

## PART 6

# Integrated case studies in contemporary tourism management

Case study 1 Skyrail rainforest cableway

Case study 2 Flinders Island: The next sustainable tourism star for Australia?







## Tourism management case study

### *Skyrail rainforest cableway*

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Australia's tourism industry has confronted many major challenges in the last decade. The Asian financial crisis in 1998 affected many of the key markets the industry had developed over the previous decade. The Sydney 2000 Olympics Games was seen as a beacon of hope for many in the tourism industry but any surge in international visitors quickly evaporated a year after with the events of September 11. The outbreak of the SARS virus in 2003 brought many international airports in Asia to a halt. International carriers worldwide have been forced to rationalise their services as they strive to retain profitability and this has had particular impact on regional international destinations. While the establishment and growth of low cost airlines has been a positive development, they have inevitably changed the Australian tourism landscape. More recently the global financial crisis (GFC) and the strengthening Australian dollar have made Australia a less attractive destination for international travellers. At the same time, it has become much more affordable for Australians to travel overseas.



It is in this environment that the family developed and owned Skyrail Rainforest Cableway in Tropical North Queensland has matured into one of Australia's most successful nature-based tourist attractions. The original Skyrail concept was conceived in 1987 and was followed by seven years of extensive planning, approvals and feasibility studies. The planning phase was rigorous and time consuming because the concept involved constructing what was then the longest gondola cableway in the world 10 minutes north of Cairns in the heart of the Wet Tropics World Heritage area. Planning consisted of pre-construction feasibility studies, an environmental impact study and numerous other reports and assessments, and consultation with government and local communities. Skyrail

had to obtain permits and approvals from 23 different government agencies before the \$35 million construction project could commence in 1994. The cableway opened to visitors just over a year later and Skyrail has since carried over six million passengers.

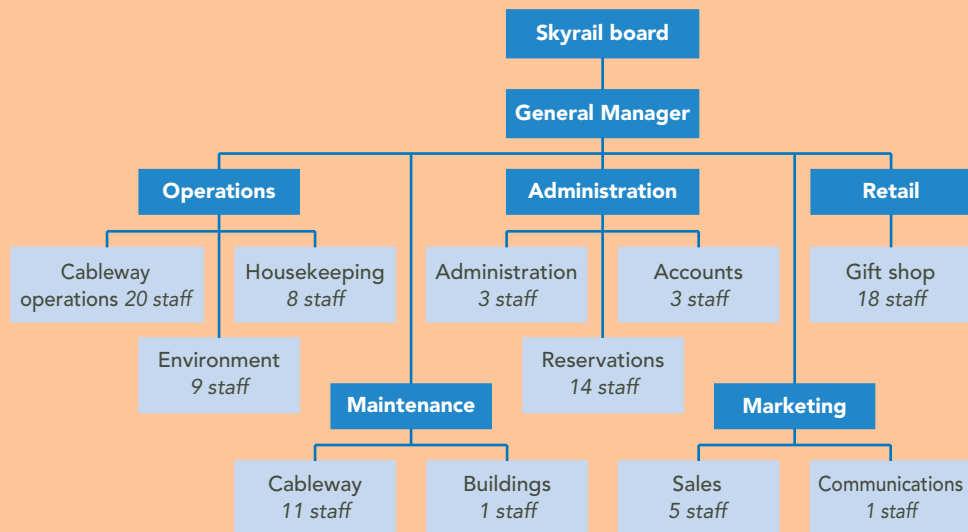
### Background

Stretching 7.5 kilometres through the tropical rainforests of North Queensland, Skyrail provides visitors with a unique opportunity to see and experience the rainforest as they glide just metres above the tree tops. Six person gondolas traverse the McAlister Range between Caravonica and Kuranda and provide spectacular views of the rainforest canopy, the Cairns area and the ocean. The Skyrail experience includes two transit stations that allow visitors to explore the rainforest floor and to learn more about the World Heritage values of the area. The Skyrail experience takes about 90 minutes one-way, but the trip is often packaged as a full day integrated experience which includes exploring the rainforest village of Kuranda and wildlife attractions, Aboriginal cultural experiences, and travel on the Kuranda Scenic Railway or with local coach tours.

The cableway was originally installed with 47 gondolas, however a \$2.5 million upgrade completed in 1997 increased the total number of gondolas to 114. This means that the cableway can support more than 3000 trips per day without compromising the rainforest experience or comfort of visitors. The organisation has received a number of awards and accolades, including four coveted Australian Tourism Awards and a number of international awards.

### Organising and managing people

Skyrail is organised around the key functional areas of the business, with five departments consisting of operations, maintenance, administration, marketing and retail. The company employs 93 staff, including 60 full-time and 33 part-time employees. Each department has a departmental manager, who plays an integral role in interviewing and choosing employees for their department, identifying their potential and encouraging and guiding their development. Collectively all employees are referred to as the 'Skyrail Team'.



