Matt’s Pool Hall and Bar analysis

1. Business Plan

*1. Executive Summary:*A pool tournament could be an opportunity to increase the revenue and reputation of Matt’s Pool and Bar, while at the same time we’re charged for $1500 to host this event. Revenue and Expense analysis is necessary before hosting the event.

*2. Business Description:* Matt’s Pool Hall and Bar offers pool tables and food &Beverage services for customers. From Monday to Thursday the customers are majorly from a Pool league. The price of F&B is quite attractive, and average check of each pool patron is $35. Generally Matt’s earns most money from Friday and Saturday, but on Sunday the revenue is appalling.

*3. Environmental Analysis:* Based on the information given, Matt’s earns lots of money on Saturday but not on Sunday, which reflects that people are less likely to go to Matt’s on Sunday. So the tournament will definitely increase the income a lot on Sunday when lots of people come to watch the tournament, and make consumption.

Due to lack of information, SWOT analysis is based on projections. Strengthen: The price of food and beverage is lower than local bar average price; Customer service is very good according to comments on social media; Location is good and very close to bus stop/metro station, and has free parking for customers. Weaknesses: The bar has room for only 50-60 patrons, which is not big enough to hold a very big event. Opportunities: The reputation of Matt’s is very good, more events might be held by Matt’s in the future. Threats: There’s also a bar located nearby which provides similar services, it is bigger though the menu price is higher.

*4. Resource Analysis:* Matt’s only has rooms for 50-60 patrons, when people would like to stay inside and watch the game for a long time, the table turnover rate is low. If more people want to come, they may wait, or just left. The former is bad, and latter is even worse. At the same time, the tournament will be held 9am, 2am, 7pm, which means Matt’s has longer opening time and Matt’s work schedule of employees should be arranged properly.

*5. Functional Plans:* Because the scale of Matt’s is not that big, the division of function is not so clear, one person can play several roles. Human resourceis necessary to deal with employees issues, and can be assigned to few persons to take charge. F&B is so important for this business and should be involved most employees to work on it. Marketing aims to attract customers or event holders and Financing deals with money, they can be responsible to one single leader. One general manager will take care of all these departments.

*Financial projections, Implementation schedule, End-game strategy and Risk analysis* are not available due to lack of information.

2. Recommended price for Breakfast/Lunch/Dinner

|  |  |
| --- | --- |
| Breakfast | |
| Beer/Wine | $6 |
| Water/Soft drinks | $3 |
| Cocktails | $14 |
| Burgers | $12 |
| Pizzas | $12 |
| Fries | $6 |

|  |  |
| --- | --- |
| Lunch | |
| Beer/Wine | $6 |
| Water/Soft drinks | $3 |
| Cocktails | $14 |
| Burgers | $12 |
| Pizzas | $12 |
| Fries | $7 |

|  |  |
| --- | --- |
| Dinner | |
| Beer/Wine | $5 |
| Water/Soft drinks | $2 |
| Cocktails | $10 |
| Burgers | $10 |
| Pizzas | $10 |
| Fries | $5 |

The menu price for Breakfast and Lunch have been raised comprehensively by about 26% (counted by a whole bundle of food and beverage, (53-42)/42≈26%). The reason why I raise the price of Breakfast and Lunch but not dinner, is because generally, Matt’s doesn’t open until 4pm, which means Matt’s didn’t provide Breakfast and Lunch, unless the tournament will be held. Expansion of opening time might lead to overtime of employees and Boss might need to pay extra wages to compensate them. On the other hand, table turnover rate will be low if most customers want to watch the whole game. What’s more, if the tournament attracts many people to come, there’re not enough rooms for customers, then the supply›demand, customers will become less price sensitive and just want to have a comfortable seat. The raising price won’t affect the old customers a lot because the price of dinner is still the same.

3. Forecasted Customer Counts & Revenue by meal period for Sat and Sun

*Saturday*

Usually not that many of people would like to eat breakfast in a bar, However, the tournament helps a lot. If 5 matches start at 9am (Matt’s has 5 pool tables), all patrons seats are taken, and all customers want to stay until lunch, then there’re 70 customers inside (10 pool players + 60 patrons=70 persons). The cost to play pool should be neglected because no reason to charge players on tournament, and table would be preserved and no one else can play during this Saturday and Sunday. Because the menu price rises by 26%, average check of pool patron would be $44 (35\*1.26). Then the revenue of breakfast is $3080. Lunch is the same as breakfast, assuming there’re 70 persons pay bills of $44 each, and revenue is $3080.

