

BUSINESS PLAN

Hunt, Inc. Presents...

Raycliff Manor Victorian Haunt
Eureka Springs, AR 72632
(479) 253-9774

Lee Ostergren and Kelly Allen

11-06-03

-----Executive Summary-----

Lee Ostergren and Kelly Allen, in response to the following market conditions, will form Raycliff Manor as a partnership in November 2003 in Eureka Springs, AR:

- Start-up opportunities exist in the Haunted Attractions industry, as is demonstrated by the success of “_____”, “_____”, and “_____ Haunted House”, all located in (nearest to your area).
- Eureka Springs has a huge population of tourists during the Fall Season, one of the busiest tourist months of the year.
- Eureka Springs is surrounded by quickly growing cities, such as Rodgers, Fayetteville, Springdale, etc., all with large populations in the 17 to 25 year age bracket – Perfect demographics for a haunt.

The basic components of this plan are:

Eureka Screams! Presents: **Raycliff Manor**

Objectives:

- Highest quality attraction at competitive pricing with outstanding Customer Service!
- Target the surrounding areas, such as Fayetteville, Rodgers, Springdale, and Harrison, as well as cities in nearby Missouri.
- Utilize CAPC leads to market potential tourists who are already requesting the Visitor’s Guide and information on Eureka Springs.
- Utilize existing TradeWinds web site, www.eurekatradewinds.com, to introduce Raycliff Manor Haunted Attraction through new web site link.
- Advertise through corporate and/or local business sponsorships.
- Radio and Television airtime
- Brochures – Partner with Eureka Chamber of Commerce and utilize direct mail marketing to distribute haunted attraction brochures.
- Branding through effective marketing efforts, resulting in high volume attendance, thereby achieving higher profits.

-----Executive Summary Continued-----

Corresponding Goals:

- Sign sponsorship contracts – obtain signed agreements with five major sponsors by 06/01/04.
- Advertising – have signed agreements with one major local radio station by 06/01/04.
- Web site – have professional web presence completed by 06/01/04.
- Company logo – have company logo complete and ready for print by 03/01/04
- Brochures – have Raycliff Manor Haunted Attraction brochures printed and ready for distribution by 07/01/04.

To this end, we need to secure a loan in the amount of \$_____.00 to cover the costs of grading existing private property located in the back of the TradeWinds, purchase the complete haunt, (please see haunt itemized breakdown and costs on attachment A), to cover the cost of liability insurance required for operation of haunt, to promote the haunted attraction through radio, television, and print advertising, and to develop a professional web site. The company will be run as a partnership.

Expenses / Investment			
	Year 1	Investor	Loan Amount Needed
Victorian Mansion Haunt		Lee Ostergren & Kelly Allen	
Marketing/Advertising		Lee Ostergren & Kelly Allen	
Additional Props/Equipment		Lee Ostergren & Kelly Allen	
Property Grading & Tree Removal		Lee Ostergren & Kelly Allen	
Actor/Volunteer Prizes & Compensation		Lee Ostergren & Kelly Allen	
Total			

Raycliff Manor History

Raycliff Manor Victorian Haunt was recently conceived and is still in the beginning stages of development as a Eureka Springs attraction, pending approval by the City of Eureka Spring, the Eureka Springs Historic District Committee, and approval of a business loan. To this point the following has been accomplished:

- Market research (demographics and other haunted attractions performance) has been conducted to establish the potential success of a haunted attraction in the Northwest Arkansas, specifically the Eureka Springs area.
- A Victorian themed haunted attraction, (see Attachment A), has been located and a price has been negotiated for its purchase. (If used... This particular Haunted Mansion themed attraction has been featured at the Ohio Fairgrounds for 7 years now; however, this unit is 2 seasons old. This attraction in Ohio has averaged approx. 20,000 customers per season).
- We have teamed up with a writer in San Diego who will be developing the haunt “story line” and writing the text content for the web site and print ad marketing.
- We have located a web designer who will be designing and developing the Raycliff Manor Victorian Haunt web site.

Raycliff Manor Description

We intend to offer one of the best, haunted attraction experiences in the area. **Raycliff Manor** incorporates innovation, technology, and realism, providing visitors a terrifyingly great bargain that they will want to experience again and again. This attraction possesses all fire rated walls, all the paint on them also has a Rosco fire additive added to the paint as well. Emergency exit doors are located every 50' of walking distance to ensure easy exit access for customers. Battery back up light in case of power loss, as well as emergency back up exit signs are located above every door. This unit also has 4 10lb.abc fire extinguishers for safety.

