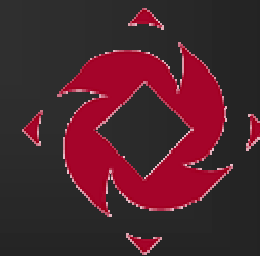
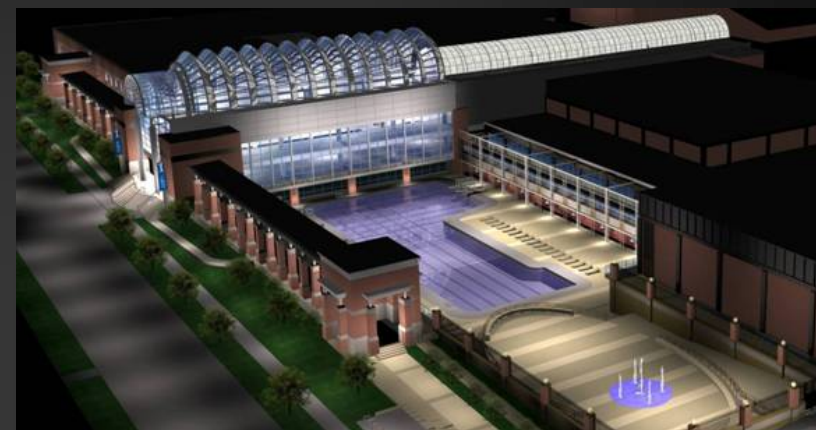


# Building Blocks for Business Planning

Friday, April 20, 2007

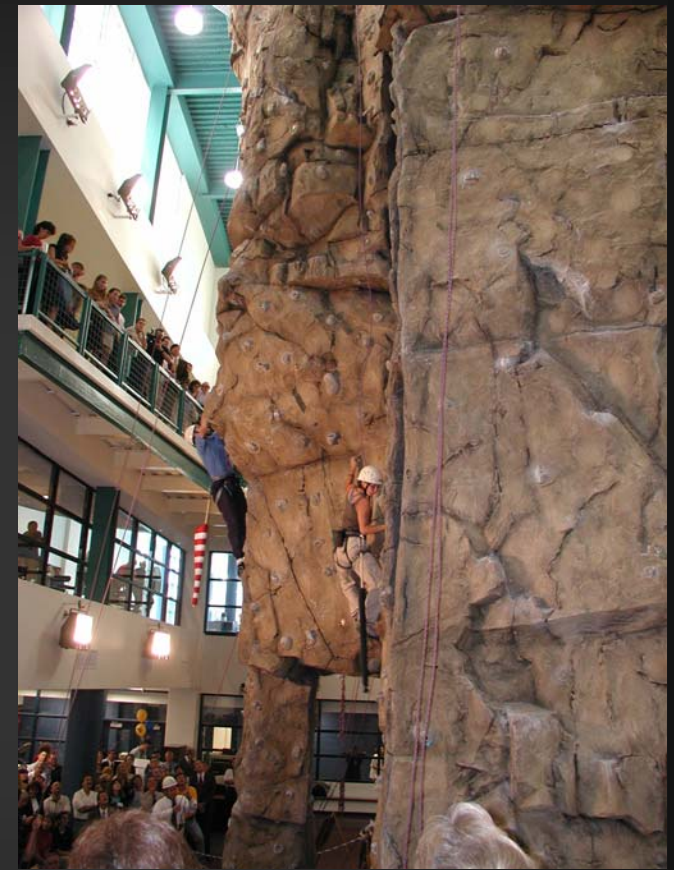


**BRAILSFORD & DUNLAVEY**

# INTRODUCTION

## Agenda

- Introduction
- Importance of Business Planning
- Components of a Business Plan
- Financial Model
- Discussion/Q&A



# INTRODUCTION

- Meet the Presenters
  - Kim Martin
    - University recreation background
    - Feasibility & marketing specialist
  
