

Evaluation of the Maori Tourism Facilitation Service

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Executive Summary

Background

1. The Maori Tourism Facilitation Service (MTFS) was established in October 2004 with a budget allocation of \$580,000 (inclusive of GST) from Vote Tourism for the period April 2005 to June 2006. Decisions about the future of the programme beyond this period will be based on the effectiveness of the programme and the availability of resources.
2. In February 2005 Te Puni Kokiri (TPK, the Ministry of Maori Affairs) was appointed as the delivery agent of the MTFS and the Ministry of Tourism as the purchasing agent. A programme pilot commenced in April 2005 in Auckland and the Bay of Plenty with 20 businesses selected to participate. In August 2005, the wider rollout of the programme commenced with an additional 60 businesses targeted nationwide.
3. The aim of the programme is to provide assessment and mentoring to Maori tourism businesses in early development (i.e. post start-up) and established phases to improve individual performance and to ensure delivery of a quality tourism experience.

Method

4. This evaluation was based on multiple sources of information and perspectives, including interviews with 21 of the participating businesses, interviews with the programme delivery staff and contractors (two account managers, seven assessors, and two mentors), review of clients' Business Development Plans, review of clients' business snapshot results, TPK's MTFS client database, monthly reports from MTFS Account Managers, and interviews with key stakeholder agencies.

Key Findings

Outputs and participants

5. From commencement of the programme pilot in April 2005 to June 30, 2006 a total of 84 businesses have been enrolled in this programme. This exceeds the target of 80 enrolments in the programme by June 30, 2006. However, 14 of the clients have withdrawn from the programme, leaving a total of 70 clients currently in the programme.
6. Most of the businesses participating in the MTFS are small and relatively young businesses – i.e. less than five years old, have fewer than five employees, and annual turnover of less than \$100,000.
7. Most (i.e. 79%) of the MTFS participants have had a Business Development Plan prepared and signed-off. However, only 28 (i.e. 40%) have only been assigned Mentors as of June 30, 2006. It is estimated that at least 50% of clients will still be in the mentoring phase in June with most completing July or August.
8. The delay in the mentoring phase resulted mainly from programme implementation and start-up taking longer than anticipated (e.g. in terms of recruiting and training Assessors and Mentors) and the limited availability of clients to engage with the

programme during the peak tourist season from November 2005 through March 2006.

Outcomes

9. The majority of MTFS participants appeared to be satisfied with the programme as a whole (80%) and with the extent to which they perceive their Business Development Plans address the needs of their businesses (76%). These satisfaction rates are a good result for the programme's start-up year. Given that many of the teething problems associated with start-up have been ironed out, the programme management expect this satisfaction rate to improve in the programme's second full year.
10. Over 60% of MTFS participants interviewed for this evaluation indicated they had already experienced improvements in the intended intermediate outcomes of the programme (i.e. market knowledge and development, strategic planning, and product development) between the time they started the programme (June to October 2005) and when they were interviewed in April 2006. The participants expect further improvements in these outcomes by the time they complete implementing the recommendations in their Business Development Plans.
11. Over a quarter of MTFS participants indicated they have already experienced improvements in the various intended ultimate outcomes of the programme, i.e. revenue, product reputation and quality, and business sustainability, between the time they started the programme (June to October 2005) and when they were interviewed in April 2006. Over 40% expected further improvements in these outcomes by the time they have completed implementing the recommendations in their Business Development Plans.

Implementation and delivery

Programme cost

12. The 2005/06 budget for the MTFS programme is \$650,000 consisting of \$390,000 funded by Vote Tourism for assessment and mentoring services, and \$260,000 in TPK resources for salaries and overheads for two FTE Account Managers. This works out to an average budget of \$8,125 per client (based on 80 clients enrolled and assessed). It is recommended that TPK continue to monitor the cost of this programme and to look for opportunities for efficiency improvements.

Eligibility criteria

13. Some MTFS participants did not appear to meet one of the necessary criteria for programme eligibility i.e. willingness to participate fully in the programme. Between a quarter and a third of the MTFS participants did not meet some of the discretionary eligibility criteria of having turnover in the previous year of greater than \$30,000, the business being the business operator's primary source of income, and the business having growth potential.
14. Although Account Managers are provided with some discretion to grant exemptions from the discretionary criteria, the number of MTFS participants who were granted these exemptions appears too high. These criteria are important for ensuring that the MTFS programme complements rather than duplicates other programme and

services, by serving its target audience of developing and established Maori tourism businesses focused more on product development issues, rather than start-up or part-time businesses that tend to be focused more on basic business capability issues.

Coordination and complementarity with other programmes and services

15. The MTFS appears to be playing an important role in helping Maori tourism businesses access the services they need to improve business capability. The programme appears to be well coordinated with and complement the role of key stakeholders and related service providers in three key aspects:

- Participant selection- businesses participating in the MTFS were selected by TPK based on recommendations from the New Zealand Maori Tourism Council, Poutama and Maori Experience NZ.
- Assessment and mentoring– most of the assessors and mentors engaged to work with MTFS clients have experience with other business assistance providers such as Poutama, Maori Business Facilitation Service, Qualmark, and New Zealand Trade & Enterprise. They are also actively involved with Maori Regional Tourism Organisations and/or are known within the tourism industry as tourism consultants.
- Referrals – In addition to providing direct assistance to Maori tourism businesses, one of the key aims of the MTFS is to increase the ability of these businesses to access mainstream business assistance programmes as needed. Among the 21 clients in the interview sample, client feedback and reviews of their BDP indicated that the over 60% received referrals for assistance with more generic business issues from other government and/or private programmes such as the Enterprise Training Programme by New Zealand Trade and Enterprise (NZTE), TPK's generic Maori Business Facilitation Service, and Poutama Maori Business Trust. The MTFS is intended to serve as a stepping stone which helps prepare businesses to access more advanced programmes when needed, such as NZTE's business assistance grants.

Overall conclusion

16. The MTFS programme appears to be well designed and the client engagement and assessment components seem to be delivered well with the majority of clients reporting satisfaction and improved capability from the programme. This present evaluation, however, was not able to fully assess the effectiveness of the programme as most of the participants have only started the mentoring phase of the programme in May or June 2006. This early evaluation therefore recommends that this programme be continued, with some minor policy and operational improvements, until a full impact evaluation is conducted in 2008.

Recommendations

Evaluation

1. If the MTFS programme is continued, it is recommended that a full impact evaluation of this programme be conducted by July 2008 to examine the following questions:
 - To what extent is the MTFS achieving the intended policy outcomes?
 - Would the outcomes have been achieved without the programme? How much value is the MTFS adding?
 - Is the MTFS well coordinated with related government and private business assistance services?
 - Is the MTFS filling an important need?
 - Is the delivery of the MTFS efficient compared over time and to similar programmes?
 - What are the opportunities for improvement?
 - Can the MTFS model or lessons from it be applied to other parts of the tourism sector or other business assistance programmes?

Policy improvements

Target group

2. To continue to avoid duplication with other existing programmes and services, there needs to be increased clarity in communicating the policy intention that the MTFS programme is not designed for start-up businesses but only for Maori tourism businesses that are developing or established and focused on business growth, rather than more basic business capability issues.

Intended programme outcomes

3. The specific outputs and outcomes intended from the MTFS were identified from within relevant policy documents, and where required, were clarified through consultation with the Ministry of Tourism and TPK. These are set out in Section 1.5 - Programme Logic Model. Based on the lessons learned from this evaluation, some refinements are proposed to this logic model to increase clarity in terms of intended key outputs, immediate, intermediate and ultimate outcomes. The revised logic model is presented at the end of this report.

Eligibility criteria

4. Tighten the criteria regarding length of time in business from a six month minimum to a minimum requirement of 12 months in business.
5. Clarify that to be eligible for the MTFS programme, all participants must meet the necessary criteria of being willing to participate fully in the programme by investing time and/or money into assessment and/or mentoring.

6. Clarify that for a business that does not already incorporate Maori aspects (e.g. tikanga, te reo, cultural performances etc.) as part of its products and services, but is considered to have the potential to incorporate Maori aspects, this potential needs to be demonstrated as part of their Business Development Plan.
7. Clarify the growth potential criteria with an objective definition would enable better application of this criteria. It is proposed that 'growth potential' be defined as having a willingness and plan to develop the business to achieve annual growth exceeding a target rate. This target should be defined by TPK with assistance from the Ministry of Tourism and Ministry of Economic Development.
8. Consider setting a limit (e.g. no greater than 10%) on the number of businesses granted exemptions from the discretionary eligibility criteria.

Operational improvements

Initial assessment

9. Revise the Business Snapshot tool currently used for initial assessment of participants to ensure it identifies all of the critical issues for the business, i.e. the financial status (e.g. profitability, debt levels), ownership, governance, and growth potential of the business.
10. Request participants to present the financial statements of their business for the past year or two (for older businesses) to enable accurate assessment of financial status.

Transition between Account Managers, Assessors, and Mentors

11. Improve the transition to Mentors from Account Managers and Assessors and minimise the potential duplication between these roles through better briefing among the parties at key transition points.
12. Once the mentoring phase has been completed by the current participants, TPK should review the roles of the Account Managers, Assessors, and Mentors to identify if there are opportunities to improve efficiency and effectiveness.

Referrals to other services or training

13. To ensure that Account Managers and Assessors are able to make appropriate and timely referrals when necessary, it is important that there is a systematic process to keep them up to date with the list of mentors and programmes or services of other providers available to work with MTFS clients.

Mentoring

14. Within the budget constraints of the programme, ensure that the timing, intensity, and nature of mentoring provided to participants is tailored to the client need.

Information sharing with key stakeholders

15. In order to maximise the potential value of information collected by the MTFS programme in informing the development of policies and programmes for the Maori tourism sector, it is recommended that TPK explore opportunities to improve

information exchange with key stakeholder organisations such as the New Zealand Maori Tourism Council.

Monitoring and evaluation of programme outcomes

16. Continue to measure, record and monitor the programme outcomes in terms of business capability and performance of participants at the start of engagement, at regular intervals during engagement, and up to two years after completion of the programme.

1. Programme policy and objectives

1.1 Programme establishment

The Maori Tourism Facilitation Service (MTFS) was established in October 2004¹ with a budget allocation of \$580,000 (inclusive of GST) from Vote Tourism: Implementation of the Tourism Strategy for the period April 2005 to June 2006. Decisions about the future of the programme beyond this period will be based on the effectiveness of the programme and the availability of resources.

A programme pilot commenced in April 2005 in Auckland and the Bay of Plenty with 20 businesses selected to participate. In August 2005, the wider rollout of the programme commenced with an additional 60 businesses targeted nationwide.

1.2 Policy rationale

The establishment of the MTFS was based on the following policy rationale:

- a. Maori tourism is important in enhancing the reputation and quality of New Zealand tourism. Research by Tourism New Zealand (TNZ) identified that as part of their overall experience, international visitors to New Zealand like to experience Maori culture and these experiences have an important influence on visitors' holiday satisfaction.
- b. Maori tourism is largely underdeveloped. The number of Maori tourism businesses was estimated at 200 in 2001² and has grown to over 350 in 2006³. The New Zealand Tourism Strategy 2010 and study of barriers and opportunities for Maori in tourism identified the key issues facing Maori tourism businesses as: product development, access to finance, capacity building, access to research and information, and marketing. Feedback from several hui held by the Associate Minister of Tourism in 2003 identified mentoring as the mechanism Maori tourism operators felt could best deliver a positive improvement in the quality of Maori tourism businesses.
- c. There is a lack of assistance for developing and established Maori tourism businesses focused on product development issues. This gap is not being filled by existing business assistance programmes delivered by Te Puni Kokiri or New Zealand Trade and Enterprise. TPK's Maori Business Facilitation Service is aimed at business start ups. Of all the business assistance programmes offered for product development and capability building, only the Tourism Industry Association New Zealand's business builder CD and the Community Employment group's He Kete Tapoi Maori were designed specifically for tourism. Only He Kete Tapoi Maori was designed specifically for Maori tourism businesses but focusing on those at the pre-start up or start up phase. This service has since been disestablished.

¹ EDC Min (04) 20/5

² TheStaffordGroup (June 2001). A Study of Barriers, Impediments and Opportunities for Maori in Tourism. Prepared for the Office of Tourism and Sport and Te Puni Kokiri.

³ Figures from New Zealand Maori Tourism Society database, current as of July 2006.

1.3 Policy framework

The policy framework for the MTFFS programme that was approved in October 2004⁴ included the following:

- **Aim:** The aim of the programme is to provide business mentoring assistance to selected Maori tourism businesses to improve individual performance and to ensure delivery of a quality tourism experience.
- **Targeted firms:** The programme is targeted at Maori tourism businesses in early development and established phases.
- **Assessment and mentoring:** The programme is to deliver assessments of individual businesses and appropriate mentoring to implement recommendations from the business assessments.

1.4 Programme design

Selection of service provider

In order to determine the most suitable approach for delivering business assessment and mentoring services to Maori tourism businesses, the Ministry of Tourism engaged Tuia Consulting Limited to survey the following five service providers, specialising in business capability, on their experiences and discuss their approaches to delivering services to their clients:

- Te Puni Kokiri's (TPK) Maori Business Facilitation Service (MBFS);
- New Zealand Trade and Enterprise (NZTE);
- Deloitte;
- Poutama Maori Business Trust (Poutama); and,
- Mahi Taapoi (Consulting business with tourism sector capabilities).

Tuia Consulting concluded that while each service provider surveyed aims to enhance and improve the quality and performance of the businesses they assist, no one organisation offers an effective end-to-end solution that meets the specific needs of Maori tourism businesses which includes not only generic business aspects but also Maori specific and tourism specific aspects⁵. The report found that while Poutama and Mahi Taapoi had experience and expertise in assisting Maori tourism businesses, both providers were too small to serve the number of businesses targeted by the MTFFS. NZTE and Deloitte were found to have limited experience and expertise in Maori and tourism specific assessment and mentoring. However, it concluded that TPK's MBFS structure provides a sound approach to overseeing and monitoring nation-wide delivery of assessment and mentoring for Maori tourism businesses.

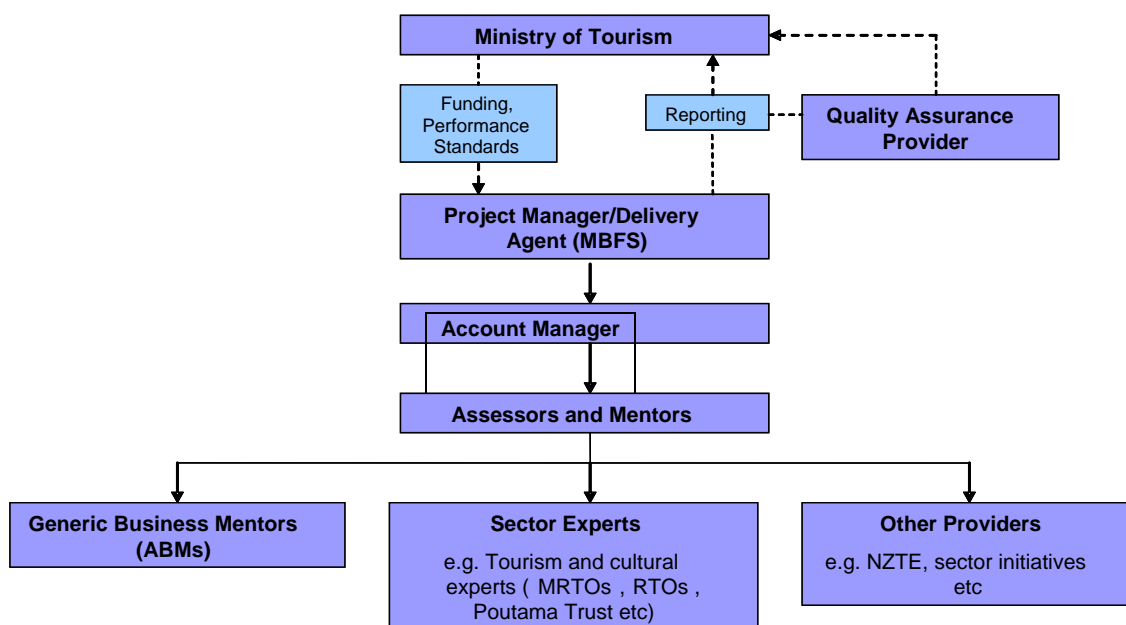
⁴ EDC Min (04) 20/5

⁵ Tuia Consulting (2004) "Review of Options for Delivering Assessment and Mentoring Services to Maori Tourism Businesses"

Following this analysis of delivery options, the Ministry of Tourism adopted the recommended combination approach whereby the MBFS structure forms the base of the delivery mechanism and elements from the other service providers are added in to ensure a stronger tourism capacity. Depending on the specific business development needs of the MTFS participant, generalists and/or specialists from the other service providers will be contracted to provide assessments and mentoring on a per client basis. Examples of providers who could assist with more generic business assistance include Accredited Business Mentors from TPK's Maori Business Facilitation Service and NZTE. Examples of providers who could assist with more specific Maori tourism needs include Poutama and Mahi Taapoi.

In February 2005 TPK was appointed as the delivery agent of the MTFS and the Ministry of Tourism as the purchasing agent. Figure 1 below outlines the governance structure for the MTFS programme and its relationship to the other service providers.

Figure 1. Governance structure MTFS programme



Tuia Consulting also proposed an assessment and mentoring framework and assessment tools that will be suitable Maori tourism businesses⁶. This report which proposed guiding principles, eligibility criteria, assessment and mentoring process and tools, was adopted as the key guideline for operating the MTFS programme. It was recognised that there is room for adjustments based on learning from experience in the actual implementation of the programme.

MTFS Guiding Principles

To ensure the design and delivery of the MTFS is relevant to, and meets the specific needs of, Maori tourism operators, a set of principles was developed to serve as a

⁶ Tuia Consulting (Feb 2005). Delivering Assessment and Mentoring Services to Maori Tourism Businesses.

guideline for assessors and mentors when working with programme participants. The guiding principles include ensuring the operator understands the relevance of each step in the intervention process, keeping it simple, developing achievable action plans, focusing at all times on quality, and creating opportunities for operator personal development.

Eligibility criteria

In assessing the eligibility of Maori businesses for the MTFS programme, the overriding questions are:

- a. Is it likely that this business' performance and quality will improve as a result of the programme; and
- b. Will any improvements contribute to the performance and quality of the Maori tourism sector?

Participants must meet the following four necessary criteria:

- The business is a Maori tourism business – defined as one which identified itself as a Maori tourism business and provides, or has the potential to provide, authentic, high quality Maori experiences to tourists;
- The business includes Maori aspects, or has potential to include Maori aspects, as part of its products and services (e.g. tikanga, te reo and cultural performances);
- The business operator is willing to participate fully in the programme
- The business has been in operation for at least six months including a summer season from December to February (where appropriate).

