



# PBL SMALL BUSINESS MANAGEMENT PLAN 2014-2015

Euphoria Nightclub and Bistro

*"Partying Hard While Greening Hard"*

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Small Business Management Plan  
2014-2015**

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## *Executive Summary*

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Lights. Drinks. Dance. Euphoria will serve as “a rollercoaster of reverberation,” uniting people of all different backgrounds and ages in one, green nightclub. Our focus on environmental efficiency represents the epitome of current green technologies, not only promoting the vibe of the entire nightclub, but also adding an additional factor that entices people to come to Euphoria rather than other competitors. The combination of a new idea and the most modern environmentally friendly technology will facilitate a secure consumer base that will only continue to expand and reflect the predicted success of this business. Because this business is a new concept, it influences an additional appeal on consumers to use this business rather than the business of competitors. Euphoria will eventually become one of the most economically secure businesses in the greater vicinity.

Euphoria Nightclub’s main motive is to redefine what a nightclub truly is. Opening the nightclub to younger teenagers is a primary methodology to obtain lifelong consumers. In symbiosis with the foot-in-the-door phenomenon, attracting consumers at a young age increases the statistical probability of those consumers returning to Euphoria as lifelong customers. Additionally, there has been a recent increase in teenage night clubs integrated with already existing young adult night clubs and with the area we are targeting, this will be the first of this kind. In addition, being the only nightclub in a ten-mile radius, we will have a virtual monopoly in our area that will secure the financial future of the establishment. Furthermore, we plan to expand our business to incorporate reservation capabilities, a separate lounge for those who are able to drink alcoholic beverages and another for those wanting cultural immersion into Middle Eastern culture by means of Hookah smoking, and membership/VIP lounges. This venture will last from 7 p.m. to 5 a.m. The nightclub will only be in operation on Wednesdays, Thursdays, Fridays, Saturdays and Sundays. However, for any consumer who desires a reservation, the location will be available for them at their discretion. The unique, breakthrough feature setting Euphoria apart from other nightclubs is that it will be the first environmentally efficient nightclub in Illinois. Euphoria will be known as the Green Club. Euphoria will take upon the task of restructuring the clubbing process in a way that not only will be clubbers be enjoying a night out, but also be promoting environmental efficiency through integration of eco-friendly equipment and facilities used throughout the club. Such technologies promoting the global “going-green” concept that Euphoria is trying to uphold includes energy efficient lights such as LED, toilets that use grey water, organic utensils and plates, and new energy efficient DJ equipment. In addition, Euphoria will be covered from the walls to the ceiling and to the basic decorum with green plants to promote the visual aesthetics of the club and also promote a healthy oxygen change for the clubbers breathing hard while dancing. Through this highly orchestrated process, Euphoria will not only be a staple for the local community, but will become a beacon for the next generation of nightclub.

Poised to become the dominant business of its kind in the region, Euphoria will not only become a beacon for nightclubs everywhere, but will also be staged as the business concept of the future.

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## *Company Description*

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Euphoria is a small business with the leadership board or board of executives constituting of two entrepreneurs who have a 50% share in the company. These two entrepreneurs (Hiam Hafizuddin and Anuja Harlalka) will own and operate this small business. In effect, a partnership will be implemented as the legal form of business and euphoria’s governance is as a privately-held LLC.

This company will own and operate one nightclub located in the heart of the Huntley, Lake in the Hills, and Algonquin area of McHenry County, Illinois. This nightclub by night will also have a call center located at the headquarters office in Huntley, Illinois for any customer who wants to reserve the nightclub for any occasion. This call center/headquarter combination will also help to facilitate a possible expansion in the future.

The immediate development goals of Euphoria will be to employ the most efficient and courteous workers in order to sustain a helpful and friendly environment for future customers. This will help

promote the strengthening of our internal infrastructure. Another goal is to also make sure all rents and miscellaneous expenses are paid off and all the required licensing has been passed and is up to date. The company will also need to make sure that the club is fully stocked and the online website is fully functioning. Additionally, it is essential to employ as much as environmentally efficient technology possible throughout the club (and constantly look for newer technologies to maximize efficiency), while initially, still paying attention to the idea of keeping costs low. Furthermore, all approvals with the Food and Drug Administration, the State of Illinois Board of Health Inspectors, American Bar Association (for any legal disputes to defend our position), Illinois Liquor and Tobacco Department and other government agencies will be met so that business can be conducted as soon as it is feasible and maintain legality. It is a goal of Euphoria to remain 100% with efficiency and leave no room for complaint. With utmost efficiency, the foundations of this small enterprise will be completed prior to the completion of the 2014 fiscal year. Henceforth, the official effective date of business will be January 1, 2015.

To see the detailed description of the financial status of Euphoria, refer to the finances section of this business plan. A brief overview at the status of the finances of Euphoria would show that each of the investors (Hiam Hafizuddin and Anuja Harlalka) would invest \$50,000 for the initial start-up of the business accompanied by an additional \$17,500 of their respective parents (totaling in \$135,000 in investments). If necessary, we will also take a few bank loans and an investment from the local bank, Castle Bank, located in Lake in the Hills, Illinois. These investments will go towards start-up costs, advertisement, rent expenses, employee wages, and costs of running the store. In addition to the monetary benefit of establishing credit for Euphoria, Castle Bank is a proud sponsor of local carwashes and moneymaking operations for high school clubs and sports for the near-by Harry D. Jacobs High School and Huntley High School. By collaborating with Castle Bank, Euphoria will be able to expand its network of teenage consumers through these high school operations.

The financials will account for start-up costs as well as start-up assets that we have at our disposal. We may have a loss accrued on year one, but this is a common factor in any start-up business. However, the net profit of around 25% in years three and five will easily supersede these losses and place Euphoria in a financially profitable position. Once again, please examine the financial section for details.

All in all, Euphoria's mission is to establish a sound social hangout and to provide the most efficient and quality service to our customers by means of developing a "new" type of nightclub – a nightclub to enhance social facilitation and recreation while supporting a large-scale and emerging social cause: the promotion of environmental efficiency. We want clubbers not only to derive pleasure from being with their friends and enjoying a night dancing away to the newest music, but also derive a sense of satisfaction that they are making a difference to the world. We hold passion and take pledge to strive hard to make a breakthrough in the delivery of a new type of nightclub and to provide our customers with an entirely new experience they cannot get elsewhere. We wish to not only allow our customers to have fun through dance, socialization, music and food, but also receive the added satisfaction received from aiding to the betterment of society and partaking in Middle Eastern cultural immersion. Euphoria will become a staple for the cultural and social ambience of the Huntley, Lake in the Hills, and Algonquin area.

To realize the mission, Euphoria's immediate development goals are to obtain a net profit, expansion, and obtain a broader consumer base. All these goals are aimed at Euphoria becoming a commonly known community business.

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## *Industry Analysis*

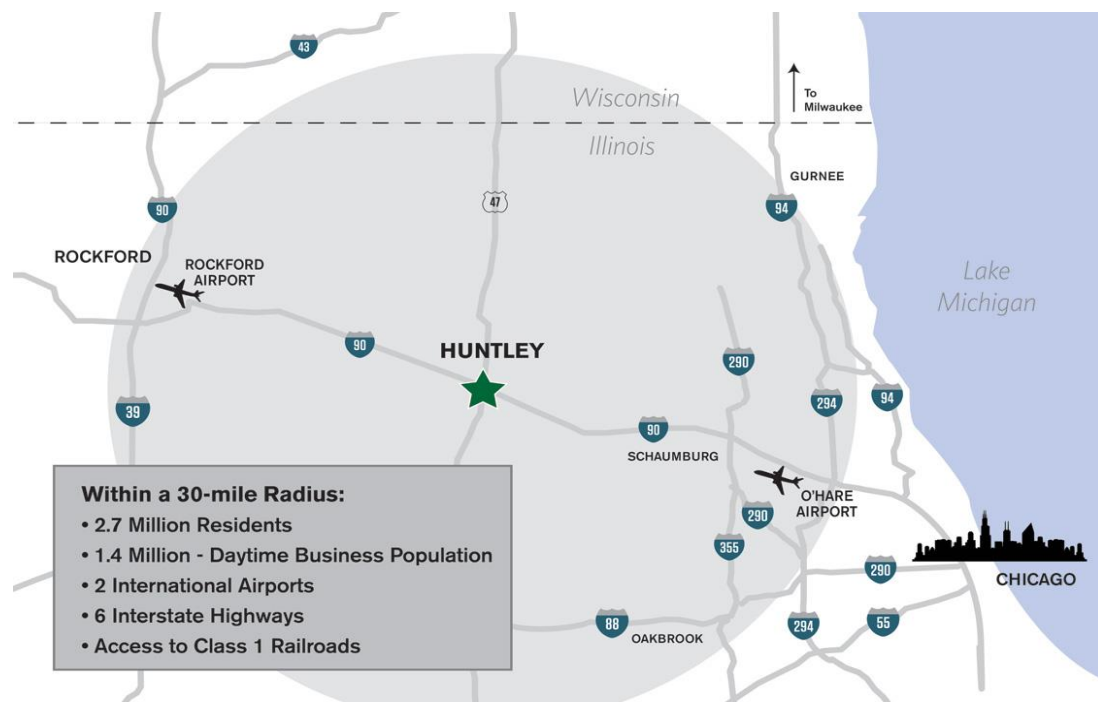
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Industry Analysis indicates that the nightclub industry has low start-up costs, hence, low barriers to entry. The median lease price in Huntley, Illinois is around \$450 per fiscal month for a prospective property of our estimated size and considering that the estimated profit margin for Euphoria is much greater than this number, this business is truly profitable. Also, initial expenses for beverages and food will be lower than average due to the ramification of buying these goods in bulk and directly from a warehouse. So, the estimated cost of buying these goods is about 62% cheaper than buying from a

traditional retailer. The lower the equity capital used to start the company, the less future expenses will be. For Euphoria's case, the prospect of this is outstanding.

Additionally, Euphoria's unique application of environmentally efficient technology provides for lower costs for essential equipment. These eco-friendly efficient alternatives will serve both appeal and functional purposes. By being the only eco-friendly nightclub in the Chicago-land Area, we will appeal to all types of thrill seekers who will come to Euphoria to experience a new sensation. With low flow sinks and toilets, there will be less water usage and more cost efficiency. As a result, the green technology not only provides a new attractive feature, but also lowers the average cost of running and maintaining the nightclub at large.

Location is also essential to a business's success. Huntley's commercial industries are experiencing booms and have only been further propagated by the introduction of a Centegra® Hospital in Huntley (which has attracted more residents to move into Huntley) and with the construction of a new Interstate 90 interchange which will allow more access into Huntley, securing Huntley's growth for the



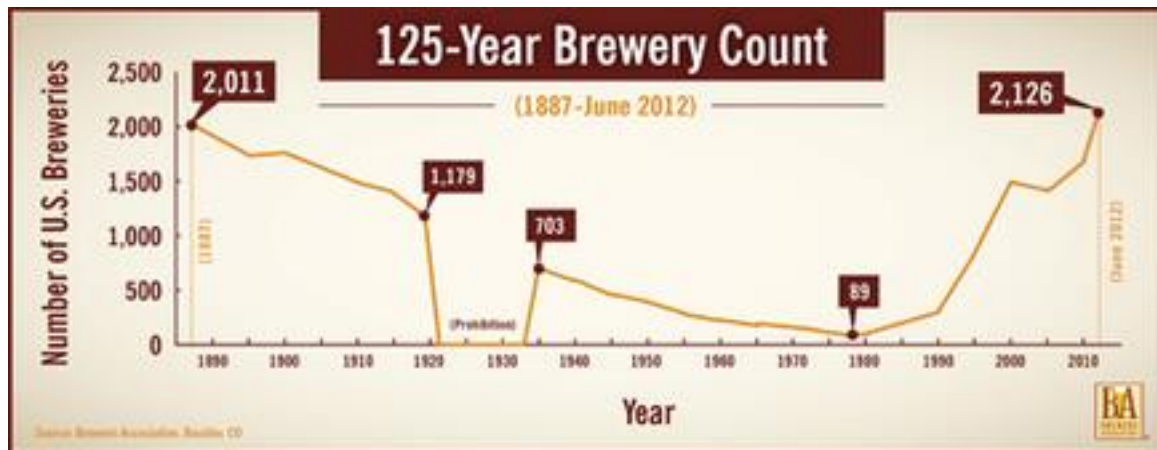
future. Setting up Euphoria in Huntley has the greatest access to consumers as seen by the image below, provided by the Village of Huntley:

Personal income and entertainment needs drive demand. The profitability of individual companies depends on the ability to drive traffic and develop a loyal clientele. Industry information indicates that more than 77.6% of establishments are small businesses employing up to nine people, which is an indication of the small business and fragmented nature of this industry. As stated, the industry is highly fragmented, and there is no single essential nightclub company. In fact the United States' nightclub industry is made up of 50 large companies (that only hold 5% of the total revenue for the industry) and more than 500 individual sole proprietorships.

