Abstract

In a recent study conducted for the Australian Sustainable Tourism Cooperative Research Centre, improved business planning was identified as one of the most pressing needs of small-to-medium tourism enterprise operators. Further significant problems confronting these businesses were coping with rapid change, complexity and uncertainty. System dynamics (SD) is especially well-suited to the modelling and analysis of problem domains with these characteristics and, in this chapter, we report on the development and implementation of a “tourism enterprise planning simulator” (TEPS) based largely upon SD constructs and technologies. Scenarios in which TEPS might be used to good effect are outlined and the potential benefits of this deployment are detailed.
Introduction

A number of tourism researchers have noted that there is a demand among prospective (and current) small-to-medium tourism enterprise (SMTE) operators for improved business planning tools (see e.g., Baker, 2000; Bergin-Seers, Jago, Breen, & Carlsen, 2005; Mistilis, Presbury, & Agnes, 2004). Moreover, there would seem to be a place for online, automated tools: whether as an adjunct to traditional sources of advice or as stand-alone products. Low-cost, generic business planning software products are inadequate because they fail to take into account contextual factors important to the tourism industry. There are, however, some impressive, recently-developed destination planning support tools and these are tourism-specific—examples being the “Tourism Futures Simulator” of Walker, Greiner, McDonald, and Lyne (1999) and the “Hotel Value Chain Profitability” model of Georgantzias (2003).

A feature of both these tourism planning and policy-making tools is that they are based upon system dynamics (SD) concepts, tools and techniques. SD has been around for over 40 years (see Forrester, 1961, for what is generally regarded as the seminal and most influential piece of work in the field), but has enjoyed something of a resurgence recently. To some extent, this is due to an increasing recognition (among researchers from many fields) that SD is especially suitable for capturing, modelling, and analysing: so-called “messy” problems; and key aspects of “change.”

Messy problems have been defined by Vennix (1996, pp. 9-41) as being characterised by complexity, uncertainty, recursive dependencies, inter-related sub-problems, selective perception, self-interest, and, related to this, key stakeholders working from different views of the essential nature of the problem. A glance through any tourism/hospitality text should quickly convince the reader that these attributes all apply to the tourism domain: both at the destination level (see e.g., Ritchie & Crouch, 2003) and at the enterprise level (see Baker, 2000).

Change too is characteristic of the tourism industry. Indeed, in a recent study (McGrath, 2005), one of the most significant problems facing the Australian tourism industry was identified as rapid change: including technological change, major changes in the external business environment, and changes that are having substantial impacts at every point of the tourism supply chain (and at every level—from international to regional and local levels). The situation was summed up by one study participant as follows: “Not only are we shooting in the dark—we are shooting at a moving target” (McGrath & More, 2005, p. 4). Here, our interviewee was expressing a degree of dissatisfaction with: first, adequate data not being available to facilitate effective strategic planning; and, second, the fact that the tourism industry is moving so quickly that, even where accurate data is accessible in a timely manner, it is often outdated and relatively useless in much too short a timeframe. However, the quote would seem to apply equally to many other problems currently confronted by the industry.
Related Content

Is Physical Attractiveness More Important than Professional Competency?: The Moderator of Self-Confidence
Chien-Wen Tsai (2016). Global Dynamics in Travel, Tourism, and Hospitality (pp. 239-261).
www.igi-global.com/chapter/is-physical-attractiveness-more-important-than-professional-competency/156761?camid=4v1a

Sustainable Entrepreneurship Development in the Accommodation Sector: The Case of the “Albergo Diffuso” (Diffused Hotel) in Italy
www.igi-global.com/article/sustainable-entrepreneurship-development-in-the-accommodation-sector/189741?camid=4v1a

The Intended Image of a Place Brand: A Danish Case Study
www.igi-global.com/chapter/the-intended-image-of-a-place-brand/160541?camid=4v1a
Studying the Impact of Egyptian Hotels' Websites Marketing on Customers' E-Satisfaction


[www.igi-global.com/article/studying-the-impact-of-egyptian-hotels-websites-marketing-on-customers-e-satisfaction/189745?camid=4v1a](www.igi-global.com/article/studying-the-impact-of-egyptian-hotels-websites-marketing-on-customers-e-satisfaction/189745?camid=4v1a)