

BRAZIL

Why you should pay attention to this emerging market

An aerial photograph of a coastal city in Brazil, likely Rio de Janeiro. The image shows a wide, sandy beach with many people, a road with a distinctive wavy pattern, and a dense urban skyline in the background. The ocean is a deep blue, and the sky is clear with a few clouds. The word 'Ventures' is overlaid in large, orange, serif font across the middle of the image.

Ventures

THE BIG PICTURE

RCI's senior leadership outlines the company's global perspective

THE NEW FACE OF TIMESHARE

Management profile: Todd Spector, president of Somerpointe Resorts

THE RIPPLE EFFECT

A milestone for Hilton Grand Vacations is a milestone for timeshare

Upper Management

SPM Resorts reveals the inner workings of a successful timeshare management company's mind



BILL YOUNG
Chief Executive Officer,
SPM Resorts

Since its founding in 1979, SPM Resorts has ballooned to a full-service timeshare management company with 36 resorts and more than 650 employees under its belt. The privately held company offers soup-to-nuts property management services—front and back office systems and support, human resources, maintenance staffing, housekeeping, you name it—and knows a thing or two about turnarounds, too. *RCI Ventures* recently caught up with SPM CEO Bill Young to find out what separates the best management companies from the rest. Here are his top 10 tricks of the trade.

1.

Ask yourself what you can do best. It may not be what you're doing right now.

After developing timeshare properties for several years, our company experienced a scare during one of the downturns in the early to mid-1980s, when interest rates shot up. At the same time, we realized it was difficult to find a management company to properly manage the resorts we developed. Therefore we began our own management company. For us, we found that managing resorts was a wiser decision than developing them.

We began focusing on the management part of the business and decided to get out of the development business, as we really did not have a good appetite for that part of the business. This has proved to be a win-win for both our company and the resorts we manage. This laser-sharp focus has allowed us to manage a resort to the best of our ability without blurring the line of management versus sales and marketing. While you don't necessarily get rich being a management company, we like the steady pay and slow growth that have come from this model.

2.

There are countless ways to serve owners. Master every single one.

We firmly believe that if an owner is greeted with a smile, their unit is clean and in working order upon their arrival and there are no surprises during their stay, they will pay their maintenance fee on time so they can come back to the resort the following year and enjoy the same great vacation. There are a thousand other things they expect from us that they generally don't mention: items such as making sure the water bill is correct, electricity is not wasted, insurance coverage is adequate and so on.

3.

Listen to everyone, always.

We value continuous feedback from our owners, boards and employees. Feedback allows us to be a better company and to constantly evolve. It also ensures that our owners feel we listen—and that is very important when managing homeowners' associations. Listening to owners and boards has always been at the forefront of our business and culture. And listening to employees ensures we can provide them with the level of appreciation, respect and trust they desire. In turn we experience a low turnover, which is good for everyone involved. The needs of owners, boards and employees change over the years. We listen and try our best to adapt so we will always be relevant and up-to-date with the world around us.

4.

Timely communication is the key to owners' hearts.

Communication with owners is vital to the happiness of owners and success of a management relationship. Today's ever-evolving technology has made timely communication with owners imperative. To keep up we have employed the use of an online owners' portal in which they can find association documents, pay maintenance fees, change their address and more. Additionally, many of our resorts are using Facebook and similar social media tools to communicate quickly and efficiently and effectively reach their owners. Timeliness in communicating with owners is paramount to good relationships.

5.

The board is your best ally—especially when times are tough.

One of the most critical components of a successful resort turnaround is having a board whose members can work with management to determine the priority of needs. Short- and long-term plans are needed to address the entire scope of work, so it is important to determine the priority of each item. Reserve studies and improvement plans help identify these priorities, and they also help resorts move from having a reactive approach to maintenance to a proactive one.



6.

There is no such thing as a rosy turnaround. When a resort is in distress, look for its weaknesses.

