

Benchmarking: dave and busters essay sample

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Dave and Buster's, Inc. is a nationwide food and fun chain of huge adult-oriented complexes. D & B's combines everything from restaurants and bars to high-tech arcade games to shuffleboard games. Many refer to the establishment as the Chuck-E-Cheese for adults. D & B's mission statement is, " To deliver an unparalleled guest experience through the best combination of food, drinks and games in an ideal environment for celebrating all out fun" (Dave and Buster's, 2008).

Dave and Buster's is facing the same type of problem that Gene One is facing with the need for IPO capital for new product development and marketing if the company is to remain successful. D & B's started out with two guys by the names of David Corriveau and James " Buster" Corley. Their backgrounds did not have any management or finance experience much like Michelle Houghton in the Gene One scenario. The two had experience working in a restaurant as well as dealing blackjack in Las Vegas and began sharing thoughts about what could prosper if they joined forces and created a grown up establishment combining food, spirits, and games. About a year was spent developing a rough design and in December of 1982 opened their first Dave and Buster's. It turned out to be hit from the start.

Over the years Dave and Buster's brought on a management team much like Gene One. Each specialized in different areas and they were considered the action team like the Gene One group. Of course, there were some issues but for the most part they all worked well together.

While Dave and Buster's competitors went after families and adults, they remained centered on the age group of 22 to 44. It was clear that Dave and

Buster had a concept stirring much popularity. The revenues of David & Buster's continually climbed until 1999. Unfortunately, 1999 turned out to be a bad year for theme restaurants.

“ At Dave and Buster's stores, sales dropped 2.2% and in August 1999 lower-than-expected profits caused the company's stock to drop 45% in one day. After the third quarter, with a 92 percent drop in earnings and same-store sales down 6.2%, the company announced that it would cutback on its expansion plans and increase unit-level support. It also increased its marketing and advertising budget by \$4 million, hoping to build sales that way rather than by expansion and “ word of mouth.”” _ As Corriveau told Nation's Restaurant News in January 2000,

The company announced that they would be attained through a private equity firm called Wellspring Capital Management LLC on December 8, 2005. (Answers.com, 2008) That brings us to the announcement in July 2008 stating, “ Dave & Buster's Inc. is looking to raise \$170 million by going public, according to an initial public offering the entertainment-themed restaurant chain filed with the Securities and Exchange Commission this week.” _ (Dallas Business Journal, 2008) Their response to the IPO is stated as follows without the actual dollar amounts attached; “ We estimate that the net proceeds to us from this offering will be \$X million, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds to us to reduce our aggregate indebtedness by approximately \$75.0 million and to pay \$X of premiums, accrued interest and expenses in connection with the reduction of our existing indebtedness.

We will not receive any proceeds from the sale of our common stock by the selling stockholders.” _ (US Securities, 2008)

David & Buster’s hopes that in doing this it will mean no lay-offs and they will be able to invest more money into new products.

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