



Norfolk & Suffolk Skills Economy Project

Norfolk - Hospitality & Tourism Skills Report

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For: Shaping Norfolk's Future

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New Anglia – Hospitality & Tourism Skills Report

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ABS – Annual Business Survey (see ONS below)

ATA – Apprenticeship Training Association (see GTA below)

B&B – Bed and Breakfast accommodation

BERR – The Department for Business, Enterprise and Regulatory Reform

ESF – European Social Fund

EET – East of England Tourism (now defunct)

EU – European Union

FE – Further Education

GDP – Gross Domestic Product

GLH – Guided Learning Hour

GTA – Group Training Association (employer led training association)

HE – Higher Education

LEP – Local Enterprise Partnership

Micro businesses – very small businesses (qualified as either 1 – 5 or 1 - 10 employees)

ONS – Office for National Statistics (see ABS above)

QCF – Qualifications Credit Framework

RDP – Rural Development Programme

SME – Small & medium sized businesses (usually qualified as 1 – 249 employees – see micros above)

Foreword

The work for this series of reports on the “skills economy” is part funded by the European Social Fund Technical Assistance Fund, which is intended to facilitate the working of the ESF Programme in the East of England. The employer engagement strand aims to: build the confidence of employers in recruiting and retaining staff; challenge negative assumptions about the skills and talents of people coming into employment; and improve employers’ access to practical information, making it easier for them to locate relevant sources of advice and support for their situation.

Our ESF project work explores key growth sectors in Norfolk and Suffolk to identify vocational skills gaps in the workforce and examine how training providers in the county can work together to deliver the skills that employers want for their workforce, and employees need for their personal development.

The Norfolk and Suffolk economies are diverse, dispersed between large rural areas and key urban conurbations, and their skills base is uneven. However the potential for growth across New Anglia is substantial.

This project will attempt to facilitate growth across the two counties by gaining a better understanding of sectors leading to a clearer insight into how supply and demand works for the skills economy.

The project began in 2010 and several skills economy reports have already been completed. These are available from www.skillsfornorfolk.co.uk and from www.esf.trainagain.co.uk . They will soon also be available from the New Anglia website.

We hope you enjoy reading the different sector analyses. If you would like to get involved in any of the issues raised or are keen to address some of the challenges set out, please do contact us. Presentations of these reports are made to various groups and we would be pleased to consider other avenues for dissemination, discussion and involvement.

Chris Starkie
Chief Executive – Shaping Norfolk’s Future

Executive Summary

Tourism is a crucial industry for Norfolk and Suffolk, employing more than 74,000 people and worth an estimated £4.9bn. The sector has been prioritised by the New Anglia Local Enterprise Partnership as one with significant growth potential. New Anglia LEP is working to develop a coherent marketing strategy for tourism in Norfolk and Suffolk which will help stimulate more customers and help create more jobs in the sector. At the same time it is looking to drive up skills levels to boost the competitiveness of individual businesses and improve the quality of customer experience.

Norfolk and Suffolk are significant UK tourism destinations providing one of the broadest and most dispersed tourism and hospitality offers in England.

East Anglia, a term which in recent times lost out to the larger “East of England”, is nevertheless a popular brand name and only needs the strap-line “exploring Norfolk and Suffolk” to qualify its tourism geography. Although this report is not primarily about marketing, the way businesses can work together, and the importance of looking at both destinations and individual businesses means that marketing considerations are never far from the surface.

To get underneath the tourism sector, its worth starting with the businesses who benefit from, and hope to influence, tourist behaviour. The businesses relationship to its destination is an important factor to consider. Of course some businesses are “the destination”: Potters, for example is marketed solely as a holiday destination. Its revenue streams are similar to a small town; once the tourists arrive, they have a range of competing offers to attract them – different bars, restaurants, amusements, shows and so on. Because each of these are part of the Potters “family” they all share the same ethos, and level of customer care – so visitors expectations across the whole resort, tend to be met. Its no surprise then that Potters has extremely high repeat business figures and similarly high satisfaction ratings.

Most destinations though are not businesses themselves and even fewer have such control over their local environment that Potters enjoy.

One way of thinking about the tourism and hospitality sector is to look at the way demand works for different parts of the tourism offer. In the language of economics, we can say that there are a range of “substitutes” (competing offers) and “complements” (complementary offers). Businesses offering the same product or service are often not competing until the tourist makes a final decision of, for example, where to stay or eat. If other tourism businesses are more often seen as complements rather than substitutes for your offer, the whole way you view your relationship with ‘competitors’ can change. Collaboration on a far bigger scale may be possible.

