

VALLEY BECOMES A NEW ALLEY

OVERCOMING FINANCING OBSTACLE, VALLEY CENTER'S RENOVATION WOWS CUSTOMERS



Billiards area renovated into redemption-based game zone, complete with color change, new carpeting and new lighting.



BEFORE



By Frank Seninsky
President/CEO, Amusement
Entertainment Management

Valley Center Bowl was, up until recently, a traditional 30-lane league-based bowling center located on South Main Street in Salinas, California (known as the 'Salad Bowl of the United States').

Like most bowling centers that were opened in the 1960s, the business has provided a good living for the original owners and for the Svetich family who purchased it in 1980. The Svetich family saw their bowling business stagnating and knew it was time for a change to grow the customer base (obtain a

larger penetration rate of the 150,000 Salinas population) and increase repeat visits.

The family's eagerly anticipated \$1.1 million renovation was completed in early January. It included a complete make-over of the game and billiards space into a new redemption-based game zone with a Lazer Frenzy (Creative Works) and room for additional future family attractions. The entire facility received a color change, new carpeting, and enhanced lighting.

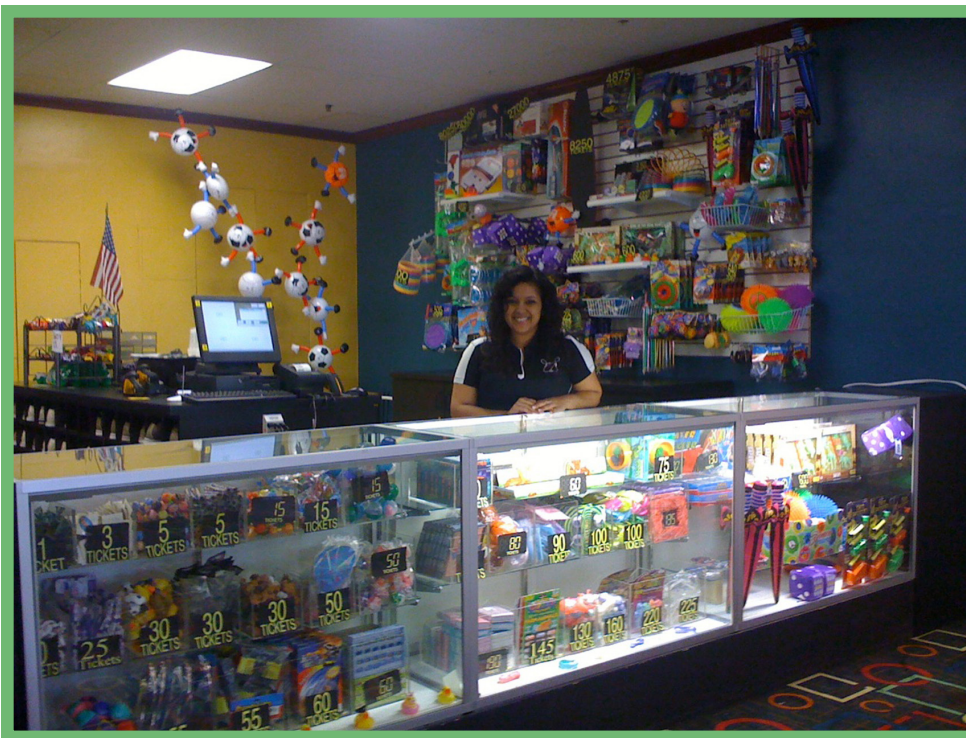
Jim Svetich is extremely pleased with the renovation, and so are his customers who keep using the word "amazing" to describe the transformation. "Our total revenue has already increased by 12% since the renovation was completed just four weeks ago", said Jim. "This has been accomplished with abso-

lutely no new advertising. The increase is coming just from our current customers. I am now a believer that this was the right thing to do, especially during a tough economy. My daughter, Leslie, has done a superior job. She has put in a lot of hard work, often working seven long days a week for several weeks in a row. I can tell you that the hardest challenge was working with city officials and inspectors. Everything had to be perfect. If a wall was off by 1/16th of an inch, it had to be corrected. This was a four-month long educational process for me and Leslie, but I am happy with the way it turned out."

It took more than a year for the \$1.1 million financing package to be approved. The family started working with the bank they had been doing business with for the past two decades. After eight months of jumping through hoops, it became apparent that this bank (which was purchased by another bank) no longer planned to make loans to small businesses. According to Leslie Svetich, "The bank wasted ten months of our time. We applied for the same loan at another local bank and were approved in two weeks and funded within the following 30 days. We did most of the construction work ourselves (husband Dean did the construction), so it took longer but it came out about the same as if we had borrowed \$2 million."

HISTORY

Jim Svetich purchased the 24-lane Monterey Lanes, Monterey, Calif. in 1976 because he loved the sport of bowling, thought it would be a good business for his family to operate and he could eventually pass it on to his children. Four years later he purchased Valley Center Bowl in nearby Salinas. In 1990, Jim's daughter, Leslie started working full time and today she runs both bowling centers.



Owners realize that redemption games are not just for kids as adult bowlers flock to the game room during breaks.

Leslie continues, "The idea of renovating Valley was hatched three years ago when I attended a seminar presented by AEM's Frank Seninsky. What he showed me was that we had approximately 3500 sq. ft of space that was not being utilized and bringing in very little revenue. Our game revenue was generating 34 cents of our \$11 per capita. He presented a good case why we should be earning \$400,000-\$500,000 more by adding redemption games and one or more family attractions and creating a new discount marketing program revolving around the games. We retained AEM as our consultant and put together a solid business plan. Dad and I, as well as our management and technical teams, learned a lot

VALLEY CENTER BOWL

from AEM and Alpha-Omega. We ended up purchasing 40 games, related equipment, and a RedemptionMaster System from Alpha-Omega Sales and revenue-sharing 9 additional games with them that we have the option to purchase at any time. We are very pleased with our association and look forward to a long time relationship."

And the payoff began nearly instantly. During the weekend of Feb. 11-12, Valley hosted the Northern California Bowling Tournament, drawing nearly 350 bowlers over two days.

"During the breaks, all of the adults were running to the arcade zone to play the games," said Jim with a huge smile. "I would not have believed this was possible. Our game revenues have already tripled and I would not be surprised if they are increased by 10 times. I thought that the redemption games were just for the kids."

"We would have liked to have more attractions and we still have additional space that we can use," added Leslie. "Our customers are having such a good time playing the games and winning the prizes. Valley is now a place where you can come and have a good time even if you don't bowl. The Redemption Prize Center is now the focal point of the Center. We have two entrances and no matter which one you enter or where you are standing in the Center, your eyes go to the Redemption Prize Center."

What are the plans for the future? An energized



After upgrading the outside of Valley Center Bowl, the family will begin renovations on Monterey Lanes.

Leslie says, "Once the outside of Valley has been upgraded, our next plan is to renovate Monterey Lanes. With the additional revenue being generated at Valley, Dad is 100% in favor of moving forward with Monterey Bowl and I no longer have to lobby for that renovation. Dad has also taken an interest in repairing redemption games. And our entire staff is very excited about the New Valley Center Bowl."

For more information, visit valleycenterbowl.com or call (831) 422-9031.

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