

**Increasing The
Profitability of Rental Facilities
At
Harbison State Forest**

**Russell Hubright
SC Forestry Commission
February 1, 2006**

Background

In April 1997 builders finished construction of a 5,000 square foot log cabin structure on Harbison State Forest. Pete Spearman, Information and Education Section Chief, had worked closely with leaders from forest industry, the SC Forestry Association, and other groups to design and finance this work. His vision was that this building, which he named the Harbison State Forest Environmental Education Center, would serve as a catalyst for outdoor learning on the Forest. The spacious large conference room was designed to accommodate up to 100 students.

In addition to encouraging school field trips, Mr. Spearman also knew that this new facility would provide an excellent site for Forestry Commission training sessions and meetings. He designed the small conference room with space for 10 people, adding a dry erase board permanently affixed to one wall. He also included a small kitchen, screened porch, and spacious deck in the plans so that these adult users would find the accommodations suitable for their needs.

One other use of the building that Mr. Spearman and others considered valid was rental by outside groups. The revenue generated from these paying customers would help offset maintenance costs such as heating and air conditioning, cleaning, and painting.

The Increased Need For Revenue

Two events occurred in 2002 that brought more focus on ways the Forest could become more financially self-sufficient. One of these events was a southern pine beetle outbreak that swept through the Forest, rapidly killing thousands of mature trees and necessitating the salvage removal of nearly one-fifth of the trees on the Forest. Although this harvesting operation resulted in a temporary spike in timber revenue, it also changed the plans for future harvests. Before 2002, forest managers planned and carried out a thinning operation each year to generate funds used to hire temporary employees, purchase supplies, and finance improvements on the Forest. Following the removal of such a large percentage of trees in 2002, these thinning operations would not be possible for several years. So, forest managers would have to find other sources of revenue to replace these timber dollars.

Another event that put pressure on Forest staff to generate funds internally was a downturn in the economy that resulted in a loss of tax revenue for the state. During the next three years, the SC Forestry Commission saw a nearly fifty percent reduction in its budget. One of the outcomes of this severe loss of state funds was the expectation by State Forester Bob Schowalter for the state forest system to become fully self-sufficient. While Sand Hills State Forest had been operating totally on receipts for several years, both Manchester State Forest and Harbison had been receiving state dollars for salaries and fringe benefits. As of July 1, 2005 the state forest system was required to operate off funds generated by the sale of forest products, from user fees, and from facility rental.

As Harbison State Forest Director Russell Hubright began looking at ways to increase revenue generation, he found that there was potential for increased rental of the Environmental Education Center conference rooms. See the tables below for occupancy rates for the past several years.

Table 1: Occupancy Rate of Large Conference Room

Fiscal Year	Days Available	Days Used	Days Canceled	Days Rented	Percent Used*	Percent Rented
2003	247	137	19	70	55.5	28.3
2004	244	113	20	53	46.3	21.7
2005	245	103	16	66	42.0	26.9
TOTALS	736	353	55	189	48.0	25.6

Table 2: Occupancy Rate of Small Conference Room

Fiscal Year	Days Available	Days Used	Days Canceled	Days Rented	Percent Used*	Percent Rented
2003	247	55	11	10	22.2	4.0
2004	244	34	4	6	13.9	2.5
2005	245	32	6	7	13.1	2.9
TOTALS	736	121	21	23	16.4	3.1

* Percent Used is a better indicator of the proportion of days that were available for rental than percent days rented. The days that were used but not rented were times when Forestry Commission personnel or one of our partners used the facility for meetings or training.

Table 3: Revenue Generated From Rental of Conference Rooms

Fiscal Year	Large Conference Room	Small Conference Room	Total
2003	\$14,000	\$150	\$14,150
2004	\$11,250	\$175	\$11,425
2005	\$11,100	\$275	\$11,275

The occupancy rate for the facilities at Harbison State Forest, shown above as “Percent Used,” averaged 48% for this three-year period. When looking at occupancy rates, one might ask, “What is the industry standard? Should we be able to rent our facility more frequently or is this level of use close to average?” Kelly Barbery with the Midlands Authority for Conventions, Sports & Tourism explained that hotels and conference centers would consider 48% occupancy to be unacceptable. This rate is probably fairly good, however, for non-traditional rental facilities like Harbison State Forest, according to Ms. Barbery.

