

Introduction to Commercial Recreation and Tourism

An Entrepreneurial Approach

7th Edition



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Introduction

This text is a revision and updating of the sixth edition of *Introduction to Commercial Recreation and Tourism*, and it continues the themes of that edition. As in all the previous editions, the “entrepreneurism” theme is a key orientation of this text.

We view this industry to have three major components: the travel industry, the hospitality industry, and the local commercial recreation industry, and we will continue to use the term *commercial recreation and tourism* to refer to the entire industry.

The purpose of this edition remains the same as the first six editions: to provide an introduction to the scope, characteristics, management aspects, and trends of the commercial recreation and tourism industry. We intend this book to offer a blend of conceptual and practical material for the reader to achieve a basic understanding of this huge and diverse industry. Although some of the content is oriented toward large and established businesses, the text also has an entrepreneurial orientation that is particularly applicable to smaller businesses and organizations. Hopefully, many future commercial recreation and tourism entrepreneurs will gain useful ideas in these pages.

As with earlier editions, this text will avoid coverage of content that is usually included in other texts. This includes content such as recreation philosophy, leisure behavior theory, activity leadership, generic recreation programming, management theory, staff supervision, facility planning and design, legal liability, and accounting principles, among others. However, we will cover several topics that have received little attention in other commercial recreation and tourism texts. These topics include entrepreneurial strategies, applied economic concepts, business start-ups, steps of the feasibility study, operations management, and several types of programs in commercial recreation and tourism. Finally, we present the content in a way that parallels a logical course sequence, that is, from general to specific, as explained below.

Chapters 1 to 3 provide an introduction to the overall commercial recreation and tourism industry including history, definitions, economic impacts, profile of the entrepreneur, entrepreneurial strategies, economic concepts, challenges, and strategies to overcome barriers.

Chapters 4 to 8 present content about the initiation and management of the commercial recreation and tourism enterprise. The information is intended to have general application to the overall industry, even though there are specific differences between the diverse subindustries. Content includes business start-up strategies, feasibility studies, financing sources, financial management, marketing, operations management, and specific types of programming.

Chapters 9 to 11 narrow the focus to the three major categories of the industry: travel, hospitality, and local commercial recreation. Each chapter examines the status, operations, trends, and opportunities in a number of specific types of industries. Another reason to hold this content until the end is to “buy time” to allow students to investigate these industries on their own as part of a major class project. An “industry report” is a good idea for a major project or term paper, particularly if the student relates the text content to examples found in the student’s desired area of career employment.

We decided to delete the 12th chapter that concluded previous texts. We did this because we decided to include industry trends within each of the three prior chapters. We also decided that the section of the previous text that focused on academic preparation for students was better left to the faculty members who teach the course. Much of the text content was updated, particularly the content related to specific industry data. On the other hand, we changed little of the conceptual content that remains relevant. We used many new references for the new material.

We developed this book for a variety of uses. The primary purpose is, of course, as a textbook for an introductory course in commercial recreation and tourism. The book could also function as an introduction to the overall industry for majors in travel and tourism or in hotel management. Whatever the academic use, a course instructor should try to supplement the text concepts with local examples.

Hopefully, the book may also be of value to investors and practitioners in specific industries who seek an overview of the entire commercial recreation and tourism industry. Although there are many separate subindustries, it is common for success in one industry to be related to events in another industry. For example, hotels, restaurants, and shops in a ski destination probably will not fill up if the ski mountain operation is not updated with modern high-speed lifts or snowmaking equipment to guarantee a good base for the Christmas season. Similarly, all of these businesses may be dependent on airline companies to fly in tourists for their ski vacation.

It should also be pointed out that the choice of gender nouns *he* or *she* throughout the text was made by random selection. As the commercial recreation and tourism industry matures, males and females seem to be less relegated to stereotypical roles either as staff, managers, or owners.

With great enthusiasm, three new coauthors have joined our team to write this seventh edition. They are Prof. Scott Rood, Dr. Kate Price-Howard, and Dr. Andrew Holdnak. All three bring in exceptional and practical knowledge about the commercial recreation and tourism industry.

Finally, Dr. Lynn Jamieson has decided to retire from her many years as one of the two founding authors of this text. We will miss her great attitude, professionalism, and knowledge.

PART

1

*An Entrepreneurial
Approach*

Chapter

1

What Is Commercial Recreation and Tourism?

A Brief History of Commercial Recreation and Tourism

The commercial recreation and tourism field has a phenomenal economic, social, cultural, and personal impact. As of 2016, the direct and indirect impact of world travel and tourism accounted for almost 284 million jobs (9.5% of all employment). By 2026, an estimated 11.0% of jobs worldwide jobs will be tied to travel and tourism either directly or indirectly. In 2015, the total economic contribution was \$7.170 trillion (USD) in spending, which is 9.8% of the world's gross domestic product (GDP). By 2026, the percentage is expected to change to 10.8% of GDP (World Travel and Tourism Council, 2016). Of course, expenditures for local commercial recreation, including restaurants, add additional billions of dollars of direct economic impact. Let's see how this huge and complex mega-industry started thousands of years ago.

Early Travel and Commercial Recreation

Family and community recreation activities have existed in one form or another since prehistoric times, but the same cannot be said for commercial recreation and tourism. The invention of money by the Sumerians in Babylonia and their development of trade are probably the beginnings of the modern era of travel. Early travel, however,

was primarily for war or business purposes. Few recreation seekers would put up with the discomforts and dangers of travel in those days.

In the Egyptian, Assyrian, and Babylonian civilizations, recreation included hunting, horse racing, wrestling, boxing, archery, music, dancing, and drama. To provide these opportunities, the ruling classes employed free men or forced slaves to work. Similarly, the affluent people of the early Greek civilization sponsored athletes to compete in a variety of sports events. The Romans also used slaves and professionals to provide music, drama, and dance. The Coliseum in Rome was the site of sports spectacles that last 100 days.

Eventually, the Greeks and Romans improved roads and naval travel to control their empires. With these improvements, tourism became safer and more comfortable. This theme of military technology literally paving the way for tourism has been repeated throughout history.

As early as 334 BC, Alexander the Great attracted 700,000 tourists in a single season to Turkey, where they were entertained by acrobats, animal acts, jugglers, magicians, and circus performances. The ancient Greeks traveled to the Olympic Games, to spas, to festivals, and to the pyramids in Egypt. These and other events provided an early stimulation for travel other than for commerce or defense (“Ancient History,” 2005). Wealthy Romans also traveled extensively, having 175 holidays for leisure and recreation. They could cover up to 100 miles per day on the paved roads and even more by ship. Roman tourists were much like today’s tourists, using guidebooks, employing guides, visiting the pyramids, shopping for souvenirs, and leaving graffiti behind (Goeldner, Ritchie, & McIntosh, 2000). Early tourists stayed in guest rooms that were part of private dwellings or in commercial inns. Housing, feeding, and entertaining the travelers became an important industry. About this time, seaside resorts and spas with medicinal waters became popular destinations. The Roman city of Pompeii, where wealthy citizens went to escape the summer heat in Rome, had numerous holiday villas (Philipson, 2015).

Middle Ages and the Renaissance

With the decline of the great empires, tourism also declined. The wealthy class declined in population, roads deteriorated, and the countryside became overrun with bandits and thieves.

In the Middle Ages, tourism-related travel came to a virtual standstill. Similarly, the emphasis on religion and abstinence resulted in a dry spell for many of the recreational pursuits of the classical period. Nevertheless, some forms of commercially oriented recreation existed. The nobility engaged in tournaments, gambling, feasting, and watching entertainers.

During the Renaissance, a revival of learning, cultural arts, and travel occurred. Fairs, exhibitions, operas, theater, and beer gardens were popular. The working class played soccer and attended prizefights, cockfights, and bear-baiting. The affluent participated in ballroom dance, tennis, and games. “Travel for Education” was introduced and was exemplified by the “Grand Tour.” From the mid-17th to mid-18th century, it became fashionable for young aristocrats, as well as members of the rising middle class,

to travel and study throughout Europe, Egypt, and the Holy Lands. Sometimes, these grand tours took up to 3 years and included indulgence in recreation and revelry.

The roots of the amusement park industry occurred in Europe, where pleasure gardens were developed outside of major cities. One such park, known as Bakken, remains near Copenhagen; it began in 1583 and is still open. Travel for health also became important during the Renaissance. The word *spa* comes from the town of Spa in Belgium, where in Roman times its waters were known as a place to socialize as well as to bathe (Brown, 2016). At first, only the infirm went to the hot springs or spas to drink or bathe in mineral waters. Later, people began to go to dry out from alcoholism and other urban leisure vices. Next, entertainment, recreational activities, and gambling were added to the spas. Dozens of spas grew to become high-quality resorts. Switzerland, for example, had over 100 spa-resorts. It is important to note that there was no clear distinction between private/commercial recreation and government-sponsored recreation throughout history to this point. Many of the trips taken by nobility were financed with government funds. Similarly, feudal kingdoms sponsored some of the festivals, contests, and mass entertainment events provided for the working class and peasants. Church involvement in local and national governments further complicated the separation of church, state, and private enterprise.

Early Travel and Consumerism

In 1841, Englishman Thomas Cook chartered a train to carry 540 people to a temperance convention. Although Cook made no profit for himself on that trip, he saw the potential in arranging travel for others. By 1845, Cook had become the first full-time travel excursion organizer. In 1846, he took 500 people on a tour of Scotland and later arranged for over 165,000 people to attend the Great Exhibition in Hyde Park, London. A “Cook’s Tour” was likely to turn up anywhere. Switzerland, the Nile, the Holy Lands, Mount Everest, India, Norway, and Yellowstone Park were a few of the destinations. Cook was dedicated to making his tours as interesting and convenient as possible. One of his greatest achievements was to conduct a 212-day Round the World tour involving steamship travel across the Atlantic, a stagecoach from the east to west coast of America, a paddle steamer to Japan, and an overland journey from China to India (Spartacus Educational, 2005). To allow travelers access to cash while they were away from home, he invented “circular notes,” which later became known as traveler’s checks.

19th and Early 20th Century Commercial Recreation and Tourism

During colonial times, Americans hunted, fished, held shooting contests and horse races, held dances and theater events, and went to taverns for cockfights, boxing, and gambling. All of this occurred in spite of prohibitions by Puritan-based laws. The Southern Colonies were less Puritan, but most recreation was a privilege of the wealthy. By the 1800s, the American people were primarily spending their energy to build the new nation. Travel was not easy, but as stagecoach lines developed, taverns and inns were built along the routes. The inns provided food, drink, and sleeping accommodations. Soon, enterprising innkeepers saw the value of providing recreation and entertainment in the form of festivals, contests, and cultural events. That in turn served to attract more visitors and increase profit from lodging, drink, and food. In urban areas, people began

to arrange competitions in tennis, boxing, cockfighting, drinking, and other activities. By the late 1800s, dance halls, shooting galleries, bowling alleys, billiard parlors, beer gardens, and saloons were flourishing. Professional sports teams were formed. Many cities had red-light districts offering prostitution, gambling, and other vices. In such an environment, commercial recreation deservedly gained an unsavory reputation. In response, city councils passed restrictive ordinances, including “Blue Laws,” which closed recreation enterprises on Sundays. It was also in this environment that public parks and recreation became a major social movement.

The amusement park industry grew significantly in America, where amusements were built at the ends of trolley lines to generate more riders, especially on weekends. These attractions included picnic areas, dance halls, food service, games, and some rides. In the late 1800s, the first Ferris wheel was introduced at the 1893 World’s Fair in Chicago. Coney Island, in New York, was considered the largest amusement area in America in the late 1800s. In its heyday, 1880s to World War II, it attracted millions of visitors annually. It was busier than Walt Disney World is today (“Coney Island,” n.d.).

By the early 1900s, science had led to the invention of the phonograph and silent motion pictures. By 1910, over 10,000 motion picture were playing in theaters in the United States and 10 million people a week attended (Chubb & Chubb, 1981).