  - Matthew Bohannon
    - Project Manager
    - Experienced at market, feasibility, and financial analysis and referendum support



# INTRODUCTION

**Experience** – Over 250 University Projects Planned

**Focus** – “Quality of Life” Projects

Student Centers

Student Housing

**Sports and Recreation Facilities – more than 125 assignments**

**Services** – Concept Development => Implementation  
Support

Understanding of Implementation Requirements & Operating  
Realities

**Staff** – Interdisciplinary/Broadly Experienced/Cross Trained

**Leadership** – Industry Standards / Disseminators of Ideas

BRAILSFORD & DUNLAVEY

Facility Planning • Project Management



# INTRODUCTION

## ▪ About Brailsford & Dunlavey - University Recreation Clients

- Oakland University
- University of Maryland
- University of Houston
- Kent State University
- University of Alabama
- West Virginia University
- The Ohio State University
- DePaul University
- Louisiana State University
- University of Michigan
- University of Alabama at Birmingham
- University of Maine
- Jackson State University
- Marshall University
- University of New Haven
- Eckerd College
- University of Illinois
- Indiana University
- Cleveland State University
- Tulane University
- Purdue University
- University of Iowa
- Iowa State University



# INTRODUCTION

- About Brailsford & Dunlavey
  - Assignments
    - Strategic Planning
    - Feasibility
    - Programming
    - Financial Analysis
    - Business Planning
    - Design Consultation



BRAILSFORD & DUNLAVEY

Facility Planning • Project Management



# INTRODUCTION

## Presentation Learning Objectives

- Obtain an understanding of why business planning is important and understand the components of a Business Plan.
- Understand how market analysis and financial analysis are linked to establishing feasibility.
- Learn ways to improve the recreational sports facilities and departments on your campus.





# IMPORTANCE OF BUSINESS PLANNING

## Development Process Overview

- Needs Assessment & Feasibility Assessment
- Concept Development
- *Referendum/Student Approval*
- Programming
- **Business Planning**
- Design
- Construction





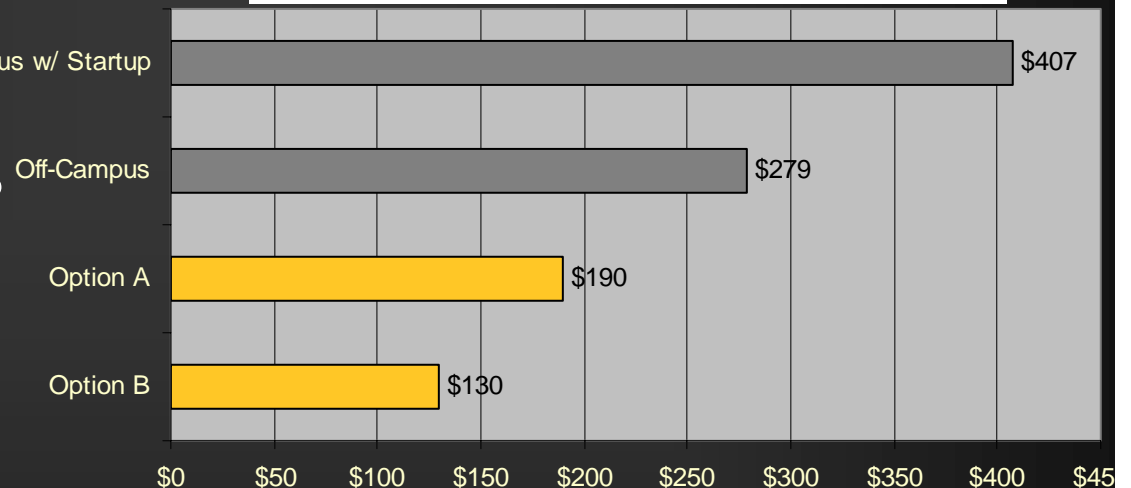
# IMPORTANCE OF BUSINESS PLANNING

## Needs Assessment

- Existing Conditions Analysis
- Demographic & Enrollment Analysis
- Benchmarking
- Off-Campus Analysis
- Focus Groups
- Survey

