

RURAL ENTREPRENEURSHIP: A EUROPEAN COMMENTARY AND CASE STUDIES

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Introduction

For most of the twentieth century much of rural Europe was in economic, social and demographic decline. Beginning in the 1850s in Britain, and spreading by 1920 to all parts of Europe, depopulation became a universal rural problem, especially amongst the young and the talented. There were many reasons for this: falling agricultural product prices and farm mechanization, the growth of alternative employment in towns and cities, and, not least, the unfashionable nature of living in the countryside. That last point was especially important. A witness to Britain's Royal Commission of Enquiry into Agriculture in 1898 summed up the problem neatly: "the stream of life is running faster in the cities". Rural life was felt to be traditional, dull, remote and restrictive.

For much of the twentieth century, governments, state agencies, academics and interested parties of all kinds struggled to find ways to reverse the flow of population leaving the countryside. They wished to retain a viable countryside: there was also a wish to remove the pressure of inflowing population into crowded cities. Little was achieved. Then, in the last twenty years of the century, the situation began to change. The rise of rural entrepreneurship was one of the key reasons for that change, a change that is now re-populating and re-energising much of Europe's countryside.

Throughout the post 1945 period European governments felt that there was only one employment major policy able to stem the tide of people moving away from village and farm. That policy was to introduce industry to the countryside, with industrial companies encouraged to move to rural areas or to set up branch plants there. Management and entrepreneurial skills came from the town to the country; they were rarely "home-grown". There were also parallel policies to improve social and living conditions in the countryside. Together these ideas were sometimes successful. But their success was limited compared to the process of change that has swept over rural Europe in the last few years. There are many factors behind the new world of rural development that we in Europe are now experiencing:

- The isolation of rural areas has gone: cars, high speed trains, low cost airlines, and electronic communications of all kinds have together made the countryside accessible as never before.
- Fashions have changed: it is now fashionable to live in the countryside. Cities are felt to be

dangerous, with problems of crime and drug abuse highlighted by the mass media. Rural lifestyles are felt to be healthy, relaxing, individualistic and able to encourage high productivity.

- Rural development policies have changed to provide better business support infrastructure, not just financial incentives.
- Markets for new types of rural goods and rurally based businesses have grown. Amongst these can be included rural tourism, niche market agricultural commodities, new types of processed foods, service industries such as call centres, and specialist manufacturing and distribution.
- Conventional agriculture, based on subsidies, has lost profitability. It became clear to many farmers that the era of subsidy was over: the political climate, nationally and internationally is firmly free market. There is, therefore, a new readiness to embrace diversification, a readiness based on a blend of desperation, realism and the recognition of growing new markets for the new types of product listed above.
- A self-reinforcing re-population of the countryside has begun. From a slow movement of a few pioneers moving from city to countryside, the movement has grown to a steady flow. That flow has been of two types. Increasing educational opportunities has seen many farm families marry city people bringing special and new skills to those families. It is no accident that in many cases incoming wives have begun new rural entrepreneurial development. The role of women in the new rural world is a separate but important issue: it is touched upon later in the case studies. But there has also been a steady flow of new entrepreneurs into the countryside, people bringing capital, ideas, market knowledge and skills to new rurally based businesses. That role is also covered in more depth later in this introduction.
- Rural Entrepreneurship has begun to flourish, bringing new confidence to the countryside. This issue is discussed below:

The Rise of Rural Entrepreneurship.

In the past, entrepreneurs tended to leave rural areas in order to fulfil their dreams. Entrepreneurs felt uncomfortable in the countryside. They were socially isolated. They felt uneasy amongst a traditional farming society; peer pressure to conform to traditional ways of life was considerable. They were isolated too in a physical sense; they were far from markets, from other similar businesses

and business people, from skilled staff and specialist assistance for their business. Gradually that isolation has declined for the background reasons listed above: remoteness has disappeared in a new global world. The growing market for new types of rural product must also be stressed. But there are other points that need to be made to explain why rural entrepreneurship has become such a powerful force.

Over the last 20 years, the era of the career with one or two employers, preferably with a large company or state agency, has gone in Europe. The new employment economics of the 1980s and 90s stress the importance of the mobility of well-trained workers, changing jobs many times during a lifetime. And they stress the advantages, possibilities and high status of forming a small company, or acting as an independent consultant or specialist worker. In the past the countryside had no large companies or state agencies. Those wishing to advance via jobs in large corporations or state service had to leave rural areas. In the new world that no longer matters. And rural areas have – in many cases – great advantages for self employed entrepreneurs, especially in the start up phase. Rural areas often have low cost premises, flexible non – unionised labour and low cost housing.

It is important to stress that rural policies did not at first help the rise of new entrepreneur led development. Indeed in some cases rural policies opposed that growth. Real problems have occurred and still occur in many parts of Europe that have been designated as conservation areas, areas of great landscape value, regional nature parks or National Parks. Such designations were designed in the days when conservation was, paradoxically, easy to achieve because of rural decline. There was no pressure on land resources in scenic or ecologically special areas. Now that rural resurgence is the order of the day there are strong growth pressures, and frequent and difficult conflicts of interest between conservationists and developers.

It is also important, before looking at new evolving rural policies, to understand the overall background towards entrepreneurs and small business growth in Europe both urban and rural. Beginning with Mrs Thatcher's Britain from 1979 onwards, and spreading across the continent, small business start-ups and self-employment have been progressively encouraged by various means, including:

- Political encouragement and endorsement, changing the prevailing culture from large corporations towards applauding the concept of new self-reliant enterprises.
- Media endorsement of that new culture.
- A range of new national schemes in most countries to ease the cash flow problems of start up businesses – by subsidised loans, weekly “enterprise” payments for up to the first 26 weeks of

new business developments, private sector banking assistance etc.

- Changes to planning and regulatory systems, to enable former agricultural buildings to be re-used for non-agricultural uses and to remove the need for licenses for different types of occupation – encouraging pluriactivity, the holding of more than one source of employment or income. Changes to regulations in Spain have been especially important in that latter regard.

Specifically rural development measures have been many, including new training schemes to enable agricultural advisers to assist many types of new business developments. The most comprehensive national list of these measures can be found in England's new "Rural White Paper" or Government Development Proposals – *Our Countryside: the future* (www.wildlife-countryside.detr.gov.uk). At European level the most important of all measures has, however, been the development of new EU wide rural policies, particularly the creation of the concept of LEADER projects or local development companies. (see www.rural-europe.aeidl.be). Beginning in 1991, there are now over 800 locally based LEADER groups bringing a range of measures of assistance for rural development in many parts of rural Europe. Benefiting from EU Structural Funds of up to 1,755 million ECUs over the period 1994-99, development measures have been increasingly targeted towards innovative ideas, one of which has been the support of rural entrepreneurship. Within each of the LEADER projects there is usually at least one trained staff member available to encourage and assist new entrepreneurs. Through intensive networking - via e-mail and face-to-face discussions – those staff members are able to share problems and possibilities across the whole of Europe. LEADER marks the beginning of a new phase in European rural development assistance, although it is a programme that is currently only available in relatively deprived rural areas.

The Case Studies:

The five case studies given below have been chosen from a list of over 35 possible successful ventures examined by the author over a period of years in Austria, Britain, Finland, France, Germany, Greece, Ireland, Spain, Switzerland, and Poland. The final choice of subjects was made to include:

- Businesses which had survived at least 5 years: it is known that many new businesses, (urban as well as rural) fail within the first 5 years of operation – often because of cash flow problems, but also because of a range of other problems. An informative and succinct review of typical business failures in the rural tourism sector is given by Bob McKercher and Bill Robbins in *Journal of Sustainable Tourism*, Volume 6, No. 2, 1998. Although this discussion is based on rural tourism enterprises in Australia, the evidence presented is internationally valid.

- Businesses in a range of types of activity, including rural tourism, organic and other speciality farm products, and distribution.
- Businesses in a number of countries – Britain, Spain and Switzerland.
- Businesses in both family and community ownership, and with entrepreneurial roles carried by both men and women.
- Businesses developed by new comers to the countryside and by lifelong country people.
- Businesses developed with a range of capital inputs from low to high, by people with a wide range of educational attainment, and by people of all ages from 30 plus to 50 plus.
- Businesses that it was felt could have some relevance to, and resonance with, conditions in rural Japan.

In each case the author had been in contact with the businesses concerned for some years. This experience was supplemented by lengthy telephone interviews to ensure both up to date and comparable information levels. Special thanks must be given here to all those who consented to take part in this process, which took up both time and some soul searching to answer the often personal questions.

Conclusions:

Although the case studies have many differences, some common strands can be identified which need further comment.

In almost all cases existing rural resources have been both interpreted and used in new and market responsive ways. Further, the phrase that sums most of them up is this: *they have turned a commodity into an experience*. Typically they have turned a low cost commodity into a quality experience. This process has been achieved through innovative ideas, careful packaging and marketing, niche marketing and quality service. All these are descriptive words that were missing from the rural development vocabulary of the past. One of the international gurus of the Management World, Charles Handy, describes in his book, *The New Alchemists*, successful modern entrepreneurs as people who can develop something out of what appears to be nothing. In some ways that description explains the success of many of the case study entrepreneurs.

Thus, Case Study One of an organic farm describes how a small patch of low intensity farmland has been changed into a source of especially healthy food, with the personal connection between enthusiastic producers and discerning consumers producing not just food but a series of gastronomic experiences. Case Study Two, of a new hotel in Spain, looks at how a combination of disused farm buildings, their surrounding scenery and local produce have been transformed from poor farming area into one of the best short holiday experiences in Europe. Case Study Three shows how a valueless disused railway line became a holiday and active recreation experience, and a valuable local employment asset. Case Study Four examines how a declining mountain village, its heritage and scenery has been developed into a special and prize winning “green holiday experience”. And Case Study Five illustrates the value of built heritage assets, again once thought valueless commodities, which have been turned into effective and valuable visitor experiences.

None of the case studies have been “grant driven” – that is, made possible solely by injection of public money. Indeed major grant aid has not been used in any of the projects described. However, public sector infrastructure provision has been important, in regional marketing, in advice, and in purchasing and retaining assets such as the former railway line in Case Study Three. Advice, and the creation of a favourable atmosphere for risk taking and new ventures, seems to have been a very important public sector / community role in all cases.

Most of the case studies have been carried out by effective family involvement, and by families in which both men and women have been equal partners. The old male dominated farming scene seems to have little relevance for today’s rural entrepreneurial scene. And many – though not all – of the case studies have involved families new to rural areas, able to see rural strengths and opportunities in new ways, through new eyes, and through eyes which understand urban markets.

The personal requirements of successful rural entrepreneurship must not be overlooked. The risk of failure in a rural environment is especially noteworthy. Unlike urban areas there are few other jobs to turn to. And the personal cost of failure can be high. Urban society is relatively anonymous: business failures are forgotten quickly. In rural areas personal problems – like business failure – are long remembered. All the case studies report the issue of risk and the stress factors associated with it. Personal qualities, and the need for support systems – at family and community levels – are clearly important. (see Chell, Haworth & Brearly 1991)

Successful marketing is one of the other common strands to the case studies. The OECD’s Niche Marketing project carried out in the mid 1990s was an essential part of the turning point in understanding the need for rural business to understand both markets and marketing techniques. Its various publications (OECD 1995a & 1995b) and the summary by Clemenson and Lane (1997) are

important sources for the understanding of market led rural regeneration. Since that work was completed the development of the Internet has opened up enormous new possibilities for the rural entrepreneur who can now market internationally at low cost. There are many examples which could be quoted: an additional site worth looking at is that of a small British cycle holiday company which has developed major north American and European markets from its first class web site (www.countrylanes.co.uk).

Finally there is the question of rurality itself, of conserving and at the same time capitalising on the qualities of countryside once forgotten – its heritage, peacefulness and closeness to nature. Many rural entrepreneurs have a link to this bundle of issues – as background factors or as key items in their market offer. The understanding of how to market “green” products in a “green” way is only just beginning to grow. (Ottman 1994 & 1998) There are many complex strands to explore, from the United States’ success stories of companies like Ben & Jerry’s ice cream to tourism success stories like that of Country Lanes mentioned earlier. (see Cohen & Greenfield, 1997). It is also necessary to explore the changing demand for employment skills and products now sweeping the world (Leadbeater, 1999). And there is a new type of entrepreneur emerging – the so-called “Lifestyle Entrepreneur” – people who create businesses in rural areas in order to live comfortable rural life styles, rejecting profit motives but embracing quality of life motives (Ateljevic & Doorne, 2000).

The Future:

Is, therefore, rural regeneration solely a question of developing entrepreneurial skills amongst existing and incoming rural families ? Certainly it has proven to be a powerful factor in turning around declining rural areas and developing diversified and vibrant economies. There are, however, more complex lessons to be learned than the simple success stories outlined in this account. The failure rate for new rural enterprises has been subjectively quantified at between 20 and 40% in a number of studies. It is not, then, a guaranteed way forward. It requires many new and special skills, not just from the entrepreneurs themselves but from public sector supporting agencies too. It also poses a number of potential conservation issues that must be faced. Short-term development aims can easily sacrifice long term natural and heritage assets, assets that may have great economic value in the future, especially for the tourist industry. Comprehensive planning controls are, therefore, essential. But those planning controls should proceed on the lines of sustainable development principles rather than simply trying to preserve the status quo. And sustainable development is a complex issue. It requires, said the celebrated economist J.K.Galbraith, “the painful process of thought” to determine both value systems and goals.

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Web Sites:

www.wildlife-countryside.detr.gov.uk - The UK's Rural White Paper
www.rural-europe.aeidl.be - The EU's Leader Group site
www.mainst.org - The USA's Main Street rural town regeneration programme
www.civictrust.org.uk - The UK's answer to the US policy – look especially at small town regeneration.
www.countrylanes.co.uk - the Site of Country Lanes, Britain's most successful Rural Cycle Holiday Company.
www.businessadviceonline.org.uk – a new online service for rural and urban businesses.
www.europa.eu.int - general EU site with rural information
www.countryside.gov.uk - the Countryside Agency site – offering rural development and conservation advice in UK
www.bitc.org.uk - Business in the Community
www.ruralnet.org.uk - The UK's National Rural Enterprise Centre
www.cabinet-office.gov.uk/innovation - source of think tank ideas on rural development
Other sites are given in the Case Studies section.

Case Study 1

Long Meadow Vegetables, Godmanstone, Dorchester, Dorset, England

This case study discusses the development of a small organic vegetable farm created from the sale of surplus land by an existing farm. The development took place in an area where there were no other vegetable producers. The entrepreneurs were new to the area and had no formal agricultural background or training. The study illustrates the following points:

- That there are an increasing number of people in Europe who migrate from cities to the country to initiate new and diversified enterprises in the countryside. Many of the people involved in this process are well educated. Typically, they are highly motivated to embrace rural life styles - but they also bring new entrepreneurial ideas to traditional rural societies.
- That even in times which are difficult for agriculture, careful choice of farming type and effective niche marketing can lead to successful business development.
- That even small-scale farming can be successful if pursued in an entrepreneurial way, in tune with the requirements of the market.
- That formal training in agriculture may not be necessary, but that intelligence, business instincts, an ability to learn from other businesses, powerful self-belief and both physical and mental staying power are necessary.
- That close contact with, and an understanding of, the market is essential to success.

The Site:

This enterprise is situated in the Cerne valley, 7 kilometres north of the town of Dorchester (population 40,000) in the county of Dorset in England. Dorchester is 200 kilometres south-west of London. There are trains from Dorchester to London every hour. They are relatively slow, with a journey time of 160 minutes. Road links to London and other parts of Britain are not good: there are no motorways or “divided highways”.

