



**Shell Vacations: The ULTIMATE Makeover**  
***How reconstructive surgery transformed***  
***an ugly duckling into a beautiful swan***  
***By Marge Lennon***

Six years ago, Shell Vacations was on the brink of disaster. Although not really an ugly duckling, in many ways they were the stepchild of the burgeoning timeshare industry. As others climbed on the public company bandwagon, the Chicago-based firm remained steadfastly independent. At the time, they had six vacation ownership resorts in three states, 40,000+ interval owners and about 600 employees. Lenders were not exactly banging on their doors to provide the financial salvation to the “promised land”.

What Shell did possess in large quantities, however, was a vision that would enable them to change their traditional product centric and interval-based timeshare product to a state-of-the-art consumer centric points-based product. This was something not accepted or proven at the time to any large degree in the timeshare industry. In 1999, with the expertise and experience of Tracy Sherles’ guiding hand (now the Vice President and Executive Director of Shell Vacations Club and widely recognized as the industry guru when it comes to points-based Clubs), Shell Vacations launched their points-based Shell Vacations Club to industry skepticism.

But if they thought they had problems before, it only got worse. Reminisced Executive VP of Sales and Marketing Simon Crawford-Welch, “We were as close to the edge as we could be without falling in. For a while, it looked like the naysayers’ prophecy would come true. Sales dropped from \$70 million to \$41 million in our first year of selling points. Yet, we still had the overhead costs associated with selling \$70 million. As our CEO, Sheldon Ginsburg pointed out at the time, we had “a cow that was eating grass and not producing any milk”. We lost more than 50% of our sales force, the majority of our senior executives didn’t believe in the points product and bailed, our new computer system - developed to handle the administration of points - did not work, and contracted vendors delivered only about one percent of tens of thousands of qualified tours that they had committed to send to us. It was not a fun place to be.”

At about this time, the reconstructive surgery and total makeover process began. The company went from being decentralized with fiefdoms where everyone was used to running their own show to an extremely centralized organization. Shelly Ginsburg championed a cause which came to be known as the “No more SILOS” philosophy whereby all “territorial” barriers between departments and regions were torn down over time. Some of the key “surgical” sales and marketing elements involved standardizing things that were previously far from standardized. This included company-wide pricing strategies, points packages, first-day incentives, sales and marketing collateral, and even a standardized sales process. From Kauai to Canada, everything was the same!

“Fast forward” six years and you’d hardly recognize the place. 2004 was the most profitable in the 42-

year history of the company, which is on track to meet or exceed sales goals in 2005. There are now over 2,200 employees serving in excess of 100,000 owners and Shell Vacations Club members at 22 resorts in seven states. In 2004, Shell received a financial commitment for \$500 million to develop and/or acquire new resorts. The past year saw the addition of resort property in Waikiki, Whistler Mountain in Canada and the start of construction at Napa's only purpose-built luxury timeshare resort. Overcoming even more obstacles, the vision of Tracy Sherles once again shone through and Shell Vacations became the first timeshare developer to franchise its successful systems and in 2005 announced two franchisees in Texas and New England. Opportunities for additional acquisitions and franchisees continue to surface like ants at a picnic. Employees who departed Shell at the onset of the sale of points are now begging to return.

Added CEO and company cofounder Sheldon Ginsburg, "One of the questions I am often asked is 'How did you get from there to here?' The answer is that during this metamorphosis, we soon learned it's not really about the resorts or vacations we sell, our fancy computer systems, our internal policies and procedures or our company infrastructure. Sure, all those things are important. But at the end of the day, it's all about the people that we have recruited, trained and motivated. The PEOPLE! They are the ones who have taken us from the brink of bankruptcy to our current position of respect and sustained competitive advantage. Some of these employees have been with us for ten, 20 and even 25 years! They are the reason we've been able to build strong performance-based teams in very diverse regions. The systems and resorts didn't do it, the people did!"

Loyalty is an important ingredient in any organization. It's even more significant when it flies both ways ... from the company to its nearly 2,200 employees. At Shell Vacations and Shell Hospitality, it is not uncommon to meet a general manager of a major resort who was once an hourly front desk person within the company. Or a regional director of sales who was a former marketing person. There is also a director of sales and marketing for a large property who began with the company as a telemarketing staffer. Added Shelly Ginsburg "It is ironic that the vast majority of sales and marketing executives and staff who bailed on us back in 1999 and 2000, are now either back with the company or have asked to come back to the company. What a difference a few years can make."

