

# *Starting From Scratch: Creating a Business Plan That Works*



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# *Presentation Outline*

- Introduction
- Why Business Planning Is Important
- Understanding The Basics
- Using Financial Models To Support Your Plan
- Q & A
- Wrap-up



# *Introduction*



# *Introduction*



## Today's Speaker

- Paul Brailsford - CEO, Brailsford & Dunlavey
  - ▶ Firm Has Worked on Over 100 Sports & Recreation Projects (ranging from 35,000 SF to over 400,000 SF)
  - ▶ Economics / Project Finance / Strategic Planning

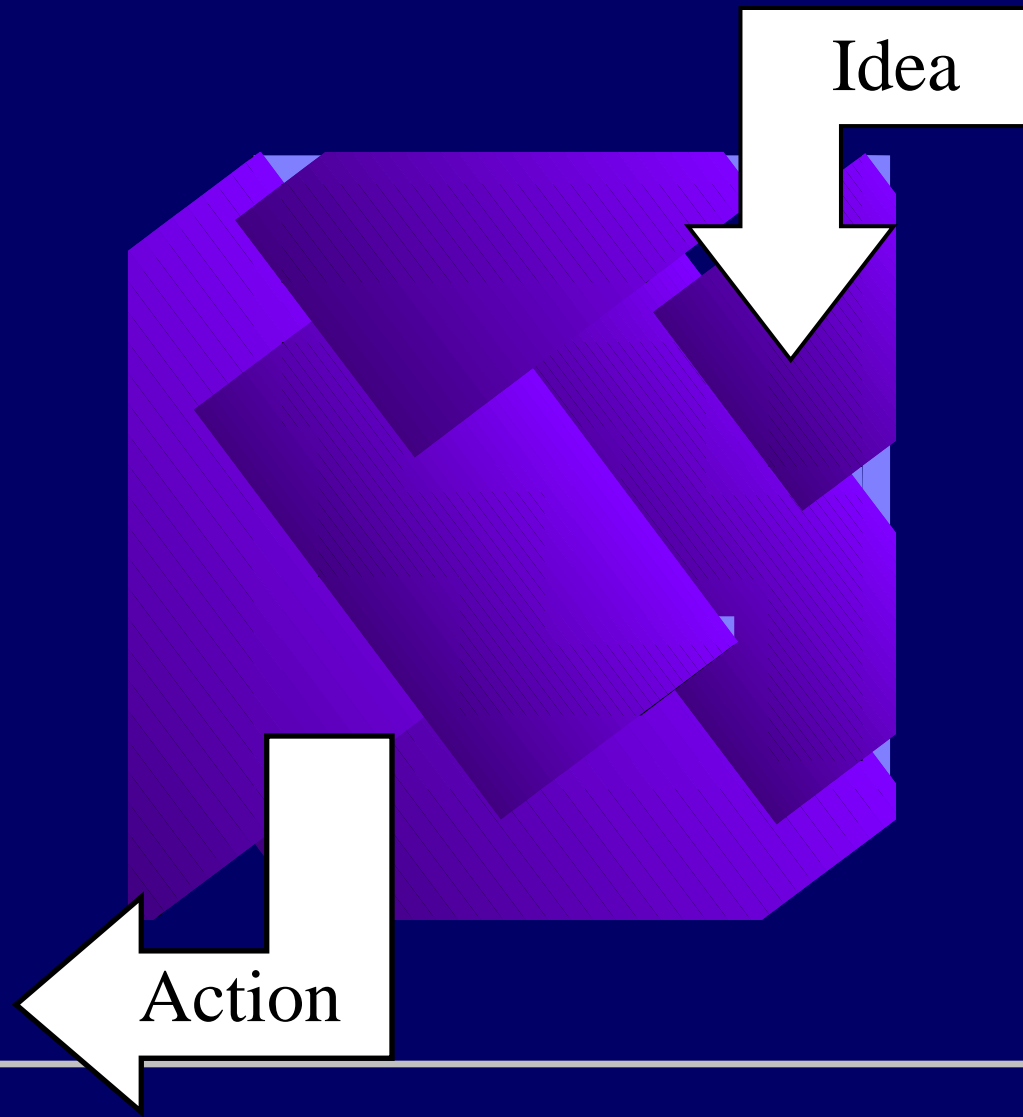




# *Ray Meyer Center – A Case Study*



# *Why Business Planning Is Important*



# *Why Planning Is Important*

## Operating Principle

The greatest impediment to progress  
is not ignorance,  
but the illusion of knowledge



