

THE STUDY HALL

2018-2019 | SMALL BUSINESS MANAGEMENT PLAN

MISSISSIPPI PHI BETA LAMBDA

NORTHEAST MISSISSIPPI COMMUNITY COLLEGE

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## **EXECUTIVE SUMMARY**

The Study Hall is a Mississippi based company designed to provide a safe haven for students after school. It features study rooms, a restaurant, and an arcade/game room. The Study Hall is located on North 2nd Street, in the heart of Booneville, MS. The Study Hall offers local high school and college students a safe, friendly environment to study and hang out with friends outside of school hours. It will also employ high school and college students, giving them the opportunity to provide for themselves in an open environment with flexible hours.

The co-founders are two students who recognized a need in the community for a safe, fun environment for the local youth. After witnessing the activities fellow peers participated in after school, the co-founders created the concept of The Study Hall as a way to keep children off the streets and allow them to reach their highest protentional. Their passions include helping students excel and providing a safe environment for youth in the community. By taking these passions and applying them to a worthy business there will hopefully be a change in the way students prioritize their time and education. Pending the success of this location, there is hope to reach out to other communities in need of a fun, wholesome after school environment.

## **COMPANY DESCRIPTION**

The Study Hall will be a place where students can go to relax, study, and enjoy each other's company. It is located on North 2ndp Street, on the main strip of Booneville, Mississippi. This is strategic placement since both the local high school and community college are also located nearby, allowing students a safe walking distance between school and the business. The

facilities will feature a restaurant, study rooms, and arcade. The restaurant will serve reasonably-priced American food that is commonly enjoyed by youth. It will have a side-wing of sound-proof study rooms with monitoring cameras that allows students the ability to study in a peaceful and safe area. Finally, the arcade is designed as a pastime for students needing to relax or waiting for the arrival of their parents.

#### LEGAL FORM OF BUSINESS

The Study Hall will be owned by Brittney Walden and Devan Dunlap. It will be structured in the form of an Limited Liability Company (LLC). To achieve the LLC status, the proper paperwork must be filed with the state, as well as a fee to be paid. In doing so, liability will be separated from the owners. The Study Hall is a start-up operation that is independent from any other business currently on the market.

#### COMPANY GOVERNANCE

Being a Limited Liability Company, The Study Hall operates under the interests of its customers and under the guidance of co-owners, Brittney Walden and Devan Dunlap. Both co-owners reside under the jurisdiction of the state of Mississippi and the United States government.

#### EFFECTIVE DATE OF BUSINESS

Operations will begin on Monday, August 12, 2019. This date was chosen for the grand opening because it is shortly after the start of the fall semester. The hours of operation are based on optimal times for student business and will be as follows:

Sunday to Thursday	10:00 AM – 8:00 PM
Friday and Saturday	10:00 AM – 10:00 PM

## MISSION STATEMENT

Our mission is to be an original and unique operation that provides the best educational opportunities and meaningful relationships with the customer while providing a stimulating environment.

## VISION STATEMENT

To serve our customers while exhibiting strong morals and ethics in every aspect of business.

## IMMEDIATE DEVELOPMENT GOALS

The Study Hall's immediate development goals include training our employees on the operation and upkeep of the gaming systems as well as how to run the kitchen and restaurant area properly. Also, we will work to fine tune our method and approach to maximizing profits. These will be our development goals for the first three months of operation.

## OVERVIEW OF FINANCIAL STATUS

The Study Hall is a start-up business with owners Brittney Walden and Devan Dunlap, and investors Taylor Morgan and Alex Taylor. The building being bought will cost \$25,000. The renovations will cost \$15,000. The gaming systems will cost approximately \$15,000 with each costing \$500-1,000. An extra \$10,000 will be set aside for any unforeseen expenses. An additional \$30,000 will be required in the bank account for the first three months of operation as operating capital. This comes to a total of \$95,000. Each owner and investor will be contributing \$25,000. This will allow us an extra \$5,000 should it be needed, in addition to the \$10,000 budgeted for.

