

BENCHWARMERS
SPORTS CLUB

A PROOF OF CONCEPT

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MARCH 23, 2005

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BENCHWARMERS

PRESENTATION MARCH 23, 2005

1. Executive Summary

1.A. Industry Overview

The sport's bar industry is a large industry with room for expansion as the population grows. Currently in the industry, there are multiple types of bars constructing an even larger industry for entry. Not only does the regular pub exist, but also there is now the neighborhood bar, the sports bar, the wine/champagne bar, and the nightclub. Each of these bars contains a different environment that attracts different kinds of customers. In all, it is an industry strongly linked to the alcoholic beverage industry. The theory behind this is that what people will buy at home, they will also buy in the bar; thus, if alcohol sales are up in retail stores compared to other beverages then it is likely there will be a strong market for alcohols sales and bars in general. At Benchwarmers, we do not feel that this statistic will relate as closely to our business due to the fact that our marketing and product offering will not center solely on alcohol; however, it is a valuable piece of information about the industry.

1.B. Market Gap

Most sports bars concentrate on the sale of beer in combination with sporting events. However, recent social trends, such as concern over drunk driving and the growing fitness craze, have hindered this type of business. In turn, Benchwarmers will respond to these trends by offering a safe, healthy environment that actually incorporates physical activity in it product offering. Its sports leagues will promote fitness along with fun, social interaction. It will still offer alcohol, but not as its main promotion objective. **To further separate us from the alcohol stigma, we will call ourselves a sports club though our competition in the area is still sports bars.** We as Benchwarmer's founders want the bar to have an inviting, comfortable feel, in which one can either enjoy the company of friends or take the family out to eat.

1.C. Competitive Advantage

To distinguish Benchwarmers from the universal sports bar we are going to focus on two aspects:

- (1) Low prices
- (2) Unique atmosphere.

Benchwarmers will offer inexpensive meals with a variety of selection not only in food, but also in beverage selection. We will offer daily specials to draw in new and frequent customers as well as the nightly league players. Specials will also be

available during major sporting events, such as the Super Bowl, the World Series, the NBA championships, the NCAA championships, etc.

Moreover, Benchwarmers unique atmosphere will complete the one-two punch in combination with its low prices. Benchwarmers will be positioned as the “ultimate sports club” and use its resources to create a superior value to the consumer. To do this, Benchwarmers will provide recreational leagues for patrons to engage in such as softball, basketball, volleyball, and pool, amongst many others. As an added bonus to the recreational leagues, we will also provide visual entertainment through the utilization of TV’s and simulated fantasy sports on the internet.

1.D. Management

The executive board of Benchwarmers will consist of its three creators. Matt Clair will be the CEO and daily operations manager of Benchwarmers. Mr. Clair graduated from Monmouth College with a Bachelor’s degree in accounting and business administration. He will handle the day to day managerial issues and seek advice from Ms. Pendergrass as well as Mr. Boma when needed. Ms. Pendergrass, also a graduate from Monmouth College with a Bachelor’s degree in accounting and business administration, will act as the part time CFO of Benchwarmers by analyzing and consulting with Mr. Clair as well as the bar’s accountants about the company’s financial position. Mr. Boma will complete Benchwarmer’s board of directors along with Mr. Clair and Ms. Pendergrass and will assist in the promotional/advertising portion of the business as needed. Mr. Boma has a Bachelor’s degree from Monmouth College in business administration.

1.E. Proforma Overview

Benchwarmers will reach profitability within its second year of operations; specifically a net profit will be achieved in the 22nd month of operations. Nevertheless, in the first year of operation Benchwarmers will experience a loss largely due to the one-time startup costs including construction and equipment/furnishing purchase costing approximately \$750,000. This loss will be further inflated because of the lack of an established customer base. In the second year, Benchwarmers will experience a considerable growth due to an increase in sales and market share. This will allow Benchwarmers to meet its break-even point and gain profitability by the end of the twenty-second month. By year three, Benchwarmers will have a considerable profit of over \$200,000 due to a further increase in market share and sales.

