



Escape2



Training Course

How to Develop a Successful HQRTS
(High Quality Rural Tourism Strategy)

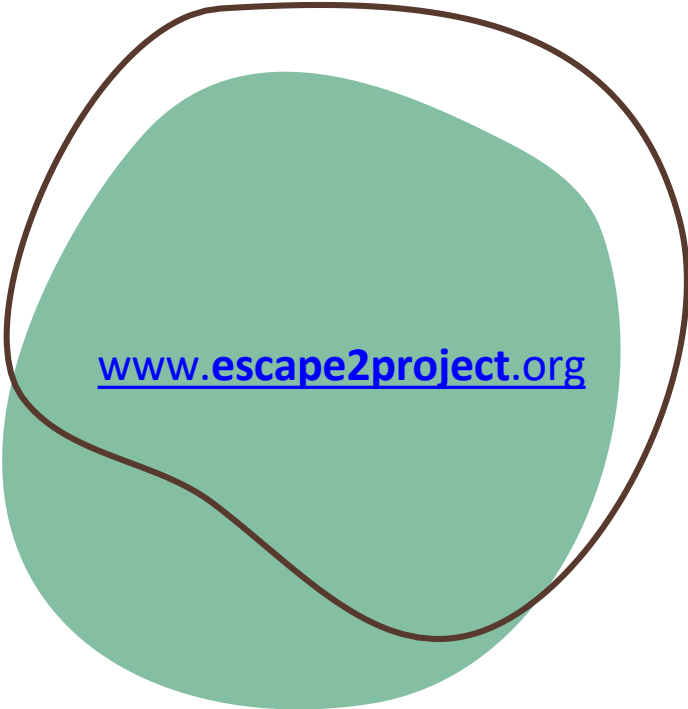
Module 3

Rural Tourism Business Strategy

Bonus Content

www.escape2project.org

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| INTRODUCTION

In this section you will find extra course material on Module 3 Rural Business Strategy. This material has been prepared by K-GEM and has general content. By doing these studies, you will be able to construct an appropriate business strategy for yourself. These materials have been prepared according to the study titles. We wish you success in advance.

| K-GEM

Who we are

K-GEM is a non-governmental organization that focuses on women and youth from different social, educational and cultural backgrounds in the field of civil society. It was established in 2008 in Ankara. In 2013, it was accredited by the Turkish National Agency as a European Voluntary Service Sending and Coordinating Organization. Its main field of activity includes project-based trainings, seminars, study visits, cultural exchange and project activities aimed at ensuring the personal development of the target audience. Since its establishment, it has been actively participating in social projects and activities. In addition to many youth projects, it has implemented projects focused on environmental and rural solutions.



1 Understanding Business Strategy

“The essence of strategy is choosing what not to do.”

-Michael Porter-

In this section, you can find additional materials and questions on the topic of understanding business strategy.

| Understanding Business Strategy

WHAT DO THE ENTREPRENEURS NEED TO KNOW ABOUT MANAGING A BUSINESS?

Entrepreneurship is taking action to start a business by finding the business idea and providing the necessary conditions to bring this idea to life.

Basic elements such as capital, workforce and some infrastructures are needed to run the business. Creating the work is only the beginning of this work.

In order for the venture to continue, the money, business processes and human resources of that venture must be managed. Leading the creation of the business is not the same as maintaining the business. Also, leadership is not enough for sustainability. Management skills are required here.

Management is a concept about how goals are achieved. Accordingly, management can be defined as the sum of the activities carried out to achieve the objectives by using all the resources in the enterprise effectively. Management is a process. It is known that this process is basically handled in five stages: planning, organizing, directing, coordinating and controlling.

Strategy & Strategic Management

Strategy is the arrangement of work to be done on how to run long-term business.

The strategy outlines where you want to go.

The Questions here (Dess Mc Namara & Eisner; 2016);

How should we compete to create a competitive advantage in the market?

Managers need to decide whether the firm should position itself as a low-cost producer or develop products and services that are unique and allow the firm to charge high prices. Or should they do a combination of both?

How can we create competitive advantages in the market that are unique, valuable, and difficult for competitors to imitate or substitute?

Managers should make such advantages sustainable rather than temporary.

Strategic management is used in the determination of vision, mission, values, goals and targets in companies. Strategic management, after determining the purpose of the establishment of the company, is to question about the "future" and to seek answers to these questions.

To seek answers to the questions of what to do and how to do.

The entrepreneur of the business must reveal his strategy.

