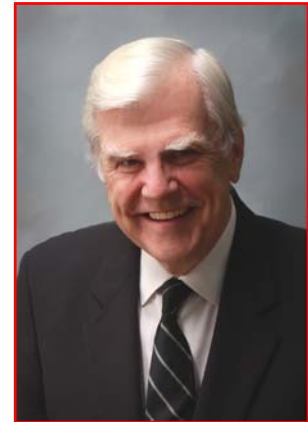


**USING YOUR HEAD  
(OTHER THAN FOR A HATRACK)  
Part One**

This is the first in a series of short articles on reinventing the resort development business. We all get stuck occasionally. Stuck in the past, stuck with excess inventory, and stuck on markets and marketing concepts that don't work anymore.

It is a blinding flash of the obvious when one considers how dependent our industry and supporters are on confidence in the market which has eroded so in the past few years. Buyers need to venture forth with confidence; financiers need to be confident in the market for product they are financing, and developers – including the entire supporting cast have to be assured that both market and finance are in place in order to commit their balance sheet and reputation on a venture.



**Bill Clover, President  
Panorama International**

**Confidence!** This is one word we see over and over again. Why would a superheated market for expensive product disappear when the market becomes less expensive? There are a number of quick answers to that question. A deeper look shows that the market is still there, but a lack of consumer confidence is standing between an interest in buying and a commitment to buy.

Everyone agrees that financing becomes a reality only when the financier is confident that the market is proven – and what self respecting opportunist can go forward in confidence without proof that a market exists.

So – we live in a vicious cycle with the key word being – confidence - that intermingles with every element.

How then can we – as professionals in the industry create that aura and reality of confidence sufficient to bring back a real market and to have that market supported with financing – and still be truthful? Advertizing and hype does not get us there as an industry and can only spread the good word.

Our answer is simplicity, truth, creativity and differentiating the product.

**SIMPLICITY** – The world still needs a resort that will offer what is actually desired – not a developers vision of what it wants, or a fantasy of what a PR person would like to see. A simple product in a clear cut presentation, but supported by amenities that are actually used, and activities that are compelling, all wrapped in an economic package that is irresistible. Just keep it simple and build what a consumer wants – not what the competition says they want.

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**TRUTH** – Our new world demands the truth. Gone are the days when marketing people promise enormous capital gains and actually get volume sales. Here are the days where developers determine what buyers want, and deliver precisely that, for a price and under terms and conditions that are fair for all parties. The “plus value” from capital gain will certainly occur, but as much from good value for money initially as well as growth in future pricing.

**CREATIVITY** – The goal is the perfect resort – the most attractive residential package – financing that attracts consumers. This overall presentation allows everyone to be a winner – the host country, the people in that country, the guest in hotels, the residents in retirement or for second home use, the financier and the developer and his supporting cast.

**DIFFERENTIATION** – Everyone is seemingly chasing the same market. We have become an industry of sheep – following the latest trends and doing what everyone else is doing. Differentiation means being bold enough to venture forth with new ideas, new concepts, and new methodology; but not before proving to yourself and your financial team that the differentiation will better the offering and increase your market demand.

**HOW DO WE START IN THIS NEW WORLD?** We start with Market proof – which can ONLY be built with a product people want to buy. Today’s demand is for value – regardless of price range. This does not mean that we as developers need to lose money to sell our product! It does mean that that we have to deliver superior quality for a reasonable price, terms and conditions.

The design of the product has to follow market demand and absorption. Consider land planning and preliminary architecture sufficient to have costing and presentations accomplished.

Together with proof of the market through a cutting edge market study, planning and preliminary architecture; costing, pricing and an economic study should follow.

This leads to a business plan which usually includes a financing plan, marketing plan, and operating plan so the development survives the developer.

There are over 20 steps in the pre-development process. The above just touches the highlights with each element a book unto itself. .

