

IT TAKES TIME

You won't be open next week!!

By Peter F. Olesen, P.E.

Too often we encounter people that have a project they wish to develop and feel that they can be up and running in several months. Having provided consulting services to clients on more than 420 projects in the family entertainment sector alone, we have found this to be unattainable in almost every situation. To take a project from initial concept to construction requires a number of specific steps that may vary slightly from community to community, but all have specific time requirements that stretch out the total time required to get to the point of breaking ground and completing the project.

Important steps in moving from Dream to Reality:

Each project will face individual challenges that may vary from project to project. There are, however, many situations that must be addressed in most situations. These include the following:

1. Defining your dream
2. Establishing personal commitment
3. Becoming familiar with the industry
4. Building a project team
5. Identifying a project site
6. Preliminary investigations
7. Determining the suitability of the site
8. Developing Concept Plan and Finalizing Proposed Attraction Mix
9. Quantifying project space requirements and costs
10. Establishing feasibility
11. Developing Business Plan
12. Determining financial capability
13. Verify local codes and ordinance compatibility
14. Developing community support
15. Commencing review and approval process
16. Final design
17. Selection of specific equipment
18. Hiring and training staff
19. Establishing security program
20. Selection of Contractors
21. Controlling construction
22. Preparing for opening day

Depending on the results of the above elements, there are several additional steps that may occur at any point in the above process. These may include one or more of the following:

- Revising original concepts
- Seeking a second location
- Overcoming agency or community objections
- Finding alternate financial support
- Rebuilding or revising project team

1. Defining your Dream:

Before you move from a starting point, you should have a clear picture of what you are seeking to undertake. The overall process in moving from concept to operation can be a long and daunting experience if an individual doesn't get organized in the beginning.

2. Establishing Personal Commitment:

Anyone entering into the family entertainment industry must recognize that it takes a lot of time. Most facilities are open 10 AM until 9 or 10 PM during the week and until 12 PM or later on Friday and Saturday during the busy season. For outdoor facilities this can range from 6 to 8 months a year, while indoor facilities may have those operating hours year

around. If you are planning to operate a small facility, you may be pulling those hours yourself. Obviously having more than one senior management person in the organization can dilute those hours into a conventional workweek, but don't count on it.

This is an industry that thrives on personal commitment, as this is the only way a facility can provide an entertaining experience. Without management commitment there will be no employee commitment and the resulting lower morale and performance results will be very disappointing.

3. Becoming Familiar with the Industry:

Before venturing into the industry and committing yourself and your finances to it, make a strong effort to really know what you are going into. It's more than collecting revenue. It requires strong ownership and/or management effort in order to succeed. It includes visiting existing facilities and talking with their staff and management. You should attend tradeshows and seminars to become more aware of what is available in the industry. Take every opportunity to meet other individuals in the industry in order to get to know the individuals with whom you can network. Join the International Association of Amusement Parks and Attractions (IAAPA), which is the major active organization associated with the industry. They hold annual trade show with accompanying seminar programs and have publications that can be useful as resources.

For a detailed introduction to the industry and the various issues you will face, this writer also recommends attendance at Foundations Entertainment University (www.foundationsuniversity.com), which is a 2 1/2 day seminar covering the family entertainment industry in terms of a concentrated program spanning concepts, feasibility, financing, design, operations, staffing and cash control. It is held three times a year in different cities. Attendees receive a 200+ page manual and a CD, which will serve as your guide for years to come.

It would also be informative to subscribe to Tourist Attractions and Parks magazine. It presents a broad range of family entertainment industry articles each month. IAAPA publishes a monthly magazine, Fun World. For game room and vending information there are Play Meter, RePlay and Vending Times magazines.

4. Building a Project Team:

It is important to surround yourself with the best project team available. This includes design consultants, financial advisors, attorneys and related specialists that can guide your project in the right direction.