Watch this video:

<https://www.youtube.com/watch?v=iuYIGRnC7J8>

According to Dess Mc Namara & Eisner (2016, p.60) strategic management involves three ongoing processes: analysis, decisions and actions. Strategic management is concerned with the analysis of strategic objectives (vision, mission and strategic goals) along with the analysis of the internal and external environments of the organization. Then the founders/entrepreneurs must make strategic decisions. These decisions generally address two fundamental questions: In which industries should we compete? How should we compete in these sectors? These questions often involve an organization's local and international activities. Finally, the actions to be taken are determined. Decisions work when acted upon. Firms should take the necessary actions to implement their strategies. It depends on leaders allocating the necessary resources and managing the organization with realistic strategies.



Setting up a Business

2

“The essence of strategy is choosing what not to do.”

-Michael Porter-

In this section, you can find additional materials and questions and exercises on the topic of setting up a business.

| WHAT CAN YOU DO?

You have to decide what kind of work you want to do in rural tourism or how to develop an ongoing business in your area.

Form: Can I Become an Entrepreneur?

CAN I BECOME AN ENTREPRENEUR?			
Question No.	Questions	Yes	No
1	Are your physical health and age appropriate for the project you propose?		
2	Can you handle the stress and demands of running a company?		
3	Do you find it difficult to manage people?		
4	Are you ready to take on the foreseen risks?		
5	Can you handle the responsibility of running a business?		
6	Can you work alone for long periods of time?		
7	Do you accept the decrease in your income?		
8	Will you work without a normal financial security?		
9	Will you be able to work long hours for your company?		
10	Do you know what effect this will have on your family?		
11	Does your family support the idea of starting your own business?		
12	Are you confident enough to accept rejection by customers?		
13	Do you know enough about the business you are considering getting into?		
14	Have you honestly defined your goals for entering this job?		
15	Do you think this job will change your personality?		
16	Are you considering delegating authority to others in your company?		
17	Have you discussed this project with a friend/relative you trust very much and believe to be honest?		
18	Can you establish good relations with people?		
19	Can you show an assertive attitude when necessary?		
20	Are you good at admitting your mistakes and learning from them?		
21	Will you be able to take on the responsibility of running your own business?		

Important note:

The above exercise will help you understand in which area you have the required skill. If you think you can't answer any question or you want to test your answer, have a friend/relative answer the same question. Then get the information about this issue.

Exercise 2

Do the exercise 2 below. Try to understand your capabilities and abilities.

20 EXAMPLES OF QUESTIONS THAT WILL BE USEFUL IN CHOOSING A BUSINESS IDEA

(<https://bit.ly/3UF2hAD>)

1. What skills do I have?
2. Can I adapt my existing skills for my business idea?
3. Can I turn my hobby into a business idea?
4. What kind of person am I?
5. Can I work from home?
6. What kind of goods and services are needed in my market?
7. What kind of goods and services do local companies need?
8. Do my trusted colleagues/friends have any ideas about running a business?
9. Are there any job opportunities in my region (geography) that I am interested in?
10. Can I transfer an idea developed at universities to business life?
11. What do large institutions and organizations import?
12. Is there potential for substitution of imported goods in the region?
13. Can I sell products made by others?
14. Can I generate new ideas?
15. Can I look at an existing idea from another perspective?
16. Can I take an example of someone else's idea?
17. Can I follow new ideas and developments in the media?
18. Can I see the possibilities offered by natural production or organic nutrients?
19. Do corporate restructurings offer new business opportunities?
20. Can I buy an existing business?

Additional reading <https://hbr.org/1996/11/the-questions-every-entrepreneur-must-answer>

An abstract graphic design featuring a teal background with a large, dark olive green circular shape on the right. A thin black line curves across the composition. A large, dark olive green number '3' is positioned in the upper right quadrant.

3

Creating Business
Strategy

“Vision without execution is hallucination.” – Thomas Edison, Co-Founder of General Electric

In this section, you can find additional materials and questions on the topic of creating a business strategy.

CREATING A BUSINESS STRATEGY

A Business Strategy

A business strategy is a powerful tool to help you achieve your business goals by defining the methods and tactics you should implement in your company. Business strategy also guides many of your corporate decisions, such as hiring new employees.

Entrepreneurs need to be aware that strategic management practices, processes and techniques can be beneficial for growth of the firm. In order to enable their firms to grow, entrepreneurs may like to consider exactly formulating strategy, focusing on growth, profit, and market, among strategic analysis techniques paying special attention to analysis of market and competition and exactly formulating generic business strategies (Kutllovci, Shala, Troni; <https://bit.ly/3DVoHib>)

Creating a business strategy that fits the vision you have for your company or venture is not easy. It takes time and development. You should definitely evaluate your own situation and the details of the work you will do.

