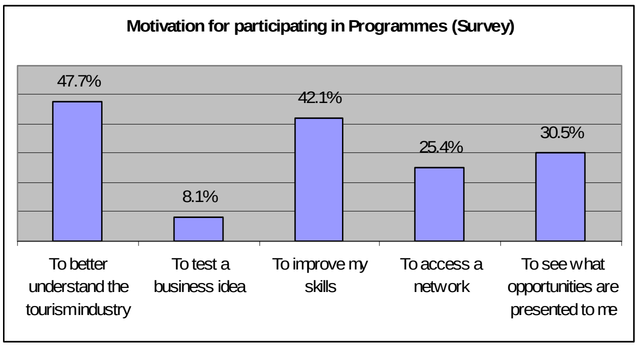
A picture of the overall reception of the Tiered Support Programmes is gained by rating each of the programmes against participants' levels of satisfaction. In Table 17 below, respondents' reporting per categories of poor, fair, good and excellent per programme area are calculated as weighted averages to provide an ***overall programme component satisfaction rating***.

Table 17 shows that the programmes that scored above the overall average met participant's expectations for that programme component. The market access and training programmes score above the average of 2.18, while the business support is marginally below the average and financial support and incentives scoring lowest. However, these scores should be used a benchmarking indicators to show overall respondent satisfaction with the components of the Tiered Support Programmes. This rating should be used to demonstrate how programmes are meeting respondent's expectations and business needs. Nevertheless, it should also be noted that the comparison is between once-off support (for example, financial incentives, the Cape Tourism Showcase, Indaba Exhibitors) and longer-term or ongoing interventions (for example, the tiered business development training, Fast Track and TMP). Over time the trends in participant satisfaction, and hence programme impact, will become clear. For the purposes of this report, the average of 2.18 provides a starting point for future evaluations.[24]

Rating of Programmes based on Participant Satisfaction	**Weighted score**
Tiered Business Development Training Programmes	2.25
Business Support Programmes	2.17
Market Access Programmes	*2.30*
Financial Support and Incentives Programmes	2.00

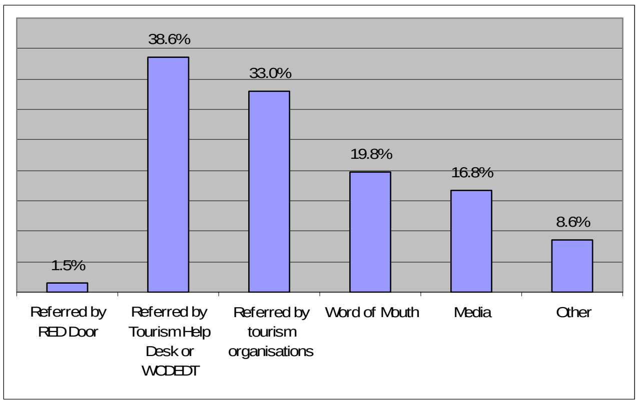
Table 17: Programme Effectiveness Rating

Programme satisfaction has some correlation to the respondents' overall motivation for participating in the Tiered Support Programmes. Skills development and increasing knowledge of the tourism industry were the most cited responses, 42.1% and 47.7% of respondents respectively indicated these to be reasons why they participated in the Tiered Support Programmes. A further 30.5% were seeking "opportunities" (broadly defined) and 25.4% looking to



[24] However, it should be noted that weighted averages are not in themselves fully representative and are best used as illustrative when dealing with variable numbers of programme participants.

access a network. 8.1% reported "to test a business idea", this latter category pertaining to the entry level training programme respondents.



An indirect measure of tourism entrepreneurial development, alongside the more direct ones mentioned above, is how respondents were made aware of the Tiered Support Programmes prior to joining a programme component. An important indication is "word of mouth", which was scored by 19.8% of all respondents as was the media which scored 16.8%. Other channels marketing and referring entrepreneurs to appropriate Tiered Support Programmes were the Tourism Help Desks and the Department (38.6%) as well as the other tourism organisations (including Local Tourism Offices, Regional Tourism Offices and independent tourism organisations such as Sonke and Dreamcatcher). Local business advice centres – the 8.6% of others - were also seen to refer respondents to programmes. An important finding is that only 1.5% of respondents indicated that they were referred by the RED Door initiative to a tourism business development programme.

Certain respondents provided suggestions on improving the Tiered Support Programmes' effectiveness to meet emerging entrepreneur and small tourism business' needs, namely:

Access to financial and business support

- "Make more money available to small business," especially seed or start-up capital.
- "Business support with ongoing financial support."
- Support with development of marketing materials.
- Create more awareness of tourism business support opportunities.
- Encourage purchasing of computer for access to the Internet rather than the development of print marketing materials such as brochures and flyers.
- Provide business advisors to assist with early stage enterprise development.

Marketing and Networking

- Increase local and international marketing exposure of local tourism products involved in programmes.
- Training SMEs in how to brand a stand at a tourism show.
- "More networking after each training programme, participants do not keep in touch for future interactions."

Business guidance and engagement with establish industry players

- “I would like them to get more of the big role players involved and adopting small entrepreneurs like ourselves, not just by mouth but by actual deeds.”
- “The programme should build around the mentees needs.”
- “They should bring in mentorship for every level [of business].”

Training needs

- “More time should be spent on marketing and they should also introduce computer skills.”
- Training to be more frequent.
- Trainers to be able assist answering questions on training in respondent’s home language.
- Less condensed information to be presented during training.
- “There should be more one-on-one assistance.”
- Craft industry specific courses.
- “Specific courses for different genre of businesses.”
- Training material be made available as a stand-alone business development tool available to entrepreneurs.
- Post-training assistance - ongoing practical training is required.
- Post-training business diagnostics – “They should send people to the businesses to see what progress is being made and whether what was learned is being implemented.

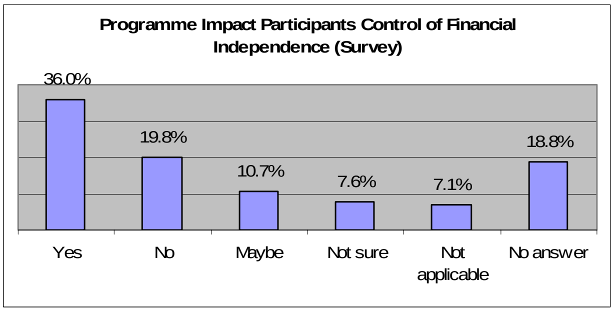
Programme administration

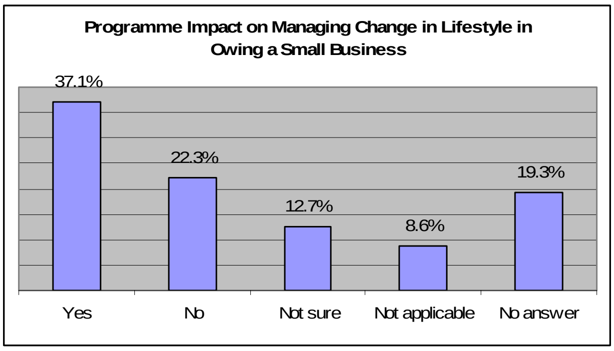
- “Create more awareness and information about monthly meetings, announcement should be circulated timeously.”
- Advertise programmes more widely via regular communications to programme participants.
- Quicker feedback on whether entrepreneur has graduated to next level of the tiered business development training programme.
- Increase capacity to operate Department’s centralised tourism development help desk.
- Increase regional capacity to support programmes with training and business support, including seeking further venues as well identifying whether training time matches participant’s availability.
- Improve quality of selection of programme participants.

