

ECO-TOURISM AT THE DANA RESERVE

Dana, Jordan

TEACHING NOTE

Case Description

The case takes place in Jordan inside a state-sanctioned nonprofit conservation organization (RSCN). The organization manages six reserve areas and owns and operates six eco-tourism ventures which form part of its 'Wild Jordan' business division. The case analyzes the Dana Reserve, where RSCN operates the Rummana Camp, the Dana Guesthouse and the soon-to-open Feynan Lodge. RSCN hopes to use the profits from these tourism operations to support conservation efforts in the area.

The case is centered around the opening of the new Feynan Lodge. The case protagonist, the director of RSCN's business division, must address the operational, marketing, and financial issues that emerge before the lodge's opening.

The case also looks at a bigger problem for RSCN: chronic operating losses, which causes management to question the very premise that eco-tourism can support the costs of conservation in a nature reserve. Barriers to realizing operating income are considered, including regional macro-economics and international tourism trends, cultural barriers, unavailability of staff, standards of operations at the eco-tourism ventures, adequate marketing of the reserves and control of expenses within the organization.

Position in the Course

The case is designed to provide students with a look at the business environment in developing countries as well as the conflict between organizational goals and business goals. This case fits well into courses on International Marketing, International Business, Strategy, Entrepreneurship and Operations as well as more specialized courses in Environmental Management. The case could also be used in a course on Nonprofit Management.

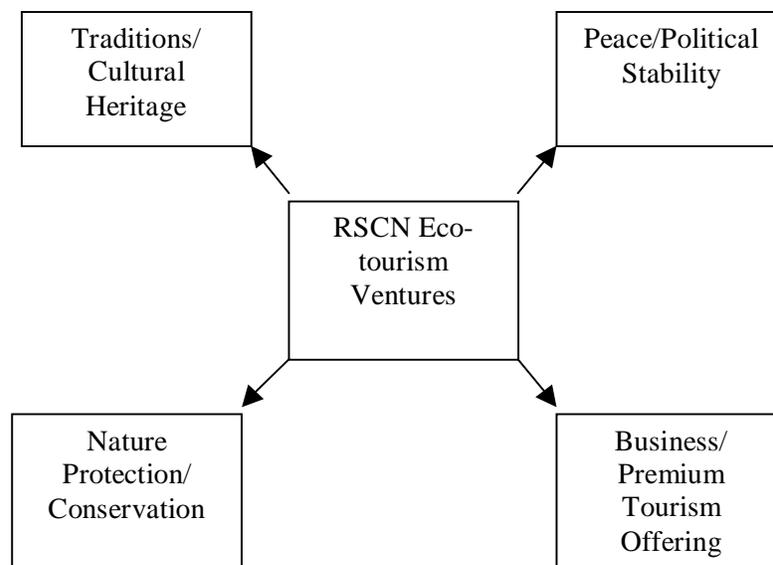
Issues Raised by the Case

- The case profiles a national eco-tourism operation targeting both domestic and international clients. Since domestic customers are offered a discounted price, international visitors provide a richer financial contribution. However, international arrivals evaporate with any outbreak of international geopolitical conflict. The case can be seen from an international business perspective, examining the impact of regional and global conflict on a local business.
- The blend of functions performed by the host organization is unique among conservation organizations. It is simultaneously a para-governmental agency, a nonprofit conservation association, and an eco-tourism business. Its structure

requires a balance among the differing aims of the government, the conservation effort, the membership, and the business. The case questions whether the business division can be used to serve the needs and goals of the conservation division.

- Is the business unit driven by profit maximization and profit sharing? The protagonist hopes eco-tourism profits will cover the costs of conservation of the reserve, but he does not know if the eco-tourism operation can generate this level of income. He does know that conservation of the reserve will not be funded by the cash-strapped national government.
- RSCN is a national organization that is subject to strong international influence. The organization is challenged to reconcile the various ‘cultural pulls’ on its identity and determine how operations will serve different customer demands. The set of forces affecting RSCN’s operations are portrayed in Exhibit TN-1.
- The protagonist has to negotiate community cooperation and support for the business operation, negotiating and managing business arrangements with clan and tribal communities. The executive management of the new lodge must endeavor to reconcile community traditions with interests of international visitors.
- How to market three eco-tourism products in one reserve – entry, mid, and high end products? The protagonist wants to charge an exclusive price at the new Feynan Lodge, but the Lodge must offer a comparably exclusive experience. As yet, the operational standards at the reserve businesses are not up to that standard. Further, the ‘exclusive’ customer base is largely international. Can they be relied on to visit the reserve in times of conflict or war?

