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FOUNDATIONS ENTERTAINMENT UNIVERSITY

Building a Strong Foundation for Your Entertainment Center

What You Should Be Doing Before You Purchase That First Game or Attraction

Featured Projects: Funhaven, Ottawa, Canada and ZCor Entertainment, Minnetonka, Minn.

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Funhaven Family Entertainment Center, Ottawa, Canada

Target Opening Date: December 2011

"You need to be able to sustain your business at the worst times." This is the answer that I was given when I asked Dave Ellis of Ellis Entertainment Partners what he felt was the most important thing he learned when he attended Foundations Entertainment University two years ago. Dave and his brother Hugh are currently developing Funhaven; a new 36,000-square-foot, indoor Family Entertainment Center that will serve families in Ottawa, Canada. Dave is the president and founder of Urthgate Systems, Inc., an Ottawa-based IT consulting firm, and Hugh is the former president and co-owner of Cinnabar Networks, Inc., also an Ottawa-based IT consulting firm that was acquired by Bell Canada in 2006. Both have experienced working with successful, multi-million dollar



Hugh (left) and David Ellis take some time out to visit Red Rock Canyon while attending the IAAPA Attractions Expo in 2009.

operations during their careers and bring over 40 years of combined experience in ownership and executive operations of private companies. However, neither one has ever run an entertainment center and knew they had a lot to learn before diving headfirst into this project.

Dave's first experience with consumer entertainment came when he began organizing and operating a fundraising event called "Chills for CHEO," a Halloween attraction that benefits the Children's Hospital of Eastern Ontario. Every year, over 100 volunteers take two months to build the "Crypt of Torment," which was visited by nearly 4,000 people last year, raising more than \$26,000 for the CHEO foundation. Dave said he enjoyed the process of being able to visualize a concept and then see it come to life. He described this experience as "a product that people can experience and enjoy" and felt that this was missing from his IT career. "This was the genesis for wanting to



create and run an Entertainment Experience,” Dave said.

For two years, Dave traveled extensively across Canada and the United States visiting entertainment centers, speaking with industry specialists, attending hundreds of hours of entertainment industry training, attending trade shows and conferences and creating relationships with hundreds of product vendors, professional services firms, financing companies, insurance brokers, franchisors and other related organizations. It was during this time that he attended the 2008 IAAPA Attractions Expo and met Jerry Merola, CFO of Alpha-Omega Amusements, managing partner of Amusement Entertainment Management (AEM) and a presenter at Foundations Entertainment University.

Dave signed up to take every educational offering that IAAPA provided for family entertainment center owners and operators. “While at IAAPA, there was a lot of information coming at you, but you were only able to ask intelligent questions based on the parameter of your own knowledge,” noted Dave. “You don’t know how to apply what you are learning at this early stage in the project development.” However, Dave did have the opportunity to see Merola speak and felt that he was one of the most knowledgeable individuals on finance and business planning that he had met. “Jerry was by far one of the best presenters at IAAPA,” said Dave. “He was a league above the rest and has such a vast knowledge of the financial needs for a business venture like this. When looking at investing millions of dollars, finance is the most important area to recognize.” Dave hired Merola in December 2008 through AEM to complete a feasibility study and Merola continues to lead the ongoing development process.

“Coming from a consulting business, I knew how important it was to bring a professional onto our team who has done this before,” noted Dave. “Jerry has developed entertainment facilities around the globe and has committed

to provide extensive hands-on experience to the venture, both through development and ongoing operations. Lots of people starting out often forego the services of a professional consultant due to the cost of the investment, but we have found that the return is so high, this has to be a mandatory part of the process.”

I asked Merola about his experience working with Dave and Hugh on this project. “In the world of entertainment, there are often a few dedicated individuals that possess the drive and determination to lead the industry to a new performance standard,” he said. “After working with Dave and Hugh Ellis for the better part of four years, I can unequivocally state that this team has the foresight, tools and creative acumen to deliver on this goal. The residents of Ottawa will soon experience entertainment from an entirely new perspective.”

