

CASE STUDY



CASE STUDY / CURRAHEE CLUB

With the global market finally coming out of the 2008 to 2010 dip, we started shopping for real estate projects that we thought had the caliber and beauty to reclaim their market and achieve sales success. One of the projects that seemed to have this strong potential was the Currahee Club located on Lake Hartwell between the shores of Georgia and South Carolina.

The project started as an exclusive private gated community, with a signature Jim Fazio golf course. Homes built in Currahee Club were executive estates, with prices starting in the high \$800's to the \$1millions.

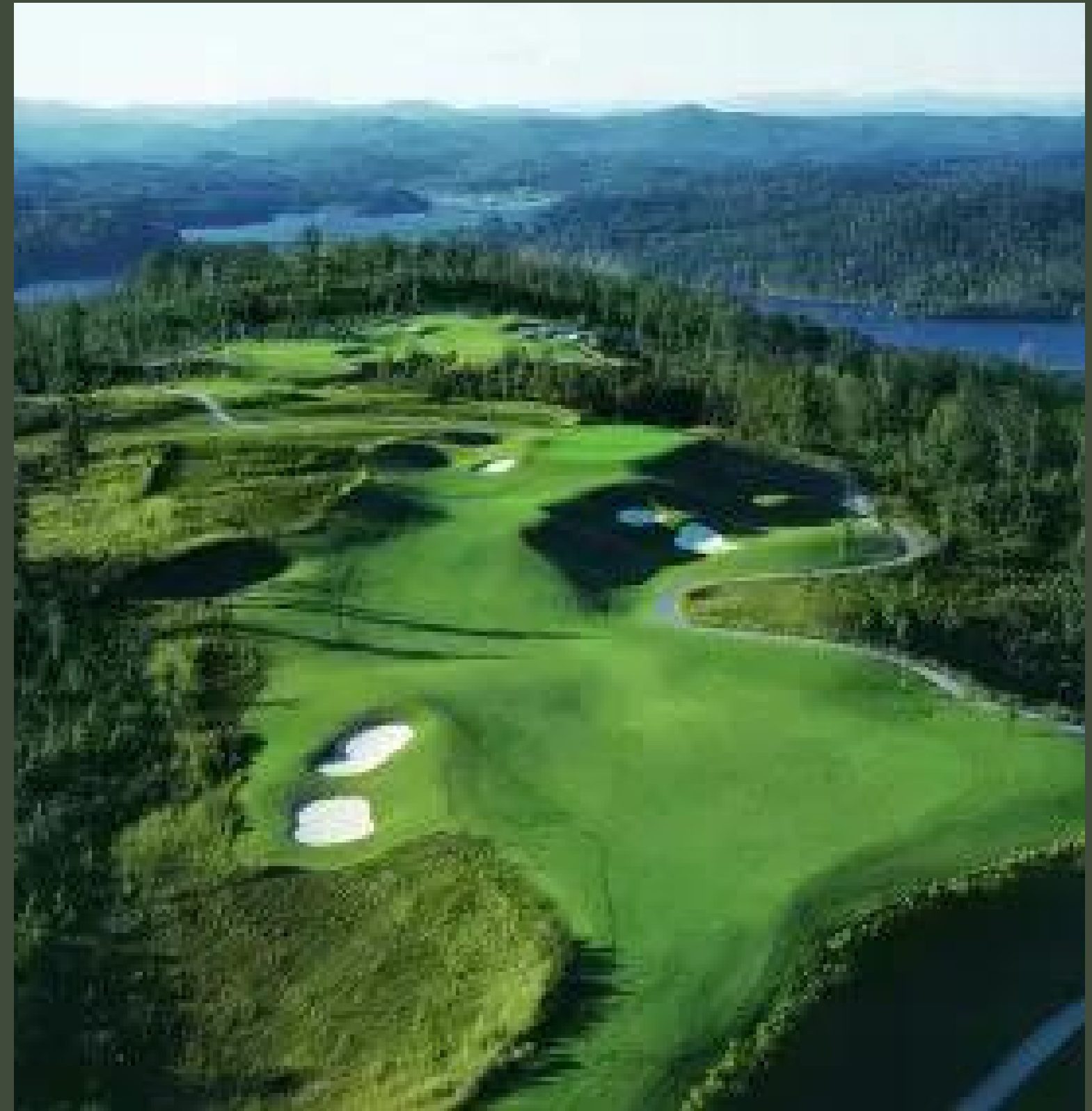


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With no regard to the the Currahee Club's location in the north Georgia town of Toccoa, where many factories and businesses had closed, the Developer moved ahead with a multi-million dollar award-winning golf course, 43,000 sf Clubhouse and million dollar spec homes. The positioning was a mega affluent second home get away on Lake Hartwell.

We analyzed the strategies the Developer had in place and could see the potential to correct the mistakes being made, re-position the Club and Community and build a better long-range plan that could drive the sales of homes and memberships the Developer had yet to achieve.

We knew the market around the Currahee Club did not support the price range of homes the Developer wanted to be built. We also knew the Developer did not try to foster close ties with the Community. Management's attitude was the locals cannot afford Currahee so why bother marketing to them. Even local brokers were not educated on or invited to sell Currahee. The target buyers were Atlanta and out-of-state families who wanted high-end golf as a second home or get away.



As much as Currahee could possibly supply this lifestyle, Toccoa did not in any way stand up to this level. Culture and fine dining were simply not available. Toccoa did not fit the luxury branding and targeted market buyer profiles. The Club was the only dining option, and with so few full-time residents we could see it was hard for the Developer to maintain an upscale menu. In addition, with so few members living in Currahee creating a positive cash flow was difficult.



With the quality of food and service diminishing, members became disillusioned with the Club and their membership experience.

Plus, with the million dollar home pricing established in the Community real estate sales were low or non-existent which was and still is paramount to the operations of the Club, the Community and its bottom line. Member Dues are never enough.



