

# **R&V Night Club**



1224 16th Street  
Racine, WI 53403

Phone. 262-633-5253

# Business Plan

## Company Management:

*Owners: Roman Campos, Veronica Campos and Alex Perez  
Legal Company Name: R&V Night Club*

## Industry:

*Bar & Nightclub located on 1224 16<sup>th</sup> Street Racine WI 53403*

## Number of Employees:

*5 All family members*

## Mission:

*Our mission is to ensure that each guest receives professional, friendly and efficient customer service. We are committed to providing a clean, well maintained premise for guests to unwind and enjoy reasonably priced beverages and snacks with friends or alone. We will ensure that respect and dignity is what guests and staff are treated with and to provide a safe and secure environment for all. We will be having 2 Bouncers at the door, and will be taking care of the cleaning inside and outside on a daily basis.*

## Executive Summary:

*The Bars and Nightclubs industry has experienced steady growth over the past five years. While revenue growth experienced a small amount of volatility over the early half of the five-year period, primarily as a result of shaky consumer confidence causing more people to drink at home rather than at bars or nightclubs, the industry is still expected to grow by 1.4% per year on average to \$26.0 billion over the five years to 2015. Industry revenue is expected to increase by 3.2% in 2015 alone, as consumer confidence and disposable income pick up, allowing people to spend more of their pay at bars and nightclubs.*

*Bar and nightclub operators have attempted to respond to volatile growth and increased competition by diversifying into a range of new concepts such as wine bars, cocktail lounges and brewpubs to attract new demographics. New operators are consistently entering the industry to satisfy new consumer trends. As a result, the industry has become more fragmented because drinking establishments are catering to a larger range of niche markets. Many of the remaining establishments have adapted their menus and entertainment offerings to accommodate consumer tastes. While per capita expenditure on alcohol is expected to rise at an annualized rate of 1.6%*

*over five years to 2015, consumers are increasingly drinking packaged beverages at home rather than alcoholic beverages at clubs or bars.*

*Over the five years to 2020, the industry is projected to continue facing competition from in-home alcohol consumption and non-industry establishments that also serve alcohol, such as restaurants. In spite of these factors, the industry's financial performance is forecast to strengthen as the economy improves and consumer spending increases. Bars will also continue to introduce healthier upscale products like craft beer and organic food to their menus to appeal to consumer tastes. In the five years to 2020, industry revenue is forecast to increase at an annualized rate of 1.9% to \$28.4 billion.*

### **Business Description:**

*R&V Night Club will open 6 days Monday, and Wednesday from 4:00pm – 10:00pm, Thursday from 7:00pm – 01:00AM, Friday and Saturday from 7:00pm to 02:30am and Sunday from 4:00 To 1:00am R&V will provide a comfortable fun and secure atmosphere for people to unwind with others from their local community. This is the only Hispanic bar in the area. The Hispanic community needs a place to go have a drink, listen to music and have fun.*

*Industry experts have identified the following keys to success:*

- *Having a loyal customer base: It is important to ensure a high level of regular customers who spread good word-of-mouth recommendations to others.*
- *Ability to quickly adopt new technology: Establishment operators should have appropriate levels of technology in areas such as stock control, which is a major cost area.*
- *Ability to control stock on hand: Operators must have control over stocks, particularly stock losses, and have sufficient stock in line with expected demand.*
- *Effective cost controls: Having effective cost controls and systems in place is essential because this is a relatively low profit margin industry.*
- *Must have license: Operators are required to have the appropriate licenses to operate and always meet the conditions of the licenses.*
- *Access to niche markets: It is important to have a very good understanding of the markets serviced by your location and customers' changing needs.*

### **Customer Parking for R & V Nightclub**

*At this time we don't have a private parking for our customer but we are negotiating to rent the parking lot of the company across the street. There is also ample public parking on the street.*

**Company Background:**

*This current business has been in operation for 15 years and has an established clientele.*

*Roman Campos has 8 years combined experience as a door security and a DJ for El Cotorreo Bar. Veronica Campos has 15 years of experiences in customer service and 3 years of experience in bartending for El Cotorreo Bar and also has a bartender license. Alex Perez has 3 years of experience in management and operations in a successful business, working for Velasquez Mufflers and Brakes. With their combined track record the owners are prepared to successfully own and operate R&V Night Club.*

