

2000 Athletic Business Conference

*Building A Living
Business Plan*

Presented By:

Paul Brailsford & Bill Canning

Presentation Outline

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



Introduction



CENTERS, LLC – A Management Company



BRAILSFORD & DUNLAVEY

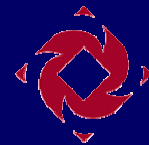
Introduction



Today's Speakers

- **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

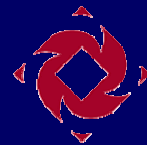
- **Bill Canning – President, CENERS LLC**
 - ▶ Over 30 years of University Recreation Experience
 - ▶ Guided the Development & Implementation of Business Plans at Over 10 Schools Including University of Michigan, UCLA, Tulane University and DePaul.



Ray Meyer Center – A Case Study

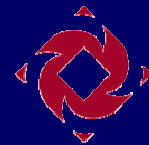
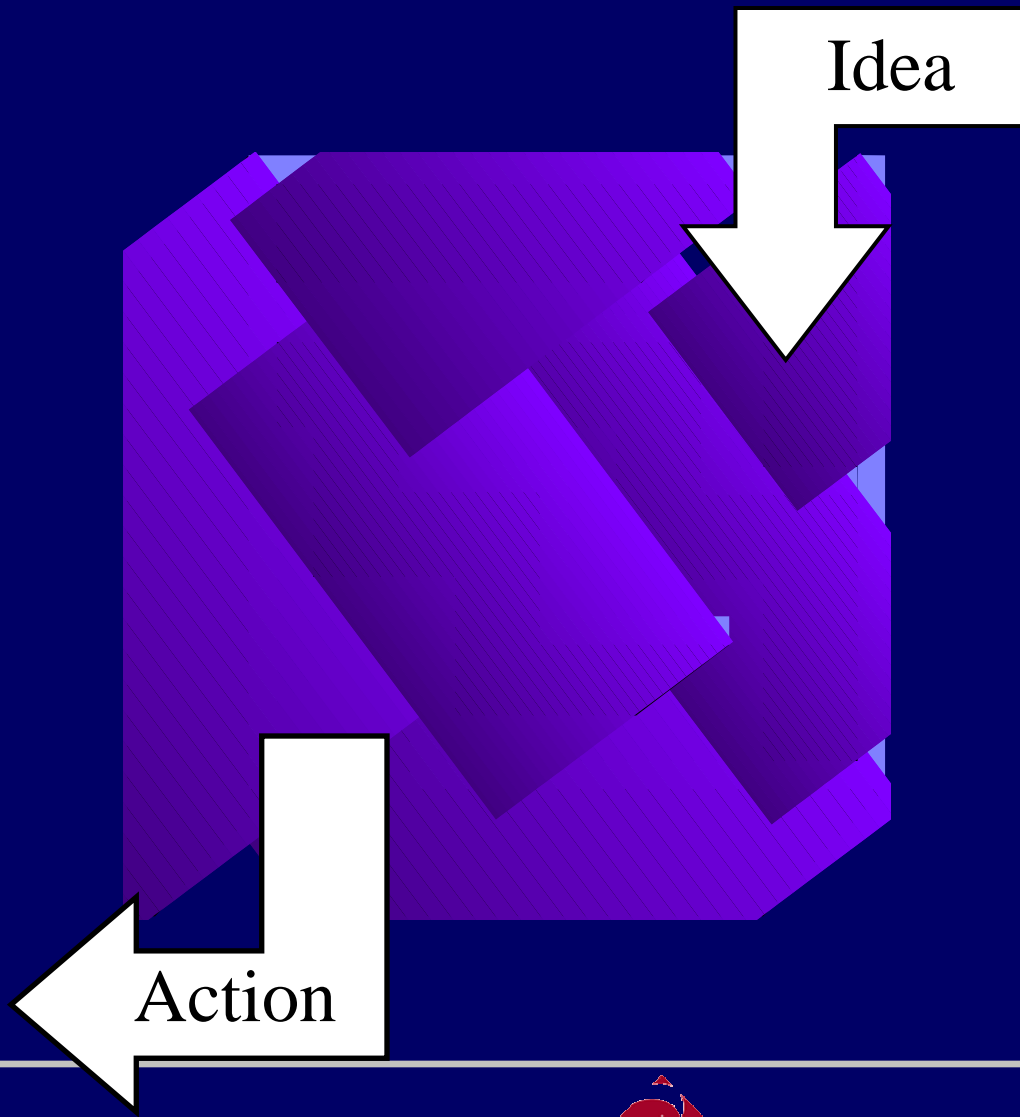


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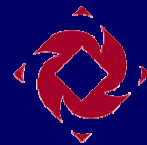
Why Business Planning Is Important



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?