After learning about a change in the ownership, we reached out knowing this could be the change we needed. We knew if the new owners would support our new strategies we could successfully re-launch Currahee. Our due diligence made us confident we could create a positive solution, but it would need to come from the top down and be financially supported to achieve any success. The change in ownership gave us the opening we needed to implement the changes we knew had to be done.



To ensure our success, we first entered into a one-time Project Analysis agreement to complete a study of what specifically should be done and the budget needed to build a successful re-launch. If the new ownership team understood the results of our analysis, approved our comprehensive tactics and would deploy the capital needed, we would then agree to a longer range contract to put our plan into action.



Our goals were to re-position the Currahee Club, build a sales program that had ongoing year after year success of not only real estate sales but substantial sales of memberships and ultimately achieve the critical mass needed to fill the Club. We contracted with the new ownership to implement our new plan and the budget required to achieve our goals. We began the process of re-branding Currahee not just a second home Community but a place to establish a primary residence.





We broadened the appeal of Club to include more activities for children and wives and not just a Club dominated by male golfers. We established a new sales team and opened a new real estate firm. This firm was exclusive to the Currahee Club. We changed the real estate product mix and vetted quality builders willing to work in Currahee. We developed new floor plans geared towards family living and entertaining with a more casual lake lifestyle.



We connected with all the local brokers and held focus studies to determine how to repair relationships with Toccoa residents. We embraced the town and reached out to the movers and shakers whose support had never been solicited. We reached out to the local sheriff to see what we could do to win over his constituents, as he was well respected in Toccoa. We contacted the Economic Director of Toccoa to provide help in selling the area to companies seeking to re-locate.



We created a special membership so they could wine and dine their prospects at Currahee Club. We knew if we wanted to grow, we needed Toccoa to begin growing. We focused our marketing on Lake Hartwell and its pristine lake living, not just golf. We reopened the on-site sales gallery and furnished a complete 4000 square-foot design center for the Currahee Club builders. There were very few suppliers nearby and our buyers wanted modern choices that were trending in the market to choose from. We enticed suppliers to provide products and samples at little to no cost to us.