**Products/Services:**

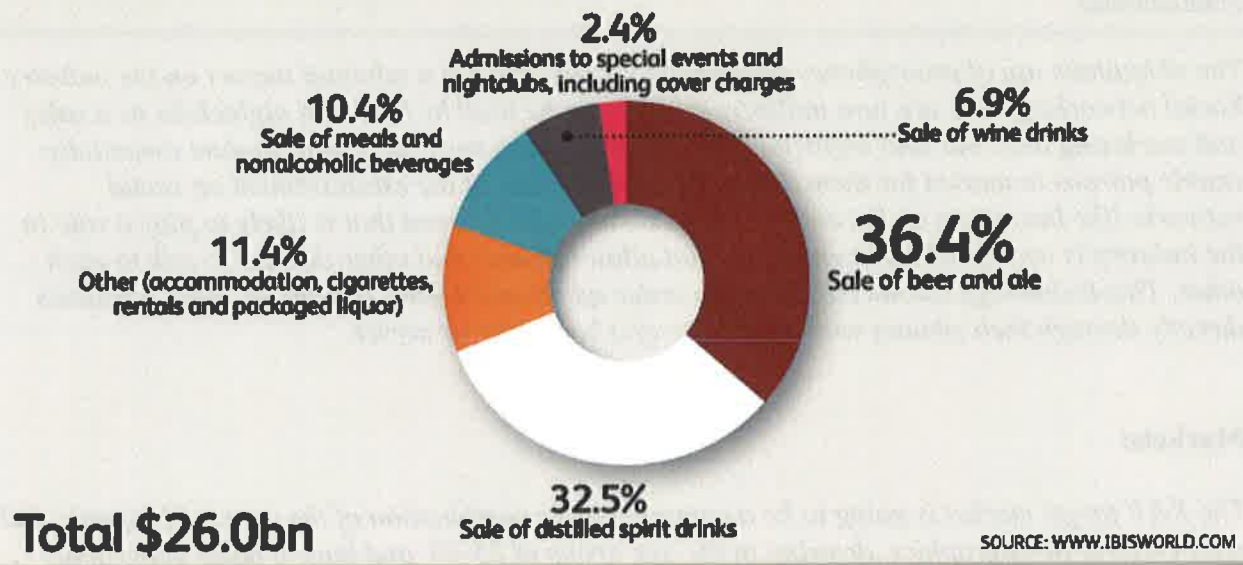
*The bar will offer a broad variety of hand crafted beers- both local and imported, wine, liquor, prepackaged food, snacks, games, music and customer relation skills.*

*The overwhelming majority of industry revenue stems from alcoholic beverage sales, accounting for about 75.0% of the total. IBISWorld estimates that distilled spirit sales account for about 32.5% of total revenue, while beer and ale account for 36.4% of sales. Wine accounts for 6.9% of sales. Sales of packaged alcohol account for less than 2.0% of revenue. Over the past ten years, there has been a general decline in the proportion of alcohol-related revenue derived from beer and ale, though this trend has been offset by increasing consumption of wine, distilled and mixed spirit drinks.*

*This segment is highly sensitive to economic factors that affect the on premise consumption of alcohol. During the past five years, consumers became more selective about how they spent their disposable income. Consumer spending declined and discretionary leisure activities like visiting bars, nightclubs and drinking establishments were reduced or cut out. Some consumers opted to drink in their homes instead of visiting bars. Consumers who continued patronizing drinking establishments tended to visit them less, spent less when they did go out and often chose more affordable establishments.*

*Food and meals, largely for consumption on the premises, and sales of nonalcoholic beverages, account for about 10.4% of sales. This segment can include prepackaged food, appetizers and even full meals. The number of bars serving food has increased over the past five years because consumers are increasingly time poor and want to go to establishments that are a one-stop shop for their eating and drinking activities. Revenue from cover charges and admissions to bars and nightclubs represents about 2.4% of total industry revenue. Other revenue is derived from sales of cigars and cigarettes and from slot machines.*

### Products and services segmentation (2015)



#### Technology:

*We will have high-tech nightclub lighting, laser and LED DJ lighting, fog machine, flat screens, turn tables and computers.*

