

THE SUNSHINE STATE

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COMMERCE

The introduction of TQM to Florida's Department of Commerce and the Division of Tourism has made state government more efficient and customer-focused.

Listen to the woes of any state agency anywhere in the US, and you will hear recurrent complaints of budget cuts and program reductions. You may also hear charges of 'the bureaucracy' stifling the ability to get things done. You will hear about the horrors of hierarchy, and of employees' desire to leave the public sector. The Florida Division of Tourism has a different story to tell. They use Total Quality Management (TQM) to overcome these common-problems.

TQM enters state government

TQM is a relatively new process to Florida's Department of Commerce and the Division of Tourism. Governor Lawton Chiles introduced it almost immediately after taking office in January 1991. "Our goal is to make state government more efficient and customer-focused," Chiles said. "TQM is not just for the private sector anymore."

The Florida Department of Commerce was chosen as one of the pilot agencies to be introduced to TQM principles. "I support and encourage any improvements that will make us more efficient," said commerce secretary Greg Farmer. "We hope to have every employee of the department trained in TQM principles by next year."

On returning from day- and week-long training sessions where they learned about TQM, a common feeling from staff members has been one of familiarity.

Employees sense that they've already been using TQM, but needed to learn more about how everyone fits into the process.

The division has been faced with a series of challenges over the past few years, and the reason TQM seems so familiar is because many of the principles have been used from the start as a way to find solutions.

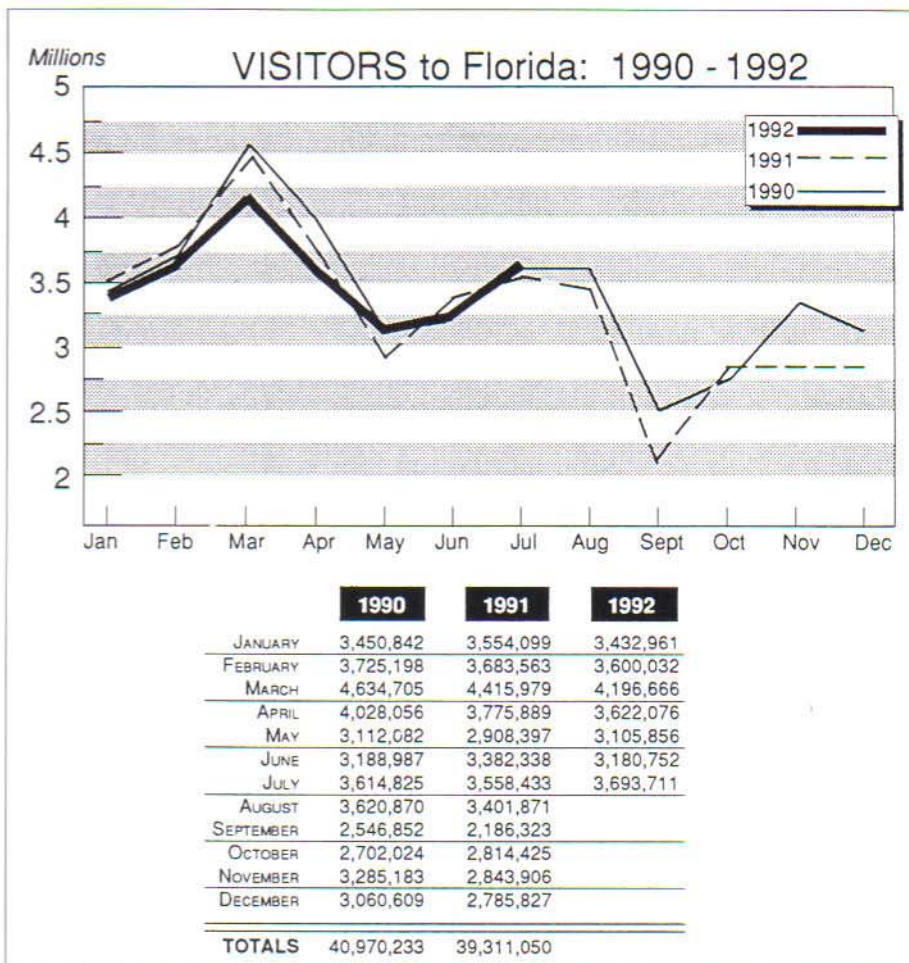
Finding funding

The division's biggest challenge? Lack of funding – the division's budget has been decreasing each year, and now stands at a little over \$14 million. Florida is fifth among the states in spending for tourism programs; however, although it is in a neck-and-neck competition with other 'sun destinations' such as Hawaii and the Caribbean Islands, it is outspent by them.

The division does not have some of the advantages of the 'private' sector. As a public entity, it is answerable to the legislators and the public for every dime spent. The Division of Tourism and the Department of Commerce as a whole are constantly battling the image of being unnecessary, and that sales and media missions are really just 'junkets'.

