

**SCC BUSINESS PLAN**  
**RECOMMENDATIONS FOR RENTAL BUSINESS**

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Updated by Sharon Lucas

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Strengths:

- People love our facility
- Great views of Lake Union and downtown from 2 upper floors
- Easy to get into and out of
- Free parking, considerable parking spots
- Reasonable rates
- Good customer service – Kris does a nice job handling inquiries. Terence/Eric helpful. Has deteriorated since Kris has been gone.
- Already receive on average 2-4 inquiries per day for rentals
- Improved systems in place, e.g. electronic contracts.

Areas for improvement:

- Evaluation of rates needed. Some rates perhaps could be tweaked slightly, e.g. 10%. Mon-Thurs rates perhaps too cheap.
- Virtually no advertising, marketing or networking in place – much room for growth
- Need stronger review of whether all customers are being invoiced
- Some equipment lacking or faulty: projectors, sound, HVAC needs substantial upgrade or at least major maintenance soon, restrooms need updating, some flooring is buckling and needs to be replaced or repaired
- Need IT improvements to tie scheduling to contracts to invoices to receipts to QuickBooks

Business Strategy Options

- 1) Grow the rental business
  - Interim General Manager/ED/Rentals Coordinator should take the lead immediately on growing this part of the business
  - Within 30-60 days, have interim GM develop a marketing plan
  - GM needs to spend considerable time networking (I'd say at least 10 hours per week) – and keep a log of contacts – for his/her own follow up plus reporting to board and committee below
  - Establish business advisory committee of board and volunteers with clear and limited charge to help make business contacts, strategize on marketing. Have this committee meeting monthly initially for 3 months, then quarterly
  - Look for cost effective ways of marketing
  - Update print and web rental information – brochure, rates, etc.
  - Develop and market weddings and special events to that market segment
  - Some minor equipment improvements need to be made – to ensure availability on each floor, e.g. digital projector, extra podium, etc.
  - Ensure adequate support and supervision of Kris – ensure follow through on inquiries and transfer of billing information to bookkeepers
  - Improve IT contracts, scheduling tool, invoice and receipts linkage

- Use Happy Hour to promote both the rental business and memberships:
  - o Promote Friday Happy Hour to business community. New rental customers can come and get a free drink, get a free trial 30-day membership.
  - o Offer trial 30-day SCC memberships through on-line marketing/social network programs, e.g. \$10 for 30-days, includes a free drink at Happy Hour
  - o Coordinate with Kristine, Amanda, Kris to convert trial memberships to permanent.
  - o Ensure weekly programming, more music and drink and food menus on tables during Happy Hours – with some aimed at the 25-40 crowd
  - o Have rental information available at Happy Hour
  - o Improve customer service: call-back within 24 hours, easy access to the schedule for preliminary availability assessment by whoever answers the phone, train all staff to do walk-throughs with potential renters and read rate charts; simplify contract process for SCC and renter.

Could probably increase income by 6% in 2011, another 5-7% in 2012. Estimate that with all best efforts, and without major capital expenditures, rental income will top out at around \$200 thousand a year

- 2) Reduce or get out of the rentals business
  - Are we in the rentals business or the community-building business?
  - Calculate maximum rental income from this building. For planning purposes, assume that the maximum is 50% of the space rented 50% of the time at 10% discount, spread between weekdays and weekends. How close are we to achieving this theoretical maximum? For purposes here, I'm using \$200 thousand as our maximum feasible rental income.
  - Assess maximum rental income and related expense. Include staffing costs, property and excise taxes and other expenses that we wouldn't have if we didn't rent out space.
  - Determine what rate of return we want from the rentals business and how much organizational effort and expense we want to put toward the rental business. Where can we reduce expenses?
  - Can expenses be reduced by focusing on regular rentals, e.g., regular weekly or monthly, or the same set-up at least four times a year?
    - o First pass through our regular rental clients is that we bill about \$60 thousand a year from our regular rentals. About half of these are Nordic groups who receive up to a 40% discount and free space to our own groups. Largest client by far is Northwest Dance Network at \$18 thousand in 2010.
    - o The draft 2011 budget with \$160 thousand in salary expense shows \$73 thousand of that going to support rentals, with \$44 thousand in programs and \$44 thousand in administration.
    - o A new rental, one-time event, requires about 6-8 hours of staff time (\$96-\$136) to take the call, show the building, answer questions, draft a contract, finalize a contract, get room set-up instructions, settle final details, prepare invoice, enter to QuickBooks. For existing clients, these steps have already been completed. We average about two one-time or special event clients per week. One-time rental income from 18 events over 9 weeks in November and December 2010 was \$\_\_\_\_\_.
    - o If we took no one-time, special event rentals, we could reduce the Admin/Rentals Associate to 75% time, a savings of \$4590 plus taxes per year. Additional

savings of 0.5 FTE Facilities Specialist, a savings of \$13,520 plus taxes per year.  
Total \$18,110 per year plus taxes.

- Could SCC deliver its own programs in another venue?
- Determine what rate of return we'd get if we sold the real estate and invested the money.
- Are there restrictions on our ability to sell the property? (None in our Articles of Incorporation or Bylaws.)