## **INDUSTRY ANALYSIS**

The Study Hall will touch on aspects of the education, entertainment, and food industries. However, we will mainly be classified as “entertainment”. The Arcade, Food & Entertainment Complexes in the US industry consists of Debit card-operated and coin-operated games and rides, food and beverages, admissions and corporate and party event services.

### **INDUSTRY SIZE**

Over the past five years, the Arcade, Food & Entertainment Complexes in the US industry has grown by 3.3% to reach revenue of \$2 billion in 2018. In the same timeframe, the number of businesses has declined by -0.1% and the number of employees has grown by 2.6% (IBISWorld).

### **THREATS AND OPPORTUNITES**

Children and teenagers make up nearly one-third of revenue for the Arcade, Food and Entertainment Complexes Industry, and will possibly make up an even larger percentage of The Study Hall’s revenue. An increase in the number of adolescent children will translate into a rise in demand for industry services, while a decrease will indicate a decline. The number of adolescents aged 10 to 19 is expected to stagnate in 2018, posing a potential threat to the industry (IBISWorld).

The products offered by amusement arcades are discretionary in nature. Consequently, as disposable incomes rise, consumers become more likely to spend money on leisure goods and services, such as trips to arcade, food and entertainment complexes. Per capita disposable income is expected to rise in 2018, representing a potential opportunity for the industry (IBISWorld).

## **TARGET MARKET**

### TARGET MARKET DEFINED

Our target market consists primarily of local high school and college kids. The ideal customer will be interested in wholesome fun with their friends, as well as taking advantage of our study facilities to learn.

- Age: 14-20
- Gender: Male and Female
- Education: Current High School or College Student
- Ethnicity: All

### EFFECTIVE ANALYSIS

The potential for an organization like ours has so far been untapped by the market. There are arcades where students can gather with friends (although none in our area) and there are places to study (a school campus or library), but there is nowhere that combines the two. A student needs study breaks, and what better way to achieve a balance between school work and fun than having a place where they can do both?

The number of teenagers that are working part-time jobs is steadily growing. As more students get pocket money from their jobs, more students will be attracted to our type of operation to spend their free time and money.

## **COMPETITIVE ANALYSIS**

The Study Hall's main competition will come from local entertainment venues. Our startup location, Booneville, Mississippi, does not have much in the way of entertainment. They boast a skating rink, a local park, and a game room (located on the local college campus). While the skating rink is an attractive destination for the younger end of our target market, many high schoolers and especially college kids view themselves as too old for a skating rink. That being said, an evening spent at the skating rink is fairly inexpensive which is a must for customers in this age range.

The game room on the local college campus does have the advantage of students being right there on site. However, they have two major disadvantages. They do not allow non-students to use their facilities, and their prices are much too high for students to be able to spend a substantial amount of time there.

Future competitors could arise since Booneville is a college town. It would follow that an entertainment/arcade type business would do well there. That being said, no one has tried yet, so there is no foreseen major competition in the near future.

#### BARRIERS TO ENTRY FOR NEW COMPETITORS

There are very few barriers of entry in the entertainment industry. That being said, purchasing all of the equipment and games needed to run a successful arcade is not cheap, therefore making it difficult for many to open an entertainment-based business. The correct licensing and insurance needed must be researched and purchased, but this is not a big obstacle to overcome if one is diligent and patient. The lack of barriers could result in a large amount of competition, but the money needed to do so is hard to come by in a rural area such

as Booneville, so a large spike in competition is not expected in the immediate future of The Study Hall.

## **MARKETING PLAN AND SALES STRATEGY**

### **KEY MESSAGE**

The Study Hall guarantees that all customers will be highly satisfied with their experience. The idea is to attract customers that relate to the idea of a place to study and hangout with friends. The key message will be to provide the best experience for the students and at an affordable price. The Study Hall's central marketing message will be the value of the experience customers will have with the business.

### **DELIVERY OPTIONS IDENTIFIED AND ANALYZED**

The Study Hall plans on utilizing several marketing channels to communicate our message with potential customers. Listed below are the methods The Study Hall intends to utilize.

#### **Road Side Signs:**

The Study Hall will be installing a billboard outside the business to help draw attention. Since it is located on the main strip of the town, it makes more logical sense to have a personal sign at the destination of business than to pay rent every month at another location in town. It is estimated to cost approximately \$3,000 for the billboard advertisement.

