

Business plan of indoor football court

[Economics](#), [Tax](#)



EXECUTIVE SUMMARY

The purpose of this business plan is to set up an Indoor Football Court or its familiar name known as Futsal. The business will be owned by K. H Lee and three other partners and will be located in leased space that has a radius of 1 kilometer from the town of Lahad Datu. The owner will provide the land at an agreed rental paid on a monthly basis for 10 years. The business will serve as the first Indoor football court to the generally upscale target market of Lahad Datu. Based on the financial and competitive analysis presented in this plan, LD de Futsal will be successful. The cash flow projection, Exhibit 4, One-Year Cash Flow Projection, indicates break-even analysis including the shareholder's draw of RM30, 000 for the first year of operations. It is anticipated that LD de Futsal will become firmly established and known throughout the East Coast area in the next three years with the potential of multiple locations. The LD de Futsal distinctive logo, its reputation for an Indoor football atmosphere, plus its slogan, " The Ultimate Indoor Football Experience! " will provide a distinctive competitive edge. The Initiator, K. H Lee has founded two highly successful businesses in the East Coast area. The initiator holds a graduate ManagementTechnologydegree from the School of Management, Malaysia Technology University, Malaysia.

THE BUSINESS DESCRIPTION LD

De Futsal will be a start-up Indoor Football located in leased space within a radius of 1 kilometer from Lahad Datu Town. A ninety-day option has been taken on this location. The estimated opening date is July 2008. K. H Lee, who has founded two highly successful businesses in the area, during the

last 3 years, will own the business with three other partners as a partnership. Each of his businesses, Lee Kim Huat reached its break-even point within a year. LD de Futsal will be an upscale court which is the first in town and with new flooring technology never to be used by other Futsal Court at a very reasonable price. LD de Futsal will be successful because it is based on solid market research demonstrating there is a demand for a Futsal Court in Lahad Datu. It will be located in the most desirable area, and the owner has a five-year track record of proven success. As the first Indoor Football court, no doubt it will be a success if managed by the right individuals.

MARKET ANALYSIS

Futsal has its roots in South America but has spread to around 100 countries. It is the only indoorsoccergame recognized by FIFA, the international soccer governing body. The USFF estimates more than 70, 000 play Futsal in the United States. In Malaysia, Futsal facilities have grown like mushrooms and the businesses have very positive prospects and are selling like ‘ hot bread’. A verbal survey on this business shows that the trend of youngsters with love in football has driven them as far as to Sandakan and Tawau just for this 60 minutes Futsal Game. There is a very big and untapped market for Indoor Football in East Cost generally and the district of Lahad Datu specifically.

VISION STATEMENT

In three years, LD de Futsal will be established and known throughout the East Coast area and expansion plans from two courts to five courts will be in the planning stages. We focus on providing superb facilities at value formoneyprices. Together with our customer-orientated service, we strive to

serve you our customer better. We are truly The Ultimate Indoor Soccer Experience! To represent and serve all.

FUTSAL

Fans with emphasis on succeeding to be a profitable business.

VISION TRIGGER

The main vision trigger will be the catchy slogan: “ The Ultimate Indoor Football Experience! ” The vision trigger will emphasize a fun, family atmosphere that people of all ages and sexes can enjoy. This will include quality customer service, our standard football court with the latest floorings and nettings technology, and a selection of food and drinks to meet the needs of individual customers.

MISSION STATEMENT LD

De Futsal’s mission is presented below:

We, the employees, and management of LD de Futsal make this pledge to you, our valued customers: We pledge that we will provide an Indoor football experience in a prompt and friendly manner. We pledge that we will at our best prepare this place for the ultimate Indoor football experience that meets the standards of football for the district of Lahad Datu and the state of Sabah. We pledge that we will be good citizens, respectful of the environment, and friendly neighbors to the surrounding businesses. We pledge to put safety a high priority so you can visit with friends or family with peace of mind. We pledge that we will be responsive to your suggestions and concerns.

BUSINESS OBJECTIVES LD

De Futsal's will have these business objectives during the first two years of operation:

1. Owners draw of RM30, 000 by the end of Year
2. Cash break-even by the end of Year
3. Owners draw of RM50, 000 by the end of Year

BUSINESS OPERATIONS

The operations of LD de Futsal will be described using the main functions of the business: marketing, competitive analysis, legal structure, management expertise, support personnel, and financial information.