This diversification is seen throughout the entirety of the US, but within a ten-mile radius from downtown Huntley, there are none of these nightclubs. Euphoria would become an industrial monopoly in this area as we would offer lower entry fees in our initial years (of course, making sure that business is still profitable) to gain lifelong consumers, after which, we would slightly raise prices to gain a larger profit margin and invest in another nightclub.

Different sources indicate that major sources of revenue in the nightclub business come from beer (35%). Another large sum comes from other alcoholic beverages such as distilled spirits, tequila, and other hard liquor (30%) and from food non-alcoholic beverages (20%). Yet, the expenses for these items have gone down drastically, increasing potential profit that can be earned. For example, the beer industry has experienced a record growth of beer manufacturers in the last fiscal year of 2012.

As a result of the diversification of this industry, our consumers will be able to have more choices (and more choices attract more consumers). With this increase in supply, through classical supply-and-demand economics, as the supply increases, the price for these goods will decrease. When Euphoria sells these beverages, there will be a greater per-unit profit due to the increase of manufacturers in the beer industry. A summary of this can be seen below through a graph from the Brewer's Association:



Along with the increase of profitability in the nightclub industry, the industry itself is set to grow immensely. Statistics of U.S. establishments show that there were around 351,000 citizens employed within the nightclub and entertainment industry with close to \$4 billion in yearly income for the industry at large. The industry is set to grow at large in the future and is relatively unscathed by the recent economic declines. The restaurant and nightclub industry remains somewhat untouched by recent economic reports. Recently, the National Restaurant Association (NRA) released its June Restaurant and Bar Performance Index, which reported operators had a positive outlook for the future. In fact, 51% of operators are planning to make a capital expenditure on equipment, expansion or remodeling in the next six months.

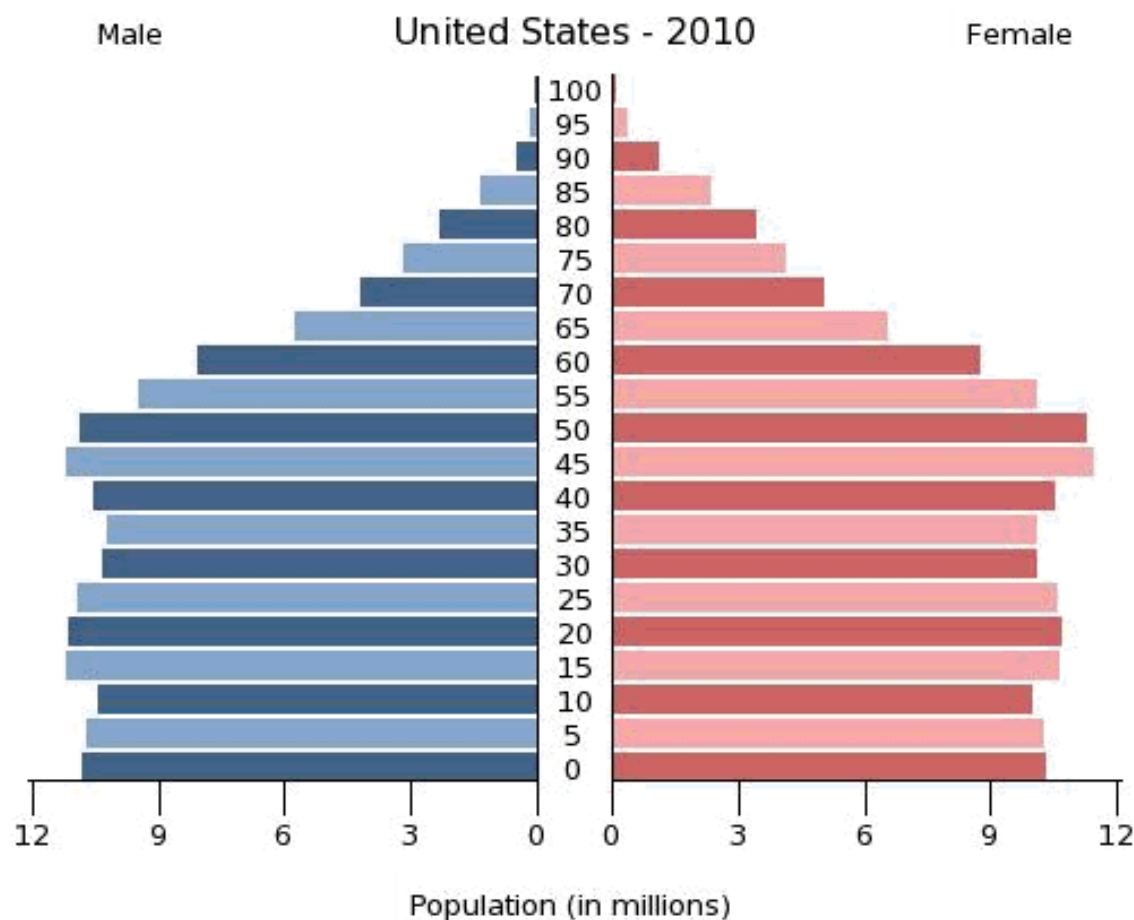
Euphoria can easily mimic these trends in the industry, as there is relatively no competition within a ten-mile radius. Competitors of Euphoria are located more than ten-miles away and are relatively far for those who live within the ten-mile area. These competitors are Energy, Medusa, Club Starz (Enigma), and Zero Gravity.<sup>1</sup> To highlight the location of Euphoria, the map for MapQuest below shows Euphoria (star) in relation to other bars/nightclubs nearby:



Finally, the population is more than sufficient to bolster the growth of Euphoria. McHenry County (the County of Illinois where Huntley, Algonquin, Lake in the Hills, and Crystal Lake are located) has

<sup>1</sup> For more information about these competitors, please refer to the **Competition** section

experienced a growth (and continuing growth) in home sales, translating to population increases. But that is not the only thing bolstering the prospects for Euphoria. More consumers in the industry have resulted in the area due to a large amount of people that are from the ages of fourteen to twenty-five. As shown by the graph below by the United States Census Bureau:



The population of teenagers varies only negligibly in comparison to the Huntley area's population. With more and more teenagers, Euphoria will easily become the social hub for young children as they mature into adulthood.

Through industry analysis, we have discovered five key things. The first of which is the fact that due to lowering prices in the seller industry, the business for nightclubs is becoming more profitable. Second, Euphoria's location in a future industrial hub secures the fiscal vitality of the establishment. Thirdly, the industry is poised for record-breaking growth, symbiotic to that of Euphoria's growth. Fourthly, with relatively no competition, Euphoria will have a virtual monopoly on the local bar and nightclub industry within a ten-mile radius. Finally, the sustainability of the industry is much apparent as continued population growth showcases the secure future of Euphoria and the industry to come.

## Target Market

The target market of our business is a very diverse one. With consumer confidence in the economy at term high (approximately 81.4%), more Americans will be willing to spend their disposable income on entertainment, such as our nightclub. Our goal is to market our products to people of ages fourteen through twenty-five and of both genders. Specific to the nightclub industry, this target will be easily attained. In terms of revenue, according to 2013 statistics, with the start of the recession in 2008, revenue for the Nightclubs Industry contracted for the first time in more than 10 years. Over the five years to 2011, revenue has fallen at an average rate of 1.9% per year. At the height of the recession in 2009, industry revenue declined 10.1% in 2009 to \$1.9 billion. Revenue rebounded marginally in

2010 by 0.1% as the economy began its recovery, and grew 2.2% in 2011 to \$1.9 billion. Sales of spirits, wine and beer in restaurants, bars and other licensed on-premise locations increased 4.9 percent to reach \$93.7 billion in 2011. With the contraction of the Nightclubs Industry finally reversed, Euphoria is in the perfect position to ride the upswing of revenue to grow financially and symbiotic to market patterns. According to the Business Cycle Theory of Economics, after a slump in any macroeconomic industry, the industry ends up correcting itself and grows to a stronger economic position. With the Nightclubs Industry having a large magnitude for marginal growth, Euphoria's financial future is stable.

Teen spending money, accumulated through paying jobs, allowances from parents, "as needed" money from parents, and monetary gifts, will increase an estimated 3.5% annually, raising the aggregate teen income 14.4%, from \$79.7 billion in 2006 to \$91.1 billion in 2011. By targeting teenagers, Euphoria can build a strong base of revenue as well as create lifelong customers, as Euphoria would be the only nightclub within a ten-mile radius. Compounding with the typical population going to nightclubs (21 years and older), the diversification of our consumer population will be key to facilitating the growth of Euphoria. The diverse nature of our target market will put our business at an advantage as we can have a larger crowd coming to us for our product. With our nightclub open on Wednesdays, we will be able to generate more revenue. Our closest competitor, Medusa (in Elgin, Illinois), is not open on Wednesdays and Euphoria would have longer hours than Medusa. Also Medusa restricts the maximum age to be twenty-three. However, we cater to a larger clientele with the increased age limit to twenty-five.

That is the overview of the market when looking at the broader picture of the nightclub industry. When taking a more microscopic glance at simply the area we wish to target, the numbers only shift slightly. For Euphoria the target market is still a very diverse market targeting males and females of all ages, but the market only encompasses the Huntley, Lake in the Hills, Algonquin, and Crystal Lake areas. According to 2013 Census Bureaus of each of those locations our target market gives a combined total population of 124,249 people. This opens us up to 124,249 potential customers of varying age groups and genders for our business. Within this population, the percentages previously stated remain constant.

## Competition

Club Name:	Euphoria	Energy	Club Starz (Enigma)	Medusa	Zero Gravity
<b>Overview:</b>	Euphoria is a dual-purpose business. It functions as a nightclub for recreation and socialization while promoting a social cause (Environmental Efficiency). Euphoria includes three lounges to maximum customer socialization. Euphoria has a hookah lounge, an alcoholic lounge, and a larger lounge for just unlimited dancing and hanging out. This club provides hosting to private parties and catering options. The nightclub is open Wednesday-Saturday till 5am.	Energy is currently Chicago's only 17+ nightclub. It is host to large events such as Spring Awakening and Day-glow Paint Party. Energy hosts customers up to age 23. It contains an alcoholic lounge for 21+. Energy is open every Thursday till 5am.	Club Starz (located at Enigma) is Chicago's only sole teen nightclub. It allows students ages 14-18 and is open from 6:30-11:00 pm. Club Starz is open once a month during the school year and twice a month during the summer. Its location has two rooms. Also it has locations across the US & soon in the UK. Its dress code is dress to impress. It also hosts different	Medusa has two locations. Medusa 17+ is located in Elgin and Medusa 21+ in Chicago. Medusa 17+ is open from 10:30 pm till 4 am. There are a few designated Saturdays in which it is open from 7-10pm for 14-16 year olds. Medusa hosts different themed parties every Saturday and is open as an alcoholic club on Fridays for 21+.	Zero Gravity is voted Chicago land's #1 teenage dance club. It was the 1 <sup>st</sup> teen club in Illinois created in 1990. Zero Gravity is known to be the creator of indoor 'Foam Parties.' This club is open on Saturdays till 4am. It is for ages 16-23. It allows for catering and private party options. Many notable celebrities have performed here. Zero Gravity is also notable for different themed nights and giving out large cash prizes.