There are also the following important criteria, but the Account Manager has some discretion to grant exemptions:

- The business has growth potential, i.e. turnover and employment;
- This business is the business operator's primary source of income;
- The business has achieved a minimum of \$30,000 turnover in the last financial year;
- The business operator is willing to invest in mentoring, advice and learning (time and/or money); and
- The business operator is willing to take a sector-wide view, that is, where appropriate align strategies to leverage off sector initiatives and directions.

Assessment and mentoring process

Table 1 on the following page outlines the key stages of the MTFS assessment and mentoring process.

Table 1. MTFS Assessment and mentoring process

Phase		Who	Estimated Time	Key Tasks
1	Initial Introduction	Account Manager	1-2 hours	<ul style="list-style-type: none"> • Explain the process, criteria, benefits etc (Face-to-face) • Complete Business Profile form
2	Application Evaluation	Account Manager	½ hour	<ul style="list-style-type: none"> • Client accepted into programme; or • Referred to other means of assistance
3	Business Snapshot	Account Manager and Client	1/2-1 hour	<ul style="list-style-type: none"> • Client signs Letter of Understanding • Clients fill out Business Snapshot Form (assisted by Account Manager if necessary)
4	Assign/engage Assessor	Account Manager	1 hour	<ul style="list-style-type: none"> • Account Manager matches Assessor to Client • Assessor selected from Assessor/Mentor pool
5	Initial Analysis	Assessor	1-2 hours	<ul style="list-style-type: none"> • Read/analyse Business Snapshot • Make Assessor Notes • Arrange site visit
6	Site Visit	Assessor	4 hours	<ul style="list-style-type: none"> • Walk-around • Go through Business Snapshot with Client • On-site Review and Needs Assessment • Identify priority areas and agree strategic themes
7	Draft Business Development Plan	Assessor	6 hours	<ul style="list-style-type: none"> • Report on each Performance Area • Set out strategic themes • Set goals/timeframes in Action Plan
8	Finalise Business Development Plan and Assign Lead Mentor	Assessor and Client	2 hours	<ul style="list-style-type: none"> • Make changes as necessary • Agree 12 month pathway • Agree interventions
		Account Manager	2 hours	<ul style="list-style-type: none"> • Review final BDP • Assign Lead Mentor
9	Implement Plan	Client and Mentor	12 months	<ul style="list-style-type: none"> • Carry out actions to meet 3, 6 and 12 month goals • Mentor to guide and support client • Report progress to Account Manager
10	Monitor and Evaluate	Assessor	2-3 hours at 3, 6, 12 months	<ul style="list-style-type: none"> • Monitor and evaluate progress against set goals • Make adjustments as necessary

The two main components of the MTFFS programme are:

- Business Assessment - Individual Maori tourism businesses' current performance is assessed initially through a self-assessment tool (known as a 'Business Snapshot') with the assistance of the Account Manager, then in more detail by an Assessor. This process identifies the businesses' strengths and weaknesses and identifies areas for improvement. The key output from the assessment is a Business Development Plan (BDP), prepared in consultation with the business.
- Individualised Mentoring - The business is then provided with individual mentoring support to assist it to implement their BDP, incorporating recommendations from the assessment process.

The roles of Account Manager, Assessor, and Mentor are separated in order to build in checks and balances into the programme and increase accountability for the integrity of the process and outcomes:

- A key role of the Account Manager is to determine clients' eligibility, and enrol clients into the programme. The Account Manager assists the client in completing the Business Snapshot as an initial assessment. The Account Manager then assigns an appropriate Assessor to conduct an in-depth assessment with the client and develop a Business Development Plan (BDP). The Account Manager has the responsibility for signing off the BDP by checking that the client is satisfied with the BDP and recommended mentors. This process provides for quality assurance checks, consistency of delivery, overview of programme and sector, and managing potential conflicts of interest (e.g. to avoid the situation of consultants feathering their own nests where the consultant develops a BDP which recommends to clients services that s/he wants to provide, rather than what the client actually needs). The Account Manager then assigns an appropriate mentor to the client.
- The assessment is to be conducted by an Assessor who is a generalist with experience and expertise that is able to take a broader perspective while Mentors can be more specialised, focusing on particular areas of intervention.
- The role of the Lead Mentor is to assist clients in implementing the recommendations in their BDP. The Lead Mentor, in conjunction with the Account Manager, will engage specialist mentors and/or other service providers as required (e.g. NZTE, Poutama).
- The responsibility for regular checking of the client's progress is with the Assessor to ensure that the intent of the BDP is maintained throughout implementation and not redesigned by the mentor.

September 2005 Implementation Review

A review of the implementation of the pilot MTFFS programme was completed in September 2005. This review found that the implementation of the pilot went well and noted some areas for improvement.

1.5 Programme intervention logic model

The specific outputs and outcomes intended from the MTFS programme were identified from within relevant policy documents, and where required, were clarified through consultation with the Ministry of Tourism and TPK. These outputs and outcomes are presented in the intervention logic model on the following page. In addition to intended outcomes of the participating Maori tourism businesses, the model includes intended outcomes for other key stakeholder agencies including the Ministry of Tourism (TMT), Te Puni Kokiri (TPK), Tourism New Zealand (TNZ), New Zealand Maori Tourism Council (NZMTC), and Maori Regional Tourism Organisations (MRTO).

Table 2: MTFs Programme intervention logic model

PROBLEMS	OUTPUTS	IMMEDIATE OUTCOMES	INTERMEDIATE OUTCOMES	ULTIMATE OUTCOMES
<ul style="list-style-type: none"> • collectively, Maori tourism businesses are not performing as well as they could • need to build capability • Lack of engagement with existing government services • Non-engagement with provider of generic business assistance applicable to the sector • lack ability to access and use research and information • need assistance in marketing and promotion 	<ul style="list-style-type: none"> • outputs (i.e. the delivery of assessments and mentoring) delivered in full, on time, within budget • number and quality of initial and full assessments completed • number and quality of business development plans created • number and quality of mentors assigned • type of mentoring provided • number and quality of referrals to other business assistance programmes • quality and accuracy of reporting by service providers 	<ul style="list-style-type: none"> • identifies key areas for business improvement • provides support to address key areas • completion rate of actions set out in BDP • number and types of interventions carried out over 3, 6 month periods • number of other business assistance programmes that are engaged, as recommended through BDPs or mentors 	<ul style="list-style-type: none"> • improves market knowledge and market development capability • improve strategic, management, and business capability • prepares applicable businesses to be qualmarked • reality check of key priorities for sustainability • increased integration of business with the industry • willingness of service providers to continue involvement • improves knowledge of Maori tourism sector [TMT] • improves understanding of future interventions that may add value to Maori tourism sector [TMT] • profile of best practice within Maori tourism [TMT] • Adds to credibility/profile of MBFS and provides improvement ideas for MBFS [TPK] • improved knowledge of existing Maori tourism product [TNZ] • improved confidence to market wider range of Maori tourism experiences [TNZ] • increased quality accreditation of Maori tourism businesses [TMT, TNZ, MRTO, NZMTC] • increased/improved core of export ready Maori tourism businesses in each region to provide leadership [MRTO, NZMTC] 	<ul style="list-style-type: none"> • improved quality of product and service received by customers • business growth in revenue, profits, productivity, sustainability • improved quality and quantity of contribution of Maori tourism sector to the industry and economy • increase business sustainability

1.6 Findings and lessons from related evaluations

Several evaluations of programmes related to the MTFs have recently been completed or are nearing completion. Key findings of relevance are noted here:

- NZTE's Enterprise Training Programme - The Ministry of Economic Development completed an evaluation of this programme in December 2005 which found that 11% of participants during the period between July 2003 and September 2005 were Maori businesses. There were over 100 Maori tourism businesses that participated in this programme (this could be an underestimate as the classification of 'tourism' was based on the name of the business, and many of the participants did not identify their ethnicity).
- The Ministry of Economic Development is currently completing an evaluation of the Biz information service which provides information and referrals on basic business enquiries through their 0800 phone service and a series of walk-in centres throughout New Zealand. This evaluation found that 10% of the enquiries are from Maori businesses.
- NZTE's Escalator Programme- The Ministry of Economic Development completed an evaluation in May 2006 of this programme which provides training and brokering for firms wanting to raise capital. As a result of this evaluation, there will be increased integration between this programme and the Investment Ready Training workshops offered by NZTE's Enterprise Training Programme.
- NZTE's Enterprise Development Grants programme – The Ministry of Economic Development completed an evaluation in September 2005 of this programme which provides funding of up to 50% of the cost of capability building activities such as employing a business mentor, undertaking advanced management or technology-based training, etc. One of the findings of this evaluation is that assistance in the form of advice had more impact than provision of facts or information on improving the management practices of firms.

2. Method

2.1 Overview

This evaluation was based on multiple sources of information and perspectives including interviews with the participating businesses, interviews with the programme delivery agents (account managers, assessors, and mentors), review of clients' Business Development Plans, review of client's business snapshot results, TPK's MTFS client database, monthly reports from MTFS Account Managers, and interviews with key stakeholder agencies.

2.2 Interviews with programme delivery agents

Interviews were conducted with both MTFS Account Managers and the MTFS Programme Manager to get their perspectives on how well the programme is working. Interviews were also conducted with the seven Assessors and two Mentors who have worked with the businesses in our client interview sample (described below) to get the Assessors' and Mentors' views on how well the programme is meeting the needs of these clients.

2.3 Client interviews

Interviews were conducted with 21 businesses participating in the MTFS programme. These clients were not selected randomly, but the selection was based on:

- a. Length of time in programme – Given that the MTFS programme has been in operation for barely a year, none of the participants have completed the course of the programme. At the time of this evaluation, only 25 clients have had a BDP prepared and only a few have been assigned mentors to assist with the implementation of their BDP recommendations. The evaluation interviews focused on those clients who have been in the programme longer and have had a BDP prepared. The average number of months the 21 interviewed clients had been in the programme was 9 months (compared to the average of 7 months for all participants in the programme); and
- b. Client availability to be interviewed in person or by phone during the last two weeks of April 2006 - Face-to-face interviews were completed with 9 clients and phone interviews completed with 11 other clients. Compared to total participants in the programme, a larger proportion of the interview group were from Rotorua (i.e. 27% compared to 43%). This is not unexpected as the programme was first introduced in this region before a national rollout. The rest of the interviewed clients were from Taranaki (14%), Whanganui (14%), Auckland (10%), Gisborne (10%), Hamilton (5%) and Whakatane (5%). In terms of age of business, the 21 clients in the interview group had similar age distribution with the total MTFS participants.

2.4 Review of Business Development Plans

The Business Development Plans (BDP) prepared by Assessors for the businesses in the client interview sample were reviewed alongside findings from the client interviews.

2.5 Business Snapshot results

Clients who were interviewed for this evaluation were also invited to complete a follow-up Business Snapshot assessment during the first two weeks of June 2006. The purpose

was to compare clients' self-rating of their business during the June follow-up with their self-rating at the start of the programme to see if any improvements have been experienced since participating in the programme.

However, due to the following difficulties, the results from this follow-up snapshot could not be used to assess extent of improvement attributable to the MTFS programme:

- Difficult to interpret changes in self-rating between follow-up and start of programme. For several of the clients, there is a decrease in their self-ratings on some questions in the Business Snapshot. For example, on the question "*We use a business vision to guide strategies and decisions*", one client rated themselves 'Mostly' back in May 2005 but 'Sometimes' in the follow-up assessment in June 2006. It was difficult to interpret if this apparent decline in rating is due to increased awareness and realistic assessment or actual decline in business practices. The original intention was that during the June 2006 follow-up assessment, clients would be asked to indicate for each question, a) where they thought their business was at during the start of the engagement as well as b) where think they are at now. However, given the length of the Snapshot (103 questions in total), this approach was not feasible as it was too demanding on clients' time.
- Response rate was too low. A total of 32 clients who have had a BDP signed-off were invited to complete the follow-up snapshot (this included the 21 clients who were interviewed for this evaluation). However, of the 32 clients, only 7 completed the follow-up snapshot, resulting in a response rate of 22% which is very low and raises a concern that the results may not be biased and not representative.

2.6 TPK client database (SmartFund)

Information from TPK's MTFS client database (called SmartFund) was used to analyse participant numbers and characteristics.

2.7 Account Manager monthly reports

Monthly reports prepared by MTFS Account Managers on the progress of the programme were also reviewed.

2.8 Feedback from other stakeholder agencies

The following key stakeholder agencies were invited to provide feedback on the MTFS programme - NZTE, Poutama Maori Business Trust, New Zealand Maori Tourism Council, and Tourism New Zealand.

2.9 Limitations

The main limitation of this evaluation is that due to the programme's infancy, it is too early to measure many of the intended impacts on practices and performance of participating businesses. None of the participants have completed the course of the programme. At the time of the evaluation interviews in April 2006, only five clients have actually been assigned a mentor. Hence this evaluation was performed when most clients had not received the full programme which will impact client perceptions of the service.

Another key limitation is the lack of a control group (i.e. a comparable group of firms which did not participate in the programme) which is important for an objective assessment of the extent to which the outcomes measured are attributable to the programme.

3. Findings: Programme outputs and participants

This chapter describes the number of participants served by the MTFs programme and the key demographic characteristics of these businesses. It concludes with an assessment of the extent to which the programme eligibility criteria were met.

3.1 Programme participants

3.1.1 Number of participating businesses April 2005 to June 2006

From commencement of the programme pilot in April 2005 to June 30, 2006, a total of 84 businesses have been enrolled in this programme. This exceeds the target of 80 enrolments in the programme. As at 10 July 2006, the programme status of the 84 businesses is as follows:

- a. 55 clients have had a BDP prepared and sign-off by the Account Manager. Of this group:
 - 28 have been assigned Mentors to assist them with the implementation of the BDP recommendations; and
 - 27 are waiting to be assigned Mentors
- b. 15 clients are in the process of developing their BDPs
- c. 14 clients (17% of total 84) have withdrawn from the programme. The withdrawals have been authorised by Account Managers where clients have been non-responsive despite efforts by Assessor and Account Manager to keep in communication or where clients have indicated that they wish to suspend participation in the programme. In most of these cases, the clients had other priorities or had significant changes in their business circumstances.

3.1.2 Delay in mentoring phase

The Account Managers estimated that at least 50% of clients (40) will still be in the mentoring phase in June with most completing July or August. Much of this is subject to client availability and nature of mentoring required.

According to the Account Managers the original timing of this programme (i.e. to serve 80 clients by end of June 2006) did not adequately take into account the dynamics of getting the programme up and running. The initial MTFs continuum between assessment and mentoring was expected to be timely and reasonably fluid. However, this has not been the case. Time has been taken in training and managing Assessors and Mentors into the programme (including training in the use of the SmartFund client information database) and managing resources between Mentors.

This initial delay led to subsequent delays in the remaining phases of the programme. In particular this meant for many clients the transition between assessment and mentoring occurred during their peak tourist season (i.e. November through to March 2006). Account Managers and Assessors have found it difficult to engage with clients to finalise their BDPs and assign mentors during this period when the clients' main focus was in their respective operations. Interviews with clients confirmed this. Only 15% of the interviewed clients

thought there has been a long delay between assessment and mentoring, however, in most cases it appeared that the client bore some responsibility for not following up themselves.

The Account Managers also reported that in reviewing the BDPs with the clients, they found in some instances clients have made a shift in their priority objectives and this has been largely due to changes in circumstances and priorities (e.g. significant life changes such as marriage break-up of owner and business partner, death of spouse and business partner). Due to such delays, the timeframes in these early BDPs have been reviewed⁷.

3.1.3 Next phase/future clients

The Account Managers reported that many clients have encouraged their peers to join the programme and as a result they have a growing list of businesses wanting to join the programme. As of May 2006, 110 businesses have expressed interest, and it is expected that about 40-50 would be ready to undertake the programme.

3.2 Characteristics of participant firms

The following analysis of the demographic profile of participating businesses is based on client data provided by TPK as at 29 March 2006 when there were a total of 81 participating businesses.

3.2.1 Age of business

Figure 2

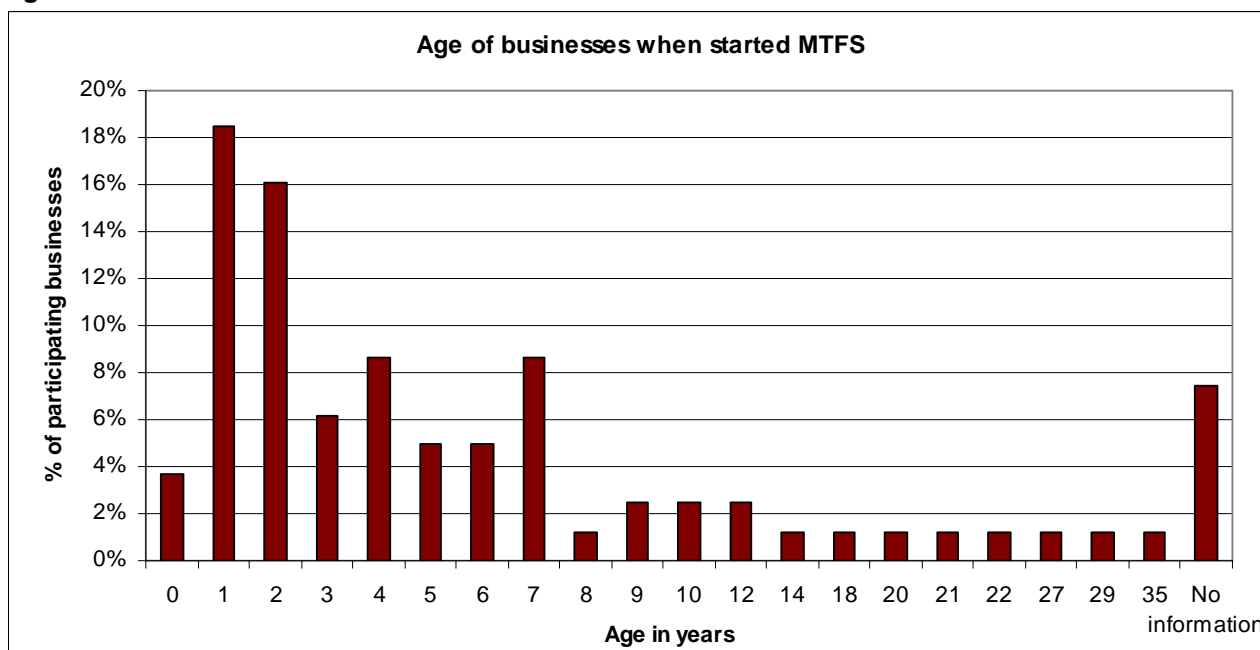


Figure 2 above shows the age distribution of businesses when they started the MTFS programme. Three businesses (4% of total) were under 1 year old, but all met the eligibility criteria of being at least 6 months old when they joined the MTFS. Just over half (54%)

⁷ Account Manager May 2006 report

were between one and five years old and almost a third (32%) were more than five years old. Only 12% were older than 10 years.