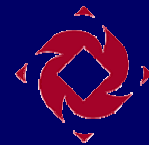
- Internal Decision-making

- ▶ 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"

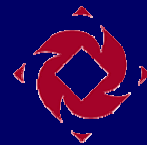
Therefore, design is inextricably linked to a previous planning process called programming



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?

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

Problem Seeking?

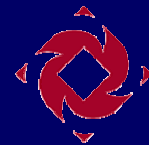
What are we looking for and where do we start looking?



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

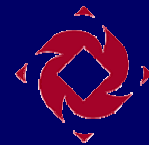
Programming is inextricably linked to market analysis, financial analysis, business planning & strategic planning



Why Planning Is Important

Market Forces - Demand Shifts

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



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

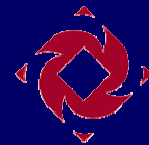


Business Plan Components

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?



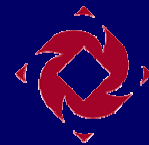
Understanding The Basics



Business Plan Components

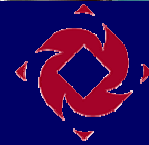
1. Case Statement

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





CENTERS, LLC – A Management Company



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Understanding The Basics



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Understanding The Basics



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- a. Mission Statement
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 - iii. Staff (quantity & skills)
 - iv. Services & Policies
 - v. Outcomes (positive / unattainable / negative)



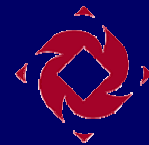
Understanding The Basics



Business Plan Components

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- c. Projected Conditions & Targeted Outcomes
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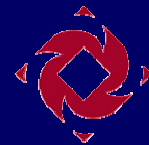
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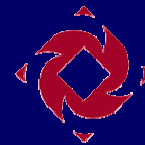
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Business Plan Components

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- c. Projected Conditions & Targeted Outcomes
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 - iii. Staff (quantity & skills)
 - iv. Services & Policies
 - v. Outcomes (positive)





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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

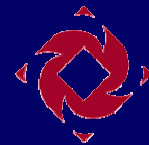


Understanding The Basics



Business Plan Components

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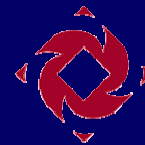
Understanding The Basics



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

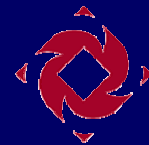


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Understanding The Basics



Business Plan Components

3. **Operating Paradigm / Service Delivery / Prices**
 - a. Income Generating Strategy
 - b. Target Service Quality
 - c. Membership Benefit Packages





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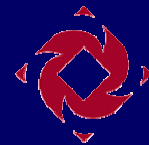
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Understanding The Basics



Business Plan Components

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



Understanding The Basics



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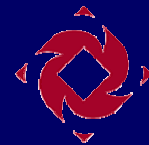


Understanding The Basics



Business Plan Components

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





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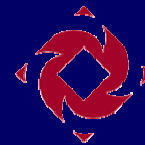
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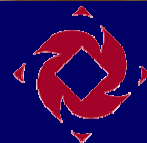
4. **Organizational Structure & Staffing Plan**
 - a. Reporting Structure & Managerial Responsibilities
 - b. Recruiting Strategy
 - c. Compensation Plan
 - d. Full-time / Part-time Staff Distribution By Function



3



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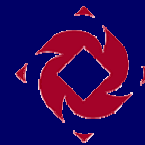
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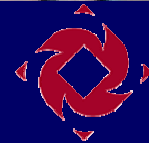
Business Plan Components

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





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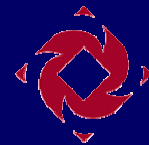
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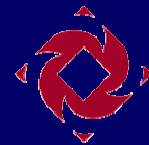
Understanding The Basics



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)

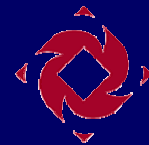


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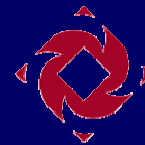
6. Risk Mitigation Plan

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

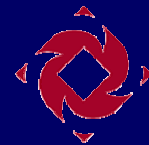


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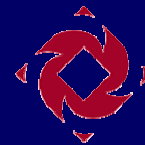
Understanding The Basics