Typical Weekly Schedule	Gold Mine		East Gym	
	Open	Close	Open	Close
Monday	10:00 AM	1:00 PM	9:00 AM	1:00 PM
Tuesday			12:00 PM	1:00 PM
Wednesday	10:00 AM	1:00 PM	9:00 AM	1:00 PM
Thursday	12:00 PM	1:30 PM	12:00 PM	1:00 PM
Friday	9:00 AM	12:30 PM	9:00 AM	12:00 PM
Saturday	3:00 PM	5:00 PM	9:00 AM	1:30 PM
Sunday	CLOSED	CLOSED	CLOSED	CLOSED

## Academic Year Cost Comparison

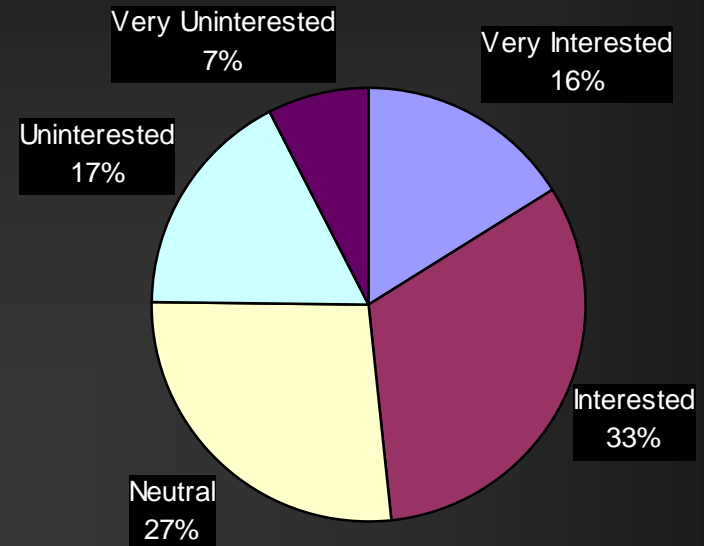


# IMPORTANCE OF BUSINESS PLANNING

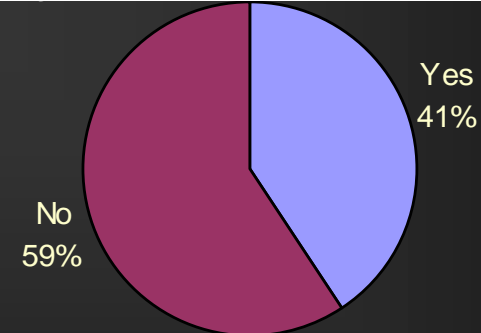
## Market Demand

- Facility Demand
- Facility Usage
- Amenity & Service Demand
- Fee Tolerance

### Interest in Activities



### Do you support Option A?



# IMPORTANCE OF BUSINESS PLANNING

## Facility Demand

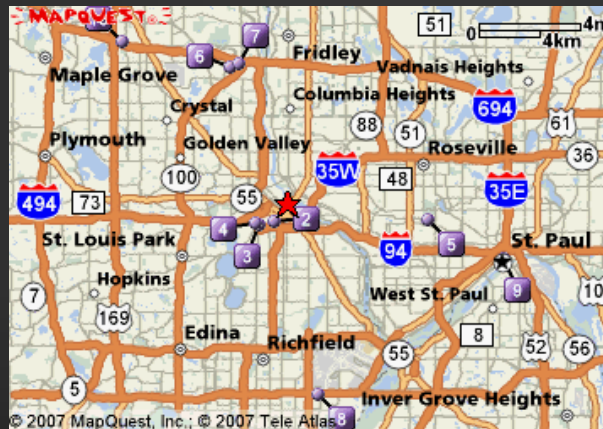
- Demand Based Programming (DBP)
  - Unique Process
  - Produce University's "Ideal" Recreation Program
  - Based on Student Survey
  - Used to Guide Facility Recommendations



# IMPORTANCE OF BUSINESS PLANNING

## What is a Business Plan?

- A **business plan** is a formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals. It may also contain background information about the organization or team attempting to reach those goals.



