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# GUIDELINES FOR SUSTAINABLE HARBOUR DEVELOPMENT



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# GUIDELINES FOR SUSTAINABLE HARBOUR DEVELOPMENT

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## CONTENTS

1	INTRODUCTION.....	6
2	PART I – CONCEPT OF SUSTAINABLE DEVELOPMENT .....	8
2.1	Environmental sustainability.....	11
2.2	Economic sustainability .....	12
2.3	Social sustainability .....	15
3	PART II - HARBOUR DEVELOPMENT IN COASTAL NATURE RESERVES.....	17
3.1	Sustainable Gateways project .....	17
3.2	Guidelines for sustainable harbour development.....	19
3.2.1	Location and accessibility.....	19
3.2.2	Infrastructure and service portfolio.....	21
3.2.3	Seasonality .....	22
3.2.4	Weather risk .....	23
3.2.5	Marketing communication .....	23
3.2.6	Operating the business (Management) .....	24
3.2.7	Personnel of the operator company (Leadership) .....	25
3.2.8	Financial sustainability .....	26
3.2.9	Competition.....	27
3.2.10	Site management.....	28
3.2.11	Shell model of a small boat port .....	30
4	SPECIFIC CIRCUMSTANCES – COVID-19 PANDEMIC .....	32
5	CONCLUSIONS.....	34
6	PUBLISHING AND QUOTATION OF THIS REPORT .....	37
6.1	Copying, quotation and dissemination.....	37
6.2	Additional information.....	37
	APPENDIX 1. TABLE OF GUIDELINES.....	38

# 1 INTRODUCTION

Operating a small boat port in archipelago or coastal environment as a business is very fascinating, because the beautiful maritime sceneries attract people seeking for good feelings and wellbeing from unique maritime nature. This concerns both the entrepreneurs and their personnel, and the visitors of these destinations. At the same time, it is also very challenging due to many reasons, most challenging ones being the short and intensive high season, and the constant weather risk involved. Remote locations cause challenges for logistics and for hired personnel. Combining all these in a sustainable way is the main challenge which *Small Ports - Sustainable Gateways to Coastal Nature Parks (Sustainable Gateways)* –project aims to answer.

Sustainable development is defined as the organizing principle for a process where human development goals are met while simultaneously sustaining the ability of natural systems to provide the natural resources and ecosystem services on which the economy and society depends. Sustainability refers to the state or ability of human civilization and biosphere to coexist constantly. It is also defined as the process of people maintaining continuous change in dynamic balance with their environment, in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony, and enhance both current and future potential to meet human needs and aspirations.

Other well recognized main sectors of sustainable development are economic and social sustainability. Economic sustainability includes not only the necessary micro level profitability of any company or business, which makes it economically viable in long term, but also economically sustainable consumer choices. Consumers have a great influence on markets when making choices about their consumption. Social sustainability is a much wider concept, including both environmental and economic sustainabilities, which both affect strongly to societies. In archipelago context social sustainability starts from equal access for everyone, which results to diversity of visitors. In addition, it is important to disseminate maritime and archipelago cultural heritages, which then attracts visitors to travel in archipelago areas. It is a process for creating sustainable, successful destinations – gateways to maritime nature reserves, that promote especially social well-being of people.

Economic sustainability is the real challenge for any remote tourism destination, mainly because the accessibility of these remote locations is limited and thus collecting enough visitors and turnover is a common challenge. This applies also in maritime tourism. Setting up the port infrastructure and port related services in a remote archipelago location is usually very expensive and the number of visitors is always more or less unpredictable. It is quite obvious, that the number of sunny days during the summer time has a strong positive correlation with the number of visitors and thus affects to the turnover service providers can collect in a very short time of high season.

Sustainable Gateways project developed small boat harbours located in coastal and maritime nature reserves in the Finnish and Swedish outer archipelagos. Altogether seven small boat ports, of which four are located in Finland between Uusikaupunki and Tammisaari, and three in Sweden in Stockholm archipelago, were under development activities. With the project's support, these harbours have received improvements in their key infrastructure, such as floating piers and service buildings, and thus they have become more sustainable and attractive gateways for people who like to travel and spend time in maritime nature reserves and archipelago areas. Such people commonly include: leisure time boaters, fishermen, paddlers, hikers, trail bikers, daily visitors and other occasional tourists, not to forget people who spend their leisure time on summer houses nearby. After the implementation of Sustainable Gateways –project these archipelago tourism destinations become better managed and they offer a wider variety of services with good quality, and in this way these harbours have become also more sustainable.

In addition to the primary focus of Sustainable Gateways –project, harbour operators business knowledge and increased regional nature-based tourism are also in focus. Key idea of the project was to create cozy and well managed tourism destinations with good services and facilities, which then attract more visitors to a sustainable gateway. These gateways enable people to access sensitive maritime nature reserves, and enjoy their nature in a sustainable way without too much pressure on nature. In these gateways, the number of visitors should be high enough, so that also economic and social sustainability of tourism business are achieved, former being the real challenge in maritime nature tourism.

This *Guidelines for Sustainable Harbour Development* publication concerning small boat ports concentrates mostly in the challenges of economic sustainability. It provides necessary points and guidelines for any small boat port entrepreneur to be considered when developing a harbour for leisure time

boaters and visitors of the tourist destination surrounding the port. Environmental sustainability in these ports concerns mostly preserving nature and providing waste management, and is thus quite a straightforward issue. Environmental sustainability in maritime nature reserves is taken care by the site managers and owners of these areas, namely Metsähallitus Parks & Wildlife Finland, and the Stockholm Archipelago Foundation in Sweden. Key rule in this context is to put pressure on maritime nature as little as possible. Social sustainability can be assumed as a positive externality of a well-managed and cozy archipelago harbours attracting visitors. It emerges as a positive spill over from environmental and economic sustainabilities.

In the end, special thanks goes to Ms. Sanna-Kaisa Juvonen from Metsähallitus, Parks & Wildlife Finland and to Mr. Vesa Hautala from Brahea Centre at the University of Turku for commenting on this publication *Guidelines for Sustainable Harbour Development*. In addition, thanks goes also to Ms. Pia Berg from Stockholm Archipelago Foundation, who has given us support in this development work along with the participating harbour entrepreneurs.

## 2 PART I – CONCEPT OF SUSTAINABLE DEVELOPMENT

Sustainable development is by definition the organizing principle for meeting human development goals, while simultaneously sustaining the ability of natural systems to provide the natural resources and ecosystem services on which the economy and society depends. The desired result is a state of society where living conditions and resources are used to continue to meet human needs without undermining the integrity and stability of the natural system.

Sustainability is a wide and complex concept, which is commonly understood as environmental sustainability. This refers to the ability of human civilization and biosphere to coexist constantly. It is also defined as the process of people maintaining continuous change in dynamic balance with their environment, in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony, and enhance both current and future potential to meet human needs and aspirations. Originally, sustainability meant utilizing only such natural, renewable resources that people can continue to rely on their yields in the long term. Most commonly this meant only farming and forestry.

Sustainability is typically defined through the following three interconnected sectors or perspectives: environmental, economic and social sustainability. In addition, sub-domains of sustainable development have been considered also on the fields of cultural, technological and political sustainability. According to publication called *Our Common Future*<sup>1</sup> (a.k.a. Brundtland report), Sustainable development is generally defined as development that “*meets the needs of the present without compromising the ability of future generations to meet their own needs.*” This is the essential paradigm that should be considered when thinking of sustainable development in any of the above mentioned perspectives.

Sustainability can also be defined as a socio-ecological process characterized by the pursuit of so called *Common ideal*. An ideal situation or state of a society is by definition unattainable in a given time and space, but by persistently and dynamically approaching it, the process results in a somewhat nearby sustainable system. Many environmentalists and ecologists argue that sustainability is achieved through the balance of species and the resources within their environment. As is typically practiced in Natural Resource Management, the goal is to maintain this equilibrium, *available resources must not be depleted faster than resources are naturally generated*. Global Footprint Network calculates every year the *Earth Overshoot Day* (EOD), which is an illustrative calendar date on which humanity's resource consumption for the year exceeds Earth's capacity to regenerate those resources that year. The term “overshoot” represents the level by which human population spends more resources than the sustainable amount of resources exist on Earth. In year 2020 this date was August 22<sup>nd</sup>, while 20 years before it was September 23<sup>rd</sup>. Thus, the balance between people, societies and surrounding nature is increasingly challenging to achieve.

