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THE PERSPECTIVE FROM THE PRIVATE SECTOR: THE INSTITUTE FOR TOURISM
DEVELOPMENT AT THE ROCHESTER INSTITUTE OF TECHNOLOGY

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ABSTRACT

This article explores the development and organizational structure for a tourism center within a privately endowed university. The success of this undertaking has been directly related to the foresight of the administration and the cooperation among the faculty. Another important component of the success of this center has been private industry and their readiness to provide input, as well as dollars.

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INTRODUCTION

The Institute for Tourism Development (ITD), is a unit within the School of Food, Hotel and Tourism Management (FHTM) at the Rochester Institute of Technology (RIT). The School enrolls 650 undergraduates in management programs in dietetics, food management, hotel and resort management and travel/tourism. In addition, the newly created graduate program has forty students who are currently pursuing a master's degree in hospitality-tourism management.

Rochester Institute of Technology is a privately endowed,

coeducational university in upstate New York enrolling more than 13,000 full- and part-time students in its nine colleges. Noted for its technological and scientific leadership, RIT stresses quality career preparation for its graduates. Its extensive cooperative education program allows students to gain paid, practical experience in their fields while receiving college credit.

ITD was established in 1986 in anticipation of the increasing need among tourism organizations and individuals to acquire information which could assist them in making management decisions. An unprecedented explosion of new technologies, the maturing of the tourism market and the resulting increase in competition meant that tourism industry professionals could no longer afford to rely entirely on conventional wisdom and past practice. And as development and promotion budgets for tourism agencies and organizations expanded rapidly, those providing their funding (state legislatures, county boards, association memberships, etc.) began to demand accountability for the expenditure of monies they had been allocated.

Thus, as the importance of the tourism economy expanded and the awareness of its contributions and challenges grew, the need to justify decisions on information became essential; correspondingly, the necessity for tourism professionals to maintain "state-of-the-art" knowledge and skills also increased.

The mission statement of RIT mandates providing assistance to the public and private sector in order to enhance their performance. The circumstances described above represented an exceptional opportunity for FHTM to meet this mandate by providing organizations and individuals with expertise and information which would facilitate their understanding of the dynamic dimensions of the tourism industry.

However, in order to accomplish this, it was necessary to develop strategies for funding, staffing and marketing ITD. Although it was evident that there was a general need for expertise and information, it was also necessary to determine the appropriate range, scale and diversity of products and services that ITD would be offering.

FUNDING SOURCES

In the early stages of planning and development those responsible for creating ITD had to choose a strategy for funding its operations. An investigation of the traditional approaches to funding a center identified a number of strategies that had been implemented to acquire the financial resources necessary to provide "start up" or support. It also revealed that these approaches varied considerably in their feasibility, complexity, reliability and longevity.

One commonly used strategy was to seek a line item appropriation in the state budgeting process which was specifically designated for the center. This appropriation could be a free-standing appropriation, part of an agency (which contracted with the center) budget, or an allocation within a University, School/College or Departmental budget. Often

(although not always), the center would be obligated to provide some research services to or for the government in return for receiving funding through the budgeting process.

Another approach was to seek a state or federal grant as a source of "start-up" capital for the center. Thereafter, funding for the center would be dependent on acquiring contracts from private or public sector clients. In some cases the grant could be renewable.

A third technique was to seek an award or grant from a foundation or related benefactor. These funds could either be for "start-up" purposes, or as a continuing subsidy of center operations. Often, such funding must be renewed annually, and in some cases some of the research which the center conducts must be within a category preferred by the donor.

A fourth approach to funding a center was to attempt to support it within the constraints of an existing Departmental or School/College budget. In this scenario, a small sum would be appropriated for the production of a brochure and the cost of telephone and secretarial services would be absorbed by the Department. Management of the center, including bidding on projects and scheduling seminars would often be accomplished by either a faculty member who had received release time from teaching responsibilities of an assistantship. Thus, the department could determine whether the center was capable of generating any interest or activity without extensive investment of financial or human resources. If so, a separate budget could be prepared for future operations; if not, then the idea could be abandoned with a minimal expenditure of resources.

After weighing the advantages and disadvantages of each of the most common approaches to funding a center, it was decided that none of them was exactly appropriate for initial ITD funding or supporting it over the long term. Instead, it was proposed that ITD "borrow" a sum of money from internal University sources and pay back the "loan" from revenues that were generated by the activity of the center. Thus, a line of credit of \$25,000 was arranged through the office of the Provost, and the Institute for Tourism Development opened for business shortly thereafter.