*The Bars and Nightclubs industry is subject to a low level of technological change. In general, small business owners do not have a strong incentive to invest heavily in new technology due to the limited economies of scale available. The industry relies on a high level of personalized service provided by bartenders, waiters, servers and managers. The degree of personal service provided by a bar is normally crucial to the establishment's performance and can often be the reason patrons are enticed to return. Moreover, many owner-operators rely heavily on their own labor or extended family and friends, usually at relatively low hourly rates. Consequently, the main incentive to increase the use of technology, which is to reduce a reliance on physical labor, is not as prevalent for this industry, particularly at the small-scale end of the industry.*

#### Business efficiency

*Technology can be used by bar and nightclub operators to improve internal business processes, such as ordering inputs and all other back-of-house functions. Back-of-house operations have become more efficient due to technology. Steam cooking ovens and super ovens that cook items much faster than conventional ovens are beneficial to diners that are expected to offer fast and efficient service. These improvements can deliver a competitive advantage against competitors, which is especially important given the fierce level of industry competition. Computer software is also available to assist bar and nightclub operators to monitor and control labor costs, inventory control and cash management. Front-of-house booking systems are also used as portals for venues to manage patrons and enable guests to seamlessly make reservations through their smartphones.*

### Smartphones

*The ubiquitous use of smartphones throughout society has had a minimal impact on the industry. Social networking sites are now mainstream and can be used by bars and nightclubs as a sales and marketing tool. Bar and nightclubs that have been the most successful to-date essentially enable patrons to market for them through sharing photos of the establishment on social networks like Instagram or Facebook. The next smartphone trend that is likely to play a role in the industry is near-field communication that allows phones and other devices to talk to each other. This technology allows customers to order additional bottles of wine or make payments directly through their phones without the use of a bartender or server.*

### **Markets:**

*The R&V target market is going to be a comprehensive combination of the general Hispanic and multicultural demographics, drawing in the age group of 25-40, and have a basic geographic target of mid to downtown Racine, WI. This will allow for a wide but specific group popular to this location.*

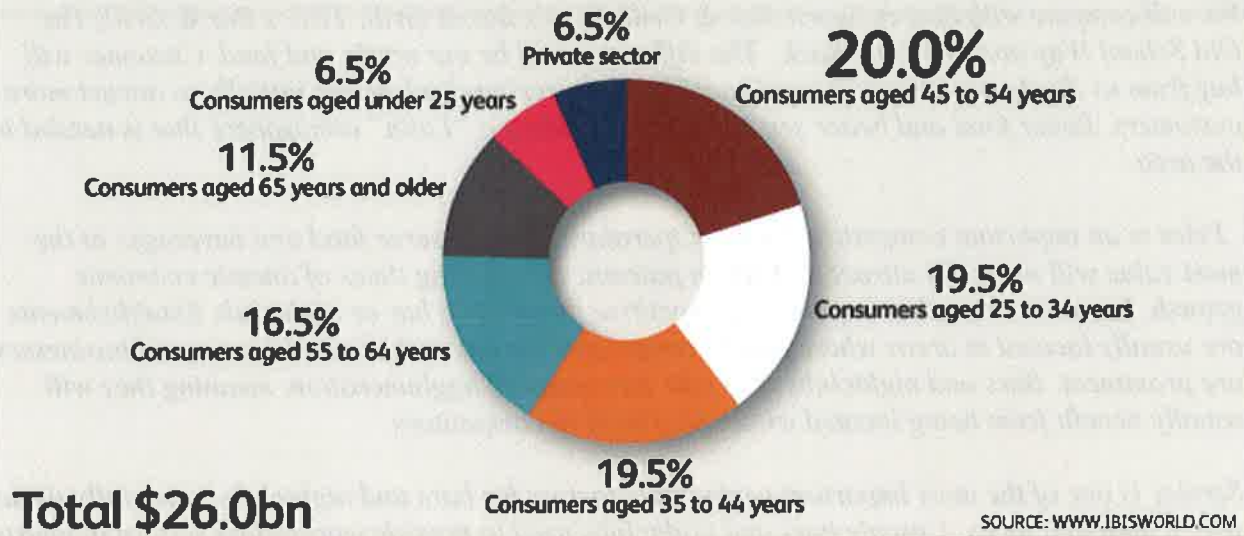
*Over 90.0% percent of the total revenue earned by bars, nightclubs and drinking establishments is derived from households. The biggest spenders on alcohol per capita, according to the US Census Bureau, are those aged 34 years and younger. However, due to the size of the population aged between 45 and 54, this segment is the industry's biggest market. Older consumers also tend to spend more on additional items such as food. Alcohol consumption tends to decline substantially once a person reaches 65 years of age.*

