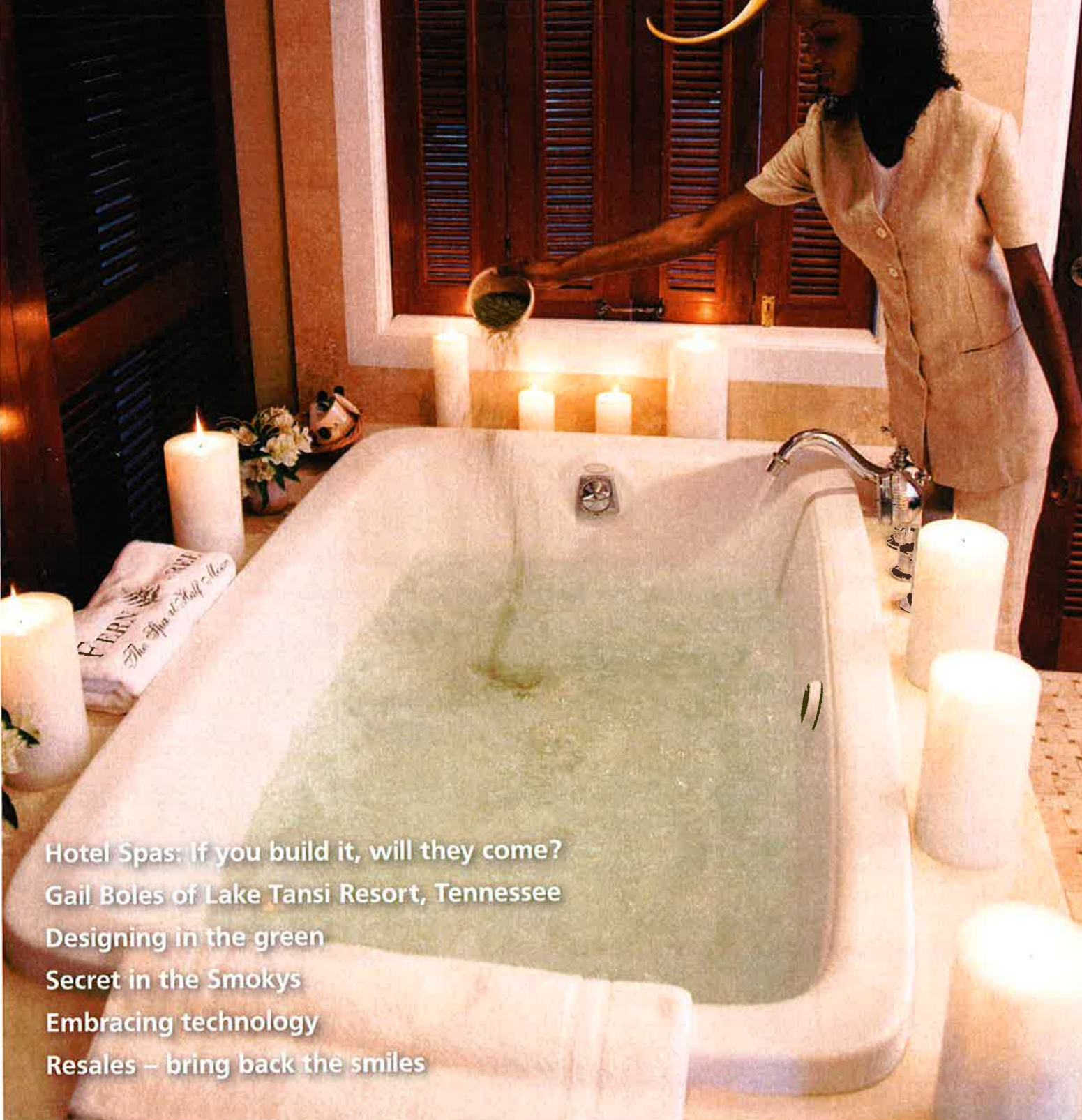


Resort Trades

# MANAGEMENT OPERATIONS

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The Resort Manager's Guide to Effective Resort Management



Hotel Spas: If you build it, will they come?  
Gail Boles of Lake Tansi Resort, Tennessee  
Designing in the green  
Secret in the Smokys  
Embracing technology  
Resales – bring back the smiles



## Resales – bring back the smiles



by Paul D. Goodrich President and COO, Palmetto Marketing of Myrtle Beach, Inc.; Vice President of Inventory Control, SPM Resorts, Inc.