Employees constantly see this happening all around them and recognize that having big dreams for advancement at Shell Vacations can and do come true. If this sounds a bit like pixie dust sprinkled generously by a well-known Florida attraction, hold on to your magic wand! Rising stars are everywhere in this company, especially since the corporate surgeons began the makeover.

One of Simon Crawford-Welch's almost-famous quotes is "You can have the best product in the world, but if you can't sell it, you still have it." Figuring out how to get the right people to implement this new vision and sell the new product was another part of the transformation process. It wasn't an overnight success story. It took time and patience and a never-give-up attitude by Shelly Ginsburg and his partner at the time, Perry Snyderman, even when the ship started to take on water at the beginning of the voyage. But this wasn't the Titanic and there were no icebergs on the horizon.

Most major corporations have a structured hierarchy of leadership. If they are publicly held, their only reason for being is continuing profits. While this is certainly the name of the game with any business, Shelly's golden rule is closer to "execution, execution, execution," which he believes is tantamount to the realization of any profit.

To help make this happen, Shell Vacations' senior management team is comprised of eight executives with totally diverse areas of expertise and personalities. When new strategies or business opportunities (like franchising) are presented for consideration, they collectively come together in a sort of Situation Room at the Pentagon. Ideas are discussed and thrashed about until a consensus is born. Some sessions are stormy. But no one is afraid to share their thoughts. Everyone's input is

equally respected. Added Tracy Sherles “Behind the doors, it may sound like the kitchen at an Italian restaurant, but once the doors open and the team emerges, everyone is holding hands and in agreement with what ever decision had to be made. It is part of what makes this company great.”

The senior management team includes: Sheldon Ginsburg, Chairman; Dr. Simon Crawford-Welch, Executive Vice President of Sales & Marketing; Daniel Glickstein, General Counsel; Craig Goldstein, Chief Financial Officer; Gary Gorson, Chief Information Officer; Steve Hicks, President of Shell Hospitality, Inc; Sheli Jones, Vice President Human Resources; Jeffrey Server, Executive Vice President of Acquisitions, Development and Facilities; and Tracy Sherles, Vice President and Executive Director of the Shell Vacations Club. In addition each of Shell’s five regions are led by experienced and talented executives including Robert Foster (Hawaii), Perry Bergelt (California), Ira Kristol (Arizona), John Murphy (Pacific Northwest and Eastern Canada). Several of these executives now share in the ownership of Shell Vacations. Knowing that their decision will have an impact on personal income makes them think long and hard about each decision that must be made. In addition, the compensation structure for all senior executive at Shell Vacations, both corporate and in the various regions, is very heavily performance based with an emphasis on the company’s bottom line. “This goes a long way to ensuring our executives are all rowing the boat in the same direction,” said Shelly Ginsburg

To prove that we’re not just whistling Dixie here, the developers who became the company’s first two franchisees indicated that seeing the Shell people at work, truly enjoying what they did left a significant impression. They wanted to “package” the high energy and passion they witnessed with Shell employees.

Added Gary Buckley, developer of the Shell Vacations System’s first franchisee, Salado Creek Villas in San Antonio, Texas, “We were attracted to the franchising concept as well as the Shell people. After visiting their offices near Chicago and sales people in several strategic locations, we could see that they run a class act. We knew we could count on them for great support as we move ahead.”

The developers of Crotched Mountain Resort & Spa in New Hampshire were Shell’s second franchisee. They made similar observations during their research on the company. Explained Perry Williams, “We had no future development plans after our current resort and, frankly, the last thing on our mind was franchising with anybody. We really did not want to be 'corporate' and affiliated with a big brand, as we believe we are entrepreneurial in spirit. But we soon discovered that being entrepreneurial is what Shell is all about. At their core, they still like to make things happen just like we do.”

Now that the surgery is complete and the patient has made a full recovery, the mirrors have come out to witness the transformation. There is a round of applause. Everyone likes what they see. The exterior is smooth and the wrinkles are gone but the smile lines are back. The ugly duckling company exists no more. It has been morphed into a respected and well-oiled machine. Much like a graceful swan holding her head up high for all to see, Shell Vacations has proudly emerged from the surgical suite into the sunshine.

For additional information, please log on to <http://www.shellvacationsclub.com>