We brought in a seasoned Club professional who specialized in creative marketing and membership sales. This dramatically improved member activities, which drove new membership sales. There was a new focus on events and activities for females and children. Once again, as with most projects we wore all the hats needed. We focused on the heartbeat of the Community and tailored our strategies for significant growth.

We knew our success would come as the accumulation of our strategies were successfully implemented. We focused on every aspect of the Club and Community, its staff, service and most important a warm and welcoming corporate culture. As momentum grew the ownership team invited us to take over the real estate operations. Soon after our new position was established, a new Club Director was hired and we fell under his leadership rather than working directly with the owners as before.



This became a critical transition. As a professional with extensive experience in food and beverage operations, the Club Director had his own ideas and management style. He had little to no real estate sales experience or membership sales experience. Due to his background in food and beverage, his driver was budgeting and scaling back until profits were made. This meant reducing Member events, the quality of food and staff.



Cutting budgets to fake success of net profits is a short-term fix that will never provide a Community the true budgeting needed to create long term sustainable success.

The budget we had agreed upon originally was cut along with the commitment to the strategies that were paramount to our long-term success.

In addition to reducing Club activities, the Director saw opportunities to gain personal profit by becoming involved in the real estate operations. He convinced the ownership team he could create better real estate profits by overseeing our efforts. He interceded in the relationships established with the builders and began allowing lesser quality homes to be built.



He skimmed commissions from the sales team and reduced commission percentages. Our relationships with the new builder team faltered and our sales agents became confused about who was guiding their efforts.

He took over the marketing program and it too suffered. Divisiveness became the corporate culture while budgets, employee incomes, and incentives were continuously cut.



The funding we set forth for speculative and model home construction was halted even though we had expressed this was one of the most important factors in re-launching the Community. Eventually the sales success initially achieved subsided, and builders became less committed. Club activities were discouraged, and staff began turning over and Members lost their relationship with staff.

We call this part of the “death spiral” that can happen with any Club or development that has the wrong leadership.



A few times in our long career of launching and re-positioning Clubs and Communities we see mistakes being made that we cannot fix or adjust to achieve our goals and success.

Currahee Club was one of these Communities. Here are three vital lessons to be learned from this Case Study:



LESSON ONE:

No matter how glorious the Community itself lives, if the buyers are not comfortable with the surrounding area or town, growth will be difficult.

It is always important to evaluate the town where the Community sits and what buyers will enjoy outside of their home.

It is imperative that the town embraces the development and the lifestyle of the project. And that the town has ambience, culture or growth that meets or exceeds the project.

LESSON TWO:

As with most corporate structures, commitment and allocation of funds needed to rebuild or launch a project must come from the top down. If this changes and the decision makers influencing the ownership are not willing to spend the money needed in advance of the production of sales success, the project will never succeed.

Most importantly if the decisions are made that allows the original commitment made at the time of the contract to be altered or abandoned, this will stop the progress of the program and the ability to implement it as agreed upon and ultimately its success.

LESSON THREE:

In addition to the importance of the corporate structure and the commitment to stay the course of the strategies brought to the table, there must be a commitment to the proper corporate culture that is needed from the top down. The attitude of the ownership, chief executives, staff, and sales team must be cohesive and welcoming.

If this changes due to staff or ownership change, buyers will see and feel this. Buyers judge a Community and how it lives through the personalities and relationships shown in the Club, its staff and the sales team. It is difficult to portray a warm welcoming Community if in reality it does not exist within the Club or Community culture. Buyer's sense this and second-guess their decision to buy.

It was disheartening to have to leave a Community that was so beautiful and had so much potential. Not being supported in implementing the tactics derived from our many years of expertise and intellectual property is difficult to bear. It is also disappointing to lose control after spending the many hours needed infiltrating every aspect of a project's life so that the right corporate culture, positioning, product mix, marketing and broker relationships are achieved for growth.

Since then, the project has changed hands several times and is now offering less expensive products and rental type products to help create the critical mass needed to support such a grand and high-level Club and Community.

The development still has a long way to go and to this day has not achieved the success it so deserves.