Travel and commercial recreation were uplifted by improvements in transportation, specifically trains and later the automobile and airplane. Trains carried urban residents to amusement parks on the outskirts of town and to major resorts across the country. In many cases, railroad companies built amusement parks and resorts to stimulate travel volume. For example, Averell Harriman and the Union Pacific Railroad built Sun Valley, Idaho. Many resorts along the southeastern coast of the United States were similarly filled by tourists traveling by rail. Particularly important in the southeast, Henry Flagler developed the Florida East Coast Railroad from near Jacksonville, Florida, all the way to Key West, in the late 1800s. He catered to economically elite guests and his hotels were considered some of the largest and finest in country. Also, the new development of a series of national parks became a tremendous attraction for tourists.

The automobile provided additional mobility and independence for American tourists. Vacationing by auto became the great American middle-class tradition. The auto also opened a range of local recreational opportunities. Urban and rural residents alike drove to movie theaters, sports events, and other commercial recreation attractions.

Commercial Recreation and Tourism in the Late 20th Century

A healthy economy, plus technological innovations, continued to fuel growth in commercial recreation after World War II. The average workweek decreased and discretionary income increased, thus providing people the opportunity and means to enjoy new forms of recreation. At the same time, the baby boomer generation was coming of age. This population bulge helped drive the development of vacation destinations and second family homes in resort areas.

Perhaps the greatest technological advances again involved travel. Construction of the U.S. interstate highway system greatly expanded the area accessible to American tourists, and airlines enabled them to reach distant destinations easily. Areas such as Las

Vegas, Los Angeles, Central Florida, and the Colorado ski areas experienced tremendous growth because of this improved accessibility and the development of recreation and tourism attractions.

Other technological advances also affected commercial recreation. Electronic innovations generated a huge home entertainment industry of television, stereo equipment, video recorders, and computers. Television exposed consumers to new activities and new destinations. Synthetic materials improved the performance and durability of ski equipment, golf clubs, skateboards, and sport balls of all types. Theme parks and water parks capitalized on a variety of innovations. Lodging innovations such as vacation condominiums and time-sharing have also had a significant effect. According to the Vacation Rental Management Association (VRMA, 2015), over 22% of visitors stayed in rental homes in 2011. VRMA reported that over 50% of the visitors to the state of Florida stayed in vacation rentals in 2014. Undoubtedly, the future holds a continuing variety of new facilities, products, and services.

Commercial Recreation in the Early 21st Century

Along with many other aspects of modern life, commercial recreation and tourism was affected greatly when Arab Muslim terrorists demolished the two towers of New York's World Trade Center on September 11, 2001. Almost immediately, the world of travel changed. Air travel plummeted 10% that year, being replaced by driving vacations and increases in RV sales. Travelers became more cautious about where to travel and placed the greatest amount of importance on feeling safe. New York City rebounded 1 year later, although an overall decline was still felt. The effect of 9/11 and the war against terrorism caused increased security measures, changes in travel destinations, and most important, changes in perception about travel, safety, and other aspects of society. In fact, international air travel to the United States did not return to pre-9/11 levels until 2005 (Adams, 2005).

The Great Recession started about 2007 and officially lasted into 2009 (Fieldhouse, 2014); however, the recovery continued slowly into 2016 (Gillespie, 2016). During the financial crises, most Americans cut back on spending, including on recreation and travel. Some areas were hit harder than others. For example, Las Vegas had a 27% reduction in the number of people attending conventions and meetings in 2009 (Parmley, 2009).

By early 2017, however, most economic indicators had returned to prerecession levels. In terms of tourism, domestic and international travel expenditures in the United States from 2010 to 2015 grew 26% from \$747 billion to \$940 billion (U.S. Travel Association, 2015a). In the accommodations and food services industry, sales grew 15%, and in the arts, entertainment, and recreation segment, sales grew 6.2%.

Common Themes Throughout History

Several themes appeared throughout the preceding section about the history of commercial recreation and tourism:

- Commercial recreation and tourism has existed when people have free time, discretionary income, and access to leisure products and services.
- Many of the technological innovations for travel and for recreation products

were first developed for military purposes and then adapted for commercial use, for example, jet planes.

- The fortunes of certain industries such as restaurants, lodging, and entertainment are closely linked to travel and tourism.
- When economic conditions sour, when travel is inconvenient or unsafe, or when services are inadequate, many types of commercial recreation and tourism experience declines.
- Some people have been willing to pay for leisure services regardless of inflation or recession.

The significance of these themes relates to the nature of history. Scholars tell us that history tends to repeat itself. Therefore, we should expect to see these themes repeated in the future of commercial recreation and tourism.

Definitions

The previous section mentioned how the provision of recreation throughout history has been an undefined mix of government (public) and private efforts. Figure 1.1 illustrates a continuum depicting the traditional difference between public agency recreation and private/commercial recreation. It must be realized that few public park and recreation agencies exist in the pure, traditional form at the left of the continuum. Most have evolved a little or a lot toward the middle, including some quasi-government agencies that have characteristics of the public and private sectors. A similar pattern of moving toward the middle has emerged in the private sector, because a greater service orientation now exists for many businesses. Also, some large commercial recreation and tourism developments are given tax incentives and/or government-funded infrastructure improvements as enticements to locate in a given area. Further, federally mandated disability initiatives have caused many businesses to view their market segments in a broader context. The characteristics analyzed here include philosophical orientation, service origin, financial base, originating authority, and service focus.

Public Recreation		Private Recreation
Free & Necessary Service for Society	Philosophical Orientation	Profit-Making
Social Welfare Movement and Conservation Movement	Service and Ethics Origin	Consumer Desire and Willingness to Pay
Tax Revenue	Financial Base	Private Capital Plus Fees Revenue
Government Bodies and Citizen Boards	Originating Authority	Individual Initiative
Should Be Open to Collective Community Interest	Service Focus	Can Focus on Any Market Segments

Figure 1.1. Public–private recreation continuum.

- **Philosophical orientation.** Public recreation is based on the value of recreation as a necessary service for society. Private sector recreation is provided to make a profit for a business.
- **Service and ethics origin.** Public recreation began as a social welfare movement, and public parks had roots in conservation ethics. Private recreation originated as a business response to people who desired to travel and/or purchase leisure products and services.
- **Financial base.** Taxes have traditionally provided the bulk of public recreation finances. On the other hand, private recreation is funded by private capital and operated through fees revenue.
- **Originating authority.** City councils, county commissions, citizen boards, and other legislative bodies create public park and recreation departments. Individual initiative is the source of private recreation business.
- **Service focus.** Public recreation must be open to the collective interest of its community. On the other hand, private recreation can focus on any market interest that it chooses.

Based upon this continuum, a definition of commercial recreation that differentiates it from public recreation can be developed. This section also includes definitions for commercialized public recreation, entrepreneurial recreation, and tourism.

Commercial Recreation

Obviously, commercial recreation is the provision of leisure experiences with the intent of making a profit. Although this definition covers the basic revenue orientation, it does not differentiate between public and private provision of the service. This distinction must be made because private enterprises must overcome barriers that do not similarly affect government-sponsored recreation.

Although most government agencies charge fees for recreation, such fees seldom cover capital development and full overhead costs. These are major cost factors that private enterprises cannot escape. Government also has the advantage of using tax revenues to subsidize its revenue-generating activities. Similarly, nonprofit organizations such as YMCAs often have community fundraising campaigns and other charitable donations as revenue sources. Another important difference is that public recreation agencies and nonprofit organizations do not have to pay property and income taxes. Private enterprise, however, is often taxed a substantial amount to conduct business.

The following definition for *commercial recreation* accounts for the differences between public and private orientations:

the provision of recreation-related products or services by private enterprise for a fee, with the long-term intent of being profitable.

In addition to the aforementioned public–private distinction, this definition offers two other key points. First, *recreation-related* can be interpreted broadly and includes any product or service that either directly or indirectly supports a leisure pursuit. This interpretation means that leisure-related aspects of the travel and hospitality industries (including hotels and restaurants) are included within the broad framework of commercial recreation. Of course, a significant part of the travel and hospitality industries

serves the business traveler, and much of the restaurant industry (part of the hospitality industry) serves a fundamental nutrition purpose. However, it must be recognized that these industries have an extremely large leisure component.

Second, the *long-term intent* is to be profitable. This recognizes that commercial recreation is not always profitable; it may fail. It may also take a company many years to become profitable, because it may have to overcome high start-up costs. Some companies are never profitable on a day-to-day operational basis, but yield large profits through the long-term appreciation of their land and facilities.

Commercialized Public Recreation

What can we call government and nonprofit recreation organizations that are operated in a commercial manner? *Commercialized public recreation*, the term suggested for this concept, is

the provision of selected recreation-related products or services by a government or nonprofit organization in a commercial manner, with much or all of the costs covered by fees, charges, or other nontax revenues.

A key point of this definition is that the overall agency can operate under traditional funding sources, but operate selected aspects in a commercial manner. An example of this is a city parks and recreation department that funds its parks through tax revenues, but expects its recreation programs to be self-supporting through fees. Further evidence of commercialized public recreation exists when selected recreation functional units are separately operated under “enterprise funds.” These include units such as golf courses, driving ranges, water parks, stadiums, arenas, marinas, and other facilities.

Entrepreneurial Recreation

A premise of this book is that all private, public, and nonprofit organizations can operate in an entrepreneurial manner. The term *entrepreneur* is commonly used in reference to a person who starts a small business. This definition, however, can exclude government and nonprofit organizations that initiate recreation services by utilizing entrepreneurial strategies. Key identifiers of entrepreneurial approaches include environmental scanning for trends and changes that present opportunity. The entrepreneur then utilizes common managerial functions to exploit those opportunities for profit or financial self-sufficiency. Therefore, the following definition is offered for entrepreneurial recreation:

the actions of a recreation-related organization that searches for trends and changes in its environment and then brings together and manages resources to exploit those changes as an opportunity.

A premise of this book is that entrepreneurial activity can exist within a government organization and within a private enterprise structure.

Tourism

As explained in greater detail in Chapter 9, tourism is

the activities of people traveling to and staying in places outside of their usual environment, for leisure, business, or other purposes.



Public parks, such as Yosemite National Park, stimulate billions of dollars of spending for commercial recreation products and tourism services (Photo: J. Crossley).

In most cases, a person's usual environment is her area of residence. It is important to note that this definition is not limited to leisure travel. The person traveling for business, education, religion, or other purposes is as likely, perhaps more so, as the leisure traveler to spend money on transportation, lodging, food, and beverage. Further, travelers for business and other purposes often include significant leisure time and expenditure on their trips.

The tourism industry is the broad industry comprising a loose network of businesses and other organizations that serve tourists. These other organizations include government agencies that serve tourists directly or serve the overall interests of the tourism destination. Examples are convention and visitor bureaus, national parks, and regional airports. The hospitality industry is often considered to be a part of the tourism industry, but sometimes it is considered a unique and separate industry.

This book uses the term *commercial recreation and tourism* to refer to the entire overlapping collection of businesses and other organizations that serve the recreation and tourism purposes of individuals.

Types of Commercial Recreation and Tourism

Based on the aforementioned definitions, commercial recreation and tourism includes diverse businesses such as resort hotels, movie theaters, sporting goods stores, airlines, racquet sport clubs, dance studios, craft shops, restaurants, travel agencies,

casinos, campgrounds, theme parks, and stadiums and arenas (if privately operated). Obviously, these enterprises share some commonalities and interrelationships. On the other hand, some have little or no relationship to the other types. This diversity makes it difficult to grasp the breadth of the industry and understand its components. What is needed is some structure or logical classification system in which to group the many industries. Such a system would allow a better organized study of commercial recreation and tourism, with similar industries often having similar problems, trends, and management practices.