#### **Print Media:**

The Study Hall will place a listing in each major local newspaper. There will also be flyers posted in the hallways of the local high schools, community college, and areas that attract a youthful audience. This is expected to cost the company \$100 per month.

#### Social Media:

The Study Hall will utilize a variety of social media outlets, such as but not limited to, Facebook and Instagram. This will be a free way to advertise and will also be a good way to promote deals and special events.

### SALES PROCEDURES AND METHODS DEFINED

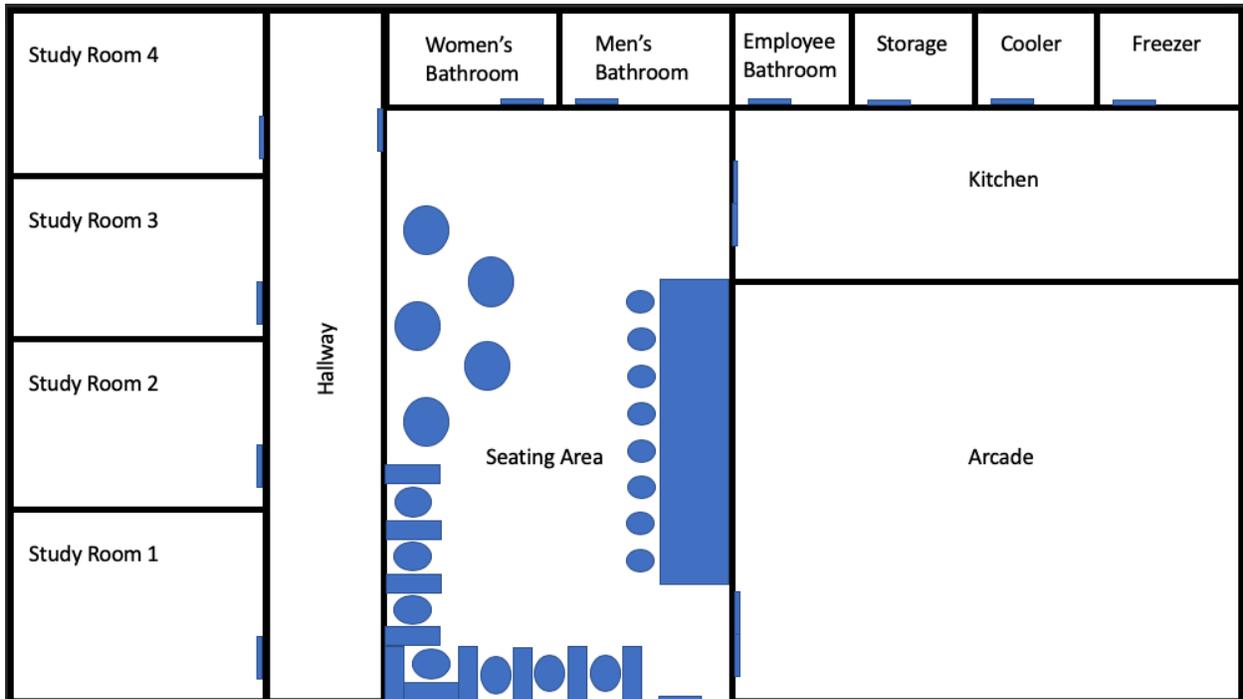
The Study Hall team members will be present in the store to assist with customer questions. Team members will greet customers with a warm welcome and kind smile. When the customer is ready to make a purchase, they will go to the cash register to checkout. The customer can pay with cash or debit/credit cards. Team members will also be available to assist anyone in the arcade having issues paying for the games. There will also be monitoring of study rooms and the arcade to ensure that the facilities are used only for the progression of the customers.

### **OPERATIONS**

#### BUSINESS FACILITIES

The Study Hall will be in Booneville, MS, on North 2nd Street due to its central location in town and proximity to the high school and community college. The facility will be separated into three sections: the arcade, the restaurant/kitchen, and the study rooms. The décor for the restaurant and arcade will be a retro theme similar to the 1950's in order to match our vintage

video games. The floor will be red and white checkered with the booths and chairs being glitter red vinyl. The table tops will be black. The arcade will follow a classic style with carpet and navy painted walls. Finally, the study rooms will be lighter in color to promote thought and will contain whiteboards and round tables. Below is the floorplan, as well as the location of The Study Hall on a map.