Organisational chart for Skyrail

Every person in the Skyrail team is critical to the success of the company, particularly the delivery of the Skyrail vision. To deliver the best rainforest experience in the world the Skyrail Team must focus on reliability, cleanliness, interpretation, trouble free booking, desirable souvenirs, comfort and safety, and a friendly and welcoming interaction. The ultimate goal is for guests to leave with a life-enhancing experience.

To ensure that Skyrail delivers on its vision, employees are provided with a structured corporate training program which includes induction and safety, customer service, Skyrail vision, and values and environmental awareness. Customer service is particularly critical to any tourism business and Skyrail has developed the 'Skyhost' customer service training course, which is delivered by three designated managers. This training is backed up by structured training plans which ensure that all departmental training is delivered according to requirements and competency reached before progression.

Staff training is supported by a system of performance development and management which involves setting annual objectives and six monthly performance reviews. There is a strong focus on developing and up skilling staff and encouraging progression within the organisation. In addition to training and personal development, there is a strong focus on encouraging teamwork, both within and between departments. Skyrail provides the training and tools for team members to be able to undertake their role. Team members are motivated by keeping them informed, listening to their views, communication and training at monthly meetings, positive reinforcement on a daily basis and involvement where possible in decision-making.

### **Planning and Strategy**

Arguably the achievements of Skyrail would not have been possible if it were not for the extensive planning that was undertaken prior to construction. But the planning did not stop once operations commenced. Planning at Skyrail is underpinned by the company's vision, which is communicated to employees all levels. The Skyrail vision is 'to provide our guests with the best rainforest experience available anywhere in the world'. This 'rainforest experience' includes not only the cableway but the World Heritage rainforest itself, boardwalks, lookouts, interpretation, rangers, staff and service.

Planning at Skyrail is focussed on three areas: future development, maintenance and renewal, and operations. Future development of the Skyrail experience is discussed and considered at a board level with input from management. Long term maintenance and replacement is based on operational hours and consequently is a structured process with major proposals developed by staff for board approval. Operational planning is a process inclusive of all management and undertaken annually with a key outcome being a Management Activity Plan, an annual maintenance plan and a marketing plan. The Management Activity Plan lists the actions necessary to meet company business objectives and goals related to the customer, the team, delivering the promise, standards and profitability. These goals are developed collectively with all department managers and are reviewed every six months and monitored monthly by all managers. A process of open communication and regular departmental meetings encourages staff to provide input into company activity and planning and ensures communication of goals.

### **Managing operational aspects**

Tourism businesses are often more demanding to manage than businesses in many other industries. Challenges can arise because of the characteristics of the tourism industry and its vulnerability to major crises and events such as terrorist attacks, natural disasters, pandemics and weather conditions. Some of the general environmental factors that have impacted on the tourism industry have been described at the start of this case study and Skyrail cannot distance itself from the impacts of these major events

and localised events such as cyclones. The majority of these events are unpredictable but there are a number of ways in which the risk and impacts of these events have been managed by Skyrail.

Many leaders in the Australian tourism industry anticipated a downturn in tourism well before the GFC became a reality. Skyrail planned for declining international visitation and shifted some of its market focus to domestic visitors. Likewise the impact of the H1N1 influenza virus was managed by developing procedures to ensure that a pandemic did not impact on staff or the ability to deliver a quality experience for those visitors still travelling. In the face of a downturn in visitation, pre-emptive decisions were made to ensure staffing and operating hours were adjusted to reflect operational demand and marketing activity was reviewed to ensure funds were invested only if a return could be expected. Skyrail consciously strives to maintain a balance of visitors across a range of markets to ensure the impacts of any downturn from one market or loss of air access to the region are minimised. A board approved marketing plan details visitor projections which are used in the budget process and provides targets which are monitored on a monthly basis to ensure early action if there are major shifts against projections. This has enabled the company to reduce the impact of lost revenue, maintain profitability and to be well positioned for a recovery in the future.

The company continually monitors changes in visitor trends and technology to ensure that its competitive advantage is maintained. New online technologies provide an efficient system for Skyrail to communicate with past visitors and to encourage repeat visitation. Skyrail has recently started to use social media technologies such as Facebook and Twitter to encourage employees and customers to interact with prospective passengers. In 2009 Skyrail completed the development of a live inventory online consumer booking system which resulted in the doubling of internet bookings.

Skyrail also has to manage the forces in its task environment, including competitors, suppliers, distributors and visitors. Like many successful businesses Skyrail has adopted a cooperative approach when it comes to managing competition. There are other rainforest experiences, reef experiences and tourism products that compete for the time of visitors to Tropical North Queensland. Instead of viewing these operations as direct competitors, Skyrail collaborates closely with tourism operators to ensure that the industry is effectively acting as a marketing arm for Skyrail products. Similarly, Skyrail's suppliers are viewed as partners in the delivery of the customer experience.