Dinner would be different because the price is original. Based on given information, on Saturday Matt’s earns $4000 revenue, while everyone pays $35, so the number of customer is 114. Assuming 70 more people will come to consume, the dinner revenue would be $6400 (174\*35).

*Sunday*

Breakfast and lunch revenue could be treated the same as Saturday ($3080 each meal). When it comes to dinner, the revenue would be $3650 (35\*70+$1200).

***Chart 1: Forecasted Revenue of this Saturday and Sunday***

|  |  |  |
| --- | --- | --- |
| Saturday | Breakfast | $3080 |
| Lunch | $3080 |
| Dinner | $6400 |
| Saturday total revenue | $12560 |
| Sunday | Breakfast | $3080 |
| Lunch | $3080 |
| Dinner | $3650 |
| Sunday total revenue | $9810 |

4. Overall estimated Profit/Loss Statement

Assuming 3/7 of revenue comes from food and 3/4 comes from beverage (average check of customer is $15 in food and $20 in beverage, 15/35=3/7, 20/35=3/4), the profit of this Saturday is $5921($12560\*(3/7)\*(1-0.285-0.2)+$12560\*(3/7)\*(1-0.215-0.2)=5921); The profit of this Sunday is $4624 ($9810\*(3/7)\*(1-0.285-0.2)+$9810\*(3/7)\*(1-0.215-0.2)=4624)

***Chart 2: Overall Profit/Loss Statement***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Food | Beverage | Total |
| Saturday | Revenue | $5383 | $7177 | $12560 |
| Expense | $2611 | $4028 | $6639 |
| Profit | $2772 | $3149 | $5921 |
| Sunday | Revenue | $4204 | $5606 | $9810 |
| Expense | $2039 | $3147 | $5186 |
| Profit | $2165 | $2459 | $4624 |

5. Is it a good business to open the Tournament

In order to answer this question, we need to see whether the benefits of holding this event are bigger than the costs of the event.

*The pros:*1. Profits. The extra profits result from opening the event, includes profits of Breakfast, Lunch, and 140 bills (70 patrons\*2 nights) at dinner. See the following chart:

***Chart 3: Extra profits result from opening the Tournament***

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Breakfast | | | Lunch | | | Dinner | | | Total |
|  |  | F | B | Total | F | B | Total | F | B | Total |  |
| Saturday | Revenue | $1320 | $1760 | $3080 | $1320 | $1760 | $3080 | $1050 | $1400 | $2450 | $8610 |
| Expense | $640 | $730 | $1370 | $640 | $730 | $1370 | $509 | $581 | $1090 | $3830 |
| Profit | $680 | $1030 | $1710 | $680 | $1030 | $1710 | $541 | $819 | $1360 | $4780 |
| Sunday | Revenue | $1320 | $1760 | $3080 | $1320 | $1760 | $3080 | $1050 | $1400 | $2450 | $8610 |
| Expense | $640 | $730 | $1370 | $640 | $730 | $1370 | $509 | $581 | $1090 | $3830 |
| Profit | $680 | $1030 | $1710 | $680 | $1030 | $1710 | $541 | $819 | $1360 | $4780 |
| Total  (2 nights) | Revenue | $2640 | $3520 | $6160 | $2640 | $3520 | $6160 | $2100 | $2800 | $4900 | **$17220** |
| Expense | $1280 | $1460 | $2740 | $1280 | $1460 | $2740 | $1018 | $1162 | $2180 | **$7660** |
| Profit | $1360 | $2060 | $3420 | $1360 | $2060 | $3420 | $1082 | $1638 | $2720 | **$9560** |

As we can see, the extra revenue result from the event is $17220, extra expense is $7660, extra profit is $9560. Minus the hosting fee of $1500, Matt’s still get $8060 net profit. **So it would be a good decision to host the Tournament.**

2. The reputation. Holding a well-known tournament will increase the reputation of the bar, and attract more people to come in the future.

*The Cons:* Potential risk of losing old customers. The rising rise on Breakfast and Lunch might still affect small part of old customers, they come to consume but find that the bar raises the price secretly.

Conclusion

Generally, it’s a good deal to host the Pool Tournament. Raising menu price on breakfast and lunch, making arrangement and paying extra wage to employee to let them work more time, these are strategies Matt’s can use to maximize the event.

Reference

Profit/Loss Statement. Retrieve from http://www.investopedia.com/terms/p/plstatement.asp