The hospitality and tourism sector covers many business activities. People 1st, the sector skills council, lists 14 separate sub sectors which together provide a range of

services for people to enjoy, such as eating and drinking, staying away, indoor and outdoor activities and entertainment. The sector is defined by its ability to produce experiences which are consumed at the very time they are produced. This makes the 'people' element so much more important in the sector than in other sectors where much of the 'production' is invisible to the customer.

In Norfolk and Suffolk there are around 7,500 businesses operating in the tourism, hospitality and leisure sector (ABS 2010). Most are SME establishments which are involved in the daily production of experiences for people living in or visiting the area to enjoy.

Lifestyle businesses are a key part of the tourism economy but they are frequently seen as "growth resistant" and therefore public agencies have sometimes been reluctant to invest time in their development. But If Norfolk and Suffolk are to maintain and grow their competitive edge, investment in lifestyle business skills is essential.

Investing in lifestyle businesses then, will have a positive impact on the New Anglia economy and help generate more domestic tourism, towards the Prime Minister's hallowed 50:50 (an aspiration to bring UK resident visitor spend up to 50% by 2015). Persuading British tourists to give up (at least) a portion of their overseas visits means raising the quality of UK tourism so that, despite the varied weather, it can compete with the best destinations abroad.

Of the 1.7 million people working in hotels and restaurants across the UK, 45% are in companies with fewer than 50 employees. More surprisingly, just over 45% of the £74.5 billion turnover is also generated by these businesses.

The Best Practice Forum research into international tourism best practice found that the top 25% of companies need 3 times less overhead than the bottom 25%. Only 7% of productivity gains come from increased skills. 93% arise from improved working practices.

So what does this tell us about skills in the sector? Why bother, one might ask, if staff training makes such a small impact on productivity? But business development shouldn't be a choice between skills or productivity – both need to be addressed. Upskilling should always lead to improved productivity, and conversely improved working practices should be based on, and lead towards skills improvements. This is surely the key: making sure skills are relevant to business growth and equally ensuring that business improvement initiatives lead to individual upskilling.

Unlike the manufacturing sector, service industries, especially tourism, are often defined by the need to produce "experiences" (e.g. eating, drinking & entertainment) at the very time they are consumed. So, in the sense there is no "stock" in the tourism sector – what is produced (an experience for the tourist) is immediately consumed. This has implications for staff training which can sometimes be overlooked. Customer service training is not an "added extra" in tourism, not

something to be bolted on to the real tourism business training. Customer service is the tourism business, precisely because the production and consumption process happen simultaneously. So customer service is the engine room of tourism – without it, there would be no sector, just a collection of facilities.

Choosing FE

The FE sector is extremely well equipped to provide a high quality service to hospitality and tourism businesses but so often there is a mismatch between the FE offer and the employers needs. Publicly funded schemes which bring in outside trainers may be said to exacerbate the problem. Private providers can rarely provide the breadth of service available in FE and long term training commitment is unlikely to be optimised through this route. Moreover, it does nothing to develop colleges capacity to deliver – and simply reinforces a “poor country cousin” image for the (FE) sector. Invitations to tender may be seen as the most competitive and economic way of sourcing training provision but it takes no account of “externalities”, such as college capacity building and long term relationship building with employers. One has to ask why one would invest so much resource into FE and then not optimise the resource usage?

Apprenticeships

Apprenticeships are a very efficient economic tool – offering employers the chance to train up an individual to meet their exact requirements. However, the tourism sector traditionally has not been the most receptive to apprenticeships. Chris Coubrough – managing director of the Norfolk hotel group Flying Kiwi Inns, laments the lack of vitality and aptitude in apprentices and their failure to visualise a future in this fast paced industry.

Suffolk Food Hall on the other hand, sees the potential in apprenticeships and a third of their 35 staff are on apprenticeship schemes ranging from fishmongering and butchery skills to traditional chefing, customer service and management.

If towns could take on an apprentice it would provide an opportunity to work across a range of service sectors. This would give the apprentice a broad experience of different types of service jobs and allow employers to take on just a small portion of the overall commitment. One could imagine the apprentice working in the local post office on Monday, the hotel on Tuesday, admin at Norfolk Country Cottages on Wednesday, the local pub on Thursday and the catering team at the local school on Friday. Not only do these businesses provide a range of opportunities to learn new skills, and show adaptability but they also work from the perspective of transport: An apprentice from a small market town would be able to do an interesting and varied programme of work all on her doorstep without the need for commuting.

West Suffolk College has set up its own Apprenticeship Training Association (ATA), and has expressed an interest in piloting such a scheme. Working with colleges in their local areas to pilot a number of these cross sector service initiatives could be a good next step.