			themed nights each month.		
<b>Strengths:</b>	<b>Euphoria</b>	<b>Energy</b>	<b>Club Starz (Enigma)</b>	<b>Medusa</b>	<b>Zero Gravity</b>
<b><i>What are advantages to the business?</i></b>	Euphoria will be the first Nightclub to be placed in the Huntley, LITH, Crystal Lake, and Algonquin area. It will be the first young adult club to be host of the new social craze: Hookah. It will also be the first eco-friendly nightclub in Illinois. Additionally, Euphoria allows customers up to the age of 25.	Energy's biggest advantage is that it is the only 17+ nightclub in the Chicago land area. It was able to achieve an even larger cliental base after Club Starz shifted its location. Also not only does it allow teens, but it allows customers up to the age of 23, which is higher than its competitors.	Club Starz's advantage lies in the fact that it has locations open in different big cities across the country and opening soon in the United Kingdom. Club Starz is becoming a worldwide company and has revenues doubling that of Energy and Enigma.	There are no other underage nightclubs in Medusa's vicinity so it retains a very strong cliental base from Elgin, all of McHenry county, and even some parts of Chicago. Medusa currently holds the cliental of Euphoria's target market. Also it holds two locations for double the revenue.	Zero Gravity remains isolated from all other competitors. It is the only nightclub in Naperville. Established in 1990, it was the first underage nightclub in Illinois. It holds first hand advantage and the most popularity. And also it has been host to many big celebrities such as Justin Timberlake and Lady Gaga.
<b><i>What are the core competencies?</i></b>	Euphoria will be the first young adult club to function as both a club and a proponent of environmental efficiency. The club will be dual purpose by not only catering to the customer's socialization needs, but also to a humanitarian effort in bettering the world around them. It will also be the first ever club to have hookah.	With the change of Club Starz's location to Schaumburg, Energy became the only teen nightclub located in Chicago. It is the sole caterer to the teens of Chicago who cannot make it to the clubs further away.	Club Starz's core competency is its large investment. Also unlike the other clubs in Illinois, Club Starz is a franchise company with branches all over the US and soon the UK. Club Starz also has free photo sessions for clubbers and uses the photos as attraction devices on their website.	Medusa is the closest competitor of Euphoria and currently maintains the support of our target market. They are at first hand advantage. Also Medusa is an already established club that has much popularity around Illinois and is host to many celebrity endorsements and appearances that aid in drawing cliental to their business.	Zero Gravity is the most established nightclub in Illinois with the largest establishment. It can fit over 5,000 people. Zero Gravity is known throughout Illinois and host to the hottest attractions. It is Chicago land's favorite teenage hangout spot. Zero Gravity is renowned for hosting foam parties and other special themed parties.
<b><i>What functions allow for the most revenue?</i></b>	Euphoria will not only gain money from cover charge, but also food, drinks, alcoholic drinks, and hookah.	Energy gains most of its revenue from the sale of alcoholic beverages.	Club Starz's high cover charges bring in most revenue alongside snacks and energy drinks. Club Starz also has private photography sessions in which clubbers can pay to have their picture taken for personal and club use.	Unlike the other clubs, Medusa is open twice a week and is able to generate revenue from cover charges, food, and drinks from both days. Also on Fridays it gains money from its alcohol specials.	Zero Gravity gains revenue from food, drinks, cover and VIP tickets for special events in which big celebrities perform. Zero Gravity also has its own merchandise store and private photography sessions.
<b><i>What does the business specialize in the most efficiently?</i></b>	Euphoria caters to a large variety of people with a myriad of options such as drinking, dancing, smoking,	Energy's main focus is music and dance. It is host to Spring Awakening and captivates its	Club Starz attracts young teens by being the only place to allow simply high school	Medusa is most efficient in hosting its 21+ Friday Alcohol Nights. Also it attracts teens	Zero Gravity's greatest attraction is its foam parties and celebrity performance

	or simply just hanging out. Also it promotes environmental efficiency and advocates the creation of an overall social well-being atmosphere.	customers' sense with vivid lights and killer sounds.	students. It gives young teens the chance to experience the thrill of clubbing earlier.	that need a closer place to turn to for clubbing needs.	nights. It uses tactful advertisement skills and providing large incentives such as \$5000 cash prizes to draw customers in.
<b>Weaknesses:</b>	Euphoria	Energy	Club Starz (Enigma)	Medusa	Zero Gravity
<b>What areas are being avoided?</b>	Euphoria contains three lounges to avoid underage clubbers from drinking and smoking.	Energy does not encourage smoking or the sale of tobacco.	Club Starz avoids the extension of the age range past high school.	Medusa stays away from the sale of alcohol on nights where there are 17+ present.	Zero Gravity avoids added an alcoholic lounge.
<b>Where is there a lack of resources?</b>	Euphoria will be a new start-up business that will lack the strong capital that other clubs have. Also in its early years it will not be as popular.	Energy lacks adequate security checks and there has been instances of gang activity present in the club such as fights and presence of drugs.	Club Starz's new location is much smaller than its previous location at the Congress Theatre and often has nights where maximum capacity is reached and late clubbers are sent home.	Medusa lacks adequate bathroom facilities considering the size of the establishment. There are two floors however only one bathroom.	Zero Gravity lacks high security that has caused several occurrences of accidents and club fights.
<b>What is being done poorly?</b>	Nothing poorly has been done at this time.	Energy Nightclub is not properly monitored and has become a venue for fights and drugs.	Club Starz is only open once a month which limits the amount of revenue that can be made and weakens itself as a competitor to the rest of the clubs	Many customers on Yelp have named Medusa too "sleazy". Medusa's atmosphere has lacking to it.	Zero Gravity lacks the ability to insure clubber safety. There have been many cases in which "predators" above the age restriction have made their way into the club and has harassed young women.
<b>Where is there a potential to lose money?</b>	There is a potential to lose money if Euphoria is unable to attract clubbers from Medusa to this club. Also Euphoria can lose money if it is unable to pay off high expenses incurred due to unforeseen costs or due to accidents/natural forces - expenses associated with licensing and the sale of alcohol and tobacco.	Club Starz has launched the intention to return back to its original location. If this happens, Energy may potentially lose its 17& 18 year old cliental base.	When Club Starz was first created its primary location was in Chicago where much of the teenage crowd was drawn into it. But after gaining popularity it shifted its location to Enigma Club in Schaumburg and from that it lost most of its Chicago customers, but gained only half that amount in terms of Schaumburg, Arlington Heights, and Hoffman Estates customers.	The creation of Euphoria may possible take away from Medusa's customers and cause its overall revenues to drop, thus causing it to incur loss.	With the increased presence of older men and younger (14/15 years old) girls in the club, Zero Gravity has become subject to loss of cliental because of absurd interaction between the two groups. It must strengthen security or else it will incur monetary losses with the decline of young women customers.

			With the reduced amount of cliental, losses were incurred.		
<b>Are there any legal worries or previous encounters with the law?</b>	No encounters, however, being a club that allows the sale of alcohol and tobacco, trouble may arise later (fights/abuse). But Euphoria maintains proper licensing and certification to avoid this.	Energy has been subject to gang violence and activity (drugs).	Not Applicable	Medusa has experienced occurrences of club fights between customers.	Zero Gravity has had instances where older men have entered the club and preyed on young girls. Zero Gravity has had sue cases as well, but the club was successful.
<b>Opportunities:</b>	Euphoria	Energy	Club Starz (Enigma)	Medusa	Zero Gravity
<b>New technologies/ideas?</b>	Euphoria has its own Hookah Lounge. Euphoria implements technology aiding to environmental efficiency and promotes preservation to the environment through the application of these technologies and hosting promotions and events related to the cause	Implication of large stage to host musical concerts such as spring awakening.	Different themed nights per month even the installation of a pool and sprinklers	Valet parking services which save the walk across the street for clubbers	Large scale foam parties that fill the club with foam
<b>New approach to fulfilling needs of customers?</b>	Euphoria contains every outlet of socialization (food/drinks, dance/alcohol, & smoke) and provides the satisfaction of supporting a social cause that benefits them and the world	Addition of 21+ lounge to allow for sale of alcohol	Weekly prizes for first 100 customers	Two floors: one non-alcoholic & another alcoholic	Acts as not only a club, but a location for concerts and full parties
<b>Threats:</b>	Euphoria	Energy	Club Starz (Enigma)	Medusa	Zero Gravity
<b>Obstacles to overcome?</b>	To succeed Euphoria must be able to pay off all expenses and prevent customers from going to Medusa and come here instead.	Energy needs to secure its 17/18-year-old crowd to prevent that crowd from going back to Club Starz.	With growing popularity of teen clubs, Club Starz needs to secure itself against future comp	Medusa operated as a monopoly in its area. Now it must compete against Euphoria for cliental.	Needs to strengthen its security to win back lost cliental.
<b>Aggressive competitors?</b>	Medusa will be a very strong contender.	Energy must compete with Club Starz.	No close competitors in Illinois.	Euphoria will be Medusa's direct competitor.	Zero Gravity has no direct competition.
<b>Negative economic conditions?</b>	Recession may cause decline in clubber attendance or decline in sales of food, drinks, etc.	Recession may cause decline in clubber attendance or decline in sales of food, drinks, etc.	Recession may cause decline in clubber attendance or decline in sales of food, drinks, etc.	Recession may cause decline in clubber attendance or decline in sales of food, drinks, etc.	Recession may cause decline in clubber attendance or decline in sales of food, drinks, etc.
<b>Government regulation?</b>	All clubs require much licensing which needs to always be up to	All clubs require much licensing which needs to always be up	All clubs require much licensing which needs to always be up	All clubs require much licensing which needs to always be up to	All clubs require much licensing which needs to always be up to

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All information for the competitive analysis was obtained from extensive market research. The creators of this business plan used many resources such as websites of competing clubs.

Reading customer feedback and reviews on specific Facebook pages for each club established this. Additionally, we took the task of visiting each of our competitors and carefully analyzed their strengths and weakness (as seen above). After doing so, we came up with the most broad age group for club admission (years 14 to 25), thus giving to us the largest cliental base compared to our competitors. We also have taken on outlets that our competitors do not, such as the introduction of Hookahs within the club and the overall motive of establishing environmental efficiency. We believe people are always looking for something new, thus will be more attracted to Euphoria because we have what other clubs do not provide.

As a start-up new business we realized it would be very important to take on extensive marketing to get our name out there. To do so we plan to take on outlets for advertising such as the local library, high schools, community colleges, the Star 105.5 Radio Station, and the support of the Local Green Society to gain further awareness of our club.

Additionally, after extensive research into local mediums of social networking, it was discovered that Medusa is in fact a very strong contender of our target market. However, Euphoria contains all of the features Medusa does, and excels in areas where Medusa lacks. For example, the use of exceptionally efficient and green technologies (such as LED lighting versus conventional lighting) will surely make Euphoria a more attractive and better place to be at night.

Upon the completion of the competitive analysis, it can be learned that there are low barriers to entry in this industry and there is much potential for success. The only significant barriers to entry are paying off expenses, proper location, accessibility, and ability to attract customers. If these barriers can be overcome it will become very feasible for a new club to enter the market and gain substantial success.

With the low barriers to entry and high potential for success, it can be assumed that there is a very high potential for future competitors. Potential future competitors can too arise because there is not much present competition at this time. In addition, Illinois overall has a huge cliental base and seeing this competitors may arise further out from Euphoria's target market which may make future expansion and attracting customers from further away difficult for Euphoria. Knowing this, it will be very important for Euphoria to strengthen itself in its early years and undergo any expansion plans as early as possible to avoid any losses later when new competition arises.

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## *Marketing Plan and Sales Strategy*

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Euphoria Nightclub will be a pioneer venture to the Huntley, Crystal Lake, Lake in the Hills, and Algonquin area which will invite high energy, a vibrancy of dance and an aura of vivid lights to a central hangout for males and females aged from fourteen to twenty-five to enjoy. The establishment's central location, demographics and lack of direct competition are the greatest advantages to the construction of the business plan.

The area encompassed by Euphoria's target market (Huntley, Crystal Lake, Lake in the Hills, and Algonquin) contains five large high schools having a student population of over at least three thousand students at each. In addition to the large mass, every year the number of students enrolled into these various high schools continues to rise by the hundreds. This opens Euphoria to an increased target market, which can potentially result in an increased cliental base. Alongside having high schools with large student populations, this area also contains three neighboring colleges with thousands of students whom also make up Euphoria's target market and too are potential cliental. However given such a vast target market, not only does Euphoria want to limit itself to attracting locals but also wishes to have locals invite their friends from neighboring cities to come.

Euphoria's marketing and sales strategy is broken into a three-step process:

The first step of Euphoria Nightclub's marketing and sales strategy involves catering specially to the female population. This special hosting service can be done through lowering the cover charge for women so that they come to Euphoria. Also Euphoria will host specially designated "Ladies Nights" in which the already low cover charge for women will be cut to \$10. The purpose for applying this strategy lies in the idea that catering to women will attract a larger crowd of women into the club. Consequently, the larger presence of women clientele would drive in more male customers seeing as the club would be a great venue for social interaction between the two genders. Not only would this strategy cause Euphoria to have an increased clientele base including both men and women, but also it would allow Euphoria to gain more popularity as a center for social hangout. The increased popularity and clientele base would then bring in more revenue from the other features present in the club (food and drinks). After conducting extensive market research and a personal experiment in which the owners of Euphoria themselves visited various young-adult nightclubs around Illinois (Zero Gravity, Club Starz, Energy, Enigma, and Medusa) it was confirmed that applying this strategy would be an effective tactic.

