SECOND-DRAFT OF A BUSINESS PLAN: WHAT SHOULD IT CONTAIN?

Shelley Morrisette, Shippensburg University
Louise Hatfield, Shippensburg University

CASE DESCRIPTION

The subject matter of this case addresses the process and critical content elements in preparing business plans. This case would be most appropriate for undergraduate and graduate courses in business plans, new value creation, and entrepreneurship, as a written assignment or a group discussion. The case is designed to be discussed in one to one and one-half hours and should take students no more than three hours of outside preparation. This case is the second of two cases designed to help students learn how to prepare a business plan. The first case appeared in an earlier edition of the Journal of Case Studies—entitled,” First Draft of a Business Plan: What Should it Contain.” This case could also be used as a training tool for instructors who evaluate and provide feedback on business plans.

CASE SYNOPSIS

Tom Jacobs is a part-time entrepreneurship “prof” at HACC (Hagerstown Area Community College) and as such he must “judge and advise” student-entrepreneurs’ ideas and business plans. This is the second time he has read and edited a business plan by four students in his New Venture Creation class. The problem is that this business plan is not clear or well thought-out in several areas --- making feedback difficult. Professor Jacobs likes this business plan because it involves a real service --- the sport of Paintball. The students have done a very good job of taking the feedback from the first edit and vastly improving the business plan. Still there are glaring problems with the second-draft of the plan and Tom must provide enough constructive advice and specific edits for the students to move this plan forward to the final-draft which is due in two weeks.

SITUATION

Tom Jacobs looked out of his home office window at the rolling hills of western Maryland. He loved living on his farm and all of the free time he now had to spend on his hobby --- The Civil War. Within 50 miles of his home two of the most important battles were fought --- Gettysburg and Sharpsburg. Tom moved from Washington, DC three-years ago after harvesting his software company because he wanted to be close to the actual places where the Civil War had taken place.
He spent the first three months of his “retirement” reading, writing, and touring Civil War battlefields, but realized even though he loved researching and learning about history he also missed the rough and tumble aspects of entrepreneurship. Consequently, he became a part-time instructor at the local community college (Hagerstown Area Community College) and an advisor to budding entrepreneurs.

Today he was re-reading a rough, second-draft of a business plan that a group of four students has given him. Tom liked the plan. It was typical of most student plans because it involved creating a business which the students enjoyed. Tom knew nothing about the sport of Paintball, but the student group convinced him that it was experiencing explosive growth and a real opportunity existed in this activity. Still he had many questions about the opportunity and the business plan.

Because Tom had been involved in entrepreneurship for over 35 years he usually could read two or three sections of a business plan and determine its viability. Tom believed that the plan and the business had some merit, but he questioned several parts of the concept. He decided to check-off the basic metrics of opportunity determination:

- Are customers reachable?
- Is the industry growing at more than 30% a year?
- What is the time to break-even?
- Is the market structure imperfect?
- What market share could the new venture obtain after five years?
- Is the ROI potential greater than 25%?
- What are the capital requirements?
- What is the free cash flow potential?
- What is the sales growth potential?
- What is the asset intensity?
- What are the gross margins?
- What is the harvest potential?
- What are the competitive advantages?
- What control over costs exists?
- What are the barriers to entry?
- Is the management team sufficient?
- What is the strategic differentiation?

After reviewing each of these items Tom realized that some of the questions were answered by the plan, others were sort of answered, and some questions were left unanswered. Below is the second-draft of the students’ business plan and pro-forma financials. What should Tom Jacobs say to the group?
Is this a good business opportunity? Why or why not?
What specific advice would you give the group about his business plan?
What improvements would you make in the group’s business plan?
Would you invest in Paintball Palace?

PAINTBALL PALACE: ISN’T IT TIME FOR SOME COLORFUL FUN?