3.2.2 Regional distribution

Figure 3

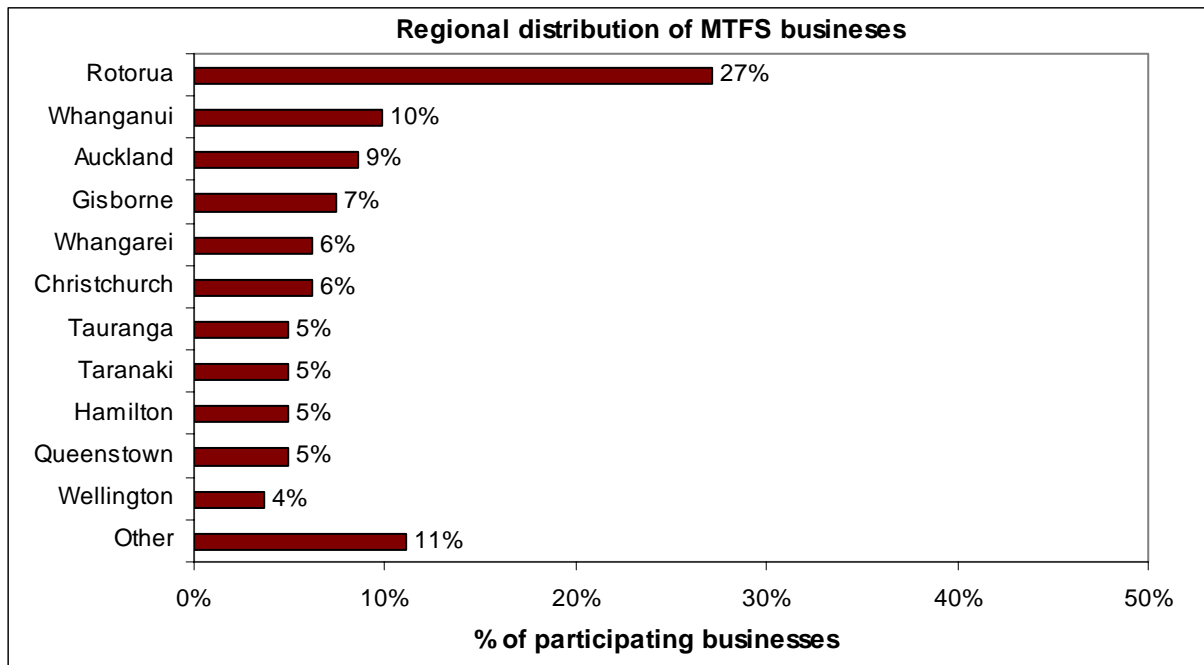


Figure 3 above shows the regional distribution of MTFS businesses. Just over a quarter are from the Rotorua region (which along with Auckland was the focus of the programme pilot), the rest are spread throughout the North Island and only 11% are in the South Island. The main reason for the relatively low number of participants from the South Island is that they were the last group of clients that the programme was rolled out to. It is likely that the number of participants from the South Island will increase in the next programme intake as they currently make up 20% of the businesses that have expressed interest in participating in the next round.

3.2.3 Employee numbers

Figure 4

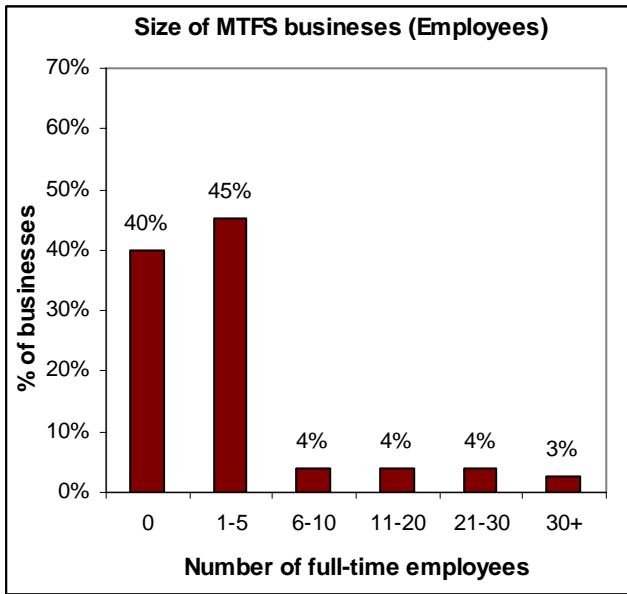
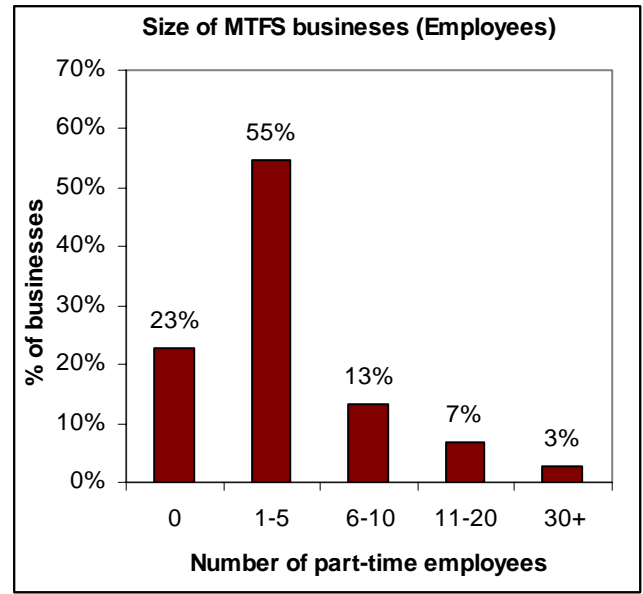


Figure 5



Figures 4 and 5 above show the size of the participating businesses in terms of part-time and full-time employee numbers. Over three quarters the businesses have fewer than 5 part or full-time employees. Over 80% of the businesses who do not have full-time employees do have part-time employees. Only 7% of the businesses do not have any employees but are operated solely by the owner.

3.2.4 Turnover

Figure 6

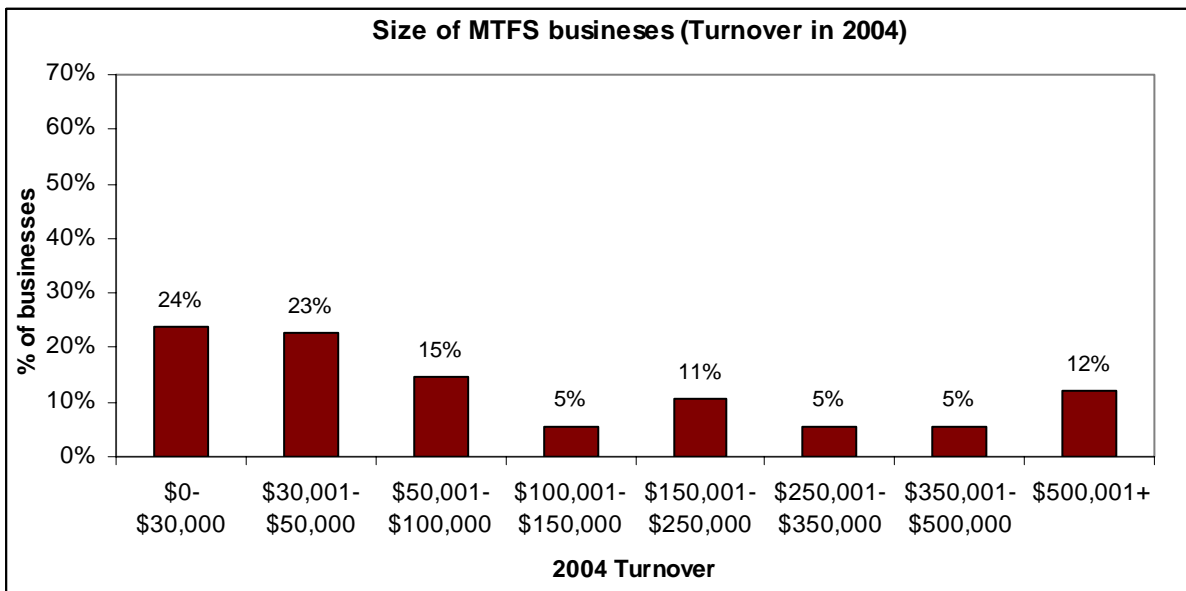
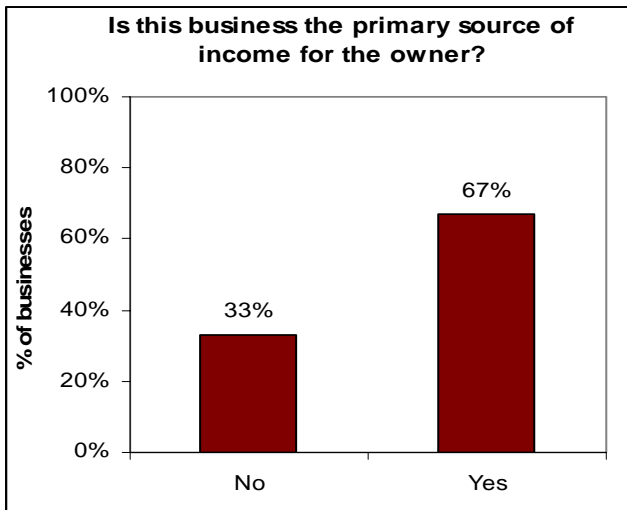


Figure 6 above shows the size of MTFS businesses in terms of their 2004 turnover. The majority (61%) have turnover of under \$100,000. Almost a quarter reported turnover of less than \$30,000. Figure 7 indicates that a third of these businesses are not the primary income sources for their owners.

Figure 7



3.2.5 Duration of involvement in the programme

Figure 8

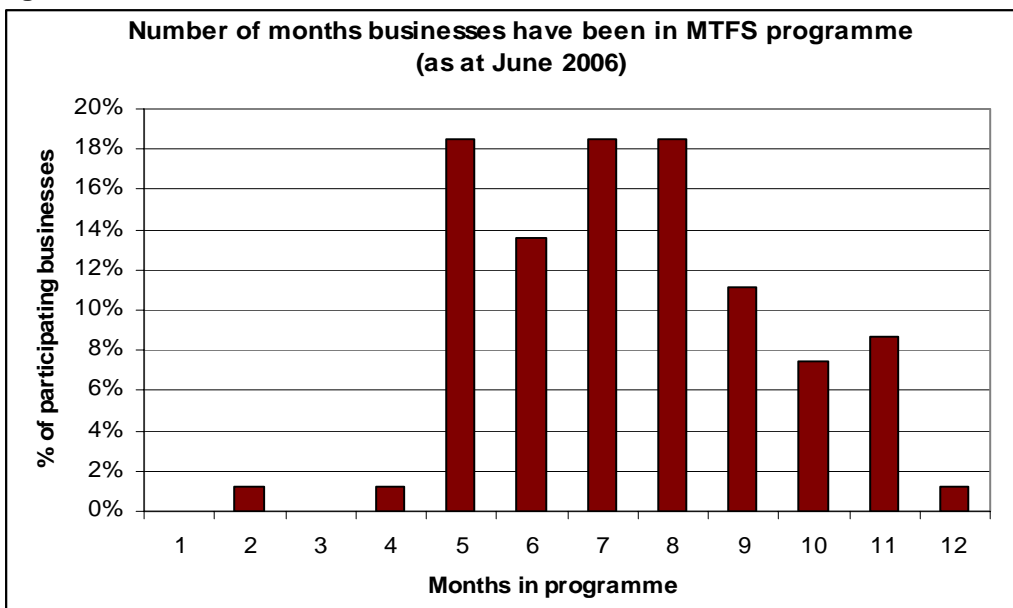


Figure 8 shows that as at June 2006, the longest a business has been in the MTFS programme is 12 months, i.e. the earliest they started the programme was June 2005. About two-thirds of the businesses started the MTFS programme between September and December 2005. The average length of time participants have been in the programme was 7 months.

3.2.6 Type of tourism service/product

Figure 9

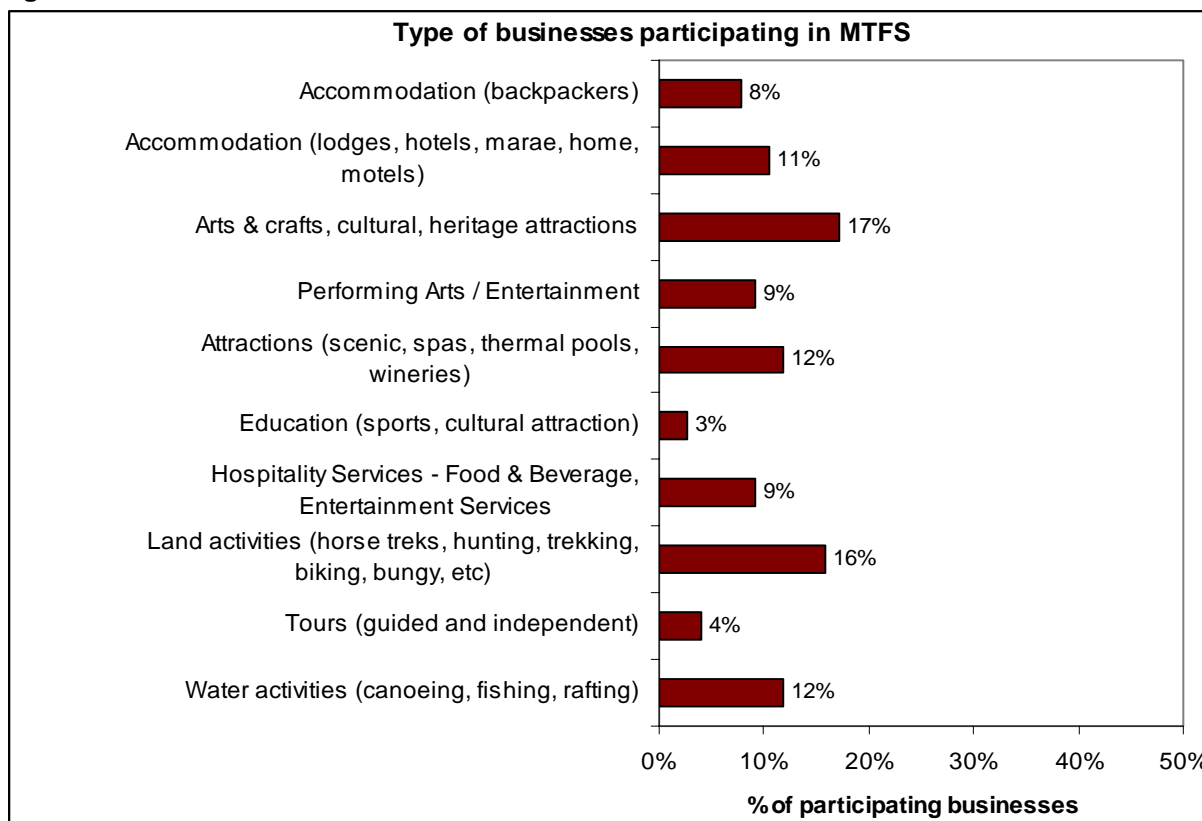


Figure 9 above shows the types of tourism businesses that participate in the MTFS programme. The businesses offer a wide range services. Almost 1 in 5 are in the accommodation business and 28% are in adventure (water and land-based) tourism activities. This distribution of types of tourism business participating in the MTFS appears broadly representative of the total population of Maori tourism businesses (based on the 357 businesses in NZMTC's database). The only significant differences are that the MTFS participant group appear to have slightly higher number of accommodation (19% of MTFS compared with 15% of the total 357) and performing arts businesses (9% of MTFS compared to 5% of the total 357).

3.2.7 Type of business entity

In terms of type of business structure, about half (53%) of the MTFS businesses are limited liability companies, 13% are charitable trusts, 10% are partnerships, 10% are sole traders and the others are classified as incorporated societies (4%).

3.2.8 Incorporation of Maori aspects in products/services

Almost all (97%) of the businesses in MTFS indicated they included Maori aspects in their products or services, and the remaining two businesses considered themselves to have the potential to include Maori aspects in their business. As incorporation of Maori aspects is a necessary eligibility criterion, it is important that the potential of these businesses to do so is demonstrated as part of their Business Development Plan.

3.2.9 Were eligibility criteria met?

Necessary criteria

According to both Account Managers, the four necessary criteria were easy to apply. They thought the criteria regarding length of time in business needs to be tightened. All of the clients in the MTFS programme met the criteria of having been in business for a minimum of six months. The Account Managers considered a six month minimum as too short and should be extended to a minimum requirement of 12 months in business.

One of the Account Managers emphasised that the most important criteria is the willingness of clients to participate fully in the programme. However, a few of the Assessors who were interviewed were concerned that some of the clients they work with do not appear to have the necessary commitment to participate fully in the programme, e.g.

The programme has potential to meet the needs of Maori tourism businesses. However it needs the full cooperation and participation of operators for MTFS to work effectively. I would say that around 50% of my clients have not taken full advantage of what MTFS offers and that this is not the fault of MTFS and more to do with operator motivation, seasonality, time and resources.

The discretionary criteria of “*business operator is willing to invest in mentoring, advice and learning (time and/or money)*” seems an important part of the necessary criteria “*willingness to participate fully in the programme*”. Since these two criteria are related and hard to separate, having the one as discretionary and the other as necessary criteria may contribute to confusion and the resulting situation of accepting businesses into the programme that do not have the necessary commitment to benefit from the programme.

Discretionary criteria

A higher percentage of participants did not meet some of the discretionary programme criteria:

- 24% had turnover in 2004 of less than \$30,000. The Account Managers pointed out that some discretion is important when applying this criterion as the previous year's turnover may not be a good indication of this year's turnover for the business;
- 33% indicated the business was not the operator's primary source of income;
- The Account Managers reported that contrary to expectation, many clients were not in the growth phase of their business, but were still in start-up phase, needing to secure financial stability to be able to progress goals⁸.

Further discussions with TPK and the Ministry of Tourism confirmed that growth potential is an important eligibility criteria and clarification with an objective definition would enable better application of this criteria. It is therefore proposed that ‘growth potential’ be defined as having a willingness and plan to develop the business to achieve annual growth exceeding a target rate. This target should be defined by TPK with assistance from the Ministry of Tourism and Ministry of Economic Development.

⁸ MTFS Account Manager February 2006 report

Client interviews

Among the 21 businesses which were interviewed for this evaluation, six did not appear to be suitable for the programme in terms of a combination of factors such as being part-time operations, having low growth capability (e.g. resources, skills, energy), lack of growth potential, and lack of commitment to the programme.

