

Business Plan

Hurley Wave Park LTD

Cliffs of Moher, Ireland



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Executive Summary

Hurley Wave Park LTD is entering the emerging market of selling waves on demand. It is taking advantage of the years of R&D done by the Wavegarden, Spain and bringing their technology to the commercial world. The proposal includes a vital partnership with corporate surf giant Hurley International, who will sponsor the initial investment to the tune of €2.5m in return for a variety of Wave Park related benefits. This relationship will not only be financially crucial, but will also help immensely with the marketing aspect, as the Hurley Surf media machine will help generate an amount of press in the surf world, that simply couldn't be done by a small company.

The project will start generating revenue of its own after tax, by the end of the first 3 years. It is hoped that should the company be as successful as even its most modest projections, it will expand further in the next 10 years. "The Hurley Wave Park LTD" will be referred to as the Wave Park LTD for simplicity.

Company Description

What it's about?

The Wave Park Cliffs of Moher is a place that will bring surfing and its many benefits to people of all ages, backgrounds and abilities. At the heart of our plans is a surfing lake powered by the latest wave-making technology. This will sit in beautiful gardens – spaces where people can relax and recoup, get back in touch with nature, play, learn and explore. There will also be a state of the art cross fit gym, as well as a Café/Restaurant and a surf shop. It will also be home to High performance surf centre that will develop Irelands Brightest surf stars, as well as a surf school for novices.

Product

Surfing

The wave park Cliffs of Moher, will provide the ultimate surfing experience without the cold, inconsistency and danger of 'real surfing'

- Perfect mechanical waves every day for people of all ages, backgrounds and abilities
- 1.9m waves every 30 seconds producing 2, 18 second long high performance waves for experts, 2 smaller secondary waves for intermediates and a crumbly white water wave that could cater for up to 50 beginners.

Health

- Swimming, Yoga, Cross fit on site
- Open space and for activity and relaxation
- High quality & healthy Café/Restaurant which uses food grown on site in an organic way.

Location

- Based at the Cliffs of Moher, Lahinch, The Wave Park is situated right in between Irelands 2 biggest tourist attractions, the spectacular Cliffs of Moher and The Burren. It is also within a

10 minute drive to Doolin pier, where ferry's run regularly to the Arran Islands another of Ireland's greatest tourist attractions.

- The site is based at the north end of the cliffs and will boast spectacular views of the cliffs of Moher to the south, Doolin point, Crab Island and the Arran Islands to the north. It will also boast views of Aileens Ireland's most famous waves and one of the world's bone fide Big Waves spots.
- Lahinch is Irelands surfing hotspot and already draws massive numbers from around the country and the globe, with large hordes of wave hungry surfers regularly making the commute from cork and Dublin. This combined with a very large local contingent means there is a constant demand for high quality waves.

SWOT Analysis

Internal	Strengths	Weaknesses	Internal
	<ul style="list-style-type: none"> • Unique and spectacular location at the heart of Ireland's busiest tourist location. Also in Irelands surfing heartland. • Opportunity to surf guaranteed perfect waves in board shorts, in depths of Irish winter. Can also operate after dark as it is indoor, i.e. ability to surf after a 9-5 job. • Learning to surf has never been so safe or easy, in such a controlled environment. • The wave would provide suitable conditions for a surfing world tour event, which would be a massive boost to the economy • Enterprise Ireland provide grants for start-ups including the High potential start-up Funding (HPSU) • Large amount of surfers involved engineering and construction industry would have a special interest in being involved in project. • Selling of manmade wave's very new venture, the only market competition as of now is a wave park under construction in Bristol. • Market reach: Surfers of all abilities, tourists, school tours, stag & hen parties. • The Wave Park will have a high quality website, where services can be purchased combined with onsite reception. • The brand would be promoted using latest marketing techniques on Social 	<ul style="list-style-type: none"> • Obtaining large loans for banks would be difficult given economic situation. • Cash flow difficulties associated with fledging start-ups. (suggest crowd funding) • Uncertainty of returns in a new emerging market. • High initial investment cost (land labour construction, purchase of patented wave producing technology) • Could be difficult to be granted planning permission given the location • High reliance on surfers to pay for waves, which are free in the ocean • Might be unfeasible to run at full capacity during the winter months, when tourism becomes quiet. • Unproven product, currently no operational finically viable wave parks. • While undoubtedly a sport that is on fast rising trajectory, number are still dwarfed by GAA, Soccer and Rugby 	

	media (facebook,twitter,Instagram)		
External	Opportunities <ul style="list-style-type: none"> • Wave Park technology has only recently become a reality • Surfing is a relatively new and untapped market • Surfing has had massive growth both nationally and internationally • Lack of competition (1 other similar project under construction) • Funding available (Enterprise Ireland) • Increase of Jobs in local economy • Partnership with strong financial backers 	Threats <ul style="list-style-type: none"> • A lack of or fall in demand • The economy - eg, interest rate changes • Loss of partners • Loss of important staff • Financial backer withdraws • Failure to achieve projected revenue • Decline in the popularity of surfing • Decline in Irish tourism 	External