EXECUTIVE SUMMARY

Paintball Palace’s focus will be providing a state-of-the-art facility for the people of South-Central Pennsylvania and North-Central Maryland to enjoy the fast paced and fast growing sport of Paintball. Our facility is targeted towards males and females ages 12 to 30 years old. The founders believe that an opportunity exists in the paintball industry for several reasons:

- Rapid growth in the number of unique visits
- Changing attitudes towards the sport of paintball
- Changes in laws regarding playing paintball on public land and within city limits
- Decreases in the wholesale prices of paintballs and paintball equipment
- Industry standard of requiring players to purchase “field paint only” in order to use the facilities
- Multiple styles/formats of paintball games, including TV/audience friendly formats

As a result of these conditions, there is a unique opportunity to provide a high quality paintball facility with excellent customer service at an affordable price to our customers, while still making a healthy profit.

While most paintball facilities are outdoors, and very few are indoors, Paintball Palace will provide outdoor fields as well as climate controlled indoor fields. This will allow the company to obtain our initial customer base during the winter, and, as a result of Paintball Palace’s superior customer service, maintain that customer base throughout the year.

The total market size for the paintball industry in South-Central Pennsylvania is 49,420 participants. We estimate that we will be able to capture 10% of that market. The 4,942 customers will yield 25,586 visits. Paintball Palace will have positive net income in its first year of operation.

Each of the four managers will contribute $30,000 to the company as well as a line of credit established using Mr. Chapman’s 5-unit apartment complex in Shippensburg. Paintball Palace is seeking partnerships with suppliers of paintballs and paintball equipment as well suppliers of Astroturf/artificial grass. In return for favorable terms with these suppliers, Paintball Palace will include advertisements for the suppliers in its facility as well as on its webpage.
THE INDUSTRY, THE COMPANY, AND ITS PRODUCT AND SERVICE

The paintball industry has experienced tremendous growth since the first game on June 27, 1981. Since this game, the number of paintball participants has increased at an average compound rate of 90.20%. Advances in the production of the paintballs themselves have caused the cost of paintballs to drop to a price that is more affordable for everyone. The acceptance of paintball as a sport has been energized by its participants as well as several big name companies such as Wal-Mart, K-mart, Cabela's, Gander Mountain, and Dick’s Sporting Goods. Paintball paraphernalia can be found on the shelves of these stores as well as many other large department stores and sporting goods stores.

According to the Sporting Goods and Manufacturers Association International, wholesale sales of paintball equipment has been rising - $170 million in 1999, $195 million in 2000, and $225 million in 2001. The number of participants has also been on the rise. In 2002, approximately 3.1% of the total US population played paintball at least once that year; a 13% increase from 2001. In addition, the number of participants who played more than once per year increased 24.4% from 2001 to 2002, and the number who played at least 15 times per year increased 78% from 2000 to 2001.

Opportunity Rationale

There are six main reasons why an opportunity exists for Paintball Palace: rapid growth, changing attitudes, changes in the law, decreasing wholesale prices, “field paint only,” and multiple styles/formats.

Rapid Growth

The sport of paintball is a relatively new sport, and, while experiencing moderate growth in the number of participants, it is experiencing tremendous growth in the number of unique visits. Despite the overall number of participants increasing only 13%, the number of participants playing 15 or more times per year increased 78%. So, not only is the number of participants increasing, but the average number of times that those customers play is exploding.

Changing Attitudes

When paintball first started back in 1981, the general public viewed it as a barbaric glorification of war. Since then, many paintball promoters and facility owners have worked hard to show the public that paintball is not just a war game; it is also great for learning/teaching teamwork, confidence building, and as a social activity. The new formats of paintball have also caused a change in attitude, but that will be discussed shortly.
Changes in the Law

Many cities, towns, boroughs, and even entire counties have enacted laws that ban playing paintball on public land or private property within their jurisdiction, with the exception of businesses with the proper permits. This means that in order to play, paintball players have to go to a facility with a permit. These permits are not hard to get. To obtain a permit, most counties require safety inspections, insurance (also requires safety inspection), and a certificate for filling pressurized paintball tanks. This certificate requires a two-hour training session that costs around $200.

