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FBLA Business Plan 2019

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Personal Story

All throughout my life, I have been struggling to find my passion and apply it somewhere in the world. From as early as I can remember, one of the first passions that I had developed was playing video games. My grandpa had bought me Pokemon on the DS when I was six years old, and from that day on I had fallen in love with all types of gaming. However, as I grew up, that passion became more of a burden, as my responsibilities grew and the many people surrounding me had thought video gaming was just a waste of time. Many people thought gaming could just be a hobby, but nothing more than that, which I viewed differently. In middle school, I had first been introduced to competitive online gaming, specifically a game called League of Legends, a pivotal moment for me. Online gaming was different for me because the games were in real time against real players, producing a hyper competitive environment. It was here that I found my blood racing and the exhilarating thrill of playing, similar to the adrenaline found in athletes when competing.

Improving in competitive gaming is the greatest part of gaming, knowing how much time and effort you have put in and the results that it shows. Improving meant putting in countless hours into the game, such as a top tier athlete does for their sport. However, this conflicted with my studies during the later years of middle school and the initial year of high school. During this time period, I had begun obsessively playing video games with friends, even late at night, to try and improve and ignore the reality of life. This began to negatively affect my studies and social life, which is what many people perceive as what games do to young people. This period in my history of gaming was dark, and all I remember are all the problems that gaming caused me during that time. Eventually after my freshman year of high school, I had begun to control myself much better, and focus more on what is important to me as a student, my academics, social life, and balancing my life. However, this did not mean that I gave up gaming for good, but rather was a transitioning period for me.

In my sophomore year, I created the Esports club at my high school with a friend, a club where students could meet once a week during school and play video games together, creating a

strong community and a fun stress free environment. From this experience, I had developed crucial skills including leadership, entrepreneurship, creativity, and people skills, while pursuing what I love to do. I learned to balance gaming with all different aspects of my life, which helped me out substantially in my gaming performance. In the second semester of 10th grade, I had reached the top 400(top 0.01%) in North America for League of Legends, the highest rank I have ever been. Since then, I have now focused more on my academics and what I want to do in the future, but the basis of my passion has been rooted in video gaming. While running the esports club at my high school I, however, have been facing difficulties with access to high speed internet and obtaining good gaming computers to accommodate about 30 students who consistently come to enjoy gaming at the club. Even outside of school whenever my friends and I gather at someone's house where high speed internet is available for esports club we can't truly enjoy gaming with laptop computers that each of us bring to play. I have been looking for a place for us to gather and enjoy high performing gaming together while socializing beyond just virtual meeting online, but did not succeed in our areas. With this background information, I have decided for FBLA to create a business plan based on online gaming. I have always wanted to do something related to the business field, particularly entrepreneurship, so here I proudly introduce Gaming Ground, or GG, a common acronym used by gamers after a match which stands for "good game". Gaming Ground serves as a virtual gaming cafe for passionate gamers such as myself to get together, enjoy food, and play video games, fostering a strong community based on a passion that we all share.

1. Executive Plan

Gaming has emerged in the past decade as one of the largest industries in the world, with the global gaming market valued at \$137.9 billion, an increase of 13.3%, or \$16.2 billion from 2017. The gaming market is only expected to grow in the next few years, projected to grow to \$180.1 billion by 2021. This growth is astounding, as the CAGR of the market is 11.0% from 2012-2021. Maintaining a double digit growth rate for an entire industry for the past 10 years only validates how explosive gaming has been in the past decade, emerging as one of the top



industries in entertainment. With this opportunity, we present Gaming Ground, a unique gaming cafe in Boulder, Colorado. Gaming Ground serves as an essential location for gamers all around the Boulder county area to socialize and play online games in a comforting environment, while enjoying the benefits of top notch cafe food and child care service. The space around Colorado University in Boulder will well serve as the location for Gaming Ground, as a college campus provides the ideal target market for the company. CU also has its own esports team, and is one of the busiest and fastest growing metropolitan areas within Boulder, which is in itself one of the fastest economically growing cities in the Rocky Mountain region. Gaming Ground eventually aims to be an affordable and exorbitant experience where high speed wifi and high performing computers are provided to allow gamers to relax and play to their heart's content.

2. Company Profile

Legal Form of Business

Gaming Ground will be formed as a Limited Liability Company(LLC), which is the most effective legal form for small start up businesses. An LLC doesn't need to file a corporate tax return, meaning that LLC owners report their profits and losses on individual tax returns, avoiding double taxation. Additionally, LLCs benefit from legal protection, giving the owners limited liability for business debts and obligations, protecting their personal assets. Management flexibility is another benefit of LLCs, allowing Gaming Ground to be managed by its owners/managers on a day by day basis, creating better communication and overall effectiveness.

Effective Date of Business

Gaming Ground will officially start business on September 20, 2019 with about a 3 month remodeling/construction preparation time frame prior to opening the business.