Moving towards sustainability is also a social challenge that entails international and national law, urban planning and green transport, supply chain management, local and individual lifestyles and ethical consumerism. Ways of living more sustainably can take many forms from reorganizing living conditions (e.g., ecovillages, eco-municipalities and sustainable cities), reappraising economic sectors (permaculture, green building, sustainable agriculture and fishing), or work practices (sustainable architecture), using science to develop new technologies (green technologies, renewable energy and sustainable fission and fusion power), or designing systems in a flexible and reversible manner, and to adjusting individual lifestyles that conserve natural resources. Perhaps the greatest challenges for this development are the global

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<sup>1</sup> World Commission on Environment and Development (1987). *Our Common Future*. Oxford: Oxford University Press.

inequality, differences in wealth distribution and oversized populations, which leads to excessive growth of consumption without any consideration of sustainability.

To sum up, the term `sustainability` should be viewed as humanity's goal of human-ecosystem dynamic equilibrium (called also Homeostasis), while `sustainable development` refers to the holistic approach and temporal processes that lead us to the end point of sustainability. Despite the increased popularity of the use of the term sustainability, the possibility that human societies will achieve environmental sustainability has been, and continues to be, questioned — in light of environmental degradation, decline of biodiversity, climate change, overconsumption, population growth and societies' pursuit of unlimited economic growth in a closed system.

Because sustainability and sustainable development are such broad concepts, this *Guidelines of Sustainable Harbour Development* publication focuses primarily on economic sustainability of a small boat harbour, leaving environmental and social sustainabilities as more or less given factors. Economic sustainability is still the greatest challenge for these harbours and their operator companies, ensuring their existence in the long term.

In addition, environmental sustainability is already taken into consideration in the rental contracts between the operator companies and site managers or owners, meaning that the operator companies need to follow environmentally sustainable practices in their operations. This is a natural consequence, because all small boat ports participating in the Sustainable Gateways project are located in maritime nature reserves. Channelling visitors to these archipelago hubs helps to preserve the surrounding nature better, and still people can get close to nature and search natural well-being from there.

Social sustainability is also an important perspective on general level, but for small boat ports it is usually a given factor. Small boat ports are *a priori* producing positive social affects by their existence, when they bring people close to maritime nature, to its peaceful and beautiful sceneries, creating social well-being. Environmental, economic and social sustainabilities are discussed briefly in following chapters.

## 2.1 Environmental sustainability

Healthy ecosystems provide vital goods and services to humans and other organisms. There are two major ways of reducing negative human impact on ecosystems, thus helping to maintain ecosystem services. First of these is environmental management, which is based largely on information gained from earth science, environmental science and conservation biology. However, this is management at the end of a long series of indirect causal factors, that are initiated by human consumption, so the second approach is through demand management of human resource use.

Management of human consumption of resources is an indirect approach based largely on information gained from economics. Herman Daly<sup>2</sup> has suggested three broad criteria for ecological sustainability: **a)** renewable resources should provide a sustainable yield (the rate of harvest should not exceed the rate of regeneration); **b)** for non-renewable resources there should be equivalent development of renewable substitutes; **c)** waste generation should not exceed the assimilative capacity of the environment. Recycling should also be efficient and make sure the reusable materials are utilized efficiently.

Environmental sustainability is very challenging to achieve, especially in global context, simply because the state of peoples wealth and level of consumption varies so much from one country to another. The consumption of natural renewable and non-renewable resources increases rapidly for example due to expansion and increase in wealth of Chinese and Indian middle-classes, not to forget the economic growth in Africa. These groups of people are already huge in number and when they are becoming more wealthier, they are also eagerly waiting for new opportunities to increase their consumption. This development leads to completely opposite results than what is needed for reaching environmental sustainability. Thus, environmentally sustainable solutions can most commonly be achieved locally and in smaller scale, which is more relevant for preserving the local maritime nature of the Baltic Sea. In Sustainable Gateways project the environmentally sustainable solutions are seek in individual small boat ports located in maritime nature reserves.

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<sup>2</sup> Daly, H.E. (1990). "Toward some operational principles of sustainable development". *Ecological Economics*.II (1): 1–6.

## 2.2 Economic sustainability

Economic sustainability is commonly defined as follows: “*it concerns the specification of a set of actions to be taken by present persons that will not diminish the prospects of future persons to enjoy levels of consumption, wealth, utility, or welfare comparable to those enjoyed by present persons*”<sup>3</sup>. Sustainability interfaces with economics and economies through social and ecological consequences of economic activity. It is said that sustainability economics represents “...a broad interpretation of ecological economics where environmental and ecological variables and issues are basic but part of a multidimensional perspective. Social, cultural, health-related and monetary and financial aspects have to be integrated into the analysis.”<sup>4</sup>

However, the concept of sustainability is much broader than the concepts of sustained yield of welfare, resources, or profit margins. At present, the average per capita consumption of people living in the developing world is somewhat sustainable, but global population numbers are increasing rapidly and individuals are aspiring to high-consumption lifestyles such as in the developed world. The developed world population is only increasing slightly, but consumption levels are unsustainable. The challenge for sustainability is to curb and manage developed world consumption while raising the standard of living of the developing world, without increasing its resource use and environmental impact. This must be done by using strategies and technology that break the link between economic growth and environmental damage and resource depletion.

A recent United Nations Environment Program (UNEP) report proposes a green economy defined as one that “*improves human well-being and social equity, while significantly reducing environmental risks and ecological scarcities*.”<sup>5</sup> It works to minimize excessive depletion of natural capital. The report makes three key findings: 1) Greening not only generates increases in wealth, in particular, a gain in ecological commons or natural capital, but also produces a higher rate of Gross Domestic Product (GDP) growth. 2) There is an inextricable link between poverty eradication and better maintenance and conservation of the ecological commons, arising from the benefit flows from natural capital that are

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<sup>3</sup> Bromley, Daniel W. (2008). "sustainability," The New Palgrave Dictionary of Economics, 2nd Edition.

<sup>4</sup> Soederbaum, P. (2008). Understanding Sustainability Economics. London: Earthscan.

<sup>5</sup> United Nations Environmental Program (2011). Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication – A Synthesis for Policy Makers.

received directly by the poor. 3) the transition to a green economy, new jobs are created, which in time exceed the losses in 'brown economy' jobs. However, there is a period of job losses in transition, which requires investment in re-skilling and re-educating the workforce .

Historically there has been a close correlation between economic growth and environmental degradation: as communities grow, so the environment declines. This trend is clearly demonstrated on common graphs of human population numbers, economic growth, and environmental indicators. Simply because economic growth eats away at the Earth's ecosystem services which are its life-support system. There is a concern that, unless resource use is checked and corrected, modern global civilization will follow the path of ancient civilizations that collapsed through overexploitation of their resource base. While conventional economics is concerned largely with economic growth and the efficient allocation of resources, ecological economics has the explicit goal of sustainable scale (rather than continual growth), fair distribution and efficient allocation, in that order. The World Business Council for Sustainable Development states that "*businesses cannot succeed in societies that fail*"<sup>6</sup>.

In economic and environmental fields, the term decoupling is becoming increasingly used in the context of economic production and environmental quality. It refers to the ability of an economy to grow without incurring corresponding increases in environmental pressure, economic growth is disengaged from environmental issues. Ecological economics includes the study of societal metabolism, the throughput of resources that enter and exit the economic system in relation to environmental quality. *An economy that can sustain GDP growth without harming the environment is said to be decoupled.* Exactly how, if, or to what extent this can be achieved in practice is a subject of much debate, thus it remains more like theoretical concept.