This approach to funding provided several advantages. First, there was no dependence on outside sources of funding and the obligations which that entails. Second, the requirement that a detailed and voluminous proposal/prospectus be produced for review by external agencies or organizations was eliminated. Third, valuable (and scarce) department financial resources were not "cannibalized" for start-up capital. Fourth, the School of Food, Hotel and Tourism Management was able to react quickly to the perceived need for such a center because the time between the decision to investigate the possibility of operating a center and its actual implementation was a matter of months. Finally, and perhaps most importantly, ITD had to establish its viability by being self-supporting: if it could successfully meet industry demand for research and training services at competitive rates, it would continue to exist.

In return for this extension of credit, ITD was assessed a 15% overhead charge on all transactions which required a payment or transfer of funds. This approach to assessing overhead is quite different than the methods used in most universities. But while a 15% overhead represents a comparatively small overhead charge, the number of transactions to which it applied was extensive. Such transactions included purchases of supplies, reimbursement to staff for travel, contracts for computing services, and transfer of funds to another account, etc.

In addition, all payments which ITD made to individuals who participated in programs or projects were subject to the 15% assessment if they were not RIT employees. If they were RIT employees, payments were processed through the RIT payroll system and therefore subject to the usual applicable taxes.

ORGANIZATION AND STAFFING

The Institute for Tourism Development (ITD) is administered within the School of Food, Hotel and Tourism Management. FHTM, in turn, is housed in the College of Applied Science and Technology (CAST). (See Figure 1.) Thus, the Executive Director of ITD is administratively responsible to the Director of FHTM, who reports to the Dean of CAST.

The current Executive Director is a FHTM faculty member (whose expertise is in travel and hotel management). He has overall responsibility for the fiscal, human resource and training program management of ITD and is assisted by a full-time, salaried coordinator, a Director of Research and a part-time (hourly wage) secretary. These are the only permanent positions associated with ITD.

The Director of Research is also a FHTM faculty member, with expertise in tourism and resort management. His responsibilities include identifying research and seminar opportunities, writing grants, responding to requests for proposals, and promoting the capabilities of ITD. Neither he nor the Executive Director receive any compensation or release time for their participation in the management of ITD.

Research projects or training sessions which are developed by FHTM (or other RIT) faculty, are administered and coordinated through either the ITD Coordinator or the Director of Research. Student assistants (either graduate or undergraduate) are often utilized to complete projects or prepare materials for training sessions.

Like many research centers, ITD assembled a group of respected professionals to serve as an advisory board. Represented in this group were a convention and visitor's bureau, a tourism promotion agency, a foreign (Canadian) consulate, a wine foundation, a ski area, two statewide trade organizations, a tourism marketing company, a large farming enterprise and an investment firm. The original board, which was entirely New York State based, has been altered to include members from other states. This composition reflects the intention of ITD to expand

its activities beyond the borders of New York.

MISSION AND STRATEGIES

Once the initial funding for ITD has been secured, it was necessary to develop a business plan. While the overall objective was to produce revenue which exceeded costs, specific strategies had to be developed to assure that this would be accomplished. First, a mission statement was developed:

ITD seeks to foster the growth of worldwide tourism and travel through the provision of seminars, workshops, research and consultation to commercial educational and governmental organizations.

Next, a needs assessment was conducted to identify which specific types of services were desired by potential clients. This was accomplished through a survey of hospitality and tourism associations and professionals in New York, a content analysis of trade publication articles, input from the ITD Advisory Board and suggestions from FHTM faculty. As a result of this process, ITD narrowed its focus, and concentrated on:

- * Training programs offered to professionals ranging from supervisory to corporate management levels.
- * Workshops and seminars focused on tourism marketing, economic development and meeting planning.
- * Curriculum development provided to departments or universities wishing to create new programs or revise existing ones.
- * Computer workshops developed to familiarize professionals with strategies for purchasing hardware and software and the operation of state-of-the-art software.
- * Applied research conducted to determine economic impact, human resource needs, market characteristics, etc.

Once the identification of the range of ITD services was completed,

the next step was to prioritize them through a strategy which emphasized operating as a profitable venture. Accomplishing this required an analysis of market conditions (demand), an inventory of available resources for supporting the provision of each service and the identification of expertise to offer sessions, provide consultation and conduct research. For example, one of the initial program offerings by ITD was a travel agent training course. It was selected because:

1. There was a shortage of well-trained travel agents in the Rochester market.
2. There were sufficient clients willing to pay the tuition for an 8-week evening course.
3. The FHTM facilities included a 20-place computerized reservation system; (SABRE) donated by American Airlines.
4. The FHTM faculty and staff possessed the expertise to teach the course.