The Haunted Victorian Mansion attraction is _____ square feet of rooms and mazes and fits perfectly in the (40'x80' tent, metal construction warehouse, etc.), which is also fire rated. The building meets local and state fire and safety inspection codes.

Raycliff Manor

- Offers the best attraction at the fairest price in the market.
- Is the most realistic haunt in the area with great attention to set detail and realism.
- Provides one of the scariest walk-through haunted houses in (Northwest Arkansas).
- Offers our visitors better value per dollar spent.
- Provides a unique haunt experience through innovation and design.
- Provides an attraction/service, which is not currently available in this area.
- Is strengthened by a team with combined management, design, and artistic skills and experience.

This attraction will run five weeks per year, beginning at the end of September and through October.

Even though the innovation and design work used to enhance this attraction is new, we expect that others will be able to substantially reproduce our results within 2 years. To remain on the leading edge, we will need to devote approximately 10% of revenues toward research and development. Also, due to the fast changing nature of this industry, we will need to update the themed rooms within 2 years. We have taken this into consideration in our long-term continued research and development plans.

Raycliff Manor Description Continued

Service:

In order to maintain a unique attraction and remain competitive in providing the best service to customers at the best possible price, we will hold a commitment to the following:

1. Maintain state-of-the-art props and set design to maintain public interest and repeat business.
2. Our consulting practice will address these specialized areas:
 - a. research new haunt technologies, products and services
 - b. expansion of haunted attraction to provide a greater haunt experience without increasing costs or overhead.
 - c. Investigate methods of entertainment for crowds while they are waiting to enter the Raycliff Manor Victorian Mansion Haunt.

Objectives

Long Term

As the owners and operators of Raycliff Manor, we believe strongly in innovative, technical, financial, business, and moral excellence. To secure a stable future for all those connected the Raycliff Manor Victorian Mansion haunted attraction, we have the following long-term goals:

We want to be considered by our peers to be the market leader in sales as evidenced by the following:

- Trade industry awards and recognition with the International Association of Haunted Attractions (IAHA)
- High end of scale in financial ratios
- Major market share in NW Arkansas and SW Missouri
- Technical excellence (awards, honors, etc.)
- Community involvement (Significant contribution to local charities)
- Decreased overhead leading to higher profits
- Addition of licensed products, such as hats, t-shirts, buttons, etc. to generate additional revenue

Short Term

- Market share goals (Percentage of individuals in target market that we will attract to our haunted attraction –

First Year	20%
Second Year	40%
Third Year	60%
Fourth Year	100%

- We will concentrate on initial start up and begin production of the first season haunt, to be completed within nine months of initial funding, for public opening.
- Decrease overhead through use of college theatre students and local volunteers (offer rewards based on attraction performance).
- Attend haunted attraction industry trade show (i.e. Transworld) in Chicago.
 - A. Budget for necessary seminars and/or continuing job-specific education.
- Maintain state-of-the-art accounting system for careful financial tracking.

Our Competitive Advantage

The distinctive competitive advantages Raycliff Manor brings to this market are:

Innovation in design and realism and a commitment to offering the “most frightening” experience in haunted attractions.

Sophistication in overall experience: We strive to have the guests leave wanting more; to have had a mind-blowing experience that is unique to Raycliff Manor and one that will have customers talking about it until the next season arrives.

The philosophy of Raycliff Manor is to price not just according to our costs, but also according to what the market will pay, while leaving the guests feeling like they have received a bargain. By pricing to the market, we will achieve higher sales and therefore increase our buying power. The buying power will allow us to qualify for greater product discounts and result in a greater return on haunt improvement investments.

Raycliff Manor will be located at _____, which is located directly adjacent to the Visitors Center & Trolley station. This will offer high visibility to tourists.

We plan to strike a deal with the Chamber of Commerce / Visitors Center and request use of their parking lot after hours. The Chamber of Commerce can charge for this parking thereby generating additional revenue for the Chamber.

To control the market competition, we will monitor the markets and adjust pricing accordingly if necessary.

By keeping overhead low, we will be able to funnel profits back into operations, thus avoiding high debt ratios or lost sales opportunities.

A pre season direct mail campaign directed at both existing and prospective new customers, consisting of an informative newsletter.

