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QUALIFICATIONS OF THE SUCCESSFUL OWNER-OPERATOR OF
A COMMERCIAL OUTDOOR RECREATION ENTERPRISE

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Prepared for delivery before
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Qualifications of the Successful Owner-Operator of
a Commercial Outdoor Recreation Enterprise

by

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The topic, qualifications of successful owner-operators of commercial recreation enterprises, relates specifically to the characteristics of operators. Before directing my comments to this assigned topic, however, I think it is important to first discuss briefly the setting in which the qualifications of successful operators may be judged.

The operator's personal characteristics, skills, and management ability are qualities of major importance, but even if they are favorable these are inadequate to guarantee success if they are to be applied to an unsound business venture. This is why emphasis must be placed on selecting the enterprise situation in which the operator functions. Demand for the "product" and the available supply of opportunities to meet this demand must be considered as well as location and development of the facilities. These factors must be favorable to insure that management is not wasted on an unsound venture. The economic setting is often a controlling factor and must, therefore, be carefully evaluated before appraising the operator's characteristics in depth. The qualifications of the man must be evaluated within an economic "framework" to be meaningful.

In many respects recreation is an old use for farmland. Much of the hunting and a lot of the fishing has traditionally been provided on

farmland. Sightseeing, an activity which the Outdoor Recreation Resources Review Commission (ORRRC) rated as one of the most popular forms of recreation, depends in a large part on rural country vistas of farms and woodlots. The vast panorama of farmland provides one of the Nation's significant assets of scenery.

Recently, however, the Department has been concerned with finding new sources of income for farmers. One "product" not currently in surplus in most areas of the country is outdoor recreation. We can assume that Virginia is within an area where general recreation demand for many types of activities exceeds current supply. A thoughtful discussion of recreation on farms brings us very quickly to the problems of economics. What can be expected in terms of monetary returns to operators of farm or other rural recreation enterprises?

To continue this digression, let us consider some general concepts relating to demand and supply for recreation opportunities. In lieu of better data on demand, it is popular to repeat the ORRRC forecast of a threefold increase in recreation demand for the Nation as a whole by the turn of the century. Comparable data for States and regions are not available, but it is certain the demand will vary greatly for different sections of the country. The ORRRC projection needs further examination with relevance to its implication for farm-based recreation enterprises.

Much of this demand as forecast by ORRRC is "driving for pleasure." Farms provide scenery, but it is hard to collect money for this amenity. City or suburban types of recreation, such as walking for pleasure and

bicycle riding, are also high on the ORRRC demand list. The traditional types of outdoor recreation such as fishing, camping, and hunting show much less of a percentage increase, according to the studies made by the Commission. Thus, it is evident that the demand for recreation that can be supplied on farms is much less than the threefold increase forecast for the Nation in the ORRRC reports.

Often the demand for recreation is for a combination of activities such as camping, picnicking, and fishing, and other similar groups of recreation opportunities. Therefore, the single enterprise type of farm recreation may be less in demand than the combination of facilities providing a wide range of recreation activities. Such combinations or complexes show considerable promise but for them to be successfully integrated into the private-public setting advanced planning is required.

Another significant factor about current demand for recreation is that much of it is related to families. To accommodate families, a different type of recreation facility is required than was prevalent several years ago, when much of the rural recreation was confined to fishing and hunting by the husband and the boys of the family. Many families, especially the female members, seeking outdoor recreation are not interested in "roughing it" in primitive facilities. They want city conveniences amid rural surroundings. Therefore, this kind of demand will require higher quality, more complex, and more costly facilities than was necessary when just the men of the family went on fishing and hunting excursions.

The supply of recreation opportunities is also an important aspect of successful operations. Supply is not necessarily measured by acreage in a facility, and the acreage in a recreation facility may be a poor measure of the recreation opportunities it affords. The acreage of an area must be related to the specific kinds of recreation facilities that it supplies. For example, an acre along the shoreline of a lake might provide access to several hundred swimmers in the course of a day. In contrast, 100 acres or more may be required to accommodate a single hunter for a day's hunting.

Management of the area is important in determining the supply of recreation that can be provided on a given area of land or water. This fact must be considered in planning the enterprise. Activity zoning illustrates an aspect of management that can be used to increase capacity on a given acreage. For example, a lake used by water skiers exclusively would have only a small carrying capacity per acre. If it were used by swimmers, the capacity would be many times higher. By zoning activities for certain hours of the day or for certain parts of an area, total use might be increased and both kinds of activities provided. In this way, conflicts of recreation use can be minimized and the carrying capacity of an area greatly increased.