3.5.2 Programme Impacts on Entrepreneurs’ Quality of Life

Participant’s satisfaction with the Tiered Support Programmes, however, requires evaluation along with some of the direct programme impacts. We have already noted the direct impact for the Tiered Business Development Training, Fast Track Programme and Tourism Mentorship Programme in this chapter. In turning to the overall programme’s impact on entrepreneurial development we also note the effects on respondent’s quality of life; that is, those socio-economic and psychosocial factors that play an important role in determining entrepreneurial success factors.

Although few respondent's reported that they were financially secure, there were some (36%) who indicated that the Tiered Support Programme had enabled them to control their financial independence. Financial dependence is here defined as the ability to generate income for oneself and create a sense of autonomy in one's working life. 10.7% felt that they "maybe" had control over their financial independence, 19.8% reported that they did not while 6.5% were "not sure". The "maybe" and "not sure" responds indicate low levels of confidence of financial independence among entrepreneurs.

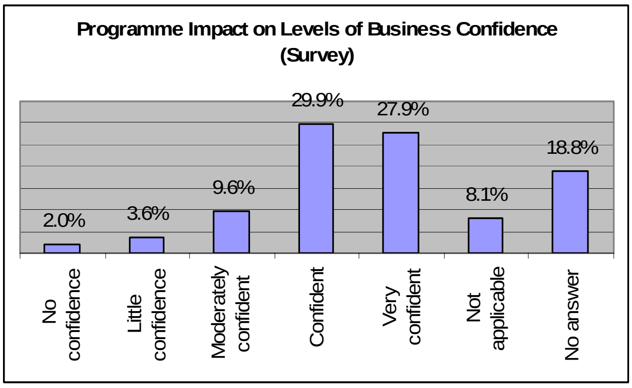




However, within the context of running a small business, 48.7% of respondents felt that their overall quality of life had improved since starting their own business (see chapter 2 above). The Tiered Support Programme was accredited with providing 37.1% of respondents with the means to manage their change in lifestyle as a small business owner and/or manager. This provides a further indicator of increasing the levels of entrepreneurial confidence via involvement in these tourism development programmes.

3.5.3 Programme Impacts on Entrepreneurial Development and Business Activity

As a measure of their entrepreneurial development, respondents were asked to rate their level of confidence to grow or develop their business since completing the programme they were involved in. Most respondents reported that they were "confident" (29.9%) or "very confident" (27.9%) while others showed lower levels of confidence (i.e. 13.2% of the survey sample). Only 2% reported "no confidence" in their furthering their business activities. However, the confidence exuded among participants may be due to their need to positively reinforce their entrepreneurial endeavours, i.e. the confidence is future-orientated and not based on the current operations or performance of their business.



In addition to the above, several business performance indicators are used here provide a synopsis of the programme participants' business activities. Respondents do demonstrate some positive business performance since completing the Tiered Support Programme. An average of 24.8% of all respondents to the survey reported some form of business activity. Overall, this is a fairly low level of business activity, especially when looking to marketing and sale lead generation activities.

The most significant business activity reported was making new sales contacts followed by attendance at industry events, although just on a third of respondents demonstrated this as shown in Table 18 below. These networking activities point to sales activities that are event or showcase driven rather than a reliance on sales trips for new business. Local trips were reported more frequently than regional and national, the latter scored lowest.

Marketing activities were evident – respondents placed advertisements in the media, however, fewer respondents made use of free media advertising channels. In terms of marketing material, printed flyers and brochures were more frequently developed than electronic tools such as presentations and websites.

The third area of business activity reported on was accessing finance. Meeting with financial institutions scored slightly better than the submission of formal funding applications. In most cases there were one or two engagements with financial institutions or business support agencies yet few respondents noted making five or more representations. In addition and as step toward accessing finances, respondents did show, albeit less that the business activity average, formal business planning by drawing up a business plan. A further 15.2% indicted that they were considering developing a business plan.

Business Activities since completing Programme	**% of total (n□197)**
Sales and procurement activities	
New sales contacts made	37.6%
New supplier contacts made	32.5%
Sales trips undertaken – locally	22.3%
Sales trips undertaken – regionally	14.7%
Sales trips undertaken – nationally	11.2%
Marketing business	
Developed new marketing material	29.1%
Adverts placed in the media	24.9%
Adverts placed in media (for free)	19.3%
Attended industry events	36.5%
Accessing finance	
Developed a business plan	22.8%
Met with financial institutions	25.8%
Submitted formal funding applications	20.3%

Table 18: Business Activities

3.5.4 The Programme and its Impact on the Regional Economy

Moving from the entrepreneur and her business, we finally turn to the impacts of the Tiered Support Programmes on the regional economy. Two indicators are addressed: economic growth and job creation.

As noted in Chapter 2, the estimated economic contribution of the survey respondents is R25.2 million. In relying on the Tiered Business Development Programmes as the best indication of overall impacts due to a 79.9% participation rate among respondents (i.e. the majority of respondents participated in the training), we can confidently in use, as a direct measure of the Tiered Support Programme's economic impact on tourism development, the 20.8% of respondents who reported an increase in profits due to the training programmes as the Tiered Support Programmes' real economic impact on the region. This is then estimated as: ***R5.3 million***. However, if the same approach is taken as to those respondents (i.e. 22.3%) that reporting an increase in turnover as a result of the programme, then the *estimated economic impact of the programme* is: ***R5.6 million***.

In turning to a job creation measure for the Tiered Support Programme a similar approach can be adopted as the economic measures above. A total of 1,232 jobs were reported in Chapter 2. The number of respondents who indicated that they had seen an increase in employment in their business as a result of the programme was 4.6%. The *estimated number of jobs created by existing SMEs as a direct result of the programme* is therefore: ***fifty-seven (57)***, of which ***forty-five (45)*** are within the businesses offering direct tourism products.

Chapter 4 – Business Sophistication and Tourism SMEs

In this chapter we turn to the alignment of tourism SMEs involved in the Tiered Support Programme with the business sophistication model (see section 1.2.4 above). The findings provided here provide a benchmark of participants' enterprises within the business sophistication model and then maps the schema to the Tiered Support Programme and to particular indicators, including: programme participation, job creation, average monthly turnover and profitability.

