

## **Improve your comparative advantage to make the most of new opportunities**

*By Chris McGeown, TIA Chief Operating Officer*

When resource hungry businesses look to improve productivity the roadmap is a range of tried and true initiatives. Yield improvement (getting more output for a given unit of input) and automating manual processes are two examples.

Vast sums of money are channelled into science and research to provide the game-changing solutions.

But what about the service related industries and tourism in particular? What are the equivalent game changers for our industry?

For larger tourism businesses there are a number of levers that business owners can pull. Investing in physical capital can be a driver of productivity. Likewise investing in knowledge-based capital, such as software and product design, can also lead to improved productivity.

However, adopting new technologies may well require investment in complementary assets and skills that are required to make the most of new technologies.

For the small to medium sized business, other areas to focus on are:

- Revenue generation – product and market development initiatives that allow operators to ‘charge a premium’ for the visitor experience and generate higher margins. Find new customers for the products that earn the biggest margins. Segment your customer database to identify the high value niche segment and sell more to them.
- Improving operating efficiency – a dollar saved is a dollar straight to the bottom line! Concentrate on business process improvement and developing an organisational culture that values continuous improvement. Leverage the knowledge that exists within the business by putting targeted incentives and rewards in place for staff who truly make a difference.
- Lift managerial capability – make the most of new ideas by improving the ability of businesses to commercialise new ideas. Recruit individuals with the entrepreneurial skills and execution experience to support innovation.