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# NIGHTCLUB BUSINESS PLAN

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**Introduction/Summary**

The Spot is a new night club that will focus on attracting adults and students of Universities, with a student population that exceeds 22,000 and growing by 15% each year. The night club will be located one block away from the main campus. The area already has three bars that have been thriving for the past 10 years. Each establishment has long lines waiting for entry each weekend. Recently, commercial space has become available next to the campus when two adjacent business relocated. The Spot will consolidate this space into a 5,000 square foot night club. The location is on the main street most often used by students.

Once opened, the Spot will have the exceptional management team to guide its success. The Spot's three owners, Obi Che-che, Jill Musa, and Shiloh Thompson, have over 25 years of night club management experience between them. Shiloh has been the manager of Obi's Landing, the most popular bar in the area, for the past five years. Jill is a owner of Olympus, a popular downtown night club that has dominated the city's club scene for the past four years.

Mission

It's not the lights, liquor, sound. It's the people and the fun! Successful nightclubs are based on an accurate understanding of the core customers. The mission of the Spot is to create a nightclub environment that satisfies the changing tastes and expectations of our core customers; i.e. college-age women. If the women come, the men will follow. In order to achieve this goal, we must constantly improve our response to the customers' entertainment needs.

Keys to Success

* Provide exceptional service that leaves an impression with our core customers.
* Consistent entertainment atmosphere and product quality.
* Managing our internal finances and cash flow to enable upward capital growth.
* Strict control of all costs, at all times, without exception.

Objectives

* Capitalize on excellent location opportunity.
* Launch the venue with a highly publicized grand opening event in the spring of Year 1.
* Maintain tight control of costs, operations, and cash flow through diligent management and automated computer control.
* Maintain food costs below 33% of food revenue.
* Maintain total beverage costs below 25% of beverage revenue.
* Exceed $1 million in annual sales by the third year of plan implementation.

## Company Summary

The key elements are:

1. **Focus on attracting college-age women.** The company will focus on design and musical themes that have mass appeal to college-age women.
2. **Location.** One of the major advantages that the Spot will have over its competition will be its location next to the university campus.
3. **Exceptional service.** In order to reach and maintain a unique image of quality, the Spot will provide attentive and friendly service.

### Start-up summary

### The Spot has three owners, Obi Che-che, Jill Musa, and Shiloh Thompson who will each invest $70,000 (N27,335,000).

|  |  |  |  |
| --- | --- | --- | --- |
| Start-up Funding | | | |
| Start-up Expenses to Fund | | $112,500 | |
| Start-up Assets to Fund | | $97,500 | |
| Total Funding Required | | $210,000 | |
| Assets | |  | |
| Non-cash Assets from Start-up | | $20,000 | |
| Cash Requirements from Start-up | | $77,500 | |
| Additional Cash Raised | | $0 | |
| Cash Balance on Starting Date | | $77,500 | |
| Total Assets | | $97,500 | |
| Liabilities and Capital | |  | |
| Liabilities | |  | |
| Current Borrowing | | $0 | |
| Long-term Liabilities | | $0 | |
| Accounts Payable (Outstanding Bills) | | $0 | |
| Other Current Liabilities (interest-free) | | $0 | |
| Total Liabilities | | $0 | |
| Capital | |  | |
| Planned Investment | |  | |
| Obi che che | | $70,000 | |
| Jill Musa | | $70,000 | |
| Shiloh Thompson | | $70,000 | |
| Other | | $0 | |
| Additional Investment Requirement | | $0 | |
| Total Planned Investment | | $210,000 | |
| Loss at Start-up (Start-up Expenses) | | ($112,500) | |
| Total Capital | | $97,500 | |
| Total Capital and Liabilities | | $97,500 | |
| Total Funding | | $210,000 | |
| Requirements |  | |
| Start-up Expenses |  | |
| Legal | $2,000 | |
| Stationery etc. | $500 | |
| Consultants | $0 | |
| Insurance | $1,000 | |
| Rent | $4,000 | |
| Research and Development | $0 | |
| Interior Refit | $30,000 | |
| Expensed Equipment | $20,000 | |
| Air Cond. Upgrade | $5,000 | |
| Audio/Lighting | $10,000 | |
| Bar  Equipment/Supply | $10,000 | |
| Fees and Permits | $7,000 | |
| Bathroom Upgrades | $5,000 | |
| Initial Marketing | $3,000 | |
| Opening Salaries Deposits | $15,000 | |
| Other | $0 | |
| Total Start-up Expenses | $112,500 | |
| Start-up Assets |  | |
| Cash Required | $77,500 | |
| Start-up Inventory | $0 | |
| Other Current Assets | $0 | |
| Long-term Assets | $20,000 | |
| Total Assets | $97,500 | |
| Total Requirements | $210,000 | |

**Company Ownership**

The Spot has three owners, Obi Che-che, Jill Musa, and Shiloh Thompson.

