



## RESORT FAMILY BUSINESSES SUMMARY OF RESEARCH 1998

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Many factors influence the viability of rural family businesses. This study was funded through a grant from USDA's Rural Economic Development Research Initiative. Both quantitative data and actual words of the respondents are included.

### RESORT MEN AND WOMEN WERE ASKED ABOUT:

**Business Decisions & Tasks  
Business Goals & Tensions**

**Business Success  
Satisfaction**

**Plans for Change  
Financial Management**

### OVERALL FINDINGS FROM THE SURVEY:

- ⇒ Most resorts were seasonal, summer-only resorts fully operational from June to September.
- ⇒ Average number of cabins per resort was 8.5 with 39% of them winterized.
- ⇒ Most resorts were couple-run businesses (97%); two-thirds of the time adult and minor children were involved on a part-time basis.
- ⇒ A good reputation with customers was the most important business goal; 70% think they have achieved that goal. Second most important goal was profit but with only 10% achievement.
- ⇒ Eighty-two percent of resorts were in first generation of ownership; 13% in second generation.
- ⇒ Twenty-five percent had gross sales of less than \$25,000; 49% had between \$25,000 and \$99,999 in gross sales, and 28% had gross sales greater than \$100,000.
- ⇒ Most business tensions were around finances and business goals with females reporting more tensions than males in those areas.
- ⇒ Females do more of the daily management of the resorts such as reservations and cabin cleaning than do males. Males do more building and grounds maintenance.
- ⇒ Only one in three respondents was satisfied with the balance between work and leisure and females were less satisfied than males.
- ⇒ The top three changes in the next five years were related to expansion and improvements followed by more technological innovations.

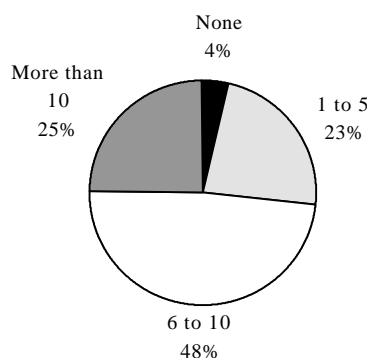
## Resort Size

The respondents in this study primarily owned resorts with cabins (96%), the remaining 4% having not cabins but either campsites and/or lodges. The average number of cabins per resort was 8.5, with only 39% of resorts having winterized cabins. Forty-one percent of resorts had campsites, with an average of 6.9 campsites; thirty-six percent had hookups. Lodges were not as common among the resorts sampled; only 22% had lodges and just 13% of those were winterized. About half the resorts (55%) were ten acres or less in size, 28% were between 10 and 30 acres; and 17% were over 30 acres. Only 2% of the resorts did not have any lakeshore property; while 26% had 400 feet or less, 34% had between 400 and 799 feet, and 38% had 800 feet of lakeshore or more.

### Total Cabins

#### Total Campsites

None	59%
1-5	16%
6-10	11%
More than 10	14%



#### Total Lodges

None	78%
One	10%
Two or more	2%

#### Total Feet of Lakeshore:

Total Acres of Resort		Total Feet of Lakeshore:	
5 or less	32%	None	2%
6 - 10	23%	50 - 199	6%
11 - 20	20%	200 - 399	20%
21 - 30	8%	400 - 599	15%
31 - 50	7%	600 - 799	19%
Over 50	10%	800 - 999	9%
		1000 or more	29%

## Family Involvement in the Resort

When the respondent had a partner, that spouse or partner was usually (97% of the time) actively involved in the resort business, commonly in a full-time role. Two-thirds of the adult and minor children were actively involved in the resort, usually on a part-time basis. In total, an average of 2.4 household members and .7 non-household family members were actively involved in the resort businesses surveyed. Generally, resort owners and their partners tended to not pay themselves a salary. There was, however, a tendency for resort owners to pay their teenage and younger children for their work in the family business (73%).

## Non-Family Employees

Many resorts also hired non-family members to assist in the business. The majority of the time those non-family employees numbered less than five and were seasonal, part-time workers.

	Year Round		Seasonal	
	Part-Time	Full-Time	Part-Time	Full-Time
None	89%	91%	42%	81%
1-5	9%	7%	46%	14%
6-10	2%	*	6%	2%
More than 10	*	2%	6%	3%

\* Less than 1%

## Achievement of Business Goals

Goal	Males	Females
Good reputation with customers	70%	71%
Favorable position with suppliers	67%	72%
Good health of workers	42%	46%
Adequate capital and credit	42%	39%
Long-term viability	28%	28%
Profit	10%	14%

thirds believe they have achieved the goals. Where there is the biggest gap is for the second most important goal. They think the second most important goal is profit, but only about 10% indicate that they have achieved that. Slightly more than one in four believe they have achieved long-term viability and about 40% indicate they have adequate capital and credit.