As the management company, it is up to us to help shine the spotlight on the need: Is it cash shortage? Is it bad facilities? Is it delinquent homeowners? Is it bad communication? As we determine the needs, we try to determine how feasible it is to correct one or several of those things—or all. In most cases the financial reporting is not in great shape, so that's always one of the first things we address. We work hard to develop relationships with banks so they understand our business and are willing to fund HOAs turnaround money based on future regime fee or assessment fee collections for capital plans. We also try to address collection ratios at the beginning, as that's an easy place to find money fairly quickly to help the resort continue operating.

7.

Growth is great, but not for its own sake.

We are actively pursuing opportunities beyond the U.S. East Coast, and we would very much like to see growth toward the West Coast and in areas outside the U.S. That said, we don't necessarily want to be the biggest management company out there. We do want to always strive to provide the best level of service and support possible for our resorts. In the coming years, as we continue to bring on new resorts, our company will inevitably grow to ensure that we can continue providing the same level of quality service. However, our goal is not to grow our company for the sake of growing—it will be done in a meaningful, thoughtful way that will consider what is in the best interests of our existing associations, owners and employees.



8.



Transparency does everybody good—especially you.

The most rewarding aspect of our job is holding ourselves accountable for providing quality timeshare management. We really strive to make sure our boards of directors are informed decision makers, and they can be if we uphold our high management standards. This accountability can be seen in our detailed financial reporting, our in-depth budgeting process and our commitment to no surprises. We are a very transparent management company, and informing our boards is a top priority.

9.

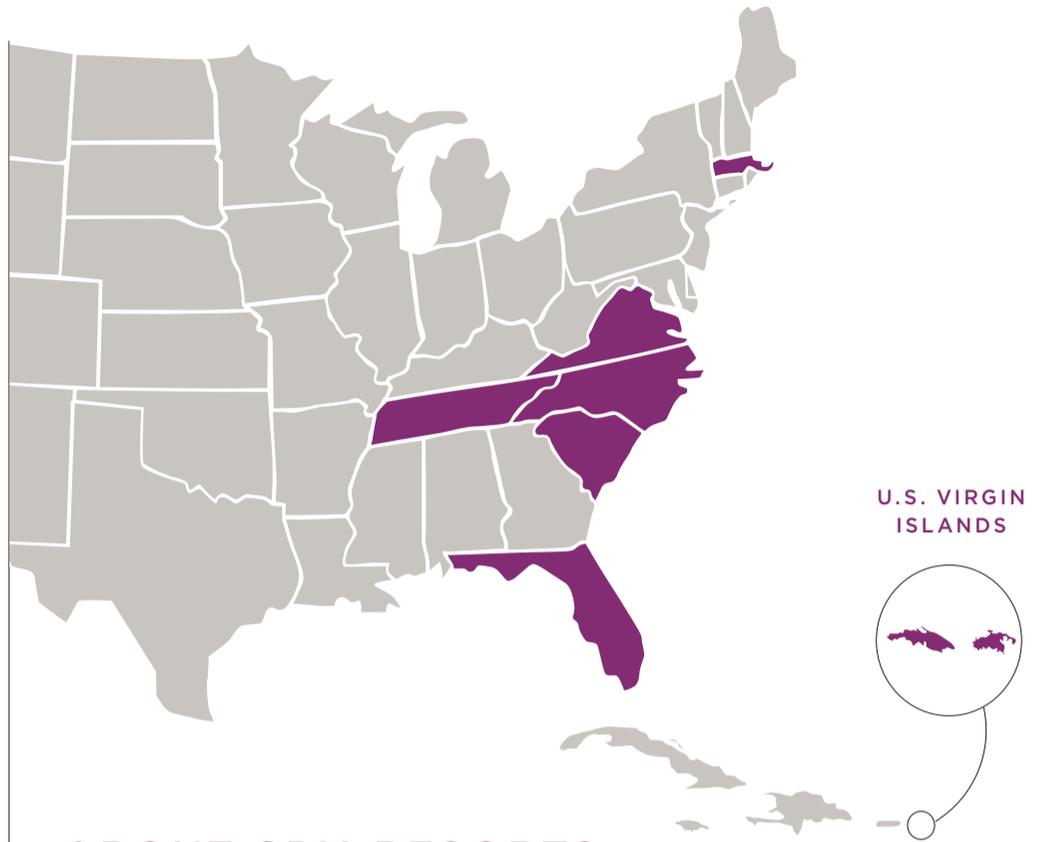
Now more than ever, collection is critical.