## WORKFORCE PLAN

The Study Hall team hopes to implement a workforce system where the employees can enjoy high levels of job satisfaction, thus resulting in a low turnover rate. In order to achieve this, The Study Hall will have a fun atmosphere and open communication. Weekly meetings will be held for all employees and the co-owners to set goals and discuss ideas on how The Study Hall can improve the experiences for both the employees and the customers. The work environment will also be fun due to the high-energy atmosphere.

## IMPACT AND USE OF TECHNOLOGY

The technology can be broken down into three sections: individual employee, company, and customer.

Every employee will have access to desktop computers placed throughout the facilities, as well as two tablets that will be used when a mobile device is needed (for example, to carry over to a gaming system that they need technical support to work on). The employees will also be responsible for learning how to operate the electronic cash register.

The most important aspects of the technology for the company as a whole are the cash register and gaming systems. The registers must be operated and balanced correctly for the company to run smoothly. Similarly, the games must be in top shape and running smoothly for the customers to have an enjoyable experience that provides the business with a profit. Knowledge of how to fix any glitches or issues with the games is a necessity for the business.

The customer's technology, as previously stated, will be the games. Having the games up and fully operational is imperative for the customers to have a good experience and want to return to the business.

## **MANAGEMENT AND ORGANIZATION**

### **KEY EMPLOYEES/PRINCIPALS**

Owners:

Ensure operations are running smoothly and that all employees are maintaining their schedules, quality of work, and efficiency. Also, responsible for maintaining customer satisfaction, and will oversee day-to-day activities.

Managers:

Responsibilities will include overseeing team members, maintaining customer relationships, always being present on the floor, making sure the time tables are correct.

Team Members:

Responsible for keeping the facilities clean, running the register, taking orders and cooking, and reporting any issues to the onsite manager.

#### BOARD OF DIRECTORS

Brittney Walden (co-founder)

Devan Dunlap (co-founder)

Taylor Morgan (investor)

Alex Taylor (investor)

#### HUMAN RESOURCES

All day-to-day and urgent operation decisions, including hiring and termination, will be decided by the owners. The owners will split the weight equally in all business decisions.

#### RECRUITMENT PLAN

There will be the use of hiring services such as indeed.com to recruit managers and team members, followed by onsite interviews. Also, recruitment efforts directly at the local community college will help get the word out to students about the potential job opportunities.

#### COMPENSATION AND INCENTIVES PLAN

The co-owners will be allowed to withdraw a percent of the profits to be decided amongst themselves, as long as the withdrawal is an equal share and does not financially put the business at risk.

All other employees are part-time and paid hourly as follows:

Managers: \$10/hour

Team Members: \$7.50/hour

There is potential for raises if the employee proves to be qualified and hard working.

## **LONG TERM DEVELOPMENT**

It is believed that The Study Hall is a company that can expand and grow outside of its initial location. That being said, hard work will need to be completed in order to meet the milestones set forth in this plan, and the business must be ready to accommodate any and all issues that will arise. There is hope that The Study Hall can grow into a multi-location company that is widely known for reaching students. Nevertheless, an exit strategy for the current shareholders of The Study Hall will be addressed.

## **LONG TERM GOALS AND STRATEGY**

The Study Hall's key strategy to push towards its long-term goals is to operate as a profitable business that allows us to reach the maximum quantity of students and allows the company to expand beyond its current operations to new locations. Before it can grow, realities and real-life implications of running The Study Hall must be faced. Brittney Walden and Devan Dunlap, the owners, will oversee all aspects of the business. A local real estate agent will be contacted to secure a property in the ideal location. They must then provide the builders with adequate oversight to ensure the plans flow smoothly from arcade to restaurant to soundproof study rooms, and negotiate with sellers to acquire décor, gaming consoles, and food.

Both Brittney and Devan will act as property managers, with at least one being on site at all times of operation. The focus will be on attracting students to the location and dealing with any customer concerns. Being deeply involved in the initial location will help to gain insight on

what is needed, wanted, and expected going forward with this location, as well as for the expansion locations.