Exhibit TN-1
Forces Affecting RSCN’s Business Operations



Teaching Purpose and Objective

The purpose of this case is to provide an in-depth look at a nonprofit organization operating a business division as it opens a new business operation. The case also looks at the repercussions of international conflict and regional macroeconomics on local business operations. The case illustrates the struggle to turn a profit at these locally operated eco-tourism operations and the concurrent struggle to meet operating standards, manage marketing and tourism development efforts, and control expenses. In considering these issues, the case challenges students to develop a strategy for the protagonist, planning how he should allocate his time, money and resources to ensure a profit from the operation and prevent more environmentally abusive uses of this beautiful region.

Questions for Discussion

- (1) How can RSCN reconcile its national values with its international aspirations?
- (2) How are the challenges in this environment different from those in a non-Muslim country?
- (3) What should be Chris' general strategy for boosting tourism in the Reserve? Should he target local customers, international customers, tour group operators, or independent travelers?
- (4) Should time and energy be devoted to the renovation of the Dana Guesthouse? How would RSCN market two high-end operations if the Guesthouse were renovated?
- (5) How should Chris and Mohammed continue negotiations with the Feynan tribal community and other groups surrounding Feynan Lodge?
- (6) What should Chris do to ensure he has control over the operation? (kitchen standards, errant goats, décor and cleaning, hiking guides...)
- (7) How should the problems within Wild Jordan's business office be addressed? (understaffed marketing desk, telecommunications problems, accounting system outdated, etc.)
- (8) Compare Chris' budget information with the Reserve's financial history. How would you modify budget allocations for the coming year?

Subsequent Events

- An operations manager was hired to insure operations meet standards in all of the reserves. Much of his initial focus was on the pre-opening and soft-opening of the new Feynan Lodge (training of new hires, spot checks of kitchen and room

standards, enforcing designated employee smoking areas). The operations manager also handled employee training for other reserves, worked with the human resources department to develop an employee handbook, and addressed absenteeism and tardiness.

- After an extensive search, an executive chef for the Feynan Lodge was located. The Chef's schedule had him working 11 days on followed by three days off. In his absence, the executive chef from the Dana Guesthouse worked at the Lodge if large groups were expected. The Lodge kitchen staff gradually gained enough experience to manage the kitchen in the absence of their executive chef.
- Within the Wild Jordan marketing team, a store manager and graphic designer were hired. These extra hands alleviated some of the pressure on the marketing manager. One of the first marketing promotions of the Feynan Lodge was a musical weekend.
- The Feynan Lodge opened to favorable reviews. The location, architecture, and décor of the Lodge were well received by the public, even though Chris and others at Wild Jordan still believed the operating standards needed improving.
- An extended analysis of the accounting system led to the development of formulas and spreadsheet to separate conservation costs from eco-tourism costs. The accounting department concluded that the Dana Reserve was turning a profit on eco-tourism but not generating enough to cover conservation costs, as had been hoped.
- Customer relationship management (CRM) software has not yet been purchased. Changes to the proprietary accounting software have not been made. Telecommunications problems continue. Though employees knew these problems had to be addressed, the team had not yet focused their attention and taken action on these issues.
- Prices were raised at all sites, bettering the bottom line. By mid-2005, the Dana Reserve was on track to turn a profit on its eco-tourism operations.
- In 2005, Jordan's economy was expanding rapidly. The country was experiencing a 'war-boom' of sorts. Many international contractors and aid agencies working in Iraq based themselves in Amman. Many Iraqis fleeing their country's instability and violence rented or bought apartments in Amman, driving real estate prices higher by the week. RSCN targeted some of its marketing efforts at this increased international presence in the country, and occupancy rates improved by attracting newly arrived international workers and residents.