Recreation seekers are constantly demanding more services and better facilities. Facilities which emphasize intensity of use can greatly increase the recreation supply on a given area of land. Intensive-use facilities and those that emphasize service offer the greatest opportunities for stimulating economic growth through recreation developments. These facilities that provide for intensive

recreation use enhance the ability of a given area to handle increasing recreation demands. Such developments, however, may not require large diversions from agricultural acreages.

Enterprise location is an important factor affecting the success of recreation enterprises. Recreation facilities or areas must be readily accessible to urban demand. They must be close to people or situated advantageously with respect to main travel routes. Recent ERS studies show that wide fluctuations can be expected in net returns to labor and management from farm recreation enterprises. Generally, returns were low -- and it must be kept in mind that these enterprises studied were those that had stayed in business. No attempt was made to enumerate enterprises that had gone "broke" or been dropped because of other causes. Profits are not always sure and the operator who goes into this new field should be well qualified and know the "setting" for his business. He should carefully survey his individual situation before going too far into the business. Most successful operators interviewed in the ERS surveys "grew" into the business. That is, they started in a small way and increased the size of their business as they were able to build up the demand for the facilities and services provided.

With this background on demand-supply factors let us return to the qualifications of successful operators. How do you help the operator make his decision whether to go into the commercial recreation business?

In deciding on whether to set up a specific enterprise, it is not enough just to point out the general statistics on demand for recreation.

Neither is it enough to draw up a conservation plan for a recreation enterprise. Cost and return statements, conservation plans, statistics on family income and leisure time, and all such similar factors are good tools to help in decision-making, but the most important question is "will it pay?" You probably cannot tell the prospective operator much about the specific demand for his product. I do not mean you cannot assemble some facts about use of related areas, population, leisure, income, personal characteristics, and so forth. But how many customers will visit the prospective operation will depend a lot on the individual recreation opportunity provided, as well as on the place and the promotion given to "drumming up" customers. And a most important factor is the operator himself. How do you analyze the situation and the man? For it is this combination that will determine success or failure. Unfortunately, answers to this question cannot be generalized. About all you have to go on is the citation of some examples of successful operations. These can be useful but to get right down to brass tacks you have to help the farmer think through this problem for his individual situation.

What kind of a person is he? Here it would help if you were a psychologist, a sociologist, or perhaps a psychiatrist and had a couch for the interview. For what you need to do is get the operator to analyze himself in terms of his abilities, likes, dislikes, skills, and aptitudes. We can give you some very general examples of qualifications for successful operation based on limited case studies, but applying the information to individual cases is the real problem.

Specific illustrations are merely separate indicators. How different factors from particular cases work together or interact in new situations is too complex to predict with certainty. The major personal qualifications are personality traits. To evaluate them fully would require not only self analysis but skillful appraisals by qualified technicians -- sociologists, psychologists, etc.

In most cases, if you think a farmer can be successful, you will be asking him to give up a familiar way of operation to adopt a new and strange one. The familiar ways of operating, types of products grown, etc., tend to become accepted as the way to operate. To change them is difficult. You need evidence that this phasing out of one type of use and phasing into another will not be only profitable but "agreeable" to the operator and the community. Basic "moral" and "ethical" concepts may be involved. To many farmers recreation is "play," and play may be associated with "laziness" and consequently bad in their scheme of ethics. As a leader in one of our land-grant colleges told me a while back, "What we need is more work, not more play." So, you have a built-in obstacle to overcome.

Selling recreation is a different type of activity than most farmers are used to. Instead of selling a product with an established market, selling recreation requires the operator to deal with his customers personally and to sell a service. This takes a different type of skill. He is no longer just a producer of an impersonal product. In selling his service, he must project his personality into the market. He is now a producer, not only of a product, but of a service which he

must personally merchandise to customers. This is a new role and requires a new skill.