4.1 Aligning Tourism Enterprises to the Business Sophistication Model

In evaluating the tourism enterprises surveyed here as to their level of business sophistication (as per the model described in section 1.2.4, respondents were asked to classify their level of business activity. This line of questioning provided the rationale for seeking correspondence with the business sophistication model.[25] These questions were:

Questions	**Level of Business Sophistication**
1. There were no other jobs so I started the business to earn an income.	Level 1 Survivalist Firms / Necessity Entrepreneur
2. In most months I receive a steady income from the business.	Level 2 Emerging /Stable Firms
3. We are focused on managing revenue growth and capturing market share in the local market.	Level 3 Growth-orientated Firms
4. We operate nationally and outside of South Africa.	Level 4 Globally Competitive Firms

Read against several enterprise development factors – such as necessity versus opportunistic entrepreneur, years in operation, staffing, turnover and level of formalisation – these questions provide a benchmark view of emerging entrepreneurs and small businesses surveyed. The alignment of respondent's business to the business sophistication model is provided in the figure below. There is a 91.9% confidence in the data sets used in this reporting.[26] There is a fair spread of business

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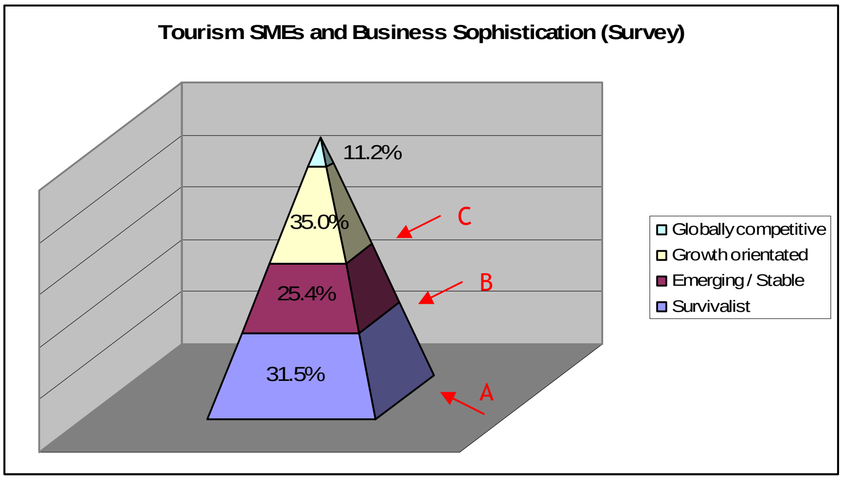
[25] Respondents were asked positioning statements in identifying their level of business sophistication. It is noted that due to the tourism industry's perchance for dealing directly with foreign visitors, some respondents may have perceived themselves to be "globally competitive" from a customer services perspective when in reality their operations may represent a survivalist, stable or growth-orientated business. In addition, the 5.1% of emerging entrepreneurs are included within the survivalist category for reporting purposes.
[26] The confidence factor is based on the 5.1% of emerging entrepreneurs who were scored within the survivalist category for reporting purposes as well as the 3% of respondents who scored across two questions.

across all the levels of business sophistication; particularly encouraging is the representation of stable/emerging (25.4%) and growth-orientated (35%) firms within the sample population.

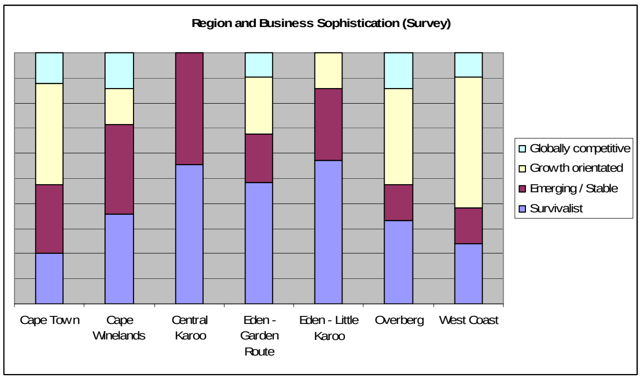


This illustration of the level of enterprise development of tourism small businesses provides a starting point from which to focus business support policy-making. The key areas of interventions are those areas of transition (i.e. the thresholds between each level of business sophistication as indicated by A, B, and C in the figure above) These intervention areas are SME development and business growth milestones – A. converting an emerging entrepreneur into a survivalist firm, B. growing a survivalist business into a stable/emerging firm, and C. growing a stable/emerging firm into a growth-orientated company that could compete with established industry players. These focal points enable the alignment of business support strategy to regional tourism development goals for stimulating entry into the industry, job creation, transformation and a sustainable economic growth.

4.2 Applying the Business Sophistication Model

The exercise of applying the business sophistication model to the tourism development arena is undertaken in the sections below. The focus areas are regional representation, programme participation, job creation and the economic indicators of average monthly turnover and profitability.

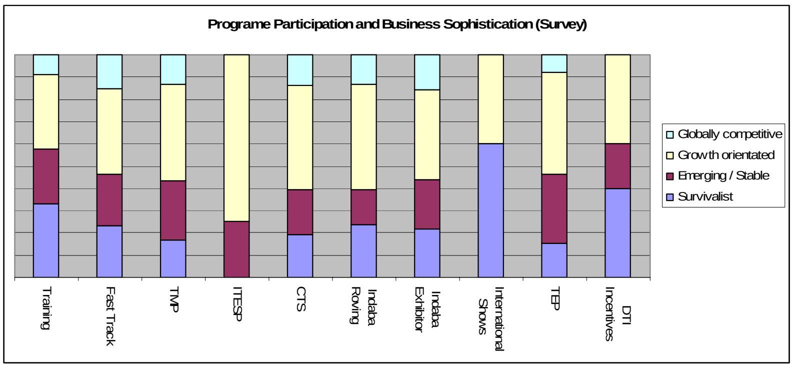
4.2.1 Business Sophistication and the Regions



This figure compares regional data as a percentage of the total firms per level of business sophistication. Cape Town, the Overberg and the West Coast all have a fair representation of growth-orientated firms. Survivalist firms are over-represented in all regions except Cape Town and the West Coast. The Central Karoo only has survivalist and stable/emerging firms represented in the sample. Within the Eden district, the Garden Route shows a difference in business sophistication characteristics to that of the Little Karoo. Nevertheless, in some cases, respondent's level of business sophistication was inflated due to their view that the provision of services directly to international clients meant that their tourism business was globally competitive.

4.2.2 Business Sophistication and Programme Participation

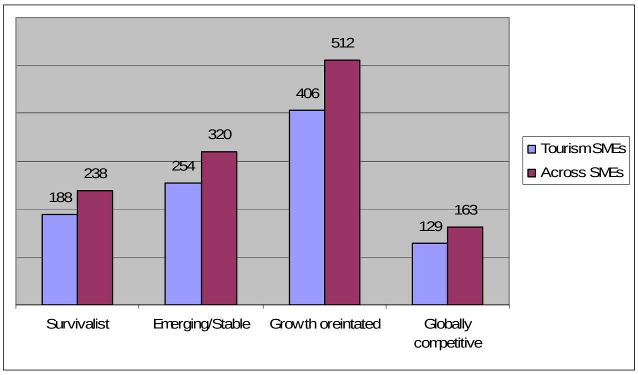
The use of the business sophistication model allows selection of small business to an appropriate programme or level of business support within a programme. The figure here illustrates the programme participants and the distribution (as a percentage of the total per programme) of firms with each level of business sophistication. In all but the ITESP (where the mix of firms may not be well aligned to the programme's focus on business brokering with industry) all levels of enterprise development are represented, some more so than others. What is telling is that the tiered training programme targets the full range of business needs and offers SMEs programmes that providing training or business support across levels of business sophistication. However, both the Fast Track and the Tourism Mentorship Programme have survivalist firms present in their grouping when those programmes are geared towards stable/emerging and growth-orientated firms. This may indicated the need to adhere to tighter selection criteria for SMEs when applying for a tiered support programme component.



