

Mission

To create better dancers, one sole at a time

Founders:

Phillip Katie Kevin



Executive Summary

Sole Dance Studio's strategy is very well defined in our mission statement, "To create better dancers, one *sole* at a time." Sole is a locally owned dance studio that will employ excellent instructors, who will also serve as role models, to teach the students. Sole will also look to provide a comfortable atmosphere for the parents to relax or perhaps complete work using the free wireless internet, while they wait for their children.

Sole Dance Studio has identified two perfect customers for their market:

- Parents of children ages 3-11 that live in the South Charlotte/Ballantyne area who would like to have their children enrolled in a dance program
- Young adults ages 12-17 who are wanting to learn or enhance their dance skills.

Sole Dance Studio has heard the voice of our potential customers through our market research and surveys, and based on these results, we have determined the five needs that a customer is looking for from a dance studio.

- Location Customers are willing to drive five to ten miles to take their children to a dance studio. Ballantyne is one of the largest growing areas in Charlotte, and our location will be convenient for these families.
- Class size Parents want smaller classes to make sure their children receive more individual attention. Our class sizes will not exceed 15 students, compared to industry average of 20-25 students.
- Instructor quality Parents want to ensure their children are being taught by qualified instructors. In addition to hiring professional dance instructors, Sole will partner with UNCC to employ teachers that are currently in the UNCC dance program. These UNCC students will also partner with the Sole students in a mentoring capacity.
- Class variety Parents want their children to have a choice in the classes they take. We will offer a variety of different classes to children of all ages, providing instruction for many different styles of dance.
- Facilities Sole's facilities will go above and beyond our competition by offering 3 dance floors, a viewing lounge, wireless internet service, and on-site security after dark to provide a professional, upscale, and safe environment for our students.

Based on our market research, we believe this will be a successful opportunity because of the high growth and demographics in the Ballentyne area. In fact, several classes in the Ballantyne area are at capacity and no longer accepting new students. Sole's success will come from our ability to identify and integrate the five customer needs better than the competition.

Financial highlights

- Required Equity Investment \$150,000 from private investors and \$25,000 from owners
- NPV \$167,329 discounted using a 50% discount rate
- Breakeven 20 months of operation
- First month positive cash flow 3rd month of operation
- Average revenue per student \$92.30 per month



Mission Statement

To create better dancers, one *sole* at a time





BALANCED CHOICES Taste the Possibilities





I. Business Overview

Business Concept

Sole Dance Studio ("Sole") offers a wide variety of recreational and competition dance classes for all ages, with a specific focus on ages 3 to 18. Sole is committed to providing an environment where students can learn to dance, and in doing so, Sole has focused on the following features:

- State-of-the-art facility boasts three dance floors, full-size locker rooms, 25 foot ceilings, and a viewing lounge for parents
- Small class sizes Largest class size will be 15 students
- Personal Coaching Sessions for students looking for one-on-one interaction
- Professional dance instructors
- Affiliation with UNCC dance program providing instruction and mentoring

Services Rendered

Sole focuses on providing a variety of dance offerings:

- Traditional ballet, tap, jazz
- Specialty pointe, hip hop, ballroom
- New Age lyrical, relaxation
- Cheerleading techniques, routines
- Adult aerobics, ballroom

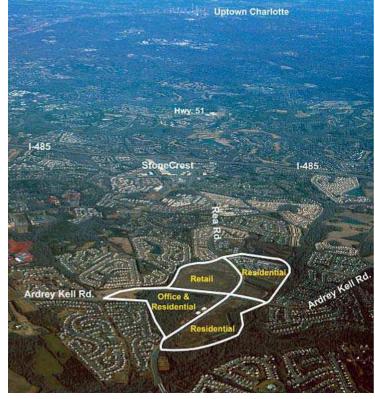




Location

Sole Dance Studio will be located in the heart of the Ballantyne community in south Charlotte in the new Blakeney development. Located just south of Charlotte's I-485 beltway, this area offers tremendous growth opportunities for businesses. Only 14 miles south of uptown, Ballantyne is surrounded by several major transportation corridors, providing easy access to I-77, I-85, uptown, SouthPark, and the airport.