The site is 90 metres above sea level. Rainfall is well distributed throughout the year and typically about 900 millimetres in total. Temperatures are normal for southern England, with about 20 mornings with frost per year, typical summer maxima of 25C and winter minima of -2C . Soil conditions are fair but not excellent. The site lies amidst chalk hills, close to a river, with most soil

consisting of river alluvium with some flints derived from eroded chalk. Winter flooding of the lowest ground occurs occasionally.

The total area of the site is 10.5 acres (4.25 hectares). It lies on the edge of the small village of Godmanstone: there is a public house but no shop and no school in the village. Those facilities can be found in neighbouring villages each 5 kilometres distant.

History of the Site:

The site has been farmed in a number of ways for over 3000 years. Most recently, from at least 1800 until c.1930 the land was used as a hay meadow for a larger beef and dairy cattle farm, producing early grass for conversion into hay, followed by grazing for young cattle. (Meadows are deliberately flooded in a controlled way in springtime to obtain early grass growth due to the warming effect of the waters on cold ground: the flooding also brings additional nutrients. The technique has now been abandoned in most parts of England). After c.1930, tile drainage was introduced, the seasonal water meadow flooding system ceased and the land became conventional permanent grass pasture. In 1986 changes to the economy of the larger farm led to the sale of the surplus land to the present owners. At no time in the last two hundred years has the land been worked intensively and there has been no tradition of vegetable growing in the region at all. Equally the concept of organic farming – not using artificial fertilisers or pesticides or herbicides – was unknown in the area.

The Region, its economy and society:

The county of Dorset has been an area of large farms, farmed extensively rather than intensively, for the last 200 years. Until the coming of the railways in the 1860s it was an area of wheat and sheep farming. Rail connections with London and the north encouraged dairy farming in the late nineteenth century, supplying fresh milk to industrial cities. Along the coast, nineteenth century seaside resorts flourished at places such as Bournemouth and Weymouth. The inland areas remained totally rural, with traditional societies deeply resistant to change. Large landowning families and the church were powerful political players. The nature of land, economy and society in Dorset in the late nineteenth century is well illustrated in the many and famous novels about the wider Wessex region written by Thomas Hardy: examples include *Tess of the D'Urbervilles*, *Jude the Obscure* and *Far from the Madding Crowd*. These works are now easily accessible to wider audiences through film and television adaptations.

The twentieth century saw much rural decline. Depopulation, which had begun in the 1860s, continued: many local businesses sold out to competitors in manufacturing and distribution from the

big cities. Mechanised and modernised farming employed fewer people. Local shops and public houses closed in many villages. In the 1980s and 1990s numerous dairy farms reverted to beef and sheep production as demand for milk fell, and EU milk quotas were imposed to avoid overproduction. At the same time, the area began to attract retired people from the cities, who sought low cost but attractive rural properties. Population levels have recently begun to rise as a result.

The strong retirement incomes of the retired people and the income streams from the large farms of the area meant that although employment and population levels fell, income per head remained strong. High levels of car ownership maintained mobility. Unemployment is below the national average except in the seaside resort towns, where unemployment has resulted from competition from Spanish and other Mediterranean resorts that are climatically more attractive to the public for seaside holidays. In the 1990s the area has begun to benefit from a growing interest in country living, with small businesses and self employed people re-locating to the area from big cities to capitalise on good telecommunications and perceived life style advantages.

Public Policies and Public Sector Assistance in the Region:

Since 1945, public policies in Dorset have been largely intended to:

- Support local services, by retaining – within financial limits - many local schools, transport facilities and other services. General cross subsidisation has been a typical mode rather than specific subsidisation of individual services.
- At the same time to allow a gradual decline of services, however, to reduce the costs of cross subsidisation and to allow for modernisation and a rationalisation of facilities. Thus a rail branch line in the area close to the enterprise was closed in 1975. Several smaller schools have been closed, especially those that were only large enough to employ one or two teachers. This sometimes controversial school closure policy has been defended on pedagogic grounds as well as being a cost saving measure.
- Conserve the “natural beauty” and traditional built environment of the area by rejecting applications for new building in the area on conservation grounds. Much of the area was designated an Area of Outstanding Natural Beauty (AONB) by the central government in 1968. AONB policy tends to be anti-business, and anti-change. It indirectly encourages rural tourism because unspoilt areas are attractive to visitors: restrictions on new building make any exploitation of that tourism potential difficult however.

- Encourage limited small business development in the western part of the county where farms are smaller than average and physical conditions for farming are poorer. A Rural Development Area (RDA) was declared in 1974, and some very limited grant aid was obtainable for suitable enterprises that had low environmental and social impact. A Development Officer was employed to assist local people to understand the possibilities that were available. The enterprise under discussion lies on the edge of that RDA and has derived no direct benefit from it. The RDA ceased to operate in 1995.

Some encouragement has come from a public sector Agricultural College in the area, which, in order to qualify for continued public funding, has developed short courses, which are open to the public, on farm diversification and new business development. The College has also encouraged the formation of local discussion groups about entrepreneurial development. Other local discussion days, conferences and workshops on planning and entrepreneurship were held in the period 1976-1996 by the University of Bristol (110 kilometres to the north). Public funding for that programme has now ceased.

Overall, public policy in the case study area can be categorised as one of mild intervention, heavily biased in favour of conservation rather than change. In the words of a local political commentator, the policy is one of “steady as she goes” – easing transition rather than encouraging or stopping change. EU regional policy has not been important in this area, which would be classified as intermediate in the OECD rural regional typology.

The Business:

The business under discussion is one of intensive, but strictly organic, vegetable production and is based largely on direct marketing. The farm has the approval of the Soil Association, the body that monitors the standards of organic farming in the UK and certifies compliance with organic principles. Organic methods have been used for both economic and ethical reasons. Better returns are available for organic products than for conventional products: the market is willing to pay a premium. The owners of the business also believe in the ethics of organic farming, believing organic production to be better in the long term for both land and the people fed from the land. The farm serves the local market. It concentrates on the niche production of two types of vegetable product:

- (1) Relatively large-scale production of staple vegetables in high local demand – mainly potatoes, carrots, onions and leeks. These crops are grown outdoors on about 6 acres (2.3 hectares) of ground.

- (2) Small scale production of speciality vegetables on a seasonal basis, including sweet corn, squashes, courgettes, cucumbers, pumpkins, beetroots, celeriac and many different types of green salad. Some of these crops are raised in polythene tunnels. They occupy about 3 acres of ground (1.2 hectares).
- (3) In addition some crops are purchased from other organic growers in order to obtain economies of specialisation on the farm but offer a wide variety of vegetables for customers. Tomatoes, watercress and apples are usually bought in.

The business supports two full time owners, who act as both managers and workers. The business also employs a range of part time and seasonal workers up to the equivalent of one full time person. Income levels, while not declared to the writer, appear to be good.

Of the total cropped area, about 2 acres (0.75 hectares) are normally recovering under green manure crops at any one time. These crops help renew the fertility of the land. They also break the life cycles of crops pests, diseases and weeds, and thus avoid the use of chemicals.

The Entrepreneurial Element:

The key entrepreneurial elements to note in this enterprise include:

- The proprietors had limited farming or business experience.
- Vegetable production was unknown in the area: most vegetables came several hundred kilometres from other specialised farms in other parts of Britain or were imported.
- Organic production was almost unknown, and markets were initially tiny. In recent years the market for organic produce has grown rapidly, though it remains a niche. Less than 10% of total food supplied in the UK is organic production. For more information on organic agriculture see the web site of the Soil Association, www.soilassociation.org
- To be profitable, direct marketing – a new and largely untried concept in British farming practice – was essential. Retail outlets would otherwise take up to 50% of the cost of the produce.
- Low cost and effective marketing was essential, again to niche groups interested in organic produce, and willing to pay a premium price.

- Knowledge of market demand was essential. Knowledge of the factors which encourage customers to pay high prices for quality goods was especially important.
- Methods of retaining customer loyalty throughout the year were vital.
- The ability to handle risk – both production risk and marketing risk – was important – especially in an enterprise dependent on weather conditions for effective production.
- The proprietors staked all their capital, and their reputations, on the success of the venture. They were working in a region where they had few friends or relatives. They had few business contacts in the early years of their enterprise.

Overall Business Development:

The owners, Hugh and Patsy Chapman, began business in 1986. They purchased the land from a local farmer with savings, a small legacy and bank loans. They were at that stage in their mid thirties. Initially they lived in a caravan on the farm site while building their own house and farm buildings. They began by producing staples – potatoes, carrots, onions and leaks, before adding speciality vegetables. They employed their own children as assistants and also some student labour – including one Japanese student keen to learn both English and organic farming techniques.

The key area of business development has been the gradual reduction of sales to retail outlets (now less than 10% of total production) and the parallel development of direct marketing. Direct marketing takes place partly through an on-site shop, but largely through regular deliveries to 135 households of boxes of vegetables throughout the year. The shop is normally unmanned and depends upon customers leaving payment in an “honesty box”.

Production has been geared to carefully researched market demand for the delivered boxes. Box customers have been found to stay loyal if they can receive a selection of speciality vegetables in season as well as the staples. Production has also been varied to follow changing market demand for types of vegetables. Vegetable consumption amongst middle class Europeans no longer follows strictly traditional lines. Consumption follows fashion patterns dictated by a range of factors including perceived health risks and benefits, medical and nutritional research, new foods experienced on holidays, numerous programmes on food and cooking in the media, especially television, and renewed interest in older forgotten “heritage” foods. Changing food consumption has been especially noteworthy in Britain and amongst the middle classes. Notable changes to Longmeadow vegetable

production to adapt to market trends include declining consumption of carrots and beetroots, and increased production of squashes, and celeriac. Within the cropping pattern, varieties of crop have also changed, with King Edward potatoes declining in favour of Sante and Milvas, and with a range of new green salads taking over from traditional varieties.

The Human Element

The human element is central to most entrepreneurial success – a combination of personality, training, attitude, perception and the ability to work with people. Hugh and Patsy Chapman are typical of many new entrepreneurs coming into the European countryside in that:

- They are both well educated. Hugh was trained to university level as a Chartered Surveyor. Patsy completed most of a liberal arts college course in the USA (her country of birth).
- They had both had considerable experience of work outside rural areas – as carers and managers in psychiatric rehabilitation units in the USA, and in Hugh's case as a surveyor in London.
- They took advice and sought practical experience of their new enterprise before beginning work: they had worked on an organic farm in West Wales for three years to gain experience, before setting up their own business.
- They had travelled to see other businesses they were interested in throughout the USA and UK.
- They sought out an attractive rural place, with good scenery and, in their case, with access to village and small town amenities and cultural facilities. Notably, they sought a location where they could bring up children in a good environment.
- They felt passionate about the business they were starting. They wanted to be close to the earth, to prove that organic farming could work and help produce both healthier land and healthier people. They did not take over an existing enterprise- they sought to do something new in a new place.
- They understood the market they proposed to sell into: they were themselves part of that market.

- They had more motives than simply those of profit: there was a social and environmental goal.
- They had national and international links to others working on similar lines. They had few local links but have worked to build those over the years.

When asked for the key factors that brought entrepreneurial success the Chapman's list the following:

- They have always been able to sell their production.
- They live on the site.
- They have a long-term view – it has taken 10 years to understand their soil and its abilities.
- They have been both physically strong and mutually mentally self-supporting.

When asked what was most difficult, they list:

- The weather
- The worry of weather, of investment, of markets and price fluctuations, and the threat of plant pests and diseases
- The lack of control over many elements in their business.
- The pressure of work schedules

And when asked what has been most satisfying, they say:

- The evolution of the business
- The growing momentum of the business
- The raising of their two children who have now gone off to study Architecture and the Arts at Universities.
- Their personal links with their customers, who they know appreciate their products. “In the

long winter evenings, especially at Christmas, we get great pleasure thinking of the hundreds of people in the region who are cooking and enjoying our food with their families.”

Markets / Marketing

The markets for the business have always been local, within 20 kilometres. The market has steadily grown as fashion and public taste has sought more local and more organic foods: the Chapmans entered a growth market at an early stage, and have stayed closely in touch with changes in that growing market.

Marketing has taken various forms. Newspaper marketing was employed in the early stages but was rarely very successful. It was also expensive. Better results were obtained by taking produce to local markets, and, as a result, getting known locally for their vegetables. This activity still goes on at an American style Farmers Market held monthly in Dorchester: it is time consuming but helps maintain contact with their customers' views. It is necessary to continually attract some new customers as old ones leave the area, or are attracted to cheap supermarket competition. But the chief form of successful marketing has been word of mouth about the boxed vegetables which are delivered to households: that word of mouth has been encouraged by the production of quarterly newsletters which tell of work down on the farm, give recipes, and includes news about the organic movement across England and the wider world.

The closeness of the business to the wants and needs of the market is very noticeable. They know their customers and their families personally: their customers know the Chapmans. Personal loyalty is high. The Chapmans have simple but high-level people skills: they are good at personal relationships. This is a classic form of marketing which when worked effectively works well. Note, however, that they constantly seek some new customers, and vary the product mix to suit those customers. There is a quiet dynamism in the marketing of their products. Products are attractively presented in the small shop.

Recently, the idea of setting up a web site has been considered at some length. It has been rejected. It would entail cost and time, and would bring little benefit to a business that trades locally. An e-mail connection is, however, maintained and is used by some customers to make orders.

The Chapmans had had some experience of co-operative marketing schemes from earlier work experience. They concluded that such schemes would not be relevant to their situation. The costs and time involved, coupled with an inability to forge personal customer links through a co-operative scheme would not help their business

Public Sector Involvement:

There has been limited public sector involvement. In the first year of trading the Chapmans were able to obtain an Enterprise Grant of £60 per week. This scheme was designed to assist the early stages of new entrepreneurial activities while cash flow from the business was weak. It was very popular in the 1980s, but has been discontinued. No other public funding assistance has been available or offered. (New organic farms can currently obtain limited assistance to assist the start up phase of their operations in Britain: this is designed to cover initial low yields, as artificial fertilisers and other products are withdrawn. Funding is, however, insufficient to cover demand for grants. Similar grant aid is available throughout the EU).

Not all public sector involvement has been beneficial. There was difficulty in obtaining permission to build a new farmhouse because of the AONB status of the area. This was overcome by the application for permission being made on their behalf by a friendly and well-respected neighbouring farmer.

Linkages:

While there is no formal co-operation with other entrepreneurs in the field of marketing, the business has several strong links with other enterprises. The neighbouring farm is a dairy farm that is operated as an organic enterprise. Close links encourage mutual assistance in many ways, with social and practical support systems employed. At a very basic level, any second quality organic crops – split or over sized carrots for example – are traded as organic cattle food with the dairy. Other links are maintained with producers in the region to obtain additional vegetable varieties. The Chapmans are enthusiastic supporters of local organic discussion groups. The e-mail connection allows links to growers in other UK regions and throughout the world.

The Competition:

All successful entrepreneurs are keenly aware of their competition and take steps to avoid commercial damage. This business is aware of two main competitors. In the neighbouring county of Devon a large marketing co-operative is now selling over 4000 organic vegetable boxes per week and is beginning to trade in the Dorchester area. Price competition may become a problem. Steps are being taken to emphasise to the local market the local origins of Long Meadow Organic Vegetables, and the environmentally destructive effects of transporting food across long distances. Discussions are also being held with other local producers to counter this threat.

A second competitive threat comes from the growing involvement of national supermarket chains in the retailing of organic produce. In the UK, 5 supermarket chains control over 80% of the nation's food distribution and sales. Low prices, and the manipulation of price to obtain market share, are major elements in the marketing strategy of the national chains. In the last 5 years the chains have begun to sell organic produce and are now targeting that market. Partly this is an effort to show that they are environmentally friendly organisations; partly it reflects the high profit margins available on goods in great demand.

