

KEY SUCCESS FACTORS IN MANAGING A CONFERENCE CENTRE IN SOUTH AFRICA

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SUMMARY

Key terms: key success factors, conference centre, international convention centre, strategic management, strategic planning, financial management, marketing management, tourism marketing, human resource management, event management, conference management, conferences, meetings, conventions.

The primary goal of this study was to identify key success factors for the management of a conference centre in South Africa. This goal was achieved by firstly portraying an overview of the conference industry in South Africa. Secondly, a literature study was conducted in order to determine the aspects in the literature that are regarded as of vital importance in managing a conference centre. Thirdly, the results of the empirical research were discussed. Lastly, conclusions were drawn from the research and recommendations were made with regard to further research.

From the literature study, aspects of strategic management, financial management, marketing management, human resource management and management of operational aspects were identified as being important in the management of a conference centre. These aspects were used to compile a questionnaire. The objective of the questionnaire was to measure the importance that conference centre managers attach to the identified elements. Questionnaires were e-mailed to 250 conference centres. A total of 100 questionnaires were received back. The study population consisted of a database as compiled by the researcher from the Direct Access Conference Handbook (2004) and the Africa Conference Directory (2006/7). Questionnaires were also handed out personally to exhibitors at the INDABA Tourism Exhibition (2006).

From the responses to the questionnaire it can be deduced that conference centre managers regard the aspects of strategic management, financial management, marketing management, human resource management and management of operational details as important to very important.

A factor analysis was done to determine the key success factors in managing a conference centre. The following factors were identified, namely to:

- Provide a conference centre with a functional layout and the correct variety of activities;
- perform marketing management;
- ensure that operational aspects are in place;
- do proper planning;
- provide an attractive venue and conduct a post-conference evaluation; and
- perform human resource management.

Conference centre managers have to apply the above-mentioned key success factors to ensure that the conference centre is successful over the longterm.

OPSOMMING

Sleutelwoorde: sleutelsuksesfaktore, konferensiesentrum, internasionale konferensiesentrum, strategiese bestuur, strategiese beplanning, finansiële bestuur, bemarkingsbestuur, toerismebemarking, menslike hulpbronbestuur, gebeurtenisbestuur, konferensiebestuur, konferensies, vergaderings, konvensie.

Die primêre doel van hierdie studie was om die sleutelsuksesfaktore vir die bestuur van 'n konferensiesentrum in Suid-Afrika te identifiseer. Dié doel is bereik deur eerstens 'n oorsig van die konferensie-bedryf in Suid-Afrika te skets. Tweedens is 'n literatuurstudie onderneem ten einde die aspekte te bepaal wat in die literatuur geïdentifiseer is as van kardinale belang in die bestuur van 'n konferensiesentrum. Derdens is die resultate van die empiriese navorsing bespreek. Laastens is tot gevolgtrekkings rakende die navorsing gekom en aanbevelings vir verdere navorsing gedoen.

Vanuit die literatuurstudie is belangrike aspekte rakende strategiese bestuur, finansiële bestuur, bemarkingsbestuur, menslike hulpbronbestuur en die bestuur van operasionele aspekte geïdentifiseer. Dié aspekte is gebruik in die samestelling van 'n vraelys. Die doel van die vraelys was om te bepaal watter waarde konferensiesentrumbestuurders aan die geïdentifiseerde elemente heg. Vraelyste is via e-pos uitgestuur aan 250 konferensiesentrums. 'n Totaal van 100 vraelyste is terugontvang. Die studiepopulasie het bestaan uit 'n databasis soos saamgestel deur die navorser vanuit die volgende bronne: Direct Access Conference Handbook (2004) en The Africa Conference Directory (2006/7). Vraelyste is ook persoonlik uitgedeel aan uitstallers by die INDABA Toerismeskou (2006).

Vanuit die response op die vraelys kan afgelei word dat bestuurders van konferensiesentrums die aspekte van strategiese bestuur, finansiële bestuur, bemarkingsbestuur, menslike hulpbronbestuur en bestuur van operasionele elemente as belangrik tot baie belangrik ag.

'n Faktoranalise is uitgevoer om die sleutelsuksesfaktore in die bestuur van 'n konferensiesentrum te bepaal. Die volgende faktore is geïdentifiseer, naamlik om:

- 'n Sentrum te bied met 'n funksionele uitleg en die regte verskeidenheid aktiwiteite;
- bemarkingsbestuur toe te pas;
- toe te sien dat nodige operasionele aspekte in plek is;
- deeglik te beplan;
- 'n aantreklike konferensiesentrum te bied en om na afloop van 'n konferensie evaluering te doen; en
- menslike hulpbronne te bestuur.

Konferensiesentrumbestuurders moet bogenoemde sleutelsuksesfaktore implementeer om toe te sien dat 'n konferensiesentrum suksesvol is oor die langtermyn.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The World Summit on Sustainable Development that was held in South Africa during 2002 is regarded as the largest conference to be held in this country to date. This conference, held at the Sandton Convention Centre, attracted a total of 80 635 local and international conference delegates. The summit generated R2, 709 milliard of direct expenditure in various sectors of the economy, leading to an increased demand for goods and services and creating 18 300 employment opportunities. An economic impact study on the World Summit of 2002 indicated that the majority (75.4%) of conference delegates who completed the survey would recommend visiting South Africa to their friends and relatives (Government of South Africa, 2002).

Hosting international conferences requires world-class conference facilities. This can only be achieved by using the best technology available at convention, exhibition and conference centres. International conference centres, especially, should be designed according to very high standards to accommodate large numbers of people over relatively short periods of time (International Association of Professional Conference Organisers, 1999:44-45).

According to Swarbrooke and Horner (2001:62), the most important factor when organising a conference is the location, together with the correct variety of facilities and services provided at the location. When developing a conference centre, one should take into account certain important considerations that form part of the conference product, namely (Craven & Golabowski, 2001:92): availability of transport, accessibility of the location, nearby area attractions and restaurants for attendees, other activities in the city as well as sufficient accommodation for attendees. Swarbrooke and Horner (2001:62) also add safety and security as an important consideration. Keeping in mind the above-mentioned considerations, one can clearly classify the conference sector a sub-sector of tourism. The

reason is that tourism involves an interaction between different role players that aim to accommodate, attract, entertain and transport tourists (Saayman & Slabbert, 2001:6).

The aim of this chapter will be to provide an overview of how the research in this study will be arranged. Firstly, a problem statement will be discussed, which will be followed by the research aims. The research methods will be given next. This includes the literature study and empirical research developed by compiling a questionnaire, choosing a study population and elaborating the data by means of statistical techniques. Thereafter, an explanation of concepts used throughout the study will be given, followed by the structure of the research.

1.2 PROBLEM STATEMENT

The meetings and conventions sector of the tourism industry has experienced tremendous growth world-wide (Saayman & Slabbert, 2001:1). Organisations and associations of various sorts hold one or more conferences or conventions every year (Crouch & Louviere, 2004:118). Overall, the local and international meetings and conventions industry is estimated at 101 000 events (SAACI, 2005(a)). It is, however, a very young industry. This implies that not much research has been done to provide a base of information on trends as well as the size and value of the industry (Rogers, 2003:14). For this reason, many governments have not recognised the value of the industry as a contributor to national economies and are therefore not willing to invest in the development of conference-related infrastructure (Rogers, 2003:14).

One of the problems that the South African conference industry is faced with is the lack of adequate conference facilities. From 1992 to 2002, South Africa seemed to maintain only 3% of the international meetings market. In comparison with countries such as Australia, South Africa has relatively few convention centres that are able to accommodate large numbers of international conference delegates (Keenan, 2002:42). According to Dirk Elzinga, managing director (MD) of the Cape Town International Convention Centre, Africa has been excluded from the international convention market due to a lack of resources and appropriate venues (Lebuso, 2001:10). In recent years, however, the conference industry

in South Africa has gained momentum. With its favourable exchange rate, accommodation, and world-class conference infrastructure, this country is becoming an increasingly popular choice for business and conference travel (Costa, 2005:8). In terms of the number of scheduled meetings between 2005 and 2016, South Africa ranks the eighteenth most popular meeting country in the world (Costa, 2006:60).

The meetings and conventions sector has great potential to increase a country or region's employment, income and foreign exchange. Conference tourism caters for the high-quality, high-cost and therefore high-yield end of the market (Rogers, 2003:23). The average spent by a convention delegate is estimated at three times that of a leisure tourist (Costa, 2005:8). The greater spending power of business tourists implies increased economic benefits for the host destination and greater return on investment in infrastructure and marketing. Hosting conferences provides the destination with an opportunity for future inward investment by means of creating a memorable experience for delegates in the hope that they will return in the future. Conference tourism takes place throughout the year, and this all-year-round nature of conference tourism leads to the creation of permanent jobs. This ensures that careers instead of jobs can be offered to new entrants (Rogers, 2003:23-24). It is estimated that business tourism is currently worth R21 milliard per year to the South African economy and sustains nearly 260 000 jobs (Costa, 2005:8).

South Africa can, however, benefit even more from the conference industry if conference centres were managed more effectively. Previous studies have been conducted on aspects that are important in the management of conference centres by researchers like Hinkin and Tracey (2003:27); Crouch and Louviere (2004:118); Donald (2002:43); Rogers (2003:172); Swarbrooke and Horner (2001:92); and Shone (1998:115). Van der Westhuizen (2003:1) and de Witt (2006:1) conducted studies on the key success factors for developing and managing guesthouses and for managing special events. A study on key success factors in management a conference centre have not yet been conducted.

Crouch and Louviere (2004:118) conducted a study to determine ways in which a conference venue can enhance its competitiveness in the market place. These, in other words, are factors that can contribute to the success of a conference centre. There is,

however, a considerable scope for further research in this area, especially in the international conference market where associations are free to locate their conference in almost any part of the globe. Crouch and Louviere (2004:118) have identified a number of factors that should be considered in order for a conference centre to be successful. They are: location, provision of on-site accommodation, reasonable rates (prices), provision of quality meals, opportunities for entertainment and the provision of on-site audio-visual equipment.

Hinkin and Tracey (2003:28) explain that the success of a conference centre is highly dependent on certain "must haves" of guests. It could therefore be argued that these "must have" features are key success factors in the management of a conference centre, as the presence of such features will contribute to the success of a conference centre. Hinkin and Tracey (2003:28) found that the guest decides what this "must haves" should be. These "must haves" are often determined by price. This means that certain "nice to have" features, for instance butler services, workout facilities, mini-bars, television, and valet parking, can become "must haves" as the price increases. Hinkin and Tracey (2003:28) have identified the following as certain "must have" features before higher prices are considered:

- Cleanliness;
- safety and security; and
- courteous and knowledgeable staff members.

Must have features thus relate to service and facility factors that will contribute to the level of satisfaction of guests (Hinkin & Tracey, 2003:29).

Donald (2002:43) identifies three important factors that will contribute to the success of a conference centre, namely:

- Co-ordination between the conference centre manager and the conference organiser;
- maintenance of high service levels; and

- having good project management systems in place to ensure a plan of action.

Rogers (2003:192) argues that venues must continuously invest in their physical product to maintain a competitive edge. They must also adopt a customer focus in their sales and marketing strategies and in their service delivery, while aiming to maximise return on investment through yield management and client negotiations.

Designing the conference centre in a way that meets the needs of the client is a key issue for it to be successful, according to Swarbrooke and Horner (2001:92). Researchers like Shone (1998:66); Swarbrooke and Horner (2001:62); Rogers (2003:258); the International Association of Professional Congress Organisers (1999:44) and Broadhead (2005:33), have identified design aspects that should be considered in order for a conference centre to be successful over the long-term. The construction of conference centres in the 21st century is, however, not an easy task, as technological and social change gains momentum (Rogers, 2003:258). This implies that conference venues are often poorly designed, partly due to the fact that there is a lack of awareness from the venue's management team of the need to consider the full implications of design decisions (Shone, 1998:66).

The provision of a conference product is impossible without employees, as it is in many respects service and labour intensive (Shone, 1998:118). It is, however, a fact that not much attention is paid to recruiting and training of employees, while this is one of the most important considerations for a conference centre to be successful (Hinkin & Tracey, 2003:27). According to Rogers (2003:194), it is important for employees to have good interpersonal skills, as they will deal with a wide range of people. According to Shone (1998:163), good management and organisational skills are also extremely important aspects for any conference venue to be successful in the future. Van der Merwe (1999:42), however, argues that managers are often not equipped with these skills. Managers have the following shortcomings (Van der Merwe, 1999:42):

- They lack experience in how to run a conference centre.
- They lack management skills and managerial knowledge.
- They lack knowledge regarding tourism trends.

- They have limited knowledge regarding opportunities in the business environment.
- They do not perform certain planning functions, such as financial and marketing planning.

Furthermore, Shone (1998:115) also indicates five core management functions in conference centres that should be managed effectively, namely: conference operations, hospitality and facility management, marketing and sales, personnel and training; finance; and control.

The above discussion emphasise that there are various factors that should be considered in the management of a conference centre. There is, however, a lack of management knowledge and skills in the tourism industry (Saayman, 2001:226). Managers are faced with the challenge to adapt to changes in the business environment, such as globalisation, mature markets, technological changes and intense competition (Phillips & Moutinho, 1999:1; Athiyaman & Robertson, 1995:199). Managers need to gain knowledge on how to manage a conference centre under these circumstances and to adapt to changes in order for the conference centre to be successful over the long-term. Conference centre managers often lack knowledge as to the factors that should be considered in choosing a suitable venue for a conference. Conference centre managers should thus gain knowledge about the factors that play an important role in order for them to know where and how they should invest resources to enhance their competitiveness (Crouch & Louviere, 2004:118).

As a result of the lack of applied research within the conference industry, there is considerable scope for further research in this field. An industry can only be successful if it understands certain management aspects. For this reason, the quantity and quality of research in the industry should improve (Swarbrooke & Horner, 2001:227). It is important for conference centre managers to be aware of what the key success factors in managing a conference centre are, as these are skills or abilities that could be used by a conference centre in order to create a competitive advantage for itself in the industry (Analoui & Karami, 2003:88). This dissertation will attempt to address the following question:

What are the key success factors in managing a conference centre?

1.3 RESEARCH GOAL

The primary goal of this study is to determine the key success factors (KSFs) in managing a conference centre.

Research objective 1

To portray an overview of the conference industry in South Africa.

Research objective 2

To conduct a literature review in order to identify key factors in the management of a conference centre.

Research objective 3

To interpret the results from the empirical research in order to identify the elements that are, in practice, considered to be important in managing a conference centre.

Research objective 4

To draw conclusions from the literature study and the empirical research and to make recommendations.

1.4 METHOD OF RESEARCH

This study is based on a literature study as well as a survey.

1.4.1 LITERATURE STUDY

Subject and non-subject-related literature was utilised. A computer search was done on various data bases: Business Source Premier, Academic Search Premier, ERIC, and Ebscohost. Keywords that were used included: international convention centre, conferences, meetings, incentives, exhibitions, conventions, event management, congress,

conference venue, key success factors, critical success factors, conference management, strategic management, financial management, marketing management, human resource management, and tourism marketing. The literature study included journal articles, theses, dissertations, books and other related literature.

An Internet search using different search engines was also done to identify relevant literature on the subject matter.

1.4.2 EMPIRICAL RESEARCH

The empirical research took place between March and June 2006.

1.4.2.1 Questionnaires

A survey was conducted by sending letters concerning the purpose of the research as well as questionnaires via e-mail to venues offering conference facilities. The questionnaire measured the importance of key success factors that were identified through the literature study. The questionnaire included aspects of strategic management, financial management, marketing management, human resource management and management of operational aspects. The structure of the questionnaire was as follows:

- **Section A:** Biographical information.
- **Section B:** Importance of aspects in managing a conference centre.

The purpose of the questionnaire was to obtain input from conference centre managers in identifying key success factors in managing a conference centre.

The following process was followed in the sending and receiving of the questionnaires:

- Questionnaires were sent to venues included in the study population as compiled by the researcher. The study population consisted of a database of 170 venues that was compiled by the researcher from two directories, namely: Direct Access Conference Handbook (2004), and The African Conference Directory (2006/7). In

addition to this, the researcher attended the INDABA Tourism Exhibition where questionnaires were personally handed out to respondents.

- After the questionnaires had been e-mailed the first time, only four (4) were received back. The reason for this low response might be due to the fact that the questionnaires were not sent to the right person for completion. There were also a large number of incorrect e-mail addresses.
- This led a telephonic follow-up that was done a month after the fourth questionnaire was received back. All venues were contacted by telephone in order to explain the purpose of the research and to obtain the right e-mail address to send the questionnaire to.
- The questionnaires were sent out again through e-mail. The respondents were reminded weekly for a month to complete the questionnaire. Only 30 questionnaires were received back via e-mail.
- As the response was still low, questionnaires were taken to the INDABA Tourism Exhibition. Questionnaires were handed out personally to respondents and collected thereafter. Respondents at INDABA Tourism Exhibition (2006) were selected randomly and 70 of 80 questionnaires were received back.
- After this, questionnaires were once again sent via e-mail to venues included in the database. The respondents were reminded weekly for a month to complete the questionnaire.
- Only 100 of 250 questionnaires were received back, which indicates a 40% response rate. This response was sufficient in order to identify key success factors in managing a conference centre.

1.4.2.2 Statistical technique

The researcher analysed and interpreted the data obtained from the questionnaire. The Statistical Services at the North-West University was consulted in order to assist in statistically analysing the data. Data was statistically analysed by means of the Statistica programme (StatSoft Inc., 2004). The programme was used to firstly conduct a factor analysis that was used to identify relevant data factors. Spearman rank order correlations

were calculated secondly to perform a T-test, and thirdly to determine the average importance of key success factors for conference centres situated in different provinces.

1.5 CONCEPT CLARIFICATION

The following terms are used throughout the study and therefore need clarification.

1.5.1 INTERNATIONAL CONFERENCE CENTRE

Shone (1998:35) describes an international conference centre (ICC) as a large, modern, high-profile venue, constructed by a municipality or dedicated company with a view to profit by or contribute to the economy of a community, usually purpose-built.

For the purpose of this study, an ICC can be described as a purpose-built facility for the hosting of international conferences, attracting large numbers of people and complying with very high and specific standards regarding the layout and management of the centre.

1.5.2 TOURISM

Tourism involves an interaction between different role players such as tourists, job providers, government systems and communities. These role players aim to attract, accommodate, entertain and transport the tourists. It is thus clear that the primary aspects of tourism consist of transport, accommodation and catering, entertainment and attractions (Saayman & Slabbert, 2001:6).

Business tourism includes trips and visits made by employees and others in the course of their work, including attending meetings, conferences and exhibitions (Medlik, 2003:29). It encompasses all aspects of the experience of the business tourist and traveller (Swarbrooke & Horner, 2001:3).

1.5.3 TOURIST

According to Saayman (2002:16), a tourist is a person travelling from one place to another, spending money while travelling and who stays more than one night but less than a year, including business trips.

The term *business tourist* includes those people that are true tourists, therefore someone who travels and stays for more than one night at the destination and whose purpose of visit may be classified under business and professional (Swarbrooke & Horner, 2001:3; Medlik, 2003:167).

For the purpose of this study it is important to note the difference between a business tourist and business traveller. A *business traveller* includes those who make day trips for business purposes and are not always true tourists as they do not always spend a night at the destination (Swarbrooke & Horner, 2001:3). Business travellers may or may not be considered to be business tourists, depending on the distance travelled, whether borders are crossed, length of stay and motivations (Jafari, 2000:600).

For the purpose of this study a tourist can be defined as a person who travels from one place to another, spending money while travelling, who stays more than one night and less than a year and whose purpose of visit is business-oriented.

1.5.4 CONFERENCE

A conference is an organised event that brings people together to discuss a topic of shared interest. It may be commercial or non-commercial, attended by a few or thousands and it may last from a few hours to a few days (Swarbrooke & Horner, 2001:5). Conferences are convened for a number of different purposes, for policy-making, for the exchange of information and ideas, for training, and for group bonding and networking (Law, 2002:98).

The term conference is synonymous with the terms conventions, congresses and meetings (Law, 2002:98). The terms used to describe a conference may vary, depending on the size of the event and where it is held. A small gathering is a meeting, while a large meeting is usually called a conference in the United Kingdom (UK), a convention in the United States

of America (USA) and a congress in the larger part of Europe (Swarbrooke & Homer, 2001:5).

For the purpose of this study the term conference will be a synonym for the terms meetings, conventions and congresses.

1.5.5 KEY SUCCESS FACTORS (KSFs)

Key success factors are assets and competencies that provide a basis for a business to compete successfully (Aaker, 2005:91). KSFs are those factors that each destination competing for similar business must get right in order for it to be efficient, effective and successful in the medium to long-term (Godfrey & Clarke, 2000:131). According to Aaker (2005:91), there are two types of key success factors:

- **Strategic necessities** – These do not necessarily provide an advantage, as other companies in the same industry will also have them. It is the absence thereof that will create a substantial weakness.
- **Strategic strengths** – These are areas in which a business excels. Strategic strengths refer to assets and competencies that are superior to those of competitors and provide a base of advantage.

It is important to identify KSFs, as these will assist a business in measuring achievements and in indicating the progress that a business is making towards achieving targets (Reyna, 2005:1; Knowles, 1996:199).

1.5.6 MICE (meetings, incentives, conventions, exhibitions)

Business events comprise meetings, incentives, conventions and exhibitions represented by the acronym MICE (SATOUR, 2000:119). These terms will now be explained separately.

- **Meetings**

According to Rogers (2003:18), the term “meeting” refers to the gathering of a number of people to perform a certain activity. This can be on an *ad hoc* basis or according to a set pattern.

- ***Incentive***

SITE (Society of Incentives Travel Executives) as quoted by Swarbrooke and Horner (2001:6), defines incentive travel as “a management tool that uses an exceptional travel experience to motivate and recognise participants for increased levels of performance in support of the organisational goals”.

- ***Conventions***

Rogers (2003:17) defines conventions as “a general formal meeting of a legislative body, social or economic group in order to provide information on a particular situation and in order to deliberate and consequently, establish consent on policies among the participants”.

- ***Exhibitions***

According to Swarbrooke and Horner (2001:5), an exhibition is “an organised event which brings people together to view a topic of shared interest on display. It may be commercial or non-commercial and may be attended by a few or thousands. It may last from a few hours to a week”.

An exhibition is a large-scale public showing of products, an act of showing or displaying (Answers.com, 2006).

An exhibition can also be defined as something that is being exhibited, held forth or displayed, any public show, a display of works of art, or of skill, or of dramatic ability such as an exhibition of animals, pictures, statues or an industrial exhibition (Webster Dictionary, 2006).

1.6 STRUCTURE OF THE DISSERTATION

Chapter 1 provides an overview on how the research of the study is arranged. Chapter 2 will provide an overview of the conference industry in South Africa. Chapter 3 will aim to identify key success factors regarding strategic management in the literature relevant in managing a conference centre. Chapter 4 will indicate key success factors regarding financial and marketing management in the literature relevant in managing a conference centre. Chapter 5 will aim to identify key success factors regarding human resource management and management of operational aspects in the literature relevant in managing a conference centre. Chapter 6 will indicate the results of the empirical research. Lastly, Chapter 7 will conclude the study and give some recommendations.

CHAPTER 2

A HISTORICAL PERSPECTIVE OF THE CONFERENCE INDUSTRY

2.1 INTRODUCTION

The history of the conference industry dates back 250 years ago with the creation of assembly rooms in spa towns. During the past 30 years the conference industry has experienced unprecedented growth, becoming one of the biggest contributors to local economies world-wide (Shone, 1998:3). From origins in Europe and North America, it is now a global industry, with almost 200 countries competing for a share of the international conference and meeting market, of which South Africa is one (Rogers, 2003:25).

During the past five to ten years South Africa has been investing in the development of infrastructure for the support of the South African conference industry (Rogers, 2003:5). Keeping this in mind, one should note that hosting international conferences requires world-class conference facilities (International Association for Professional Conference Organisers, 1999:44). Since 1992, conference facilities in South Africa have been improving. With international conference centres such as the Sandton Convention Centre, Durban International Convention Centre and Cape Town International Convention Centre, this country is fast becoming a major force in the global conference industry (Njobeni, 2004:2). With its favourable exchange rate, accommodation, and world-class conference, South Africa's advantages as a preferred conference destination are becoming clear (Costa, 2005:8).

The aim of this chapter will be to give an historical overview of the conference industry in South Africa. In order to achieve this aim, the following approach will be followed:

Firstly, a historical overview of the conference industry will be given, indicating that the European conference industry has influenced the South African conference industry. The history of the South African conference industry will subsequently be discussed, where after reference will be made to the economic value of the industry. This will be followed by a discussion of the different types of conference venues as well as the different types of conferences.

2. 2 A HISTORICAL OVERVIEW OF THE CONFERENCE INDUSTRY

The historical development of the conference industry will be discussed according to Table 2.1.

Table 2.1: The historical development of the conference industry

Trade in agriculture	Trade of products such as clothes, decorative arts and tools by artisans and small-scale traders. Development of specialist business travel: religious, military and migration for employment.	Growth of trade fairs. Development of the silk route.	Improvement in roads.	Industrial Revolution. Development of the railway. Hotels arise next to railways, providing their own function rooms. Universities start to provide facilities for exchanging information within academic circles. Assembly rooms develop in spa towns. First convention bureau is established. Increase in meetings held for membership by professional and religious groups.	Development of the motor car. Development of the commercial traveller. First jet airliner. Growth of training courses. Development of specialist convention and exhibition centres. Invention of incentive travel. Conferences become a means to develop staff and increase sales. Countries invest in improving infrastructure that supports conventions. Emergence of a global conference industry.
BC	500 - 1000 AD	1000 - 1500 AD	1500 - 1700 AD	1700 – 1900 AD	1900 – 2000 AD

BC

Business travel and tourism is not a recent phenomenon. Travelling for business reasons has been happening for centuries. Business travel and tourism originated thousands of years before Christ with the trade of agricultural products in areas of Africa, Asia and Europe (Swarbrooke & Horner, 2001:13).

100 AD – 500 AD

Few people in ancient times travelled far from their birthplace and business was conducted on smaller and more intimate scale than in the modern world, via a network of personal friends, relatives and acquaintances (Shone, 1998:4). Travel for any reason was time-consuming, expensive and dangerous. As cities grew, a need for political and economic contact between cities arose. This led to developments in journeys for trade and business purposes, vehicles and use of waterways (Saayman, 2000:44).

In Britain, public halls and the market place developed as meeting places. All capital cities in Britain had such meeting places. Trade and exchange also took place in taverns and temples (Shone, 1998:4).

500 AD – 1000 AD

As more and more communities began to trade in agricultural products, new markets were opening up, forcing producers to travel in order take their produce to the market. This led to the growth and development of urban settlements. Artisans and small-scale traders began to produce local products such as clothes, tools and decorative arts. These products were then traded for food. In the early history of travelling, business travel was undertaken for mainly three reasons (Swarbrooke & Horner, 2001:16), namely:

- Priests from different religions undertook pilgrimages to temples.
- Soldiers moved to different areas to take part in battles. They often did not have any choice but to move to the new territory.
- Dealers from the trade industry migrated to sell and buy goods elsewhere.

Today, pilgrimages are often associated with the death of individuals or groups, mainly in violent circumstances that are associated with the violent and untimely. Equally, these deaths tend to have a religious or ideological significance that transcends the event itself to provide meaning to a group of people (Lennon & Foley, 2000:3).

A small sector of today's tourism industry has developed around visits to battle sites. Visiting sites that could be associated with death is a significant part of tourist experiences in many societies (Lennon & Foley, 2000:4).

The growth of the trade industry was further promoted by the development of empires in Egypt, Assyria, Persia, Greece and Rome (Swarbrooke & Horner, 2001:15; Saayman, 2000:53):

- **Egypt**

Journeys for official purposes became important and journeys were mainly undertaken to establish communication between the central government and its territories. The increase in the number of journeys led to the development of accommodation and inns that are regarded as the forerunner of modern hotels and restaurants. During this period certain aspects of real tourism began to develop, such as journeys for pleasure. Souvenirs were established as well as the possibility of bargains for family and friends.

- **Assyria and Persian**

The Assyrian empire contributed to the development of a transport system. Roads were improved in order to transport heavy loads, signs were posted to indicate distances travelled and guard posts and watering points were established every few kilometres for the sake of safety and water provision. Stone bridges were built over strategic rivers and certain roads were paved. Horses became an important mode of transport. Roads built by the Assyrians were improved and new kinds of wagons were designed.

- **Greece**

The Greeks were the most important traders of their time. The most important mode of transport was by water (Swarbrooke & Horner, 2001:15; Saayman, 2000:53).

One of the most important contributions that the Greeks made to tourism was the acceptance of the Greek language as the everyday language. This made travelling much easier (Swarbrooke & Horner, 2001:15; Saayman, 2000:53).

The Olympic Games originated during this period and can be seen as the forerunner of journeys to sport meetings. Tourist attractions such as temples and theatres started to feature (Swarbrooke & Horner, 2001:15; Saayman, 2000:53).

The Greeks contributed to business tourism by developing infrastructure rather than roads. They also developed the concept of tour guides (Swarbrooke & Horner, 2001:15; Saayman, 2000:53).

- **Roman Empire**

During the Roman era it became safe to travel. Reasons for this include the following:

- The Roman currency was the only monetary unit that the traveller needed.
- A well-planned network of roads and waterways originated.
- Greek and Latin were the official languages.
- The legal system offered protection against foreign authorities or customs.

The organisation and control of such a large area led to economic growth that increased the demand for goods and food. A growing middle class contributed to more trade journeys being undertaken and this further developed the world economy. The ability of the Romans to built all-weather roads made the world more accessible to tourists.

Within the Roman Empire, routes developed in order for products to be transported to different areas. This led to people travelling to and from the different empires to sell their

products. During periods of political and economic instability, the volume of business travel and tourism decreased, however (Swarbrooke & Horner, 2001:15).

Medieval times/Middle Ages (1000 AD – 1500 AD)

Political and economic structures were destroyed after the fall of the Roman Empire. The middle class declined and as a result trade decreased. People left cities and returned to rural areas, bringing all forms of tourism to an end (Saayman, 2000:55).

The revival of cities during this period coincided with the growth in trade and the manufacturing industry. This revival is mainly a result of the abolition of slavery, the immigration to growing industrial areas to become artisans or to become wealthy (Saayman, 2000:56). In England, trade often took place in churches, which acted as meeting places and community centres (Shone, 1998:5).

This brought the Renaissance period. This period is characterised by a transition from relative static culture to a dynamic culture (Saayman, 2000:56). Travelling for trade was becoming easier and trade fairs were becoming a popular event for dealers to sell their products. Dealers travelled from all over to the city or town of the fair, making use of the local accommodation, restaurants and entertainment facilities. A famous fair during this period was the Beaucaire Trade Fair held in the South of France (Swarbrooke & Horner, 2001:15). Pilgrimages began to decrease as a result of the rise of Protestantism (Saayman, 2000:56).

The Silk Route was developed during this period. Some regard this route as the best travel route of all times. This route promoted travelling and transportation between Europe and Asia. This led to an increase in development of accommodation, restaurants and transport services (Swarbrooke & Horner, 2001:15).

The hotel industry also grew slightly during the Middle Ages. The design of hotels was fairly standard: The enclosed courtyard was surrounded by the kitchen, tavern and public rooms on the front facade. On each side, winging out from the front, were the sleeping

rooms. Along the back of the building were the stables. This could be seen as the forerunner of motels (Weissinger, 2000:6).

1500 AD – 1700 AD

By the late 1500s and throughout the 1600s, inns became more important to trade and commerce and as meeting places. However, from the mid-1650s, coffee houses began to develop as places to exchange news and to trade. Lloyds Coffee House had become the meeting place for London's shippers and marine insurers and much the same was true for other coffee houses where bankers, lawyers and other professional people began to meet. Although very different from today's conference venue, the common feature of meetings in these locations to undertake trade is clear (Shone, 1998:6).

Public coach services was put into effect around 1650. The coaches ran between major cities and stopped wherever passengers wanted. Coach inns were built along the routes primarily at points where teams of horses were changed. With the establishment of post roads, entrepreneurial farmers converted their farmhouses into inns (Weissinger, 2000:6).

Industrial Revolution (1700 AD – 1900 AD)

The Middle Ages were followed by the Industrial Revolution, which brought tremendous growth for business travel and tourism during the years 1750 to 1900. The Industrial Revolution started in the United Kingdom and spread to other European countries. Business travel during this period increased, because more products had to be produced, marketed and transported. With the Industrial Revolution, empires developed in Africa, the Middle East and Asia, giving industrial dealers the opportunity to sell their goods to these empires as well as buying from them. It was also during this period that the railway was developed, making travelling faster and easier, thus increasing travelling (Swarbrooke & Horner, 2001:16).

An important event for the conference industry during this period was the Congress of Vienna (September 1814 – January 1815). Rogers (2003:3) refers to this congress as

“...one of the highest profile events in the past couple of hundred years, perhaps a launch for the conference industry today...”.

Delegates like Alexander 1, the Emperor of Russia and Prince Karl August von Hardenberg, attended this conference. Delegates of such social status would have been accompanied by their staff and partners, requiring accommodation, social programmes, entertainment and conference facilities. Events such as these made it clear that conferences could generate great economic benefits (Rogers, 2003:3).

