

AMUSEMENT PRODUCTS BATTING CAGE FINANCIAL ANALYSIS

The growth of leisure time and recreational activities over the past decade has been somewhat phenomenal. The outlook for future development of the various activities in this area continues to be optimistic.

The accepted trend seems to be in sports-oriented programs. We are no longer completely satisfied to be in the spectator role. Instead, we are rapidly moving toward active participation. This is especially evident in local community programs of softball, volleyball, soccer, baseball, physical training and other sports. With more college scholarships opening up each year for women in athletics the number of participants is growing by leaps and bounds.

Over the years Amusement Products has played a big part in the commercial pitching machine business. With the development of the ULTIMATE TRAINER Amusement Products has assumed the leadership role in quality and innovation in pitching machines. The ULTIMATE TRAINER machine offers the customer the option of either baseball or softball and a choice of 4 speeds on either ball at the push of a button. Being the “player friendly” machine that it is the ULTIMATE TRAINER has shown to generate 2 to 3 times the revenue of a regular machine. This helps to maximize the return for the investor.

In our attempt to answer investor’s questions, certain economic considerations have been developed. These should serve as reasonable guidelines, thereby aiding in the final decision of the investor.

These economic considerations are separated into two categories:

1. Economics of a geographical area
2. Economics of a commercial batting cage

STATISTICAL DATA FOR POTENTIAL INVESTOR

1. ECONOMICS OF GEOGRAPHICAL AREA

Below is a list of criteria you want to consider for your new business:

- A. Population in a surrounding trade area - 10 miles - and population in immediate trade area - 5 miles.
- B. Social and economic breakdown of residents within both trade areas.
- C. Auto and traffic count in immediate area of proposed installation.
- D. Number of schools in trade areas.
- E. Median income in area.
- F. Other or same recreational activities available in area.
- G. Real estate trends, both residential and commercial.
- H. Unemployment ratio for area (if available).
- I. Growth characteristics of trade area (population trends last 5 years).
- J. Size and availability of parcel land.
- K. Cost of land and proposed improvements.
- L. Ratio of improvements to land cost.
- M. Supplemental activities to a commercial batting cage:
 - Go-kart track Phazer Zone (indoor paintless paintball)
 - Miniature golf Pursuit Park paintball field
 - Bumper boats Game room (and birthday parties) and snack shop
- N. Obtain financing for land and improvements.
- O. Number of employees required
- P. Number of hours open to public
- Q. Weather conditions as it would affect the number of days open per year
- R. Advertising and promotional costs
- S. First, second, and third year budget forecast
- T. Projected return on investment before and after taxes

2. ECONOMICS OF A COMMERCIAL BATTING CAGE

The following information is based on a 6-station cage:

- A. Investment in batting cage inclusive of equipment and improvements: \$150,000
- B. Amortization on \$100,000 @ 10% for:
 - Two years \$4,614.50 monthly \$55,374 .00 yearly
 - Five years \$2,124.72 monthly \$25,496.64 yearly
 - Ten years \$1,321.52 monthly \$15,858.24 yearly
- C. Maximum capacity on machine operating uninterrupted for one hour=600 balls @ \$1.50 per 15 balls= 40 cycles an hour at \$1.50 each or \$60.00 per hour per station.
- D. Full operational capacity, assuming 60-second period between each 15-ball cycle (coins inserted) would result in 2 1/5-minute cycles or 24 cycles per hour per hour or \$36 per hour per station.
- E. Six stations operating at full capacity, would generate a gross income of \$216 per hour.
- F. Six stations at \$216 per hour for 12-hour day=\$2,592 gross income at full operational capacity.
- G. Percent of full operation capacity

PERCENT	DAY	MONTH*	3-MONTH	4 OFF MONTH**	YEAR
15	\$389	\$ 11,670	\$35,010	\$23,340	\$58,350
20	518	15,540	46,620	31,080	77,700
25	648	19,440	58,320	38,880	97,200
30	778	23,340	70,020	46,680	116,700
35	907	27,210	81,630	54,420	136,050
40	1037	31,110	93,330	62,220	155,550
45	1167	35,010	105,030	70,020	175,050