Both genders who operate resorts say that a good reputation with customers is the most important goal and more than two-

## Achievement of Family Goals

Most of these resorts are family businesses so it is important to examine family system goals as well as those for the business system. Both genders believe that harmonious family relationships is the most important goal and good family income is the second most important goal to achieve in their family business. About 40% of the

resort study respondents indicated that they have achieved the most important goal, but only slightly over 10% believe they have achieved a good family income.

Goal	Males	Females
Harmonious family relationships	35%	40%
Good future for younger family members	29%	29%
Balance of family togetherness/apartness	22%	32%
Secure retirement resources	20%	24%
Good family income	11%	15%

## Occupancy Rates

Occupancy information indicates that the majority of the resorts surveyed were seasonal, summer-only type resorts fully operational during June through September. Most of them begin their season sometime during the month of May, probably to accommodate the opening of fishing season, into the fall month of October. About 20% of the resorts were open for some period of time in the winter months. Six of the 337 resorts rented their units during the off-season to local college students as long-term rental units.

	Open 100% of Month	Open Less than 100%	Not Open	Average Occupancy	90%+ Occupancy
January	23%	5%	72%	37%	2%
February	22%	6%	72%	41%	2%
March	19%	8%	73%	31%	3%
April	15%	6%	79%	18%	1%
May	32%	64%	4%	34%	5%
June	99%	1%	—	71%	31%
July	99%	1%	—	87%	63%
August	99%	1%	—	80%	45%
September	80%	18%	2%	40%	7%
October	27%	29%	44%	26%	3%
November	16%	14%	70%	19%	1%
December	16%	11%	73%	26%	2%

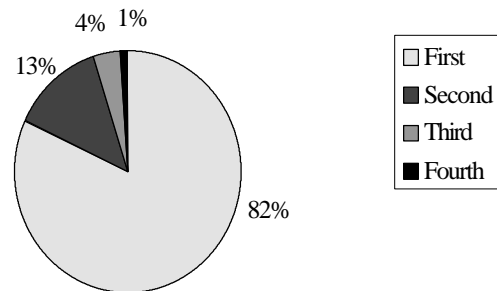
## Ownership of the Resort

All respondents owned and managed their resort except in one case where there was a caretaker. Resort ownership reflected both owners new to the business, as well as long-term resort owners. Eighty-two percent of the resorts surveyed were still in their first generation of ownership, with 13% being a second-generation business and 5% being a third or fourth generation business. Similarly, 56% of resort owners had owned their resort for 10 years or less, 28% for 11 to 20 years, and 26% for more than 20 years; resulting in 15.3 years as the average years owned.

### Ownership of the Resort

Years owned/run the resort:

Less than 5	22%
5 to 10	24%
11 to 15	13%
16 to 20	15%
21 to 30	15%
31 to 50	9%
Over 50	2%



## Services Offered

The resorts surveyed offered a wide range of services to their customers. The seasonal nature of many of the resorts and the state's long standing reputation for fishing is reflected in the two most frequently offered services: boat rental (88%) and bait (63%). Other frequently mentioned services were: snack bar (46%), billiard/game room (40%), gift shop (32%), bar (18%), restaurant open to public (16%), and meal service (12%).

Boat rental	88%	Meal service	12%
Bait	63%	Outdoor pool	8%
Snack bar	46%	Video rental	5%
Billiard/game room	40%	Ski rental	4%
Gift shop	32%	Indoor pool	3%
Bar	18%	Golf course	2%
Restaurant open to public	16%	Mini golf	2%

## Amount Spent on Advertising

Money spent on advertising by the resorts varied greatly, probably a reflection of the diversity of the resorts in their size, services, and seasons of operation. One-fourth of the resorts spent less than \$500 per year on advertising, 21% spent \$500 to \$1000, 28% spent \$1001 to \$2500, and 27% spent more than \$2500 per year. Seventy-one percent stated that Chamber of Commerce dues were part of that advertising cost.

Less than \$500	25%
\$500 - \$1000	21%
\$1001 - \$2500	28%
\$2501 - \$10,000	20%
\$10,001 - \$25,000	5%
\$25,001 or more	2%

## Legal Ownership

About two-thirds of the resorts surveyed (64%) considered their businesses to be sole ownerships. The two other most common legal ownerships of resorts were partnerships (19%) and Subchapter S-corporations (13%).