Selection of Feasibility Consultants:

There are firms that specialize in feasibility studies for a wide range of projects and there are firms that specialize in family entertainment center (FEC) projects. The FEC industry is a "cottage industry" in that it is small and is comprised of many very specific and diverse concepts. It is important that the consultant you select be versed in the FEC industry, in order to make a realistic projection in terms of market penetration, selection of attractions and capital costs. This is acquired information based on experience. There are no detailed handbooks to use for reference in developing feasibility studies. Because of the variability of attraction mixes, demographics, transportation networks, construction costs and operating philosophies, feasibility studies are subject to many judgment calls that rely on the experience and expertise of the people performing the work. This is not meant to imply that there aren't firms with sound track records in making projections for FECs.

In performing feasibility studies, the people making the projections must weigh all of the above mentioned elements as well as making a determination of the skills, commitments and judgment of the client in determining how well the project will be marketed, the quality of the attractions that will be developed, the selection of staff and the training and operating philosophy that will be followed. Without a sound background in the industry, the persons making feasibility analyses would be seriously handicapped. When selecting a feasibility consultant, make certain they have a background in the FEC industry. Don't be afraid of asking for references.

The last thing a client needs is a consultant that never met a bad project. If your project isn't feasible, the consultant must make you aware of that fact. It is easy to anticipate that everything will go right and that there won't be pitfalls along the way, in terms of weather, economic down turns or other unexpected incidents that can impact on your bottom line. It is important that any long-range projections give consideration to possible reductions in attendance and resulting reductions in projected revenues.

Selection of Design Consultants:

A good design consultant is absolutely necessary to assure maximizing attraction entertainment value. Just as excellent design can assure maximum return visits, poor or mediocre design can result in lower guest satisfaction and reduced return visits.

A stunning appearance may draw the first time guests, but repeat visits depend on the entertainment value of the attractions and the relative satisfaction the guest feels with his experience. A guest that is satisfied with his/her experience is likely to tell a few friends, while a person that has had a bad experience (be it because of poor customer service, mediocre or poor attractions or other reasons that weren't satisfactory) tells everyone that will listen.

There is no "one design fits all" solution to creating entertaining facilities. Nothing has to be the highest, fastest, longest or most challenging in order to provide a good experience. It is important to create designs that are entertaining and/or exciting in order to trigger the positive guest response.

Good designers can incorporate sound design concepts into a project and still work within reasonable budgets. Unfortunately, some elect to keep using designs that may have been satisfactory twenty years ago, but have become boring in comparison with modern design. Modern guests are far more experienced in what constitutes a good experience as opposed to a boring one. As a result their expectations are high.

Good design firms will have worked on a variety of concepts and facility configurations. They have the benefit of experience and a thorough knowledge of the industry, trends and equipment, as well as reality checks as a result of the projects they've already designed.

In selecting a consultant, check their references and if possible visit one or more of their completed projects. Discuss your concepts and ideas to determine if you communicate well with each other. Discuss how they propose to assist you in reaching your goal(s). Establish a comfort factor, as being compatible is very important to the overall success of your project.

A good design consultant will benefit you in several ways. In terms of design and construction, they can provide better designs and realistic budgets that will result in construction cost savings and increased revenues.

Additional team members:

In addition to the consultants that can guide you through the industry specific elements of your project, you will need an attorney for business element legalities; a local engineering/survey firm to obtain the site topography and coordinate work with local highway, drainage and public works agencies and related general civil engineering services and possibly a financial advisor to assist in developing a business plan, contacting potential investors and in general, assisting in the financial elements of the project.

5. Identifying a Project Site:

If you don't already own the property you plan to develop, the selection of a site is of prime importance. It must be in a market that can support it, in a location where people can easily access it in terms of local roads and area highway systems. People will not search for a facility; they want the route to be easy and uncongested. The site must be visible from the access route and access onto the site should be easy and safe.

One of the most critical elements of a successful project is the location of the facility. Failure to locate the site on a buildable site in a location that is easily reached from your target market can result in complete failure, even if the concept is feasible. Visibility from a freeway may not mean that people can leave the freeway and find your site. A site may be suitable from a construction standpoint, but local regulations (drainage concerns, easements, neighbors and access restrictions) may well create stumbling blocks or complete barriers against obtaining approvals.

