

CHAPTER 9

Entrepreneurship and SMEs in the global market

Chapter objectives

After working through this chapter, you should be able to:

- Understand the concept of international entrepreneurship
- Explain why “going global” has become an integral part of entrepreneurship
- Understand SMEs’ impact on the global economy and explore the advantages and disadvantages of SMEs in the global competition
- Discuss SMEs’ potential strategic choices when going global

■ Introduction

This chapter provides a wide-ranging review of small- and medium-size enterprises (SMEs) business in the international hospitality industry, with particular reference to entrepreneurship. Firstly, it explains the basic concepts of entrepreneurship and SMEs, then these concepts will be linked with the international hospitality industry. Many start-up companies are now beginning with a global focus because of the availability of international knowledge, experience and expertise of their founders. More demands from customers, more niche markets and technological advances make it possible that these small or medium size hospitality companies can access both worldwide markets and resources.

Chapter case study: Gordon Ramsay International

Gordon Ramsay, the celebrity chef who is almost as renowned for his colourful language and fiery temper as he is for the award-winning dishes he creates, is to receive an OBE in the New Year Honours list. The Glasgow-born former footballer said he was “humbled and delighted” to receive the honour, which is in recognition of his services to the hospitality industry.

He spoke of his delight that his efforts had been recognized by the Queen – but also paid tribute to those who work alongside him. “I feel that this recognition is as much for my team as it is for me. I’m lucky enough to work with the most amazing people whose hard work and dedication is an endless source of inspiration to me.”

Ramsay has risen to national prominence thanks to hit television shows such as Hell’s Kitchen, Ramsay’s Kitchen Nightmares and The F-Word. But it was thanks to his success as a restaurateur that he first made a name for himself.

Released by Rangers after failing to make it into the first team, he turned to cooking and after catering college worked under the likes of Marco Pierre White and Albert Roux. By 1993, Ramsay was head chef of the newly opened Aubergine restaurant in London and within

3 years he had been awarded two Michelin stars. After an argument with the restaurant's backers, he opened his own restaurant in Chelsea, called Gordon Ramsay. The establishment was a huge success and became London's only three-starred Michelin restaurant.

His restaurants today include Petrus, Gordon Ramsay at Claridge's, The Berkeley and The Connaught, while his media career continues to go from success to success. His first international restaurant opened in Dubai in 2001, Tokyo in 2005, New York and Florida in 2006. Gordon oversees every detailed aspect, with his international teams dedicated to the highest standards.

How does he manage all these? Gordon has been working hard at it all day – meeting partners in the Victoria headquarters of his company, Gordon Ramsay Holdings (GRH), before finalizing plans for new ventures in New York, Florida and Los Angeles. He may be best known as the Michelin star who has become a small-screen star in *The F-Word* – a show in which he spends most of his time lampooning other TV chefs. But new figures confirm that he is as fiercely successful in the boardroom as he is in the kitchen. The latest returns from Ramsay restaurants show that profits were up by about 10% last year. In spite of two high-profile setbacks – the closure of Pengelley's restaurant in Sloane Street and a costly dispute with M1NT private members' club in Knightsbridge – GRH is on course to report operating profits of around £7.5 million when the group publishes its full accounts in a few weeks.

Business analysts believe that GRH's restaurants – Restaurant Gordon Ramsay in Royal Hospital Road, Claridges Hotel, the Connaught Hotel, the Savoy Grill and Banquette at the Savoy Hotel, the Boxwood Cafe and Petrus in the Berkeley Hotel, Maze, a modern Asian tapas-style restaurant/bar in Grosvenor Square, La Noisette in Sloane Street, the Conrad Tokyo in Tokyo and Verre in Dubai – are now worth £80 million. That puts Ramsay's 69% stake at £55 million – a threefold increase in as many years. A recent £8.5 million golden-handcuffs deal to stay at Channel 4 – both BBC1 and ITV failed to lure the host of Ramsay's *Kitchen Nightmares* and *The F-Word* – takes his net worth to more than £60 million, more than double that of his nearest rival, Jamie Oliver.

Admire or despise his bullying, despotic style, Ramsay is undoubtedly at the top of his game. Not that he considers what he does as playing. Now, ever anxious for more Michelin stars and more headlines, he is taking on a supersized challenge to match his supersized ego. "Far be it from me to be arrogant," he says with a knowing smile, "but I think the time is right to go global;" 2006 autumn he opens his first restaurant in the toughest food market: New York. Days after he launches Gordon Ramsay at the London (NYC) Hotel on West 54th Street, Ramsay will head south to open Cielo, another restaurant, in Boca Raton, Florida. The east coast openings will be followed by a restaurant at the London (LA) Hotel on Sunset Boulevard in Los Angeles in 2007. Ramsay estimates that his combined US turnover will be £30 million a year for the next 10 years.

Ramsay's flagship three-Michelin-star Royal Hospital Road restaurant has just closed so technicians can install a £100,000 webcam system to enable him to see what's going on in New York and all his restaurants around the world. "We'll have clocks up for the different time zones, too. It will look like a f***** multinational corporation in there," he jokes.

Gordon is 39 years old. How did he grow his business empire so fast and big? By learning from the mistakes of others. During the 1990s' restaurant boom, he landed his first jobs in Michelin-starred outfits in London and watched his mentors open dozens of restaurants across the capital – only to close them again when the market went flat. "I wanted to learn from their mistakes," he says. "I realized that they had all gone into competition against each

other. They opened very similar restaurants, all bearing their name, all serving similar food, with no infrastructure to back them up." Ramsay took a different tack. He decided to work with the competition, not against it. He persuaded banks and other backers to lend him the money to set up GRHs in the late 1990s. He ran just two eponymous restaurants – in Chelsea and, from 2001, Claridges – but set up eight run by talented chefs he had worked with on the way up.

"I'd met all these great young chefs. I wasn't going to be so stupid as to let them go and set up in competition with me as my predecessors had done, so I made them partners." He persuaded Marcus Wareing to take charge at the Savoy Grill, Angela Hartnett to run the Connaught and Stuart Gillies to operate Boxwood Cafe. Jason Atherton set up Verre in the Hilton Hotel on Dubai Creek, before returning to London to open Maze.

GRH supports all its restaurants with its own cash, from £1 million in the case of Maze to £3 million in New York. It's London-based staff of 60 handles bookings and logistics but each head chef chooses the menus. "That way all the food is distinctive and we all support each other." Except for Tokyo and Dubai, where Ramsay acts as a consultant and appoints key staff, GRH rents the space, deals with the costs and takes home the revenues.