In terms of the Market Access Programmes, ranges of small business are represented demonstrating that programmes cater for all enterprises irrespective of level of sophistication. However, the participation in the international shows may be mis-aligned with the number of survivalist represented. Both Financial Support Programmes' target audiences were represented in the sample.

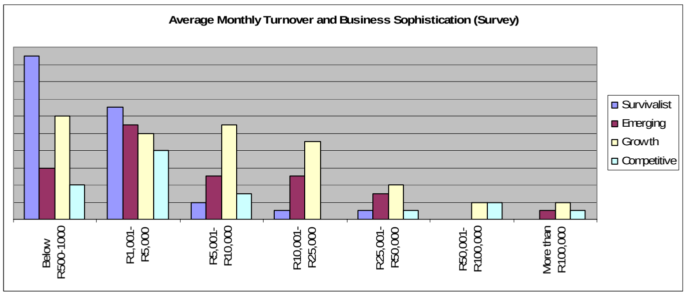
4.2.3 Business Sophistication and Job Creation

The distribution of employment is relative to the level of business sophistication, with employment numbers higher as enterprises show more sophisticated business activities. The growth-orientated firms, including both direct tourism and indirect tourism SMEs, employ the most compared to all categories. Nevertheless, globally competitive firms do show a high employment rate even though they only represent 11.2% of the total sample. It is noted that to maximise on job creation the nodes of intervention are in providing enterprise development support to the stable/emerging business and growth-orientated businesses due to the propensity of these SMEs to create jobs to build internal operational capacity and stability within the business. Globally competitive firms, on the other hand, while still creating jobs, do so while seeking to capture market share.

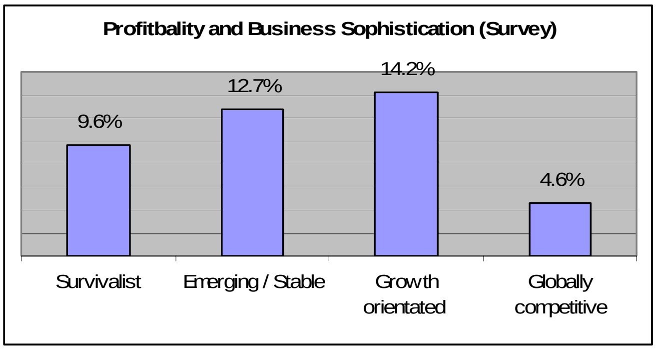


4.2.4 Business Sophistication, Turnover and Profitability

The level of business sophistication does show a correspondence to the reporting on average monthly income. More survivalist businesses have very low turnover while the reporting of increasing turnover is seen among stable/emerging, growth-orientated and globally competitive firms. The area for concern, however, is the cluster of small business, irrespective of level of business sophistication, that reported their average monthly turnover as between R1,000.00 and R5,000.00 as well as that cluster reporting between R5,000.00 and R10,000.00 in monthly sales.



Increased profitability, on the other hand, seems to follow the level of business sophistication. Nevertheless, globally competitive firms show an alarming low reporting of profitability compared to the other categories of enterprises. This metric provides a useful counter-measure to test entrepreneurial confidence and actual SME growth among programme participants.



Chapter 5 – Stakeholder Commentary on the Programme

In Chapter 5 we shift our attention from tourism enterprise development to the views and insights gained from the survey of thirty-three (33) Programme Stakeholders (see section 1.2.3.2 above).[27] General as well as specific stakeholder comments on the programme components, including levels of programme satisfaction and confidence in programmes meeting goals, are provided below.

5.1 Stakeholder Viewpoints

5.1.1 General Comments on Tiered Support Programme

Programme Stakeholders' saw the Tiered Support Programme interventions as needed for regional tourism development. However, many felt that it was still too early to rate programme success effectively and those outside of the Tourism Business Forum indicated low awareness of the programmes. Noting this, and that fact that the evaluation report is a benchmark study, the following stakeholder comments are set out.

Stakeholders stated what they ***liked most*** about the Tiered Support Programme was:

- The tiered and integrated approach to tourism business development.
- The programme focuses on realising business opportunities and market access for entrepreneurs was recognised.
- Stakeholders felt that the programmes offered substantial help to entrepreneurs and attempted to close gaps in tourism small business development, including taking steps to engage with industry players.

There were elements of the Tiered Support Programme that stakeholders ***liked least*** were:

- Stakeholders noted that there was not enough stimulation of indirect tourism business opportunities.
- Business feasibility needs to be better addressed across programmes.
- Some stakeholders pointed out that there was further funding need to support Tourism Help Desk capacity.
- It was felt that the selection criteria for the entry and exit of entrepreneurs require review across all programme components. This call was seen as addressing the dependency of entrepreneurs on business support to sustain their business activities.

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[27] The survey instruments are provided in the separate research document entitled: *Annexure of Detailed Findings*.

- Stakeholders also felt that there should be more integration of the programme with other local economic development initiatives as well as national tourism initiatives and agencies.
- It was felt that there was little understanding among Tourism Business Forum partners of the mutual benefits from integrating Tiered Support Programme components for business support and tourism development.

5.1.2 Stakeholders on the Training Programmes

Stakeholders' reported that they felt the Tiered Tourism Business Development Training Programme is a well-designed skills development and capacity-building support programme.

Training Programme Features	Rating Satisfaction
Overall satisfaction with training	Good/Excellent
Registration process (selection criteria)	Good
Quality of training material	Good/Excellent
Quality of training provided	Good/Excellent

Table 19: Stakeholder satisfaction with Training Programme (across all training levels)

However, the administration demands for the Level I – Tourism Awareness Information Session were felt to be particularly high. It should also be noted that unlike the levels of satisfaction reported in Table 19 above, that the training material for Level II – Beginners' Information Session was rated "average/good" and that the quality of training for Level III – Intermediate Training Session was rated "average/good." Nevertheless, the overall stakeholder satisfaction with the training programme was rated as "good/excellent." Further encouraging ratings were seen in high levels of confidence among stakeholders in the training programme meeting of its goals of capacity-building and supporting the growth of small businesses. The ability of the training programme to address transformation and job creation received lower confidence level ratings.

Training Programme Goals	Rating Confidence
Capacity-building via training	High
Support SME growth	High
Job creation	Low/Medium
Supporting BEE in tourism industry	Medium

Table 20: Stakeholder confidence in Training Programme meeting its Goals

5.1.3 Stakeholders on the Business Support Programmes

Stakeholders provided detailed responses to the Fast Track Programme and Tourism Mentorship Programme components of the Business Support Programmes. Integrated Tourism Entrepreneurial Support Programme, due to its more recent commencement, is briefly mentioned.