Miracles do happen.... But, in the case of defaulted maintenance fee accounts, they happen more quickly by taking sure and well-planned action. Particularly, in the case of mature timeshare resorts, we have found that very often the homeowners association (HOA) will have allowed owners to “postpone” paying their annual assessment dues, hoping they will catch up eventually. Especially when a resort’s owner base is aging at approximately the same rate, these resorts can find themselves in a real pickle before they realize what is happening. Through no fault of management or the HOA, a significant number of owners may run into change-of-life issues such as illness, divorce or death all at once. A cloudburst of these events might put the resort’s financial status into a tailspin.

We like to reassure HOAs who find themselves in what seems to be a hopeless downward spiral. They need to undertake a program that pursues two fundamental objectives:

1. Sell the weeks that have been returned to the HOA through foreclosure, deed-backs, and bankruptcies, while maintaining as much of their value as possible.
2. Establish effective owner resale programs, especially to encourage new buyers who might be hesitant to purchase a resale without a secondary marketing system being in place.

Once such a program is put into effect at a resort, owners will recognize a sense of refreshment, a rekindling of their initial excitement when they first bought their timeshare interests. Getting the budget out of the red and into the black breathes new life into owners and management, alike. As funds become

available for deferred maintenance items, refurbishment, improvements and reserves, resorts regain their allure and you begin to see more smiles on everyone’s face.

*--In 1995, Country Club Villas, Myrtle Beach, had a 50 percent delinquency rate when they implemented a turn-around plan. By 2008, they gained dues-paying owners for more than 800 weeks.*

*--By implementing an effective resales plan, The Island Club Seawatch Resort, also in Myrtle Beach, reduced the number of association-held (and primarily blue season) weeks by half and improved their 90 percent collection ratio within seven years so that it is 98.7 percent, today.*

So, how does a resort put together an effective resale program? Naturally, our advice is to hire an expert with references, experience and title/legal resources. Utilizing a licensed and vetted company, such as Palmetto Marketing, means you can often take advantage of expanded marketing efforts, such as our network of resort representatives, Internet outreach and pooled advertising efforts. When hiring a company such as ours, you are assured of having trained, qualified sales people who understand the legal and regulatory ins and outs of resales.

Whichever company you select should be able to show you a track record of having performed well at other, similar resorts such as yours. They should be willing to customize a plan just for

you. No two resorts are just alike. For example, we may install a full-time sales person at some resorts and a part-timer at others. Or, we may find that a marketing idea will work for one resort, while another resort requires a different approach.

The following may be among your goals for improving your resort’s bottom line:

- Find new, maintenance fee-paying owners to take over weeks that are otherwise a drain on resources.
- Establish a resale program to reassure owners facing difficulties such as divorce, death or other challenges to continue paying their annual dues.
- Inform new, prospective purchasers that there’s an outlet for them if they ever change their minds.
- Once your program is in place, encourage your resort management to enforce a firm collection program.
- Establish a consistent foreclosure and deed-in-lieu program.

Make sure your resale provider does not charge up-front fees. Your sales person should use non-intrusive methods to capture guests’ interest and should meet with interested prospective buyers, individually. We have found it best to use a very low-key, non-threatening approach similar to a concierge or vacation counselor.

Above all, once a HOA has communicated a new program to owners and the community, you need to strive for consistency. A well-planned and well-executed resale program will reinforce the vacation ownership value of your resort for many years to come. And that should definitely bring the smiles back to your resort.

**Case Study: Country Club Villas**

When Palmetto Marketing began working with Country Club Villas in 1995, they were experiencing a 50 percent delinquency rate. Managed by SPM, the resort and management staff implemented a plan that cleared up more than 800 delinquent weeks. Concurrently, Country Club Villas sold over 750 weeks through Palmetto's on-site resale program during the same time period, replacing non-paying delinquent owners with new maintenance fee-paying ones.