Days Canceled is another statistic that merits explanation. Until July 2005, a group that had reserved a conference room could cancel at any time with no penalty. Beginning July 1, 2005 Harbison staff included in the rental contract (see Appendix 1) a line requiring those with reservations to cancel no less than 10 days before the event. Failure to cancel before this deadline would result in the renter being billed for use of the room. This provision may help reduce the number of last minute cancellations, thereby improving the occupancy rate.

Another practice that has been attempted, but has been difficult to implement is to record contact information of potential renters who inquire about a date that is already booked. Obtaining this information would allow Harbison staff to call them back if the date becomes available through a cancellation.

If a trend could be inferred from this limited data, it appears that use of both conference rooms, both by rental and non-rental groups, has declined slightly. One factor that may be causing this trend as some past users have explained is the cutting of training budgets by many state agencies. Another factor may be the opening of a conference center at Saluda Shoals Park, a location now used by several of our customers.

Customer Survey

To gain insight on how to improve rental of facilities at Harbison State Forest, Hubright designed a customer survey (Appendix 3). Forest Administrative Assistant Lisa Mowbray and Hubright contacted 11 of the 28 paying groups who used the large conference room during 2005. This survey yielded the following data:

- a. Most renters found out through word of mouth that the State Forest has facilities for rent. In most cases, someone they knew had attended an event here and told others about the room. A couple of respondents were familiar with Harbison because they either live or work close by. One person said she called around to see what other agencies had facilities available for meetings.
- b. When asked about how they find out about other locations for rent, most survey participants again indicated that word of mouth was the primary means. One individual said her agency keeps a list of state-owned facilities, two said they look on the internet for listings, and one person said she had seen advertising for a particular facility.

- c. With regard to factors that caused them to make the decision to rent the facility at Harbison State Forest, the most common response was the convenient location of the building combined with its scenic, rustic setting. Many respondents also mentioned price as an important factor.
- d. Conference room renters found the reservation process to be very easy to easy; although one person said she sometimes had difficulty selecting a date that had not already been taken.
- e. Survey participants indicated that they found the facilities at Harbison State Forest to be at least as well-kept and adequate as expected and many of them actually described them as better than expected. It appears that they generally understand before arriving what will be available at the site and are usually quite satisfied with receiving what they have agreed upon.
- f. Several respondents made suggestions for improvements that might encourage them to rent these facilities again. Some of these involved providing additional amenities such as a public-use copier, vending machine, and ice machine. Other ideas would require physical changes to the facility itself such as reducing the echo in the conference room, expanding the room to accommodate 150 or more participants, and enlarging the kitchen. Several renters suggested price breaks as a means to encourage additional use of the building, either in the form of a discount offered to other natural resource

agencies or a volume discount for those who rent the facility for more than one day at a time. The hours that the conference room is available were generally perceived as adequate, although one respondent liked being able to set up the day before when possible. Another customer said the five o'clock ending time was somewhat restrictive for their group.

Benchmarking

In addition to contacting former customers, Hubright and Mowbray conducted research to determine if the amenities and pricing of Harbison facilities were in line with those of other Columbia area businesses. The table below shows the results of this research.

Table 4: Amenities and Pricing of Columbia Area Conference Facilities

Facility Name	Capacity	Price	Notes
Saluda Shoals Park	80	\$230/day	catering kitchen - \$50/hr; setup time - \$50/hr; \$50 per day for weekends, evenings; also charge for A/V equipment
SC State Museum	500+	\$500/day	charge for A/V equipment; setup usually available 2 hours prior
SC Archives & History Center	90	\$375/day	no charge for A/V equipment; discount for multi-day rental
SC State Parks	50-250	\$100-\$400/day	
Harmon's Tree Farm	125	\$70/hour	4-hour minimum charge; \$70 cleanup fee; \$70 security deposit
Dept. of Agriculture Dan Ramage Center	100	\$25/hour	no A/V equipment available

Although each of the facilities listed above offers slightly different amenities, it appears that the rate of \$200 per day for the conference room at Harbison State Forest is a

better price than most of them. In addition, the \$200 rate includes the use of most A/V equipment and no cleanup fees or security deposit is required. Harbison also compares favorably with these facilities with regard to road access, being located just 1½ miles off I-26.