Supermarket chains have enormous marketing budgets. The close links between the Chapmans and their market is being used to counter that threat. The newsletter is regarded as a number one weapon here. Additional measures are discussed below.

The Future:

The immediate future of the business appears assured but two key items are under discussion. The first concerns marketing. Although the Chapmans were averse to co-operative marketing schemes they are now in discussion, via the local agriculture college, with other local organic growers who are now active in the area. The plan is to make the public more aware of the environmental advantages of buying locally and directly. This is a strategy to counter the competition discussed above.

Secondly, having learned much about the agricultural and entrepreneurial skills necessary for success in their field, the Chapmans plan to help train others. They are always keen to talk with new entrants to organic farming from across Britain and beyond. In addition, again in co-operation with the local agricultural college, they are discussing the idea of taking on apprentices who wish to learn good practice.

At this stage it does not seem that the family business will pass to their son and daughter. That is perhaps typical of the new breed of rural people, who are mobile both geographically and professionally. It may not be traditional, but it may help maintain strong entrepreneurial activity by encouraging regular infusions of new talent into the area.

Impact on the local region:

When the business was first founded, the concept of a new, small and organically based enterprise was regarded as an oddity, not least because it was developed by people from outside the local region. As conventional farming has continued to decline, attitudes have changed. The success of the venture has

been important in encouraging others in the area to change production methods and try new enterprises. Much of that “example effect” has come from the personal qualities of the Chapmans. They have not trumpeted their success. But they have been effectively involved in local life and discussion. Hugh is quiet and his attitude appeals to many male farmers: Patsy’s more talkative personality appeals to many women in the community. Their neighbours, Will and Pam Best, have developed the farm that has been in their family for generations into a successful organic dairy farm. Together, these two contrasting enterprises have been instrumental in developing new attitudes in the region. Attitudinal change is not restricted to the farming community: the consumers of food and food products have begun to change their outlook, and the administrators of the planning and conservation systems have also begun to change their attitudes towards entrepreneurial ideas, especially those that are environmentally and socially sustainable.

The farm provides 3 full time jobs. The previous land use – grazing – would have provided about one tenth of one full time job. The value of the site has increased dramatically from about £10,000 to at least £275,000 since the new business was founded. Of that sum, probably £200,000 comes from the value of the house built by the Chapman family on the site. The total gross revenue of the site is probably in excess of £100,000 per year; the net revenue remaining in the community from wages paid, before any multiplier effect, is probably about £60,000 per year.

Entrepreneurial Commentary and Issues for Japan:

This case study was chosen for a number of reasons perceived to be important to the Japanese rural world. The trend for educated and world experienced younger people to move to the countryside is still rare in Japan. This case study illustrates how it can be done. It also illustrates that while many people moving to rural areas develop new forms of economic activity, the classic rural mainstay of agriculture can be profitable if market strengths and effective niche marketing techniques are understood. Another link to the Japanese situation comes from the size of the land holding – very small by European standards, but typical of smaller Japanese farms. And the importance of market linked organic production, selling directly to the consumer, is also relevant to the Japanese market.

Long Meadow Organic Vegetables has been a long-term project. It has not relied on public sector finance. It has been both environmentally and socially friendly. It is extremely market responsive. And it has not required large capital inputs. It has required thought, determination, and the use of many people / communication skills not often seen to be essential to farming in the past, but now regarded as central to effective agricultural entrepreneurship.

Case Study 2

Hotel Torre del Visco, Valderrobres, Fuentespalda, Teruel Province, Spain

This case study discusses the re-development of an existing farm and the creation from both existing and new buildings on the farmstead of a high quality small hotel. The development has taken place in one of the poorest regions of Spain, the province of Teruel. Teruel is remote from major markets, extremely rural and in an area where tourism is scarcely developed. The entrepreneurs who undertook this transformation were new to the area and had no previous direct experience of either farming or the hospitality industry. The study illustrates the following points:

- That remote locations do not prevent successful entrepreneurial development.
- That new niche markets can be created by offering high quality products that fit a market need, using simple but highly targeted marketing techniques.
- That formal training in specific areas of business is not always necessary, but that intelligence, business instincts, self belief, a passion for a specific form and quality of business, and the linkage of business to life style requirements can be effective substitutes.
- That even remote and poor regions can be attractive to migrants from cities seeking a challenging rural life style.
- That farming and a second business type can work closely together to achieve synergies.
- That close contact with, and an understanding of, the market is essential to success.

The Site:

This enterprise is situated 12 kilometres from the small town of Valderrobres, (population 1,980) which is in turn near to the larger town of Fuentespalda. The area lies in Northern Spain; it is part of the province of Teruel, one of the three constituent provinces of the region of Aragón. In terms of distance, Valderrobres is about 250 kilometres south-west of Barcelona, and about 170 kilometres south-east of the regional capital, Zaragoza. Madrid is a further 320 kilometres westwards from Zaragoza. In terms of time, Zaragoza is two hours away by car, Barcelona is three hours distant and Madrid requires five hours driving time. There is no rail connection, and no modern fast road within the area. Very limited internal air connections are available at Zaragoza; a full range of international airline connections is available at Barcelona.

The new hotel claims to be the most remote hotel in Spain. The remoteness of the site cannot be fully understood without reference to the physical geography of the area. The area is cut off from the coast a mere 70 kilometres away to the east as the crow flies by the massive and impenetrable peaks of the mountains of Puertos de Beseit, rising to over 1,400 metres. The terrain to the south and west is also mountainous through to a lesser extent. Only to the north does the land gradually slope down to the broad Ebro valley.

The difficult mountainous terrain and the low density of population within the area have one additional impact on the remote nature of the site. Conventional landline telephone services are not available. The telephone service uses a radio connection that is not always reliable. While the enterprise has an e-mail address, Internet connections can also be uncertain.

The site is 620 metres above sea level, situated in a relatively narrow valley, with good views across farmland and forest and to the mountains. Rainfall is very low, at less than 400 millimetres per year. The climate tends to extremes with minima of -10°C , and maxima up to 35°C . Soil conditions are moderate. A small river flows through the site and can create a flood hazard in some years.

The total area of the site is about 90 hectares. There are no other significant settlements or services until the small town of Valderrobres, 12 kilometres distant.

History of the Site:

The site has been farmed for over a thousand years –perhaps longer. This part of Central Spain was an area of small traditional peasant farming, with cropping and forest products largely for self sufficiency. The estate house, robustly built in local stone, dates from the fifteenth century. The farm was purchased in the 1930s by a Castilian surgeon who kept the farm as a hobby, using the farmhouse as a rural retreat for hunting and other recreational purposes. Farm production centred on cereals, almonds, pigs and forest products. Worked on a partnership basis with a local farmer, the holding declined rapidly as the owner became old and lost interest in it. At the time of the sale of the property to the current owners in 1993, the land and buildings were becoming derelict.

The Region, its economy and society:

The province of Teruel was (and is still) one of the poorest in Spain. The area was never prosperous. Severe weather conditions – with an especially harsh winter – were always a problem for farming and people alike. Land productivity in 1989 was only 13% of the EU12 average. Rural depopulation

became an issue in the area in the late nineteenth century and has remained an ongoing problem. Depopulation has now proceeded to the point where the extremely low population density - at 10 persons per square kilometre - is a major issue in Teruel, presenting problems in servicing the area, and in providing labour for new developments. The national average population density in Spain is 77 persons per square kilometre. Teruel, like many other parts of Spain, suffered severely in the Civil War of 1936-9.

Partly because of the problems of economic and population decline, society in the region has become extremely un-entrepreneurial. Young developers, the potential risk takers of the area, tend to emigrate quickly to the cities of Barcelona, Valencia and Zaragoza or to the capital city, Madrid. Local and regional government struggles to maintain services over the thinly populated often mountainous landscape. Traditional subsistence farming has developed some commercial pig production for the ham industry, but ham production here has problems of quality and price. There is also some commercial olive oil production. Until recently however, much of the oil from the region was used for blending and often exported in bulk to Italy. The development of quality oils marketed as regional specialities has only recently been undertaken.

It is easy to understand from the above that both the price of property and wage levels tend to be low in Teruel. The area is unattractive to the private and public sectors alike. High calibre members of the civil administration tend to move rapidly on to “better” jobs in more attractive regions. Recent OECD surveys reported that the quality of public sector provision left much to be desired in some fields.

Public Policies and Public sector Assistance in the Region:

Public policies in rural Spain have changed much over the period 1945 to 2000. From 1940 until the end of the governments dominated by General Franco in the mid 1970s, regional policy was weak. Rural areas received some agricultural price protection and very limited development initiatives took place in a few selected rural towns. Public intervention in the region has, however, developed rapidly since Spain joined the European Union in 1986. A range of assistance measures has been possible, funded by the area’s 5b status under the Structural Funds from 1991 to 2000. Similar assistance is likely to be offered for a further 5 years.

Key features of the policies pursued during the last 10 years have included:

- The creation of a series of LEADER companies – public sector companies, which are locally controlled and administered, to assess private and public sector projects and offer grant and loan aid.

- Assistance is available for a range of infrastructural improvements, including roads, telecommunications and amenities including health and leisure provision. Assistance is also available for capacity building including skills training and other educational / training methods. And assistance is available to entrepreneurs who could provide additional employment in the area.

- Young and often energetic people, mainly on short-term contracts, have staffed the LEADER companies. This system has effectively bypassed the often slow and bureaucratic methods of the existing public sector provision. The ensuing tension has proved fruitful in creating debate and some attitudinal change.

- Planning policy has slowly begun to favour conservation measures in scenic areas and in sites of special flora and fauna.

- Agricultural advice and assistance has been developed by the state and is increasingly geared to providing advice for speciality food production and farm diversification. The agricultural advisory service appears to be successfully working with LEADER groups throughout the province, sometimes in contrast to the provincial government.

- Public sector policies are slowly turning from a negative approach – trying to prevent decline, and trying to subsidise existing situations, in an attempt to stave off change – to a more positive approach – encouraging change, encouraging entrepreneurial development and using public funds in a partnership approach with private capital.

EU policies – and funding - have therefore been very important in this area, although they have only been available for a short period. Many more years will be needed before a century and half of decline is reversed. The OECD typology of rural regions classifies Teruel as a remote region.

The Business:

The business under discussion is a dual one, with two related elements offering important – though not yet fully realised - synergies.

There is a totally new hotel development now offering 11 bedrooms and 3 suites. Development took place in two stages, creating first 9, then 14 rooms. In all, 28 guests can be accommodated. The hotel offers extremely comfortable conditions based on the best European country house standards,

with individually and stylishly furnished en suite bedrooms, numerous lounges and sitting areas, bar and excellent dining facilities. There are open fires, a grand piano and hundreds of CDs available for the use of guests. All meals are prepared in the hotels own kitchens using where possible produce from the farm and its gardens, or locally produced fresh supplies. A carefully chosen wine cellar is available.

The hotel has not sought an official star rating under conventional classification systems. It has always tried to develop an individuality outside bureaucratic classifications. It has, however, succeeded in obtaining membership of the prestigious Relais Chateaux association. (see below)

Current prices per room (two persons) are from 33,000 pesetas per day including breakfast and dinner (210 Euros). There are no seasonal variations.

The farm side of the business has been developed more slowly. The branch of the farming side most closely linked with the hotel is that of vegetable and fruit production from the large garden areas, enabling the hotel to offer produce which is just minutes away from the soil. In addition to this horticultural element, there are 80 hectares of land. This consists of 30 hectares of arable land (half of which is irrigated) and 50 hectares of low mountain forest land, largely in Pine and Holm Oaks. The arable land produces barley, some wheat, olives and almonds. Olive oil, cocktail olives and almonds are used in the hotel. Pig production has ceased (see below).

The complex employs 10 workers in addition to the owners who are also full time workers. Eight workers are engaged in hotel based activities, and two on the farm.

The Entrepreneurial Element:

The key entrepreneurial elements to note in this enterprise included:

- The proprietors had limited farming experience and no experience of the hospitality industry. They had considerable experience of business in other sectors.
- The condition of the property and farm was poor and required both investment and a new approach.
- The area was one that had few tourists, and was unknown within Spain as a destination. In addition the cold weather of the region had given the area a name for hardship across Spain. Tourism promotion of the region by the public sector was poor.

- Foreign visitation was totally unknown. In most destinations visitors from abroad tend to be important users of quality hotel facilities.
- There was no business tourism in the area.
- The area had no labour skilled in hospitality, nor any training system.
- Labour resources were limited after many years of depopulation.
- Low cost, targeted marketing would be essential for such a niche market development.
- Close knowledge of the small luxury hotel market and of client requirements would be important. Within Spain the demand for this type of hotel in a rural location was growing but the market was still small, especially at 5 hours driving time from Madrid.
- Cash flow considerations could be especially important given the need to invest in considerable building and decorative work over a long period.
- Customer loyalty and personal recommendations would be essential for the success of the hotel operation.
- Weather could easily upset the profitability of both hotel and farm.

Overall Business Development:

The owners of the business, Jemma Markham and Piers Dutton, lived and worked in publishing in Madrid from the early 1970s until the early 1990s. They sought a change of career (see later in this case study) at that time and searched Spain to seek a suitable property to allow them to develop a food, wine, hospitality and farming based business which they could both mould and grow to fit their image of a satisfying business within the budget that they had. This process took two years. The requirement was for a beautiful area, quiet and undeveloped, with a good house, capable of extension, on the land that would be farmed. That latter requirement can be difficult to find in Spain, where many farm houses are located in villages rather than in their own fields.

The property was found and purchased in 1993, and plans drawn up for its conversion to a viable enterprise. This process and the conversion work itself took the whole of 1994. Hotel business

developed slowly through 1995, with real growth beginning in 1996.

The hotel development took place in two stages. The conversion of the historic buildings remaining on the farm was tackled first to produce 9 bedrooms. A further stage giving 5 additional rooms was begun in 1998. It is not intended to make further size increases to the hotel. There are both market and operational reasons for this decision. Further development would change the special character of the hotel, losing its essential country house hotel ambience. Operationally, additional growth would require full time reception staff and other staffing requirements that would add to the complexity (and overhead costs) of the hotel. (but see the section on Future Developments below).

The business has specialised in middle class professional customers. The hotel has developed an important weekend break trade: mid week bookings are comparatively poor. To cater for the guests, extensive irrigated gardens have been laid out around the hotel with many places to sit. There is ample walking available in the nearby hills, together with mountain bikes available, longer guided walks, horseback riding and hunting possibilities. Within the hotel care has been taken to cater for a totally peaceful and relaxing experience, with a large library available, CDs and a grand piano.

A valuable lesson can be taken from the way the Hotel Torre del Visco has turned its weaknesses into strengths. Television reception is poor in this mountainous region. That has been turned into a strength by offering guests the chance to escape from the tyranny of the TV programme. There are few other attractions in the area except outdoor pursuits. The remoteness of the hotel and lack of activity has been turned to advantage: the brochure speaks of “the most remote hotel in Spain, so romantic...utterly peaceful and relaxing”.

The farm enterprise has been just as focussed in its development as the hotel. Pig production has ceased. There were several reasons for this. Pig production is not compatible with a nearby hotel: smell, flies, traffic and noise could have been problems. Pig production is notoriously cyclical with overproduction in Europe a constant threat. And pig production could have been just one enterprise too many, with additional managerial requirements for an enterprise not effectively related to the core business.

420 additional high quality olive trees have been planted, plus some additional almond trees. The olive trees supply oil and cocktail olives for the hotel and the surplus goes to a regional co-operative working towards establishing a quality regional oil product, helping sell the area as well as itself. The olive trees build the Mediterranean atmosphere of the site, as do the flowering almond trees, avoiding any impression of factory farming.

Both developments – olives and almonds – fit well with predicted market growth and long term planning as well as with the hotel's ambience.

The development of an extensive kitchen garden able to supply the hotel with high quality and fresh food has already been noted.

