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Briefing Papers

IACCA PERSPECTIVES

FOUNDATIONAL RESOURCES FOR TODAY'S PROFESSIONAL

Marketing

Growing your Customer Base

Executive Summary

Tighter budgets in the non-profit world have increased the pressure on retreat and conference center administrators to generate more revenue. With limited time, money and staff it is important to get the most out of every minute and dollar spent to attract users to your facility. In this author's opinion, the most effective method for gaining new business is called "niche marketing". This requires that you identify the most likely candidates for using your site, determine how much business you need or want, and direct all of your efforts toward this limited number of groups. Using this approach, the Pearlstone Conference & Retreat Center virtually doubled its income in one year.

As pointed out in *Alice in Wonderland*, "if you don't know where you are going, any road will take you there!" First you need to determine in dollars, what level of new business is required. Then you must translate this into the number of groups that will be required to reach this goal. You calculate what percentage of those contacted will become users and then select an appropriate number of your prospects to become your "niche market".

People buy benefits and not feature, so you have to translate the features of your site into benefits by completing the thought "what this means to you is...." Contact is made with prospects, and their needs are identified. These needs are then met by you by selecting appropriate benefits that you can provide. The result is a happy customer, increased business and a successful facility.

Key Point #1

Have a well defined sales objective.

Key Point #2

Market only to those prospects needed to reach this goal.

Key Point #3

Identify your site's features and benefits.

Key Point #4

Close sales by satisfying the prospect's needs with your benefits.

Perspectives is a publication of the International Association of Conference Center Administrators as a resource to the Non-Profit Conference Center Leadership.

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Growing your Customer Base

By: Richard J. Goldman, General Manager • Pearlstone Conference & Retreat Center • Reisterstown, Maryland

During my first twenty years in the workplace I served consecutively as a Youth Director, Religious Educator and Camp Director. I was passionate in my calling, intensely dedicated to my students and campers, and borderline poor! When the eighties arrived I enthusiastically embraced the world of technology. The next twenty years I rode an entrepreneurial roller coaster; creating, managing and then selling, two substantive high tech companies.

The Pearlstone Conference & Retreat Center opened in 2001. During its first years of operation it lost well over a million dollars, and like similar facilities the large deficits seemed inevitable. This was a challenge I couldn't resist! My two seemingly conflicting personas merged. The idealistic communal worker and bottom line oriented capitalist joined together to help a non-profit entity become self-sustaining. In one year we doubled revenue to over a million dollars and reduced costs significantly. We said goodbye to our losses, hopefully never to see them again! The tale of cost containment must wait for another time, but the way we gained more users is no secret. It's called "niche marketing", it works, and it is very cost effective. All of your efforts, and whatever little money you can spend, needs to be concentrated on a clearly identified small number of prospects. The process requires that you determine how many groups you must host and/or programs you must sponsor to reach your financial goal. You then develop a well defined strategy to identify the best candidates for filling those spots, and communicate the benefits of using your facility and/or attending programs you sponsor, directly to them. Here's the 10 steps to follow:

- 1. Clarify your mission.** Why do you exist? Can you serve only one market segment (i.e. members of your specific religious group, school or organization) or are you available to meet the needs of others? How do you prioritize the availability of your space? In other words, do some groups get preferential treatment?
- 2. Determine what level of revenue is needed to meet your financial goals.** Identify which of your expenses are mostly fixed (the ones you will still have when there are no guests: i.e. leases, some salaries, insurance, etc) and which are variable (they go up and down as your usage changes; i.e. food, cleaning costs, some utilities, supplies, etc.) Take your average revenue when a group is present (divide your annual revenue by the number of groups served) and subtract the variable expenses. What is left is called your contribution to overhead (or margin). When the total of these contributions equals the fixed expenses you are at break even. If you have an endowment, or receive some kind of subsidy or grant to operate, and can depend on this without question, reduce your fixed expenses by that amount. Write down how much revenue generates the income you will need. This is your revenue goal.