As the benefits of hosting conferences became clear, more businesses began to provide conference facilities and more associations began to make use of conferences for their membership. During the 19th century the conference industry underwent the following changes (Rogers, 2003:3):

- Universities increasingly provided facilities for exchanging information in academic circles.
- In the UK, Victorian resorts began to make their assembly rooms available for events and meetings. Hotels also developed along the railway with meeting and function rooms available for hire.
- Also during this century, a number of trade and professional associations, as well as religious groups, made their appearance across the USA and started to hold meetings for their membership.
- Cities started to appoint salespersons to invite conventions to their city.
- In 1896 the first convention bureau was formed.

1900 AD – 2000 AD

All of the above indicates that the development of the conference industry is mainly the result of trade and commerce (Shone, 1998:10). The increase in conference tourism since the 1900s can be viewed as a result of an increase in demand. Swarbrooke and Horner (2001:18) identified certain demand-related factors that stimulated this increase. These factors include:

- growth in economies of all developed as well as less developed countries;
- the growth of populations across the world;
- the growth of new industries, such as information technology;
- the relative peace in the world, which has made people more willing to travel;
- increasing language skill;
- the growth of professional associations and societies based on shared interests, professions or hobbies;
- the rise of transnational corporations and globalisation of the industry; and
- the reduction of obstacles to trade and the growth of free trade globally as well as the creation of free trade associations.

The increase in conference tourism is not just a result of demand-related factors, but also of supply-related factors. The supply-related factors include the following (Swarbrooke & Horner, 2001:19):

- The development of larger and faster aircrafts in the 1960s;
- the development of high-speed trains in the 1980s;
- the growth of mobility due to increased ownership of the private car;
- health improvements at many destinations;
- the development of specialist facilities, such as convention and exhibition centres;
- the marketing activities of the Convention Destination Bureau; and
- the growth of specialist intermediaries and suppliers providing expert services for business travellers.

According to Shone (1998:8), the demand for meetings experienced a change after the 1900s:

“Though assemblies and congresses continued to be driven by trade and industry, there was a slow and gradual increase in activity which, rather than promoting products or reporting a company’s annual progress, looked to developing staff and sales. The precursors of the sales training meeting, the congress of commercials (or commercial

travellers) of the 1920s and 1930s began to develop into something more modern and recognisable."

The conference industry expanded after each world war. By the 1960s, conferences became an important income generator for hotels. Many hotels developed conference facilities in order to gain economic stability (Shone, 1998:9). Countries invested in improving infrastructure that supports conventions, exhibitions and meetings (Rogers, 2003:7).

The term conference or convention developed during the 20th century in the USA. During the late 19th century large meetings were held by trade and scientific associations as well as political parties. These activities gained momentum in the 20th century. After realising the economic advantages of hosting conferences, convention bureaus were established to market cities as convention destinations (Swarbrooke & Horner, 2001:17).

According to Rogers (2003:4), the foundation of trade associations is a useful method of marking the real formation of the conference industry. The following table (Table 2.2) indicates the formation of conference associations in the 20th century:

Table 2.2: Associations of the conference industry

ASSOCIATION	DATE
International Association for Exhibition Management	1928
Professional Convention Management Association	1957
Association International des Palais de Congrès	1958
International Congress and Convention Association	1963
European Federation of Conference Towns	1964
International Association of Professional Congress Organisers	1968
British Association of Conference Destinations	1969
Meetings Professionals International	1972
Meetings Industry Association of Australia	1975
Association of British Professional Conference Organisers	1981
Asian Association of Convention and Visitor Bureaus	1983
Meetings Industry Association	1990

The 1990s can be seen as the decade when the highest investments were made for developing the global conference industry (Rogers, 2003:5). Conference tourism is an important sector of the tourism industry today. The conference industry has become a truly

global industry (Rogers, 2003:7). There are currently approximately 28 000 registered associations world-wide (Keenan, 2002:42). The leading countries in the conference industry today are the European countries, Australia and North America. Recently, countries such as Asia, some East European countries, Hungary, the Czech Republic, and a number of African countries (particularly South Africa), are investing in the development of infrastructure to promote their conference sector (Rogers, 2003:5).

2.2.1 THE SOUTH AFRICAN CONFERENCE INDUSTRY

The South African conference industry has been one of the neglected industries in this country, mainly as a result of the country's years of isolation. During those years, the conference industry did not have a really significant impact on the country's domestic performance. Only 80 000 conferences were annually held in South Africa, attracting approximately 100 delegates per day per event. Conferences were considered to be lightweight affairs (Saunders, 1993:49).

During the isolation years, the conference industry in South Africa was confronted by problems such as recession and violence (Saunders, 1993:49). Conference delegates were wary to travel to parts of the Natal Coast, Sun City/Lost City and the Johannesburg central business district (CBD) because of perceptions that routes could be dangerous, especially at night. Smaller venues in the local area, therefore, became more popular (Saunders, 1993:49). It is also true that South Africa did not have conference facilities that were able to cope with large numbers of delegates (Moss, 1992(b):5). The capacity of most venues were 300 to 600 delegates, while only Sun City and Nasrec could cater for up to 2000 delegates and as mentioned, delegates perceived the routes to these conference centres as being dangerous (Moss, 1992(b):5). The many years of isolation also paralysed South Africa as an international role player. This could be due to the fact that during the isolation years there was no umbrella association representing all national bodies affiliated to international organisations (Saunders, 1993:49).

The need therefore arose for an organisation that would increase the importance of the country as an international conference destination. As a result different role players in the South African conference sector came together to create a national organisation that would

assist people in organising or providing facilities or services for conferences and meetings (SAACI, 2005(b)). For this purpose the SAACI (South African Association for the Conference Industry) was established and according to Gilbert (200:122) it is the only organisation truly representative of the entire South African conference industry.

Since South Africa's first democratic elections in 1994, the country's conference industry has grown along with increasing numbers of international tourists visiting the country (Rota, 2004:48). Local authorities and investors soon recognised the shortage of suitable conference facilities as well as the revenue associated with hosting conferences for hotel and business sectors (Moss, 1992(c):21). Major cities such as Johannesburg, Durban, Cape Town and Pretoria geared up for the expected increase in demand for conference venues, which led to the development of the Sandton Convention Centre, the Durban International Convention Centre and the Cape Town International Convention Centre (Moss, 1992(b):13). The development of these will subsequently be discussed.

2.2.1.1 The Sandton Convention Centre

Planning the Sandton Convention Centre consisted of a three-phase development plan. The first phase was due for completion in 1996, while the second and third phase had to be completed by 1997. An amount of R450 m to R600 m was invested in this project (Moss, 1992(a):5). Currently, the Sandton Convention Centre covers an area of 22 000 square meters for convention, exhibition and special events purposes, accommodating more than 4 000 delegates. The centre is managed by Southern Sun Hotels and Tsogo Investments (Sandton Convention Centre, 2005).

2.2.1.2 The Durban International Convention Centre

In 1997, the Durban International Convention Centre, a proposed R80 m investment, opened its doors (Moss, 1992(a):5). The Durban Exhibition Centre received an upgrade of facilities in 1992 in order to be run in conjunction with the Durban International Convention Centre (Harris, 2002:38). In 2001 the centre had plans of expanding by doubling the venue size and making it the largest international conference destination in South Africa (Harris, 2002:38). This R200 m expansion took place in 2002. Initial funding was provided by the

municipal council (Ethkwini Unicity) as well as a private-sector partner. Currently, the Durban International Convention Centre has four convention halls that can open up to form one large venue, seating 4 000 delegates. The Durban Exhibition Centre in conjunction with the Durban International Convention Centre accommodate 10 000 delegates (Durban International Convention Centre, 2005). In 2002 this centre was awarded the leading conference centre in Africa (Harris, 2002:38).

2.2.1.3 The Cape Town International Convention Centre

After identifying a demand for an international convention centre in Cape Town, it was decided that it would be worthwhile to develop the Cape Town International Convention Centre. The total capital expenditure for this project was more than R450 m. SunWest provided the initial funding, where after the public sector took over the balance (Fox, 2001:43). The Cape Town Convention Centre opened in June 2003 (Sobel, 2004). This centre currently covers an area of 12 000 square meters for meeting and exhibition purposes, accommodating more than 2 000 delegates. The five-star Arabella Sheraton Hotel with 483 rooms also forms a part of this centre (Cape Town International Convention Centre, 2005).

Post-isolation South Africa has also shown that conference delegates are eager to visit countries and cities in particular those that have added value in the form of natural beauty. The growing numbers in international delegates also indicates that long-haul destinations such as South Africa are still a major attraction for international conferences (Gilbert, 2000:122). The International Congress and Convention Association currently ranks South Africa as the 31st most popular meeting country in the world. In terms of the number of scheduled meetings between 2005 and 2016, South Africa ranks 18th. South Africa is the top meetings destination in Africa and accounts for more than 63% of all conference activities in Africa (Costa, 2006:60). The country has more than 2 000 conference venues, ranging from safari, mountain and coastal venues to state-of-the-art international conference facilities; and hosts approximately 1500 conferences and exhibitions annually (Costa, 2005:8).

The challenge for South Africa is to market itself competitively at regular international trade exhibitions with the limited funds. This country should, however, be marketed as a country with an extraordinary cultural diversity where there has been a peaceful transition to democracy (Rota, 2004:48). The first world infrastructure in an essentially third-world environment provides a uniqueness South Africa must market to the world (Gilbert, 2000:122). The future of conference tourism appears to be bright because it is a revenue-generating industry and will continue to grow. For this reason, the next section will discuss the economic value of the South African conference industry (Rota, 2004:48).

2.2.2 ECONOMIC VALUE OF THE CONFERENCE INDUSTRY IN SOUTH AFRICA

The tourism industry was set to become the world's largest industry by the millennium or the first decade thereafter (Rogers, 2003:65). The conference sector forms an important part of the tourism industry, because as people travel, they eat, sleep and participate in entertainment (Saayman & Slabbert, 2001:6). It is, however, difficult to determine the total value of the industry, because there are no existing statistics indicating the total value of the industry yet, due to the fragmented nature of the industry as well as the lack of consensus on terminology. Therefore, measurements for indicating the value of the conference industry are based on partial surveys (Rogers, 2003:93).

Hosting conferences and exhibitions can create great economic benefits for a country or city. Business partnerships with conference centres and the positive effects of conference centres on service providers such as restaurants and hotels help to create jobs and to boost local economies (Anon, 2003:21). As mentioned above, the conference sector forms an important part of the tourism industry, because, as people travel they eat, sleep and participate in entertainment (Saayman & Slabbert, 2001:6). This means that certain elements should be available in order for a city to host conferences. These include: attractions, transport, accommodation, restaurants and other supportive infrastructure (Shone, 1998:10). Many cities and towns have seen the conference business as their economic salvation. Conference centres themselves may not by themselves employ large numbers of people but have a wide impact on employment (Shone, 1998:11).

Since the democratic elections in 1994, the MICE market has grown along with increasing numbers of international tourists visiting South Africa (Rota, 2004:48). During the first three months of 2003, the number of international tourists has increased with 11, 3% (Muller, 2003:57). In 2005, the business tourism market saw the most significant growth, as it is estimated that business tourism is currently worth R21 milliard per year to the South African economy and sustains nearly 260 000 jobs. It provides more than R6 b annually to salaries and contributes R4 milliard to the central fiscal in the form of taxes (Costa, 2005:8). The South African business tourism sector contributes R2, 6 milliard a year to the Gross Domestic Product (GDP) (Moodley & SAPA, 2006).

According to research by the International Congress and Convention Association (ICCA), South Africa hosted 48 000 delegates with an average of five-day stays in 2005. Many delegates were high spenders and spent time and money on tours before and after conferences (Moodley & SAPA, 2006).

Table 2.3 indicates the expenditure of international business travellers and tourists in South Africa. International business travellers spend significant amounts on accommodation, shopping and capital and other expenses.

Table 2.3: Expenditure per day of international business travellers and tourists in South Africa

CATEGORY	BUSINESS TRAVELLER	BUSINESS TOURIST
Accommodation	R620	R590
Local transport	R314	R266
Food	R186	R162
Recreation and entertainment	R173	R132
Medical	R477	R0
Shopping	R866	R492
Capital and other expenditure	R8 011	R0

(Source: SATOUR, 2005(b):29)

The South African Tourism Index Quarterly Report (SATOUR, 2005(b):25) indicated that 9,1% of international tourists to South Africa are business travellers and 4,9% are business tourists. The largest number of tourists (33%) to South Africa is holiday tourists. The Annual Domestic Tourism Report (SATOUR, 2005(b):6) indicates that 6% of domestic tourists are business travellers and the latter contribute 12% to revenue generated from tourism. Tables 2.4 and 2.5 indicate the total expenditure of international and domestic business travellers.

Table 2.4: Total expenditure of international business travellers and tourists in South Africa

EXPENDITURE	AMOUNTS SPENT Business traveller	AMOUNTS SPENT Business tourist
Spent per day	R1 880	R1 177
Total cost for trip, prepaid expenses and expenditure in SA	R28 260	R17 333
Foreign direct spent including capital in SA	R14 670	R6 314

(Source: SATOUR, 2005(b):55-56)

Table 2.5: Total expenditure of domestic business tourists in South Africa

EXPENDITURE	AMOUNTS SPENT
Average spent per day	R269
Average spent per trip	R1 094

(Source: SATOUR, 2005(a):17)

From Tables 2.4 and 2.5 it is clear that international conference delegates are higher spenders than domestic delegates. South Africa could benefit even more from the conference industry if the country could attract more international conferences. Currently, 14% of international tourists to this country visit the country for business purposes, whereas large numbers of tourists are visiting the country for holiday purposes (33%), visiting friends and relatives (21.3%), and to do shopping (24,2%) (SATOUR, 2005(b):26). The percentage of international tourists visiting South Africa for business purposes should thus increase in order for the country to benefit more from the conference industry. South Africa's popularity as an international conference venue is increasing (Moledi, 2002:18).

2.3 TYPES OF CONFERENCE VENUES

Conference organisers see the location of the conference as the single most important criterion when selecting a site. The term location refers to city, town, region or country. Conference destinations must contain a range of venues, attractions, support services and appropriate infrastructure to help attract conferences (Rogers, 2003:48).

Suppliers to the conference industry have increased in number and diversity together with the overall growth of the industry over the past 50 years. Relatively few suppliers are dedicated exclusively to the conference industry, however (Rogers, 2003:46). A wide range of conference venues exist, of which hotels make up the around two-thirds of all conference venues. The main type of hotels active in the conference market are: city-centre hotels, hotels adjacent to national and international communications infrastructure and country-house hotels (Rogers, 2003:46). The principal types of venue include the following (Shone, 1998:35):

2.3.1 PURPOSE-BUILT CONFERENCE CENTRES

A purpose-built conference centre is a sufficiently large venue with modern technology usually developed by a municipality or other company that aims at contributing economic benefits to the community. In the past, purpose-built conference centres were built to ensure a stable economic future for the city. These centres were mostly state-owned centres. As the need for larger conference centres increased, funds had to be generated from sources other than the state. These funds were usually acquired from the commercial sector.

2.3.2 MUNICIPAL MULTI-PURPOSE CONFERENCE CENTRES

The municipal multi-purpose centres require less funds to be developed than purpose-built centres. These centres usually provide a variety of facilities other than conference facilities. Other facilities may include sporting and leisure facilities. These centres are usually state-owned but can be funded by the commercial sector.

2.3.3 RESIDENTIAL CONFERENCE CENTRES AND IN-COMPANY FACILITIES

Residential conference centres are usually privately owned. The reason for their existence is management development or conference-centre provision as a commercial activity. Some of these centres provide activities as part of the management development.

Some companies have their own conference facilities. These facilities can be located within the company's premises or can be a venue out of town. The latter is usually the case for large companies with the need to constantly train personnel.

2.3.4 ACADEMIC VENUES

Academic venues include colleges and universities. These institutions seek to earn additional income during the holidays. Academic venues provide necessary technology, adequate room or meeting space and overnight accommodation.

2.3.5 HOTELS

Hotels are a very popular conferencing venue and can vary from luxury hotels to country hotels. Large hotel chains have in recent years invested large amounts on the design and equipping of their conference facilities (Rogers, 2003:47).

2.3.6 UNUSUAL VENUES

Venues not mentioned above, are classified as unusual venues. These unusual venues give an event special appeal and make it memorable for years afterwards (Rogers, 2003:48). These include:

- Ships – e.g. car ferries and battle ships;
- castles and country homes;
- sporting venues – rugby club facilities and racing courses;
- gardens – e.g. botanical gardens;
- cultural and entertainment venues – museums, television studios, theatres; and

- tourist attractions – theme parks, historical sites.

The development of technology has made it easier to find a conference venue ideal to suit the conference needs of any business. Computer software packages have been in existence since the early 1990s, although many conference organisers did not recognise the value of these packages. Today websites and CD-ROMS or DVDs exist, taking the place of more traditional software. Internet websites allow conference organisers to search for conference venues that suit their needs. Brochures and directories are also electronically available (Rogers, 2003:154).

2.4 TYPES OF CONFERENCES

Conferences provide a means of exchanging information (Shone, 1998:2) and can be used as an appropriate tool by any organisational group, private or public body, corporation, trade association, scientific or cultural society (Rogers, 2003:16).

As mentioned earlier, the main reasons for travelling in the early history of business travel was pilgrimages, travelling to take part in battles and travelling for trade purposes (Swarbrooke & Horner, 2001:16). Currently, conferences can be used to confer, exchange views, convey a message, open a debate or give publicity to some area of opinion on a specific issue (Rogers, 2003:16).

According to Shone (2003:28), conferences can be categorised in terms of the purpose for which the conference is organised. Saayman and Slabbert (2001:8) categorise conferences as follows:

2.4.1 SALES MEETINGS

Sales meetings include information about the targets and results of a company's performance. Information is usually given numerically. This type of meeting aims to encourage staff to strive towards the targets in order to achieve better results (Saayman & Slabbert, 2001:8).

2.4.2 PROMOTIONAL MEETINGS

Promotional meetings' main objective is to promote or introduce a new product to potential buyers or to the salespersons. Detailed information about the product is given (Saayman & Slabbert, 2001:8).

Promotional meetings include sales and product launches, which probably not only include a conference but also an exhibition. A product launch requires extensive organisational effort as well as significant technical facilities (Shone, 1998:29).

2.4.3 EDUCATIONAL OR TRADE SEMINARS

Educational or trade seminars vary in form and can address different levels or groups of experts in different fields. This type of meeting targets people outside the organisation. These meetings focus on the facts and aim to solve certain problems (Saayman & Slabbert, 2001:8).

2.4.4 TRAINING EVENTS

Training events can vary in size, from smaller events with less than 20 persons to large educational training events of up to 200 people. Hotels are often popular venues for training events (Shone, 1998:29).

According to Saayman and Slabbert (2001:8), training courses are aimed at companies' own staff. The function of this conference type is to elaborate the knowledge of the staff on a particular subject by informing and instructing them.

2.4.5 PRESS CONFERENCES

Press conferences, like promotional meetings, aim to promote a certain product by informing the press about the product (Saayman & Slabbert, 2001:8).

2.4.6 INCENTIVE CONVENTIONS

Most conferences have the incentive of uniqueness away from the daily routine of commercial or organisational life. There is also a demand for conferences that have an incentive package, involving some aspects of travel and tourism as special part of the conference (Shone, 1998:30).

According to Saayman and Slabbert (2001:9), incentive conventions are used to reinforce sales. These conventions focus on achieving better sales results.

2.4.7 TRADE AND CONSUMER SHOWS

A trade show is a popular way to display one's products to the potential buyers. Purpose-built conference centres are often used for trade and consumer shows, though hotels and a wide range of other venues are also able to provide suitable space and adjacent conference facilities (Shone, 1998:30).

Shone (1998:28) add another three types of conferences. A discussion of these conferences follows.

2.4.8 SMALL EXECUTIVE MEETINGS

This type of conference is usually attended by less than 20 delegates and is particularly suited to hotel conference venues and is important to the country-house hotel sector. These meetings usually have a managerial, planning or problem-solving purpose.

2.4.9 GENERAL MANAGEMENT

This type of conference includes everything from routine management to annual general meetings and could range from small to relatively large.

2.4.10 REVENUE-GENERATING EVENTS

Both for associations and for conference management companies, revenue generation is an important part of organising a conference. Events of this kind are often educational or informative, while contributing to the organiser's financial viability. Conferences of this kind are often held at universities or small hotel locations to keep costs down.

Table 2.6 gives an indication of the market share of each conference type.

Table 2.6: Market share of types of conferences

CONFERENCE TYPE	SHARE
Small executive meetings	30%
Training events	29%
General management	16%
Sales and product launches	13%
Exhibitions	6%
Revenue-generating events	4%
Incentives	3%

(Source: Shone, 1998:29)

The above table indicates that small executive meetings have the highest market share, while incentives have the lowest.

A conference organiser should choose the conference type ideal to suit the needs of the conference being organised.

2.5 CONCLUSION

The aim of this chapter was to indicate the rise of a conference industry in South Africa. This aim was realised by giving an historical overview of the conference industry. History indicated that business travel has been happening for centuries for reasons such as pilgrimages, soldiers travelling to fight in battles and dealers travelling for trade purposes. The development of empires in Africa led to increased travelling for business purposes.

Trade fairs were a popular way for selling goods during the medieval period. During the 1900s a change was experienced in the conference market. The focus of conferences shifted towards improving the sales by motivating staff. During the 19th and 20th centuries, universities, hotels and resorts started to develop conference facilities. Religious groups, associations and political groups also began to hold meetings during this period.

The development of a conference industry in South Africa was indicated by referring to the isolation years and the democratic elections of 1994, explaining that the country's conference industry has gained momentum since the 1994 elections. Reference was also made to the three international conference centres in South Africa and the development thereof. It became clear that South Africa has three international conference centres namely, Cape Town International Convention Centre, Durban International Convention Centre and Sandton Convention Centre. South Africa has unique qualities making it an ideal conference destination. More and more international conference organisers are considering South Africa as a venue for conferences.

The development of the conference industry has made a large economic contribution to the larger economy of South Africa. The country's conference industry is estimated to contribute 260 000 jobs to local employment, paying around R6 milliard in salaries annually. International conferences in total contributed R2.60 milliard to the South African GDP.

The growth of the conference sector has led to the development of different types of conference venues as well as different types of conferences. A variety of conference venues currently exist, including purpose-built conference centres, municipal multi-purpose centres, residential conference centres and in-company facilities, academic venues, hotels and unusual venues. The different types of conferences include: Educational or trade seminars, sales meetings, promotional meetings, training courses, press conferences, incentive conventions, trade and consumer shows, small executive meetings, general management meetings and revenue-generating events.

A problem relating to the conference industry is that there are very few conference-specific courses, which means that a conference business has to recruit staff from other sources

such as the hospitality and tourism industries. Making things even more difficult in the conference industry is the fact that these centres differ from one another and as a result have different organisational structures and staffing levels. These are obstacles facing the current conference industry. In order to overcome these obstacles and do business more successfully, aspects for managing a conference centre will be identified in the next chapter.

CHAPTER 3

STRATEGIC MANAGEMENT

3.1 INTRODUCTION

Strategic planning is widely regarded as important for the successful development of tourist destinations. Strategic planning allows for selection and specification of objectives to work towards, an overall approach, and a system to monitor and respond to changes (Bramwell, 1997:167). Changes in the business environment are leading to new and greater demands on strategic planning systems (Phillips & Moutinho, 1999). Globalisation, mature markets, rapid technological change and intense competition are just some of the factors affecting a business. Tourism businesses are very vulnerable to these threats (Athiyaman & Robertson, 1995:199). Various studies have been conducted on strategic business management by researchers like Nieman and Bennet (2003:105); Koontz, O'Donell and Weihrich (1984:57); Crook, Ketchen and Snow (2003:44); Blumenfeld, (2005:2); and Hitt (2005). Studies have also been conducted on the strategic management of tourism businesses by researchers like Evans, Campbell and Stonehouse (2003:166); Saayman, 2002:99), Van der Westhuizen (2003:51); Moutinho, (2000:257); Phillips and Moutinho (1999); and Athiyaman and Robertson (1995:199). It is thus clear that a considerable amount of research has been done on strategic management. Tourism businesses, however, often lag behind manufacturing firms in the use of strategic planning (Athiyaman & Robertson, 1995:199). Many managers have limited experience of collecting and interpreting data related to strategic plans (Naylor, 2004:245). Other managers perceive planning as an easy task, thereby neglecting it (Saayman, 2002:93).

The purpose of this chapter is to identify the key success factors in the literature regarding strategic management that are relevant for managing a conference centre. This will be done by firstly elaborating on the concept of strategic management, and secondly by discussing the process of strategic management by referring to the various aspects involved in the process. At the end of the chapter a conclusion will follow.

3.2 THE CONCEPT OF STRATEGIC MANAGEMENT

The ever-changing environment in which tourism businesses operate, makes the tourism industry one of the most dynamic and complex industries. The complex nature of the industry poses new challenges to business owners in both the internal and external business environment. For a business to respond properly to changes in the business environment, it is necessary to engage in strategic management (Bennet, 1995:166).

Strategic management is one of the most important activities that should be performed by any business or public-sector organisation and is a vital component to ensure the long-term success of an organisation (Evans, *et al.*, 2003:6). The purpose of strategic management is to enable the top management of an organisation to adapt to changes in the business environment through allocating the resources, establishing policies, assigning responsibilities and giving direction to the organisation (Knowles, 1996:1). For this reason, strategic management should be an ongoing process between the business and the changing business environment (Saayman, 2002:99).

According to Thompson and Martin (2005:22), strategic management is based on three important elements, namely:

- Strategic analysis;
- strategy creation and choice; and
- strategy implementation.

Strategic analysis involves an awareness of the current situation of the business and an assessment of future direction to be taken, which may involve change. Strategic management thus involves awareness on how successful and strong the business and its strategies are and of how circumstances are changing. At any time previously sound products and services are likely to be in decline or threatened by competition. As this happens, new opportunities might arise. New strategies must then be created. Strategies should be to the benefit of the business by fully utilising its resources and by satisfying the needs of major stakeholders and customers. Existing and new strategies should be implemented (Thompson & Martin, 2005:22-23)

There are two important forms of strategies, namely intended strategies and realised strategies (Miller & Dess, 1996:19):

- **Intended strategy** entails the plans that managers develop. Intended strategies provide guidelines for a business in order to achieve its goals. Such guidelines are referred to as plans and policies (Miller & Dess, 1996:19). A **plan** is a statement of intent, which is linked to a programme of tactics for strategy implementation. **Policies** are guidelines relating to decisions and approaches, which support organisational efforts to achieve intended objectives (Thompson & Martin, 2003:850).
- **Realised strategy** entails the actions that actually take place over time. A realised strategy entails reference to the past and to what has actually developed.

Successful strategies contain elements that were originally intended, as well as unintended elements that emerged over time. For a business to be successful, it has to skillfully adjust its intentions, plans and policies as events unfold (Miller & Dess, 1996:22-24).

Strategic management should be included in the planning process of a business in order for the business to respond to changing opportunities and threats (Knowles, 1996:1). Strategic planning is the process of developing the organisation's mission, setting its objectives and developing strategies for it to operate successfully in its environment (Bennet, 1995:167; Lussier, 1997:139). The purpose of strategic planning is ultimately to be pro-active in order to prevent future problems (Saayman, 2002:99). Strategic planning should address questions such as the following (Thompson & Martin, 2003:406):

- What is the future direction of competition?
- What are the future needs of customers?
- How are competitors likely to behave?
- How might competitive advantage be gained and sustained?

A business must ensure that these questions are constantly addressed as part of an annual cycle (Thompson & Martin, 2003:406).

There should be a strategic plan for each business unit. Chosen strategies must have action plans for implementing them (Thompson & Martin, 2003:406). A business could benefit greatly if strategic planning were implemented thoroughly. The advantages of strategic planning include the selection and specification of objectives to work towards, an overall approach, and a system to monitor and respond to change. Measures may also be identified against which the performance of the business can be measured. Furthermore, it provides a sense of ownership among stakeholders in selected objectives and approach, and this may encourage employees to determine their role and work co-operatively (Bramwell, 1997:167).

Strategic planning can thus be distinguished from other planning processes by referring to the following characteristics (Bennet, 1995:167):

- Strategic planning involves decisions from top management.
- Strategic matters involve large amounts of the firm's resources, including human resources, financial resources and physical assets.
- Strategic matters have an impact on the firm's long-term success.
- Strategic matters focus on the future.
- Strategic decisions have important implications for most areas of the firm.
- Strategic matters require consideration of the organisation's external environment.

3.3 THE STRATEGIC MANAGEMENT PROCESS

As mentioned above, the concept of strategic planning is an important management tool for addressing the changes in the internal and external business environment and planning for the future. Researchers like Analoui and Karami (2003:5); Bennet (2000:141); Cloete, (2003:28); Cole (1997:5); Godfrey and Clarke; (2000:107); Pearce and Robinson (1999:14); Pitts and Lei (2003:11); Saayman (1995:23); Saayman; (2002:100); Blumenfeld; (2005:2) Athiyaman and Robertson (1995:200) and Tribe (1997:1) have suggested models according to which strategic management can be done. According to Saayman (1997:14), the purpose of the strategic management model is the formulation and implementation of strategies that will lead to the achievement of long-term objectives. The main elements of the strategic management process have been derived from the models mentioned above

and include: developing a mission and vision statement, analysing the internal and external business environment, choosing strategies, developing objectives, implementing strategies, and controlling the strategies. The remainder of this chapter will be structured around these elements (Figure 3.1), indicating its importance to the survival of a business.

Figure 3.1 illustrates the elements of strategic management as a process. It indicates that a conference centre should firstly develop a **mission and vision** statement. Secondly, an **environmental analysis** should be conducted by performing the SWOT (strengths, weaknesses, opportunities, threats) analysis. The SWOT analysis should identify strengths and weaknesses in the internal business environment (this include areas such as marketing, finances and facilities) as well as opportunities and threats in the external business environment (the latter include factors such as economic factors, social factors and political factors). The environmental analysis should also include an analysis of potential impacts (both positive and negative) that a conference centre may have on the economy, social environment, and natural environment as well as an analysis of the key elements of tourism (attractions and activities, transport, hospitality, facilities and services). Analysing the internal and external business environment of a conference centre as well as the impacts and elements of tourism holds important implications for strategic planning, as it has to be taken into consideration in the planning of aspects such as marketing, safety and security, human resource management and financial management (key planning elements) Marketing, human resource management, legislation and financial management will be discussed in more detail in chapters 4 and 5. Thirdly, conference centre managers should determine the strategies that should to be followed by considering the internal and external business environment. Fourthly, **annual objectives** should be formulated in all management areas. Fifthly, **strategies should be implemented** and lastly, strategies should be **evaluated** and corrective action should be taken if necessary.

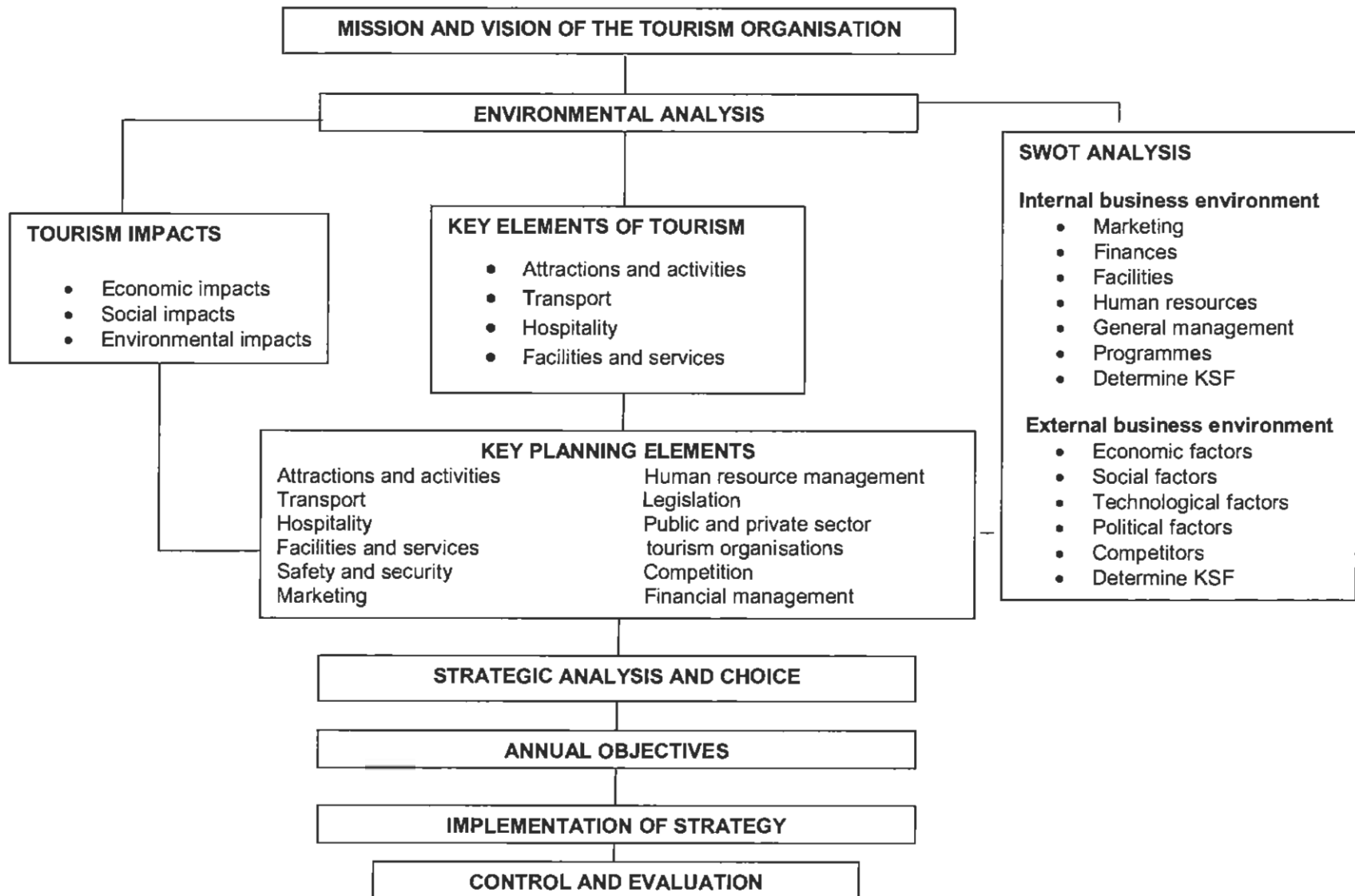


Figure 3.1: Strategic management process
 (Source: Bennet, 2000:141; Cloete, 2003:28; Saayman, 1995:23)

3.3.1 VISION AND MISSION STATEMENT

A **vision statement** provides an organisation with a guideline in terms of where it wants to be. The vision statement is the future dream of the business and does not necessarily have to be realised. It should be the dream towards which the organisation strives (Saayman, 2002:100).