The Human Element:

- The human element is crucial to all entrepreneurial success but especially so in the service industries where effective human interaction is a key issue. The owners of Torre del Visco, Jemma Markham and Piers Dutton, illustrate many aspects of the requirements for success in the field.
- They are both well educated to University level.
- They have considerable experience of business – both had worked in publishing at senior levels.
- They were used to working through the considerable bureaucracy surrounding small business development in Spain.
- They had a capital base built up over years of work in Madrid and the sale of a Madrid property.
- They took extensive advice from the farm advisory service; they had experience of staying in quality small hotels; they read widely on all aspects of their future business.
- Both owners were and are passionate interested in good design and interior decoration: they have used their skills and experience to good effect in the business.
- Both owners were and are passionate about good food and wine, and the preparation of good food and wine: they have used their interest to good effect in the business.
- Both the above interests were essential motivators over and above the need to obtain returns on capital and fair remuneration.
- Both owners were in their mid to late 40s when they embarked on their new careers.

- They understood the hospitality market they proposed to sell into: they were themselves part of that market.
- They had good national links and some international links with both markets and other useful contacts.

Key factors that have brought success to the enterprise were felt to be:

- The development of a loyal and strong regional weekend market.
- Total devotion to the project, including living on site and hands on involvement at all times.
- Carefully assessed budgeting avoiding cash flow problems.
- Physical health and mutual support.
- A long-term view that did not seek immediate cash success.

Difficulties have included:

- Lack of support services in the area.
- Local disbelief in the likely success of the enterprise.
- Occasional despair at the size of the project and the slow speed of realisation.
- Fear of the physical vulnerability of the owners: neither were young and both realised that illness or injury could be a disaster for the success of the venture.
- Staff: while the current staff is excellent in terms of reliability, it is extremely difficult to get, train and keep good staff. There is no tradition of hotel and high quality restaurant work in the area, and there are no local training facilities of any kind. The sparse population levels of the area also mean that some members of staff have to travel long distances to work over difficult roads. It is important to stress how much local people have had to learn about food, food preparation and serving, wine and its preparation and serving, and the ambience required for a successful hotel.

When asked for the most satisfying elements of the entrepreneurial process, they owners quoted:

- The satisfaction of achievement
- The satisfaction of creating, operating and owning one of the top twelve small hotels in Spain.
- The fun they have had over the last ten years
- The pleasure of good food, wine and of conserving and enhancing historic buildings – “an obsession with making places nice”.

Markets / Marketing:

The marketing of an extremely remote hotel in an area with virtually no tourist activity of any type is a daunting prospect. However, the pioneering nature of the venture presented a unique selling point that was effectively seized upon, and the very niche market for the product made choice of marketing outlets few and easily definable.

Markets have proved to be largely from Valencia, Barcelona, and Zaragoza. Some customers also come from Madrid. 95% of the clientele are from Spain: foreign markets remain small. The main market is the weekend or extended weekend break. The market is evenly spread over all seasons.

Marketing budgets have been small and have used the following carefully targeted media:

- Press publicity, offering visits to key journalists writing in Spanish newspapers known to be read by target markets. The travel correspondent of El Pais, the best quality newspaper in Spain, was an essential help to the success of the business.
- Coverage in small hotel Guides
- Features about the conversion and decoration of the property in Spanish house style and home decoration magazines.
- Coverage in good food magazines

As business has developed an important source of new business has, however, been word of mouth from satisfied clients. This is especially important in the niche middle class market: a good word at a Barcelona dinner party can be worth gold. Some thought has been given to using tour operators and other agencies to obtain international bookings, but the level of retained commission, and the uncertain returns from such a move have ruled against any development in that direction.

The weekend market is now strong: mid week trade remains poor. In an effort to improve this situation the hotel has recently joined the Relais and Chateaux Association. This is a French based international organization, founded in 1954, which brings together 452 unique hotels across the world in 47 countries. Its philosophy is to only allow membership of the association to hotels and restaurants that possess Courtesy, Charm, Character, Calm and Cuisine. Careful vetting is undertaken before membership can be attained.

The logic behind seeking membership of this exclusive but expensive group is that in order to boost mid week trade, international clients taking longer holidays in Spain should be sought. By definition clients touring Spain must often seek mid week accommodation. The Relais & Chateaux organization has world wide selling links through a web site (www.relaischateaux.fr), through offices in France, Germany, Japan, the UK and the USA, through other agents and through its 452 members themselves. There is a central information and reservation system, equipped with a high performance server. There are several Japanese members of the group, including for instance, the Asaba hotel at Shuzenji, near Mishima, about 150 kilometres from Tokyo.

Public Sector Involvement:

Public sector involvement has been useful though not central to the development of the hotel and farm improvements. This involvement has taken several forms:

- Agricultural Advice has been obtained.
- There has been grant aid of about 10% of investments from the Tourism Development Fund administered by LEADER.
- There has been assistance in the form of low interest loans, typically at 3% interest.
- There has been valuable political support especially from the Regional Government of Aragon, whose current president is a native of the area.

Not all public sector involvement has been positive. While LEADER staff has been helpful, civil service bureaucracy has been a hindrance, and the tourism promotion efforts of the Teruel provincial government leave much to be desired. The speed of payment from LEADER has also been a problem.

Linkages:

Apart from the new relationship with the Relais & Chateaux Association, the hotel has no formal business linkages. There are, however, close links with local suppliers of meat, fish, and other foodstuffs such as goats' milk. The farm is a member of local co-operatives through which almonds, olives etc are sold.

The Competition:

Competition in the local area is at this stage not apparent. It may be that an additional local hotel on similar lines would actually be an advantage, making the area a Mecca for people seeking the quality and ambience that the Hotel Torre del Visco provides. The real competition lies elsewhere in Spain and even beyond. But so long as the Hotel retains its reputation and position in the press through good Public relations, competition problems do not seem of great importance.

The Future:

The owners have a number of plans under consideration. They feel that more attention should be devoted to the farm and to its plans for the future. On the hotel side of the business future plans to develop a better midweek trade are central. These may take the form of courses or conferences. Possible course topics could relate to gastronomy with special reference to cooking with local delicacies including ham and olive oil.

An important issue will be how to avoid the hotel losing its blend of local charm and international chic. The dangers of becoming aloof from the area, or alternatively becoming a cottage industry, are felt by the owners to be ever present.

Impact on the local region:

There have been several valuable impacts on the local region from the entrepreneurial activities at La Torre del Visco. Perhaps the most important has been the boost to local confidence that the success of the hotel has brought. Locally the venture was seen at first as a step too far: doom was predicted. Its success has made it a model of good practice.

In more concrete terms, the venture has provided both employment and a welcome income boost through employment and additional trade to the area. The building of additional accommodation provided further local cash flows. The training of staff in new skills and ways of thinking has also been a plus for the area.

Regionally, the attraction to Valderrobres of many influential public and private sector professionals and decision makers has been valuable, opening eyes to the value of an area previously written off. Nationally, the hotel provides an object lesson that the province of Teruel may have a future after all.

The financial contribution that the business has produced is not publicly available. But, the direct employment of in all twelve people, plus local purchases of materials, must add at the very least £300,000 per year to the gross income of the area. In addition, there has been a very considerable capital injection into the area, and the local spend by visitors when not in the hotel must also be extremely valuable.

Entrepreneurial Commentary and Issues for Japan:

La Hotel Torre del Visco is an exceptional example of entrepreneurs succeeding by skill and determination in a place that at first seemed unlikely. It illustrates how so often perceived weaknesses can be strengths. Remoteness and poverty promotes low property values, allowing more investment in other parts of a project. Remoteness makes an area special through its “secret” location, its situation in a previous era, and its peace and quiet.

Few local people would have recognised the special qualities that the site of this venture had. The value of sympathetic incomers, bringing skills, experience, contacts and new ideas into rural areas as a catalyst for enterprise and change, is underlined.

A further essential issue is that of high quality and the use of niche marketing techniques. It is clear that markets will travel to seek unique qualities that are well presented. It is also clear that unique selling points can form defensible niche markets, which by their very nature can be effectively and economically marketed through good links and public relations. Note too the owners’ close understanding of the markets in which they are working. They may now be physically remote from their markets, but they are mentally close.

Like all the examples in this series the final point to note is the care with which the development was undertaken, and the strong power of the owners determination to succeed which has been the hallmark

of their work.

Could the hotel and farm succeed in a Japanese context ? Much would depend on the success of media coverage in promoting the fashion status of the area and the hotel's service. An extremely remote location could be a problem – poor road communications may not be attractive if a Japanese equivalent was too remote. But there are many aspects of the hotel that could succeed in Japan – its exclusivity, its serenity, its high levels of unobtrusive service, its quality food and décor, and its short break market.

Case Study 3

Bridge Bike Hire, Wadebridge, Cornwall, England

This case study looks at a business which began as a small cycle hire company, hiring bicycles to holidaymakers who wished to cycle on a disused railway track. The disused track had been purchased by the local council and converted into a walking / cycling trail. The business is based in a relatively remote small country town. From just a handful of bikes available for hire in the first year of operation, the enterprise has grown into one with over 400 cycles of various types. But the business has expanded far beyond its local cycle hire roots, developing first into franchising cycle hire “packages” of advice and bicycles for other operators around Britain, and then into additional businesses importing and both wholesaling and retailing cycle trailers, speciality bikes, and trailer accessories.

The case study illustrates the following points:

- That redundant assets, be they historic buildings or redundant railway routes, can often, with the correct approach, become useful economic resources for the future.
- That infrastructure provided by the public sector can help the private sector create jobs in many different ways.
- That the possession of land is not a pre-requisite for successful entrepreneurship in rural areas.
- That good basic business instincts can be successful in unlikely circumstances.
- That high levels of formal education are not necessarily required to be successful.
- That rural areas can be good sites from which to develop both tourism and distribution businesses, and that good phone, fax and Internet services can overcome problems of remote location.
- That partnerships between the private and public sector can work but need care and understanding from both sides if they are to work well.

The Site:

The business is based in Wadebridge, a small town of 10,000 people on the River Camel, about 12

kilometres inland from the north coast of Cornwall. Wadebridge lies 15 kilometres away from the main road and railway connections to London further up the Camel valley at the town of Bodmin. In distance terms, London is 425 kilometres to the east; in time terms it is 4 hours by fast train from Bodmin or about 4 hours 30 minutes by road. Road and rail links are good, (and much improved in recent years), but distances remain great. There are no cities within 100 kilometres of Wadebridge.

The site is about 20 metres above sea level. Rainfall is well distributed throughout the year and typically about 1100 millimetres in total. Temperatures are milder than most in southern England, with just 5-10 mornings with frost each year, typical summer maxima of 25C and winter minima of -1C. Wadebridge has good basic shopping facilities including 2 supermarkets, and most services including banks, basic health services and schools. It has now been bypassed by the main coastal road, relieving traffic congestion through the narrow streets of the old town

History of the Site:

The site of the business is on a former riverside wharf: coastal shipping was important in this region in the past, with ships of up to 200 tons making the 12 kilometre passage from the sea up the river to Wadebridge with cargoes of coal, oil and building materials. Some privately owned pleasure craft still use the river.

The site is on the route of the former branch railway line from the main line from London to Penzance at Bodmin through Wadebridge to the small coastal fishing port of Padstow. That single-track line was abandoned for passenger trains in 1971: freight trains ceased to operate a few years later. The rails and ballast were lifted in stages over the period 1971-1982. Following negotiations, Cornwall County Council, together with North Dorset District Council, purchased the land forming the route of the railway, with the intention of allowing local people and visitors to use the route as a walkway through the countryside. Designated the Camel Trail, a total of 30 kilometres of former rail track was eventually made available, from the picturesque port of Padstow, through Wadebridge, to the still operational railway station at Bodmin (for London) and the onwards inland for a further 10 kilometres to Pooley Bridge. The route is pleasantly scenic. The Padstow to Wadebridge section follows the tidal estuary of the River Camel, rich in bird life; the Wadebridge to Bodmin section follows the river Camel as it winds its way through former meadows and mixed woodlands; the Bodmin to Pooley Bridge section climbs steadily through pastures and woods to a quiet terminus on the edge of high moorland.

The route was purchased by the county council as a walking / cycling trail, but with few detailed ideas about how best to use the trail. It was felt that the opportunity to buy was one which would not

re-occur: many former rail lines in UK (and in Europe generally) have been sold piecemeal to many different parties, thus losing their route way potential. There was a belief in the council that the creation of a trail would help rural tourism to develop (see below). The council saw its role as an enabling one rather than actively encouraging usage or any form of economic development. It was also felt that walkers would be the most regular users. Walking is the major recreation in rural Britain and a basis for much rural tourism.

In practice, former rail routes are not very attractive to walkers: they are relatively broad straight, and level and therefore can be a little boring to walk when compared to footpaths which are narrow and wind through the countryside, crossing hills and valleys directly. But former rail tracks are admirably suited to cycling. They have ample width, gentle but noticeable gradients, and they are free of other road traffic, providing safety, and comparative solitude.

The region, its economy and society:

Cornwall is the most westerly and most southerly county of England. Windswept but mild in climate, its remote peninsular location cut off the county from contact with the rest of the country for many centuries. The Cornish language survived into the nineteenth century – a Celtic language similar to Welsh and to Breton, the language of Brittany in France. The mild and damp climate made cattle and sheep raising a typical farming activity, an activity well suited to the many upland and moorland areas of inland Cornwall.

The coming of the railways to Cornwall in the 1850s transformed the County. Dairy farming developed rapidly, supplying London and the English Midland towns with fresh milk by overnight train. The many attractive beaches attracted summer holidaymakers and saw the rise of coastal resorts such as Newquay. Rail companies developed named long distance fast trains in the 1930s such as the *Atlantic Coast Express* and *Cornish Riviera Express* from London and the *Cornishman* from Leeds and Birmingham. So successful was the tourist industry in the period 1920 to 1960 that holidaymakers began to purchase second homes and retirement homes in the county. There were occasional disputes about land and property between incomers and native-born Cornish people, and these disputes still linger. A division of prosperity grew between poor inland rural areas, untouched by beach-based tourism, and the successful resorts of the coast.

The period from 1960 to the present day have seen further changes. The coastal resorts have declined in prosperity. Competition from Mediterranean resorts has destroyed much of their market. The Mediterranean resorts – in Spain, Portugal, France, Italy, and Greece – can offer cheaper and more modern accommodation; low cost alcohol; faster access by jet charter aircraft than by the railway to

Cornwall, and above all, much better and more reliable weather.

At the same time as the tourist industry fell into decline, the tin mines of Cornwall closed, their thin and deep seams of ore unable to compete with foreign competition. The coastal fishing industry declined, victim of over-fishing and declining fish stocks. And the agriculture of Cornwall also began a long decline through the 1980s and 1990s; declining consumption of dairy produce, and the collapse in beef prices following the BSE crisis have been responsible for this problem.

Economy and society in Cornwall have, therefore, seen a series of serious problems over the last 40 years. Industrial and agricultural decline have, to some extent, been matched by inflows of people retiring to the area. But retired people rarely bring entrepreneurial skills or spirit to an area. In modern economies the entrepreneur is vital to economic regeneration.

Public Policies and Public Sector Assistance in the Region:

Public policies in rural Cornwall have had numerous aims over the period 1945 to 2000. They have been both positive and negative, and sometimes contradictory. They can be summarised in brief as:

- To support local services, by retaining – within financial limits - many local schools, transport facilities and other services. Cross subsidisation has been a typical mode rather than specific subsidisation of individual services.
- To allow a gradual decline of services, to reduce the costs of cross subsidisation and to allow for modernisation and a rationalisation of facilities. Thus the railway branch line that served Wadebridge was closed in 1971. Small schools have been closed, especially those that were only large enough to employ one or two teachers.
- To conserve the “natural beauty” and traditional built environment of the area by rejecting applications for new building in the area on conservation grounds. Much of Cornwall was designated as a series of Areas of Outstanding Natural Beauty (AONBs) by the central government in the period 1965 -75. AONB policy tends to be anti business, and anti change. It indirectly encourages rural tourism because unspoilt areas are attractive to visitors: restrictions on new building, however, make exploitation of that tourism potential difficult.
- To develop additional light industries in small country towns by designating and servicing land as Industrial Estates, available at low cost rates to incoming industrial users.