Aerial View of Ballantyne



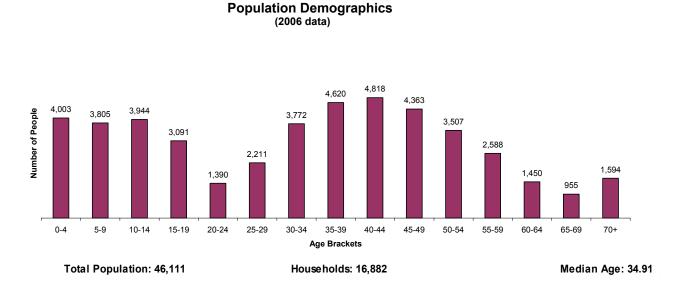
Future home of Sole Dance Studio

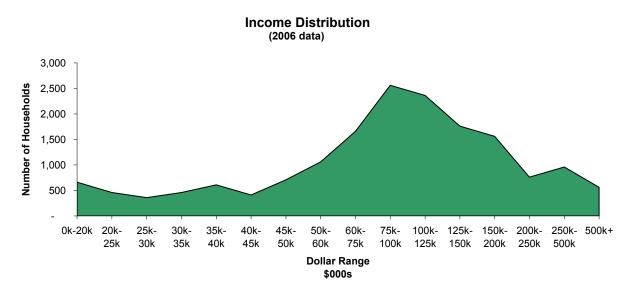




Ballantyne Demographics

- Income: Average household income is \$110k (expected to reach \$174k in next 5 years)
- * Households There are approximately 17,000 households in Ballantyne
- ✤ Growth: Ballantyne growth rate of 65% (within 3 miles) and 136% (within 1 mile) from 1999 to 2000







Ballantyne – Blakeney area

The Blakeney development, within Ballantyne, is located at the intersection of Rea Road and Ardrey Kell Road and has over 240 acres, with over 500 residential units, office space, and over 500,000 square feet of retail and dining space. The area surrounding Blakeney has experienced a 250% population growth rate over the last decade.



Blakeney Site Map



II. External Analysis

Industry Analysis

Dance studio enrollment has remained steady over the last decade. Below are enrollment notes from local dance studios in the Charlotte area.

- Miller Street Academy Enrollment fluctuates but has remained over 300 students since 1995
- Dance Productions In business since 1984; enrollment increases by 5% 7% annually. Drops in enrollment during 1999-2002 were due to poor instruction
- Carolina Dance & ASC Enrollment increases annually by 10-15 students
- Dance Dreams Growth from 32 students in 1985 to 250 in 1996; Enrollment remains steady
- Miss Donna's School of Dance Increasing enrollment resulted in opening of 4 additional locations

Market Research

Market research was performed using surveys to evaluate customer demand in the Ballantyne area (Sample Survey included in Appendix). Survey results indicated that parents are likely to drive as far as 15 miles to a dance studio offering quality instructors and class variety. Facilities also rank high among the priorities for parents, with the parent viewing lounge seen as a "nice to have".

Key Success Factors

Based on feedback from the market surveys, as well as from interviews with local dance studios, we have determined that there are five key success factors in the dance industry.

- Location
- Class size
- Instructor quality
- Class variety
- Facilities

Market research also led to the conclusion that these 5 key success factors are the primary drivers of competition in the dance industry.



Competition

There are 2 primary competitors in the Ballantyne area, Brittany's Dance Studio and Steps 'N Motion:

Brittany's Dance Studio - Located in Ballantyne on Johnston Road in the Torringdon development

Steps 'N Motion - Located in Ballantyne at Ardrey Kell and Tom Short Roads in The Fountains development