The **mission statement** indicates the purpose of an organisation and gives a clear understanding of what an organisation does (Saayman, 2002:100; Tribe, 2001:27). Together with the vision statement, the mission statement forces top management to determine where the organisation currently is and where it wants to be in the future (Evans, *et al.*, 2003:15). A mission describes the business, the products and services provided by the business, the market the business aims to satisfy, and the scheduled plans for the next three to five years (Bennet, 1995:169). According to Evans *et al.* (2003:16), the mission statement should also include ownership and geographical location of the organisation.

There are six steps for developing meaningful mission and vision statements (Knowles, 1996:83):

Step 1: Analyse historical missions and business values. Determine if these values were adequate to promote the business in the current environment.

Step 2: Consult the stakeholders of the business in order to determine what actions the business should take.

Step 3: Resolve conflicting demand through discussions with relevant stakeholders or by making judgements that balance competing demands. Rank the demands to give them relative importance with respect to each other.

Step 4: Describe the values, philosophy, domains and role of the business.

Step 5: Share the first draft of the mission statement with all the department managers. Evaluate the opinions of the different managers and adapt the mission statement.

Step 6: Discuss the mission statement with all members of the business and explain how it should be used for developing strategies.

The vision, mission, objectives and policies may be formulated within the framework of an underlying philosophy of sets of beliefs, attitudes and conventions. The company philosophy serves as a guideline for behaviour of employees in dealings with others. It also guides the operations of the firm. The company philosophy can therefore be based on an ethical and operational foundation (Saayman, 2002:102):

- **Ethical foundation:** An ethical foundation includes the development of codes of behaviour that can guide the conference centre in its dealings with other environments.
- **Operational foundation:** The operational foundation implies that all activities and operations of the conference centre should be performed according to certain methods or systems.

The mission, vision and philosophy of a business are key elements in strategic management (Pearce & Robinson, 1997:13). One could thus argue that developing a mission statement is a key success factor in managing a conference centre.

3.3.2 ENVIRONMENTAL ANALYSIS

Organisations are influenced by forces outside their industry that may affect not only particular organisations, but also the industry as a whole. For this reason, the environment in which a business operates has to be analysed to interpret what is happening in it in order to forecast developments in its future environment (De Bruyn, 2000:145). The business environment is analysed by considering impacts of tourism on the environment, studying the presence of tourism elements in the environment and by conducting a SWOT analysis.

3.3.2.1 Impacts of tourism

Strategic planning is an important function in all tourism businesses. Strategic planning can only be successful if the impacts of tourism are fully understood. The impacts of tourism has both positive and negative consequences and this should dictate the actions of a tourism business for tourism should make a positive contribution to the quality of life of tourists and hosts alike (Bennet, 2000:357). Throughout the planning process this should be kept in mind in order to reduce negative impacts of tourism (Cloete, 2003:17). The three main impacts of tourism include: economical, social and environmental.

3.3.2.1.1) Economic impact

Tourism, in particular conference tourism, could have significant economic benefits. More and more countries and regions have been attempting to attract types of business tourism because it is seen as the most economical beneficial form of tourism (Swarbrooke & Horner, 2001:75).

The **positive economic impacts** of tourism are as follows (Cloete, 2003:19; Bennet, 2000:358-363; Saayman, 2000:129; Swarbrooke & Horner, 2001:76):

- Income for destinations and individual enterprises;
- the creation of jobs;
- the generation of tax revenue for local and central government;
- the multiplier effect of business tourist expenditure within the local economy;
- the potential stimulation of inward investment; and
- the injection of foreign currency where the business tourists are foreign.

The **negative economic impacts** of tourism are as follows (Swarbrooke & Horner, 2001:76; Bennet, 2000:363; Cloete, 2003:18):

- The need for public funding or subsidies for the development of facilities such as convention and exhibition centres;

- opportunity costs where communities spend money on facilities and services to attract business tourists where the money could have been used for other purposes such as health and education;
- possible costs caused by congestion if there are too many business tourists;
- when an area becomes overly dependent on tourism, it becomes vulnerable to changes in tourism demand; and
- retailers in destination areas often increase their prices or stock more expensive goods to cater for wealthy tourists, contributing to inflation.

3.3.2.1.2) Social impact

Tourism includes the movement of people over borders. This means that there will be interaction between people from different areas and cultures (Saayman, 2000:4). Interaction between tourists and the host community will include: buying goods and services from the host, sharing facilities such as beaches and transport, and meeting for cultural exchange. The result of the interaction is positive and negative social impacts (Bennet, 2000:372).

The **positive social impacts** of tourism are as follows (Swarbrooke & Horner, 2001:79; Bennet, 2000:373; Slabbert, 2000:136):

- Tourism can potentially provide interesting, relatively well-paid jobs for some people (woman and young people).
- It can help support infrastructure such as shops, theatres, and transport facilities, which are also used by locals.
- It can bring new ideas into the local business community.
- It can be a motivator for many employees/business travellers.
- It can bring greater understanding between people of different cultures, thus promoting international peace.
- Tourism promotes pride for one's country.

The **negative social impacts** of tourism are as follows (Swarbrooke & Horner, 2001:79; Bennet, 2000:373-377; Slabbert, 2000:135):

- In destinations where business tourists tend to be richer than local people it could lead to resentment and a feeling of inferiority in the local people.
- Moral issues are raised when public authorities are able to find money for a convention centre or airport for business tourists but not for schools and health care for local people.
- Business travellers can help spread sexually transmitted diseases.
- It can bring in business tourists that are insensitive and ignorant and offend local people.
- When local people come into contact with wealthy tourists, they are often exposed to luxuries and imported goods that are not available in their own country.
- Locals have been found to adapt ancient customs and dances to meet the preferences of tourists, thereby reducing the authenticity of the experience.
- The convergence of large numbers of tourists on a destination could produce congestion of the local area and could lead to competition between tourists and hosts for local services.
- The advent of tourism development may alter the social patterns of leadership and political power in the destination areas.
- Locals working in the tourism industry often remain in low-paid, low-key jobs, while outsiders fill the more demanding and better-paid jobs.
- Some business travellers may be involved in illegal activities such as smuggling.
- Affluent business travellers could attract all kinds of criminals.
- Frequent business travellers could suffer stress from concerns over delays, missed connections and lost baggage.

The negative social impacts of tourism could cause serious damage to a community. It is therefore important for managers to find ways to reduce these negative social impacts. This issue should be addressed in the planning process. According to D'Amor as quoted by Slabbert (2000:149), the following guidelines can be helpful in reducing the negative social impacts of tourism.

- 1 – Residents of the destination areas must be shown the socio-economic significance of the industry through promotional campaigns.
- 2 – Tourism planning should be based on overall development goals and priorities identified by residents.
- 3 – Promotion of local attractions should be subject to resident endorsement.
- 4 – Co-ordinated public and private efforts must maintain the integrity and quality of local opportunities for recreation and relaxation.
- 5 – Local capital, entrepreneurial ability, and labour should be invested in local tourism development.
- 6 – Opportunities must be provided to obtain broad-based community participation in tourist events and activities.

3.3.2.1.3) Environmental impact

Business travel and tourism have a great impact on the physical environment (Swarbrooke & Horner, 2001:77).

The **positive environmental impacts** of tourism are as follows (Swarbrooke & Horner, 2001:77):

- Hotels and convention centres can be created from previously derelict buildings.
- The presence of business tourists and the desire to attract affluent delegates could persuade public authorities to improve the environmental quality and cleanliness of their town or city.

The **negative environmental impacts** of tourism are as follows (Swarbrooke & Horner, 2001:77):

- Business travellers demand infrastructure, such as roads and airports, which destroys natural habitat, uses valuable resources and creates pollution.
- Business travel often involves the use of the most environmentally unfriendly forms of transport, such as the private car and aircraft.

- As business travellers are not usually paying for their own bills, they tend to be more wasteful of everything from food to paper.
- Much of the infrastructure such as convention centres and hotels is built to standard architectural models and does not fit in with local building styles and scales.
- Incentive travel could cause damage to the fragile environment, which are sometimes the location for their programmes.

Managers should be aware of the potential negative impacts of tourism on the physical environment and should draft strategies and action plans to avoid them. Failure to do so may seriously diminish a destination's tourism potential (Bennet, 2000:371).

3.3.2.1.4) Tourism impacts and sustainability

The above discussions indicate that conference tourism as a part of business tourism has a number of significant negative impacts. All types of tourism planning should be sustainable with regard to the economical, social and physical environment. In order to be sustainable in these areas, managers should plan to create a balance between guaranteed optimal satisfaction of tourists, conservation and judicious development of the environment, and consideration for the interests of the local population (Bennet, 2000:23). It should, however, be noted that it is impossible to totally eliminate the negative impacts of tourism. However, it could be reduced through better management by, for example, persuading business tourists to use public transport whenever possible, educating business tourists about social problems caused at destinations, making business tourists aware of the need to spend their money with local enterprises, and by encouraging business tourists to welcome local cultural differences (Swarbrooke & Horner, 2001:85).

The concept of the carrying capacity of an area is important to sustainable tourism planning. It involves a number of components: the physical capacity of a building to carry a certain number of people, the eroding effect of large numbers on the built up and natural environment, the increasing costs of large numbers which may outweigh the economic benefits, the degrading of the tourism experience as numbers increase and the degrading of the residents' experience of their locality as tourist numbers increase. For any one of these it may be possible to calculate a threshold of tourist flows above which the benefits

are exceeded by the costs. Once the carrying capacity has been calculated, it should be argued that the tourism flow should not be allowed to increase in order to keep tourism sustainable (Law, 2002:69).

3.3.2.2 Elements of tourism

The primary aspects of tourism include attractions and activities, transport, hospitality, and services and facilities. These aspects are the core of the tourism product, for without them it is impossible for tourism to exist (Saayman, 2002:6). The same can be said of conference tourism. Conference delegates will need a place to stay when they arrive at the conference venue, they will need transportation to and from the conference facility, there must be activities to engage in, and lastly, there should be attractions and other facilities for their entertainment.

3.3.2.2.1) Attractions and activities

This element is one of the primary motivations for tourists to travel. Tourists will choose a destination with attractions that appeal to them (Cloete, 2003:29; Saayman, 2000:11). Bennet (2000:9) divide attractions into three main categories, namely natural attractions (landscapes, animals, plants, beaches), man-made attractions (monuments, casinos, speciality shops) and socio-cultural attractions (history, religion, art, science). With regard to strategic planning it is important for a conference centre manager to know whether the tourist is visiting the conference centre for business only or for pleasure as well. Although the primary reason for travelling for conference delegates would usually be business-related, there would also be secondary reasons for travel, which may include travelling for pleasure purposes. According to Swarbrooke and Horner (2001:230), conference delegates need to participate in leisure, as they are usually away from home for long periods, work long hours and are affected adversely by travel delays. Conference delegates will therefore also be willing to spend money on sources of leisure and entertainment and this in turn will contribute to the economy of the region. It could therefore be argued that it is important to analyse the environment in order to identify attractions and activities, as this would allow for a better service to be rendered.

The key issues in the strategic planning process of a conference centre concerning attractions and activities can thus be summarised as follows:

- Determine whether conference delegates are visiting the conference centre for business reasons only or for pleasure as well.
- Identify the attractions and activities in the surrounding area that could make a visit to the conference centre more pleasurable.
- Identify attractions and activities within the conference centre itself that could attract tourists.

3.3.2.2.2) Hospitality

Accommodation is the second primary reason for tourists when making a decision about his/her trip (Cloete, 2003:29; Saayman, 2000:11). Accommodation can be divided into a number of categories, namely: serviced accommodation (hotels, motels, guest-houses, bed and breakfast establishments), self-catering accommodation (camping sites, apartments, chalets, timesharing, rented houses), a combination of the two (holiday villages, hired yachts), and visiting friends and relatives (Bennet, 2000:50; Cloete, 2003:29). This element also includes food and beverage provision at the destination, for instance restaurants, bars, coffee shops, and catering (Bennet, 2000:51; Cloete, 2003:30).

In strategic planning, the provision of accommodation and catering is important, because when a tourist has decided on his/her destination, accommodation and food has to be provided at the destination (Cloete, 2003:30). Conference venue managers should consider the provision of on-site accommodation, for conference venues that provides on-site accommodation are more likely to be chosen for hosting conferences (Crouch & Louviere, 2004). Conference centres that do not provide on-site accommodation should have an approved list of accommodation available in the area that could be recommended (Shone, 1998:56). Catering at conferences can be undertaken either in-house, or by contractors permanently employed, or on an *ad hoc* basis from an external caterer (Shone, 1998:57).

The key issues in the strategic planning process of a conference centre concerning accommodation and catering, can thus be summarised as follows:

- Determine where conference delegates can be accommodated.
- Determine the availability of catering services to conference delegates.
- Determine the level of service expected by conference delegates.

3.3.2.2.3) Transport

Transport is the third primary factor that influences the tourist's decision about taking a trip (Cloete, 2003:30; Saayman, 2000:11). Bennet (2000:56) argues that transport is not part of the motivation or attraction of the destination, but rather an enabling condition. It is, however, essential for tourism but is in itself not a sufficient reason for travel. The four main modes of transport are: road, water, rail, and air (Bennet, 2000:56).

Transport is an important part of the planning process, because the tourist has to travel to and from his/her tourist destination using some sort of transport. The choice of transport mode also has an influence on accessibility to and from the destination, including road networks, train stations, airports, landing strips and harbours/ports (Cloete, 2003:30-31). It is often the case with national, international, and regional conferences that conference delegates have to make use of public transport. Therefore the air, rail and coach accessibility to conference venues is important. Transport services at the conference centre for travelling reasons and visiting of attractions should also be considered (Shone, 1998:58-59).

The key issues in the strategic planning process of a conference centre concerning transport can thus be summarised as follows:

- Determine the mode of transport used by conference delegates.
- Determine whether the conference centre is accessible (proper signage, safety of roads, condition of roads, accessible from airports and harbours).
- Determine the provision of transport services at the conference venue.

3.3.2.2.4) Facilities and services

Tourist facilities do not generate tourism flows, while the absence of tourist facilities discourages people from visiting a destination. Tourist facilities complement the attraction and include accommodation, restaurants, picnic sites, sport or other activities, retail outlets and other services such as hairdressers, police stations and life-guards (Bennet, 2000:12). Other services that could be provided by conference venues include: translation services, administration services (faxing, copying), medical services, banking facilities, and day-care services (Shone, 1998:59). The conference industry has to draw upon services of many different supplier organisations in order to offer a complete service to its buyers. The following services should be available (Rogers, 2003:49):

- Audio-visual contractors;
- telecommunication companies;
- transport operators;
- speciality caterers;
- exhibition contractors; and
- companies that develop specialist computer software.

The key issues in the strategic planning process of a conference centre concerning facilities and services can thus be summarised as follows:

- Identify the facilities and services that are important for the conference venue to provide a complete service to the client.
- Determine the availability of such services and facilities.
- Determine the quality of services and facilities needed to satisfy the needs of conference delegates.

3.3.2.2.5) Marketing

Marketing is a key department in any business and it is necessary to plan strategically for it (Laws, 2002:4; Bennet, 1995:251). Marketing includes the carrying out of business activities or functions that make the transfer of goods and services from the producer to the end consumer possible. Marketing also implies all those business activities that determine the size and nature of the potential market and the steps to be taken to ensure that a suitable strategy is developed and implemented to satisfy the need for profit and to attract more tourists. The process of marketing consists of finding out what consumers want, creating and selling it (Saayman, 2001:63).

The core elements of marketing include market research, market segmentation, target marketing, positioning and the marketing mix (Rogers, 2003:98; Dalrymple & Parsons, 1995:175; Jobber, 2004:228,237). These aspects will be discussed in more detail in chapter 4.

3.3.2.2.6) Human resource management

Human resource management is an important function that must be carried out in order to achieve the aims of a business successfully. The human resource management function places specialised people at one's disposal so that aims could be successfully achieved (Saayman, 2002:187).

The employees of a business are one of the most difficult resources to manage. Therefore one needs to compile a human resource plan to ensure that the objectives of a business are being met (Saayman, 2002:247). Processes like human resource planning, recruitment, selection, training and performance evaluation should be handled correctly in order to ensure the long-term success of a business (Saayman, 2002:247; Tanke, 2001:194; Van der Westhuizen, 2003:123). These aspects will be discussed in more detail in chapter 5.

3.3.2.2.7) Legislation

Legislation is an external factor that affects all businesses. This is an aspect that cannot be controlled by management, thus management must adapt to legislation and find possible solutions (Saayman, 2002:102). Many legal factors influence the way in which managers formulate and implement the strategic plan of a business (Saayman, 2001:105). These include (Saayman, 2001:105):

- Legislation on the control of environmental pollution;
- labour legislation;
- salary and price control;
- affirmative action;
- income tax legislation; and
- city council regulations/ordinances.

In South Africa there are a number of acts that have been developed to regulate employment relations (Nieman & Bennet, 2002:273). These include Unemployment Insurance Act, Occupational Health and Safety Act, Compensation for Occupational Injuries and Diseases Act, Labour Relations Act, Basic Conditions of Employment, Employment Equity Act, Skills Development Act and Skills development Levies Act (Nieman & Bennet, 2002:273). These Acts will be discussed in chapter 5.

3.3.2.2.8) Financial management

Financial management is concerned with planning, allocating funds, analysing profitability, controlling cash, and conducting accounting functions related to reporting profit and taxes (Broyles, 2003:4). The financial management function is important in all types of businesses (Brigham & Ehrardt, 2002:5; Saayman, 2002:249). Financial management cannot be seen in isolation from other managerial responsibilities, since control and planning are also important components of financial management (Saayman, 2002:249).

The main financial functions include the following (Broyles;2003:5; Bennet, 2000:263; Barringer & Ireland, 2006:148; Saayman, 2002:249; Swarbrooke, 2002:148; Brigham & Gapenski, 1994:10 and Cooley, 1994:10):

- **Choosing a form business organisation:** This has implications in terms of profit sharing and taxation.
- **Identifying sources of income/revenue:** This will enable a business to invest in new fixed assets.
- **Conducting financial planning:** This will indicate how and where funds could be allocated.
- **Compiling budgets:** This is an important aspect in financial planning and control.
- **Financial control:** This will indicate whether objectives have been met as well as what corrective action should be taken.

These aspects are discussed further in chapter 4.

3.3.2.3 SWOT analysis (strengths, weaknesses, opportunities, threats)

The SWOT analysis is a methodical examination and evaluation of the internal and external operating environment of a business (Moutinho, 2000:264). By conducting a SWOT analysis, an organisation can determine its position in the market (Youell, 1995:226). It provides managers with a list of things that the organisation can do well and what it cannot realistically accomplish (Analoui & Karami, 2003:95). Performing a SWOT analysis is thus an important tool for determining the future direction a business must take in order to be successful (Youell, 1995:226).

The SWOT analysis consists of the following elements (Naylor, 2004:253-254):

- **Strengths** are favourable internal characteristics that the organisation can apply to achieve its strategic goals.
- **Weaknesses** are internal characteristics that hinder or limit goal achievement.

- **Opportunities:** are features of the environment that favour the organisation, provided it is possible to take advantage of them.
- **Threats** are features of the environment that will cause the organisation not to achieve its goals if it cannot resist or avoid them.

3.3.2.3.1) Strengths and weaknesses

Strengths and weaknesses are assessed in an organisation's internal environment and can be controlled by management (Saayman, 2002:106). Strengths should include the skills and abilities of a business, while weaknesses include those elements that a business lacks or is not as good at as its competitors. After having identified the strengths of the business, they should be further developed. The business strategies should then be based on the identified strengths. In identifying the weaknesses, the next step would be both recovering from those weaknesses quickly and strengthening the strategic weaknesses of the business (Analoui & Karami, 2003:95-96).

The following management areas need to be analysed in the internal business environment in order to identify the strengths and weaknesses of the business (Saayman, 2002:105; Naylor, 2004:254):

- **Marketing:** Target market, market share, market research, and marketing mix.
- **Finance:** Sources of income, control procedures, and scope of the budget.
- **Facilities/equipment:** Number of facilities, quality of facilities, and location of facilities.
- **Human resources:** Training, recruiting, and selecting.
- **General management:** Organogram, and management style.
- **Programmes:** Participation in programmes, needs of community, and course of activity.

3.3.2.3.2) Opportunities and threats

Opportunities and threats are assessed in an organisation's external environment and cannot be controlled by management (Saayman, 2002:103). Opportunities are the

potentially favourable conditions in the organisation's environment (De Bruyn, 2000:147; Pearce & Robinson, 1999:171). Threats are the main obstacles or unfavourable conditions in the external environment of a business (Analoui & Karami, 2003:98; De Bruyn, 2000:147).

The following aspects need to be analysed in the external business environment in order to identify the opportunities and threats of the business (Saayman, 2002:103; Swarbrooke & Horner, 2001:68):

- **Economic factors:** GDP, consumer spending, rate of inflation, economic growth rate, interest rates, currency exchange rates, prices, globalisation, and the way in which wealth is distributed within the society.
- **Social factors:** Demographic changes, life style, cultural factors, birth rate, changes in values and norms, and Aids.
- **Technological factors:** Product technologies (e.g. virtual reality), communication technologies (e.g. the internet), operational technologies (e.g. global distribution systems), and infrastructure.
- **Competitors:** Development of competitors, and potential future competitors.
- **Political factors:** Legislation, political stability, terrorism, human rights, taxation systems, government policies (e.g. on tourism and education), and government grants and fiscal incentives.

The main threats currently impacting on the conference industry include the following (Costa, 2006:61):

- There is growing competition from new destinations, namely Central and Eastern Europe, the Middle East and South-East Asia, especially China.
- Buyers are negotiating more aggressively and with shorter lead times. Venues that are able to cater for shorter lead times will win the business.
- Growing competition for association participation. Employees need to be convinced of the value of joining associations and attending conferences, as they come from an electronic age and do not understand why they need to travel.

- There is growing competition for delegates' time, as delegates want to spend more time on leisure and friends and relatives. It is therefore important to provide the opportunity for conference delegates to be accompanied by their families, providing them with entertainment opportunities.
- The conference industry is now recognised as a profession and future conference managers need to be educated. This problem needs to be addressed by universities and industry associations.
- The profile of conference attendees is changing. More women are attending conferences. There are also a larger number of older attendees and greater diversity of cultures attending. The conference industry should cater for these changes.
- There is an increased demand for more adventure activities to be included in conference programmes.
- More groups and associations want to meet the local people and do something to give back to the community.
- There is an increased demand for spas and pampering-type activities.

As all these trends affect South Africa as a conference destination, it is up to the country's conference market to use these as opportunities, keeping in mind the threats (Costa, 2006:61).

A business usually succeeds or fails based on how accurately it is able to identify the opportunities and benefits from these advantages. It is therefore important to anticipate those factors that could affect a business in the future in order to prepare for and adapt to changes (Analoui & Karami, 2003:97-98; Swarbrooke & Horner, 2001:73).

The environmental analysis should lead to the identification of **key success factors** (KSFs) (Saayman, 1995:25; Analoui & Karami, 2003:87). KSFs should be identified together with **key planning elements** (Figure 3.1), such as marketing, finances and human resources. According to the World Trade Organisation (WTO) (Inskeep, 1998:43) these elements must be understood and developed in a carefully integrated manner for a tourism organisation to be successful. It is strategically important to identify KSFs for each of the key planning elements in order for an organisation to compete successfully with its

competitors (Analoui & Karami, 2003:88). The key planning elements as identified by Cloete (2003:28) will be discussed in chapters 4 and 5. The elements of tourism have, however, already been discussed in this chapter.

3.3.3 STRATEGIC ANALYSIS AND CHOICE

The third step in strategic planning is choosing a strategy. Strategy refers to ideas, plans, and support that firms employ to compete successfully with their rivals and to achieve objectives (Pitts & Lei, 2003:7; Pearce & Robinson, 1999:4). Pearce and Robinson (1999:4) define strategy as a future-oriented plan that provides a framework for managerial decisions, reflecting a business's awareness of how, when, and where it should compete, with whom it should compete, and for what purposes it should compete.

When formulating a strategy, one must take into account many variables that may affect the business. Therefore, identification of key variables, awareness of their impact, and the ability to predict their potential impact in the future are essential in developing strategies. Managers must plan strategies within the framework of a turbulent, complex, and unpredictable external environment. They must also consider the internal environment (De Bruyn, 2000:148).

Strategy is thus important for the following reasons:

- It assists an organisation to adapt to changes in the external environment.
- It assists an organisation in turning its weaknesses into strengths.
- It assists an organisation in using its strengths to compete in the industry.

According to Saayman (2002:107), strategy is essential for quality management that is of cardinal importance for any business where people and service play an important role.

3.3.4 BUSINESS OBJECTIVES

Objectives are an important part of strategic planning because they become the focal point for directing strategies (De Bruyn, 2000:178). Once a business has chosen a strategy, long-term and short-term objectives should be set. Objectives should be designed to enable the firm to overcome its weaknesses and take full advantage of its strengths and weaknesses. Each objective should be tied directly to a particular competitive method or set of methods (Jafari, 2000:562).

In large organisations, objectives are developed by top management and are based on the mission statement. **Long-term objectives** usually include objectives in business areas such as competitive advantage, profitability, productivity and market leadership. **Medium- and short-term objectives** are set by the functional managers in areas such as operations, finance and marketing. Medium- and short-term objectives are derived from long-term objectives. **Short-term objectives** are concerned with the day-to-day performance of the business and should be developed by the first-level managers (Nieman & Bennet, 2002:105).

According to De Bruyn (2000:150), there are eight major areas in which businesses should set objectives. These areas cover the whole organisation and include market standing, productivity, physical and financial resources, profitability, innovation, manager performance and development, worker performance and attitudes, and public and social responsibility.

According to Evans *et al.* (2003:23), objectives should have the following characteristics:

- **Communicable** – it should be easy to communicate the objectives to all employees and important stakeholders.
- **Realistic** – Objectives should be bound to a time-scale.
- **Internally consistent** – Objectives should be consistent with the mission, operational objectives and strategy for achieving the set objectives.

- **Measurable** – Objectives should be measured in order to determine whether they have been achieved.
- **Explicit** – Objectives should be written in clear language, precise in relation to targets set and to timescale.

Setting objectives is important in all types of businesses. Strong and precise objectives could lead to high performance. Poor objectives lead to poor performance (Analoui & Karami, 2003:125).

3.3.5 IMPLEMENTATION OF STRATEGIES

Once a strategy has been chosen, it has to be put into action. Strategy implementation is a vital issue because any strategy is only as good as the effort behind it to move it forward. The effectiveness of implementation determines the success or failure of any given strategy (Pitts & Lei, 2003:361).

For the strategy to be implemented successfully, it is important for the organisation to find the necessary resources to put the strategy into action. This will include finding the finances, human resources and physical resources. (Evans *et al.*, 2003:291). There are many factors involved in strategy implementation. The five main elements that are believed to be essential in strategy implementation include (Analoui & Karami, 2003:182-217; Cole, 2001:86):

- **Organisational structure:** The purpose of an organisational structure is to enable managers to allocate the work, resources and administration mechanisms that are necessary for the control and integration of the strategies of an organisation.
- **Leadership:** Managers play a variety of roles as commander, co-ordinator, coach and premise setter in implementing strategy.
- **Human resources:** Human resources play an important role in increasing a business's performance and its competitiveness. Involving employees in strategy formulation will give them the determination to implement the strategy successfully.

Employees should be able to adapt to changes that might occur during implementation.

- **Managing culture:** Organisational culture supports and creates an environment in which to implement the developed strategy successfully.
- **Budgeting to support strategy:** In order to ensure implementation, a strategy needs to be supported by the necessary financial resources.

3.3.6 STRATEGIC CONTROL

Control goes hand in hand with implementation (Saayman, 2002:107). Controlling is the process of establishing and implementing mechanisms to ensure that objectives are achieved (Lussier, 1997:162). As components of the strategic plan are implemented, control methods should be established. Reviewing results and comparing them with results achieved allow managers to keep a watchful eye over the process (Moutinho, 2000:279). Other strategic control mechanisms include company objectives, performance evaluation and feedback (De Bruyn, 2000:155). Rapid changes in the global market place have made continuous improvement as an important aspect of strategic control. It allows an organisation to respond more pro-actively and timely to rapid developments in areas that influence a business's success (Pearce & Robinson, 1999:380). When control mechanisms indicate that things are getting off course, the business should decide which action to take, if any (Moutinho, 2000:281).

3.4 CONCLUSION

The aim of this chapter was to identify key success factors regarding strategic management in existing literature that is relevant for managing a conference centre in South Africa. This aim was realised by firstly elaborating on the concept of strategic management and secondly by explaining important aspects within the strategic management process.

Strategic management is an important activity in any conference centre, as this will ensure its long-term survival. Strategic management should form part of the strategic planning

processes of a conference centre. The purpose of strategic planning is ultimately to be pro-active in order to prevent future problems.

The following steps have been identified in the strategic management process:

- Formulate a mission statement.
- Formulate a vision statement.
- Apply a code of ethics.
- Develop a business philosophy.
- Conduct an environmental analysis.
- Choose suitable business strategies.
- Compile objectives.
- Evaluate and control business strategies.

For the purpose of this study, aspects of the strategic management process have been used in a questionnaire in order to determine whether they are key success factors in managing a conference centre.

CHAPTER 4

FINANCIAL AND MARKETING MANAGEMENT

4.1 INTRODUCTION

Financial management mainly concerns planning, raising funds, analysing project profitability, controlling cash, and conducting accounting functions related to reporting profit and taxes (Broyles, 2003:5). Financial management is important in all types of businesses (Brigham & Ehrardt, 2002:5). Financial management in tourism businesses is becoming increasingly difficult as a result of the impact of new technology, a lack of availability of capital investment and the increasing concern for the future of the environment (Burgess, 2000). This complicates the task of the financial manager. Tourism managers in South Africa often lack the necessary skills to manage finances in these circumstances (Saayman, 2002:249). It is therefore important for financial managers to be able to apply basic financial principles, as the financial manager participates in almost all the major decisions and occupies key positions in every business (Broyles, 2003:5; Saayman, 2002:249).

Financial management plays a role in all departments of a business (Broyles, 2003:5). Another key department in the services industry influenced by financial management is marketing (Saayman, 2002:249). Market research should be conducted in order to identify and satisfy the needs of the tourists (Dalrymple & Parsons, 1995:175; Jobber, 2004:228). After the needs of tourists have been identified, it is necessary to divide those tourists with similar needs into the same categories. This is referred to as market segmentation. Managers should then choose a target market and develop marketing strategies aimed at the target market (Vellas & Bécherel, 1999:59; Bennet, 1995:254). This process will lead to customer satisfaction, which in turn will create profit (Kotler, Bowen & Makens, 1996:5).

Marketing of conference tourism is a complex matter reflecting the diverse nature of the industry. The diverse nature of the industry can be seen in terms of what is being marketed, namely events (e.g. exhibitions, conferences), destinations (e.g. cities, regions,

countries), facilities (e.g. conference venues), and services (e.g. conference organisers). Furthermore, different types and sizes of organisations are involved from one-person businesses to large transnational corporations. Marketing can be international or domestic, or both (Swarbrooke & Horner, 2001:123).

In order for a conference centre to be successful, it has to engage in both financial management and marketing management. Therefore, the purpose of this chapter will be to identify the key success factors regarding financial and marketing management in literature that is relevant for managing a conference centre. This will be done by firstly identifying and explaining the elements of financial management, and secondly by identifying and explaining the elements of marketing management. At the end of the chapter a conclusion will follow.

4.2 THE ELEMENTS OF FINANCIAL MANAGEMENT

Researchers like Broyles (2003:5); Bennet (2000:263); Barringer and Ireland (2006:148); Saayman (2002:249); and Swarbrooke (2002:148) explain financial management as being concerned with acquiring funds, allocating funds, planning, compiling budgets, and controlling finances. Brigham and Gapenski (1994:10); Cooley (1994:10) and Saayman (2002:251) also identify these aspects as being the key responsibilities of the financial manager.

It could therefore be argued that the following aspects are important in financial planning:

- **Business organisation:** The manager of a conference centre should firstly consider the form of business organisation, as this has implications for financial management in terms of aspects such as profit sharing and taxation.
- **Sources of income/revenue:** Sources of income/revenue are imperative to ensure the success of a conference centre, as this will enable it to invest in new fixed assets.
- **Financial planning:** Financial planning provides managers with a guideline of where to acquire funds as well as how to allocate funds. Therefore, a business plan has to be developed.

