

Appendices

1. Getting Resources

International experience has shown that the availability of resources at the early stages of a clustering initiative helps to bring stakeholders round the table. Once a clustering process is running, this is less critical.

Clustering also enables groups of businesses, perhaps comprised of many small B&Bs or craftspeople, to have the critical mass to jointly access resources.

Example – Winning Sponsorship

The local pilot cluster in the Valley of the Olifants adopted a very commercial approach towards receiving sponsorship. They obtained:

- A car for the use of the cluster initiative from Avis
- Mobile phones from Vodaphone
- Concessionary credit card interest rate
- Concessionary development finance

The secret of the sponsorship success for this project was that it used a high profile national player to achieve the sponsorship. This person had the necessary contacts to make the approaches.

Other Sources

Local

- **Teknicons** - groups have the muscle to encourage their local Teknicon to put on courses that closely meet their needs. Students may also be able to help with specific projects, such as market research interviewing of visitors. Teknicon staff may provide a very valuable resource to support the Leadership group.
- **Chambers of Commerce** - the members will have a common interest in business development, for example encouraging shoppers to visit. Joint ventures in developing a regional identity and promoting the region may be of joint benefit to the tourism and retailing clusters.
- **Neighbouring tourist clusters** - these may well have agendas that are common with yours, perhaps in repairing a road or joint promotion. The Fish River and Wild Coast clusters have a mutual interest in developing the backpackers market.

Provincial

- **Tourism Boards** - can support community initiatives through the availability of their specialist expertise and through financial

support. Leverage for local marketing initiatives can be gained through close alignment with Provincial tourism initiatives

National

- SDIs - often have a tourism project
- Hotel Industry Training Board - Learnerships
- Tourism Business Council - have a national fund to directly support tourism development
- SATOUR - Can support local clusters through providing information. There may be a SATOUR Board Director living close to your community. You may wish to host some of the overseas journalists SATOUR bring to South Africa - the publicity their articles generate can help in putting your community on the world map

2. Project Management

“Project Management is a system for managing tasks, resources and costs efficiently”

Project Management

Managing a cluster process requires the same skills, experiences and tools as general project management. You will face operational and logistical challenges, and need to budget for resources needed to support the first year of a clustering initiative.

In any project there are critical milestones, review points and the need to analyse the risk involved in the project.

Management

Is a matter of keeping scope, schedule and resources in balance. This means planning organising and tracking a projects tasks and identifying and scheduling resources to accomplish those tasks.

Four Steps to Project Management Success

1. Project Definition

Decide on the broad goals and definition of the project.

For example: To initiate a local tourism cluster to last 12 months in ...
With a total budget of RXXXX

2. Create a Project Plan

Defines the scope, resources, and schedule in one place.

It breaks down the project into manageable tasks and assigns resources (people and money) to each task.

3. Maintain the Project Plan

You can follow the progress of each task and the overall project against the project plan.

Make changes as more information comes to hand.

4. Close the Project

Once you have met the goals and objectives for the project you need a mechanism to close it down.

Software

We used Microsoft Project for some aspects of planning the four pilots. Some on the team found it too complex and others were happy to use its features to produce charts showing how the tasks all fitted together.

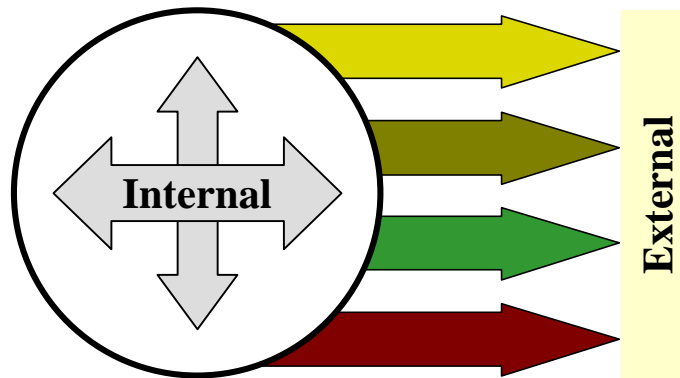
If there is computer expertise available to the team it will be a useful tool.