Consideration will also be given to attending trade shows around the Country.

Our Competitive Advantage Continued

Summary

Through our leadership, we will be able to reduce overhead as a percentage of sales, thereby increasing the amount of profit to be retained in the business. Because of our location and Customer Service policy, more people will attend our haunt, thus increasing the size of the market and our market share. What we propose to use are just good solid business sense, economies of scale, and the use of efficient financial techniques. This will allow us the following options:

- Increase service
- Increase advertising
- Reduce prices
- Increase profits
- Increase investment in applied design, innovation, and technology used

This plan will give us tremendous flexibility to use any of these options or a mix of them to efficiently attack our target markets and meet our long-term goals. This combination of experience, sophistication, capitalization, and innovation will assist Raycliff Manor as it strives to reach its sales, profit and return objectives.

Pricing

Raycliff Manor Admission Price:

Before we established the price for admission into Raycliff Manor, we determined what our investment and overhead costs were going to be. We then determined what the market price was for the nearest haunted attractions. It was determined that for all but the lowest sales projections, this service would return a profit at our determined price.

To research this price, we posted a message on Hauntworld.com, a web site dedicated to professionals throughout the nation who run haunted attractions. We first questioned members about the typical admission fees they charge for their attractions and asked other related questions, such as the length of their attractions, the market, demographics, etc. We found that 75% of those polled felt that the price we are planning to charge for admission to Raycliff Manor is “fair market value”.

We have determined that the market price will be set at \$9.00 per person (with a coupon).

Specific Markets

*In December 1998, LeisureCorp Travel Research of Ottawa, Canada, conducted an on-line survey of haunted attractions in conjunction with **Haunted America, Inc.** and **Haunted Attraction Magazine**. A total of 95 attractions participated in the survey with a good cross-section of haunts.*

Here is a summary of the Results:

- Slightly more than one-third of the haunts had been in business three years or less, half (median) of the participants have been in business less than six years and half have been in business more. The average was 9 years.
- More than half of the haunts were in operation from one week to one month, while twenty-five percent had an operating season of more than one month. The average was 26 days.
- In terms of jobs, the 95 attractions represent 6,300 paid and unpaid jobs.
- The attractions surveyed drew a total of 717,500 visitors. Fifty percent of those surveyed had a 1998 attendance below 2,378. The average was 9,963 and 14.7% had more than 10,000.
- The average adult admission was \$6.16 and \$4.70 for kids. In total the attractions surveyed represented \$4.2 million in ticket sales or \$42,000 per attraction.
- The average attendance growth is 29%. Fifty percent saw growth of less than 15%, but still solid growth. Only one attraction reported slower growth in 1998.
- The haunted attractions surveyed were typically around 3,400 to 5,400 square feet.
- The average number of full-time actors was six with 35 volunteers.

Entry Strategy

The Victorian haunted attraction we will be purchasing, and naming **Raycliff Manor**, is similar in size and characteristics to a haunted attraction featured at the Ohio Fairgrounds for 7 years now. This attraction in Ohio has averaged approx. 20,000 customers per season. We will be adding to our attraction thousands of dollars worth of props and haunt décor we have acquired over the past number of years and that we have utilized for a home haunt and Halloween themed parties. We will also be investing numerous hours into updating and revising the sets and props in this attraction. This gives us a tremendous price advantage, as we are able to gain entry into this industry with fair market investment.

We intend to market **Raycliff Manor** through all the normal channels available. These include an advertising campaign targeting the end user in various publications and on radio and through television.

Specific Markets Continued

Growth Strategy

After having successfully completed this entry phase into this market in the geographical area we have selected, we will then expand our market by doing the following:

1. Expand advertising and media to cover a wider demographical area.
2. Expand sponsorships to a wider demographical area and distribute discount coupons through sponsor locations.

Targeting New Markets

To continue our growth, we will use the following methods to expand our markets and to increase our new areas of attracting business:

- Customer contact – find out their needs – market surveys and questionnaires
- Customer referrals
- Sales of souvenir t-shirts, buttons, bumper stickers, etc.
- Adding complementary Product/Services and promotional giveaways
- Trade shows
- Research & Development
- Investment in new design and technology for haunt

Location

This business will be operated on the property at _____. This location is ideal for the following reasons:

- The traffic flow has been rated as high
- Low cost to lease the property for the season OR There will be no property lease fee, since we already own the property.
- This location is close to the Visitors Center / Trolley Station providing convenience and ample parking for guests.
- This location is close to downtown, which encourages the visitors to shop and eat in Eureka Springs.

