



Restaurant/Bar

BUSINESS PLAN

THE PLUGGED NICKEL BAR

772 S. Cassopolis

Detroit MI 48222

April 1995

This business plan for a bar with entertainment highlights the advantages and cost benefits of an owner-managed business. The proposed business is in an Economic Empowerment Zone, and notes this as one of the reasons for the request for loan.

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- BACKGROUND
- GOALS
- LOGISTICS
- MARKETING
- EXPENSES

BUSINESS

The Plugged Nickel Bar, on South Cassopolis in Detroit's new Empowerment Zone, will become a high quality venue for original creative arts. Live music, original theatre, performance art, and comedy will be featured, along with displays by local artists. With high quality entertainment and attention to detail, it will become a destination for patrons of the arts. Live recordings of performances will be released on CD and cassette. The diversity of the metro area will be utilized, to provide a greater variety of entertainment currently available anywhere. Well-lit parking will be available, and Chinese food from Wang's Restaurant will be available until 12:00 a.m. The business will be open Thursday through Saturday nights.

TARGET MARKET

Original music venues are gaining in popularity due to the past success of alternative rock, and the "back to basics" approach that many musicians are taking. The Plugged Nickel will recreate the energy, experimental feel, and diversity that popularized alternative rock in the first place, before it was homogenized by corporate interests. People want something that is new and different, as what was once avant garde but has become mainstream. Current patrons of clubs would find new excitement, and others would be encouraged.

UNIQUENESS

Most clubs center on one style of music or performance, or perhaps devote different nights to particular styles. Sometimes this works, but other times there are complaints that it all sounds the same. This complaint will never be heard at the Plugged Nickel. On any given night, customers will experience at least two completely different acts. It will be normal to have an evening that might include classical, jazz, latin, rock, blues,

Источник бизнес-плана: <http://www.referenceforbusiness.com>



bluegrass, folk, or any named or as yet unclassified forms of music. These could be combined with performance art, comedy, poetry or original theatre for a completely new experience.

In order to complete renovation of the building at 772 South Cassopolis in Detroit's Empowerment Zone, I am requesting a loan of \$ 10,000, at an interest rate of 10%, amortized over five years.

PURPOSE

1. To renovate and re-open the Plugged Nickel bar as a premier venue for original creative arts. Live music, original theatre, performance art, and comedy will be welcome, along with exhibits from local artists, most likely from the neighboring universities.
2. Take advantage of renewed interest in original music, and the increasing popularity of the entertainment districts in downtown Detroit.
3. Provide greater exposure for the diverse and innovative music created in the region, through the production of CDs and cassettes recorded "Live at the Plugged Nickel."
4. Utilize the benefits of renovation in the Empowerment Zone.

BACKGROUND

Building and Bar

The Plugged Nickel bar, at 772 South Cassopolis, was opened in 1936. In 1990, the name was changed, and the business closed in 1993. Over the years, through changes in management and ownership, it has had a wide variety of themes and customers. Despite some damage due to roof leakage and vandalism, classic features remain, including the bar area, mirrors, and indirect lighting. In addition, the stage, stage lights, and dressing rooms are complete and appropriate to the proposed new usage. The bar building, two additional attached storefronts, and an adjacent large storage garage were purchased in March, 1995 by Nigel Y. Mea. There are no mortgages, liens, or back taxes owed on the property.

Nigel Y. Mea

In 1988, Mr. Mea was a student at the Berklee College of Music in Boston, Massachusetts, with the aspiration of eventually making a living as a producer and sound engineer. Upon viewing the difficulties of life as a "starving artist," he returned to the University of Minnesota to finish dual degrees in Mathematics and English, and start his own production company. Metro Productions began in August 1988, as a small recording studio, and soon branched out into live music production, involving booking and promotion of acts, as well as operation of sound reinforcement equipment. It also provided income to help complete the degrees. In 1990, Mr. Mea graduated and moved to the Detroit area for a highly successful career as a Systems Engineer at Corporate Data Systems, and more recently, Midwest Research. Throughout this time, he continued as a performing musician, producer, and sound engineer, scheduling and promoting local shows. As the business will be operating only three or four nights per week, current professional employment will be maintained.

