

12 Ways to Boost Profits

Inc.

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The Magazine for Growing Companies

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BY MAX CHAFKIN



DAVID TEN HAVE OF PONOKO:
Making it easy for anybody to make (and sell) stuff

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October 2009 www.inc.com

BUSINESS FOR SALE | A California ski mountain, for \$1.65 million

Rick Metcalf grew up skiing Mount Waterman, an 8,000-foot-high mountain about 45 miles northeast of Los Angeles. Opened in 1942, Mount Waterman eventually ran into trouble and closed in 2002. When Metcalf, a San Diego mortgage broker, learned the



A GOOD RUN

Mount Waterman, opened in 1942, got a \$1 million upgrade.

resort was up for grabs, he purchased it in 2006, then spent \$1 million on renovations over the next 18 months to repair and upgrade the mountain's three chairlifts and its lodge. Waterman reopened in February 2008, but now, after two seasons, Metcalf has decided the mountain needs an owner willing to make additional improvements.

Last year, the first full season under Metcalf's control, the mountain operated only on weekends, a total of 23 days, attracting an average of 125 customers per day and pulling in about \$143,000 in ticket sales and concessions. This summer, the chairlifts also opened for hikers and mountain bikers. Day passes cost \$10 for hikers and \$25 for bikers.

With a vertical drop of more than 1,000 feet, the mountain has 27 trails with terrain ranging from beginner to expert. The mountain has three double chairlifts and a 2,200-square-foot lodge that includes a snack-bar-style restaurant with a bar and fireplace. A ski rental shop is housed in an adjoining building. Metcalf has mixed emotions about selling. "It's not a real difficult business model to operate," he says. "But it's definitely not a get-rich kind of thing." —Darren Dahl

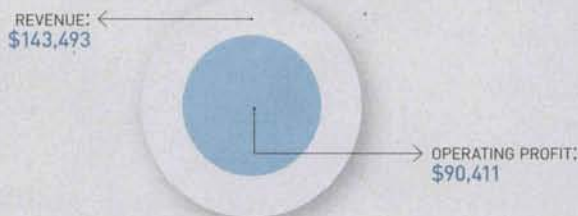
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COMPANY DASHBOARD

KEY STATS

FOUNDED	1942
SKI SEASON	Mid-December to mid-March
AVERAGE ANNUAL SNOWFALL	180 inches
ELEVATION AT SUMMIT	8,030 feet
VERTICAL DROP	1,030 feet
SKI RUNS	27
CHAIRLIFTS	3
FULL-DAY LIFT TICKET	\$50

2008-09 PROFIT VS. REVENUE



PRICE RATIONALE: The price is based on improvements plus potential for growth. Ski facilities historically sell for six to 10 times EBITDA (earnings before interest, taxes, depreciation, and amortization), says Michael Berry, president of the National Ski Areas Association. That makes Mount Waterman's price, at 18 times operating profit, seem high.

THE PROS: Mount Waterman is about an hour's drive from Los Angeles County and its 10 million people. Stepped-up marketing could attract many more skiers. The mountain can handle 1,500 skiers a day.

THE CONS: It would cost several million dollars to install snowmaking equipment, considered a must in today's industry. The ski resort has yet to prove its potential, says Steve Rice, managing director at CNL, a real estate investment trust based in Orlando that owns 14 ski resorts.

THE BOTTOM LINE: Mount Waterman is a turnkey ski mountain at an affordable price. To tap its full potential, though, a new owner should be prepared to invest in snowmaking and marketing.

BLOGGER LOGIC | Have you tried the scientific method?

Businesses often try to maintain the status quo, writes Seth Godin (see sethgodin.typepad.com). But reflexively defending your brand is wasted energy:

"The best way to get smarter, to embrace and to cause change and to triumph in times of market turmoil is to adopt the scientific method. Ask yourself, 'What do I believe that's wrong? How can I change the way I do things? What works? What doesn't?'...Restlessness and the scientific method...create a culture of testing and inquiry that can't help but push you forward."