

Draft Final Report

Evaluation and Exchange of Good Practices in the Tourism Sector to Stimulate Growth and Jobs in the EU

Annex B – Good Practice Cases

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KURBITS – BUSINESS DEVELOPMENT FOR THE HOSPITALITY SECTOR (SE)

CASE 10

Introduction

'Kurbits' is a business development programme for small businesses in the tourism and hospitality industry. Focusing on the management and performance of their own enterprise as a starting point, participating SMEs enhance their knowledge and make use of specially designed tools to help them to streamline, promote and develop their business.

Developed initially in 2008 for the Swedish region of 'Dalarna', the Kurbits project went on to receive support from the Structural Funds from 2009-2011, after which it was turned into an official national programme under the Swedish tourism strategy in January 2012. It is now owned and operated by the Swedish Travel and Tourist Industry Federation (RTS). Under the new structure the programme receives funding from the State, but a large part of the financing is generated through the contributions from companies participating in the individual programmes.

Theme

Training, skills development and building capacity: this case concentrates on a successful and innovative training formula, though there are additional elements that are significant in the programme, especially those that relate to marketing and promotion.

Reasons for Highlighting this Project

The Kurbits programme is an example of a successful approach to developing training and skills, initially piloted with Structural Funds support and now being rolled out across a growing number of Swedish regions. The approach brings the challenges being faced by tourism businesses in the age of the experience economy right into the business processes, especially of small businesses in the tourism and hospitality industry and helps them develop innovative responses.

Project Highlights

Contribution to Tourism Policy objectives: Improving the professional skills of people and businesses working in the sector and the quality of local tourism. Promoting innovation in tourism services.

Innovative elements: The methodology, contents and tools of this business development programme are tailor-made for small-scale businesses in the tourism and hospitality sector. The programme has strong local and regional anchorage and encourages innovative thinking and networking between participating businesses, destinations and regions thus improving the overall experience for the tourist.

Main outputs: A series of specialised training programmes, each consisting of 6 subject meetings for groups of 10 businesses, but involving personal coaching of individual participants.

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By June 2013, the programme has been rolled out across 12 regions in Sweden and there are a total of 400 active Kurbits businesses

Results and impacts: Nearly all participating enterprises report changes that have improved their performance, in some cases with as much as a 50% increase in turnover or a 25% growth in profitability. 27% of those participating have employed new people.

70 people have been employed as a result of Kurbits.

Monitoring arrangements: The programme contains a detailed evaluation plan consisting of analysis of participants' needs, evaluation of each of their 6 meetings, ex-post evaluations of each programme after 6-12 months and an overall ex-post evaluation of the Kurbits concept by an external consultancy firm.

Description

Background

Kurbits was originally developed in 2008 as a project for the Swedish region of 'Dalarna'. The idea for the project came about in connection with a study of the competency needs of businesses in the tourism sector and was inspired by the so-called FUNK-model developed by the Knowledge Foundation (KK-Stiftelsen)¹. The model builds on the principle of collaboration between stakeholders within different fields (research, education, business and culture) with a view to creating new ways of thinking and enhancing the capacity and growth of individual businesses. It suggests that collaboration between companies, universities and the public sector across regional borders is necessary in order to create growth. These beliefs had been put into practice in a successful business development programme for small-scale companies in the food industry (meNY), whose unique methodology, pedagogical principles and ways of working inspired the creation of Kurbits. Having adapted the project to the specific needs of the hospitality sector, a partnership consisting of the region of Dalarna, RTS, meNY, the university of Dalarna and business development experts, managed to secure EU funding from the European Regional Development Fund for phase 2 of Kurbits from 2009-2011 (6 million SEK over 3 years, including 50% co-financing from the region of Dalarna).

Programme Objectives

The overarching aim of Kurbits is to **increase the effectiveness, efficiency and competitiveness of SMEs within the tourist and hospitality industry**, both nationally and internationally. This is done through the provision of a programme of business development courses, tailored specifically to fit the needs of small-scale businesses in the tourism sector. The courses, delivered by experienced business development experts, provide participating companies with the tools and knowledge that allow them to develop their business ideas and

¹ The Knowledge Foundation (KK-Stiftelsen) is a research financing body for universities with the aim of strengthening Sweden's competitiveness and ability to create value. They finance research and skills development in collaboration with the business world. 'FUNK' stands for Forskning, Utbildning, Näring & Kultur (Research, Education, Business and Culture).