2. Industry Summary

2.A. Industry Profile

Though the bar industry has its low points, one that is ran efficiently with the customer always being kept in mind can succeed. The environment of the bar must play to the consumer that it is aiming to please. Demographics about an area will reveal important information about the consumer from what age is prevalent to how much disposable income is available. The bar industry almost seems plentiful especially as the population grows because there is always a new person to please with his or her own unique social environment to interact within. Nevertheless, some bars do fail because they are unable to reach their target market. Overall, the bar industry is greatly affected by social trends further described below, but it is also one that can be harnessed through the effective use of statistics.

2.B. Industry Trends

- In the late 1990's, the sale of alcoholic beverages remained steady with the sale of white spirits (vodka, rum, gin, and tequila) increasing by 1.6 percent, while the sale of brown spirits (beer) decreased by 1.5 percent.

Comment: This trend further promotes our idea because it shows that alcohol sales are remaining steady even with the affects of the two social trends below.

- America's new obsession with healthy living rocked the bar industry in the 1990's. People began to turn away from alcohol as part of their new healthy lifestyle.

Comment: At Benchwarmers, we will address this issue head on by offering healthy choices along with our physical activity. Also, it should be noted alcohol is not going to be the center of our promotions; instead, we will focus on the fun, active atmosphere that happens to have alcohol available for those customers that wish to drink.

- The consequences of drunk driving that arose in the 90's and continue today strongly affected the bar industry because people became cautious about their alcohol consumption.

Comment: In connection to the last trend comment, since alcohol will not be strongly endorsed at Benchwarmers, we feel that drunk driving will not be an issue.

Furthermore, we hope our passionate care for our customers and social responsibility will help them feel comfortable as well as safe knowing that we are also

there to look out for their overall well-being. Drinking issues will be dealt with directly to ensure the safety of the customer.

2.C. Future of the Industry

The exact future of the bar industry is uncertain. Over the past twenty years, it has shifted a great deal with the invention of new types of bars that include a variety of atmospheres as well as with the variety of social trends that have been emphasized by society. Nevertheless, we the founders of Benchwarmers feel that our product idea will survive through whatever changes occur. Not only is it currently set up to meet a wide variety of customer needs, but it is also highly adaptable to any changes that happen in the future. People are always searching for an entertaining place to relax and have fun with their friends. This will always be a given in the American culture; thus, Benchwarmers will continually have a place in the industry.

3. Company Summary

3.A. Mission Statement

Benchwarmers strives to bring people together through athletics and create friendships within our social environment.

3.B. Management Team

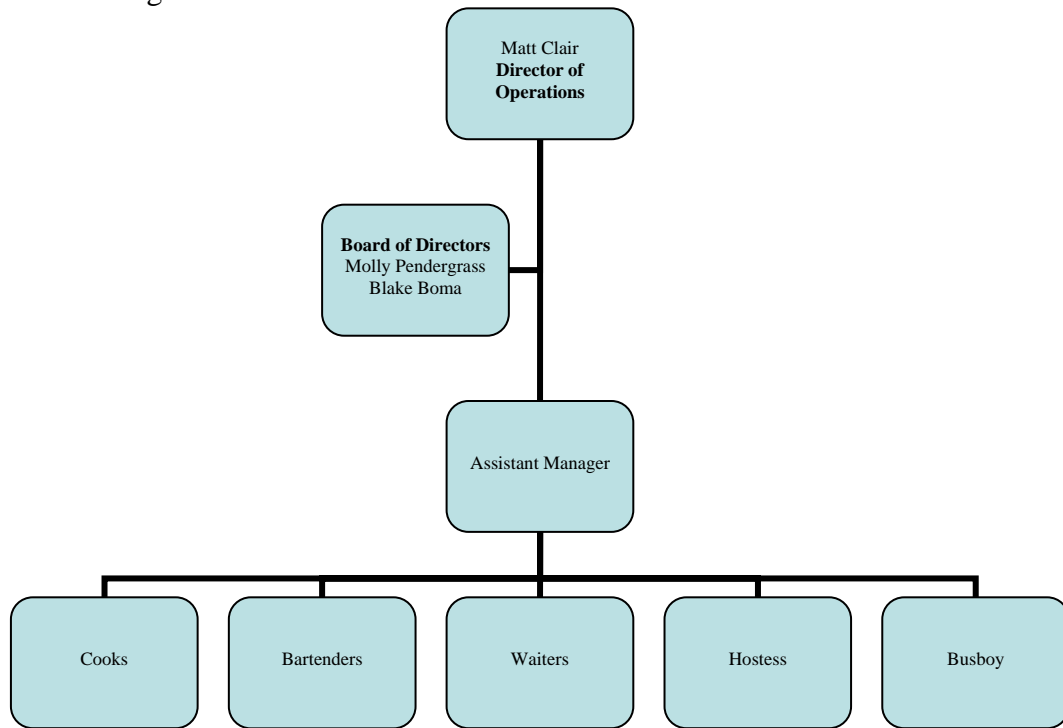
Years 1 and 2:

Mr. Clair will be the only manager within the company. His enthusiasm and dedication to the business will inspire employees as well as help to form the necessary bond with the customers. He will play a key role in the company not only by ensuring daily prosperity, but also by discovering and forming future managers for the company. During this period, Mr. Boma and Ms. Pendergrass will have secondary roles as members of the board of directors and company advisors when necessary in their specialty areas of promotion and accounting respectively.

Year 3 and beyond:

At this time, an assistant manager will be appointed to further help Mr. Clair on a daily basis. Moreover, wage increases and other position promotions have been built into the business plan to allow Benchwarmers to maintain those employees that excel within the company. Within our business, we hope to empower employees as well as create a culture in which they feel safe and cared for; thereby instigating within them a genuine concern for the company as whole.

Exhibit 1.1- Management Structure



3.C. Social Responsibility

One problem that most bars have these days is handling intoxicated customers. At Benchwarmers, we intend to combat this issue by not making alcohol our big focus and through our interior promotion of social responsibility. We will emphasize to our employees personally and by way of training the consequences of alcohol as well as the proper way to deal with those that are on the verge of drunkenness. Due to insurance reasons and for the safety of our other customers, intoxication will not be tolerated in our leagues. If a person is acting in a dangerous way to themselves or others, they will be removed from the game. If a person is removed twice from a game, they will be taken out of the league. Before signing up for our leagues, customers will be fully aware of our alcohol policy and sign liability waivers.

As for inside Benchwarmers, we will have similar policies. Our bartenders and waitresses will be advised not to serve those who they feel have had too much. We will also have a “penalty box” as suggested by one of our colleagues. The “penalty box” will be a closed in area like in hockey that will house those customers that have gotten out of hand for a specified period of time. The patron has the option of choosing the penalty box or leaving the premises. Our belief is the box will allow the person to calm down as well as create a fun way to deal with those that are out of control. Granted multiple trips to the penalty box are grounds for removal from the

bar. In all, we want our customers to have an enjoyable, safe experience at Benchwarmers, which necessitates the need for social responsibility.

3.D. Ownership

The three original founders of Benchwarmers will each have an equal share in the company. In total, they will contribute \$500,000 to cover the initial start-up costs of the business. Profit sharing will be offered to the founders once the loan to the venture capitalist is paid off in full.

4. Product Offering

4.A. Product Overall

Our product is a sports bar that offers great food and drinks as well as an exciting atmosphere centered on sports. Customers will be presented with the normal games of pool and darts, but will also be able to participate in more physical activities like softball and volleyball on our regulation size fields/courts. Further entertainment will be available through the conveniently placed big screen TVs. In all, Benchwarmers will have the feel of the famously known Cheers except with more active entertainment. It will be a bar where one can relax or be active, while enjoying a meal or just having a drink with friends.

4.B. Unique Aspect

Benchwarmers sporting leagues are something that will set it apart from other bars. On the grounds, there will be approximately two softball fields, one sand volleyball court, and a basketball court. During the week, adult leagues will take place depending on the season. For example, softball will mainly run during the summer, while volleyball and basketball may be active more in the spring and fall. Tournaments will be dispersed throughout the year on weekends (weather permitting). We, the founders of Benchwarmers, believe these leagues will attract crowds of not only participants, but also their family and friends. In addition, customers will be able to participate in fantasy leagues through computer access at the bar.

4.C. Pricing Strategy

Food/Beverage Pricing:

All menu items are priced moderately low. We hope that this will extend the attractiveness of our bar. Nevertheless, we plan to retain profit from the sale of food/beverages based on the quantity purchased. The atmosphere will encourage longer visits by customers, thereby creating more purchases in one visit. In addition,

beverages will supply a large profit compared to their relatively low cost even if our prices are lower than most other bars. Specials during the week and on game days will further emphasize Benchwarmers' low prices as well as spur an increase in business that will more than cover the discount.