Most timeshare resorts continue to struggle with collection ratios because of the downturn in the economy—and I believe this is true for the entire industry, not just SPM properties. We place even more emphasis now on the need for quality collection efforts, and convey this importance to our collection agencies. We also attempt to address this trend by communicating to owners that they can pay their maintenance fees in advance or they can send partial payments in advance during the course of the year. We work with our collection agencies to try new tactics for reaching owners with offers to help them become current.

10.

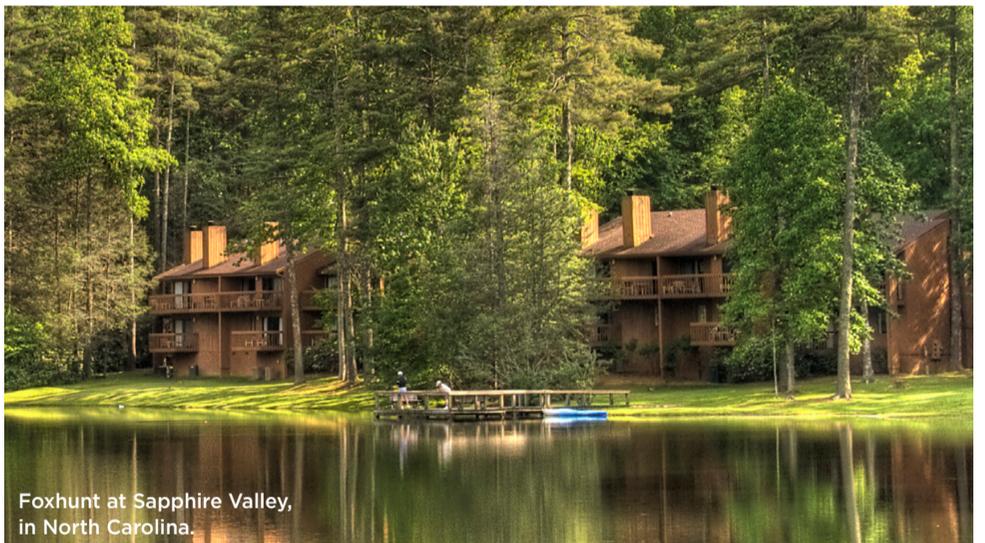
Think small. Really small.

We aren't in the business to look for \$10,000 variances from year to year at our resorts—we are in the business to look for the \$50 or \$500 difference from year to year. If we can focus on the small things, we will most likely have resorts stick with us, and therefore we'll be around for a long time to come. ✓



ABOUT SPM RESORTS

Based in Myrtle Beach, South Carolina, SPM Resorts provides full-service professional management as well as expertise in resort workouts and turnarounds. The privately held company has 36 resorts in its portfolio, in destinations such as Cape Cod, the Outer Banks, Myrtle Beach, Hilton Head Island, Florida, the U.S. Virgin Islands and the mountains of North Carolina, Virginia and Tennessee.



Foxhunt at Sapphire Valley, in North Carolina.



Vacation Villas at FantasyWorld, in Kissimmee, Florida.

PHOTOS: ISTOCKPHOTO(2); BRENT DOUGLAS; MICHAEL LOWRY

 spmresorts.com

INSIGHT