The next step is Euphoria's unique age range for being allowed into the club. While competitors have the following age restrictions:

Club Starz/Enigma: 14-18  
Medusa 14-23  
Zero Gravity 16-23  
Energy 17-23

Euphoria expands its range to 14-25. The employment of a more diverse age range opens the business up to increased potential clientele especially considering the fact that Euphoria's competitors exclude those people. With this it can be assumed that customers with friends above the age range of competing clubs would veer away from those clubs and be more likely to come to Euphoria to further enhance socialization.

With, Euphoria's location comprising of a collection of ten high schools and two community colleges, it will hold a huge advantage for achieving a large potential clientele market of teens between the ages of 14-18. However, because, alcohol proves to be biggest source of revenue for businesses belonging to the restaurant and night club industry, Euphoria has also chosen to expand its age to have a larger group of people belonging to the drinking age group; thus, allowing Euphoria to increase revenue through the sale of alcohol.

The final step to the marketing strategy is that Euphoria will be center of many promotions and fun-filled events. The main purpose of these promotions will be to attract more customers to the business and gain rising popularity and revenue. These promotions will prove a strategic move in the sense that the promotions will work in a way that will lower prices of the cover charge which will provide an incentive for clubbers to show up to enjoy a night filled with electric dance, socialization and good food for less money. But what is an incentive for them will be an advantage for Euphoria to increase revenues because of the increased amount of clubber attendance. Information and advertisement for these promotions will be available for potential clubbers through social media such as Facebook, Twitter, or Euphoria's website.

Promotions will include 'Special Saturdays' in which cover charge will be simply \$10 for everyone (regardless of gender), 'Friday Fenomena' in which on a random Friday of each month the first one-hundred people to enter the club will get a free glow-rave band that signifies they can get half off for snacks and free refills on drinks for the rest of the night (this excludes alcoholic beverages and entrees) and Ladies Night where girls can enter the club for a reduced price. Considering that during the school year club attendance begins to fall, Euphoria will host appreciation nights for students where they can enter the club for only \$5 if they present their report card while entering the club. Euphoria will also cater to the local crowd by allowing local talent to shine. Euphoria will have local talent be heard by hosting singing gigs, karaoke nights, and rap battles. This unique attribute to the club experience will allow clubbers to be the entertainment. Euphoria will also have DJ Wednesdays once a month where local DJs will be given the chance to be the DJ for the night. However, to insure the capital safety of the business, interested DJs must schedule an audition with the managers. This

implication of showcasing local talent through shows, rap battles, and DJ-ing will draw in more customers in the early years of the business because of how new the concept is. This will be the time to maximize sales as much as possible, before customers get bored of it. As Euphoria steps into its 3rd year, more promotions will arise given that revenues are rising. Future projected promotions may include special nights where first 100 customers to enter get free gifts based on the theme of the designated night or cash prizes for the best dressed in relation to the theme.

Apart from the major three-step process will be smaller marketing/sales tactics. One of these strategies includes the ability to print off coupons/flyers from Euphoria's website and bringing it in the club for discounted cover charge. This tactic has two purposes. It will be an incentive for clubbers to come enjoy at a lower price and also it will increase the amount of hits the website receive which consequently raises its popularity. Another tactic of Euphoria is to cater to all types of people and their different tastes. To do that, Euphoria has three different lounges. One for people who just want to dance and socialize, another for drinkers, and third for smokers. But it is understood that different crowds of people have different musical tastes to which they'd like to dance to. To enhance the true club experience, Euphoria will play not just the American Top 40 like other clubs, but a wide variety of Hip-Hop, Pop, House Music/Electronic, and more. Euphoria will even have a request box in which they can put in requests from different types of music they'd like to hear while at the club. Next to this music request boxes, the club will contain feedback boxes around the club in which customers can give their thoughts on the club and give any type of advice on what should be changed/fixed or what else they'd like to see when making a visit to Euphoria. These feedback boxes apply for the Bar & Grill as well. Euphoria will also have a Facebook page in which the company can interact with clubbers for feedback and advice or simply answer questions for anyone who needs that service. In addition, Euphoria will have its very own website in which discount flyers, contact info, and upcoming events will be posted.

Aside from the functions and strategic planning of Euphoria, to further enhance the club-goer's experience, Euphoria Nightclub will specialize in a variety of drinks (alcoholic and nonalcoholic) and foods. The alcoholic menu will only be available to clubbers in the alcoholic lounge to avoid legal concern with any underage drinking incidents. This extensive menu contains a wide variety of alcoholic beverages including: Vodka, Tequila, Whiskey, Rum, Champagne, Beer, Cocktails and Martinis. Prices for the different drinks will depend on volume and quantity<sup>2</sup>. Aside from the alcoholic beverages, Euphoria Nightclub will include a menu filled with nonalcoholic refreshers including a variety of sodas (Sprite, Coke, Pepsi, and Fanta), special fruity beverages (Lemonade, Virgin Peña Colada, Mocktails, Asian Pear Sparklers, and Non-Alcoholic Sangrias), juices (apple, orange, and mango), energy drinks (Monster and Red Bull), and water. Also the menu will entail a food section containing mostly of small entrees, appetizers, and snack food. The small entrees offered are personal-sized pizzas, chicken tenders, hot dogs, French Fries, and nachos with cheese. The appetizers contain crab cakes, pretzel and cheese, and eggrolls. Additionally, the snack food offered consists of bags of chips, cookies, and granola bars. To add a variety to the menu, Euphoria Nightclub will have chef's special on Saturdays in which a new special food item will be seen each week. All these foods and drink choices will range in cost anywhere from three to twelve dollars. These food choices and nonalcoholic refreshers can be purchased in both the alcoholic and nonalcoholic lounges of Euphoria Nightclub<sup>3</sup>.

When constructing the marketing and sales strategy, the owners of Euphoria made sure to scrutinize even the smallest of needs of customers when clubbing, such as specialized bathrooms. The smallest of details were taken into account to formulate a strategy to uplift the clubbing experience and the smallest of details will yield the greatest of advantages against out competitors<sup>4</sup>.

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<sup>2</sup> For detailed pricing and sizes by drink, refer to the Menu in the **Appendix**

<sup>3</sup> For the Menu, refer to the **Appendix**

<sup>4</sup> Aside from the managerial staff, there are other human resources employees described in the **Operations**

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## Operations

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Prior to examining the specific details of Euphoria's operations, the design of the facility must be uncovered<sup>5</sup>. There are two entrances to the facility. The main entrance is a double door that opens up to the main lobby that holds benches for the customer's pleasure and an aura of eloquence with various plants. People may wait here for the nightclub to open, but this facility will serve to be the dining area during the day. The VIP entrance will only be used for the nightclub (unless requested for other use) and is located in the back so that the VIP guest may go directly to the dance floor in the main lounge. Upon entry through the main entrance, to the customer's left will be a room set aside for coat checks and to place important items. There will be a sign posted, notifying the customer that Euphoria will not be held liable for any stolen or misplaced items, and that the customer agrees to these terms by placing their items in the designated room. Hence, we will be able to alleviate any possible legal trouble. Through the coat check and item placement room, the customers will be able to use the restroom (both male and female to the left and right, respectively). Upon entry through the main entrance, going forward will allow the customer to go to the 21+ lounge. This area will be specifically blocked off from the underage lounge we have so that there is no instance of underage clientele entering the 21+ lounge or any of the older clientele getting into the underage lounge. Through the main entrance, turning to the right would allow the customer to go to the 18+ lounge. Continuing straight upon entry to the 18+ lounge will allow a person to go to the employee's room which also holds the call center. For a general overview, Euphoria is a well-organized nightclub that offers access to all people.

Close look at Euphoria's services/functions:

Euphoria Nightclub functions as a dual purpose facility. The nightclub will only be in operation on Wednesdays, Thursdays, Fridays, Saturdays, and Sundays. However, the nightclub will still be open to serve food at regularly scheduled times. Euphoria will also provide reservation options for private parties in the different lounges to customer's discretion. The maximum capacity of the club is 2000; however private parties can have up to 1000 guests. To set up catering service or a reservation, customers can contact Euphoria Nightclub's very own call center at 1-803-874-6742 (1-80EUPHORIA).

The primary function of serving food is to generate revenue when entertainment demand is not high. Food will be available to be purchased from any of the lounges of Euphoria. The food menu will include a wide variety of delicacies including breakfast and lunch foods, juices, drinks, hot beverages and special happy hour selection of alcoholic drinks. \*\* For a detailed list, please look at the menu in the back\*\*

At 7 PM Euphoria transforms into a club with killer sound and flashing lights. The doors of Euphoria open to welcome its cherished customers. To enter Euphoria the cover charges will be \$15 for women, and \$20 for men, but Euphoria will provide a VIP membership option. In this VIP membership, clubbers must pay an initial fee of \$100 then for the rest of the year can enter the club for \$5. The benefits of VIP membership include:

- Not having to wait in line for entry into the club (given you bring your membership card)
- Discounted food/drinks
- Free alcoholic drinks/hookah on your birthday (if you are 18+, or 21+)
- 5 %discount on hosting private parties
- Be the first to know about special events and surprises (promotions)

There will be two entrances (both guarded by security). At this time VIP members can enter through a special VIP entrance to avoid waiting in line.

Free parking garage is available directly across the street from the club. However for client wishing to have a star-studded experience, valet parking will be available for \$5 + tip from 8 pm to 2 am.

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<sup>5</sup> For a detailed picture of Euphoria's floor plan, refer to the **Appendix**

Once in the club, clubbers will have three options based on preference and age. Euphoria has three separate lounges containing a dance floor and some seating/table arrangements. The largest of the three is Dreamland. Dreamland is the underage night lounge in which no alcohol or tobacco will be served. Clubbers under the age of 17 will have to remain here, but others are welcome as well as long as they are under the age of 21. Those above 21 will have to remain in the alcoholic lounge (Pure Bliss) or Hookah Lounge (Kush Lounge). Since there will be a presence of younger teens to insure their safety we must keep them away from those above the age of 21. Alongside safety, the ideology behind this idea is that parents may not feel safe having their children be in a clubbing environment where there is an older aged presence, so to protect our business from losing clientele we have established this rule. To uphold the separation, we will employ the strictest bouncers who will do thorough ID checks to make sure an unauthorized person does not make it into these underage designated areas. Also, Dreamland Lounge will have separate bathrooms attached to it for the younger clientele to avoid any possibility of underage customers mixing with older customers which could result in safety issues and alcohol issues. Additionally, due to Illinois legislations, customers from the ages of 14-17 will be required to leave at 10:30 pm. Once that group leaves the Hookah and Alcoholic lounges will open. This is to avoid any legal issues with underage drinking or smoking. The Hookah lounge will be known as Kush Lounge. All customers above 18 will be allowed in here where they will be served the exotic Arabian smoking device Hookah. Hookah is flavored tobacco. Customers will be able to select from a variety of flavors.\*check menu. In addition, on certain nights to expand on the idea of Middle Eastern cultural fusion we will have performances from belly dancers. The last lounge is the Pure Bliss alcoholic lounge where clubbers above the age of 21 can enjoy a variety of drinks and a night filled with dancing.

Each of the lounges will include lounge sofas in which people can sit and socialize. But aside from that there will be a general lobby area with some seats where tired dancers can relax and hang out when they desire a quieter setting or for those young kids waiting to get picked up to go home.

A special function of the club itself is bathrooms with floor length mirrors. The addition of these mirrors will be so that clubbers can get a full look at themselves to make sure they look the best to impress. To further expand on the environmental efficiency of the club, we plan to implement the use of special toilets that function using gray water. This unique type of toilet not only saves water, but costs less to install and use and will reduce costs associated with the water bill. In addition, we will also implement the use of hand dryers instead of paper towels to further enhance environmental efficiency by saving paper. In the bathrooms a few janitors will be present every night to clean the bathrooms every other hour. This will ensure maintenance of hygiene in the club, which will make a night of dancing and drinking better for the customers. A small selection of toiletries will be present for the clubbers to freshen up before returning back to their night of fun. To provide a token to the janitors' hard-work will be a tip box in the bathroom in which they can be rewarded each night. These facilities will only be available during club hours.