It is high risk, high return and not every venture works out. Pengelley's restaurant collapsed spectacularly last year after only 7 months with losses of £850,000. "When things are not working, we get out fast," says Ramsay. Explaining the closure, he says Pengelley "was the first chef not to come through our ranks and therefore was not up to speed with our disciplines and systems".

In spite of these high-profile setbacks, Ramsay's diversification strategy seems to be working. Business at the Savoy Grill alone is up threefold on last year, and Maze's Atherton has just won a Michelin star, taking the group's tally to eight.

It is hard to believe that a man with Ramsay's talents and drive would not have succeeded in life, but this particular route might never have happened if Ramsay hadn't fallen for his mate's girlfriend 10 years ago.

When he was working in London in the early 1990s, a friend was dating Tana Hutcheson, a Montessori teacher and former manager of Terence Conran's Pont de la Tour restaurant. Ramsay wooed her, the couple married and had four children. It was Tana's father, Chris, a self-made businessman who ran a successful printing firm in south London, who backed Ramsay's early investments with £500,000. Today, Hutcheson is the business power behind the Ramsay empire.

After Ramsay finishes cooking in Claridges or Gordon Ramsay at 2 AM each morning, Hutcheson arrives at the firm's offices in Victoria by 6 AM – GRH is effectively a 24-hour operation. He is on the board of the company with Ramsay and the pair talk dozens of times a day. Ramsay is quick to acknowledge Hutcheson's importance. "He has taught me business. He has shown me more in the past 5 years than my real father did in 30 years."

Lately, Ramsay's 24/7 schedule and raft of new openings have sparked criticism that he has "spread himself too thin".

But can Ramsay really provide exactly the same experience across the globe in London, New York, Tokyo, Los Angeles and Florida?

"If you buy an Armani suit in Tokyo, instead of London, you don't ask the assistant if Giorgio stitched it himself. What you are paying for is the level of perfection, the level of quality. That's what I guarantee."

The Armani of food? It has a certain ring to it – one that appeals to City investors. Recent reports have suggested that Ramsay is planning to cash in and sell out to one of the City's

burgeoning private-equity firms. His response is another verbal hotplate. F***** bollocks. This business is what I do. It's my passion. Every day that I go into the kitchen I want to elbow the cook out of the way. I've got the hunger and the fear.

"I've only just got to the summit and I intend staying here longer than many chefs in this country think is possible. We're opening at the new Heathrow Terminal Five. We're looking at Amsterdam and Prague. There's no limit."

Brief information of Gordon's international restaurants

Verre, Dubai

The Hilton Dubai Creek's signature restaurant *Verre* by Gordon Ramsay is a lesson in understated elegance. The 70-seat restaurant is dominated by a glass panel around the room, lit with tiny-coloured uplights, to counter the minimalism of the white linen, white china and simple silver cutlery creating a truly fine-dining experience.

Verre by Gordon Ramsay, the epitome of fine dining, won the What's On magazine Awards 2005 award for the "Chefs' Choice 2005" voted for by all the Executive Chefs of five star hotels in Dubai, as their favourite restaurant outside that of their own.

Verre's cuisine has a lightness of touch that has become Gordon's hallmark, using a mix of the finest produce available in Dubai – particularly the fish – as well as flying in fresh ingredients from around the world. Executive Chef Jason Whitelock works with a dedicated team including members of the London brigade, who in turn oversee every aspect of catering in the lifestyle property, from the signature restaurant, through the other outlets including the Glasshouse Mediterranean Brasserie and Issimo Martini Bar. Just as in Gordon's restaurants in London, the cuisine will be complemented by the finest cellar, with well-informed sommeliers on hand to deliver the perfect addition to every dish.

"*Verre* was my first restaurant outside the United Kingdom and represents a huge challenge – but a thoroughly enjoyable one. There is a real buzz about Dubai and I am proud to be a part of it. In my mind, Dubai is one of the most vibrant cities around." (Gordon Ramsay)

The Hotel is located in the Dubai Creek business district and consists of 154 rooms and suites, each combining contemporary design with the highest levels of comfort and offering dramatic Creek views.

Conrad, Tokyo

In July 2005 Gordon Ramsay opened his first restaurant in the Shiodome district of Tokyo, Japan at the world-class modern luxury hotel, the opening marked an exciting and much anticipated new development in Gordon Ramsay's career.

"It has always been an ambition of mine: Tokyo is such a cosmopolitan city with the most vibrant people and high level of produce. We have enjoyed wonderful custom from Japanese diners over the years in Britain so it is a privilege to give something back and I am very much looking forward to offering the same standard a little closer to home!" (Gordon Ramsay)

The modern French restaurant, located on the 28th floor looking out on the dynamic Tokyo skyline, features two sections with a choice of fine dining and casual all-day dining. The restaurant is open for lunch and dinner, and offers a special Sunday brunch. The restaurant also features Gordon Ramsay's trademark Chef's table: an exclusive seating arrangement placing diners within the exciting confines of the kitchen, featured in the fine dining section,

offering a glimpse of Ramsay's lightness of cuisine that has made him one of the world's leading restaurateurs.

Both dining concepts: *Gordon Ramsay at Conrad Tokyo* and *Cerise by Gordon Ramsay* will be overseen by Head Chef Andy Cook. Prior to heading the kitchen at the Conrad, Andy worked at the two-Michelin-starred restaurant Marchesi near Milan. In 2000 he joined Gordon's eponymous restaurant in Chelsea as Commis Chef before taking over as Chef de Partie at the three-Michelin-starred restaurant. In 2001, Andy moved to *Gordon Ramsay at Claridge's* as Sous Chef, where he assisted in the opening of this prestigious restaurant. At the Conrad, Andy and his team bring Gordon's world-renowned cuisine and distinguished service to a new, international audience.

Blackstone, New York

In Autumn 2006 Gordon Ramsay will continue his very successful partnership with Blackstone through their latest collaboration into New York. This latest opening will be located on the site of the former Rihga Royal Hotel and boasts over 520 suites. Currently undergoing a \$50 million refurbishment under the direction of designer David Collins, the hotel will reopen as The London (NY).

The fine dining restaurant, seating around 50 guests, will be based upon *Restaurant Gordon Ramsay* at 68 Royal Hospital Road, Chelsea, London. This eponymous restaurant holds three Michelin stars and is the jewel in the crown of the Gordon Ramsay restaurant portfolio. The service and the wine list of the New York restaurant will be pitched at the level of its London counterpart.