Dave’s next stop was Foundations Entertainment University (FEU) in February 2009. “I quickly realized that this was the program that provided the ‘Foundation’ of information we needed to get started,” said Dave. “Foundations provided clarity and

allowed us to make better use of the knowledge that was being shared by the presenters. We were also provided an opportunity to visit some local establishments like the Enchanted Castle, Sugar Grove Family Fun Center and Lucky Strikes Lanes where we could experience the attractions and ask questions while in an entertainment facility.

After attending FEU, the way Dave looked at finances changed significantly. Their initial expectations of earning potential were unrealistic. Dave learned that, “You need to be able to sustain your business at the worst of times and



Jerry Merola (left) and Dave Ellis find a moment to talk business while visiting Lucky Strike Lanes during a Foundations Entertainment University outing.



The future of the Funhaven Entertainment Center during the build-out stage.

your business planning needs to reflect this. If you don't carefully manage your finances, you could end up where you don't want to be on the balance sheet. Manage for the worst, not the best case scenario."

Funhaven is now in the fit-up stage of the building project. They have a \$3 million budget with the project being partially bank financed and the rest privately funded. They are leasing a site adjacent to the largest IKEA in North America in an area that has very little competition and the primary market consists of about 117,000 residents with an average household income of \$111,000, and more than 1,000,000 residents in the secondary and tertiary

markets. Funhaven will include attractions such as: amusement and redemption games, video games, Zone laser tag, RDC bumper cars, Highway 66 Mini Bowling (QuibicaAMF), Ballocity (PrimePlay), Laser Frenzy Maze Adventure (Creative Works), Rock Climbing (Extreme Engineering), Comfyland Toddler Play Area and party rooms and an event space. Their projected opening date is December 2011.

For more information about Funhaven Family Entertainment Center, visit www.funhaven.com.

Zcor Entertainment Partners, Minnetonka, Minn.

Barry Zelickson is no stranger to operating and marketing a customer service-based business. He joined Border Foods Companies (BFC) as director of marketing in 2001 and was promoted to senior vice president of administration in 2002. In his current capacity, he leads the departments of finance, marketing, human resources and office operations for BFC. BFC is a franchisee in the quick service food industry operating over 160 Taco Bell, Pizza Hut, WingStreet, Sonic Drive-In and Au Bon Pain restaurants in Minnesota, Iowa, Wisconsin and Wyoming. Prior to BFC, (1995-2001) he developed, opened and operated Spooky World, a nationally acclaimed and award-winning seasonal Halloween theme park. Zelickson was going to initially stay involved with the theme park while taking the position with BFC, but after 9-11 he felt that pushing "horror" was no longer a good idea. "I've always loved the business," Zelickson explained, "so when a vendor I had previously worked with contacted me about a mini-golf course they were looking to do some unique elements within, it got me thinking about the attraction business again." This time he was thinking about a year-round type event, since his other business was seasonal.

About 18 months ago, Zelickson began to consider his options. What started out as a possible indoor/outdoor mini-golf venture has evolved into a full-blown, \$4 million, 40,000-square-foot indoor/outdoor family entertainment center. Zelickson, along with co-owner Michelle Jensen, began the process of visiting other entertainment, mini-golf and bowling centers across the country. Many of the locations they visited were driven by vendors. "We would find attractions that we wanted to see firsthand and contact the vendors to see where they were located so we could visit the properties," Zelickson said. They

attended trade shows like Amusement Expo, the Pizza Expo and the IAAPA Attractions Expo. They also began looking at consulting companies to assist them with their feasibility study. Prior to attending Foundations, they had already reviewed several industry consulting firms, including Amusement Entertainment Management (AEM) and White Hutchison Leisure and Learning Group. It was during this time they decided to attend Foundations





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engaged in the industry," said Zelickson. "It allowed us to flush out a lot of questions about things we had made assumptions on when we started this process. It also helped us to solidify our growing relationship with Jerry Merola and AEM so we could move forward with our feasibility study. Although I had experience in an area of entertainment, I was not in the FEC Business and the knowledge the presenters provided about the game rooms and the redemption was invaluable. To learn there is a science to this was something we hadn't expected."

"If we knew back when we first started to visit other entertainment centers, what we knew after attending Foundations, we would have looked at the centers in a much different way," noted Zelickson. "We originally focused on what attractions seemed to work looking from the outside in. After attending Foundations and going forward, we started looking at it from the business aspect. Instead of just noticing what we liked about the attraction, we would now ask the follow-up questions – from maintenance to what type of return there is on the attraction."