Decreasing Wholesale Prices

As a result of technological advances in the production of paintball equipment and paintballs, wholesale prices are on the decline. This will allow Paintball Palace to purchase paintball equipment for rentals and paintballs in large quantities at low prices. This obviously equates to lower prices and higher gross margins for Paintball Palace.

Field Paint Only“

Field Paint Only” (FPO) is the industry standard of requiring paintball players to purchase the paint supplied by the field in order to play at the field. This allows field operators, including Paintball Palace, to charge a higher price than those found in retail stores and on the Internet.

Multiple Styles/Formats

When paintball first started it was played strictly in the woods on several acres of land – now called “woods-ball.” Now, not only is paintball played in the woods, but it is also played on fields approximately 120ft. by 135ft. where the only obstacles between players are inflatable objects – called “air-ball.” Air-ball is very fast paced and spectator friendly. This gives it a typical “sport” feel. It allows college and high school teams, as well as amateur and professional teams, to compete in leagues, tournaments, and conferences. The smaller fields, with few objects to hide behind, cause players to shoot more paint, which equates to more sales revenue.

The Company

The opportunity for a new paintball facility to enter the industry was conceived in January 2003. The company will open its doors on Saturday January 1, 2005. We will have a grand opening/New Years Day party, complete with DJ, party food, and special appearances by paintball “celebrities.”
The Service and Product

Paintball Palace will offer a wide range of indoor and outdoor playing fields to suit the needs of all paintball players. Indoors we will offer two small air-ball fields and two large air-ball fields, one with bleachers and one that we will call a “concept field.” The concept field will be designed like a street corner; it will have several old cars, dumpsters, mailboxes, trashcans, and so on, for participants to hide behind. Outdoors we will have one small and one large air-ball field, and two to three woods-ball fields. One of the woods-ball fields will feature a village and a castle with a second floor. In order to keep things interesting, the layout of the air-ball fields will be changed every other week and the woods-ball fields will be changed every month.

A paintball player, for a fee of $15, can use our facilities for the entire day and receive all of the propellant, CO₂ or compressed air, that he or she needs. Players without their own equipment may rent ours at $10. While playing at our facility, the players will be required to purchase our paint at $17 per ¼ case (500 balls), $30 per ½ case (500 balls), and $50 per full case (2000 balls). This requirement of purchasing “field paint only,” is, as stated before, an industry standard.

Additional Business

In addition to paintballs we will also sell shirts, hats, and other paintball paraphernalia. The estimated average gross margin on these items is about 40%. However, since this is not our primary line of business, and we do not expect a significant amount of revenue from these items, we have not included them in our financial statements. We will also offer concessions in our own vending machines. These products will be sold at a 50% gross margin, and they are included in the Other Income section of our income statement.

From time to time we will also sell advertising space to other local businesses. These advertisements will be both indoors (hung on the walls), and outdoors (hung on the building). In addition to selling these advertising spaces, we will also “trade” these spaces. For example, we will hang an advertisement for the local sandwich shop for free in return for advertising space at their establishment.

Competitive Advantages

Paintball Palace will strive to offer participants the best paintball experience possible. No other competitor has both indoor and outdoor fields, nor will they compare with our customer service and quality. This allows Paintball Palace four competitive advantages:
Quality

This will be achieved by having well-trained referees, high quality paint and equipment, and changing field layouts.

Training

Paintball Palace will show their first time users how to properly load and shoot a gun. Our company will give advice to those who seek it or point out things that customers are doing if it poses a danger.

Service

We will offer more opportunities to play versus our competitors. Compared to our competitors who only have one to two fields operating at any given time, we will have four to five indoor fields operating at one time. This will limit downtime between games and keep customers satisfied.

Affordability

Paintball Palace’s prices are very competitive. We strive to make our prices affordable for our customers but stay aggressive against our competitors.