Sole ownership	64%
Partnership	19%
Subchapter S-corp	13%
C-corporation	3%
Other	2%

## Business Activities

Activity	Males	Females
Resort organizations	65%	64%
Local Chamber of Commerce	51%	46%
Local tourism group	37%	31%

Almost two-thirds of both the males and females owning resorts are members of resort organizations. About one in two are members of the local Chamber of Commerce, but only about one-third belong to a local tourism group.

## Gross Sales

The variation in the size of the resorts surveyed is reflected in the distribution of their gross sales. A quarter of the resort surveyed reported total gross sales from the resort in 1995 to be less than \$25,000; 21% had sales of \$25,000 to \$49,999; 28% had sales in the \$50,000 to \$99,999 range; and 28% had gross sales in excess of \$100,000 (including 4% with \$500,000 or more).

Under \$10,000	12%
\$10,000 - \$24,999	13%
\$25,000 - \$49,999	21%
\$50,000 - \$99,999	28%
\$100,000 - \$499,999	24%
\$500,000 or more	4%

## Business Assets and Debts

The average total business assets reported by the resort respondents was close to a half million dollars (\$462,176). Most of those assets (79% on average) were long-term assets such as buildings, fixtures, equipment, and vehicles. The average total business debt of the resorts was \$130,000, less than 30% of the average total assets. The resort business debts were primarily long-term debt such as mortgages and leases (45% on average) and contracts for deed (38% on average). Nearly a fourth (23%) of the resorts answering this question reported no resort business debt.

<b>Business Assets</b>		<b>Business Debts</b>	
Average % short-term	8%	Percentage with no debts	23%
Average % inventory	4%	Average % contract for deed	38%
Average % accounts receivable	2%	Average % notes payable	4%
Average % long-term	79%	Average % accounts payable	3%
Average % other	7%	Average % short-term liabilities	4%
		Average % long-term	45%
		Average % other	5%

## Adjusted Gross Income

The average adjusted gross income (as taken from Line 31 of the 1995 Federal Tax Form) reported by respondents answering this section of the survey was \$40,108. Thirty-two percent of them reported incomes under \$20,000, 29% had incomes \$20,000 to \$40,000, and 29% had incomes of \$40,000 or more. Of the resorts that gave resort business income information, 42% reported a business loss. The average reported resort business loss was \$10,506 with a range of \$0 to \$80,000. The average reported business gain was \$26,401 with a range of \$0 to \$320,000.

\$0 or less	9%
\$1 - \$9999	18%
\$10,000 - \$19,999	15%
\$20,000 - \$29,999	14%
\$30,000 - \$39,999	15%
\$40,000 - \$49,999	9%
\$50,000 - \$59,999	6%
\$60,000 - \$99,999	9%
\$100,000 or more	5%

### Major Decision Making (Multiple Responses)

A majority of those surveyed (86%) reported that major decisions were made in consultation with their spouses or partners. Other key decision makers for the resort businesses were accountants, attorneys or bankers (21%), employees (9%), parents (6%), and non-specified key others (15%). Respondents could check more than one category when responding to the question.

By self with spouse/partner	86%
By self with accountant, attorney, etc.	21%
By self with others	15%
By self with employees	9%
By myself	6%
By self with parent	5%
By self with sibling	3%
In consultation with Board	1%
By self with paid consultant	1%

### Family Business Tensions

Overall, females indicated that there was much more tension within the business than did the males. The most amount of tension was indicated around making financial decisions and business goals. For six of the items females indicated that there was tension by twice the amount than did males: who does what, whether there is fair compensation and work load, how problems are solved, making financial decisions, and negotiating business goals.

What Causes Tension...	Males	Females
Making financial decisions	12%	21%
Business goals	10%	19%
How to change business	10%	17%
Transfer of resort	10%	14%
How problems are solved	8%	17%
Time with/apart from family members	9%	14%
How much disagreement allowed	7%	11%
How time and money divided between business and household	7%	11%
Fair workload	7%	14%
Who does what	5%	11%
Family members treated fairly	8%	8%
Relationships between family/nonfamily employees	5%	6%
Who supervises	4%	6%
Whether compensation is fair	3%	6%

### Social/Civic Activities

Activity	Males	Females
Church organizations	53%	59%
Community events (fairs, concerts, festivals)	34%	47%
Civic organizations	18%	12%
Educational organizations	14%	14%
Local governing boards	16%	9%

About 50% of females were involved in community events as compared to 34% of males. Males were slightly more involved in civic organizations and local governing boards than females.