Mission Statement

Gaming Ground aims to create one of the most unique and best experiences that a gamer can have outside of his or her home. Whether it is just a casual player or a competitive esports group, Gaming Ground provides the highest quality service possible in the Boulder County area. On top of the immersive gaming experience, Gaming Ground also has a high quality cafe to refuel gamers and even a small child care centers where busy young adults can drop off their children and continue gaming in their busy schedules. Gaming Ground strives to be a social experience for gamers to get out of the house and enjoy gaming on some of the highest quality personal computers and wifi, while relaxing with food and child care services within their sights.

Company Governance

As Gaming Ground is an LLC, it will function as a partnership. Jaden Kwon and his mother Sue Jean Chung will both be Chief Executive Officers (C.E.O), splitting the responsibilities evenly, including making corporate decisions, managing the operations, finance, and promotions.

Immediate Development Goals

- Obtain all the necessary space, capital, and services before launching
- Train employees adequately to create the most effective business process
- Develop a recognizable logo/brand name, sign for exterior building, advertise on multiple platforms including social media, websites, and on CU campus
- Satisfy all legal requirements before starting
- Design the space: Interior design/construction

Financial Status

The initial startup cost for Gaming Ground is around \$200,000, due to the working capital, cost of 30 computers (\$1500 per computer including monitor, keyboard, mouse, headset, etc) wiring of high speed wifi, rental space/redesign, and installation of the cafe. The owners will



put their own capital into the startup at around 20%, with a combined value of \$40,000. The rest of the money will be obtained through SBA loans of \$160,000 from the U.S. Small Business Administration with an interest rate of 5.6% and a term of 7 years (\$2,300/month for 7 yrs) to pay the loan off.

Initial Expenses to start up

1. Interior Design/Construction including purchase of furnitures	\$60,000
2. Computer equipments including built up high performing computers, big screen monitors, gaming keyboards/mouse/headsets and gaming chair:	\$4,5000
3. Network/IT/softwares needed for optimal gaming and security:	\$3000
4. Marketing/advertising	\$1,000
5. Misc	\$1,000
TOTAL:	\$110,000

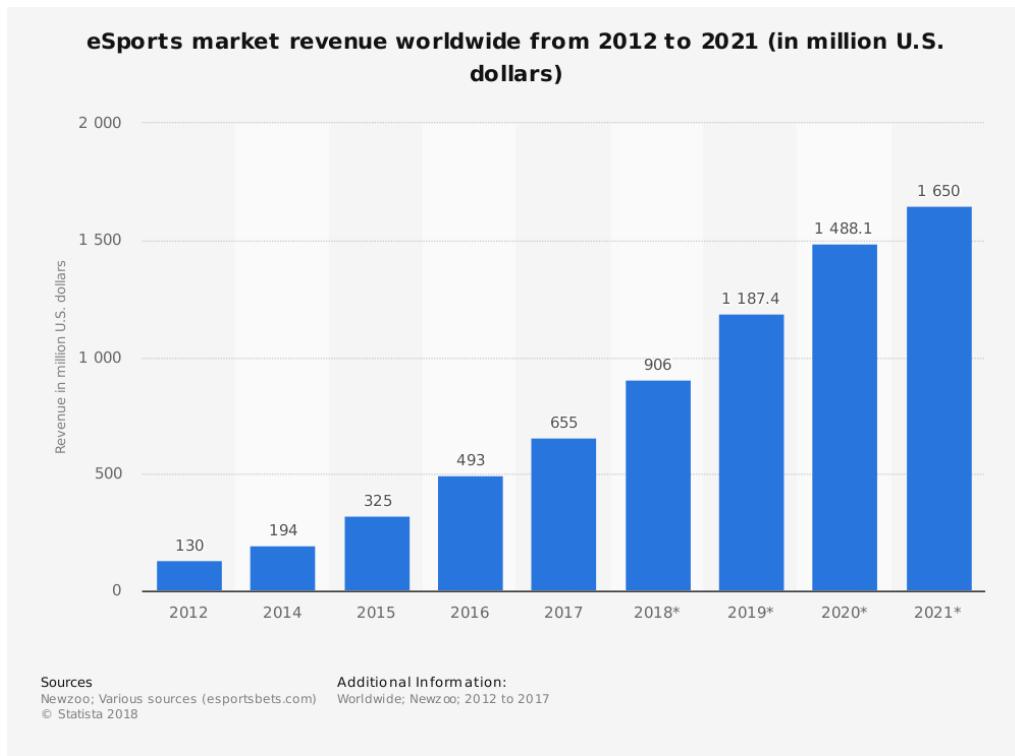
From initial capital of \$200,000- \$110,000 = \$90,000 in balance to be used for working capital which is enough to cover about 4 month running expenses.

Company Location

Gaming Ground will be located near the University of Colorado, Boulder. It will be located on 1674 30th Street on Sunrise Shopping Center. This location is 2300 square feet in area and leases at a value of \$4,800 per month including monthly operational fees. This location is in the close proximity of Arapahoe drive, one of the busier streets in Boulder, close to many popular venues such as King Soopers, Best Buy, and 24 stores. The location also has 407 parking spaces, and is only 1.0 mile away from Colorado University. This location is essential in that it is close to residential areas and a college campus, as well as 3 high schools with a close RTD station within walking distance, which results in high foot traffic and a stronger consumer base.