Entry and Growth Strategy

Entry

During the winter many paintball players either pack up their equipment for the season or travel considerable distances to indoor fields. This is where Paintball Palace steps in to “steal” customers from our “outdoors only” competitors. Many players will come to our establishment to play indoors in the winter and will find the quality of service, paint selection, prices, and atmosphere so inviting that they will continue to frequent us throughout the year.

Expansion Opportunities

In year two Paintball Palace will open a concession stand if there is sufficient demand. Also in year two we will conduct a study on the feasibility of opening a facility in the Philadelphia area. These are not included in our financial statements.
The most natural expansion route for Paintball Palace is to begin to offer a full retail line of paintball products, including paintball guns, goggles, clothing, add-ons/upgrades, and accessories. Once the company develops a significant customer base, it will begin to offer these products. Our customers are the perfect prospects for these products; they are already familiar with the sport, and most are always looking to “trade-up.” Ask any paintball player and they will be able to rattle off a list of paintball guns and upgrades that they have purchased in the last year or so.

**MARKET RESEARCH AND ANALYSIS**

The paintball players market can be broken down into three segments; those that play once per year, those who play more than once per year, and those that play 15 plus times per year. The following is a description of major characteristics of each segment:

The players who play one time per year are somewhat price sensitive but concerned with quality and safety. These players usually rent his/her equipment from the field. These players make up approximately 20.5% of our target market customers, but only account for 4% of our unique visits. The players who play once a year range from 10 to 65 years of age and usually prefer to play woods-ball.

The players who play more than once per year are less price-sensitive than the once-a-year players but are still concerned with quality and safety. These players own their own equipment and tend to use more paint than the once-a-year players. These players make up approximately about 63% of our target market and 49% of our unique visits. The players who play more than once per year range from 12 to 45 years of age and play both woods-ball and air-ball.
The players who play 15 or more time per year are not very price sensitive but are concerned with quality. These players own all of their own equipment and usually have more than one paintball gun. They also shoot more paint than the other two segments combined. They make up 16% of our target market customers and 47% of our unique visits. These are also the players who are most likely to compete in the tournaments and leagues that we will offer, which will be played on air-ball fields.

**Market Size**

In 2002, the total number of paintball participants in the US was 8,670,000. As illustrated in the accompanying charts, the total market for our service area is 49,420 potential participants.

**Estimated Market Share and Sales**

As illustrated in our appendix, our estimated market share of 10% will give us 25,586 unique visits in year one. This equates to 533 visits per week considering four weeks per month. We used 48 weeks per year in our calculations to allow for various holidays.

**Ongoing Market Evaluation**

In order to better serve our customers we will have customer suggestion cards available at the field. We will also have monthly polls on our website to assess customer satisfaction.

**Direct Competitors**

See SWOT analysis in appendix.

**ECONOMICS OF THE BUSINESS**

**Gross margins**

Paintball Palace has a projected gross margin on paint sales of 50%, and gross margin on field fees of 100%. Our high margin on paint is a result of both low wholesale prices and the requirement that participants must buy our paint to play on our fields. Our high gross margin on field fees is the result of having no direct variable cost associated with those fees.
Profit potential

As indicated in the accompanying financial statements, net income in 2005, 2006, and 2007 is $102,967, $239,623, and $386,767, respectively. These numbers are based on customer attendance of 533, 613, and 705 for the years 2005, 2006, and 2007, respectively. See financial statements in the appendix for more complete details.

Fixed, variable, and semi-variable costs

Our largest fixed cost is our property lease of $50,000 per month. The terms of our lease include a bargain purchase option at the end of our five-year term. The price of paintballs is our only direct variable cost. We can purchase paint in bulk from National Paintball Supply at a price of $25 per case. Breakeven for 2005, 2006, and 2007 will be 41 weeks, 36 weeks, and 31 weeks respectively.