MARKETING

Product -Futsal Court for a 60-minute game. -Drinks and snacks to cater to our customer's needs. -Sports items such as jersey's and Indoor Football gear. Price A comprehensive survey was made based on another Indoor football court, the price for a 60-minute game ranges from RM80 to RM 120 depending on the size of the court. For the starting of this business, we are planning to set up a medium-size court in which a 60-minute game will cost RM90. This is a very reasonable price in which for a full game, an individual will only have to pay RM6. 0 per/person (considering a team consist of 7 players). Place The place, which has a radius of 1 kilometer from the main town of Lahad Datu, is the most ideal place and most strategic for now and the future. The reason being is that we can save on marketing as the location which is located by the main roadside will be a marketing point itself and at the same time, in the case of any other competitor in the future, we

are by far a better location. The study has also shown that population growth has been steadily increasing in Lahad Datu. By setting up our business in the radius of the 1-kilometer area from the town, it is much easier for individuals to locate and skip all the traffic after working hours. Promotion LD de Futsal will be promoted with a variety of marketing methods: A grand opening will be held with a local Band providing themusicand entertainment. LD de Futsal will hold their 1st free court introduction where teams can register and play for free for 1 hour on the opening ceremony day and offer free drinks to players and guests. One and three-year sales forecasts are presented in Table 1 together with anticipated promotional costs.

TABLE 1

Year s	Sales	Reven ue
One	2520 00	4000
Two	3240 00	6000
Thre e	3600 00	10000

COMPETITIVE ANALYSIS

The prospective initiator decided not to conduct a personal survey to obtain the information regarding the competitive analysis due to there is no Futsal

court yet in the district of Lahad Datu and there is no serious competition from competitors at the time of this planning.

LEGAL STRUCTURE

LD de Futsal will be operated as a partnership owned by K. H Lee and 3 other partners.

MANAGEMENT EXPERTISE

The initiator has been involved in setting up a lot of businesses in which the end result aims are to be a profitable business in the shortest and fastest way. His father is a very well-known Entrepreneur and he has traveled around with him to many different countries. He has grown up around the East Coast and has a good track record in all education, sports, and business. The initiator holds a graduate Management Technology degree from the School of Management, Malaysia Technology University, Malaysia. K. H Lee has been involved in many sports activities and was once a state player for Badminton and Basketball. K. H Lee's extensive business activities have used several reputable Lahad Datu professionals who provide services to the business.

SUPPORT PERSONNEL

The business will operate using either family, sports enthusiasts and high school students as its principal employees to reflect a youthful, family-oriented image consistent with its vision trigger. The manager will be from the initiator's family member who has vast experience dealing with sports and the people of Lahad Datu. Employees will receive advice and gather for

short meetings from time to time to help job performance and politeness. The majority of the employees will be families who will work part-time with a full-time manager. Three students will also be hired on a part-time basis depending on the needs of the daily operations. Student employees will work for RM5 per/hour and initially with an opportunity for pay increases. A policy of promotion from within will be adopted.

FINANCIAL INFORMATION FINANCIAL OBJECTIVES

The following objectives are for the first two years of LD de Futsal:

1. The owner draws RM30, 000 by the end of Year 1.
2. Cash break-even by the end of Year 2.
3. The owner draws RM50, 000 by the end of Year 2.

One-Year Cash Flow Projections

The items in Exhibit 4, One-Year Cash Flow Projection, have been arranged in a specific way: sources of cash (cash receipts), cash needed to purchase assets (equipment), cash needed to pay expenses (rent), cash needed to pay liabilities (payroll taxes), and owner's draw.

SOURCES OF CASH

1. Personal Funds. The owner will invest RM 50, 000 into the business.
2. Loan Proceeds. The owner will borrow RM50, 000 from the Bank as a five-year revolving line of credit at 8. %. Interest will be charged only on the amount actually borrowed with principal payments of RM8, 000. This information was provided by one of the leading banks in Malaysia.

3. Cash Receipts from Business. RM15, 000 in cash receipts net of sales taxes is estimated monthly. This projection involves court hiring, soft drinks, and purchase of sports gear. This is a very conservative estimate of cash receipts. A 3 year experienced Futsal business manager estimates that the industry average cash flow for a start-up Futsal court is RM8, 000 monthly.
4. Equipment/Supplies. Basic equipment cost is estimated to be RM140, 000. This includes counters, refrigerators, settings, and floorings installation. A well-known equipment supplier supplied this information.
5. Fixtures. Fixture costs will total RM200, 000 based on an estimate from Stadio de Futsal, Tawau. These costs will include the building set up, purchasing tables, chairs, and all removable service items.
6. Security Deposits. Security and other deposits will include RM10, 000 for lease-related deposits and RM5, 000 for a month rental for a total of RM15, 000.
7. Signs. LD de Futsal will have two giant signs, one posted on the front of the building and the other near the road. The signs and installation will cost RM5, 000 according to Springville Sign Store.
8. Cost of Goods Sold. The cost of goods sold is based on the sales projection of \$180, 000 and is estimated to be an average of 35% of sales totaling \$63, 000. A 12-year veteran Mexican restaurant owner in Springville provided this information.
9. Telephone and Utilities. Lahad Datu District Council, Electric, and Telephone Company estimate telephone and other utilities at RM1, 200/month for an annual total of RM24, 000.