How do you tell an individual operator that a recreation enterprise may not be for him? Perhaps the best way to get this advice across is by inference. Examples of qualifications of operators associated with successful enterprises can be reviewed with the operator. Frequently, too, examples of failures furnish equally valuable lessons. Personal references can be avoided by pointing out experiences of other operators as reported in research reports and other publications. In this respect, it might be well to indicate some of the findings from recent ERS research studies that relate to success of farm recreation enterprises. For example: in Missouri, it was found that many of the farm recreation enterprises have not been financially rewarding. Reasons for this condition include limited previous experience of the operator, insufficient demand (most of the operators catered to less than 30 percent as many patrons as they could have handled during the peak recreational season), inadequate advertising, and unattractive accommodations. These reasons all relate back to the operator's decisions. These decisions must be based on the best information available to him. In this context, it is relevant to consider the particular demand and supply situation for his specific circumstances.

In Oregon, it was found that returns were generally low for the recreation enterprises surveyed. This was attributable in large measure to a lack of customers. The situation varied, however, for

different types of enterprises. Nearby public facilities were frequently important to success or failure of a private enterprise. Public facilities may draw customers to a riding stable yet compete with private campgrounds. Customers usually made use of more than one type of recreational facility during each visit.

Location was a major factor determining the success of recreational enterprises among the operators included in an ERS study in Ohio. The seasonal nature of most types of recreational enterprises and the uneven patronage patterns (high weekend participation) were found to be major economic problems. Although recreational development appeared to be a good land-use alternative in the Ohio study area, the large percentage of enterprises earning low returns indicated that careful planning and good management are essential for success.

An ORRRC survey of private recreation enterprises (Study Report No. 11), also done by ERS personnel, indicates that many people trying to manage recreation enterprises were not adapted to the work. Personal attributes were important. The manager largely creates the "atmosphere" of his recreation facility and recreationists usually search for places and conditions to which they can adjust easily.

This report concludes that ". . . Although the business of providing private outdoor recreation opportunities is not particularly unique, it is an exacting occupation with many specialized branches. It offers opportunities to operators who can provide sound business management, promotion, and investment, and whose personalities are adapted to the task."

In summing up some of his observations, the author of the report on the ERS study in Arkansas had this to say, ". . .Not only must the operator provide something for the privilege fee (service, product, or atmosphere), he must continually seek to maximize the satisfaction of his patrons to get the high proportion of repeat patronage essential to the success of his enterprise."

The recent USDA publication, "Rural Recreation Enterprises for Profit" (AI Bul. No. 277), contains many helpful suggestions regarding qualifications of operators of recreation enterprises. I will not attempt to list the points discussed in the publication. It was written for private land owners and operators, but it contains pertinent information that can be used in planning recreation enterprises.

In conclusion, a successful operator of a commercial recreation enterprise must know the demand and supply situation relative to his particular enterprise. He must possess basic information about the market for his "product." He must know who his customers will be; what kind of recreation they want; where they are located; and how he can provide them with the facilities and services they will be willing to pay for and insure that they will become repeat customers. He must possess a keen business sense and have the ability to meet people and work with them in catering to their demands. In addition, essentially he must have the following:

1. He must have willingness to gain experience in a new venture and to provide the public with what it wants in the way of facilities and services.

2. He must have an ability to exert authority and to impose discipline on his customers because many major management problems are guest-oriented. Vandalism, littering, theft, fire, and rowdiness are factors that threaten profits and must be controlled. The operator must be firm but fair. He must be in control of the situation at all times.
3. He must have a willingness to spend time, effort, and money and make the facilities attractive to guests, and to spend money for advertising and promoting his business.
4. He must be willing to invest sufficient funds to establish a "going" concern large enough for an efficient operation which can return a reasonable profit.

The final decision to establish a recreation enterprise will, of course, be made by the operator. You can help him in making this decision by getting him to size up the situation and himself and by offering sound constructive advice. In doing this, it will be well to point out that not every farm adapted to recreation use should be developed as a recreation facility and not every farmer who is well suited to establish a recreation enterprise or operate it should get in the business.

A balance of public-private recreation is needed. Commercial enterprises can stress services and intensive-use of resources.

Costly overbuilding for limited demand should be avoided. Often there is a tendency to be overly optimistic about what types of enterprises will succeed. Establishing enterprises tends to be

emphasized as a goal in itself by some technical advisors, and they vie with their colleagues to outdo them in getting a program rolling. Action often proceeds without benefit of adequate research or other needed guidelines. Mistakes may be made if a program is oversold, and as a result the whole program may be discredited. What we need is caution. We need to feel our way and to build a solid foundation for the future.