The overall stakeholder satisfaction with the Fast Track Programme was “good”. The programme feature rated highest were its networking possibilities for entrepreneurs. The selection criteria for accessing the programme was rated “average/good” as were market access and offering links to procurement opportunities via the programme. The quality of mentoring was seen as satisfactory although there were some stakeholders who felt improvements were needed to enhance mentor support.

Fast Track Programme Features	**Rating Satisfaction**
Overall satisfaction with Fast Track	Good
Registration process (selection criteria)	Average/Good
Quality of mentoring provided	Good
Enabling networking with other entrepreneurs	Good/Excellent
Providing access to the market	Average/Good
Providing links to procurement opportunities	Average/Good

Table 21: Stakeholder satisfaction with Fast Track Programme

However, there were call to reconsider whether the Fast Track Programme add value due to the perceived overlap between Level III – Intermediate Training and Level IV – Advanced Training. Caution was noted as to the use of term “fast track” within the programme as this may reduce industry confidence in entrepreneurial ability due to the term’s association with “cutting corners” in the job market.

Satisfaction with the Tourism Mentorship Programme was also rated by stakeholders as “good” as was the quality of the mentoring provided through the programme. The selection criteria were rated the lowest, recorded as “average”. The introduction of entrepreneurs via the programme to marketing agencies was seen as “average/good”. On the other hand, the introduction of entrepreneurs to industry was rated “good/excellent” and the most effective part of the programme.

TMP Features	Rating Satisfaction
Overall satisfaction with Fast Track	Good
Registration process (selection criteria)	Average
Quality of mentoring provided	Good
Introduction of entrepreneurs to industry	Good/Excellent
Introduction of entrepreneurs to marketing agencies.	Average/Good

Table 22: Stakeholder satisfaction with TMP

Some concerns however existed among stakeholders that there were limited mentoring resources to engage and quality assure entrepreneurs into becoming growth orientated businesses as opposed to mentors who offered business advice. Two mechanisms were seen to provide a solution to the above, namely: sector (that is, chamber) specific mentor training and improved matching of mentors and mentees. There was also some uncertainty among stakeholders as to how “mentoring” related to advancing market entry for SMEs although there were calls for mentoring engagement to begin to address business brokering opportunities with established tourism industry players.

There was little awareness of the Integrated Tourism Entrepreneurial Support Programme (ITESP) among stakeholders unless they were directly engaged with the programme. Even so, there was a “moderate” level of confidence in the ITESP meeting its goal of business brokering with established on behalf of SMEs, possibly as a result of low awareness and consensus on integration of ITESP with the other business support programmes. This is also reflects a moderate level of confidence in the programme advancing transformation in the tourism industry.

ITESP Goal	Rating Confidence
Brokering business between SMEs and established tourism businesses.	Moderate

Table 23: Stakeholder confidence in ITESP meeting its Goal

5.1.4 Stakeholders on the Market Access Programmes

There were high levels of awareness among stakeholders of the Cape Tourism Showcase and entrepreneurs exhibiting at Indaba. Stakeholders were moderately aware of Indaba Roving. There was low awareness of support that promoted attendance at international shows and tourism workshops. Out of all the Market Access Programmes, only the Cape Tourism Showcase gained a high level of confidence in meeting its goal of providing a platform to showcase emerging entrepreneurs from the region and provide access to business opportunities and markets. The other programme components were rated as having moderate confidence in meeting their goals of effective market access.

Market Access Programme Goals	Rating Confidence
Cape Tourism Showcase – promoting entrepreneurs with regional tourism products and providing access to business opportunities and markets.	High
Indaba Roving - access to business opportunities and markets at annual Tourism Indaba.	Moderate
Indaba Exhibitor - access to financial support, business opportunities and markets at annual Tourism Indaba.	Moderate
I*nternational shows and tourism workshops* - financial support to access markets.	Moderate

Table 24: Stakeholder confidence in Market Access Programmes meeting its Goals

5.1.5 Stakeholders on the Financial Support Programmes

Stakeholders reported a low level of awareness of financial support and incentive programmes geared for SMEs within the tourism development sector. In this regard, stakeholders were moderately confident in both the Tourism Enterprise Programme (TEP) and the National Department of Trade and Industry (the dti) incentives programme meeting their goals of supporting tourism enterprise development and enabling entrepreneurs to access financial opportunities.

Market Access Programme Goals	Rating Confidence
Tourism Enterprise Programme (TEP) – supporting enterprise development among SMEs.	Moderate
the dti Incentives – access to finance and business opportunities.	Moderate

Table 25: Stakeholder confidence in Financial Support Programmes meeting its Goals

5.2 Additional Insights

An area of concern was raised during stakeholder discussions on how to enhance the Tiered Support Programme – that is, *building entrepreneurial confidence* in the tourism industry needed to be aided by developing industry experience. This was seen as enabling emerging entrepreneurs to make more informed decisions about entering the industry and setting up a tourism operation. It was also seen as a means of addressing the high levels of expectation among emerging entrepreneurs that a direct tourism business will be successful by virtue that government policy promotes destination marketing. The reality, it was noted, is that direct tourism businesses is both hard work from an access to market perspective and oversubscribed in many market segments.

Two suggestions were put forward to assist in supporting entrepreneurial development in the regional tourism industry:

- One suggestion was to adopt the International Youth Hostel model which provides youth and tourism development through on-the-job experience of the global tourism and travel market. This would afford youth the opportunity to travel and gain an understanding of tourism industry within the international context.

- Another suggestion was to provide tourism experience and skills development opportunities for emerging entrepreneurs via learnerships and mentoring within stable or growth-orientated tourism SMEs or established tourism businesses.

Chapter 6 – Conclusions and Recommendations

6.1 Conclusions

This report has evaluated the impacts of the Tiered Support Programmes, as facilitated by the Western Cape Department of Economic Development and Tourism, and provided a means to classify the nature of entrepreneurial activity as well as identified a tool for policy and business support interventions in regional tourism enterprise development.

Chapter 1 introduced the Tiered Support Programmes per component and went on to discuss the research methodology used to collect primary information from a sample of tourism entrepreneurs as well as programme stakeholder within government or support agencies. Chapter 2 provided a summary of the findings of the Tourism Entrepreneur Survey, noting the characteristics of entrepreneurs as well as the profile of tourism small businesses involved in the Tiered Support Programmes. Chapter 3 then focused on measuring the direct impacts of the four components of the Tiered Support Programme, namely: the Tiered Business Development Training Programmes, the Business Support Programmes, the Market Access Programmes and the Financial Support Programmes. Key impact measures were increases in business confidence, job creation, and economic indictors. Chapter 4 then turned to the application of the business sophistication model, a tool for aligning business support interventions with the needs of small business based on the characteristics particular to categories of enterprise development, namely: survivalist, stable/emerging, growth-orientated and globally competitive firms. Chapter 5 stepped away from the enterprises themselves and evaluated the commentary and insights gained from the Programme Stakeholder Survey. Stakeholders noted their levels of satisfaction or confidence in the Tiered Support Programme.

This synopsis of the contents of the report brings us to the conclusions that can be drawn from the research findings.