After five years of proven sustainable success, The Study Hall will be ready to broaden its horizon. The first step towards expansion will be identifying communities that have a need and market for an operation similar to The Study Hall. Local real estate agents will be contacted for potential expansion locations.

#### RISKS AND POTENTIAL ADVERSE RESULTS

There are four major types of risk that could affect The Study Hall. They consist of strategic risk, operational risk, financial risk, and reputational risk.

Strategic risks could result from a shift in consumer preferences. To minimize this risk, there will be a continuous conduction of market research, and a team to speak with customers in order to identify customer trends. Updated technology could drastically affect the way The Study Hall operates, but if the consumer preferences shift to newer technology, then a complimentary shift will be accomplished by The Study Hall's team.

Operational risks could be caused by internal failures or by external sources. Employees or the gaming systems could cause problems, resulting in customer loss. Suppliers could fail to meet deadlines, also resulting in customer dissatisfaction. To reduce these risks, employees will be thoroughly trained to handle known failures and suppliers will be extensively screened prior to conducting business with them.

Financial risks relate to the company's handling of money and maintaining a profit. Some of the risks include rising interest rates and inflation. To minimize this type of risk, the company will operate with as little debt as possible to avoid paying extra interest due to rising

rates. The owners will take precautions to not exceed set financial limits to ensure that the company does not quickly acquire debt.

Reputational Risk may result from bad publicity that negatively affects the customer's perception of The Study Hall. Not only is it important for students to think highly of what the company is, but their parents must also approve. Word of mouth critique is something that must also be considered since the company will primarily be dealing with teenagers and their parents.

#### EXIT STRATEGY

By the twenty-year mark, the owners that built The Study Hall will be looking to step down from direct control of any and all locations, but they will still maintain their equity shares of the company. By this year, they plan to have the general managers step in to oversee the individual locations. Thus, the involvement of the original owners will be minimized and the management teams will be put in charge of all day to day operations.

#### FINANCIALS

##### ACCOUNTING SYSTEM

The accounting system The Study Hall will be using to keep track of its finances is QuickBooks® Online powered by Intuit®. This system is perfect for small business because it is both inexpensive and easy to use due to its workflow navigation. Also, QuickBooks® is fully-compatible with mobile devices, enabling the accountant to analyze or post transactions conveniently.

##### STARTUP FUNDING

The building that will be bought will cost \$25,000. The renovations will cost \$15,000. The gaming systems will cost \$500-1,000 each, and \$15,000 will be set aside to be spent on them. An extra \$10,000 will be set aside for any unforeseen expenses. An additional \$30,000 will be required in the bank account for the first three months of operation as operating capital. This comes to a total of \$95,000. Each owner and investor will be contributing \$25,000. This will allow an extra \$5,000 should it be needed, in addition to the \$10,000 budgeted for.

#### SALES PROJECTION

Based on analyses of past performance from other companies, a reasonable sales projection can be made. The anticipated gross sales for the first year are \$250,000.

#### FINANCIAL EXPENSES

The Study Hall's fixtures will include two tablets, two computers, two printers, and one cash register for \$15,000. Estimated yearly utility expenses are as follows: telephone/Wi-Fi, \$3,000; electricity, \$5,000; and water, \$1,000. Insurance expenses will be incurred every six months totaling \$4,000 per year including fire, liability, theft, storm, and flood. The company will retain the legal services of an attorney for \$600 yearly to represent The Study Hall and management on business matters associated with the company. Security services will be obtained through ADT. This expense will cost the company \$50 per month.

#### INCOME STATEMENT

The following income statement indicates that The Study Hall will operate at a profit of \$66,350 during its first year of business.

Income Statement  
The Study Hall, LLC  
For Period Ending August 1, 2020

**Revenue**

Gross Sales	250,000
Less Allowances	10,000
Net Sales	240,000

**Expenses**

Startup Costs	95,000
Fixed Expenses	28,650
Variable Expenses	50,000
Total Expenses	173,650

<b>Net Profit</b>	<b>66,350</b>
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## REFERENCES

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