The site must have the proper zoning or be easily rezoned. It must be large enough to accommodate your concept, with room for expansion. It must not be a wetland, be located in a floodway or floodplain or have unsuitable soils. Many jurisdictions have very restrictive regulations regarding stormwater detention, sanitary systems, removal of trees, noise and light "pollution", hours of operation and related local concerns.

Much of the above site related information can be obtained from the local jurisdiction planning or engineering staff. Don't purchase land without having done your homework regarding the impacts the above concerns may have on your site's suitability.

For many rural or suburban sites the availability of potable water and the ability to construct septic fields may be a serious concern. In other areas, fire department regulations may dictate the size and type of facilities permitted on the site.

6. Preliminary Investigations:

Depending on your own expertise and experience, selecting a site for consideration may only involve your seeking out a realtor with knowledge of the area you plan to develop your project in. For many it will also involve a financial advisor, partners and your design consultant. Once you have reached a point where you wish to establish an option to purchase pending feasibility and engineering studies, you would be well advised to have experienced legal counsel prior to executing any options or purchases of real estate.

7. Determining Suitability of Site:

In addition to the concerns expressed in the previous section, a site must be able to contain the proposed parking, buildings, attractions and related facilities that may be a part of the overall master plan. An irregular site configuration may make effective use of the available space impossible. Your design consultant can advise you of the capability of the site to accommodate your desired attractions and associated facilities.

8. Developing Concept Plan and Finalizing Proposed Attraction Mix:

The mix of attractions will determine the draw from the target market. There are attractions that can draw guests from long distances, while others have a far more local draw. Proper mixing of attractions to include the most attractive mix for the general target market will assure the best draw. It is important that the concept addresses the range of age groups it is intended to attract. Remember, "the 16-year old may determine where the family group will go, but the 3-year old will determine when you leave". Far too many facilities fail to provide sufficient attractions and/or amenities to keep the toddlers happy. This can result in shorter family group stays and a resulting decrease in the per-capita spending.

The design of each specific attraction is very important. Not all designs are equal. Many go-kart tracks, miniature golf courses and other attractions are still being constructed using outdated designs, yesterday's construction methods, boring experiences and related concepts and therefore failing to meet their potential.

Be certain your design consultant is aware of the most recent construction methods and products currently available and has a demonstrated ability to create new and challenging designs.

9. Quantifying project space requirements and costs:

In the initial phases of the project it is important to have developed enough of a project concept to be able to define site needs in terms of interior floor space, exterior space, initial attraction requirements and related information in order to determine early on whether or not the facility you have in mind will be large enough. At the same time it is very important that you have some concept as to how you will be able to finance the project. This will include knowing what the project will cost at least in general terms and a realistic concept as to how you will finance it.

10. Establishing Feasibility:

Unless you have a location that has a million people living within 10 to 15 miles of your site, you will in most likelihood require a feasibility study to present to the bank or potential investors. They will not want to make a commitment based on your dreams and concepts without some assurance that there is a strong potential that the project will be very successful. You should want the same reassurances if the investment capital is all yours.

Don't rely on local demographics developed by chambers of commerce, etc. The distribution is usually too general to apply to a specific site. A firm specializing in the development of feasibility studies for the family entertainment center industry should be used in order to establish creditable attendance and revenue projections.

11. Developing Business Plan:

A well thought out business plan is an absolute necessity if you are to be successful, not only in properly planning out your project, but in the process of obtaining funding to construct your project. Many people develop their own business plans. Some are very well done and meet with the approvals of banks and other potential investors. Unfortunately many are not

well prepared and do not contain valid information, realistic projections or enough total package information for bankers to make realistic evaluations. The local Small Business Administration may be able to provide valuable guidance in the process. There are software packages that establish business plan outlines for people to follow. Experienced feasibility consultants can provide plan preparation services or assistance as well. This becomes more important as the magnitude of a project increases.