Gordon's Head Chef will be Neil Ferguson, who has been part of Gordon's stable of talented chefs for several years. His experience includes; *La Tante Claire*, *The Square*, *Aubergine*, *Restaurant Gordon Ramsay* and *Angela Hartnett at The Connaught* in London and *L'Esperance* and *L'Arpège* in France. The Restaurant Manager will be Jean-Baptiste Requier from *Gordon Ramsay at Claridge's*.

The dining room and kitchen will both be stunning, offering all day dining for up to 80 guests. A traditional afternoon tea menu will be served alongside more relaxed orders through the room service menu. The fantastic bar will be the true heart and soul of the hotel creating a vibrant area for guests to enjoy exciting cocktails. There will even be a Chef's Table in the kitchen overlooking the central pass, something Gordon is famed for in London. Here guests can enjoy the atmosphere and excitement of the kitchen whilst dining in luxury.

Source: Schofield (2005), Adridge (2006) and Gordon Ramsay (www.gordonramsay.com)

Entrepreneurship

Although there is no accepted generic definition of the term "entrepreneurship" (Ucbasaran *et al.*, 2001), essentially the term refers to individual opportunistic activity that creates value and bears risk, and is strongly associated with innovation: it is a process of opportunity recognition and pursuit that leads to growth (Sexton and Kasarda, 1992). Inc. magazine claims, "Entrepreneurship is more mundane than it's sometimes portrayed ... you don't need to be a person of mythical proportions to be very,

very successful in building a company.” In general, an entrepreneur is the one who creates a new business, facing risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling the necessary resources to reach the goal.

Record numbers of people have launched companies over the past decade. A recent report from the National Panel Study of US Business Start-Ups found that eight million people, or one in 25 adults, were actively engaged in trying to launch a new business. In a recent survey of college seniors, 49% of the men and 31% of the women said they were interested in pursuing entrepreneurship when they graduate. This resurgence of the entrepreneurial spirit is the most significant economic development in recent business history.

The boom in entrepreneurship is not limited solely to the United States; many nations across the globe are seeing similar growth in the small-business sector. Entrepreneurs have introduced innovative products and services, pushed back technological frontiers, created new jobs, opened foreign markets. A variety of competitive, economic and demographic shifts have created a world in which “small is beautiful.” Society depends on entrepreneurs to provide the drive and risk-taking necessary for the business system to supply people with the goods and services they need.

Why do so many people want to be entrepreneurs? There are potential major benefits of being an entrepreneur, such as the opportunity to gain control over your destiny, the opportunity to make a difference, opportunity to reach your full potential, opportunity to reap unlimited profits, opportunity to make a contribution to society and receive recognition for your efforts. While at the same time, you have to realize the potential drawbacks of being an entrepreneur, such as the uncertainty of income, the risk of losing invested capital, long hours and hard work, lower quality of life until the business gets established and huge responsibility. It has been shown that the five most frequently cited reasons to undertake a start up or work for entrepreneurial businesses are: joining the family business; wanting more control over future; tired of working for someone else; wanting to fulfil lifelong goal; having been downsized or laid off.

Internationalization and entrepreneurship

Internationalization has been shown to have many of the characteristics associated with entrepreneurship (Wright and Ricks, 1994), such as risk-taking in uncertain environments, the adoption of innovative behaviours, new market entry arising from the awareness of unexploited opportunities and the involvement of entrepreneurial managers (Pavord and Bogart, 1975; Ellis and Pecotich, 2001).

Exploring the genesis of the international entrepreneurial perspective, Oviatt and McDougall (1994: 47) defined International New Ventures as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries.”

Oviatt and McDougall (1994: 60) identified and described the emerging phenomenon of international new ventures that had “integrated the traditional multinational enterprises (MNE) concepts of internationalization and location advantage with recent entrepreneurship research on alternative governance structures and with developments in strategic management on the requirements for sustainable competitive advantage”. These international new ventures had their origins in significant and observable commitments of resources in more than one country. This theory can be contrasted with the staged development of firm internationalization that had traditionally been applied by researchers, which categorized firms as risk-averse and reluctant internationalizers.

Over the past decade the links between entrepreneurship and international business (Knight, 2001) have been explored. There are a number of aspects of entrepreneurship that invite exploration of international and global markets. This is particularly so in knowledge-based sectors that have considerably higher export growth than the average in many developed nations (Austrade, 2002), and where business models are often designed around global niches on a global scale (Styles and Seymour, 2006).

As with domestic studies of entrepreneurship, there is no agreement as to what the field of international entrepreneurship should encompass. The term has evolved over the past two decades as interest in the topic has grown. The definitions of international entrepreneurship are various. Many of the definitions show their true field of interest by their definitions. For example:

- Wright and Ricks (1994) define international entrepreneurship as company-level business activity crossing national borders, with the research focus being on the relation between businesses and the international environments in which they operate – arguably more a strategic management viewpoint.
- While McDougall and Oviatt (2000, p. 903) suggest “a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and is intended to create value in organizations.” The study of international entrepreneurship includes research on such behaviour and research comparing domestic entrepreneurial behaviour in multiple countries. Firm size and age are not defining characteristics here. Thus, international entrepreneurship behaviour in large, established companies, often referred to as “corporate entrepreneurship,” is included. Further, international entrepreneurial behaviour may occur at the individual, group or organizational levels.
- Oviatt and McDougall (2005: 7) regard international entrepreneurship as “the discovery, enactment, evaluation and exploitation of opportunities” – across national borders – to create future goods and services. It follows, therefore, that the scholarly field of international entrepreneurship examines and compares – across national borders – by whom, and with what effects those opportunities are acted upon.
- Dimitratos and Plakoyiannaki (2003: 189) define international entrepreneurship as “an organization-wide process which is embedded in

the organizational culture of the firm and which seeks through the exploitation of opportunities in the international marketplace to generate value”.

Styles and Seymour (2006: 134) summarize all the key concepts from the above definitions of international entrepreneurship as: behaviour that crosses national borders; discovery, enactment, evaluation and exploitation of opportunities; creation of value; with unique combinations of resources. Styles and Seymour (2006: 134) finally arrive at the definition: “International entrepreneurship is the behavioural processes associated with the creation and exchange of value through the identification and exploitation of opportunities that cross national borders.”