GOALS

1. To establish a profitable venue by providing a greater variety of entertainment than any currently operating establishments by utilizing the diversity of the Detroit area to the fullest potential. Many clubs feature the same kind of music every night: jazz, blues or rock, etc. Some give different nights to different styles. Ideally, the Plugged Nickel will have two or three distinctly different styles on every night of operation. It would be possible, for example, to experience classical, Latin, and alternative rock in one night. The establishment will be open to the public three or four nights per week.



2. Promote original music in the area, particularly at the Plugged Nickel, through the use of the facility for live and studio recording, including the production of a CD featuring music recorded at performances. Mr. Mea currently owns recording studio equipment, and has had live recordings used on locally-released CDs and demo cassettes.

LOGISTICS

1. The Plugged Nickel is located on South Cassopolis Avenue in Detroit, just South of Wang's Restaurant. It is centrally located, less than one mile from Oakland State University, the Center for Fine and Applied Arts, Mexicantown, many revitalized theatres, downtown Detroit, the New Center area, and other music venues.
2. The customer area is approximately 35' by 55', and includes a large stage opposite the bar. Dressing rooms are located at the back of the building, away from the customer area. Capacity is rated at 74 with dancing, and 107 without. Sufficient parking is available in a paved lot beside the bar.
3. Identifiable customer base:
 1. Current patrons of other music bars in Detroit and Hamtramck, looking for a greater variety and higher quality of entertainment.
 2. Students of local universities.
 3. Audiences of diverse musical styles not represented by the current club scene.
 4. Artists and musicians seeking a more supportive and performer-friendly environment.
4. Immediate competition includes the following:
 1. Melvin's, located about one mile south on South Cassopolis, and features live music on weekends and some weeknights. Usually alternative rock. Typically draws 150 customers per weekend night.
 2. The Old Havana, approximately five blocks south on South Cassopolis featuring alternative and punk rock on weekends. Audience size ranges from 30 to 75.
 3. St. Phillip's Hall in Mexicantown. A large club open for dancing and nationally known alternative rock bands. Draws consistently large crowds.
 4. The Impressionistic Theatre. Similar in size and clientele to St. Phillip's. It continues to enjoy good crowds, despite complaints of poor sound quality from performers and patrons.
 5. Pay stubs, Lilian's, and the Hamtramck Corner Bar in Hamtramck, small clubs for local rock bands.

These establishments, though similar in initial appearance, do not feature the diversity that will be unique to the Plugged Nickel.

MARKETING

1. Marketing efforts will center around weekly advertisements in local publications, most likely "Metro Times," "Spirit," and "The Monitor."
2. Regular advertising will be supplemented by occasional advertisements in diverse cultural and ethnic publications such as "Latino World," "National Entertainment Plus," "Jazz Quarterly," and any many others that appear viable and inexpensive.
3. Monthly fliers of scheduled events will be posted in record stores, and at the local universities.
4. A one-page flier, "Guide to Dining and Entertainment in the South Cassopolis District" with a map and very brief reviews of establishments in the vicinity, from the Whitmore, Stu's, Onion Street, and the others, to Melvin's, The Old Havana, the many theatres, and more. Of course, the Plugged Nickel will be featured prominently. This flier will be distributed at establishments inside and outside the immediate area, to promote the area as an entertainment center.



