

CASE STUDY



QUOTE: I HAD TO TAKE A LONG HARD LOOK AT THIS AND TOLD THE OWNERS THAT WE WERE GOING TO CHANGE OUR WAYS. WE HAD TO LOOK AT OURSELVES, COME CLEAN AND BE HONEST ABOUT WHAT WE HAD DONE WRONG. **SIMON JACKSON**

Just four years ago Macdonald Hotels & Resorts was considering the future of its underperforming timeshare operation. Simon Jackson shares the strategy that has turned around this division of the company with **DINAH HATCH**.

TOTALTURNAROUND

When Simon Jackson became managing director at Macdonald Hotels & Resorts in 2004, he was told the company's failing timeshare division was not performing well. The choice was simple – turn it around quickly or there may not be a future.

Jackson was clearly the right man in the right place at the right time. His CV describes someone who likes a challenge. He left thriving travel tour operator, Airtours Holidays, to join ailing Sunterra in the US which, at the time, was in Chapter 11 bankruptcy.

So for Jackson, turning round Macdonald's nine timeshare sites – which the company acquired in 2001 after a period of managing them for Barratt International Leisure – it was simply a case of rolling up his sleeves and starting again.

And the result was a business turnaround that put smiles on the faces of the group's top management. After only a year on the project, Jackson had achieved a break-even point for the timeshare operation. Today the business is turning a multi-million pound profit.

INVESTMENT AND COMMITMENT

Jackson took a year-by-year approach to the task, starting with working out where things had started to go wrong.

He said: "There had been no proper investment in the product for many years and the properties and public areas were in a pretty bad state of repair. This had naturally caused a great deal of discontent among the owners, who were paying an annual fee and, in their view, not seeing much for it. There was little communication between the company and the owners' representatives,

and the relationship was problematic and sometimes confrontational.

"We didn't have a good reputation among the owners and lots of them wanted to get out of the system. On top of that, the industry as a whole was suffering from a bad period of press coverage and seen as a world of scammers by the public at large.

"I had to take a long hard look at this and told the owners that we were going to change our ways. We had to look at ourselves, come clean and be honest about what we had done wrong. We sat down with the club committees and said 'this is how we have performed and this is why there is so much discontent'. That's a very hard thing for a company to do, but it was really welcomed by the owners' representatives and opened up regular communication between us."

ENGAGING OWNERS

A policy of engagement followed which saw the introduction of quarterly resort and news updates sent out to owners. Newsletters gave a breakdown of how owners' money was being spent, as well as news of services and exclusive offers.

Jackson said: "We brought in pre-arrival packs for owners and exchange guests that told them all about the resort they were about to visit."

A critical factor in the revival was establishing an official resolution that no actions should be promised to owners unless there was a certainty they would be carried out. Jackson explained: "Lack of delivery was a big problem. We said that if anyone committed money to a project of, for example, unit enhancements, then that

must be deliverable and within a standard time frame. The results of this resolution brought our owners back on board, and their response has been superb.

"Between 2005 and the end of this year Macdonald Resorts and our owners have spent £15.5 million on improvements collectively across all our resort sites. These improvements have gone down so well that owner representatives are now saying they want to spend more – which means we will too."

HARD CHOICES

Jackson made other changes too. There was a reappraisal of resort staff as a result of which some had to be asked to leave. "There were tough decisions to make about long-standing members of staff who were not going to change," said Jackson. "The resort management was quite unpopular for a time, but these changes had to be made."

He also went about tackling the issue of staff training at all Macdonald's timeshare resorts. Employees complained of never having received proper training and, in his view, had fallen into a pattern of "just making up how they did things".

Jackson introduced core standards and induction courses which, he said, raised morale "massively". Staff benefits were also implemented and included incentive schemes such as awarding holidays and cash vouchers to long-serving employees.

The refurbishment process and materials procurement was centralised by Jackson to enable the timeshare division to take advantage of the Macdonald group's wider supply chain to get better quality materials at a reduced cost. He said: "Everything was being bought on a piecemeal basis, so we



↑ Once owners at Macdonald Resorts properties could see their money was being used to transform properties such as Macdonald Dona Lola Resort in Malaga, Spain, top, and Garten Lodge at Macdonald Dalraber Golf & Country Club, Aviemore, pictured after recent refurbishments, they wanted to spend more on the maintenance of their resorts.

↑ The newly-landscaped gardens of Macdonald Elmers Court Country Club in Hampshire, UK, top, and leisure facilities such as the pool area at the Macdonald Dona Lola Resort in Malaga, Spain, send a message to prospective purchasers and existing owners that these are properties benefiting from healthy levels of investment.

said to our owners 'let us tap into our group hotel supply chain'. We buy wisely for the hotels, so why shouldn't we do the same for the timeshare properties? We then showed our owners what could be achieved by opening up a show lodge for them to view at Macdonald Dalraber Golf & Country Club and then asked them if they wanted this standard across the other resorts."

Today the improvement in the Macdonald timeshare offering speaks for itself. Eight of the group's nine RCI-affiliated properties are RCI Gold Crown resorts, while the other has been awarded RCI Silver Crown status.

And this achievement has delighted Jackson. He said: "In achieving eight RCI Gold Crown resorts and an RCI Silver Crown award across our nine RCI-affiliated properties, we had some fundamental help. The Group RCI team suggested I go for the awards and when I chaired my first owners' AGM in 2004, I knew they were right! Group RCI has really contributed to our improvement and has supported us

throughout, believing in the changes we said we would make."

During the past 18 months Jackson and his resort operations teams have met on a monthly basis with Group RCI's affiliate services managers to discuss how they can support the relationship with their mutual customers. Jackson added: "Our Group RCI team has stood with us throughout the whole process and continues to support us in this way."

NO GAIN WITHOUT PAIN

The picture looks good for Macdonald Resorts right now. But Jackson isn't so sure things are as rosy in the timeshare industry at large.

He said: "Along with altering public perceptions about the timeshare product, which are still hugely negative, the industry needs to address issues such as exit strategies.

"The number of people today who want to get out of the system is huge. For instance, the grown-up children of owners don't want timeshares passed on to them, no matter how great a time they had there as youngsters,

because they fear the responsibility of the management fees and the difficulty in selling, should the need arise.

"It's time for the industry to change its ways at point of sale and change the way the product is sold. For example, instead of selling in perpetuity, perhaps we should be working with a lease system for, say, 25 years or even less. Some operators including Macdonald Resorts do this, but does the public at large understand this type of product offering, or do they think it is just another scam? If it's the latter then we must act.

"While there are still older people who can't sell their timeshare when they need to and don't know which way to turn, is it any wonder the consumer perception of timeshare is so negative?"

"The industry as a whole must come together to address these problems and face up to them honestly and openly to give us all a better future.

"The timeshare product is fantastic as our thousands of owners tell us – so what is the problem?" ☺