]		Competition Analysis					
	Sole Studio	Brittany's Dance Studio	Steps 'N Motion				
Location	Ballantyne (Blakeney)	Ballantyne (Torringdon)	Ballantyne (Fountains)				
Multiple Locations	No	No	Yes Weddington & Ballantyne				
Facilities	Office Park 3 dance floors Viewing lounge with wireless internet	Strip Mall One dance floor	Stand alone 3 dance floors				
Class Variety	Ballet, tap, jazz, pointe, lyrical, hip hop, cheerleading	Ballet, tap, jazz, pointe, acrobatics, jazzercise	Ballet, tap, jazz, pointe, adult				
Class Size	10 - 15	15 - 20	18 - 24				
Class Availability	Open	Open	9 of 15 current classes are waitlisted and closed to beginners				
Recreational	Yes	No	Yes				
Competition	Yes	Yes	Yes				
Ages	3 - 18 Adult classes also offered	2 - 18	2 - Adult				
Pricing	Registration Fee: \$30 \$60/mth for one 30 min class/wk \$135/mth for unlimited classes/wk	Registration Fee: \$35 \$45/mth for one 30 min class/wk \$144/mth for unlimited classes/wk	Registration Fee: \$45 \$50/mth for one 30 min class/wk \$110/mth for 4 hours of class/wk Additional pricing for specialty classes				
Discounts	10% discount if tuition is paid in full Day 1 Multiple child discounts	\$10 off registration with coupon One free trial class	\$10 discount/mth for 2 children \$15 discount/mth for 3 children 15% discount if tuition paid in full Day 1				
Website	www.soledancestudio.com	None	www.stepsnmotion.com				
Personal Coaching	Yes	No	No				
Days of Operation	Monday - Friday Saturday	Monday - Thursday Saturday	Monday - Friday Saturday				
Affiliations	UNCC Dance Program	None	None				



III. Internal Analysis

Resource Based Analysis

The aspects of our business that are orthodox, or those that must be done well, include the following:

- Qualified instructors
- Class variety
- Large dance Floors
- Lighting
- Sound system *
- * Bathrooms
- Parking
- Credit Card machines
- Dance Equipment (shock absorbent floors, ballet bars, mirrors)
- Clothing and accessories available for purchase

<u>Competitive Advantage / Resource Based Analysis</u> Sole Studio is determined to stand apart from the competition and has developed the following unorthodox items:

Competitive Advantage	Rare	Durable	Non-Substitutable	Value/Economic Rents
Location	Ballantyne in general, Blakeney in particular filling up fast. Average household has children and above average income.			Convenient location will draw our perfect customer.
Variety of Classes	Average studio offers fewer types and times.		weekends and for certain types	The dance floor is in use during all reasonable hours.
Affiliation with UNCC dance program	No other studios doing this.			Demand/prestige allows us to charge a premium.
Viewing Lounge	No other studio has anything like it.	Existing studios don't have the	Nothing else like it in the Charlotte market, let alone the Ballantyne area.	Parents will pay a premium.
Food & Beverages	Not offered at other studios.	Existing studios don't have room to sacrifice.		Added amenity adds to the experience.
Free wireless internet access	Yes		Working mothers won't want to do without it.	Another amenity.
Security	Yes. Very few have it.	Other studios may not want the expense.	No substitute for safety.	Parents will value the safety.



Location: As described earlier, the Ballantyne area has the perfect demographic for our type of studio. It is within acceptable driving range for a large number of people that fit our demographic. Parents of older children will have the ability to run errands while their child is in class. Suitable, available retail space is becoming limited in the area.

Variety: In addition a variety of classes that range in skill level, Sole will be open on Saturdays. Most studios are closed on the weekends for classes (open for private parties). The personal training sessions will attract those students that want to take their dancing to the next level, as well as those who are not comfortable dancing in front of others.

Affiliation with UNCC dance program: UNCC dance students act as teacher's assistants and mentors to the young female students. The UNCC students will also teach one specialty class per month, the topic of which will coincide with the current dance curriculum, providing Sole students the opportunity to learn about different forms of dance.

Viewing Lounge: Parents will be able to watch their children through floor to ceiling windows while seated at comfortable chairs with tables. The windows will consist of two-way mirrors to provide the parents an opportunity to watch their children without distracting the students. The viewing area will have two ceiling mounted televisions, wireless internet, and restrooms.

Food and Beverages: Upscale vending machines, provided and serviced by Compass Group, will offer the following choices; Food (fruit, sandwiches, crackers, chips, etc), Gourmet Coffee/Capachino, and Sodas/Waters/Juices.

Wireless Internet: Parents will be able to access the internet while seated in the viewing lounge.

Security: Security comes in several forms. First, a security system will assign each student a code. Only those people who enter the proper code may leave with that child. Any carpool arrangements with other parents will be authorized in writing by each parent. Second, a security guard will be on site after dark until the last customer has left the premises. Third, the Sole facilities include 2 full-sized locker rooms for personal storage, providing additional safety and security. Finally, background checks are performed on all instructors prior to joining Sole.

