Interval Leisure Group Doubles Focus On Timeshare Management Services

By Betsy Sheldon

LOREN GALLAGHER

CEO of Vacation Resorts International

"Experience is the single most important ingredient to consistent, successful timeshare management."

Nobody appreciates more than the folks at Interval Leisure Group that bigger isn't always better. Recognized for more than 35 years as the *quality* vacation exchange network, ILG subsidiary Interval International has focused not on size, but rather on exacting standards in affiliated client support, the highest caliber of resorts, and stellar membership-services performance.

So while its parent company may be able to claim that the acquisition of two respected management companies, Trading Places International (TPI) and Vacation Resorts International (VRI), makes it the largest independent provider of resort and homeowners' association (HOA) management services to the timeshare industry, ILG would rather point out other characteristics: experience, success, skill, and personalized service to resort and HOA clients.

"As the industry continues to evolve, shared ownership resorts, HOAs, and the longtime owner base are facing the challenges of aging buildings and facilities *and* owner turnover," observes Jeanette Marbert, chief operating officer at ILG. "As part of our proactive approach and commitment to vacation ownership, we view these acquisitions of two of the most experienced and respected management companies as a way to bring additional expertise to assist in tackling critical issues."

Indeed, as well-established vacation ownership resorts mature (the average age of a timeshare property is now estimated at approximately 23 years), they do face challenges: updating amenities, renovating units and public spaces, meeting growing demands for greater tech-communications access on-site, and keeping current with the needs and wants of an evolving consumer.

Additionally, they're dealing with a tighter lending market and a financial climate that squeezes not only the prospect pool, but also opportunities to borrow for property repairs, renovations, or expansion. And they're confronted with an inevitable turnover as longtime owners age out of the shared ownership base and attempt to sell their interest, leaving the HOA with a growing inventory of space without the maintenance fees to maintain it.

Now, more than ever, shared ownership properties need careful and expert management in order to sustain their business and serve their owners.

"The resale issue and the negative effects from fraudulent actions have cost individual timeshare owners thousands of dollars," says Craig M. Nash, CEO of ILG. "This has led to a deluge of negative media coverage spotlighting relief companies and other factors that threaten the hard-earned reputation of our industry. It is incumbent on all of us to confront this issue head-on. And at ILG, we feel that one of the ways we can help HOAs is to provide access to successful and proven management services of VRI and TPI."

Bringing Experience to the Table

The combined experiences of the two management companies brings to the table more than 35 years of continuous business activity, thriving through several national economic cycles. With a cumulative 200-plus years of senior executive tenure, the two companies together serve more than 160 association clients, representing 325,000 owners, and have active resort management sites in the U.S., Canada, and Mexico.

R.J. JACKSON

President of Trading Places International

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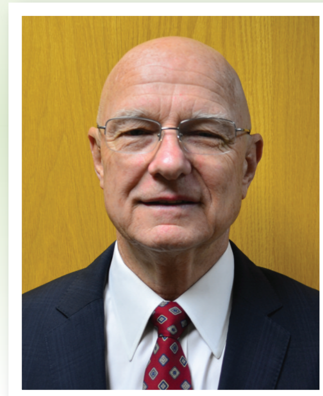

“Experience is the single most important ingredient to consistent, successful timeshare management,” notes Loren Gallagher, CEO of VRI. “Both TPI and VRI team members have been in place for a long time. A fully engaged team results in a happy workplace with low employee turnover and a high contract retention rate.”

Gallagher observes that today’s timeshare boards face unique financial challenges caused by profound changes in industry lender practices. In addition, he says, changing vacation expectations of timeshare owners can no longer be fully satisfied by the traditional programs. “The best responses and solutions require access to a broader experience-bred innovation, essential to the long-term economic survival for many associations.”

ILG brought VRI onboard in 2012, and acquired TPI in 2010. Already, the two companies, both located in Southern California, are working in tandem and are poised to deliver all the traditional core services to association clients, including reservations and rentals handled through their call centers; resort operations such as front-desk check-in, housekeeping, and unit maintenance; financial assistance in the areas of planning, budgeting, and forecasting in concert with the association board of directors; effective assessment billing and collection procedures; and communications between the association and its members.

Both companies lend valuable expertise and resources in all facets of resort management, including: recognized success in association financial-workout and business-recovery plans; licensed CPAs on staff for the highest-quality accounting work product; regular email promotions to association members offering last-minute discounts, special vacation opportunities, and “need-to-know” information; and security and back-up protocols to ensure the safety and integrity of all key association and member data.

The list of nontraditional services includes the creation of long-term, sustainable programs to monetize underperforming inventory and ensure the integrity of future association budgets.

First-Name Basis

Along with this extensive menu of services and programs, the companies also contribute all the advantages of small, entrepreneurial businesses. “We understand where a lot of our resort associations are coming from,” says R.J. Jackson, president of TPI. “They look for immediate response, quick resolution, and hands-on, personalized, first-name-basis-style relationships. And that’s what our clients will continue to receive.”

Gallagher agrees. “Ours is a very relationship-dependent business,” he says. “Association members will see the faces of our representatives regularly at resort and at board meetings.” Both Jackson and Gallagher are committed to continuing their companies’ personalized small-business style.

Big Backup Means Win-Win

Marbert also recognizes the importance of personal connection and relationship building, but points out that “big” has its benefits, too: “These two former competitors are now sister companies working together to share best practices and combine their expertise. And while still giving their clients the same level of attention and quality, they’re able to take advantage of the assets of a much-larger parent company.”

Jackson anticipates that the massive marketing muscle of ILG will boost growth of the management business. “It’ll be nice to take advantage of the marketing power of Interval, which will provide some traction for us. That, plus the legal and financial assets they bring are truly invaluable.”

One potential drawback that Marbert points to is association fears of a cost impact. “Some board members were concerned that we were going to raise maintenance fees. But that couldn’t be further from our minds,” she assures. “We are focused on professional managing and keeping costs down. In fact, we don’t have the *ability* to change their fees. We want to convey to VRI and TPI clients, as well as our resort partners, that now they have a strong industry advocate. Historically, we’ve championed good legal protection for the industry.”

Taming the Elephant

Interval, of course, has played no small role in shaping the timeshare business through legal channels into a respected and mainstream industry. In 1983, Interval was part of the core that established the Model Timeshare Act, and has most recently stood with ARDA and other industry advocates to protect consumers from unscrupulous resale practices of relief companies.

As the industry continues to grapple for solutions to the growing resale market, many HOAs must deal with a burgeoning inventory of unused weeks, a situation that Gallagher and Jackson know all too well. “It’s one of our biggest challenges. We’re making some progress,” Gallagher notes, citing that the two companies have produced millions of dollars in annual rental revenue generated for the direct benefit of their association clients. “We look forward to ILG’s leadership in creating a consistent and sustainable resale solution.”

Craig Nash is, indeed, deeply involved in conversations about resales. As part of a task force initiative of the American Resort Development Association (ARDA), he has supported and encouraged a proactive approach to help HOAs manage unused inventory and develop resale strategies.

Ready, Set, Go!

In the meantime, says Marbert, for the association and resort clients — current and future — it’s business as usual. “While TPI and VRI operate separately, they work together to share ideas. So all of their clients will benefit from their synergistic efforts, while experiencing no upset at all. We’re a professional shared ownership management company; our goal is to concentrate on sold-out HOAs and retain and serve them better.”

All parties are enthusiastic about the new partnership. Says Jackson, “We have the skills, the procedures are in place, and we come up with great programs. As a result of the combined management skills of VRI and TPI, and the backing of ILG, we believe there’s no challenge too large for us to take on.”