- To improve road communications by developing fast roads to motorway or expressway standards from the North of England and from London to Penzance, the most westerly town in Cornwall. (The M4 & A303, the M5, and the A30 are the major roads affected by this 20 year programme, which was largely completed in 1999)
- To encourage programmes to regenerate tourism in Cornwall. Assistance has come in many forms including subsidised marketing, assistance to develop rural tourism, new luxury second home developments in some resorts, and attempts to improve outdated resort infrastructure.
- To offer assisted area status, giving cash grants and low cost loans to developments that would give additional employment.
- To support special projects such as the Eden Project, the construction of a major national Garden Centre, funded by the new National Lottery, and expected to attract up to 500,000 visitors to Cornwall each year. (see www.edenproject.co.uk)

In 1991 Cornwall attained Area 1 status under the EU's programmes for disadvantaged regions, (indicating that it was recognised to have serious economic and social problems). This opened up a range of special funding opportunities, and assisted the work of the *Leader* company in the county. (see Case Study 2 for further details of Leader Projects).

Overall, public policy can be categorised as one of growing concern. UK public policy has, however, found Cornwall hard to categorise, because it has pockets of poverty set in areas of relative affluence. It is not an industrial area, but has suffered from tin mine closures. Its farming activities have declined, but so have those of other areas of Britain. Its tourism is in the midst of change from a resort based Sun/Sea/Sand concept to one based on heritage and rural tourism. On the OECD typology of rural areas, Cornwall falls between intermediate and remote status, depending on which part of the county is under discussion.

The Business:

The business under discussion began in 1983. The owner of the business had moved to Cornwall in 1982. Born in the urban English Midlands, he had migrated to Western Canada to work in the timber industry, but following marriage to an English girl, decided to move back to the UK to begin a new life. Wadebridge, Cornwall was chosen because the family owned a holiday caravan in the area that provided temporary accommodation. It was an environmentally attractive location. A small business was established to repair car exhausts. The centre was adjacent to the newly created Camel

Trail. After cycling the trail, and after noting that visitors expressed an interest in cycling the trail but had no cycles, a few cycles, rebuilt from scrap bikes from a tip were offered for hire. New bikes quickly replaced these, and the cycle hire business has grown to offer over 400 bikes of many different types today. To provide more variety for the visitor, cycle trailers were sought and imported from the USA. The trailers allowed families with young children to pull any children too young to cycle behind them in safe and comfortable “buggies”. From this venture, a trailer import and distribution business has grown, (UK Trailer Ltd.), followed by a business in distributing cycle trailer accessories (Buggy-Bits Ltd.) and a further business is planned to import and distribute a new type of cycle, cruise bikes.

The business employs 2 full time mechanics plus the owner and his wife, and up to 20 additional summer staff from June to September.

The Entrepreneurial Element:

The key entrepreneurial elements to note in this enterprise include:

- The catalyst for the business, The Camel Trail, had not been planned as an intensively used cycle trail (it now sees up to 1500 hired cycles in use per day – see below). Nor had it been seen as an economic motor for the area (see later for estimates of economic impact). The first entrepreneurial element was, therefore, to recognise the potential of the trail and exploit it successfully by offering cycles for hire.
- Cycle based tourism was unknown in the area.
- The market had to be generated by skilful low cost marketing.
- The enterprise had little money available for investment: the business was grown on low capital outlay, and rapid generation of cash flow in order to limit borrowings.
- There was rapid reaction to market requirements. Many different types of bike were acquired, tested, and the fleet changed every few months to keep up with rapidly changing fashions in cycling. This process involved purchasing cycles in large numbers at a wholesale price, and selling them on, as used cycles, shortly afterwards at a price similar to that paid in the first place. This system avoids the need for expensive repairs and maintenance. It maintains cash flow, and also fits the summer seasonal demand for hire bikes together with the high demand for good second hand bikes for the Christmas gift trade. Many bikes are sold to

customers who hire for a day, and return later to purchase the bike they have hired.

- The link between purchasing cycles directly from the manufacturers in large quantities for hire and the potential to set up a speciality cycle parts / accessory business was quickly seen and has been exploited.
- Recently, the potential offered by the Internet for dealing with customers nationally and even on a global basis has been seen, with a series of interlinked web sites now becoming operational. (see www.buggy-bits.com)
- Very close and personal links with local marketing outlets have been maintained.
- A strong regional and national profile was achieved through giving seminars about the success of the enterprise, generating excellent public relations that helped development, especially of the secondary distribution businesses.
- New types of business that did not perform well have been closed down.
- Detailed attention to customer demand, and to customer service, is notable, and in turn this has developed strong customer loyalty and repeat visits.
- Careful attention is paid to hire procedures to limit bike theft and damage.

Overall Business Development:

The owners, Nigel and Bernice Wiggett, began their business in 1983. They began to hire cycles for the newly opened Camel Trail as a purely part time and speculative venture. The part time basis of the start up was important: it limited risk in the early stages of the business. Effective local marketing through hotels and bed and breakfasts was undertaken to develop demand for the hire service. The nearby seaside resort town of Newquay was a key target, as were the growing number of farms offering tourist accommodation in an attempt to diversify their farming activities.

The business was able to capitalise on the growing interest in cycling in Europe as a way of keeping fit and being environmentally friendly, while having a very enjoyable day out. The clientele was and is very much an educated and middle class one: cycles, equipment and marketing has been carefully tailored to the needs of that market. Experience, for example, showed that there was not just a market for day hire of bikes but also for morning, afternoon and evening hire. Hire rates were adjusted so

that up to 3 hires per day could be achieved. The English middle class interest in safety led to cycle helmets being introduced as an integral part of all hire packages. Product testing sought out helmets that were easy to adjust to a range of head sizes, saving time in the hiring process.

The business grew rapidly with 200 bikes available by 1986, and 400 in stock by 1989. While standard bikes form the core of the bike fleet, a range of speciality bikes (for hire at higher rates) is also available, including trailers for small children, mountain bikes, tandems and cruiser bikes. In 1989 a purpose built depot was constructed on the riverbank, capable of storing all the bikes, with toilet facilities for customers and repair and office facilities for the management. The owners' flat was built above the depot.

Current hire charges (summer 2000) are typically £7 for a full day standard bike hire and £5 for part day hire.

The success of Bridge Bike Hire (named because of its proximity to the main road bridge in the town across the river Camel) has encouraged a number of competitors to set up business. This development began a series of moves to diversify the business. Growth in cycle numbers available for hire ceased at this point, but growth in business activities did not.

The first new type of business to emerge grew from the need to offer trailers or "buggies" for hire to families with small children, some of who were too small to cycle. The American Burley Buggy trailer was judged the best quality product, light in weight, but strong, functional and stylish, though relatively expensive. Sample buggies were imported, and found to be a huge market success. It was then decided to seek and obtain the right to import and distribute the whole Burley Buggy range within the UK. UK Trailer Ltd was formed. This was a classic diversification move. It built on the existence of low cost redundant warehouses in the area, and on the need to provide year round employment for the otherwise seasonal hire work. It was a niche market: the Burley range comprised cycle trailers, trailer cycles and recumbents. All were high cost, speciality products, selling to a small, defensible market. The venture also fitted with a third business activity: advice and franchising.

The success of the Camel Trail as Britain's premier "rails to trails" conversion had been noticed nationally. A national group, the Countryside Commission backed Countryside Recreation Network, asked Nigel Wiggett to talk about his work at a London Seminar. Many park and land managers were impressed by the financial success of and the environmental benefits flowing from Bridge Bike Hire, and sought further advice. There were also follow up requests to speak at other places. The University of Bristol's Rural Tourism Unit devised a one-day course about Cycle Hire as a rural

business opportunity, which was given in a number of centres. Nigel Wiggett was the central speaker at these events. From this exposure came a consultancy business, with Bridge Bike Hire able to provide packages of bikes purchased at wholesale rates, changed regularly, and complete with business development and marketing advice. The process grew the cycle wholesaling business; it also publicised the Burley Buggy and helped their sales grow nationally.

From this came a growing link between a British cycle manufacturer, Dawes Ltd., and Bridge Bike Hire. A concept of a national cycle hire system was discussed at length. The idea was that there would be franchised agents across the country able to provide quality cycle hire, and that customers would be able to telephone a free national number to obtain details, place their order and the bike would be delivered to them for the day. The “Dial-a-Bike” concept was developed. After many months of discussion the idea was postponed. Staff changes at Dawes, together with the realisation that cash flow problems in the early stages of such a national enterprise could be too great, caused this exciting idea to be abandoned. This was a shrewd move. It illustrates one of the marks of good entrepreneurship: the ability to work through an idea, develop a business plan and abandon that idea if it is shown to be uneconomic no matter how exciting the concept might appear. Soon afterwards the franchise business was also reduced in size to allow further more profitable activities to be pursued. This is again the mark of a good entrepreneur: the ability to cull unprofitable enterprises. UK Trailer remains an effective business, however, and has gone on to inspire two new businesses.

The first is Buggy-Bits, a company supplying accessories for trailers; the second will be Cruiser Bikes, a company importing and wholesaling Cruiser Bikes from California. Cruiser bikes allow a relaxed semi reclining posture while riding, and are especially appealing to the fashion conscious. Both activities build on the existing businesses. The cruiser bike has been tested on the hire fleet and found to be very popular. UK trailer has illustrated the demand for trailer-based accessories. And both companies will take advantage of the Internet to overcome the remote rural location of the business, and the need to market niche products cheaply.

The Human Element:

The human element in the evolution of the enterprises described above is a fascinating interaction between people and opportunities. It is important to note that, as in so many cases, the entrepreneurs were not local people. They had been attracted to the area partly by chance, but remained there because of its perceived good small town / rural environment. Notable factors in the human story include:

- Neither Nigel nor Bernice Wiggett was highly educated – in contrast to some people who

move to rural locations to start new businesses. Both had left school at 16.

- But, both had had valuable experience in a range of occupations, most of which involved working with and understanding people.
- Nigel Wiggett's first job had been as a salesman for the major British chocolate manufacturer, Cadbury's. There he received training and experience in selling to small shops. That experience has proven to be extremely valuable.
- Nigel and Bernice Wiggett have been quick to look at a range of other businesses and to seek advice when necessary.
- The environmental factor in choosing the location should be noted.
- The interest in working with people is a central one. A day spent in the hire depot in summer reveals the creative people skills necessary to run such a business: dealing with difficult customers, with children and teenagers, with grandparents who have not cycled for many years, with young temporary staff who have to be quickly trained to give quality service – all demand quick, but patient responses to obtain best results.
- Closeness to the changing the requirements of the market place has been vital in the development of the business.
- The motives have always been more than just profit. Other factors have included the need to balance work and leisure, and a strong interest in giving back business experience to the community. Currently Nigel Wiggett is working, free of charge, with local schools to talk about business and what is all about.
- Both owners have sought to learn new skills to progress the business. Both have mastered Information Technology. Nigel has overcome a real dislike of public speaking to become an effective public presenter.
- They have links with other businesses and interest groups across Britain and abroad, including North America and continental Europe. E-mail is allowing growth in this area.

When asked for the key factors that brought entrepreneurial success, the Wiggets' list the following:

- The ability to develop with low capital outlay, and to avoid cash flow problems.
- The ability to maintain a balance between earning money and taking time off.
- The realisation of the opportunities that the trail presented.
- The decisions to diversify the business – but retain links to the core business - taken in the early 90s to overcome local competition.
- Closeness to the customer's needs.

When asked what was most difficult, they list:

- Combining two jobs in the early stages of the business's development.
- Relationships with the planning authorities about the development of the depot/ house, and about regulating use of the trail and charging for use of the trail. (see below)
- Relationships with local politicians about the entry onto the trail of competitors who have provide poor service and do not pay full license fees for the use of the trail. These are complex issues interwoven with the relationship between local people and incomers (see below).

And when asked what has been most satisfying, they list:

- Dealing with customers in the hire shop
- Growing the UK Trailer business, a totally new experience.

Markets / Marketing:

A survey conducted in 1994 showed a complex market for the cycle hire operation. There was a year round market of relatively local people, travelling up to 80 kilometres to enjoy the trail experience. Some had no bicycle, but others, who had their own bikes, hired because they had old bikes or had no easy way to transport them to the trail. There were also many cases where a family outing needed several sizes of bike to cater for children. In summer the market grew because of the arrival of holidaymakers. Some were visiting the nineteenth century resorts – such as Newquay. Others were

taking farm or village based holidays. Overall, 54% of hirers had bikes at home but preferred to hire. Local leisure use accounted for about 25% of business in the summer, 50% in autumn and spring, and 75% in winter. 22% of hirers had travelled over 50 kilometres to use the trail. 63% were repeat hirers who had used the service before.

Marketing has evolved over the years. A key tool has always been a black print on white paper folding explanatory leaflet, giving a map of the trail, details of its attractions, and details of how to hire from Bridge Bike Hire. This cheaply produced but highly informative selling document is distributed to all places offering accommodation, all information centres and many public houses and restaurants within a 30 kilometre radius. It comes complete with a folding cardboard display unit. The leaflets and display units are personally delivered by the owners of Bridge Bike Hire each year, and they are personally re-filled on a regular basis through the year. This personal touch means that display is ensured, and that any comments about the hire service are picked up. In addition the district and county tourist brochures distributed by the councils in the area carry advertising for Bridge Bike Hire (paid for by the business but subsidised by the councils). There is a web site which is linked to a site covering a range of tourism attractions in the whole of Cornwall (www.cornwall-online.co.uk/bridgebikerehire) A new and improved site is under construction.

Marketing of the other businesses uses links to the hire business, trade press advertising and a series of web sites currently being improved. The Buggy-Bits site is www.buggy-bits.com; the UK Trailer site is still in preparation.

Public Sector Involvement:

At the heart of the business lies the decision by the County and District Councils taken many years ago to purchase the disused railway routes and convert them in to walking cycling trails. Without this action, the core business and its later developments would never have taken place. The councils maintain the trail, repairing surfaces and fencing, maintaining signposts, and, most important of all, they maintain the many bridges along the route that allow it to cross the river and its tributaries and to cross public roads safely.

Public sector involvement has also been important in marketing the trail, drawing attention to the existence of the trail in their regional brochures, in promotional videos and at tourist information centres throughout the county.

Bridge Bike Hire and its associated companies have, however, never had any grant or loan aid from UK public sector sources or from EU sources. Applications have been made but no success has been had

with those applications.

Perhaps the biggest problem with the public sector for this enterprise has come from three issues: planning permission for the depot, customer and competitor parking problems and above all from the issue of regulating numbers on the trail, hire companies working on the trail and paying for the upkeep of the trail.

Planning permission for the development of the purpose built depot was difficult to obtain because it involved a new river/trail side building that was intended for both residential and business use. The simplistic zoning rules used in the Local Plan did not easily permit that dual function. A compromise was eventually reached.

Parking is always an issue at any cycle hire business. 95% of the customers arrive by car to hire their cycles. There have been problems because of a shortage of on-street parking places and about obtaining places in public car parks.