## Decision Involvement

	High Involvement	
	Males	Females
Whether to expand	86%	83%
Whether to buy equipment	86% *	72%
Whether to build/remodel cabins	89%	87%
Whether to purchase services	79% *	65%
Whether to make business improvements	88% *	84%
How to advertise the business	81%	78%
Whether to offer new services	80%	79%
When to open/close for season	81%	78%
How to handle seasonal employment	68%	77%
How record keeping is done	57%	69%
Whether to borrow money	84%	79%
Paying resort business bills	59%	69% *
Planning/coordinating resort work	68%	79% *
Whether to seek information about improving the business	72%	68%
Whether to reduce time spent in resort business	74%	72%
When to get out of the resort business	77%	78%
Involvement in business organizations	61%	56%
Whether to raise prices	84%	81%

\*Statistical difference between genders.

The couples were asked on a scale of 0 to 6 about their decision involvement for a number of business decisions. High involvement reported here is a combination of the 5 and 6 scores on that scale. For most decisions, there was not a difference between the genders in their level of involvement. The stars indicate when there was a statistically significant difference between the genders. Although the decision involvement percentages are high for both genders, males more than females indicated that they were involved with whether to buy equipment, purchase services, and make business improvements. Females indicated that they were more involved than males in paying resort business bill decisions and in coordinating resort work decisions.

## Task Involvement

Both members of couples were asked how often they participated in a whole list of tasks that needed to be done within the resort business. The percentages indicate the report of each gender for tasks being “Done Very Often.” The stars indicate where there is a statistically significant difference between the genders in the percent who do that task. Females tend to do much of the daily management of the resort. About two-thirds of the females indicated that they often take reservations, do the day to day on-site tasks, and do the resort housekeeping or cabin cleaning. They are primarily responsible when meal service plans are included with the resort. The building, facility, and grounds maintenance is more often done by the males.

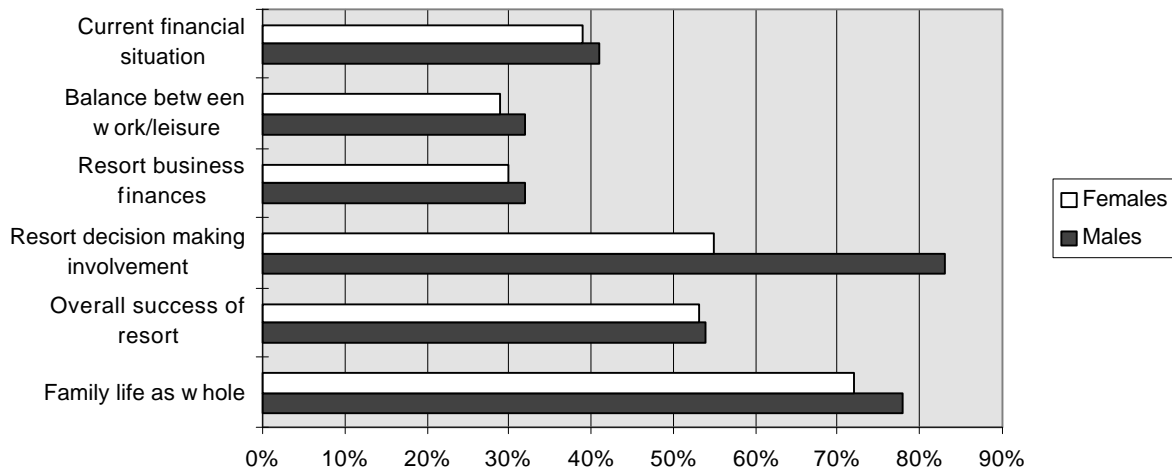
Slightly over 50% of males within the resort couples indicated they make major purchases and slightly over 55% of the females reported that they do the bookkeeping. About one-third of each gender reported that they prepare the tax forms.

Tasks	Done Very Often	
	Males	Females
Bookkeeping	29%	56%*
Supervising resort work of hired labor	33%	58%*
Hiring/training employees	23%	55%*
Resort housekeeping/cabin cleaning	14%	68%*
Retail sales work	33%	49%*
Ordering/maintaining inventory	27%	57%*
Day to day on-site tasks	54%	63%*
Reservations	26%	69%*
Special activities management	1%	26%*
Making major purchases	52%*	39%
Lawn care & lakeshore planting	54%*	15%
Pre/post season preparations	76%*	65%
Facility maintenance	76%*	17%
Building maintenance	68%*	11%
Running resort errands	48%	43%
Advertising	36%	40%
Preparing tax forms	31%	36%
Supervising resort work of family member	25%	32%
Upkeep of resort furnishings	48%	43%
Attend association activities	19%	17%
Involvement in community organizations	21%	15%
<u>Resorts with Meal Service Plans</u>		
Menu planning	5%	72%*
Meal planning	6%	44%*
Meal clean-up	6%	44%*
Purchasing supplies for food service	0%	68%*

\*Statistical difference between genders.