There are conflicting views on whether improvements in technological efficiency and innovation will enable a complete decoupling of economic growth from environmental degradation. On the one hand, it has been claimed repeatedly by efficiency experts that resource use intensity (i.e., energy and materials use per unit GDP) could in principle be reduced by at least four or five-fold, thereby allowing for continued economic growth without increasing resource depletion and associated pollution. On the other hand, improvements in the efficiency of the use of energy and materials were almost always outpaced by economic growth, in large part because of the rebound affect (conservation),

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<sup>6</sup> WBCSD's 10 messages by which to operate. World Business Council for Sustainable Development. (2009).

or Jevons Paradox<sup>7</sup> resulting in a net increase in resource use and associated pollution. There are also practical limits to all efficiency improvements. For example, there are certain minimum unavoidable material requirements for growing food, and there are limits to making automobiles, houses, furniture, and other products lighter and thinner without the risk of losing their necessary functions.

Since it is both theoretically and practically impossible to increase resource use efficiencies indefinitely, it is equally impossible to have continued and infinite economic growth without a concomitant increase in resource depletion and environmental pollution, i.e., economic growth and resource depletion can be decoupled to some degree over the short run, but not in the long run. Consequently, long-term sustainability requires the transition to a steady state economy in which total GDP remains more or less constant.

The economic importance of nature is indicated by the use of ecosystem services to highlight the market relevance of an increasingly scarce natural resource, that can no longer be regarded as both unlimited and free. In general, as a commodity or service becomes more scarce the price increases and this acts as a restraint that encourages frugality, technical innovation and alternative products. However, this only applies when the product or service falls within the market system. As ecosystem services are generally treated as economic externalities they are unpriced and therefore overused and degraded, a situation sometimes referred to as the *Tragedy of the Commons*. An opposite example is crude oil found in nature. When scarcity (or increasing demand in relation to controlled supply) increases the price of a raw material collected from nature, the price increase works as an incentive for searching crude oil in more remote and extreme places, such as the Antarktis, Siberia or Northern-Canada.

One approach to this dilemma has been the attempt to “internalize” these “externalities” by using market strategies like ecotaxes and incentives, tradable permits for carbon, and the encouragement of payment for ecosystem services. Community currencies associated with Local Exchange Trading Systems (LETS), a gift economy and Time Banking have also been promoted as a way of supporting local economies and the environment. Green economics is another market-based attempt to address issues of equity and the environment.

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<sup>7</sup> Jevons Paradox occurs when technological progress or government policy increases the efficiency with which a resource is used (reducing the amount necessary for any one common use), but the rate of consumption of that resource increases due to increasing total demand. This happens because the usage of a resource becomes relatively cheaper and thus the demand of the resource increases and more consumers can also use the same resource.

Economic opportunity: when treating the environment as an externality it may generate short-term profit at the expense of sustainability. Sustainable business practices, on the other hand, integrate ecological concerns with social and economic ones (called also *the triple bottom line*). The growth that depletes ecosystem services is sometimes termed uneconomic growth as it leads to a decline in quality of life. Minimizing such growth can provide opportunities for local businesses. For example, industrial waste can be treated as an economic resource in the wrong place. The benefits of waste reduction include savings from disposal costs, fewer environmental penalties, and reduced liability insurance. This may lead to increased market share due to an improved public image. Energy efficiency can also increase profits by reducing costs.

The idea of sustainability as a business opportunity has led to the formation of many business organizations. Embedded sustainability offers at least seven distinct opportunities for business value creation:

- a) better risk-management
- b) increased efficiency through reduced waste and resource use
- c) better product differentiation
- d) new market entrances
- e) enhanced brand and reputation
- f) greater opportunity to influence industry standards
- g) greater opportunity for radical innovation

Giving economic priority to the fulfillment of human needs while staying within ecological limits, as sustainable development demands, is in conflict with the structural workings of capitalism.

## 2.3 Social sustainability

Social sustainability is widely understood as equality and diversity of all people, communities and societies, now and in future. It also includes the transition of cultural heritage, such as the maritime and archipelago cultures. It is a process for creating sustainable, successful locations – for example gateways to nature reserves, which promote especially social wellbeing of people. Social sustainability is described through following points:

- **Equity:** the community provides equitable opportunities and outcomes for all its members, particularly the poorest and most vulnerable members of the community
- **Diversity:** the community promotes and encourages diversity
- **Interconnected/Social cohesions:** the community provides processes, systems and structures that promote connectedness within and outside the community at the formal, informal and institutional level
- **Quality of life:** the community ensures that basic needs are met and fosters a good quality of life for all members at the individual, group and community level (e.g. health, housing, education, employment, safety)
- **Democracy and governance:** the community provides democratic processes and open and accountable governance structures.
- **Maturity:** the individual accept the responsibility of consistent growth and improvement through broader social attributes (e.g. communication styles, behavioural patterns, indirect education and philosophical explorations)

Implementing change is a social challenge that entails, among other things, international and national law, urban planning and transport, local and individual lifestyles and ethical consumerism. The relationship between human rights and human development, corporate power and environmental justice, global poverty and citizen action, suggest that responsible global citizenship is an inescapable element of what may at first glance seem to be simply matters of personal consumer and moral choice.

According to the Western Australia Council of Social Services (WACOSS): “*Social sustainability occurs when the formal and informal processes, systems, structures and relationships actively support the capacity of current and future generations to create healthy and liveable communities.*”<sup>8</sup> Socially sustainable communities are equitable, diverse, connected and democratic and provide a good quality of life.

The idea that humans must dominate nature is common in hierarchical societies. Capitalism and market relationships, if unchecked, can reduce the planet to a mere resource to be exploited. Nature is thus treated as a commodity: The plundering of the human spirit by the market place is paralleled by the plundering of the earth by capital. Social ecology is based on the conviction that nearly all of humanity's present ecological problems originate in dysfunctional

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<sup>8</sup> Western Australia Council of Social Services. [www.wacoss.org.au](http://www.wacoss.org.au)

social arrangements. Thus, social sustainability is also an important target for sustainable development.

There is a wealth of advice available to individuals wishing to reduce their personal and social impact on the environment through small, inexpensive and easily achievable steps. But the transition required to reduce global human consumption to within sustainable limits involves much larger and dramatic changes, at all levels and contexts of society. The United Nations has recognised the central role of education, and they have declared a decade of education for sustainable development for years 2005–2014. The World Wildlife Fund (WWF) proposes a strategy for sustainability that goes beyond education to tackle underlying individualistic and materialistic societal values head-on and strengthen people's connections with the natural world. This suits well on developing of sustainable small boat ports located in sensitive maritime nature reserves.

## 3 PART II - HARBOUR DEVELOPMENT IN COASTAL NATURE RESERVES

### 3.1 Sustainable Gateways project

Sustainable Gateways project was funded by European Union and its Interreg Central Baltic programme. This funding programme and its Specific Objective 3.2 aims to support projects that develop small boat ports located in the Central Baltic area in Estonia, Finland, Latvia and Sweden. The project was originally divided into four inter-linked modules or components: 1) investments, 2) development of services and business, 3) marketing and networking, and 4) environmental awareness. Development in each of these modules affected directly to other modules as well. In the harbour's, investments in infrastructure mean increased capacity and improved accessibility, better service infrastructure and safety thanks to increased pier capacity and better harbour planning. Facilities of environmental protection were also developed, which means better wastewater treatment and waste management. New service facilities were built or renovated for visitors, such as service buildings including eg. saunas, toilets, washing place for dishes. Also number of mooring places were increased through harbour expansions.

The operational development component improved the managerial skills of the harbour operators and encouraged them to offer new services and find new customer groups. This was achieved by joint training, exchange of experiences and harbour-specific business development coaching. Joint marketing opportunities aimed to increase ports visibility and attractiveness of the networked gateway harbours. Environmental information is distributed to visitors in the harbours to influence their behavior. These activities will increase peoples mobility and nature-based tourism in the outer archipelagos in a sustainable way, benefitting the entire region.

These seven destinations will become showcases of sustainable and customer-oriented harbour management. In addition, the results of business development work done by the Sustainable Gateways project will be summarized into this *Guidelines for Sustainable Harbour Development*, to be used in developing other harbours with similar challenges and aims. Thus, the results may be disseminated to other harbours contributing to their development and environmental protection.

National borders between Finland and Sweden do not commonly restrict leisure boating in any way. Thus, a large number of Swedish boaters spend their holiday in the Finnish archipelago and vice versa. Providing them with sustainable and high-level harbour services in the outer archipelago raises visitor satisfaction and promotes environmental protection. The project enables the joint Finnish-Swedish development of harbour facilities and services as well as the way they operate. Cross-border cooperation makes it possible to learn from other harbours in nature reserves with similar challenges and coordinate marketing efforts.