- The impacts provided here are benchmark views for future annual evaluations of the Tiered Support programme. This report provides the platform and methodology from which changes over time in the business activities of programme participants can be tracked.

- At this stage it is still too early to *fully* distinguish between the progress of entrepreneurs as a result of programme interventions or as a result of the actions of the entrepreneurs themselves. However, some attempt has made to identify those key direct impacts of the Tiered Support Programme on entrepreneurial and tourism business development.

- Over the last two years the Tiered Support Programmes, via its various sub-components, is delivering value to emerging entrepreneurs as well as new and existing tourism small business in the regional tourism industry. Programme participants have reported increases in monthly sales (turnover), profitability, staff and increased business activities due to a more confident approach to entrepreneurship due to their involvement in the Tiered Support Programmes.

- It is estimated that the Tiered Support Programmes have enabled, via direct programme impacts on the tourism enterprises surveyed, a contribution of R5.6 million to regional economic growth and has facilitated the creation of 57 new tourism related jobs among existing SMEs.

- 36% of the total respondents indicated that the Tiered Support Programmes had enabled them to control their financial independence through the development of their entrepreneurial and tourism business management skills.

- The overwhelming majority of the beneficiaries of the Tiered Support Programmes are previously disadvantage individuals. This shows a clear correspondence between these regional tourism development initiatives and the advancing of transformation in the Western Cape tourism industry. The BEE benchmark for 2005 is 83.8%, i.e. the percentage of Black-Owned SMEs within the Tiered Support Programmes.

- Most of the small business that benefited from the Tiered Support Programmes provided direct tourism services, however there is also some evidence for art and craft as well as indirect tourism business among the survey sample.

- The Tourism Help Desks in the regions are visible in referring entrepreneurs to the Tiered Support Programmes.

- Tourism enterprises were aligned to a business sophistication model to enable the identification of small business as per their business support needs. There was a broad representation of survivalist, stable/emerging and growth-orientated firms in the sample surveyed, all of whom were the target audience of the Tiered Support Programmes. The model demonstrates that job creation potential lay within the stable/emerging as well as growth-orientated businesses although the levels of economic activity (as seen through average month sales figure for the low season) illustrated the fact that many small business, regardless of their level of business sophistication, were only performing well in some instances.

- The level of awareness of the Tiered Support Programme among tourism stakeholders outside of the Tourism Business Forum partners is low. There were calls for the integration of these tourism development programmes with local economic development initiatives.

- Stakeholder inputs direct to the need for ensuring that mentoring programme interventions were aligned to business brokering and market access opportunities. Furthermore, the need for mentor training was identified as was the more careful matching of mentees and mentors.

- The selection processes, across Tiered Support Programmes, requires review to ensure that entrepreneurs are provided with appropriate tourism enterprise support. This also would facilitate further integration of programme components to ensure that the benefits of the tiered business support strategy are realised.

- Through an understanding of the tourism enterprise development, as provide by the business sophistication model, as well as an appreciation of each of the components of the Tiered Support Programmes, an alignment between SME development and the tourism development initiatives is arrived at. This is set out in Figure 2 below and it suggested as a tool to enable policy interventions in regional SME development by focusing on those nodes of transition between levels of sophistication in support of regional tourism development.

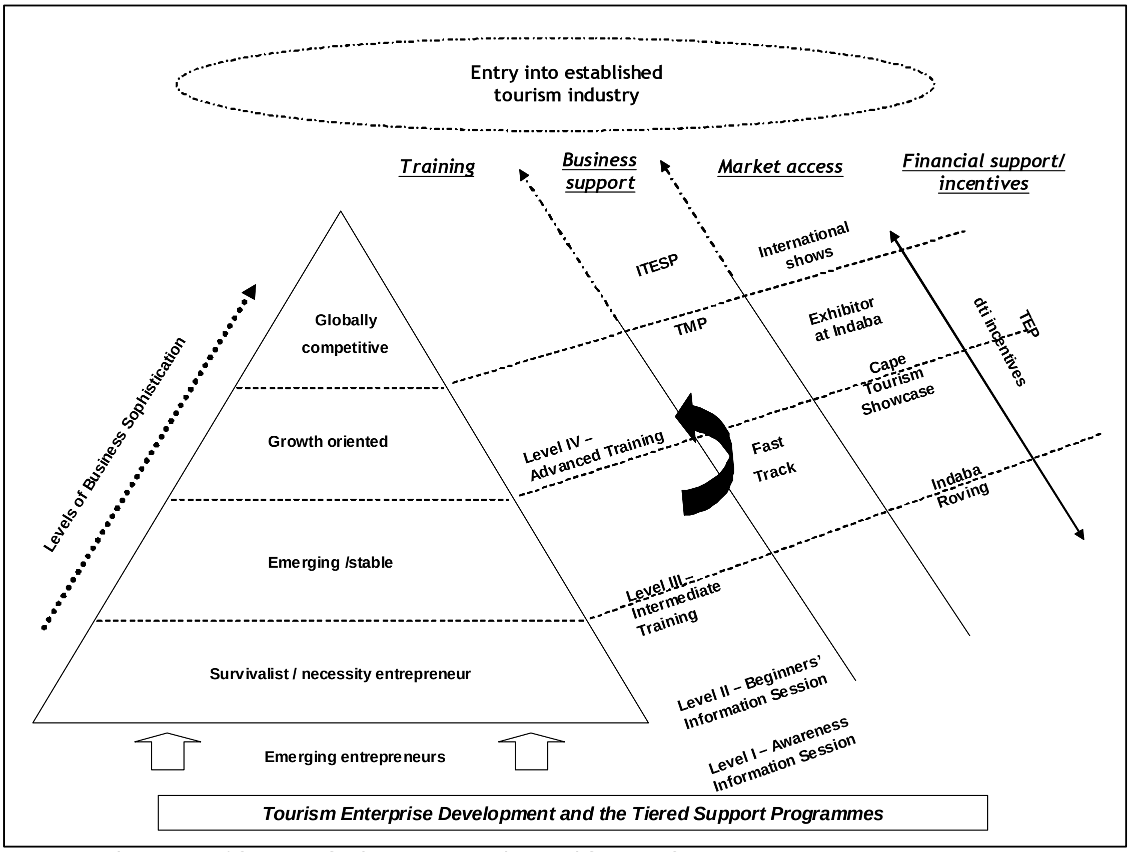

Figure 2: Alignment of Business Sophistication and Tiered Support Programmes

- Several gaps for future tourism development interventions were identified through the research:

- *Youth development* – there is a need to stimulate the entry of more young entrepreneurs into the industry and making more use of business support services that target youth (such as Umsobomvu Youth Fund).

- *Sustaining job creation* – a large number of casual/seasonal jobs are created during peak season. Strategies for sustaining these jobs would double SME tourism sector employment in the low season.

- *Skills development* – by accrediting the Tiered Business Development Training Programme modules with Theta, the Department would offer entrepreneurs with nationally recognised qualifications in tourism business management.

- *Indirect tourism business* – there is much room for encouraging supply side sector development via developing SME procurement clusters that provide services to direct tourism operations (both SME and established industry).

