

## Win-Win is Key

# Explore These Ways to Structure a Successful Tourism Alliance

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**T**HIS ARTICLE COMPLETES OUR SERIES ON DEVELOPING EFFECTIVE TOURISM ALLIANCES TO LEVERAGE RESOURCES. Part one introduced *Sandestination*, the branded name of The Sandestin Alliance in NW Florida. The second article discussed strategic and tactical approaches to increase business to Alliance members. This article will address alternative methods of starting an alliance so you can develop and manage a program best suited to your needs. The key is to develop a program that is a win-win for all partners.

There are many ways to structure an alliance, and you have to decide what will be in the best interest of your members. Think this through prior to approaching potential members, but be flexible in case others have different thoughts. Weigh the pros and cons of a tight knit organization versus a loose structure or something in between. Much of this has to do with who you will be working with and what they are most comfortable with.

The Sandestin Alliance has seven partners: the resort, three hotels and four shopping centers. (The two Marriott properties act as one partner.) Each has a key contact person who attends meetings and, in many cases, brings others from their company. The initial structure was laid out in a business plan written by the consultant, who acts as the facilitator. The plan also included the goals, strategies and tactics as well as a budget. Everyone agreed that one of the partners would handle the annual billing and collecting funds from all the partners as well as paying the bills. Bills must be approved by the consultant and one member

### Websites for Alliances Mentioned in This Article:

- [www.sandestination.com](http://www.sandestination.com)
- [www.ilovebayharbor.com](http://www.ilovebayharbor.com)
- [www.bostonattractions-group.com](http://www.bostonattractions-group.com)

prior to payment. Alliance funding is purely voluntary by the seven partners and all agreed to the same level of funding.

Meetings are held every six to eight weeks and usually last three hours. Each of the hotel partners rotates hosting the meeting. Communication via e-mail continues between meetings. Since there is a lot of communication, it was decided that the consultant should work with committees of three or four people who can make decisions to move the process along. To date, there are committees for advertising, public relations, website development and the newest, a map committee charged with creating a new locator map that promotes all partners equally.

There seems to be no point in incorporating or further formalizing the group. However,

as the group and its projects evolve, the situation could change. But, for now, it works well.

### Look at Alternatives

Another alliance I have been involved with was the Bay Harbor Development Association (BHDA) in Miami, FL. This was also a fairly loose association; but, in addition to the consultant, it had a board of directors. Board meetings were monthly and, as with The Sandestin Alliance, the group operated from an annual business plan and budget.

However, like most commercial groups, this one did not start out that way. Rather, one prominent business owner casually met with other property owners to discuss the need to supplement the services the town was providing. Nominal membership fees were charged and both property owners and merchants were encouraged to join. The group worked with the city, attended council meetings and, when appropriate, gave a report. As times changed and the members had less free time, a consultant was brought in to formalize the process.

With any type of organization, it is important to evolve when your situation changes. Such was the case of BHDA. As more and more local business owners retired or relocated to other areas, the focus shifted from business retention to business development. This called

*continued on page 4*

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**With any type of organization, it is important to evolve when your situation changes. Such was the case of BHDA. As more and more local business owners retired or relocated to other areas, the focus shifted from business retention to business development. This called for a more structured environment.**

## Structuring an Alliance

*Continued from page 3*

for a more structured environment.

To have the manpower to actively solicit new businesses for the area, it was necessary to work with the town and evolve into a Business Improvement District (BID). In Florida a BID is a self-taxing district within a specified geographical area that requires approval of at least 50% of the property owners. This would have given the BHDA the funds necessary to employ an executive director who would focus on new business development and business retention. The town would not move forward as a partner and the association continues to operate with volunteers.

“If the city had moved forward with a BID, they could have opened up an entire list of opportunities not previously available to them,” explains Kim Briesemeister, president of MetroStrategies in Pompano Beach, FL. Formerly executive director of several community redevelopment agencies (CRAs) in south Florida and president of the Florida Redevelopment Association, Briesemeister understands that special districts such as CRAs and BIDs provide highly structured entities that offer a great deal of leverage to promote redevelopment activity.

“When property owners work together to improve an area they can work as volunteers through entities such as BHDA then use the available economic development tools. CRAs are highly structured. They are established so that

financing tools not previously available become accessible to a community earmarked for redevelopment,” she explains. These are formed under strict laws set forth by state statute.

### Check with Your DMO

Another way to form an alliance is to partner with your Destination Marketing Organization (DMO) and establish goals you want to accomplish with the alliance. You might encourage regional alliances with several DMOs to leverage resources and attract visitors to your area.