Once again, Jerry Merola (AEM) was brought on as part of a team that knew what they were looking for yet realized that there was a great value to having a third party expert "validate" their plan and challenge their choices based on

Entertainment University as well. "Foundations got us more

his years in the business. "This became very important when talking to banks and investors," said Barry. "Working with an experienced industry consultant brings a level of credibility to the project that would not have been there without them. They have been instrumental in filling in the gaps of information to make this a solid project." Barry also realized the need to have an iron clad, investment-grade financial package that could be presented to both investors and lenders. Zelickson and Jensen made a commitment to develop such a package, and as a result have been able to attract both private and institutional financing.

"Barry Zelickson and Michelle Jensen have taken the time to fully understand the inner workings of their intended target market, fine tune their portfolio of consumer offerings and attractions, and ultimately develop a sound operating strategy by which to bring the project to market," Merola said. "In this particular case, the team's multitude of expertise in operations and food service management has effectively shortened the project's necessary development curve, and will eventually produce a benchmark property for the industry."

Zelickson shared with me that although they do have a name picked

out and a clear vision of what they want in their center, they are waiting to get past the final hurdle of securing their site before making any official announcements. Zelickson's goal is to stay with BFC for now since he knows he can still focus on the things he is doing for them



Barry Zelickson and Michelle Jensen of Zcor Entertainment Partners checking out the attractions at the Enchanted Castle in Lombard, Ill., during a Foundations Entertainment University outing.

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without any interference. The entertainment center is more of a long-term investment that he can transition to when the time is right. As an owner he will still be very much involved with the operations, but Michelle will most likely take on a full-time position within management and/or marketing. "It gives me a lot of comfort to know that Michelle will be there as an owner to oversee the day-to-day operations," Zelickson said. Jensen is currently a marketing specialist for BFC, which includes all the

creative design, printing and production and in-store execution for all marketing and promotional activities for the restaurants as well as overseeing all of the vendor relationships. We will continue to follow Zelickson and Jensen's progress and give a later update when their facility is in full operation.



Frank Seninsky is president of the Alpha-Omega Group of companies, which includes a consulting agency, Amusement Entertainment Management (AEM), two nationwide revenue sharing equipment suppliers, Alpha-Omega Amusements, Inc. and Alpha-BET Entertainment, and Alpha-Omega Sales, a full line game & related equipment distributor. All are headquartered in East Brunswick, New Jersey. During his 44 years in the leisure entertainment industry, Seninsky has presented nearly 400 seminars and penned more than 1500 articles. He has served as President of the Amusement and Music Operators Association (AMOA) from 1990-2000 (on the Board of Directors for 22 years) and as the President of the International Association for the Leisure & Entertainment Industry (IALEI) from 2005-2006 (Founding Member and on the Board of Directors for 11 years).

His columns regularly appear in Tourist Attractions & Parks, RePlay, Vending Times, and Bowling Center Management. Frank is co-regent for Foundations Entertainment University, which presents multiple-day sessions in the US and in growing markets including Russia, Ukraine, Dubai, UK, and potentially Asia, India, and Africa as well. His world famous 'The Redemption & FEC Report' e-newsletter goes out to more than 42,000 readers worldwide. Alpha-Omega Sales is the exclusive US Distributor for all Comfyland Edutainment Center products and the new exclusive distributor for GameALERT. Frank was just appointed to the Advisory Board of the National Association of Family Entertainment Centers. To contact Frank directly, email him at fseninsky@aol.com or call 732-616-5345.

Tracy Sarris is the Director of Marketing and Communications for Amusement Entertainment Management (AEM), a consulting agency, and Alpha-Omega Amusements & Sales, a nationwide revenue sharing equipment supplier and distributor of new and reconditioned games. She is also the President of INOVA, an association and business management consulting company. She previously served as the President/CEO for the International Association for the Leisure and Entertainment Industry (IALEI) and has over twenty years experience in non-profit association management. To contact Tracy directly, email her at tracysarris@aol.com or call 717-599-8692.



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