# *Why Planning Is Important*

## Why Do We Need A Business Plan?

- **Internal Decision-making**

- ▶ Programming, Design & Construction
- ▶ Annual Operating Issues & Non-capital Investments

- **Management Tool**

- ▶ Blueprint for Managers
- ▶ Annual Performance Evaluation
- ▶ Institutionalization of Culture

- **External Decision-making & Approvals**





# *Why Planning Is Important*

## About Design

*"Design is an integrated and disciplined process of solving the problems and satisfying the requirements that are documented in the building program"*



# *Why Planning Is Important*

## About Design

*"Design is an integrated and disciplined process of solving the problems and satisfying the requirements that are documented in the building program"*

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*Therefore, design is inextricably linked to a previous planning process called programming*



# *Why Planning Is Important*

What is Programming?

*Programming is the iterative process of seeking, defining and documenting the problems that must be solved by the project's design team.*



# *Why Planning Is Important*

What is Programming?

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*Problem Seeking?*

*What are we looking for and where do we start looking?*



# *Why Planning Is Important*

## What is a Recreation Center?

- **Speculative Building** → Choice (market forces)
- **Community Building** → Shared Value (target markets)
- **Sports Facility** → Scheduling (priorities)
- **Learning Center** → Definition? (options)
- **Business Operation** → Efficiency (bottom line)
- **Strategic Asset** → Mission (the reason)



# *Why Planning Is Important*

## What is a Recreation Center?

- Speculative Building
- Community Building
- Sports Facility
- Learning Center
- Business Operation
- Strategic Asset

*Programming is inextricably linked to market analysis, financial analysis, business planning & strategic planning*





# *Why Planning Is Important*

## **Market Forces - Demand Shifts**

<b>Conservative Funding</b>		<b>Aggressive Financing</b>
<b>Student Focus</b>		<b>Entire University Community Focus</b>
<b>Modest Customer Expectations</b>		<b>Increasingly Consumer Oriented Society</b>
<b>Limited Range of Services &amp; Programs</b>		<b>Increased Service Quality / Expanded Menu of Value Added Services</b>
<b>Increased Financial Performance</b>		<b>New Entrepreneurial Mindset Required</b>



# *Understanding The Basics*





# *Understanding The Basics*



## Business Plan Components

1. Case Statement
2. Feasibility / Economic Justification
3. Operating Paradigm / Service Delivery & Pricing Strategy
4. Organizational Structure & Staffing Plan
5. Marketing Plan & Budget
6. Risk Mitigation Plan
7. Implementation Schedule



# *Understanding The Basics*



## Business Plan Components

### 1. Case Statement

#### a. Mission Statement

- i. What services?
- ii. Services for who?
- iii. What are the targeted outcomes?
- iv. Why are the outcomes mission relevant?





# *Understanding The Basics*



## Business Plan Components

### 1. Case Statement

- a. Mission Statement
- b. Current Conditions / Practices / Limitations
  - i. Facilities
  - ii. Financial condition (operating budget / reserves)
  - iii. Staff (quantity & skills)







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  - iv. Services & Policies
  - v. Outcomes (positive / unattainable / negative)



# *Understanding The Basics*



## Business Plan Components

### 1. Case Statement

- a. Mission Statement
- b. Current Conditions / Practices / Limitations
- c. Projected Conditions & Targeted Outcomes
  - i. Facilities
  - ii. Financial condition (operating budget / reserves)
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- c. Projected Conditions & Targeted Outcomes
  - i. Facilities
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  - iii. Staff (quantity & skills)
  - iv. Services & Policies
  - v. Outcomes (positive)