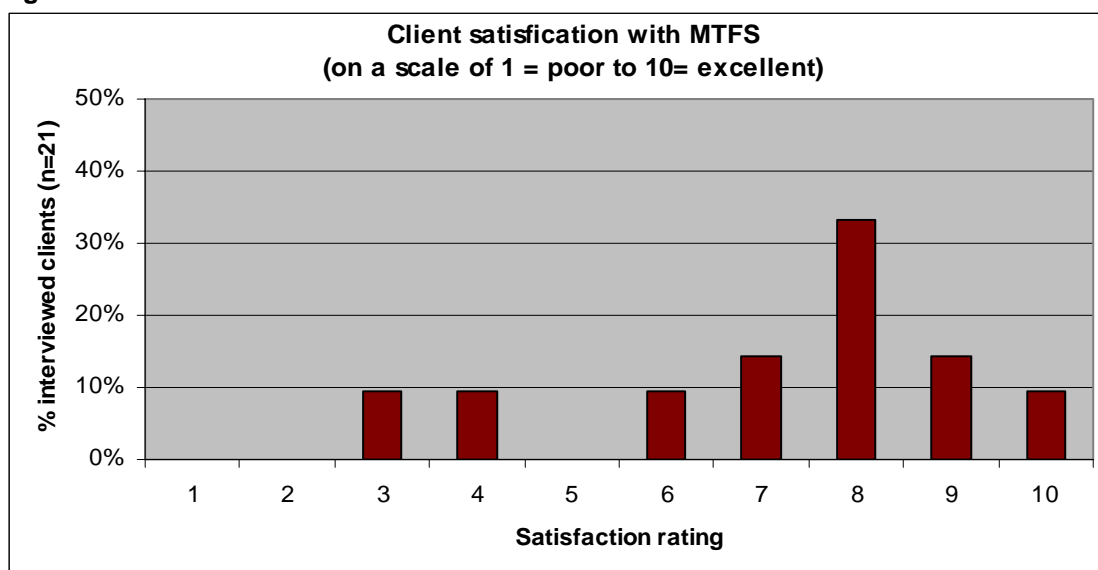
4. Findings: Outcomes

This chapter presents findings on the achievement of the intended immediate, intermediate, and ultimate outcomes of the MTFS programme as set out in the Programme Logic Model on Table 2 in Chapter 1 of this report. These findings are based on the interviews with 21 clients (described in Chapter 2).

4.1 Immediate outcomes

4.1.1 Client satisfaction with the MTFS programme

Figure 10



As shown in Figure 10, most (80%) clients are satisfied with the programme. About half (57%) indicated high satisfaction (i.e. with a satisfaction rating of 8 or higher). Some reasons for the satisfaction are illustrated by the following quotes:

'Assessor and mentor went over and above what they were contracted to do. Loved the mentors assigned to me. I'm very happy with the quality even though I hadn't heard of them before. I couldn't have selected better people myself.'

'The Assessor took time to talk and the BDP was excellent.'

'MTFS doubled my product price from \$60-\$80, to \$120. It helped me enter a different market. They had higher expectations but we were able to meet them. It doubled the volume of my business!'

'It is wonderful to be part of the programme.'

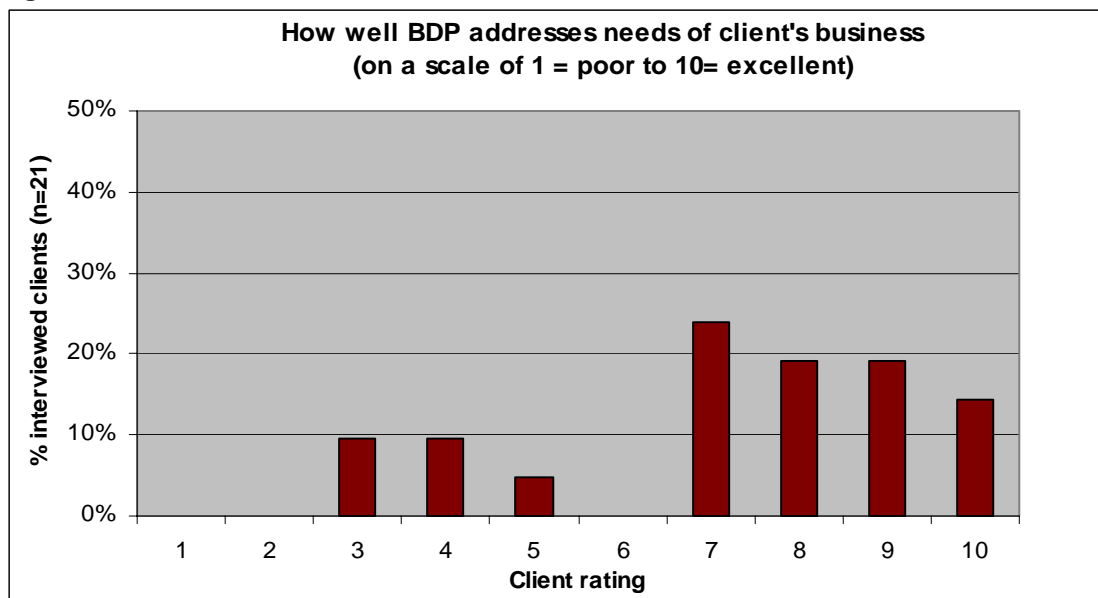
The four (20%) dissatisfied clients did not appear to be significantly different from the rest of the interviewed clients in terms of region, type of business, and revenue size. However, while 60% of interviewed clients reported revenue growth in turnover between start of engagement in 2005 and when the interview was conducted in April 2006, none of the four dissatisfied clients reported revenue growth during this period.

The 80% satisfaction rate is a good result for the programme's start-up year, in spite of some teething problems which caused delays in implementation. According to the Programme Manager, the delivery of the programme has improved with the process now

well mapped out, better flow, increased consistency, and better transitions between initial assessment, preparation of Business Development Plans, and mentoring. The Manager expects that the client satisfaction rate will improve further and achieve a target of 95% by the end of year two.

4.1.2 How well BDPs addressed the needs of clients' businesses

Figure 11

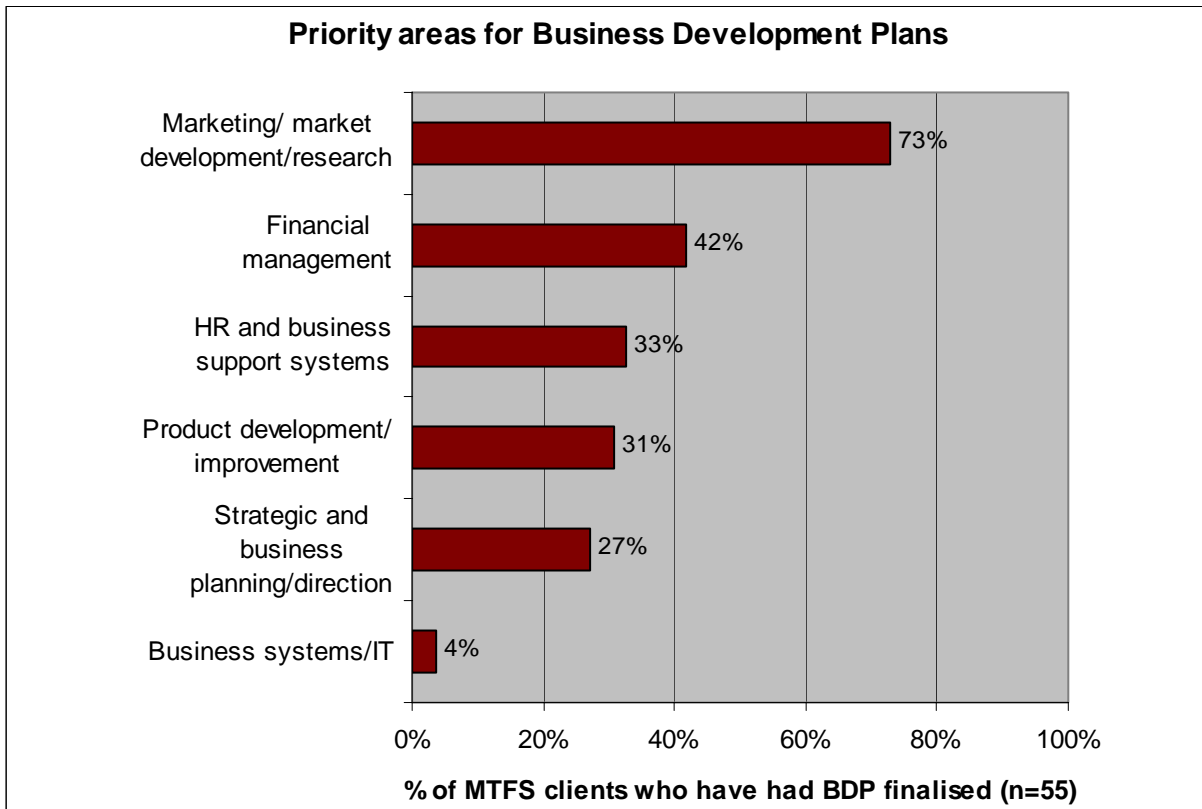


Most (76%) clients are satisfied with the extent to which their Business Development Plans (BDP) address the needs of their businesses (see Figure 11). Only 20% appeared dissatisfied. According to one Assessor, some clients find that the process of preparing a BDP validates their own assessments and strategies, while others find it enlightens and helps them identify opportunities or challenges they have not previously seen.

4.1.3 Priority areas for Business Development Plan (BDP)

As described previously, of the 84 businesses enrolled in the MTFS programme, 55 (79%) businesses have had a BDP prepared and signed-off by the Account Manager. Figure 12 below shows the development areas identified as priorities in these 55 BDPs. Analysis by the Account Managers showed that the most frequently identified priority area for business development among the MTFS participants is marketing and market development followed by financial management, HR/business support systems, and product development or improvement. Of the six priority areas identified, the issues more likely to require tourism specific mentoring concern marketing and market development, strategic and business planning, and product development or improvement. For areas such as financial management, HR, business support and IT systems, generic business mentoring is likely to be sufficient.

Figure 12



4.1.4 Completion of actions set out in BDP

As stated earlier in this report, at the time of this evaluation, most clients have not yet entered the phase of receiving mentoring assistance in implementing the recommendations set out in their BDPs. However, according to the Account Managers' report, 13 clients have completed at least one priority area in their BDP. The Account Managers estimated that at least 50% of clients will still be in the mentoring phase in June with most completing July or August.

4.1.5 Other business assistance programmes engaged through MTFs referrals

One of the key objectives of the MTFs programme is that it is aligned with existing regional initiatives or programmes. The September 2005 Implementation Review of the MTFs noted that it is expected that MTFs providers will be aware of and work collaboratively with other existing regional initiatives and programmes. This point has been stressed at assessor training workshops. Regional participant selection has taken account of other existing regional initiatives available to Maori tourism operators.

Among the 21 clients in the interview sample, client feedback and reviews of their BDP indicate that the majority (62%) received referrals to other government and/or private programmes. Almost half (48%) received referrals to Poutama Maori Business Trust.

About one in five (19%) received referrals to New Zealand Trade and Enterprise (NZTE)'s Enterprise Training Programme which provides workshops and follow-up coaching (e.g. Bruce Cheeseman workshops in Rotorua for generic business issues and Catalyst Training tourism courses by Craig Wilson in Taranaki). One Assessor commented that these workshops are a good way to address generic business issues, enabling the MTFs mentoring (which is limited to \$3000 worth of mentor time per client) to focus on specific issues that cannot be easily accessed through other services. The NZTE workshops also provide opportunities for clients to learn from and network with their peers, and access follow up coaching. Apart from Enterprise Training courses, most MTFs businesses do not access other NZTE programmes as these businesses are very small and young, and do not fall within the criteria required for assistance from NZTE programmes such as grants for high growth businesses.

The client interviews indicated that some MTFs businesses wanted to attract investors to grow their businesses. Some MTFs participants have or are accessing NZTE's Investment Ready Training (part of the Enterprise Training Programme). NZTE also operates the Escalator programme which provides assessment and advice on investment readiness, workshops on capital raising, and deal brokering assistance to raise capital up to \$5m from the venture capital, private investor or corporate investor communities. As a result of the Ministry of Economic Development's recent evaluation of the Escalator programme, linkages will be strengthened between the Investment Ready Training and the Escalator programme. This should increase the ability of eligible MTFs businesses to access the Escalator programme, if needed.

Some businesses which do not meet the eligibility criteria for MTFs are referred, when appropriate, to TPK's other programme, the Maori Business Facilitation Services (MBFS) which provides mentoring on generic business issues mainly for start-up businesses. Businesses which meet the eligibility criteria for MTFs may also be referred to MBFS Mentors (called Accredited Business Mentors) for generic mentoring if the BDP process identifies that these businesses need assistance with more generic business issues e.g. financial management. The September 2005 Implementation Review noted that many participants did not know of the MBFS prior to their contact with the MTFs. Engagement has created awareness of, interest in, and participation in the MBFS programme.

4.2 Intermediate outcomes

4.2.1 Market knowledge and development

Capability improvement

The majority of the interviewed clients (18 out of 21) indicated that improving marketing capability was a key priority for their business.

Figure 13

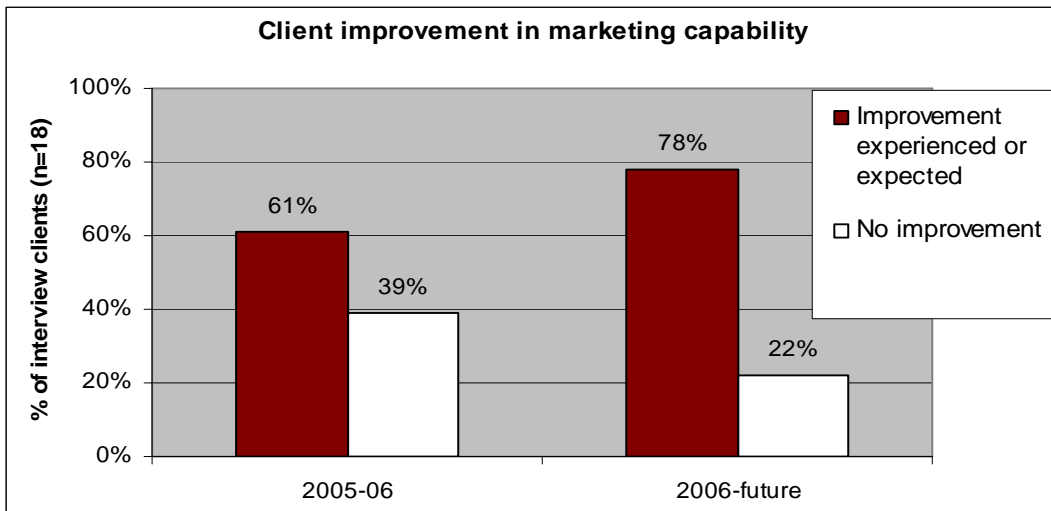


Figure 13 above shows that 61% of the interviewed clients indicated they experienced improvement in marketing capability between the start of engagement in 2005 and April 2006 when they were interviewed. A larger group (78%) indicated they expect further improvements between 2006 and when they complete implementing the recommendations in their BDP in the future.

Figure 14

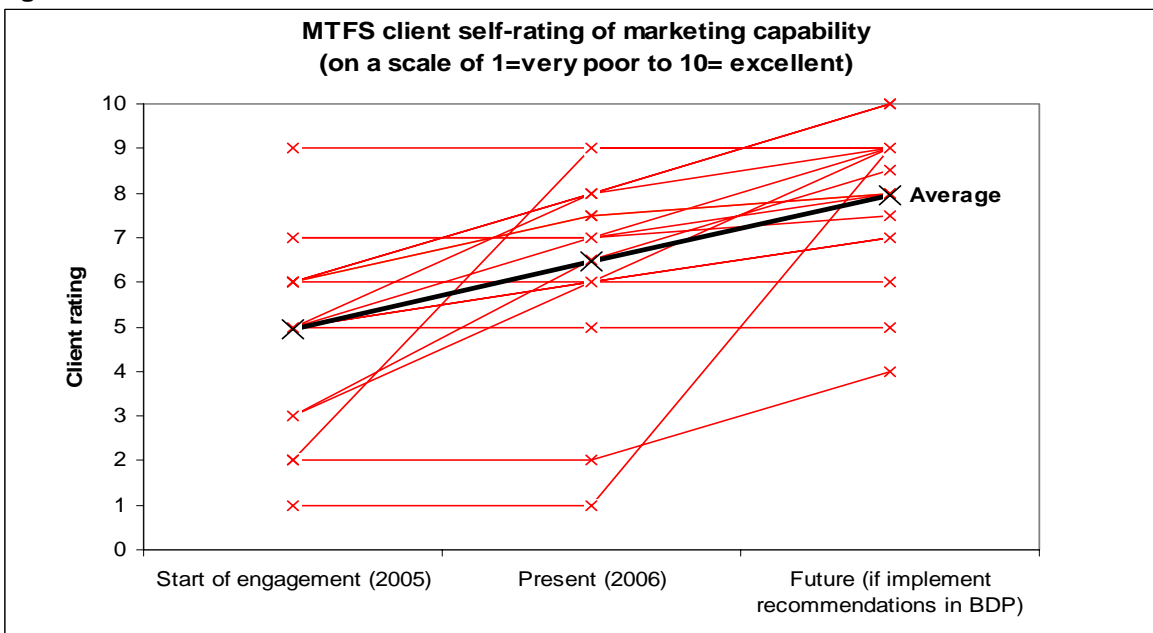


Figure 14 above shows the ratings of each client on where they thought their capability was at during the start of engagement in 2005, in April 2006 when they were interviewed,

and in the future when they complete implementing the recommendations in their BDP. The average ratings across all interviewed clients improved from 5 at the start of MTFS engagement to an average of 6.5 when interviewed (after completed assessment and developed BDP) and expected improvement to 8 in the future when they have implemented the recommendations in the BDP.

Have own website

Among the 21 clients who were interviewed, 70% reported they already have a website for their business, and the others have websites under development with expected completion within the next 6 months.

Registered on www.newzealand.com

Among the 21 clients who were interviewed, 68% indicated they are already registered on www.newzealand.com, a website dedicated to providing tourism, travel and other information about New Zealand. One business is expecting to be registered within two months, and the other 26% did not appear to have plans to be registered on this site. The rate of registration on www.newzealand.com appears to be much higher among MTFS participants than among Maori tourism business that are not in MTFS. Data from NZMTC indicates that only 19% of the 357 businesses in their database are registered on this website.

Media coverage

Among the 21 clients who were interviewed, 57% indicated their business has received positive media coverage and 29% indicated they have not had any media coverage. The others did not respond.

Offshore marketing

According to the Account Managers, most of the MTFS businesses had not participated in offshore marketing initiatives.

Wholesale tourist operators

Most of the clients who were interviewed did not seem to be aware of the size and potential impact of the wholesale tourist operators as a source of business.

4.2.2 Strategic planning, management and business operations

Strategic and business planning

About half of the interviewed clients (10 out of 21) indicated that improving strategic planning capability was a key priority for their business.