Note: Any visit that contributes to overhead is a plus! Keep this in mind when considering special price reductions or discounts. Sometimes lowering charges actually IMPROVES your financial position if you have the staff available to handle an increase in occupancy. You have an 'opportunity cost' only if you could replace a group with one that is more profitable. If not, discounting is a powerful tool that can help you financially and shouldn't be ignored. This works well to fill openings from last minute cancellations or for unpopular dates, but always be certain you don't have that cost of opportunity hiding out somewhere!

- 3. Calculate the number of groups that must be hosted and/or programs that must be sponsored to achieve this revenue goal.** Work with averages and don't worry about being exact. For example, if you host 70 groups during the year and have revenue of \$350,000, each group spends \$5,000 (on average). If your fixed expenses, or overhead, is \$250,000, and each of these visits had variable (or direct) expenses of \$2,000 for things like food and cleaning help, the average group contributed \$3,000 toward overhead. In this example of 70 groups, they contributed a total of \$210,000 and would leave you with a deficit of \$40,000. You need to attract 14 additional groups to break even (you gain \$3,000 from each group) or create programs that will accomplish the same thing. Eighty-four groups or programs represent your marketing goal, but fourteen new groups is your immediate target. (Once you understand this concept you can adjust your figures for other variables and be more precise if this fits your personality. Some groups may contribute more to your overhead due to their size or because they eat less expensive meals or require fewer of your staff to be present and you can take this into account).

- 4. Catalog your prospects.** Anyone in the world could theoretically use your center, but some may not be able to get there, others may not appreciate your level of service or accommodations, and hard to believe, some may not like your setting! You also want groups who will come when you are likely to have space available and who will be in a position to pay your rates. Finally, your mission may narrow your potential customer base. At this stage, make a very broad list of prospects. Search the web, look thru phone books, visit the library, contact national and re-

gional religious bodies for names of their constituents, make lists of non-profits and clubs and identify government departments. If you are so inclined, include commercial prospects, but be aware of big brother looking over your shoulder for signs of too much unrelated business income.