Shiloh Thompson has a BS in business administration from State University. He successfully managed three bars over the past 10 years.  He is currently in his fifth year as manager of Obi's Landing, the most popular bar in the university area.

Jill Musa holds a BA in marketing. She has held a marketing positions with Nike and Sony before starting the Olympus nightclub with Obi che-che in 2014.

Obi che-che has a BS in business administration. Before co-owning the Olympus, Obi managed two successful nightclubs, the Arena and the Power Plant, over a 10 year period.

## Products and Services

The Spot represents a unique opportunity creates a high energy, dance-theme venue that will cater to college-age women. The development's central location, demographics, and lack of direct competition are major advantages to this project. The new venue will specialize in high-energy themes and will offer beer, wine and an array of liquors and mixed drinks. In addition, the venue will sell nonalcoholic beverages such as soft drinks, juices and bottled water. A "casual" food menu consisting mostly of appetizers and small entrees ranging in cost from six to nine dollars will also be available. The initial hours of operation will be 6:00 P.M. to 2:00 A.M., four nights a week. The establishment will draw primarily from the student population at State University while attracting guests and visitors from outside the area as well.

## Market Analysis Summary

The Spot will focus on college-age women who are looking for a high energy, fun nightclub environment to socialize and dance. Of course, we are also focused on college-age men but it has been our observation that the club scene is driven by where women choose to spend their money when they go out with friends.  At present, none of the local bars create an environment that is responsive to the entertainment demands of this core customer group.  This also extends to the areas surrounding the university that we expect will attract new customers to the Spot.

### Promotions

Promotional efforts are critical to the proposed club's success. Accordingly, the venue will offer nightly, weekly, and monthly promotional specials. These promotions will help to stimulate excitement for the new club, thus leading to high traffic and exposure. The main idea is to offer a new entertainment experience night after night. This is the key ingredient for success and profitability, as well as longevity, in the nightclub industry. Proposals include:

* Prize giveaways
* Nightly dance floor and stage contests
* Cooperative promotions with local radio stations

Entertainment will be provided by charismatic disc jockeys featuring a blend of current Top 40 and dance music. During the week, special theme nights and promotions will be used to attract a more diverse crowd, and to increase the number of customers who frequent the dance club. These theme nights will change as popularity and demand dictate.

The market will be targeted and reached via the following primary vehicles: advertisements in local print media, strategically broadcast radio spots, and an Internet web site. Advertisements printed in the local and college newspapers, as well as broadcasts over the local radio stations will provide exciting club information on current promotions and specials. A more "grass roots" marketing campaign also will be employed. This includes club representatives and spokespersons attending area events, postering of college campuses, a "prize patrol" van, and other person-to-person marketing efforts.

### Competitive Edge

There are three elements to The Spot's competitive edge.

The first is the location which is in easy walking distance for the entire community.  The area around The Spot is already a regular place adults/students gather to socialize in the evening.

The second is the exceptional management team that has extensive experience and success managing nightclubs and bars.

The third is our focus on attracting our customer in every aspect of our planning.  The Spot will have the following to attract and retain our core customers:

* **A larger ladies room area.** Beyond its traditional uses, it's also a place of social gathering and conversation. As a result, we will add additional square footage to this part of the venue including a couch, TV, music, and plenty of social space.
* **Floor design.** No doubt, females are more observant of design, and the impression it conveys, than males are. Therefore, careful consideration will be put into everything from colors, to fabrics, and materials.
* **Music.** This is a critical one. We will hire DJs who have the best satisfaction rate with the female clientele.

### Sales Strategy

There will be a grand opening weekend March of 2021, which the cover charge will be waved for all women customers. We will then establish a traditional Ladies Night, every wednesday.

The cover charge will be $10(N3,600).  This is cheaper than the downtown clubs.

Our sales strategy is to open earlier and provide entertainment to bring in an early crowd before 10 P.M.  Comedians and Comedy Acts will be booked into the early evening time slot.  We will also have contests sponsored by businesses and products that are marketing to our core customers.

