

Lore Institute Helps Resort Blow out a One-Day Sales Event

Rather than a One-Size-Fits-All Approach to Sales Consultancy, Jamie Klein's 'Sales and Marketing Effectiveness Audit' Determines What Will Work Where



The Cottages at Cape Kiwanda in Pacific City, Oregon, which saw a dramatic increase in sales as a result of The Lore Institute's sales and marketing effectiveness audit.

If we weren't in a down market, says Jamie Klein, no one would be interested in outside-the-box sales and marketing techniques. But since we are, developers might do well to consider a sales and marketing effectiveness audit from Klein's company, The Lore Institute.

The audit tests a developer's sales and marketing processes against 21 strategies proven to effectively generate leads and convert those leads into sales. "We look at the people you have hired, their job responsibilities, how they are tracked on their responsibilities, and we focus on how these people not only perform, but also how they serve the consumer," says Klein. They also evaluate the developer's processes and performance as part of the audit.

From there, The Lore Institute innovates and executes a sales and marketing solution. And in the case of Cape Kiwanda, that solution was a one-day sales event that bested the totals of the previous two years.

Brand Background

Klein began in the timeshare industry in 1977 with Watt Companies. "They built San Diego Country Estates, the first timeshare project in California," he says. Klein moved on to Marriott in 1990 to be a part of their entry into timeshare, and was recruited by Four Seasons in 1996 to launch them into shared ownership with Four Seasons Aviara. In 2002, Starwood recruited Klein to help launch the St. Regis fractional brand with the St. Regis Aspen and St. Regis New York.

"If you add it all up, it's about 30 years of working for major brands," notes Klein. In 2007, when the economy had yet to go bad, he resigned and took a year off to write the book *Lead Domination* and went on a book tour from Maine to California. "The premise of the book is very simple: How do you generate a quality lead and, once you do that, how do you most effectively convert that lead into a sale of your product or service," he says.

"As I finished the book, the economy just tanked," Klein recalls. "But companies were still looking for good speakers, and I got to speak and travel for a year." After a year, though, Klein wearied of speaking and wanted to get back

They had one sale so far for the year and a pretty bad previous year."

Eight months after going in, having done the audit and methodically following up on it, Cape Kiwanda had 17 sales. What's more, the closing percentage went from under 1% to 4%. "That was a major success for them and for us," says Klein. "But as we sat back and looked at it, we realized that with 200 shares we'd be there the rest of our lives at that rate."

That's when Klein did something drastically different. He had completed a sales and marketing effectiveness audit on a whole-ownership project in downtown L.A. and sold

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into the business – but this time on his own terms. "I wanted to prove that the 21 strategies in the book not only worked for me over the last 30 years, but they also work during a recession."

Case Study: The Cottages at Cape Kiwanda

In April 2009 the developer of The Cottages at Cape Kiwanda, a project in Pacific City, Oregon, hired Klein to do a sales and marketing effectiveness audit. Klein says it was a decent product but "a little bit in the middle of nowhere.

out the entire 77-unit project at an average price of \$400,000. "I had never done the concept on shared ownership, but I figured with some modifications it could work," he says.

So in December 2009 Klein shut down fractional sales at Cape Kiwanda and spent the next seven weeks preparing for a February 27 one-day sales event. The developer and the bank were a bit skeptical at first, especially when Klein went to the bank and said they wanted an additional \$20,000 in marketing funds.

Klein details the next step: "The first key to an event is to take your worst inventory, call it a loss leader and reduce it by 50%, and put it out in the media. In this particular case we contacted all the consumers who had toured the property over the past eight months but did not buy. We would tell them that the advertised week was in October, but peak summer weeks were going on sale also at very compelling prices." Klein also would tell people that he couldn't sell any inventory – even the loss leader – until the developer released it on February 27. Bank prequalification was required, along with a \$500 fee refunded on arrival.

A final mandatory step was a selection of three desired weeks. "We set up a war board; as people bought the event, we started seeing what was clustering and that motivated our pricing," Klein explains.

"I built a rapport with all the people who bought the event; I wanted to know what they wanted and why," Klein says. "I told them this was not an auction or a competition. If the price is right, you purchase – if you don't like the price you don't have to purchase."

The sales process was simple, organized, low key and comfortable. People were shown specific inventory with specific prices and were given 30 minutes to decide (a new group would come in each hour). Despite the deadline, Klein says the environment was customer-focused rather than "cramming a lot of people into a room and using them to motivate one another

to buy." If guests saw a unit at a price they liked, they were escorted to an escrow room.

The bottom line? "We sold 37 people an event. 31 showed and 26 purchased a total of 30 shares, which is more than they had sold during the past two years," boasts Klein. "We had no rescissions. As a result of this event, the bank

ARDA convention, there's been a lot of interest from developers – but they all want the sales event. "I tell them that I wish I could sprinkle event dust on your project and everything would be fine, but if you want it, you've got to have a sales and marketing effectiveness audit." Klein is careful to note that this type of event may not work for everybody. "If you're a public company,

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got a \$1.5 payoff on the construction loan and because of that they reduced the interest rate by 1%, which meant that going forward the developer was saving \$10,000 a month."

The Aftermath

Klein says Cape Kiwanda has hired The Lore Institute to do a second event in June. The bank has provided a \$100,000 advance and Klein will do a double one-day event to try and sell 60 shares. "This will be different, but it all goes back to the sales and marketing effectiveness audit," he says. "I was able to do this because I understood the players on the ground – if you don't know the players who are selling the event it's not going to work. If they don't buy off on the event it's not going to work. If you don't have good reporting it's not going to work."

Klein says that since then, especially at the

for example, the new accounting rules say that if you start discounting you must discount your entire inventory, whether you sold it or not. Also, sales prima donnas are very tough on this type of event," he says.

"I'm not in the business to an event blindly – I don't want it to be a disaster," Klein states. "The event is a piece of the marketing apparatus, not the finality." ■

Keep in mind that the preceding case study is just an overview of the entire process that occurred. For more details on the audit, the event, sales staff compensation or any other question, contact Jamie Klein, president and CEO, The Lore Institute at 949-544-1978 (office), 949-374-9455 (mobile) or JamieKlein@loreinstitute.com.