

Delphi Group Entrepreneur Program



Dawg Doze: Resting Stations

Introduction

Late nights of studying are an inescapable aspect in the lives of college students. Students can find themselves on campus late into the night, unable to return home, without a place to sleep, and with very little money. To accommodate these students, we propose to the Delphi, a student-run business plan called Dawg Doze: Resting Stations. We aim to provide students with inexpensive rooms for when they are unable to make it home or unexpected circumstances arise. We request a start-up fund of \$25,000 dollars to begin our business.

Our market analysis has shown that there are many students who spend the night in Odegaard Undergraduate Library because they are studying late into the night and are unable to return home for various reasons. Many students do not have the money to pay for motels, hotels or inns at the prices that are advertised; although, they wish to have a warm bed and private room to sleep in.

Our business will provide private rooms for students at prices that can fit within the budget of a college student. We will provide overnight rooms for students that will be staying on campus late into the night and offer rooms during the day for students that need a private and safe place to get away from busy campus life. Each room will include a bed and a desk for the students' use. We also will provide a wake-up service as well as coffee and showering facilities.

Our proposal will explain our market analysis, detail our proposed business plan, and calculate our planned three year budget.

Market Analysis

The University of Washington consists of many dormitories, but still has many students staying overnight in Odegaard Undergraduate Library, which is open 24 hours a day on weekdays. Extensive surveys have shown that the majority of these students

live off campus, and often decide to spend the night in the library after long hours of studying, instead of returning home at late hours. Some of the students who have spent nights in Odegaard have dorm rooms on campus, but choose to stay in the library when they have issues with roommates, or do not want to make the long walk to the dorm buildings at late hours. A survey was also given out to members of the Odegaard Library staff. The number of students found sleeping in chairs and study rooms by staff members average 15 students a night, but tends double during finals week. These students would agree that a temporary overnight facility at the University of Washington is necessary, and would be very useful to a large population of the student body.

The reason students resort to spending nights at Odegaard is because the service of temporary overnight rooms is currently not offered anywhere on campus. The University of Washington homepage provides a link to various hotels, motels, and inns within walking distance of campus, but these places are pricey, especially for students, and are not as convenient as a place on campus would be. Our proposal is to establish a small temporary rooming service to University of Washington students. This business would be located on central campus, and would be priced to fit a student's budget. The location and convenience of our business would be a large factor to draw in customers. The comfort of having an actual bed to sleep in, with sheets and other amenities, would attract students who would otherwise sleep on chairs and in study rooms at Odegaard Library. The peacefulness of having a room to oneself for hours at a time would attract students desiring a temporary getaway from roommates. Our proposed idea of having temporary overnight rooms on campus would be competitive, because no service like it is offered anywhere else.

On the main University of Washington webpage, there is a link to 'places to stay' for visitors to campus. It mentions that some students travel to Seattle early when coming to school, and have to find places to stay at before the dormitories open. Dawg

Doze will open a few weeks prior to classes starting, and then remain open throughout the main academic school year; therefore, it could be used for this purpose as well. The motels, hotels, and inns that are included in UW's 'places to stay' section are approximately five times more expensive than our overnight rooms would be per night. For this reason, we foresee that these rooms will be quite popular and in high demand. Our proposed start-up idea of having 20 rooms may not be enough, but we will look to expand after reviewing the market.

University of Washington students are the primary audience that we are catering to. There are many situations in which temporary overnight rooms would be of use to them. Dormitories are one aspect of competition, but their purpose differs greatly from the purpose of temporary overnight rooms on campus. Hotel, motels, and inns in the area will not be competitive because of their price. There is of course, Odegaard Undergraduate Library, where students may continue to spend nights. However, the comfort, moderate pricing, and convenience of our temporary overnight housing amenity will be far more appealing to students than the chair, floor, or desk of a library.

Services

We plan on creating a business that will rent rooms to students that are inexpensive to accommodate their budget. We would provide overnight services for students on campus late at night and a day service for students to rest for several hours. Our facilities will have showers and restrooms for our customers' use as well as complimentary coffee. Additionally, we will provide a wake-up service for students that need to meet deadlines, attend meetings, or wish to rest for only a certain amount of time. The night service we will offer will cost \$17 and the rental would be good until 8 am the following morning. The day service we will offer will cost \$5 per block of three hours.

Site Layout

Our proposed layout for the resting station (See Appendix A), calls for the dimensions of the hall to be 72 feet by 54 feet. These dimensions will give adequate space for a bed, desk, and chair to fit in each room. The resting station will have 20 rooms that will be furnished to meet the needs of a student to rest or to study. Our team came up with the design after considering issues that a student working at Dawg Doze may encounter. We considered methods to prevent inappropriate or illegal activities from taking place in any of the resting station rooms, and to ensure this fully, we came up with a floor plan that is simple and is set up in way which all the rooms can be easily monitored.