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strategies within a number of different subject areas such as: pricing, sales, target groups & markets, distribution, marketing, communication and financial management, all with the aim of increasing their profitability. The programme is also supplemented by practical support in the form of individual coaching. Details of the programme are provided below.

An important premise of the programme is that tourism is all about experiences. The Kurbits vision is to take firms out of their day-to-day routines in order for them to review how they can best make their tourism business special and create a worthwhile experience for their customers. Participating in the Kurbits programme will provide them with the knowledge, tools and support to follow through this process.

What makes Kurbits unique is the combination of the following elements:

- It is the only nation business development programme specifically developed for enterprises in the tourism and hospitality sector
- The sector-specific methodology, contents and tools are tailor-made for small-scale tourism businesses
- Emphasis on regional and local anchorage
- Quality assurance by Dalarna University and the 'meNY' programme
- Continuous support from a process leader with subsequent evaluation and follow-up
- A digital platform for participants
- Ready-made contract templates between those commissioning a programme and the participants.

Main activities and outputs

Each 'Kurbits' business development programme is run for a **group of a maximum of 10 SMEs** and consists of six meetings during which participants work together to develop their businesses through a well-balanced combination of lectures, workshops and individual work. The **topics for the six meetings**, which each last a day, are:

- 1) **Business goals/analysis of status quo** – analysis of the current situation, vision, goals, action plan and organisation of the business.
- 2) **Products and services** – analysis of core activity, products, target groups and markets.
- 3) **Market communication** – marketing, trademarks, story-telling, cohesiveness, creative workshop.
- 4) **Sales and distribution** – market and distribution channels (booking and payment), social media, agreements with customers/agents/partners, travel insurance, payment systems, accessibility, hosting, follow-up and complaints.
- 5) **Financial management and pricing** – results, the balance sheet and liquidity, revenue, costs, key variables, budgets, forecasting, pricing, rules and policies for making bookings.

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- 6) **Entrepreneurship and study trip** – the participant as an entrepreneur, personal leadership followed by a company visits.

Each programme is being **organised by a ‘process leader’** who is responsible for the programme and its development, both content-wise, logistically and in terms of selecting participating businesses. The meetings are run by **experienced lecturers and experts** who share their knowledge and experience of business development within the tourism sector with participants and provide them with a set of practical tools. As a culmination of the programme and in connection with the last meeting, participants go on a **study trip** to visit 3-5 firms within the hospitality sector that might inspire them to look at their own business differently and to learn from them (a number of questions are prepared for each company that they visit). The latest trend is that they want to visit Kurbits companies in other regions.

An important characteristic of the whole programme is that it aims to take business managers out of the normal run of their day-to-day activities and make them take a fresh look at their businesses.

The group of participants within each individual programme has been put together in such a way that there is a **mix of different types of organisations and businesses** that complement each other and can benefit from working together. The fact of mixing different types of enterprise also means that there is less scope for a conflict of interests. This means that they are able to build up networks that can benefit them in the long run. In addition, given that the **meetings are spread out over a certain period**, participants have the opportunity, in between meetings, to use their newly acquired knowledge and tools to develop their business and to become more attractive to customers. They can then exchange experience with the other participants and continue to collaborate.

Another interesting aspect of the programme is that participants have **access to personal coaching**. The process leader also functions as a coach and will visit them at their company to help them transfer the theory from the course into practical action adapted to the particular circumstances of their business. Studies have shown that a combination of group meetings and personal coaching provides much better prospects of business development since it combines two different angles at the same time and is able to focus business principles on the specific needs of a particular enterprise. To ensure that process leaders and coaches have a full understanding of the Kurbits methodology and tools and are equipped to run the programmes, the Swedish Travel and Tourist Industry Federation has developed a **special training programme** to prepare them for their role.

An important element of the Kurbits methodology is to build networks. This **networking** happens at 3 different levels:

- Between different types of **enterprises** – often in small regional clusters (it is important that they are not direct competitors);
- Between the **‘destination’** and the relevant **region** (if a destination has a vision for the development of their area, they will need to work with the region to develop infrastructure, roads etc. They can for instance apply to set up a Kurbits course with financial support from the region);

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- Between the **regions** and the **national level** (the Kurbits process leaders for each programme that have taken place in the different regions get together to discuss key regional issues which are then taken up at national level by the Swedish Travel and Tourist Industry Federation (RTS) with a view to shaping the national tourism strategy.