MARKETING PLAN

Overall Marketing Strategy

Paintball Palace’s overall marketing strategy is to appeal to our target markets’ demonstrated desire for fun and action. The company will be the premier paintball facility in South-Central Pennsylvania. We will establish this position by:

*Heavily advertising to the frequent (15+ times per year) paintball players. We will do this by advertising in various paintball magazines and at various paintball pro-shops. The magazines that we will use for targeting this segment are very tournament oriented. These include magazines such as Paintball Games International. In addition, we will also sponsor at least one team to play at all of the tournaments in the area. This sponsorship will include a small trailer with the team and company name on the side. When the sponsored team plays in local tournaments, the trailer will act as an advertisement for Paintball Palace. This will put our banner and sign at our competitor’s fields on days when there is going to be a high number of participants.*

*We will advertise to the other two segments of our market with ads in paintball magazines such as Action Pursuit Games. This magazine is targeted more towards the players who prefer to play in the woods. We will also advertise to this segment*
by placing flyers on cars in parking lots at high schools, colleges, and Wal-Marts. We will also make arrangements to advertise at local sporting goods stores.

Pricing

The price for field and air fee is $15, rental equipment is $10, and paint is sold for $50 a case.

<table>
<thead>
<tr>
<th>Painting Facility</th>
<th>Field/Air Fees</th>
<th>Rental Fees*</th>
<th>Case of Paint</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paintball Palace</td>
<td>$15</td>
<td>$25</td>
<td>$50</td>
</tr>
<tr>
<td>Paintball Adventure Park</td>
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<td>$25</td>
<td>$55</td>
</tr>
<tr>
<td>Next Level Paintball</td>
<td>$20</td>
<td>$45</td>
<td>$70</td>
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<tr>
<td>Paintball Sportsland</td>
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<td>$50</td>
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<td>Outlaw Paintball</td>
<td>$15</td>
<td>$20</td>
<td>$65</td>
</tr>
<tr>
<td>Wanna Play Paintball</td>
<td>$10</td>
<td>$40</td>
<td>$55</td>
</tr>
</tbody>
</table>

* includes Field/Air Fees

We charge field/air and rental equipment fees that are average compared to our competitors. While our customers may be willing to pay a premium for our indoor and outdoor facilities, we have chosen our fees in order to gain market share. Our paint prices are below that of all of our competitors because we are able to gain economies of scale.

OPERATIONS PLAN

Operating Cycle

Unlike other paintball facilities, Paintball Palace will not experience large fluctuations in sales throughout the year. Since we offer both indoor and outdoor fields our sales will not decline in the winter.

Geographical location

Paintball Palace will locate operations in central Pennsylvania, in either Cumberland or Dauphin County. Our ideal facility will be within five miles of Interstate 81 or the Pennsylvania
Turnpike. At this location we will be within a three-hour drive of most of our suppliers (National Paintball Supply in New Jersey, Supair Paintball and Smart Parts in Pittsburg). In addition, we will be within a one and a half hour drive of several colleges (Penn State main campus and Penn State Mont Alto, Shippensburg, Dickinson, and others). The students at these universities make up both a good portion of our target market and most of our labor force. At this location, we will be within a one-and-a-half-hour drive of an estimated 49,420 potential customers.

Facilities and improvements

Paintball Palace will lease a 200,000 sq. ft. warehouse and surrounding, undeveloped, land at a price of $3/sq. ft. This lease is accounted for as $50,000 per month rent expense. We are looking for a one-year renewable lease, with a bargain purchase price after five years.

We will need to purchase approximately 180,000 sq. ft. of Astro-Turf/artificial grass. This will cost approximately $2.20/ sq. ft. installed and is included in our startup costs. This is to be financed at 8.75% for six years with zero down. In return for these favorable terms, the supplying company will receive free advertising at our facility, reduced rates for play, and use of our facility for promotional events (such as a display model for future customers).

We will need to purchase and install 20 rolls of paintball-approved netting. This netting will be purchased from National Paintball Supply (NPS) at a cost of $300 a roll. In addition, we will be purchasing five prepackaged air-ball fields from NPS at a total cost of $25,000. NPS has agreed to allow us to finance these fields for three years, at 8.5% with 10% down.