Exhibit 1.2- Menu

For Starters

SAMPLER		\$9.99
BONELESS WINGS		6.99/ 8.99
	Buffalo Wings	
	Honey BBQ	
	Honey Mustard	
TOASTED RAVIOLI		\$6.99
POTATO SKINS		\$6.99
NACHOS		\$6.99
QUESADILLA		\$7.99
BROCCLI BITES		\$6.99
CORN NUGGETS		\$6.99
CHEESE STICKS		\$6.49

Soup & Salad

GARDEN SALAD		\$2.99
CEASAR SALAD		\$4.99
GRILLED CHICKEN SALAD		\$7.99
BONELESS BUFFALO CHICKEN SALAD		\$8.99
SOUP OF THE DAY		\$2.59
FRENCH ONION SOUP	2.99/ 3.99	
CLAM CHOWDER SOUP	2.99/ 3.99	

Game Timers

SIRLOIN TIPS		\$10.99
PRIME RIB		\$9.99
NEW YORK STRIP		\$14.99
CHICKEN PARMIGIANA		\$9.99
HONEY BBQ CHICKEN		\$9.99
CHICKEN FAJITAS		\$10.49

ORIGINAL CHICKEN TENDERS	\$7.99
FISH & CHIPS	\$6.99
BAKED SALMON	\$10.99

Burgers and Subs

CHEESE BURGER	\$6.49
BACON CHEESE BURGER	\$7.29
TURKEY CLUB SANDWICH	\$6.99
BUFFALLO CHICKEN SANDWICH	\$7.99

Sideliners

BAKED POTATO
FRENCH FRIES
COLESLAW
ONION RINGS

Combination Crowd Pleasers To Go	27.99/ 38.99
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Beverages

BEER

BOTTLED BEER - 12 oz	BUDWEISER	\$1.99
	BUD LIGHT	\$1.99
	MILLER LIGHT	\$1.99
	CORONA	\$2.10
	SAM ADAMS	\$2.49
	LEINENKUGEL	\$2.49
DRAFT BEER - 16 oz	SAM ADAMS LIGHT	\$2.49
	BUD LIGHT	\$2.10
	MILLER LIGHT	\$2.10
	SAM ADAMS	\$2.25
	KILLIAN'S RED	\$2.25
	NEW CASTLE	\$2.99
	GUINNESS	\$2.99

COCKTAILS

PEPSI PRODUCT SOFT DRINKS

League/Tournament Pricing:

Sports league pricing will mimic that of the food. It will be relatively cheap since the purpose of the leagues is to get customers to come to the bar. Nonetheless, some profit will be generated through the leagues especially from the tournaments.

Exhibit 1.3- League and Rental Pricing

League	Entry Fee
Softball (all summer)	
Competitive	\$200
Semi-Competitive	\$200
Non-Competitive	\$200
Basketball (3-on-3)	
Competitive	\$60
Semi-Competitive	\$60
Non-Competitive	\$60
Volleyball	\$75
Darts - Team	\$75
Darts - Individual	\$25
Pool – Pairs	\$50
Pool – Individual	\$25
Fantasy Sports	\$25

Tournaments	Entry Fee
Volleyball	\$60
Basketball (3-on-3)	\$50
Softball	\$100

Rental Prices	Individual Group Price	Corporate Partner Price
Field Rental	150	100
Indoor Facility Rental	100	75

4.D. Product Life Cycle

Our product life cycle is indefinite because of our ability to adjust to market trends and the abundance of consumers within our market. People will always want a place to relax and have fun, which is what Benchwarmers will provide. It will be quite simple for us to adjust product offering based on the needs of our consumer whether it be adding a stage for concerts or developing new recreational fields.

5. Marketing Strategies

5.A. Strategy Summary

Our marketing strategy is to attract the sports enthusiast, the active college student as well as families dining out through utilization of our unique combination of sports competitions and sports entertainment along with a friendly, exciting dining

environment. We believe that our product offering will meet the needs of a variety of people even though our marketing is not aimed at them directly.