SMEs and Entrepreneurship

SMEs have a close relationship with entrepreneurship, especially in the hospitality industry. There are 48,730 hotels, 44,420 restaurants, and 87,435 pubs and bars in Britain and most of them are small businesses (Jones, 2002). Jones (2002: 1) explained, “Non-professionals come into the industry for a whole range of reasons ... and think of the hospitality sector, whether it’s a small restaurant, a guest house, a small hotel or even a pub, they think they bring their life skills to that particular job and can run it successfully, while nobody goes into an airport and says ‘I can fly this’.” Many people choose to start their small-business in the hospitality industry because of the relatively low entrance barriers, but it is often not as easy as they expected.

In America, the Small Business Administration (SBA) defines a small business as a firm that (a) is independently owned and operated, (b) is not dominant in its field, (c) is relatively small in terms of annual sales and (d) has fewer than 500 employees. According to SBA figures, 80% of all US companies have annual sales of less than \$1 million and belong to this small-business category. The growth in the number of small-business start-ups is fuelling global economy in the 21st century. SMEs account for over 95% of businesses, create roughly 50% of total value added worldwide and, depending on the country, generate between 60% and 90% of all new jobs (OECD, 1997). Some of the data about contributions of the small businesses to the American national economy are presented below:

- There are 25.5 million businesses, 98.5% of all businesses in the United States would qualify as small businesses.
- Small-business employs more than 52% of the private sector workforce.
- Small businesses also create about 70% of new jobs.
- Small companies bear the heaviest load of training new workers.
- They also generate 20% more innovations per employee than large companies (Plate 13).



Plate 13
Another SME,
another
entrepreneur
Source: Vonzerö
2005 bt.

This is a good example of entrepreneurial opportunism. This was a traditional Hungarian restaurant which has been transformed into the El Paso steakhouse by dynamic new owners. The restaurants in Csopak on Lake Balaton normally only open for the short summer season, but they have decided to keep El Paso open all year round to build a new clientele amongst the locals.

Characteristics of entrepreneurs in SMEs

SMEs are of two distinct types: lifestyle businesses and high-growth ventures (Coulter, 2003). More than 80% are modest operations with little growth potential (although some have attractive income potential for the solo businessperson). A family run B&B, the corner florist, local pub and the neighbourhood pizza parlour fall into the category of lifestyle businesses – businesses built around the personal and financial needs of an individual or a family. Lifestyle businesses are not designed to grow into large enterprises. In contrast to lifestyle businesses, some businesses are small simply because they are new. Many companies – such as Easy Jet, GRH or E-Bay – started out as small entrepreneurial companies but quickly outgrow their small-business status. These high-growth ventures are usually run by a team rather than by one individual, and they expand rapidly by obtaining a sizable supply of investment capital and by introducing new products or services to a large market.

Entrepreneurs are high achievers and they have some common characteristics, including:

- Confidence in their ability to succeed: They need to be optimistic about the chances for success and this is the basic quality.
- Desire for responsibility: They prefer to be in control of their resources and to use those resources to achieve their goals.
- High degree of commitment: An entrepreneur's commitment to their goals and the business determines how successful their company ultimately becomes.
- Preference for reasonable risk: Entrepreneurs are not high-risk takers, but are instead calculating risk-takers.
- Flexibility: Entrepreneurs must be willing to adapt their businesses and themselves to meet changes.
- Skilled organizers: Entrepreneurs know how to put the right people and resources together to accomplish a task.
- Persistence: Successful entrepreneurs have the willpower to conquer the barriers that stand in the way of their success.
- High levels of energy. Entrepreneurs are more energetic than the average person. Typically, they work long hours, for example 70 hours a week.
- Future orientation. Entrepreneurs tend to dream big and then formulate plans to transfer those dreams into reality.

Another study of business owners by Yankelovich Partners for Pitney Bowes Inc. identified five different entrepreneurial personalities:

- 1 Idealists: Idealists started their businesses because they had a great idea or wanted to work on something special. Idealists enjoy creative work but are impatient with performing administrative tasks such as financial analysis or legal matters.
- 2 Optimizers: Optimizers are the second largest category. They enjoy the freedom and flexibility of owning a business and would not be willing to work for someone else. They want their companies to grow, but their focus is on profits rather than on revenues. These business owners are highly knowledgeable about financial issues and use technology to keep costs down and productivity up. They worry less than other business owners because they see themselves as maintaining control over their businesses. They also have learned balancing their home and business lives.
- 3 Hard Workers: Hard workers love their work and are more likely than any other group to put in extra hours to achieve the targets. They tend to be detail-oriented and are the most growth-oriented entrepreneurial group. They are financially aggressive and exercise broad control over the details of running their businesses. Hard workers typically have long-term business plans and stick to them.
- 4 Jugglers: Jugglers have a difficult time delegating authority and responsibility. They prefer to do things themselves to make sure everything meets their high standards. They are highly energetic people who are good at handling multiple tasks simultaneously. Jugglers feel pressure

to maintain positive cash flow in their companies and are always looking for ways to improve their businesses.

- 5 **Sustainers:** Sustainers are more likely to have inherited or bought their companies. They are the least comfortable with technology and prefer to put in more time than to figure out how to apply technology to solve a particular problem. Sustainers are the most conservative group and do not strive to achieve significant levels of growth. Maintaining a good balance between business and home life is important to them.

Female small-business owners

The number of women-owned small businesses has increased sharply over the past three decades – from 5% to 38% of all businesses. These companies generate approximately \$3.7 trillion in sales each year. The 9.1 million women-owned companies across the United States employ 27.5 million workers, about 20% of all company workers in the country.

Small business has been a leader in offering women opportunities for economic expression through employment and entrepreneurship. More than half of all women business owners started their own businesses because they had an entrepreneurial idea or wished to further advance their careers. Increasing numbers of women are discovering that the best way to break the “glass ceiling” that prevents them from rising to the top of many organizations is to start their own companies. In the following case, Julia Hands, one of thousand women entrepreneurs in the hospitality industry, has shown her talents and management skills in a short period of time.

Case: Julia Hands is Chosen As One of the UK’s Top 10 Entrepreneurs

Julia Hands, chief executive of Hand Picked Hotels, a collection of exquisite country house hotels, has been chosen as one of the top 10 entrepreneurs in the United Kingdom in the National Business Awards – known as the Oscars of the business world.