Figure 15

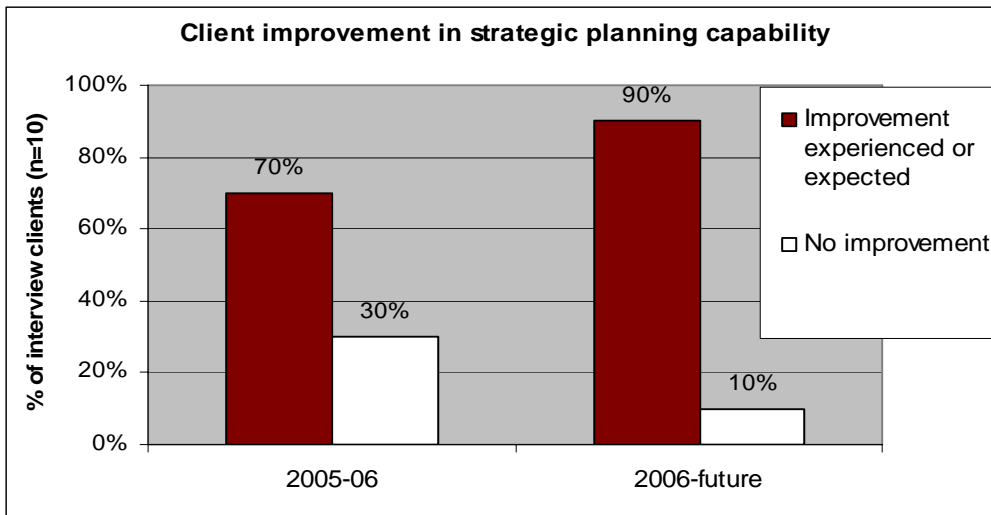


Figure 15 above shows that majority (70%) of the interviewed clients indicated they experienced improvement in planning capability between the start of engagement in 2005 and April 2006 when they were interviewed. An even larger group (90%) indicated they expect further improvements between 2006 and when they complete implementing the recommendations in their BDP in the future.

Figure 16

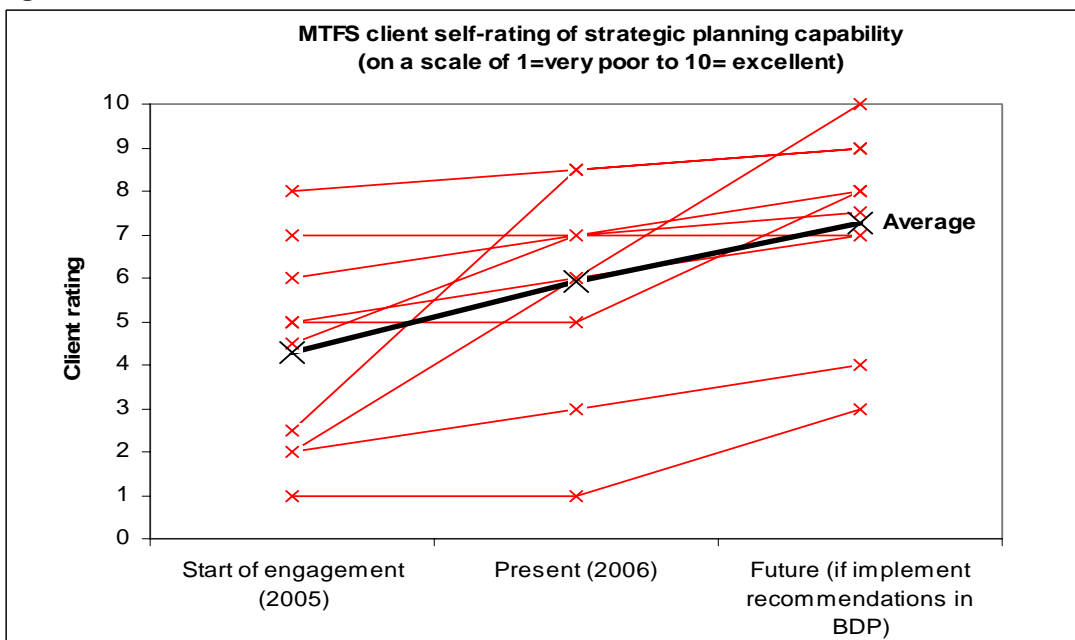


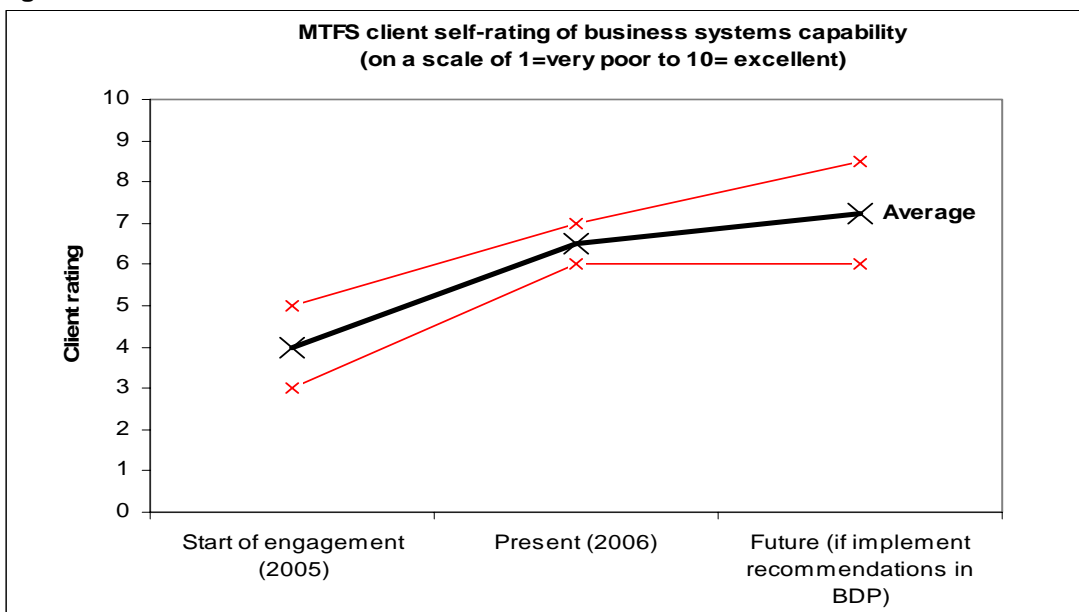
Figure 16 above shows the ratings of each client on where they thought their capability was at during the start of engagement in 2005, in April 2006 when they were interviewed, and in the future when they complete implementing the recommendations in their BDP. The average rating improved from 4.3 at the start of MTFS engagement to an average of

5.9 when interviewed (after completed assessment and developed BDP) and expected improvement to 7.25 in the future when they have implemented the recommendations in the BDP.

Business systems/processes

Only two of the interviewed clients indicated that improving business systems (such as IT systems) capability was a key priority for them. Figure 17 below shows that both clients indicated they improved between the start of engagement in 2005 and April 2006 when they were interviewed. Only one of the two clients expects further improvements in the future when they complete implementing the recommendations in their BDP. The average ratings across both interviewed clients improved from 4 at the start of MTFS engagement to an average of 6.5 when interviewed (after completed assessment and developed BDP) and expected improvement to 7.25 in the future.

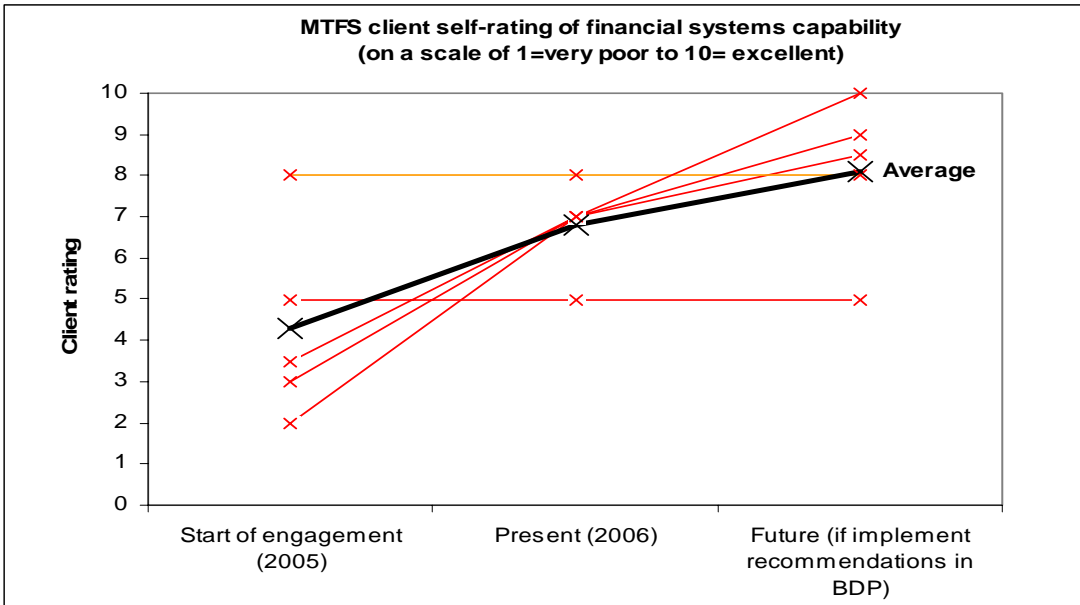
Figure 17



Financial systems

Five of the interviewed clients indicated that improving financial systems capability was a key priority for them. Figure 18 shows that 3 of the 5 clients indicated they improved between the start of engagement in 2005 and April 2006 when they were interviewed and all 3 expect further improvements in the future when they complete implementing the recommendations in their BDP. However two of the clients indicated they neither experienced nor expected any improvement. One of them was a client who indicated no improvement on all dimensions explored in interview and was very dissatisfied with the programme- the client had little education and probably lacked capability required to benefit from the programme- wanted more close and regular mentoring). The average ratings across both interviewed clients improved from 4.3 at the start of MTFS engagement to an average of 6.8 when interviewed (after completed assessment and developed BDP) and expected improvement to 8.1 in the future.

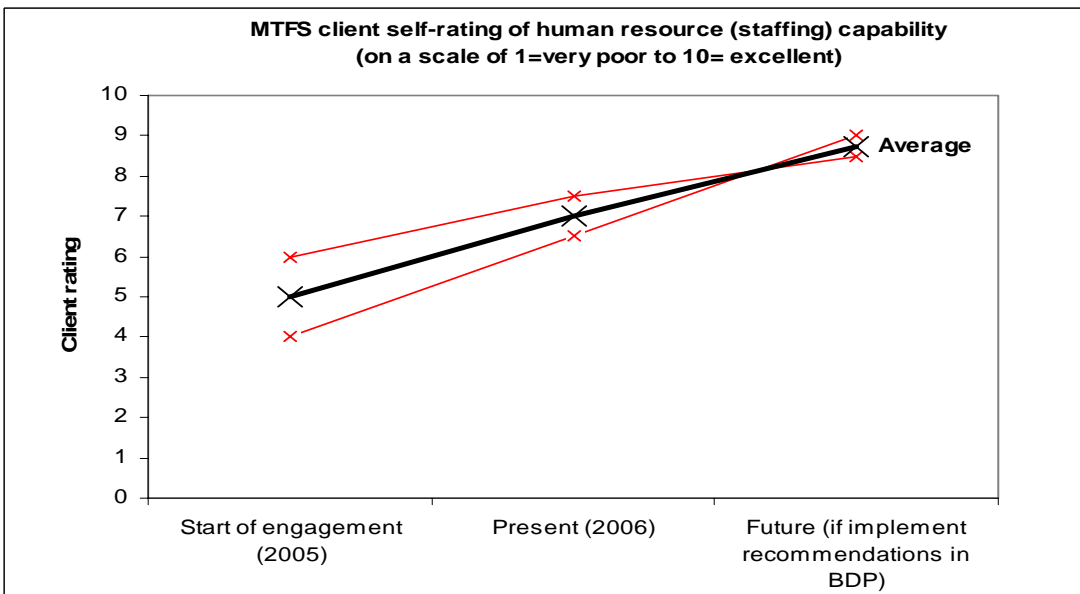
Figure 18



Human Resources

Only two of the interviewed clients indicated that improving human resources capability was a key priority for them. Figure 19 below shows that both clients indicated they improved between the start of engagement in 2005 and April 2006 when they were interviewed, and both expect further improvements in the future when they complete implementing the recommendations in their BDP. The average ratings across both interviewed clients improved from 5 at the start of MTFS engagement to an average of 7 when interviewed (after completed assessment and developed BDP) and expected improvement to 8.75 in the future.

Figure 19



4.2.3 Product development

Over a third (38%) of the interviewed clients indicated that product development was a key priority for their business.

Figure 20

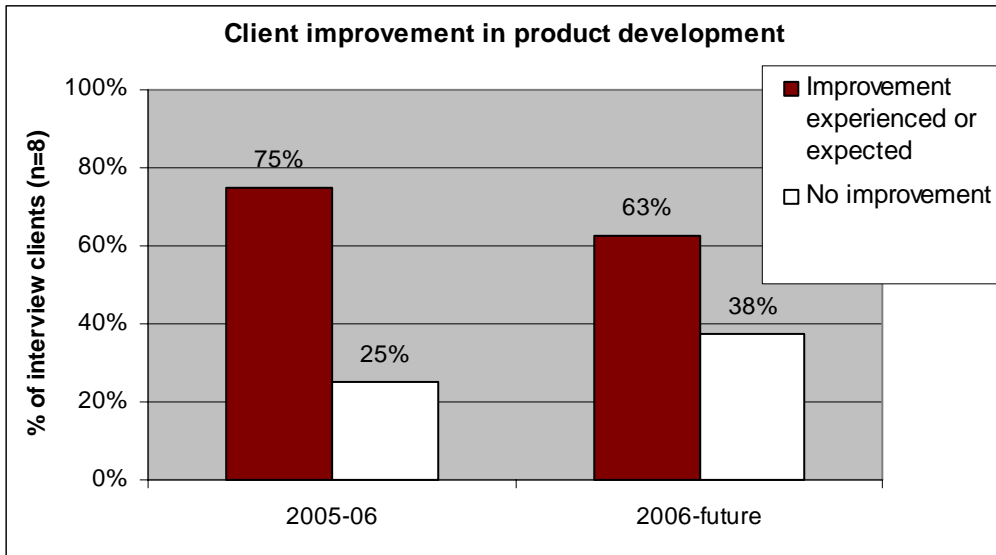


Figure 20 above shows that majority (75%) of the interviewed clients indicated they experienced improvement between the start of engagement in 2005 and April 2006 when they were interviewed. Just over 60% indicated they expect further improvements between 2006 and when they complete implementing the recommendations in their BDP in the future.

Figure 21

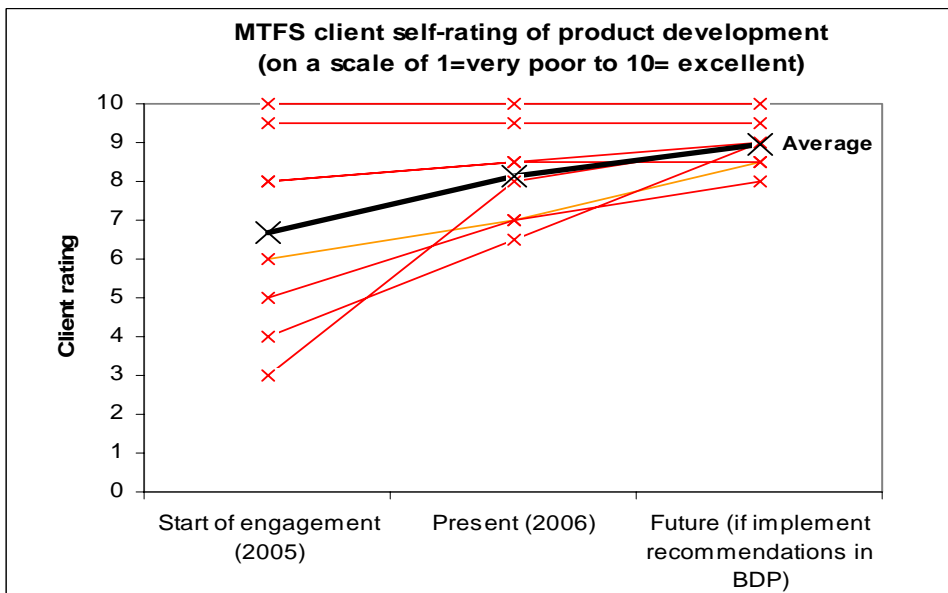


Figure 21 shows the ratings of each client on where they thought their capability was at during the start of engagement in 2005, in April 2006 when they were interviewed, and in the future when they complete implementing the recommendations in their BDP. The average rating improved from 6.7 at the start of MTFS engagement to an average of 8.1 when interviewed (after completed assessment and developed BDP) and expected

improvement to 8.9 in the future when they have implemented the recommendations in the BDP.

4.2.4 Increased integration of business with the industry

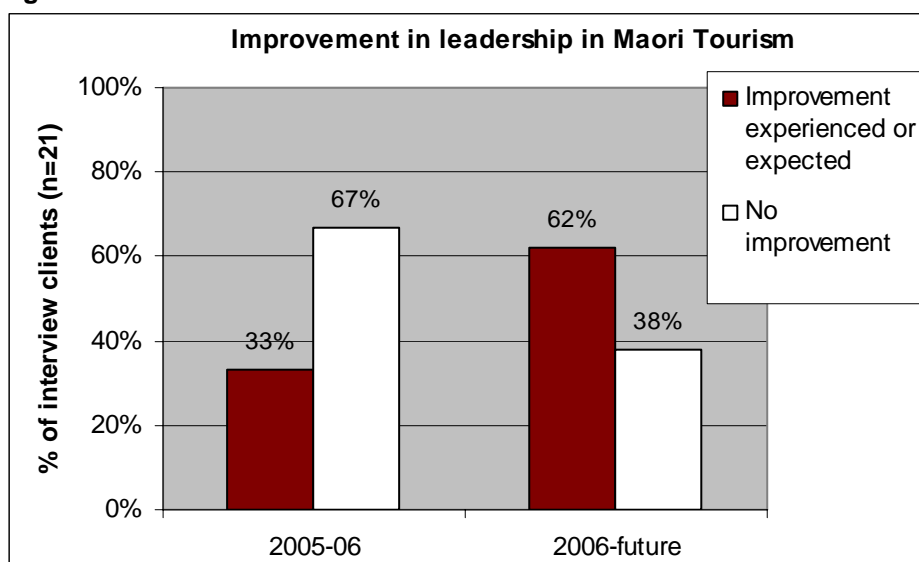
Information gathered by the New Zealand Maori Tourism Council (NZMTC) on the 357 Maori tourism businesses in their database indicated that about 40% of these businesses are not actively linked into the industry, i.e. they do not have a website, are not listed on www.newzealand.com, are not listed in the Rough Guide to Maori New Zealand (a travel guide), have not participated in an international media programme, are not a member of the Tourism Industry Association of NZ, are not a member of the Inbound Tour Operators Council NZ, have not attended TRENZ, and are not Qualmark rated. The NZMTC information also indicated that the MTF programme is engaged with businesses who are more actively integrated into the industry, which is consistent with the policy intention for this programme.

Maori Regional Tourism Organisation (MRTO) or other tourism clusters

At the time of enrolment into the MTF programme, TPK client data indicates that the majority (81%) of the businesses are active members of a regional tourism group or organisation. Data from the NZMTC indicates that about 66% of the 357 Maori tourism businesses in their database were members of MRTOs.