Market Analysis

The Market

Surfing is massive growing market with upwards of 1 new million surfers per year. Surfing is currently limited to the sea, where favourable conditions for surfing only occur approx. 30% of the year. This combined with the lack of daylight hours during winter, 9-5 working week and the cold winter temps mean that there would be a high demand, for the ability to surf on tap guaranteed perfect waves after work hours, wearing only shorts in the comfort of an indoor heated environment.

Competition

As of the moment there are currently no commercially operating wave pools. The wave garden company have a small scale model operating in the Basque region and have the technology patented and are selling the complete installation at 1.5 million Euros. 1 project is currently under construction in Bristol, while another project is undertaking the planning process in Snowdonia, Wales. Clearly the artificial wave market is only emerging and assuming The Bristol and Cliffs of Moher wave parks go ahead, The Wave Park Company would expect a bigger market share due to the superior location. Provided the first 3 years are a successful as projected, the wave park company would hope to expand to Queensland, Gold Coast Aus. And Huntington Beach, Ca, USA

Why us?

The location is fair superior to both Bristol and Snowdonia for a variety of reasons. While the population of west Clare is fairly small and much less densely populated than competition areas, it's much more of a surfing mecca and hence has a high density of surfers. Professional surfers and beginners alike fly in from all over the world to experience the awesome rawness of surfing in Ireland. This contrasts strongly with Bristol and Snowdonia (both inland) which have no waves or surf cultures of their own. Shannon airport is only an hour's drive from the proposed site and has

regular flights to the US which has the biggest surfing market in the world. The County of Clare contains many of Ireland's biggest tourist attractions (The Cliffs of Moher, The Burren, The Arran Islands, and Aliewee Caves to name a few). The company forecasts a lot of passing trade from this huge tourism market. Neither Bristol nor Snowdonia are renowned for the tourism or natural beauty, let alone top of most Rich American, German and Asian peoples list of places to visit in Europe. The location is also a 2 and half hour drive from Ireland's biggest cities (Cork and Dublin) and only an hour from Limerick. Surfers travel in their droves from these city's at the hint of some good waves, so it would be anticipated that demand would be high from these weekend warriors, especially given the guarantee of a given number of perfect waves, something the ocean can never do. Lastly Wave Park LTD will be an indoor park rather than an outdoor one like its British counterparts. This makes it a much more attractive proposition to surf during European winter, also increasing opening hours to after dark and hence more business.

Sales Strategy

Marketing Strategy

The Wave Park LTD will target the Irish, US and European (French, Spanish and Portuguese markets specifically). These markets will be targeted using Surfing Magazines and surf websites, focusing heavily on the surfing social media avenue. The world's best surfers will be invited to demo the wave park on it's opening and full video edits and pic. An invitational surf competition with 10 of the world's most exciting surfers will be held and screened live on a variety of surfing websites as well as on national Irish television. In order to generate further media hype various celebrities will be invited to learn to surf and will be highly publicized. Social media will be the main avenue of advertising as it is cheaper and far more effective in surfing and youth markets (see Go Pros Facebook page for to see how the marketing book is being re written) , clips and photos can go viral and content can constantly be published. The UK market will largely be ignored due to the presence of the Bristol wave garden and anticipated arrival of the Snowdonia Wave garden.

Pricing

Wave Park LTD will be aiming to initially capture the majority market share of artificial wave market. It will do so by providing an identical wave (1.9m 18 secs long every 30 secs) to the British wave parks but undercutting their prices slightly, while offering surfing indoor and in a superior location. The company is aiming for higher volume of clients with a lower profit margin making it more affordable to the general public, and simultaneously under cutting the British Companies. This would eventually run them into the ground and allow Wave Park LTD to acquire these parks increasing its market share.

After Analysing the competitions pricing and speaking with a large sample of Irish Surfers as to what acceptable prices would be, it was decided that, Operating at maximum capacity (120 waves/hour on both sides of the central pier=240 advanced waves) advanced surfers would be entitled to 6 waves per/hr and pay €25. There would be half the number of Intermediates meaning twice the volume of waves so twice as expensive €50. It would be possible to simultaneously run lessons for up to 50 beginners at €20 per lesson

Research and Development

The Wave Garden Company is responsible for all the development and testing of the wave producing technology, under water topography etc. All research and development has been conducted in a valley in the Basque country. However it's already pretty well known in the surf world thanks to some pictures and videos of the world's best surfing it and showing off it's potential. In surfing terms the world's best tearing the wave to pieces and being noticeable excited about the artificial wave is the best proof possible that it works. Below are some Testimonials from the worlds best

"I had a really fun day at the Wavegarden" Taj Burrow World cup tour Veteran.