A key component to ensure the business operates properly is a strong workforce and completion of their responsibilities. This workforce includes the following:

- Two bartenders who work rotationally between Wednesday-Sunday from 10pm-5am in the Pure Bliss alcoholic lounge.
- Two waitresses who work from 7pm to 5am in the various lounges who will serve food and drinks to customers wishing to sit and dine
- Two Hookah/Coal servers who work from Wednesday-Sunday from 10pm to 4am who will serve and prepare Hookah in the 18+ Kush Lounge
- A chef who will prepare food who will prepare food from 7pm-5am
- Two coat check girls will be employed in half-shifts from 7pm to 5am to help check in items customers which to keep secure
- Four cashiers/food vendors who will work rotationally throughout the week in the morning during the bar and grill hours and at night during the club hours. They will have five-hour shifts each. Euphoria wants to help the local community so they will employ young teens in the area for this position. These cashiers in vendors will work in the different lounges during club hours selling food. The four will be employed throughout the club.
- Two janitors who will be responsible of cleaning up before the club opens and after closing. These people will later be required to clean the bathrooms every other hour till closing time. After closing, all remaining employees will be required to clean their respective stations.
- Four bouncers/security guards; one will be placed in the main entrance and will check tickets & ID, another at the VIP entrance will check VIP cards, the third at the 18+ Kush Lounge and the last in the 21+ lounge making sure no underage customers enter
- Two Valet Parkers who will park cars in the lot across the street



- Two managers to make sure everything is occurring smoothly. These people will be in charge if the owners cannot be present for whatever reason.

We plan to obtain our quality employees by searching directly in our community to recruit from. Members of the community of which our clubs belong to have more incentive to promote greater good of the local businesses so it would be best fit to hire and showcase talents of these individuals in our business.

Like all 21st century businesses, technology places an important role in the operation of Euphoria Nightclub. Brief descriptions/identification of key technologies are as follows:

- State of the art DJ equipment for the three separate lounges. DJ equipment must include mixers, computers, microphones, subwoofers, and high-powered speakers that project high-intensity sound into the entire room
- High technology lighting system for the entire club. Each of the lounges need special flavor to the room and the lights provide the perfect way for it. Each of the lounges will include different colored laser and strobe lights. There will also be light reflectors hung in the ceilings and a disco ball in the Dreamland Lounge & Pure Bliss Lounge.
- Smoke system to fill Dreamland and Pure Bliss while the clubbers dance to add to the captivating atmosphere
- A voice automated system in the call center so that all calls and catering/reservation inquiries are received
- Computers to handle all financials, set up scheduling for auditions, and booking for catering/reservation
- Social Networking such as Facebook & Euphoria's own website to be accessible to customers and receive feedback to make the club even better
- All of our lighting including strobe lights will use LED lights which are today's most energy efficient type of lighting (they spend the least amount of energy compared to incandescent and fluorescent lights)
- We will use ENERGY STAR certified audio/video equipment which is up to 60% more efficient than conventional models (Uses less energy but produces sound and projects visuals with greater or equal power)

Without the use of technology, Euphoria Nightclub would not be able to function at such an advanced level that supersedes any level of any established competitors.

In order to "produce" our product, a production plan must be analyzed. Our business will consist of bartenders, bouncers, and managers who will actively be seeking to promote a better nightclubbing experience for everyone. To make our product more enticing and accessible to a wider array of consumers, we actively seek to market the brand of Euphoria through marketing techniques such as television commercials. After receiving a shipment of spirits and green beer, we will directly place these on sale for the freshest taste and greatest consumer satisfaction. The profits will directly go into electricity costs for dancing and for lighting. The profits will also go into resupplying the entire business. The remaining profit (which, within a few months, will exceed costs) will be put into savings for growing the business in the future.

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## *Management and Organization*

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The two partners own and operate euphoria Nightclub under joint management: Hiam Hafizuddin and Anuja Harlalka. The two partners will oversee all functions of the business and make sure everything is carried out properly. The partners will have a call center in the employee office that will include an automated voice message in which customers can leave catering and reservation inquiries that the partners will later check and schedule. However for direct assistance at least one of the two owners will be at Euphoria during club hours and can be reached in the Employee Office. They will be present here during club hours to make sure operations of the club are being carried out effectively and no problems arise. And will make sure tobacco and alcohol is not served on the premises until all underage customers have left. These partners take it as their responsibility to insure legality, safety, and full enhancement of the club experience.

Alongside the partners will be an experienced advisory committee comprising of adult members of the Huntley/Lake in the Hills community who will aid to compose new ideas for success and advise the partners on future business decisions. They will help develop expansion plans and help monitor the financials of the business.

For Euphoria Nightclub, employees play a very important role in how the business unfolds. The employees are the key to satisfying the customers by enhancing their experience and earning an established clientele. Experience with employees of a given business is one of the number one things

that the customer remembers when giving a referral of a venue to their friends. For this reason, a reliable workforce is needed so that the business image is advanced, the atmosphere is inviting for customers, and the overall reputation of Euphoria enhances dramatically. In addition, for times where the owners cannot be present at the clubs the employees will act as modes of responsibility and authority, therefore a reliable workforce is very important.

One of Euphoria's main goals is to establish strong relations with its local cliental. In order to do this Euphoria's recruitment plan attracts young teens to work as cashiers and vendors at the establishment. These young teens are attracted by implication of incentives for them such as the ability to enter the club free once a month with a plus one. This recruitment plan works dual-purpose by obtaining new employees and securing them. Also, since we do wish to target young teens into our club, having a young workforce will attract their friends and their friends' friends into Euphoria nightclub. Employing locals provides Euphoria with a competitive advantage because we model ourselves as a business by the community, for the community. As a result of this, community members are more likely to come to our business rather than those of our competitors. Also, with that increased access to community, family members and close friends of the community will also come to Euphoria. So, we establish a strong network of consumers that can eventually expand (given time and satisfaction of service) to encompass a greater consumer base that easily supersedes that of our competitors.

Euphoria Nightclub will follow Illinois worker's compensation laws and will provide employees with proper compensation if they are injured on the job. Our employees will be provided with up to two weeks' worth of sick days per year and vacation leaves will be permitted if release forms are submitted one week prior to the intended release date. Workers will also be provided with standard insurance for them and their families.

Workers will be paid above minimum wage at \$8.00 an hour plus any tips for valet parkers, security, coal servers, bartenders or waitress. All tips will go solely to the person it is given to. Euphoria will not take any percentage of it. For workers working overtime (over 40 hours a week) they will be paid based off of standard overtime rate (hourly pay times 1 ½). Workers that remain punctual and express great work ethic will be open to receive bonuses in which they get a 5% salary increase. Euphoria will also have a special Employee of the Month promotion in which the hardest working employee of the designated month will get special perks for the month such as special parking, free club admittance with a plus one, free food/drinks during break, and a 15 minute longer break. Euphoria wants to establish a family-like environment with its employees and hopes to maintain loyalty because employees are the foundation of success for any business.

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## *Long-Term Development*

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Euphoria has two main priorities for long-term development. The primary priority for long-term development of Euphoria Nightclub is to establish the business entity going concern. The business plans to stay in effect for at least 7 plus years into the future from the initial start date. The next priority comes built in with the first; meaning that in order to establish the going concern, Euphoria will have to achieve a substantial growth in sales and revenues. Additionally the club will have to pay off all expenses, loans and debts. Similar to most start-up business ventures, Euphoria will be financially stretched in its initial year until the business kicks off. However, in this initial period Euphoria will focus on paying off all expenses not making revenue.

Here is a summary of 3-year, 5-year, and 7-year development goals for Euphoria:

3-Year Growth Plan	5-Year Growth Plan	7-Year Growth Plan
We will first realize that given the business is successful; we will finally be earning revenue at this point. With that revenue we can how advertise more using local star 105.5 radio and perhaps larger Chicago radios such as 96.3 B96 and 103.5 Kiss FM. We will further augment our image by using high	Finally we should be stabilizing at this point so we can have more promotions (such as give out free things for first 100 customers). These would include t-shirts and other popular items. We would officially start inviting celebrities and TV Show personnel with possible singers. This phase will be about the	Alas, the time has come to open an international branch in Dubai (it's a booming tourist city and currently has no underage nightclub concept). Without innovation and popular name, people would flock to a nightclub there. At this point, Euphoria would be able to become a franchise and expand from

schools and colleges and advertising there with flyers. We will help fund the library teen reading program and newsletter. To recap, the third year will be all about increased advertisement and gaining more popularity. In terms of the actual facility, we may perhaps add in cooler effects to the lounges such as black light fixtures. Most importantly, there will be spending restraint because the business is still young. With this, we know the business will pick up.	works. We may get an expansion on the building dependent upon the volume of customers and the consumer pool. We will schedule larger events such as foam parties, paint parties, pool parties, and others to promote awareness of Euphoria. With enough money invested, we will open another branch in a different location. In the end, we will start getting endorsements to be known farther away and run a possible ad campaign on television.	increasing prospective revenue. We may escalate to a corporation and issue stocks/shares so that we can continue to expand. At this point of time we will be able to employ TV advertisement and more high-scale marketing tactics such as using celebrity brand endorsements to attract more customers.
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The main strategy to pull through with the long-term goals stated above is to constantly keep improving the business. It is imperative Euphoria remains up to date with club technology and finds ways to generate new ideas that make the club stand out from its competitors. We need to remain educated on the newest environmentally efficient technologies and latest updates with the “going green” movement to see how we can further bring our club forth using the idea. Additionally, it is important for the business to take feedback from its customers in account and shift the business to satisfy their needs, as the customer always knows best. As a new start-up business marketing is one of the most important factors of long-term development as we need to get our name out there so that more people will be attracted to our club. Employing all the means for advertising (media, radio, television, and internet) will be most crucial if we want to thrive and survive in the clubbing and entertainment industry. As for financials (investments and revenues) it is key for Euphoria to set aside money after each profit-earning period for the sole purpose of investment for future expansion. It is also important to keep some funds away to take care of unforeseen costs that may arise. Finally, to reach the goals Euphoria hopes to see, only the most responsible and friendliest employees must be hired to ensure customer satisfaction and efficiency for the business.

When setting out in any type of business venture there are many risks associated. These risks include unforeseen costs, fluctuations in the economy, and a spontaneously decreased demand for entertainment. However, Euphoria is set to manage all of these risks.

First, the marginal profit made on a weekly basis is going to be exceptionally greater than any marginal cost. The marginal revenue is thus positive, as Euphoria will be buying items at the greatest quantity at the lowest price while avoiding excessive impulse buying. Hence, Euphoria will be able to save more than it spends with the ability to cover unforeseen costs. Coupling this protection will be the purchased renter's insurance that will approximately cost \$50 per month in premium as negotiated at Progressive.com.

Second, the prospective economic growth in the macroeconomic perspective is positive at a rate of around 3 percent for the following fiscal year. Hence, coupled with extensive savings and economic growth, the financial future of Euphoria is secure in case of any economic downfall. With the 2008 recession officially over, many families are now increasing their net income and, as a result, have more disposable income to spend on entertainment such as at Euphoria. Also, consumer confidence is at an all-time high (after the 2008 recession). In fact, over 81.4 percent of Americans approve of the growing economy. With greater consumer confidence, more people are likely to spend even more money at Euphoria, further securing its financial future.

Next, we realize Euphoria may experience unforeseen costs from natural disasters, theft, vandalism or fights. We are prepared against these with our extensive insurance policy and lease agreement that states that the landlord will clean up any physical property damage. Euphoria being a partnership presents the risk of partnership break-up, but with the strengthening of internal infrastructure through employing skilled managers, the business will continue operations even with absence of the partners. In addition Medusa is Euphoria's only direct competitor and is already established, thus may give us diseconomies of scale which in our early years we may cause our inability to attract customers away from them. We plan to deter customers from our competitors by providing reduced prices for club admission and food/drinks while insuring we make enough revenue to cover costs. Finally, in Illinois obtaining liquor and indoor smoking license may be a tedious task; however, with the adaptation of a professional license contractor, this issue will be resolved in a cost effective way

Finally, during a period with a spontaneously decreased demand for entertainment, Euphoria will still be able to function. As humans and literally animals that do not go against the laws of nature, all people need food to survive. Hence, Euphoria also serves food during the nightclub hours. The demand for food is relatively inelastic, and therefore, resistant to change.

We understand that teenagers may pose a significant risk, as they will be close to the alcohol. However, we are prepared to deal with this risk in the long term through the acquirement of Nightclub Insurance. Nightclub Insurance is a holistic type of insurance that encompasses bouncer liability insurance, liquor liability insurance, and about fifteen other liability insurances. This cost has already been tabulated within the financial plan (the next section). As a result of this insurance, we will be able to protect our business from gaining a damaged reputation and we will be able to ensure the security of ALL of our patrons. It is also important to stress that underage teenagers will be in an entirely separate lounge with their own security. The other two lounges will have bouncers that will actively check the identification cards of each patron that will prevent any dirty transactions between patrons and bartenders. With this in place, we will be able to overcome the unforeseen costs associated with allowing teenagers into the nightclub.