The evaluation interviews examined the extent to which MTF participants are playing a leadership role in their local MRTO or tourism cluster. Figure 22 shows that a third of the interviewed clients indicated they experienced improvement in leadership in Maori tourism between the start of engagement in 2005 and April 2006 when they were interviewed. About two-thirds indicated they expect further improvements between 2006 and when they complete implementing the recommendations in their BDP in the future.

Figure 22



The NZMTC has found a wide variation in the ability and willingness of Maori tourism operators to play an active role in contribution to, or leadership within, the Maori Tourism sector. Some operators may play an active role in the sector even though their own tourism business is not performing well financially. For these operators, the MTF programme would help them improve their business capability and performance and

increase their ability to play a leadership role in the sector. However, there are other operators whose businesses are performing successfully but are not interested in leadership in Maori tourism.

Tourism Rendezvous New Zealand (TRENZ)

Among the 21 clients who were interviewed, the majority (71%) indicated they have not participated in Tourism Rendezvous New Zealand (TRENZ) which is New Zealand's most significant annual international tourism tradeshow. This event aims to deliver unique business opportunities for an extensive range of New Zealand tourism operators and international tourism buyers from around the globe. The Account Managers reported that some of the businesses had attended TRENZ as collectives or with the MRTTO or RTO. Two (i.e. 9.5%) of the interviewed businesses thought that TRENZ was not suitable for their businesses. The rate of participation in TRENZ among MTFS clients appear to be higher than Maori tourism businesses that are not in MTFS. Data from NZMTC indicates that among the 357 Maori tourism businesses in their database, 86% have not attended TRENZ.

4.2.5 Qualmark accreditation

Another indicator of the quality of a tourism business is having the Qualmark® license which is New Zealand tourism's official mark of quality. All accommodation and tourism businesses which carry the Qualmark® have been independently assessed as professional and trustworthy, so customers can book and buy with confidence. Qualmark accreditation focuses on business practices, safety standards, and overall quality of product and service. The September 2005 Implementation Review reported that there were only 16 Qualmark® licensed Maori tourism businesses nationwide at that time. According to the NZMTC, as at June 2006, this has increased to 48 out of the of the 357 Maori tourism businesses in their database. Of the 48 Qualmarked Maori tourism businesses, half are MTFS participants.

Among the 21 MTFS clients interviewed for this evaluation, a third indicated they have Qualmark status. Another third of the interviewed MTFS clients indicated they are working towards achieving this status within the next two years. One Assessor commented that Qualmark certification is a long way off for some clients. A third of interviewed clients indicated they have no plans to get Qualmark status within the next two years. Of these two participants (i.e. 9.5% of 21 interviewed clients) said they were not interested:

'No. Not worthwhile since it doesn't differentiate.' [A 5 year old water activities tourism business with over \$500,000 in annual turnover, and estimated that they have experienced 12% revenue growth between start of MTFS engagement in 2005 and April 2006, and predict another 10% growth when they have completed implementing their BDP by 2008.]

'No. Don't see point, since they've operated all these years without it, and the problem with labour is the dominant one.' [A 29 year old land activities tourism business with less than \$50,000 annual turnover which may no longer be viable due to death of business partner. This business estimated that they have experienced 17% revenue decline between start of MTFS engagement in 2005 and April 2006, and predict another 60% decline by 2008.]

4.2.6 Other intermediate outcomes

Interviews with other key stakeholders provided indication that the MTFS programme is also achieving the following other intermediate outcomes identified in the Programme Logic Model in Section 1.5 of this report:

- a. *Add to the credibility/profile of TPK's Maori Business Facilitation Service (MBFS):* The September 2005 Implementation Review noted that many participants did not know of the MBFS prior to their contact with the MTFS. Engagement with MTFS has increased awareness of and participation in the MBFS programme.
- b. *Provide improvement ideas for TPK's MBFS:* TPK Programme Managers commented that from the experience of operating the MTFS programme, they have identified lessons from the MTFS model, and made improvements to the MBFS programme.
- c. *Provide Tourism New Zealand with increased confidence in marketing wider range of Maori tourism experiences:* A Business Development Manager at Tourism New Zealand commented that the participation of a business in the MTFS programme gives the agency greater confidence in marketing that business offshore. The agency has confidence that participation in MTFS will increase the capability of the Maori tourism business for a few reasons - the programme is not a private sector money-making venture, is focused at addressing capability issues at the right level, and the MTFS assessors and mentors are well known and respected within the tourism industry.

4.3 Ultimate outcomes

4.3.1 Business growth in revenue and FTEs

Figure 23

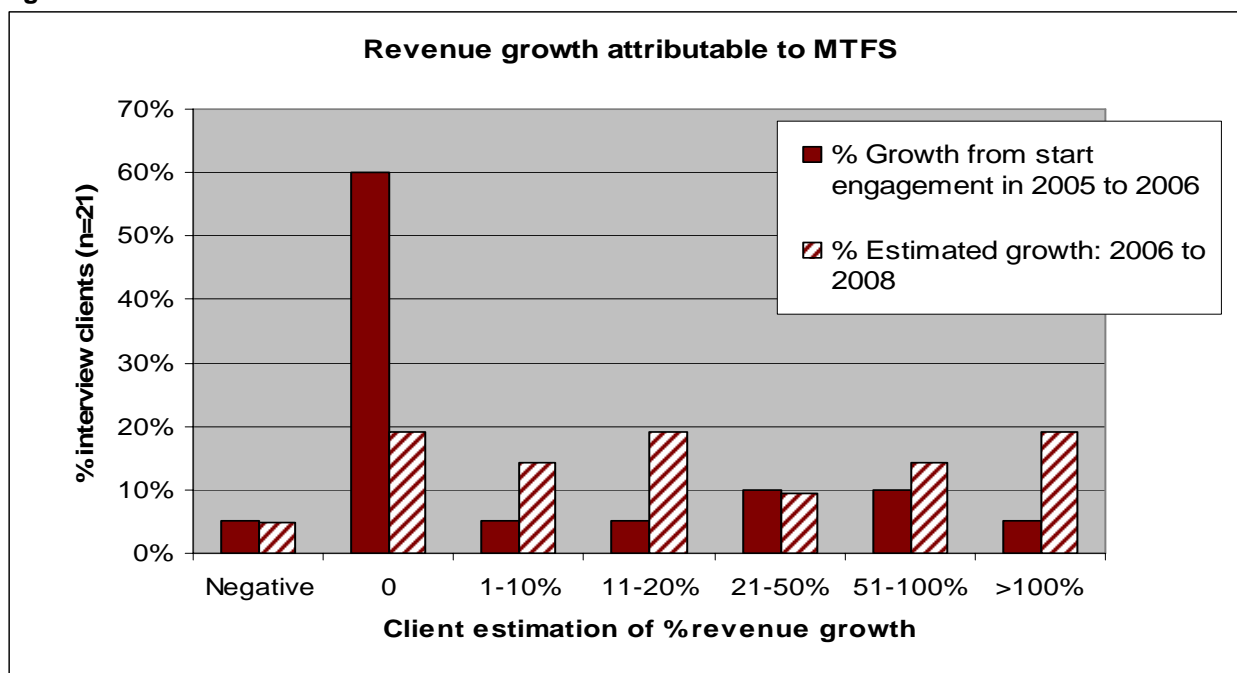


Figure 23 above shows that the majority (over 75%) of the interviewed clients expect that participation in the MTFS will increase the revenue growth of their business especially when they have completed implementing the recommendations from the BDP (by 2008).

The MTFS appeared to be already having an impact on some clients. During the period from start of engagement in 2005 to April 2006:

- 25% indicated their revenues grew by over 20%;
- 60% indicated no growth and 5% (1 client) indicated revenue decline (not due to MTFS, but rather due to death of key business partner, and difficulties in replacing him); and
- Growth estimates varied widely among the 21 interviewed clients from -17% to 220%. The median was 0%.

Over the period 2006 to 2008 when they have completed implementing the recommendations in their BDPs, clients have the following growth expectations:

- Over 75% expect growth;
- 43% expect over 20% growth; and
- Growth expectations from 2006 to 2008 varied widely among clients with a median of 15%.

The revenue growth experienced and forecasted is greatly influenced by macroeconomic factors as pointed out by one client: *“revenue has gone down as tourist numbers have*

declined. No longer flavour of month as Lord of the Rings stimulation has worn off and the New Zealand dollar is high”.

Only four of the interviewed clients provided FTE growth estimates. Of these, only one indicated their FTE numbers grew from 2005 to 2006, and 3 indicated they expect growth in FTEs from 2006 to 2008.

4.3.2 Improved quality of product and service received by customers

Figure 24

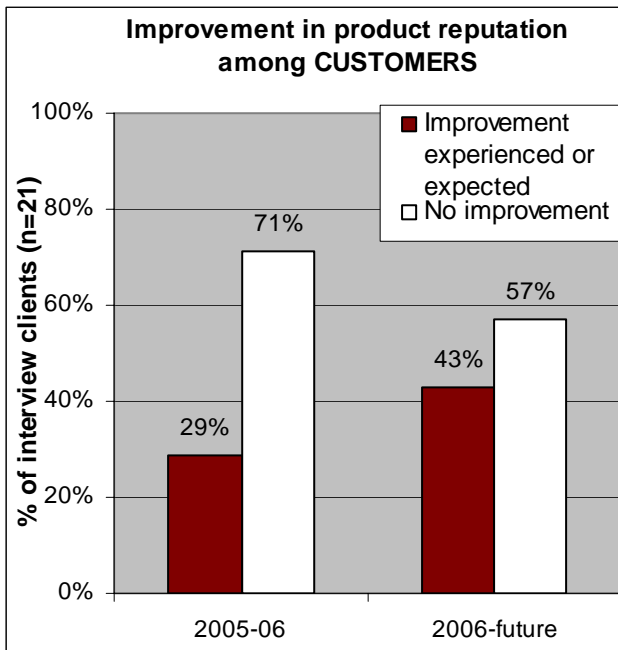
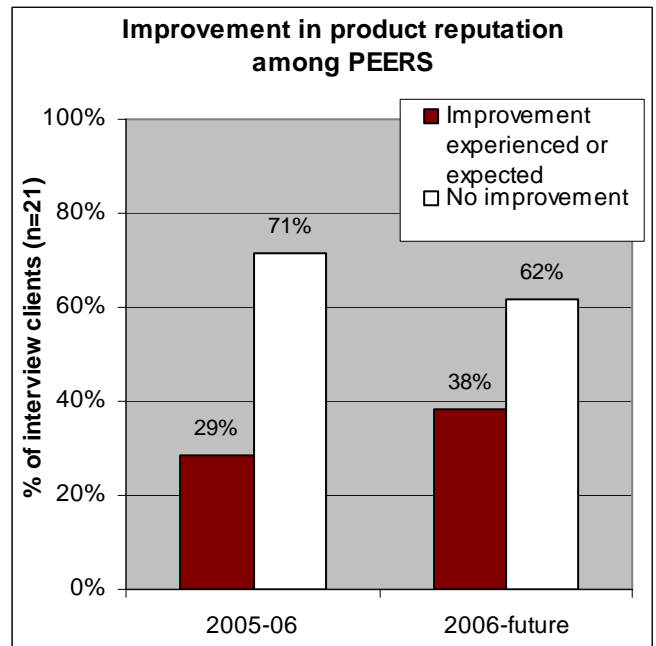


Figure 25



Figures 24 and 25 above show that majority (71%) of the interviewed clients indicated they did not experience improvement in the reputation of their product among customers or peers (as measured by how they thought their customers or peers rated the quality of their product) between the start of engagement in 2005 and April 2006 when they were interviewed. Less than half indicated they expect improvements between 2006 and when they complete implementing the recommendations in their BDP in the future. This low experience and expectation of improvement could be due in part to client perception that their products already have a good reputation, as shown in the next Figure. This suggests a high degree of self confidence in their products and services, which is an important attribute for business success.

Figure 26

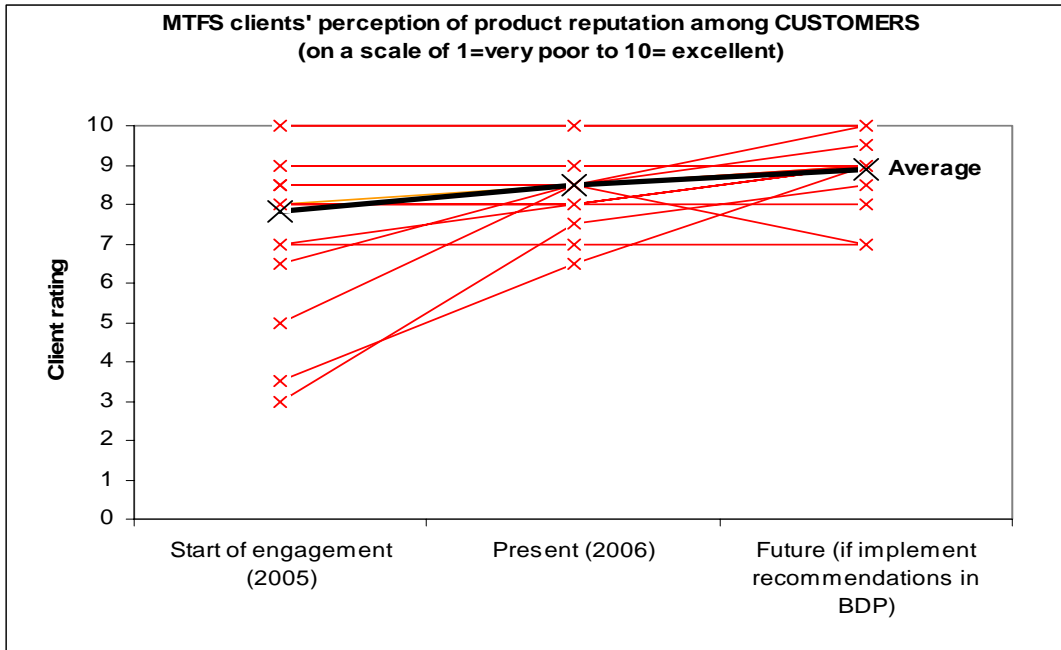
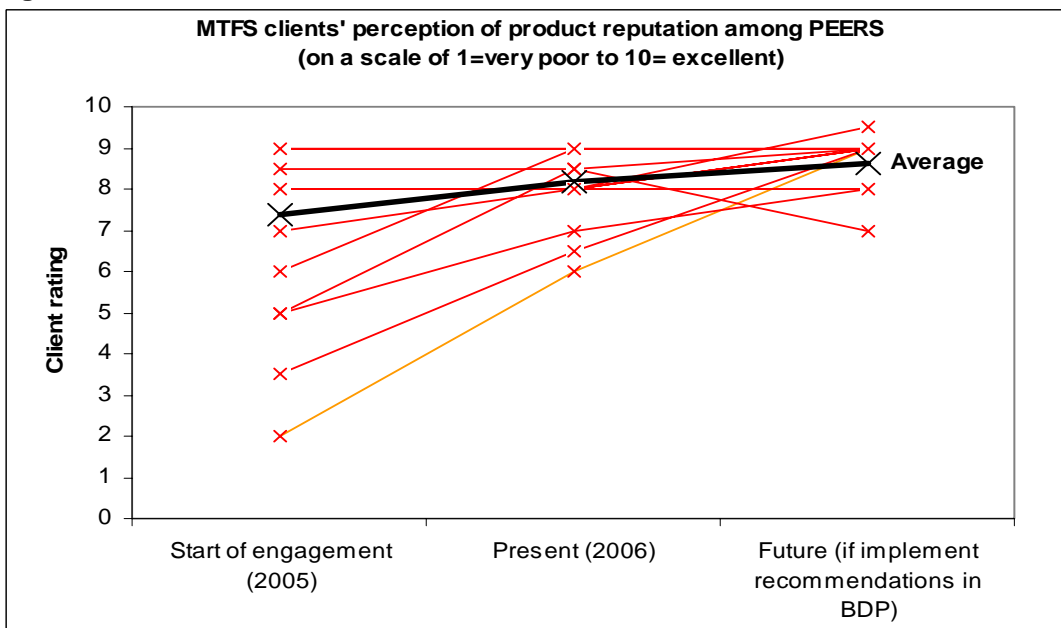


Figure 27



Figures 26 and 27 above show the ratings of each client on how they thought their customers and peers rated the quality of their products at the start of engagement in 2005, in April 2006 when they were interviewed, and in the future when they complete implementing the recommendations in their BDP. The average rating of reputation among customers improved from 7.8 at the start of MTFS engagement to an average of 8.5 when interviewed (after completed assessment and developed BDP) and expected improvement to 8.9 in the future when they have implemented the recommendations in their BDP. Clients' perception of their reputation among their peers was also high and showed a similar trend, but was slightly more modest than their perceptions of their reputation among customers.

4.3.3 Increased business sustainability

Figure 28

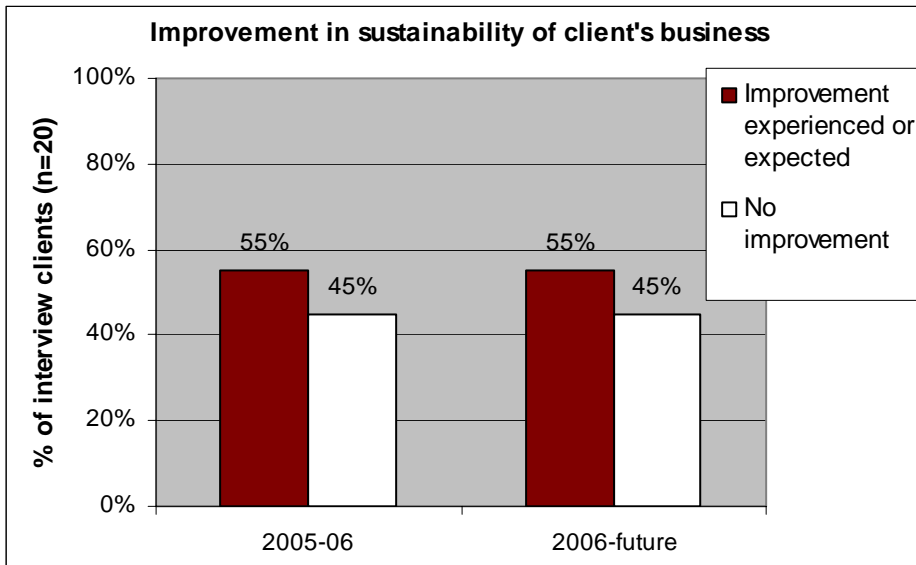


Figure 28 above shows that half (55%) of the interviewed clients indicated they experienced improvement in the sustainability of their business between the start of engagement in 2005 and April 2006 when they were interviewed. These clients also expect further improvements between 2006 and when they complete implementing the recommendations in their BDP in the future.