- 5. Prioritize.** I use a numbering system. One (1) are those prospects who fit your mission and who likely have the need, time, money and geographic mobility to use your facility. Two (2) are those who don't fit one of these criteria, but it is possible to overcome the missing element, for example using financial aide, bus transportation or special scheduling. Three (3) are those who don't fit two or more of the criteria. When doing the initial marketing, focus attention primarily on the first group, with the goal of attracting the appropriate number of new users. Generally, if you can identify twice as many prospects from group one than are needed or four times as many from group two, you can meet your goals. For example, we will need to find 28 prospects from group one to gain 14 new users The 28 potential users we select becomes our niche market and they're the people we need to contact to meet our goals.
- 6. List the key features of your site and/or support services.** Features don't change. They are the same for every user. Features might include "a beautiful lake", "classrooms to hold 25 people", "a special vegetarian menu", "free AV equipment", "a bunkhouse for teens", "a high ropes course", "an interpretive nature trail", "trained waiters", "a conference room to hold 200" and on and on. Benefits, on the other hand, change depending on who is using the site. If I am a true blue carnivore I will be turned off by a vegetarian menu. If I can't stand the thought of eating Bambi, vegetarian dishes will be very appealing. You have to know your end user before you know what they will see as a benefit and what questions to ask. That's the primary reason effective brochures are so difficult to develop. They send the same undifferentiated message to everyone. Benefits are what help people make buying decisions, not features.
- 7. List the key benefits of using your site for each of your prospects.** This is the research phase. Speak with members of each group, their affiliates, competitors or parent bodies. If they serve clients speak with some of them. Read their literature and visit their web site. Ask other people you know. Talk to your existing users to garner information. Find out how using your site can support each group's mission and help them achieve their goals. Then, examine the features of your site and where appropriate, match them to benefits for each user. Use these six magic words following the statement of a feature: "WHAT THIS MEANS TO YOU IS..." For example, "We have free wireless internet. What this means to you is that your staff can stay in touch with their clients during your stay here."
- 8. Identify your prospects by name.** Having decided we need to contact 28 users and knowing the name of the group (i.e. the Hall of Heavenly Holiness or the Oshkosh Knitting Club), we need to determine who is the best contact person at that organization. The easiest way to do this is to call and ask!
- 9. Make personal calls or see the prospects at your site.** Contact the prospect directly. Introduce yourself and establish credibility either by affiliation (we are the retreat center of the Lackadaisical Bigwigs) or by reference to previous users they know directly (we had the Kingston beekeepers here just last month!) or respect by reputation (the Pope just loved sleeping here!) State the features of your site and specific benefits for this user. Invite them for a visit with you serving them a complimentary meal. Be sure to ask them if they think they could benefit from using your facility. Alternatively, if there is an organization that has a number of your prospects as members or participants, offer to host a program or meeting for them at no charge. At Pearlstone, we hosted a regional meeting of the "American Society for Training and Development" (ASTD) with 95 attendees. These are the training directors of non-profits, government agencies and corporations. Within one week we booked two groups, each with multiple meeting and overnight dates. Last year we had three days of meetings sponsored by the IRS! Each day they taught 150 new non-profits how to stay out of trouble with the government. We "won" this business in a competitive bid. Everyone else had said what they needed to be paid; we offered to pay them! After they finished laughing, we got the business AND subsequently booked 15 new groups.
- 10. Close the Sale.** Ultimately you get business because people contact you or you contact them. If they initiate the contact you are in a wonderful position. Assuming space is available, or you can shift their date(s), you only need to determine their needs (ask questions) and then tell them about your features and benefits (what this means to you is...) You are in an excellent position to gain new business. Remember to ask for it! Essentially you follow the same process where you initiate the call. Ask questions and respond with your features and benefits and then ask when they would like to come (or visit). This process has served me well over the years and it lends itself very well to marketing our Conference Centers. Obviously there are nuances and variations, and nothing is this cookie cutter in the real world. Still, the concept and approach is very valid and if adopted to your needs can significantly increase your occupancy. I wish you well.

About the Author

Dick Goldman has been the General Manager of the Pearlstone Conference & Retreat Center since the spring of 2003.

Pearlstone can accommodate 164 guests and served 200 groups and 14,000 individuals last year with revenues of \$1.2 million. It is affiliated with The Associated: Jewish Community Federation of Baltimore. He recently became an IACCA Certified Conference Center Professional (CCCP).

In 1981 Dick left his position as Director of Camping Services at the Jewish Community Center in Baltimore to form Telesaver, an alternate long distance company. By 1983 Telesaver had sales of \$24 million, 40,000 customers and 180 employees. That business was sold and Dick started Intellitech, a regional home automation ("smart" home) company. This grew to become the largest such enterprise outside of California. In 1993 Intellitech became Home Systems Plus, a unique high tech distribution and training organization with a network of over 600 dealers throughout North America. During this period, he was a visiting lecturer at the University of Pennsylvania, focusing on entrepreneurship and marketing.

Dick and his wife Roz, have been married for 37 years. They have two children living in Manhattan. Sharon, a communal professional, is being married this May at Pearlstone, and Jeremy is a newly minted attorney. Dick is a native of Buffalo, NY and is an avid genealogist, long time amateur radio operator (K2ZWF) and community volunteer.



Dick Goldman

About IACCA

The International Association of Conference Center Administrators (IACCA) is an association of nonprofit conference center professionals committed to education, professionalism, and support.

1. IACCA offers educational opportunities for its members and for those with whom they work.
2. IACCA promotes professional excellence in nonprofit conference center leadership, administration, and operation.
3. IACCA provides a supportive community that facilitates the sharing of knowledge and experience and the addressing of common challenges.

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MARK YOUR CALENDARS...

The 2006 IACCA Fall Conference will take place from October 30 through November 3 at Zephyr Point Presbyterian Conference Center in Zephyr Cove, Nevada.