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## *Financials*

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Here is a financial overview of our business. All of these sheets account for unforeseen costs that may arise as a result of theft or vandalism. Essentially, these accounts balance the costs of possible, insurable disasters. In the first year, the assets will primarily be constituted of loans and personal investments. We also expect financial losses (though miniscule) in the first year, but future financial success will easily cover for this loss. This will come as soon as the third year of operation, where we can expect a marginal profit so that we can start paying off the loans and see a manageable profit. During year five, the profits will begin to stabilize and a surplus of capital will occur. Any unforeseen costs will be covered by insurance or by sufficient payments. We are assuming a 15% business taxation rate and a long-term interest rate of about 4%. The taxes will begin to incur after the first fiscal year of operation.

In the creation of this financial plan for financial projections of Euphoria, the cash-method accounting system was used. The cash method is the more commonly used method of accounting in small business. Under the cash method, income is not counted until cash (or a check) is actually received, and expenses are not counted until they are actually paid.

The Financial Plan will begin on the following page:

# First Year Cash Flow (Monthly) For the Euphoria Nightclub

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>CASH RECEIPTS</b>													
Food sales	57850	55536	62478	60164	60164	60164	63172	63256	62314	67829	70665	70825	754417
Beverage sales	18350	17616	19818	19084	19084	19084	20038	20840	19364	21534	21896	23015	239723
Sales receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 76,200.00</b>	<b>\$ 73,152.00</b>	<b>\$ 82,296.00</b>	<b>\$ 79,248.00</b>	<b>\$ 79,248.00</b>	<b>\$ 79,248.00</b>	<b>\$ 83,210.00</b>	<b>\$ 84,096.00</b>	<b>\$ 81,678.00</b>	<b>\$ 89,363.00</b>	<b>\$ 92,561.00</b>	<b>\$ 93,840.00</b>	<b>\$ 994,140.00</b>
<b>CASH DISBURSEMENTS</b>													
Cost of sales, food	17355	16661	18743	18049	18049	18049	18049	18052	19520	18642	17562	18689	217420
Cost of sales, beverage	4588	4404	4955	4955	4771	4771	4771	4771	4775	4964	5261	4952	57838
<b>TOTAL COST OF SALES</b>	<b>\$ 21,943.00</b>	<b>\$ 21,065.00</b>	<b>\$ 23,698.00</b>	<b>\$ 23,004.00</b>	<b>\$ 22,820.00</b>	<b>\$ 22,820.00</b>	<b>\$ 22,820.00</b>	<b>\$ 22,823.00</b>	<b>\$ 24,295.00</b>	<b>\$ 23,506.00</b>	<b>\$ 22,823.00</b>	<b>\$ 23,641.00</b>	<b>\$ 275,258.00</b>
<b>CONTROLLABLE EXPENSES</b>													
<b>Payroll</b>													
Salaries	7620	7315	8230	7925	7925	7925	7925	7925	7925	7925	7925	7925	94490
Hourly Wages	11430	10973	12344	11887	11887	11887	11887	11887	11887	11887	11887	11887	141730
Benefits	6096	5852	6584	6340	6340	6340	6340	6340	6340	6340	6340	6340	75592
<b>TOTAL PAYROLL</b>	<b>\$ 25,146.00</b>	<b>\$ 24,140.00</b>	<b>\$ 27,158.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 311,812.00</b>
<b>Operating Expenses</b>													
Direct operating expenses	1905	1829	2057	1981	1981	1981	1981	1981	1981	1981	1981	1981	23620
Music & entertaining	381	366	411	396	396	396	396	396	396	396	396	396	4722
Marketing	3810	3658	4115	3962	3962	3962	3962	3962	3962	3962	3962	3962	47241
Energy & utilities	1524	1463	1646	1585	1585	1585	1585	1585	1585	1585	1585	1585	18898
General & administrative	2477	2377	2675	2576	2576	2576	2576	2576	2576	2576	2576	2576	30713
Repairs & maintenance	762	732	823	792	792	792	792	792	792	792	792	792	9445
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 30,859.00</b>	<b>\$ 30,425.00</b>	<b>\$ 34,727.00</b>	<b>\$ 33,292.00</b>	<b>\$ 33,292.00</b>	<b>\$ 33,292.00</b>	<b>\$ 33,292.00</b>	<b>\$ 33,292.00</b>	<b>\$ 33,292.00</b>	<b>\$ 33,292.00</b>	<b>\$ 33,292.00</b>	<b>\$ 33,292.00</b>	<b>\$ 400,000.00</b>
<b>OTHER EXPENSES</b>													
Rent	5334	5121	5761	5547	5547	5547	5547	5547	5547	5547	5547	5547	65439
Real estate taxes	1143	1097	1234	1189	1189	1189	1189	1189	1189	1189	1189	1189	14175
Lease expenses	533	512	576	555	555	555	555	555	555	555	555	555	6616
Furniture, fixtures, and equipment reserve	1524	1463	1646	1585	1585	1585	1585	1585	1585	1585	1585	1585	18898
Insurance	1524	1463	1646	1585	1585	1585	1585	1585	1585	1585	1585	1585	18898
<b>TOTAL OTHER EXPENSES</b>	<b>\$ 10,058.00</b>	<b>\$ 9,656.00</b>	<b>\$ 10,863.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 124,026.00</b>
<b>Interest</b>	762	732	823	792	792	792	792	792	792	792	792	792	9445
<b>Other deductions</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CASH DISBURSEMENTS</b>	<b>\$ 68,768.00</b>	<b>\$ 66,018.00</b>	<b>\$ 74,269.00</b>	<b>\$ 71,701.00</b>	<b>\$ 71,517.00</b>	<b>\$ 71,417.00</b>	<b>\$ 71,417.00</b>	<b>\$ 71,420.00</b>	<b>\$ 72,892.00</b>	<b>\$ 72,103.00</b>	<b>\$ 71,420.00</b>	<b>\$ 72,238.00</b>	<b>\$ 855,180.00</b>
<b>CASH FLOW FROM OPERATIONS</b>													
Cash receipts	76200	73152	82286	79248	79248	79248	83210	84096	81678	89363	92561	93840	994140
LESS cash disbursements	68768	66018	74269	71701	71517	71417	71417	71420	72892	72103	71420	72238	855180
<b>NET FROM OPERATIONS</b>	<b>\$ 7,432.00</b>	<b>\$ 7,134.00</b>	<b>\$ 8,027.00</b>	<b>\$ 7,547.00</b>	<b>\$ 7,731.00</b>	<b>\$ 7,831.00</b>	<b>\$ 11,793.00</b>	<b>\$ 12,676.00</b>	<b>\$ 8,786.00</b>	<b>\$ 17,260.00</b>	<b>\$ 21,141.00</b>	<b>\$ 21,602.00</b>	<b>\$ 138,960.00</b>
<b>CASH ON HAND</b>													
OPENING BALANCE	0	6432	10566	14593	17140	18871	20702	26495	33171	35957	47217	62358	77960
PLUS New loan (debt)	0	0	0	0	0	0	0	0	0	0	0	0	0
PLUS New investment	0	0	0	0	0	0	0	0	0	0	0	0	0
PLUS Sale of fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0
PLUS Net from operations	7432	7134	8027	7547	7731	7831	11793	12676	8786	17260	21141	21602	138960
<b>TOTAL CASH AVAILABLE</b>	<b>\$ 7,432.00</b>	<b>\$ 13,566.00</b>	<b>\$ 18,593.00</b>	<b>\$ 22,140.00</b>	<b>\$ 24,871.00</b>	<b>\$ 26,702.00</b>	<b>\$ 32,495.00</b>	<b>\$ 39,171.00</b>	<b>\$ 41,957.00</b>	<b>\$ 53,217.00</b>	<b>\$ 68,358.00</b>	<b>\$ 83,960.00</b>	<b>\$ 216,920.00</b>
LESS Debt reduction	3000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	10000
LESS New fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS Profit distributions	0	2000	3000	4000	5000	5000	5000	5000	5000	5000	5000	5000	50000
<b>TOTAL CASH PAID OUT</b>	<b>\$ 1,000.00</b>	<b>\$ 3,000.00</b>	<b>\$ 4,000.00</b>	<b>\$ 5,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 6,000.00</b>	<b>\$ 6,000.00</b>
<b>ENDING CASH POSITION</b>	<b>\$ 6,432.00</b>	<b>\$ 10,566.00</b>	<b>\$ 14,593.00</b>	<b>\$ 17,140.00</b>	<b>\$ 18,871.00</b>	<b>\$ 20,702.00</b>	<b>\$ 26,495.00</b>	<b>\$ 33,171.00</b>	<b>\$ 35,957.00</b>	<b>\$ 47,217.00</b>	<b>\$ 62,358.00</b>	<b>\$ 77,960.00</b>	<b>\$ 210,920.00</b>



# First Year Income Statement (Monthly) for the Euphoria Nightclub

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	TOTAL
REVENUES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Food sales	57850	55536	62478	60164	60164	60164	63172	63256	62314	67829	70565	70825	754417	75.89%
Beverage sales	18350	17616	19818	19084	19084	19084	20038	20840	19364	21534	21896	23015	239723	24.11%
Other income	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
<b>TOTAL REVENUES</b>	<b>\$ 76,200.00</b>	<b>\$ 73,152.00</b>	<b>\$ 82,296.00</b>	<b>\$ 79,248.00</b>	<b>\$ 79,248.00</b>	<b>\$ 79,248.00</b>	<b>\$ 83,210.00</b>	<b>\$ 84,096.00</b>	<b>\$ 81,678.00</b>	<b>\$ 89,363.00</b>	<b>\$ 92,561.00</b>	<b>\$ 93,840.00</b>	<b>\$ 994,140.00</b>	<b>100.00%</b>
<b>EXPENSES</b>														
Food cost	17355	16661	18743	18049	18049	18049	18049	18052	19520	18642	17562	18689	217420	30.00%
Beverage cost	4588	4404	4955	4955	4771	4771	4771	4771	4775	4864	5261	4952	57838	25.00%
<b>Total costs of goods sold (COGS)</b>	<b>\$ 21,943.00</b>	<b>\$ 21,065.00</b>	<b>\$ 23,698.00</b>	<b>\$ 23,004.00</b>	<b>\$ 22,820.00</b>	<b>\$ 22,820.00</b>	<b>\$ 22,820.00</b>	<b>\$ 22,823.00</b>	<b>\$ 24,295.00</b>	<b>\$ 23,506.00</b>	<b>\$ 22,823.00</b>	<b>\$ 23,641.00</b>	<b>\$ 275,258.00</b>	<b>55.00%</b>
<b>Payroll</b>														
Salaries	7620	7315	8230	7925	7925	7925	7925	7925	7925	7925	7925	7925	94490	10.00%
Hourly Wages	11430	10973	12344	11887	11887	11887	11887	11887	11887	11887	11887	11887	141730	15.00%
Benefits	6096	5852	6584	6340	6340	6340	6340	6340	6340	6340	6340	6340	75592	8.00%
<b>Total payroll</b>	<b>\$ 25,146.00</b>	<b>\$ 24,140.00</b>	<b>\$ 27,158.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 26,152.00</b>	<b>\$ 311,812.00</b>	<b>33.00%</b>
<b>Operating Expenses</b>														
Direct operating expenses	1905	1829	2057	1981	1981	1981	1981	1981	1981	1981	1981	1981	23620	2.50%
Music & entertaining	381	366	411	396	396	396	396	396	396	396	396	396	4722	0.50%
Marketing	13810	13658	14115	13962	13962	13962	13962	13962	13962	13962	13962	13962	167241	5.00%
Energy & utilities	1524	1463	1646	1585	1585	1585	1585	1585	1585	1585	1585	1585	18898	2.00%
General & administrative	2477	2377	2675	2576	2576	2576	2576	2576	2576	2576	2576	2576	30713	3.25%
Repairs & maintenance	762	732	823	792	792	792	792	792	792	792	792	792	9445	1.00%
<b>Total operating Expenses</b>	<b>\$ 20,859.00</b>	<b>\$ 20,425.00</b>	<b>\$ 21,727.00</b>	<b>\$ 21,292.00</b>	<b>\$ 21,292.00</b>	<b>\$ 21,292.00</b>	<b>\$ 21,292.00</b>	<b>\$ 21,292.00</b>	<b>\$ 21,292.00</b>	<b>\$ 21,292.00</b>	<b>\$ 21,292.00</b>	<b>\$ 21,292.00</b>	<b>\$ 254,639.00</b>	<b>14.25%</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$ 8,252.00</b>	<b>\$ 7,522.00</b>	<b>\$ 9,713.00</b>	<b>\$ 8,800.00</b>	<b>\$ 8,984.00</b>	<b>\$ 8,984.00</b>	<b>\$ 12,946.00</b>	<b>\$ 13,829.00</b>	<b>\$ 9,939.00</b>	<b>\$ 18,413.00</b>	<b>\$ 22,294.00</b>	<b>\$ 22,755.00</b>	<b>\$ 152,431.00</b>	<b>23.95%</b>
<b>OTHER EXPENSES</b>														
Rent	5334	5121	5761	5547	5547	5447	5447	5447	5447	5447	5447	5447	65439	7.00%
Real estate taxes	1143	1097	1234	1189	1189	1189	1189	1189	1189	1189	1189	1189	14175	1.50%
Lease expenses	533	512	576	555	555	555	555	555	555	555	555	555	6616	0.70%
Furniture, fixtures, and equipment reserve	1524	1463	1646	1585	1585	1585	1585	1585	1585	1585	1585	1585	18898	2.00%
Insurance	1524	1463	1646	1585	1585	1585	1585	1585	1585	1585	1585	1585	18898	2.00%
<b>TOTAL OTHER EXPENSES</b>	<b>\$ 10,058.00</b>	<b>\$ 9,656.00</b>	<b>\$ 10,863.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,461.00</b>	<b>\$ 10,361.00</b>	<b>\$ 10,361.00</b>	<b>\$ 10,361.00</b>	<b>\$ 10,361.00</b>	<b>\$ 10,361.00</b>	<b>\$ 10,361.00</b>	<b>\$ 10,361.00</b>	<b>\$ 124,026.00</b>	<b>13.20%</b>
<b>ADJUSTED PROFIT</b>	<b>\$ (1,806.00)</b>	<b>\$ (2,134.00)</b>	<b>\$ (1,150.00)</b>	<b>\$ (1,661.00)</b>	<b>\$ (1,477.00)</b>	<b>\$ (1,377.00)</b>	<b>\$ 2,585.00</b>	<b>\$ 3,468.00</b>	<b>\$ (422.00)</b>	<b>\$ 8,052.00</b>	<b>\$ 11,933.00</b>	<b>\$ 12,394.00</b>	<b>\$ 28,405.00</b>	<b>10.75%</b>
Interest	762	732	823	792	792	792	792	792	792	792	792	792	9445	1.00%
Depreciation of Goods	991	951	1070	1030	1030	1030	1030	1030	1030	1030	1030	1030	12282	1.30%
<b>NET PROFIT/LOSS</b>	<b>\$ (3,559.00)</b>	<b>\$ (3,817.00)</b>	<b>\$ (3,043.00)</b>	<b>\$ (3,483.00)</b>	<b>\$ (3,299.00)</b>	<b>\$ (3,199.00)</b>	<b>\$ 763.00</b>	<b>\$ 1,646.00</b>	<b>\$ (2,244.00)</b>	<b>\$ 6,230.00</b>	<b>\$ 10,111.00</b>	<b>\$ 10,572.00</b>	<b>\$ 6,678.00</b>	<b>8.45%</b>