3. Industry Analysis

Gaming has emerged in the past decade as one of the largest industries in the world, with the global gaming market valued at \$137.9 billion in 2018, an increase of 13.3%, or \$16.2 billion from 2017. The gaming market is only expected to grow in the next few years, projected to grow to \$180.1 billion by 2021. This growth is astounding, as the CAGR of the market is 11.0% from 2012-2021. The gaming industry is the largest in the entertainment industry as of 2018, emerging as very influential in today's modern culture. Additionally, due to the success of esports, or competitive gaming, online gaming has exploded in popularity. Just in 2018, the esports industry within the gaming industry made \$906 million in revenue, with a worldwide audience of 380 million. Just to put those numbers into perspective, in 2016, the game's *League of Legends* world finals had 36 million viewers, while the NBA finals during that year had 31 million viewers. Esports has cultivated a unique culture of pc room gaming, which first originated and gained popularity in South Korea. The South Korean pc room, or in Korean the pc bang, first originated in 1988, and has increased to over 25,000 pc bangs as of today. South Korea became a country famous for their competitive gaming due to the nature of pc bangs, as many people, mainly students, did not have access to personal computers at home but wanted to play video games, prompting the implementation of pc bangs. Costing as little as \$1 per hour, providing food, and a unique social culture of gaming, they have become a staple icon of entertainment found throughout South Korea, as well as Asia, and is spreading to other parts of the world. Gaming Ground aims to emulate that sort of pc room found in South Korea and implement it into Boulder, Colorado, which has not experienced anything of that sort as of now.



4. Target Market

Gaming Ground has a broad audience that will primarily target young adults who are interested in gaming as our target market. With the expected 10% increase in growth of online games, our target market has opened even further than ever before. The age group for young adults is not completely exclusive, and includes teenagers to people in their mid thirties. While it is generally assumed that teenagers are the most avid gamers, that is certainly not the case. The online gaming consumer base has shifted its age group upwards in the past decade, with the average age being 31. Among the consumer base for gamers, around 29% are under the age of 18, and 30% are from ages 18-35. Among these demographics, we will further emphasize college students, due to the 1 mile distance from CU's campus. Additionally due to our affordable hourly prices and convenient parking spaces, college students are the best target market within the young adults. The highest percentage of online gamers have a high school

degree, at around 18.5%. Furthermore, income does not affect the online gaming consumer base, with gamers split relatively evenly among different economic brackets, around 10% per bracket, because of how widespread and available gaming is for the general public. Due to this, college students are an optimal target market for Gaming Ground. We aim to prioritize young adults, particularly college students, by advertising on various social media accounts, on our digital website, as well physically on the campus to maximize promotion and publicity. We will additionally establish contact with the CU esports team that practices regularly, and hope to partner with them, allowing Gaming Ground as a location for them to practice and us to benefit from the publicity. All these demographic trends within the gaming industry, as well as the location of Gaming Ground, has prompted the company to set the target market as young adults, focusing primarily on college students.

5. Competition

Key Competitors

Clutch Gaming is one of Gaming Ground's most prominent competitors. They are an internet cafe focused on gaming located in Lakewood, Colorado, 30 miles away from Boulder. They are one of the only large internet cafes in a relatively close distance to Gaming Ground. Their prices are also low at \$4 per hour and they also provide discounts for longer hours stayed. Additionally, they have a well established staff, snacks, and even virtual reality games, which could provide them an edge over their competitors. However, even though they are a strong internet cafe business, they are still too far from the Boulder area, while Gaming Ground is located in central Boulder next to a college campus, a large advantage for us. Additionally, we aim to attract young gamers with affordable prices of \$4.50/hr while providing higher quality food, a comfortable lounge/cafe area, and child care services (\$2.00/hr for facility users) for young parents who love gaming. Furthermore, Gaming Ground will provide birthday packages for younger children (10-15yrs) only during the weekend from 12pm-5pm with 2 hours of gaming, drinks, and food for a minimum of 8 kids to better utilize our facility. This is due to our facility offering a unique gaming environment with enjoyable food and sitting areas which is



ideal for birthday events with younger children. Finally, hosting monthly competitive/social events such as an invitation for college esports, providing a separate room for group practices/socialization for up to 4-5 people, and having various promotional events will distinguish Gaming Ground even further from other competitors.

Gamers Guild is another local competitor to Gaming Ground, which is also located in Boulder. Gamers Guild is located on 4550 Broadway, around 2 miles away from Gaming Ground. Gaming Guild is a store that sells both card games and video games, whose main distinguishing feature are its weekly events that it hosts. They also have a well established consumer base who come regularly to socialize and spend time at Gamers Guild. However, Gaming Ground is different in that we have computers, and Gamers Guild does not. Gamers Guild is not a traditional gaming cafe, but rather more of a gaming store with events, allowing us to differentiate with our high end computers and service.

Colorado University is the largest competitor to Gaming Ground, even though we are trying to collaborate with them in order to maximize efficiency. They are a competitor because CU Gaming already has over 300 players registered, and has different established esports teams. Additionally, CU Gaming is mainly free for college students, have their own form of advertising via social media, and have an arena on campus to play and practice. Gaming Ground recognizes CU as one of its largest competitors but potentially one of its greatest partners. We strive to set prices as low as possible for college students while providing the highest quality technology and service for CU Gaming students to practice when it's unavailable on campus.