# BUSINESS PLAN COMPONENTS

## Business Plan

- Case Statement
- Project Feasibility/Market Analysis
- Operating Paradigm
- Organizational Structure
- Marketing
- Risk Mitigation Plan
- Implementation Schedule

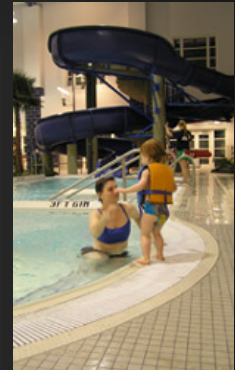


# BUSINESS PLAN COMPONENTS

- Case Statement

  - Knowing your Institution*

  - A discussion of the University's & Dept. mission and overriding strategic objectives for developing the facility improvements
  - Project background
  - Projected outcomes
  - Action Items



# BUSINESS PLAN COMPONENTS

- Feasibility/Market Context

  - Knowing your Market*

    - A description of the market demand for programs and services derived from:

      - Focus groups
      - Surveys
      - Off-campus analysis
      - Benchmark analysis





# BUSINESS PLAN COMPONENTS

- Operating Paradigm

*Knowing how you plan to manage the program/facilities*

- A discussion of how the facility will be operated, taking into account the components of the facility, programs, level of customer service and membership benefits.
- Menu of Services



# BUSINESS PLAN COMPONENTS

- Operating Paradigms -

- Traditional

- Student Focus
    - Small Staff

- Program Driven

- Customer Service Driven
    - Fees for Services
    - **Increased Dependency on Speculative Revenues**
    - Increased Marketing & Staffing Cost

- Facility Driven

- Revenues Focused on Rentals & Events
    - Can Affect Open Recreation Schedule\*\*