Data Analysis

From the data shown above, it appears that the pricing, rental hours, reservation process, and amenities of the conference rooms at Harbison State Forest compare favorably with those of other area facilities. Based on the responses from survey participants, Hubright and Mowbray explored several options to increase rental revenue:

- a. Expanding the hours that the conference rooms are made available would be difficult in light of the current staff limitations.
- b. Providing a copier that renters can use presents logistical challenges, mainly in terms of where this machine could be located to provide security and convenience while not taking away from the beauty of the facility.
- c. Expanding the room to accommodate more participants would be costly and would most likely detract from the appearance of the building.
- d. Providing a discount for those who rent multiple days may be feasible, but it is doubtful that this procedure would result in additional rentals. Few groups use

the building more than two days in a row, and a discount would probably not affect revenue enough to offset the increased complexity of the fee schedule.

With these options dismissed, the most effective strategy to increase revenue from rental of the conference rooms at the Harbison Environmental Education Center seems to be improving the marketing of this facility. Those who attend an event at this site tend to return for other events, whether as the one responsible for making room arrangements or as a participant. In fact, of the 24 rental groups that used our facilities during 2005, five of them rented the building more than once that year. Several of the other groups have rented the conference room in past years. The survey of 2005 renters confirmed the fact that customers are generally satisfied with these facilities.

So, once people learn about the Education Center conference rooms, they often tell others and/or use the facilities again themselves. This being the case, Harbison staff needs to develop a mechanism for spreading the word about the availability of this site.

Implementation Plan

One of the simplest yet effective means of disseminating information about the Education Center conference rooms would be to develop a full-color brochure. Several visitors to this facility have asked if we have information pertaining to the rental of the conference rooms, so we know that the need for written material exists. In addition, providing renters with a brochure will make it much easier for them to tell others about the facility. This publication can include pictures of the outside of the building which will underscore its rustic setting. Pictures of the inside will show the roominess and beauty

of the conference rooms and will invite potential renters to stop by and see this facility for themselves. Pricing, amenities, hours, and contact information will also be included so that this brochure will give a complete depiction of all that this site has to offer.

Development of this marketing tool will be fairly easy and cost-effective. Forest Director Hubright, in consultation with Administrative Assistant Mowbray, will select pictures and text. This process will require approximately six staff hours. Graphic Artist Anne Kyle, also employed by the SC Forestry Commission, will provide the layout and will convert the document into a format acceptable by commercial printers. Kyle will need about four hours to complete these steps of the process. Kyle will submit the final version to Hubright for approval and will then solicit bids from commercial printers and the Department of Corrections printing office. These steps will require approximately three hours of staff time. The entire process of brochure development and printing should be completed by April 1.

Once printed, Harbison staff will mail these brochures along with a cover letter to the human resource directors and training officers in all state agencies. (A list of these contact persons is available from the Office of Human Resources (OHR).) Harbison staff will also solicit the help of Katherine Fanning at OHR in distributing this material to agency heads and deputies at an upcoming conference. In addition, Hubright will provide copies of brochures to the Midlands Authority for Conventions, Sports & Tourism and to the Lake Murray Visitors Center.

Cathy Roddy of Allegra Print and Imaging provided a preliminary estimate of the cost of printing 1,000 of these brochures of \$616.76. To measure the cost-effectiveness of this marketing strategy, Mowbray will ask renters how they learned about our facilities.

Since the conference room rents for \$200 per day, if four new customers indicate that the brochure was a useful source of information, it will be considered to be an effective marketing tool.

Hubright will also take steps to improve Harbison State Forest's presence on the web. Mowbray's search on the internet showed that neither the Irmo Chamber of Commerce nor the Columbia Metropolitan Convention & Visitors Bureau had our facilities listed on their website. Laura Otero with the Visitors Bureau recently added Harbison to their list of conference facilities, and Hubright will contact the Irmo Chamber of Commerce and others to ensure that potential renters are able to find us on the web.