# *Understanding The Basics*



## Business Plan Components

### 1. Case Statement

- a. Mission Statement
- b. Current Conditions / Practices / Limitations
- c. Projected Conditions & Targeted Outcomes
- d. Investment or Action Decision(s) Required
  - i. Facility / student fee / debt
  - ii. Additional staff (FTE)
  - iii. Related policies



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# *Understanding The Basics*



## Business Plan Components

### 2. Financial Feasibility & Justification

- a. Direct Market Research
- b. Competitive Analysis
- c. Financial Analysis & Projections
- d. Industry Standards & Benchmarks
- e. Third Party Authority & Other Factual Support
- f. The Risk of Doing Nothing





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# *Understanding The Basics*



## Business Plan Components

### 3. Operating Paradigm / Service Delivery / Prices

- a. Income Generating Strategy
- b. Target Service Quality
- c. Membership Benefit Packages





# *Understanding The Basics*



## Business Plan Components

3. Operating Paradigm / Service Delivery / Prices
  - a. Income Generating Strategy
  - b. Target Service Quality
  - c. Membership Benefit Packages
  - d. Pricing & Constituent Access Philosophy



# *Understanding The Basics*



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# *Understanding The Basics*



## Business Plan Components

4. Organizational Structure & Staffing Plan
  - a. Reporting Structure & Managerial Responsibilities





BRAILSFORD & DUNLAVEY





# *Understanding The Basics*



## Business Plan Components

4. Organizational Structure & Staffing Plan
  - a. Reporting Structure & Managerial Responsibilities
  - b. Recruiting Strategy
  - c. Compensation Plan
  - d. Full-time / Part-time Staff Distribution By Function





# *Understanding The Basics*



## Business Plan Components

4. Organizational Structure & Staffing Plan
  - a. Reporting Structure & Managerial Responsibilities
  - b. Recruiting Strategy
  - c. Compensation Plan
  - d. Full-time / Part-time Staff Distribution By Function
  - e. Contracting Strategy (in-house vs. outsourced capacities)





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# *Understanding The Basics*



## Business Plan Components

### 5. Marketing Plan & Budget

- a. Media Utilization (budget)
- b. Direct Mail Plan (budget)
- c. Patron Development / Customer Service Plan (budget)
- d. Information Technology Plan (budget)



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# *Understanding The Basics*



## Business Plan Components

### 6. Risk Mitigation Plan

#### a. Identification of Potential Problems

- i. Market demand shifts
- ii. Fee base (enrollment stability)
- iii. Increased competition (off-campus / other schools)
- iv. Increased operating costs (utilities, salaries, replacements)

#### b. Risk Mitigation & Contingency Plans

- i. Pre-opening period
- ii. Start-up period
- iii. On-going research & quality control initiatives



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# *Understanding The Basics*



## Business Plan Components

### 7. Implementation Schedule

- a. Pre-opening period
  - i. Design & construction
  - ii. Staff development (recruitment, training & contracting)
  - iii. Systems development & integration (marketing, memberships, service delivery)
  - iv. Program development
  - v. Marketing & public relations
- b. Start-up period



