

The Devil Is in the Details

Dozens of questions need to be answered to help you develop a solid business plan for success.

By Ken Paton

Even after you've completed a feasibility study and made the decision to convert to a family entertainment center, there still are many details remaining. Writing a business plan may be the best way for these decisions to be made and documented.

A business plan allows someone who isn't familiar with your center (such as a banker) or key members of your staff to visualize the changes you propose to make. It also forces you to think through each and every issue, and resolve it prior to writing checks. It is a road map through the conversion process, just like architectural plans are for a builder.

The business plan doesn't need to be complicated, but it should be in writing and reviewed by someone knowledgeable about your center as it is today, the options that are available to you, and what you want the center to be when the conversion is completed.

For example, there are equipment and building issues:

- Which arcade games should be added? How much space will they need?
- Should you add laser tag? If so, which vendor should you choose and how much space should you allocate?
- Where is the space coming from to add other attractions, and what should they be? Do you need to add on to the building, or is there enough space

already available? What is needed to make the space available?

- Which architect should you choose to redesign your building?
- What image will your center present to the community and how will you theme it?
- If you expand the drink menu, how many draft-beer taps should be added and for which brands?
- Should the scoring system be upgraded and, if so, which one should you buy?
- Is the sound-and-light package adequate or does it need to be upgraded?

the effectiveness of the marketing?

You may want to use a consultant or advisor to write the plan to avoid the actual writing process and to make sure nothing is left out. For many people who are not accustomed to putting things down on paper (or on a computer), this makes good sense.

But no matter how experienced or well-intended they are, consultants and advisors will go home with their fee, leaving you to run the center. Therefore, it is critically important that your business plan is truly yours and not your consultant's. You should be

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There also are marketing and sales issues:

- How are you going to communicate the proposed changes to your community? Who will be the lead communicator?
- Will you use paid advertising (radio, TV or print), or will you rely exclusively on social media and word of mouth? What is your budget and when will the advertising start? How will you monitor

involved every step of the way in writing the plan, and it should be detailed enough to create a clear road map of the first year or two of operations.

When looking at equipment investments, Jeremy Hoyum, who runs Jake's Unlimited in Mesa, Ariz. (which was rated the best FEC in the world by IAAPA), suggests that rather than focus on revenue per square foot, the concentration should be margin dollars per

square foot over the life of the equipment. He points out that arcade games generate very high revenue per square foot on relatively modest purchase prices with good margins, but have a short life. Most games go stale within a few years as players move on to a newer game. By contrast, bowling generates good revenue and high margins, and most of the equipment can last 30-50 years, but the initial cost is high, the maintenance costs can be expensive, and it takes a lot of floor space.

Some of the factors to consider in writing a business plan are:

■ **Who is the competition for each segment of your business (bowling, birthday parties, corporate events, fundraisers, etc.)?** Have you visited them recently at various times during the week to judge their level of success? How do they market themselves? Where are their

strengths and weaknesses? How can you overcome their strong points and take advantage of their weak ones? Do they promote low price or high levels of service? What attractions and services do they offer, and are they the newest and most popular offerings? Are they clean and well maintained?

■ **How many league bowlers do you anticipate?** If you don't have them now, where are they coming from? Will you focus on traditional leagues or primarily short-season recreational leagues? Who is responsible for bringing them in? How much will it cost (advertising, sales staff, etc.) to attract the projected number of bowlers, and how long will it take to bring them in? How will you develop new recreational bowlers? Will they come primarily from birthday parties and corporate events, or will you create a marketing program specifically

for them? How often do you expect them to return and how much revenue do you expect per bowler?

■ **How many birthday parties are in the budget and for what ages will they be?** If you don't have them now, where are they coming from? Who is responsible for bringing them in, and how do you differentiate your marketing among younger kids, tweens and teens? How much will it cost to attract that many parties (advertising, sales staff, etc.)? Does your staff already have the training to be successful with a high volume of parties? If not, how will you train them?

■ **What equipment is needed to generate the projected revenue?** How much do you already have? What do you need to buy and how much will it cost? The business plan should be specific with written quotes for each piece of equipment.

■ **What changes are needed to the building?** Most building departments will want you to have a licensed architect prepare plans to get the needed building permits. The architect you choose needs to clearly understand what you want. If you are doing a quick and dirty remodeling, the architect should not specify high-end materials and finishes. If a really high-end conversion is planned, you should be able to present him with photos of FECs that have a similar look to what you envisioned for your center. Getting the first set of drawings can take months and be expensive. Waiting until then to find out that you haven't communicated well can waste time and money.

■ **What will your food menu offer?** How will each item be priced and what is the cost-of-goods-sold percentage for each item? Do you have written recipes for each item? What items do you expect to be high volume, and which will you offer because they are needed as a loss leader?

Arcade games generate very high revenue on a per-square-foot basis with relatively modest purchase prices with good margins, but they also may experience a short life.

■ **How many new employees will be needed?** How will you find them and how much will they need to be paid? What types of benefits (if any) will be needed to retain the best ones? How will you train the new employees and retrain the current employees on the different aspects of managing an FEC? Show an estimated schedule of the number of workers on each shift.

■ **Should the center be re-branded?** The current name has years of (hopefully) good memories for the community, but it probably has "bowl" or "lanes" in the name. Changing the name will help the community

understand that things inside the building have also changed. The downside is that the goodwill associated with the old name can be lost. Also, changing the name can be expensive. If the conversion is major, a new name may be warranted. Minor changes may not require a completely new name.

■ **What will your expenses be with the new configuration?** How did you estimate each line item? How do your projections compare to the BPAA or IAAPA Benchmark Studies?

Visiting FECs around the country and talking to proprietors who have gone through the conversion process will help to focus your decisions. Pay close attention to the impression each center you visit creates. A successful FEC conversion involves more than just adding some arcade games and a coat of paint. Generally, the overall image needs to change from a traditional bowling center to something that draws in a wider range of customers.

Managing an FEC also is very different than managing a traditional bowling center. Talking to proprietors who have successful FECs will give you a good start toward a management structure that will make your center successful.

The first impression coming in the door should be one of excitement. The goal for each visitor is that they leave having had the best entertainment experience of their lives. When your center meets these tests on a regular basis, you'll know you made the right decisions.

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