"It's fun for everyone. If you don't surf, you can learn to surf here!" Gabriel Medina, 2014 WCT world champion.

"The Speed of the wave is perfect!" Dane Reynolds, Top Freesurfer.

"I'd surf it every day if I could!" Alan Stokes, 2013 UK surf Champion

Wave Park LTD was granted first hand access to the wave park as a potential customer and was completely satisfied- "We are super excited to bring the Wavegarden Technology to Ireland. Surfing is going to change forever!"

Staffing & Operations

Wave Park LTD will be a relatively have a relatively small with 10 staff Involved, including a wave pool engineer, secretary and Coaches, lifeguards, Janitors etc. The Wave Park will be open year round with 2 weeks holidays for Xmas and 2 weeks summer holidays. The full time staff will work 5 days a week, with part time staff doing 4 days a week, hence its open 7 days a week. In order to allow The Wave Park LTD to keep costs to a minimum, the Wave Park LTD will aim to employ surfers and pay part of the wages as hours in the pool after closing.

Health and Safety

The site would be risk assessed by an independent risk assessor in accordance with ISO 31000. In accordance with best practice adequate H&S signage would be implemented and insurance would be obtained. Lifeguard qualification is a pre-requisite as surf and swim coach and all other staff would be trained in basic first aid. A Defibulator would be necessary onsite.

3 Year Financial Projections

The total cost including purchase of property, planning, construction, finishing and Wavegarden technology installation was €5m. A deal was struck with Hurley Surf in which they sponsored the project to the tune of €2.5m. In return they will have exclusive sponsor rights, have their own onsite shop, and access for athlete photo shoots, video parts etc. and given number of hours per year to run their grom camps. Therefore a 5 year loan to the tune of €2.5m was obtained, with monthly repayments of €20k. The estimated electricity running costs are €350k a year. The Gym and Café will pay €100k a year for the retail space and use of the Wave Park brand name. At maximum capacity

(90 surfers/hr for 9 hrs a day) Wave Park LTD could take in €27k a day. Wave Park’s modest projections of 275 days a year at 50% of maximum surfer capacity for 7 hours a day would earn €2,887,500 before tax, salary’s and monthly loan repayments.

Breakdown of costs			
Cost		Sponsorship	
Purchase of Wavegarden Technology	€ 1,500,000	Hurley	€ 2,500,000
Purchase of site Constructution etc	€ 3,500,000		
Total deficit			-€ 2,500,000

3 Year Projections

3 Year Cash Flow Projections			
Costs year 1		Revenune	
Monthly repayments	€ 120,000	Wave Park	€ 2,887,500
Staff	€ 400,000	Gym Rent	€ 100,000
Electricity	€ 300,000	Café Rent	€ 100,000
Utilities	€ 5,000		
Net before Tax			€ 2,262,500
After Tax (50%)			€ 1,131,250
Cash flow year 1			-€ 1,368,750
Cost year 2			
Monthly repayments	€ 120,000	Wave Park	€ 2,887,500
Staff	€ 400,000	Gym Rent	€ 100,000
Electricity	€ 300,000	Café Rent	€ 100,000
Utilities	€ 5,000		
Net before Tax			€ 2,262,500
After Tax (50%)			€ 1,131,250
Cash flow year 2			-€ 237,500
Cost year 3			
Monthly repayments	€ 120,000	Wave Park	€ 2,887,500
Staff	€ 400,000	Gym Rent	€ 100,000
Electricity	€ 300,000	Café Rent	€ 100,000
Utilities	€ 5,000		
Net before Tax			€ 2,262,500
After Tax (50%)			€ 1,131,250
Cash flow Year 3			€ 893,750

Funding Requirements

Funding is necessary for expenditure and cash flow. A combination of Bank loans and a partnership with Hurley International will be used to provide capital for initial investment, construction etc. and for cash flow for running of the operation. Looking at the projections the max deficit occurs at year 0, with reducing each year, with no deficit by the end of year 3. The contract signed with Hurley in return for their sponsorship , the will have exclusive sponsor rights, The park will be branded as the “Hurley Wave Park”, they will be granted a undecided no of hours per year to run photo shoots for their athletes and training camps for their top youth surfers. Hurley will also be allowed to run “The Hurley Wave Park Pro” at the time of their choosing each year and all content from the event will belong to Hurley. Lastly they will operate an onsite surf shop rent free and the surf school will use all Hurley branded products.