<b>Projected Income Statements for the Euphoria Nightclub (Years 1, 3, 5)</b>			
	<b>Year 1</b>	<b>Year 3</b>	<b>Year 5</b>
<b>Sales</b>	\$ 994,140.00	\$ 1,192,810.00	\$ 1,395,192.00
Cost of goods sold	275,258	286,268	309,169
Other costs associated with sales	0	0	0
<b>TOTAL COST OF SALES</b>	\$ 275,258.00	\$ 286,268.00	\$ 309,169.00
Gross margin	\$ 718,882.00	\$ 906,542.00	\$ 1,086,023.00
Gross margin percentage	72.31%	76.00%	77.84%
<b>Expenses</b>			
Depreciation	12,282	13,452	13,452
Direct operating expenses	23,620	24,001	24,001
Furniture, fixtures, and equipment	18,898	19,238	19,238
General and administrative	30,713	29,842	29,842
Insurance	18,898	18,898	18,898
Leased Equipment	6,616	7,002	7,002
Music and entertaining	4,722	4,500	4,500
Owners' Payroll	150,000	150,000	150,000
Payroll of Employees	322,812	340,672	340,672
Rent/Lease	72,055	72,055	72,055
Repairs	9,445	9,584	9,584
Sales and Marketing and Other Expenses	47,241	42,000	42,000
Utilities	18,898	19,212	19,212
<b>TOTAL OPERATING EXPENSES</b>	\$ 736,200.00	\$ 750,456.00	\$ 750,456.00
<b>Profit Before Interest and Taxes</b>	\$ (17,318.00)	\$ 156,086.00	\$ 335,567.00
Earnings before interest, taxes, depreciation and amortization	\$ (5,036.00)	\$ 169,538.00	\$ 349,019.00
Interest Expense	\$ 9,445.00	\$ 10,238.00	\$ 8,268.00
Taxes Incurred (Real Estate, Payroll, Business)	\$ 14,175.00	\$ 36,624.90	\$ 63,547.05
<b>NET PROFIT OR LOSS</b>	\$ (40,938.00)	\$ 109,223.10	\$ 263,751.95
<b>NET (PROFIT OR LOSS)/SALES PERCENTAGE</b>	-4.12%	9.16%	18.90%

To reiterate, the cash-method accounting system was used to develop these financial projections. Once again, they are projections. As it is virtually impossible to guarantee market changes for a following fiscal year, these numbers were generated based on current market trends and the current demands of the common American consumer. Hence, they are the most accurate financial statements of the business at large.

Many financial assumptions we have include the following:

1. We assume a slow-growth economy of five percent the first year and three percent each consecutive year after, with no recession.
2. We will grow as managers during the process and this growth will manifest itself as flat line expense growth over the five year period, leading to increased annual cash flow
3. We assume access to equity capital and financing sufficient to maintain our financial plan as shown above.
4. We assume continued popularity of nightclubs in America and the growing demand for high-energy themed and casual dining venues.

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## Appendix and Supporting Documentation

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Here is a detailed description of the floor plan. The following image represents when the Euphoria nightclub's floor layout should be:



Here is a scanned copy of our business certificate:





By the Authority of  
**THE CITY OF HUNTLEY**  
Approves the Licensure of  
**DOWNTOWN FOOD VENDOR**

Euphoria Nightclub

DI  
VALID FROM 3/15/12 TO 3/15/13

**LICENSE RESTRICTIONS:**

**DESIGNATED VENDING AREA:**

**PERMITTED HOURS**

Euphoria Night Club

Hiam Haftzuddin, Anuja  
Hariaka  
1465 Blackberry Lane  
Huntley, IL 60142

LICENSE NO. 12-00017037 DATED ISSUED: 3/15/12 FEE PAID: 275.00

DOWNTOWN FOOD VENDOR  
SAMPLE PERMIT  
400 S EAGLE ST  
NAPERVILLE IL 60540-5278

A/C#: 0014429

  
COUNTY CLERK  
2012

Use your 'Mouse' or 'Tab key' to move through the fields.

Illinois Liquor Control  
Commission



Pat Quinn  
Governor

100 W. RANDOLPH ST.  
SUITE 7-801  
CHICAGO, ILLINOIS 60601  
TELEPHONE: 312-814-2206  
FAX: 312-814-2241  
TDD: 312-814-1844

101 W. JEFFERSON ST.  
SUITE 3-525  
SPRINGFIELD, ILLINOIS 62702  
TELEPHONE: 217-782-2136  
FAX: 217-524-1911  
WEB SITE: [www.state.il.us/LCC](http://www.state.il.us/LCC)

**APPLICATION FOR STATE OF ILLINOIS  
BROKER'S LIQUOR LICENSE**

**DEFINITIONS:**

"Broker" means (i) a person who solicits orders for or offers to sell or supply alcoholic liquors to retailers for a fee or commission, for or on behalf of a person authorized to manufacture or sell at wholesale alcoholic liquors within or without the State or (ii) a person within this State, other than a retail licensee, who, for a fee or commission, promotes, solicits, or accepts orders for alcoholic liquor, for use or consumption and not for resale, to be shipped from this State and delivered to residents outside of this State by an express company, common carrier, or contract carrier. This section does not apply to any person who promotes, solicits, or accepts orders for wine as specifically authorized in Section 6-29 of this Act.

BROKER'S LIQUOR LICENSE	FEE	\$600.00
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Make check or money order payable to the Illinois Liquor Control Commission. The Commission does not accept U.S. currency/cash as payment.

Please print or type the information requested in the spaces provided. The application form must bear an original signature.

IMPORTANT NOTICE: THE ILLINOIS LIQUOR CONTROL COMMISSION IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY UNDER THE ILLINOIS LIQUOR CONTROL ACT (205 ILCS 5/1-1/120). DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION WILL RESULT IN THE NON ISSUANCE OF YOUR LICENSE. FORM APPROVED BY THE STATE FORMS MANAGEMENT CENTER.

IL 567-0060 (03/2006)

Printed on Recycled Paper

PAGE 1 OF 6

Below and to the side are copies of  
the liquor license and food licenses  
for our business, respectively:

Here is our tobacco license:



Iowa Department of Revenue

Director: Mark R. Schuling  
Hoover State Office Building  
Des Moines, Iowa 50319  
[www.state.ia.us/tax](http://www.state.ia.us/tax)

**Dear Potential Cigarette/Tobacco Distributor:**

This cover letter is for the application and surety bond form for an Iowa Cigarette and/or Tobacco Distributor's License. The fee for this license is \$100.00 per fiscal year, and the surety bond requirement for this license is \$2,500.00. The Tobacco Distributor's License is free if you hold a valid cigarette permit, and the surety requirement for this license is \$1,000.00.

Cigarette permits and tobacco products licenses are regulated by Chapters 453A and 421B of the Iowa Code. You must also comply with Chapters 453C and 453D of the Iowa Code.

**ONLY APPROVED BRANDS OF CIGARETTES MAY BE SOLD IN IOWA**

Any brand not on the list is contraband. The list of approved brands is always current at <http://www.state.ia.us/tax/business/CigTobIndex.html>. Any contraband or non-Iowa tax stamped package is subject to seizure and penalties under the provisions of the Iowa Code 453A & 453D.

**E-mail Notification**

You must go online and join the Cigarette/Tobacco eList, and you will receive an e-mail when the directory of approved brands list changes. Go to <http://elists.drf.state.ia.us/scripts/wa.exe>. Scroll down to Cigarette and Tobacco Tax, then click on Join/Leave List. All notifications of directory changes and price changes are sent through the eList service only.

**Cigarette Stamps**

You must use cigarette tax stamps for the purpose of applying the required cigarette tax. Little cigars are taxed at the same rate as cigarettes. The current tax rate is \$1.36 per pack of 20s and \$1.70 per pack of 25s. Stamps may be ordered from the Department of Revenue or one of the banks acting as an agent for the Department. Stamps ordered from the Department will be shipped by Fed Ex at the distributor's risk. There is no credit for stamp purchases, and there is no way to accept the payment electronically at this time. For your first two stamp orders, you must use certified funds for your stamp order.

**Filing Requirements**

You will be required to file monthly cigarette reports to this division, which are due on or before the 10th day of each month for the preceding month. Tobacco reports are required to be filed on a monthly basis and are due on or before the 20th day of each month for the preceding month. For tobacco tax, the tax is due when the report is filed. Tobacco products (except for snuff and cigars) are taxed at 50 percent. Snuff (moist and dry) products are taxed at \$1.19 per ounce. Cigars are taxed at 50 percent or \$.50 per cigar, whichever is lower. The Tobacco Returns on the Web site are in Excel, and the cigar form will figure the tax for you. I encourage you to keep accurate records of your shipments into Iowa and to file your monthly reports on time. There is a penalty starting at \$200.00 for any late-filed reports.

**Letter of Intent from Manufacturers**

The Department will need a letter of intent from at least three of the major cigarette manufacturers stating that they will indeed ship you cigarettes for stamping. If you are planning on buying product from different manufacturer(s), then we will need a letter of intent from those manufacturer(s).