- *Chamber focus* – there were few ventures identified in the Conservation and Guiding chamber and none in the Sport, Recreation and Leisure chamber. These chambers may provide opportunities for SMEs to engage in cultural tourism product development or services geared to servicing the emergent needs for the 2010 FIFA World Cup.

- *RED Door referrals* – the research indicated a low referral rate from the RED Door access points to Tiered Support Programmes. The opportunity to create firm linkages between the RED Door access points in each of the regions and the Tourism Help Desks, including integrating information workflows, to support emerging entrepreneurs.

6.2 Recommendations

There are three sets of recommendations that are suggested as a result of this research process:

- The first is the use of the ***business sophistication model as a strategic developmental tool*** to identify short term and medium term interventions in tourism enterprise development. Through the use of the tool, three key programme performance indicators can be matched to business sophistication, namely; how many programme participants per level of business sophistication demonstrate profitability, have grown the business by employing additional staff, and where the entrepreneur herself is financially independent due to the business' performance. The tool could also be used to determine entrepreneurial success factors thereby providing the Department with a means to identify programme participants that have entrepreneurial qualities. It may also provide a means to point programme participants who do not demonstrate sufficient entrepreneurial skills into job employment with growth-orientated SMEs or established industry player, thereby utilising their with their newly acquired tourism business skills within the sector.

- The second is for the Department to ***facilitate the development of new markets*** by directing entrepreneurs to indirect tourism opportunities. A cluster development approach should be adopted whereby development support for indirect tourism businesses may include incubation hubs for start-up business or supply side quality centres (i.e. SME procurement hubs with quality management systems).

- The third is that the Department, and its institutional partners, actively take on the role of ***facilitating business support*** by stimulating business development services for the tourism industry. However, a market development approach to business support services should be adopted to reduced SME dependency on government resources. There are several areas for consideration:

    - Matching SME needs to the supply of business support services in the market.

    - Providing business development service providers with new products and services, such as accredited training courses in tourism business management, monitoring of support interventions, business guiding (mentoring) and, when required, incubating new business support service providers.

    - Providing access to mentor training (such as that provided by Swisscontact South Africa).

    - Strengthening linkages between tourism development programme and development programmes that add value to tourism SMEs (such as training in English language use to further communication skills or Umsobomvu Youth Fund as an avenue for youth development).

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- National Department of Environmental Affairs and Tourism, and the National Department of Trade and Industry, "Global Competitiveness Project – Executive Summaries" presentation of preliminary findings, 2004

- South Africa Tourism Strategic Research Unit, *South African Tourism Quarterly Report – Western Cape (Q4 2004)*.

Stakeholder Interviews

Name	Designation	Organisation
Appies, Glenda	Tourism Help Desk / Fast Track Manager	West Coast Regional Tourism Office
Barends, Graham	ITESP Agent	Wethu
Chaplin, Kevin	Provincial Manager	First National Bank
Cornelius, David	Tourism Help Desk	West Coast Regional Tourism Office
Coughlan, Alison	Tourism Help Desk	Hangklip-Kleinmond Tourism
Cruyvagen, Andre	Mentor: Tourism Mentorship Programme	Independent
Cuba, Clifford	Administration Officer	Western Cape Department of Economic Development and Tourism
Cupido, Rhyaan and Rameez Mathews	Project Managers: Tourism Mentorship Programme	Anix Trading
De Waal, Hein	Chairman	South African Travel Services Association (Western Cape)
Dockrat, Yasmin	Tourism Guides Registrar	Western Cape Department of Economic Development and Tourism
Erica Elk	CEO	Cape Craft and Design Institute
Faizel Gangat	Mentor: Tourism Mentorship Programme	Cape Capers
Firfirey, Yumnaa	Deputy-Director: Tourism Enterprise Development	Western Cape Department of Economic Development and Tourism
Harrison, Karen	Executive Director: Community and Development	Cape Winelands Municipality
Heckscher, Nils	Mentor: Tourism Mentorship Programme	Federated Hospitality Association of South Africa
Hoskins, Lisa	Director: Tourism Development	National Department of Environmental Affairs and Tourism
Jooste, Stephanus	LED Manager	Klein Karoo Municipality
Lupondwana, Bulelwa	ITSEP agent	Limani Marketing
Mase, Linda	Destination Development Coordinator	Cape Town Routes Unlimited
Mecuur, Marion	Tourism Help Desk	Worcester Tourism
Mkefa, Nombulelu	Director: Tourism	City of Cape Town
Morjane, Simphiwe	Eco-tourism Manager	Marine and Coastal Management

Nelson, Hantie	Assistant Director	Western Cape Department of Economic Development and Tourism
Parker, Shareen and Trevor Rodney	Project Manager: Tourism Enterprise Programme (Western Cape)	African Equations
Prins, Joan	IDP Manager	Overstrand Municipality
Rivett-Carnac, Kate	Director: Tourism	National Department of Trade and Industry
Reezelman, Rens	ITESP agent	Ernst & Young
Siyengo, Sphetho	Project Manager: Integrated Tourism Entrepreneur Support Programme	Cape Town Routes Unlimited
Smith, Madelein	Programme Manager: Tourism Business Development Training	Western Cape Department of Economic Development and Tourism
Steyn, Pierre	Mentor: Tourism Mentorship Programme	South African Travel Services Association / Superior Tours
Van Rooyen, Helena	Tourism Help Desk	Moorreesburg
Wicomb, Maureen	Tourism Help Desk	South Cape Kannaland

Annexure 1 – Monitoring and Evaluation Framework

The initial evaluation in 2005 of the Department's Tiered Support Programmes provides a benchmark for the ongoing monitoring of this tiered support programme. This monitoring will enable the annual evaluation of the impact of the programme intervention in SME development within the tourism industry.

It is recommended that the Department adopt the monitoring and evaluation framework set out below. The key components of this framework are: regular collecting of data as per indicator sets, an integrated workflow and electronic data management process, and institutional alignment with partner SME development programmes. Nevertheless, it is recognised that institutional learnings will, over time, provide additional enhancements to this monitoring and evaluation framework.

A. Indicators

The following indicator sets should be used to provide a template for the long-term monitoring of the TBDP:[28]

A.1 Tourism Industry Indicators

This indicator set encompasses metrics for *all* SMEs operating in the tourism industry in the Western Cape, including those involved in the TBDP.

Context	**Objective**	**Issues to Addressed**	**Indicators**
Development of regional tourism statistics focused on SME development.	Measure SME contribution to tourism industry economic growth and job creation.	• Insufficient data to map all SMEs in industry. • Accessing Regional Service Council Levy data for registered tourism businesses to provide SME control for evaluations. • Determine whether focus on direct tourism and/or indirect tourism businesses.	• SME contribution to regional GDP (R's). • Average turnover of SMEs. • Number of SMEs reporting profitability. • Number of emerging entrepreneurs (demand). • Number of SMEs and types per level of business sophistication. • Number of registered businesses per level of business sophistication. • Number of SMEs per region. • Number of SMEs per years in operation. • Number of SMEs per chamber (including types of business per Standard Industry Classification). • Number of black-owned SMEs. • Number of full-time and part-time jobs created by SMEs. • Number of jobs created by SMEs during peak season. • Number and type of jobs per designated groups.