- **Budgeting:** Compiling budgets is an important aspect in financial planning and control.
- **Financial control:** Financial control is vital to the success of a conference centre, as it will indicate whether objectives are being met and where corrective action should be taken.

These elements will subsequently be described in more detail.

4.2.1 BUSINESS ORGANISATION

Financial management occurs in various forms of business organisations, namely: sole proprietorship, partnership, business trust, co-operative, closed corporation and company (Nieman & Bennet, 2002:79). In the tourism industry, sole proprietorships, partnerships, and closed corporations are the most commonly used forms of business organisations (Medlik, 2003:40,129,154; Cullen, 1997:7). The form of business organisation will influence financial management, as different forms of organisations have different implications for financial management. Aspects such as taxation, profit sharing, financing capacity, and liability and accountability have an influence on financial management (Nieman & Bennet, 2002:76). Therefore, a manager should consider the advantages and disadvantages that each form of business organisation offers. Tables 4.1 to 4.3 indicate the advantages and disadvantages of sole proprietorships, partnerships and closed corporations.

Table 4.1: Advantages and disadvantages of a sole proprietorship

ADVANTAGES	DISADVANTAGES
Easy to establish	Owner is personally responsible for debts
All income belongs to the owner	Financing possibilities are limited to the creditworthiness of the owner
Tax is only levied once on personal income	

(Source: Saayman, 2002:258)

Sole proprietorship is especially suitable for smaller businesses that require little capital and where one person undertakes the management. Table 4.1 indicates that all income

belongs to the owner, while the owner is also responsible for all debts of the business (Saayman, 2002:258).

Table 4.2: Advantages and disadvantages of a partnership

ADVANTAGES	DISADVANTAGES
Inexpensive to set up	Partners are personally and unlimitedly responsible for debts
Not subject to special taxation	Less control because financial statements do not need to be audited
Financial capabilities of two or more people can be brought together	

(Source: Saayman, 2002:257)

A partnership is a relationship between two and twenty persons. All partners contribute capital to the business. Assets belong to all partners and all partners are collectively responsible for all debts (Saayman, 2002:257).

Table 4.3: Advantages and disadvantages of a closed corporation

ADVANTAGES	DISADVANTAGES
Setting-up is easy and inexpensive	Financing problems could arise because of the limited liability of members for debts
Is regarded as a company for tax purposes	
Few legal prescriptions regulate the setting-up	

(Source: Saayman, 2002:257)

Closed corporations are free of many of the formal rules regarding the establishing and functioning applicable to companies. Closed corporations have shareholders that have interests there-in (Saayman, 2002:257).

4.2.2 SOURCES OF INCOME/REVENUE

Before financial management could be performed, one firstly has to identify the sources of income. Sources of finance are imperative for the development and survival of a tourism

organisation. The availability of finance is important in order to invest in new fixed assets such as buildings and equipment, replace fixed assets, and pay recurring production costs (Cloete, 2003:41). The private sector is the normal source of finance for the development of hotels and other commercial facilities. However, the government might need to be a pioneer developer in new tourism areas until private investors have the confidence to make investments (Inskeep, 1998:106). Saayman (2002:289) identifies the following key financing sources available:

Sale of service: A conference centre could provide a variety of services that could generate an income. These services include:

- renting of facilities (conference rooms, exhibition space, technical facilities);
- accommodation services (hotel, lodge, guesthouse);
- catering services (restaurants);
- services of professional conference organisers (PCOs);
- services of interpreters and translators;
- transport services; and
- entertainment opportunities.

Mortgage bonds are generally used as financial backing for large capital developments. Such capital developments in a conference centre may include:

- development of on-site accommodation such as an hotel;
- expanding conference rooms to accommodate a larger number of conference delegates;
- developing or expanding exhibition space; and
- developing leisure facilities such as a swimming pool.

Fees provide an important source of income. The following types of fees are the most common at conference centres:

- **Admission fees** are payable at exhibitions and concerts.

- **Registration fees** are payable at conferences.
- **Users' fees** are charged for the utilisation of certain facilities, e.g. swimming pools.

Concessions are granted if the conference centre is unable to provide the service as economically as it should be. At a conference centre, certain services are often outsourced to concessionaries. These services could include: catering, accommodation and technical services.

Donations: Organisations that make donations may offer to support a certain project or may help to develop a facility that would meet the community's needs. For example, a conference centre that is needed for public purposes, such as economic development or regeneration, may receive donations from sources in the commercial sector and even the national lottery. The type of ownership may play a role in whether or not a conference centre might receive donations. Conference centres owned by city councils (public-owned conference centres) may be more likely to receive donations than privately owned conference centres (Shone, 1998:35).

Sale of assets and equipment involves selling assets such as land and buildings to generate extra income.

Interest on investment: Investments earn extra income through the interest they generate.

4.2.3 THE BUSINESS PLAN

A business plan is a written document that describes the proposed venture in terms of product or service opportunity, current resources, and financial projections (Leach & Melicher, 2003:57). The development of a business plan should proceed the financial planning phase of the conference centre, for one has to firstly identify an opportunity to sell its services and facilities. Without an existing opportunity, there will not be sales, implying that it would not be feasible to develop a conference centre (Nieman & Bennet, 2002:62).

Financial institutions such as banks insist on a business having a business plan. This is particularly important when applying for a loan (Saayman, 2002:446; Leach & Melicher, 2003:57).

4.2.4 BUDGETS

Budgets are plans expressed in numerical terms, usually financial terms. They typically indicate how much will be spent, by which departments, when, and for what purpose (Thompson, 2001:815). A budget is a crucial tool in the planning and control systems of a business (Moutinho, 2000:188). Budgets themselves do not control anything. They simply set standards against which action could be measured. They also provide a basis for negotiating short-term resource requirements to implement strategy at the operating level (Pearce & Robinson, 1999:389). The budgeting process requires setting goals, planning and scheduling to reach the goals, identifying and pricing resources, locating needed funds and adjusting goals, plans and resources to match actual fund availability (Plunket & Attner, 1997:535).

Budgets have the following functions (Nieman & Bennet, 2002:226; Plunket & Attner, 1997:534):

- A budget serves as a planning aid and its compilation always leads to refinement of short-term plans.
- It serves as a means to carry policy to subordinates that are responsible for implementing policy-specific guidelines.
- It is an instruction to subordinates that delegates the authority needed for them to act.
- It serves as a means of co-ordination within and among departments.
- Budgets are a method of control.
- Budgets make managers aware of their own responsibilities and those of other departments in the organisation.

Budgets most commonly used in tourism organisations are operating budgets, capital budgets, and programme budgets.

- **Operating budget:** The operating budget indicates the administrative expenditure, for example office rental, staff salaries and stationery (Saayman, 2002:284).
- **Capital budget:** The capital budget is concerned with the allocation of resources for investment in buildings, plants and equipment that will be used to generate future revenue (Thompson, 2001:815; Moyer, McGuigan & Kretlow, 2001:300; Jones, 1992:352).
- **Programme budget:** The programme budget indicates the specific amount that was spent on the specific item. It can also be referred to as the line budget for the specific amounts spent on specific items, indicated line by line (Saayman, 2002:284).

4.2.5 FINANCIAL CONTROL

As a management function, control is the process of taking the necessary preventive or corrective actions to ensure that the organisation's mission and objectives are accomplished as effectively and efficiently as possible (Kreitner, 1992:523; Corman & Lussier, 2001:152). According to Bennet (2000:293), financial control is vital to the success of a business. Financial control involves identifying any differences between the specified financial norms of an organisation's budget and its actual figures as well as critically evaluating and analysing these differences. Financial control thus involves four steps, namely (Saayman, 2002:292; Nieman & Bennet, 2002:228; Corman & Lussier, 2001:152):

- Setting the standards;
- comparing actual performance with standards;
- evaluating the differences; and
- taking corrective action.

Financial control is an ongoing process for it might mean changing certain objectives, standards and methods (Corman & Lussier, 2001:152).

Not only can budgets be used for financial control, it can also assist in break-even point analysis and analysis of financial statements.

- **Break-even point analysis**

The break-even chart depicts the relationship of sales and expenses in such a way as to show at what volume revenues cover expenses. At any lesser volume, the business would suffer a loss and at any greater volume, the business would enjoy a profit (Koontz, O'Donnell & Weihrich, 1984:580; Corman & Lussier, 2001:69; Saayman, 2002:269). A business should thus determine a point where its operations break even, as this would indicate when a business would be able to cover its expenses and begin to make a profit (United States Small Business Administration, 2006). This break-even point occurs at the point where the volume of total costs is exactly equal to the total income and where there has been neither profit nor loss. A break-even analysis is especially useful in planning and control because it allows the business to determine the level of operations needed to cover operating costs and to evaluate the profitability of various levels of sales (Koontz *et al.*, 1984:580; Corman & Lussier, 2001:69; Saayman, 2002:269).

The basic formula for break-even point analysis is fixed costs divided by the contribution margin. Contribution margin is revenue minus variable costs. The result is the number of units required to be sold to break even (Jafari, 2000:58).

- **Financial statements**

Financial statements provide insight into the financial state of affairs at a given point in time (Saayman, 2002:294).

Income statement: The income statement provides a summary of the results of the business's activities for an accounting period. "The format involves deducting costs from sales and adding all additional income in order to get to the net income." (Saayman, 2002:295.)

Balance statement: The balance sheet gives a summary of the financial value of the business's assets, liabilities and net worth at a particular point in time. It indicates the funds available to the business on a specific date, as well as how these funds have been utilised. All financial statements are structured so that the assets of the business are equal to the business's liabilities plus the business's net worth (Corman & Lussier, 2001:133; Saayman, 2002:296).

Marketing is directly influenced by finances. Without the necessary finances, proper marketing cannot take place.

4.3 THE ELEMENTS OF MARKETING MANAGEMENT

Marketing is regarded as a core business function in all types of tourism establishments (Laws, 2002:4; Bennet, 1995:251). According to Holloway and Robinson (1995:4), marketing is the management function that organises and directs all those business activities involved in assessing customer needs and converting customer purchasing power into effective demand for a specific product or service. Marketing is also the management function that moves product or service to the final consumer or user so as to achieve the profit target or other objectives set by the company or other organisation.

The definition of marketing thus has three important implications, namely (Holloway & Robinson, 1995:4):

- It is a management function within a business.
- It underlies and provides a framework for all the activities that a business undertakes.
- It places emphasis on the customer's needs as a starting point for all business operations.

Marketing of the tourism product is often a difficult task, as service is an important part of the tourism product (Saayman, 2001:78). Tourism products and therefore also conference tourism products manifest the typical characteristics of services, namely intangibility,

inseparability, heterogeneity, quality and perishability (Jooste, 2000:195; Horner & Swarbrooke, 1996:16).

The most important role players in tourism are the tourists, for it is their needs that need to be addressed. Tourists travel to a certain destination to satisfy their needs (Saayman, 2001:4). It is therefore important to have thorough knowledge of the customer (Rogers, 2003:98). For this reason, market research should be conducted. Market research assists a business in breaking up mass markets into segments and choosing a target market (Dalrymple & Parsons, 1995:175; Jobber, 2004:228). Positioning strategies and components of the marketing mix are then used to reach the target market and to create a distinctive place for the business in the market (Jobber, 2004:237; Dalrymple & Parsons, 1995:175).

From the above it is thus clear that the core elements of marketing management include:

- Market research;
- market segmentation and target marketing;
- positioning; and
- marketing mix.

4.3.1 MARKETING RESEARCH

In carrying out marketing analysis, planning, implementation, and control, marketing managers need information about customers, competitors, suppliers, and other forces in the marketplace (Kotler, Bowen & Makens, 1996:137). Market research should be conducted in order to gather information about the target market. Marketing research has been defined by the American Marketing Association as the systematic gathering, recording and analysis of data about problems and opportunities relating to the market of goods and services (McDonald & Keegan, 2002:62). The purpose of marketing research is to allow organisations to evaluate their current performance, identify opportunities, and develop products and messages to exploit these opportunities (Horner & Swarbrooke,

1996:445). This might include collecting information on the following (Horner & Swarbrooke, 1996:445; Moutinho, 2000:79):

- The activities and plans of the competitors;
- changes in the macro environment, such as new legislation, technological innovations and changes in the economic climate;
- the opinions of marketing intermediaries such as travel agents who deal directly with the organisation's clients;
- characteristics of the market;
- market potential; and
- tourism business trends.

Marketing information can be gathered by following the marketing research process (Kotler *et al.*, 1996:138). The steps in the marketing research process are: define the decision; gather data; analyse data; and make the decision (Corman & Lussier, 2001:83). Within this process, one should identify sources of information, determine whether these sources are sufficient or whether more should be collected, and draw up a research budget (Saayman, 2001:127).

Market research helps one to segment the market and identify the target market.

4.3.2 MARKET SEGMENTATION

Segmentation is the strategy of developing different marketing programmes for different customer groups or segments (Dalrymple & Parsons, 1995:175). A market segment consists of a group of customers or consumers with the same or similar needs (McDonald & Keegan, 2002:82). Market segmentation is thus the identification of individuals or organisations with similar characteristics that have significant implications for the determination of marketing strategy (Jobber, 2004:210). An important market segment in the conference industry is the international market, as hosting international conferences has great economic benefits for a country. Conference centres such as the Durban International Convention Centre (ICC), the Cape Town ICC, and the Sandton Convention

Centre, aim to attract conferences from an international market. Market segmentation is a vital part of strategic marketing, as it forms the basis of how marketers understand their markets and develop strategies for serving their chosen customers better (Jobber, 2004:210). The growing segments in the market appear to be (Swarbrooke & Horner, 2001:25):

- Business travellers from the newly industrialised countries like South Korea and Taiwan;
- business travellers from Eastern Europe, where political change has led to growth of business tourism;
- female business travellers;
- people making use of incentive travel packages;
- frequent travellers; and
- long-haul business travellers.

Market segmentation is a three-step process (Jobber, 2004:212):

- **Firstly**, one should clearly understand the characteristics of the individuals that comprise the market by conducting marketing research.
- **Secondly**, customers are grouped into segments on the basis of having similar characteristics by means of market segmentation techniques.
- **Thirdly**, one or more market segments are chosen as target market and a marketing strategy is designed for that market.

Successful use of market segmentation techniques allow the marketer to identify groups of customers that have similar needs, and to then design the marketing mix to meet their collective needs (Horner & Swarbrooke, 1996:57). Tourists can be subdivided into many different ways: demographic segmentation, socio-economic segmentation, geographical segmentation, psychological segmentation, and behaviouristic segmentation (Moutinho, 2000:122; Swarbrooke, 2002:75; Jooste, 2000:200).

Demographic segmentation: Demographic segmentation includes aspects such as age, marital status, gender, religion, family life cycle stage, and race (Saayman, 2001:94; Kotler *et al.*, 1996:248; Swarbrooke & Horner, 2001:133). People with similar physical characteristics of a population can be treated similarly (Saayman, 2001:94).

Socio-economic segmentation: This group of variables include income, occupation, education and class. The underlying principle here is that occupation; education and social class will determine which products the consumer buys (Horner & Swarbrooke, 1996:58). This technique not only includes social aspects for segmentation, but also ethnic aspects such as population group, nationality and home language (Saayman, 2001:93). Socio-economic segmentation may include conference centres that target corporate groups and the association market. The corporate market includes businesses in industry sectors, such as pharmaceuticals, finance and insurance, cars, computing, and electronics. The association market includes associations such as public associations; military associations, government, and political parties (Shone, 1998:23). Conference centres targeting these groups may aim to attract a market that consists of people with certain levels of education, social status, income or occupation. The association market will often make use of conference venues such as educational establishments and municipal centres, as these are more price-sensitive than the corporate market (Shone, 1998:26).

Geographical segmentation: Geographic segmentation is when the market is divided into different geographic units, such as nations, states, regions, cities, suburbs, climate, and population density (Kotler *et al.*, 1996:246; Saayman, 2001:93). The needs of a consumer are affected by their geographical location (Horner & Swarbrooke, 1996:58). In the conference industry, geographical segmentation is based on aspects such as place of residence and/or language spoken, whether the business trip is domestic or international, and type of destination (Swarbooke & Horner, 2001:133). Conference centres such as the Durban International Convention Centre, the Cape Town International Convention Centre, and the Sandton Convention Centre, target international markets.

Psychographic segmentation: This method of segmentation is based on the assumption that attitudes and opinions of individuals dictate their behaviour as consumers. The aim is to group people on the basis of shared attitudes and opinions (Horner & Swarbrooke,

1996:61). Psychographic segmentation divides buyers into different groups based on social class, life style, and personality characteristics (Kotler *et al.*, 1996:250; Saayman 2001:93). According to Swarbrooke and Horner (2001:233), conference markets can be segmented according to personality characteristics such as gregarious and extrovert, and shy and introvert. For example, certain corporate groups will have a stronger urge for adventure than others and will therefore rather participate in outdoor team-building activities such as river rafting than in indoor activities. Therefore, venues with activities such as river rafting, abseiling, paint-ball, and obstacle courses, would target groups with a strong urge for adventure.

Behaviouristic segmentation: In behaviour segmentation, buyers are divided into groups based on their knowledge, attitude, use, or response to a product (Kotler *et al.*, 1996:251). In tourism marketing, the focus is mainly on usage rates and benefits sought (Jooste, 2000:204; Kotler *et al.*, 1996:251):

- **Benefits sought:** tourists can be grouped according to the product benefits they seek.
- **Usage rate:** markets can also be segmented into light-, medium-, and heavy-user groups.

Swarbrooke and Homer (2001:133) also identify the following methods of segmenting in the conference market:

Purpose of travel:

- Individual trips – sales, networking, problem solving;
- attending a conference;
- exhibiting at an exhibition;
- visiting an exhibition; and
- taking part in an incentive travel trip.

Employing organisation:

- Public sector;
- private sector – large or small enterprise; and
- self-employed.

Job function:

- Strategic manager;
- departmental manager – sales, finance, human resources; and
- technical specialist.

Market segmentation should lead to the selection of a target market. A firm needs to evaluate the segments and decide which ones to serve (Jobber, 2004:228).

4.3.3 TARGET MARKETING

The process of deciding which markets to pursue, are referred to as target marketing. Any tourism product or service could appeal to a multitude of market segments. These market segments may overlap. Marketing management must determine which one of them offers the most potential, which entails target market selection. Such a decision should be based on a careful analysis of the market segments that will provide the greatest benefits (Bennet, 2000:204). The two main issues that a marketer should thus consider, are the attractiveness of the market and the organisation's competitive position (Nieman & Bennet, 2002:184).

The next step in developing an effective marketing strategy, after market segmentation and target market selection, is positioning (Jobber, 2004:236).

4.3.4 MARKET POSITIONING

All organisations need to differentiate themselves and their products from competing organisations and products (Evans *et al.*, 2003:132). This can be referred to as market positioning. Market positioning is defined as arranging for a product to occupy and maintain a clear, distinctive, and desirable place relative to competing products in the minds of target consumers (Horner & Swarbrooke, 1996:153; Jobber, 2004:237). Positioning is thus concerned with creating a specific image within the minds of consumers. The perceptual image that a consumer holds about an organisation or product is important, because a positive and favourable image can lead to a consumer purchasing products or services from the organisation whereas a negative image direct customers in looking elsewhere for their product purchases (Evans *et al.*, 2003:132). According to Swarbrooke and Horner (2001:133), image is important in marketing conference venues, in several ways:

- Conference and exhibition organisers and incentive travel agencies choose destinations for their events, based partly on perceptions of these destinations.
- Conference delegates often choose to attend conferences based partly on the perceived attractions or otherwise of the place.
- Partners choose to accompany business travellers visiting a destination only if they perceive it to be an attractive place.

Therefore, successful positioning is often associated with products and services possessing favourable connotations in the minds of customers. Such positioning is hard-won and relies on four factors, namely (Jobber, 2004:237):

- **Clarity:** The positioning idea must be clear in terms of both target market and differential advantage. Complicated positioning statements are unlikely to be remembered.
- **Credibility:** The differential advantage that is chosen must be credible in the minds of the target customer.

- **Consistency:** People are confronted with thousand of messages daily. To break through this noise, a consistent message is required.
- **Competitiveness:** The differential advantage should have a competitive edge. It should offer something valuable to the customer that the competition is failing to supply.

Once an organisation has decided on how it wants to position itself relative to its competitors, it adapts its marketing mix to achieve such a differentiation (Evans *et al.*, 2003:135).

4.3.5 THE MARKETING MIX

The marketing mix is the set of controllable variables in the marketing plan that is usually expressed as the four Ps – product, price, place and promotion (McDonald & Keegan, 2002:31). These variables should be used to satisfy the needs and desires of the target market (Bennet, 1995:254). The marketing mix forms the heart of the marketing plan (McDonald & Keegan, 2002:31) and enables the destination to achieve its objectives (Saayman, 2001:120). Table 4.4 indicates the variables in the marketing mix. These will subsequently be discussed.

Table 4.4: Variables in the marketing mix

PRODUCT	PLACE	PROMOTION	PRICE
Physical goods	Objectives	Objectives	Objectives
Services	Channel type	Promotion blend	Flexibility
Features	Market exposure	Sales people	Level over product life cycle
Quality level	Kinds of middlemen	Advertising	Geographic terms
Accessories	Kinds and location of stores	Sales promotion	Discounts
Installation	How to handle transportation and storing	Publicity	Allowances
Instructions	Service levels		
Warranty	Recruiting middlemen		
Product lines	Managing channels		
Packaging			
Branding			

(Source: Bennet, 1995:254)

4.3.5.1 Product

A product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or a need. It includes physical objects, services, places, organisations, and ideas (Kotler *et al.*, 1996:274). In the marketing of a conference venue, the term "product" refers to destination or venue and its facilities and resources. It means a venue that can accommodate the convention, meeting or exhibition requirements. It covers issues such as service, quality, branding, and those unique features that differentiate it from its competitors (Rogers, 2003:101). The convention delegate may see the convention centre itself as the most important element of the product (Swarbrooke & Horner, 2001:124).

Travel and tourism products do not only include the actual holiday or travel that is purchased or the visit to the tourist attraction, but also include the elements that ensure that the tourist has an enjoyable experience (Evans *et al.*, 2003:136). The main elements of the conference tourism product consist of after-sales service (e.g. providing exhibitors with a list of attendees after an exhibition), transport, accommodation, organisation (intermediaries, suppliers), destination (support services, leisure time opportunities), and venues (Swarbrooke & Horner, 2001:125).

Customers that are buying tourism, leisure and hospitality products are buying benefits, not products (Bennet, 1995:263). The task of the marketer in tourism, leisure and hospitality products and services is to try and understand the benefits that customers seek. The key to success in development of tourism, leisure and hospitality products depends on the ability to match the product that is offered with the benefits sought by customers (Bennet, 1995:263; Horner & Swarbrooke, 1996:148). It is therefore argued that tourism managers need to think about the product on four levels, namely (Kotler *et al.*; 1996:274; Fyall & Garrod, 2005:107):

- **Core product** – This represents the essential benefit designed to satisfy the identified needs of target customer segments.
- **Facilitating product** – The products that are necessary for the core product to be consumed.

- **Supporting products** – Extra products that are offered to add value to the core product and that help to differentiate it from the competition.
- **Augmented product** – All forms of the added-value producers may build into their formal product offers to make them more attractive than competitors' product offerings to their intended customers. The augmented product includes accessibility, atmosphere, and customer interactions.

An important part of the conference product is the packaging of the product. Packaging relates to the way in which the product and price are offered in the market. Special delegate packages may be offered in conjunction with local tourist attractions, or between conference venues and hotels (Rogers, 2003:101). An average complete conference package includes accommodation, breakfast, lunch, dinner, breaks, conference venues, breakaway, and conference equipment (Saayman & Slabbert, 2001:84).

All products and services have definite life cycles, the same goes for a conference centre as a rendered product (Saayman, 2001:194). The product life cycle is indicated in Figure 4.1

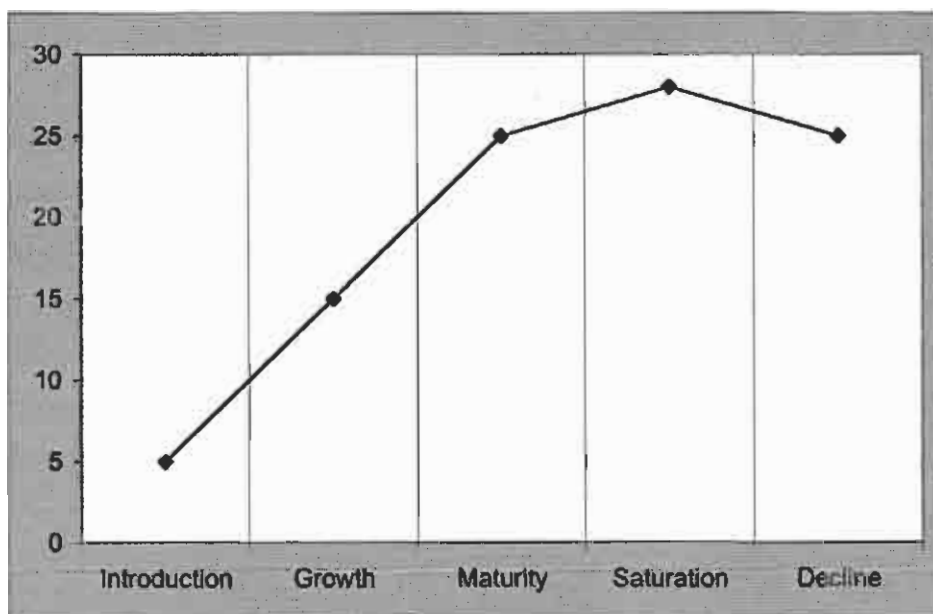


Figure 4.1: Product life cycle

(Source: George, 2001:100)

The products and services of a business must continually be changed or modified because the changing environment demands it (Saayman, 2001:194). There are five stages in the life cycle of products and each stage has its own marketing requirements (Bennet, 2000:211). The product life cycle has the following stages (Saayman, 2001:194; van der Westhuizen, 2003:105; Vellas & Bécherel, 1999:100):

1. Introduction

The conference centre is introduced to the market.

2. Growth

The growth phase follows the introduction phase and lasts for a number of years or only a few months.

3. Maturity

Maturation is then reached. At this stage there must be a plan according to which modifications can take place.

4. Saturation

The product reaches the mature stage. Unless modifications take place, the conference centre will be forced out of the market. Modifications could include the addition of more benefits to the product, reduction of price, increased advertising, or a sales promotion could be introduced to regain market share.

5. Decline

A decline will be experienced if the necessary modifications do not take place.

It is often a difficult task for managers in the tourism industry to manage the tourism product through its life cycle, since it is not always obvious in which stage of the life cycle the product is (Bennet, 2000:213; Vellas & Bécherel, 1999:102). The tourism product comprises largely of delivering a service. This means that product life cycle can be of limited value and demonstrate a misunderstanding of the characteristics of tourism and its wider environment (Fyall & Garrod, 2005:108). Despite this, the product life cycle makes a

valuable contribution to better understanding of the forces at work in a competitive market environment (Bennet, 2000:213).

Pricing of the product or service is a vital part for the successful marketing of a product or service (Horner & Swarbrooke, 1996:169).

4.3.5.2 Price (rates)

Price can also be referred to as rates in tourism. The price or rate of a product is what a business gets back in return for all the effort that is put into the manufacturing and marketing of the product (Jobber, 2004:376). Price may cover a variety of issues. These include conference centre hire charges, delegate rates, hotel or guest-house accommodation costs, provision of food and beverage, safety, and transport costs (Rogers, 2003:101). The price may be the most visible part of the product and is an important factor in satisfying the needs of consumers (Jooste, 2000:213).

For the consumer, price represents the amount of money he/she pays for a product and thus the needs satisfaction that he/she receives. The consumer will view the price as acceptable if he/she perceives the value received as equal to or more than the value that he/she pays for the product. Price is important for any business, as it relates directly to the income and profitability of the business (Jooste, 2000:213).

Pricing the conference product can be a rather complex matter, for the following reasons (Swarbrooke & Horner, 2001:127):

- There are direct and indirect costs for the tourist. Direct costs include, for example, fees for attending conferences. Indirect costs include, for example, the need to buy a visa when travelling to some destinations.
- Prices for a similar product vary considerably around the world.
- Even within one country prices could vary significantly.
- For many purchasers/users, price is perhaps less important than perceived value for money.

- Most purchasers do not pay the published price, particularly for hotel accommodation and airline tickets. Negotiation is commonplace, which creates real challenges in terms of revenue planning and yield management.
- Discounting is also based on criteria such as seasonality, volume of business, or whether the customer is a regular user of a particular product.
- Some elements of the conference tourism product are sold below their market value for various reasons. For example, many municipally-owned conference venues are rented out to organisers at low cost to attract conferences because of the spin-off benefits it would bring to the area.
- Destinations usually make no direct charge for entry to the resort, city or region or for use of facilities such as beaches, and even the climate. Yet these elements of the destination may be a major factor in a decision to locate a conference or incentive travel package in a particular location.
- Some costs are compulsory, such as travel costs, while others are voluntary, such as having a drink at the end of the working day.

Within the tourism, leisure and hospitality sector it is important to develop a price strategy (Jooste, 2000:215). Price strategies must take account of many factors, including projected future demand and any seasonal fluctuations expected; the need to maximise yield; the perishable nature of the product; the psychological impact on clients of raising or lowering prices; the activities of competitors, and the wider economic situation (Rogers, 2003:101).

The price strategy can be cost-based, demand-based or competition-based. There are different methods for calculating price. These methods fall into three broad categories, namely (Jooste, 2000:216; Swarbrooke & Horner, 1996:174, Kotler *et al.*, 1996:394):

Costs-oriented – This is when a business charges a price that will cover all the costs for producing, distributing and selling the product while delivering a fair rate of return for its effort and risk.

Demand-oriented – Demand determines the maximum price that the market can carry. For this reason, the marketer should consider the price-sensitivity of the market and the notion to use price as an indicator of the product or service quality. This can also be referred to as the price elasticity of the demand for the product.

Competition-oriented – Competition gives marketers the options of selling products at the same price that everyone else charges or to charge above market prices to foster an image of quality and prestige.

Yield management – Conference venues, especially hotels, have adopted the theory and practice of yield management for determining price. Yield management aims to maximise revenue every day (not just for seasons or periods) by adjusting prices to suit market demand. If the demand is high, high prices can be charged, but when the demand is low, prices are lowered. When supply is limited, prices rise, but when there is an oversupply, prices drop (Rogers, 2003:177-180). The necessary conditions for a successful application of yield management include a fairly fixed capacity, high fixed costs, low variable costs, fluctuations in demand and similarity of inventory capacity (Jafari, 2000:633)

The methods mentioned above should all be taken into account when pricing a product or service. The methods are interrelated and therefore cannot be viewed separately (Swarbrooke & Horner, 1996:175).

4.3.5.3 Place (distribution)

The physical distribution of services and products of a business provides the time and place dimensions, which constitute the third element of the marketing mix (McDonald & Keegan, 2002:186). In the conference industry, place focuses on the activities used by the destination or venue to make its product available and accessible to potential clients (Rogers, 2003:102). If a product or service is not available when and where a customer wants it, it will surely fail in the market (McDonald & Keegan, 2002:186). The two main functions of distribution is thus to make a venue more accessible and to distribute information regarding the venue (Saayman, 2001:225).

The distribution process of tourism products is the opposite of the distribution of tangible items. A tourist should be brought to the product instead of the product being brought to the tourist (Saayman, 2001:223). The distribution of tourism products takes place through the use of distribution channels (Horner & Swarbrooke, 1996:189). A distribution channel can be described as a supply chain by which products are moved from producer to the target market (Jobber, 2004:634). Distribution channels that can be used in the conference industry to distribute information include (Rogers, 2003:102):

- Trade shows (INDABA, meetings, Africa Exhibition);
- destination or venue guides;
- brochures;
- CD-ROMS;
- videos; and
- websites.

When deciding on a distribution channel, one should determine what channel would be the most effective. An effective distribution channel would ensure that the right message gets to the target market (Moutinho, 2000:160).

Distribution channels could take on two forms: direct distribution and indirect distribution - directly from the conference centre to the client or indirectly from the conference centre to the client through intermediaries (Horner & Swarbrooke, 1996:189). Intermediaries could include tour operators, travel agents, authorities and specialists (Saayman, 2001:227). The conference centre could use either one distribution channel or a combination of both (Horner & Swarbrooke, 1996:189).

The correct distribution channels form an important part of the marketing strategies of a tourism business and are necessary for a business to gain a competitive advantage (Saayman, 2001:228).

4.3.5.4 Promotion or marketing communication

Promotion refers to the communication between the seller and the potential buyer and institutions in the distribution channel with the objective of influencing the attitudes and behaviours of buyers (Nieman & Bennet, 2002:187; Rogers, 2003:102). The main function of promotion is to convince potential clients of the benefits of purchasing or using the products and services of the specific organisation (Horner & Swarbrooke, 1996:202). In order for this to happen, a medium should be chosen through which to communicate a message to potential clients. The following promotional tools could be used for this purpose: advertising, personal sales, publicity, direct marketing and sales promotion (Holloway & Robinson, 1995:107; Horner & Swarbrooke, 1996:204; Bennet, 1995:276).