## Satisfaction

The biggest gap between the genders is satisfaction with their involvement in resort business decision making. Females are much less satisfied with their decision involvement than are males. Resort family business members are slightly more satisfied with their current financial situation than they were with resort business finances. Only about one in three was satisfied with the balance between work and leisure and females were less satisfied than males.



## PROJECTED CHANGES

Prospective Change	Males	Females
Remodel cabins	69%	67%
Purchase additional equipment	52%	47%
Build new cabins	35%	31%
Utilize Internet sources	34%	28%
Computerize records	30%	32%
Add services or recreational activities	31%	29%
Retire	22%	25%
Change marketing strategies	25%	19%
Sell the business	19%	25%
Add employees	17%	21%
Purchase more land	17%	11%
Diversify services	16%	12%
Take an off-resort job	13%	14%
Develop a resort transfer plan	13%	10%
Quit an off-resort job	12%	11%
Reduce employees	1%	2%

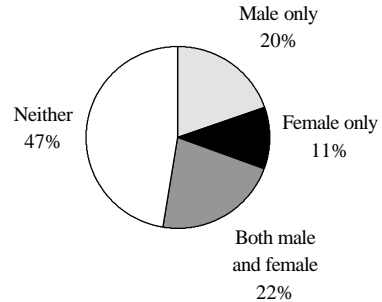
The top three changes that resort owners indicated they would make in the next five years were related to expansion or improvements. Those changes included remodeling cabins, purchasing new equipment, and building new cabins. However, the next group of changes indicate a movement toward use of more technological innovations. About 30% indicated they would begin to utilize Internet sources or computerize records. About one in four indicated that they would be retiring and selling the resort business within the next five years.

## PRIMARY INCOME

For just over half the resorts (56%) the respondents reported that the resort income was the primary source of income that covered household and personal expenses. About a third (32%) considered an off-resort income the primary source of income; and 12% stated other sources (such as retirement income) to be their primary income source.

## Off-Resort Work

Nearly half the time (48% neither the male nor female respondent nor their spouses had jobs away from the resort. About a third of the time either the male or female worked away from the resort; while 22% of the time both had outside employment. These figures coincide closely with the information regarding the primary income source.



## Use of Off-Resort Job Income

	Males	Females
Provide basic household necessities	71%	68%
Having greater financial security	63%	64%
To have money for themselves	45%	51%
Money for extra things	41%	50%
Meeting basic resort expenses	14%	13%

Most of the income from jobs held away from the resort go for providing basic household necessities, to provide a feeling of greater financial security, or to have money for extra things family members want. Only slightly more than 10% use that money to meet basic resort business operating expenses.

## Perception Of Income Adequacy

About one in four who own a resort feel they are just getting by based on their perception of their household income. About one-third believe they can purchase what they want and another third believe they can save in addition to obtaining what they want. Slightly less than 20% believe they are quite comfortable financially as they consider their household income.

Response	Males	Females
Not at all adequate	6%	6%
Can meet necessities	14%	13%
Can afford some of the things wanted	31%	35%
Can afford wanted things and still save money	31%	28%
Can afford everything wanted	8%	6%
Can afford everything wanted and still save money	10%	11%

## **In Their Own Words—What Has ASSISTED the Success of Your Business?**

### **Business: Customer Focus**

“Our outgoing and friendly personalities. We are very adaptable and accommodating. Our guests’ happiness is important. Going the extra mile such as cleaning boats each day—not nickeling and diming our people.”

“My... Our...sincere belief coupled with strength to devote our time to a quality of service that is the absolute best... our guests always come first and we spend time with them... and as always we cater to families with young children in a perfect safe and secure setting.”

“We have a choice location, with great amenities for all ages and interests in our area. Our cabins and grounds are well kept and clean. We are not too far from a major metro area. We market to families, and we have lots for families ‘to do.’ We encourage repeat vacations. We take a personal interest in our guests. We are willing and able to be working owners on a daily basis. We try to anticipate our customers needs in advance of their arrival. We maintain contact with our guest at least twice a year other than when they are on vacation.”

### **Business Atmosphere, Improvements**

“Attention to detail—constant upgrade of facility—ability to work together to visualize and implement changes—knowing what the direct competition is doing and how we compare. Take time for yourself!”