Future Competition

Street Tea and Cafe could be a potential future competitor for Gaming Ground. Located on 4100 East Denver Street, 30 miles away from Gaming Ground, Street Tea and Cafe is a high end coffee/internet cafe. They have an extensive menu of coffee, snacks, and gourmet food, while providing high speed internet for work. Although right now they do not focus on gaming,

they could in the future change their marketing strategy to focus more on the segmentation of gamers.

Starbucks is another potential future competitor for Gaming Ground. As a globally recognized brand and coffee store, they are one of the largest and most popular coffee stores in the world. Starbucks is well known for their food and services, as well as a location to study or do work in. If Starbucks could shift more towards a gaming atmosphere, it could potentially be a large competitor for Gaming Ground.

Barriers to Entry

The main barriers to entry for other competitors going into the industry would be price, location, and differentiation. The price is a difficult barrier to bypass for many competitors because the startup and operational costs (computers, wifi, services) to run a gaming cafe is very high. Additionally, starting up near or in Boulder is very expensive, as Boulder has some of the highest leasing prices in the area, making it difficult for other competitors to set up near Gaming Ground. Gaming Ground's close proximity to CU and crucial location in central Boulder pose another barrier for other competitors, as now Gaming Ground will be the primary local firm within Boulder with the lowest prices and highest quality services. Finally, differentiation is a difficult barrier to entry for other competitors, as Gaming Ground provides not just gaming, but unique services such as a good quality cafe and child care services for young parents, forcing other competitors to differentiate in respect to Gaming Ground if they wish to compete.

6. Marketing Plan

Key Message

“Gaming Grounds provides the best services to gamers of all backgrounds from first timers to die hard competitors, providing an unforgettable experience.”

Message Delivery (below):

- **Social Media:** Gaming Ground will aim to deliver their company to the general public through various means. The first method is social media. Instagram is the most popular social media platform today, with countless businesses now utilizing Instagram to promote themselves, including Tesla, Nike, and even the president. Instagram has over 1 billion users, the majority being younger people, the target market for Gaming Ground. Gaming Ground will set up its own Instagram account before launching with the goal of attracting a large interested consumer base. Other crucial social media platforms for advertising include Facebook, Twitter, and Snapchat, all platforms that the younger generation utilize.
- **Youtube:** Personally created videos will also be used to advertise Gaming Ground, primarily on Youtube, to show a more dynamic and exciting view of Gaming Ground compared to static posts on social media.
- **Website:** Finally, Gaming Ground will have its own website on Google, where there will be details explaining what Gaming Ground is, its mission, costs, services, technology, and anything else that a customer could potentially be interested in. Search Engine Optimization(SEO) will also be implemented, as then customers will be more likely to stumble upon Gaming Ground while searching for gaming cafe related topics on the internet.
- **Mobile:** A mobile app will be developed for Gaming Ground as a fast and efficient method to browse about Gaming Ground. However, the main differentiating factor that the mobile app has is its reward system. The mobile app will provide frequent customers points every time they visit Gaming Ground, which in turn can be converted into price discounts ranging from computer usage costs to discounts on cafe food and beverages,

incentivizing customers to both get the mobile app and come to Gaming Ground more frequently, building a solid customer base.

- **Local:** Various other methods besides online will also be utilized to promote Gaming Ground. Posters depicting Gaming Ground will be put up all around the Boulder area, but mainly on the campus of Colorado University and popular areas around CU. For example, Pearl Street, various high schools such as Fairview and Boulder High, the King Soopers area on Sunrise Street, 29th Street Shopping Mall, Century Boulder Movie Theater, and additional locations will be utilized for advertising Gaming Ground as they are all very popular locations near the business.
- **Interpersonal Advertising:** We will also find a select group of gamers in the Boulder area to test our facility and provide their reviews online, on videos, and social media to promote our business and give consumers a more personal feel for the business before we officially start to spread news and publicity about Gaming Ground. We will also directly contact CU Boulder esports teams to offer promotions/discounted prices for them to come and practice gaming skills in our facility to promote participation of serious gamers which will lead to good advertising.

Sales Procedure and Strategy

The sales procedure will involve different systematic steps to get the customer from awareness of the business to actually coming in and making a transaction. There are numerous different ways a potential customer could find interest in Gaming Ground and come in, including the various social media outlets, website, videos, and promotions listed prior. Once a customer is aware and interested in Gaming Ground and comes in, their account will be set up on the front desk computer where they will have their login info. Once they have their login info, they can log onto any of the gaming computers and pay based on how many hours that customer wants to play for at the front desk. First time customers can set up their account and play for free up to

two hours. To retain customer interest in the future and provide a good impression, food and beverages from the cafe will be provided, as well as information about offers/discounts from our employees to keep customers coming.