One procedural change that Hubright recently implemented was to allow customers to make reservations up to one year in advance. The previous limitation of six months is too restrictive for some groups who need to plan annual events well in advance. The six-month limit had been in place to make sure that the Education Center would be available for in-house events, but most of these can be planned ahead or can be held at the newly-renovated Forestry Commission headquarters.

Mowbray recently instituted another change that has the potential for improving the efficiency of the reservation process. She asked SC Forestry Commission Webmaster

Michelle Johnson to include information about the availability of Harbison facilities on the agency's website. Now, potential customers can click on a link that shows which dates have already been reserved. Using this tool, they can plan their event around the availability of the Harbison conference rooms.

On the other hand, when a potential renter calls and requests a date that has already been reserved, Harbison staff will record their information. This step will not only allow us to contact this individual if the date later becomes available, but will also provide data on how often renters are turned away each year. This information may become especially important to consider if renters are being turned away because of internal (SC Forestry Commission) functions that could possibly have been held elsewhere.

Assessment

Since the Forestry Commission's fiscal year ends on June 30, Hubright will measure the effectiveness of this marketing strategy in July 2007. This will allow the plan to have been in place for approximately fifteen months, ensuring adequate time to gauge how well it has worked. One measure of the effectiveness of the brochure and the other techniques employed is to look at the revenue generated by rental of conference room facilities. If this figure increases by ten percent (approximately \$1,000), these changes will be deemed successful.

Hubright plans to continue the use of customer surveys to determine how renters learn about the Harbison facilities. Mowbray will hand this instrument to the contact person

as they arrive and ask them to drop it off before they leave for the day. Not only will this survey provide information about the awareness of our rental facilities, but it will also help the staff to continually improve the delivery of services to our customers.

Another measure of how well this marketing strategy has worked is the percent days rented. The average for the past three years was 25.6%, so an increase to 35% seems to be a reasonable goal. In addition to instituting the marketing plan, Harbison staff plans to continue to encourage non-revenue groups to use the Forestry Commission headquarters facility to hold their meetings if possible. This technique will make the Harbison conference rooms more available for paying customers.

If the brochure turns out to be an effective marketing tool, Hubright will have this item reprinted as needed and will continue to use it in the future. If little gain is realized through the use of this publication, he will explore other means of increasing the recognition of the Harbison Environmental Education Center as a desirable location for meetings and retreats.

APPENDIX 1
CONFERENCE ROOM RENTAL AGREEMENT
HARBISON STATE FOREST
PO Box 21707 Columbia, SC 29221
(803) 896-8890

MEMORANDUM TO: _____

FROM: Harbison State Forest

SUBJECT: Conference Room Rental at Harbison State Forest Environmental Education Center

This is to confirm that _____ and Harbison State Forest Environmental Education Center have entered into an agreement to use of one or both of the conference rooms. Please sign below if the following is correct and fax back this page to us at (803) 896-8896. **Failure to cancel reservations within 10 days prior to the scheduled event will make your organization/group responsible for full payment of the agreed rental.**

Sincerely,
Russell Hubright
Russell Hubright
Harbison State Forest Director

- Rental of large conference room in the amount of \$200.00 per day (8:00 AM to 5:00 PM)
Half day (8:00 AM – 12:00 Noon) or (1:00 PM – 5:00 PM)
- Rental of large conference room for half a day the amount of \$100.00 per half day
Half day (8:00 AM – 12:00 Noon) or (1:00 PM – 5:00 PM)
- Rental of small conference room in the amount of \$50.00 per day
(8:00 AM to 5:00 PM)
- Rental of small conference room for half a day the amount of \$25.00 per half day
Half day (8:00 AM – 12:00 Noon) or (1:00 PM – 5:00 PM)
-
 Additional \$50.00 Charge for Internet Hookup
-
 Additional \$50.00 Charge for LCD Projector and Laptop
.....

Name of group/organization _____
Federal ID# or Social Security# _____
Address: _____

Date(s) of Use: _____

Number of participants: _____

Arrival/Departure times: Arrive _____ Depart _____

I agree to the above noted conditions and understand that I must cancel with 10 days of scheduled date. Failure to do so will result in my group/organization being responsible for full payment of rental.