Measures of Success

Metric	Ту	ре	Measure	Target
	Quantitative	Qualitative		
Number of students enrolled per semester	۲		Enrollment Database	300
Number of repeat students	۲		Enrollment Database	90%
Average class size	٢		Enrollment Database	10 - 15 students per class
Skill Level		۲	Student Assessments	Continuous Improvement



Human Resources

Management Team

The management team at Sole consists of the 3 founders:

- Phillip, CFO
- Katie, COO
- Kevin, CEO

With their combined Undergraduate and MBA education and 26 years professional experience, the Sole management team will be able to provide solid management and leadership expertise. Additionally, our CEO brings previous business experience in startups and raising capital for new ventures.

Instructors

We are committed to offering only the best dance instruction. Instructors will be hired based on the following criteria:

- Dance experience (4 years minimum)
- Teaching experience (2 years minimum)
- Professional accomplishments (schools, training, roles, awards)
- References (2 minimum, preferably 1 personal, 1 professional)

Note: Background checks will be conducted on all instructor candidates

Board of Advisors

The board of advisors consists of 3 successful and diverse leaders who provide strategic direction and guidance for Sole Studio. The board was formed with the expectation that the leaders would bring with them valuable experience in dance, business, and entrepreneurship.

- Traci; Specialty: Dance Instruction
- John; Specialty: Entrepreneurship
- Kristin; Specialty: Business Operations



<u>Marketing</u>

Perfect Customer

Sole Studio has targeted two perfect customers based on the programs offered.

- South Charlotte parents of children ages 3 to 11 Parents looking for activities for their children to learn and keep active. These parents will choose Sole based on the types and variety of classes offered, as well as the amenities that are offered.
- Females ages 12 to 17 Girls of this age typically make their own choices as far as extracurricular activities. Sole offers a variety of classes, both recreational and competition, as well as cheerleading and color-guard.

Marketing Strategy

Sole Studio will contract with a professional marketing firm to develop the marketing plan, however below is the preliminary marketing strategy.

- Website: <u>www.soledancestudio.com</u>
- Publications

Charlotte Weekly – Free, family-oriented newspaper delivered to households once a week. The advertising is split into zones based on zip codes. Sole would advertise in the South Perimeter, which includes the zip codes of Ballantyne. Advertising would consist of ¼ page ads and would start two months prior to opening, and then every other week once the studio is open. A ¼ page ad for 13 weeks costs \$300/week. The first three weeks are due in advance, with the balance due when the ads are run. We anticipate running four ads the month before we start, then an ad every other week.

- Direct Mailing Utilized to target parents within a certain radius of the studio. Valpak will design, print and distribute 5.5" x 11' cards to households under their SOLO program. These cards are distributed as stand alone post-cards, not grouped in with other ads. 80,000 cards will be printed with 20,000 being distributed every other week over the two month prior to opening. The cost is \$0.40 per card (\$32,200.00) plus a \$200 design fee. Once opened, Valpak's traditional group mailing will be utilized, which costs \$840 per month.
- Brochures Available at the studio for new and existing customers. Estimated cost is \$1000 up front and another \$500 after 6 months.
- Open House To be held two Saturdays prior to the first day of class. Complete tour of the facility will be given hourly. Instructors will also be available to answer questions and provide demonstrations of the classes offered. Face painting, ice cream, etc. will be provided.
- Private Schools Sole will affiliate itself with the private elementary schools in the area. Sole will sponsor school events such as plays in order to promote the Sole name in front of our perfect customer.

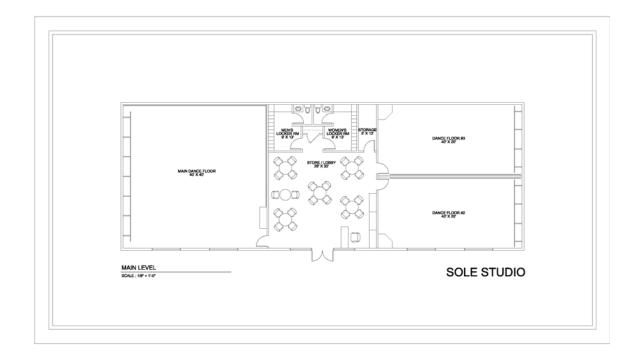
Switching costs

Actual switching costs between dance studios are practically nonexistent. Sole will create perceived switching costs by providing 1) excellent instructors and mentors that will form an emotional connection with the students, and 2) a safe, professional, and comfortable atmosphere that is not available at other studios.