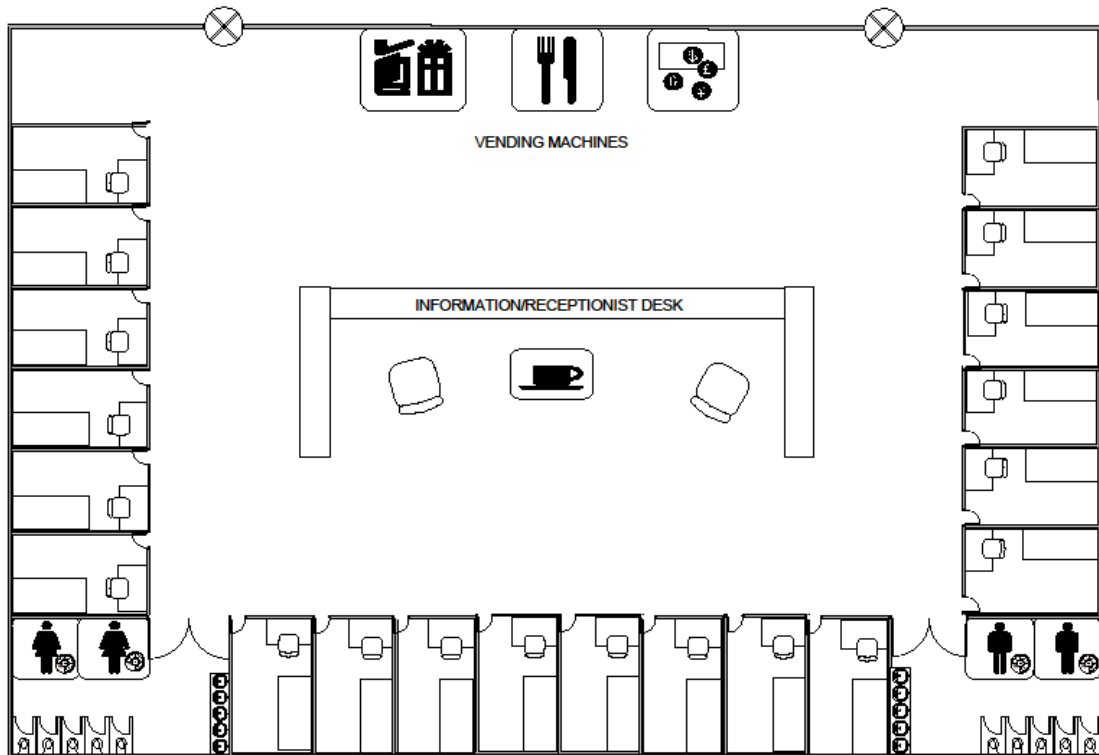
We will have 20 resting stations surrounding the main counter or reception desk where students will go for payment and other instructions. The main counter will be located in the center of the room so that the employees can monitor the facility more easily. Each room can be clearly seen from the counter which will allow the employees to monitor the students and the room conditions.

All the rooms will be supplied with a bed, a desk, and a chair. The bed and the table will be placed in one half of the room leaving the other half for shoes, bag packs or anything the student needs to put down. This room set-up will allow the student to both study and rest comfortably.

The Dawg Doze: Resting Station will also include both men and women's showering facilities. The women's section is in the left corner of the hall, while the men's section is on the right. Each showering facility will include five toilets and two shower stalls so that the students can freshen up in the morning or anytime they please.

The reception desk is in the center and the rooms are surrounding the counter on three sides. Behind the reception desk will be two chairs so that the employees can be comfortable while at work. The reception desk will have plenty of space to keep

paperwork organized and will also be the location of a coffee station. The last aspect of the design is the fourth wall of the facility which we would leave empty in order to provide an area for vending machines with beverages and snack items.



Marketing Plan

There are many ways for a business to attract customers. Immediately before starting this on-campus business, putting ads in The Daily will be our primary way to advertise to students. We will also contact Rainy Dawg Radio and have them advertise for us on air. If the word of the service got out to groups like ASUW, RHSA, and the Greek system, they could be extremely beneficial in not only getting the information out to people, but also bringing in potential customers. Flyers are another advertising method that we would use to bring in customers. We would post the flyers at various places on campus including buildings, cafes, dormitories, and libraries. There would be special emphasis placed on advertising in Odegard Undergraduate Library, because

that is where we noticed the most need for our service.

Attracting customers to a business is an important aspect regardless of whether the business is first starting or going into its third year. For this reason, having a plan to continually attract new customers and maintain a relationship with old customers is highly important. Once the business starts we will continue the advertising methods used from the beginning. As an additional method, we would have special promotions and increase the amount of advertising during the week prior to and of finals week.

Staffing and Management

Our business will hire three employees to work at the front desk, one at each shift. One of these three employees will be the supervisor and will earn a higher wage than the others. During the hours outside of his or her shift, the supervisor will be on call and may have to respond to questions or concerns that the other employees have while at work.

The business will be open for three shifts: 12 am-6 am, 6 am-12 pm, and 6 pm-12am. During each of these shifts employees will have the same duties including: checking customers in, providing optional wake up calls, changing sheets and towels between customers, cleaning up, giving customers towels, guarding the area, and making sure everything is running safely and smoothly.