Figure 29

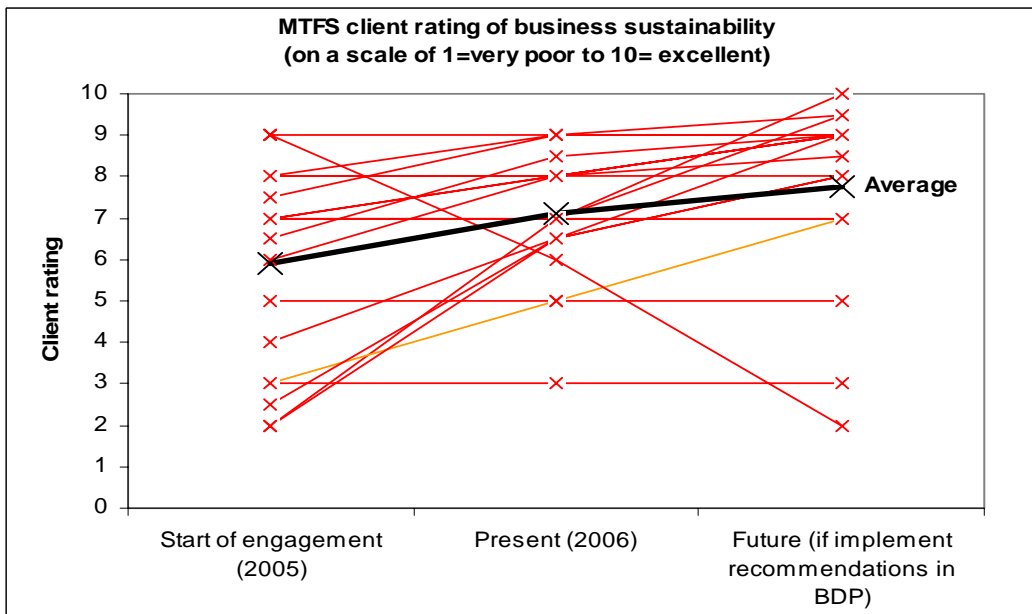


Figure 29 shows the ratings of each client on their business sustainability. The average rating improved from 5.9 at the start of MTFS engagement to an average of 7.1 when interviewed (after completed assessment and developed BDP) and expected improvement to 7.8 in the future when they have implemented the recommendations in the BDP.

Comparison between ratings of Assessor and client on improvement

Since assessment of client improvement on the intended programme outcomes were based on subjective client self-ratings, these ratings were checked against the ratings obtained from the assessors. Each assessor was asked to rate the clients in terms of improvement from start of engagement to when the assessor was interviewed for this evaluation (February to March 2006) to expected improvement once BDP recommendations have been implemented. On all outcomes assessed in this evaluation, a consistent trend was found when comparing Assessor with client rating. Assessors' ratings were lower than clients' self-ratings, but the assessors were more likely to indicate that improvements have been experienced or are expected once the BDP recommendations have been implemented.

5. Programme implementation and delivery

This chapter examines the implementation and delivery of the MTFS by TPK. It also discusses the link between this programme and related programmes operated by other providers. It then identifies key strengths of the MTFS which could provide useful learning for other business assistance programmes. This chapter concludes with the identification of key opportunities for improving the MTFS programme.

5.1 Programme cost

Table 3

Budget	2005/06 MTFS	2005/06 MBFS	2004/05 EDG
Direct cost	\$ 650,000	\$ 3,373,650	\$ 5,244,000
Administration cost	?	\$ 595,350	\$ 330,000
Actual total cost	\$ 650,000	\$ 3,969,000	\$ 5,574,000
Number of clients assessed	80	1016	489
Average cost per client	\$ 8,125	\$ 3,906	\$ 11,399
Average administration cost per client	?	\$ 586	\$ 675

Table 3 shows the budget for the MTFS programme in comparison with two other programmes, TPK's generic Maori Business Facilitation Service (MBFS) and NZTE's Enterprise Development Grant (EDG) programme. The 2005/06 budget for the MTFS programme is \$650,000 which consists of \$390,000 funded by Vote Tourism for assessment and mentoring services, and \$260,000 in TPK resources for salaries and overheads for two FTE Account Managers. The MTFS budget from Vote Tourism is based on a per client allocation of an average of about \$2000 worth of assessment time (i.e. 20 hours) and about \$3000 worth of mentoring time (i.e. 30 hours) for a target of 80 clients. However, \$235,000 of the funding allocated for mentoring has not been spent as of 30 June 2006 as due to the timing of delivery, many of the clients have not yet started this phase of the programme.

The MTFS is administered under TPK's MBFS infrastructure. The ability to 'piggy-back' on existing infrastructure was one of the reasons the Ministry of Tourism selected TPK as the delivery agent for the MTFS. However, TPK advised that it is unable to determine the additional administration costs specifically relating to the MTFS.

The direct cost of the MTFS works out to an average budget per client of \$8,125 (based on 80 clients enrolled and completed assessments). In terms of assessing the efficiency of the MTFS compared to other programmes, there are no other programmes which are strictly comparable in terms of services delivered and type of businesses served. However, the closest comparisons may be the generic MBFS delivered by TPK and the EDG programme delivered by NZTE:

- a. *Cost comparison with MBFS:* The MBFS programme is the main business assistance programme delivered by TPK. Like the MTFS, it provides assessment and mentoring to businesses. A key difference from the MTFS is that the MBFS serves businesses in all sectors (not just tourism) and is mainly aimed at start-up businesses. Data from TPK shows the total 2005/06 budget for the MBFS programme was \$3.97 m with an average budget of \$3,906 per client (based on 1016 clients enrolled and assessed)

which is about half that of the MTFS programme (i.e. \$8,125 per client). A key reason for the cost difference between the two programmes is likely to be intensity of support provided to the firms with MTFS being the more intensive programme. Another reason identified by TPK is that more travel by staff and contractors is involved in the delivery of the MTFS programme as there are only two MTFS Account Managers, both of whom are based in Auckland (compared to the MBFS which has Account Managers located throughout the country).

- b. *Cost comparison with EDG*: The EDG programme has similar aims to the MTFS in that it is designed to help build the management capability of small, young firms. However the EDG does not target any specific sector. Data from NZTE shows the total 2004/05 budget for the EDG programme as \$5.57m with an average budget of \$11,399 per client (based on 489 clients who submitted grant applications) with is higher than the average budget for MTFS clients. The EDG administration cost averages at \$675 per client which is slightly higher than the MBFS. A key difference between the EDG and both the MTFS and MBFS is in the delivery method - the EDG is a grant programme that provides successful grant applicants with co-funding of up to \$20,000 to engage the services of a business mentor or undertake training.

The above cost comparisons provide some context in which to assess the efficiency of the MTFS programme. However, as noted, there are important differences between the three programmes in terms of intensity of services delivered, method of delivery, and type of businesses served. TPK should further examine the underlying reasons and implications of the significant cost differences between these programmes and continue to closely monitor the cost of the MTFS programme to identify opportunities for efficiency improvements.

5.2 Selection of participants

Entry into the MTFS programme is through referrals from the key stakeholder agencies. According to the September 2005 Implementation Review, identifying participants for the programme has not been difficult. For the pilot, a list of Maori tourism businesses in the Bay of Plenty and Auckland was compiled by TPK, after recommendations were made from the NZMTC, Poutama and MENZ. Thirty-five were invited to participate, of which 20 accepted. Of those who declined to participate in the pilot, most said they were not ready to engage and participate in the programme but would be keen to access the opportunity at a later date.

The Implementation Review reported that the list of candidates for the wider rollout was compiled by TPK after recommendations were received from the NZMTC, Poutama, MENZ and directly from interested businesses. The Account Managers applied the eligibility criteria to select and prioritise the candidates for the 67 positions available for the wider rollout phase. Businesses that did not meet the eligibility criteria for the MTFS were referred to other business assistance programmes such as the MBFS, where appropriate. In addition to the eligibility criteria, the prioritisation of candidates for the MTFS also took into account their region, type of business and access to other TPK or other agency support. The aim was to get a reasonable spread in terms of region and type of tourism business represented.

5.3 Account Managers

Instead of using existing Account Managers from its generic MBFS programme, TPK hired two Account Managers dedicated to the MTFs who have tourism-specific expertise and funded these positions as part of their in-kind contribution to this programme. Both the Account Managers hired for the MTFs are highly experienced and have strong networks in Maori business and tourism through their involvement in the Community Employment Group, Auckland Maori Business Network, MaoriExprienNZ, Maori Tourism Advisory Group, and Rotorua MRTO. Both work well together and have complementary skills.

Each Account Manager works with half of the MTFs clients (i.e. 40 clients each) and serve as the key relationship manager which is the main point of contact for the clients on matters regarding the MTFs programme. The roles and responsibilities carried out by the Account Managers appear to be consistent with the intended programme design described in Table 1 (Chapter 1 of this report). Their key responsibilities include:

- assessing client's eligibility for the programme;
- explaining to clients what the programme provides and limits on how much assistance (e.g. assessor and mentor time) the programme can provide;
- enrolling clients in programme;
- helping clients fill out the Business Snapshot assessment;
- training assessors and mentors in the processes of the programme;
- assigning appropriate assessors and mentors to clients;
- checking that clients are satisfied with their BDPs and assigned mentors before signing-off the BDPs; and
- managing the assessment and mentoring resources among clients based on the guideline of 20 hours per client in assessment and follow-up time, and 30 hours per client in mentoring time. The Account Managers have some flexibility in moving hours from clients which have unused hours to clients who need extra hours.

5.4 Assessments

Recruitment of Assessors

Nine Assessors have been engaged to work with the MTFs clients. The Assessors were recruited from an initial list of suggestions provided by key tourism partner agencies, e.g. TMT, NZMTC, Poutama, and TPK. The Assessors were selected based on their skills and experience (in business or tourism and ability to work with Maori businesses), connections with other programmes, availability, and geographical coverage. The assessors are engaged on a per client basis and are not paid any retainer for their services.

Assigning Assessors to clients

Based on information from the client profile and business snapshot assessment, the Account Managers identify Assessors that could be appropriate for the clients. Considerations include not just location of client, but match in terms of personality, need,

and Assessors' familiarity with the community. Account Managers present clients with options for Assessors and ask clients to indicate their preference. Account Managers report that in some situations where the client has raised an urgent and critical need during the initial assessment phase, the Account Managers have deferred the in-depth assessment phase and made a direct referral to a specialist mentor.

All of the 21 clients interviewed for this evaluation appeared satisfied with the Assessors who worked with them. Some of the clients (e.g. 40% of the evaluation interview sample) are already familiar with the Assessors or Mentors through other programmes e.g. NZTE's Enterprise Training workshops (particularly the Catalyst Tourism workshops in Taranaki and the Bruce Cheeseman workshops in Rotorua.) In cases where clients are already familiar or have an existing relationship with the Assessor or Mentor, the Account Managers present these options to clients to build upon these relationships and maximise effectiveness of delivery.

How assessments are conducted

The Business Snapshot information is provided to the Assessor as background prior to in-depth assessment of the client. The Account Managers reported that in some instances the Account Manager and Assessor have both visited clients at their premises together in an attempt to alleviate unnecessary time pressures on the client. This has proven useful in both discussing the initial issues with both the Assessor, Account Manager and client⁹.

Some Assessors found the onsite review template too rigid and detailed and they only use the headers in the template as the basis of the assessment for developing the BDP. The Account Managers recognise the need for flexibility and do not require strict adherence to all the details in the template.

On the contrary, the original template for the BDP was considered too simple and insufficient. The Account Managers have since worked with the Assessors to develop a more comprehensive template to provide guidance to Assessors and increase consistency across BDPs. However, Assessors are not required to conform to this template. The focus of Account Managers is mainly on client satisfaction and ensuring that Assessors have the flexibility to prepare BDPs which meet the needs and preferences of the individual client (e.g. some clients may prefer a comprehensive BDP while others may prefer a concise one).

5.5 Mentoring

Recruitment of Mentors

TPK has engaged 16 mentors for the MTFs programme. These mentors were selected based on their skills and experience in business, tourism, and ability to work with Maori businesses. This pool of mentors consists of both general business mentors (from TPK's generic MBFS programme) as well as tourism or cultural experts (called Sector Experts), many of whom were selected from other organisations such as MRTOs and the Poutama Trust.

⁹ Account Manager March 2006 report

Assigning Mentors to clients

According to the policy design of the MTFS, a Lead Mentor is to be assigned to provide the primary mentoring to assist the client in implementing the recommendations in their BDP and meet three-monthly goals. If required by the client, the Lead Mentor should engage specialist mentors and/or other service providers (e.g. NZTE, Poutama) in conjunction with the Account Manager. The intention is for the Lead Mentor to be available to guide and support the client for up to 12 months (or a maximum of 30 hours). The Assessor has the responsibility for providing three monthly follow up on client progress against the goals set in their BDPs.

The Account Managers reported that in practice, the Assessors have been considered to be the Lead Mentor. The involvement of specialist mentors is more narrowly focused on particular BDP areas. The Account Manager is the overseer of whole process and monitors Mentors' accountability to TPK and the client¹⁰.

The role of the Assessor as 'lead mentor' is focused on BDP development which takes up about 85% of their time with the 15% remainder of their time allocated to follow-up and monitoring of client progress in implementing the recommendations in their BDPs. The Assessor makes recommendations in the BDPs on what priorities clients need to work on. The Assessor may also make recommendations on appropriate mentors to work with the client. Depending on the needs and preferences of the clients, the Assessors may recommend that they receive mentoring from an Accredited Business Mentor (ABM) from TPK's generic MBFS programme or a specialist (Sector Expert) in tourism or cultural matters. There are cases where the Assessor is deemed to be the most appropriate Sector Expert for the client, as the Assessor has the necessary skills and expertise and has gained the trust of the client.

The Account Manager checks the BDP recommendations with the clients, and examines key strategic themes, in priority, to best manage the distribution of resources to accommodate these needs. This process enables them to identify common generic issues that may well be addressed in workshop type activities where two or more clients with similar issues (for example reading financial statements) can be accommodated in group activities rather than one-on-one specialist mentoring which is taxing on both the budget and administration¹¹. Such proactive efforts by the Account Managers help increase the efficiency of the mentoring resource which is limited to about 30 hours of mentor time per client.

The Account Manager then assigns appropriate Mentors to work with clients on a one on one basis, as needed. As of June 30, 2006, only 28 (40%) of the clients have been assigned Mentors. The Account Managers reported that they experienced some delays in finding and assigning Mentors to clients. These delays are mainly due to trying to fit the MTFS work around other commitments that Mentors have and trying to familiarise Mentors with the MTFS administrative process (e.g. recording engagements with client into the MTFS database, SmartFund). Therefore, the quality of the mentoring provided by the MTFS could not be assessed in the present evaluation.

During the interviews conducted for this evaluation, many (60%) of the clients indicated they preferred mentoring in the form of 'a little assistance often', rather than a situation of

¹⁰ Account Manager report February 2006

¹¹ Account Manager March 2006 report

'diagnosis and treatment' which tends to become 'a lot all at once'. The policy design of MTFS allows for mentoring to be flexible, where the timing, intensity, and nature is determined based on client need. Within the budget constraints of the programme, it is important to ensure that the MTFS programme provides mentoring which meets the needs of clients in terms of timing, intensity, and duration.

5.6 Exit strategy

In addition to providing direct assistance to Maori tourism businesses, the MTFS is also intended to provide a pathway to help these businesses access further assistance, if needed, from mainstream services. For example, it could improve the ability of Maori tourism businesses to access funding from NZTE grant programmes such as the Enterprise Development Fund which provides co-funding up to \$20,000 to undertake further mentoring or training. If the business develops the necessary capability and potential for high growth, it may be eligible for larger grants from the NZTE's Growth Services Fund. According to the MTFS Account Managers and Assessors, most MTFS participants are currently unable to prepare a strong application for an NZTE grant as it requires a good business case which identifies the needs and constraints of the business and a plan to address these issues. The MTFS Business Development Plan process helps these businesses identify their needs and the necessary action steps to address these needs.

In terms of a strategy for exiting or graduating clients from the MTFS programme, the Account Managers indicated that they expect clients to be in the MTFS programme for up to 12 months (i.e. time taken to complete the Assessment and Mentoring phases). After that their progress would be monitored for another year. However, it is important to allow clients to call up if they need to and be considered for further assistance at another time.

5.7 Quality and accuracy of reporting by service providers

All client information and engagement with clients is recorded in to SmartFund, which is TPK's client information database. Some Assessors have commented that they found SmartFund difficult and time consuming to use (e.g. one Assessor estimated it takes about 2 hours to record information on SmartFund from 20 hours of work with a client, i.e. 10% of assessment time).

However, after much training and help from the Account Managers, Assessors are improving in their ability to use this database. The Account Managers reported in March 2006 that minimal input is required to prompt Assessor in reporting and any discrepancies or absence of reporting is generally picked up during the invoice periods.

5.8 Relationship with key stakeholders and related providers of assistance for Maori businesses

5.8.1 Key stakeholders and related service providers

Key stakeholders of the MTFFS programme include the following:

- New Zealand Maori Tourism Council (NZMTC)- serves as a national Maori tourism organisation to promote Maori tourism by supporting and developing member Maori Regional Tourism Organisations (MRTOs) throughout the country.
- Maori Regional Tourism Organisations (MRTOs)- self-identified collectives of mainly Maori tourism operators in a particular region. While the role and function of the MRTOs varies from region to region, key functions may include: facilitating co-ordination and co-operation among members, educating members about the industry, providing networking opportunities, linking Maori operators with relevant assistance programmes, providing Regional Tourism Organisations (RTOs) with an avenue into Maori tourism product in their area, working with RTOs to ensure Maori operators are represented well in the RTOs marketing and product development activities.
- Qualmark New Zealand Ltd - licenses New Zealand tourism businesses to use the Qualmark® - tourism's official quality mark - to help international and domestic travellers select places to stay, things to do and ways to get around. It is a government-private sector partnership between Tourism New Zealand and the New Zealand Automobile Association.
- Tourism New Zealand - an international marketing agency responsible for marketing destination New Zealand offshore.
- Poutama Maori Business Trust (Poutama) - provides a range of assistance to develop Maori tourism businesses including workshops and assistance on getting Qualmark license, general industry information, assistance with product development and international marketing.
- New Zealand Trade and Enterprise (NZTE)- The government's national economic development agency providing a wide range of information and assistance to businesses from start-ups to experienced exporters.
- Maori ExperienNZ (MENZ) – a consortium of Maori tourism operators who have come together for the express purpose of marketing their collective offshore.

5.8.2 Involvement and support of key stakeholder agencies

It was identified early in the design of the MTFFS that a key success factor for this initiative was the ongoing support of key stakeholders¹². The September 2005 Implementation Review found that the MTFFS programme has received significant support from these stakeholders in terms providing input into developing the programme, promoting the programme among Maori businesses, and referring participants to the programme.

¹² September 2005 Implementation Review

Stakeholder involvement and support has been achieved through presentations at relevant fora and individual agency meetings. Presentations and workshop sessions at NZMTC's inaugural hui, Poutama Hui and Associate Minister Samuels' regional hui provided good opportunities to strategically target participants and to promote the MTFS.