The solution: partnerships

A good example of how TQM principles had been used by the division even before quality education was implemented in 1991, is the way in which it has developed funding in addition to that provided



Visitors to Florida.

through the Florida budget. The division and its advertising agency worked together to brainstorm ways to stretch the dollars it does receive. As a result, several funding ideas were developed. One very effective solution is partnerships with private enterprise. By initiating cooperative advertising with airlines, hotels and rental car companies, the tourism and advertising budget was increased by more than 69%.

This is an effort that has been going on for years. "We were 'doing TQM' long before we even knew what it was," says Barry Kenney, director of the Division of Tourism. "We were finding ways to creatively fund our projects because our survival depended on it."

But now, the increased emphasis on TQM within the state government has

inspired the division to more closely document its efforts and seek new partnerships with customers and suppliers in virtually every aspect of its marketing - from special promotions to sales missions - all with an eye toward reducing budget dollars while increasing its visibility.

Specific examples include cooperative advertising the division places with Universal Studios and Alamo Rent-A-Car. Television commercials on the major networks talk about Florida in general and then introduce the commercial partner specifically.

The division's international travel guides, printed in seven foreign languages, are now sponsored by Coca-Cola, the division's first non-traditional (non-tourism industry) sponsor. This

saves the division about \$50,000 a year. Pursuing such non-traditional sponsors is another new initiative that may open a whole new realm of monetary sources for the division's programs.

Funding for the state's five official Welcome Centers is being generated for the first time in their existence. Historically the state legislature has flirted with the idea of cutting the \$800,000 it costs to operate them each year.

Commerce secretary Farmer has asked the Bureau of Visitor Services to push through new programs to eventually make the centers self-funded. It now charges for the use of the brochure rack space in the centers that holds literature from various destinations and attractions across Florida. Bureau chief Jackie Wooten says that if every available rack slot at all of the Welcome Centers were filled, the bureau would generate one-fourth of the annual operating expenses, or about \$243,000.

Customer participation

Under the governor's office, the Florida Commission on Tourism was recently created to provide policy direction, technical expertise, and a fundraising plan for the division's promotional efforts. It is made up of 17 members of the tourism industry, including representatives from attractions, rental car companies, restaurants, airlines and hotels.

The commission was charged with producing an industry-supported funding and marketing plan, presented to the governor on December 1, 1992. It believes that the division's current budget of \$14 million needs to be augmented to at least \$27 million to keep pace with the state's many competitors. Some of the ideas that the commission has discussed to raise the extra money include pushing for a tax dedicated for tourism promotion, and broadening resort-tax collections to tax more than hotel rooms and campsites.

Necessity, as they say, is the mother of invention, and as the Division of Tourism has been threatened over the past few years with reductions in programs, they

have responded with creative approaches to supplement their dwindling money supply.

Improving systems

As W. E. Deming, the grandfather of TQM, extols: "Quality is defined by the customer, improvement in products and processes must be aimed at anticipating customers' future needs, and quality comes from improving the process." In the case of the Division of Tourism, one of the most important and valued customers is the visitor to Florida.

What the numbers tell us

In order to anticipate customers' future needs and so take appropriate actions, the division relies heavily on the department's Bureau of Economic Analysis and the market data it produces to predict future travel trends.

When the recession began to rear its ugly head, the division foresaw that people would no longer be willing to spend a lot of money on vacations. "Using the data, we anticipated a paradigm shift and the consequences of the shift, then acted accordingly," said Charles Wright, chief of the Bureau of International Tourism. "In the 1980s, the paradigm was *spend*. In the 1990s, it's *save*." The division's newest advertisements stress the affordability of a Florida vacation, and the division encourages industry members to offer more packages and promotions as a way to reflect value for the dollar.

ADI (area of dominant influence) data is used to keep track of growth or shrinkage patterns in national visitor markets. A decrease in numbers from an area may mean increased sales and media missions to that area in the next year. For example, ADI rankings for the first half of 1992 showed a decrease in visitors from North Carolina. As a result, southern sales missions and consumer promotions have been restructured to include North Carolina cities.

Making the marketing plan work

In fact, the division's entire marketing plan is subject to constant revision. For

Mission Statement – Florida Department of Commerce

The mission of the Florida Department of Commerce is to enhance the quality of life for all Floridians by building an economy characterized by higher personal income, better employment opportunities and improved business access to domestic and international markets.

The mission will be accomplished through policy initiatives, advocacy, technical assistance, marketing, research and economic incentives. It will be facilitated by leveraging public and private resources at all levels and by providing leadership, expertise and coordination.

Overview – Florida Division of Tourism

Supporting and promoting Florida's largest industry

Mission

As Florida's official promotional arm, the Florida Division of Tourism develops new opportunities for growth in the number of visitors, activities and expenditures in the state. The division's continuous promotion activities contribute to maintaining the state's image as the ideal travel destination.