IV. Operations

Building Layout

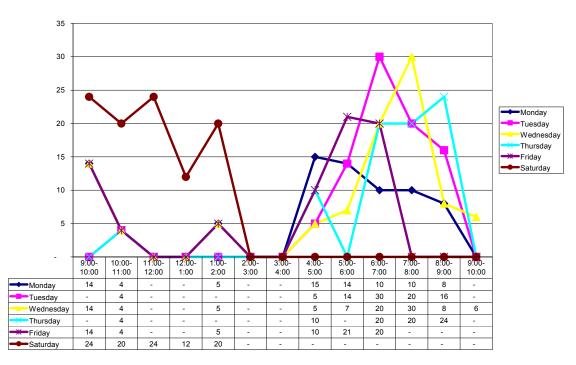


Dance Schedule

Ages	s 2-3	Ages	s 4-6	Ages 7	Ages 11-13						
WWF 9-10 am S 11-1200 F 4-500 M 4-5 T 6-7 pm T 7-8 pm W 6-7 Classes hours		W 6-7 W 7-8 T 5-6 T 7-8 T 6-7 F 5-6 S 12-1 S 1-2 classes hours	Beg Ballet Ballet Beg Tap Tap Beg Jazz Jazz Cheer dance Cheer dance 6	M 7-8 W 6-7 T 8-9 T 6-7 M 5-6 S 9-10 F 6-7 W 7-8 M 4-5 F 4-5 T h 8-9 S 1-2 T 4-5 S 1-2 T 4-5 S 1-2 T 4-5 S 10-11 classes	Ballet Ballet Adv Ballet Beg Tap Tap Tap Adv Tap Beg Jazz Jazz Adv Jazz Cheer dance Cheer dance Cheer dance Cher dance Cher dance The Cher dance Cher dance Cher dance Cher dance Cher Tance Cher Tanc	M 8-9 W 5-6 T 6-7 T 5-6 Th 8-9 Th 4-5 W 4-5 Th 7-8 S 11-12 F 5-6 classes hours	Ballet Adv Ballet Tap Adv Tap Jazz Adv Jazz Hip Hop Hip Hop				
Те		Adu	lite	hours Senior A	15	1					
16	en	Aut	1115	Senior A	uuits						
M 5-6 W 8-9 T 7-8 F 5-6	Ballet Adv Ballet Tap Adv Tap	MWF 9-10 am T 6-7 pm W 7-8 pm Th 8-9 pm	Aerobics Aerobics Aerobics	MWF 10-10:30 am TTh 2-2:30 pm MWF 1-1:45 pm TTh 10-10:45 am	Aerobics Aerobics Ballroom Ballroom						
Th 4-5 S 9-10 M 4-5 #REF! Th 7-8	Jazz Adv Jazz Hip Hop Hip Hop Modern	M 9-10 pm S 10-11 am W 9-10 pm F 6-7 T 8-9	Ballroom Ballroom Hip-hop Tap Jazz	classes hours	4 2.5						
S 10-11 F 6-7 classes	Cheer dance Competition	classes hours	9								
classes hours	11 11										



Number of Students Per Hour



General Business Policies

Assessments

Assessments will be conducted by the instructors during the first and the last class of each semester. These assessments allow the studio to track the progress of the student and ensure that we are staying on track with our mission to create better dancers, one *sole* at a time. Because each student's dance abilities and skill levels are different, these assessments also determine if a student is in the appropriate class. Parents are free to discuss their child's progress with the instructor throughout the semester.

Dance Attire

All students are required to dress appropriately for class (leotards and tights or dance pants). Proper shoes are also required. Dance shoes are not to be worn outside the studio. All shoes and dance items should be labeled with first and last names.

Pick-ups

Students should be picked up no more than 10 minutes after their class ends unless arrangements have been made with the studio. In the event a student has not been picked up according to this policy, Sole will charge customers \$20 per each additional 10 minutes. There will always be Sole personnel present (instructors, receptionist) until each student has been picked up. In the interest of security, those parties picking up must either be listed as an approved designee in the student's profile (completed by the parents at registration) and show photo ID, or must enter a pass code into our security software. Students will not be allowed to leave unless these security measures are met.

Inclement Weather

In the event of inclement weather, a message regarding the status of class will be posted on our website, as well as on our voicemail. As a rule of thumb, the studio will typically be closed when local schools are cancelled, but please call or visit our website for verification. Classes cancelled due to inclement weather will not be made up.