- **Advertising**

Advertising is any paid form of non-personal communication of ideas or products in the prime media: television, newspaper, posters, cinema, radio and the internet (Jobber, 2004:905). Advertisements make use of a particular space in the media and paid media time to convey a certain message. Advertisements inform clients about the product, convince clients to buy it, remind clients of the product and win back lost clients (Saayman, 2001:233). Advertising in trade journals is becoming increasingly important for conference venues. Trade journals play an important role in promoting products and allowing communication between buyers, suppliers, and intermediaries (Swarbrooke & Horner, 2001:130). An example of a trade journal in Southern Africa is the Conference, Exhibition and Events Guide. The internet is also beginning to play a growing role in conference tourism, both in terms of finding information and making reservations (Swarbrooke & Horner, 2001:130). By displaying a website on the internet, tourists can gather information on facilities offered, rates, and booking arrangements (George, 2001:206).

- **Personal selling**

Personal selling plays a major role in the promotion of conference tourism, as the industry is based largely on interpersonal skills and trust (Swarbrooke & Horner, 2001:131). Personal selling is oral communication with potential buyers with the

intention of making a sale (Jobber, 2004:913). Personal selling involves person-to-person communication and has the advantage of receiving direct feedback (Saayman, 2001:232). Personal selling can take place over the counter, over the phone, or calling on clients as sales representatives (Holloway & Robinson, 1995:107). Personal selling can also take place at tourism shows and exhibitions. These types of events enable potential customers to gather as much information as possible before deciding to buy, by bringing together many industry representatives. This provides a sales representative with the opportunity to personally market his/her conference centre to potential customers (George, 2001:158). The main areas for personal selling are as follows (Swarbrooke & Horner, 2001:131):

- Venues selling their services to buyers;
- airlines and hotels selling to buyers and intermediaries; and
- incentive travel agencies and professional conference organisers selling their services to potential clients.

Other forms of personal selling could include the following:

Educational visits and familiarisation

It is important in the conference industry to market a venue through familiarisation and educational visits. Decisions about the destination and venue of conferences involve purchases where the level of expenditure could run into millions of rand. Therefore, very few buyers would make their decisions based on brochures, videos or advertisements alone. They need to see the place and venue for themselves and meet the people they will be working with before they decide to contract the venue or other service (Swarbrooke & Horner, 2001:131).

Developing bid documents

In order to secure a major national or international conference or event for South Africa or a specific region, one has to go through a process of preparing and submitting a bid document. A bid document is a document that contains all the information of an event or

conference in order for the organising committee to take an informed decision (Saayman, 2001:137). A bid document usually contains a formal invitation, a full description of the destination, highlighting its attractions, access and communication details, a list of services provided by the convention and visitor bureau, details of hotel and other accommodation, and full details of the venue being proposed to stage the conference (Rogers, 2003:35). Once a bid document has been prepared, it is submitted to an international body which will then undertake a familiarisation tour of the country, facilities and people that support the bid. A decision will then be taken based on the type and size of the event and whether or not the region or country will be able to host the event or conference (Saayman, 2001:137).

- **Sales promotion**

Sales promotion is an activity or material that acts as an inducement to sale for potential or existing clients (Horner & Swarbrooke, 1996:208). Sales promotion is promotional activities other than advertising, publicity, personal selling and direct marketing that stimulate interest, trial or purchase by final consumers or others in the distribution channel (Nieman & Bennet, 2002:190). Sales promotion could include activities such as window displays or exhibitions (Holloway & Robinson, 1995:107).

- **Publicity**

Publicity involves the non-personal stimulation of demand for a product or service by making it available to the mass media as actual newsworthy information. In doing so, one obtains free and favourable coverage for one's product and service in relevant media (Nieman & Bennet, 2002:191). The marketing manager of a conference centre should establish a public relations mechanism through which publicity should be managed and controlled. An effective method should be developed to generate press releases and develop suitable relationships with editors involved in the media with their coverage (Horner & Swarbrooke, 1996:207).

- **Direct marketing**

Direct marketing includes the use of mail, telephone, fax, e-mail and other non-personal tools to communicate directly with specific clients. Direct marketing can also include

catalogues, direct mail, telemarketing, on-line marketing, fax mail and voice mail (Nieman & Bennet, 2002:191). Direct marketing overlaps with most other promotional tools because it involves directing one of these tools towards a target audience. For example, a direct marketing package for a conference centre might include sales promotion such as discounts for large delegate groups, a brochure, and advertisements in trade journals (George, 2001:244).

4.4 CONCLUSION

The aim of this chapter was to identify the key success factors regarding financial and marketing management in literature that is relevant for managing a conference centre. This aim was realised as follows:

Firstly, the core elements of financial management were identified.

Form of business organisation: Different forms of business organisation exist, of which the sole proprietorship, closed corporation, and company, are the most commonly used within the conference industry. Aspects such as taxation, profit-sharing, financing capacity, and liability and accountability should be considered when choosing a form of business organisation.

Sources of income/revenue: No conference centre could exist without income. Various sources of income were identified. These include: sale of service, mortgage bonds, fees, concessions, donations, sale of assets and equipment, and interest on investment.

Business plan: The business plan can assist a conference centre in identifying existing opportunities and determining its feasibility.

Budgeting: A budget plays an important role in financial planning and control aspects of a conference centre. It serves as a means by which policy can be carried out and co-ordination amongst departments can be established. The most commonly used budgets in conference centres are operating budgets, capital budgets, and programme budgets.

Financial control: Financial control involves setting standards, comparing actual performance with the standards, evaluating the differences, and taking corrective action. Break-even point analysis and financial statement analysis are important devices for performing financial control.

Secondly, the core elements of marketing management were identified.

Market research: The purpose of market research is to gather information on the activities and plans of competitors, changes in the macro environment, characteristics of the market, market potential, and tourism business trends. This can be done by following the market research process: define the decision, gather data, analyse data, and make the decision. Market research should lead to the identification of a target market and an understanding of its characteristics.

Market segmentation: Through market segmentation, groups of customers with the same needs are identified. A marketing mix will then be designed to meet these needs. Tourists can be subdivided in many different ways: demographic segmentation, socio-economic segmentation, geographic segmentation, psychological segmentation, and behavioural segmentation, purpose of travel, employing organisation, and job function. Market segmentation leads to the identification of a target market.

Target marketing: The process of deciding which markets to pursue, are referred to as target marketing. A target market is selected by considering which market offers the most potential.

Positioning: Through market positioning, a conference centre should aim to occupy and maintain a clear, distinctive, and desirable place relative to its competitors in the minds of the target market. Successful positioning relies on four factors, namely: clarity, credibility, consistency, and competitiveness. The marketing mix is adapted to suit the positioning strategy of a conference centre.

The marketing mix: The marketing mix consists of a set of controllable variables expressed as the four Ps – product, price, place, and promotion. These variables should be used in compiling a marketing strategy which will satisfy the needs of the target market.

- **Product** - The product that a conference centre offer should satisfy the needs of the target market. Therefore it is necessary to think of the product on four levels, namely: core product, facilitating product, supporting products, and augmented product. All products go through a definite life cycle. The stage in the product life cycle in which products or services are, plays a role in the marketing of the product or service and has implications when modifying products or services. There are five stages in the product life cycle, namely: introduction, growth, maturity, saturation, and decline.
- **Price / Rate** – Price represents what a business gets back in return for all the effort that is put into the manufacturing and marketing of the product or service. Consumers compare price to the level of satisfaction he/she will get if buying the product or service. Conference centres should decide on a price strategy. The price strategy can be cost-based, demand-based or competition-based.
- **Place** – Products and services must be made available when and where a customer wants it. This can be done by making a conference centre more accessible and by distributing information about its products and services. Distribution channels often used in the conference industry include: trade shows, destination venue guides, brochures, CD-ROMS, videos, and websites.
- **Promotion** – Promotion aims to convince potential clients of the benefits of purchasing or using the products and services of the specific conference centre. For this purpose, various communication mediums are available. These include: advertising, personal selling, publicity, direct marketing, and sales promotion.

For the purpose of this study, the above elements have been used in a questionnaire in order to determine whether they are key success factors in managing a conference centre.

CHAPTER 5

HUMAN RESOURCE MANAGEMENT AND MANAGEMENT OF OPERATIONAL ASPECTS

5.1 INTRODUCTION

The provision of a conference product is impossible without the necessary human resources, mainly because the conference product is in many respects service- and labour-intensive (Shone, 1998:118). When providing service to customers, the primary resource of a business is the people, workers or employees, and this is often an aspect that managers tend to neglect (Tanke, 2001:4). The quality of the conference product is largely dependent on service standards that staff can achieve (Shone, 1998:118). It is therefore necessary to employ people with adequate skills (Shone, 1998:123). This is often a difficult task, as tourism businesses are increasingly faced with better-educated and more sophisticated consumers. This leads to higher consumer expectations and tourism businesses must ensure that they provide a service, which satisfies these new consumer dynamics (Lee-Ross, 1999:3). While a lot of attention is focussed on building lavishing facilities with state of the art audio-visual (AV) technology, far less attention is being paid to selecting, training, and compensating employees who could provide service that is commensurate with the facilities (Hinkin & Tracey, 2003:27).

For the human resources management (HRM) function to be successful, managers in other functions must understand that carrying out human resource activities and programmes is strategically vital (Ivancevich, 2004:9). So is the function of managers and employees in giving attention to operational details (Van der Wagen, 2005:169). Operational details such as the provision of catering services, certain technical equipment, on-site accommodation, and safety and security of conference delegates are regarded as important the enhancement of a conference centre's competitiveness (Crouch & Louviere, 2004:127).

In order for a conference centre to be successful, it has to engage in both human resource management and in the management of operational details. Therefore, the purpose of this chapter will be to identify the key success factors regarding human resource management

and operational aspects in the literature that is relevant for managing a conference centre. This will be done by firstly identifying and explaining the elements of human resource management, and secondly by identifying and explaining operational aspects. At the end of the chapter a conclusion will follow.

5.2 THE ELEMENTS OF HUMAN RESOURCE MANAGEMENT

In an attempt to define the concept of HRM, definitions by researchers like Nieman and Bennet (2003:257); Tanke (2001:4); Critten (1994:11); Redman and Wilkinson (2001:8); Price (2004:32), and Saayman (2002:187), have been studied. The following definition was derived: HRM is the management function that is responsible for recruiting and appointing people with suitable skills and managing these people in such a way that they will contribute to the success of the conference centre by achieving strategic organisational goals.

HRM thus has two important aspects, namely (Marx, 2000:326):

- **Human resource provision:** Human resource planning, job analysis, recruitment, selection, and placement.
- **Human resource maintenance:** Training and development, legislation, remuneration, fringe benefits, motivation, job design, and human resources administration.

For the purpose of this study, human resource planning, recruitment, selection, labour legislation, training, and performance evaluation will be described. These are aspects that are included in the questionnaire and it is accepted that these are the core elements in human resource management (Tanke, 2001:194; Van der Westhuizen, 2003:123).

5.2.1 HUMAN RESOURCE PLANNING

Human resource planning is the systematic forecasting of an establishment's future demand for and supply of labour. Its purpose is to ensure that the right workers will be available in the right numbers, at the right places and at the right time when they are required, in order that organisation's objectives can be achieved (Marx, 2000:326).

The **organisational structure** of a business influences human resource planning, as it determines the staffing needs of a business. The organisational structure of conference centres varies considerable from one centre to the next and no two will be alike. The organisational framework of a conference centre forms the structure within which the various activities and services are provided. These services comprise conference rooms and meeting services; food and drink services; presentation and technical services; and support and ancillary services. In addition to this, the conference centre will also have different departments, such as a sales department and a facilities department, to perform certain important functions (Shone, 1998:117).

5.2.2 RECRUITMENT

Employee recruitment is the process by which applicants are sought and screened to fill positions that are open. The process involves announcing or advertising job vacancies through proper sources and interviewing and evaluating applicants to determine the best person for the job (Kasavana & Brooks, 1998:427). The aim of recruitment is to attract qualified job candidates (Gómez-Mejía, Balkin & Cardy, 2004:163). Qualified applicants should be attracted for applicants that are unqualified for the job is a costly waste of time and does not add to the value of the conference centre (Nieman & Bennet, 2002:261). Researchers like Rogers (2003:194) and Swarbrooke and Horner (2001:115) have identified a range of jobs in the conference industry to establish the skills that are required. These skills include the following:

- Interpersonal skills;
- communication skills;
- attention to detail;
- the ability to work under pressure; and

- analytical skills.

Given to the changing nature of conference tourism, there are clearly two other sets of skills that will become increasingly important (Swarbrooke & Horner, 2001:115):

The ability to speak foreign languages – As globalisation develops more conference tourism events and individual business trips will take place across national and cultural boundaries. The demand may be for people who can speak the language of the growing markets such as Russia, China, and India.

Technology skills – The industry is dependent on different types of technologies. It therefore requires staff skilled in the use of technologies such as video and satellite conferencing, audio-visual equipment, internet marketing, computer reservation systems and global distribution systems.

Due to the youthfulness and fragmented nature of the conference industry, there is still a lack of conference industry-specific courses (Shone, 1998:124; Swarbrooke & Horner, 2001:116). In order to recruit, for instance, a junior conference sales co-ordinator, the most likely educational source would be vocational courses in the hospitality and catering field. Other potential sources of vocationally educated people are the travel and tourism fields and business studies (Shone, 1998:124). According to Rogers (2003:208), previous experience in sales and marketing, secretarial work, financial management, local government administration and training fields could also be potential recruitment sources, depending on the position being considered.

The recruitment process is a sales activity where the job candidate is the customer to whom a job is being sold (Gómez-Mejía *et al.*, 2004:163).

5.2.3 SELECTION

Selection can be described as the process in which the most suitable individual from a group of applicants is selected by obtaining and using information about the job applicants to determine who should be hired for a specific position (Nieman & Bennet, 2002:262).

The selection process involves several different screening methods. Screening can be defined as a method that allows you to make the best selection from the pool available job applicants, while at the same time maintaining compliance with the legal restrictions and requirements (Tanke, 2001:120).

5.2.4 LEGISLATION

The legislation of a country is an external factor that influences a conference centre and the management of human resources. In South Africa there are a number of acts that have been developed to regulate employment relationships (Nieman & Bennet, 2002:272). These acts include the following (Nieman & Bennet, 2002:272):

- **Unemployment Insurance Act, No. 63 of 2001**

The manager of the conference centre should register with the Unemployment Insurance Fund. This act is applicable to all employers as well as employees. A fund has been established by the government for the unemployed employee. The unemployed is entitled to unemployment benefits for any period of unemployment lasting more than 14 days in cases where the contract is terminated or where the employer or employee is declared insolvent (Act 63 of 2001; Van der Westhuizen, 2003:124).

The Fund must be used for the payment of benefits in terms of the following (Act 63 of 2001; Van der Westhuizen, 2003:124):

- Unemployment benefits;
- illness benefits;
- maternity benefits;
- adoption benefits; and
- dependants benefits.

- **Occupational Health and Safety Act, No.85 of 1993**

This Act aims to provide for the health and safety of all persons at work (Act 85 of 1993). Every employer should provide and maintain a working environment that is safe and without risk to health of his employees (Act 85 of 1993).

- **Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993**

The manager of a conference centre should register with the commissioner in terms of the compensation for occupational injuries and diseases. If the employer suffers occupational injury or an occupational disease he/she will receive the benefits of this act (Act No. 130 of 1993; Van der Westhuizen, 2003:126).

- **Labour Relations Act, No. 66 of 1995**

The purpose of the Act is to advance economic development, social justice, labour peace and democracy in the workplace. The primary objectives of the act are to realise and regulate the fundamental rights of workers and employers in the Constitution (Act No. 66 of 1995). The Labour Relations Act is applicable to relationships between employers and employees (Act 66 of 1995; Nieman & Bennet, 2002:272).

- **Basic Conditions of Employment Act, No. 75 of 1997**

The main purpose of this Act is to promote economic development and social justice by establishing and enforcing basic conditions of employment (Act 75 of 1997; Nieman & Bennet, 2002:273). The two primary objectives of the Act are (Act 75 of 1997; Nieman & Bennet, 2002:273):

- To ensure that working conditions of unorganised employees meet the minimum standards that are socially acceptable in relation to the level of development of the country; and

- to remove inefficiencies from the regulation of minimum conditions of employment and to promote flexibility.
- **Employment Equity Act, No.55 of 1998**

This Act aims to achieve equity in the workplace. It prohibits anti-discriminatory measures and promotes a diverse workforce that is representative of South Africa's demographics. Equity in the workplace is enhanced by promoting equal opportunity and fair treatment by eliminating unfair discrimination. This Act states that affirmative action measures should be used to redress the disadvantages in employment experienced by blacks, women and the disabled (Act 55 of 1998; Nieman & Bennet, 2002:273).

- **Skills Development Act, No. 97 of 1998**

As a result of poor education for the majority of South Africans, South Africa has a poor skills profile. Adequate skills of employees are necessary to ensure economic growth. The government has realised this need and has developed this Act (Act 97 of 1998; Nieman & Bennet, 2002:273).

- **Skills Development Levies Act, No. 9 of 1999**

This Act regulates the collection and distribution of levies for training purposes. Certain employers do not have to pay levies, for example public service employers. The South African Revenue Services (SARS) is the national collection agency (Act 9 of 1999; Nieman & Bennet, 2002:274).

5.2.5 TRAINING

Training is a systematic process through which employees gain knowledge and develop skills by instruction and practical activities that result in improved performance (Tanke, 2001:167). Through training, individuals acquire the necessary skills and competencies to effectively perform certain activities (Saayman, 2002:223). Good training is to the benefit

of the whole conference centre. Training reduces tension, turnover and costs and improves the product, service and customer count (Miller, Walker & Drummond, 2002:225).

The most important aim of training is to help the conference centre to meet its organisational objectives by increasing the value of its major resource, namely its employees. Stredwick (2001:315) indicated three specific training objectives, namely to:

:

- Develop competencies of employees and improve their performance;
- help employees grow within the organisation in order for future needs to be met from within the organisation; and
- reduce the learning time for employees starting in new jobs.

Two types of training can be distinguished in the conference industry, namely: on-the-job-training and educational training by colleges and universities (Shone, 1998:124):

On-the-job-training: Staff and managers can be developed in-house by experience or by the venue providing some form of basic training. In the case of relatively unskilled jobs such as banqueting porters, these have tended to be based on recruiting a person with satisfactory potential and good social skills that could learn the job by experience through working with other existing banqueting porters. This method is often backed up by additional short-course training in addition to fundamental activities such as induction and fire training. It is still possible for a member of staff to work his/her way up through an organisation to management level by experience over a period of time.

Educational training: Larger organisations often recruit from colleges or universities that run appropriate courses and then tend to add their own programme of experience or experience linked to a company training course to develop managers with a specific knowledge of their company. It is, however, a fact that conference tourism has not yet developed an integrated manner of provision of training and education due to the young and fragmented nature of the industry. This situation is changing, as educational institutions and professional associations begin to develop courses (Swarbrooke & Horner, 2001:116; Rogers, 2003:225).

5.2.6 PERFORMANCE EVALUATION

The term “performance evaluation” refers to a periodic review and assessment of each employee’s performance during a given period. The assessment is recorded and is then discussed with the employee in an interview (Miller *et al.*, 2002:261). The purpose of performance evaluation is to collect reliable and valid information in connection with the achievement of the employee (Saayman, 2002:231). The optimum work performance should be encouraged by either reinforcing good performance or confronting and redirecting poor performance (Miller *et al.*, 2002:283). Performance evaluation should not be seen as a management instrument to discipline employees, but should be linked to competitive advantage (Nieman & Bennet, 2002:266). The performance evaluation process consists of the following aspects (Nieman & Bennet, 2002:26):

- Setting work standards;
- assessing the employee’s actual work performance relative to set standards; and
- providing feedback to employees with the aim of encouraging performance that is better than the set standard.

The effective management of human performance in organisations requires more than formal reporting and annual ratings. A complete appraisal process includes informal day-to-day interaction between managers and workers as well as formal face-to-face interviews (Gómez-Mejía *et al.*, 2004:240).

5.3 OPERATIONAL ASPECTS

There are many operational details that need to be considered by a venue that hosts conferences and events (Van der Wagen, 2005:169). For the purpose of this study, the following elements will be discussed, as these aspects are included in the questionnaire and it is accepted that these are the core operational elements (Shone, 1998:65-109).

These elements are:

- Design aspects of conference and meeting areas;
- provision of catering services;
- technical facilities; and

- registration and support activities.

5.3.1 DESIGN ASPECTS OF CONFERENCE AND MEETING AREAS

Certain design aspects could contribute to the success of conferences (Shone, 1998:69). According to Craven and Golabowski (2001:147), the set-up of meeting rooms could make the difference between a successful meeting and a less memorable one. Design aspects such as accessibility, convenience, comfort and attributes of the venue are major considerations in the planning process of a conference (Tassiopoulos, 2000:378). Therefore, the following aspects need careful consideration (Shone, 1998:69; Craven & Golabowski, 2001:147; Swarbrooke & Horner, 2001:62):

Access – The venue should be easy accessible therefore the following aspects should be considered (Shone, 1998:69; Wolf & Wolf, 2005:53):

- How do delegates generally arrive at the venue?
- Is access easy?
- Is it easy to find?
- Is it clearly evident by its design, by its sign-posting, by its lightning?
- Is the parking area adequate, clean and safe?
- Are there emergency routes available?
- Are there public and service routes?
- What routes are suitable for disabled?

Layout – The layout should facilitate networking (Shone, 1998:69). The range of conference room layout includes the following (Craven & Golabowski, 2001:148; Rogers, 2003:157):

- Classroom;
- theatre;
- chevron or herringbone;
- conference;

- t-shape;
- u-shape;
- hollow square;
- crescent;
- banquet rounds; and
- reception.

The size and purpose of a conference will determine the layout to be used. For example, theatre-style seating is most suitable for large numbers of delegates. A classroom-style allows delegates to spread papers and take notes but is not suitable for large meetings. The boardroom-style is ideal for meetings involving discussion and decision taking and is suitable for groups up to 30 people. The U-shaped layout is suitable for small training meetings that involve discussion between delegates or where an intimate atmosphere is needed (Swarbrooke & Horner, 2001:194).

Ambience – Conference organisers are usually in favour of a pleasant location, free from distractions. In cases where there are issues of corporate image, this would be of considerable importance. This might lead to conference centre managers opting for relatively plain interiors so as not to distract delegates, while trying to create a unique venue that can be differentiated from other venues (Shone, 1998:70). The following are some of the most important aspects to consider (Shone, 1998:70; Wolf & Wolf, 2005:80-92):

- Interior décor;
- colour;
- lighting;
- warmth;
- choice of furniture;
- linen;
- flowers;
- table elements; and
- fixtures and fittings.

Lighting - Conference rooms usually depend on artificial lighting. Lighting should be sufficiently flexible for a range of conference tasks. It has to satisfy both background light requirements and the task-lighting needed for particular issues such as lighting up a speaker and being adjustable to allow for technical presentations (Shone, 1998:70; Wolf & Wolf, 2005:89).

Air-conditioning – This mainly concerns providing conference rooms that is equipped with air-conditioning in order for temperature to be regulated (Shone, 1998:70). Air-conditioning problems should be avoided. It is difficult to concentrate if it is too hot or too cold, it could influence the success of a conference (Saayman & Slabbert, 2001:92).

Noise - Conference venue managers should take care when scheduling to try to avoid noise. Care should be taken not to equip conference rooms with a noisy heating and air-conditioning system (Shone, 1998:72; Rogers, 2003:158).

Safety and security - It is important that delegates are at ease in conference venues. Therefore, security is required for premises, equipment, cash and other valuables (Van der Wagen, 2005:267).

Accommodation - Conference venues are significantly more attractive when conference delegates are able to stay in an integrated/accommodation facility (Crouch & Louviere, 2004:127). Important issues regarding accommodation facilities include (Swarbrooke & Horner, 2001:169):

- Grade and classification of accommodation;
- standard prices of rooms; and
- amount of accommodation available.

5.3.2 PROVISION OF CATERING SERVICES

There are two main methods of provision in terms of catering services: in-house and contracted or out-sourced (Shone, 1998:80).

- **In-house provision** is done by the organisation itself as part of its core operation. This is usually how hotels operate.
- **Contracted catering:** is when catering is out-sourced to a specialist organisation. Outsourced catering of this kind is common in purpose-built conference venues, municipal venues, some educational establishments and some specialist venues.

The thoughtful and well-planned provision of catering services at conferences is essential for the high standard of the delegates' experience (Shone, 1998:89). Offering exciting meals can be very challenging (Tassiopoulos, 2000:382). The type of meeting or event will determine the catering. The food choices that are made will be influenced by many interacting factors. For most persons, food must be palatable or have appetite appeal (Tassiopoulos, 2000:292). The main issue regarding catering is menu composition.

5.3.2.1 Menu composition

Food is an integral part of any conference. The range of services available is usually built around five main refreshment opportunities, namely: breakfast, morning coffee, lunch, afternoon tea and dinner (Shone, 1998:78; Craven & Golabowski, 2001:189).

When compiling a menu for a conference, the catering manager is faced with decisions such as whether to use a standardised menu or an *a la carte* menu (Shone, 1998:78). Decisions such as this need careful planning and should be determined by considering the needs of the client (Van der Wagen, 2005:313). It is thus necessary for the catering manager of a conference centre to gather information from the client regarding the following (Tassiopoulos, 2000:293):

- **Estimated attendance:** An accurate number is necessary before pricing.

- **Meal service requirements:** It should be determined whether the meals will be sit-down or buffet style.
- **Ceremonies performed during meals** include speeches and prize-givings. Special announcements during meal service should co-ordinated.
- **Religious meal requests:** Kosher meals have to be bought in; while provision has to be made for other religious requisitions.
- **Special diets:** The caterers have to be informed of allergies and illnesses.
- **The client's budget** will determine the exclusiveness of the meals.

5.3.3 TECHNICAL FACILITIES

Because technology is ever-changing, communication with conference delegates should also keep up with the times (Craven & Golabowski, 2001:199). The availability of on-site audio-visual equipment is of great importance for conference venues seeking to compete for a share of the convention market (Crouch & Louviere, 2004:128). The technical services that conference venues must provide are becoming increasingly sophisticated, so much so that conference venue managers are choosing to outsource the hi-tech needs of organisers and speakers to conference production companies. This is especially the case with larger and more important conferences (Shone, 1998:9; Craven & Golabowski, 2001:200).

The basic equipment that should be available in the conference room includes the following (Craven & Golabowski, 2001:199; Shone, 1998:94; Tassiopoulos, 2000:382):

- Public address system with back-up;
- microphones;
- projection screens;
- overhead projection;
- slide projectors;
- flip-charts and
- VCR and monitor.

5.3.4 REGISTRATION AND SUPPORT ACTIVITIES

The main concern for the conference venue manager is to ensure that everything expected takes place at the right time and in the right place. According to Shone (1998:104), this includes a variety of aspects. These aspects have been identified below.

5.3.4.1 Correspondence checks and pre-conference meetings

After a booking for a conference has been made, the sales co-ordinator and floor manager of a conference centre should perform certain tasks. These tasks may include the following (Shone, 1998:105):

- Review the details of the event.
- Prepare the function list.
- Contact the conference organiser to ensure that everything is in place.
- Schedule a pre-conference meeting with the conference organiser.

These checks of arrangements between co-ordinator and organiser are made to deal with any final requests or changes to the booked details and to sort out last-minute problems (Shone, 1998:105).

5.3.4.2 The organisers' office

The main consideration here is whether to provide the conference organiser with his/her own office for the running of the conference (Shone, 1998:105; Shone & Parry, 2004:182; Craven & Golabowski, 2001:222). According to Shone (1998:105), whether or not to provide the conference organiser with his/her own office is a matter of considerable importance. Without his/her own office, the venue staff at a large event would be inundated with enquiries with which they may not be able to deal directly, or find the organiser in time to deal with them. Some conference venue managers, however, may argue that providing the conference organiser with his/her own office is not an essential, unless requested by the conference organiser.

5.3.4.3 Setting up and security

This aspect involves considerations such as (Shone, 1998:106; Van der Wagen, 2005:268):

- Providing security through the police service or other security companies;
- determining the number of trained staff required for the security role;
- performing security checks for political and other important conferences;
- setting up security devices such as metal detectors and video surveillance;
- displaying a floor plan indicating where what is going to take place; and
- organising special passes for staff for running of the conference.

5.3.4.4 Rehearsal

Rehearsals offer the opportunity for all involved to integrate their efforts – everyone from the stage manager to the technical support staff. A technical run-through allows the staff to test the set-up and ensure that all elements work satisfactory (Van der Wagen, 2005:211).

Rehearsals mainly include (Shone, 1998:106; Shone & Parry, 2004:186):

- Rehearsal with the sound equipment and presentation system;
- practising by speakers;
- timing arrangements;
- briefing meeters and greeters at the conference; and
- briefings for casual and specialist staff, including issues such as location of restrooms, organiser's office, refreshment areas, delegates check-in and how to handle the important guests, what to do in case of emergency, nature of alarm system, emergency exits, assembly points, and location of medical centre.

5.3.4.5 Meeting-room checks

The floor manager at a conference should carry out some last-minute quality-control activities. This includes aspects such as (Shone, 1998:107):

- Meeting with the conference organiser on arrival;
- ensuring that the meeting room is clean and correctly laid out; and
- ensuring it that the restrooms and delegate reception area are clean and tidy.

For this purpose, a checklist could be used. Table 5.1 is an example of such a checklist.

Table 5.1: Last-minute quality control checklist

LAST-MINUTE QUALITY CONTROL	PERSON RESPONSIBLE	COMPLETED
Arrange tables and chairs in all rooms		
Arrange platform for main table		
Arrange seating at main table		
Arrange table for tape recording		
Put table cloths on tables		
Put water bottles and glasses on tables		
Put peppermints on tables		
Arrange presenters' platform		
Put lecterns in place		
Check lighting on lecterns		
Install white/blackboards/chalk- boards		
Put dusters and pencils/chalk at boards		
Install flip-chart		
Arrange tables for registration		
Arrange table for flowers		
Arrange table for literature		
Arrange bulletin board for messages		
Affix all necessary posters		
Liaise with exhibitors		

Ensure that there are supplies are at all sale points		
Install photocopier		
Install computer		
Check first aid, telephones, messenger service		
Check that needs of handicapped are being met		
Liaise with security		
Provide assistance with audio-visual equipment		
Ensure that all facilities are clean and tidy		
Ensure that there are no intercom announcements during lectures		

(Source: Saayman & Slabbert, 2001:47)

5.3.4.6 Welcoming delegates

A delegate reception area should be ready for use prior to the starting time. This aspect mainly involves aspects such as the following (Shone, 1998:107; Shone & Parry, 2004:186; Tassiopoulos, 2000:283):

- A list of delegates expected and badges should have been made up prior the event.
- Delegates should be welcomed in a friendly manner.
- There should be an information desk where delegates can sort out their queries.
- There should be adequate signage to different sections of the conference centre. At large conferences the conference organiser and check-in staff should direct delegates to the right conference.
- A finance section, tours and airline desk, luggage storage and general office facilities should be made available, depending on the nature of the conference.

5.3.4.7 During the conference

During the conference, the floor manager would generally leave the conference for it to proceed. The most important issue for conference organisers and floor managers is to ensure that there is good communication between them for the duration of the conference. This would enable them to be able to handle problems as they arise (Shone, 1998:108). Staff on the day shift have to be flexible and prepared to work long hours (Swarbrooke & Horner, 2001:185).

Something could always go wrong during a conference. According to Swarbrooke and Horner (2001:185), some of the commonest problems include:

- Keynote speakers that are unable to attend because of illness or travel problems;
- participants that are seriously delayed or unable to attend at all due to transport difficulties or bad weather;
- overbooked hotels;
- fire alarms and bomb threats; and
- failures of audio-visual equipment.

All these risks are foreseeable and the organiser should have contingency plans in place to implement as problems arise. This might involve having an alternative schedule in reserve, or a suitable additional set of audio-visual equipment available. Risk assessment will also lead to taking out appropriate insurance cover for an event (Swarbrooke & Horner, 2001:185; Rogers, 2003:148).

5.3.4.8 Closing down

There are a number of tasks to be completed after the event is over and the participants have all gone home. These tasks include (Swarbrooke & Horner, 2001:186):

- Reviewing how the event went;
- paying all the bills;
- getting outstanding payments from participants; and
- sending “thank you” letters to participants.

Generating feedback on how successful the conference has been, is of considerable importance (Shone, 1998:109). This can be done by using a combination of the following methods (Shone, 1998:111; Van der Wagen, 2005:339; Swarbrooke & Homer, 2001:186).

- Verbal feedback is usually obtained as conference delegates leave the conference centre. Attendees will always have complaints, because nothing is perfect. It is therefore important to decide on a plan to handle various attendee complaints.
- Send out a questionnaire. Questions included in the questionnaire might include:
 - How would you rate the efficiency of the organiser of the conference?
 - How could the conference be improved for future years?
 - How likely is your organisation to attend this conference next year?
- Conduct interviews with staff members and stakeholders.
- Use focus groups to evaluate the success of the conference.
- Use audited financial records and a number of planning and other documents as part of post-conference analysis.

5.4 CONCLUSION

The aim of this chapter was to identify the key success factors regarding the management of human resources and operational aspects that is relevant for managing a conference centre in South Africa. This aim was realised as follows:

Firstly, the core elements of human resource management were identified.

Human resource planning: Human resource planning is a process through which a conference centre determines its future demand for a supply of labour. The organisational structure of the conference centre plays a significant part in planning its staffing needs.