This latest accolade for Julia Hands and Sevenoaks-based Hand Picked Hotels was announced at a glittering ceremony at Grosvenor House last night (8 November) where Julia was named as one of the 10 finalists in the Credit Suisse Entrepreneur of the Year category in the National Business Awards.

Julia Hands, a former City lawyer, said: “I am delighted to be chosen as one of the UK’s top 10 entrepreneurs. It is a tremendous compliment, not only for me but for the enormously loyal, talented and enthusiastic team at Hand Picked Hotels. This award is as much for them as for me.”

Hand Picked Hotels has won four other major accolades in the past year, including the top award in the Tourism and Leisure business sector for the First Women Awards, organized by the CBI in conjunction with Real Business Magazine, plus AA Hotel Group of the Year 2004–2005, the Business Excellence Award and being selected as one of the top 50 companies to watch in 2005 by Real Business Magazine.

In creating Hand Picked Hotels 4 years ago, Julia Hands set out to “cast off the chain” mentality and encourage the renaissance of highly individual, luxurious country house hotels. All of the Hand Picked Hotels collection are former country houses with a long historical lineage and were “built for pleasure” – a tradition Julia is eager to maintain. Her vision for Hand Picked Hotels was to “create a unique collection of architecturally stunning and exquisitely refurbished country house hotels set in beautifully maintained grounds, offering the highest standards of cuisine and service, which will make each guest’s stay a memorable one.”

The AA Hotel Group of the Year 2004–2005 award was made in recognition of Hand Picked Hotels’ commitment to perfecting their collection of 14 hotels. More than £35 million has been invested so far to refurbish and update the hotels, with the creation of fabulous interiors and state-of-the-art spas at several of the hotels.

In addition to working on restoring the hotels to their former glory, Hand Picked Hotels has focused on the quality of its service and its cuisine, focusing on exquisite food and fine wines. In the last 3 years all 14 hotels have achieved two AA rosette status, with Norton House in Edinburgh winning three AA rosettes. Four hotels have achieved recognition as being amongst the AA’s top 200 hotels in the country.

Ethnic minority small-business owners

Similar advances are also showing up in ethnic minority segments of the population. Data from the US SBA show that between 1987 and 1997, the number of minority-owned firms grew by 168% — more than triple the 47% rate of US businesses overall. Minority-owned firms now employ an estimated 3.9 million people. Asians, Hispanics and African Americans, respectively, are most likely to become entrepreneurs in the United States. Like women, minorities cite discrimination as a principal reason for their limited access to the world of top level and hence the impetus towards entrepreneurship. A similar situation can be found in Britain. For example, Chinese restaurants in the United Kingdom have been established since 1908 and today the Chinese takeaway represents the second largest takeaway sector in the United Kingdom, valued at an estimated £827 million in 2002. The Indian curry is among the British favourite dishes and as such is increasingly available in a wide range of outlets from general restaurants as well as the specialist market. The value of the Indian takeaway market was estimated at around £674 million in 2002 according to Mintel report (2002).

Furama is a family owned small hotel management company in Singapore, now they plan to move into the global market.

Case: Furama Eyes Global Hotel Management Deals

Homegrown hotel management company Furama Hotels International (FHI) is eyeing a stronger regional footing and hopes to corner a market catering to niche hotel owners.

The low-profile firm has taken over the management of the previous Novotel Apollo hotel at Havelock Road, now renamed Furama Riverfront. Novotel, the brand managed by French

giants Accor, ended its 5-year management leasing arrangement earlier this year. The hotel, along with another named Furama City Centre in the Chinatown area, is majority owned by listed Apollo Enterprises. FHI is linked to Apollo's controlling Ng family, though it is not part of the public entity. Both the four-star-rated hotels in Singapore are operating at healthy occupancy levels of about 90% each and rates are set to return to pre-SARS levels next year.

FHI business development manager Kevin Ng, who is a member of Apollo's Ng family, said in an interview that the company hopes to clinch 5–10 sales contracts first next year, before trying to convert them into management deals after reaching a certain comfort zone with the hotel owners.

The company is talking to an Australian hotel chain and is also looking at the Indochina and South-east Asian markets, he added. FHI is aiming for 20–30 sales or management contracts in 3–5 years' time. "There are a lot of regional hotel owners out there who do not have the connections to global sales nor can they afford, or have the desire, to let international hotel brands manage their assets," Mr Ng said. "We are well-positioned to help them get into the global sales arena and will seek to work with these owners on how to manage their properties. We would also cost much less than an international brand." Such names typically attract management fees of US \$1 million a year at the low-end, with contracts lasting at least 20 years.

Doing global sales for hotel owners would mean helping them market their assets to major travel wholesalers like UK's Kuoni or Germany's TUI, as well as gain entry to major trade events like the Asian Travel Fair (ATF). FHI corporate sales director Jason Peck said, "A smaller hotel set-up may not have the resources to, say, have someone based in Japan to sell to the market there or get into the ATF, which costs about US \$10,000 per entry."

Source: www.furama.com

Young entrepreneurs

Recent surveys have found that 60% of 18 to 29-year-olds say they hope to launch their own businesses. There are many examples of young entrepreneurs in hospitality industry.

Example: Papa John

As a high-school student working at a local pizza pub in Jeffersonville, Indiana, John Schnatter realized that there was something missing from national pizza chains: a superior-quality traditional pizza delivered to the customer's door. His dream was to one day open a pizza restaurant that would fill that void.

In 1984, "Papa" John Schnatter knocked out a broom closet located in the back of his father's tavern, sold his prized 1972 Z28 Camera, purchased \$1,600 worth of used restaurant equipment, and began selling his pizzas to the tavern's customers. The customers loved the pizza so much that John was able to expand by moving into adjoining space, eventually leading to the opening of the first Papa John's restaurant in 1985.

Today, Papa John's boasts nearly 3000 restaurants in 49 states and 20 international markets. Papa John's also owns or franchises more than 100 Perfect Pizza restaurants in the United Kingdom.

Source: www.papajohns.com

Entrepreneurial enterprises go global

SMEs historically have not been associated with international business, As international business has long been regarded as the domain of large, resource-rich companies. Evidence from Asia, Europe and North America indicates that increasing numbers of SMEs are involved in international business (e.g. Economist, 1993; Rennie, 1993). This recent evidence suggests that internationally active SMEs are becoming more frequent. Based on an empirical study of trends in 18 industrialized countries, the Organisation for Economic Cooperation and Development (OECD) notes that SMEs now account for about a quarter of international business in most industrialized nations. Internationally active SMEs are emerging in notably large numbers throughout the world, and they tend to be more dynamic and grow faster than strictly domestic enterprises (Bell, 1995).