# BUSINESS PLAN COMPONENTS

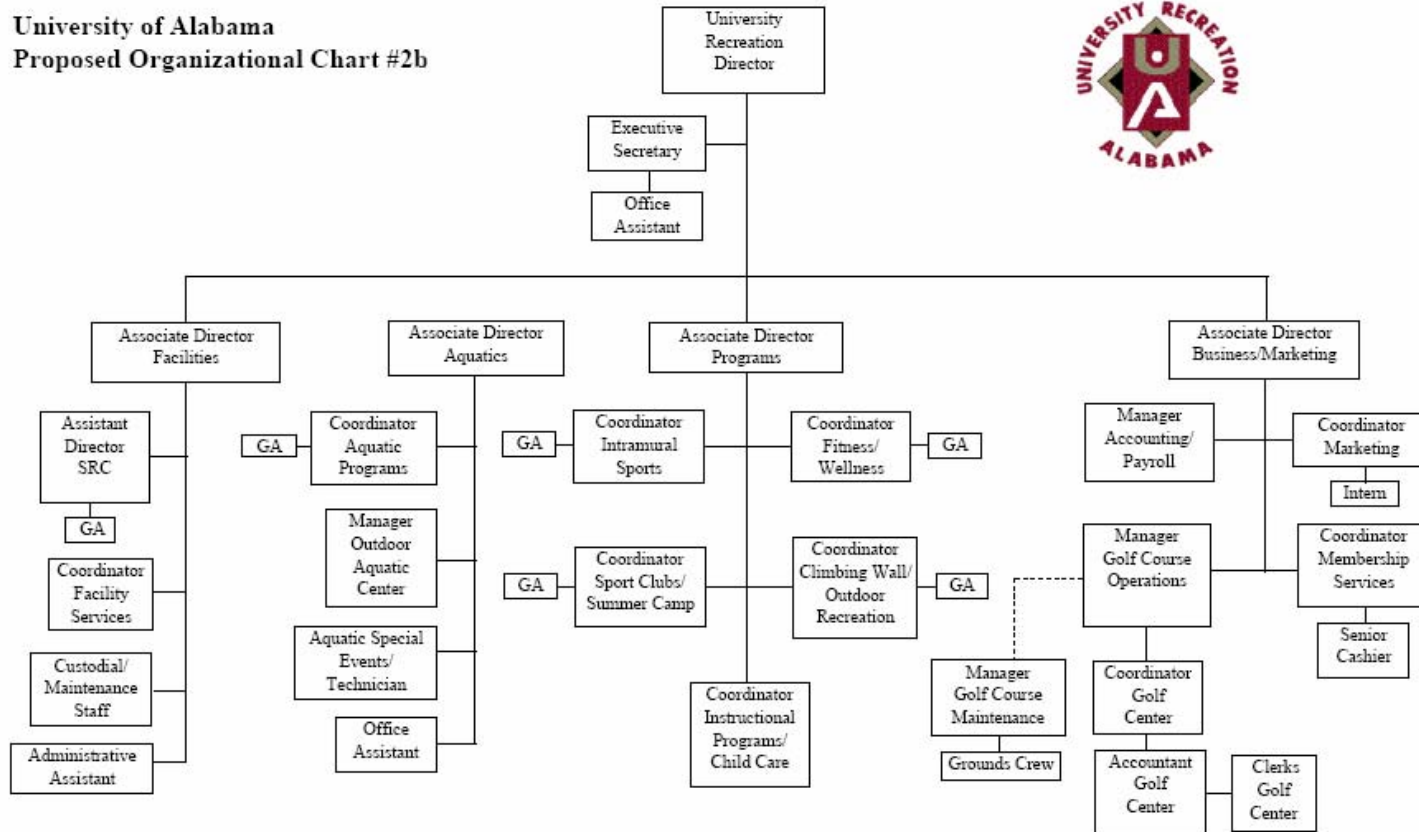
- Organizational Structure & Staffing Plan
  - Knowing who you need to make it happen*
  - A description of employee requirements and a staffing plan.
  - Timeline for hiring new staff
  - Re-organization



# BUSINESS PLAN COMPONENTS

University of Alabama  
Proposed Organizational Chart #2b

Department of University Recreation  
University of Alabama  
Proposed Organizational Chart #2b



# BUSINESS PLAN COMPONENTS

- Marketing Plan & Opportunities

*Committing to a Comprehensive Plan*

- Target market, pre-opening strategy and customer service strategies.

- Marketing Strategy

- Outside User Protocols

- Price Point Development

- Value-Added Services

Pre-Opening Marketing	Process	Color/Text	Quantity	Cost	Setup	Freight	Total
Slick Tri-folded Brochure	Design & Print	4/4 color 80# glossy	2,500	0.29	0.00	0.00	728.05
Newsletter	Email	color 4 page	0	0.00	0.00	0.00	0.00
Membership 8page Brochure	Design & Print	8.5x11 4color 8 pg w/cover	2,500	0.84		0.00	2,099.65
Direct Mail out Letter-Dept	Draft & Print	RS Letterhead	210	0.00	0.00	0.00	0.00
Resident Hall Rampage Flyer-Students	Design & Print	front 8.5x11 blue color paper	1,113	0.08	0.00	0.00	88.04
Direct Mail out Flyer-Dept	Design & Print	front 8.5x11 coral color paper	210	0.08	0.00	0.00	16.61





# BUSINESS PLAN COMPONENTS

## Grand Opening -Charter Memberships



BRAILSFORD & DUNLAVEY

Facility Planning • Project Management



# BUSINESS PLAN COMPONENTS

- Risk Mitigation Plan

  - Knowing your risks & options*

    - Short and long-term membership strategies to minimize risk, increase supplemental revenue opportunities, and cash management strategies.