Recruitment: The process of recruitment involves announcing or advertising through proper sources and interviewing and evaluating applicants to determine the best person for the job. It is important to recruit persons with the right combination of skills. The most important skills for people working in the conference industry include interpersonal skills, communication skills, attention to detail, analytical skills, ability to work under pressure, ability to speak foreign languages, and technical skills.

Selection: Selection is the process by which the most suitable candidate from a group of applicants is selected by making use of different screening methods.

Legislation: A number of statutes have been developed to regulate employment relationships. These include the Unemployment Insurance Act, No. 63 of 2001; Occupational Health and Safety Act, No. 85 of 1993; Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993; Labour Relations Act, No. 66 of 1995; Basic Conditions of Employment Act, 75 of 1997; Employment Equity Act, No. 55 of 1998; Skills Development Act, no. 97 of 1998; and Skills Development Levies Act, No. 9 of 1999.

Training: The purpose of training is to help individuals to acquire the necessary skills and competencies to effectively perform certain activities in order to meet organisational objectives.

Performance evaluation: The purpose of performance evaluation is to evaluate the performance of employees by gathering reliable and valid information regarding the achievements of employees. This process includes formal reporting, annual ratings, day-to-day interactions between managers and workers as well as face-to-face interviews.

Secondly, the core operational aspects were identified:

Design aspects of conference and meeting areas: The most important aspects regarding the design of conference centres include access, layout, ambience, lighting, air-conditioning, noise, safety and security, and accommodation.

Provision of catering services: One of the main issues regarding the provision of catering services is whether to provide in-house catering or to out-source the catering. Menu composition is an integral part when hosting conferences. Before a menu can be compiled, the catering manager has to gather client information regarding estimated attendance, meal service requirements, ceremonies performed during meals, religious meal requests, special diets, and budget.

Technical facilities: Technology plays an integral part in hosting conferences. Technology is changing and becoming more advanced and therefore often outsourced to conference production companies. Equipment that should be available in conference rooms includes microphones, projection screens, slide projectors, and flip-charts.

Registration and support activities: In order for everything to go as planned on the day of the conference, a variety of aspects need to be considered. These include: correspondence checks and pre-conference meetings, the organiser's office, setting up and security, rehearsal, meeting-room checks, welcoming the delegates, aspects during the conference, and the close-down of the conference.

For the purpose of this study, the above elements have been used in a questionnaire in order to determine whether they are key success factors in managing a conference centre.

CHAPTER 6
EMPIRICAL RESEARCH

6.1 INTRODUCTION

A questionnaire was used to firstly gather general information regarding the respondents included in the study population and secondly to determine the level of importance of various aspects in the management of a conference centre that were derived from the literature study. The following Likert scale was used to measure the importance that the respondents allocated to each of the questions:

IMPORTANCE	DESCRIPTION
1	No extent
2	To an extent
3	Important
4	Very important

A total of 250 questionnaires were sent out and 100 questionnaires were received back, indicating a 40% return rate. The questionnaire listed 70 aspects. These aspects can be divided into five categories, namely: strategic management, financial management, marketing management, human resource management and management of operational aspects. In this chapter, the aspects listed in the questionnaire will be discussed under these categories.

The purpose of this chapter is thus to reflect the results of the questionnaire. This will be done by firstly indicating and explaining the results of the questionnaire in graph and tabular form and secondly by submitting a factor analysis and explaining its results. Thirdly, a T-test will be performed to determine the difference in importance of key success factors between large and small conference centres and lastly, the average importance of key success factors for different provinces will be compared.

6.2 RESULTS OF THE QUESTIONNAIRE

In this section the results of the questionnaire will be discussed. Firstly, the responses on section A of the questionnaire will be interpreted and secondly, the responses on section B of the questionnaire will be explained.

6.2.1 SECTION A: GENERAL INFORMATION

The general information was researched to give the researcher insight into different responses at certain items.

6.2.2.1 Province

The aim of this question was to determine in which province most of the respondents were situated.

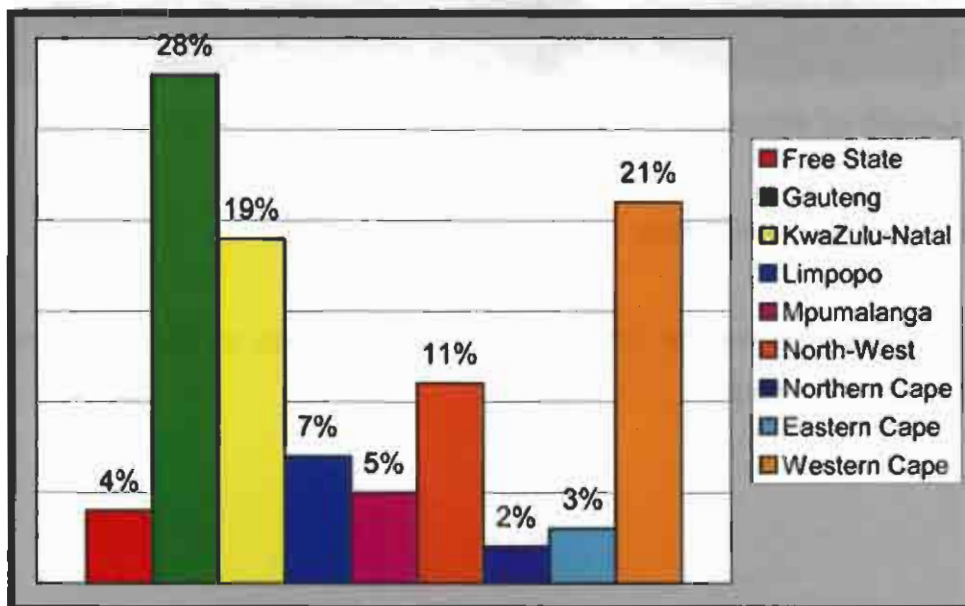


Figure 6.1: Province

According to Figure 6.1, 28% of respondents are situated in Gauteng, 21% are situated in the Western Cape, and 19% are situated in KwaZulu-Natal. Only 2% are situated in the Northern Cape. It is thus clear that most of the conference centres included in the study population are situated in Gauteng.

6.2.2.2 Length of existence

Figure 6.2 indicates that conference centres included in the study population are between 2 months and 50 years old. A total of 82 of 100 respondents completed this question. The average length of existence was calculated as being 10 years.

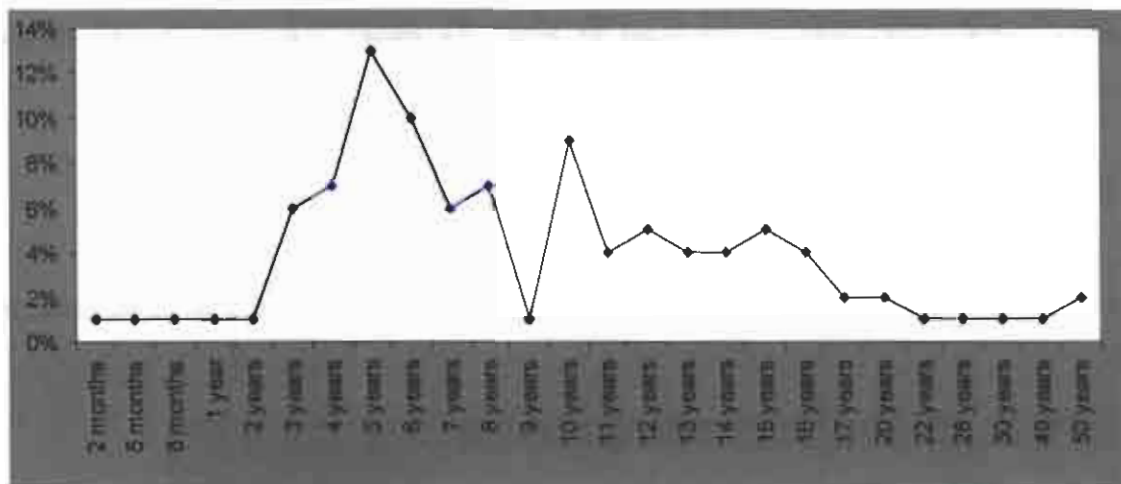


Figure 6.2: Length of existence

6.2.2.3 Type of conference centre

The aim of this question was to determine the type of each of the conference centres included in the study population.

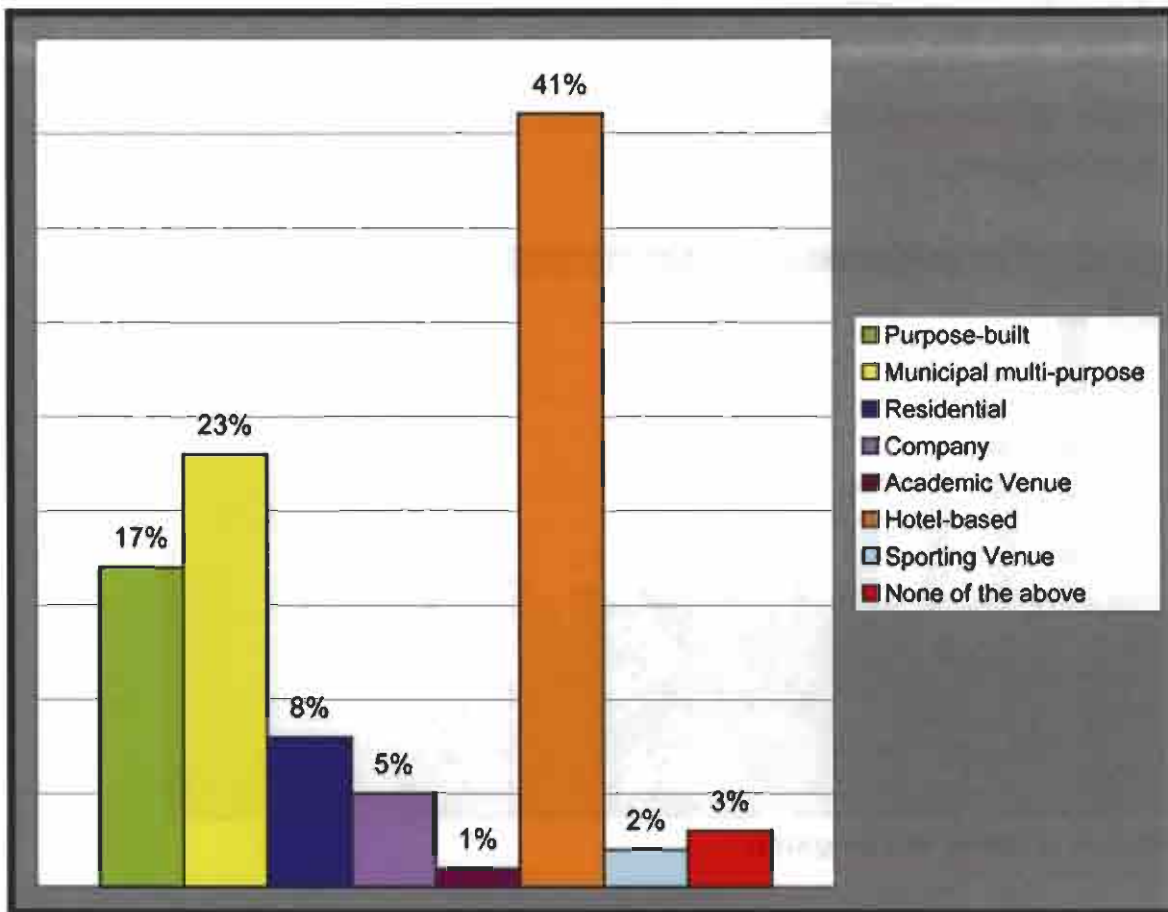


Figure 6.3: Type of conference centre

According to Figure 6.3, it was found that 41% are hotel-based conference centres, 23% are municipal multi-purpose conference centres, and 17% are purpose-built conference centres. Only 1% of the respondents indicated that they fall under the category of academic venues, while 2% indicated they fall under the category of sporting venues. Some 3% indicated that they do not fall under any of the categories mentioned. As it was not requested from these respondents to specify a category, one might conclude that these are conference centres that offer conference facilities at gardens (Botanical Gardens), cultural venues (museums), entertainment venues (theatres) or country houses.

6.2.2.4 Number of delegates

The number of delegates that can be accommodated by these conference centres are indicated in Figure 6.4.

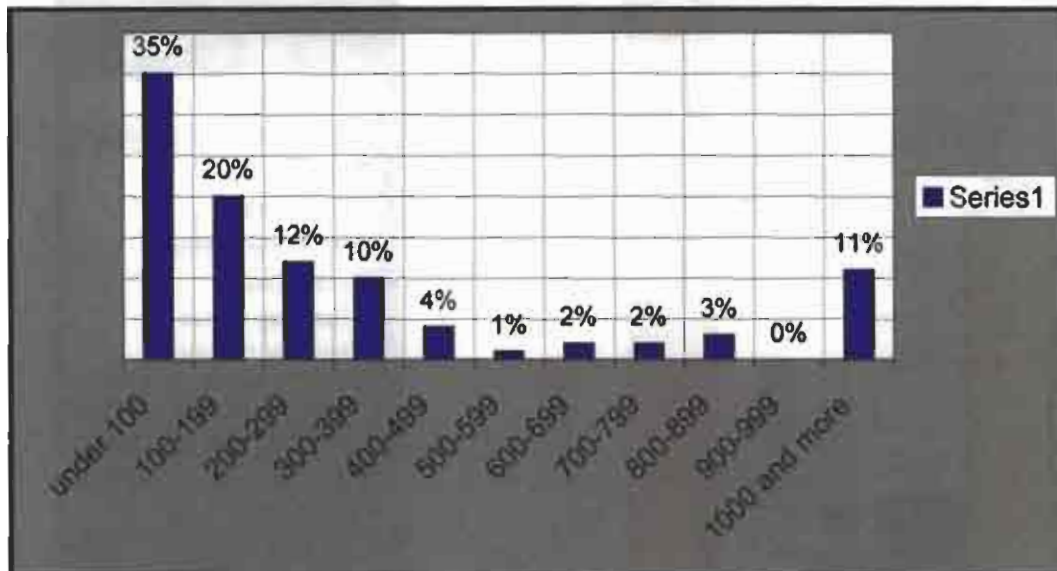


Figure 6.4: Number of delegates

The number of delegates as indicated by respondents was divided into categories as can be seen in Figure 6.4. The average number of delegates that can be accommodated by the conference centres included in the study population are 313 delegates.

6.2.2.5 Target market

The respondents indicated the target markets as shown in Figure 6.5.

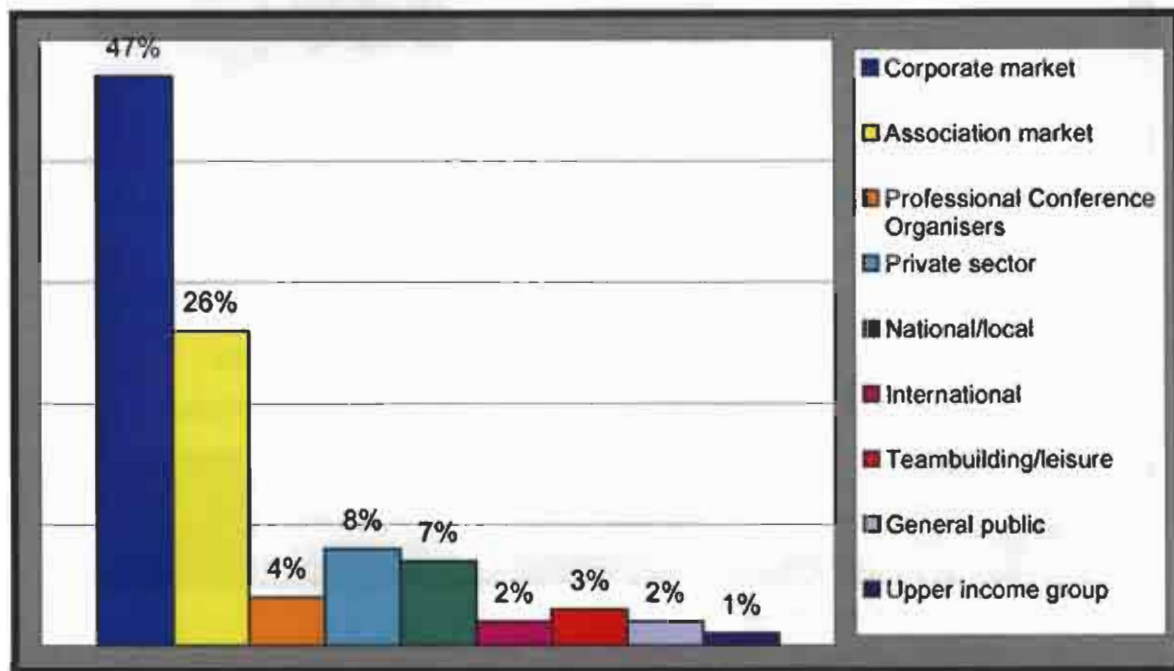


Figure 6.5: Target markets

According to Figure 6.5, 47% of the respondents indicated that they mainly target the corporate market, while 26% indicated that they target the association market. Only 4% of the respondents indicated that their main target market is professional conference organisers (PCOs). One might thus argue that these conference centres will market the conference centre to professional conference organiser associations who will then themselves determine for what groups and conferences the conference centre is suitable.

The literature study indicates that the corporate market includes businesses in various industry sectors such as pharmaceutical and finance. The association market includes associations such as public associations, military associations, government, and political parties. Figure 6.5 indicates that most conference centres target the corporate market and association market. These markets have been broken up according to the response of the study population and are indicated in figures 6.6 and 6.7.

Figure 6.6 shows the various sectors of the corporate market as indicated by the respondents.

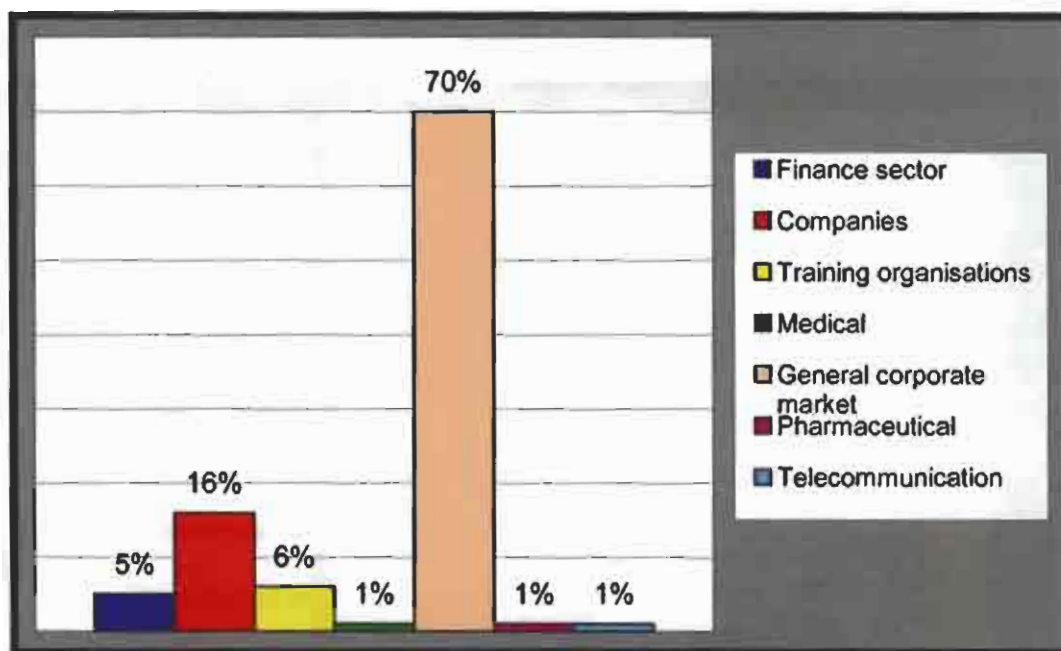


Figure 6.6: Corporate market

Some 70% of respondents indicated that they target the corporate market and 16% indicated that they target companies. These respondents did not specify any industry sectors. It could therefore be argued that they target the corporate market in general, which includes sectors such as finance, pharmaceutical, medical, insurance, computing and electronics. Only 14% of the respondents specified certain industries. These industries include training (6%), finance (5%), medical (1%), pharmaceutical (1%), and telecommunication (1%).

Figure 6.7 shows the various associations of the association market as indicated by the respondents.

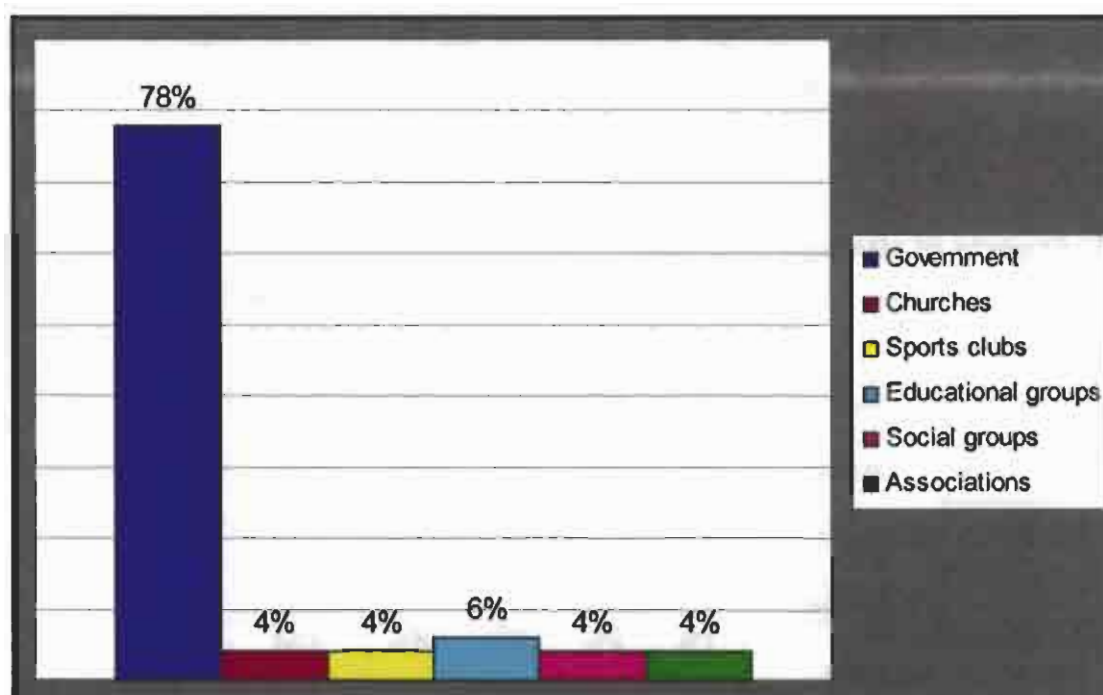


Figure 6.7: Association market

Some 78% indicated that they target the government. Other specified target markets include educational groups (6%), churches (4%), sports clubs (4%), and social groups (4%). Some 4% of the respondents did not specify the associations that they target. It could therefore be argued that they target the association market in general, which includes associations such as political parties, religious associations, trade unions and charities.

6.2.2 SECTION B: KEY SUCCESS FACTORS

Section B of the questionnaire addressed various aspects of importance in managing a conference centre as was identified through a literature study (see chapters 3, 4 and 5). The results of section B of the questionnaire will be discussed in this section. The results have been converted to percentages in order to make the interpretation thereof easier.

6.2.2.1 Strategic planning

Strategic planning is considered to be an important aspect for any business to ensure its long-term success. Certain aspects regarding strategic planning have been identified as

being important in order to manage a conference centre. These aspects have been included in the questionnaire in order to determine the extent of its importance. The results are indicated in Table 6.1.

Table 6.1: Aspects of strategic planning

ITEM NUMBER	ITEM	1	2	3	4	MEANS	% IMPOR-TANCE
B1	Formulate a vision statement	7%	16%	31%	46%	3.16	79%
B2	Formulate a mission statement	5%	18%	30%	47%	3.19	79.75%
B3	Develop a business philosophy	2%	11%	35%	52%	3.37	84.25%
B4	Apply a code of ethics	1%	3%	24%	72%	3.66	91.5%
B5	Evaluate business strategies regularly	1%	2%	29%	68%	3.64	91%
B9	Keep track of changes in the economy	1%	7%	37%	55%	3.46	86.5%
B10	Keep track of changes in technology	0%	5%	34%	61%	3.46	86.5%
B11	Identify and keep track of competitors	0%	7%	22%	71%	3.63	90.75%
B12	Take note of changes in the political environment	2%	23%	33%	42%	3.14	78.5%
B13	Be aware of changes in the demographics of South Africa	1%	23%	40%	36%	3.11	77.75%
B14	Take note of changes in the climate	12%	39%	15%	15%	2.52	63%

All respondents regard 10 items as important to very important. Items B4 (apply a code of ethics) and B5 (evaluate business strategies regularly) received the highest responses. These items received responses of 91,5% (B4) and 91% (B5). The reason for the high response from the study population concerning item B4 might be due to the fact that having good relationships with other people such as co-workers and clients are important in the conference industry. Therefore, conference centre managers will regard applying a code of ethics as very important, as such a code would provide employees with a guideline for behaviour in dealings with others. The reason for the high response from the study population concerning item B5 may be the fact that effectiveness of implementation

determines the success or failure of any given strategy. Therefore, business strategies should be evaluated regularly in order to ensure that they are implemented thoroughly as well as to monitor their effectiveness. Item B14 received the lowest response (63%). The reason for this low response might be that a change in climate would not have a huge effect on the management of a conference centre. Conference centres are not dependent on climate in order to operate as activities take place mostly indoors. However, those conference centres that offer outdoor team-building facilities as part of the conference package may be more likely to take note of changes in climate. These could have an influence on whether or not certain activities will take place and on the type of activities.

6.2.2.2 Financial management

Financial management is important in any type of business. Financial management is mainly concerned with financial planning and financial control. The core aspects of financial management have been identified. These aspects have been included in the questionnaire in order to determine the extent of its importance. The results are indicated in Table 6.2.

Table 6.2: Aspects of financial management

ITEM NUMBER	ITEM	1	2	3	4	MEANS	% IMPOR-TANCE
B6	Decide on a type of ownership	9%	29%	27%	35%	2.9	72.5%
B7	Determine the financial viability of the conference centre	0%	4%	20%	76%	3.72	93%
B8	Develop a business plan	1%	7%	22%	70%	3.61	90.25%
B16	Develop an operational budget	0%	5%	20%	75%	3.69	92.25%
B17	Develop a capital budget	0%	5%	26%	69%	3.63	90.75%
B18	Perform financial control	0%	2%	17%	81%	3.79	94.75%
B19	Perform break-even point analysis	0%	6%	31%	63%	3.56	89%

According to Table 6.2, most of the respondents regard 6 of the items as important to very important. These aspects of financial planning is important, as it will ensure that income is managed in such a way that it covers all expenses and ensures that the maximum profit is

obtained. Item B6 (decide on a type of ownership) received the lowest response (72.5%). Respondents thus regard the type of ownership as not having a significant effect on financial management. However, type of ownership should be taken into account, as it has implications on financial management such as taxation.

6.2.2.3 Marketing

Marketing consists of various important activities that are used to communicate a message about the conference centre to the public. The core aspects of marketing management have been identified. These aspects have been included in the questionnaire in order to determine the extent of its importance. The results are indicated in Table 6.3.

Table 6.3: Aspects of marketing management

ITEM NUMBER	ITEM	1	2	3	4	MEANS	% IMPORTANCE
B20	Conduct market research		9%	30%	61%	3.53	88%
B21	Use market segmentation to identify target markets	2%	15%	41%	42%	3.23	80.75%
B22	Promote the conference centre as a product, tailored to its product life cycle	2%	10%	41%	47%	3.32	83%
B23	Develop a price strategy	1%	2%	39%	58%	3.53	88.25%
B24	Advertise the conference centre		5%	27%	68%	3.63	90.75%
B25	Do personal selling	1%	6%	33%	60%	3.52	88%
B26	Use sales promotion as inducement to sell the conference centre as a product	2%	13%	36%	49%	3.32	83%
B27	Establish a public relations mechanism through which publicity is managed and controlled	4%	14%	39%	43%	3.2	80%
B28	Attend tourism shows and exhibitions	5%	21%	33%	41%	3.1	77.5%
B29	Use direct marketing	5%	7%	34%	54%	3.36	84%

Table 6.3 indicates that all of the items are regarded as important to very important. The reason for this high response is that all marketing activities form part of a process. In this

process, each activity holds implications for another activity. For example, marketing research is conducted in order to determine the needs and wants in the market place. Market segmentation is then used to divide the market into smaller groups with the same needs and wants. The marketing mix should then be adapted in order to suit the target market. Item B24 (advertise the conference centre) received the highest response (90, 75%). Respondents thus regards advertising as an important and effective way to convince, inform and remind the target market of the conference centre. Item B28 (attend tourism shows and exhibitions) received the lowest response (77, 5%), but is still regarded as an important aspect.

6.2.2.4 Human resource management

The provision of a conference product is impossible without the necessary human resources mainly because the conference product is in many respects service and labour-intensive. The core aspects of human resource management have been identified. These aspects have been included in the questionnaire in order to determine the extent of its importance. The results are indicated in Table 6.4.

Table 6.4: Aspects of human resource management

ITEM NUMBER	ITEM	1	2	3	4	MEANS	% IMPOR-TANCE
B15	Adhere to BEE policy	2%	15%	39%	44%	3.24	81%
B30	Use the organisational structure of the conference centre to determine the staffing needs of the conference centre	2%	14%	47%	37%	3.18	79,5%
B31	Be aware of legal aspects of employment in the management of the conference centre	3%	7%	35%	55%	3.41	85,25%
B32	Recruit the right person for the right position		1%	19%	80%	3.78	94,5%
B33	Train employees so that they acquire necessary skill to effectively perform tasks			22%	78%	3.78	94,%
B34	Use performance appraisal techniques to	3%	7%	32%	58%	3.45	86,25%

	evaluate employees on how they perform tasks						
B35	Encourage employees to be prompt in their service delivery	1%	3%	20%	76%	3.71	92,75%

Table 6.4 indicates that all of the items are regarded as important to very important. The reason for this high response could be due to the fact that the conference product is in many respects service and labour-intensive. This means that no conference centre can exist without the necessary human resources. Employees play a significant role in a conference centre, as they form an integral part of the conference product. Items B32 (recruit the right person for the right position) and B33 (train employees so that they acquire necessary skills to effectively perform certain tasks) both received the highest responses. Both items received responses of 94,5%. Respondents may regard recruitment as important because they recognise the importance of attracting qualified job applicants through proper recruitment procedures. If recruitment were done effectively, qualified job applicants will be attracted and this in turn will save the conference centre time and money. Training of employees is also an important aspect, as it will provide employees with the necessary skills to effectively perform their tasks. Having the necessary skills will provide employees with more self-confidence in performing their tasks and they will therefore be able to deliver better service. A high response can also be observed on item B35 (encourage employees to be prompt in their service delivery) is important, as clients are paying for the service rendered. Clients will not be willing to pay for poor service, as they want value for money.

6.2.2.5 Operational aspects

The operational aspects have been divided into four categories for discussion purposes. The categories include design and layout aspects, services offered, conference-related tasks and post-conference evaluation.

Table 6.5: Layout and design

ITEM NUMBER	ITEM	1	2	3	4	MEANS	% IMPOR-TANCE
B36	Provide a conference venue with attractive features	1%	2%	27%	70%	3.66	91,5%
B37	Have sufficient parking space available at the conference centre		2%	38%	60%	3.58	89,5%
B38	Provide sufficient break-away rooms	1%	11%	40%	48%	3.34	83,5%
B39	Have large enough foyer to accommodate a large number of people during registration	2%	22%	34%	42%	3.16	79%
B40	Provide exhibition space	11%	24%	38%	27%	2.8	70%
B41	Offer creative team-building facilities and activities	7%	19%	41%	33%	3	74%
B42	Provide sufficient lighting in conference rooms			19%	81%	3.8	95%
B43	Provide air-conditioning in conference rooms		2%	17%	81%	3.78	94,5%
B44	Ensure that there are sufficient fire extinguishers and emergency exits		8%	38%	54%	3.46	86,5%
B46	Ensure that there are sufficient fire extinguishers and emergency exits		2%	21%	77%	3.75	93,75
B54	Display a floor plan that indicates the venues of different activities/functions	5%	27%	38%	30%	2.93	73,25
B59	Ensure that all facilities are clearly indicated with proper signage			21%	79%	3.79	94,75%
B64	Provide a space where conference delegates can store their luggage	6%	20%	45%	29%	2.97	74,25%

According to Table 6.5, items B42 (provide sufficient lighting in conference rooms), B43 (provide air-conditioning in rooms), and B59 (ensure that all facilities are clearly indicated with proper signage) received the highest responses. These items received responses of 94% to 95%.

Having sufficient lighting and air-conditioning both have to do with creating an environment where conference delegates can feel at ease. This will foster learning and participation. Poor lighting and temperatures that are too hot or too cold will affect the concentration of conference delegates. A lack of concentration will have implications for the success of a conference.

Items B40 (provide exhibition space), B41 (offer creative team-building facilities) and B54 (display a floor plan that indicates the venues of different activities) received the lowest responses. These items received responses of 70%, 74% and 73,25%. Managers thus regard these facilities as unique and not necessary.