At the present, small boat harbours tend to operate mainly locally, instead of being regional or international in their activities. This is due the fact, that the operator companies are all very small, only micro level companies with limited resources. From the boating customer's point-of-view, harbours are separate destinations not formally or visually connected to one another. Only sea and fairways connect these harbours together. Sustainable Gateways concept results to a network of well-maintained and well-managed harbours for small boats located in the nature reserves of the outer archipelago. In their respective regions, these harbours function as gateways for boaters heading towards the mainland.

Today most international boating tourists visit the few well-known, larger harbours in the Finnish and Swedish archipelagos. These visitors require a good

level of services, which are most easy to organize in larger destinations. Harbour development together with improved communication gives the Sustainable Gateways harbours better visibility and attracts new visitors. In addition, sharpening the profiles of each harbour offers added-value to the boaters when selecting their destinations. This profiling will be based on the strengths and uniqueness of individual harbours.

For the boaters, local inhabitants (permanent or part time) and summer visitors, the harbours that participated in the Sustainable Gateways project will offer updated or fresh facilities, better harbour services and thus greater customer satisfaction. These contribute to increased number of visitors bringing economic benefits to the entire region.

## 3.2 Guidelines for sustainable harbour development

Following points are seen as crucial guidelines and factors affecting the development of tourism businesses. When setting up a company based on a product or service, it is crucial to get customers and clients, who have a problem to be solved or a need to be fulfilled, and they have wealth and willingness to pay for the product or service in question. Thus, following factors should also be noted and considered when developing a small boat port located in coastal nature reserves: Location and accessibility, infrastructure and service portfolio, seasonality, weather risk, marketing communication, business operations including personnel, financial sustainability, competition and stakeholders. In some of these factors, maritime environment gives additional challenges to be solved.

### 3.2.1 Location and accessibility

Generally speaking, in any service business where customers need to move themselves to be able to use the service, location of the business and customers accessibility to it are in crucial role. A cafeteria located outside of a city attracts most likely less customers than a cafeteria located right in the city centre. Usually city centre is easier to access for example by public transport and thus there are more living and visiting people. Turned around, it is worthwhile building a business where many people are moving. Accessibility refers also to

opening hours, i.e. when the service is available for customers to come. *Thus it is crucial, that opening hours are communicated well to potential customers.*

Location also guides the customer flows in time. A restaurant outside of the city centre, but close to business offices attracts most likely many lunch guests around noon, but not fine dining customers on the evening. *Thus, it is crucial where the small boat port is located and how easily it can be accessed.*

These important basic factors affect directly to the number of visitors a destination can achieve. If the location is very remote, and the distance to main boating routes is long, and the location is difficult to reach in other ways too, it most likely does not attract enough visitors to make the business viable. Or vice versa, the business remains at a very small scale level because there is not enough visitors to gain enough turnover and create profitability.

When operating a remote small boat port of any size and especially in archipelagos, it is quite common that the turnover generated from visiting boats (in the form of port fee) is not enough to cover the operative costs of the small boat port and the service portfolio it provides. So it is important that other people than boaters interested in the destination have also other ways to reach the harbour or the destination. Commonly this means a ferry connection from the mainland. However, this route makes another kind of challenge for building the flow of visitors come to light; for example where do the visitors coming on wheels park their vehicles during their visit to an archipelago destination? These issues are important when planning the service portfolio of a small boat port and the customers journey to it. It should be realistically considered what is possible and reasonable to include in the offer and what is not.

- **Guideline:** Conduct a survey among your current visitors and ask where they come from, how did they come, why they came for and what they like about the service you provide. Ask for improvements and direct feedback. If you can find out where your customers come from, try to increase your marketing communication inputs to those directions.
- **Guideline:** Search for statistics of boat traffic on nearby sea or lake areas, where does the main routes of boating go, and how far those are, search for recent studies about how people spent their leisure time and what interests they have.
- **Guideline:** Think the customers journey from their starting point – how the potential customers would/could reach your destination and why? Build cooperation with other actors involved in this logistical chain. If needed and financially possible, include a ferry connection to your own

service portfolio. Then you are independent of timetables of public ferry transportation. Make sure there is enough parking space for your customers on the mainland port.

### 3.2.2 Infrastructure and service portfolio

Infrastructure and the quality of the infrastructure are important for the visitors comfortability as well. Newer infrastructure is experienced as better and more appealing by the customers, but because these investments are usually expensive and happen maybe once a decade or even seldom, it is important to keep the existing places tidy and in good condition. Broken items and uncleaned premises are easily remembered by customers considering a visit.

Service portfolio refers to all possible services a small boat port can offer to their customers. Basic services include piers with safe moorings, toilets, sauna and showers, electricity, fresh water, reception of waste water and waste handling including biowaste, nowadays even recycling. Commonly a small boat port with broad service portfolio has also a cafeteria or restaurant located nearby. Sales of maritime clothing and products of craftsmanship are commonly provided as well. Hubs in archipelago include also grocery stores and fuel sales, boat and fishing equipment sales, etc. Service portfolio of a small boat port includes also leisure time activities, such as water sports activities, nature paths, bicycle rental, exhibitions and cultural experiences, guided tours, as well as other activities to attract visitors and make them enjoy their visit.

- **Guideline:** Make sure your premises, whether new or old, are in nice and tidy condition. Piers and mooring systems need to be safe and reliable, so that no accidents happens. Up-to-date infrastructure is also more environmental sustainable.
- **Guideline:** Make sure your personnel is well aware how the small boat port is operated and in case of emergency they how to act.
- **Guideline:** Consider what kind of additional services you could provide for your customers. Find out stories from your port and bring them alive to your visitors. Those are part of the experience visitors gain by coming to your port.
- **Guideline:** Add a “spice” in your service portfolio. Something others nearby do not offer, maybe by rethinking something old in a new way. There are already quite many “best burgers” available and quite many destinations have already their own beer, whether it is a real local product or something common beer localized by relabelling.

### 3.2.3 Seasonality

Archipelago tourism is strongly a seasonal business. It is a summer holiday business, where the high season is very short and intensive, only 6-7 weeks from Midsummer till mid-August. Sometimes this high season might be even shorter than 6-7 weeks and it contains several risks, most important being the weather risk. Number of sunny days correlates strongly with turnover of a small boat port operator. The high season mainly relies on peoples domestic holiday season, which in Nordic countries is typically in July. In Central and Southern Europe the holiday season is in August, which is the main reason why the share of foreign travellers in the Nordic archipelagos is still fairly low. This dyssynchrony between holiday seasons and the limited resources of archipelago entrepreneurs does not support the aims to increase the share of foreign travellers in Finnish and Swedish archipelagos. There has been several discussions and efforts to reschedule the Nordic holiday season to equal the European one, which in practice would for example require changes in working schedule of primary and secondary schools. So far these efforts have not resulted in such a change, at least not in Finland. This holiday scheduling affects also the availability of seasonal work force in small boat ports, which commonly use young students as seasonal workers. Thus also part of the work force leaves the port when the high season is over.

Seasonality makes the small boat port business very challenging, especially when the weather risk hits the high season. Most of the yearly turnover is collected in June-August and thus it is crucial how successful the high season is. If the success of high season is not very good, one can try to cover it in weekends of low season, but this requires an active and optimistic attitude and good marketing communication and sales efforts.

- **Guideline:** Planning of the high season is very important, but remember to plan well also the weekends of low seasons in May-June and August-September. There are plenty of seasonal themes and activities to cover also those. Remember to communicate this to your potential regional customers. During the low seasons, your visitors come most likely from nearby. When the daylight is shorter, also the distances travelled with a leisure boat are shorter.
- **Guideline:** The high season is at the same time a steadily growing and very intensive season, but also productive and profitable, which might have a negative impact on environmental sustainability

### 3.2.4 Weather risk

Weather risk is an external factor that is difficult to handle. Most typically the high seasons interesting programme for visitors in a tourist destination just faces sudden weather changes, which simply “destroys the great plans and drives away a number of potential visitors. Weather is a factor which also guides strongly the number of daily visitors in a small boat port. On a sunny day people from nearby cottages make day trips to small boat ports. On the other hand, poor weather keeps the holiday boaters in ports and thus increases the demand of services.