Absenteeism

If a student misses class, he/she can make it up in a similar class within one month of the date missed. Please check with your instructor for an appropriate make-up class. Absences do not reduce monthly tuition rates.

Withdrawal

If a student withdraws from a class, it is the parent's responsibility to notify the studio in writing. Unused fees may be applied to future classes in the same dance year. Unused fees will be calculated from the date of notification (not from the date of the last class attended). Registration and tuition are non-refundable.

V. Other Business Considerations

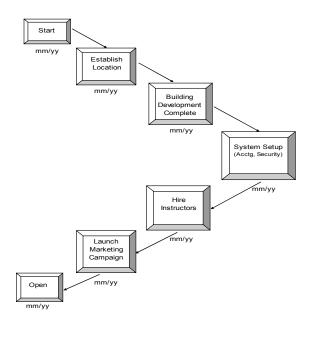
Key Risks

- Small class sizes may not utilize full capacity
- Ability to accommodate market demand
- Imitation by competitors
- Recruiting and retaining quality instructors

Harvest Strategy

- A Franchise with locations in SouthPark and Lake Norman
- B Sell to competitor looking to establish a presence in the Ballantyne area
- C Management buyout

Critical Path Chart





VI. Financials

Cash Flow Analysis

Dance Students

We have estimated the number of students that we will have in our classes based on information from local dance studios as well as the size of the Ballantyne location.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year 0	-	-	-	-	-	-	-	-	-	-	-	-
Year 1	250	250	275	275	275	100	100	300	300	325	325	325
Year 2	325	325	350	350	350	150	150	350	350	350	350	350

Revenue per student will vary based on the number of hours a student takes. Our pricing is more favorable to students who would like to take more than one class. Our pricing strategy and revenue per student are as follows:

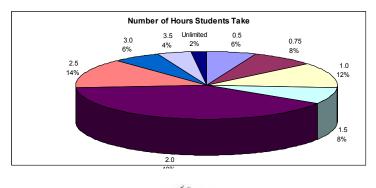
Registration - all ages		\$30							
	1 child	More than	1 child						
30 mins per week	6	0	60						
15 mins per week	7	0	65						
hour per week	7	5	70						
1.5 hours per week	8	5	75						
2 hours per week	9	5	85						
2.5 hours per week	10	5	95						
3.0 hours per week	11	5	105						
3.5 hours per week	12	5	115						
Jnlimited hours	13	5	125						
	-								

Average revenue per student:

	Jan	Feb	Mar	Apr	Мау		Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$-	\$ -	\$ -	\$ -	\$ -	\$ -
Year 1	\$ 92.30	\$ 92.30	\$ 92.30	\$ 92.30	\$ 92.30	\$ 2	200.00	\$ 200.00	\$ 92.30	\$ 92.30	\$ 92.30	\$ 92.30	\$ 92.30
Year 2	\$ 92.30	\$ 92.30	\$ 92.30	\$ 92.30	\$ 92.30	\$ 2	200.00	\$ 200.00	\$ 92.30	\$ 92.30	\$ 92.30	\$ 92.30	\$ 92.30

Note – We will be offering dance camps during the summer which is why the average revenue per student increases sharply in June and July.

Average class hours per student:





Building Cost:

The location we have chosen is the Ballantyne area, which will require a higher lease payment than most areas. Included in the lease payment will be all utilities, as well as space build-out.

Building sq ft – 5,000 Price per sq ft - \$35 Annual expense - \$161,100

Deposit due at signing - \$13,425

Furniture for waiting area:

Leather chair - \$500 each (4) Table - \$400 each (4) Chairs around table - \$300 each (set of 4, 4 sets) Reception display cases - \$1,000

Total Cost - \$5,800

Equipment for dance floors:

Surround Sound Stereo Equipment - \$6,000 (2 per dance room – with ability to split sound when rooms are separated)

Mirrors with mounting bars \$21,000 (\$750 per 3 ft sheet - need 7 per wall x 4 walls)

Dance floors

- Plywood \$1,000
- Foam Block Kits \$4,050
- Adhesive, paint, etc \$1,200
- Delivery \$1,000
- ✤ Total \$7,250

Note: Equipment expenses include a 10% contingency to account for fluctuations in expense estimates as well as potential new items needed.

