

A CONVERSATION WITH JIM OLIN

A leader in the vacation rental industry for close to 30 years, Jim is the former CEO of Abbott Resorts, ResortQuest, and Sterling Resorts. He has overseen as many as 20,000 vacation rental units, 250 resort real estate agents, and 200 homeowner associations. Jim has also been involved in more acquisitions within the vacation rental space than anyone else in the history of the industry. A Broker in four states, Jim is one of only eight real estate professionals in the entire United States that is simultaneously an invited member of the Counselors of Real Estate (CRE) and the Council of Real Estate Broker Managers (CRB).



Q&A

Q: What got you interested in the vacation rental industry?

In 1989, as I was working in the tourism industry, my wife June and I decided I would go to law school. We had three kids already, but she pushed me to go, saying we would live like hippies for three years as I went. I asked Bill Abbott, owner of Abbott Resorts and a friend, to write a letter of recommendation for me for law school, and he immediately said, "I am saving you from being a lawyer." He hired me as CEO, but made me go undercover and work in every facet of the company first (laundry, housekeeping, reservations, mowing yards, etc). I was truly the first Undercover Boss. It was the greatest experience and I highly recommend it. Bill and his brother Steve taught me everything about this industry. They were way ahead of their time.

Q: You have been CEO of some of the largest vacation rental companies in the industry, and were CEO when ResortQuest had over 20,000 units. How have you seen the industry change over the years?

Obviously, the self-management fad has further fragmented our industry, when we were already very fragmented. It made us adjust our service offerings and in many occasions squeezed our margins and profits. On a more positive note, I have seen the management companies become much more professional, doing a much better job keeping up with all the technological changes that have occurred. I am bullish that this self-management fad will slowly die down, as governments start to regulate these activities in a manner that is proper to put everyone on a level playing field.

Q: If you owned a vacation rental company right now, what would you be doing to prepare for the next big wave of changes?

First and foremost, never stop learning. Don't trust that you know everything. You don't. Also, embrace hiring consultants and advisors when you start to feel you may be lagging the competition. Many national consultants are seeing things that you may not hear about until it is in your market. And there are plenty of great ones out there to tap into. Just ask around.

Q: What is the Biggest Threat to the "Mom and Pop" vacation rental company right now?

The "threat" of consolidation. Everyone is concerned when a "Big Boy" national vacation rental brand comes to town. Local companies start looking over their shoulder so much that they stop focusing on their customers. This is not a "Walmart coming to town" scenario. We are in the relationship business. Maintain your relationships, do the best job you can, keep up with the changes in the industry, and you will do great.

Q: You have completed more buy/sell transactions than anyone else in the industry. How have the transactions changed over the years?

They have become much more technical in nature than before. While lawyers and CPAs have always been part of the process, they are more involved now due to the plethora of tax changes and ways in which a deal can be structured. I actually work a lot harder on each deal nowadays than in the days when we were closing two deals a month at ResortQuest. Every deal seems to have to be changed midway through, as we discover some tax law or corporation structure that makes it better to close the deal a little different than planned. One deal I did recently ended up closing as three separate deals, with two being 1031 tax free exchanges and the third as a stock transaction.

Q: As someone who tends to represent buyers more than sellers in a transaction, what do you look for initially when assessing a potential company to buy?

My first look at a company obviously involves combing through the financials. I like to look at 3-12 month periods. From there, I look at how "together" the company is. Are they organized? Do they have their contracts, leases, and other agreements in one location (hard copy or cloud based)? Have they kept up with the changes in technology and marketing? These all give me an idea of what is in store for me as I proceed with a possible acquisition.

Q: Is it a Sellers market right now?

In terms of the number of potential buyers out there, yes. In terms of the price points and "multiples" used to determine value, not really. There is a lot of activity, but I have not seen a huge increase at all in prices buyers are paying. Still, if a company is thinking of selling, this is a good time to at least test the waters.

Q: Besides the Financial Performance of a company, what other factors make the company worth more to you?

I like to see loyalty of homeowners. For instance, how many of your homeowners have been on your program for more than three years? Even if you are growing, are you adding five and losing three, or are you keeping owners on your program? I also like companies who do not have one person controlling all the action. A company that empowers their employees is more attractive to me. As I stated previously, I like a company that is organized and has their act together.

Q: Two final questions – your use of Gumby as your "mascot" and the name C2G. How did both come about?

The Gumby came about after I endured a 3-day HOA Board meeting in Destin one fall. We adjourned only to go home and sleep. We were the management company and we were getting beat up. At the end of three days, I felt like I had been twisted every different way, and all I could think of is the toy Gumby I played with when I was a kid. I keep a Gumby doll on my desk to always remind me of how much we all must adjust in our industry, and how we are always pulled by our two customers who want opposite results – our owners and our guests! Owners want us to charge high rates and allow 2 people in their 5 bedroom house. Guests want us to charge low rates and want to stuff 10 people in a 1 bedroom!

The C2G name was given to me by a client. After I worked on a very complicated transaction for many months, the client complimented me for sticking to it, and he told me that I worked his deal from "Cradle to Grave", which was a huge complement. I was in the midst of renaming my company, and decided on C2G because of it. These acquisition deals are all different and can be exhausting to get closed, but I feel blessed to be part of this industry and helping entrepreneurs achieve their dreams.

For more information on Jim Olin, go to www.C2GAdvisors.com.