“Entrepreneurial characteristic. Desire for a quality way of life. Outweighed desire to make money in resorting. Our small, homey atmosphere, good customer relations which causes repeat business.”

“Chamber of Commerce help in getting bookings. Need for good family resort accommodations. Providing good clean resort facility. Providing friendly, caring atmosphere and willingness to do more for the clientele.”

“One hundred percent running the resort as a business. Keeping a clean resort = cabins and grounds. Encouraging families to be a family while there, to do things together (different from city life everyone going their own way. Back to nature with lake home luxuries).”

We loved what we were doing. I still do. My husband was the builder and we were the managers and workers. At this point, the children would like to manage the resort when I decide to quit. We started

from scratch and built all the cabins ourselves. We learned as we grew. We always put the customer first. Still have some that have been coming for over 30 years. Kept the place clean and well maintained over the years and updated along the way. Each did what they could and we divided income according to percent invested. Raised rates gradually over 30 years. Now are four times what they were 30 years ago.”

“Location—location—location!! The resort offers ‘simplicity with a view’—a refuge. I treat my guests with respect, trust and consideration and it is returned in kind. Roasting marshmallows or hot dogs at a beach bonfire or finding agates or pretty stones still has its appeal for the young and the young at heart. I love where I live—love what I do, and appreciate my good fortune.”

### **Business: Repeats, Customer Referrals**

“Good geographic location—excellent fishing lake. Minnesota Office of Tourism—local chamber and resort associations—increased (in state) business—hard work—cleanliness and friendliness toward customers—result good repeat business and word of mouth advertising.”

“Many years in the resort/hospitality business for both my wife and myself has greatly contributed to our success. We have excellent key employees working year-round and enjoy a tremendous repeat business from both local customers in bar and dining and tourists for lodging, etc.”

“Complete support of wife and other family members when they were still living at home. Being able to adapt and live within our means. Repeat business—always finding time to stop and visit with guests. Minimum of commercialization.”

The return of regular customers and the good advertising they do for us. Most of our new customers are from their referrals. We are nearly 60% booked for following season at close of present season.

“My in-law built the resort 35 years ago and have always had the same repeat customers and have always kept things clean and neat. When we took over we decided to run the resort exactly the same and have been trying to update everything. We like the idea of having repeat customers because we know everyone as if we have been good friends forever. Also, our children look forward to getting together with the other kids every year.”

## **In Their Own Words—What Has ASSISTED the Success of Your Business?**

### **Business: Management Strategies (hired help, outside income, planning)**

“The ability to take some risk as well as planning. Being able to look ahead and see trends as well as visiting with customers and finding out what is important to them—staying flexible and able to change quickly and to learn from mistakes.”

“We have subsidized improvements in the resort for 25 years by taking winter jobs before we opened ice fishing and by taking as little as possible for living expenses. We have tried to provide guests with the best service and quality accommodations and we have been rewarded with a great deal of customer loyalty and referrals. We are well diversified by having both summer and winter operations, marina and campground. We have been willing to work 105 hours a week each throughout our business peak months. We have tried to do almost all the work ourselves. When our children were at home they helped all they could with the resort and they in part were able to finance their college educations by working here. Because our family ties to this area are so strong we were willing to make many sacrifices. We liked dealing with people.”

“Operating a very family oriented business. Having good employees working for us, treated or one by family. About 85% to 90% repeat business. Everyone friendly and outgoing. Treating everyone/employer, guests, etc.... just the same—with utmost courtesy. Telling things like they are, instead of false advertising, so no one in for a surprise. Complete attitude adjustment!”

“Up ‘til last year, we were absentee landlords, and the resort was not very successful. With us being here, with our personalities and attentiveness the business is becoming successful.”

“A wise friend told me the best way to achieve your goals is to enroll as many people as possible. From day one, we have had tons of friends and family come to stay and work! We are both down to earth and personable and the guests really enjoy our company. They always comment on our upgrading and appreciate improvements.”

“The ability to do our own repairs, enough nest egg to do improvements to increase business. Have a spouse that is outgoing and easy to meet people and non-selfish. To have the ability to discuss and handle situations in an adult fashion.”

“Integration of our separate businesses including cross-selling between businesses.”

“Second generation—knowing our people—excellent location. Good lake and lake association. Enjoy the work—enjoy the whole area. Not afraid to raise and buy better and new products for guests to use. First to join MRA and CMR from this area and participate.”