EXPENSES

Plugged Nickel Expenses ALL already paid by Nigel Y. Mea

Rct	Date	Description	Cost
Y	12/19/94	Re-Key of Plugged Nickel Lock	\$55.00
Y	1/4/95	Title Search/Insurance	\$120.00
Y	2/10/95	Builders Square: light, lock, misc.	\$82.10
Y	2/28/95	MCM: Alarm, wiring	\$309.02
Y	3/9/95	Damark Answering Machine	\$35.49
Y	3/10/95	Deed: Jack Baxter	\$5,000.00
Y	3/10/95	County Tax, 1992 (cash)	\$246.26
Y	3/10/95	County Tax, 1993, 1994	\$425.34
Y	3/10/95	Detroit City Tax, Payment plan	\$2,239.00
Y	3/10/95	Tax, filing title Co	\$58.00
Y	3/13/95	MCM: Another alarm	\$169.77
Y	3/13/95	Colonial: Phone	\$16.62
Y	3/14/95	Insurance: 6 Months	\$449.00
Y	3/26/95	Murrays: Tools	\$4.23
Y	3/27/95	Builders Square: Locks, barrel bolts	\$113.16
Y	3/28/95	Fred's: Lock for back of stores	\$13.73
Y	3/30/95	Outside Electrical, D. Best	\$2,500.00
Y	4/1/95	Saw Chain, cut trees for elec	\$13.42
Y	4/3/95	State of Mich: Lie. Investigate	\$140.00
Y	4/3/95	License: Downpayment	\$2,000.00
Y	4/6/95	Remainder of city taxes	\$8,896.77
Y	4/6/95	Builders Square: Plywood, lights (min)	\$62.89
Y	4/6/95	Siren box, wire, sec. strobe	\$34.93
Y	4/9/95	HQ: Roof stuff & paint	\$40.67
Y	4/10/95	A-I Security, setup, apr-june monitor	\$120.00
Y	4/10/95	County: SET tax transferred	\$122.53
Y	4/10/95	Radio Shack: Smoke detectors, switch	\$86.89
Y	4/13/95	State of Mich: Regulation bk.	\$5.00
Y	4/16/95	HQ: Roof supplies	\$81.58
Y	4/17/95	Builders Square: Return extra lights	(\$24.96)
Y	4/19/95	HQ: More roof stuff	\$71.61
Y	4/21/95	Great Lakes Fence: Barbed Wire	\$10.60
Y	4/21/95	Ameritech: Phone setup and bill	\$131.10
Y	5/2/95	WSU Small Business Development Center	\$5.00
Y	5/3/95	CPI: Passport photos LCC	\$15.85
Y	5/23/95	Phone Bill	\$22.10
Y	5/23/95	Zoning Hearing	\$450.00
Y	5/23/95	HQ: Roofing Stuff	\$137.98
Y	5/27/95	Handy Andy: Back door break fix	\$21.36

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Y	3/27/95	Builders Square: Locks, barrel bolts	\$113.16
Y	3/28/95	Fred's: Lock for back of stores	\$13.73
Y	3/30/95	Outside Electrical, D. Best	\$2,500.00
Y	4/1/95	Saw Chain, cut trees for elec	\$13.42
Y	4/3/95	State of Mich: Lie. Investigate	\$140.00
Y	4/3/95	License: Downpayment	\$2,000.00
Y	4/6/95	Remainder of city taxes	\$8,896.77



Ret	Date	Description	Cost
Y	4/6/95	Builders Square: Plywood, lights (mtn)	\$62.59
Y	4/6/95	Siren box, wire, sec. strobe	\$34.93
Y	4/9/95	HQ: Roof stuff & paint	\$40.67
Y	4/10/95	A-1 Security, setup, apr-june monitor	\$120.00
Y	4/10/95	County: SET tax transferred	\$122.53
Y	4/10/95	Radio Shack: Smoke detectors, switch	\$86.89
Y	4/13/95	State of Mich: Regulation bk.	\$5.00
Y	4/16/95	HQ: Roof supplies	\$81.58
Y	4/17/95	Builders Square: Return extra lights	(\$24.96)
Y	4/19/95	HQ: More roof stuff	\$71.61
Y	4/21/95	Great Lakes Fence: Barbed Wire	\$10.60
Y	4/21/95	Ameritech: Phone setup and bill	\$131.10
Y	5/2/95	WSU Small Business Development Center	\$5.00
Y	5/3/95	CPI: Passport photos LCC	\$15.85
Y	5/23/95	Phone Bill	\$22.10
Y	5/23/95	Zoning Hearing	\$450.00
Y	5/23/95	HQ: Roofing Stuff	\$137.98
Y	5/27/95	Handy Andy: Back door break fix	\$21.36
Y	5/28/95	Builders Square: Drills, door fix stuff	\$64.64
Y	6/1/95	First Edison bill	\$17.89
Y	6/2/95	Alarm Sirens (2 more)	\$30.62
Y	6/26/95	Alarm Monitoring	\$75.00
Y	6/26/95	Edison	\$10.65
Y	6/26/95	Phone	\$19.62

Year to date sub-total: \$24,500.16

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Y	6/1/95	First Edison bill	\$17.89
Y	6/2/95	Alarm Sirens (2 more)	\$30.62
Y	6/26/95	Alarm Monitoring	\$75.00
Y	6/26/95	Edison	\$10.65
Y	6/26/95	Phone	\$19.62
Year to date sub-total:			\$24,500.16

Items listed below were previously purchased by Nigel Y. Mea, and will become part of the assets of the Plugged Nickel.