Prices

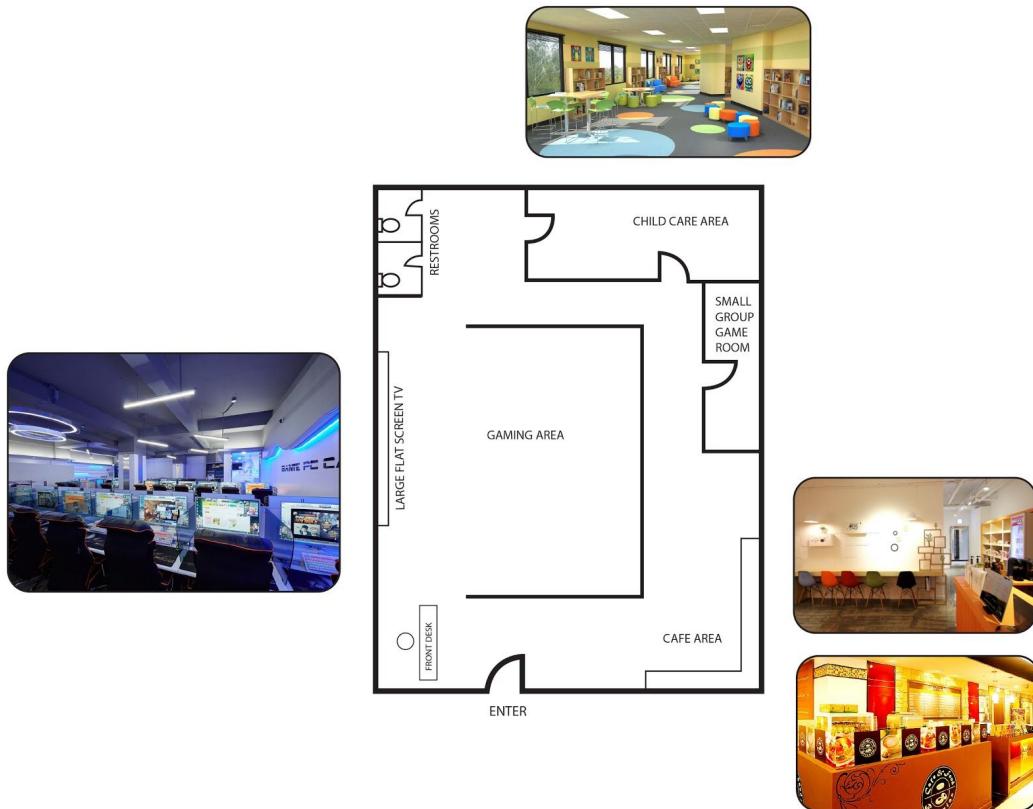
An account would be set up at the front desk and new customers would be able to play for free for up to two hours, as stated above. After the initial free 2 hours, customers would have to pay \$4.50 per hour. If a customer decides to play for more than 2 hours in one sitting we would offer discount deals to reward customers for playing longer hours. For example, a 3 hour package would be \$12.00 instead of \$13.5 which includes one free drink from the cafe, a 5 hour package would be \$20.00 instead of \$22.5 which includes two free drinks, and a 10 hour package would be only \$38.00 instead of \$45.00 which comes with three free drinks. These packages would be recorded in the customer's Gaming Ground account. The max amount of hours a customer can play in one session is 12 hours, as regulations must be placed to ensure the safety of a customer. Additionally, the average cost of an item at the cafe is \$3.00, making the food there accessible to customers while playing. The cafe will have selections of pre-made sandwiches, self serving cup ramen which includes hot water, gourmet coffee/beverages, salad bowls, fresh fruit, chips/cookies and some pasties. Finally, the cost of child care if needed would be \$2.00/hr, which is only available for customers who are staying within the facility, allowing customers with young children the opportunity to play videogames without the worry of taking care of their child or leaving them at home. The maximum is 4 hours of childcare in one session. We will offer child care services from 12pm till 8:00pm, and after that we will offer only an adult friendly gaming atmosphere without any kids at the site until closure at 2:00am. We will just provide safe and fun play area with supervision at the child care center.

7. Operations

Business Facilities

Gaming Ground plans to operate on 1650 30th Street, which is in the Sunrise Shopping Center located in east Boulder, Colorado. The business operates within a shopping center, and has one floor. At the entrance, the front desk will greet and register players to play. After getting past the front desk, there will be rows of computers spanning across the room. There will be 2 rows of 10 computers and 1 row of 6 computers with 3 spaces, with each cubicle having 2 computers for couple seating and 4 computers in a small private room for a small group usage, making 30 total computers. Near the front entrance next to the gaming zone, our high quality cafe will be set up with natural light sources from the windows and comfortable seating and table with free wifi usage upon purchase at the cafe while our child care area is in the corner of the room. Additionally, for lighting our gaming area would only have limited electronic/cyber elements with some vibrant electronic lights to focus more on providing natural light, open space, and neutral colors to our cafe. We will have two restrooms to accommodate busy traffic.

Gaming Ground Facility Layout



Production Plan

As Gaming Ground does not produce goods but rather is a service based business, Gaming Ground does not need to focus on suppliers or manufacturing goods as in a typical production plan. As our business is a service orientated business, we need to make sure to pay off rent and our costs to operate by generating as much revenue from people playing on our computers, buying food, and benefiting from our child care system.