*30-day month/** 1/2 peak month capacity

H. When the Cages are automated like most are today, there will only be intermittent times that the cage need attention. If the cage is at a facility with other attractions and employees currently there, usually one of these employees has the responsibility to check the cages when necessary and go back to their regular duties. Under these standard automated cage conditions, the revenue is as follows:

I. Net income before taxes

Percent of F.O.C.*	15%	20%	25%	30%	35%	40%	45%
Gross income	\$58,350	\$77,700	\$97,200	\$116,700	\$136,050	\$155,550	\$175,050
5-year debt service	\$25,497	\$25,497	\$25,497	\$ 25,497	\$ 25,497	\$ 25,497	\$ 25,497
Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Expenses**	\$ 5,835	\$ 7,770	\$ 9,720	\$ 11,670	\$13,605	\$ 15,555	\$ 17,505
Real Estate Taxes	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Net before taxes	\$ 22,018	\$ 39,433	\$ 56,983	\$ 74,533	\$91,948	\$109,498	\$127,048

* F. O. C.= Full Operational Capacity

** 10% of gross income

J. When the cage is a stand alone business, the following payroll may be necessary to operate the business. While a token dispenser that accepts dollars can be used, a completely unattended cage is not recommended because the customers would tend to steal the bats and helmets necessary to run the cage. In this situation, the wages would look like this:

K. Employee Payroll

- a. Operating hours during 3 prime months - 12:00 to 12:00
- b. Employees per shift: Two shifts - 12:00 to 6:00 and 6:00 to 12:00
- c. Operating hours during four off months - 5:00 to 11:00
- d. Off month shifts - 5:00 - 11:00

CAPACITY	15 - 24		25 - 39		40 - 60	
	PRIME*	OFF**	PRIME	OFF	PRIME	OFF
First shift	1	0	1	0	1	0
Second shift	1	1	1	1	2	1
Total staff per day	2	1	2	1	3	1
Total staff hours	12	6	12	6	18	6
Cost per day @ \$7 pr hr	\$84	42	84	42	126	42
Cost per month	\$2,520	\$1,260	\$2,520	\$1,260	\$3,780	\$1,260
Seasonal totals	\$7,560	\$5,040	\$7,560	\$5,040	\$11,340	\$5,040
Yearly totals	\$12,600		\$12,600		\$16,380	

* 3 Prime Months

** 4 Off months

L. Net income before taxes for a stand alone cage would be:

Percent of F.O.C.*	15%	20%	25%	30%	35%	40%	45%
Gross income	\$58,350	\$77,700	\$97,200	\$116,700	\$136,050	\$155,550	\$175,050
5-year debt service	\$25,497	\$25,497	\$25,497	\$ 25,497	\$ 25,497	\$ 25,497	\$ 25,497
Wages	\$12,600	\$12,600	\$12,600	\$ 12,600	\$12,600	\$ 16,380	\$ 16,380
Other Expenses**	\$ 5,835	\$ 7,770	\$ 9,720	\$ 11,670	\$13,605	\$ 15,555	\$ 17,505
Real Estate Taxes	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Net before taxes	\$ 9,418	\$26,833	\$44,383	\$ 61,933	\$79,348	\$ 93,118	\$110,668

* F. O. C.= Full Operational Capacity

** 10% of gross income

M. For a non-automated cage (balls are picked up and sorted by hand and manually put back in the machines), the labor would be at least 2 to 3 times as much. If you calculate this cost, the retrieval system would pay for itself within two years and often after the first year.

Summary

As indicated previously, these economic considerations are only offered to the investor as a guideline in determining the desirability of investing in the commercial batting range. Understandably, adjustments will have to be considered for varied geographical regions. Many locations will be able to utilize this operation year-round. Therefore, gross income will be adjusted as will employee compensation and other expenses. These figures are based on six cages, which can be circular or rectangular.

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