We will need to purchase and install an air compressor and related equipment at a cost of $20,000. We are seeking financing from Bauer Compressors for five years, at 7.5% return with 10% down payment. In return for these favorable terms, Bauer Compressors will receive free advertising at our facility, reduced rates for play, and use of our facility for promotional events (such as a display model for future customers).

Regulatory and legal issues

Since we are leasing a warehouse and the surrounding land, it already has the necessary zoning permits. As per our insurance policy, all participants are required to sign a liability waiver, which prevents Paintball Palace from being responsible for any injuries, should they occur. There are currently no other regulations for the industry.

Paintball Palace will need to file the following forms:

Doing Business As
Employment Identification Number: Form SS-4
PA Enterprise Registration Form: PA-100
MANAGEMENT TEAM

Jeff Chapman, Accounting

Mr. Chapman has sufficient knowledge of the Paintball Industry. During his four years as a student at Shippensburg University he founded and led the university’s paintball club. In his position as club president, he lead the SU Raiders Paintball team to the national championship in Disney World, where they placed fourth; he established contacts with many organizations and businesses in the paintball industry; and as part of a sponsorship deal, he gained experience in running a paintball field and hosting tournaments. Mr. Chapman received his bachelor’s degree in accounting from Shippensburg University in May 2004.

Brooks Saunders, Management

Mr. Saunders has several years of experience in managing employees. He has worked at Weis supermarkets for several years and was promoted to manager several months ago. He also has established contacts in the vending machine business. While this is not our primary line of business, we do expect a fair amount of vending machine sales. Mr. Saunders received his bachelor’s degree in management from Shippensburg University in May 2004.

Dawn Stalter, Marketing

Ms. Stalter’s excellent communication and writing skills, as well as her artistic abilities, will be a great asset to the company. She has gained experience in advertising and management while working at a large music store chain. She will also serve as liaison with the students of Shippensburg University. In addition, Ms. Stalter’s uncle, a prominent lawyer, has agreed to be Paintball Palace’s legal counsel, free of charge. Ms. Stalter will receive her bachelor’s degree in management from Shippensburg University in May 2005.

Alicia McCool, Information Technology

Ms. McCool has many years of experience with entrepreneurial ventures. At the age of 13 she started working at her parents’ newly started restaurant. While working there she learned how to handle timing issues and day-to-day operations. At the age of 16 she began working at an accounting firm that her older sister started. While working there she leaned many things about the business world and gained valuable business contacts. Currently she has been working as a bookkeeper and advisor for several small businesses including an automotive garage that was started...
by her younger brother. Ms. McCool received her bachelor’s degree in management from Shippensburg University in May 2004.

Management Compensation and Ownership

Fifty percent of Paintball Palace’s profits will be reinvested in the company, and the remaining will 50% will be evenly distributed among the four owners. Paintball Palace will be organized as a partnership in which the four owners equally share the company’s ownership.

OVERALL PROJECT SCHEDULE

The facility lease will begin December 1, 2004. Between this date and January 1, 2005 when we open for business, Astro-Turf, netting, and bunkers will be installed indoors. Also during this time period we will find personnel to fill various positions within the company, including a maintenance crew and referees. In March of 2005, we will setup the outdoor fields to prepare for summer. In January of 2006 we will begin the installation of a concession stand if demand is sufficient.

Exit Strategy

Paintball Palace will analyze the industry’s situation in the year 2010 in order to determine if it will be beneficial to retain ownership of the business or to sell the entire company. If we feel that it is beneficial to sell Paintball Palace, we will seek a company to acquire the entire business. Potential buyers will consist of our competitors, new entrants, or National Paintball Supply.