There are at least two ways to somehow handle the weather risk. Firstly have a plan B. How the event can be organized in a pleasant way if the weather is not favourable? Usually this question concerns whether the event is organized outdoors or indoors due to the weather conditions. Secondly, another advantageous situation is the ticket sales in advance, which transfers part of the weather risk to the audience. Usually there are not so many tickets sold in advance, so this is a limited solution. Those who have bought their ticket in advance, might also want a refund if the event is cancelled.

- **Guideline:** When planning the seasons programme or events for a small boat port, always consider the weather risk and make an indoor plan B for outdoor events.

### 3.2.5 Marketing communication

Creating awareness among potential customers is crucial for any business, but especially in highly seasonal tourism business. In current world, marketing communication is almost always digital, meaning marketing through internet, mobile devices and through social media. Marketing in traditional printed media still exists, but as a marginal phenomenon. Greatest advantages of digital marketing communication are relatively low price and quick distribution to potential customers. Thus, for a small boat port operated in remote coastal or archipelago location and with limited resources, it is crucial to master the digital communication through internet, email and social media, and do it in an appealing way towards their potential customers. These channels provide a quick and easy way to reach and communicate with the customers. However,

the destination also needs to be reachable by phone. Because customers need to exert themselves to reach the destination, they often want to confirm accessibility of the destination.

- **Guideline:** Build appealing websites with inviting pictures and interesting stories, and communicate your Value Proposition of good services to your customers. Do not forget the up-to-date facts of your destination, such as contact information and opening hours. In addition to your own websites, make sure that also Google search engine and Wikipedia pages has correct and up-to-date information about your destination. These digital sources are commonly used for looking factual information about different tourism destinations.
- **Guideline:** Be active in Social Media, not necessarily every day, but atleast weekly and especially just before interesting events or programme
- **Guideline:** Collect a list of email addresses from your visitors for marketing purposes (in line with GDPR regulation and by asking permission for marketing messages, do it with your customer survey). Send out an email letter to your potential customers 2-3 times per season (at the season start, during high and the latter low seasons)
- **Guideline:** Create awareness of these guest harbours and their natural beauty, this increases also the awareness of the nature reserves and the importance of preserving them.
- **Guideline:** Marketing communication increases the possibilities for larger audience to visit the maritime nature reserve and the harbour, which increases social sustainability.
- **Guideline:** Enviromental and social sustainability could be used in marketing, as potential customers and archipelago visitors value those.

### 3.2.6 Operating the business (Management)

Setting up a small boat port business in remote coastal or archipelago location and environment is challenging. The investments made into a port infrastructure are expensive in relation to the income it can generate and quite seldom just the port itself and harbour fee from visiting boats are enough to make the business viable. The math calculations based on the life cycle of a small boat port just do not support the investment being profitable. A small boat port needs to be looked as a larger entity, including the whole destination or service portfolio with restaurant or cafeteria and leisure time activities. All these form different size of additional income flows, and support thus the economic sustainability of the small boat port. This leads to a situation, where all aspects of the value

proposition needs to be in good condition at the same time: transportation to the destination, what services there are available and the good quality of these services.

The other side of the coin is the operative activities and personnel of the operator company, not to forget logistics. In a seasonal business in remote location with several external risks, cost control is challenging. Best situation to optimize and plan operative activities is when the visitors arrive to the destination by busses and ferries. Then the number of visitors is known quite precisely in advance and the size of the daily activities can be planned according to that number. When planning an event and marketing it for wide audiences, including the weather risk involved, it might lead to either under- or overplanning, which results in unpleasant situations. The products for sale (for example food and drinks) in cafeteria or a restaurant might either be consumed out too soon, or then there will be lots of food left over and finally thrown away, which increases food loss.

- **Guideline:** When investing large sums into a port infrastructure, the environmentally sustainable values have to be prioritised in making the investment and especially when running a small boat port business in a maritime nature reserve.
- **Guideline:** Connections of transportation and waste handling infrastructure have to be built as environmentally sustainable way as possible.
- **Guideline:** Menu planning in a restaurant for several days ahead can save lots of grocery materials and thus decrease the amount of bio-waste and food thrown away. This is environmentally friendly and supports sustainable development.

### 3.2.7 Personnel of the operator company (Leadership)

Hiring the right number of skilled personnel and finding them is also a challenge for the small boat port operator. When it is low season, the need for personnel is naturally smaller than in high season, but seldom the number of personnel is so flexible that it could be adjusted just like that, according the need of the operator company. Working conditions in remote small boat ports might also be challenging during the summer, and thus finding personnel is even more difficult. When hiring employees, they expect to get their salary according the working contract and in time. If the income flows of the operator company have

not yet been realized, there might become challenges with liquidity for the operator company.

Recently it has also been challenging to get skilled personnel to work long hours in remote locations, thus the business of small boat ports suffers constant lack of working force. If someone of the personnel gets sick, others has to cover her or his work, there are no substitutes available. Usually it is the entrepreneur who is the flexible working force. Another challenge is underresourcing, which then creates an extra burden to the hired personnel and leads to unsatisfied and tired personnel, and finally creates also additional challenges, for example in the form of personnel changes.

- **Guideline:** Try to optimize the number of your personnel according to the economic limitations of your company and adjust the activities of your small boat port according to it. Remember that the personnel is an asset for your company and in service business well-being of the personnel reflects directly to the customer satisfaction.
- **Guideline:** Create an “operating manual” for your seasonal personnel, so that they can manage the small boat port in the best possible way, including safety and comfortability of visitors.
- **Guideline:** It is socially sustainable to provide seasonal jobs and work for youth.
- **Guideline:** It is important to give proper instructions for personnel to follow environmentally sustainable principles in their work.

### 3.2.8 Financial sustainability

In highly seasonal business, the control of cash flow and companys liquidity are both extremely important and challenging at the same time. Very often the incoming cash flow and outgoing payments of invoices do not meet at the same time...so the business usually requires a financial input when the season starts. This input can be substantial and is sometimes organized from external financial sources as a debt, which increases the risks of the company. Also the realistic calculations of whole business operations are very important and should be included in the Business Plan of the company operating a small boat port. Very useful tool for this is the reverse profit and loss account, where the calculations starts from target profit and then sums all real or estimated expenses, so that a target turnover can be defined. This is usually set for a yearly period or for the operational season, but can be then divided to monthly, weekly or daily basis.

This target turnover is directly connected to target number of visitors through financial statistics of tourism. These statistics contain information about how people travel and spend money during their visit to a destination. It is then in the judgment of the entrepreneur to consider whether it is worth to take the risk of reaching that target numbers of visitors and turnover, or are those just unreachable.

- **Guideline:** Implement reverse profit & loss calculation to find out your target numbers of turnover and visitors, start with realistic 0-profit level. Collect as realistic cost information as possible.
- **Guideline:** Implement a sensitivity analysis, which means that if you change some of the basic factors in your calculations, how does the result change? In practice, this means that if the actual outcome of your target values differ from initial target values, say 20 or 40 per cent down or up, how does the result of this profit calculation change?

### 3.2.9 Competition

Small boat ports located in coastal or archipelago areas seldom compete directly with each other. There are only few places where ports are located so close to each other, that a visiting boat would have to make a decision which one of the ports to choose. It is more a question of timing and the capacity of the port. At the high season, most popular ports are full already in the afternoon. Thus, later in the evening it is just looking for the port which still has room.

Instead, boaters look for different experiences in different locations, new places to visit, interesting programme or good food. People with similar kind of interests. Boat trips are commonly planned ahead for visiting certain preselected ports along certain routes. Many other factors affect to this planning, such as the current weather and its short term prognosis, the distances between ports and to the home marina, the available boat speed, and the time skipper wants to use for travelling. Also the length of the day affects to the trip planning, later in the fall boat trips are usually shorter than in the high season, when daytime is at its longest. Instead of competition, small boat ports nearby each other can do cooperation, for example in logistics which supports the operative activities of both ports.