Workforce Plan

The co owners Jaden Kwon and Sue Jean Chung will oversee and run the business, including human resources. There are numerous positions that need to be filled out and managed correctly for the business to run as smooth as possible. These include:

Front Desk Operator (1 ct.) - This employee runs the front desk and computer, making sure to greet people warmly, register their names on the database to allow them to be able to play on the computers, offer any potential discounts, and ask any questions that customers may have about Gaming Ground. 2-3 shifts to cover total 14 hours of operation (\$11.50/hr). This individual also has an essential position at Gaming Ground in keeping the facility clean and sanitary at all times during operating hours while a cleaning service would be provided by the building owner to maintain the building during after hours. The front desk operator is also expected to perform routine maintenance checks and notify management about any repairs to be made. The front desk operator is also responsible to check up on any IT or network/technical problems and notify the IT department for repair.

Cafe worker (1 ct.) - This employee runs the cafe at Gaming Ground. They are essentially baristas at a cafe, such as one at Starbucks. They greet people enthusiastically, take people's orders, provide customer service, and make transactions at the cash register. Additionally, they are required to know how to make all the different food and beverage items that the cafe offers,

which they will learn through on the job training. With this, they must know how to operate all the different machines that make the food items, the different ingredients, and keep track of the inventory that goes with the cafe. Therefore, cafe workers must be very good multitaskers and efficient thinkers, willing to take on a busy job during rush hours. They will have 2-3 shifts to cover a total of 14 hours of operation (\$12.50/hr)

Child care operator (1 ct.) - This employee has the essential job of taking care of children dropped off for child care. Child care operators must ensure the welfare of the children they are tasked of taking care of when the parents are away, and have a very large responsibility in Gaming Ground. Child care operators are optimally comfortable and fun for children to be around, and preferably have had experience taking care of young children in the past with a preference of possessing a child care certificate. They make sure children are enjoying themselves, making sure they are safe, and resolving any conflicts within the children that may arrive when their parents are at Gaming Ground. They are not responsible for changing diapers or soiled clothes for sanitation purposes as well as feeding due to allergy concerns. The parents would be called out to take their children in case of prolonged crying which lasts more than 10 minutes and in dangerous situations caused by their children.

Technology

Technology plays a crucial role in running Gaming Ground, which essentially hinges on the quality and efficiency of the technology. The most obvious role that technology plays in Gaming Ground are the gaming personal computers. The computers must be of very high quality as to ensure the interest of gamers who have a demand for the most optimal computers for gaming. With this being stated, gaming computers are very expensive, costing upwards to \$2k per unit. Besides just the computer, a monitor, keyboard, mouse, and headset must all be bought separately to suitor towards gaming. Because of this, Gaming Ground has decided to build their computers, and buy the additional accessories in bulk to reduce prices. Building computers is much cheaper than buying them build individually at stores, which will be essential in our



business. We will hire an expert to build not only the custom computers, but assemble the monitor, keyboard, mouse, and headset along with the computer. All this put together is estimated to cost around \$1.2k per setup, saving 40% if we had bought the units individually. Another crucial element that technology plays in our business is the wifi, which we plan to use the highest quality internet service from Xfinity. We also plan to use wireless ethernet to improve the wifi quality to guarantee low ping (less wifi delay) for gaming. Finally we plan to use firewall security to make sure that people do not install or download anything when on the computers. On the front desk computer, software will be installed that allows people to make their account to be able to play, which includes their payment based on how much time they set.

8. Management and Organization

Key Employees

As the owners, Jaden Kwon and Sue Jean Chung are in charge of general management and overseeing the employees who work at Gaming Ground. As a small business, we do not need to prioritize having numerous employees which other larger businesses do. Minimizing employees reduces outflow costs that can lead to less profit, maximizing efficiency for Gaming Ground. Our key employees are the front desk operator, cafe worker, and child caretaker. We will have at max 3 employees running simultaneously with 4 hour working shifts, rotating with other employees after each shift. Gaming Ground will operate 12 hour working days from 12 pm to 2 am from Monday to Saturday, 12pm-10pm on Sunday. The child care center will only be in operation from 12 pm to 8 pm daily. We will not have a board of directors as it is not necessary for a small business and LLC, and would cause higher expenses with no real benefit.

Identification/Recruitment

Gaming Ground will seek to identify the best possible applicants from a wide pool of different people. Since all the positions offered at Gaming Ground are not too difficult, applicants do not need an extensive amount of experience or a high level of education to apply,

widening the pool for potential employees. However, an applicant with at least a high school level education along with some level of experience would be prioritized. For the front desk operator, we are looking for someone who has had some experience running a computer at a front desk of a previous business, or has some credentials with computer operating systems. For the cafe worker, we are seeking someone who has had some previous experience working at a cafe or other food service based business, such as Starbucks. And lastly for the child caretaker, we are looking for someone who is certified with a babysitting license, and has had some experience taking care of young children in the past. Recruiting the workers will be done through advertisements and various websites such as Indeed and LinkedIn, where applicants can upload their resume and apply for jobs. Once an applicant is identified and recruited, they will be brought for a brief interview to see if they are a good fit for Gaming Ground. Once accepted, they will have access to personal on the job training by Jaden Kwon and Sue Jean Chung to maximize efficiency and create an easier transition for the employees.