12. Determining Financial Capability:

As you develop your project concepts, determine the potential feasibility and begin your business plan, you must have a moment of truth with yourself, where you get serious in terms of how well you can address the financial needs of the project. This will help you identify the amount of funding you will be seeking from banks or private investors. You will need to know this as part of the financial support you will seek.

13. Verifying Local Codes and Ordinance Compatibility:

Each community has its own set of zoning ordinances that set out what can be constructed in each zoning district. The ordinances also regulate front, side and rear yard setbacks that can restrict the available space for development. There are also rules regulating noise, hours of operation and lighting. Make certain you have checked out the regulations that govern your site before you finalize any master plans, site engineering or other work that may be affected by these rules. There are also other local or state regulations that may impact on drainage sanitary sewers, water mains and related issues. Highway departments often have specific restrictions on driveways, left turns and related issue. Don't forget to check them out carefully.

14. Developing Community Support:

Prior to submitting plans for approval by planning and zoning boards, it would be very wise to "meet the neighbors" and to cultivate business and political leaders to better understand what you are and what you are not. Once people receive notices that there is a new project proposed in the neighborhood, the rumor mills start grinding. It is far better to have laid your cards out on the table, so to speak, with the people that can either hurt you or help you; than it is to have people coming to the meeting already seething, because they were not aware of the idea ahead of time. Many people don't know how to reverse themselves once they've taken a position. This is especially true of community leaders, commission or board members and elected officials.

The more you can reinforce positive thinking up front, the better the ultimate results will be. Don't be afraid of arming your opposition, real opposition will be able to get all the ammunition without resorting to the facts of your plans. You don't want to create enemies out of people who aren't familiar with your type of facility.

There are information packages available that can be of great value in helping people feel comfortable with your proposed facility.

15. Commencing review and approval process:

In almost every jurisdiction, there are certain requirements that must be met prior to actually starting construction. These include initial concept reviews with planning or zoning authorities, multiple reviewing agencies, departmental reviews within each agency, possible public hearings, development of construction plans and specifications and their agency reviews, plus final approvals. Depending on the magnitude of the project and the complexity of the review process in the given community, projects can take anywhere from three months to more than a year from initial submission until final approval. This does not include the time required for your design team to prepare the concept, preliminary and final plans.

16. Final Design:

It is important that the consultants you select to prepare your final plans and specifications (presumably the ones that developed your master plan) are fully qualified, have a track record of designing modern, entertaining and exciting attractions and understand the construction industry. We strongly advise against the use of go-kart track plans prepared by go-kart manufacturers, as they do not have the broad experience in modern concrete design, site drainage, lighting and complete FEC design, which should all be part of a coordinated facility design.

Final design plans and specifications should be extensive enough to insure that all elements of the design are presented clearly, with construction details that clearly illustrate the assembly of unique safety elements, barrier systems, curb and gutter details and related elements.

17. Selection of Equipment:

Once the attractions have been determined, it is important to select the proper equipment for the attractions. This includes the specific go-karts, bumper boats, bumper cars, mini-lane bowling lanes, arcade games, inflatables, soft play, laser tag and related elements.

Not all products are equal in quality, suitability, safety and entertainment value. Make careful selections, as they will determine the success or failure of your endeavors. Your design consultant should be able to provide guidance in terms of the specific equipment selected.

18. Hiring and Training Staff:

You never get a second chance to make a first impression. The staff you select to serve your guests and to operate the attractions represents the image of your facility that is seen by your guests. Select the wrong ones and you may lose your repeat market, which is vital to your ultimate success. The people you employ must genuinely like working with people, have a positive approach to each day, are honest, trustworthy team players and willing to take whatever assignment you may give them.

Each employee must be given an employee's manual that presents the organizations mission, specific goals and its expectations of each employee's performance and appearance. It must emphasize the importance of each employee having a positive attitude at all times. The employee must be told that he is a key member of the facility team and that he represents the organization each time he/she interacts with any guests or other parties having business with the site.