An Industry Classification System

The classification system in Figure 1.2 demonstrates the overlapping nature of many of the suggested categories. This concept is essential for a person to gain a realistic grasp of a complex, diverse, and interrelated industry. For example, is a ski resort in the hotel, travel, entertainment, restaurant, retail, or recreation program business? It could be all of those and serve local residents and tourists. This classification system has three main components: travel/transportation, hospitality, and local commercial recreation. Each component has “purist” aspects and subindustries that overlap with the other component classifications (see Figure 1.2). The key to the classification system is that each major industry has certain common characteristics but some components that overlap with another. Furthermore, some business categories are relevant to all three industry components. These industries are located in the middle overlapping area of the three industry circles.

The primary function of the *travel industry* is the movement of people and the provision of travel-related services. The purist forms of this industry are airlines, rental cars, bus lines, and railroads that move tourists as well as business travelers. This industry overlaps with local commercial recreation when retail products and recreational activities are provided for tourists. Examples are heli-ski services, river-guide trips, souvenir shops, and RV dealers. The travel industry overlaps with hospitality when lodging, food, or other such amenities are provided for tourists. Examples are cruise ships, campgrounds, and historic attractions. It is important to note that the term *tourism industry* is *not* used for this industry segment; the tourism industry is broader in nature than travel and hospitality. Tourism also includes many of the industry facilitators and even part of the local commercial recreation industry that serves tourists.

The primary function of the *hospitality industry* is the provision of accommodations, food and beverage, and related amenities. The purist forms of this industry are hotels and motels, restaurants, resort condominiums, taverns, RV parks, campgrounds, and recreation communities. Hospitality can overlap with the travel industry. It also overlaps with local commercial recreation when recreational activities are provided at restaurants, camps, or other hospitality settings that predominantly serve local residents. Examples are leisure-themed restaurants, sports day camps, and hunting day lodges.

The primary function of the *local commercial recreation industry* is the provision of retail products, entertainment, and recreation programs for people in their home communities. The purist forms of this industry include fitness centers, dance studios,

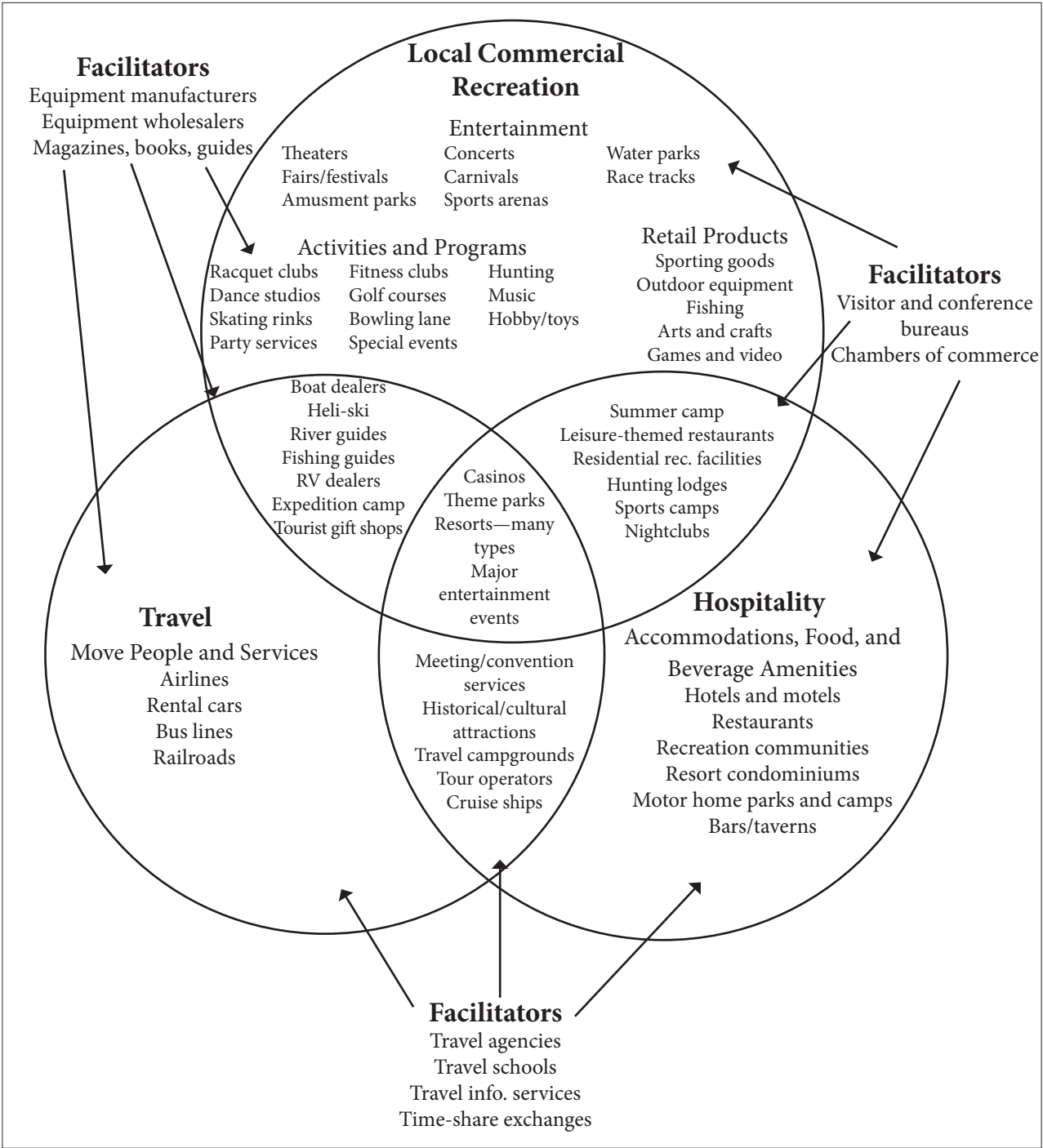


Figure 1.2. The commercial recreation and tourism industry.

sporting goods stores, movie theaters, and small amusement parks. Local commercial recreation also overlap with the travel and hospitality industries, with these activities also occurring as part of tourism businesses.

Facilitators of many types support the three main industries. Facilitators such as travel agencies, travel schools, and time-share trade services support the hospitality and travel/transportation industries. Facilitators such as equipment wholesalers, publishers of leisure-oriented magazines, and writers of how-to craft books support the local commercial recreation industry. Further, facilitators such as convention and visitor bureaus and chambers of commerce chiefly support hospitality and local commercial recreation. This book covers facilitators according to the type of industry they support most.

All of these industries overlap when accommodations, food, activities, retail shops, and entertainment are provided for tourists and for local residents. This occurs in many types of resorts, at major entertainment events such as the Super Bowl, and at large theme parks.

Expenditures in the Recreation/Leisure/Tourism Industry

Depending upon which organization collects the data, the term *recreation industry*, *leisure industry*, or *tourism industry* may be used. This text simply refers to it collectively as the *recreation, leisure, and tourism industry*. Data regarding expenditures in this large and complex industry are important for assessing the present and making projections for the future. Such data is used in many ways:

- Feasibility studies for new or expanded facilities or programs.
- Operational decisions such as demand estimates, pricing, marketing, and employment of seasonal staff.
- Projections by government for sales taxes, hotel occupancy taxes, and so forth.
- Policy decisions by government agencies.
- Lobbying efforts of industry and trade associations.

Unfortunately, the data produced through measurement of the recreation, leisure, and tourism industry are often inconsistent. Different definitions may be used for recreation, leisure, travel, and other categories, and those definitions may change over time. Also, some agencies have a bias regarding the topics they survey and the methodology they use to do so. Finally, it is difficult to separate leisure-related expenditures from business expenditures for topics such as hotels, restaurants, airlines, and gardening.

Even though there are problems in measuring expenditures, it is possible to gain a general idea of expenditure levels for major categories of recreation and tourism in the United States. Table 1.1 shows data about most of the major commercial recreation and tourism industries. The data are presented in the order of largest sales revenue to smaller levels of sales. The number of separate establishments are shown, although the number of companies is smaller because some large companies have numerous establishments. The table also shows the number of employees in that industry. In some industries, the number of subcategories is too large to show. For example, “hotel/traveler accommodations” includes businesses such as hotels, motels, and bed and breakfasts.

Table 1.1*Recreation, Leisure, and Tourism Expenditures*

Category	Sales (\$ billion)	Establishments (thousands)	Employees (thousands)
Food services and drinking places	516.5	598	10,049
Hotel/traveler accommodations	189.6	55	1,984
Air transportation	169.6	4	428
Motion picture production and theaters	96.9	25	315
Electronics retail	89.2	4	89
Liquor stores	43.1	32	150
Sporting goods retail	40.6	22	259
Lawn and garden stores	38.2	18	143
Spectator sports	34.3	4	123
Gambling industries except casino hotels	26.3	3	156
Auto rental	25.7	8	NA
Fitness and sports centers	23.8	30	581
Golf courses/country clubs	20.9	12	307
Promoters of performing arts and sports	18.7	7	140
Travel agencies	17.3	13	97
Other travel services	16.4	4	101
Hobby, toy, and game	15.6	8	123
Gift, novelty, and souvenir stores	15.2	26	152
Independent artists, writers, and performers	15.0	22	42
RV dealers	14.4	2	33
Pet shops	14.4	9	101
Performing arts companies	13.8	9	117
Museums, historic sites, zoos, nature parks	13.8	7	137
Amusement parks, theme parks, and arcades	12.7	.5	126
Book and music stores	12.4	8	94
Convention and trade-show organizers	11.8	5	75
Boat dealers	11.2	5	31
Other amusement and recreation	8.5	26	101
Race tracks	8.5	.7	47
Airport operations	7.6	2	85
Theater companies and dinner theaters	7.0	3	66
Art dealers	6.8	5	17
Tour operators	5.9	3	26

Table 1.1 (cont.)

Category	Sales (\$ billion)	Establishments (thousands)	Employees (thousands)
Arts and sports agents/managers	5.8	4	18
Musical groups and artists	4.9	4	37
RV parks and recreational camps	4.8	7	40
Video/DVD rental	4.5	5	NA
Musical instrument stores	4.3	4	28
Photographic studios	3.9	14	56
Marinas	3.8	4	26
Fine arts schools	4.1	12	84
Sewing and needlework stores	4.1	5	42
Limousine service	4.2	5	40
Pet-care services, except vet	3.4	14	72
Bowling centers	3.0	4	70
Scenic and sightseeing transportation	3.0	2.5	23
Charter bus service	2.9	1.4	31
Luggage/leather stores	2.6	1.0	6
Recreation and vacation camps	2.5	3.0	21
Skiing facilities	2.2	.4	74
Photo finishing labs	1.8	.9	10
Consumer electronics repair	1.7	1.9	15
Convention and visitor bureaus	1.6	1.0	9
Other performing arts companies	1.2	.4	6
Recreation goods rental	1.0	2	8
Totals	1509.8	1,190	17,001

Source: U.S. Census Bureau (2014).

Although these industry segments contribute over \$1.5 trillion in direct sales, this figure is not necessarily accurate and certainly not complete. The figures do not include the leisure-related portion of the travel expenditures such as gasoline. Added to that is the leisure-related portion of expenditures for online and mail order shopping, Internet services, and other products and services. If just one fourth of these expenses were leisure related, the grand total would be over \$2 trillion per year.

Considering that government census data have a 2-year lag time from initial research to publication, the figures in Table 1.1 would usually be up about 2% per year due to monetary inflation from the last census. Therefore, a reasonable estimate of the overall recreation, leisure, and tourism industry in the United States would probably be about \$2.2 trillion per year! This tremendous figure illustrates the size of this huge and diverse industry.

Economical, Social, and Environmental Impacts of Commercial Recreation and Tourism

Tourism, including its direct and indirect activity, accounts for over \$7.1 trillion worldwide in GDP and is the world's largest industry. According to the World Travel and Tourism Council (2016), in 2015 the tourism industry employed 284 million people and accounted for 9.8% of the world's GDP.