Table 6.6: Services offered

ITEM NUMBER	ITEM	1	2	3	4	MEANS	% IMPOR-TANCE
B47	Provide on-site accommodation for conference delegates	4%	10%	18%	68%	3.5	87,5%
B48	Provide catering services at the conference centre			10%	90%	3.9	97,5%
B49	Be aware of any special dietary requirements of delegates		2%	17%	81%	3.79	94,75%
B50	Provide a variety of technical equipment for use at conference			16%	84%	3.84	96%
B60	Provide financial services to conference delegates within the conference centre	18%	34%	22%	26%	2.56	64%
B61	Provide tours and airline desks within the conference centre	29%	33%	22%	16%	2.25	56,25%
B62	Provide pre-/post- touring opportunities for conference delegates	16%	33%	24%	27%	2.62	65,5%
B63	Provide spouse and children programmes	23%	35%	24%	18%	2.37	59,25%
B65	Provide telephone services to conference delegates within the conference centre	6%	15%	47%	32%	3.05	76,25%

According to Table 6.6, items B48 (provide catering services at the conference centre – 97,5%), B49 (be aware of any special dietary requirements of delegates – 94,75%), and B50 (provide a variety of technical equipment for use at conferences – 96%) received the highest responses. Conference centre managers are aware that providing catering services at the conference centre is important. The reason for this is that conferences are often held over one or more than one day, which means that conference delegates will have to consume food and drinks during conference breaks. Conference centres that do not provide catering services will struggle to attract conferences, as catering is an important part of any conference.

The respondents indicated that being aware of special dietary requirements are important (94.74%). The reason for the high response to this item is that conference centre managers are aware of the fact that catering should provide for special dietary requirements that relate to religion, illness or allergies. It is therefore important to gather information from conference groups on any special dietary requirements, as these will affect the menu. Clients will be more likely to choose conference venues that are willing to satisfy such requirements.

The respondents are aware of the fact that technology is an important part of all conferences (96%). The reason for this is that clever and creative use of technology will contribute to the success of conferences. Sound reinforcement is especially important in order for conference delegates to hear what is being said. Visual presentations by means of screens, flip-charts and projectors can distinguish one conference from the next. The use of technology captures the attention of conference delegates and makes conferences more memorable.

Items B60 (provide financial services to conference delegates within the conference centre - 64%), B61 (provide tours and airline desks within the conference centre – 56,25%), B62 (provide pre-/post-conference tour opportunities for conference delegates – 65,5%), and B63 (provide spouse and children programmes – 59,25%) are regarded by the respondents as being important to an extent, as these items concern unique services to be provided. The manager of the conference centre regards it as unnecessary for a conference centre.

Table 6.7: Conference-related tasks

ITEM NUMBER	ITEM	1	2	3	4	MEANS	% IMPORTANCE
B45	Organise security for a scheduled conference	5%	23%	29%	43%	3.09	77,25%
B51	Prepare a function list for a scheduled conference		5%	20%	75%	3.7	92,5%
B52	Schedule a pre-conference meeting with the conference organiser	2%	10%	33%	55%	3.41	85,25%
B53	Provide the conference organiser with his/her own office for the duration of the conference	23%	38%	16%	23%	2.39	59,75%
B55	Organise a rehearsal prior to the start of a conference with all the role players involved	18%	27%	25%	30%	2.67	66,75%
B56	Ensure that all conference facilities are in working order		3%	10%	87%	3.83	95,75%
B57	Ensure that the restrooms are clean and tidy at all times			11%	89%	3.89	97,25%
B58	Welcome conference delegates in a friendly manner	1%		16%	83%	3.8	95%
B66	Ensure that the conference organiser and floor manager communicate effectively during the conference		4%	27%	69%	3.65	91.25%

According to Table 6.7, the following items received the highest responses: B56 (ensure that all conference facilities are in working order – 95,75%), B57 (ensure that restrooms are clean and tidy at all times – 97,25%), and B58 (welcome conference delegates in a friendly manner – 95%). All these aspects have to do with creating a certain image within the minds of conference delegates. Conference facilities that are in working order, restrooms that are clean, and delegates being welcomed in a friendly manner, create a good impression with conference delegates, as they will perceive the venue as being well-organised and prepared. If these aspects were in order, delegates will be more likely to visit the conference centre again.

Items B53 (provide the conference organiser with his own office for the duration of the conference – 58, 75%) and B55 (organise a rehearsal prior to the conference with all the role players involved – 66, 75%) received the lowest responses. Both these items are regarded as not being important. A conference organiser that is an employee of the conference centre will most likely already have his/her own office, as this is a permanent position and organising conferences involves extensive planning where the organiser will need his/her own office. If the conference centre is making use of an external conference organiser on contract basis, an office will only be provided if requested by the conference organiser. Providing the conference organiser with his/her own office for the duration of the conference is thus not that important, unless requested by the conference organiser.

It is often important to test the technical equipment, especially when complex technical tasks are to be performed, as it could be highly frustrating if technical equipment were not working properly. However, a briefing prior to the start of a conference for all other tasks will in many cases be sufficient for all role players involved to know what to do during the conference. In some instances, it will be useful to organise a rehearsal prior to the start of the conference, especially in the case of large and important conferences. Thus, organising a rehearsal prior to the start of the conference with all the role players involved will not be that important unless it is a large and important conference.

Table 6.8: Post-conference evaluation

ITEM NUMBER	ITEM	1	2	3	4	MEANS	% IMPOR-TANCE
B67	Decide on a plan to handle various attendee complaints	1%	3%	33%	63%	3.58	89,5%
B68	Generate verbal feedback on the success of a conference during a debriefing session	1%	5%	25%	68%	3.61	90,25%
B69	Send out a questionnaire to receive feedback on the success of a conference	1%	12%	29%	58%	3.43	85,75%

B70	Use audited financial records and documents in post-conference analysis	7%	11%	39%	43%	3.18	79,5%
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According to Table 6.8, all of the aspects are regarded as important to very important. Respondents thus recognise that it is important to evaluate a conference, as this will indicate if the conference has been a success and what aspects need improvement.

Item B70 (use audited financial records and documents in the post-conference analysis) received the lowest response -79,5%.

6.3 STATISTICAL ANALYSIS

The statistical analysis included: a factor analysis, Spearman rank order correlations, T-test, and descriptive statistics, indicating the average importance of key factors for different provinces (Statsoft Inc, 2004).

6.3.1 FACTOR ANALYSIS

The responses to section B of the questionnaire were submitted to a factor analysis. This type of analysis is used to discover patterns among the variations in values of several variables. This is done essentially through generation of artificial dimensions (factors) that correlate highly with several of the real variables and that are independent of one another. For this purpose, a computer is used. Variables are the input to the programme, while a series of factors with appropriate factor loadings are the output (Babbie & Mouton, 2003:472).

All 70 variables as found in section B of the questionnaire were submitted to a factor analysis. Because of high correlations between some of the variables and low communalities between some variables, only 34 variables were used in the extraction of the factors in Table 6.9.

Six factors were identified from the factor analysis as indicated in Table 6.9, explaining 64% of the variance. The final communalities were relatively high. All communalities were higher than 0.5. These are also indicated in Table 6.9.

Table 6.9: Factor analysis

Variable	Factor 1 Activities and layout	Factor 2 Marketing	Factor 3 Core operational aspects	Factor 4 Planning	Factor 5 Design and evalu- ation	Factor 6 Human resource manage- ment	Communi- calities
Mission statement				0.737147			0.685792
Business philosophy				0.747340			0.658321
Code of ethics				0.620101			0.536754
Business strategies				0.657083			0.562065
Business plan				0.753830			0.620447
Capital budget		0.623115		0.619982			0.785516
Financial control		0.576477		0.540661			0.705489
Break-even analysis		0.520571		0.573830			0.656761
Market research		0.530038		0.575403			0.578378
Product life-cycle		0.756940		0.376505			0.618442
Price strategy		0.756325					0.637262
Sales Promotion		0.580839					0.514147
Recruitment						0.732165	0.621366
Training						0.803669	0.670265
Performance appraisal						0.598411	0.639362
Attractive features					0.553801	0.307909	0.525186
Sufficient foyer	0.462849					0.575627	0.631764
Exhibition space	0.420367				0.433096	0.416650	0.596925
Sufficient lighting			0.720509				0.696036
Air-con-			0.733738				0.639714

ditioning						
Security	0.519304				0.530177	0.583438
Office for organiser	0.674047					0.515808
Working order			0.724468			0.599137
Cleanliness			0.712338			0.546076
Welcoming			0.826245			0.796863
Financial services	0.789455					0.635116
Tours/Airline desks	0.814990					0.733196
Pre/post touring	0.821734					0.732696
Spouse/Children programmes	0.830935					0.764159
Luggage storage	0.725073					0.629801
Telephone services	0.396620				0.601440	0.545393
Complaint handling					0.851854	0.815701
Verbal feedback					0.718944	0.639194
Questionnaire					0.659719	0.534730

The factor analysis revealed the following factors:

Factor 1 revealed the importance of activities found at conference centres and the layout of conference centres. This includes aspects such as providing a large enough foyer to accommodate a large number of people during registration, providing exhibition space, financial services, tours and airline desks, pre- and post-conference touring opportunities, and spouse and children programmes. These are aspects that need to be considered in order to satisfy a variety of needs and enhance the attractiveness of the venue.

Factor 2 revealed the importance of marketing in the management of a conference centre. This includes aspects such as conducting market research, promoting the conference centre as a product tailored to its product life cycle, developing a price strategy and using

sales promotion as an inducement to sell the conference centre as a product. According to Laws (2002:4) and Bennet (1995:251), marketing is a core function in all types of businesses. The needs of the target market must be determined by conducting market research in order to satisfy them. Marketing strategies should be adapted to suit the stage of the product life cycle in which the conference centre finds itself in order to ensure that the correct strategies are used to reach objectives.

Factor 3 revealed the importance of core operational aspects that include aspects such as providing sufficient lighting in conference rooms, providing air-conditioning in conference rooms, ensuring that conference facilities are in working order and that facilities are clean, and welcoming delegates in a friendly manner. Aspects such as sufficient lighting and air-conditioning are important. Temperatures that are too hot or too cold or insufficient lighting may distract conference delegates from concentrating. Facilities that are clean and in working order will create a positive image in the mind of the client and will therefore ensure repeat business.

Factor 4 revealed the importance of planning in managing a conference centre. Aspects such as the following are included: formulating a mission statement, developing a business philosophy, applying a code of ethics, evaluating business strategies, developing a business plan, developing a capital budget, performing financial control and a break-even point analysis. Aspects such as formulating a mission statement are included in strategic planning, while aspects such as developing a capital budget are important in financial planning.

Factor 5 revealed the importance of design and evaluation in managing a conference centre. This includes aspects such as providing a conference venue with attractive features, providing telephone services, deciding on a plan to handle various attendee complaints, generating verbal feedback on the success of a conference and using audited financial records and documents in the post-conference analysis. Post-conference evaluation is of considerable importance, as this will indicate the aspects that need improvement as well as the aspects that are perceived as being positive. This, in turn, can be used in marketing strategies.

Factor 6 revealed the importance of human resource management in managing a conference centre that includes aspects such as recruiting the right person for the right position, and training employees so that they acquire necessary skills to effectively perform certain tasks. The provision of the conference product is impossible without the necessary human resources, as it is in many respects service- and labour-intensive (Shone, 1998:118). Therefore, employees with the right skills should be recruited and trained, as this will be to the benefit of the whole conference centre

Table 6.10 indicates the mean and standard deviation of these factors. According to Table 6.10, all factors are important to an extent to very important. The factors can be rated according to the scale used in the questionnaire namely: 1 = not important, 2 = important to an extent, 3 = important, 4 = very important. Factor 3 (operational aspects), factor 4 (planning), and factor 6 (human resource management), is regarded as being very important. Factor 2 (marketing) and factor 5 (design and evaluation) are regarded as being important. Factor 1 (activities and layout) is regarded as not being as important as the other factors.

Table 6.10: Mean and standard deviation of factors

Factor	N	Mean	Median	Minimum	Maximum	Standard deviation
Activities and layout	100	2.689861	2.555556	1.222222	4.000000	0.720834
Marketing	100	3.425833	3.500000	1.750000	4.000000	0.532198
Operational aspects	100	3.828000	4.000000	2.800000	4.000000	0.311426
Planning	100	3.557321	3.625000	1.875000	4.000000	0.463656
Design and evaluation	100	3.467000	3.600000	1.000000	4.000000	0.502128
Human resource management	100	3.673333	4.000000	2.000000	4.000000	0.441861

Spearman rank order correlations were calculated between the factors. A t-test was performed between small and large conference centres to determine differences in importance. The average importance was also compared for different provinces.

6.3.2 SPEARMAN RANK ORDER CORRELATION

Spearman rank order correlations were calculated between number of delegates that can be accommodated by conference centres and key factors obtained from the factor analysis.

For the purpose of interpreting the Spearman rank order correlations, it is necessary to know at what sizes correlations will indicate an important relation. Steyn (2005) gives the following guidelines for the interpretation of correlations:

Small effect: $r = 0.1$

Medium effect: $r = 0.3$

Large effect: $r = 0.5$

Correlations larger than 0.5 are regarded as being practically significant.

Tables 6.11 and 6.12 indicate the Spearman rank order correlations between the key factors in this study.

Table 6.11: Spearman rank order correlations

	Number of delegates	Activities and layout	Marketing	Operational aspects	Planning	Design and evaluation	Human resource management
Number of delegates		0.005433	0.66185	0.107081	0.293812	0.118918	0.179900
Activities and layout	0.005433		0.338275	0.262640	0.239088	0.587748	0.282258
Marketing	0.226185	0.338275		0.193571	0.529065	0.320165	0.311114
Operational aspects	0.083251	0.262640	0.193571		0.258752	0.502867	0.365820
Planning	0.293812	0.239088	0.529065	0.258752		0.436657	0.482332
Design and evaluation	0.093188	0.587748	0.320165	0.502867	0.436657		0.523891
Human resource management	0.279900	0.282259	0.311114	0.365820	0.482332	0.523891	

Table 6.12: Spearman rank order correlations

	Number of delegates	Activities and layout	Marketing	Operational aspects	Planning	Design and evaluation	Human resource management
Number of delegates		0.005433	0.299307	0.083251	0.351218	0.093188	0.345446
Activities and layout	0.005433		0.338275	0.262640	0.239088	0.587748	0.282258
Marketing	0.299307	0.338275		0.193571	0.529065	0.320165	0.311114
Operational aspects	0.083251	0.262640	0.193571		0.258752	0.502867	0.365820
Planning	0.351218	0.239088	0.529065	0.258752		0.436657	0.482332
Design and evaluation	0.093188	0.587748	0.320165	0.502867	0.436657		0.523891
Human resource management	0.345446	0.282259	0.311114	0.365820	0.482332	0.523891	

Table 6.11 indicates the results after Spearman rank order correlations have been calculated by taking into consideration the numbers of delegates as indicated by the entire study population.

Table 6.12 indicates the results of the Spearman rank order correlations after one data point (with 3 000 delegates) was deleted from the data set. The reason for this is that the data obtained from the empirical research indicated that only one conference centre included in the study population was able to accommodate up to 3 000 delegates. As this number of delegates is a much higher number than the numbers indicated by the remaining conference centres, it was withdrawn from the data series.

Table 6.12 indicates a stronger correlation between number of delegates and marketing, planning and human resource management than Table 6.11.

Table 6.12 indicates a strong correlation (large effect: $r = 0.5$) between the following aspects:

- **Activities and layout and design and evaluation**

The reason for the strong correlation (0.587748) between these aspects can be because layout and design goes hand in hand. Having an attractive venue together with a

functional layout where certain activities can take place are important in the management of a conference centre. If the layout and activities offered at the conference venue satisfy the needs of clients they would evaluate the conference centre more positively.

- **Marketing and planning**

A strong correlation (0.529065) can be observed between marketing and planning. Marketing and planning goes hand in hand, as successful marketing requires extensive planning. Activities such as compiling marketing budgets, determining promotional activities, developing marketing mix and conducting marketing research needs to be carefully planned.

- **Operational aspects, design and evaluation**

A strong correlation (0.502867) can be observed between operational aspects and design and evaluation. Operational aspects such as having sufficient lighting and air-conditioning in conference rooms, are critical to the success of a conference. Insufficient lighting would make it difficult for delegates to take notes or interact with each other and the speaker. Air-conditioning that is too hot or too cold could affect the concentration of conference delegates. If aspects such as these were not in place, conference delegates might evaluate the conference negatively.

- **Planning and human resource management**

A strong correlation (0.482332) can be observed between planning and human resource management. The reason is that managers need to plan ahead in order to determine the staffing needs for the conference venue. It is important for conference centre managers to determine the staffing needs for the conference centre, as this will ensure that the correct person would be recruited for the right position. Having employees with adequate skills is an important asset, as no conference centre can exist without the necessary human resources.

- **Design and evaluation and human resource management**

The reason for the strong correlation (0.523891) in this case might be that the quality of service delivered by employees will have implications on how conference delegates evaluate the success of a conference. Quality service will result in a more positive evaluation.

Table 6.12 indicates a medium correlation between the following aspects:

- **Number of delegates and marketing**

A medium correlation (0.299307) can be observed between these aspects in Table 6.12. The number of delegates that can be accommodated by a conference centre may have implications as to how important they regard performing marketing activities. Marketing might be regarded as more important for large conference centres than for small conference centres as they will have a larger marketing budget.

- **Number of delegates and planning**

Table 6.12 indicates a medium correlation (0.351218) between number of delegates and planning. The importance of planning activities may be influenced by the number of delegates that can be accommodated at a conference centre. This implies that a larger conference centre may regard planning as being more important than a smaller conference centre.

- **Number of delegates and human resource management**

The number of delegates that can be accommodated at a conference centre correlates in a medium way (0.345446) with aspects of human resource management. A large conference centre might regard human resource management as more important, as there will be a larger number of employees to deal with. It will thus be necessary to recruit and train a larger number of employees.

- **Activities, layout and marketing**

A medium correlation (0.338275) can be observed between these aspects in Table 6.12. Activities such as providing spouse and children programmes and tours and airline desks has an influence on marketing, as these activities should be marketed in order to convince customers that the conference centre will satisfy their needs. Activities and layout should also be considered in the development of the marketing mix strategies. These aspects form part of the product that is being marketed and for which a price strategy should be developed.

- **Activities, layout and human resource management**

The medium correlation (0.282259) between activities and layout and human resource management indicates that activities and layout of a conference centre may have implications for determining the staffing needs of a conference venue. The type and number of activities provided at the conference centre will determine the number of employees required as well what skills they need to have. A conference centre providing, for example, tours and airline desks will need employees with appropriate skills to manage it. If a conference centre were taking up a new activity, managers will be faced with the decision of either employing someone from outside the conference centre with the necessary skills or training a current employee to acquire the skills to perform the activity.

- **Marketing, design and evaluation**

A medium correlation (0.320165) can be observed between these aspects in Table 6.12. Evaluation will lead to the identification of aspects that are regarded as being positive and negative. Negative aspects can be improved in order to provide a better product that could be marketed more effectively. Those aspects that are regarded as being positive can be used in the marketing of the conference centre. Design aspects, such as providing an attractive conference venue, can also be used in the marketing of a conference centre.

- **Marketing and human resource management**

Table 6.12 indicates a medium correlation (0.311114) between marketing and human resource management. Service delivery is an important aspect of the conference product. Employees should deliver quality service that can be used in the marketing of the product. The quality of the service rendered will affect the level of customer satisfaction. Employees should be encouraged to improve on service delivery. It is thus necessary to use performance appraisal techniques to evaluate the performance of employees.

- **Operational aspects and human resource management**

A medium correlation (0.365820) between operational aspects and human resource management is indicated in Table 6.12. Managers and employees should pay attention to operational aspects such as the welcoming of delegates and ensuring that facilities are in working order, as these aspects will enhance the competitiveness of a conference centre.

- **Operational aspects and planning**

The medium correlation (0.258752) between operational aspects and planning (Table 6.12) may imply that planning has implications for operational aspects. If providing service of high standards and value for money were incorporated in the mission, vision and objectives of the conference centre, it should be implemented in its operations. Therefore, planning should result in the implementation of certain operational aspects such as welcoming delegates in a friendly manner and ensuring all facilities is in working order.

- **Operational aspects and activities and layout**

A medium correlation (0.262640) between operational aspects and activities and layout can be observed in Table 6.12. Operational aspects such as sufficient lighting goes hand in hand with layout, as lighting is not only used in conference rooms, but also in rest of the venue to satisfy a variety of requirements such as lighting the foyer and dining rooms. Air-

conditioning should make conference delegates feel at ease at all times, whether they are in the foyer or in the conference room.

- **Planning and design and evaluation**

Table 6.12 indicates a medium correlation (0.436657) between planning and design and evaluation. Evaluation will lead to planning, as certain aspects that need improvement will be identified by evaluation. Planning will be needed in order to improve these aspects. Objectives that were developed during the strategic planning process of the conference centre may be used during evaluation in order to determine whether objectives have been met.

6.3.3 T-TEST

Statistically significant tests, such as the T-test, are used to show that the result (e.g. difference between two means) is significant. A p-value smaller than 0.05 indicates that the result is statistically significant. Statistical significance does not necessarily imply that the result is important in practice. Also because this is not a random sample, effect sizes should be determined in order to indicate if the result is practically significant.

In this case, the effect size has been calculated by using the following formula:

$$d = \frac{|\bar{x}_1 - \bar{x}_2|}{s_{\max}}$$

Steyn and Ellis (2003) give the following guidelines for the interpretation of effect sizes:

Small effect: $d = 0.2$

Medium effect: $d = 0.5$

Large effect: $d = 0.8$

The results of the T-test are indicated in Table 6.13.

Table 6.13: T-test

	MEAN (150 and more)	MEAN (Less than 150 dele- gates)	T-value	P	Std dev (150 dele- gates and more)	Std dev (Less than 150 dele- gates)	d
Activities and layout	2.747396	2.597222	1.018984	0.310826	0.708207	0.735517	
Marketing	3.526042	3.303819	2.054342	0.042719	0.513746	0.545639	0.407271
Ope- rational aspects	3.862500	3.787500	1.166558	0.246340	0.289258	0.338724	
Planning	3.661086	3.440104	2.360506	0.020316	0.464658	0.452512	0.47558
Design and evalu-ation	3.506250	3.408333	0.943366	0.347972	0.531320	0.484585	
Human resource manage- ment	3.770833	3.548611	2.508891	0.013823	0.377601	0.483729	0.459394

Table 6.13 indicates the relation between the number of delegates that can be accommodated by conference centres and marketing, planning and human resource management. These can be rated according to the scale used in the questionnaire, namely: 1 = not important, 2 = important to an extent, 3 = important, 4 = very important.

Both large and small conference centres regard marketing, planning and human resource management as important to very important. The means regarding these aspects are, however, higher for larger conference centres than for smaller ones. These results indicate that larger conference centres might regard marketing, planning and human resource management as being more important in practice than smaller conference centres, as these aspects have medium effect sizes (Ellis & Steyn, 2003).

Large conference centres might regard marketing as more important than small conference centres, as they have large marketing budgets for promotional and advertising purposes. Smaller conference centres will not have large marketing budgets as their income does not justify it.

Marketing is, however, important for any conference venue, as the aim of marketing is to convince potential clients to buy the product or service. If the right message does not reach the right target market at the right place and at the right time, it will be lost business for a conference centre. Less business implies less income and less income might result in the conference centre not being able to financially maintain all its operations. It is therefore also important for a conference centre to plan financially, as this will enable it to

cover all expenses and still show profit. For this purpose, budgets are compiled. Strategic planning plays a significant part in the management of a conference centre, as objectives are set and strategies evaluated in order to adapt to changes in the business environment. Furthermore, it is important to employ people with adequate skills and to train employees to acquire skills, as these will ensure that better service can be rendered.

6.3.4 AVERAGE IMPORTANCE OF KEY FACTORS FOR PROVINCES

The average importance of key factors was also compared for different provinces. Effect sizes were calculated to determine the practical significance of the results. The effect size for differences in provinces is the same as in 6.3.3.

- **Activities and layout**

Table 6.14 indicates that respondents in all provinces regard activities and layout as being important to an extent, and important. The Limpopo and Mpumalanga provinces, however, regard activities and layout as being more important than the other provinces. Table 6.14 indicates a higher means for these provinces.

Table 6.14: Average importance of activities and layout for provinces

PROVINCE	MEANS	STANDARD DEVIATION
1. Free State	2.472222	1.059447
2. Gauteng	2.369856	0.679750
3. KwaZulu-Natal	2.953216	0.618038
4. Limpopo	3.269841	0.532318
5. Mpumalanga	3.155556	0.524699
6. North-West	2.333333	0.700969
7. Northern Cape	2.666667	0.471405
8. Eastern Cape	2.888889	0.769800
9. Western Cape	2.735540	0.724762

The effect size between each province has been calculated in order to determine the practical importance of activities and layout for each province. Table 6.15 indicates the effect sizes that are practically significant for conference centres situated in these provinces.

Table 6.15: Effect sizes of activities and layout between provinces

Provinces	Effect size	Effect in practice
Free State and KwaZulu-Natal	0.454005	Medium effect
Free State and Limpopo	0.752864	Large effect
Free State and Mpumalanga	0.644991	Medium effect
Gauteng and KwaZulu-Natal	0.858198	Large effect
Gauteng and Limpopo	1.323994	Large effect
Gauteng and Mpumalanga	1.155866	Large effect
Gauteng and Northern Cape	0.436647	Medium effect
Gauteng and Eastern Cape	0.647244	Medium effect
Gauteng and Western Cape	0.504433	Medium effect
KwaZulu-Natal and Limpopo	0.512307	Medium effect
KwaZulu-Natal and North-West	0.884323	Large effect
KwaZulu-Natal and Northern Cape	0.463643	Medium effect
Limpopo and North-West	1.336019	Large effect
Limpopo and Northern Cape	0.532318	Medium effect
Limpopo and Eastern Cape	0.494871	Medium effect
Limpopo and Western Cape	0.737333	Large effect
Mpumalanga and North-West	0.700969	Large effect
Mpumalanga and Northern Cape	0.918415	Large effect
Mpumalanga and Eastern Cape	0.494871	Medium effect
Mpumalanga and Western Cape	0.579646	Medium effect
North-West and Northern Cape	0.475533	Medium effect
North-West and Eastern Cape	0.721688	Large effect
North-West and Eastern Cape	0.554826	Medium effect

According to Table 6.15, a large effect is indicated between the following provinces: Free State and Limpopo, Gauteng and KwaZulu-Natal, Gauteng and Limpopo, Gauteng and Mpumalanga, KwaZulu-Natal and North-West, Limpopo and North-West, Mpumalanga and the Western Cape, Mpumalanga and North-West, Mpumalanga and the Northern Cape, and North-West and the Eastern Cape. This implies that activities and layout is practically more important for conference centres situated in Limpopo, KwaZulu-Natal, Mpumalanga and the Eastern Cape than for conference centres situated in the Free State, Gauteng North-West, the Western and Northern Cape provinces. Conference centres situated in Mpumalanga and Limpopo might regard activities and layout as more important than

conference centres situated in other provinces such as Gauteng. For instance, conference centres situated in Gauteng do not need to provide a facility with services such as financial services and tours and airline desks as these aspects are present in the surrounding environment. Conference centres situated in the rural areas of Mpumalanga and Limpopo, on the other hand, will need to provide these services as it is not as easily accessible as in the cities. Thus, providing such services might attract more conferences to these provinces. Conference centres in Gauteng also do not have to provide such a variety of activities as conference centres in Mpumalanga, as they are situated in close proximity to conference business as most conferences take place in the cities.

- **Marketing**

Table 6.16 indicates that respondents in all provinces regard marketing as an important to very important aspect in the management of a conference centre. Respondents in the Western and Eastern Cape provinces regard marketing as more important than respondents from other provinces.

Table 6.16: Average importance of marketing for provinces

PROVINCE	MEANS	STANDARD DEVIATION
1. Free State	2.937500	0.426956
2. Gauteng	3.379630	0.644393
3. KwaZulu-Natal	3.451754	0.522869
4. Limpopo	3.500000	0.595119
5. Mpumalanga	3.500000	0.353553
6. North-West	3.113636	0.438230
7. Northern Cape	3.500000	0.353553
8. Eastern Cape	3.583333	0.288675
9. Western Cape	3.630952	0.430255

The effect size between each province has been calculated in order to determine the practical importance of marketing for each province. Table 6.17 indicates the effect sizes that are practically significant.

Table 6.17: Effect sizes of marketing between provinces

Province	Effect size	Effect in practice
Free State and Gauteng	0.686118	Large effect
Free State and KwaZulu-Natal	0.983523	Large effect
Free State and Limpopo	0.945189	Large effect

Free State and Mpumalanga	1.317465	Large effect
Free State and North-West	0.401925	Medium effect
Free State and Northern Cape	1.317465	Large effect
Free State and Eastern Cape	1.512645	Large effect
Free State and Western Cape	1.611723	Large effect
Gauteng and North-West	0.412782	Medium effect
Gauteng and Western Cape	0.403309	Medium effect
KwaZulu-Natal and North-West	0.646659	Medium effect
Limpopo and North-West	0.649221	Medium effect
Mpumalanga and North-West	0.881646	Large effect
North-West and Northern Cape	0.881640	Large effect
North-West and Eastern Cape	1.071904	Large effect
North-West and Western Cape	1.180466	Large effect

A large effect is indicated between the following provinces: Free State and Gauteng, Free State and KwaZulu-Natal, Free State and Limpopo, Free State and Mpumalanga, Free State and Northern Cape, Free State and Eastern Cape, Free State and Western Cape, Mpumalanga and North-West, North-West and Northern Cape, North-West and Eastern Cape, and North-West and Western Cape. This implies that conference centres situated in almost every province regard marketing as practically more important than conference centres situated in the Free State do. The reason for this might be that conference centres situated in the Free State are not exposed to intense competition, as is the case with conference centres situated in, for example, Gauteng. Conference centres situated in Limpopo, Mpumalanga and the Northern Cape might regard marketing as being more important than conference centres in Gauteng, as they have to do more extensive marketing in order to get the attention of the conference market. This is because conference centres in Gauteng are situated close to the conference market.

- **Operational aspects**

Table 6.18 indicates that respondents in all provinces regard operational aspects as important to very important in the management of a conference centre. Respondents in

the Northern, Eastern and Western Cape provinces regard operational aspects as more important than respondents from other provinces.

Table 6.18: Average importance of operational aspects for provinces

PROVINCE	MEANS	STANDARD DEVIATIONS
1. Free State	3.750000	0.500000
2. Gauteng	3.770370	0.353896
3. KwaZulu-Natal	3.810526	0.329806
4. Limpopo	3.828571	0.242997
5. Mpumalanga	3.800000	0.346410
6. North-West	3.763636	0.344304
7. Northern Cape	4.000000	0.000000
8. Eastern Cape	4.000000	0.000000
9. Western Cape	3.923810	0.232174

The effect size between each province has been calculated in order to determine the practical importance of operational aspects for each province. Table 6.19 indicates the effect sizes that are practically significant.

Table 6.19: Effect sizes of operational aspects between provinces

Province	Effect size	Effect in practice
Free State and Northern Cape	0.5	Medium effect
Free State and Eastern Cape	0.5	Medium effect
Gauteng and Northern Cape	0.648862	Medium effect
Gauteng and Eastern Cape	0.648862	Medium effect
Gauteng and Western Cape	0.433573	Medium effect
KwaZulu-Natal and Northern Cape	0.574501	Medium effect
KwaZulu-Natal and Eastern Cape	0.574501	Medium effect
Limpopo and Northern Cape	0.705477	Large effect
Limpopo and Eastern Cape	0.705477	Large effect
Mpumalanga and Northern Cape	0.577350	Medium effect
Mpumalanga and Eastern Cape	0.577350	Medium effect
North-West and Northern Cape	0.686497	Large effect
North-West and Eastern Cape	0.686497	Large effect
North-West and Western Cape	0.465210	Medium effect

A large effect is indicated between the following provinces: Limpopo and Northern Cape, Limpopo and Eastern Cape, North-West and Northern Cape, and North-West and Eastern Cape. This implies that operational aspects are practically more important for conference centres situated in the Northern and Eastern Cape provinces than for conference centres situated in Limpopo and North-West.

- **Planning**

Table 6.20 indicates that respondents in all provinces regard planning as important to very important in the management of a conference centre. Planning is regarded as being more important in Limpopo and the Eastern Cape than in other provinces.

Table 6.20: Average importance of planning for provinces

PROVINCE	MEANS	STANDARD DEVIATIONS
1. Free State	3.187500	0.375000
2. Gauteng	3.564815	0.499243
3. KwaZulu-Natal	3.472744	0.567146
4. Limpopo	3.714286	0.247006
5. Mpumalanga	3.539286	0.445606
6. North-West	3.555195	0.443739
7. Northern Cape	3.437500	0.265165
8. Eastern Cape	3.791667	0.144338
9. Western Cape	3.604592	0.450244

The effect size between each province has been calculated in order to determine the practical importance of planning for each province. Table 6.21 indicates the effect sizes that are practically significant.

Table 6.21: Effect sizes of planning between provinces

Province	Effect size	Effect in practice
Free State and Gauteng	0.755774	Large effect
Free State and KwaZulu-Natal	0.502946	Medium effect
Free State and Limpopo	1.404762	Large effect
Free State and Mpumalanga	0.789455	Large effect
Free State and North-West	0.828628	Large effect
Free State and Northern Cape	0.666666	Large effect
Free State and Eastern Cape	1.611112	Large effect
Free State and Western Cape	0.926368	Large effect
Gauteng and Eastern Cape	0.454391	Medium effect

KwaZulu-Natal and Limpopo	0.425896	Medium effect
KwaZulu-Natal and Eastern Cape	0.562329	Medium effect
Mpumalanga and Eastern Cape	0.579841	Medium effect
Eastern Cape and Western Cape	0.415496	Medium effect

A large effect is indicated between the following provinces: Free State and Gauteng, Free State and Limpopo, Free State and Mpumalanga, Free State and North-West, Free State and Northern Cape, Free State and Eastern Cape, and Free State and Western Cape. This implies that planning is practically more important for conference centres situated in Gauteng, Limpopo, Mpumalanga, North-West, the Northern, Eastern and Western Cape than for conference centres situated in the Free State. Planning is thus practically more important for conference centres situated in almost every province than for conference centres situated in the Free State.