Support for the MTFS by stakeholders is evidenced by their active participation in the development of programme content, invitations to profile the MTFS at their hui, and promotion of the programme to their members. Additionally, key Maori tourism stakeholders, the NZMTC, the Poutama Maori Business Trust and MENZ have been instrumental in identifying participants for the programme.

5.8.3 Coordination and complementarity

The MTFS appears to be playing an important role in helping Maori tourism businesses access the services they need to improve business capability. The programme seems to be well coordinated with and complement the role of key stakeholders and related service providers in three key aspects:

- Participant selection - businesses participating in the MTFS were selected by TPK based on recommendations from the New Zealand Maori Tourism Council, Poutama and Maori ExperienNZ.
- Assessment and mentoring – most of the assessors and mentors engaged to work with MTFS clients have experience with other business assistance providers such as Poutama, Maori Business Facilitation Service, Qualmark, and New Zealand Trade and Enterprise. They are also actively involved with Maori Regional Tourism Organisations and/or are known within the tourism industry as tourism consultants.
- Referrals – In addition to providing direct assistance to Maori tourism businesses, one of the key aims of the MTFS is to increase the ability of these businesses to access mainstream business assistance programmes as needed. Among the 21 clients in the interview sample, client feedback and reviews of their BDP indicated that the majority (62%) received referrals for assistance with more generic business issues from other government and/or private programmes such as NZTE's Enterprise Training Programme, TPK's generic Maori Business Facilitation Service, and Poutama Maori Business Trust. The MTFS is intended to serve as a stepping stone which helps prepare businesses to access more advanced programmes when needed, such as funding from NZTE's business assistance grants.

There is also opportunity for the MTFS programme to improve its information exchange with key stakeholder organisations. In particular the NZMTC emphasised it would find information collected by the MTFS on the business capabilities and performance of participating businesses to be useful input to their analysis of the needs and trends of the sector.

5.8.4 Can the MTFS model be applied to other parts of the tourism industry?

There seemed general agreement among the Account Managers and key stakeholder organisations that the MTFS model of assessment and mentoring can benefit non-Maori tourism businesses as well. Tourism New Zealand emphasised that a particular strength of the MTFS model is the use of 'tourism experts to deliver tourism specific assistance to tourism operators.'

5.8.5 Can the MTFS model or lessons from it be applied to other business assistance programmes?

TPK Programme Managers commented that based on the experience of operating the MTFS programme, they have made improvements to its other programme, the generic MBFS programme. Some of the key strengths of the MTFS programme which could provide useful learning for other business assistance programmes include:

a. Consultation in programme development

- Prior to the development of the programme, feedback was gathered from Maori businesses and key stakeholder groups on key issues facing Maori tourism.
- Development of the detailed programme design was based on discussions with five service providers with expertise and experience in providing general business and/or Maori tourism specific capability building assistance.

b. Public-private partnership in programme delivery

- The MTFS programme delivers assessments and customised mentoring through public-private partnership. The programme is managed by government employees but the actual assessment and mentoring is conducted by experienced business people in the private sector contracted by the programme for specific types and hours of service for specific clients. The hours of service delivered are recorded in the client database and monitored by the Account Manager.
- The MTFS programme works closely with key stakeholder agencies and other public and private organisations providing related services to maximise complementarity and support in terms of cross-referral of participants.
- The MTFS involves many relationships at multiple levels e.g. the Ministry of Tourism as purchasing agent, TPK as delivery agent, Account Manager as overseer of programme, Assessor and Mentors to deliver the programme, and other agencies e.g. Poutama Maori Business Trust, Maori Regional Tourism Organisations as partners. These many relationships worked well because they were mostly based upon existing rather than new relationships, which enabled faster and smoother programme implementation.

c. Commitment of delivery agency to programme success

- The September 2005 Implementation Review found a good collaboration between TPK and the Ministry of Tourism in the implementation of the MTFS programme. TPK as the delivery agency appears to have strong commitment to the success of this programme. This is evidenced by the additional resources TPK has contributed to this programme, beyond the funding allocated by the Ministry of Tourism (as shown in the Programme Cost section in this chapter). The additional contribution by TPK includes- the appointment of two new Account Manager positions dedicated to the MTFS, additional administration support for the programme, the modification of the MBFS recording system (SmartFund) to monitor MTFS data, and one-on-one training for the Assessors.

- Through TPK's efforts of hiring two Account Managers for the MTFS who are experienced, committed, and well networked within the Maori tourism industry, the programme now benefits from having Account Managers who appear to be proactive and committed to the success of the programme.
- d. Programme pilot and implementation review
- Implementation of the new MTFS programme began with a pilot which was reviewed after five months (i.e. in September 2005). The review reported on progress to date, identified what has worked well (including early feedback from participants), and areas for improvement.
- e. Accountability, monitoring, and evaluation
- The MTFS programme has a strong focus on accountability. The roles of Account Manager, Assessor and Mentor are deliberately separated to provide for quality assurance checks, increase consistency of delivery, and managing potential conflicts of interest (e.g. to avoid the situation of consultants feathering their own nests where the consultant develops a BDP which recommends to clients services that s/he wants to provide, rather than what the client actually needs).
 - The MTFS uses its client information database (SmartFund) systematically to record important client information and interactions with the client. Quantitative results from assessments are also recorded in this database which enables monitoring of the progress of individual participants as well as the programme as a whole.
 - The Account Managers submit a monthly report to the Ministry of Tourism on the progress of the MTFS programme. This report includes quantitative data on number of participants, status in the programme, and identifies key accomplishments as well as key issues for attention and/or follow-up.

5.9 Opportunities for improvement

Improving transition and minimising duplication between Account Managers, Assessors, and Mentors

One Account Manager describes the distinction between the three roles as being that the Account Manager's role is mainly descriptive, the Assessor is mainly diagnostic, and the Mentor, a specialist. However in order for the programme to be effective and efficient, the transition between these three roles need to be smooth and the momentum kept up through regular follow-up and communication with clients.

Among the 21 clients interviewed for this evaluation, approximately 80% appeared to be satisfied with the programme delivery, and the split between responsibilities among the three roles. However, as noted earlier, at the time of the interviews, most of these clients have not yet started working with a mentor.

The 20% (4 clients) who were not happy with the programme were concerned with what seemed like duplication between the roles and having to work with too many different people. Their comments included:

'Either account rep or assessor could do the mentoring job. Is this a waste of resource?'

'Not too bad, but not terribly clear on Account rep's role. Could have been done by one person.'

'Too many faces. Happy with just one.'

Some of the Assessors and Account Managers suggested that the transition between the three roles could be improved and duplication minimised through better briefing among the parties at the key transition points, i.e. from Account Manager to Assessor, and from Assessor to Mentor. For example, the Account Manager could convene a meeting with the Assessor and Mentor to discuss the client before the Mentor starts working with the client in implementing the recommendations in the BDP.

Compared to the MTFS, the generic MBFS programme also delivered by TPK has one less person working with each client. In the MBFS programme, the Account Manager conducts client engagement phase, followed by assessment and concept development. Upon completion of these phases, the client is referred to the Mentor (called the Accredited Business Mentor) to undertake the development of their business plan and receive mentoring.

As the mentoring phase of the MTFS programme has only just started at the time of this evaluation, the relative effectiveness and efficiency of having two versus three distinct roles in the programme could not be examined. However, once the current MTFS participants have completed the mentoring phase of the programme, it is recommended that TPK review the separate roles of Account Manager, Assessor, and Mentor to identify if there are opportunities to improve efficiency and effectiveness.

Initial assessment needs to better identify critical issues

Interviews with Assessors and clients revealed that the existing Business Snapshot tool used by Account Managers for initial assessment does not adequately identify all of the critical issues for the business. While this tool currently consists of over 100 questions which take the clients about an hour to complete, Assessors are concerned it misses out

significant issues such as the financial status (e.g. profitability, debt levels), ownership, governance, and growth potential of the business.

One Assessor pointed out that sometimes clients may be reluctant to talk about the financial situation of their business, particularly when they have not yet build a trusting relationship with the Assessor/Account Manager. The Assessor suggested that one way to deal with this issue is to require clients to show their financial statements for the past two years, as a condition of participating in the programme. This requirement is made by Poutama Maori Business Trust even for small, \$500 grants.

Being up to date with list of mentors and other programmes/services available to work with MTFS clients

To ensure that Account Managers and Assessors are able to make appropriate and timely referrals when necessary, it is important that there is a systematic process to keep them up to date with the list of mentors and programmes or services of other providers available to work with MTFS clients.

Conclusion: To what extent is programme implementation and delivery consistent with policy intention?

The September 2005 Implementation Review noted that as the MTFS programme has evolved through the pilot, the appropriateness of any changes has been filtered against the programme's original guiding principles and considerations. The Review concluded that although there have been a number of procedural and administrative adjustments, the MTFS concept remains unchanged since its inception.

This present evaluation was not able to assess the delivery of the mentoring phase of the programme as most clients have not yet started this phase. However this evaluation concludes that the overall delivery of the programme appears to be progressing well with room for some refinement and improvement noted in the previous section.

6. Conclusions

Outputs and participants

From commencement of the programme pilot in April 2005 to June 30, 2006 a total of 84 businesses have been enrolled in this programme. This exceeds the target of 80 enrolments in the programme by June 30, 2006. However, 14 of the clients have withdrawn from the programme, leaving a total of 70 clients currently in the programme.

Most of the businesses participating in the MTFS are small and relatively young businesses – i.e. less than five years old, have fewer than 5 employees, and annual turnover of less than \$100,000.

Most (i.e. 79%) of the MTFS participants have had a Business Development Plan prepared and signed-off. However, only 28 (i.e. 40%) have only been assigned Mentors as of June 30, 2006. It is estimated that at least 50% of clients will still be in the mentoring phase in June with most completing July or August.

The delay in the mentoring phase resulted mainly from programme implementation and start-up taking longer than anticipated (e.g. in terms of recruiting and training Assessors and Mentors) and the limited availability of clients to engage with the programme during the peak tourist season from November 2005 through March 2006.

Outcomes

The majority of MTFS participants appeared to be satisfied with the programme as a whole (80%) and with the extent to which they perceive their Business Development Plans address the needs of their businesses (76%). These satisfaction rates are a good result for the programme's start-up year. Given that many of the teething problems associated with start-up have been ironed out, the programme management expect this satisfaction rate to improve in the programme's second full year.

Over 60% of MTFS participants interviewed for this evaluation indicated they had already experienced improvements in the intended intermediate outcomes of the programme (i.e. market knowledge and development, strategic planning, and product development) between the time they started the programme (June to October 2005) and when they were interviewed in April 2006. The participants expect further improvements in these outcomes by the time they complete implementing the recommendations in their Business Development Plans.

Over a quarter of MTFS participants indicated they have already experienced improvements in the various intended ultimate outcomes of the programme, i.e. revenue, product reputation and quality, and business sustainability, between the time they started the programme (June to October 2005) and when they were interviewed in April 2006. Over 40% expected further improvements in these outcomes by the time they have completed implementing the recommendations in their Business Development Plans.

Implementation and delivery

Programme cost

The 2005/06 budget for the MTFS programme is \$650,000 consisting of \$390,000 funded by Vote Tourism for assessment and mentoring services, and \$260,000 in TPK resources for salaries and overheads for two FTE Account Managers. This works out to an average budget of \$8,125 per client (based on 80 clients enrolled and assessed). It is recommended that TPK continue to monitor the cost of this programme and to look for opportunities for efficiency improvements.

Eligibility criteria

Some MTFS participants did not appear to meet one of the necessary criteria for programme eligibility i.e. willingness to participate fully in the programme. Between a quarter and a third of the MTFS participants did not meet some of the discretionary eligibility criteria of having turnover in the previous year of greater than \$30,000, the business being the business operator's primary source of income, and the business having growth potential.

Although Account Managers are provided with some discretion to grant exemptions from the discretionary criteria, the number of MTFS participants who were granted these exemptions appears too high. These criteria are important for ensuring that the MTFS programme complements rather than duplicates other programme and services, by serving its target audience of developing and established Maori tourism businesses focused more on product development issues, rather than start-up or part-time businesses that tend to be focused more on basic business capability issues.

Coordination and complementarity with other programmes and services

The MTFS appears to be playing an important role in helping Maori tourism businesses access the services they need to improve business capability. The programme appears to be well coordinated with and complement the role of key stakeholders and related service providers in three key aspects:

- Participant selection- businesses participating in the MTFS were selected by TPK based on recommendations from the New Zealand Maori Tourism Council, Poutama and Maori Experience NZ.
- Assessment and mentoring– most of the assessors and mentors engaged to work with MTFS clients have experience with other business assistance providers such as Poutama, Maori Business Facilitation Service, Qualmark, and New Zealand Trade & Enterprise. They are also actively involved with Maori Regional Tourism Organisations and/or are known within the tourism industry as tourism consultants.
- Referrals – In addition to providing direct assistance to Maori tourism businesses, one of the key aims of the MTFS is to increase the ability of these businesses to access mainstream business assistance programmes as needed. Among the 21 clients in the interview sample, client feedback and reviews of their BDP indicated that the over 60% received referrals for assistance with more generic business issues from other government and/or private programmes such as the Enterprise Training Programme by New Zealand Trade and Enterprise (NZTE), TPK's generic Maori Business Facilitation Service, and Poutama Maori Business Trust. The MTFS is

intended to serve as a stepping stone which helps prepare businesses to access more advanced programmes when needed, such as NZTE's business assistance grants.

Overall conclusion

The MTFs programme appears to be well designed and the client engagement and assessment components seem to be delivered well with majority of clients reporting satisfaction and improved capability from the programme. This present evaluation, however, was not able to fully assess the effectiveness of the programme as most of the participants have only started the mentoring phase of the programme in May or June 2006. This early evaluation therefore recommends that this programme be continued, with some minor policy and operational improvements, until a full impact evaluation is conducted in 2008.

7. Recommendations

Evaluation

1. If the MTFS programme is continued, it is recommended that a full impact evaluation of this programme be conducted by July 2008 to examine the following questions:
 - To what extent is the MTFS achieving the intended policy outcomes?
 - Would the outcomes have been achieved without the programme? How much value is the MTFS adding?
 - Is the MTFS well coordinated with related government and private business assistance services?
 - Is the MTFS filling an important need?
 - Is the delivery of the MTFS efficient compared over time and to similar programmes?
 - What are the opportunities for improvement?
 - Can the MTFS model or lessons from it be applied to other parts of the tourism sector or other business assistance programmes?

Policy improvements

Target group

2. To continue to avoid duplication with other existing programmes and services, there needs to be increased clarity in communicating the policy intention that the MTFS programme is not designed for start-up businesses but only for Maori tourism businesses that are developing or established and focused on business growth, rather than more basic business capability issues.

Intended programme outcomes

3. The specific outputs and outcomes intended from the MTFS were identified from within relevant policy documents, and where required, were clarified through consultation with the Ministry of Tourism and TPK. These are set out in Section 1.5 - Programme Logic Model. Based on the lessons learned from this evaluation, some refinements are proposed to this logic model to increase clarity in terms of intended key outputs, immediate, intermediate and ultimate outcomes. The revised logic model is presented at the end of this report.

Eligibility criteria

4. Tighten the criteria regarding length of time in business from a six month minimum to a minimum requirement of 12 months in business.
5. Clarify that to be eligible for the MTFS programme, all participants must meet the necessary criteria of being willing to participate fully in the programme by investing time and/or money into assessment and/or mentoring.

6. Clarify that for a business that does not already incorporate Maori aspects (e.g. tikanga, te reo, cultural performances etc.) as part of its products and services, but is considered to have the potential to incorporate Maori aspects, this potential needs to be demonstrated as part of their Business Development Plan.
7. Clarify the growth potential criteria with an objective definition would enable better application of this criteria. It is proposed that 'growth potential' be defined as having a willingness and plan to develop the business to achieve annual growth exceeding a target rate. This target should be defined by TPK with assistance from the Ministry of Tourism and Ministry of Economic Development.
8. Consider setting a limit (e.g. no greater than 10%) on the number of businesses granted exemptions from the discretionary eligibility criteria.

Table 4. Revised MTFS Programme intervention logic model

PROBLEMS	OUTPUTS	IMMEDIATE OUTCOMES	INTERMEDIATE OUTCOMES	ULTIMATE OUTCOMES
<ul style="list-style-type: none"> collectively, Maori tourism businesses are not performing as well as they could need to build capability Lack of engagement with existing government services Non-engagement with provider of generic business assistance applicable to the sector lack ability to access and use research and information need assistance in marketing and promotion 	<ul style="list-style-type: none"> number and quality of initial and full assessments completed number of business development plans (BDP) created BDP identifies key areas for business improvement number and quality of mentors assigned number and quality of referrals to other business assistance programmes quality and accuracy of reporting by service providers 	<ul style="list-style-type: none"> participants are satisfied with the overall programme participants are satisfied that the BDP meets the needs of their business participants are satisfied with the mentoring received completion rate of actions set out in BDP number of other business assistance programmes that are engaged, as recommended through BDPs or mentors 	<ul style="list-style-type: none"> improved market knowledge and market development capability improved strategic planning improved business management and practices improved product development capability increased number of applicable businesses who have Qualmark license. increased integration of business with the industry 	<ul style="list-style-type: none"> business growth in revenue, profits, productivity, improved quality of product and service received by customers improved business sustainability improved contribution of Maori tourism sector to the industry and economy

Operational improvements

Initial assessment

9. Revise the Business Snapshot tool currently used for initial assessment of participants to ensure it identifies all of the critical issues for the business, i.e. the financial status (e.g. profitability, debt levels), ownership, governance, and growth potential of the business.
10. Request participants to present the financial statements of their business for the past year or two (for older businesses) to enable accurate assessment of financial status.

Transition between Account Managers, Assessors, and Mentors

11. Improve the transition to Mentors from Account Managers and Assessors and minimise the potential duplication between these roles through better briefing among the parties at key transition points.
12. Once the mentoring phase has been completed by the current participants, TPK should review the roles of the Account Managers, Assessors, and Mentors to identify if there are opportunities to improve efficiency and effectiveness.

Referrals to other services or training

13. To ensure that Account Managers and Assessors are able to make appropriate and timely referrals when necessary, it is important that there is a systematic process to keep them up to date with the list of mentors and programmes or services of other providers available to work with MTFS clients.

Mentoring

14. Within the budget constraints of the programme, ensure that the timing, intensity, and nature of mentoring provided to participants is tailored to the client need.

Information sharing with key stakeholders

15. In order to maximise the potential value of information collected by the MTFS programme in informing the development of policies and programmes for the Maori tourism sector, it is recommended that TPK explore opportunities to improve information exchange with key stakeholder organisations such as the New Zealand Maori Tourism Council.

Monitoring and evaluation of programme outcomes

16. Continue to measure, record and monitor the programme outcomes in terms of business capability and performance of participants at the start of engagement, at regular intervals during engagement, and up to two years after completion of the programme.