Financing is generally available if the developer has a proven track record (or a team with a good record) and proven equity. However in these times of stretching all available capital – there are various substitutes for hard equity that can be utilized partially. These include pre-sales, a guarantee of pre-sales, financial guarantees and over 20 source categories of quasi equity that can be employed.

The world is tired of the same old-same old in a resort product. Differentiation is an easy word to pronounce, but a harder concept to accomplish. Start your process by determining as much as possible:

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- What can make your resort and hotel stand out from the competition?
- **Use differentiating tactics like:**
  - Actually creating and operating an environmental resort – rather than giving lip service to that element. Make the environment an attraction for visitors and residents. Promote the detail of your created and improved environment.
  - Quality name brands should be researched and used for their effective draw to create – Confidence.
  - Unique activities; Activities that become part of a life style, or an attraction to a guest. Use your host country and its unique attractions – as they are there for the asking and many times only have to be packaged.
  - Consumer financing that makes a decision easy
  - Identification with quality regardless of the price bracketing
  - Enthusiasm breeds confidence – this comes from training, secure knowledge, and experience
  - Success breeds success – as there is no substitute- one must promote even the smallest success, as that is what people want to identify with. Folks want to see a successful development – and want to be a part of that success.
  - Different activities, different amenities, and different attractions. Creativity comes into play – and the great minds of entertainment are often not pressed into service enough
  - Iconic architecture and planning which is a brand unto itself.
  - Superior and truthful people on all levels.
  - Quality on every level regardless of price bracket
  - Submit your projects for various industry awards – like design, architecture, environmental etc. and then promote vigorously the third party endorsement.
  - Join professional associations for peer recognition and your endorsement of a code of conduct and then promote that your company takes that code seriously in a larger unregulated environment.
  - Mission and values - be clear with your clients what you are in business to do. There is no shame in having financial goals to. Work hard to establish your mission and values and then communicate them accurately and in a widespread fashion.
  - Promote and show your progress through the display and publicity of work being done on site, and progress in sales.
  - Tell your story! Relate to your buyers why you are building the product you are building – because this is what your research company told you where the demand is. This increases the acceptance of the product.

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- Use celebrity and important buyers with their permission as attractions for other buyers. Referrals should be encouraged from past buyers within their communities.
- Use the media. People actually believe the press where they will not believe a salesperson.
- Embrace and promote your host locale. Become a part of the community, give back to local charity, and make your community the center for local happenings.
- **Unique public relations**, advertizing and promotional campaigns. Insist your team come up with new and attractive material that conveys your message on different levels without a lot of meaningless words.
- **Finance:** superior consumer financing is differentiating as very few developments have it. Determine how this can be accomplished in order to have a product that is financially irresistible. Today's financing package requires the best minds in the business – minds that are open to change, new ideas and new but proven concepts.
- **Products with many appeals:** Try to think through how your product can appeal to more than an emotional buyer. Can it be converted also into a financial product? Is there a potential for capital gain? Can a real and meaningful guarantee be an inducement to buy?
- **Try dual use products** – one with a personal use value and one also with a financial value?
- **Associate with the best on every level** – consultants, designers, operators and employees. There is no substitute for caring people who will give their all to do the best possible job for you and for your buyers.

**Use endorsements from institutions**, past clients, government – whoever is available to give confidence to a buyer needs to be harnessed up into the promotional effort.

**Genuine follow-up and follow through.** After the buyer closes and settles in, without realizing it most developers create their most valuable tool which then goes ignored. The references from happy clients are the strongest and least expensive pipeline of new business.

Over the next weeks we will be looking at each of these areas and expanding on these thoughts. Your ideas are appreciated and will be incorporated.

**Quality and differentiation leads to –**  
**A strong development plan and team which leads to -**  
**Confidence which leads to –**  
**Pre-sales and quazi equity which leads to -**  
**Finance which leads to -**  
**Development-**

And of course all of this leads to a successful development – contributing to the betterment of the host country of the development, the employment in a region, a satisfied buyer and resident, and a profitable development.