# *Understanding The Basics*

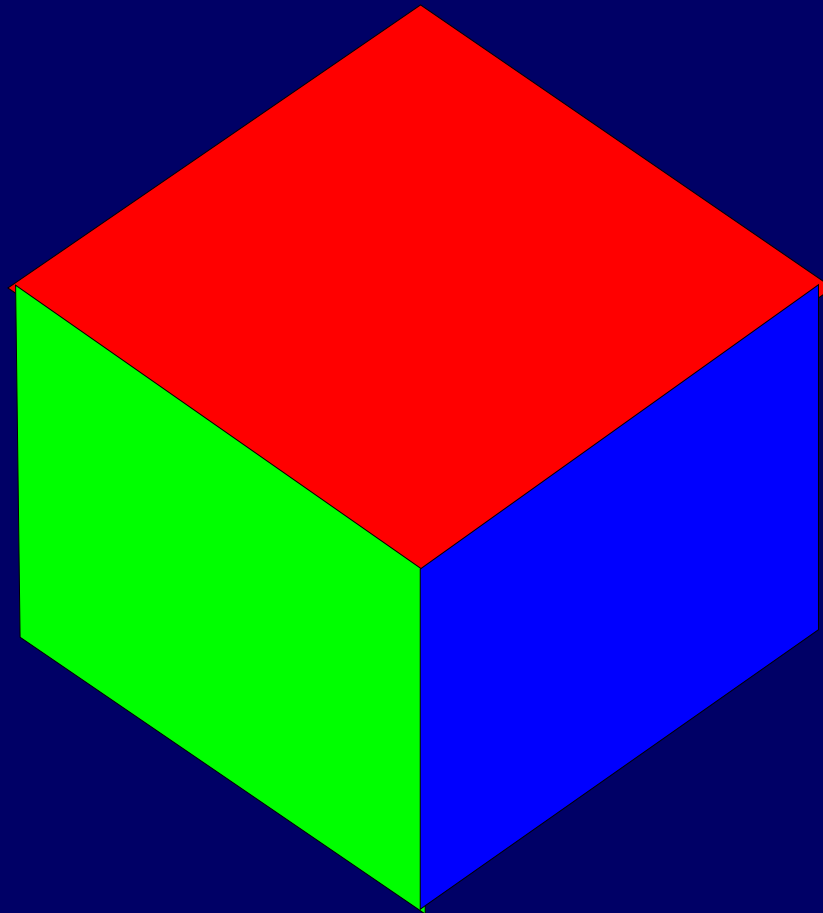


## Key Quality Control Tips

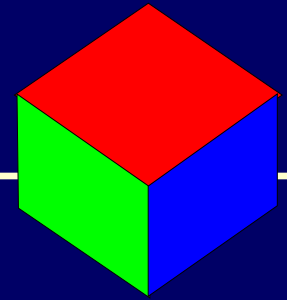
- ✓ Address the Audience Appropriately
  - Background Knowledge
  - Target The Right Issues / Questions / Concerns
- ✓ Treat “Why” Explanations as the Most Important
- ✓ Be Specific & Back-up Facts
- ✓ Limit the Length (40 pages + exhibits)
- ✓ Ensure Internal Consistency



# *Using Integrated Financial Models*



# *Using Financial Models*

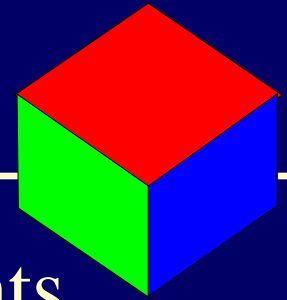


## Integrated Model Components

- Outline Program
- Target Building Efficiency Model
- Capital Budget With FF&E Schedule
- Building Capacity Model
- Preliminary Income Statement



# *Using Financial Models*



## Integrated Comprehensive Model Components

- Detailed Assumptions
- Ten Year Pro forma
- Start-up vs Stability







# *Wrap-up*



# *Wrap-up*



## *A Word From Yogi*

*“What gets us in trouble is not what we don’t know, it’s what we know for certain that just ain’t so.”*



# *Wrap-up*



## Key Points

- **Plan Your Planning Effort**
  - ▶ Use an Appropriate Level of Detail
  - ▶ Macro (strategies & targets) => Micro (detailed answers)
  - ▶ Target Your Audience & Answer The Right Questions
  
- **Commit To An Integrated & Iterative Process**
  - ▶ Reconcile Revenues With Building Capacities & Expenses
  - ▶ Be Prepared to Respond to Market & Societal Trends With Innovative Ideas
  - ▶ Create Living Models to Support Long-term Planning Continuity



# *Wrap-up*



## *Looking Forward*

*“The future is not a result of choices among alternative paths offered by the present, but rather a place that is created - created first in mind and will, created next in activity. The future is not some place we are going to, but one we are creating.”*

*John Schaar - Futurist*





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