Complete Sound Reinforcement System	\$6,000.00
Complete Studio Recording System	\$4,000.00
Liquor License Closing (cash on hand)	\$4,000.00

Total invested in business by Nigel Y. Mea \$38,500.16

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Liquor License Closing (cash on hand)	\$4,000.00
Total invested in business by Nigel Y. Mea	\$38,500.16



Projected Revenue/Expense

Total Projected Revenue	\$4,200.00	(1)
Cost of Goods Sold	\$1,470.00	
Employee Salaries	\$604.80	(2)
Utilities	\$350.00	
Maintenance	\$100.00	(3)
P&I (5 Yr Amort.)	\$212.47	(4)
Insurance	\$100.00	(5)
Operating Expense	\$2,837.27	
N.P.B.T.	\$1,362.73	

Notes:

(1) Anticipated opening March 1996. Payments until that time will be made from current salary. Revenue figure is based on operation of the business initially three nights per week, with 50 customers per night with an average order of \$7.00.

(2) There will two employees working 6-hour shifts per night, at \$4.20 per hour. Nigel Y. Mea will work 7-hour shifts with no compensation.

(3) Most maintenance will be performed by Nigel Y. Mea, who has experience in these areas.

(4) Figure is based on initial principle of \$ 10,000, 10% interest, and amortization of 5 years.

(5) From quote from Northpoint Insurance.

Projected Revenue/Expense—First Month (3/1/96 to 3/31/96)

Notes:

1. Anticipated opening March 1996. Payments until that time will be made from current salary. Revenue figure is based on operation of the business initially three nights per week, with 50 customers per night with an average order of \$7.00.
2. There will two employees working 6-hour shifts per night, at \$4.20 per hour. Nigel Y. Mea will work 7-hour shifts with no compensation.
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Operating Expense	\$2,837.27	
N.P.B.T.	\$1,362.73	



Cost Breakdown

ITEM	VENDOR	AMOUNT
Roof Repair, 50% complete	Nigel Y. Mea	\$400.00
H.V.A.C.	Barton Co.	\$1,700.00
Plumbing	Joe Roller	\$2,300.00
Furniture	REI or Local	\$1,500.00
Glassware, etc.	REI or other	\$300.00
Inventory		\$500.00
Refrigeration Repair		\$1,000.00
Advertising		\$500.00
Signage		\$400.00
Fence, parking lights	Great Lakes	\$800.00
Re-decoration - Labor by local artists		\$500.00
Total:		\$9,900.00

Note: Nigel Y. Mea currently owns professional sound and stage equipment, for sound reinforcement, lighting, and recording.

Cost Breakdown of Additional Monies (All based on recent estimates)

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ITEM	VENDOR	AMOUNT
Roof Repair, 50% complete	Nigel Y. Mea	\$400.00
H.V.A.C.	Barton Co.	\$1,700.00
Plumbing	Joe Roller	\$2,300.00
Furniture	REI or Local	\$1,500.00
Glassware, etc.	REI or other	\$300.00
Inventory		\$500.00
Refrigeration Repair		\$1,000.00
Advertising		\$500.00
Signage		\$400.00
Fence, parking lights	Great Lakes	\$800.00
Re-decoration - Labor by local artists		\$500.00
Total:		\$9,900.00

Projected Revenue/Expense — Following Year

Total Projected Revenue	\$64,260.00	(1)
Cost of Goods Sold	\$21,000.00	(2)
Employee Salaries	\$7,711.20	
Utilities	\$4,200.00	
Maintenance	\$1,200.00	
P&I(5 YrAmort.)	\$2,549.64	
Insurance	\$1,200.00	
Operating Expense	\$37,860.84	
N.P.B.T	\$26,399.16	

Notes:

(1) Revenue figure is based on operation three nights per week, 51 weeks per year, with 60 customers per night, and an average order of \$7.00.

(2) Cost of sales is figured as a percentage of sales, using figures deemed reasonable from similar businesses.

Projected Revenue/Expense—Following Year (4/1/96 to 3/31/97)

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Projected Revenue/Expense—Following Year
(4/1/96 to 3/31/97)

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Employee Salaries	\$7,711.20	
Utilities	\$4,200.20	
Maintenance	1,200.00	
P&I (5Yr Amort.)	\$2,549.64	
Insurance	\$1,200.00	
Operating Expense	\$37,860.84	
N.P.B.T	\$26,399.16	