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

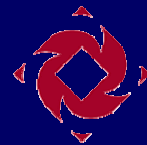
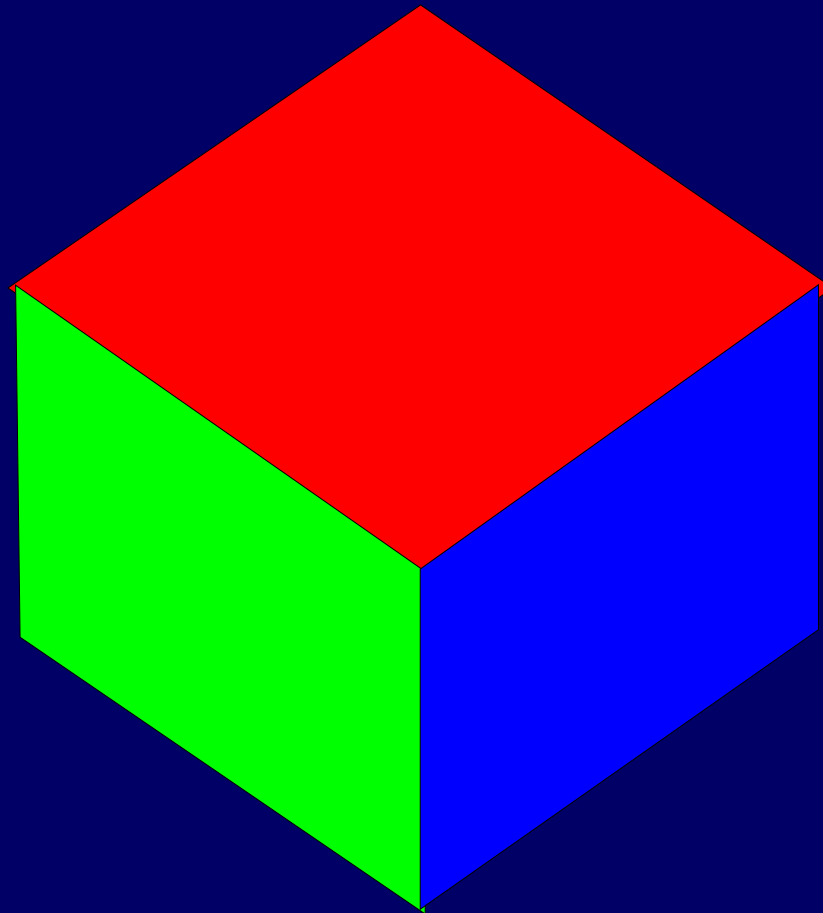


Key Quality Control Tips

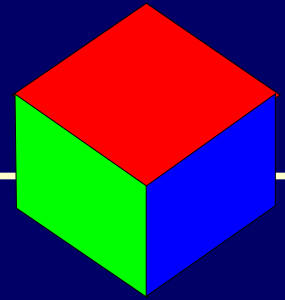
- ✓ **Address the Audience Appropriately**
 - Background Knowledge
 - Target The Right Issues / Questions / Concerns
- ✓ **Treat “Why” Explanations as the Most Important**
- ✓ **Be Specific & Back-up Facts**
- ✓ **Limit the Length (40 pages + exhibits)**
- ✓ **Ensure Internal Consistency**



Using Integrated Financial Models



Using Financial Models

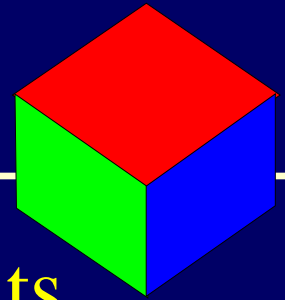


Integrated Model Components

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



Using Financial Models



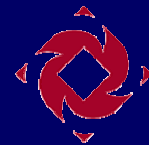
Integrated Comprehensive Model Components

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





Wrap-up

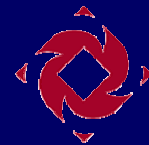


Wrap-up



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.”



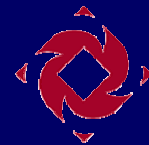
Wrap-up



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



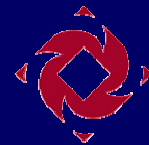
Wrap-up



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



A decorative red border with a stepped, geometric design surrounds the text. It consists of multiple parallel lines that create a frame with inward-pointing corners.

Building A Living Business Plan

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December, 2000*