The manual must stress the importance of each employee being aware of all safety regulations, the location of emergency kits (first aid and accident reporting), fire extinguishers, emergency lighting and exit routes for exiting the attractions and buildings in the event of fire or weather emergencies and related issues. All employees should be aware of the proper method of using fire extinguishers and other emergency equipment. Specific job descriptions should also be included.

The nature of the industry causes wide fluctuations in attraction usage. This can easily require that employees be trained to multi-task during slow times or when other employees may not show up for work. A wise operator will train as many of his staff to multi-task as possible.

People tend to get complacent, resulting in a need for management to reinforce initial employee training with periodic supplemental training to assure their best possible performance.

19. Establishing Security Program:

You must plan your safety program before your facility is completed and open for business. This can be a combination of your own concepts, your design consultant's and your insurance carrier's. Additional suggestions may be available in the various industry publications.

Responsibility for your guests' safety and well-being begins when they pull off the road and onto your driveway and remains your responsibility until they leave your premises. We champion a facility having a single entrance, which is also the single exit for the facility (exclusive of fire exits and locked gates). We also recommend that the entire site be fenced with a security fence to prevent unwanted people from entering and/or leaving the facility indiscriminately. It is advisable to utilize security cameras at critical locations throughout your facility, including outdoor attractions.

Security includes adequately lighting the entire facility, including the parking lot, avoiding creation of any secluded areas anywhere on the site, installing safety fences where required, providing safe, well maintained equipment and training your staff to be security conscious at all times

Safety also means having procedures in place for minor accidents, fires, weather related issues and social unrest. This includes being prepared in the event of a serious weather incident, staff or guest injury, fights, theft or other incidents? Employees must receive on-going instruction in how to deal with many different situations. This includes 911 calls, first aid, accident recording, dealing with the media, personal injury attorneys, belligerent guests, competitors and related situations.

21. Selection of Contractors:

Just as in any venture, the proper selection of contractors is very important. The selection must include the ability to construct your project within a reasonable time schedule, demonstrated ability to deliver a quality product and a commitment to constructing the project in accordance with the design plans and specifications.

The Contractor (s) you select must be properly licensed to perform the work, must have the required permits and must have all required insurance and performance bond as established by your community and as set forth in your "Agreement". Never work with an unlicensed or uninsured Contractor.

If you have had your plans developed by an experienced design consultant, the plans and specifications will incorporate proven design elements and construction requirements that will result in a project that meets the specific requirements of the attraction. Twenty years of a firm performing construction work within a given industry may well demonstrate proven expertise in general, but the firm may not have established the specific expertise and techniques required for the attraction being developed, to reach its desired potential.

The low bid proposal may well be the best, given the circumstances of a specific project. This, however, is often not the case, especially when a number of trades are involved. Where a specific element, such as miniature golf is involved, a number of specialty contractors have excellent performance records. This has often not been the case for go-kart track builders. Many choose to build the tracks the way they have for the past twenty years, which is far from what can be achieved today. This writer prefers that tracks designed by our firm be constructed by reputable local contractors that commit to following our specific plans and specifications (our firm has informed clients that we would not provide track plans and specifications for a given project if the client chose to use traveling construction crews). Our reputation is damaged whenever poor construction methods and failure to adequately follow plans and specifications occur, even when the unsatisfactory construction was not our fault. Our client and his guests are also subject to the impact of such unsatisfactory work.

22. Controlling Construction:

Assuming you have employed a general contractor to construct the facility, you will have selected one party to control the work on your site. It is important that you establish a review process with him in order to clearly understand the progress on the work. If your agreement has a time schedule, make certain he is meeting the schedule.

Do not allow the contractor to make material substitutions without a sound reason for it. Many changes Contractors seek; revolve around the cost savings they are seeking to realize. If he saves money, so should you. Only accept changes that do not result in lessening the quality of the work or decreasing the safety of the finished product. Double-check any proposed changes with your design consultant. If you approve changes and any liability issues occur later, you will have assumed the responsibility and resulting liability.