[28] It should be noted that the consistent use of these indicators over time would provide an invaluable set of reliable data for the longitudinal analysis of tourism SME development in the region.

A.2 Programme Performance Indicators

Within this indicator set a framework is proposed for reviewing the programme components of the TBDP as well as its impact on SMEs that participated in tiered support programme components.

Context	**Objective**	**Issues to Addressed**	**Indicators**
Monitoring and evaluation of Tourism Business Development Programmes	Measure the TBDP's performance (i.e. programme metrics).	• Determining and accessing specific metrics for each TBDP component.	• Number of applications from SMEs for a programme component. • Number of referrals of SMEs from other agencies or associations (e.g. RED Door, SATSA, etc) • Number of SMEs registered (i.e. selected) for a programme component. • Number of SMEs that completed a programme component. • Number of SMEs that repeat a programme component (i.e. frequency of accessing same intervention).* • Number of programme component interventions.** • Duration of programme component interventions. • Number of staff involved in implementing programme component. • Cost of implementing programme component. • Rating stakeholders confidence n programme component meeting its goal.

* This metric would determine entrepreneurial dependency on programme benefits.
** For example, the Tiered Tourism Business Development Training would assess the number of training sessions held, while TEP would indicate the number of SMEs successful awards of financial support, while the Tourism Mentorship Programme would indicate the number of mentoring sessions held.

Context	**Objective**	**Issues to Addressed**	**Indicators**
Monitoring and evaluation of Tourism Business Development Programmes	Measure the TBDP's direct impact on SMEs.	Quantifying pre- against post-TBDP interventions on SMEs.	• Number of mentions of SMEs in media. • Number of SMEs engaged in marketing activities.* • Number of SMEs engaged in sales activities.** • Number of SMEs engaged in networking activities.*** • Number of SMEs that developed a business plan. • Number of SMEs that met with financial organisation versus those that accessed finance. • Cost of programme component per entrepreneur and/or SME). • Leverage ratio (i.e. balancing cost versus SME turnover).

* Marketing activities may include the development of brochures, flyers, presentations, or websites by SME.
** Sales activities can be broken down into local, regional, national and international successful sales by SME.
*** Networking activities refers to attendance at association at industry events and functions.

A.3 SME Development Indicators

Context	**Objective**	**Issues to Addressed**	**Indicators**
SME is operating or registered tourism business or an emerging entrepreneur exploring a tourism business idea.	To nurture regional SME growth through programme components.	• Did SMEs meet the selection criteria? • Ensure matching to business sophistication model. • Management of entrepreneurs' expectations of entry into the tourism industry.	• Apply tourism industry metrics as per A.1 above specific to programme component participants. • Number of SMEs with formal business plans. • Number of SMEs indicating business need for access to finance. • Number of SMEs indicating business need for access to markets. • Number of SMEs indicating business need for access to business opportunities. • Number of SMEs indicating business need of skills development. • Number of SMEs indicating business need for access to information.

A.4 Entrepreneurial Development Indicators

Context	**Objective**	**Issues to Addressed**	**Indicators**
TBDP offers training and skills transfer programmes that build entrepreneurial confidence.	Empowering entrepreneurs through programme components.	• Monitoring entrepreneurs post-intervention.	• Profile of entrepreneur (age, gender, race, disability). • Level of education. • Business skills. • Tourism skills. • Years of business experience. • Years of tourism industry experience. • Entrepreneurial motivation - necessity versus opportunistic entrepreneur.* • Number of entrepreneurs reporting increases confidence. • Number of entrepreneurs reporting better quality of life. • Number of entrepreneurs reporting increased levels of financial independence. • Number of entrepreneurs reporting meeting their household income needs.

* To create correlations with the annual Global Entrepreneurial Monitor (GEM) reporting framework.

B. Institutional Alignment

The Department should lead the monitoring of the tiered support programmes. The Department should build internal capacity to manage the inter-institutional lines of reporting of programme component metrics, manage the Department's the information management systems designed for monitoring and evaluating the tiered support programmes, manage the Department's development of reliable tourism development statistics for the region, and disseminate the results of this monitoring and evaluation through monthly and annual reporting to the Tourism Business Forum, Tourism Help Desk Forum, broader tourism stakeholders, and the media.

In fulfilling these monitoring and evaluation tasks, the Department should look to integrating its Management Information System with the RED Door's database (as developed by the CSIR), as well as seeking to integrate with the CTRU's membership and Cape Tourism Showcase databases, TEP's database of clients receiving financial support for tourism enterprise development, and the CCDI's database of arts and craft businesses receiving business support.

C. Workflow and Management of Information

It is recommended that the Department institute a monitoring and evaluation framework that takes into consideration both workflow and information management requirements.

The latter should be addressed by ensuring that standardised electronic records are collected, processed and stored as well investigate the need for developing an Internet-enabled management information system to facilitate the collection of entrepreneurs details at the local level, i.e. via the Tourism Help Desks.

In addressing workflow, the Department should establish the following operational procedures to ensure that an efficient monitoring and evaluation system supports the tiered support programme.

1. Tourism entrepreneurs should register with RED Door access points before making an application to participate in the tiered support programme. The RED Door database provides a centralised means to collect sufficient data for profiling an entrepreneur and benchmarking a SMEs economic performance and black economic empowerment status. RED Door to provide the Department with monthly reports detailing registered tourism entrepreneurs.

2. RED Door access point refers entrepreneurs interested in tourism or with an existing tourism business to the Tourism Help Desk at the local level. Tourism Help Desk captures an application by the entrepreneurs to participate in the tiered support programme. This application is sent on the Department for capturing to the MS Access Management Information System.

3. Monthly reports on entrepreneurs that register for tiered support programme components via CTRU, TEP, CCDI and other partners should be directed to the Department. The aim of this process is to access programme participants that did not enter the monitoring and evaluation system via the RED Door-Tourism Help Desk channel. Likewise, the Department should provide monthly reports to its Tourism Business Forum partners for the purposes of providing an opportunity for marketing additional programme components to entrepreneurs that meet that programme's selection requirements (and as per level of business sophistication).

4. At each interaction point with the tiered support programme, entrepreneurs should be requested to verify and update their information. They should also be made aware that they might be contacted annually to participate in a research programme evaluating the TBDP.

5. On completion of a programme component, it should be mandatory that entrepreneurs provide feedback on the programme component they participated in. For example, at the end of a training session a short questionnaire measuring their level of satisfaction with the programme should be completed.

6. Annually, all data collected by the Department should be assessed through an independent evaluation. This should take place in August and September of each year. The evaluation should draw on a representative sample of SMEs, across all levels of business sophistication, to assess the impact of the TBDP through the use of the indicators as described in section A above. The evaluation should also provide a feedback mechanism for the Tourism Business Forum partners, the Tourism Help Desk Forum, and other tourism and economic development stakeholders with an interest in regional tourism development. This evaluation should be used by the Department as a decision-support tool to effect enhancements to the tiered support programme, report on programme impacts on tourism SME contribution to economic development, job creation and transformation in the region.