Widespread usage of fax, e-mail, the Internet and other such communications technologies is making internationalization a more viable and cost-effective option than just a few years ago. Such technologies are providing important competitive advantages to SMEs, allowing them to efficiently transact business throughout the world (Oviatt and McDougall, 1995). SMEs are also affected by the forces of globalization, including falling trade and investment barriers and the far-reaching activities of large MNEs. Increasing cross-national competition is pressuring SMEs to internationalize. This, combined with increasing opportunities to pursue foreign markets and the ability to profit from expanded scale and scope in their operations, has created many incentives for smaller companies to internationalize (Oviatt and McDougall, 1995).

Compared to MNEs, smaller companies do not have bureaucracy and expensive existing information systems. They are often more innovative, more adaptable and have quicker response times when it comes to implementing new tactics and meeting specific customers needs (Verity, 1994). With the growing role of direct marketing and buyers with specialized needs, SMEs can increasingly serve niche market segments that span the world (Oviatt and McDougall, 1995).

The entrepreneur needs to prepare by asking and answering the following questions:

- Is there a profitable foreign market in which the company has the potential to be successful for an extended period of time?
- Does the company have the right resources, skills and commitment to succeed in this foreign market?

- Are there pressures domestically that are forcing the company to seek global opportunities?
- How well do you know the culture, history, economics, legal system, etc. of the country which you are considering?
- Is there a feasible exit strategy if the business environments change or the new venture is not successful?

Some strategies for hospitality SMEs to go global

Innovation

An important characteristic of small businesses is that they tend to be more innovative than larger companies. *Innovation and creativity* are key factors for hospitality entrepreneurial success. Morrison and Thomas (1999) point out that renewal of products or services by adding value through the application of expertise and imagination can help hospitality enterprises keep competitive edge.

In the following case studies, Bob Burn demonstrates the qualities needed for hospitality entrepreneurship in the global arena.

Chapter case study: The Return of a Genuine Hotel Entrepreneur

Bob Burns, the Hong Kong hotelier who built the Regent name into one of the most recognizable hotel brands worldwide, is back in business. The American-born entrepreneur is negotiating with Japanese financiers to form a company to operate ultra-luxury hotels. The first properties are likely to be in Shanghai and Hanoi.

Mr Burns says, "I'm going to draw a map with Hong Kong in the middle and keep operations confined to Asia." The circle around Hong Kong is 10,000-km wide, embracing China, Japan, all of Southeast Asia and India.

The amiable American cannot hide the disappointment he still feels about having to sell his 65% stake in Regent International Hotels in 1992.

In a complex business deal, Mr Burns had made provisional agreement with Wharf Holdings to sell his interest in the company, and later it was required by Canada-based Four Seasons chain, Regent's rival in the luxury bracket. Mr Burns walked away with more than US \$100 million. But his love for the hotel business never diminished. His pride peaked in 1980, when the landmark Regent Hong Kong opened. The 514-room property became an icon of the industry and was flagship of the group. That hotel was sold in 2001 to the US-based InterContinental Hotels Group and the Regent name disappeared from Hong Kong. But it had left a lasting mark; the innovation of combining Asian service excellence with western concepts of efficiency and luxurious space has since been widely copied.

Now, Mr Burns says, it is time for another sea change. At 75, he has been in the hotel business since he started his working life as a teenage bus boy at the Waldorf Astoria and in the kitchens and laundries of New Jersey resorts as a teenager during the Second World War.

He founded the Regent hotel management company in 1969, after coming to Hong Kong to work with Hilton. The flagship in Tsim Sha Tsui won plaudits after it opened in 1981 and was voted best hotel in the world by several polls.

When Mr Burns reluctantly was forced to sell the Regent chain in 1992, it totalled 20 prestigious hotels in four continents. Under the terms of the sale, he agreed not to go into competition with the company for 4 years. By the time that had lapsed in 1996, he was 67 years. "I was rich but unemployed," he says.

But he hasn't been idle. "Friends kept asking me to help them with new hotels," he says. They still do: at present he's involved in Singapore, where two old British military clubhouses on Sentosa form the hub of an imaginative new property; and in Tuscany, Italy, he is advising on the transformation of an old convent winery into a deluxe property. He also purchased the historic Villa Feltrinelli and devotes his energy to the 21 room ultra service-oriented boutique hotel built by a renowned Milanese architect in 1892.

Just as the Regent brand created a new benchmark for hotels three decades ago, Mr Burns hopes the new brand – the name has yet to be finalized – will set fresh standards for the hospitality industry. "There have been significant changes in the past few years in the design of hotels and the philosophy of running hotels," he says. But now it's time for another change. We can be different, innovative.

"There are all kinds of things you can now do in a hotel – designers are so much better." He says he wants 10 of the new style, freshly branded hotels, up and running in a decade, with Hong Kong as the corporate headquarters. Finance for the new venture will come from the same partners he worked with in the pioneering era of the Regent brand.

Bob Burns wants 10 of his new hotels operating within a decade. The reason he is so confident about his company is because of his key resources – hotel management skills and concepts, which are tacit knowledge.

Source: Sinclair, K., 2005, South China Morning Post and www.ehotelier.com/browse/news_more.php?id=A3754_0_11_0_M; www.usatoday.com/travel/destinations/www.villafeltrinelli.com

Change initiation

The capability of identifying an opportunity for creation or innovation, and ability to turn it into a reality is a key element for hospitality entrepreneurship. Morrison and Thomas (1999: 151) illustrated this concept with Holiday's development. Kemmons Wilson founded what is now called Holiday Inn Worldwide in 1952. In 1951 he and his family of five children decided to visit Washington on holiday. Everywhere they went they found that while a room cost \$6 to \$8 each child was to be charged \$2 extra. This annoyed Wilson and he vowed to develop a chain of hotels where children could stay free as long as they slept in the same room as their parents. Wilson's hotels would also feature free parking, air-conditioning, free in-room TV and swimming pool. By the late 1970s Wilson and his associates ran a hotel chain of more than 400,000 rooms. Wilson changed the rules of the "hotel game", innovating in the development of a radically new concept.