The **contents of the ‘Kurbits’ programme** have been developed in close collaboration between the Swedish Travel and Tourist Industry Federation (RTS), the University of Dalarna and some of the prime business development experts with roots in the sector. The programmes are specially developed and adapted to suit small-scale enterprises in the tourism and hospitality sector and they have been carefully tested.

In some cases, it is even possible to set up a special tailor-made programme for a specific group of firms in a network or geographical area with a content that is specifically designed to fit their needs.

The **process of commissioning a Kurbits programme** can take different forms. The ‘client’ who takes the initiative to commission a Kurbits course with the Swedish Travel and Tourist Industry Federation (RTS) can either be a region, a destination, an individual company, an authority, or maybe an association or society. Having made a pre-booking, they apply for funding, if necessary, from their region or from other available funds and propose a group of potential companies to participate. The client is then put in contact with the process leader who starts the process of selecting a well-balanced group of interested participants, putting together the detailed contents and logistics of the course and finalising contractual matters with participants and RTS.

Funding

Since Kurbits was launched as a national programme run by the Swedish Travel and Tourist Industry Federation, it has received public funding to the tune of **2.5 million Swedish Kroners (€300,700) for the period 2012-2014**, of which 500,000 SEK originates from the Swedish Agency for Economic and Regional Growth (Tilväxtverket). The Swedish Board of Agriculture (Jordbruksverket) also contributes to Kurbits. The funds are spent on the RTS, building up the national platform for Kurbits and carrying out a number of training courses for future Kurbits process leaders (these are the people who manage the whole process of organising individual programmes, both in terms of content, logistics and the forming of groups of participants).

The cost of an individual Kurbits programme with a maximum of 10 participating companies is 250,000 SEK excl. VAT (€30,070) or 25,000 SEK per firm. The financing can originate from a host of different sources, either directly out of a destination’s own resources, from the membership fees of an association, or from applications for funding from the regions, the Swedish Board of Agriculture or various EU funds. It is up to the individual or the organisation who commissions a Kurbits programme to decide how much each participant has to pay, but typically the contribution fee per business is about 2,500 to 5,000 SEK (€ 600) out of the overall cost of 25,000 SEK. The more programmes a regions has had, the higher the

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contribution fee per business (Dalarna now pays 5,500 SEK but started with 1,500 SEK in 2008).

The Performance of the Programme

A detailed evaluation plan has been set up as part of Kurbits. This consists of the following elements for each programme:

- an analysis of participants' needs is carried out by the process leader in preparation of the overall course
- participants complete an evaluation form at the end of each of the six subject meetings
- a representative from RTS/Kurbits attends one meeting of each group (when a new type of programme is developed like the enhanced programme 'Kurbits Export'; they follow all the meetings)
- participants fill out an evaluation form on the whole programme after they have finished
- for each programme an ex-post evaluation is also carried out after 6-12 months by the process leader and an RTS representative who attempt to take into account the immediate impacts on participating companies of attending Kurbits
- an ex-post evaluation is currently being conducted with an external consultancy firm specialised in measuring business impact. They evaluate the financial results of enterprises before and after Kurbits over a span of two years prior to and a couple of years after attending a Kurbits programme. In terms of examining the longer term impacts on participating businesses, a problem arises from the fact that nearly 50% are very small and not registered as a 'company' (Aktiebolag - AB) with publicly available company information. RTS has therefore employed a person who calls all previous participants to check on their development.

So far, a total of **270 businesses have participated** in the Kurbits programme. Including the people who have committed to participating in the near future, by June 2013, there will be a total of 400 active Kurbits businesses.

Whereas the initial EU-funded Kurbits project only applied to the region of Dalarna, the current national programme has so far been **rolled out in twelve regions**: Dalarna, Kalmar, Jämtland, Härjedalen, Värmland, Skåne, Jönköping region, Blekinge, Gävleborg, Uppsala, and Kronobergs region. This autumn South Lappland (a destination) and the Örebro region will start their first groups.