- **Design and evaluation**

Table 6.22 indicates that respondents in all provinces regard design and evaluation as important to very important in the management of a conference centre. Design and evaluation is regarded as being more important in Limpopo and Eastern Cape than in other provinces.

Table 6.22: Average importance of design and evaluation for provinces

PROVINCE	MEANS	STANDARD DEVIATIONS
1. Free State	3.350000	0.574456
2. Gauteng	3.366667	0.468221
3. KwaZulu-Natal	3.505263	0.428789
4. Limpopo	3.742857	0.299205
5. Mpumalanga	3.520000	0.414729
6. North-West	3.454545	0.456867
7. Northern Cape	3.300000	0.424264
8. Eastern Cape	3.733333	0.461880
9. Western Cape	3.447619	0.698297

The effect size between each province has been calculated in order to determine the practical importance of design and evaluation for each province. Table 6.23 indicates the effect sizes that are practically significant.

Table 6.23: Effect sizes of design and evaluation between provinces

Province	Effect size	Effect size in practice
Free State and Limpopo	0.683876	Large effect
Free State and Eastern Cape	0.667297	Large effect
Gauteng and Limpopo	0.803445	Large effect
Gauteng and Eastern Cape	0.783104	Large effect
KwaZulu-Natal and Limpopo	0.554104	Medium effect
KwaZulu-Natal and Northern Cape	0.478703	Medium effect
KwaZulu-Natal and Eastern Cape	0.493786	Medium effect
Limpopo and Mpumalanga	0.537355	Medium effect
Limpopo and North-West	0.631063	Medium effect
Limpopo and Western Cape	0.422797	Medium effect
Mpumalanga and Northern Cape	0.518545	Medium effect
Mpumalanga and Eastern Cape	0.461879	Medium effect
North-West and Eastern Cape	0.603694	Medium effect
Northern Cape and Eastern Cape	0.938193	Large effect
Eastern Cape and Western Cape	0.409158	Medium effect

A large effect is indicated between the following provinces: Free State and Limpopo, Free State and Eastern Cape, Gauteng and Limpopo, Gauteng and Eastern Cape, and Northern Cape and Eastern Cape. This implies that design and evaluation are practically more important for conference centres situated in Limpopo and the Eastern Cape than for conference centres situated in the Free State and Gauteng. It is also practically more important for conference centres situated in the Eastern Cape than conference centres in the Western Cape.

- **Human resource management (HRM)**

Table 6.24 indicates that respondents in all provinces regard human resource management as important to very important in the management of a conference centre. HRM is regarded as being more important in the Eastern and Western Cape and the Free State than in other provinces.

Table 6.24: Average importance of HRM for provinces

PROVINCE	MEANS	STANDARD DEVIATIONS
1. Free State	3.750000	0.319142
2. Gauteng	3.604938	0.498176
3. KwaZulu-Natal	3.614035	0.419629
4. Limpopo	3.904762	0.162650
5. Mpumalanga	3.533333	0.505525
6. North-West	3.515152	0.621175
7. Northern Cape	3.500000	0.707107
8. Eastern Cape	4.000000	0.000000
9. Western Cape	3.793651	0.324486

The effect size between each province has been calculated in order to determine the practical importance of human resource management for each province. Table 6.25 indicates the effect sizes that are practically significant.

Table 6.25: Effect sizes of HRM between provinces

Province	Effect size	Effect size in practice
Free State and Limpopo	0.484931	Medium effect
Free State and Mpumalanga	0.428597	Medium effect
Free State and Eastern Cape	0.783350	Large effect
Gauteng and Limpopo	0.601843	Medium effect
Gauteng and Eastern Cape	0.793016	Large effect
Gauteng and Western Cape	0.635925	Medium effect
KwaZulu-Natal and Limpopo	0.692819	Large effect
KwaZulu-Natal and Eastern Cape	0.919776	Large effect
KwaZulu-Natal and Western Cape	0.428035	Medium effect
Limpopo and Mpumalanga	0.734739	Large effect
Limpopo and North-West	0.627214	Medium effect
Limpopo and Northern Cape	0.572419	Medium effect
Limpopo and Eastern Cape	0.585539	Medium effect
Mpumalanga and Eastern Cape	0.923133	Large effect
North-West and Eastern Cape	0.780533	Large effect
North-West and Western Cape	0.448342	Medium effect
Northern Cape and Eastern Cape	0.707106	Large effect
Northern Cape and Western Cape	0.415285	Medium effect

Eastern Cape and Western Cape	0.635925	Medium effect
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A large effect is indicated between the following provinces: Free State and Eastern Cape, Gauteng and Eastern Cape, KwaZulu-Natal and Limpopo, KwaZulu-Natal and Eastern Cape, Limpopo and Mpumalanga, Mpumalanga and Eastern Cape, North-West and Eastern Cape, and the Northern and Eastern Cape. This implies that human resource management is practically more important for conference centres situated in the Eastern Cape and Limpopo than for conference centres situated in the Free State, Gauteng, KwaZulu-Natal, Mpumalanga, North-West and the Northern Cape.

6.4 CONCLUSION

The aim of this chapter was to reflect the results of the empirical research in order to determine the key success factors in managing a conference centre. This aim was achieved firstly by elaborating on the data obtained from the empirical research. Secondly, the data was submitted to a factor analysis from which the key success factors in managing a conference centre were generated. These factors were statistically compared in order to determine the practical significance of the relationship between them. It was also tested whether the numbers of delegates that can be accommodated by a conference centre have an influence on what factors are being regarded as important. The averages of the key factors were also compared for different provinces in order to determine whether different provinces regard different aspects as being important.

In conclusion, the research indicated that the majority of conference centres in the study population are situated in Gauteng (28%). The average length of existence for conference centres is 10 years. The majority of these conference centres are hotel-based (41%). The average numbers of delegates that can be accommodated by conference centres are 313 delegates. The majority of conference centres target the corporate market (47%), which includes sectors such as finance sector, telecommunication and pharmaceuticals.

The results on section B of the questionnaire indicated that conference centre managers regard aspects of strategic management, financial management, marketing management,

human resource management, and management of operational aspects as important to an extend to very important. The following aspects received the highest responses:

Strategic management: applies a code of ethics and evaluate business strategies.

Financial management: determines financial viability, develops a business plan and an operational budget, perform financial control and a break-even point analysis.

Marketing management: conducts market research, develops a price strategy, advertises the conference centre and does personal selling.

Human resource management: recruits the right person for the right position, trains employees and encourages employees to be prompt in service delivery.

Operational aspects:

- **Layout and design** provides sufficient lighting in conference rooms, provides air-conditioning in conference rooms and ensures that facilities are clearly indicated with proper signage.
- **Services offered** provide for catering services at the conference centre, are aware of special dietary requirements and provide a variety of technical equipment.
- **Conference-related tasks** ensure that all facilities are in working order, ensure that restrooms are clean and tidy at all time and welcome conference delegates in a friendly manner.
- **Post-conference evaluation** generates verbal feedback on the success of a conference, sends out a questionnaire to receive feedback on the success of a conference and decides on a plan to handle various attendee complaints.

A factor analysis was conducted in order to identify key success factors in managing a conference centre. The factors that have been identified through the factor analysis include:

- Having a functional layout and providing the right variety of activities;
- performing marketing management;
- having operational aspects in place;
- conducting proper planning;
- providing an attractive venue and conducting post-conference evaluation; and
- performing human resource management.

The statistical analysis indicated that both large and small conference centres regard marketing, planning and human resource management as important. Larger conference centres might, however, regard these aspects as more important.

The statistical analysis also indicated that different provinces regard different factors as being more important than other provinces. For example, it was found that marketing is practically more important for conference centres situated in Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, the Northern, Eastern and Western Cape than for conference centres situated in the Free State.

In Chapter 7, conclusions will be drawn regarding the research and recommendations regarding management and further research will be made.

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

The purpose of this study was to identify the key success factors in managing a conference centre. For this purpose, the following objectives were identified, namely to:

- Portray a historical summary of the conference industry in South Africa;
- conduct a literature review in order to identify key factors in the management of a conference centre;
- interpret the results from the empirical research in order to identify the elements that are considered to be important in managing a conference centre in practice; and
- draw conclusions from the literature study and empirical research and to make recommendations.

These objectives were accomplished as follows:

- In Chapter 2 a historical overview of the conference industry in South Africa was given. This was done by indicating the development of the industry throughout different eras in history. It became clear that the origins of the industry date back thousands of years before Christ. The conference industry in South Africa gained momentum after the 1994 elections and the industry now contributes significantly to the tourism economy of the country. Different types of conference venues developed and these were described as well as different types of conferences.
- In Chapter 3 key success factors regarding strategic management relevant in managing a conference centre were identified in the literature. The process of strategic management was discussed to indicate the importance of strategic management.
- In Chapter 4 key success factors regarding financial management and marketing management relevant in managing a conference centre were identified in the

literature. The most important elements of these aspects were identified and discussed in this chapter.

- In Chapter 5 key success factors regarding human resource management and management of operational aspects relevant in managing a conference centre were identified in the literature. The most important elements of these aspects were identified and discussed in this chapter.
- In Chapter 6 the results of the empirical research were reflected. Responses to the questionnaires were interpreted and possible success factors regarded as important were identified. The factor analysis was applied to identify KSFs. The responses were statistically compared in order to determine the importance of key success factors for large and small conference centres. The average importance of key success factors was also compared for conference centres situated in different provinces. Effect sizes were calculated to determine the practical significance of the results.

From the research various conclusions can be made regarding the research objectives. The purpose of this chapter will be to state the conclusions of the research and to make recommendations for future research.

7.2 CONCLUSIONS

Conclusions can be drawn from the research with regard to:

- The history of the conference industry in South Africa;
- strategic management in the literature;
- the literature study with regard to marketing and financial management;
- the literature study with regard to human resource management and management of operational aspects; and
- the survey.

The above-mentioned are concluded in the following section.

7.2.1 CONCLUSIONS WITH REGARD TO THE HISTORY OF THE CONFERENCE INDUSTRY IN SOUTH AFRICA

The following can be regarded as the main conclusions in terms of research objective 1 (cf. 1.3).

- Business travel and tourism originated thousands of years before Christ with the trade of agricultural products in Africa, Asia and Europe (cf. 2.2).
- In the past, the South African conference industry did not receive much attention. The conference industry gained momentum as the country gained political acceptance. International conference organisers began to recognise the country as an ideal conference venue as the country offered beautiful scenery and a well-developed infrastructure (cf. 2.2.1).
- The South African conference industry is an important contributor to the tourism economy of the country, as it creates employment and contributes to the GDP (Gross Domestic Product) of South Africa (cf. 2.2.2).
- Different types of conference venues exist, of which few are dedicated to exclusively hosting conferences. The types of venues include: purpose-built conference centres, hotel-based conference centres, municipal multi-purpose centres, residential and in-company centres, academic venues and unusual venues, such as sporting venues and gardens (cf. 2.3).
- Different types of conferences exist, each with its own purpose. The following have been identified: sales meeting, promotional meetings, educational or trade seminars, training events, press conferences, incentive conventions, trade and consumer shows, small executive meetings, general management, and revenue-generating events (cf. 2.4).

7.2.2 CONCLUSIONS FROM THE LITERATURE STUDY WITH REGARD TO STRATEGIC MANAGEMENT

The following can be regarded as the main conclusions in terms of research objective 2 (cf. 1.3).

- Strategic management is an important aspect in the management of any tourism business to ensure its long term success. The ultimate goal of strategic management is to be pro-active in order to prevent or limit future problems (cf. 3.2).
- The strategic management process assists managers in addressing changes in the internal and external business environment as well as in planning for the future. This process consists of the following elements: formulating a mission and vision statement, analysing the business environment, choosing a strategy, formulating objectives, implementing strategies and evaluating strategies (cf. 3.3).
- The mission and vision statements are important, as it indicates an organisation's current state and provide a guideline for future direction (cf. 3.3.1).
- An environmental analysis includes: an analysis of the impacts of tourism, studying the presence of tourism elements in the environment and conducting a SWOT analysis. An environmental analysis indicates important forces in the business environment that should be addressed in order adapt to changes (cf. 3.3.2).
- Conference centre managers should choose a suitable strategy, as this will enable the conference centre to compete successfully in the market place (cf. 3.3.3).
- Setting objectives is an important aspect of strategic management, as it provides managers with clear guidelines for decision-making and is important in measuring performance (cf. 3.3.4).
- A strategy can only be successful if it is implemented thoroughly (cf. 3.3.5).
- Strategic control will allow a conference centre to respond more pro-actively and timely to developments in areas that will affect its success (cf. 3.3.6).

7.2.3 CONCLUSIONS FROM THE LITERATURE STUDY WITH REGARD TO FINANCIAL AND MARKETING MANAGEMENT

The following can be regarded as the main conclusions in terms of research objective 2 (cf. 1.3).

- Financial management is vital to the success of a conference centre. The most important aspects of financial management include: business organisation, sources of income (revenue), financial planning, budgeting and financial control (cf. 4.2).

- The form of business organisation will influence financial management as different forms of organisation have different implications for financial management. The advantages and disadvantages of each form of organisation should be considered when choosing one (cf. 4.2.1).
- Sources of finance are vital for the development and survival of a conference centre. The key financing sources include: sale of service, mortgage bonds, fees, concessions, donations and sale of assets and equipment (cf. 4.2.2).
- The development of a business plan is an important aspect and should proceed financial planning. The business plan will assist a conference centre manager in identifying an opportunity to sell the services and facilities of the conference centre (cf. 4.2.3).
- A budget plays an important role in financial planning and control systems of a conference centre. The process of developing budgets requires: setting goals, planning and scheduling to reach the goals, identifying and pricing resources, locating needed funds and adjusting goals, plans and resources to match actual fund availability (cf. 4.2.4).
- Financial control involves setting standards, comparing actual performance with standards, evaluating the differences and taking corrective action. Performing financial control is important, as it enables a conference centre to accomplish its objectives as efficiently as possible (cf. 4.2.5).
- Marketing is an important function in all conference centres, as it has to do with conveying a specific and convincing message to clients in order to persuade them to visit the conference centre. This will lead to customer satisfaction, which, in turn, will lead to an increase in sales and profit. The most important aspects of marketing management include: market research, market segmentation and target marketing, positioning, and marketing mix (cf. 4.3).
- The primary goal of marketing is to satisfy the needs of the customers. It will be impossible for a conference centre to satisfy the needs of the customer if managers are not aware of what those needs are. It is therefore important to conduct market research. Marketing research thus allows managers to obtain information on customers, competitors, suppliers and other forces in the market place (cf. 4.3.1).

- Market segmentation allows managers to identify groups of customers with similar needs and choosing a target market. The market can be segmented in different ways, namely: demographically, socio-economically, geographically, psychologically, and behaviouristically. Segments such as the following have also been identified in the conference market: purpose of travel, employing organisation and job function (cf. 4.3.2).
- A conference centre need to differentiate itself from its competitors as conference organisers and conference delegates often choose a destination based on their perceptions of the venue. This is done through positioning. Through positioning a clear and distinctive image of the conference centre is created in the minds of customers (cf. 4.3.4).
- The marketing mix (product, place, price/rate, promotion) should be used in compiling a marketing strategy, which will satisfy the needs of the customers (cf. 4.3.5).
- Product implies a venue that is able to host the conference (cf. 4.3.5.1).
- Price/rate includes aspects such as conference centre hire charges, delegate rates, hotel or guest-house accommodation costs, provision of food and beverages, safety and transport costs (cf. 4.3.5.2).
- Place refers to distribution channels that are used to distribute information about the conference centre to customers, e.g. trade shows, venue guides, brochures and websites (cf. 4.3.5.3).
- Promotion refers to the communication between the seller and potential buyer with the aim to convince the buyer to buy the product. It involves a variety of activities such as advertising, personal sales, publicity, direct marketing and sales promotion (cf. 4.3.5.4).

7.2.4 CONCLUSIONS FROM THE LITERATURE STUDY WITH REGARD TO HUMAN RESOURCE MANAGEMENT AND MANAGEMENT OF OPERATIONAL ASPECTS

The following can be regarded as the main conclusions in terms of research objective 2 (cf. 1.3).

- A conference centre cannot be managed effectively without the necessary human resources. The most important elements of human resource management include: human resource planning, recruitment, selection, labour legislation, training and performance evaluation (cf. 5.2).
- Human resource planning should be performed in order to ensure that employees are available in order to carry out all tasks in order for a conference to meet its objectives. The organisational structure of a conference centre plays a significant role in determining its staffing needs (cf. 5.2.1).
- It is important that skilled applicants are recruited in order to save time and money. Important skills that are required include: interpersonal skills, communication skills, attention to detail, ability to work under pressure, analytical skills, ability to speak foreign languages and technological skills (cf. 5.2.2).
- In South Africa, legislation has been developed in order to regulate employment relations (cf. 5.2.4).
- Employees need training in order to gain knowledge and develop skills, as these will enable them to perform their tasks more effectively. This implies that a better service can be rendered, leading to customer satisfaction and an increase in sales and profit (5.2.5).
- Performance appraisal is an important mechanism for encouraging employees to effectively perform their tasks. It involves setting work standards, assessing the employee's actual work standard relative to set standards, and providing feedback to employees with the aim of encouraging performance that is better than the set standard (cf. 5.2.6).
- Managers and employees should attend to operational details. Aspects such as the following need careful consideration: design aspects of conference centres,

provision of catering services, technical facilities and registration and support activities (cf. 5.3).

- Certain design aspects need to be considered as these can contribute to the success of conferences. Such aspects include: access, layout, ambience, lighting, air-conditioning, noise, safety and security, and accommodation (cf. 5.3.1).
- It is important to provide catering services of high standards as it forms an integral part of the delegates' experience. The catering services should satisfy the needs of the delegates. It is therefore important to gather information from the customer regarding certain aspects of the menu before the menu is compiled (cf. 5.3.2).
- Technology forms a vital part of any conference. Conference centre managers should keep track of changes in technology. Equipment that is frequently used for conferences include: microphones, projection screens, slide projectors, overhead projections, flip-charts, VCRs, and public address systems (cf. 5.3.3).
- A number of activities have been identified that should be considered in order to ensure that all aspects of a conference takes place according to plan. These activities include: correspondence checks and pre-conference meetings, providing the conference organiser with his/her own office, setting up and security, rehearsals prior to the start of a conference, meeting-room checks, welcoming delegates, and post-conference evaluation (cf. 5.3.4).

7.2.5 CONCLUSIONS WITH REGARD TO THE SURVEY

The following can be regarded as the main conclusions in terms of research objective 3 (cf. 1.3).

- Respondents regard strategic planning as an important to very important aspect in the management of a conference centre. Applying a code of ethics, evaluating business strategies and identifying competitors are however regarded as more important than other aspects of strategic planning (cf. 6.2.2.1).
- Financial management is regarded as an important aspect in the management of a conference centre. Respondents, however, regard determining financial viability

and performing financial control as being more important than other aspects (cf. 6.2.2.2).

- All aspects of marketing are perceived as being important to very important in the management of a conference centre. The most important marketing activities include: conducting market research, developing a price strategy, advertising the conference centre and marketing the conference centre through personal selling (cf. 6.2.2.3).
- Respondents indicated that human resource management is important in the management of a conference centre. Recruiting the right person for the right position and training employees so that they acquire the necessary skills to effectively perform certain tasks are regarded as the most important activities in human resource management (cf. 6.2.2.4).
- The most important aspects concerning layout and design of a conference venue include providing a conference venue with attractive features, providing sufficient lighting and air-conditioning in conference rooms, ensuring that facilities are clearly indicated with proper signage and ensuring that there are sufficient fire extinguishers and emergency exits within the venue (cf. 6.2.2.5).
- It is important for conference centres to provide on-site accommodation for conference delegates, catering services and a variety of technical equipment. Catering managers should also be aware of the special dietary requirements of delegates (cf. 6.2.2.5)
- Ensuring that all conference facilities are in working order and that restrooms are clean and tidy prior to the start of a conference, are important aspects as well as welcoming delegates in a friendly manner (cf. 6.2.2.5).
- Post-conference evaluation is important in evaluating the success of a conference. For this purpose, respondents indicated that generating verbal feed back and sending out a questionnaire to evaluate the success of a conference as important activities. It is also important to decide on a plan to handle various attendee complaints (cf. 6.2.2.5).
- The key success factors in managing a conference centre include the following (cf. 6.3.1):

- **Having a functional layout and providing the right variety of facilities.** Aspects such as having a large enough foyer to accommodate a large number of people during registration, providing exhibition space, financial services, tours and airline desks, pre- and post-conference tour opportunities and spouse and children programmes are important. Managers need to consider these in order to satisfy a variety of needs and enhance the attractiveness of the conference centre.
- **Perform marketing management.** Marketing management include activities such as conducting marketing research, promoting the conference centre tailored to its product life cycle, developing a price strategy and using sales promotion as an inducement to sell the conference centre as a product. These activities assist managers in identifying and satisfying the needs of the target market and in developing strategies to reach objectives.
- **Having operational aspects in place.** Providing sufficient lighting in conference rooms, providing air-conditioning in conference rooms, ensuring that conference facilities are in working order, ensuring that facilities are clean and welcoming conference delegates in a friendly manner are vital aspects in order for a conference centre to be successful. If these aspects are in place it will contribute to the success of a conference and create a positive image of the conference centre in the mind of the client.
- **Conduct proper planning.** Strategic and financial planning is vital in the management of a conference centre. Aspects such as formulating a mission statement, developing a business philosophy, applying a code of ethics, evaluating business strategies, developing a business plan and a capital budget, performing financial control and a break-even point analysis, will assist the conference centre manager in determining the future direction of the conference centre and in accomplishing its objectives.
- **Providing an attractive venue (design) and conducting a post-conference evaluation.** A conference centre with attractive features will create a distinctive place amongst various other conference centres in the mind of the client. A post-conference evaluation includes aspects such as generating verbal feedback on the success of a conference and using audited financial records and documents in the post-conference analysis. It is

important to conduct a post-conference evaluation, as this will indicate what aspects need improvement. It will also indicate what aspects are perceived as being positive, which could then be used in the marketing strategies of the conference centre.

- **Perform human resource management.** The training and recruiting of employees are of cardinal importance in the management of a conference centre. Employees with the necessary skills should be recruited to fill positions that are open. Employees should also be trained to acquire the necessary skills to effectively perform their tasks. This will ensure that employees deliver service of high standards.

7.3 RECOMMENDATIONS

Recommendations regarding the management of a conference centre as well as recommendations regarding further research will be made next.

7.3.1 RECOMMENDATIONS FOR MANAGING A CONFERENCE CENTRE

The following recommendations can be made in order to manage a conference centre successfully:

- Managers of conference centres should engage in proper strategic planning. For this purpose, the strategic planning process can be followed (cf. 3.3). It is important to formulate a mission and vision statement, analyse the business environment, develop strategies and objectives, implement strategies and perform strategic control. These aspects will allow the manager to plan ahead and prevent future problems.
- Managers should do financial planning. This implies that a number of activities should take place, namely: identifying sources of income, setting budgets, determining financial viability, calculating the break-even point and performing financial control. If finances were managed properly, income as well as profit will increase.

- The conference centre should be marketed properly. For this purpose, it is necessary to conduct market research, segment the market and choose a target market, position the conference centre, market the conference centre tailored to its product life cycle, choose a price strategy and promote the conference centre through different means, such as advertising, personal selling and sales promotion.
- Managers should determine the staffing needs of the conference centre by considering its organisational structure. Qualified applicants should be recruited and trained accordingly so that they acquire the skills necessary to perform certain tasks. Managers should use performance appraisal techniques to evaluate employees on how they perform their tasks and should use this to encourage employees to improve their service delivery. Furthermore, managers should incorporate legal aspects of employment.
- Conference centres should provide a variety of services and facilities in order to satisfy a variety of needs.
- A post-conference evaluation should be conducted after a conference in order to determine the success of the conference and to improve on those aspects that need improvement.
- Managers should apply key success factors in order to manage conference centres successfully.

7.3.2 RECOMMENDATIONS REGARDING FURTHER RESEARCH

- As the conference industry is still a very young one, not much research has been done on the size and value of the industry. Research in the industry should improve in order to create a base of information. If this could be established, more governments will recognise the value of the industry in terms of its economical contributions. The question that should thus be addressed is: what is the value of the conference industry in terms of economic benefits and job opportunities?
- There is a lack of conference-specific courses in the conference industry. It is therefore necessary to develop specific courses and training opportunities that will enable students to acquire the necessary skills to follow a career in the conference industry. What should thus be included in a curriculum for conference tourism

management to enable students to acquire the necessary skills in order to follow a career in the conference industry?

- Research on management aspects with specific reference to conference centres could improve, as there is lack in literature specifically relating to this. There are, however, various literature sources available on management aspects in general. Thus, how should a conference centre be managed?
- As conference tourism often attracts large numbers of people to an area, it is often questioned whether conference tourism is environmentally sustainable. The sustainability of conference tourism should thus be researched in order to identify ways to decrease the environmental impacts of conference tourism. It is thus important to address the following question: how sustainable is conference tourism and how can the negative environmental impacts of conference tourism be avoided or limited?
- The development of conference facilities and services for people with disabilities should be researched. How should a conference centre thus be designed in order to accommodate people with disabilities?
- Technology improves continuously with developments such as video-conferencing and virtual reality. The impact that new technology will have on the conference industry should be researched in order to determine the future of the industry and to identify ways to adapt to technological changes. Thus, what impact will the development of new technology have on the future of the conference industry?

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ANNEXURE A

Dear Madam/Sir

RESEARCH ON THE KEY SUCCESS FACTORS THAT PLAY A ROLE IN THE MANAGEMENT OF A CONFERENCE CENTRE IN SOUTH AFRICA.

I am currently enrolled at the North-West University for an MA degree in Tourism Management. My study is concerned with the key success factors that play a role in managing a conference centre in South Africa. In order for this study to be successful, I need your help in completing a questionnaire.

The purpose of the questionnaire is to obtain information with regard to key success factors that play a role in the management of a conference centre.

Your co-operation will be highly appreciated by the Institute for Tourism and Leisure Studies.

Your completed questionnaire is confidential and no names or personal references will be used.

Thanking you in advance.

Prof. M. Saayman
Head: Tourism Programme

Ms. E. Kruger
Student

ANNEXURE B

QUESTIONNAIRE FOR CONFERENCE CENTRE MANAGERS

SECTION A: GENERAL INFORMATION

Please indicate with the number that is applicable to the conference centre (mark with an "X"):

A. 1. In which province is the conference centre located?

Free State	1
Gauteng	2
KwaZulu-Natal	3
Limpopo	4
Mpumalanga	5
North-West	6
Northern Cape	7
Eastern Cape	8
Western Cape	9

A. 2. How long has the conference centre been in existence?

A.3. Indicate the type of conference centre (you may choose more than one option if applicable):

Purpose-built conference centre: Built for the purpose to host conferences only.	1
Municipal multi-purpose centre: Provide conference facilities as well as a variety of facilities other than conference facilities, e.g. sporting facilities, leisure facilities.	2
Residential conference centre: Privately owned conference centre with its reason of existence being management development or conference centre provision as a commercial activity.	3

Company conference centre: Owned by the company itself to provide in its own conferencing needs.	4
Academic venue: The conference facilities are part of an academic venue, e.g. college, university.	5
Hotel-based conference centre: Conference facilities are offered at a hotel.	6
Sporting venue: Conference facilities are offered at a sporting venue, e.g. rugby club, racecourse.	7
None of the above	8

A.4. How many conference delegates can be accommodated by the conference centre?

A.5 Who is your main target market (not more than 3 target markets)?

SECTION B: KEY SUCCESS FACTORS

Please indicate the number that best represents the importance of various aspects to ensure the over-all success of a conference centre (mark with an "X"):

SCALE:

1	Not important
2	Important to an extent
3	Important
4	Very important

To ensure the over-all success of a conference centre, the following aspects are regarded as important:

B.1: Formulate a vision statement	1	2	3	4
B.2: Formulate a mission statement	1	2	3	4

B.3: Develop a business philosophy	1	2	3	4
B.4: Apply a code of ethics	1	2	3	4
B.5: Evaluate business strategies regularly	1	2	3	4
B.6: Decide on a type of ownership	1	2	3	4
B.7: Determine the financial viability of the conference centre	1	2	3	4
B.8: Develop a business plan	1	2	3	4
B.9: Keep track of changes in the economy	1	2	3	4
B.10: Keep track of changes in technology	1	2	3	4
B.11: Identify and keep track of competitors	1	2	3	4
B.12: Take note of changes in the political environment	1	2	3	4
B.13: Be aware of changes in the demographics of South Africa	1	2	3	4
B.14: Take note of changes in the climate	1	2	3	4
B.15: Adhere to the BEE (black economic empowerment) policy	1	2	3	4
B.16: Develop an operational budget	1	2	3	4
B.17: Develop a capital budget	1	2	3	4
B.18: Perform financial control	1	2	3	4
B.19: Perform break-even point analysis	1	2	3	4
B.20: Conduct market research	1	2	3	4
B.21: Use market segmentation to identify target markets	1	2	3	4
B.22: Promote the conference centre as a product, tailored to its product life cycle	1	2	3	4
B.23: Develop a price strategy	1	2	3	4

B.24: Advertise the conference centre	1	2	3	4
B.25: Do personal selling	1	2	3	4
B.26: Use sales promotion as inducement to sell the conference centre as a product	1	2	3	4
B.27: Establish a public relations mechanism through which publicity is managed and controlled	1	2	3	4
B.28: Attend tourism shows and exhibitions	1	2	3	4
B.29: Use direct marketing (mail, telephone, fax, e-mail)	1	2	3	4
B.30: Use the organisational structure of the conference centre to determine the staffing needs of the conference centre	1	2	3	4
B.31: Be aware of legal aspects of employment in the management of a conference centre	1	2	3	4
B.32: Recruit the right person for the right position	1	2	3	4
B.33: Train employees so that they acquire necessary skills to effectively perform certain tasks	1	2	3	4
B.34: Use performance appraisal techniques to evaluate employees on how they perform tasks	1	2	3	4
B.35: Encourage employees to be prompt in their service delivery	1	2	3	4
B.36: Provide a conference venue with attractive features	1	2	3	4
B.37: Have sufficient parking space available at the conference centre	1	2	3	4
B.38: Provide enough breakaway rooms	1	2	3	4
B.39: Have a large enough foyer to accommodate a large number of people during registration	1	2	3	4
B.40: Provide exhibition space	1	2	3	4

B.41: Offer creative team building facilities and activities	1	2	3	4
B.42: Provide sufficient lighting in conference rooms	1	2	3	4
B.43: Provide air-conditioning in conference rooms	1	2	3	4
B.44: Ensure that conference rooms are sound proof	1	2	3	4
B.45: Organise security for a scheduled conference	1	2	3	4
B.46: Ensure that there are enough fire extinguishers and emergency exits	1	2	3	4
B.47: Provide on-site accommodation for conference delegates	1	2	3	4
B.48: Provide catering services at the conference centre	1	2	3	4
B.49: Be aware of any special dietary requirements of delegates	1	2	3	4
B.50: Provide a variety of technical equipment for use at conferences, e.g. microphones, projection screens, overhead projection, slide projectors, flip chart, and VCR and monitor	1	2	3	4
B.51: Prepare a function list for a scheduled conference	1	2	3	4
B.52: Schedule a pre-conference meeting with the conference organiser to address last minute problems	1	2	3	4
B.53: Provide the conference organiser with his/her own office for the duration of the conference	1	2	3	4
B.54: Display a floor plan that indicates the venues of different activities/functions	1	2	3	4
B.55: Organise a rehearsal prior to the conference with all the role players involved, e.g. technical staff, security staff, conference organiser, floor manager, conference speakers, etc.	1	2	3	4
B.56: Ensure that all conference facilities are in working order	1	2	3	4

B.57: Ensure that the restrooms are clean and tidy at all time	1	2	3	4
B.58: Welcome conference delegates in a friendly manner	1	2	3	4
B.59: Ensure that all facilities are clearly indicated with proper signage	1	2	3	4
B.60: Provide financial services to conference delegates within the conference centre	1	2	3	4
B.61: Provide tours and airline desks within the conference centre	1	2	3	4
B.62: Provide pre/post tour opportunities for conference delegates.	1	2	3	4
B.63: Provide spouse and children programmes	1	2	3	4
B.64: Provide a space where conference delegates can store their luggage	1	2	3	4
B.65: Provide telephone services to conference delegates within the conference centre	1	2	3	4
B.66: Ensure that the conference organiser and floor manager communicate effectively during the conference	1	2	3	4
B.67: Decide on a plan to handle various attendee complaints	1	2	3	4
B.68: Generate verbal feedback on the success of a conference during a debriefing session	1	2	3	4
B.69: Send out a questionnaire to receive feedback on the success of a conference	1	2	3	4
B.70: Use audited financial records and documents in the post-conference analysis	1	2	3	4

Any other suggestions: _____

Thank you for your time and effort for completing this questionnaire.

