

## **RETURN ON INVESTMENT**

As was covered in PRICING MODEL DEVELOPMENT section, \$25/hour is found to be acceptable as a cost for renting a mini-lane. Using that figure, the following calculation shows that the mini-lane would have an ROI of 1.35 years, as each lane would be capable of generating \$400 per week (\$25 x 16 hours) based on the FEC's current listed hours. The lane would have yearly revenue of \$20,641.60 (\$20,800.00 - \$158.40 electrical cost) if it was able to be utilized, minimally, for all standard open hours.

The electricity cost to operate the lane is minimal and is figured to be approximately \$13.20/month. This would have little impact on revenue generated by the lane. Therefore, nearly the full \$25 charged per hour would be net revenue. Utilizing a lane for a parties or other special events would obviously positively affect revenue and reduce ROI.

As noted, the lanes have a theoretical ROI of 1.35 years. This time frame can however be shortened by utilizing the lanes for adult only activities or increasing the rental rate to \$30/hour. By installing multiple lanes, the FEC could in effect become a mini-bowling center by using facilities and equipment already on-site. The FEC obviously has a liquor license, as you are able to sell alcoholic beverages. A food operation is also already in place, as is seating. By using these already established features, the FEC would have the possibility of running adult league nights at times when the facility would otherwise be closed. Minimal staffing would be required to run the nights. Revenue potentially could be as follows: 3 players per lane x 3 games (\$3.75 each) = \$33.75 generated from each lane per night. This obviously could be increased by sale of alcohol and food, which could generate significant revenue.

Knowing that bowlers will be able to complete a game in approximately 7 minutes, one game each bowled by 3 bowlers would take approximately 21 minutes. At three games per league night (standard with full sized bowling), time to complete the three games would be just over 1 hour. Because of this speed, it is possible to have a multiple shift evening in a very short period of time. The desire to have a league using the mini-lanes was communicated to our staff by adult guests. The guests that made that request stated they used to bowl league at full size centers, but due to physical limitations they are not able to participate any longer. They however, had no issue with throwing the mini-bowling ball and indicated they felt the mini-bowling was a great replacement for the full-size bowling they used to do. Because of its size and ease of throwing the ball, the lanes could also be used for senior day-time leagues or events. This could also be another potential revenue source for the FEC and further decrease the ROI time for multiple lanes.