**Case Study: The Island Club Seawatch Resort**

Palmetto began sales of sixty, primarily-blue weeks for The Island Club Seawatch Resort at a time when the collection ratio was high, at approximately 90 percent. While the resort had been selling the "cream" of its inventory of weeks to owners, the number of tougher-to-sell weeks was slowly building. Palmetto's resale program and recommended pricing adjustments enabled the sale of all excess inventory as well as over 100 additional weeks gained through their foreclosure program, and the annual number of association-owned weeks remains low. Currently, the resort's maintenance fee collection ratio is an almost perfect 98.7 percent.

In addition, The Island Club Seawatch HOA was prevented from selling a number of non-paying weeks that were held by a trustee and could not be foreclosed upon. Palmetto professionals worked to help release the trustee-held inventory, gaining access to an additional 35 weeks that have now been resold to dues-paying owners.

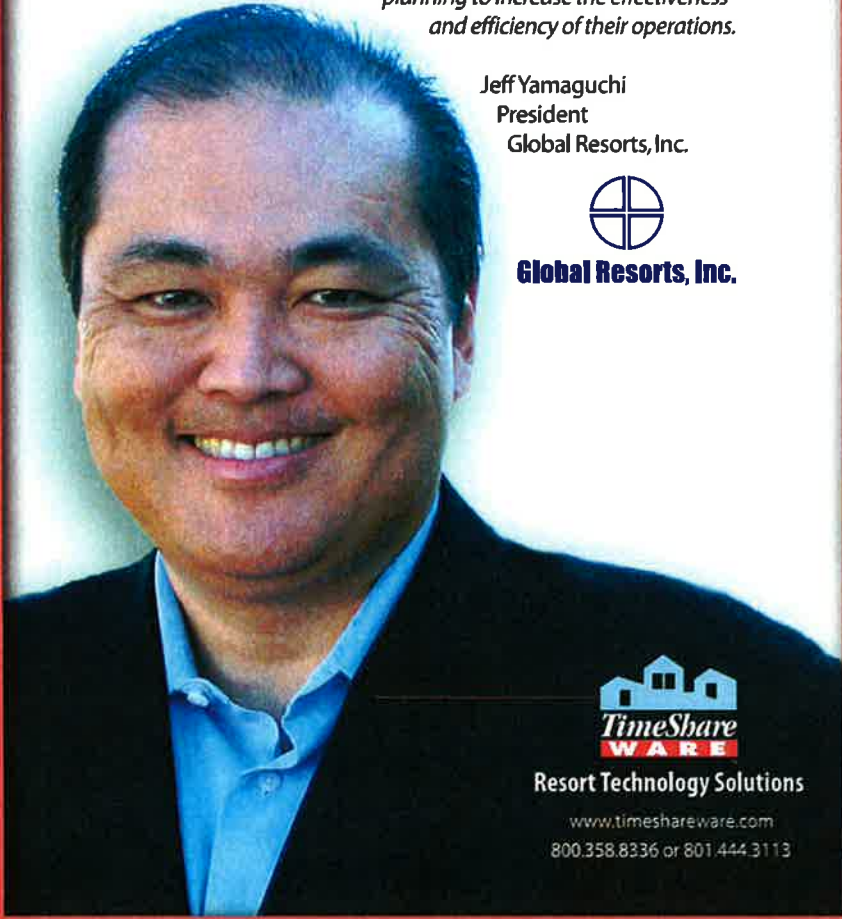
*A shareholder in Palmetto Marketing, Paul Goodrich directs the timeshare sales activities for more than fifteen resorts by creating, staffing and managing on-site sales programs to handle association-held resale, as well as owners' weeks. In addition, he helps introduce SPM Resorts, Inc., a multi-site timeshare resort management company, to prospective new clients, while assisting resorts create and maintain successful collections programs, including customized deed-in-lieu and foreclosure initiatives.*

# What does TimeShareWare mean to me?

## "Advanced Technology"

*"When you capture the true relevance of what TimeShareWare is doing, it opens opportunities for us that were never before possible. The ability to leverage this type of advanced technology is exciting, and far outreaches the vision of any application in the industry today.*

*Global Resorts, Inc. focuses on providing guidance and solutions, on a worldwide basis, to new developers seeking entry into the timeshare industry, and working with established industry developers in strategic planning to increase the effectiveness and efficiency of their operations.*



Jeff Yamaguchi  
President  
Global Resorts, Inc.



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