Within the United States, the effects of tourism are similar in importance. Commercial recreation and tourism is one of the top three industries in every state. Direct tourism spending is over \$947 billion, and tax revenues generated just from tourism are about \$148 billion. International tourism to the United States has a foreign trade surplus of about \$23 billion, thus helping to ease the overall U.S. trade deficit (U.S. Travel Association, 2015b).

Within this huge industry, most expenditures occur in the private sector. Only about 2% to 5% of industry expenditures occur through local, state, or federal agencies. However, the importance of the role of government in the economics of the industry is much greater. Consider that government lands are often leased to commercial enterprises as the sites for many types of resorts and tourist attractions. Federal agencies regulate international travel and provide security services at airports. In 2015, the National Park Service hosted over 305 million visitors, which makes national parks one of the top tourist destinations in the United States (National Park Service, 2016). Further, government agencies build most of the nation's highway infrastructure. At the local level, many expenditures at retail sporting goods stores and arts and crafts shops are for equipment used in sports leagues and crafts classes sponsored by community park and recreation departments.

Commercial recreation and tourism has many positive effects on a given community, including the following:

- Employment opportunities increase.
- Increased commerce stimulates the local economy.
- Outside capital (new businesses, new investors for existing businesses) is attracted.
- Property values often increase.
- Tax revenues: property, sales, and hotel room taxes.
- Recreational opportunities for local residents increase.
- The economic multiplier improves when locals stay in their community for their own recreation.

Commercial recreation and tourism can also have negative effects:

- Many types of commercial recreation and tourism have high failure rates and/or short life cycles, which thus results in unemployment and decreased economic contribution to the local community. Some of this is due to the overdependence on tourism in highly seasonal destinations.
- The local infrastructure (roads, sewers, utilities, etc.) can become overburdened, thus requiring capital improvements that cost huge sums of money.



A positive benefit of commercial recreation and tourism: Many individual entrepreneurs, such as this potter, gain employment and economic benefits (Photo: J. Crossley).

- Crime can increase, with tourists being easy prey and transient-type employees being more crime prone.
- Increased land values can backfire on young residents wishing to buy property for the first time.
- Natural resources can be overused to the point of ruining the attraction that is the center of the commercial recreation and tourism industry.
- Undesirable types of commercial recreation try to capitalize on increased traffic to the prime commercial attraction.
- Local culture in rural or remote areas can be harmed.
- Residents can become disenchanted with their own community.

Ultimately, each community must assess the pros and cons of commercial recreation and tourism development. Zoning regulations, pricing of business permits and licenses, and other local government regulations can encourage or discourage a commercial recreation and tourism enterprise.

The Role of Government in Commercial Recreation and Tourism

Government is concerned with the success of commercial recreation and tourism because of its economic impact on the community. In addition to assessing property taxes, sales taxes, and fees for licenses and permits, government at all levels regulates private enterprise. Government has a duty to protect the public interests and therefore establishes standards and regulations for many aspects of business operation. Chapter 4 addresses government regulation in greater depth.

Although taxes and regulations are necessary evils for commercial recreation and tourism, many positive relationships are possible between government and private enterprises. These relationships fall into three categories: complementary relationships, cooperative arrangements, and planning relationships.

Complementary Relationships

Government has occasionally expanded its scope of service into traditional areas of private enterprise. In some cases when local government has offered commercial-quality bus tours, fishing trips, and fitness facilities, lawsuits charging government with unfair competition have been filed. Government is not structured to meet all the recreational needs of all people. Also, the resources of government are stretched too thin, and economic conditions are not improving. Therefore, government has acted to complement the efforts of private enterprise to provide the maximum recreation opportunity for its residents. Specific complementary actions by government include the following:

- Provide, maintain, and/or regulate the infrastructure (roads, waterways, utilities, etc.) that supports commercial recreation and tourism.
- Promote tourism and commercial development.
- Provide public facilities where residents can use recreation equipment purchased from retail outlets.
- Provide low-cost introductory programs (commercial enterprises can offer advanced levels).
- Refer people to commercial recreation opportunities.

Cooperative Arrangements

In many types of cooperative arrangements, government and private enterprises interact directly to provide recreation facilities or programs. Examples include the following:

- Public agency programs conducted at commercial facilities.
- Private enterprise contracted to operate certain programs at public agency facilities.
- Cosponsorship of promotional events and special events.
- Loaning or sharing of equipment, supplies, or staff expertise.
- Leasing concessions for food, beverage, or other amenities.
- Contracted management of entire facilities or entire programs.
- Cooperative facility development.

- Provision of financial assistance, such as low-cost loans or property tax abatements.
- Leasing of public land for commercial recreation and tourism development.

Planning Relationships

Long-range planning for recreation and tourism is best served when government and private enterprise work together. Unfortunately, this does not always happen. Nevertheless, the following guidelines indicate areas in which mutual planning efforts may be beneficial:

- Commercial recreation and tourism business representatives should be involved in public hearings concerning recreation and natural resources.
- Commercial recreation and tourism representatives should be active in the community, serving on advisory boards, planning commissions, and so forth.
- Comprehensive plans at local and state levels should include the input of commercial recreation and tourism owners and managers.
- Commercial recreation and tourism industry representatives should be active in providing input for national-level policy decisions that affect the industry.
- Commercial recreation and tourism industry representatives should be active in providing input about local and state regulatory decisions.

The Rise of “Disruptive Technologies”

In 1995, Dr. Clayton Christensen and Joseph L. Bower started talking about “disruptive technologies,” that is, products and services that significantly change the marketplace. These innovations often displace existing industry leaders and challenge the status quo. Christensen and Bower described how Walmart changed the marketplace for companies such as Sears. Now, Amazon is changing the retail marketplace for Walmart. Similar changes came in the computer industry as it moved from mainframe computers to desktops, laptops, tablets, and smartphones.

Disruptors are often fairly simple and tend to work their way up from the bottom, Christensen suggests. They tend to change the way that business is done. Disruptors currently affecting the hospitality and tourism industry are businesses such as Airbnb and Uber. In addition, other technologies are being developed that will reduce the need for hotel front-desk operations to check in guests. Theme parks and cruise lines are using encoded wristbands that act as admission tickets, room keys, charge cards, and so forth, to simplify guest experiences.

Because of the nature of disruptors, it is difficult to project what direction industry disruptors will take. Bower and Christensen suggest that managers be aware of changes in their industry even if they see no immediate effect. At the same time, opportunities for disruptive changes in commercial recreation abound. Entrepreneurship and innovation are important parts of the industry (Bower & Christensen, 1995).

Key Trends in the Recreation and Tourism Industry

Government, private enterprise, society, and environmental factors interact constantly to create an ever-changing environment for the commercial recreation and tourism enterprise. Events of the past set the stage for the future, whether we pay attention or not. Throughout this book, several trends and themes appear constantly:

- International, national, regional, and local economic conditions affect the ability of people to spend for recreation and tourism.
- Demographic changes underlie significant changes in the market for recreation and tourism.
- Resource availability affects almost all forms of commercial recreation and tourism.
- Sustainability of natural resources and culture needs to gain equal importance to long-term financial sustainability as a goal of recreation and tourism development.
- Foreign policy, war, crime, terrorist activity, and natural resource disasters alter tourists' choices of destinations.
- New technology will continually revolutionize travel and recreation, and entirely new concepts and products will emerge.
- Emphasis on multicultural and diverse opportunity will increase as people become more globally aware.
- Entrepreneurial managers who are proactive in the way they address problems and take advantage of opportunities will have greater prospects for success than their lesser competitors.

Obviously, these are not earthshaking revelations. They are, however, trends and themes that arise constantly and affect the commercial recreation and tourism manager's efforts to develop a profitable enterprise. If a manager does not deal with these trends, dramatic problems and business failure can result.

The Commercial Recreation and Tourism Experience

Ultimately, the objective of a commercial recreation and tourism enterprise is to become profitable. Some managers, however, limit their opportunities for profit by defining their business too narrowly. For example, a mountain-bike tour operator is missing his full potential if he sees his business *only* as leading high-quality bike tours. Additional revenue opportunities are available. Managers should look at their company in light of the total recreation and tourism experience.

Clawson and Knetsch (1966) proposed five major steps or components in the outdoor recreation experience. Since then, other authors have recognized that these steps are common throughout the recreation and tourism industry (Clawson & Knetsch, 1966). They are (1) anticipation, preparation, and planning; (2) travel to; (3) on-site participation and/or purchase; (4) travel from; and (5) recollection. This section defines these steps further to reflect an understanding of what motivating factors encourage a person's pursuit and choice of a leisure experience.

For the mountain-bike tour example, the traditional manager concentrates only on the third step, on-site participation. On the other hand, the resourceful manager sees the potential to serve the consumer at each step of the recreation experience.

In the *anticipation, preparation, and planning stage*, the manager sells products or services that help the consumer prepare for a recreation or tourism experience. This could include the following:

- Instructional classes to show people how to maintain and repair their bikes.
- How-to books and tapes to instruct and prepare the participant.
- Guidebooks showing trails and natural history.
- Equipment tune-up and repair services.

The *travel to and travel from stages* suggest an opportunity to sell an entire vacation package that includes airfare and/or van transportation to the bike-tour departure site, plus hotel accommodations prior to departure. A mountain-bike tour operator can accomplish this through a cooperative arrangement with a local travel agency. If the bike tour business was large enough, it might even include a travel agent on staff.

Sales for the *on-site participation stage* are the mainstay of the mountain-bike tour operator's business, but he can boost revenues by selling related products. For example, he can rent or sell bikes and camping equipment as well as sell sunscreen, sunglasses, and snacks.

The *recollection stage* suggests opportunities for the operator to sell products or services that help consumers relive their enjoyable experience. Ideas for the bike tour company include the following:

- Digital cameras, memory cards, and photography accessories.
- Photo CDs and DVDs of the trip.
- T-shirts, caps, and other souvenirs of the trip.
- Membership in a club or bike association.

All commercial recreation and tourism enterprises should analyze the potential for products and services to target each of the five steps of the recreation and tourism experience. Sometimes, this extra effort can significantly affect the overall profitability of the business. Prime examples of this in other businesses include (1) commercial photographers at resorts and on cruise ships; (2) souvenir shops at resorts; (3) instructional classes at crafts and fabric shops; (4) travel agencies sponsoring travel clubs and travel classes and selling passport photos, guidebooks, maps, travel games, and travel DVDs.

Summary

Commercial recreation and tourism is the provision of recreation- and/or tourism-related products or services by private enterprise for a fee, with the long-term intent of being profitable. Public and nonprofit organizations can also provide commercialized recreation and tourism. Whether serving public, private, or nonprofit organizations, entrepreneurial managers can exploit changes in their environment to create new opportunities for business.

Throughout history, the provision of commercial recreation and tourism has paralleled the availability of free time, discretionary income, and transportation. Technolog-

ical advancements such as trains, autos, airplanes, plastics, and microchips have created huge industries. In the process, recreation and tourism has grown to become one of the nation's largest industries. Annual expenditures in the United States probably exceed \$2 trillion, but differences in definition and methodology make it difficult to assess the actual size of the industry. It is certain, however, that recreation and tourism is one of the top three industries in every state.

The development of commercial recreation and tourism can positively affect a community, including attraction of outside capital, increase of the tax base, creation of new jobs, and improvement of the local infrastructure. Negative effects can also occur, including failure of businesses, overburdening of the infrastructure, and abuse of the environment. To protect public interests, the government regulates and taxes commercial recreation and tourism businesses. Government also interacts with commercial recreation and tourism by providing complementary services, establishing cooperative ventures, and including private-sector representation in the planning process.

Most commercial recreation and tourism businesses tend to focus their efforts on only one aspect of the leisure experience, on-site participation and/or purchase. The aggressive manager exploits revenue opportunities by providing products or services at many stages of the experience including preparation, travel to and from, and recollection, in addition to the traditional on-site stage.