    - Risks

      - Increased competition
      - Decreased enrollment
      - Increased operating costs

    - Options

      - Reserve fund
      - Track long-term R&R
      - Expand to additional user groups





# BUSINESS PLAN COMPONENTS

## R&R Long Term Plan

	Location	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Budget	FY2008 Budget	FY2009 Budget	FY2010 Budget	FY2011 Budget	FY2012 Budget	FY2013 Budget
<b>Aquatic Equipment</b>											
Swimsuit Water Extractors	locker rooms		2,421	1,090			3,000		1,500		3,000
Lane Lines	pool			1,539		1,500		500		500	
Guard Chairs	pool						1,200				
backstroke flags	pool										
<b>Total</b>		<b>\$0</b>	<b>\$2,421</b>	<b>\$2,629</b>	<b>\$0</b>	<b>\$6,500</b>	<b>\$5,700</b>	<b>\$500</b>	<b>\$3,000</b>	<b>\$4,500</b>	<b>\$3,000</b>
<b>Furniture</b>											
Tables	Bldg		5,529		8,000					5000	
Chairs	Bldg					3,000		15,000			6000
Spin Stage	Spin Studio						1,200				
conference room 113 chairs						4,000					
<b>Total</b>		<b>\$0</b>	<b>\$10,486</b>	<b>\$0</b>	<b>\$11,000</b>	<b>\$13,000</b>	<b>\$3,200</b>	<b>\$18,000</b>	<b>\$3,000</b>	<b>\$8,000</b>	<b>\$13,200</b>
<b>Computers &amp; AV Equipment</b>											
Computers workstations/kiosks	Admin. Suite			9,282	7,200	7,200	7,200	7,200	7,200	7,200	7,200
NT Server	Admin. Suite									8,000	
Printers	Admin. Suite		4,762			8,000		3,000			
Receivers & transmitters (audio/satellite)	Bldg		1,229		1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total</b>		<b>\$0</b>	<b>\$25,299</b>	<b>\$28,183</b>	<b>\$18,200</b>	<b>\$17,200</b>	<b>\$20,700</b>	<b>\$17,200</b>	<b>\$25,200</b>	<b>\$24,200</b>	<b>\$21,000</b>
<b>Recreation &amp; Fitness Equipment</b>											
Cardio Fitness Equipment	2nd floor	64,738	80,760	64,701	45,000	35,700	55,000	65,300	61,300	42,000	62,800
Strength Fitness Equipment	2nd floor			55,605	25,000	35,000	15,000	20,000	20,000	20,000	15,000
Martial Arts mats/exercise mats	Studio D		1,309	1,258			3,000		5,000		5000
<b>Total</b>		<b>\$64,738</b>	<b>\$82,069</b>	<b>\$121,565</b>	<b>\$75,000</b>	<b>\$70,700</b>	<b>\$82,000</b>	<b>\$89,800</b>	<b>\$89,300</b>	<b>\$63,200</b>	<b>\$82,800</b>
<b>Building Equipment</b>											
Dryer tumblers	Laundry Room								10,000		
Washer extractors	Laundry Room									20,000	
Turnstile	building		64,792								
AED's	building								5,000		
Ice maker								3000			
<b>Total</b>		<b>\$0</b>	<b>\$64,792</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$20,000</b>	<b>\$22,000</b>	<b>\$0</b>
<b>Capital Projects</b>											
Men's Locker Room Expansion	locker room	77,360									
Replace flooring with ceramic tile	atrium	57,902									
Demo Instructional Kitchen-convert to MPR					70,000						
Refinish Hardwood Floors	building			8,200	12,000	12,000	30,000	15,000	15,000	15,000	15,000
Carpeting replacement	building				10,500					15,000	
Rubber flooring at free weight area	2nd floor					35,000					
Locker replacement	locker rooms						65,000	5,000		5000	
Misc.											
<b>Total</b>		<b>\$135,262</b>	<b>\$8,764</b>	<b>\$47,623</b>	<b>\$95,500</b>	<b>\$89,500</b>	<b>\$95,000</b>	<b>\$56,000</b>	<b>\$45,000</b>	<b>\$35,000</b>	<b>\$20,000</b>
<b>Total</b>		<b>\$200,000</b>	<b>\$193,831</b>	<b>\$199,999</b>	<b>\$199,700</b>	<b>\$198,900</b>	<b>\$206,600</b>	<b>\$191,500</b>	<b>\$185,500</b>	<b>\$156,900</b>	<b>\$140,000</b>