There are lots of opportunities available in hospitality industry. According to a survey of 1,600 people by pollster YouGov, a lack of home

comforts is hotel guests' number one complaint; 27% of the people interviewed put this at the top of their list, although a quarter said that loneliness was the worst aspect of staying in a hotel. To make hotel rooms more comfortable and to consider customers' special requirements will be a lasting challenge for international hoteliers. If any hospitality entrepreneur can make his or her hotel more like home, it will certainly win the customer's trust.

Niche marketing

Hospitality companies can concentrate their efforts on a single market segment and because of this it enables hospitality operators to really understand the needs and wants of their customers in that market segment.

With more than 36 million households travelling with their pets in the United States, taking at least two vacations per year, and spending an average of \$1,000 or more per trip, this translates into a huge sum of money spent in an exceptionally niche market. Unfortunately, fears of damages, barks, bites and allergies keep many hoteliers safely on the sidelines away from the action. Due to the demand for accurate, actionable information about becoming a pet friendly hotel, BringYourPet.com recently released the book, *Making Your Property Pet friendly: A How-To Guide*. Small hotels can be more flexible compared with large hotel chains in serving the needs of customers travelling with pets and become pet friendly hotels relatively easily.

Competing with large companies, the SMEs can have advantages if they remain in close contact with their markets and remain more open-minded and willing to try new things. The feeling still exists that big companies tend to say no more often than they say yes. For example, all the large hotel groups compete with each other for the luxury customers segment in Dubai, while small- or medium-size hotel companies actually can find the budget accommodation market will offer a very promising opportunity in the future.

Example: Cost-conscious travellers will soon have more choice

The increasing importance of Dubai as a business hub for the Middle East has led to a reappraisal of hotel demands in the country. The trend has been to build five-star luxury resorts and business hotels, but the lack of more affordable hotels for business travellers is now being addressed.

A new chain, Refad Hotels and Resorts, was launched at 2004s Arabian Travel Market, and Express by Holiday Inn, from the InterContinental Group, is moving into the emirate. Up to 20 economy-branded hotels will be introduced in the Middle East by 2009, appealing to cost-conscious business travellers. Meridien plans three properties in Dubai, as well as the 422-room Grosvenor

House under construction in Dubai Marina. Hilton is also looking at another “four, possibly more” properties in Dubai.

Yet, despite all the huge plans on the drawing board, Dubai is struggling to match bed space to existing demand. Beds are likely to remain at a premium in the next 2 years – only two opened in Dubai this year, the 330-room Al Qasr at the Madinat Jumeirah and the 250-room Traders Dubai, part of the Shangri-La group. The desire for more choice by business travellers is perhaps reflected in the fact that Traders, which opened only in May, was last month named Best New Business Hotel in the World by Business Traveller magazine.

Dubai’s long-term challenge is to ensure that demand keeps up with capacity. Dubai still grabs the headlines, but investment and development plans are mushrooming across the UAE and beyond.

Source: Dominic Ellis. October 2004, Business Wireless.

International branding

It takes a long time to develop a positive brand image in the minds of consumers. Many of the top hospitality brands have been around since the 1950s or even longer. Brands provide consumers with quality assurance, and this is especially the case in an industry like hospitality, where consumers are primarily looking for comfortable accommodation, and good food and drink efficiently served by friendly staff (Bowie and Buttle, 2004: 109). Therefore it is well worth SMEs developing their brands and images in their targeted market segments. Once consumers have experienced and liked a hospitality brand they will be more likely to use it again, since the brand promises to reduce the risks for the customer when travelling away from home.

Case: Branding Vital for Survival: Banyan Tree Chairman

For home-grown resort group Banyan Tree Holdings, branding is viewed as an imperative for survival, not a reward for success. “To us, from the very beginning, it’s not something that it’ll be nice to have in order to succeed,” said executive chairman Ho Kwon Ping in a recent interview. “It’s something that if we did not have, we would not be able to survive. It’s really a necessity – not a luxury, not a result of success. It’s a cause for success.”

It is no wonder then that Banyan Tree takes its branding very seriously. The company, which runs hotels and resorts in Bangkok, Phuket, Bintan, Seychelles and Maldives, has been used by academics as a case study – even appearing in management books as an example of a successful Asian brand. Mr Ho reckons it’s because the history and development of Banyan Tree is possibly of some use to other companies. In the case of Banyan Tree, the group identified a

target niche market within a certain price segment, and then differentiated itself from the rest of boutique hotel/resorts with a pool-villa concept. As a result of its focused brand building, Banyan Tree has been able to be a price maker, even commanding higher room rates during the Asian financial crisis while other players were cutting theirs.

“People associate Banyan Tree with spas, with pool villas, not with a 600-room city hotel,” said Mr Ho. “And one of the reasons why I think our brand is strong is because we design every single Banyan Tree Hotel. We never bought any hotel, we never converted any hotel. So when you design from scratch, you are able to create that product identity which then associates with the brand.” It is not cheap owning the whole process from feasibility studies to construction to furniture purchase, Mr Ho admits. But it’s the best way to protect the brand.

That said, brand consistency does not mean every Banyan Tree resort looks the same, regardless of geographical location. The idea is to be consistently focused on the type of market with different products. “When people come to Banyan Tree, they do not want Banyan Tree Mexico to look and feel like Banyan Tree Phuket or Banyan Tree Seychelles. So the difficulty for us here is that we have to have uniqueness within an overall framework of consistency – and that’s a challenge all the time.”

Source: www.iesingapore.com/ief05 23 January 2005.

Technology and the Internet

The Internet together with e-commerce has opened up the international markets for SMEs in the hospitality industry. Not only does the Internet make it easier to start a business, but it allows small companies to compete on a level playing field with larger ones. Small businesses can use the Internet to communicate with customers and suppliers all over the world, any time of the day, and to access the types of resources and information that were previously available only to larger companies (Coulter, 2003). Most small companies follow a four-step evolutionary process before conducting global business on the Web: connecting to e-mail; using the Web to conduct international market research; building a functional website and finally receive order/reservation and provide service on the Internet. Clearly, hoteliers have an interest in promoting the Internet channel, as it is far cheaper, especially direct booking on the hotel’s own site. A WTO report on e-commerce estimated that the cost of direct reservations by traditional means (such as a travel agency means paying 10% commission) could be as much as 300–500% higher than processing the same reservation through the Internet (less than £1 per booking).

Strategic alliance or joint venture

Strategic alliance or joint ventures lower the risk of entering global markets for small businesses. They also give small companies more clout in foreign lands.

The international joint venture (IJV), a form of strategic alliance, is an important means of international expansion as we saw in Chapter 5.

