

# **Thrive or Survive – Your Choice**

**By Peter F. Olesen, P.E.**

It's your show, you are the "boss" and the buck stops here. The fate of your operation is up to you. Your key decisions will set the course of your future. This article is directed toward "newcomers" to the industry. Those already in the industry may have learned the hard way, the consequences of ignoring the old adage "**failing to plan, is planning to fail.**" Not every concept or project requires the same emphasis of the following points, but failing to consider their importance can prove to be a mistake.

## **Recognize the Commitment Required**

The operation of a successful FEC requires a strong commitment of time and energy. For most facilities it is a seven day a week operation, at least during the peak season. For most the days are longer than eight hours. As a large percentage of the facilities will employ younger, mostly unskilled staff (high school and college age employees) personnel, there will be an ongoing challenge in hiring, training and scheduling that can take a sizable management commitment. It will be important to have on site mature, competent management at all times (for many locations this means the owner or key management will spend long hours "at the Office." Failure to have an ongoing management commitment will spell ultimate failure.

## **Selecting the Concept**

This is no small undertaking. It requires careful consideration of the target market the facility is to serve. Existing demographics, competition, available budget, capacity of proposed or selected site, and selection of magnet attraction(s) all enter into the final mix that can maximize attendance and revenues. In selecting specific attractions make certain you consider the entertainment and excitement value, hourly capacity, compatibility, cost and space requirements.

## **Finding a Location**

The selection of the correct location for the facility is critical to its ultimate success, regardless of the concept. The elements to consider include placement within a viable market, ease of access, travel times, sufficient size or capacity for the proposed concept, neighborhood, availability of sufficient parking, space for attractions and amenities, reasonable real estate costs, proper zoning, location and composition of existing and announced competition and potential availability of future labor force.

## **Selecting Consultant(s)**

Depending on one's personal expertise, there is a need for upfront expert input on many issues, including industry expertise, feasibility, site planning, attraction design, real estate, legal, financial, architectural and others. There are far more consultants professing qualifications than there are ones actually having the specific qualifications that will benefit your specific project. Take the time to find out whether the ones you consider have actual experience and specific expertise for the services you will require.

## **Establishing Proposed Attraction Mix**

Many attractions do not have the through-put (guests per hour) to address the overall demand of the guests attending your facility. While not every attraction needs to have high hourly capacities, your anchor or magnet attractions must, as they are the reason people will come. There are only a limited number of attractions that fall into that category, with the remainder being impulse attractions.

Go-karts, miniature golf, laser tag and bowling all have the proven ability to attract large numbers guests from greater distances. Food and beverage capabilities can also become magnet attractions in many situations.

For a facility to reach its full potential it is very necessary to include a number of impulse attractions as well. Game rooms are the ultimate impulse attraction and often become the largest single attraction revenue generator. In most situations, game rooms would only have little or moderate success without magnet attractions such as the above.<sup>1</sup>

Take the time to establish a mix of attractions that can adequately hold and entertain the number of guests that you anticipate will be in your facility during peak periods

In addition to magnet attractions, a well planned facility must also have birthday party rooms, some food service, attractions such as bumper boat ponds bumper cars, zip lines and ropes courses. It is important to include enough of these supplemental attractions to extend times of stay and increase per capita spending to assure revenues will be sufficient to generate a positive return on the investment.

There are a number of newer attractions currently experiencing some stand alone performance, such as escape rooms, trampoline parks and eatertainment facilities. Even a few Virtual Reality operations are experiencing early success. Whether these will stand the test of time and the marketplace is still to be seen.

### **Determining Feasibility**

It is in every developer's best interest to establish the feasibility of any project, even when not seeking investment capital. Not many investors will consider a self developed feasibility study to be unbiased and realistic.

While not an exact science, there are a number of firms (both small and large) that have established proven track records in the family entertainment facility feasibility market. Be careful, the family entertainment market is different than most retail markets. Don't become a beta test for a firm outside the industry. Beware the consultant that has never met a facility he didn't like.

### **Developing a Business Plan**

It will be extremely difficult if not impossible to obtain financing from banks or private investors without a well prepared business plan. The plan should clearly present your concept, proposed target market, proposed attractions, financial projections that consider revenue, construction and operating costs, cash flow, proposed management team and justification that the project can be successful.

### **Marketing the Business Plan**

There is no perfect, one size fits all business plan. For that reason, it is a wise move to develop a list of potential banks or private investors that you would consider approaching for financing. If you've created a clear, sound plan that your first potential investor finds to be a sound investment you are among a minority. Not everyone is that good or that lucky. To be successful you have to meet the expectations of the investor, who may be looking at the project from a different standpoint.

Don't give up if the first potential investor you approach turns you down. They may have specific concerns with the Plan itself or they may not be moved by the concept or disagree with your basic assumptions. They will most likely have questions, possibly identifying weak spots, identifying issues

you failed to address or did not present clearly. Take it as a learning experience. This allows you to see your plan from an investor's viewpoint and provides an opportunity to improve your Plan. Repeating this a couple of times may well result in improvements to your proposed business plan that offers a far greater chance to be accepted by an investor.

Most potential investors will have certain common expectations, but some may have unique points of view as to how the base information should be presented and which elements are the most critical. This may well identify what data may be missing and potential issues you may have failed to address.

Carefully review the comments made, questions you did not answer, or failed to answer effectively. Do not become defensive in looking back on the experience. Treat it as a teachable moment or learning experience. Keep a positive attitude. The reviewer or loan committee may have given you the opportunity to go back and readjust your approach and presentation into a better plan, clearer presentation and the possibility for improving the overall package.

Keep in mind it is one thing to know what has to be done, but another to actually do it. Don't stay with aspects of your presentation without having the wisdom to acknowledge possible gaps, incorrect assumptions and other changes that are brought out in the initial presentation. Make each "challenging encounter" prove to be an ultimate success.

#### **Eliminate your Procrastination Button:**

Far too often procrastination can turn ultimate success into failure. Each moment not used is gone forever. Putting off "sticky" or unpleasant decisions may well result in fairly minor adjustments becoming major disasters. This applies to financial decisions, personnel problems, equipment repair and numerous other situations throughout the entire course of your operation. Procrastination has never been a positive trait of success.

#### **Believe in Yourself:**

If you don't believe in yourself and your project, you have two choices, drop it and move on with your life, or you can take a hard look at where you are at this point and create a project and concept you do believe in. No one will invest in your project unless you can convince them you do believe and that you have taken the time to create a package that will succeed, and that you are committed to making it happen.

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