After having finalised the Kurbits programme, **nearly all participants have carried out actual changes to their businesses** which have improved their performance and made their work easier and more structured. These range from changing their pricing structure, creating new products and services and making them available commercially on-line or developing their website, to more striking changes resulting in an improvement of turnover by 50% in some cases, growth in the number of guests by 40% and in number of 'nights' by 38%, or an increase in profitability of 25%. 27% of those participating have employed new people, of

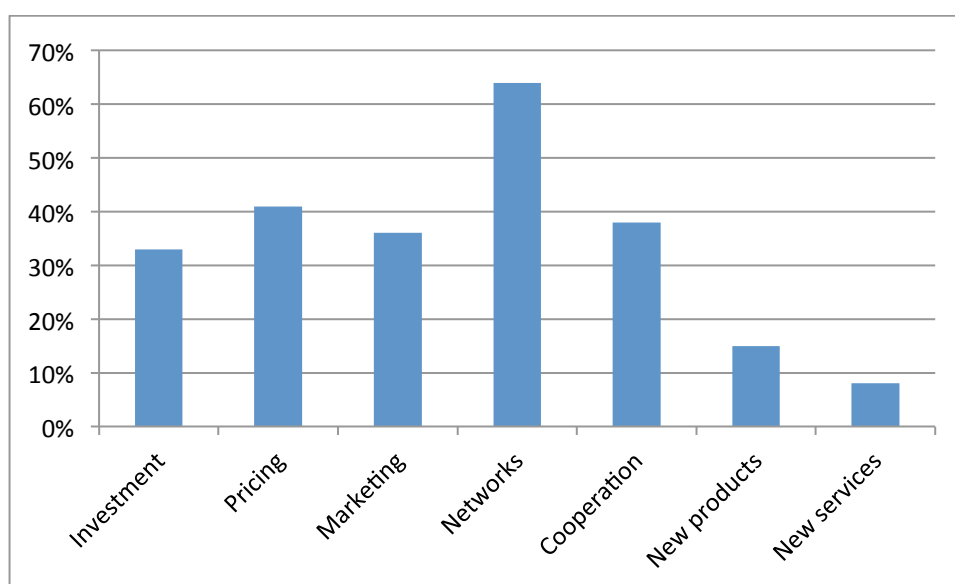
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which 14% involved full time employment, all in all corresponding to 70 people having been employed as a result of Kurbits. Nearly all firms report that they have developed their networking and have started to work together with other participants of the programme.

The following chart gives an overview of the proportion of participants who have made changes to their business in different areas.

Figure 1: Proportion of Kurbits participants having changed their business in different ways



Features contributing to Improved Competitiveness

It is clear from the above results that Kurbits is able to contribute to an increase in the competitiveness of participating tourism businesses. Even if the performance of all the individual firms has not improved as drastically as some of the examples, the fact that Kurbits leads to increased collaboration between participating businesses and the building of networks, at a regional level or often within a specific destination, is a strong indication of its effect. With the constant rise in the number of regions and firms that take part in Kurbits, an improvement of competitiveness across the whole sector in Sweden is a very possible prospect.

This networking aspect of the programme also prepares the ground for more active 'destination management' in several regions, an approach that is promoted at the national level.

The programme is completely in line with the aim of improving the professional skills of people and businesses working in the sector, as set out in the **2010 Commission Communication**. It also has every opportunity to increase the overall quality of local tourism by making individual businesses focus on how they can improve what they do and make the experience of their customers even better. The emphasis on networking between different

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types of company in a particular location or destination is a crucial element in the improvement of the overall experience for the tourist.

Networking at the national level between Kurbits programmes in the different regions and the Swedish Travel and Tourist Industry Federation reinforces this positive effect and creates the possibility of exchanging good practices. It also provides the opportunity for local experiences to feed into the national tourism strategy and vice versa.

Features relating to the Wider Adoption of the Good Practice

There is already a large degree of interest in Kurbits from beyond the current stakeholders: especially from other regions in Sweden than those currently involved, but also from other countries. Norway currently participates through an Interreg project.

Furthermore, the Swedish Travel and Tourist Industry Federation has obtained seed funding to develop a Flagship project 'Tourism Business Generating System' for the Baltic Sea region based on the principles of Kurbits and an application for a thematic partnership has recently been submitted as next step. The ambition is that this project will become an EU Flagship.

Although the institutional details may need to be different in different countries, there is likely to be a need for development and enhanced professionalism in small-scale tourism companies and the principles behind the Kurbits approach, and particularly the pedagogical principles, potentially have a wide application.

Further Information

<http://www.kurbits.org>

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