- **Guideline:** competition is usually beneficial for the markets since it drives companies to do things better and in more efficient way. In a

situation of excess supply or overcapacity, competition tends to create price erosion, which then leads to adjustment of capacity in the long term. In the business of small boat ports operated in remote coastal or archipelago environment, this is not the usual case. Price level (harbour fees) is fairly fixed and harbours are not located too near to each other, and they provide partly different kind of content, so the competition is more undirect than direct. Thus, it is more beneficial to seek some kind of cooperation with other harbours of the same region, even with your undirect competitors.

### 3.2.10 Site management

Owning and managing a site or destination in archipelago is also very challenging, being the counterpart for the operator companies and solving problems together with them. Many of the participating harbours of Sustainable Gateways –project are very old what comes to their infrastructure and buildings. For example, in Finland both Katanpää and Örö are old military fortresses, which have very old and protected buildings. Many of the structures and buildings are protected under the Antiquities Act and the Act on the Protection of the Built Heritage. This means that all kinds of works need a permit from site manager and the Finnish Heritage Agency. Keeping up and renovating these buildings is very expensive and consumes lots of time and resources, which is a joint challenge both for the operator company and for the site manager.

When aiming to increase the number of visitors in these destinations, which is also in the interests of the site owners and managers, the key question then is: how to make these destinations more accessible and more attractive? Örö for example has a good ferry connection during the tourism season, but Katanpää has no connection at all, and thus Örö collects around eight times more visitors. Both destinations are similar what comes to their infrastructure and have many good stories, which then attracts visitors.

Due to the challenges of economic sustainability of these harbours, the economic burden of the operator company should not be too heavy. Operator companies are usually micro size companies<sup>9</sup> and their resources are commonly very limited. Key issue is that these entrepreneurs try to make a living with their tourism business and they should also have an economic incentive and reward

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<sup>9</sup> Micro size company employes less than 10 persons

for taking the risks of the archipelago tourism business they operate. Otherwise this business could be called as an “expensive hobby”. Harbour operators also appreciate open and objective discussion with the site owners and managers, aiming to develop the sites with joint interests.

On the other hand, site owners and managers are also distributing scarcity, which creates a very challenging equation. Owners and site managers are usually also bound by laws and rules, which expect them for example to charge market rents from these destinations. Also the environmental sustainability issues might be more important for site owners and managers, when operator companies need to consider also the emerging costs and implementation in practice. Some kind of compromising solution should be achieved, so that both sides can be satisfied how the site or destination is managed. This challenge of economic equation is in the core of development processes.

- **Guideline:** Longer contracts between the site manager or owner and the operator company are more favourable for both sides, and support the development of a destination in the long term. Small scale tourism businesses tend to develop slowly with small steps, so a minimum length of a rental contract should be at least 3-5 years with an option of similar length. A yearly contract does not support this development and the commitment of an entrepreneur could then be very weak. The site owners and managers should keep in mind, that the commitment of an entrepreneur is a valuable asset for them, and the operator company and its personnel (including the entrepreneur) should be motivated for running the business. In entrepreneurship one of the key motivators or incentives is the ability of making a living by running the business and being economically successful in risky conditions and being rewarded when the success is reached.
- **Guideline:** Due to the factual challenges of economic sustainability in a highly seasonal tourism business, the price of a rental contract of a site should be somehow favourable for both sides. From the site owners or managers point of view, it is an obligation (sometimes even bound to a legislation) to charge market rents from a destination. From the operator companys side, the market rent of a large tourism destination might be overwhelming and the business cannot survive with these kind of cost burdens. Thus, a compromising level of rent should be found. Commonly the rent is set on level, that has a base rent and an additional rent defined by turnover of the operator company, with a gradually changing rate.

From the perspective of accounting theory, this creates an additional cost burden for the operator company.

It is common that when a company aims to increase its turnover, it has to sacrifice costs for making more sales and thus reaching the target of increased turnover i.e. more turnover requires more inputs in the form of costs. Now, if the rent of a destination is partially defined based on the increase in turnover, this leads to additional increase in costs and thus becomes a punishment to the entrepreneur, especially if the turnover grows more than expected. So, aiming to be more successful with the business increases the rent costs with oversized rate. Sustainable Gateways project experts suggest that the additional share of the rent should be bind to profitability or yearly result of the operator company, the share being a fixed per centage. This concerns only if the company makes profit. Thus, when the operator company is more succesfull, it pays a higher rent, but still the target of being financially profitable stays in the core of the business and entrepreneurs have an incentive for working towards it.

### 3.2.11 Shell model of a small boat port

To sum all up, we can collect the key aspects into following shell model, which describes the crucial points of developing a small boat port. Though some of these aspects are more in core of the model, all these layers need to be considered and aim to be set in proper condition. This should happen at the same time with all layers, so that the value proposition of a pleasant visit to a small boat port can be delivered to current and potential customers. The layers of shell model describe the order in which the aspects need to be handled.

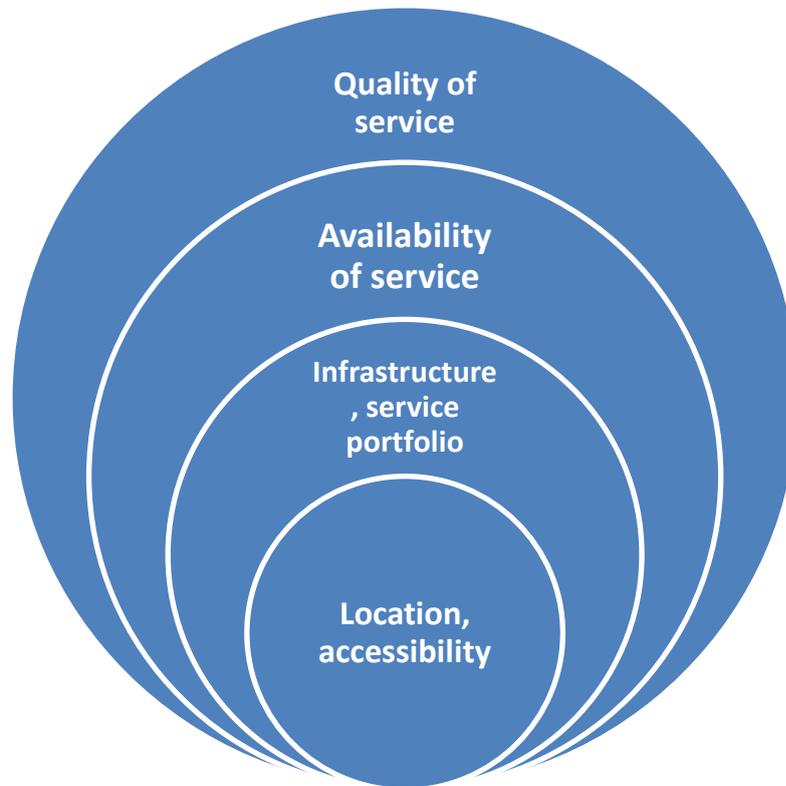


Figure 1. Shell model of a small boat port.

In the core of the shell model are location (where?) and accessibility (how to reach?), which are the most important ones when channelling visitors to a tourist destination, this describes how easily it can be reached. Second peel describes the available infrastructure and service portfolio (what?), which are of course very important when attracting customers. The services provided and the content a destination has to offer are key attractions for visitors. Third peel describes the availability of services (when?). Opening hours are of course important for the customers who want to visit a destination and use the services. In the outer rim, quality of service (how?) comes as the last but not as the least peel of the model. Quality can be improved when all other peels are in proper condition.

## 4 SPECIFIC CIRCUMSTANCES – COVID-19 PANDEMIC

Late in 2019 and early 2020 world was hit by news of rapidly spreading pandemic called Covid-19, caused by a corona-virus. This pandemic has caused severe damages for tourism businesses around the world, because societies and their governments are trying to limit the spreading of this dangerous virus by setting restrictions on travelling, and thus isolating people from each other. In Finland and in many other countries, this meant closing of the country borders, thus stopping of travelling both to abroad and in some cases also to domestic destinations. People were demanded to stay home and avoid contacts with other people by avoiding unnecessary travelling.

These travelling restrictions closed down many service businesses which are based on travelling and tourism. It must be noted here, that in Sweden the strategy to handle Covid-19 situation was different, and the country was not so “locked down” as Finland was. Most likely this did not harm the Swedish economy as hard as the Finnish one, in which the Gross Domestic Product (GDP) has been estimated to sunk 5-7 per cent. On the other hand, Swedish people have limited their travelling voluntarily, and of course the international tourist are missing from both countries.