CRITICAL RISKS, PROBLEMS, AND ASSUMPTIONS

Assumptions

People want to play paintball indoors  
Market will grow at 20% per year for the next three years  
Competitors will not create indoor facilities  
Even demand throughout the year  
Paintball Palace will capture and maintain 10% of the market

Risks

County where our facility operates may require special permits in the future
Lawsuit for injury, despite the liability waiver customers sign
Sales projections not achieved
Running out of cash in year one

In order to minimize the first two risks listed above, Paintball Palace will employ the services of Mr. Stalter, Dawn’s uncle and a prominent lawyer. The effect of a lower than expected market share would be damaging to Paintball Palace. In order to capture and maintain this 10% market share, we will advertise in prominent magazines, and establish ourselves as a highly respected paintball facility.

**PROPOSED COMPANY OFFERING**

Paintball Palace will require approximately $470,000 for startup costs. Each of the four founders will invest $30,000 from their own resources. The other $350,000 in startup costs represents furniture, fixtures, and equipment that will be financed through National Paintball Supply, Bauer Compressors, and an unknown Astro-turf company. As stated earlier, in return for these favorable terms, the supplying company will receive free advertising at our facility, reduced rates for play, and use of our facility for promotional events (such as a display model for future customers).

**Market Data**

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<thead>
<tr>
<th>Location/County</th>
<th>Population</th>
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</thead>
<tbody>
<tr>
<td>US Population</td>
<td>280,000,000</td>
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<tr>
<td>PA Counties</td>
<td></td>
</tr>
<tr>
<td>Adams</td>
<td>94,437</td>
</tr>
<tr>
<td>Cumberland</td>
<td>217,743</td>
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<tr>
<td>Dauphin</td>
<td>252,933</td>
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<td>Franklin</td>
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<td>Lebanon</td>
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<tr>
<td>Perry</td>
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<tr>
<td>York</td>
<td>389,209</td>
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<tr>
<td>MD Counties</td>
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<tr>
<td>Washington</td>
<td>134,246</td>
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<tr>
<td>Frederick</td>
<td>209,125</td>
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### Paintball Statistical Data

<table>
<thead>
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<th>Year</th>
<th>Source**</th>
<th>Description</th>
<th>% increase</th>
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<td>8,679,000</td>
<td>2002</td>
<td>SGMA</td>
<td>At least once per year</td>
<td>13</td>
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<tr>
<td>6,900,000</td>
<td>2002</td>
<td>NSGA</td>
<td>more than once per year</td>
<td>24.4</td>
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<tr>
<td>1,414,000</td>
<td>2001</td>
<td>SGMA</td>
<td>At least 15 times per year</td>
<td>78</td>
</tr>
</tbody>
</table>

Calculations:

- % of Total US Pop. that play paintball at least once per year: \( \frac{8,679}{280,000} = 3.10\% \)
- % of Total US Pop. that play paintball more than once per year: \( \frac{6,900}{280,000} = 2.46\% \)
- % of Total US Pop. that play paintball at least 15 times per year: \( \frac{1,414}{280,000} = 0.51\% \)

### Population of Service Area

<table>
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<th>Service Area</th>
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<tr>
<td>Adams</td>
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<td>Total</td>
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* 2002 US Census Bureau Data
** SGMA - Sporting Goods and Manufacturers Association International
   NSGA - National Sporting Goods Association

Service Area Statistics (est.)

- Calculated using total population of Service area
- Players that play at least once per year: \( 1,594,366 \times 3.10\% = 49,420 \)
- Players that play more than once per year: \( 1,594,366 \times 2.46\% = 39,290 \)
- Players that play at least 15 times per year: \( 1,594,366 \times .51\% = 8,052 \)

** Total Market:** 49,420

** Market Share:** 10%

** # of customers:** 4,942
## Paintball Palace's Customer's Playing Habits

<table>
<thead>
<tr>
<th>Habit</th>
<th>Customers</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least once per year</td>
<td>1,013</td>
<td>20.50%</td>
</tr>
<tr>
<td>More than once per year</td>
<td>3,124</td>
<td>63.21%</td>
</tr>
<tr>
<td>At least 15 times per year</td>
<td>805</td>
<td>16.29%</td>
</tr>
<tr>
<td>Total customers</td>
<td>4,942</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