10. Lease Expense. The first three months are rent-free. There will be a maintenance fee of RM500/month for common areas and rent is based on /sq. ft. of the building space. Rent totals RM60, 000, with RM5, 000 payments monthly.
11. Business License Fee. This business license fee based on business revenue (2. 5% of gross revenue) will be RM25 (License and Permits Office, Lahad Datu).
12. Insurance Premiums. An ordinary Insurance Agency based in Lahad Datu estimated annual premiums at RM5, 000. This will cover theft, fire, accident, workman's compensation, and all other types of insurance.
13. Office Expense. This item includes all office-related expenses including copying and paper supplies. The owner will perform all of the office duties. The total is estimated at RM1, 000 annually based on the initiator's previous experience.
14. Legal and Accounting. A friend that practices law and is currently working with a law firm will provide basic bookkeeping, accounting, and legal services. She has a bookkeeping subsidiary, Business Bookkeeping that specializes in low-cost bookkeeping. This friend of mine will be engaged in bookkeeping providing tax preparation and other professional services. The total estimated annual cost is RM800.
15. Advertising and Promotion. RM2, 000 will be allocated to the advertising campaign. This firm will advertise by using flyers, newspapers, banners, and bunting.

16. Miscellaneous Expenses. RM1, 000 has been estimated for miscellaneous expenses based on information provided by a Futsal Court owner.
17. Payroll Taxes and Benefits. These total RM20, 000. Fifteen percent of wages include EPF, SOCSO, COLA, and manager benefits.
18. Payroll. Wages total RM14, 400. This total includes 350 workdays, with 3 employees working 5 hours a day at \$6. 00. The manager will work 8-hour days and be paid \$11. 00 per hour. Payroll includes manager's annual salary, employer taxes, unemployment insurance, and worker's compensation, but does not include withholdings.

SUMMARY

Compadre's Mexican Restaurant will be successful. The business plan has documented that the establishment of Compadre's Mexican Restaurant is feasible. All the critical factors such as industry trends, marketing analysis, competitive analysis, management expertise, and financial analysis support this conclusion. We invite you to attend our grand opening. Go to “Compadre's – where we know your name! ”

EXHIBIT 2

Why Play Futsal? Fun – Players enjoy the challenge of playing a fast-paced skill-oriented game that tests their abilities. Safety – Futsal is much safer than traditional indoor soccer. Indoor soccer can be a violent game with extremely physical play such as players being “ boarded” into the walls. The rules of Futsal restrict physical play, and there are no walls to run into. Ball

Touches – In a statistical study comparing Futsal to indoor soccer with walls, Futsal players touched the ball 210% more often than indoor soccer players.

Ball Control – With Futsal, the emphasis is clearly on control and technique. Without control and technique, you cannot expect to succeed in Futsal. With limited space, boundary lines, and constant opponent pressure, improved ball control skills are required.

Speed of Play – With limited space and constant opponent pressure, players learn to play fast to survive.

Continuity of Play – Action is continuous so players are forced to continue to play in support of their teammates.

Mandatory Support – Without a wall as a crutch, players must make supporting runs when their teammates have the ball.

With only 4 field players on the field and always needing the proper support positions offensively and defensively, a player will instinctively learn better spacing, passing, and general tactics from playing Futsal. Players without the ball must move to space and must truly support their teammates.

Framing the Goal – The goal and Penalty Area is a perfect size for narrowing the angle so teams learn to frame the goal to score goals.

Knowledge – With four court players and all the basic options of the outdoor game, players' understanding of the game is enhanced.

Encouraged Learning – The rules of Futsal encourage playing a skilled game by punishing all physical contact fouls.

Rewards – Futsal rewards the same basic skills, tactics, and knowledge of the game as the 11v11 outdoor game.

Cost – Many people think the cost of indoor soccer is expensive, but when compared to other activities it is actually quite reasonable. Depending on the number of players, the average cost per player for a night of soccer is around RM7-RM8. Compare this to going for badminton which the cost of two shuttlecocks has already

exceeded RM8, or even to the movies along with the customary snack and drink, the price is very reasonable and healthier.

EXHIBIT 3 THE PITCH

The pitch and appurtenances are shown in the following illustration.

EXHIBIT 4 types of equipment

1. NETTINGS

2. FLOORINGS WR

Flooring specializes in sports floorings such as tennis, Futsal, badminton, running tracks, squash court, gym room, and other indoor and outdoor sports. WR flooring has been developed to give customers the best quality and warranty possible for sports flooring. The company is confident of giving the best product and services to cater to the need of a good sports environment.

EXHIBIT 5 EXAMPLE OF FUTSAL COURTS

A view of the Courts with side nettings. Cafe for the thirsty players & registration counter. Walkways for viewers and players. An example of a game that's ongoing. A side view of the court with special floorings specifically for indoor football.