Why is a business strategy important? <https://www.indeed.com/career-advice/career-development/business-strategy-examples>

There are several reasons why a business strategy is important for organizations, including:

- **Planning:** A business strategy helps you identify the key steps to take to reach your business goals.
- **Strengths and weaknesses:** The process of creating a business strategy allows you to identify and evaluate your company's strengths and weaknesses so you can create a strategy that optimizes your strengths and compensates for or eliminates your weaknesses.
- **Efficiency:** A business strategy allows you to effectively allocate resources for your business activities, which automatically makes you more efficient. It also helps you plan ahead for deadlines, allocate job roles and stay on track for your project goals.
- **Control:** Creating a business strategy gives you more control over choosing the kinds of activities that will directly help you reach your goals, as well as allows you to easily assess whether your activities are getting you closer to your goals.
- **Competitive advantage:** By identifying a clear plan for how you will reach your goals, you can focus on capitalizing on your strengths, using them as a competitive advantage that makes your company unique in the marketplace.

How to Build a Business Strategy (<https://blog.hubspot.com/marketing/business-strategy>)

- Identify your business' aspirations and values.
- Conduct a self-assessment.
- Pinpoint which segments of your market you want to capture.
- Determine how you'll beat your competition.
- Set clear goals.
- Make a plan.
- Figure out which competencies are needed to beat your competition and sustain your business' success.
- Decide which management systems are needed to hone these competencies.
- Measure your results.
- Be flexible and willing to adapt.

Business Model:

What Is a Business Model? (<https://bit.ly/3WpNbR4>)

The term business model refers to a company's plan for making a profit. It identifies the products or services the business plans to sell, its identified target market, and any anticipated expenses. Business models are important for both new and established businesses. They help new, developing companies attract investment, recruit talent, and motivate management and staff.

Established businesses should regularly update their business model or they'll fail to anticipate trends and challenges ahead. Business models also help investors evaluate companies that interest them and employees understand the future of a company they may aspire to join.

Why Need Capital?

- You can't start your business
- You can't grow your business
- You can't compete
- You can't achieve your goals

How to manage the capital?

1. Funding from Personal Savings
2. Business Loans
3. Friends & Family
4. Angel Investors
5. Venture Capital
6. Special Fundings & Supports Funds in your Country

Human Capital

It is not enough for an entrepreneur to find and provide capital alone; human capital is also very important here. The entrepreneur will lead, but the employees should behave accordingly, and the system should be established in an inclusive structure.

Language Barriers

If options such as guests from different countries or exporting in rural development are considered, there should be language skills that can communicate with the guests. For export or online solutions, it is necessary to have at least

English knowledge.

Transportation Solutions

- Incoming Outgoing for tourists
- Land to Market options
- Retail transportation
- Special packaging
- Transportation options

Business Strategies Examples

- Differentiation
- Commodification
- Cost competitive strategy
- Scope strategy
- Focus/market niche strategy
- Customer proximity
- Some other combination strategies

Differentiation

A differentiation strategy focuses on what makes your business unique from others in the same industry or market. Having a good differentiation strategy creates more stable brand loyalty, reduces price competition, increases profit margins, and lowers customers' ability to substitute your product with something else. Three areas of differentiation include the company, the cost of the product or service, and the product or service itself. (

<https://www.zippia.com/advice/differentiation-strategy/><https://www.zippia.com/advice/differentiation-strategy/>)

6 Unique Differentiation Strategy Examples For Creative Inspiration video see

<https://www.youtube.com/watch?v=NIh1-TCcfas&t=12s>

Also see <https://indeedhi.re/3DVStfW>

Commodification

Commodification assigns an economic value to every product which was earlier not counted in the economic terms, it is more of a profit-oriented concept (<https://www.superheuristics.com/what-is-commodification/>).

