

The Planning Process

Once you've made the decision to re-invent your traditional center, the real work begins.

By Ken Paton

You've read the articles, talked to vendors and to other proprietors, maybe even visited several family entertainment centers that were converted from traditional centers... and now you've made the decision to convert your center. So what is the next step?

So many questions come to mind. How many and which arcade games should you add? Should you buy the games, lease them, or use a shared revenue vendor? Should you add laser tag or something smaller like Laser Maze? Should all of the attractions be inside, or should some go outside? Should you remove lanes to make room for the attractions, or are most of your lanes in use throughout the week?

And the big question: How much will it cost and how will you finance it?

Nothing will help more to answer these questions than a written business plan backed by solid information.

Noted consultant Frank Seninsky, who has been in the family entertainment business for more than 50 years, recommends starting with a feasibility study. He emphasizes that there is a lot of data available to help with the planning process, but it can be challenging to find it all and even harder to interpret the information.

One example is the percentage of younger versus older kids in your market. Will you focus on younger kids and potentially

turn off the teenagers and millennials, or do you aim for the older teens and millennials, and run the risk of losing lucrative birthday parties?

Remember that younger kids will want to do what their older brothers and sisters do, but many parents don't want younger kids sharing space with older teens and young adults. Older teens and millennials generally won't want to spend time at their younger siblings' favorite place.

As an example, it's hard for the two age groups to play laser tag together. The younger players may be intimidated by the older ones, and

the older ones may see the kids as more interference than competition. It's often necessary to run each group in a separate session to maximize the customer experience.

There are several consultants who could prepare a feasibility study, but some are affiliated with one or more vendors. Their report could benefit the vendor more than the client.

Beyond that, the study should be based on a business model that you agree with and would be comfortable running. Plus, there may be other options for your bowling center besides a family entertainment center. A good feasibility study should evaluate if the FEC model is the best choice for your market.

Jack Moran used a consultant to help identify the changes that were needed to convert Rose-land Bowl, his 60-lane center, into an FEC. Based on the recommendations, he removed 16 lanes to create 18,000 square feet of space for bumper cars, laser tag and an arcade. He also created eight VIP lanes from the remaining 44 lanes. The result: His revenue doubled.

Andy Bartholomy focused on listening to his market when he began to evaluate the process of converting to Andy B's. He feels he spent more time visiting existing FECs than most proprietors, but still relied on outside consultants to advise him.

One major concern was that his new FEC might be too large at the beginning, so he focused on the minimum number of games necessary to create a good



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experience, rather than the maximum. He also was concerned with changing the image from a traditional bowling center to an FEC, because he felt that it might take a long time for the market to respond to the changes.

After the conversion, he still is convinced that the time he spent understanding his market and competition has paid dividends.

Once a written business plan is complete, the costs need to be addressed. If you plan to finance the changes, the bank will want to see written quotes to support the request for funds. Costs can vary wildly depending on your building's structure.

At SuperPlay in Beaverton, Ore., taking out eight lanes and remodeling the space for laser tag cost more than \$100,000 without the cost of building the arena or the equipment. By contrast, an underused space which had previously held eight lanes at Belt Bowl in St. Joseph, Mo., was remodeled into an identical-sized laser tag arena, but cost only around \$10,000 since the lanes had already been removed and walls were in place.

SuperPlay used a general contractor and outside financing, while Belt Bowl used internal labor and financed the work with operating cash flow.

The hardest decision in the planning process will often be finding the space within the building. It may be possible to expand by adding on to the building, but that is generally the most expensive option. Taking out walls and repurposing existing space is often easier and cheaper.

This will generally require an architect and perhaps an engineer. There often are architects in your community, and they may be less expensive than a national architect who specializes in bowling and family entertainment, but the final result is more important than the fees.

For example, an architect may give you a very efficient space layout, but may not understand the importance

of things such as sight lines from the concourse to the arcade or the impact of ceiling height and lighting on arcade revenue.

Also, birthday parties and laser tag generate a lot of noise due to the excitement of the events and ages of the participants. Without some form of sound barrier between these areas and the lanes, league bowlers may move to an adult-oriented traditional center unless you schedule the two groups at different times. Similarly, the placement and visibility of the bar/restaurant can negatively impact birthday parties and young families if the drinkers are too loud.

Security issues become more critical with younger customers. Many parents will drop off their kids to attend a birthday party and rely on the center to keep them safe. Other parents will stay but will not help supervise the

relationship with the senior people at your bank, you will probably have a very positive conversation. Unfortunately, most proprietors are so busy running their center, they don't have much time to wine and dine bankers.

Assuming your center has done well as a traditional bowling center with strong financial statements, the conversation with a loan officer and credit people should be positive, even without a prior relationship. But if your bank is too conservative or if your historic track record isn't strong enough for them, there are other options.

In most communities there are several banks that are large enough to handle a loan for your conversion. There also are national lenders that do not maintain branches in your community but will make loans.

A loan is easier to procure if you own the building and can provide it

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kids, with the risk of one walking outside by themselves or with a stranger.

Even teens can be a problem if the parents assume (correctly or not) that the center will supervise their daughter and her boyfriend. Security cameras can record what happened but not keep it from happening. A building design with an employee near each entrance/exit can help prevent problems.

Once you have a written feasibility study and/or business plan that's well supported with data, an architectural plan to remodel the building, and written quotes for the remodeling and the equipment, it's time to talk money. For most people, that means a conversation with their banker.

If you have maintained a good

as real estate collateral. Some lenders are willing to finance major expansions in leased buildings, but they are harder to find and generally don't provide terms that are as attractive.

Many proprietors are surprised to find that refinancing their building can add the funds for the FEC conversion with little or no increase in their payments because of lower interest rates or re-amortizing their outstanding loan.

The planning process for an FEC conversion can be as critical as using a road map to find a new destination. Although it is possible to stumble into the right location, a lot of time and money can be wasted in the process, and you may give up the search before you get anywhere near your objective.