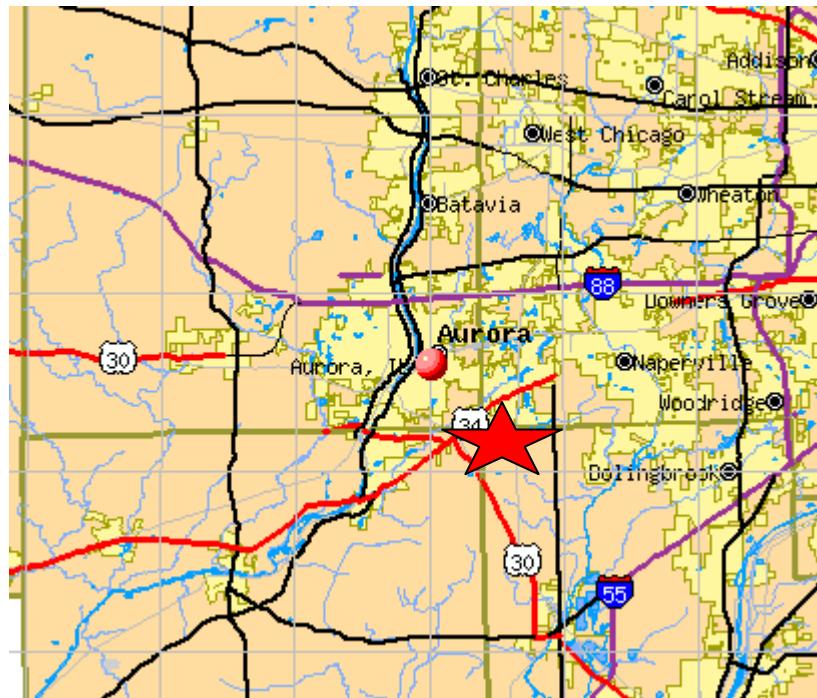
Benchwarmers is a modified version of the typical sports bar that is tailored to the needs of our local clientele and can become a niche product that will fulfill similar needs amongst the market in the Western suburbs of Chicago.

Our concentration will be on maintaining quality service and food in addition to establishing a strong identity in the local market. Not only will creating a solid operation enhance our marketing capabilities with the extra word of mouth advertising, but it will also lay the framework for further expansion in the future

5.B. Location

Benchwarmers will be located on the outskirts of Aurora, IL heading towards Naperville, IL. We chose this location due to its growing population as well as it will offer us an ever-growing market in the surrounding area including Naperville, Oswego, and Wheaton. In addition, the demographics of the area align with our target market nicely. Not only is 43.35% of the population between the ages of 21 and 45 with 64.1% of the population over the age of 21, but also the median household income for the area is above the statewide average. Four colleges are near within twenty minutes of our location including Aurora University, North Central College, Waubonsee Community College, and Wheaton College.

Exhibit 1.4- Map of Aurora Area



5.C. Target Market

Our product will attract a diversity of people, while our marketing will concentrate on two main groups:

21-40 year olds of the working class:

- Have disposable income
- Interested in sports and activities
- Work in or around the Aurora area
- Single or Family households

College Students:

- Mature individuals
- Interested in sports and activities
- Desiring a social atmosphere
- Attending school in the Aurora area

5.D. Advertising and Promotion Strategy

We have chosen to separate our advertising strategy into two plans. One plan will focus on targeting our designated market individually, while the other plan will attract groups of our desired market through area businesses.

Plan 1: Individuals within the Community

Under this plan, our advertising will be a compilation of local media. Radio will be the most effective due to the vast range of customers it is able to reach. In Aurora alone, there are over 30 radio stations that come in clearly; thus, we will chose a diverse combination that will most efficiently and successfully contact our target markets. Print ads in the local papers will also be used initially to attract customers and participants for our leagues.

Paper fliers will be another important advertising median for us within this plan, especially on college campuses. The fliers will be a relatively cheap form of advertising that will cover a large customer base. We will also employ them at other places like fitness clubs and shopping centers. These fliers will be even more imperative when it comes to promoting certain events and getting the word out quickly. As a customer base is built, we will consider sending out a newsletter to our patrons informing them of upcoming events.