Budget

The budget spreadsheet (See Appendix B) breaks down into four clearly defined sections, Fixed Costs, Recurring Costs, Projected Revenue, and a Three Year Financial Plan with a loan repayment schedule.

The Fixed Costs covers the purchasing of initial items needed to start up the business, as well as the cost for replacing these items as they wear out. We estimated

that roughly a third of the linens would need to be replaced on a yearly basis to ensure that our standards of quality are maintained, so we factored in the cost to replace linens that become worn out and no longer usable. The cost of this replacement is amortized over three school quarters to allow items to be bought as needed rather than waiting until the end of the year. The initial purchases plus the replacement costs equal the total one time startup costs for our business, which we estimate to be roughly \$7500.

The Recurring Costs cover things such as advertising in the Daily, printing flyers, washing the linens, purchasing business supplies, and paying employee wages. Even with paying our employees barely above minimum wage, the cost of wages accounts for 98% of the Recurring Costs. After careful study, we found that there was very little interest in our service between the hours of 12 pm to 6 pm, so we chose to close down during those hours of the day to save on operating costs. We estimate our total Recurring Costs for the business to be \$14,623 per academic quarter.

The Projected Revenue section multiplies the rates we will be charging for our rooms by the projected average daily customers to figure quarterly income. Our rates are \$17 for an overnight stay or our service can be purchased for \$5 for every three hour block. These two rates when multiplied by our projected average customer base equal to a total Quarterly Revenue of \$16,380.

Budget Analysis

Fixed Costs

- Furniture

Total **\$5,098.08**

- Textiles

Total **\$2,282.40**

\$9,662.88

Replacement Costs

- Quarterly

Total **\$116.80** x3 **\$350.40**

Total Startup Costs \$7,497.28

Recurring Costs

Total Advertising **\$400.00**

Maintenance Costs (Laundry) **\$336.00**

Business Supplies **\$300.00**

Labor Costs - Salaries

Shift	Pay	# Hours	Attendants	
6AM-12PM	\$8.00	6.00	1	\$48.00
12PM-6PM - Closed	\$0.00	0.00	0	\$0.00
6PM-12:30AM - Supervisor	\$9.00	6.50	1	\$58.50
12AM-6:30AM	\$8.50	6.50	1	\$55.25
			Daily	\$161.75
			84 days/qtr	\$13,587.00

Total Quarterly Recurring Costs \$14,623.00

Projected Revenue

	Nights	Days
Days / Quarter	84	84
People / Day	10	5
Rate / Night / Time Block	\$17.00	\$5.00
Total Quarterly Revenue	\$14,280.00	\$2,100.00

Total Quarterly Revenue \$16,380.00

Startup Calculation

Total Startup Costs	\$7,497.28
Total Recurring Costs	\$14,623.00
Total Needed at Startup	\$22,120.28
Startup Loan	\$25,000.00
Startup Costs	\$22,120.28
Remaining Capital	\$2,879.72

Three Year Financial Plan With Repayment Schedule

	Year 1	Year 2	Year 3
Starting Bank Balance	\$2,879.72	\$14,440.72	\$11,028.32
1st Quarter Recurring Costs	\$0.00	\$14,623.00	\$14,623.00
Quarterly Replacement Costs	\$0.00	\$116.80	\$116.80
1st Quarter Income	\$16,380.00	\$16,380.00	\$16,380.00
Bank Balance 1st Quarter	\$19,259.72	\$16,080.92	\$12,668.52
2nd Quarter Recurring Costs	\$14,623.00	\$14,623.00	\$14,623.00
Quarterly Replacement Costs	\$0.00	\$116.80	\$116.80
2nd Quarter Income	\$16,380.00	\$16,380.00	\$16,380.00
Bank Balance 2nd Quarter	\$21,016.72	\$17,721.12	\$14,308.72
3rd Quarter Recurring Costs	\$14,623.00	\$14,623.00	\$14,623.00
Quarterly Replacement Costs	\$0.00	\$116.80	\$116.80
3rd Quarter Income	\$16,380.00	\$16,380.00	\$16,380.00
Bank Balance 3rd Quarter	\$22,773.72	\$19,361.32	\$15,948.92
Payment to Investors	\$8,333.00	\$8,333.00	\$8,334.00
Year End Net Worth	\$14,440.72	\$11,028.32	\$7,614.92

The Financial Plan brings the above pieces together to form a coherent picture of what the financial status of the business will be at any give time within the first three years of business. The numbers in this section are calculated by taking the starting bank balance at the beginning of the quarter, subtracting the Recurring and Replacement Costs, and then adding the Projected Revenue to get the Bank Balance at the end of that quarter. The budget is designed so that one third of the investment loan will be repaid at the end of each year for the first three years until the investment loan is

completely repaid. At that point, the fourth year will start with approximately \$7600 in the bank and will be financially self sufficient from there forward.