One example is the state of Michigan. Because of shrinking tourism advertising budgets, they formed the Travel Michigan Advertising Partnership Program. The state’s tourism office matched dollar-for-dollar the \$1.7 million committed by 51 participating communities and organizations to come up with \$3.4 million for in- and out-of-state advertising campaigns. Now that is leveraging!

When launched in 2002 there were only two partners and a budget of \$330,000. According to George Zimmermann, Travel Michigan VP in an ETurboNews article from February, “The tourism industry has embraced these advertising partnerships as a way to extend their marketing reach and leverage marketing dollars to promote Michigan. This is a win-win program for our tourism partners and the ‘Pure Michigan’ branding campaign.”

In Oakland, CA, the city stopped funding their CVB due to a lack of funds. The CVB is

forming a Tourism Business Improvement District. Their funding, if approved, will come from a \$1 or \$2 surcharge on all hotel rooms. This relatively new concept has been tried in some California communities and others are exploring the possibility.

### What’s Already in Place?

When determining potential partnerships and alliances, look beyond your DMO and see what your community already has in place such as a Downtown Development Association, Special Improvement District or some other taxing structure you can work with.

As an alternative, look to partner with similar businesses. For years we have formed shopping alliances all over the country such as Shop Miami, which was initially formed in the 1990s. Think in terms of businesses that enhance the shopping experience, such as hotels and attractions.

In Boston, MA, a group of attractions came together to leverage funds and formed BAG, Boston Attractions Group. According to Debra Borgwardt co-founder of BAG and director of sales at the New England Aquarium, “The Boston Attractions Group is a partnership of our top attractions working together to make planning tours as seamless, smooth and exciting as possible. Tour planners have lots of choices, but if we can bring substantial product to the table and make it easy for them to book, as a group we have an edge over other destinations.”

*continued on page 12*

## Cat Insurance Rates

*Continued from page 11*

In addition, Pagoumian said, the general economic downturn has affected the ability of the underwriting community to absorb the financial impact of catastrophic settlements. In previous years, underwriters could count on gains in the stock and bond market to bolster their balance sheets.

“Rate reductions are relics and flat renewals are quickly disappearing as well,” said Pagoumian. “Carriers are talking about rate increases that could range from 10 to 30 percent, especially in coastal areas like Florida and Texas. In some cases, I think we’ll see carriers actually walk away from business if they can’t achieve increases in that range,” he added.

Pagoumian did note, however, that commercial property owners without much catastrophe exposure could still negotiate flat renewals, and that any rate increases for those with significant exposure will vary by carrier and largely depend on where risk is situated and how it is spread geographically.

Established in 1996, NAPCO is headquartered in Edison, NJ, with additional offices throughout the US and in Bermuda. ■

## Structuring an Alliance

*Continued from page 4*

Each attraction pays an agreed annually fee to be included on the website, in public relations efforts and for trade show participation. “At Faneuil Hall Marketplace we participate because the exposure we get in return for our investment far exceeds the money we pay in. Not to mention, at Faneuil we certainly do consider ourselves an attraction that should be a part of any visitor’s itinerary to Boston,” explains Geraldine (Geri) Brown, general manager & market strategy.

Interested in starting an alliance of some type in your area? Consider the following:

- Think long-term strategies, not short-term.
- Know what you want to accomplish and who will best assist you to get there.
- Identify your opportunities and establish a need.
- Identify potential partners and how best to approach them. Is it a group you know well and can approach during a casual lunch or do you need a plan ready to present in a more formal setting?
- Determine ROI of a partnership vs. doing the program alone.
- What will you and your potential partners get out of an alliance?
- Continue to nurture and grow the alliance, adapt to a changing world.

We are continuing this series of articles on tourism

every other month and would like to focus on some of the more innovative tourism programs. Please submit your programs to me, either via e-mail at [Carolyn@CJFMarketingInternational.com](mailto:Carolyn@CJFMarketingInternational.com), by fax 732/545-3138 or mail. If possible, include samples of your graphics via e-mail. Full credit will be given to the person or team responsible for the program. Visit our new website: [www.cjfmarketinginternational.com](http://www.cjfmarketinginternational.com). ■

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*CJF Marketing International offers a range of services for creating and implementing strategic tourism, economic development and marketing programs for shopping centers, urban entertainment projects, downtown retail districts, communities and commercial properties globally. The firm also offers educational programs and seminars for corporate meeting planners, shopping center developers, communities and re-development agencies. Feimster can be reached at 732/249-6080.*

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