*According to a survey by Centers for Disease Control, about 56.0% of those aged 18 to 45 are current regular drinkers, compared with 50.0% of the total population. Given these findings, customer demographics will vary according to whether the establishment is located in a college town or elsewhere, and depending on the concept, which could be a neighborhood bar, an on-premises beer-brewing tavern, a sports bar, a wine bar or a nightclub.*

*Some revenue is derived from the private sector, such as businesses that may seek to rent conference rooms or other facilities for a special function or occasion. These occasions may include a product launch or a seasonal staff function. The major markets for this industry have remained relatively stable over the five years to 2015. Older consumers account for a growing percentage of industry sales due to the ageing demographics.*



## Major market segmentation (2015)



### Marketing:

*The R&V primary promotion and advertising will be La GranD radio station; also we will have a website featuring an event calendar, phone number, address and hours of operation. The website will also have links to its Facebook page and we plan to run ads in the newspaper.*

*The most powerful and effective means of generating new business is word-of-mouth. People turn to trusted friends or colleagues for recommendations regarding bars and nightclubs. Because word-of-mouth referrals are free, you can't beat the return on investment that a positive referral can generate. To stimulate word of mouth, we will actively ask customers for referrals and recommendations. The driving force behind consumers' desire to share positive stories about organizations is the trust they have in the products, services and people associated with those entities. We will strive to build that trust with every interaction we have with a customer.*

*We will also use an internet based strategy. This is very important as many people seeking local services now use the Internet to conduct their preliminary searches. We will register with online portals so that potential customers can easily reach the business. The Company will have its own website showcasing the Company's services, preliminary pricing information, and relevant contact information.*

*Social media is also quickly becoming the primary way content is shared. Sites like Twitter, Google+, Stumble Upon, and Facebook all allow consumers to share valuable content with others in their network. Research shows people are more likely to trust content shared from people they know, so a share is akin to a 4 star rating.*

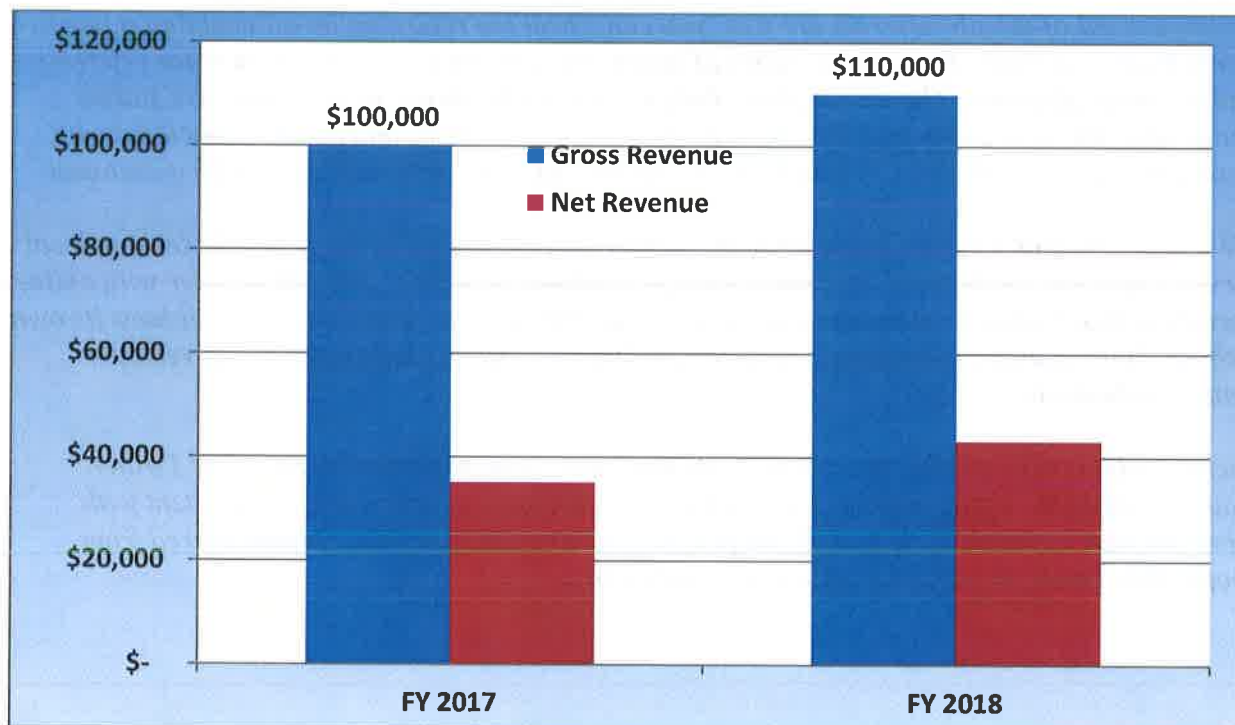
## Competition:

*We will compete with Scores Sports Bar & Grill, Pepi's Bar & Grill, TBG's Bar & Grill, The Old School Way and The Blue Rock. The difference will be our music and food. Customer will buy from us due to our prices; we are considering lowering drink prices initially to attract more customers. Better food and better service while providing a "Latin" atmosphere that is needed in the area.*

*Price is an important competitive factor. Operators that can serve food and beverages at the most value will normally attract and retain patrons, even during times of anemic economic growth. Location is another important competitive factor for a bar or nightclub. Establishments are usually located in areas where people congregate for entertainment purposes and businesses are prominent. Bars and nightclubs also take advantage of agglomeration, meaning they will usually benefit from being located within proximity to competitors.*

*Service is one of the most important competitive factors for bars and nightclubs, especially those with a high-end focus. Upscale bars and nightclubs need to provide world-class service to guests that expect a seamless and enjoyable visit. Front-of-house staff like bartenders and wait staff are trained to be professional, courteous and accommodating and to portray concern for the well-being of patrons. It has become increasingly common for operators to chase higher earning patrons by renovating venues and providing higher quality beverages and menus. Within the changing alcohol consumption market, bars have moved toward providing cocktails and providing high-quality food in unique environments.*

## Sales Projections:





**Expenses Per Month:**

**I Income**

Sales income \$7,200.00

**Total Income \$7,200.00**

**II Expenses**

Mortgage \$1998.37

Liquor \$2100.00

Premises Liability Insurance \$220.00

Utilities (Water, Electricity, and heater) \$420.00

Business Accountant \$140.00

License and Permits \$80.00

Internet and Cable \$160.00

Misc. and Office Supplies \$50.00

**Projected Monthly Total Expense \$5168.37**

**Projected Monthly Net Income \$2031.63**

**Bank Account:**

*We will be opening a Business Bank Account with a total of \$5,000.00 upon the Approval of the License.*

*The R&V Nightclub plans to generate a profit within the first 12 months of operations and repayment of all financial obligations within the first 5 years of operations; however we see tremendous potential in increasing hours and increasing revenue by opening 6 days a week.*