The biggest problem remains that of paying for the trail's upkeep and regulating the use of the trail. There is no doubt that the trail brings employment and tourist spending into the area (see below). But the two councils feel that cycle hire companies should contribute additional sums directly to help cover trail costs. There has been considerable friction about how much should be paid and how collection should be made. Cycles that are owned by their riders pay nothing under current regulations. Cycle Hire businesses cycles pay £50 per year per cycle to obtain a licence. The policing of this is problematic – it is said that some operators deliberately evade payment by not declaring all the cycles they operate. And while Bridge Bike Hire provides toilets and refreshments on the trail, its competitors do not.

The key to future working should be the operation of a partnership approach that recognises all aspects of trail work, and the risks involved in running an effective business. Currently the rather crude top-down approaches to regulation engender bad feeling from the private sector without satisfying the public sectors requirements.

Linkages:

The business has numerous linkages – local, national and international. Locally, the business is linked to many businesses that offer accommodation and refreshment. The Trail and its hire facilities are so well known that they attract visitors from across Britain to holiday in the area. These local businesses advertise the trail: Bridge Bike Hire leaflets advertise the local businesses.

Nationally the company has linkages to other companies with similar activities – through its trailer sales and sometimes through former franchise links. Internationally the company obtains cycles and accessories for distribution from a variety of international sources. Dialogues are held via e-mail and telephone with colleagues nationally and internationally

The Competition:

The competition for this business came originally from rival hire operators on the trail, some of which offered cheaper deals, often with low quality bikes, without safety helmets, and without business premises with toilet and washing facilities. There are now about 1100 other cycles for hire on the trail. It seems, however, that this is now a fairly stable situation. Further competition has come from other cycle trails elsewhere in the UK, which have eaten away a little at the unique nature of the Camel Trail, off road experience.

The company has replied to the competition in two ways. It has diversified its activities as described earlier. It continues to compete effectively in its original business because of its superior service, and because it launches new and innovative products from time to time – such as the recent introduction of the fashionable cruiser bike from the USA.

The Future:

The future of the business appears to be one of continuing innovation. Discussions about a better way of regulating use of the Camel Trail are in hand, and should help set up a working partnership between the private and public sector. The new distribution companies should help secure the company for the future and bring more full time jobs into the region.

Impact on the local region:

Four main impacts can be noted on the local region. The success of the Camel Trail, now attracting over half a million users per year, and its national prominence in the travel and cycling media has been a boost to the region's national profile, moving it from being a forgotten part of a distant county to being a known destination. The overall tourism and wider economy has benefited from this publicity.

Secondly, the cycle hire operation and the diversification of the business into importing and distribution has been important in creating jobs directly and indirectly in supporting transport and jobs in postal services, banking etc.

Thirdly, the trail's clientele now helps support local accommodation and local shops and restaurants. One of the farms along the Wadebridge to Bodmin section has opened a thriving trail based tea-room, employing four people in the summer months and two people over much of the year.

Fourthly, the income brought into the region by the company itself, and by its competitors should be noted. Cycle hire alone across the five main businesses now involved in it probably grosses £750,000 in revenue at a conservative estimate, the majority of which stays within the region. It is likely that the total gross impact of the trail is in excess of £2 millions per annum, plus the additional income from the import and distribution industry.

Entrepreneurial Commentary and Issues for Japan:

The story of Bridge Bike Hire is a special one for many reasons. Like many recent rural new businesses in Europe, it was begun by someone new to the rural region. But this family did not come to region with money and high levels of education. They show the opportunities for people who can see and act on opportunities, take business risks carefully, and use good service and imagination to build an effective business. Bridge Bike Hire is a perfect niche market business, working in a special field, able to overcome its remote location by building on the hidden strengths of the area and its people.

Special points for Japanese readers to note are:

- The valuable re-use of heritage assets (the rail route) which local people had thought to have no further use.
- The use of high fashion issues to boost the local economy – the quest for fitness, the interest in riding good and interesting bikes, the need to be seen on a well publicised route, the ability to have a family group of all ages on the route.
- The ability of public infrastructure providers to work with private entrepreneurial skills even when they do not fully agree.
- The long-term success of a business that began nearly twenty years ago, using little capital and no existing business base.
- The ability of the business to react to competition, and to change its product-mix quickly.

- The ability of the area to attract incoming people with ideas because of its friendly and safe environment.
- The use of contacts in government agencies and Universities to discuss ideas and learn of new possibilities – even if the ideas are not in the end taken up.
- The ability to develop ways to handle cash flow to avoid funding problems.
- Simple ways to carry out effective marketing.
- The role of niche products and niche marketing techniques.

Case Study 4

The Hotel Ucliva, Waltensburg, Graubunden, Switzerland

This case study looks at an innovative hotel development in a village in the south-eastern Swiss Alps, far from the main tourism areas in Switzerland. The venture began in 1982, following the decision of a group of villagers to build a new hotel, on a new community and environmentally friendly basis, in order to help retain and expand employment and services in the local area. The study illustrates the following points:

- That entrepreneurial development can be successfully carried through in ways other than those backed by individuals, families or governments.
- That the financing of projects can be novel and still be successful.
- That local groups can seek help from sources such as Universities, professional groups and the media to develop their projects.
- That developments by collectively owned projects can be sustained over long periods
- That careful adjustment to the market's requirements can improve utopian ideas and lead to long-term success.
- That although highly innovative projects may never be replicated in full elsewhere, parts of such projects can be used in other situations and places.

The Site:

This enterprise is situated high above the upper Rhine valley, at an altitude of 1050 metres. It is located in the village of Waltensburg, with a total population of 350. Waltensburg is approximately 160 kilometres from the major Swiss city of Zuerich: train journeys (involving one change) take about 3 hours including a short connecting bus journey: road journeys require a slightly shorter journey time. The area is not served directly by autobahn. The village is part of the Swiss Canton (province) of Graubunden.

Rainfall in the area, at about 1500 millimetres per year, is typical for the Southern Alps. Much of the rain falls as snow between December and March. Temperatures range between minima of -15°C in winter and 30°C in summer. Soil conditions throughout the village area are very variable: most land

is pastureland but there is some arable land for cereals and some fruit and vegetables growing. Steep slopes and outcrops of rocky ground are a major problem in this mountainous area. Cattle rearing, for meat and dairy production, is the normal farming practice.

The hotel, its grounds and outbuildings occupy about 4 hectares at the western end of the village. The village has a primary school, churches, four shops, a post office, three bars/ restaurants and two part time banks. It acts as a service centre for a number of smaller communities along the mountainside. The nearest large town is Chur, 40 kilometres distant.

The whole area is overlooked by the major mountain peak of Hausstock, which at 3158 metres is snow covered for the majority of the year.

History of the Site and the Community:

Settlement in the village of Waltensburg dates back over 2000 years, but the current village seems to have developed from the 12th century onwards as the high pastures above the Rhine valley were developed for agriculture. The village developed a tradition of radicalism: in 1527 it became a Protestant community in an otherwise Catholic area. In 1734 it purchased the land within the parish from the church, affording itself an autonomy in fuel supply which was to be of great economic and political value.

The population of the village grew steadily to over 500 by the end of the nineteenth century. Since then there has been a slow decline: farming has mechanised and rationalised, and many young people have emigrated to work in the towns and cities of Switzerland. A post war low of 311 was recorded in 1984. The real impact of population decline is greater than these figures suggest. The loss of young people has been masked by the tendency of former residents to return to retire into their original community. The number of farm holdings declined over the period from 1945 to 1990 from 65 to 22. By the early 1980s there were serious discussions in the village about how many local businesses would survive the outflow of population, and about the steady loss of vitality in the community.

Tourism is a major activity in some Swiss mountain villages. In 1964 a tourism association was founded in co-operation with the neighbouring village of Andiast, to fund and mount publicity campaigns. In 1972 a chair lift was opened, linking Waltensburg to winter ski slopes on the mountains at 2,000 metres. Bed nights spent in a variety of small-scale accommodations in the village increased to 20,000 per year, but then fell away to about 10,000 by the early 1980s. The village was too remote to attract many people for skiing holidays, and had no real speciality: it was just another village in the mountains.

The real origins of the collective bid to develop a hotel that would ensure the prosperity of the village lie in the mid 1970s. There were proposals to drain the upper Rhine river in the valley near the village and to pipe the water away through tunnels to generate hydro-electric power. Many local people opposed that idea, on both political and ecological grounds. A group of young people from Waltensburg founded a pressure group to fight the proposals. Many of them had links to ecological and political groups in Zuerich through their education there; some lived much of the year in Zuerich, returning to their family homes at weekends and holidays. The group was successful in defeating the hydro-electric power proposals. It went on to consider the future of the village. Then, in 1976, a developer, backed by German interests, proposed to build 50 self catering chalets in Waltensburg. The chalets would be let to tourists. The pressure group swung back into action. The village was divided on what course of action to take. The pressure group lobbied against the chalet idea, claiming that few jobs would be created, and that the future tourists would purchase their food and other needs outside the village, bringing little economic gain to the area. And ownership of the project would lie outside the region. The anti-chalet group won the day – but were forced by public opinion to search for a new way forward. That new way became the story of the construction and operation of the Hotel Ucliva, destined to become one of the most controversial – and eventually successful - projects in rural Switzerland.

The Region, its economy and society:

Graubunden is one of the most southerly parts of Switzerland, cut off from the economic heartlands of the country that lie along the northerly belt between St. Gallen – Zuerich – Basle – Bern – Lausanne and Geneva. It is very mountainous. While winter sports have flourished in some easily accessible destinations, many parts of Graubunden are in serious decline, relying on agriculture and / or forestry, neither of which is economically dynamic. The mountainous topography and Graubunden's many small settlements make it a difficult area to service. The rail network here is largely narrow gauge, and does not connect to the main national system. There is also a linguistic divide. While most people in Graubunden speak German, many communities around Waltensburg speak a group of minority Romance languages as their first language. Romance language speakers account for less than 3% of the total Swiss population: within that group just 20,000 people speak Surselvish, the language local to Waltensburg. The village is in fact bi-lingual: its name in Surselvish is Vuorz. The local language may be a barrier to inward investment: equally, however, its retention in a globalising world is seen to be of great political and deep cultural importance.

Partly because of the remote nature of the village, and partly because of the long years of out-migration by young people, the outlook of the people of Waltensburg is distinctly conservative. Switzerland as a

nation tends to be conservative. But it must also be remembered that the village has throughout its history displayed some radicalism, (see earlier). Switzerland is a country of informed discussion and lively debate. And amongst the most important debates that can excite Swiss society are discussions about the ecology of the mountains, and the need to conserve rural settlements and society as part of the essential mountain heritage of the nation.

Although Waltensburg lies in one of the poorer parts of Switzerland, it is important to realise that it is, in European terms, quite affluent. One of the main reasons for that lies in the operation of Swiss public policy.

Public Policies and Public Sector Assistance in the Region:

Swiss public policy for its rural areas was for many years both interventionist and non-interventionist. That curious paradox must be explained.

On the one hand Switzerland has always sought to unite its urban and its rural people, and the 26 cantons that make up the Swiss Federation, through remarkable cross subsidisation of infrastructure provision. As a result, rural areas usually have excellent public transport systems, with frequent, high quality and extremely reliable bus and electric train services to all settlements. Medical and educational services are also heavily subsidised, as are local government salaries throughout the country to maintain parity across richer and poorer cantons.

The cross subsidisation of urban and rural areas was for many years backed by generous subsidies, and strong tariff protection of, Swiss agriculture. Thus small mountain farms producing high quality but very high cost food, were maintained as viable units. The policy was justified largely on strategic grounds: it made Switzerland self sufficient and therefore free from foreign military threats to blockade the state. There were also political grounds, notably the need to retain the rural vote.

On the other hand Switzerland developed few direct grants and loans to support new enterprises in rural areas. New enterprises were expected to be economically viable without public sector help. Self reliance is an important Swiss virtue. The concepts of development areas, and of the targeted structural funds and the Leader companies of the EU, were unknown.

The results of these two different types of policy tended to “fossilise” rural Switzerland, encouraging the status quo – while not encouraging entrepreneurial activity.

The situation began to change in the mid 1980s; since then agricultural supports have been reduced,

and quota restrictions have been imposed on dairy and other products. Cross subsidisation of infrastructure has begun to be reduced. Serious discussions have begun about adopting public sector policies on the lines of those of the EU. The OECD carried out a review of Swiss rural policies in 1994.

The impact of the old and the emerging new policies on the study area has been to stir latent entrepreneurial talents. It has also stirred powerful debates about the environmental and social impacts of the new policies. The Hotel Ucliva is a very Swiss way of coping with a changing world.

In terms of the OECD's rural typology, Waltensburg lies on the boundary between an intermediate and a remote region.

The Business:

Following the collapse of the proposals to build foreign owned chalets, a group of interested villagers, some of whom lived and worked in the cities of Switzerland, began discussions about how best to create jobs and sufficient expenditure in Waltensburg to sustain the community. At the same time, it was felt that any new business should support local agriculture, and any construction should be in traditional style, and there should be no disturbance to the language heritage of the region.

A co-operative structure was formed in 1978 with the following aims:

- The development of affordable accommodation for local people and for tourists.
- The development of tourism under the principles of sustainable tourism (*)
- To renovate old buildings, and to construct new ones on traditional lines.
- To develop the economy of the area in sectors other than tourism, including agriculture.
- The creation of employment in both the short and long term, to counter depopulation.

* - the term sustainable tourism had not been invented at that time: preliminary discussions of the concept had begun in Switzerland under the name "sanfter tourismus" – or soft tourism. These ideas were formalised by the mid 1980s as sustainable tourism.

Advice was sought about ways forward from the Federal Institute of Technology in Zuerich (ETH), and

from architects, economists and hotel managers. In 1980 the co-operative decided that the best way forward would be to build a locally owned hotel on sustainable tourism lines. Four recently completed hotels were visited and plans drawn up in 1981 to construct a 64 bed hotel, complete with restaurant, recreation rooms and other facilities. Special features were to include:

- Concentration on family holidays – twin bedrooms and family rooms were to predominate.
- Affordable prices.
- Traditional construction methods
- Components to be made locally to ensure local jobs and income.
- Chemically based finishes and plastic were to be avoided: natural materials were to be used
- High levels of energy efficiency and the use of local energy sources (wood and solar energy) were to be encouraged.
- Full kitchen and restaurant facilities to serve locally sourced and locally processed foods.
- Ownership and control were to be local.

Full plans for the building were drawn up and costed. A site near the west end of the village and near the ski lift was obtained. Villagers were invited to purchase shares in the project. A total of 3 million Swiss Francs (c.£1 million) was required for construction to be completed (1981 prices). By the end of 1981 just 220,000 francs had been subscribed. Conservative villagers had approved of the plan, but were unwilling or unable to pay for their dreams to be fulfilled.

The Financial Solution

The governing body of the co-operative, the direct descendant of the organization which had opposed the Hydro-electricity scheme, then came up with a remarkable funding solution. Using the national media contacts of a group member, a scheme was publicised which allowed potential hotel guests to purchase non voting shares in the Hotel scheme. Their reward would be of four types. They would be able to support a project to save a part of the Swiss national heritage, a traditional mountain village. They would be supporting a pioneering type of architecture blending modern environmentally friendly technology with traditional methods. They would be supporting a new type of sustainable tourism.

But there would also be a financial reward. Holders of the shares (purchase price 1200 Swiss francs) would be entitled to reductions of up to 10% of the cost of hotel accommodation and meals for so long as they held the shares.

The scheme was a success. Additional capital of 1.5 million Swiss francs was raised, with the balance of the capital required then coming from bank loans. But the scheme's success was greater than simply its ability to raise money: it ensured that the hotel was full for much of the year as the share holders sought to gain their tax free discounts on their holidays. There are now 1200 share holders.

The Opening of the Hotel

This took place in December 1983. The hotel was extended in 1988 to add a number of conference rooms and additional bed rooms to enable the hotel to offer 72 beds. The venture now employs 18 people full time, and 13 part-time. All part time staff live locally; 12 of the full time staff also live locally.