Spotlight on: Lisa Linden

In 2006, Dos Equis Beer began a successful ad campaign featuring “the most interesting man in the world.” If they had chosen to feature “the most interesting woman in the world,” a strong model would have to be Lisa Linden. She is, at least, one of the most interesting commercial recreation and tourism professionals. Her career has taken her to visit places ranging from the Bahamas and Anguilla to Dubai and Mauritius. She has been a youth program leader on cruise ships, an activity director at major resorts, the executive director for the Resort and Commercial Recreation Association, a resort consultant, and a special events coordinator for a major experiential marketing company.

Lisa, an Illinois native, started her career with a degree in parks and recreation from Illinois State University. When she was young, she enjoyed watching the TV series *The Love Boat*, so when the opportunity presented itself, she signed on to work in the activities department on cruise ships. She credits the 5 years she spent working in activities on cruise ships as some of the most influential years of her life. She learned the importance of leadership skills as well as flexibility. She also developed lifelong friendships and a strong professional network that continues to this day.

After the cruise industry, Lisa worked in the special events industry in central Florida and eventually started her own consulting business. As part of her business, she helped develop the recreation operations for the Atlantis Resort in the Bahamas and helped open the Atlantis Resort in Dubai. She continues to consult with resorts from the Caribbean to the Indian Ocean.

A career like Lisa's has pros and cons. On the positive side, she has amazing stories that range from visiting some of the most beautiful resorts to riding camels in Dubai. She has friends all over the world. On the flip side, although it looks like great fun, it is also hard work with long hours. Her clients have very high expectations. She also travels a lot, sometimes for months at a time. These times keep her away from home, family, and friends. Having the "traditional family" with Mom and Pop and the kids is very challenging for people with careers like Lisa's. Additionally, when she was a consultant, Lisa was self-employed, so there was not the stability of a salary.

Lisa suggests that students who are interested in a career like hers start in the cruise industry because of the variety of experiences it provides. It also reinforces the need for creativity, organization, and planning.

This spotlight shows that there are exciting jobs in the field of commercial recreation and tourism that include travel, exotic destinations, and unique experiences. It also points out that people who want this type of career must be self-driven, creative, flexible, and hardworking.

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Chapter

2

The Entrepreneur

The word *entrepreneur* has become a popular buzzword in business-related literature and a part of many courses in university business and hospitality programs. A survey by the management consulting firm Ernst and Young (2014) found that 61% of entrepreneurs were confident in the economic direction of the economy and 76% expected to add to their global workforce that year. Although we use the term frequently, do we really know who the entrepreneurs are? Where do they get their ideas? How do they develop those ideas into a fledgling business? What strategies do they follow to manage the new enterprise to success? This chapter focuses on these and other issues.

Why Study the Entrepreneur?

Small business has become an increasingly larger segment of the nation's economy and, according to the U.S. Small Business Administration (2017), represents 99.7% of U.S. firms that pay employees and 61.8% of net new jobs. *Money* magazine ("What to Expect," 2015) reported that 60% of new jobs generated from 2009 to 2013 were created by small businesses. Therefore, it is advisable for us to become more aware of the traits and issues surrounding the entrepreneur. Unfortunately, only a few studies have provided a direct link with entrepreneurial success within the recreation and tourism field.

It is logical, however, that a study of characteristics of entrepreneurs in general could help us understand a little more about their path to success.

Misconceptions About the Entrepreneur

Several times a year, the news media highlights an individual who has become a successful entrepreneur. The most newsworthy stories often tell about a high school or college dropout who turned a bright idea into a million-dollar business. Variation A of this story is that the entrepreneur slaved 20 years to make a dream come true. The more glamorous Variation B tells how the entrepreneur had a brilliant idea for a new product or service and everything fell into place, including the start-up funding, for the idea to become a success.

Movies and Internet videos often portray the entrepreneur as the sociable huckster who, with no sense of guilt, exploits friends or swindles strangers. This popular version shows the entrepreneur with an easy come, easy go attitude. Another popular view is that the entrepreneur has such an instinct for the business that he never needed to be analytical. Finally, some people think that the entrepreneur is motivated primarily by money and will do anything to make a buck. Even though these views of the entrepreneur are popular in newspapers, television, and movies, they do not square with facts. Research has shown the real entrepreneur to be quite different from the entrepreneur of many popular misconceptions. BusinessTown (n.d.) lists the following myths and realities about entrepreneurs, from David Rye's book *How to Start and Operate a Business: Winning the Entrepreneurial Game*:

Myth No. 1: Entrepreneurs are high risk takers. Entrepreneurs, Rye states, are often thought of in terms of the risk they assume. Even the dictionary describes an entrepreneur as one who assumes business risks. However, like all prudent businesspeople, entrepreneurs know that taking high risks is a gamble. Entrepreneurs are neither high nor low risk takers. They prefer situations in which they can influence the outcome, and they like challenges if they believe the odds are in their favor. They seldom act until they have assessed all the risks associated with an endeavor, and they have an innate ability to make sense out of complexity. These traits carry them on to success where others fail.

Myth No. 2: Entrepreneurs are born. Many people, Rye says, believe that entrepreneurs possess innate, genetic talents. However, experts generally agree that most entrepreneurs were not born; they learned to become entrepreneurs. The recent proliferation of college and university courses on the subject supports this point. Entrepreneurship is currently being successfully taught in many universities across multiple academic disciplines.

Myth No. 3: Entrepreneurs are mainly motivated to get rich. Any successful entrepreneur, argues Rye, will tell you that starting a business is not a get-rich-quick alternative. New businesses usually take from 1 to 3 years to turn a profit. In the meantime, they are considered to be doing well if they break even. During the busi-

ness start-up stage, entrepreneurs do not buy anything they do not need, such as fancy cars. Most drive junk cars and use their surplus money to pay off debt or reinvest it in the business. They focus on creating a company with a strong financial base for future expansion.

Myth No. 4: Entrepreneurs give little attention to their personal life. All successful entrepreneurs, Rye says, work long hours, which cuts into their personal life. However, long working hours are not unique to entrepreneurs. Many corporate managers and executives work well beyond the average 40-hour workweek. The primary difference between entrepreneurs and their corporate counterpart is schedule control. In the corporate world, people may not have control over their schedule. If some higher level manager calls a Saturday meeting, the employee has no choice but to be there. Entrepreneurs do not mind working 60- to 70-hour weeks, but they will do everything they can to preserve their private time. If possible, they schedule important meetings during the week so that they can have weekends off for their personal life, which is important to them.

Myth No. 5: Entrepreneurs are often high-tech wizards. Everyone is aware, says Rye, of a few high-tech entrepreneurial wizards who have made it. Media attention overplays the success of these few high-tech entrepreneurs. Only a small percentage of today's personal businesses are considered high tech, and what was considered high tech just a few years ago is not considered high tech by today's standards.

Myth No. 6: Entrepreneurs are loners and introverts. Initially, Rye says, entrepreneurs might work alone on a business idea by tinkering in the solitude of their garage or den. However, astute entrepreneurs know that they must draw on the experience and ideas of others to succeed. Entrepreneurs will actively seek the advice of others and will make many business contacts to validate their business ideas. The entrepreneur who is a loner and will not talk to anybody will likely not run a successful business.

Myth No. 7: Entrepreneurs are job hoppers. A recent study of successful entrepreneurs, notes Rye, showed that most of them worked for a large corporation for a number of years before they started their own business. In every instance, they used the corporate structure to learn everything they could about the business they intended to establish before they started their own. Entrepreneurs are not job hoppers.

Myth No. 8: Entrepreneurs finance their business with venture capital. Entrepreneurs, Rye says, know that venture capital money is one of the most expensive forms of funding they can get. Consequently, they will avoid venture capitalists, using them only as a last resort. Most entrepreneurs fund their business from personal savings or by borrowing from friends or lending institutions. A new creative source of funding is crowdsourcing.

Myth No. 9: Entrepreneurs are often ruthless or deceptive. Rye thinks that some people believe that to make it as an entrepreneur, entrepreneurs have to be deceptive and step on anybody who gets in their way. On the contrary, this mode of operation does not work for entrepreneurs. The truly ruthless or deceptive entrepreneur often alienates others and is forced to waste time and energy repairing relationships with employees, customers, and suppliers, or simply fails.

Myth No. 10: Entrepreneurs have limited dedication. Rye says it is a myth that entrepreneurs are not dedicated to any one thing. However, he adds that dedication is an attribute that all successful entrepreneurs exhibit. They are dedicated to becoming their own boss. To this end, they will work like a dog to make their business succeed.

Profile of the Entrepreneur

Entrepreneurs are individuals with a unique combination of personal drive, skills, intelligence, and success orientation. They are very aware of and/or study the environment, especially social change, market trends, technological advancements, and economic conditions. They find some sort of change or trend that they can exploit as an opportunity. After careful study and analysis, the entrepreneur finds resources, brings them together, and manages them in such a way to create something new and different. In this perspective, entrepreneurship is the opposite of a risky easy come, easy go venture. Rather, entrepreneurship is a well-thought-out shift of resources from an area of low productivity to an area of potentially higher productivity and higher financial yield. Although entrepreneurship still has an element of risk, careful scrutiny of the market and careful planning of the business help to reduce the risk. Modern entrepreneurs have the ability to size up a venture, ease into it, and (perhaps the most difficult) know when to leave it when it is at a plateau.

Characteristics of Entrepreneurs

Robinson (2014) reviewed 23 research studies and found that entrepreneurs have different personality traits than corporate managers, scoring far higher on traits such as openness to experience (curiosity, innovation) and conscientiousness. Most people do not grow up wanting to become an entrepreneur. They grow into it. “Scholars, business experts and venture capitalists say entrepreneurs can emerge at any stage of life and from any realm, and they come in all personality types and with any grade point average” (Robinson, 2014, para. 2). D. Hendricks (2013) identified eight signs that someone (perhaps even you, the reader) may be an “entrepreneur in training”:

1. **Passion.** The entrepreneur who does not have passion will never succeed. Passion is the energy that helps entrepreneurs stick through the days when they have no money and/or no customers. It fuels their business when the economy gets tight and the competition gets fierce (Gillaspie, 2014).
2. **Don’t take no for an answer.** Entrepreneurs figure out a way to fit a square block into a round hole.

3. **Competitive nature.** Entrepreneurs are unwilling to lose. Many companies are formed by people who they think they can do a better job.
4. **Enneagram = #1.** This test determines a person's personality profile. Most entrepreneurs score as a "reformer." Anyone can take the test for a fee via the Enneagram Institute's website (www.enneagraminstitute.com).
5. **Self-starter.** Classical entrepreneurs tackle projects as they come up and finish them. They do not have someone looking over their shoulder. If they do not complete it, they do not have a place to live. They put everything on the line.
6. **Think outside the box.** According to D. Hendricks (2013), if you think inside the box, nothing will change. Sometimes, entrepreneurs have to take chances on crazy things. "Einstein was considered crazy for years before he proved the theory of relativity; he later received the Noble Prize for his crazy findings. Bezos left his well-paying job at a hedge fund in NYC to start a company out of his garage that would later be called Amazon" (Think Outside the Box section, para. 2).
7. **Unpredictable.** Plans change by the minute. "Entrepreneurs have to pivot consistently," according to Ries (2011). This dramatically improves the odds for success.
8. **Strong people skills.** Many entrepreneurs do not have strong people skills, so they team up with others who have these skills. An example of this type of person is Mark Zuckerberg, who needed a business partner who was good with people.

Characteristics of Leisure Service Entrepreneurs

Commercial recreation and tourism entrepreneurs likely have the same characteristics of other entrepreneurs in general, but they may have differences as well. In a study of sport and leisure service entrepreneurs, Berrett, Burton, and Slack (1993) found that no particular economic planning preceded the entrepreneurs' success. Entrepreneurs of sport and leisure businesses tended to de-emphasize growth potential in favor of remaining a small, viable operation. This could reflect a lack of training to develop feasibility studies, but may also point to the fierce dedication that many leisure service entrepreneurs have toward their business operations.