**Equipment and Supplies for the Operation of R & V Nightclub**

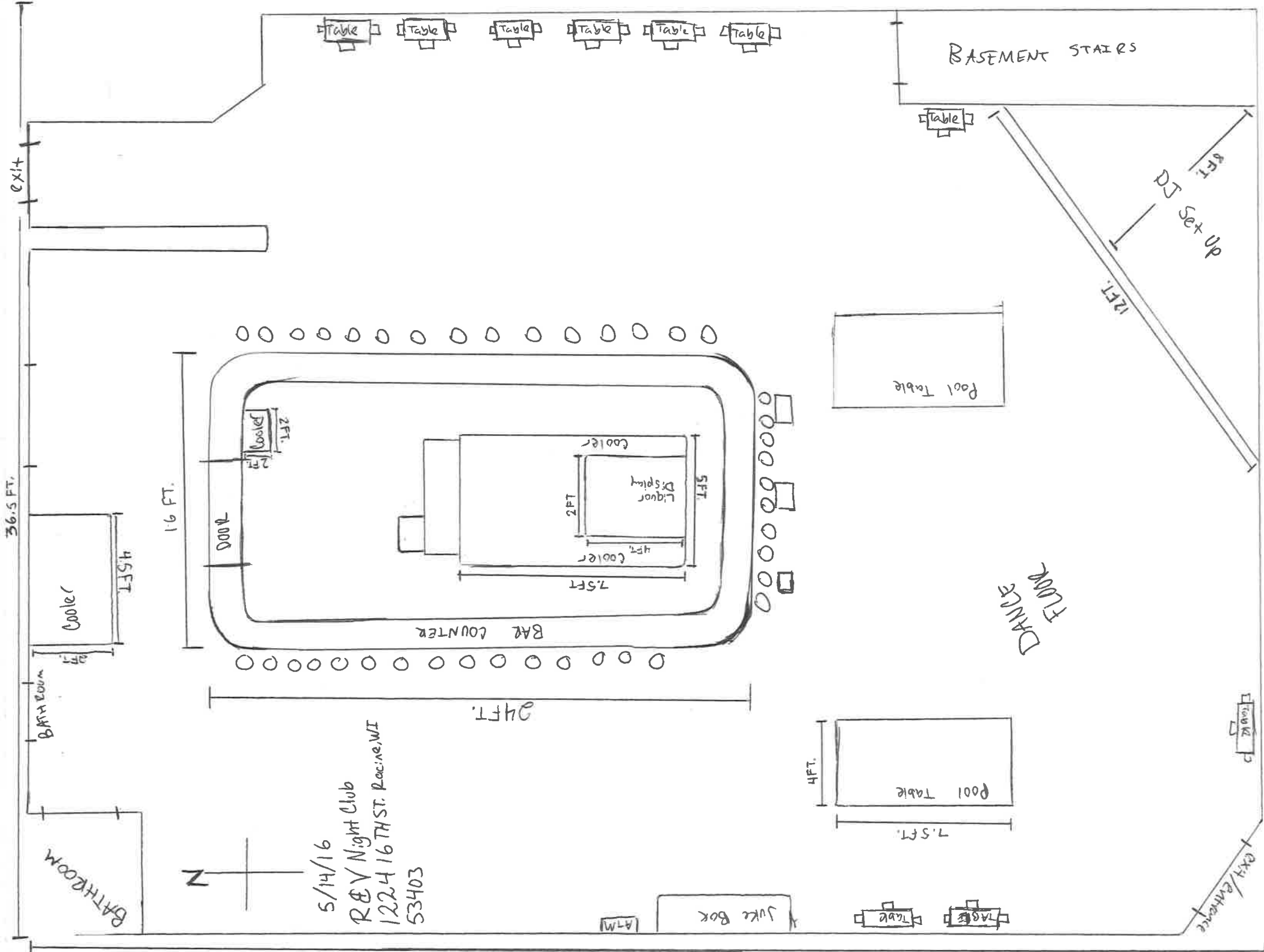
**(A) Equipment presently owned:**

*Dj Equipment, 6 TV Monitors, 2 Coolers, 9 Tables, 20 Chairs, 41 Bar Stools, 1 Ice Machine, Camera Security System, 1 ATM Machine, 1 Chest Freezer, 2 Cash Registers, 3 Drawer Cabinet, 2 Blenders for mixing drinks and 1 Projector. 2 Outdoor Ashtrays (Cigarette Disposal Bins)*

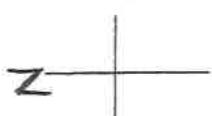
*(Customers will continue to go smoke outside)*

**(B) Equipment that will be rented and used in the premises:**

*One Juke Box, 2 Pool Tables, 1 Dart Machine, 6 Amusement Machines, 1 two door cooler and 1 Ice Bin.*



5/14/16  
 REV Night Club  
 1224 16TH ST. Racine, WI  
 53403



BASEMENT STAIRS

DANCE FLOOR

Pool Table

Pool Table

BAR COUNTER

Cooler

4 FT. Cooler

Liquor Display

Cooler

BATHROOM

BATH ROOM

EXIT

EXIT/Entrance

ATM

Juke Box

Table

Table

Table

Table

Table

Table

Table

Table

Table

Table