Strategy

Acting as an umbrella organization to the state's tourism industry, the division supports targeted promotional efforts of various areas of the state by participating in consumer and travel trade shows, assisting travel agents, tour operators, meeting planners and the trade and consumer press.

Through cooperative marketing programs with the private sector, the division extends its budget to promote the state at a minimal cost to the department.

Serving as a clearinghouse, the division disseminates information to the tourism industry through its Welcome Centers, Telephone Inquiry Service and Bureau of Marketing Research.

Impact

- ◆ 39.3 million people visited Florida in 1991. Estimates for the first seven months of 1992 show that 24,832,054 people visited Florida, down 1.8% from the first seven months of 1991.
- ◆ Tourism-related taxable sales for 1991 reached nearly \$29 billion, a 0.6% increase over 1990.
- ◆ Tourism-related employment in Florida in 1991 was 657,100.
- ◆ In the fiscal year 1991-92 the Division of Tourism, through partnerships with private industry, extended its operating budget by 69% and its advertising budget by 17%. Total partnership enhancement equalled \$5,566,279.

example, new and emerging markets have demanded the division's attention over the past two years. In response, the division has targeted African Americans. Advertising is aimed at African

Americans through magazines such as *Essence*, and *Ebony*, and commercials are placed on *BET* (Black Entertainment Television). Ecotourism also is a new niche market, especially for adventure

travelers, so the newest vacation guide highlights state parks and other natural attractions.

The division's marketing plan is constantly changing to reflect changes in the market. A static plan would soon become an ineffective plan.

Project reporting as impetus for change

Change and improvement is a continuous effort in the division. Pre- and post-project reports are important evaluation tools. For every mission or trade show a division representative attends, a pre-project report is completed to outline specific measurable goals. A post-project report is completed to assess whether those goals were reached and to suggest future improvements. Members of the tourism industry participate in every show or mission, and are surveyed for the reactions and suggestions after the project's completion.

The reports serve to 'privatize' the thinking processes of the employees. Division employees are encouraged to think as if they work in the private sector in order to produce results. "We don't want our staff thinking like stereotypical bureaucrats who can get mired in inappropriate procedure," says Charles Wright. "For us, the focus is on meeting the goals by constantly questioning and improving our process."

Organizational improvements

Understanding and reducing variation in processes is a TQM tenet. This was one of the motivations behind creating the public relations (PR) section from what used to be separate PR staffs in both the Bureau of International Tourism and Domestic Tourism. Previously, the publicity representatives in each bureau were doing similar work, but their efforts were disjointed and uncoordinated. Now the combined staff handles all tourism PR. Each of the five in-house representatives is responsible for one Florida market, one national market and one international market. There are two representatives in foreign offices (Toronto

and London) who share the international work.

With the new PR section came a renewed effort to be more proactive as opposed to reactive. For example, publicity representatives are writing feature articles to send to travel publications to garner free exposure, rather than waiting to be asked to provide it.

Looking for outside input

In another effort to better itself, the division has gone to an outside consulting firm to study its public relations program and to provide a blueprint for improvement. The company will not only look at internal processes, but also interview some of the division's customers, such as travel editors, to get a feel for how they receive its services. An outside firm was chosen both for its ability to look at the division from a fresh and objective viewpoint, and for its ability to concentrate on this topic alone, not hampered by other day-to-day tasks.

Commitment from leaders

Also mandatory to significant, long-lasting quality improvements is commitment from top management. Division director Barry Kenney stresses individual responsibility for projects, and encourages creativity in solving problems.

Within each bureau, decision-making is delegated down from the bureau chief level to the individual sales, promotion, and publicity representatives. Smith, domestic bureau chief, has made use of this practice. "When a sales representative wants to do a show or mission, he or she is responsible for showing its importance to the bureau's mission." There are also frequent staff meetings as a way of exchanging information and brainstorming.

Training leads to growth

Constant improvement also hinges on the ongoing education and training of all staff. An agency is only as good as its employees. State employees may obtain

higher education through the Florida State University, and course work related to a position is paid for by the state.

Also, staff members are encouraged to pursue professional training and certification through industry organizations, such as the National Tour Association's Certified Tour Professional Program and the Society of American Travel Writers.

Improving the work environment

Some of the improvements that have increased the division's efficiency are merely technical in nature. Within the past two years the Department of Commerce has acquired computers with WordPerfect programs and E-mail. A state-of-the-art telephone system with voice mail and conference call capabilities ensures better response time.

Strengths lead to success

The success of the Division of Tourism to serve its customers relies on its ability to maximize resources while minimizing inefficiency. The division must ultimately rely on three strengths:

- Creativity – It must constantly look for new ways to promote the state and new, creative ways to pay for these efforts.
- Support from top management – The division has the full backing of the secretary of commerce and the governor, yet needs to overcome the drawbacks inherent to not having full legislative and public support.
- Open to change – The division won't sit back and let reduced funding disrupt activities. It will also strive for continuous improvement to its internal processes to make itself more efficient. □

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