At the operational level, the consistency of customer service and product delivery is vital to the success of all businesses. Skyrail has adopted the international standards for quality management and maintains ISO9001:2008 Certification, which forms the company's Quality Management System. Skyrail is regarded as a major national tourism experience and benchmarks its customer service and experience against similar major national attractions rather than on a regional basis, using the regional, state and national tourism awards systems as a means of comparing business and experience delivery.

Maintaining a consistent and reliable visitor experience is more complex than it might first appear. Most tourism businesses can replace a vehicle in the case of breakdown or can close part of their operation for maintenance. However, the cableway is a single piece of equipment and all elements must be operational all of the time to meet customer and business requirements. This is achieved through a number of inbuilt redundant systems that allow one system to take over from another in the case of a failure. The company is also proactive about maintenance and equipment replacement—it is not a case of waiting for something to wear out or break. Work requiring the closure of the cableway is planned 12 months in advance for short term closures of 1 to 3 days. More extended closures of 7 to 14 days are required every 10 to 15 years and are planned years in advance.

The safety of customers and employees is another operational aspect that needs to be managed. Skyrail has several proactive procedures and systems in place to ensure that it is prepared for events

such as cyclones. The company has developed an evacuation plan and practices and rehearses the skills and procedures necessary for evacuating passengers with local emergency management agencies. Skyrail also maintains an incident management plan to control impacts from any major event impacting on the company, including accidents and fraud. A safety culture is developed through the 'Sky 5' personal risk management and safety program and all incidents are recorded and trends analysed.

### **Corporate social responsibility and sustainability**

Skyrail has received numerous awards and certifications for its efforts in sustainable tourism. The company was the first in the world to develop a rainforest experience using a cableway to reduce the environmental footprint of visitors. The company's commitment to protecting the environment in which it operates is critical because the pristine beauty of the rainforest is essential to providing a high quality rainforest experience. The management of environmental resources is the primary responsibility of the company's Environment Department, which monitors activity in the areas used by the cableway and assists with rainforest research through Skyrail's long standing phenology project.

Skyrail's obligation to protect the environment started well before the attraction was constructed. Before construction commenced on the towers which support the cables, leaf litter and top soil was collected and stockpiled for reintroduction when construction was complete. Plant seedlings were catalogued at each site, then removed and propagated during construction, and replanted in their original locations.

During the construction phase a variety of innovative approaches were used to ensure the integrity of the rainforest environment. Sites for buildings and towers were selected to coincide with existing canopy gaps, and were surveyed to ensure no rare, threatened or endangered species would be affected by construction. The towers were constructed in 10 metre by 10 metre clearings, and the tower footings were built largely by hand. No roads were built during construction, instead tower sites were accessed on foot by workers. Helicopters carried and lowered heavy building equipment and materials to sites on 100 metre long lines to avoid wind turbulence affecting the sensitive rainforest canopy.

Skyrail's Environmental Management System (EMS) and its Environment and Social Sustainability Policy provide important management frameworks for protecting the environment. Business operations are conducted under the guidance of an ISO14001:2004 certified Environmental Management Plan. Skyrail was the first tourist attraction in the world to be certified with Green Globe. As part of this certification the company's operations are subject to an independent Earthcheck audit. Power usage, management of waste, water usage are all audited and compared with past performance, industry standards and best practice. In addition, Skyrail was one of the first tourism operators in Australia to be nationally accredited with Advanced Ecotourism Accreditation under the Eco Certification Program. These accreditations and certifications are not just badges or trophies that the company can display to the public—they provide Skyrail with control systems and independent monitoring.

The company further contributes to the protection of the rainforest environment through the development and support of the Skyrail Rainforest Foundation. The Skyrail Rainforest Foundation was established in 2005, with the primary objective of raising and distributing funds to support tropical rainforest research and education projects.

The company also recognises and respects the sociocultural aspects of the local community and provides visible economic benefits to the community. Skyrail supports the local community by employing locally-based personnel, purchasing locally produced products wherever possible and providing employment and opportunities for local indigenous people. In 2008/9 Skyrail contributed \$7.2 million to the regional community through purchases and wages.

Skyrail also provides interpretation of the rainforest environment, historic sites and indigenous culture to increase awareness and to contribute to their management and protection.

### QUESTIONS

1. Use the information contained in this case study to identify examples of the four functions of management described in Chapter 1.
2. What elements has Skyrail focussed on in managing the company's human resource needs? How do Skyrail's management of human resources relate to planning and the delivery of the company's vision?
3. Search the web for information about ISO14001. What are some of the key elements of the ISO14001 management standards? What costs do these systems impose on business? Do you think all of the actions and steps specified by these standards are just part of the costs of managing a business in the 21st century? Should all businesses be compliant with ISO14001?
4. What control systems and monitoring approaches are evident in the way Skyrail manages its operations?