Although colleges are not the only organisations to set up ATAs it does make sense to work with local FE to find a solution. Colleges have huge resources at their disposal and often have a full range of specialist staff who could support such a cross sector initiative. Moreover, the continuity that colleges offer an apprentice is invaluable – it allows them to think about training progression in a ‘comfortable’ way, knowing the institution they are dealing with and relying on them for planning support.

However there is a role for the private sector in setting up an ATA or a GTA (Group Training Association), especially where one business is a “pace setter” for other smaller businesses. Adnams fits into this mould. With a significant supply chain from across the food sector and its own customer chain of micro businesses running pubs supported by Adnams, the company is in a strong position to set a training standard to which smaller businesses could aspire. This could presumably range from apprenticeship training to workforce development initiatives on a broader scale. Even if a ‘pace setter’ company was reluctant to take on the employment responsibilities of apprentices, this could be done by a college ATA, without affecting the ethos of the scheme.

Career Options

People 1st have developed an interesting on-line career map which demonstrates the complexity of the sector. The hospitality and tourism sector is increasingly becoming an attractive proposition for a career, and young people can choose many different routes into the sector. Whether one is thinking of: opening their own bar or B&B; joining a top class catering team; or more interested in the corporate ladder of a group like Whitbread (the UK’s largest hotel and restaurant company and owners of the Costa Coffee chain), there are low barriers to entry and good progression routes throughout the sector. More importantly, there are many routes through the sector into management positions.

Customer Care

It has already been noted that customer service is at the heart of the industry, so it is surprising not to see more college courses listed in this category. In addition to Edexcel’s BTEC awards, there are two competing short course customer care training brands for the tourism industry: The Welcome to Excellence Programme (including Welcome Host) and the People 1st recently acquired “World Host” Programme.

Given the importance of customer service training to the industry, it is worth looking at these different programmes and decide which one might be best to pursue from an LEP perspective.

The Welcome to Excellence programme is the longest serving customer care programme for UK tourism and has been continuously developed over the last 15 years. The programme includes eight one-day customer service training courses which provide front-line staff and managers with the skills needed to deliver good customer service. Additionally there are a range of innovative short courses on

specific themes such as: Green Edge, and Welcoming Walkers and Cyclists. A new bespoke destination programme has also been developed to provide underpinning knowledge about specific tourism destinations.

Conclusions

This report looks into the issues around skills in the tourism and hospitality sector. It has been noted that the industry has a number of distinguishing features which sets it apart from other business sectors and differentiates it from other service industries. Small and micro businesses are vital to the tourism economy: they dominate the sector in every sense: providing more jobs, greater contribution to GDP and are far greater in number than larger businesses in the sector. Although there have been many successful initiatives aimed at SMEs in the sector, the high growth agenda and the bias against very small businesses (less than 5 employees) has often meant that those most in need have lost out. Moreover we have noted that colleges (and one can add to this, universities and business development agencies) find it easier targeting larger businesses where they can count many more employees “under one roof”.

Whilst the sector is good at joining together to form local associations, it is less enthusiastic about developing joint training ventures. Given that so many tourism businesses are very small – it makes sense to develop sustainable joint training initiatives.

It is no surprise that customer care comes out as the key area of training required. The report emphasises the importance of seeing customer service not as a ‘bolt on’ but as the very heart of the sector – the engine room which powers the industry. This clearly has implications for supporting and developing the sector.

Apprenticeships are key to the health of the sector. Over-reliance on migrant labour is uneconomic since many EU workers will either return to their home country or leave the sector for their chosen career. Either way, this adds to recruitment costs which have always been high in the industry. Creating new flexible apprenticeship schemes could go a long way to reducing these unnecessary costs – and of course it could lead to a new brand of young tourism professionals, proud of the sector and keen to develop a career.

Recommendations

Collaborative training schemes come out as the overriding priority. To this end, the following recommendations are put forward:

- Investigate the popularity of a New Anglia customer care brand which uses one of the established training programmes (Welcome to Excellence; World Host; or BTEC) as its starting point. (Note Welcome to Excellence offers a bespoke destination module).

- Pilot a range of innovative apprenticeship initiatives involving Apprenticeship Training Associations; colleges and employers, as a means of raising quality and developing careers in the sector.
- Promote the importance of working with smaller businesses across the sector and where possible, introduce supply chain or customer chain initiatives (e.g. Adnams Brand) as a means of driving up quality in the sector.
- Explore ways of working with the new Edge Foundation Hotel School in Essex – perhaps looking at satellite programmes for young people at local colleges in Norfolk and Suffolk.