3. Winning Community Attention

COMMUNICATION STRATEGIES

The Cluster will need to communicate with its external audiences to achieve its aims and also to communicate within the cluster itself.

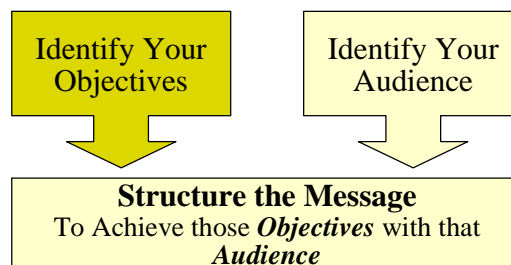
Cluster Communication



All communications need to be carefully tailored to each audience. Just follow these steps and communications will improve.

Identify Your Objectives

You must have a clear objective for each communication. If you cannot identify an objective then you must query if the communication is necessary.



Identify the Audience

Be clear on the audience you want to talk to.

Structure the Message

The message should be structured to achieve the objectives with the audience.

Example

Objectives

To attract more senior players to the cluster.

Audience

Chief Executives of tourism attractions in the area.

Message

- Structure in terms of benefits to the company.
- Use a credible vehicle to deliver the message, for example some one of similar status to the audience
- Use appropriate language and media – professional
- Keep it brief – they are busy people.

At the other extreme for example if you wanted to target youth about the importance of tourism you would use a totally different mix.

An innovative approach being considered in Khayelitsha was the use of industrial theatre to convey messages..

Appendix ??? has some newsletter template.

USING THE MEDIA

Using the mass media will always be an important part of communicating within the cluster.

Things to do for media attention:

- Invite them to your events
- Provide background material
- Make events newsworthy
- Issue Press Releases (See template in Appendix ??)

4. The Four Pilot Clusters

SELECTION PROCESS

The initial proposal from The Cluster Consortium proposed the development of two 'Regional Pilots' alongside the National clustering initiative. When the consultants undertook their first site visit and reviewed their proposal some nine months after the proposal had been submitted, it was suggested to TLG that six demonstration pilots should be developed, four local and two thematic.

The reason for this was:

1. To extend the base for learning by choosing a range of pilots in different situations, and
2. To reduce the vulnerability that comes with a very small sample. International experience has shown that clustering initiatives can simply fail to take off within an initial six-month period, the operational timeframe of the project. The reasons for this include other priorities at the time within the community, the lack of social capital, the absence of champions particularly from the private sector, or the simple fact that business is booming, and capacity at all levels stretched.

In February each of the MEC's were requested to submit nominations for these four local pilots. They were asked to substantiate their nominations in terms of given criteria, which were based on:

Technical Criteria – what factors should be present in terms of cluster methodology.

Empirical Criteria – factors identified from proven case studies internationally.

The selection criteria were approved by the TLG on 2 February 1999 and were as follows:

- Identification of the location in previous studies
- Tourism identified as a major contributor to the local economy, or as having recognised potential
- Ready availability of information
- Local tourism structures and champions in place
- Providing an opportunity for strategic learning

In total 14 nominations were received from 8 provinces, with Gauteng not submitting a nomination. These were evaluated in terms of how well they

met the given criteria. Additional inputs in the evaluation process were the consultants who referred to the KPMG report, 'Review of Infrastructure in Support of International and Domestic Tourism Development: Identification and Prioritisation 1998'; Dr. Mike Fabricius of the DEAT and an independent assessment from a South African Tourism Consultant.

The Labour, Government and Business representatives of the TLG were asked to weight these sites to accommodate the needs of their constituents. Labour asked to abstain from the weighting but indicated that they would not object to the final selection.

The four sites chosen as pilots were:

- Fish River SDI – Eastern Cape
- Magaliesberg and Surrounds – North West Province
- Khayalitsha – Western Cape
- Valley of the Olifants – Northern Province

The TLG agreed that in the event of the process being unable to proceed in any of the above regions, the following two sites were to be replacements:

First reserve: Qwa Qwa - Eastern Free State

Second reserve: Nqutu District - KwaZulu Natal

THE FOUR PILOT LOCATIONS

This Appendix outlines the rationale for four demonstration pilots, and provides a comparative overview of the four selected.