## Unique Visits Per Week: Year 1

<table>
<thead>
<tr>
<th>Customers</th>
<th>Visits Per Year</th>
<th>Unique Visits</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,013</td>
<td>1</td>
<td>1,013</td>
<td>3.96%</td>
</tr>
<tr>
<td>3,124</td>
<td>4</td>
<td>12,495</td>
<td>48.84%</td>
</tr>
<tr>
<td>805</td>
<td>15</td>
<td>12,077</td>
<td>47.20%</td>
</tr>
<tr>
<td>Visits/Year</td>
<td></td>
<td>25,586</td>
<td>100.00%</td>
</tr>
<tr>
<td>Weeks/Year</td>
<td></td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Visits/Week</td>
<td></td>
<td>533</td>
<td></td>
</tr>
</tbody>
</table>

## Company Strengths, Weaknesses, Opportunities, Threats

<table>
<thead>
<tr>
<th>Company</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paintball Palace</td>
<td>Indoor and Outdoor Air-ball + woods-ball</td>
<td>New entran</td>
<td>Increased participation in the winter. Can steal the participants that travel from Harrisburg south to Paintball Adventure park.</td>
<td>New entrant. Unknown Name.</td>
</tr>
<tr>
<td></td>
<td>Night games/leagues Contacts with several college paintball clubs as well as the National College Paintball Association</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paintball Adventure Park</td>
<td>Large established customer base Local Industry leader Quality Air-smiths Air-ball + woods-ball One owner is a semi-pro tournament player Economies of scale</td>
<td>Outdoors only Large stream runs through property (muddy) Ownership quarrels (Field may close)</td>
<td>They own the property and have room to expand.</td>
<td>At the mercy of the weather (rain, snow, cold) Stream on property floods often</td>
</tr>
<tr>
<td>Next Level Paintball</td>
<td>Air-ball + woods-ball</td>
<td>Outdoors only</td>
<td></td>
<td>At the mercy of the weather (rain, snow, cold)</td>
</tr>
<tr>
<td>Company</td>
<td>Strengths</td>
<td>Weaknesses</td>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------------------------</td>
<td>-------------------------------------</td>
<td>----------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>Paintball Sports land</td>
<td></td>
<td>Outdoors only</td>
<td></td>
<td>Currently facing legal problems.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Woods-ball only</td>
<td></td>
<td>At the mercy of the weather (rain, snow, cold)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Currently closed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outlaw Paintball</td>
<td>Night games/leagues</td>
<td>Indoors only</td>
<td></td>
<td>Leased building with no land, cannot accommodate woods-ball</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air-ball only</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Only one field</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Favors tournament players</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wanna Play Paintball</td>
<td>Air-ball + woods-ball</td>
<td>Outdoors only</td>
<td></td>
<td>At the mercy of the weather (rain, snow, cold)</td>
</tr>
<tr>
<td></td>
<td>Certified airsmith</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Owner is a semi-pro tournament player</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Breakeven</th>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
<td></td>
<td>2005</td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td><strong>Total Fixed Costs</strong></td>
<td></td>
<td>769,517</td>
<td>767,189</td>
<td>773,926</td>
</tr>
<tr>
<td><strong>Sales/visitor</strong></td>
<td></td>
<td>55</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td><strong>Variable Cost/Visitor</strong></td>
<td></td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td><strong>Breakeven in unique visits</strong></td>
<td></td>
<td>21,986</td>
<td>21,920</td>
<td>22,112</td>
</tr>
<tr>
<td><strong>Visitors/Week</strong></td>
<td></td>
<td>533</td>
<td>613</td>
<td>705</td>
</tr>
<tr>
<td><strong>Breakeven in weeks</strong></td>
<td></td>
<td>41</td>
<td>36</td>
<td>31</td>
</tr>
</tbody>
</table>