### Sales Forecast

As the following table shows, we intend to deliver sales of $550K in the first year, and double that by the third year of the plan.

|  |  |  |  |
| --- | --- | --- | --- |
| Sales Forecast | | | |
|  | Year 1 | Year 2 | Year 3 |
| Unit Sales |  |  |  |
| Cover | 19,500 | 36,000 | 42,000 |
| Drinks | 56,000 | 68,000 | 75,000 |
| Food | 14,000 | 25,000 | 33,000 |
| Entertainment | 13,600 | 17,000 | 22,000 |
| Total Unit Sales | 103,100 | 146,000 | 172,000 |
| Unit Prices | Year 1 | Year 2 | Year 3 |
| Cover | $10.00 | $10.00 | $10.00 |
| Drinks | $3.00 | $3.00 | $3.00 |
| Food | $7.00 | $7.00 | $7.00 |
| Entertainment | $8.00 | $8.00 | $8.00 |
| Sales |  |  |  |
| Cover | $195,000 | $360,000 | $420,000 |
| Drinks | $168,000 | $204,000 | $225,000 |
| Food | $98,000 | $175,000 | $231,000 |
| Entertainment | $108,800 | $136,000 | $176,000 |
| Total Sales | $569,800 | $875,000 | $1,052,000 |
| Direct Unit Costs | Year 1 | Year 2 | Year 3 |
| Cover | $0.00 | $0.00 | $0.00 |
| Drinks | $0.75 | $0.80 | $0.86 |
| Food | $2.45 | $2.62 | $2.81 |
| Entertainment | $4.00 | $4.28 | $4.58 |
| Direct Cost of Sales |  |  |  |
| Cover | $0 | $0 | $0 |
| Drinks | $42,000 | $54,570 | $64,401 |
| Food | $34,300 | $65,538 | $92,565 |
| Entertainment | $54,400 | $72,760 | $100,751 |
| Subtotal Direct Cost of Sales | $130,700 | $192,868 | $257,717 |

## Management Summary

The management team is a strong one. Together we share a single vision: to provide a unique and entertaining experience through exceptional service.

### Personnel Plan

The following table shows forecasted personnel needs for the first three years.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | | |
|  | Year 1 | Year 2 | Year 3 |
| Manager | $50,000 | $68,000 | $72,000 |
| Bartenders | $120,000 | $120,000 | $120,000 |
| Cooks | $65,000 | $70,000 | $73,000 |
| Cleaning | $38,000 | $40,000 | $42,000 |
| DJ | $25,000 | $30,000 | $35,000 |
| Serving Staff | $50,000 | $60,000 | $70,000 |
| Other | $0 | $0 | $0 |
| Total People | 0 | 12 | 12 |
| Total Payroll | $348,000 | $388,000 | $412,000 |

## Financial Plan

Assumptions

The table below presents the assumptions used in the financial calculations of this business plan.

|  |  |  |  |
| --- | --- | --- | --- |
| Total Cost of Sales | $130,700 | $192,868 | $257,717 |
| Gross Margin | $439,100 | $682,133 | $794,283 |
| Gross Margin % | 77.06% | 77.96% | 75.50% |
| Expenses |  |  |  |
| Payroll | $348,000 | $388,000 | $412,000 |
| Sales and Marketing and Other Expenses | $22,900 | $25,000 | $27,300 |
| Depreciation | $2,618 | $2,856 | $2,856 |
| Leased Equipment | $33,000 | $40,000 | $40,000 |
| Utilities | $3,600 | $3,600 | $3,600 |
| Insurance | $12,000 | $12,000 | $12,000 |
| Rent | $48,000 | $40,000 | $40,000 |
| Payroll Taxes | $52,200 | $58,200 | $61,800 |
| Other | $0 | $0 | $0 |
| Total Operating Expenses | $522,318 | $569,656 | $599,556 |
| Profit Before Interest and Taxes | ($83,218) | $112,477 | $194,727 |
| EBITDA | ($80,600) | $115,333 | $197,583 |
| Interest Expense | $42 | $250 | $0 |
| Taxes Incurred | $0 | $33,668 | $58,418 |
| Net Profit | ($83,260) | $78,559 | $136,309 |
| Net Profit/Sales | -14.61% | 8.98% | 12.96% |

**Conclusion**

The business will be operated by the three founders (Obi Che-che, Jill Musa, and Shiloh Thompson) and will employ staff from the country’s professionals.

The nightclub will be open to partnership and financial investments from the second year of operation.