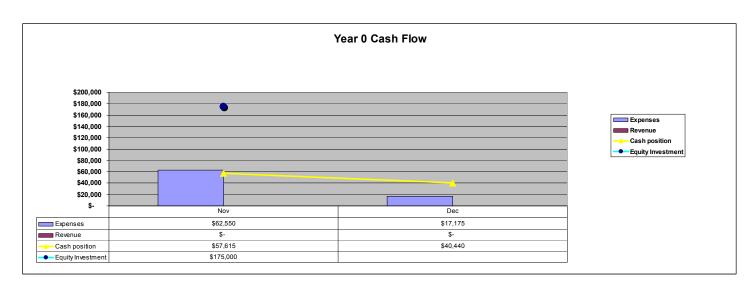
Marketing Expense:

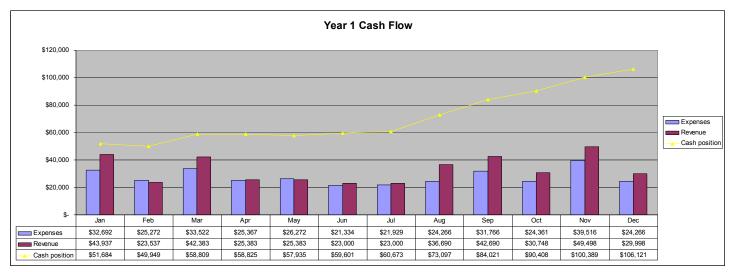
In addition to previously mentioned expenses, we realize that our success depends on potential customers knowing our name. We have set aside approximately \$12,500 for additional advertising to enable us to reach our goal of 300 students by August of year 1.

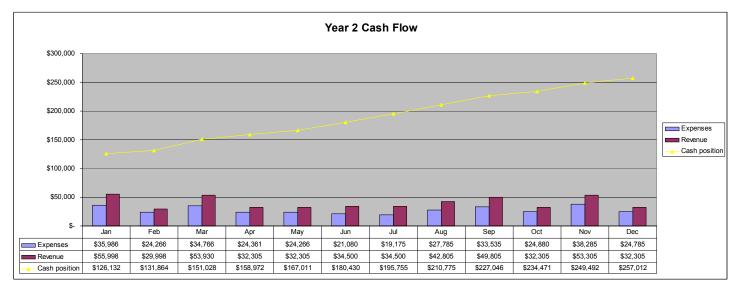
Equity Investments:

Owners - \$25,000 Investors - \$150,000 Total Equity Investment - \$175,000









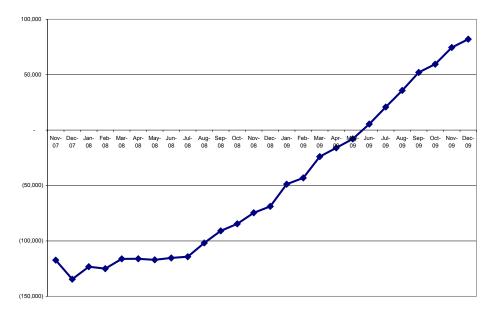


NPV Analysis

	Cash Flow	Discount Rate	NPV
Year 0	-		-
Year 1	65,681	0.6670	\$ 43,809
Year 2	150,892	0.4444	\$ 67,056
Year 2*	127,056	0.4444	\$ 56,464
NPV			\$ 167,329

Breakeven Analysis

Breakeven Point



Assumptions

- Investors will require no less than a 50% rate of return on this investment
- Employees will receive a yearly salary increase in the month of August
- If decision was to sell would occur at end of year 2.



VII. Appendix

Market Research – Sample Survey

- 1. Age and gender of children
- 2. Are children currently enrolled in dance program?
 - a. If no, is it something they are interested in?
 - b. If yes, what types of dance? Where?
- 3. How far would you drive for a dance lesson?
- 4. On a scale of 1 to 5, which of the following would attract you to a particular studio (5 being most attractive)
 - a. Level/Quality of Instruction
 - b. Types of Classes Offered
 - c. Hours/Days per week offered
 - d. Large, clean facility
 - e. Viewing lounge for parents (Café, internet access)
- 5. Of the above, which would you pay a premium for (if any)?
- 6. Of the above, which would you driver farther for (if any)?
- 7. Are you interested in any class for adults?