Commitment to the quality of the product or service was the key to success that the sport and leisure entrepreneurs most often emphasized. Most of those entrepreneurs also suggested a commitment to the employee. A third factor was that personal financial rewards were a lower priority than the intrinsic rewards of operating a business (Berrett et al., 1993).

The Spirit of Entrepreneurship

Few people perfectly fit the aforementioned psychological portrait. In fact, some match only half of the characteristics yet become successful entrepreneurs. What, then, is the bottom line that entrepreneurs must possess? Many authorities believe that the energy and spirit of the entrepreneur are key factors. A lot of people have good ideas, but few have the tremendous drive to do what it takes to make the dream a reality.

Nolan Bushnell, founder of the Atari game company and Chuck E. Cheese's Pizza Time Theatre, once said that an entrepreneur's success comes down to one critical ingredient: "Getting off your ass and doing something!"

Another person with entrepreneurial drive was George Millay. Many Americans will not recognize his name. However, most will recognize some of the businesses with which he was associated, as Millay was an extraordinary entrepreneur who "struck gold" four times:

1. After college and work as a stockbroker, Millay and investors opened 12 Hawaiian-themed restaurants called The Reef in Long Beach, California. That would be enough success for many people, but not for him. He left to pursue another project.
2. Millay and three fraternity brothers opened Sea World in 1964. However, he had trouble getting along with investors and was forced out in 1974.
3. In the early 1970s, he helped open Magic Mountain (now known as Six Flag's Magic Mountain). By this time, he had more entrepreneurial experience than most people.
4. Later in his career, Millay was occasionally persuaded to speak at amusement park conferences. On one such occasion, he told the story of pulling off the highway in Tennessee to eat his sack lunch. While doing so, he noticed children were sliding down the smooth eroded pathways of a mountain with water running down these crevasses. After sliding down, they would climb the rocks to the top to repeat their fun. During this trip, Millay had the idea for a different type of theme park—one that would have waterslides, wave pools, and other related attractions (S. Rood, personal communication with George Millay at the World Waterpark Annual Conference, Daytona Beach, Florida, 1994). In 1977, Millay founded Wet 'n Wild Orlando, which is considered America's first water park. By the time he sold the company in 1998, 10 such parks were in existence.

For most people, there is a window in life when the time is right to break away from an organization and start their own enterprise. At this time, the spirit of entrepreneurship overlaps with competence and experience. At too young an age, a person may have enthusiasm but lack business experience and self-confidence. By the early 40s, however, this person may be embedded in a career and facing many family and financial commitments. Even though the experience factor exists, people can lose the entrepreneurial spirit and then it is too late to break away into a new venture. On the other hand, once a person becomes a successful entrepreneur, each new venture can rekindle the spirit. Some entrepreneurs still put deals together at the age of 80. In reality, the spirit can come at any time in a person's life.

A breakaway from the corporate or bureaucratic world may mean that to be successful, entrepreneurs need to break rules, or at least be creative in "pressing the limits" or boundaries of conventional thought. Although rules exist, entrepreneurs can capitalize on exceptions to the rule to create a unique situation that is successful. The spirit resides in this comment: "Rule breaking may, in fact, be inescapable for fast growth entrepreneurs, many of whom attribute their success specifically to being unlike anything that has been seen before" (Hendricks, 2005, p. 67).



German engineer and entrepreneur Bruno Rixen developed cable skiing, which uses a system of towers and cables instead of boats. There are over 70 “Ski Rixen” locations worldwide (Photo: J. Crossley).

Entrepreneurship in Difficult Economic Times

When the economy turns sour, like it deeply did in the United States from 2008 to 2010, many businesses lay off employees and some companies close down completely. Indeed, it was not until May 2014 that the jobs lost during the Great Recession were fully recovered (Puzzanghera, 2014). During such times, it seems logical that entrepreneurship suffers. This is not necessarily the case. Experts generally agree that, despite a tough economic climate, starting a business still has advantages for people with solid business plans, experience, adequate financing, and marketable products or services. Melissa Chang, founder of the business consulting firm Pure Incubation, said, “These tough times really force people to practice good business behaviors” (Rodriguez, 2008, p. D1). Many laid-off workers, instead of sending résumés to other companies, are “investing in themselves” by starting businesses. Even when laid off, people take with them their skills and talents, plus the experience they acquired during their employment. The greatest obstacle in starting a new business during difficult economic conditions is the tighter lending and financing from banks, venture capitalists, and angel investors. Lenders and financiers still review good business plans, but they scrutinize them more closely.

After being laid off from a job in sales, Robin Bylenga decided to make a career of helping other women find joy in cycling (Hannon, 2012). Marcia Connelley and Terri Paradise were friends and colleagues working at payroll services Paycheck when they

decided to start a business in 2006. By 2013, their business, Massage Envy, was the country's biggest spa franchise (Hyatt, 2013). David Harris, a vice president of a Silicon Valley technology company, left that company to purchase Timberline Adventure Tours in 2012. Two years later, Timberline offered 84 tours to 600 annual clients, with revenues of \$1.2 million (Salario, 2014). Selena Einwechter was laid off as a manager of a lottery firm in 2007. She decided to open a bed and breakfast. Five years later, the inn had an occupancy rate of 60% (well above the 44% industry average) and netted her \$90,000 (Hyatt, 2012).

According to the Kauffman Foundation (Fairlie, Morelix, Reedy, & Russell, 2015), 530,000 new businesses were formed each month during 2014; approximately 8 out of every 10 new entrepreneurs were not previously unemployed, and 2 out of every 10 started their businesses coming directly out of unemployment.

Systematic Entrepreneurship and Sources for Innovation

Entrepreneurs do not usually pull successful ideas out of thin air. They are usually familiar with a certain industry and find ways to improve that industry's products or services. The majority of entrepreneurs get their ideas from their experience on a prior job or from an area of strong personal interest. An entrepreneur may also understand a particular market segment well and create products or services to fulfill unmet needs. Another approach occurs when the entrepreneur correctly anticipates social, demographic, or economic changes that lead to opportunities.

In the aforementioned situations, innovation occurs. Innovation is any act that endows resources with new capacity to create wealth. A common thread is that entrepreneurs are closely in touch with their environment. In his classic text *Innovation and Entrepreneurship*, world-renowned management guru Peter Drucker (1985) suggested that the successful entrepreneur monitors the environment and engages in "systematic innovation." The entrepreneur does a purposeful and organized search for changes in the environment and then a systematic analysis of the opportunities that such changes offer. Drucker further suggested eight sources for innovation. Although over 30 years old, Drucker's ideas are valid today and his text is frequently cited in business literature and Internet articles.

This section presents Drucker's sources of innovation in rank order of reliability and predictability. That is, the first sources are more likely to succeed than the latter sources. The first four sources of innovation (the unexpected, incongruities, process needs, and industry/market structure) are internally oriented. This means that a person working within a given industry is in the best position to observe these opportunities. On the other hand, the last four types (demographics, changes in perception, new knowledge, and the bright idea) are externally oriented, and industry outsiders can capitalize on these opportunities.

Source 1: The Unexpected Success or Failure

The unexpected success or the unexpected failure of a company's products or services can point to new opportunities. No other area offers richer opportunity, because it is less risky and the pursuit is less arduous. This is because a company usually has its

structure and resources in place to capitalize on this type of innovation. Yet this method of innovation is often neglected because it may not be seen, even by company insiders.

For example, in the early 1980s the manager of a sporting goods store in Dallas, Texas, carried a small line of ski equipment, mainly as a convenience to some of his regular customers. Over several years, his ski equipment sales doubled, but he did not notice the change and did not increase his product line. Meanwhile, another store manager monitored her sales more carefully. “Why would ski sales in Texas increase?” she asked. From customers, she learned that cheap airfares through Southwest Airlines had made it easy for Texans to reach Colorado. She increased her line of ski equipment each year until she became the “ski center” for miles around. The unexpected success of this product line eventually contributed to a huge increase in profitability.

The key aspects of this source of innovation are that the entrepreneur becomes aware of the unexpected occurrence and then takes action to capitalize upon the circumstances.

Source 2: Incongruities

An incongruity is a discrepancy or a dissonance between an existing situation and what should logically be happening. It is an underlying fault that may not manifest itself in sales figures or reports. When discovering the incongruity, the entrepreneur can exploit it with a new product or service or with a new approach to an existing product or service.

A city in Virginia conducted an extensive youth sports program. In the autumn, this program did not include soccer, but did include a tackle football program with 65 teams. This football program was expensive, and the participant fees did not come close to covering the cost. Meanwhile, the community, via a survey, showed virtually no interest in soccer. “How could this be?” asked the city recreation supervisor. After all, he reasoned, soccer is a popular and inexpensive youth sport all over the country, including neighboring cities. The community survey showed soccer near the bottom of the list of sports interest, and no one in the city of 110,000 had ever asked the advisory board for a soccer program. The recreation supervisor decided to challenge this incongruity by starting a youth soccer league. Within 3 years, the soccer program had 72 teams and the program fees covered all of the costs. Throughout this period, football registration did not drop. An incongruity had been met with a new program in an entirely new market segment.

Finally, one of the best places to look for incongruity is customers. Their complaints and unmet wants are hints for what a company needs. The story of Facebook triumphing over Myspace is a prime example (Editorial Team, n.d.).

Source 3: Process Need

A process need is a task-focused innovation that improves an already existing process by replacing a weak link or by redesigning the process. When this innovation occurs, it becomes the “obvious” solution that people just did not think of. To be successful, the need must be understood and consumer receptivity to it must be high.

Movie theaters make about half of their profits from concession stand revenues. During sellouts of popular movies, the crowd at the concession stand grows so long that

many latecomers forgo a purchase in order to find seats. One theater manager observed the concession process and found a way to cut service time by 40%. First, soft drink service was redesigned to a self-serve format. Even if some people abused this approach, the product cost was minimal. Second, all of the items were priced so that when tax was added the amount would be round (e.g., \$5.00, \$6.00, \$7.00). With these changes, the concession workers could handle the customer's payment and make change more quickly. As a result of these process innovations, the movie theater served more people during peak periods and concession sales increased.

Source 4: Industry and Market Structures

This source of innovation requires that managers of a company ask themselves, "What is our business?" The idea is to search for a flaw in the basic nature of the industry. This strategy is particularly effective when an industry has been dominated by a few large companies that have become unchallenged and arrogant. An innovative newcomer then gains a foothold in the market with a simple but important change that appeals to customers. If the innovation is successful, it is difficult for the larger companies to change quickly and mobilize for a counterattack.

Ritsuko Miyazaki was a frustrated customer who looked in vain for a ceramics shop that offered high-quality clay, ceramics supplies, and ceramics-oriented services. The existing choices in her city were little more than craft shops for simple ceramics projects. She wanted a more high-quality and complete experience, so in 2008 she decided to start her own business, Clay Mix. Along with selling high-end clay and supplies and offering a variety of classes, Clay Mix also serves as a studio and gallery to showcase the work of ceramic artists in the area. It also hosts a variety of special events, exhibitions, and children's parties. Miyazaki even offers her shop and services to companies to use for team-building exercises during which employees learn to create pottery. She has redefined her business as a high-end, full-service experience (Clay Mix, n.d.; Rodriguez, 2008).

Source 5: Demographics

Of the externally oriented strategies, innovations based on demographic changes are the clearest and have the most predictable consequences. Demographic shifts have long lead times and are measured by numerous organizations from which data is readily available. However, a problem is that other entrepreneurs have access to the same demographic information. Therefore, it becomes a question of which entrepreneur best interprets and exploits the demographic shifts.

A clear demographic trend is the great increase of women in business, including in sales and management positions that require frequent travel. In response to this trend, several hotel chains have developed rooms oriented to the needs of the woman business traveler. These include design for increased security; small meeting rooms that are separate from the bedroom; and bathrooms with double sinks, built-in hair dryers, and other conveniences.

Baby boomers are one of the largest and most affluent demographic groups with high levels of disposable income. "Combining demographic data with segmentation

and targeting is a powerful method of accurately meeting a target market's desires" (Editorial Team, n.d., Demographics section, para. 3).