A growing number of SMEs have employed this mode in their expansion. Despite the increasing popularity of international joint venturing as an internationalization strategy for SMEs, the effectiveness of this strategy has been underexplored in the entrepreneurship literature. While researchers in the areas of strategy and international business have explored the performance of IJVs, they tend to focus on ventures established by large firms. Their findings may not be generalizable to SMEs' IJVs, given the significant differences between smaller and larger firms.

Case: Joint Together Managing Hotels in China

TEDA Travel Group is the only full service Chinese travel and real estate service company publicly traded on the US markets. Currently, TEDA Travel Group is providing management services to hotels and resorts throughout China. In addition to its property management division, TEDA Travel Group also owns the largest timeshare operation in China, as well as a portfolio of real estate investments. Leveraged on its existing core businesses and the brand name "TEDA," one of most recognized names in China, TEDA Travel Group intends to become a market leader in the fast growing Chinese travel and real estate services industry.

TEDA signed a definitive agreement to purchase a majority interest of Shanghai Bowking Hotel Management Co. Limited, a leading boutique hotel management company in China.

Mr Godfrey Hui, CEO of TEDA Travel Group stated, "This acquisition will strengthen the Group's position as a leading hotel management group in China. It also allows us to expand into Shanghai, China's largest and most comprehensive industrial and commercial city. In recent years, occupancy rates for the better and more desirable hotels in Shanghai run very near 100% year round. This was a primary reason for seeking acquisition properties in Shanghai."

Started in 2000, Bowking is a leading boutique hotel management company in China. Based in the vibrant city of Shanghai, Bowking is led by a hotel veteran-cum-professor Mr Nan Zhang. Bowking will orchestrate the opening of no fewer than five four-and five-star hotels in China this year.

Mr Nan Zhang, CEO of Bowking, comments, "We are delighted to join TEDA Travel Group. The management and business expertise provided by Teda Travel Group is crucial for a fast growing company like Bowking. We'll benefit dramatically by becoming a part of the prestigious Teda brand."

"We will continue to balance our growth prospect against what we pay. This is the second of a series of similar acquisition which is part of our current strategy and we are seeing the positive effects to the Group already," concluded Mr Hui.

Source: TEDA Travel Group, Inc. www.pnnewswire.com

ACTIVITY Understanding the challenges of implementing best practices in hospitality and tourism SMEs.

We want you to consider the barriers to the application of best practices in hospitality and tourism SMEs. The arguments are developed on an article

about SMEs in the United Kingdom (Hwang and Lockwood, 2006). Think through the issues involved in operating an SME and list the possible barriers that may make adopting best practice difficult for you as you strive to develop your business.

Hwang and Lockwood (2006) conducted in-depth interviews with owners, managers and staff in 89 award-winning businesses in the hospitality and tourism industries. Their results suggest a model identifying seven key capabilities that underlie the adoption of best practices and six barriers to their implementation. The seven key capabilities for hospitality and tourism SMEs were said to be:

- 1 customer-focused goals,
- 2 planning and control,
- 3 partnering and networking,
- 4 internal and external communication,
- 5 achieving consistent standards,
- 6 strategic workforce management,
- 7 cash flow and performance management.

They identified six barriers to implementing best practices. These were:

- 1 changing demand,
- 2 limited resources,
- 3 lack of skilled labour,
- 4 lifestyle,
- 5 lack of competitive benchmarking,
- 6 location.

They argued that all of these could create turbulence in the operational environment.

The deadly mistakes of entrepreneurs going international

Small businesses have a much higher failure rate than larger businesses; 60% will fail within 6 years and this rate will be even high in international markets. The main causes of small business failure in international markets are:

- **Managerial incompetence:** Management inexperience or poor decision-making ability is the chief problem of the failing enterprise. The owner-leader lacks the knowledge or international experiences needed.
- **Lack of strategic management:** Too many small business managers neglect the process of strategic management. If you fail to plan, you plan to fail. Clearly defined strategy is necessary for creating and maintaining a competitive edge in international market.
- **Ineffective marketing and branding:** Sometimes entrepreneurs believe that if they provide good service, food and beverage, customers automatically “will come.” This is not true in the modern marketplace,

especially if you want to appeal to international customers. Marketing Communication is a key element of SMEs' success.

- Undercapitalization: Any successful business venture requires proper financial control. Entrepreneurs tend to be overly optimistic and often underestimate the financial requirements of launching a business or the amount of time required for the company to become self-sustaining.
- Uncontrolled growth could be another deadly mistake.
- Poor location: Always ask "location, location, location" when you do hospitality business, no matter whether it is in the home country or foreign countries. Entrepreneurs need to investigate before they locate and find answers to some key issues like: What it costs and what it generates in sales volume?

Becoming a global entrepreneur does require a modification in the mind-set of the company. To achieve success in the global market, entrepreneurs in the hospitality industry require to:

- Know their business in depth – What is their unique selling point in the international market.
- Learn to understand their customers from the perspective of the customer's own culture, not their own.
- Adopt a more respectful attitude toward culture and customs in foreign market.
- Work with motivated, multilingual employees.
- Retain a desire to learn constantly about global markets.
- Keep a high level of service quality and constantly improve it.
- Innovate at all times.
- Be alert and respond quickly.
- Train employees to think globally.

■ Conclusion

The chapter started with the clarification of concepts of SMEs and entrepreneurship in the global environment. It has explained why "going global" has become an integral part of many small companies' or entrepreneurs' strategies. Companies that move into international business can reap many benefits, including offsetting the declines in the domestic market; increasing sales and profits; extending their products' life cycles; lowering costs; improving their competitive position; raising their quality levels and becoming more customer-oriented. This chapter also has described the main strategies small businesses have for going global, such as e-commerce, Innovation, joint venture and franchising.

We have also considered:

- The potential benefits and drawbacks of owning a small business.
- The forces that are driving the growth in entrepreneurship.
- The development of international entrepreneurship.
- The SMEs and its economic impact.

- The characteristics of SMEs and its trends.
- The strategies for SMEs go international.

This review has attempted to locate the entrepreneur within the overall context of the international hospitality industry. They will also be subject to the pressures to act responsibly which we will address in the next chapter.

■ Review questions

- 1 Why is international hospitality seen as such a positive locations for SMEs?
- 2 Do the characteristics of successful entrepreneurs also explain some of their failures?
- 3 Are there advantages to being an SME in the international market?
- 4 Do entrepreneurs need help? If so what sort of support would you suggest?