BRAILS福德 & DUNLAVEY

Facility Planning • Project Management



# BUSINESS PLAN COMPONENTS

- Implementation Schedule

*Prioritize and Plan*

- Budgeting
- HR
- Marketing
- IT
- FF&E
- Policies & Procedures
- Construction
- Grand Opening



# BUSINESS PLAN COMPONENTS

## Sample Opening Schedule

ID	Task	Start Date	End Date	Progress	Resources
11	<b>Marketing</b>	<b>Mon 5/8/06</b>	<b>Fri 8/11/06</b>	<b>0%</b>	
12	Develop Membership Matrix	Mon 5/8/06	Fri 6/2/06	0%	
13	Develop Marketing Plan	Mon 6/5/06	Fri 6/23/06	0%	
14	<b>Develop Marketing Collateral</b>	<b>Mon 6/26/06</b>	<b>Fri 6/30/06</b>	<b>0%</b>	
15	University Employees	Mon 6/26/06	Fri 6/30/06	0%	
16	Alumni & Other Memberships	Mon 6/26/06	Fri 6/30/06	0%	
17	Rentals & Events	Mon 6/26/06	Fri 6/30/06	0%	
18	Program Brochures	Mon 6/26/06	Fri 6/30/06	0%	
19	Develop Recreation Department's Web-site	Mon 6/26/06	Fri 7/7/06	0%	
20	Update / Maintaining Student Recreation Center's Web-site	Mon 7/10/06	Fri 8/4/06	0%	
21	<b>Develop Relationship with Alumni Association</b>	<b>Mon 6/5/06</b>	<b>Mon 8/7/06</b>	<b>0%</b>	
22	Obtain Publication Schedules	Mon 6/5/06	Mon 6/5/06	0%	
23	Develop & Place Advertisement in the Perspectives	Tue 6/20/06	Mon 7/17/06	0%	
24	Attend Alumni Events / Market the Facility	Tue 6/27/06	Mon 8/7/06	0%	
25	Issue Employee-based Marketing Materials to Each Department	Mon 7/3/06	Fri 7/28/06	0%	
26	Develop Schedule for CSU New-hire Orientation	Mon 7/3/06	Mon 7/3/06	0%	
27	Work with Student Life for New Student Orientation	Mon 7/3/06	Fri 8/11/06	0%	
28	<b>Human Resources</b>	<b>Fri 4/7/06</b>	<b>Fri 8/18/06</b>	<b>57%</b>	
29	<b>Meet with CSU Human Resources Department</b>	<b>Mon 6/5/06</b>	<b>Fri 6/9/06</b>	<b>0%</b>	
30	Establish Payroll Deduction to Pay for Faculty/Staff Membersh	Mon 6/5/06	Fri 6/9/06	0%	
31	<b>Develop Staffing Matrix / Hire Schedule</b>	<b>Fri 4/7/06</b>	<b>Thu 5/4/06</b>	<b>100%</b>	
32	Full-time Personnel	Fri 4/7/06	Thu 5/4/06	100%	Clare Rahm[2%], William Canning[
33	Part-time Personnel	Fri 4/7/06	Thu 5/4/06	100%	Clare Rahm[2%], William Canning[
34	Graduate Assistants	Fri 4/7/06	Thu 5/4/06	100%	Clare Rahm[2%], William Canning[
35	Gain Approval from CSU for Staffing Matrix and Hire Schedule	Thu 5/4/06	Thu 5/4/06	100%	Clare Rahm
36	Develop Advertisements for Open Positions	Mon 5/8/06	Fri 5/12/06	0%	William Canning[20%]