Source 6: Changes in Perception

When people's perceptions change, facts do not, but meanings do. For example, the physiological benefits of exercise have been known for years. However, in the mid-1900s, people did not consider serious participation in weight lifting or distance running normal. But the perception of fitness has changed. People now associate fitness with quality of life and social interaction. As a result of this change in perception, many companies that have exploited the fitness industry have done well.

This strategy has a major problem, however. Timing is critical. Nothing is more dangerous than to exploit a change of perception prematurely. A company can go broke if it puts money into an idea before the market is ready and receptive. On the other hand, it can be equally disastrous for a company to enter a market after it has peaked. The best approach in exploiting a change of perception is for a company to start small and appeal to a very specific market. Jack LaLane did this by offering fitness and nutrition training to police officers, firefighters, and select individuals before starting his own fitness club in 1936. He was called a crackpot and other names, but over the years he built a huge chain of successful clubs and the nation's first fitness-oriented TV show. He is now known as "The Godfather of Fitness" (Goldman, 2009).

Source 7: New Knowledge

Innovations based on new knowledge are the superstars of entrepreneurship. Although new knowledge does not have to be scientific or technology based, these have been the glamour areas of recent years. In many cases, success results from a convergence of several kinds of knowledge. The airplane, for example, was a convergence of the gasoline engine and modern aerodynamics. Advances in computer chip technology generated an array of product innovations such as smart phones, digital cameras, "smart" dolls that learn phrases, GPS for boats and cars, and virtual reality games. Another example is the Internet, which continues to show application of new knowledge principles.

An important characteristic of knowledge-based innovation is the long lead time required to bring an idea to the marketplace. This sometimes means great expense, and if the idea is not right the first time, the entrepreneur may be out of business. The next entrepreneur, however, can take the failed idea, add a missing ingredient, and be successful.

Another problem is the receptivity gamble. The public may not want a knowledge-based innovation. The entrepreneur gambles that the public will be receptive to the idea when it is developed. An additional problem is that some entrepreneurs become infatuated with their own technology, regardless of what the public wants.

For these reasons, knowledge-based innovation is risky. Entrepreneurs can reduce risk, however, if they can combine this strategy with one or more other sources for innovation.

Source 8: The Bright Idea

Seven out of every 10 patents filed belong in this category. These are often simple ideas such as zippers or pull tabs on beer cans. Examples of recreation industry “bright ideas” include the Hula-Hoop and Frisbee. Unfortunately, the bright idea is the riskiest and least successful form of innovation. Only 1 in 500 bright ideas makes significant revenue. Bright ideas are typically unorganized and out of sync with any particular market demand. This is not a strategy on which entrepreneurs should focus. However, society does need those rare 1-in-500 ideas that make it big.

High-Potential Areas for Entrepreneurs

Entrepreneur magazine (Herold, 2015) annually identifies its top eight categories for entrepreneurs who are interested in buying into a franchise business. Six of the eight selected in 2015 have a connection to the recreation and leisure industry:

Senior care. As America’s over-65 population continues to grow, so do opportunities to serve this market. Services to help seniors use their leisure time constructively are an opportunity. This includes travel services and services where seniors live.

Children’s enrichment. Parents continue to spend to improve their children’s futures. Children’s fitness, yoga, art education, and aquatics fall into this category.

Pizza. Even though there are many pizza businesses around, demand continues to grow as people seek different alternatives in this crowded food and beverage sector. Over 40 franchisees made this list.

Fitness. Even as the typical American seems to get fatter, interest in fitness continues to grow, particularly with innovative concepts such as 24/7 gyms, boxing classes, and computerized personal training.

Personal care. The recession did not stop growth in many areas of personal care in which people can pamper themselves. Hot concepts include paint-and-sip studios, spa services, sports-themed hair salons, and membership-based massage services.

Vending. Vending is an old concept made new with everything from burritos, to fresh healthful food, to ice and water.

Entrepreneurs Within the Sharing Economy

The sharing economy, also known as collaborative consumption, is a trending business concept that highlights the ability (and perhaps the preference) of individuals to rent or borrow goods rather than buy and own them. Examples include Uber, a ride-sharing app, and Airbnb, which helps individuals rent their spare room or empty house to people vacationing in their city. One study found that 44% of U.S. consumers are familiar with the sharing economy, 19% of the total U.S. adult population have engaged in a sharing economy transaction, and 7% of the population are providers in the sharing economy (PWC, 2015). Multiple start-ups have stemmed from the sharing economy, 17 of which are worth over \$1 billion each. Experts predict that the sharing economy will

only continue to grow and will offer fantastic opportunities for entrepreneurs. Relander (2016) explained some of the benefits:

1. **Build easily onto existing businesses.** In a sharing economy, everyone benefits. Customers get their product or service quickly, locally, and cheaply, and the provider makes money. LaPonsie (2015) noted how retirees are supplementing their income by becoming Uber drivers, renting out rooms, and more.
2. **Peer-to-peer financing opportunities.** Eager to get into the financial sector of the sharing economy? Companies such as Lending Club are demonstrating how to circumvent traditional banking to benefit investors and clients in this innovative new business environment. There are still regulations, of course, but all in all, the process is less complicated than setting up a bank, credit union, or traditional loan company to cater to people's financial needs.
3. **Minimal start-up costs.** In his new book, *The Business of Sharing*, Stephany (2015) explained that the sharing economy has produced millions of micro-entrepreneurs. These entrepreneurs often start out with a few hundred dollars or less in capital. They are then able to build on the fact that there is little or no government oversight—not to mention taxes—on many of the sharing economy's business traffic opportunities.
4. **The sharing economy is building on the barter economy.** Parts of the sharing economy work without actual money at all, for example, time-exchange platforms. Let's say a person with a specific expertise offers 1 hour of online instruction in that area, via Skype. Then, rather than traditional monetary payment, the person receiving the instruction offers in return 1 hour of instruction in area in which they have expertise. This can be done with any number of services and has led to the creation of an entire system of time banks that keep track of hours paid and owed as if they were real money.
5. **Millions of people are buying into the sharing economy.** As of 2015, millennials represent the largest workforce in the United States, and they are forging the sharing economy movement. As James O'Connell, CEO of JDP, explained, "Millennials believe in making a difference with their spending habits . . . Companies like Uber and Airbnb are doing so well because their business plan taps into that mindset so completely" (Relander, 2016, "5. Millions," para. 1).

McCormick (2015) related an example of the sharing economy in outdoor recreation: Todd Cook bought a \$45,000 luxury pontoon a few years ago—no trivial expense for Minnesota's short boating season.

"Boating in Minnesota doesn't last long and is not a cheap endeavor," said the 45-year-old software engineer. "It's fun, but it's expensive. There are costs."

To offset his slip fees at a St. Croix River marina and other expenses, Cook enrolled his pontoon in a free-to-join boat rental marketplace called Boatbound. Started in 2013 in San Francisco, the company uses its website to connect boat owners like Cook to qualified and preapproved renters, who may want to fish or just cruise. The company has roughly 10,000 boat listings (for fishing, sailing and more) in all 50 states.

“So far it’s worked out well — I had one booking last year and a few inquiries this year,” said Cook, who charges \$399 for a full day and pays a service fee to Boatbound. He will even captain his pontoon for you or your group. “One inquiry was for a bachelorette party and the other was a guy who wanted to propose to his fiancée. As it turns out, people are looking to rent for special occasions.” (para. 1–4)

Developing the Entrepreneurial Concept

According to Scott Molander, successful former owner of Hat World, the *Investor’s Business Daily* “10 Secrets to Success” are a constant guide for his enterprises:

1. **How you think is everything.** Think success, not failure. Beware of a negative environment.
2. **Decide upon your true dreams and goals.** Write down your specific goals and develop a plan to reach them.
3. **Take action.** Goals are nothing without action. Don’t be afraid to get started. Just do it.
4. **Never stop learning.** Go back to school or read books. Get training and acquire skills.
5. **Be persistent and work hard.** Success is a marathon, not a sprint. Never give up.
6. **Learn to analyze details.** Get all of the facts, all the input. Learn from your mistakes.
7. **Focus your time and money.** Don’t let other people or things distract you.
8. **Don’t be afraid to innovate.** Be different. Following the herd is a sure way to mediocrity.
9. **Deal and communicate with people effectively.** No person is an island. Learn to understand and motivate others.
10. **Be honest and dependable; take responsibility.** Otherwise, numbers one to nine won’t matter. (Johnson Center for Entrepreneurship and Innovation, n.d., para. 7)

Once an entrepreneur has an innovative concept, the entrepreneur must develop it into a workable product or service. Although Chapter 4 details the practical steps of starting a business and developing a feasibility study, this chapter first examines some of the general aspects of developing an innovative idea into an entrepreneurial success. The “Four Faces of the Entrepreneur” are necessary for this process to occur, and this also applies for the entrepreneur within an existing organization.

Four Faces of the Entrepreneur

Four very different roles must be filled for an innovative concept to become an entrepreneurial success: the explorer, the artist, the judge, and the warrior (Von Oech, 1986).

1. **The Explorer** enjoys the search for ideas. This includes an in-depth analysis of his own field of expertise or a search of entirely different fields for “crossover” ideas. A systematic application of Drucker’s sources of innovation is a good way to start.

2. **The Artist** transforms what the explorer finds into a working concept. An imaginative artist considers many variables to create a product or service plan that attracts customers and satisfies the benefits they seek.
3. **The Judge** evaluates the artist's concept and may modify it. The judge asks questions about the market, the costs, the time required to implement the idea, the resources available, and the chance of success. It is important for the judge to strike down the ideas that are not well founded.
4. **The Warrior** goes to battle for the ideas that the judge approves and does whatever it takes to implement the idea. The warrior must have passion for the idea and be able to fight a long time.

Each of these “faces” depends upon different entrepreneurial characteristics. For the best results, entrepreneurs need to have all four faces, because one weak face can ruin the venture. For example, entrepreneurs who are not a good explorer will not see opportunities. On the other hand, if the judge is not analytical and realistic, then too many bad ideas will exhaust the warrior. None of the ideas matter if there is not a warrior to implement the idea.

The key to this concept is that entrepreneurs need all four faces to succeed. Entrepreneurs who lack one or two of the faces must then get help from other people who have the missing qualities. For example, an experienced artist could help mold and modify the explorer's idea into a workable business concept. In another scenario, an entrepreneur might be an excellent judge and warrior who counts upon a think tank of business associates or consultants to come up with new ideas.

Working as an Entrepreneur Within an Organization

Although many entrepreneurs start their own business enterprises, many more people have entrepreneurial characteristics and work within an existing framework in the corporate or public organization. The National Federation of Independent Business (2007) reported that 75% of small businesses specifically and directly encourage their employees to suggest ideas for new products and services or better ways to produce and distribute them. These individuals within organizations can apply many of the same entrepreneurial concepts introduced previously. Such people have been called “intrapreneurs.” Williams (2013) explained four essential traits of intrapreneurs:

1. **Money is not their measurement.** An intrapreneur “gets it” and does their work in a way that shows the organization they are someone it can't afford to lose. The money and advancement finds them.
2. **They are “greenhousers.”** When you speak about an intriguing idea to an intrapreneur, the idea never leaves them. It germinates within their mind, and they carry with them the desire to figure out how to make it work. When you see them next, they are likely to have grown the seed of an idea into a full-blown plan or they will have created an even better set of alternative plans in its stead.
3. **They know how to pivot.** Intrapreneurs aren't afraid to change course, nor do they fear failure. It isn't outward bravado that drives them but an inner confidence and courage that every step takes them closer to their ultimate goal.