“Diverse board of directors, among family members. General manager with a vision for the future direction of the resort. Many long term, year round employees and seasonal employees that have been at resort for many years. Excellent and supportive management staff, customer oriented staff, high level of service and guests.”

“Assistance of family members without payment. Other jobs, businesses for family income. Worked a resort and drew no wages (5-7 years). Economic growth of area during the last decade. Location, location, location. Honesty in dealing with customers.”

### **Individual: Work Ethic, Skills, Preferences**

“Hard work and love of the business and lifestyle.”

“Strong marriage and family. Our business is partnership. Ability to get along with new people.”

“Desire to work for ourselves. Desire to live in peaceful place, in country. Desire for informal lifestyle.”

### **Family: Skill Balance, Shared Goals, Family History & Support**

“Total family committed to resort success including working long hours. Ability of family to talk out differences and develop joint strategy.”

“Buying a resort with enough income that we could devote all our time to running it and not have to work elsewhere during the season. All six members of our family make our resort the success it is!”

“The partnership of family who have the same goals, ambitions, and dedication. Not having to do it alone, always having help and support and being able to have fun. We all compliment each other nicely in strengths and skills (from public relations, bookkeeping, mechanical, physical strength, landscaping to schmoozing). We also have a love for the area, the land and the lakes.”

“College education. Diversified work experience. Third generation experience in resorting.”

“Working together with family members, discussing all decisions before making them, having similar goals for the business to work towards.”



## **In Their Own Words—What Has HINDERED the Success of Your Business?**

### **Individual: Lack of Skills, Outside job**

“Wish I had paid more attention in college to my Financial Accounting coursework. Need remedial work in bookkeeping, etc. Buildings and equipment all quite rundown and need extensive repairs of replacement.”

“Lack of knowledge in advertising—I take criticism too personally (from guests). Lack of computer skills.”

“Demands of professional life, limited ambition for the business, my own indifferent skills in relating to people, slowness in realizing need to upgrade and raise rates.”

“Small resort. Not run as a business before we started the business. Lack of commitment for the business (both wife and self). Due to outside employment lack of more time! The weather and fishing hasn't been the best.”

### **Family: Conflict/Disagreement**

“For awhile, a partnership with my brother and his wife. Division of labor/profits not equal. Too much tension between families and guests starting to notice and talk amongst themselves about not returning. Problems solved when we bought my brother share.”

“We never had marital disputes until we purchased this resort and saw sides of each other we never saw before. We both had to learn how and when to take our space and time out and apart. Lack of money (sad to say) has caused a great adjustment to my lifestyle. We invested too much in the initial down payment to set off the repairs, etc. with comfort. But it will all come—it's major adjustment.”

“Short seasons. Conservative approach to business expansion. Parents ownership with severe conflict over future direction of resort.”

### **Business: Lack of Planning, Capital, Marketing, Making Changes**

“Not having as much time or money to do improvements and upgrades as quickly as we would like to. As sport shows people do not take us seriously or are turned off because of our young age.”

“The lodge is not our preoccupation which is also a strong point but it can minimize our vision for it. The weakest—aspect would be our long range plans and visions.”

“Long range planning is not as diverse as we could make it. We limit ourselves by being tentative.”

“Pricing structure. Lack of priority in a development plan for the resort. Need to maximize all income opportunities afforded by the resort.”

“Not being able to find the money to have the septic done right according to the codes.”

“Firm attitudes, not acting but reacting to situations. Laziness. Not willing to take risk on changing trends. Satisfied at the beginning with where I am.”

“For a while we were not looking for what a customer would want in their vacation. We were just doing business as usual. The industry has changed and we must continuously change.”

“Failure to add new profit centers. Inability to make the hard sell at sport shows.”

“If anything probably that we have not 'computerized.'”

### **Business: Management Problems**

“We do not play hard ball with the guests financially. If people have an emergency and have to leave early (its happened twice) we refund their money. Most resorts don't do that. We're softies that way. A three year fight with the DNR over experimental regulations. We won but it took a lot of time and energy away from the resort.”

“We had many difficulties because of managers that knew we were too far away to control their lack of responsibility. Last year we finally were able to move here and do the job ourselves. That has make all the difference to the success of the resort.”

“Having managers that lied and stole from us, along with their non-caring attitudes, with people having less discretionary income these days, vacation spending is off.”

“A disinterested, geographically separate board of directors.”

“The cost of insurance for the business is difficult to meet with the wages earned in this business. Our small resort doesn't attract the big spenders who desire golfing and American plan-type resort. Husbands physical ailments have hindered resort growth at a faster pace.”