Compensation and Incentives

Along with the \$11.50-12.50/hr base wage for employees and 4 hour shifts, employees will benefit from various compensation and incentive plans. Employees will have the option of working overtime, in which their wages go up to \$12.50-13.50 per additional hour after their 4 hour shift to incentivize longer working hours. Additionally, workers can experience free services if they work for a certain amount of time at the business. After working for 1 year at Gaming Ground, employees will benefit from one hour of free playing time on the gaming computers after their shift, as well as up to \$10 of food/beverage items daily from the cafe. By allowing these compensation and incentive plans, we create a better work environment with highly motivated workers, creating a stable working force and business.

9. Development

Short Term (3 years)



In the short term of the business, around the first three years, the goal is to survive and make stable profit along the way if possible. The initial year of Gaming Ground will mainly serve to establish the business as the primary gaming cafe to go to in the Boulder area. We strive to build a reputation as a very unique business to go to in Boulder, and hope to have a solid customer base by the end of the first year. Through the first year of business, Gaming Ground seeks to have an optimal 30% average occupancy rate throughout the business to have a secure consumer base and constant cash inflow. Within the initial year of business, Gaming Ground aims to break even and start reporting profits for the business, in which a large portion will be used for reinvesting into the business. Throughout and after the first year, Gaming Ground plans to establish numerous relationships with other areas around the business, primarily focusing on Colorado University and their esports team. We plan to secure a strong relationship, allowing members of the CU gaming team to practice and enjoy themselves when they are unavailable to play at CU. We will also offer discounts to members of the CU gaming team in hopes of building a better relationship, as they are our top priority in helping our business prosper.

Long Term (5+ years)

The main long term goal that we are aiming at is for Gaming Ground to be a very stable and profitable business in five years. This we will go over in our financial statements, but we intend to have a high growth percentage in terms of profit for every year in operation. We also plan to pay off all our SBA loans after the seven year period, allowing us to work debt free. Additionally, we plan to extend our marketing budget in the long term to wider mediums, including popular radios, tv commercials, and on numerous popular websites instead of what we have now with our current marketing budget. Furthermore, by five years we plan to expand the facility we have currently to an additional floor, adding 30 more computers, and extend our employee base accordingly. When expanding the business, we would also need to have a larger leadership team outside of Jaden Kwon and Sue Jean Chung to oversee the business. This new leadership team consists of a financial officer, marketing officer, operating officer, human resources officer, and a tech officer, who all oversee their respective elements and employees of

Gaming Ground, which is necessary as the business expands. In the long term, Gaming Ground is ambitiously looking to be one of the most well known business in the Boulder area.

Risk Analysis

Gaming Ground faces numerous risks as all business do, and must be thoroughly analyzed to prepare any setbacks that the business may face. These risks include:

Financial Risks - The startup cost to run Gaming Ground is very high due to numerous factors. This is mainly due to the amount and cost of high end computers/technology, major renovation of the facility, and expensive location near central Boulder. To face these problems, Gaming Ground has decided to have a computer technician build the computers and establish the wifi, minimize renovation, and locate in a part of an already established building complex so we don't have to pay for an entire building and expenses that go along with it. The average monthly expenses for Gaming Ground are around \$22,000, with more details in the financial report, which are relatively high monthly expenses for a small business. Therefore, securing a strong customer base through providing the best quality experience and advertising is our top priority to ensure that financial burdens will not occur.

Market Risk - Although our research on the gaming market has indicated how much the gaming population and industry has exploded in recent years, there still is risk that people will not come into Gaming Ground as much as we have predicted. This is due to recent changes in online gaming and technology in the past years. As online gaming has surged, so has the mass availability at home. Many online gamers play comfortably from their home with completely random people from across the United States, and therefore the question of what the benefit of going to a gaming cafe is. We answer this by offering the highest quality gaming computers and wifi at our facility, which many people at home do not have access to. We also offer high quality food at a relatively low cost at our premium cafe, and a child care system, which allows customers to enjoy good food while not being burdened with taking care of a child while

playing. Finally, through our marketing strategy, we will promote online tournaments every week with different games, incentivizing people to go to Gaming Ground and leave their homes to socialize and compete.

10. Financials

Accounting System

Freshbooks will be utilized in the future for accounting purposes. Freshbooks is a efficient and reliable accounting software specifically designed for small business with cloud based accounting applications. With Freshbooks, we can manage and pay bills, keep track of finances, efficiently keep track of time, and help pay taxes. For just only \$25 a month, Freshbooks is the premier accounting system for Gaming Ground, helping our business be as efficient as possible.