# FINANCIAL MODELING

- Modeling for Financial Feasibility
  - Debt Structuring
  - Revenues
  - Operating Expenses



# FINANCIAL MODELING

## Debt Structuring

	<u>A</u>	<u>B</u>	<u>C</u>
<b>Interest Rate</b>	6.5%	7.5%	6.5%
<b>Term (years)</b>	20	20	25
<b>NOI</b>	\$1.8 M	\$1.8 M	\$1.8 M
<b>Debt Capacity</b>	\$19.8 M	\$18.4 M	\$21.9 M

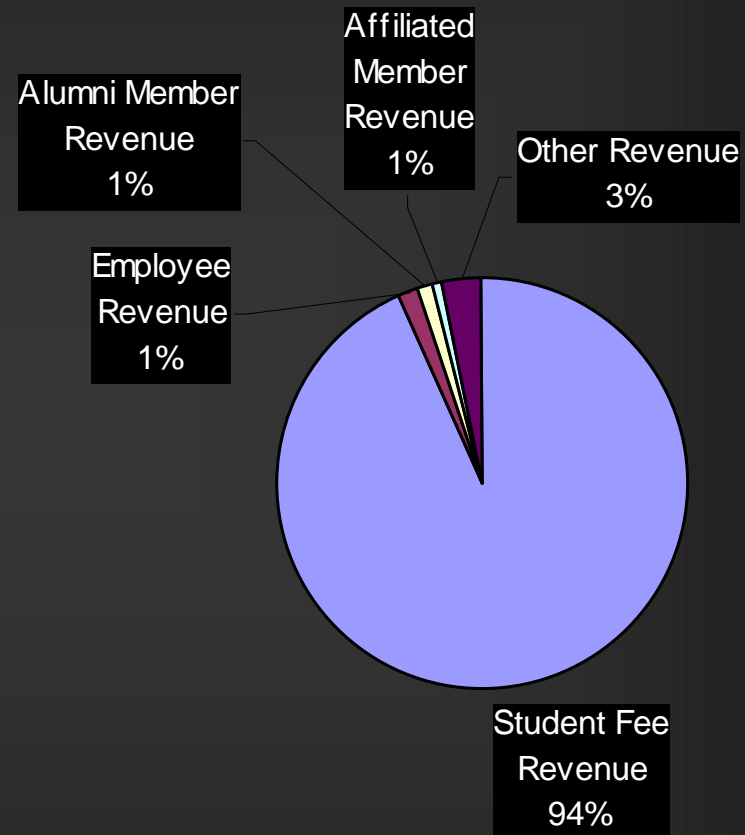


# FINANCIAL MODELING

## Revenues

- Student Fees
- Memberships
- Fee – Services
- Rentals
- Other

## Revenue Sources



# FINANCIAL MODELING

- Operations & Expenses
  - Staffing Model
  - Hours
  - Utilities

Days/Hours of Building	Fitness Area	Building Opening	Building Closing	Total Hours
Monday-Thursday	6am-10:30pm	5:30am	11pm	70
Friday	6am-8pm	5:30am	8:30pm	15
Saturday	8am-6pm	7:30am	6:30pm	11
Sunday	12pm-10:30pm	11:30am	11pm	11.5
<b>Total Hours</b>				<b>107.5</b>





# DISCUSSION



BRAILSFORD & DUNLAVEY

Facility Planning • Project Management



# BRAILSFORD & DUNLAVEY

Facility Planning • Project Management



[www.facilityplanners.com](http://www.facilityplanners.com)  
1140 Connecticut Ave NW Suite 400  
Washington, DC 20036  
202.289.4455

BRAILSFORD & DUNLAVEY

Facility Planning • Project Management