4. **They behave authentically and with integrity.** Most importantly, intrapreneurs exhibit the traits of confidence and humility—not the maverick behavior of corporate hotshots. Integrity (along with Respect, Belief, and Courage) are key among the traits . . . A budding businessperson could carry every other characteristic in spades, but without a foundation of integrity, they will fail (and the work landscape is littered with many examples of such failures). (para. 5–8)

If these are the traits that describe what an intrapreneur looks like, where can a company find these individuals and how can it ensure they will stay? For starters, a company founded with an entrepreneurial or intrapreneurial emphasis becomes a magnet for more of the same. Employees recommend the company to others who share their values (Williams, 2013). Employees, however, face certain barriers, particularly in organizations that have grown to become bureaucratic in nature. Some of these challenges include the following:

- Resistance to change.
- Resentment of individuality.
- Red tape that makes it difficult to operate quickly and entrepreneurially.
- Discouragement of creative ideas.
- Little tolerance for risk.
- Insufficient research and development funding.
- Lack of incentives for innovations.
- Overemphasis on accountability.

To overcome these barriers, the intrapreneur should follow the ideas of Loeb (1995), Pofeldt (2012), and others:

1. **Serve three types of needs: the customer's, the organization's, and the intrapreneur's.** Obviously, the idea must be a product or service that customers are willing to purchase, but it must also fit within the organization's overall philosophy, resources, and strategies. It must also provide acceptable profits or savings. Finally, the idea must be one that the entrepreneur finds interesting and personally compatible.
2. **Identify new niches.** Look for unsolved problems in the marketplace. Ask your customers for input on how your firm can do better.
3. **Allow time to develop the idea.** If time cannot be found within the regular workweek, be willing to work overtime, probably without extra pay.
4. **Develop a business plan.** This demonstrates that you have thoroughly researched the idea.
5. **Find allies and sponsors.** Carefully and quietly seek allies and sponsors. These people can help “pirate” resources within the organization and buffer you from attacks. Even if your rally for funds or attention is unsuccessful, your efforts will raise your profile.
6. **Avoid premature publicity.** Internal jealousy could wreck any good idea and bring greater penalties if the idea fails.

7. **Get small decisions.** Never ask for a decision larger than one needed to take the idea one step further. Don't try to sell a big untested idea.
8. **Recognize your own weaknesses.** Get expert help to complement your strengths.
9. **Rewards are essential.** If financial rewards are not possible, the organization might provide travel expenses to conferences, public and peer recognition, and "release time" from regular work to continue to be entrepreneurial.

Entrepreneurial Strategies for the Market

After developing an entrepreneurial innovation, the entrepreneur needs to bring it to the marketplace. Drucker (1985), in his classic *Innovation and Entrepreneurship*, suggested several entrepreneurial strategies that are still relevant today.

"Fustest With the Mostest"

A civil war confederate cavalry general once said that the key to victory was to "git thar fustest with the mostest." Drucker borrowed this phrase to name this strategy that aims at leadership and dominance of a new market. The entrepreneur basically tries to capture an entire market by being first on the scene with an innovation.

Entrepreneurs using this strategy must continue to research and innovate if they are to fight off competition. If they set prices too high, then even more competitors will be encouraged to enter the market. And, like a moon shot, this strategy must be on target during development, or it will be way off by the time a huge promotional program is launched. Small water theme parks popped up all over the country in the mid-1980s, and most were successful for a while, until bigger ones were built in the same area. The "fustest with the mostest" strategy fails more often than it succeeds and should be used only for major innovations. If successful, it is highly rewarding, but overall it is not the dominant strategy for marketing an innovation.

"Hit 'Em Where They Ain't"

This strategy is based on the assumption that "fustest with the mostest" fails more often than it succeeds. An entrepreneur waits until someone else has established a new product or service but has not achieved the ultimate design. The entrepreneur then develops the idea one step better and captures the market. For the water theme park example, small parks with a few slides did not compete well with new parks including different slides, lazy-river rides, shallow spray pools, and other improvements designed to appeal to a whole family. Additionally, when northern climate "iron ride parks" began adding water parks to their facilities, creating "two parks for the price of one," the days of the smaller stand-alone water parks were numbered.

Similarly, a large company first on the scene with a product may try to "cream the market" with high prices. A newcomer could simplify or modify the idea, offer it at a lower price, and steal part of the market away. Some discount hotel chains have done this in high-priced resort areas. They offer basic accommodations for the budget-minded tourist and gain excellent occupancy rates.

Ecological Niches

This strategy aims at control or practical monopoly in a small segment of a market. It may be so inconspicuous that no one tries to compete. An ecological niche may be based upon a specialty skill, product, or service. For example, a ski tuning service picks up tourists' skis at Salt Lake City hotels at night and returns them freshly waxed the next morning. The ecological niche may also be based upon a specific market.

There could even be a niche within a niche. For example, Jerron Atkin took service one step further than even small bicycle specialty shops provided. He provided full-service bicycle repairs and tune-ups from his home-based shop and same-day service including bike pickup from and return to customers' homes. Because his shop overhead costs were very low, he could set his prices lower than those at the bicycle stores (Brophy, 1996).

A problem with the ecological niche strategy can occur if the specialty market grows into a mass market. New competitors enter the picture when volume and profit margins grow. This strategy, however, is excellent for an entrepreneur with a special service and low overhead operation. The key is to find that unmet ecological niche and serve it well.

Changing Value and Characteristics

This strategy involves converting an established product or service into something new by changing its utility. In this way, a new customer is created. Time-share resorts capitalize on this and attract consumers who generally cannot afford their own vacation homes. Time-sharing offers the security of ownership and relatively fixed prices, with the flexibility of trading for different locations. To capitalize on this entrepreneurial strategy, entrepreneurs must know the market and what the consumer values.

Doggie day care services have taken the traditional kennel concept to a new level. Instead of simply keeping a pet temporarily housed and fed, these day cares train, exercise, socialize, and pamper these pets. These high-price, high-service operations help pet owners reduce their sense of guilt in leaving their animal "children" behind for the workday. They are not putting their dog in a kennel; they are enrolling it in a day camp!

Entrepreneurial Management

This section details ideas from several notable entrepreneurs about how they manage their businesses (Chapter 7 also details management strategies for commercial recreation and tourism ventures of all types). The ideas come from Courtland Logue, who has started 28 businesses (Nulty, 1995); Herb Kelleher, the cofounder and CEO of Southwest Airlines (Lancaster, 1999); Jack Kirkham, inventor and manufacturer of the Springbar tent (Wharton, 1994); and Scott Molander, founder of Hat World (Johnson Center for Entrepreneurship and Innovation, n.d.).

1. Your business should be built around honesty and integrity.
2. Stick to what you know, but grow to know more.
3. Find a bank or other financial institution you can rely on, and one that can rely on you.
4. Hire employees who will appreciate your philosophy, especially hire people with positive attitudes who enjoy helping others.



A concession stand at a resort can serve a small niche market if an entrepreneur develops a contractual agreement with the resort (Photo: J. Crossley).

5. Treat your employees well by caring for them in the totality of their lives, not just at work.
6. Give employees the license to be themselves and the opportunity to be entrepreneurs.
7. Earn the trust of your customers by treating them fairly and with appreciation. Your employees will follow this lead if they also feel appreciated and treated well.
8. Strive for excellence. Being the best is more satisfying than being the biggest.
9. Always put part of your earnings back into the business. This is essential for growing the business and/or becoming debt free.
10. Plan ahead, specifically for tomorrow, generally for a year, and conceptually for 5 to 10 years.
11. Watch your business like a hawk and know the numbers (financials).
12. As your business grows, get more systematized, but fight bureaucracy.
13. If you make a poor decision, correct it immediately.
14. You can learn as much, if not more, from a bad situation than a good one, whether personal or professional.
15. Review a decision as, what is the worst possible outcome and can I live with that outcome?

Balancing Entrepreneurialship With a Healthy Life

Too many entrepreneurs work exceedingly long hours under great stress to be successful. This can lead to ruin of their health and family. It does not have to be that way. In one study, Boston Consulting Group consultants who took “predictable time off” reported greater satisfaction with their jobs, a better work–life balance, and better service to clients. Here are some ideas to “get a life” while being an entrepreneur (Port, 2009):

1. Define your idea of a healthy work–life balance. Do this early in the startup process. What in your personal life is most worth protecting and how much time do you need to do it?
2. Let that definition guide you in how you design and build your business.
3. Be comfortable taking risks and making difficult decisions. If you are not, do not start the venture.
4. Look beyond the bottom line in defining success. Your sense of accomplishment is more important.
5. Control your calendar. Learn how to say no.
6. Rely upon friends and family to alert you when you are overworking.
7. Take steps to lower stress. Set aside time for yourself for fitness activities, hobbies, family, or even a regular massage.
8. Be the boss of you. Manage your staff and customers; don’t let them manage you.

Entrepreneurship in Public Service Organizations

Service institutions such as public park and recreation departments need to be as innovative and entrepreneurial as private businesses. The problem is that service institutions often have cumbersome structures, procedures, and traditions that are greater barriers than those in even the most bureaucratic private companies. Many public service institutions face specific obstacles, including the following:

1. They are dependent on a multitude of constituents and find it difficult to focus on specific market segments.
2. Service institutions exist to serve the interests of their entire community and see their mission as moral rather than as economic (and subject to cost–benefit justification).
3. They usually want to do more of the same and resist abandoning anything. The demand to innovate is perceived as an attack on their basic service commitments. Labor unions almost always fight innovation.
4. Service institutions have budgets that have been appropriated by a higher authority (city council, county commission, etc.) rather than budgets based on their results (i.e., revenues).

In spite of these barriers, there is hope for entrepreneurship in service institutions. The key is to develop entrepreneurial philosophies and policies to guide the operation of the service institution. Suggested policies are presented here:

1. Have a clear definition of the organization’s mission. Programs and projects must be considered as temporary strategies to fulfill the mission. Innovative programs might serve the mission better.

2. Have realistic goals. It is impossible, for most practical purposes, to serve all the recreational needs of all the residents or constituents.
3. Consider the failure to achieve objectives an indication that the objectives could be wrong. They may need modification or elimination. It is not rational to budget more money for repeated failures.
4. Build policies and procedures to search for opportunity. View change as an opportunity, not as a threat.
5. Consider the privatization (contracting out) of facilities, programs, or services if the institution cannot manage them efficiently and effectively.

Assistance for Entrepreneurs

Because many public commercial recreation and tourism professionals do not have entrepreneurial backgrounds, it is advisable for them to seek assistance. For general business advice, any office of the U.S. Small Business Administration (2016) can help, as can the business school of almost any university. Consultation is also available in many communities through local chapters of SCORE (formerly Service Corps of Retired Executives, www.score.org), which provide consultation for free or for low fees. The following sites may also be useful:

<http://www.bplans.com/>

<http://www.businessfinance.com/>

<https://nvca.org/>

<https://www.mbda.gov/>

<https://www.eonetwork.org/>

<https://marriottschool.byu.edu/>

<https://www.thebalance.com/>

[small-business-info-4073975](https://www.thebalance.com/small-business-info-4073975)

<https://inbia.org/>

<http://www.svn.org/>

Summary

Many people hold a general misconception about entrepreneurs: that they are con men, hucksters, and gamblers who dropped out of school but got lucky with a business venture. Research, however, supports a much different profile. Entrepreneurs are more likely to be honest, educated individuals (school and/or personal development) with experience, who want to create something unique on their own and are willing to work hard to do it. Entrepreneurs are not big risk takers, but they are realistic gamblers if the odds are in their favor. Primarily, they are doers who make things happen after studying situations carefully. A successful entrepreneur must be an explorer of ideas, an artist for developing the idea, an unbiased judge of the idea, and a warrior who fights for the idea.

Entrepreneurs can also work within an organization and are sometimes called intrapreneurs. These entrepreneurs face additional barriers in the organization, but have additional assets with which to work. Most important, the intrapreneur needs freedom, a trusting sponsor, and a system of rewards.

Systematic entrepreneurship is the organized search for changes in the environment that present opportunities. Drucker (1985) suggested eight strategies that are sources of innovation for the systematic entrepreneur: the unexpected, incongruities, process needs, industry and market structures, demographics, changes in perception, new knowledge, and the bright idea. He further suggested several strategies to bring the