Cash Flow Statement

	Sep - 19	Oct-19	Nov - 19	Dec - 19	Jan - 20	Feb - 20
Inflows						
Computer sales	11340	9650	10050	10520	14175	13608
Cafe sales	420	510	540	560	880	860
Child care sales	180	220	200	240	420	460
Total inflow	11940	10380	10790	11320	15475	14928
Outflows						
Monthly SBA loan	2300	2300	2300	2300	2300	2300
Rent	4800	4800	4800	4800	4800	4800
Internet (IT)	500	500	500	500	500	500
Utility	800	800	800	800	800	800
Employment	12000	12000	12000	12000	12000	12000
Food items	1000	800	820	850	1020	980
Marketing	200	300	400	450	510	500
Misc	500	500	500	500	500	500

Total outflow	22100	22000	22120	22200	22430	22380
Opening Balance	90000	79840	65220	53890	43010	36055
Net Cash	-10160	-11620	-11330	-10880	-6955	-7452
Closing Balance	79840	65220	53890	43010	36055	28603

	Mar - 20	Apr - 20	May - 20	Jun - 20	Jul - 20	Aug - 20
Inflows						
Computer sales	14742	17010	22680	23814	25515	24948
Cafe sales	950	940	1160	1350	1370	1320
Child care sales	530	560	720	800	780	760
Total inflow	16222	18510	24560	25964	27665	27028
Outflows						
Monthly SBA loan	2300	2300	2300	2300	2300	2300
Rent	4800	4800	4800	4800	4800	4800
Internet (IT)	500	500	500	500	500	500
Utility	800	800	800	800	800	800
Employment	12000	12000	12000	12000	12000	12000
Food items	1120	1120	1020	1040	1180	1150
Marketing	560	320	380	440	410	420
Misc	500	500	500	500	500	500
Total outflow	22130	22340	22300	22380	22490	22470
Opening Balance	28603	22695	18865	21125	24709	29884
Net Cash	-5908	-3830	2260	3584	5175	4558
Closing Balance	22695	18865	21125	24709	29884	34442

As seen above in the cash flow statement, Gaming Ground operates with a negative net cash flow during the first 8 months of the business, but still has a positive closing balance due to the initial \$90,000 working capital at the start of the business. However, the negative net cash

flow diminishes as the 8 months progress, leading to Gaming Ground breaking even during May, and beginning to report continuous profit from May. This is due to the time it took Gaming Ground to be an established business and the increase in marketing beforehand to break even and start being profitable.

Monthly Income Statement

	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
Revenues						
Computer sales	11340	9650	10050	10520	14175	13608
Cafe sales	420	510	540	560	880	860
Child care sales	180	220	200	240	420	460
Total Revenue	11940	10380	10790	11320	15475	14928
Expenses						
SBA loans	2300	2300	2300	2300	2300	2300
Rent	4800	4800	4800	4800	4800	4800
Internet	500	500	500	500	500	500
Utility	800	800	800	800	800	800
Employment	12000	12000	12000	12000	12000	12000
Food items	1000	800	820	850	1020	980
Marketing	200	300	400	450	510	500
Misc	500	500	500	500	500	500
Total Expenses	22100	22000	22120	22200	22430	22380
Net Profit	-10160	-11620	-11330	-10880	-6955	-7452

	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
Revenues						
Computer sales	14742	17010	22680	23814	25515	24948

Cafe sales	950	940	1160	1350	1370	1320
Child care sales	530	560	720	800	780	760
Total Revenue	16222	18510	24560	25964	27665	27028
Expenses						
SBA loans	2300	2300	2300	2300	2300	2300
Rent	4800	4800	4800	4800	4800	4800
Internet	500	500	500	500	500	500
Utility	800	800	800	800	800	800
Employment	12000	12000	12000	12000	12000	12000
Food items	1120	1120	1020	1040	1180	1150
Marketing	560	320	380	440	410	420
Misc	500	500	500	500	500	500
Total Expenses	22130	22340	22300	22380	22490	22470
Net Profit	-5908	-3830	2260	3584	5175	4558

In the monthly income statement, the report is very similar to the cash flow statement, except the fact that this financial statement does not report the opening or closing balances, but rather just reports net profit. As explained in the cash flow statement, the company does not experience a positive net cash flow until after the initial 8 months of the business, due to the time Gaming Ground to establish itself and gain market recognition.

Annual Income Statement

	Year 1	Year 3	Year 5
Revenues			
Computer sales	155052	324000	440200
Cafe sales	10860	16600	32980
Child care sales	5670	8920	10520
Total revenue	171582	349520	497830

Expenses			
SBA Loans	27600	27600	27600
Rent	57600	57600	80700
Internet	6000	6000	9600
Utility	9600	9600	12000
Employment	144000	144000	180200
Food items	12000	14500	16000
Marketing	4890	5240	5400
Misc	6000	6000	7000
Total expenses	267690	270540	338500
Net Profit	-96108	78980	145200

The annual income statement reports that in the first year of the business, Gaming Ground reported a negative net profit, even though it had begun to make profit after the initial 8 months, due to the negative net profit in the first 8 months. However, by the third year, Gaming Ground will begin to report substantial profits due to its increased sales and popularity within Boulder, establishing itself as a very consistent and reliable business. By the fifth year, the business will have doubled its net profit from the third year due to expanding its facility and adding additional computers, adding to its popularity and profit.

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