Plan 2: Corporations

Another segment of our advertising/promotion will be aimed at corporations and businesses within the area. Each partner will visit various companies in the Aurora area explaining our product offering, while specifically promoting our leagues, our availability for parties, and our exciting family atmosphere. We hope that companies in the area will want to sponsor teams within our leagues. Not only will this be great advertising for the supporting company through signs at Benchwarmers as well as team t-shirts, but also we will profit because employees from that company may want to participate on their company team; thereby, increasing our customer base. Also, sponsoring teams may allow us to advertise at their business with fliers and posters for a variety of events. By creating a relationship with companies in the area, we are reaching out to our target market that is part of the working class. Thus, if we do not contact them individually with our advertising, we believe that this corporation strategy will be able to bring in groups of people that would like to socialize outside of work.

Furthermore, in our pitch to the area businesses we will promote Benchwarmers as the perfect place for parties, such as company outings and holiday gatherings. At these events, businesses would have access to our interior and exterior facilities. We have even discussed the idea that if companies sponsor teams then they will be able to rent our facilities at a discounted price. Overall, this form of advertising will be quite cheap and easily applicable due to the large amount of corporations in the area such as Caterpillar, Sealmaster Corporation, and Dial Corporation. However, the success of the plan will hinder on the salesmanship of us, the founders, which should not be an issue since our product is exceptional and each of us have experience in sales.

General Promotion

For our general promotion, we will endorse all major sporting events from football to hockey. Our entertainment technology will allow each patron in the establishment to view the game of their choice whether is be baseball, football, hockey, basketball, and so on. Benchwarmers promotion events will include specials on drinks and food to go along with the featured sporting event. Promotions will also be set up for our leagues and sporadic weekend tourneys. We want to continually have events to promote at Benchwarmers in order to keep the crowds coming.

Therefore, our overall promotion and advertising budget in year one will be \$50,000 with it growing in year two to \$75,000, and again increasing in year three to \$100,000. The increase will allow us to spread our market reach into the surrounding Aurora area. The advertising and promotion budget is an on-going process of

management geared to promote the brand name and experience as well as take Benchwarmers to the forefront of sports theme establishments in the Chicago land area.

6. Strategic Outlook

6.A. SWOT Analysis

Exhibit 1.5- SWOT Chart

Strengths	Opportunities
Product Location Market Customers	Increased Locations Increased Products (Expanded Menus) All Big Sport Events Growing Market Repeat Customers
Weaknesses	Threats
Zero Customer Base Seasonal Customer Base	Competition Health and Fitness Fads

6.B. Growth Strategy

Phase 1 (Years 1-3): Benchwarmers will take three years to gain considerable market share and become considerably profitable. These years will be the building blocks for Benchwarmer’s future in establishing a valued customer base.

Phase 2 (Years 4-7): This period will be used to increase the market share, but at a smaller rate than in years 1-3. Also, Benchwarmers will increase the amount of recreational sports available to its customers. Benchwarmers will continue to be very profitable in this period and pay off its current debts as well as prepare for expansion in phase 3.

Phase 3 (Years 8-10): This final period will see the expansion of Benchwarmers into additional locations. These locations will be in the surrounding Chicago area in hopes that the Benchwarmers name will be known to this new market. They will be spaced far enough apart to prevent market overlap. The past profits will be used to finance this expansion, and no new debt will need to be accrued to cover the start-up. The profitability of the new location should occur much quicker because of our already known brand name.

6.C. Exit Strategy

Should Benchwarmers never achieve continuous profitability and an established customer base the managing partners have these options:

- Cut back on operations, such as food sales, to eliminate non-profitable operations.
- Sell the business to another entrepreneur interested in the Benchwarmers' product
- Liquidate the assets and terminate the operations to repay all debts

7. Finance

The total year one start-up costs for Benchwarmers are approximately \$750,000. This figure includes the construction and the furnishing of the bar. In month twenty-two, Benchwarmers will achieve profitability and at the end of year two will have an overall profit of \$1,114. In year three, our profit will swell to over \$200,000.

It is important to note that in the proforma included on the following page we have accounted for the repayment of our loan, which is about \$100,000 per year. Without this additional expense, Benchwarmers will be profitable much sooner than the twenty-second month of operation. We chose to include the amount for conservative purposes.

Following are the computation schedules for net income for years one through three along with a graph showing our monthly profitability for the first two years.

Exhibit 1.6- Monthly Profit Graph