23. Preparing for Opening Day:

There are many additional steps that must still be taken to assure that you are ready to open. This includes establishing banking relationships, established contact with paramedic, fire fighting and police agencies that serve your site, public relations contacts, obtaining all the required insurance coverage, establishing utility agreements, fuel delivery and storage, food services and related work.

Prior to opening your facility to the general public, it is advisable to first have a "soft" pre-opening where your employees and their families run through the operation to help discover possible glitches in your operation, areas where staff may need more training or operating procedures may need fine tuning.

Once the soft pre-opening has been held, have a public agency day where you invite all the community public safety and public works personnel to a special agency day. This will help establish a closer link with agencies that may have to provide services to the facility at some time in the future. It also makes the various agency personnel more aware of your layout in the event they have to make an emergency call.

Now you should be ready for the general public. Good luck and continued success.

Additional Steps That May Also Occur at Any Point in the Process:

No project can be assumed to flow perfectly. It is important to be prepared for bumps in the road, which can occur at any point in the process. The following are situations that may occur on any project.

Revising Original Concept:

Almost every project goes through a “massaging” process where individual elements may be added, deleted or modified. This is a normal progression from concept to reality.

What some projects undergo, however, is a complete change in the overall concept. Some examples are changing from an all-indoor operation to a combined indoor-outdoor operation, going from a seasonal outdoor operation to a year around operation and a significant change in the site size and/or configuration. Others could be an unanticipated resistance by the approving agencies to a particular attraction, site plan or interpretation of zoning ordinances.

Seeking a Second Location:

We have seen situations where a project was moving smoothly toward final design, when the property owner reneged on contractual commitments; a change in concept or other issues resulted in the need to seek an alternate site, financial realities dictated a reduced concept or in some situations unexpected neighborhood resistance resulted in a serious need to seek a second site.

Overcoming Agency or Community Objections:

When the initial or secondary introduction of the project master plan to the agencies having review and approval authority or even the community at large meet with objections. There is a serious need to make proper responses in order to overcome objections and changing objectors into supporters. When the original presentations and up front introduction of the project are not open and clearly presented, serious damage control efforts may well be needed.

To avoid serious problems later in the course of your project, it is very important to establish a sound initial presentation to the community that can build positive support based on knowledge. Failing to do so invites suspicion and mistrust that can occur if the project is kept secret until a proverbial “hitting the community over the head” with a full blown project is announced just prior to seeking planning and zoning approval.

While the fast track approach may work, it can also result in serious delays and the imposition of restrictions that could have been avoided.

Finding Alternate Financial Support:

Private investors, banks and venture capitalists have been known to back out of projects. Make certain the party that develops your financial arrangements is experienced in developing solid commitments, while still having a fall back plan in the event the original financial backing disappears. We have seen extremely positive projects fall by the wayside because the project finances were based on loose commitments or even fraudulent commitments. Most of these events would not have occurred had the project team included an experienced financial representative.

It would wise to have a fall back position that could result in alternate financing, rather than having the project fail for lack of funding.

Rebuilding or Revising Project Team:

This situation could occur when a given member of the project team obviously isn't performing in accordance with the needs of the project. It could involve any member of the team. Typical problems could include failure to be responsive or communicate, indication of lack of required expertise for the specific project, inability to meet specific responsibilities; unwillingness to work with other team members and similar situations.

Failing to Plan is Planning to Fail:

This statement is critical. If you fail to plan out your project in the beginning, you are almost certainly planning to fail. It is imperative that you undertake your project in a realistic and positive manner. Most projects that have not been thoroughly planned out in advance are doomed to failure or at least to suffer many delays along the path toward opening a facility and ultimately reaching profitability.

Saving money by not building a sound team early in the process is one of the most serious mistakes that the average developer of family entertainment facilities can make. You need unbiased and experienced advisors to allow you to take the proper steps toward success.

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