Research & Development

We spent a considerable amount of time in researching and locating a professional haunted attraction. Please see Attachment A for an itemized breakdown of haunt to be purchased. We have researched the demographics of the Eureka Springs and surrounding areas to determine the marketability of this product/service (see “Specific Markets” pages of this business plan). We have and continue to conduct a considerable amount of research in the haunted attraction industry, both nationally and locally, and have determined that there is definitely a market for an excellent haunted attraction in the Northwest Arkansas area.

We have also been in touch with the City Advertising and Promotion Committee and we received the following haunted attraction market data / feedback:

“Lane House sponsored a Haunted Hay Ride at Lake Leatherwood 2 years ago, the 3 weekends leading up to Halloween. It was very popular and fun and brought folks in from all over the area. It turned out to be too labor intensive for the small group of volunteers, as it was a very ambitious project! They definitely made money on it.”

“The Fire Dept did a haunted house at the Fire Station downtown for several years. Scary! Again, very popular and well attended.”

Financial Data

Sales Forecast

Sales have been forecast at the following rates:

	Year 2	Year 3
Increase in Customer Attendance:	20%	20%

Cash Flow Variables:

We project that we will be able to generate sufficient capital from operation to meet our initial needs after the initial infusion of \$60,000. However, our projections are based upon present real market conditions and data. Should sales not meet projections, adjustments will be made in ordering and long-term commitments decreased or postponed.

Income Statement

Assumptions:

Attendance: We anticipate a first year season run to produce an estimated 10,000 visitors.

Cost of Operation: With the exception of electrical costs, the initial investment of \$_____.00 should cover the cost to purchase the haunted attraction and the entire first year operating costs.

Risks & Variables

We have considered seasonal trends and have forecasted accordingly. We believe the forecasts are conservative. Should we determine that the haunted attraction season can be lengthened and continue to experience successful attendance, we will consider doing so.

Proforma and Balance Sheet

Cost Control

Our books will initially be maintained manually. We plan at a future point to use a computerized accounting package to monitor our financial performance. This information will be compiled at the end of each season for preparation of financial statements. Each season these statements will be reviewed against our proforma statements and appropriate action taken to adjust costs or our budget. If we find that we are continually over budget, our first step will be re-evaluate our ticketing price for Raycliff Manor and then to re-check our costs to make certain that we are obtaining the best possible prices from our vendors.

Effects Of Loan Or Investment

The monies borrowed and invested in the Raycliff Manor Victorian haunted attraction will be used for the following purposes:

- Purchase of Victorian Mansion Haunt (see Attachment A) - \$00,000.00
- Marketing / Advertising Expense - \$_____.00
- Additional Props / Equipment - \$_____.00
- Property Grading & Tree Removal - \$_____.00
- Actors / Volunteer Prizes & Compensation - \$_____.00

***Because the Victorian Mansion Haunt is a “turn-key” operation, we are conservatively estimating the expenses required for additional props and equipment.

***Because the TradeWinds already has an existing office, complete with office supplies, phone system, computer, fax, etc., we will not require the purchase of any of these items.

***Lee Ostergren and Kelly Allen possess a savings of \$_____.00, which we will utilize for unexpected expenses, insurances required for operations, and any legal fees associated with incorporating the business, should we decide to do so.

***Should we decide to add a souvenir / gift shop, we will do so at our own “out of pocket” expense.

Expenses / Investment			
	Year 1	Investor	Loan Amount Needed
Victorian Mansion Haunt		Lee Ostergren & Kelly Allen	
Marketing/Advertising		Lee Ostergren & Kelly Allen	
Additional Props/Equipment		Lee Ostergren & Kelly Allen	
Property Grading & Tree Removal		Lee Ostergren & Kelly Allen	
Actor/Volunteer Prizes & Compensation		Lee Ostergren & Kelly Allen	
Total			

With a loan amount of \$_____.00 at an annual percentage rate of (7%) for (60) months, and 5 annual payments due each December 1st, we are estimating our payments at approximately \$_____.00 annually.

With an attendance of 10,000 visitors in the first season, at an average cost of \$____.00 per person, we anticipate gross sales of \$_____.00 within the first year’s season run.