

Lambs squash club

Business plan 2006

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Executive summary

Overview

This business planning exercise has confirmed the belief of the Lambs Action Team (LAT) that this squash club provides differentiated and valuable services in the Borough of Islington and City of London and is a viable long-term operation. The LAT recognises that the Club has not exploited its full potential in recent years and has declined in physical appearance and in fabric although membership has remained static. The principal reason for this decline is that the incumbent executive management team are managing the business for cash with a view to winding up the Club in 2 years.

The Plan

1) Operational goals (Impact - £300K)

§ Increase revenues by 30% over the first year by growing membership base by 10% (to 1200 - previous level) and increasing the monthly fees by 30% to £65 (in line with findings from a membership survey still less than gyms in the vicinity). Revenue generated from coaching services and corporate services will also be increased. This is to be achieved through improving the upkeep of facilities and refocusing the business. (This is the only growth that has been accounted for in the financials to date)

§ Maintain Gym usage and revenues.

Conservatively increase bar and food revenues to £116K per annum (less than £2 per week per member). Current revenues have remained static in the past 3 years despite a bar atmosphere that is deemed uninviting by many members, along with a food menu that is limited and restricted essentially to weekday lunches. This growth would be enabled by a little refurbishment, broadening the fare, the increased membership and additional events-based revenue.

The business and its management

The business concept

Lambs is all about squash in central London. Lambs is about providing the opportunity for squash enthusiasts to play squash and watch high quality squash games. This means access to, and availability of, high quality squash courts and a breadth and depth of potential opponents. Lambs is a squash centre of excellence and the home of a vibrant squash community. As such Lambs offers, and should offer, unrivalled quality of service combined with great facilities and staff who are passionate about their members. Lambs differentiates itself from its nearest competitors due to the physical asset of offering 9 squash courts and the current healthy membership numbers –

there is always somewhere to play squash, together with an opponent of an appropriate level.

The new Lambs will be owned and managed by its members, assisted by a team of professional staff. The business will be run on a commercial basis and any additional surpluses, after debt service and routine maintenance, will be re-invested in the Club for the benefit of members. The core of the business is squash – additional revenue streams are provided by coaching, the gym and fitness studio, a restaurant, a bar and a club shop.

Quite simply Lambs' outstanding squash facilities, location and members make it the first choice for squash in London.

Mission and objectives

The New Lambs Squash Club mission is to:

“To provide squash and gym facilities that are of high quality and of particular value to the local Borough of Islington/City of London and wider regional and international squash community”.

The financial objective is to fund the business and generate enough revenue to create a self-sustaining (i.e. not-for-profit) business through a charity-type vehicle to be defined. The Club will be run for the benefit of the members and local community.

Market projections

There are 2.2 million people participating in squash throughout the UK on an annual basis (General Household Survey, 2002).

As detailed in appendix 1 – the Mintel report on Sports in the UK concludes that although the social scene of the 1970s and 1980s has waned, squash still has a strong core of enthusiasts, and that participation remained steady over the review period 2001- 2003.

Squash increasingly is recognised as a popular sport that provides intensive exercise, is readily accessible and supportive of a healthy lifestyle, for participants of all ages and abilities, all year round, from beginner to medal winner.

Based on the above information it is reasonable to assume that in the catchment area for Lambs the market size will remain static. It is understood that existing players (as opposed to existing Club members) will be increasingly attracted to the Club following this period of uncertainty over the ownership and future of the Club. .

Lambs will also be looking to extend our current market by attracting schools and families to use the Club.

Forecasts and financial data

Revenue streams Jan- Dec 2006 - £1,078,998

Cost of sales - £70,499

Gross profit - £1,008,499

Operating costs- £320,000

Profit before Tax - £113,499

The future scenario also plans for 1,200 members paying £65 per month for membership as a source of revenue. The Operating costs includes an expense for paying the current lease (this may or may not be applicable depending on the vehicle for the club – but shows the business is capable of covering a lease expense for the building). The “other overhead” line includes a £50k budget for repair and maintenance.

Key assumptions

- § Membership numbers have been estimated on the prudent side based on information provided by Fitness Exchange
- § Bar and food revenues have been estimated using benchmarks from similar sports clubs
- § Three corporate lunch/evening events are booked per month (£2000)
- § The shop and racquet generate additional revenue (£2000)
- § The base of the existing membership will remain loyal – while new members will be encouraged into the Club
- § The refurbishment of the Club will be managed so as to minimise any major financial/operational/negative impact on the Club
- § Revenue streams and development are based on running the Club as under the current vehicle. There is the possibility of a total re-development of the site to include some residential use. This development would be sympathetic and in line with the need for squash court capacity and gym facilities exactly as presently provided
- § In addition to the Executive Committee the club will be staffed by 14 fulltime employees
- § The NIC and Tax implications need to be understood in light of the final financial vehicle for the Club