LOCAL PILOT OBJECTIVES

The objectives of the pilot demonstration cluster initiatives were defined as follows:

- To test an approach to local tourism cluster development in four different environments which drew on best practices internationally
- To make a sustainable difference to the development of tourism in the four locations
- To develop a framework for replication in other South African communities, sharing the learning across all provinces, through the preparation of a "How-To Manual"
- To generate interest in other communities in following a similar clustering approach
- To develop the linkages between initiatives at a local, thematic and national levels.

Valley of the Olifants

Many tourists, domestic and international, speedily pass through this extensive valley en route to the Kruger. Relatively few stop to take advantage of the amenities that are already clustered here - the range of overnight accommodation servicing, are jointly marketing the Valley of the Olifants, and engaged in other initiatives such as fixing potholes.

Fish River

The region between Port Elizabeth and East London is a popular domestic family destination, with strong seasonal fluctuations. Beaches, cultural events, sports and water festivals are among the attractions. With further development the region will be able to compete with the more developed Garden Route for international visitors.

Promotion is the initial focus, coupled with road maintenance and signage...

Khayelitsha

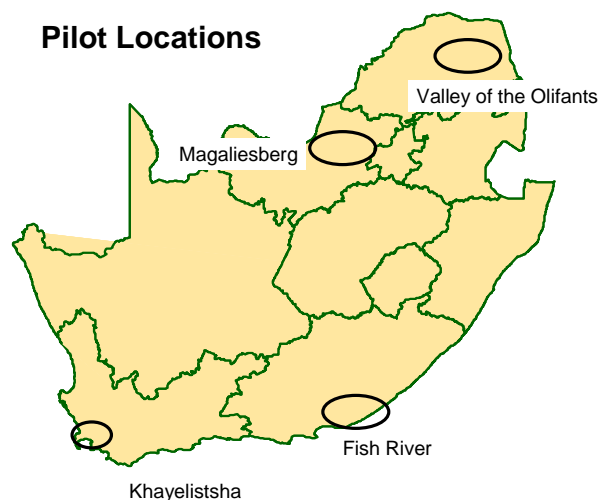
This township is by-passed by most of the half-million international tourists that visit Cape Town annually. Less than 1% visit Khayelitsha, and most of these goggle through the windows of their air-conditioned bus without stopping - or spending. The development of a prime site, known as Lookout Hill, is being synchronised with the development of the embryonic tourism cluster.

Magaliesberg

The Magaliesberg region is a favourite day-tripping destination for Gautengers and a popular conference center for business visitors; nearby Sun City is on the 'must-see' list for many international tourists.

Other tourism clusters can be seen amongst the other 12 communities that were nominated for pilots: list!!!!!!!Source???

Pilot Locations



The table that follows gives a comparative review of the four locations:

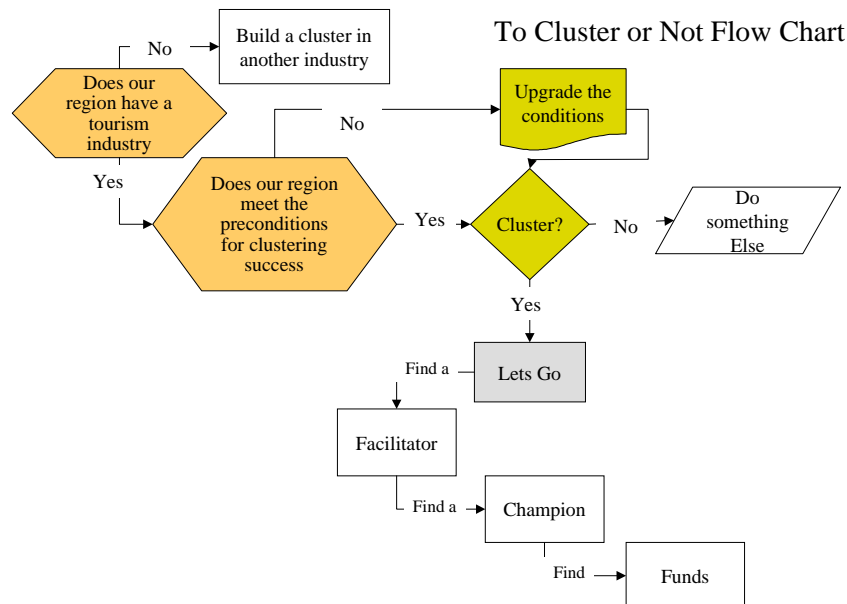
	Fish River	Khayelitsha	Magaliesberg	Valley of the Oliphants
<i>Pilot Locality</i>	Port Elizabeth to East London & inland to N2	Township east of Cape Town Airport	Sun City/Lost City; Hartebeerspoort Dam; Rustenberg	Lowveld region of Northern Province.
<i>Population</i>	2-3 million	700,000	1,5 million	1 million
<i>Current Tourism Activity</i>	Predominantly domestic, family oriented	Minimal, some drive through international tourists	Gauteng day trippers, & internationals to Sun City	Gateway to Kruger for internationals and domestic
<i>Local Economic Significance of Tourism</i>	Potential to be THE job creator, international growth	Tourism & related activities could be major job creator	Already significant driver, after mining and agriculture	Increasing significance as minerals are depleted
<i>Local Tourism Organisations in Place</i>	Tourism PE; Tourism EL & CTAs e.g Port Alfred	Tourism Tygerberg - but barely active in Khayelitsha	Rustenberg Regional Tourism Association, Eastern District Tourism Committee	Letaba, Phalaborwa, Byadladi, Giyani and Bushbuck Ridge CTAs & Valley of the Oliphants
2. Clustering Process				
<i>Local Sponsor</i>	Fish River SDI & CIMEC	Tygerberg Municipality	Northern Provincial Government	Valley of the Oliphants Inc.
<i>Key Issues Identified</i>	Marketing Roads Product Dev	Marketing Product dev Education &	Communication Community Involvement	Product Price Accessibility

		Training Security	Marketing Development and Training Infrastructure	Promotion Finance
<i>Leadership Team Status</i>	Chair: Pepi () Facilitator:Mali	Cllr Mgobozi, with M.Hugo(WCT)	Leadership Group appointed by MEC and headed by Charles Ndabeni	Elected Chair:Terry Bengis (Eastgate Airport)
<i>Government endorsement</i>	MEC involvement	Deputy Minister involvement	Strong MEC participation	Watching brief
<i>Other Comments</i>		Clustering initiative centred on Lookout Hill development		Limited involvement of Provincial Government

5. Is Clustering Right For You?

Decision Chart and Preconditions

DECISION CHART



Preconditions to a clustering initiative

While clusters start naturally, the development of clusters does not need to be left to chance.

There are, however, a number of aspects that need to be in place to ensure that efforts put into accelerating the development of the cluster bring the full benefits.

These elements include:

- Tourism already being an activity within the community. It is dangerous for anyone, in particular for a government agency, to suddenly declare that XYZ region is going to be a 'tourism

cluster' unless major investments over a decade or more are planned, as in Cancun.³

- ❑ This Mexican example provides an exception to the rule. Usually, a clustering process can only build on what is happening naturally, the process cannot kick-start a cluster.
- ❑ Having early government endorsement, demonstrated for example by a MEC actively supporting cluster-driven initiatives, helps in obtaining early private sector commitment.
- ❑ The availability of a neutral facilitator to kick – start the clustering process. Often it is beneficial for this neutral facilitator to come from beyond the community. This ensures that amongst the local participants the facilitator has no favorites and carries no baggage.
- ❑ Whilst a government agency may sponsor the initial development of the tourism cluster, leadership needs to move early on to a local champion, ideally from the private sector. Clustering initiatives are especially vulnerable when champions are few and far between in a locality.
- ❑ The boundaries of the tourism cluster need to be carefully defined.
- ❑ Political boundaries are often irrelevant when establishing the commercial boundaries of a cluster. For example, in the Magaliesberg area the region known as 'The Seat of Humankind' stretches across two provinces. Cluster boundaries need to be driven by today's commercial factors, not yesterday's political boundaries.
- ❑ A further element to consider is the distance between the participants in the cluster. A drive of 2-3 hours may set the boundary, possibly less where roads are particularly poor. Further than this and participants could have difficulty meeting on a regular basis.
- ❑ The cluster region needs to be small enough to be tight, to provide a community 'feel', and yet large enough for sufficient critical mass to address key issues.