Commodification

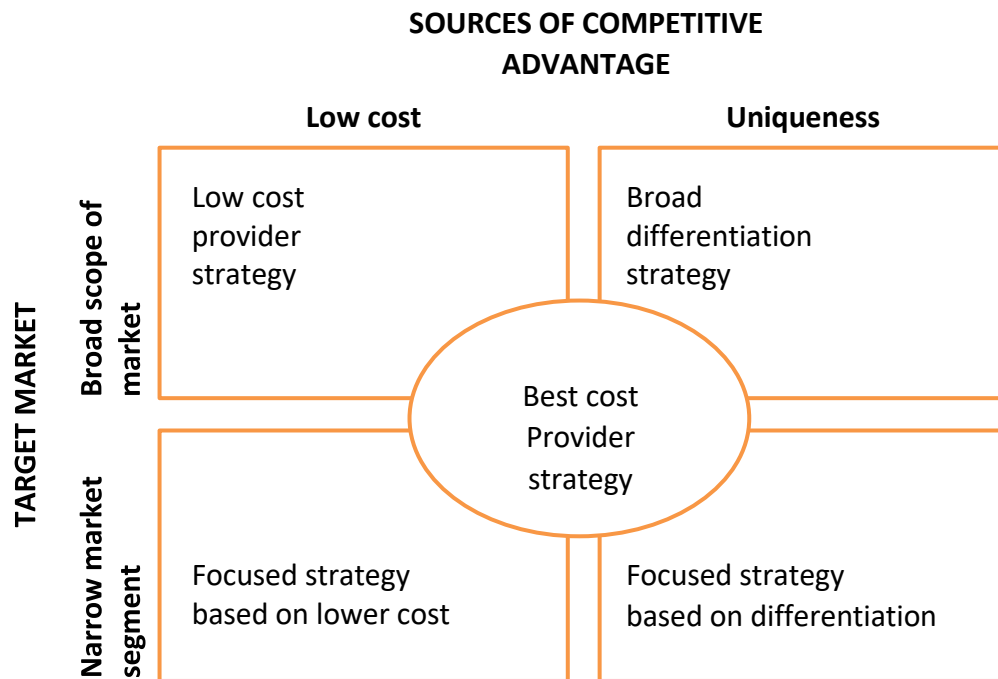


Source:

<http://www.researchgate.net/publication/270471355>

Activity-based costing as an information basis for an efficient management process

Cost Competitive Strategy



<https://hbr.org/1984/01/strategies-for-staying-cost-competitive>

Market Scope Strategy

Market Scope is the market you are going to be active with your product and services. There are several types; Single Market, Multi market, total market, regional market and local market.

Market-Scope Strategy Single-Market Strategy

- Definition: Concentration of efforts in a single segment.
- Objective: To find a segment currently being ignored or served inadequately and meet its needs.
- Requirements: a) Serve the market wholeheartedly despite initial difficulties. b) Avoid competition with established firms.
- Expected results: low costs; higher profits.

Market-Scope Strategy Multimarket Strategy

- Definition: Serving several distinct markets.
- Objective: To diversify the risk of serving only one market.
- Requirements: a) Careful selection to serve. b) Avoid confrontation with companies serving the entire market.

Market-Scope Strategy **Total-Market Strategy**

- Definition: Serving the entire spectrum of the market by selling differentiated products to different segments in the market.
- Objective: To compete across the board in the entire market.
- Requirements: a) Employ different combinations of price, product, promotion and distribution strategies in different segments. b) Top management commitment. c) Strong financial position.
- Expected results: increased growth; higher market share.

Market-Geography Strategy **Local-Market Strategy**

- Definition: Concentrate efforts in immediate vicinity.
- Objective: To maintain control of the business.
- Requirements: a) Good reputation in the geographic area. b) Good hold on requirements of the market.
- Expected results: short term success-need to expand.



Regional-Market Strategy

- Definition: Operate in a region.
- Objective: To diversify risk of dependence on one part of a region and to keep control centralized.
- Requirements: a) Management commitment to expansion. b) Adequate resources. c) Logistical ability to serve a regional area.
- Expected results: increased growth; increased market share; keep up with competitors.



Market-Geography Strategy

National-Market Strategy

- Definition: Operate nationally.
- Objective: To seek growth.
- Requirements: a) Management commitment. b) Capital resources. c) Willingness to take risks.
- Expected results: increased growth, market share and profitability.

International-Market Strategy

- Definition: Operate outside national boundaries.
- Objective: To seek opportunities beyond domestic business.
- Requirements: a) Management commitment. b) Capital resources. c) Understanding of international markets.
- Expected results: increased growth, market share and profitability.

Overall Cost Leadership

- Too much focus on one or a few value-chain activities.
- Increase in the cost of the inputs on which the advantage is based.
- A strategy that can be imitated too easily.
- A lack of parity on differentiation.
- Reduced flexibility.
- Obsolescence of the basis of cost advantage.

Differentiation

- Uniqueness that is not valuable.
- Too much differentiation.
- A price premium that is too high.
- Differentiation that is easily imitated.
- Dilution of brand identification through product-line extensions.
- Perceptions of differentiation that vary between buyers and sellers.

Potential Pitfalls of Overall Cost Leadership and Differentiation Strategies
source Dess Mc Namara, Eisner p.223

References

Dess, Mc Namara, Eisen 2016).

<https://www.youtube.com/watch?v=iuYIGRnC7J8>

<https://bit.ly/3UF2hAD>

<https://bit.ly/3DVoHlb>

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