Due to the Covid-19 pandemic, guidelines of heightened hygienic practices and safety distances between people were introduced, as well as intensive testing for virus, quarantines of 14 days after travelling, distance working at home, limitations for people gathering in same places (at some point the limit was only 5-10 persons), among other recommendations. All these restrictions have forced restaurants, hotels, cruise ferries, amusement parks and any other tourist destinations to close their gates and doors. As a result of this “lock down”, the companies of tourism business have lost substantial amounts of their turnover, in some cases close to 100 per cent. It is clear that this kind of tragedy threatens the existence of many companies in the tourism business.

Covid-19 pandemic turned the tourism business to a survival business after the strict restrictions for people gathering together in the same places were set by the governments. This lead quickly to sales of take-away food from those restaurants who could organize it, but clearly this has not been a key solution for everyone in this crisis. Most of the small boat harbours participating in Sustainable Gateways –project were able to start sales of take-away food, but

the volume of these sales is naturally much lower than earlier, and it barely keeps the restaurants alive.

In the operative side, Sustainable Gateways projects harbour operator companies were given reliefs and flexibility in their rents, postponing the payments. This supports them to survive through this economic crisis caused by suddenly and strongly decreased demand due to travelling restrictions. Luckily, by the high season of summer 2020, these travelling restrictions were somewhat reduced, so that the harbours in Finland could receive more visitors, also from Sweden. Hygienic practices are here to stay, so in that way peoples lives have changed. One of the current challenges for running any business that were hurt by these travelling restrictions, are the frequently changing restrictions modified according the development of the pandemic, and how those changes were communicated to the entrepreneurs. Many times entrepreneurs had to make urgent changes in their services in a very short time. The development of pandemic affects also to peoples willingness to travel, which then is seen as cancellations at the destinations.

The Covid-19 pandemic is maybe the first time when a global health treath hits seriously the service businesses with a devastating power. Adaptation of companies and businesses into these dramatic challenges has been painful and most likely the worst times for businesses are still ahead. When the financial “bumpers” of service business companies are spent and financial support from the government is over, those companies who are not viable enough will simply be driven to bankruptcy. When these service companies start to fall down, also societies and their economies will be hit more dramatically.

## 5 CONCLUSIONS

Spending holiday time in archipelago sceneries and nature is wonderful and relaxing for everyone, but seldom visitors of these remote small boat harbours think or understand what kind of challenges there lies behind these idyllic sceneries. The small boat ports participating in Sustainable Gateways –project and located in maritime nature reserves are operating a tourism business in challenging environment, which requires specific measures to achieve success. Not only the high season for collecting the yearly turnover is very short and intensive, but it includes a serious weather risk that can compromise the income streams of these companies. A poor summer makes the financial result of a fiscal year very poor as well.

Remote locations cause also trouble, not only for operational logistics, but also for accessibility of visitors to these destinations. Boaters can fairly easy reach these harbours, if the harbour is located nearby the main boating routes and streams. However, only boaters do not make the business profitable enough, simply because the boating season is so short. Harbours have also limited capacity of mooring places and the harbour fee has a fairly unified level across the harbours of the same region (with quite similar service portfolio) i.e. there is an existing market price. Also the utilization of harbour capacity through the season has a strong affect on the financial result. If the harbour is full only for couple of weeks in July, the financial result will be weak again.

Thus, each of the archipelago harbours needs incoming visitors also from other routes and channels. Organizing a ferry connection between mainland and the destination is very important for increasing the significance of group travelling for these destinations and for the archipelago tourism business. This is something a harbour operator should include in their own service portfolio if possible, or at least have a good subcontractor to run only the tourism traffic to that destination and as often as possible during the high season. Of course the feeder traffic needs to be organized in a reasonable way, but when having it in the service portfolio, then the destination can receive visitors when it is most suitable, and not according to any official route operator. Official traffic is usually built for people who live in the archipelago. This concerns especially the Finnish participating ports, in Sweden the situation is very different due to the geographic and demographic differences. Group travelling is also very lucrative for archipelago destinations, because the sizes of the groups are known

beforehand, and thus the operations in the destination can be adjusted according to that information.

The location and accessibility of a destination affect to the number of visitors any destination can collect. In a shell model of archipelago tourism business those are in the essential core. When the accessibility of visitors is ensured, the entrepreneur needs to decide what they want to offer for the visitors to buy and how they will organize it. Is it just a cup of coffee or tea, or something else too. Marketing communication is then needed to inform potential customers what is offered and most importantly when it is available for potential visitors. In current world, digital communication channels, such as web pages, social media and email letters provide excellent tools for this. But again, in a small family business running with limited resources, this requires someone who takes care of it. Generally speaking, marketing communication is the most important field of development for these small boat ports, so it cannot be emphasized too much. Digital marketing communication is the most suitable solution, because it relatively easy to organize and implement during the tourism season.

When all the previous aspects are cleared and ensured, the small boat port entrepreneur can focus her or his energy on the quality of service, trying to improve it where needed and where reasonable. In a very remote nature destination it might not be a good idea to offer a fine dining restaurant, because most of the visiting customers do not expect to have such a place and are not willing to pay for it. A Customer Journey tool helps in understanding the path customers experience on their way, so that the entrepreneur sees how the customers arrive to the destination and what happens during the trip. Improving the quality starts also from training of the seasonal employees, who are sometimes very young, untrained and unexperienced. Often the quality of service in small boat harbours starts from personnel. Another important aspect of quality is the condition of the piers and premises in the port. Old and broken equipment, and poorly serviced areas do not give an impression of high quality.

*Small Ports – Sustainable Gateways to Coastal Nature Parks (Sustainable Gateways)* project aimed to improve both the core infrastructure, such as floating piers, service building and wastewater treatment technology, in participating ports and the business skills of the entrepreneurs operating these ports. Altogether seven ports were under development activities of the project, and almost from the beginning it was clear that the three Swedish small boat ports (Grinda, Nåttarö and Utö) were more mature on the business side and located on completely different type of market area than the four Finnish counterparts (Bodö, Jussarö, Katanpää and Örö).

The Swedish participating ports are all located in the Stockholm archipelago, and already this explains a lot of the differences. Being close to the Swedish capital and enjoying very good public transportation almost to the destination, these ports have just couple of million potential visitors nearby. That is the reason why the participating Swedish ports have visitors and turnover of around 5-10 fold in comparison to the participating Finnish ports. In Finland the participating ports are located some 150-250 kilometres from the Finnish capital area and this already forms a threshold for large number of visitors in reaching of these destinations. In addition to this, the ferry connections to these ports are almost nonexistent, which really makes them pretty much “only for boaters” destinations. Only Örö has moderate ferry connections from mainland. This clearly limits the economic growth of these destinations.

Owning, managing and operating these remote small boat port destinations is challenging for all stakeholders involved. Owners and managers have also many other destinations to look after, and they are thus distributing scarcity among all sites they own or control. As public organizations, they also have other kind of limitations and a different working culture than the small companies who rent and operate their sites. These operator companies try to build viable businesses and be commercially successful in an environment, that has many external challenges to be faced. These challenges include for example short and intensive high season, weather risks preventing visitors to come over, as well as issues with accessibility and availability of the services. Everyday life on a remote island causes challenges with logistics and the operation of the port. Entrepreneurs would like to make quick decisions to utilize possible opportunities to improve their businesses, but sometimes the bureaucratic slowness of site managers hinders this. On general level, between site owners or managers and the operator companies, there is a clear need for open and objective dialogue, discussions supporting the sustainable development of these archipelago destinations. This requires both sides to understand better the perspectives of their counterparts.

Investing in the sustainable development of these participating ports is an investment that pays back in the long run. Focusing on improvement of these gateways to maritime nature reserves supports the sustainable development both on environmental and economic sectors. The former is more easier to handle than the latter one, but both are equally important for ensuring that visiting people can enjoy the nature and good services also in the future.

## 6 PUBLISHING AND QUOTATION OF THIS REPORT

### 6.1 Copying, quotation and dissemination

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### 6.2 Additional information

Additional information about this publication, its content and publishing of it will be given by UTU contact person of Sustainable Gateways –project. Contact information are as follows.