## **In Their Own Words—What Has HINDERED the Success of Your Business?**

### **Business: Seasonality, School Dates**

“Public school closing in June instead of Memorial Day. The increase in summer camps for kids (sport, computer) and also the increase in summer sport leagues. The heavy tax load we pay as business.”

“Early and late seasons, when the weather is unstable. School year ending in mid-June. Difficulty in finding or targeting advertising to an effective market area.”

“Public schools ending after Memorial Day, heavy tax loads, families traveling to destinations farther away, kids summer programs (sports leagues and camps).”

### **Political Environment: Restrictions (zoning, codes, permits, rules), Taxes, Fees**

“Our biggest hindrance has been the shoreline management office. The only improvement we can do is painting without a variance and permit. They have no idea of how much money come in from tourists. We have had to give up campsites to improve our resort and have been told our resort is ‘substandard’ because most of our cottages are within 75’ of the lake. Our taxes are not ‘substandard.’”

“State policy and regulations, especially license, permits and advertising. Small resort get no help and face state discrimination especially in advertising and costs such as taxes.”

“State and county building restrictions. Failure of area resorts to raise rental prices with the times. Why can’t the state provide 100% low interest loans with minimum invested by owners as opposed to 50% involvement.”

“Taxes. Solid waste. Shore land management act (i.e., # of units of feet of shoreline, restricted improvements, setbacks from lake, septic requirement changes). In general too many laws, and no answers from agencies in charge.”

“Past and present: Lack of physical space = land. Present: The problems associated with the Indian Treaty concerning land ownership use.”

“A family resort such as this cannot economically viable because 1/3 of all resort reserve is used just to pay property tax. It couldn’t last without substantial personal support from outside sources. Taxes and excessive regulations make a small or a family resort nearly nonviable. Not successful from ability to generate resort income to sustain overhead costs.”

“DNR’s black and white rules rather than what may be the best for all concerned. Local (county) government unwillingness to acknowledge our counties bread and butter. Backwards, outdated attitudes by many resorts and downtown retailers. Rising taxes. Insurance operation costs. We need service also!”

### **Economic Environment: Less Discretionary Income, Saturated Market, Lack of Tourism Support**

“We have felt the change in family orientation with families taking shorter vacations because of work situations with both parents working and taking less time off. We are having to work harder to attract business for short stays.”

“I feel the casino’s have hurt our business. We used to be busy every fall and spring. We offer a 25% discount and that does not even bring the senior citizens out. They spend their money at the casino’s. The Indians don’t have to pay taxes or insurance.”

“Inability to compete in the tourist market along side corporate ventures and the state of MN DNR (state park, et.). poor cooperative marketing efforts in our particular area—no lodging tax advantages. Casino and short get away weekends have certainly cost us business.”

“A resort association who have only goals for certain resorts to survive.”

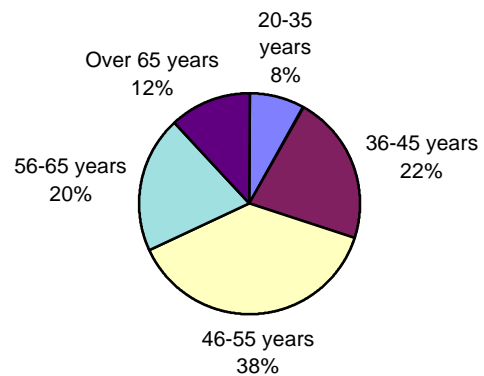
## Resort Couples and Their Families

Those respondents who were the primary business managers were slightly more often female than male (54% compared to 46%). The resort business owners also tended to be older adults with an average age of 51 years. Specifically, 32% were 56 years or older, 38% were between 46 and 55 years of age, 33% were 36 to 45, and only 8% were under the age of 36. One in six resort family businesses indicated they did not have children in the household. That fact is explained partly by the age range of the respondents, 20 to 80 years. For those households who had children, the range was one to seven. Twenty percent of those households had at least one child less than five years of age.

### Who Was Part of the Survey?

Information on the resort industry in Minnesota was obtained from 459 active resort businesses in rural Minnesota who responded to a mail survey. Ten percent of the original sample could not be reached and another 10% were ineligible. The original randomly Selected list of resorts was obtained from the Minnesota State Department of Tourism. Postcards and follow-up phone calls were made after the survey was mailed to those who had not returned the survey form. The differences in the size and services offered by the resorts surveyed gives valuable insight into the present status of an industry that has historically been key to the economy of the state. Resorts in the study tended to be clustered in northern Minnesota, where lakes are more predominant and farm land less productive.

### Age of Respondent



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