The Entrepreneurial Element:

The key entrepreneurial elements to note in this enterprise include:

- The co-operative governing body had no knowledge or experience of hotel development, but used advice to develop the hotel very effectively.
- The same body had to convince the conservative villagers of the merits of a radical scheme, with “green” political overtones.
- The crucial entrepreneurial element was the method of raising funds from the whole of Switzerland. The method was new and untried, it worked well and quickly and it ensured high rates of occupancy for the hotel. It also retained local control of the project.
- The strong ecological design of the hotel and its many special features gave it a unique selling point.
- Many of the unique features of the hotel's operating policy (see below) were untried in the conservative Swiss market.
- The governing body has been able to appoint several good managers to run the hotel since it

opened: experience shows that the effective operation of a community owned business can be a problem.

- A number of utopian ideas that proved impractical have been dropped.
- Further development along environmentally friendly lines has taken place.
- The governing body was able to exploit criticism of the “green” and “socialist” nature of the hotel to ensure a high market profile and continuing profitability.
- When, in 1995, the hotel suffered falling customer numbers and revenue, rapid action was taken to replace the manager and bring about new marketing techniques and other improvements.

Overall Business Development:

Following completion of the hotel, it became apparent that there was a demand, especially from environmental and “alternative” groups for conference facilities. These were provided, along with 8 additional beds in a neighbouring building, “Uclivetta” (little Ucliva) in 1988. Business development has proceeded on lines designed to try and use where possible the key features of sustainable tourism.

Features of Hotel Policy:

Language: The aim has been to encourage pride in, and an understanding of, Surselvish. The name Ucliva means Stay Awhile. All notices are in Surselvish, with either graphics or translations to give the German equivalent.

Local Materials: The hotel is made of local wood and stone construction, with untreated timber balconies, and environmentally, solvent free paints used where necessary. All furniture was constructed locally. Wood replaces plastic wherever possible.

Local Employment: Local people have been given preference for jobs wherever possible, although special skills (such as the hotel manager, and some chefs) have had to be recruited over the wider region or nationally.

Employment Policy: The hotel aims to pay more than the national minimum wage, to encourage training and career progression, to have regular consultations about policy and issues with staff, and to

encourage environmental awareness amongst staff.

Food Policy: Local food is purchased wherever possible and in the early days, training courses were arranged for farmers to assist them develop new cropping patterns to supply this need. Up to 80% of fresh food now comes from the local area, and the majority of that food is now produced to organic standards. In order to assist local food production, care is taken to devise menus that avoid goods transported over long distances.

Energy Policy: Excellent insulation systems were built into the hotel at the outset, as were waste heat exchangers to re-use heat from used hot water, and 100 square metres of south facing, roof mounted solar panels. In 1996 a new wood chip furnace was installed allowing waste wood to be collected from the local area and burned to provide additional energy

While the hotel prospered in the early days, by 1995 it had begun to experience competition from other hotels in the region that had also developed environmentally friendly policies. Standards of service had fallen. Guest numbers had fallen by 30% and there was a cash flow crisis. An appeal had to be made to shareholders for a 300,000 Swiss Franc emergency loan.

A new manager was appointed. For the first time the hotel developed a marketing policy. (see below). A series of marketing and public relations measures were introduced. A top chef was brought in to spend 6 months training kitchen staff in new methods and menus. The heating system was improved. Special offers were made in the quiet seasons. A full range of events and popular courses on environmental and health issues were offered to improve bookings. The hotel's fortunes improved and its financial performance has recovered.

The Human Element:

The discussion of the human element in the entrepreneurial performance of the Hotel Ucliva is a difficult one because its ownership is collective, and its management is governed by committee. The following points can be made however:

- The committee members which brought the hotel into being were well educated, and had good links to the outside world while retaining credibility in the village.
- The committee members were ideologically committed to making the idea work, to prove the worth of rural communities and of "alternative" ideas.

- One committee member, Gallus Cadonau, was especially devoted to the cause: he was a major driving force behind the project. He was at that time a bachelor. He has gone on since the founding of the Hotel to work for a number of pressure groups, most notably a group encouraging the use of solar power.
- The current committee contains none of the original members: there has been a healthy election of new blood.
- The management of a hotel that sought to do more than produce financial gain has always been a problem, in that many different variables have had to be balanced. One key issue has been the inevitable extra cost of using local organic produce, and trying new ideas. The current management believe that adds 15 Swiss francs to the daily cost of half board accommodation, but that that small surcharge does not deter the niche market for the Ucliva's products.

When former managers and committee members were asked about the key factors that brought about the Ucliva's success, they listed the following:

- The unique nature of the product.
- The hotel's philosophy resonates with the philosophy of more and more Swiss people.
- The success of the hotel in supporting the village and surrounding farmers – no services have been lost over the last 20 years.
- The ability of the hotel to survive the crisis of 1995.
- The loyalty of the shareholders, and the market stability that the shareholders have brought.

When asked what was most difficult, they list:

- Persuading both local people and regional officials to support a radical project.
- Ensuring continuity of success after the original development phase was over.
- Ensuring that the environmental performance of the business was balanced with economic performance. In the early days, too many ideologically "green" but unskilled workers with low output levels were recruited.

When asked what had been most satisfying about the project they listed:

- The long-term success they have seen
- The pleasure of defeating those who felt that the project would not work.
- The contribution the project has made to the life of the area.
- The contribution the project has made to thinking about the environment, the development of sustainable tourism and to ethical / environmental policies in the region, in Switzerland and in other parts of the world.

Markets / Marketing:

The market for the hotel has been remarkably constant over the years. It consists of a largely middle class, environmentally aware group, and originally was largely family based. The growing maturity of the original share holders has broadened the composition of the market to include many retired people, single people, and, with the development of course and conference provision, many people seeking adult education.

Marketing was a low priority in the early days: the publicity surrounding the development of the hotel and the shareholders own visits were sufficient. Since 1995, a much more active policy has been introduced. There is an excellent web site: www.ucliva.ch There is a newsletter, "Viva", distributed 4 times per year to share holders and to others as a marketing vehicle: 7,000 copies are printed. There is a policy for obtaining regular exposure in the travel press, and the hotel joins other businesses in the typical regional tourism brochures.

The management have been very successful at entering the hotel for prizes for environmental performance and for innovation, attracting a lot of press coverage. Prizes have come from the Swiss National Heritage Conservation Committee, from the Council of Europe, from EuroTer - the European Rural Tourism Group, and from the Swiss Hoteliers Association who awarded Ucliva the Ecological Hotel of the Year prize in 1997/98.

Public Sector Involvement:

At first glance, public sector involvement in the project has been minimal. No public sectors grants or

loans were involved. There were some problems in obtaining licenses to sell alcohol in the early stages, because of the fear of the unusual ownership / management of the project. The main building's roof design was unable to accept solar panels because the planning authorities insisted it had a 30 degree pitch – the traditional pitch for the area – while the optimum for solar power is 45 degrees. (the annexe, Uclivetta, has the optimum pitch and a full solar panel installation).

There was, however, some small indirect public sector assistance largely through the role played by educational institutions in the planning phases, and from agricultural advisory services assisting farmers to develop new cropping plans to supply the hotels' needs.

Linkages:

Linkages with other hotels have been minimal. Linkages to the local economy have been great. Food purchases and building work go largely to local suppliers. The hotel deliberately purchases its bread and cakes from the village bakery rather than producing its own in house. By offering marginally lower rates to guests arriving by public transport, it supports the local bus service.

The Competition:

Like all leaders in a field, there was little competition in the early stages of the business. But, as has been shown, competition began to build up in the early 1990s as other hotels introduced organic food, and related ideas. It should also be remembered that all Swiss hotels have had serious market problems in recent years. The strength of the Swiss franc and competition from foreign destinations have both reduced the demand for Swiss hotel beds.

Ucliva recognised the problems in the mid 1990s, and has introduced a number of changes to combat the problem. Further changes are being planned – see below.

The Future:

The future for the Hotel Ucliva will depend on its ability to pay its way in a difficult market. To remain market leader in the environmentally friendly sector, it intends to improve service and to offer a fuller programme for guests. A full time person now provides a programme for children visiting the hotel. Other ideas are being discussed. There are also plans to attract more foreign visitors. The average hotel in Graubunden sees 25% of its originate guests outside Switzerland. Only 5% of Ucliva's guests are non-Swiss. To some extent that reflects the largely Swiss shareholders, but steps

are being taken to develop more press coverage abroad, and to develop the web site to give pages in languages other than German.

Impacts on the Region:

The most important general impact of the Hotel Ucliva was to place the area on the map – putting the whole of Graubunden in the spotlight. Locally, the concepts of sustainable tourism, and more sustainable farming, have received considerable boosts. More tangibly there have been a series of specific economic impacts:

- There have been 18 full time and 18 part time jobs created directly in the hotel, together with more jobs in the area as a result of the multiplier effect – see below.
- Local services and agriculture have been boosted.
- An estimated minimum gross income of over 2 million Swiss Francs is brought into the community each year by the hotel's activities. The multiplier effect of that spend is very important because of the local purchasing and local employment policies of the hotel. It may be estimated, therefore, that the Hotel Ucliva provides a total cash flow to the area of over 3 million Swiss Francs per year.
- Waltensburg's population has risen to 400 people.

Entrepreneurial Commentary and Issues for Japan:

The Hotel Ucliva is a case study of a very special form of entrepreneurial activity because it has been carried out by a collective organization. It is important to note that this form of trading is not unique – there are many ventures throughout the world working on similar ideas in many fields. In rural tourism, Irish village groups have developed a range of self-catering cottage businesses that employ collective ownership although they do not have any environmental aims. Cases include The Glencolumbkille Project and Ballyhoura Failte (see www.foundmark.com/ballyhoura.html) The issues raised for Japan are very important because:

- Many Japanese rural communities cannot develop sufficient accommodation within their small houses and farms: the Irish and Swiss model may be especially relevant for that reason.
- Japanese society has a tradition of rural co-operative development that may be useful in setting

up any Ucliva style development.

- Japanese society also has a tradition of working by achieving consensus – consensus is essential to collective planning, though it should be tempered by effective entrepreneurial drive.
- The ability to supply organic produce may become an important factor in Japanese agricultural marketing in future years.
- Ucliva's marketing has benefited from the development of its web site and its e-mail connection. Japan is rapidly developing a web culture that should make the marketing of unique rural accommodation far easier in the future.
- Japan, like Switzerland, is extremely proud of its special national heritage, much of which is best conserved in the countryside. And like Switzerland, the conservation of Japanese rural landscapes is an essential national goal. The maintenance of traditional farming practices is one of the success stories of the Hotel Ucliva, contributing directly to rural landscape conservation.

Case Study 5

Mangerton Mill, Bridport, Dorset, England

This case study examines the case of a small farm that was divided on the death of the farm's owners, and split between several members of the family. One member of that family had worked the farm prior to the decision to divide the holding. He had hoped to purchase the other relatives' shares of the land, but, for a variety of reasons, neighbouring farmers purchased the parts of the farm that he did not own instead.

The farmer was, therefore, left with a farm holding too small to be agriculturally viable. He had two choices. The first possibility was to retire from the land and find alternative employment. At 56 years old, alternative employment would have been difficult to find in a rural area. In addition, he had health problems that made heavy work difficult. The second choice was to try to use the land he had, together with the rather run down farm buildings, to start a new enterprise not connected to farming. The latter choice was made and work began to restore a derelict water mill as a tourist attraction, to create a tearoom and to use the land and other buildings remaining for a variety of revenue earning purposes. It has been very successful. This case study illustrates the following points:

- That older people can prove to be entrepreneurial successes even when entering totally new business fields.
- That local people can leave farming and successfully develop new enterprises.
- That even small amounts of land, when developed carefully, can be valuable for non-farming activities.
- That high levels of formal education are not necessarily required to be successful.
- That a mix of activities on the same site can be developed if they are compatible and possess synergy.

The Site:

The business is based in Mangerton, a tiny hamlet 4 kilometres to the north of the market town of Bridport (population 10,000) in the County of Dorset. Bridport is about 7 kilometres from the sea, and 250 kilometres south-west of London. The nearest railway station is 25 kilometres away at Dorchester, where there are regular trains to London, with a journey time of 160 minutes. Road links

to London and other parts of Britain are not good: there are no motorways or “divided highways”.

The site is about 25 metres above sea level. Rainfall is well distributed throughout the year and typically about 1100 millimetres in total. Temperatures are normal for southern England, with about 20 mornings with frost per year, typical summer maxima of 25C and winter minima of –2C . Soil conditions are fair but not excellent. The site lies amidst steep rolling hills, on both sides of the small Mangerton river. Much of the valley bottom soil consists of river alluvium. Winter flooding around the river occurs occasionally.

The total area of the site is 40 acres (15 hectares). There are no public services at Mangerton except for a telephone kiosk. The market town of Bridport has a full range of services, including primary and secondary schools, although the nearest hospital is 25 kilometres distant at Dorchester. Further up the Mangerton river valley there are a number of small villages, one of which, Powerstock, has a shop and public house, while a second village, Nettlecombe, has a further public house. Both public houses have excellent restaurants. It is possible to drive out of the head of the valley and on to Dorchester, but the road is narrow and steep. For all practical purposes Mangerton Mill is on a minor road leading only to a few small villages: main road traffic would take an alternative route to Dorchester.

History of the Site:

The site has been farmed for several thousand years. The river has been used as a source of water power for the last thousand of those years: England’s famous Domesday Book of 1086 records a number of small water mills along the Mangerton River, grinding corn to make flour. The mill that stands on the site at present is not, however, the original mill. Archaeologists believe that the mill has been rebuilt and replaced several times. The present building is probably of early nineteenth century origin, with late nineteenth century equipment.

Farming here was traditionally based on mixed arable and beef cattle / sheep production until the 1870s when a branch railway line was opened up to serve the area, allowing dairy farming to develop to supply the London and Bristol markets with fresh milk.

Mangerton Mill farm had a dual economy. The water mill processed grain for local farmers, producing wheat flour for human consumption, and some crushed oats and ground barley for animal feed. The 150 acres (55 hectares) of farmland had dairy cattle and a mix of potatoes and barley cropping. This dual economy was the pattern throughout the twentieth century. Then, in 1966, the mill was closed. It could no longer compete with larger, electrically powered mills, and it needed frequent repairs, disrupting production. It was abandoned and allowed to fall into decay. On the

death of the owner of the land in 1987, the land was divided and sold off: a parcel of 15 hectares passed to the former farmer, Ted Harris, and his wife Ruth. They also inherited the derelict mill, a range of farm buildings and a nearby house. They faced the choice between selling that – (by English standards) – small land holding, or trying to find a new enterprise that could use the land and its buildings.

The region, its economy and society:

To some extent, the regional background to Mangerton Mill is similar to that of Case Study 1, on Long Meadow Organic vegetables. Some aspects of the description of the region are therefore identical. But Mangerton Mill is further west than Long Meadow, and is on a different type of land. There are minor differences, therefore, in the situation described. Similarly, public sector policies for the area, described in the next section, are similar but not exactly the same.

West Dorset has long been an area of medium to small farms, worked to produce a mix of grain, sheep, cattle and potatoes. Rail connections with London and the north encouraged dairy farming in the late nineteenth century, supplying fresh milk to industrial cities. Along the West Dorset coast, small seaside resorts such as West Bay grew in the nineteenth century: unlike the eastern parts of Dorset, poor communications and restricted physical sites prevented their growth into large resorts. The inland areas remained extremely rural, with traditional societies deeply resistant to change. The church and the owners of local estates were strong political players.