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## APPENDIX 1. TABLE OF GUIDELINES

<p><b>Location and accessibility</b></p>	<p><b>Guideline:</b> Conduct a survey among your current visitors and ask where they come from, how did they come, why they came for and what they like about the service you provide. Ask for improvements and direct feedback. If you can find out where your customers come from, try to increase your marketing communication inputs to those directions.</p> <p><b>Guideline:</b> Search for statistics of boat traffic on nearby sea or lake areas, where does the main routes of boating go, and how far those are, search for recent studies about how people spent their leisure time and what interests they have.</p> <p><b>Guideline:</b> Think the customers journey from their starting point – how the potential customers would/could reach your destination and why? Build cooperation with other actors involved in this logistical chain. If needed and financially possible, include a ferry connection to your own service portfolio. Then you are independent of timetables of public ferry transportation. Make sure there is enough parking space for your customers on the mainland port.</p>
<p><b>Infrastructure and service portfolio</b></p>	<p><b>Guideline:</b> Make sure your premises, whether new or old, are in nice and tidy condition. Piers and mooring systems need to be safe and reliable, so that no accidents happens. Up-to-date infrastructure is also more environmental sustainable.</p> <p><b>Guideline:</b> Make sure your personnel is well aware how the small boat port is operated and in case of emergency they how to act.</p> <p><b>Guideline:</b> Consider what kind of additional services you could provide for your customers. Find out stories from your port and bring them alive to your visitors. Those are part of the experience visitors gain by coming to your port.</p> <p><b>Guideline:</b> Add a “spice” in your service portfolio. Something others nearby do not offer, maybe by</p>

	<p>rethinking something old in a new way. There are already quite many “best burgers” available and quite many destinations have already their own beer, whether it is a real local product or something common beer localized by relabelling.</p>
<b>Seasonality</b>	<p><b>Guideline:</b> Planning of the high season is very important, but remember to plan well also the weekends of low seasons in May-June and August-September. There are plenty of seasonal themes and activities to cover also those. Remember to communicate this to your potential regional customers. During the low seasons, your visitors come most likely from nearby. When the daylight is shorter, also the distances travelled with a leisure boat are shorter.</p> <p><b>Guideline:</b> The high season is at the same time a steadily growing and very intensive season, but also productive and profitable, which might have a negative impact on environmental sustainability</p>
<b>Weather risk</b>	<p><b>Guideline:</b> When planning the seasons programme or events for a small boat port, always consider the weather risk and make an indoor plan B for outdoor events.</p>
<b>Marketing communication</b>	<p><b>Guideline:</b> Build appealing websites with inviting pictures and interesting stories, and communicate your Value Proposition of good services to your customers. Do not forget the up-to-date facts of your destination, such as contact information and opening hours. In addition to your own websites, make sure that also Google search engine and Wikipedia pages has correct and up-to-date information about your destination. These digital sources are commonly used for looking factual information about different tourism destinations.</p> <p><b>Guideline:</b> Be active in Social Media, not necessarily every day, but at least weekly and especially just before interesting events or programme</p>

	<p><b>Guideline:</b> Collect a list of email addresses from your visitors for marketing purposes (in line with GDPR regulation and by asking permission for marketing messages, do it with your customer survey). Send out an email letter to your potential customers 2-3 times per season (at the season start, during high and the latter low seasons)</p> <p><b>Guideline:</b> Create awareness of these guest harbours and their natural beauty, this increases also the awareness of the nature reserves and the importance of preserving them.</p> <p><b>Guideline:</b> Marketing communication increases the possibilities for larger audience to visit the maritime nature reserve and the harbour, which increases social sustainability.</p> <p><b>Guideline:</b> Enviromental and social sustainability could be used in marketing, as potential customers and archipelago visitors value those.</p>
<p><b>Operating the business (Management)</b></p>	<p><b>Guideline:</b> When investing large sums into a port infrastructure, the environmentally sustainable values have to be prioritised in making the investment and especially when running a small boat port business in a maritime nature reserve.</p> <p><b>Guideline:</b> Connections of transportation and waste handling infrastructure have to be built as environmentally sustainable way as possible.</p> <p><b>Guideline:</b> Menu planning in a restaurant for several days ahead can save lots of grocery materials and thus decrease the amount of bio-waste and food thrown away. This is environmentally friendly and supports sustainable development.</p>
<p><b>Personnel of the operator company (Leadership)</b></p>	<p><b>Guideline:</b> Try to optimize the number of your personnel according to the economic limitations of your company and adjust the activities of your small boat port according to it. Remember that the personnel is an asset for your company and in service business well-being of the personnel reflects directly to the customer satisfaction.</p> <p><b>Guideline:</b> Create an “operating manual” for your seasonal personnel, so that they can manage the small</p>

	<p>boat port in the best possible way, including safety and comfortability of visitors.</p> <p><b>Guideline:</b> It is socially sustainable to provide seasonal jobs and work for youth.</p> <p><b>Guideline:</b> It is important to give proper instructions for personnel to follow environmentally sustainable principles in their work.</p>
<b>Financial sustainability</b>	<p><b>Guideline:</b> Implement reverse profit &amp; loss calculation to find out your target numbers of turnover and visitors, start with realistic 0-profit level. Collect as realistic cost information as possible.</p> <p><b>Guideline:</b> Implement a sensitivity analysis, which means that if you change some of the basic factors in your calculations, how does the result change? In practice, this means that if the actual outcome of your target values differ from initial target values, say 20 or 40 per cent down or up, how does the result of this profit calculation change?</p>
<b>Competition</b>	<p><b>Guideline:</b> competition is usually beneficial for the markets since it drives companies to do things better and in more efficient way. In a situation of excess supply or overcapacity, competition tends to create price erosion, which then leads to adjustment of capacity in the long term. In the business of small boat ports operated in remote coastal or archipelago environment, this is not the usual case. Price level (harbour fees) is fairly fixed and harbours are not located too near to each other, and they provide partly different kind of content, so the competition is more undirect than direct. Thus, it is more beneficial to seek some kind of cooperation with other harbours of the same region, even with your undirect competitors.</p>
<b>Site management</b>	<p><b>Guideline:</b> Longer contracts between the site manager or owner and the operator company are more favourable for both sides, and support the development of a destination in the long term. Small scale tourism businesses tend to develop slowly with small steps, so a minimum length of a rental contract should be at least 3-5 years with an option of similar length. A yearly contract does not support this</p>

development and the commitment of an entrepreneur could then be very weak. The site owners and managers should keep in mind, that the commitment of an entrepreneur is a valuable asset for them, and the operator company and its personnel (including the entrepreneur) should be motivated for running the business. In entrepreneurship one of the key motivators or incentives is the ability of making a living by running the business and being economically successful in risky conditions and being rewarded when the success is reached.

**Guideline:** Due to the factual challenges of economic sustainability in a highly seasonal tourism business, the price of a rental contract of a site should be somehow favourable for both sides. From the site owners or managers point of view, it is an obligation (sometimes even bound to a legislation) to charge market rents from a destination. From the operator company's side, the market rent of a large tourism destination might be overwhelming and the business cannot survive with these kind of cost burdens. Thus, a compromising level of rent should be found. Commonly the rent is set on level, that has a base rent and an additional rent defined by turnover of the operator company, with a gradually changing rate. From the perspective of accounting theory, this creates an additional cost burden for the operator company.

It is common that when a company aims to increase its turnover, it has to sacrifice costs for making more sales and thus reaching the target of increased turnover i.e. more turnover requires more inputs in the form of costs. Now, if the rent of a destination is partially defined based on the increase in turnover, this leads to additional increase in costs and thus becomes a punishment to the entrepreneur, especially if the turnover grows more than expected. So, aiming to be more successful with the business increases the rent costs with oversized rate. Sustainable Gateways

	<p>project experts suggest that the additional share of the rent should be bind to profitability or yearly result of the operator company, the share being a fixed percentage. This concerns only if the company makes profit. Thus, when the operator company is more succesfull, it pays a higher rent, but still the target of being financially profitable stays in the core of the business and entrepreneurs have an incentive for working towards it.</p>
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Photo by Veijo Pönni