³ The rapid development of Cancun's tourism cluster is summarised in Appendix 4.

6. International Examples

This Appendix highlights a number of examples of high performing local tourism clusters from around the world.

Queensland's Sunshine Coast

Australia's tourism activity is clustered in a number of locations, including the Sunshine Coast, an hour's drive north of Brisbane. The surf beaches here initially attracted a few adventurous tourists to drive up the dirt road from Brisbane, today over 1.4 million visitors a year take advantage of the coast's many attractions.

Tourism accounts for some 30-40% of the local economy and is the main growth driver. Such is the success of tourism in this locality that the population is growing faster than any other area in Australia.

A key element in the rapid development of this tourism cluster is the multiplicity of links between the various tourism associations on the Coast, the four local municipal councils, Queensland's Tourism Office and Tourism Australia.

Nelson, New Zealand.

The Mediterranean climate, the landscape, and the availability of clay attracted the first potters to Nelson in the 1930's. In the 1960's alternative life-stylers and organic foodies started moving in their camper vans to the beaches around Nelson, finding part-time work in the many orchards. During this period vineyards were also being established.

Today Nelson is home to over 300 crafts people, many with international reputations. An Arts Marketing Network established in 1993 promotes their collective capability, and attracts over 100,000 affluent tourists each year from afar seeking cultural and nature experiences, and visiting the many vineyards.

"Art should be available in its own place. There is significance when visitors have a feeling for the landscape, the local culture and the people who make the art".

Christine Boswijk - leading Nelson potter

Napa Valley, California⁴

⁴ A fuller account of the Napa cluster is provided in the Appendices to the main report.

While vineyards were first established in the Napa Valley 150 years ago, wine tastings only started in 1982 and the first B & B also opened that year. By 1990 over 150 B & Bs were established, demonstrating the rapid growth of the tourism cluster during the 90's when the Valley evolved from a day trip destination to a multiple day, overnight stay getaway. During this period a cluster wide effort developed the 'Napa Experience' which was heavily promoted.

Today this community close to San Francisco attracts over 3 million leisure visitors a year, 11% of these being international (up from 5% in 1990). Revenues have doubled over recent years with little increase in beds or conference rooms, and visitor traffic is now well spread throughout the year. Collectively the tourism cluster is today focussing on staff training.

Bali, Indonesia

While tourism started in the 1920's with Bali as an exotic south-sea playground, it was in the 1960's that the tourism industry really developed with Bali being a stop-over for hippies travelling between Europe and Australia. The first international hotel was built in 1966, and the Bali Tourism Development Plan created in 1971.

Today there are close to 100 star-rated hotels, mainly family-owned, and catering to the mass market with over 1 million international visitors annually.

Bali has succeeded in differentiating itself from the recent Indonesian troubles, thanks to a strong private-public collaborative effort to draw tourists back..

Cancun, Mexico

Cancun just 30 years ago was a sleepy fishing village surrounded by swamps on the edge of the Caribbean with a population of 50.

Today, Cancun has a population of 400,000, and attracts 2.4 million visitors a year. International visitors are 80% of this traffic, accounting for a third of Mexico's tourism income, \$2 billion a year.

Cancun's tourism development has been initiated and led by central government agencies, with the support of the World Bank.

7. Presentation Checklist

8. LOGISTICS CHECKLIST

Develop but include: Check room layout, audiovisual equipment, registration desk, nametags, flip charts for each table, pens, seating arrangements (mixed).

9. TEMPLATES

Invitation

Agenda

Presentation

Newsletter

Media Release