MAIL ADDRESS: PO BOX 10456 • DES MOINES, IOWA 50306-0456

### **Pure Bliss Alcoholic Beverage Menu**

#### **Beer**

- Single bottle \$4
- Beer bucket (6 bottles) \$25

#### **Tequila**

- Shots \$2 (each)
- Dozen Shots \$15

#### **Vodka**

- Red Bull Vodka (Smirnoff) \$6 a glass
- Grey Goose \$5 a glass
- Ciroc \$8 a glass

#### **Rum**

- Bacardi Rum (bottle) \$16
- Malibu (bottle) \$18

#### **Champagne**

- Ace of Spades (bottle) \$30
- Crystal (bottle) \$20

#### **Whiskey**

- Shots \$4
- Bottle \$15

#### **Cocktails**

- Hennessy (2 glasses) \$10

#### **Martinis**

- Remy XO (glass) \$14

### **Food Menu (Kush, Dreamland, Pure Bliss)**

#### **Appetizers**

- Crab Cakes (6 per plate) \$12
- Pretzel \$3...with cheese \$3.50
- Eggrolls (4 per plate) \$10

#### **Small Entrees**

- Personal-Sized Pizza \$10
- Chicken Tenders (6 pieces) \$8
- Hot Dogs \$4
- French Fries \$3
- Nachos \$3...with cheese \$3.50

#### **Snack Food**

- Chips \$1.00 for two bags (Doritos, Cheetos, Lays, Sun Chips)
- Cookies \$1.00 for two (Chocolate Chip, Double Chocolate Chip)
- Granola Bars \$1.00 for three

#### **Chefs Special \$7**

### **Non-Alcoholic Menu**

#### **(Kush, Dreamland, Pure Bliss)**

#### **Soda Cans (\$1)**

- Coke
- Pepsi
- Fanta

#### **Fruity Beverages**

- Lemonade \$2 a glass
- Virgin Pena Colada \$8 a glass
- Mocktails \$6
- Asian Pear Sparklers \$8
- Non-Alcoholic Sangrias \$7

#### **Juices \$3 per bottle**

- Apple
- Orange
- Mango

#### **Energy Drinks \$4 per can**

- Monster
- Red Bull

#### **Bottles of water \$2 per bottle**

### **Hookah Menu (Kush)**

#### **\$8 per Hookah**

- Sex on the Beach
- Pirates Cove
- Mango
- Peach
- Zero
- Monster O
- Queen of Sex
- Bubble Gum
- Apple, Cherry, or Raspberry

**Below is a copy of our lease contract:**

NET LEASE AGREEMENT FOR RESTAURANT AND BAR This Lease is made as of July 25<sup>th</sup>, 2014, by and between COMMERCIAL PROPERTY LANDLORD, INC., a private corporation ("Landlord"), and AGREEABLE TENANT, INC., **Euphoria Nightclub Corporation** ("Tenant"). WITNESSETH: WHEREAS, Landlord is the fee owner of a certain parcel of real property and improvements located at Huntley, IL and legally described in Exhibit "A", which is attached hereto and incorporated herein by reference; and WHEREAS, Tenant as owner contracted for the construction of the building and improvements (together the "Building") on the real property described in Exhibit "A", which Building is described in the plans and specifications heretofore submitted to Landlord; and WHEREAS, Tenant desires to lease said real property and Building (said real property and Building hereinafter referred to as the "Leased Premises"), from Landlord upon the terms and conditions hereinafter provided; NOW, THEREFORE, in consideration of the Rents, terms, covenants, conditions, and agreements hereinafter described to be paid, kept, and performed by Tenant, Landlord does hereby grant, demise, lease, and let unto Tenant, and Tenant does hereby take and hire from Landlord and does hereby covenant, promise, and agree as follows:

ARTICLE 1. LEASED PREMISES Landlord hereby leases to Tenant, and Tenant leases and takes from Landlord, the Leased Premises subject to the conditions of this Lease. ARTICLE 2. TERM (A) The term of this Lease ("Term") shall be Seventeen (17) consecutive "Lease Years", as hereinafter defined, commencing on the effective date first listed above ("Occupancy Date"). (B) The first "Lease Year" of the Term shall be for a period of twelve (12) consecutive calendar months from the Occupancy Date. If the Occupancy Date shall be other than the first day of a calendar month, the first "Lease Year" shall be the period from the Occupancy Date to the end of the calendar month of the Occupancy Date, plus the following twelve (12) calendar months. Each Lease Year after the first Lease Year shall be a successive period of twelve (12) calendar months. (C) The parties agree that once the Occupancy Date has been established, upon the request of either party, a short form or memorandum of this Lease will be executed for recording purposes. That short form or memorandum of this Lease will set forth the actual occupancy and termination dates of the Term and optional Renewal Terms, as defined in Article 28 hereof, and the existence of any option to extend, and that said option shall terminate when the Tenant shall lose right to possession or this Lease is terminated, whichever occurs first. ARTICLE 3. CONSTRUCTION OF

IMPROVEMENTS (A) Tenant warrants and agrees that the Building has been constructed on the Leased Premises, and all other improvements to the land, including the parking lot, approaches, and service areas, have been constructed in all material respects by Tenant in accordance with the plot, plans, and specifications heretofore submitted to Landlord. (B) Tenant warrants that as of the date hereof, the Building and all other improvements to the land do comply with the laws, ordinances, rules, and regulations of all state and local governments. (C) Tenant agrees to pay, if not already paid in full, for all architectural fees and actual construction costs, in the past, present or future, which shall include, but not be limited to, plans and specifications, general construction, carpentry, electrical, plumbing, heating, ventilating, air conditioning, decorating, equipment installation, outside lighting, curbing, landscaping, blacktopping, electrical sign hookup, conduit and wiring from building, fencing, and parking curbs, builder's risk insurance (naming Landlord, Tenant, and contractor as co-insured), and all construction bonds for improvements made by or at the direction of Tenant, to the extent incurred or authorized by Tenant. (D) Opening for business in the Leased Premises by Tenant shall constitute an acceptance of the Leased Premises and an acknowledgment by Tenant that the Leased Premises are in the condition described under this Lease. ARTICLE 4. RENT PAYMENTS (A) Annual Rent Payable for the first Lease Year: Tenant shall pay to Landlord an annual Base Rent of \$6600, which amount shall be payable in advance on the first day of each month in equal monthly installments of \$550. If the first day of the Lease Term is not the first day of a calendar month, then the monthly Rent payable for that partial month shall be a prorated portion of the equal monthly installment of Base Rent. (B) Annual Rent Payable beginning with the Second Lease Year and each Lease Year thereafter shall increase by an amount equal to One Percent (1%) of the Base Rent payable for the immediately prior Lease Year. Such increased Base Rent shall be payable in advance of the first day of each month in equal monthly installments. (C) Overdue Payments. Tenant shall pay interest on all overdue payments of Rent or other monetary amounts due hereunder at the rate of fifteen percent (15%) per annum or the highest rate allowed by law, whichever is less, accruing beginning five days after written notice to Tenant that Rent or other monetary amounts properly due and payable were not paid. ARTICLE 5. INSURANCE AND

INDEMNITY (A) Tenant shall, throughout the Term or Renewal Terms, if any, of this Lease, at its own cost and expense, procure and maintain insurance which covers the Leased Premises and improvements against fire, wind, and storm damage (including flood insurance if the Leased Premises is in a federally designated flood prone area) and such other risks (including earthquake insurance, if the Leased Premises is located in a federally designated earthquake zone or in an ISO high risk earthquake zone) as may be included in the broadest form of extended coverage insurance as may, from time to time, be available in amounts sufficient to prevent Landlord or Tenant from becoming a co-insurer within the terms of the applicable policies. In any event, the insurance shall not be less than one hundred percent (100%) of the then insurable value. Additionally, replacement cost endorsements, inflation guard endorsements, vandalism endorsement, malicious mischief endorsement, waiver of subrogation endorsement, waiver of co-insurance or agreed amount endorsement (if available), and Building Ordinance Compliance endorsement and Rent loss endorsements (for a period of one year) must be obtained. (B) Tenant agrees to place and maintain throughout the Term or Renewal Terms, if any, of this Lease, at Tenant's own expense, public liability insurance with respect to Tenant's use and occupancy of said premises, including "Dram Shop" or liquor liability insurance, if the same shall be or become available in the State of Illinois

and liquor is sold on the Premises, with initial limits of at least \$3,000,000 per occurrence/\$5,000,000 general aggregate, or such additional amounts as Landlord shall reasonably require from time to time, upon Landlord's good faith determination that the present insurance coverage is inadequate, such amounts to be consistent with requirements of other Landlord's in similar circumstances. (C) Tenant agrees to notify Landlord in writing if Tenant is unable to procure all or some part of the aforesaid insurance. In the event Tenant fails to provide all insurance required under this Lease, Landlord shall have the right, but not the obligation, to procure such insurance on Tenant's behalf. Tenant will then, within five (5) days from receiving written notice, pay Landlord the amount of the premiums due or paid, together with interest thereon at the lesser of 12% per annum or the highest rate allowable by law, which amount shall be considered Rent payable by Tenant in addition to the Rent defined at Article 4 hereof. (D) All policies of insurance provided for or contemplated by this Article can be under Tenant's blanket insurance coverage and shall name Landlord, Landlord's corporate managing member and general partner, respectively, and the individual managing member and general partner, respectively, of Landlord, and Tenant as additional named insured, as their respective interests may appear, and shall provide that the policies cannot be canceled, terminated, changed, or modified without thirty (30) days written notice to the parties. In addition, all of such policies shall contain endorsements by the respective insurance companies waiving all rights of subrogation, if any, against Landlord. All insurance companies providing coverage's must be rated "A-" or better by Best's Key Rating Guide (the most current edition), or similar quality under a successor guide if Best's Key Rating shall cease to be published. Tenant shall provide Landlord with legible copies of any and all policies on or before the Occupancy Date. No less than fifteen (15) business days prior to expiration of such policies, Tenant shall provide Landlord with legible copies of any and all renewal Certificates of Insurance, if the terms of the Policies have not changed, and copies of such policies if the same have changed. Tenant agrees that it will not settle any property insurance claims affecting the Leased Premises in excess of \$100,000 without Landlord's prior written consent, such consent not to be unreasonably withheld or delayed. Landlord shall consent, where Landlord's consent is required hereunder, to any settlement of an insurance claim wherein Tenant shall confirm in writing with evidence reasonably satisfactory to Landlord that Tenant has sufficient funds available to complete the rebuilding of the Premises. (E) Tenant shall defend, indemnify, and hold Landlord harmless against any and all claims, damages, and lawsuits arising after the Occupancy Date of this Lease and any orders, decrees or judgments which may be entered therein, brought for damages or alleged damages resulting from any injury to person or property or from loss of life sustained in or about the Leased Premises, unless such damage or injury results from the intentional misconduct or the gross negligence of Landlord and Tenant agrees to save Landlord harmless from, and indemnify Landlord against, any and all injury, loss, or damage, of whatever nature, to any person or property caused by, or resulting from any act, omission, or negligence of Tenant or any employee or agent of Tenant. In addition, Tenant hereby releases Landlord from any and all liability for any loss or damage caused by fire or any of the extended coverage casualties, unless such fire or other casualty shall be brought about by the intentional misconduct or gross negligence of Landlord. (F) Landlord hereby waives any and all rights that it may have to recover from Tenant damages for any loss occurring to the Leased Premises by reason of any act or omission of Tenant; provided, however, that this waiver is limited to those losses for which insurers compensate Landlord, if the insurance required by this Lease is maintained. Tenant hereby waives any and all right that it may have to recover from Landlord damages for any loss occurring to the Leased Premises by reason of any act or omission of Landlord; provided, however, that this waiver is limited to those losses for which Tenant is, or should be if the insurance required herein is maintained, compensated by insurers.

#### Works Cited

- <http://www.huntleyfirst.com/>
- <http://www.brewersassociation.org/pages/media/press-releases/show?title=brewers-association-reports-2012-mid-year-growth-for-u-s-craft-brewers>
- <http://www.mapquest.com/maps?city=Huntley&state=IL>
- <http://www.npg.org/popfacts.htm>
- <http://www.hoovers.com/industry-facts/bars-nightclubs.1817.html>
- <http://www.ibisworld.com/industry/default.aspx?indid=1685>
- [http://www.nciaa.com/content.aspx?page\\_id=22&club\\_id=160641&module\\_id=29898](http://www.nciaa.com/content.aspx?page_id=22&club_id=160641&module_id=29898)
- <http://www.nightclub.com/listing/365/industry-trends>
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- <http://www.medusachicago.com> – Medusa
- <http://www.clubstarz.net/> - Club Starz
- <http://www.energythursdays.com> – Energy



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