Signed _____ Date _____

APPENDIX 2
SOUTH CAROLINA FORESTRY COMMISSION
HARBISON STATE FOREST
ENVIRONMENTAL EDUCATION CENTER

RESERVATIONS

The Conference room is primarily intended for internal agency and environmental education use. However, use may be made available to outside groups when this does not conflict with Forestry Commission needs. Call 896-8890 to make reservations, subject to availability. (Please see "Confirmation" on bottom of second page). Reservations may be made up to 6 months in advance. Every effort will be made to honor the reservation. However, the Forestry Commission retains the right to cancel a reservation in the event of a conflict. If this should occur, the Forestry Commission will give two weeks notice, if possible, and assist the other group in locating an alternative site. This facility is in daily use by Forestry Commission employees (*Education Center office*) and may not be reserved for the exclusive use by an outside group.

MAXIMUM SIZE OF GROUP

The large conference room can accommodate a maximum of 100 people in theater style seating, and approximately 60 around tables. However, due to parking and restroom facilities, it is generally recommended that groups be limited to 80 or fewer.

The small conference room can accommodate up to 10 people around a conference table.

FEES AND HOURS

The fees for the use of the conference rooms are as follows:

Facility	\$250.00 per day (8:30 am to 5:00 pm)
(Both conference rooms, Canteen, screened porch And deck.)	\$125.00 per half day (8:30 am -12:30 pm or 1:00 pm - 5:00 pm)

Large Conference Room	\$200.00 per day (8:30 am to 5:00 pm)
	\$100.00 per half day (8:00 am - 12:00 noon Or 1:00 pm - 5:00 pm)

Small Conference Room	\$50.00 per day (8:30 am to 5:00 pm)
	\$25.00 per half day (8:30 am - 12:30 pm Or 1:00 pm - 5:00 pm)

Preference will be given to environmental education groups.

The fee may be waived for organizations conducting environmental education.

APPENDIX 2 (continued)

HARBISON ENVIRONMENTAL EDUCATION CENTER

PAGE 2

SETUP OF ROOM AND CLEAN UP

The group using the room shall be responsible for setting up the room for the meeting and cleaning up after the meeting. Clean up consists of removing all materials from tables and placing all trash in trash cans. It must be cleaned up immediately after use, and failure to do so will jeopardize future use. The room may be set up the day before the meeting if this will not conflict with other use.

AUDIO - VISUAL EQUIPMENT

An overhead projector, slide projector, television/VCR/DVD, 6' screen, and 2 easels are available for use by the group. Please confirm their availability at the time of reservation. (Please DO NOT use tape on the white walls.) When it is removed it may damage the paint and/or sheetrock). Any other equipment must be supplied.

INTERNET CONNECTION

For an additional cost of \$50.00

LCD PROJECTOR AND LAPTOP

For an additional cost of \$50.00

REFRESHMENTS

Refreshments are not available, but groups may bring their own, if desired. A canteen with refrigerator, screened porch, drink machine, and deck may be used in conjunction with a conference room rental. Coffee pots are available. Coffee and condiments are not provided.

COPIES/FAXES

Please have all copies of necessary material **prior** to your meeting. Due to the contract agreement of our copy and fax machines, we are **not** able to make **copies** or send **faxes** for groups meeting in the conference room.

SMOKING

Smoking is not permitted in the building. The back deck is the designated smoking area.

PARKING

Parking is available adjacent to the building. Handicapped spaces and a ramp are also provided.

**** CONFIRMATION ****

Please sign Room Rental Agreement stating: the date (s) for the facility, the arrival/departure time including set-up, and the fee amount. Also, if you would like to be invoiced and you are not a State Agency we will need a Federal ID # or Social Security # for accounting purposes. If you have any other questions, please call Lisa Mowbray at (803) 896-8890. Confirmation letters can be faxed to Lisa at 803-896-8896. Maps are available upon request.

REFERENCES

Barbery, Kelly. Midlands Authority for Conventions, Sports & Tourism. Phone conversation on December 20, 2005.

Otero, Laura. Midlands Authority for Conventions, Sports & Tourism. Email correspondence on December 21, 2005.

Roddy, Cathy. Allegra Print and Imaging. Conversation on January 16, 2006.

Strong, Nathan. Office of Human Resources. Conversations on August 1, 2005; January 4, 2006; and January 17, 2006.