The twentieth century saw much rural decline. Depopulation, which had begun in the 1860s, continued: many local businesses sold out to competitors in manufacturing and distribution from the big cities. Mechanised and modernised farming employed fewer people. Local shops and public houses closed in many villages. In the 1980s and 1990s numerous dairy farms reverted to beef and sheep production as demand for milk fell, and EU milk quotas were imposed to avoid overproduction. The BSE crisis then caused beef prices to collapse. At the same time, the area began to attract some retired people from the cities, who sought low cost but attractive rural properties. Population levels have recently begun to rise as a result.

Unemployment rose to be above the national average. Paradoxically, the small seaside resorts of West Dorset saw an improvement in their fortunes in the last years of the twentieth century, unlike their larger neighbours to the east. The small scale of West Dorset's resorts made them attractive to city families seeking fashionable second homes for holiday or retirement purposes. In the 1990s the area has begun to benefit from a growing interest in country living, with small businesses and self employed people re-locating to the area from big cities to capitalise on good telecommunications and perceived

life style advantages.

Public Policies and Public Sector Assistance in the Region:

Since 1945, public policies in Dorset have been largely intended to:

- Support local services, by retaining – within financial limits - many local schools, transport facilities and other services. Cross subsidisation has been a typical mode rather than specific subsidisation of individual services.
- At the same time to allow a gradual decline of services, however, to reduce the costs of cross subsidisation and to allow for modernisation and a rationalisation of facilities. Thus the railway branch line to Bridport from the Bristol to Weymouth railway was closed in 1975. Several smaller schools have been closed, especially those that were only large enough to employ one or two teachers. This sometimes controversial school closure policy has been defended on pedagogic grounds as well as being a cost saving measure.
- Conserve the “natural beauty” and traditional built environment of the area by rejecting applications for new building in the area on conservation grounds. Much of the area was designated an Area of Outstanding Natural Beauty (AONB) by the central government in 1968. AONB policy tends to be anti business, and anti change. It indirectly encourages rural tourism because unspoilt areas are attractive to visitors: restrictions on new building make any exploitation of that tourism potential difficult.
- Encourage limited small business development in the western part of the county where farms are smaller than average and physical conditions for farming are poorer. A Rural Development Area (RDA) was declared in 1974, and some very limited grant aid was obtainable for suitable enterprises that had low environmental and social impact. A Development Officer was employed to assist local people to understand the possibilities that were available. The enterprise under discussion received a number of benefits from the RDA. The RDA ceased to operate in 1995.

The area hosted a number of successful rural development courses for the public organised by the University of Bristol over the period 1984 to 1992. These courses covered rural / community development issues and techniques, and sustainable tourism development. The latter courses were especially useful to the business described in this case study (see later). Public funding for this programme has now ceased.

Overall, public policy in the case study area can be categorised as one of mild intervention, biased in favour of conservation rather than change, but gradually working towards an improvement of the declining rural situation. One of the reasons why the area's RDA status was withdrawn was that it was judged to be progressing well enough not to require further assistance. EU regional policy has not been important in this area, which would be classified as intermediate in the OECD rural regional typology.

The Business:

The business has a number of separate but linked elements. These were, in order of development:

- The creation of a small, 32 seat tearoom and associated kitchen and toilet facilities in the northern part of the former mill building.
- The creation of an ornamental lake, stocked with fish and a number of duck species, on wet ground behind the tearoom and mill. The lake is hired to fishermen, and the lakeside walk is popular with tearoom visitors, especially the elderly, and families with very young children.
- The development of a small flat above the tearoom.
- The restoration of the mill into working condition, and the installation of glazed areas and lighting so that its inner workings can be seen.
- The gathering together of many late nineteenth century / early twentieth century artefacts related to farming and rural life, to form a small museum of rural life, in the upper part of the mill area.
- The creation of a small car park at the mill.
- The development of a small 10 van touring caravan park on land south of the mill, able to use the sanitary facilities and tearoom facilities of the site.
- The gradual restoration of a number of farm buildings to create workshop and retail spaces for up to 4 enterprises that rent space on a short-term basis.

The various facilities on the site serve tourists visiting the small nearby seaside resorts and the growing

number of rural tourists staying on farms and in villages inland. The site is open from March through to November, depending on variable weather and national holiday dates. The retail and workshop units are open throughout the year.

The business supports the two owners in full time employment, together with their daughter, and employs up to three part time seasonal workers directly. In addition, the site provides employment for up to 6 further people who rent or work in the retail and workshop units.

The Entrepreneurial Element:

The key entrepreneurial elements to note in this enterprise include:

- The proprietors had no experience of catering, of any form of tourism attraction development or management, or of marketing: they had been small farmers since leaving school.
- None of their neighbours had any experience outside farming: although tourism was an activity on the coast, the concept of rural tourism was a new one in 1987.
- The proprietors had left school at 14 years of age: Ted Harris was 56 years old when the decision was taken to start a new business.
- To start the new business it was necessary to invest all their capital and their local reputations, at a stage of life when there would be little time left for a second start if things went wrong.
- Risk taking was, therefore, inevitable. Although unused to the whole entrepreneurial process, the Harris's developed a textbook approach to the new venture:
 - (1) They took advice from a number of experienced people.
 - (2) They developed the business in stages, beginning with the business capable of generating most cash flow as stage one (the tearoom).
 - (3) They learned new skills rapidly from their experiences: catering, mechanical repairs to the mill machinery, people skills to show visitors around the small museum
 - (4) They developed a diversified series of business products, yet they were products which had great synergy – tea room, a working mill to see, a lake to walk around, some retail shops run by others, a small caravan park to provide additional income and some additional tea room revenue.
 - (5) They realised they had a market which did not want major meals or to pay large amounts of

money, but enjoyed the personal touch and a short visit to “somewhere different”. The business has always stayed closely in touch with the market it serves.

Overall Business Development:

The business was planned at the end of 1987 and opened for its first customers on the 18th of May 1988. The tearoom was the first part of the venture to open. The tearoom provided an increasingly healthy cash flow while the mill was being repaired. That process took up to three years before becoming fully operational. Other parts of the business followed.

The excavation and creation of a landscaped lake behind the tearoom was intended to create a profitable sport fishing activity. In practice fishing has been a poor investment, but the lake has been indirectly useful. It has created a pleasant and easy walk around its perimeter that appeals to the two central markets for the tearoom – older people who are looking for a drive and short easy stroll in the countryside, and parents of young children who need a similar leisure activity. For some years, Mangerton Mill was also home to a project that bred Barn Owls in a large cage for release into the wild. Barn Owl numbers had fallen in Britain due to changes in farming practice: the project aimed to help owl populations recover. Viewing the owls became a popular visitor attraction.

The mill’s eventual restoration coincided with the opening of a collection of late nineteenth century memorabilia in the space above the mill. That collection was composed largely of things that had accumulated on the farm over the years plus some purchased material. It was a classic example of putting to good use what some people would throw away. The relative youth of the exhibits has proved especially valuable. Many of the older visitors are delighted to see domestic items which they used in their youth, and can explain to their children: older materials would have had less instant appeal to the market. There is a charge of £2-50 to view the mill and museum, with reductions for children and pensioners. Grain is milled on very small scale but hygiene restrictions prevent its use for human consumption at the moment. Animal feed –again on a small scale - is produced in order to demonstrate the working of the mill.

The restoration of the outbuildings was last job to be completed. Care was taken to maintain the deeply rural and somewhat outdated character of those buildings rather than using new types of building materials. The buildings are let to a number of businesses some of which change from time to time. Currently there are 5 tenants – 2 gift shops, a picture framer, a video repair depot and a gallery for a painter of birds.

It is difficult to estimate how many people use the site – not all pay to view the mill’s workings, nor do

all take tea. Last year, 2000, over 9,700 scones were produced in the kitchen above the tearoom together with large numbers of cakes and confectionery. It could be surmised that there are probably in excess of 30,000 visitors to the site each year.

The Human Element:

Ted and Ruth Harris were typical of small farmers throughout the world: used to working long hours, living on the site of their work, being independent and slightly wary of “officials” and not seeing many people during their working day. The first two of these characteristics stood them in good stead; the last two needed careful adjustment to their new circumstances. They achieved that adjustment. Key points to note are:

- Ruth Harris cooks well, and appears to enjoy that work, producing all the confectionery for the tearoom.
- Ted Harris is able to capture the spirit of the small farmer / miller for the visitor, providing totally authentic tours of the mill and museum for visitors time after time.
- Ted Harris has also proved able to negotiate well with the many different offices and officials he has had to deal with to develop and manage the site.
- Both the proprietors have taken advice and used it successfully – see below.
- Their son and daughter -in-law have been important members of the team. Their son is an engineer who has useful skills in mill machinery restoration. Their daughter is a vital member of the tearoom team.
- Ted Harris in particular was driven to succeed because so many local people thought – and told him - that he would not succeed with his farming background and at his age. Determination is an essential feature of successful entrepreneurs, but it must be tempered by reality: Ted Harris has both qualities. It is important to remember that in 1987 in West Dorset few had developed a rural tourism enterprise and that in farm communities, pioneers can have a hard time from their peer groups.

When asked for the key factors that brought entrepreneurial success, the Harris’s list the following:

- They have invested many hours of hard work.

- They worked for the long-term development of the business.
- They have reasonable prices, and feel that this attracts a good volume of business, and importantly, repeat business and business from local people, not just tourists.
- They offer good value and a very personal service.
- They offer free on site parking – many businesses in villages and towns have parking problems.

When asked what were the most difficult parts of their venture, they list:

- The fear that the venture would not work.
- The slow pace of the development: there were days of despair.
- The need to learn so many new skills.

And when asked what had been most satisfying they say:

- That the venture has been successful and their critics have been proved wrong.
- That the customers speak so well of the whole experience of visiting Mangerton Mill and appreciate what has been done and what they get from the visit.

Markets / Marketing:

The market for Mangerton Mill is a local one, within 50 kilometres, but of two distinctly different types. There is a market that lives locally and likes to visit to take morning coffee, a light lunch or afternoon tea. There is also a tourist market, originating either from the coastal resorts, or from people taking a farm holiday inland. Within those two groups older people predominate, although often visiting with children or grandchildren. The older persons market is a growing one, and, therefore, important for ventures like Mangerton Mill. Older people are living longer, have better pensions than before and remain active and able to drive cars long into retirement. And the Harris's have a natural rapport with an age group they now find themselves in.

Marketing was an unknown skill for the Harris's when they started their venture. They feel that word of mouth and reputation for quality and value for money has been most important. But there have been other techniques that have proven valuable in establishing their business. The Mill is signed off the main road by the "Brown Signs" now used for all UK tourist attractions. Businesses are required to pay for the erection of the signs and many do not, therefore, put up signs: in this case, however, the small investment has paid handsomely. Many forget that effective signs are essential to the marketing of any rural tourism activity that is not directly on a main road.

Two other marketing tools should be noted. In the early years the Harris's were members of the Brit Valley Tourism Development Forum (see below), a local group trying to develop rural tourism in the Valley into which the Mangerton River flows. The Forum produced a series of leaflets about the area for the three vital first years of the Mill's operation. The Mill received useful coverage. Secondly, the Harris's have always given a very warm welcome to study visits from foreign groups of farmers and others keen to learn about farm diversification and rural tourism. These groups, from France, Germany, the USA and Japan, have usually come via contacts in the Universities of Bristol and Birmingham. They have received considerable press, radio and TV coverage – all of which has helped put Mangerton Mill on the mental maps of many local people and visitors.

The Mill took paid advertising space in local newspapers in the early years, but feels, like many other small rural businesses in the UK that this is not an effective medium to work with.

Public Sector Involvement:

The public sector has been involved in the success of Mangerton Mill in several ways. Perhaps of least importance has been direct grant aid. About £3,000 was received as grant in aid from the West Dorset Rural Development Area in 1988 to assist with the setting up of the business.

More importance could be attached to advice and assistance received. The West Dorset District Council Historic Buildings Officer, Mr. Oliver, gave valuable advice about the restoration of the many historic buildings on the site, and his advice enabled planning permission to be given without any problems. Mr. Simon Ludgate of Dorset County Council also gave specific advice on the mill.

In autumn 1988, the University of Bristol set up the Brit Valley Tourism Development Forum, meeting weekly in the town of Beaminster, a few kilometres from Mangerton. This was part of a national experimental Rural Tourism Development Project. It was publicly funded. It had three aims:

- To try out ways of teaching new skills and ideas to farmers and others who wanted to develop

rural tourism as a way of diversifying the rural economy while conserving the environment, heritage and way of life of rural communities. The group was a pioneer in the implementation of sustainable rural tourism.

- To learn the practical issues involved in implementing sustainable rural tourism.
- To use the outcomes of the Brit Valley experience as a model of good practice nationally.

The Harris's were enthusiastic members of the Forum: it met regularly for two years. There were over 30 members in all, many of whom started new, or progressed existing, rural tourism businesses. They gained many contacts from the Forum, learned some new ideas, and benefited from the publicity leaflets that the forum produced and the media attention paid to the area. They gained strength from the knowledge that they were not alone in working in a new and competitive field. Group strength was an important outcome of the local forums set up in a number of UK locations. In turn the National Project benefited from the feed back from the Mangerton Mill experience.

Linkages:

The Mill has a number of linkages with other local tourism businesses. It has no web site, nor does it have an e-mail connection. It retains a connection with the University of Bristol and hosts groups of foreign professional visitors from time to time.

The Competition:

The competition for the mill comes from two sources. There is some competition from the tendency of the British to holiday abroad, especially when the Pound Sterling is strong, and the summer weather is poor in the UK. Secondly all British tourist attractions have suffered from an over development of rural tourist attractions in the last few years. In part that has come from the continuing need of so many farmers to diversify their activities. In part it has resulted from the massive funds provided by the new National Lottery, which subsidises many new heritage attractions. So far Mangerton Mill's strong personal attention to the needs of its visitors, its proximity to the coastal market and its broad based economy has prevented serious problems.

The Future:

Mangerton Mill is now fully developed. There are discussions going on to try to make it possible for the mill to produce flour for human consumption: stone ground flour, milled slowly by traditional

methods, is known to have a good market. The other immediate question revolves around the increasing age of the owners. Will they retire ? Will they pass the business to their son and daughter in law ? Will they sell the business ? All these are critical questions for the next few years.

Impacts on the Local Region:

The impact on the local region can be seen in many ways. Mangerton Mill was a pioneering venture that helped begin a new phase of rural activity in the area, proving that sustainable rural tourism was a venture in which local people could be successful. It also provided a way to conserve an important historic regional legacy: the water mill. Mangerton is the only remaining water mill of its type in the county. It would not have survived without the business and practical skills of the Harris family.

Economically, the Mill provides 3 full time and 3 part time jobs – with several other people employed in other businesses on the site. The total gross revenue of the site is probably in excess of £250,000 per year; the net revenue remaining in the community, before any multiplier effect, is probably about £175,000. There has also been a very large capital investment in the site, which is now worth many times its value at the beginning of the venture.

Entrepreneurial Commentary and Issues for Japan:

This case study was chosen because it shows that older people, who have been small farmers for their entire lives, can become successful entrepreneurs if they have basic business instincts, are willing to take advice, and good skills with people. Specific issues for the Japanese context could include:

- The role played by the Tourism Development Forum in developing skills, ideas, confidence, group strength and marketing. Note too that the group was managed in such a way that individual diversity was encouraged, but that the strengths of the group were used to secure effective marketing and political assistance.
- The importance of recognizing and seizing the many opportunities open to a small farm once the opportunities of buildings, site and situation have been assessed.
- The importance of taking – and acting on – good advice.
- The fact that local disapproval or disbelief was overcome in a small intimate rural community.
- The small role played by grant aid in the creation of the Mangerton Mill complex.

- The closeness to the market for the Mill which has been achieved – a closeness developed by instinct rather than training.
- The fact that age and lack of formal education did not prove a barrier to success.