This course was well received by the travel agent community and thus provided ITD with visibility in the Rochester market as well as revenue; thus, it fit well into ITD's overall financial strategy which was to provide training programs which produced immediate return on invested time and resources. The resulting cash flow supported staff salaries, equipment purchases and marketing efforts which were necessary to pursue research contracts and develop large scale conference programs. Simultaneous to the offering of such "cash cow" programs were efforts to acquire the

resources which would be needed to provide the other services ITD wished to offer clients. For example, a 20-place networked computer laboratory was acquired through a donation by AT&T to provide an environment in which computer workshops, as well as traditional course work, could be offered. Because FHTM was also designated as a Beta site by AT&T, the lab facility could be used to attract donations of software from various vendors. This software would then be featured in the computer workshops which were offered by ITD. Since the lab was installed in December 1988, the acquisition of software is currently underway.

Another important element in ITD's strategy was to develop an expertise pool which would allow it to provide clients with high quality services. Because of its diversity, the FHTM faculty provided a major share of this essential expertise. However, selected individuals outside of FHTM and RIT were invited to submit resumes and workshop proposals in order to broaden the expertise base. In addition, the development of FHTM's new Hospitality-Tourism graduate program represented an important symbiotic opportunity for ITD:

1. Graduate students represented

highly-skilled, relatively affordable labor who needed thesis or project topics, research and presentation "experience" and wages to finance their education.

2. ITD required a flexible, high-quality/low-cost labor pool which could be project-based and could make ITD a very competitive entry in the tourism research market. This positive relationship between the new graduate program and ITD allowed for the development of project-based assistantships which could be used to recruit students.

MARKETING ITD

The marketing of ITD involved both direct and indirect approaches. First, an attractive brochure which described

ITD's services and capabilities was designed and produced in large quantity. This promotional piece was distributed in many ways in order to publicize ITD. Next, local print advertising was used to promote training sessions. Third, a direct mail campaign (brochure included) aimed at selected organizations and individuals was implemented.

Indirect promotion relied heavily on encouraging (and funding) faculty to expand their visibility in relevant professional and industry organizations in order to increase the overall awareness of ITD. For example, the Director of Research focused on participation in the Travel and Tourism Research Association, Coordination of the National Recreation and Parks Association's Leisure Research Symposium, and the provision of a research skills workshop for the National Tour Association. Meanwhile, the Executive Director strengthened the relationship with the Rochester Convention and Visitor Bureau through his membership on the Visitor Industry Council. Links with Meeting Planners International were maintained through serving on the MPI President's Council. Other faculty pursued comparable opportunities in professional and industry associations, particularly focusing on participation in regional and national conferences.

PROJECTS AND PROGRAMS

The outcome of these direct and indirect promotional activities was a manageable flow of profitable professional development seminars, sessions, and programs. They also resulted in an awareness that ITD had

the capability to conduct applied research. Included in the list of projects and programs which ITD has conducted since 1986 are:

- * Seminars on tourism marketing for small businesses for a state department of education.
- * Sessions at a state tourism conference.
- * Travel career training programs for local individuals.
- * Technology sessions for a European Research Center.
- * Evaluation research for a Canadian-Province.
- * Curriculum development for a land grant university.
- * Tourism development plan for a regional tourism organization.
- * A study of the feasibility of meetings and conventions for a county government agency.
- * Professional development seminars for food service, managers in a government organization.
- * Newsletter production for a national organization.
- * Training seminars on food preparation for a local school lunch program.

As a result of its activity, ITD has generated approximately \$275,000 in its 2 1/2 years of operation. Revenues, costs, and profits have been used to purchase equipment, support the research proposal process, provide student jobs, and fund FHTM faculty who attend professional meetings which are relevant to the ITD goals.

Today, ITD continues in its commitment to fostering the growth of tourism by providing individuals and organizations with essential knowledge, skills and information. It has provided services for clients throughout the world in a manner which met their expectations and produced a profit for the School of Food, Hotel and Tourism Management. ITD has been a profit center for FHTM since it repaid its \$25,000 "loan" six months after opening its doors. And, from the private sector's perspective, that is the bottom line!

FIGURE 1

ORGANIZATIONAL CHART FOR THE
INSTITUTE FOR TOURISM DEVELOPMENT

