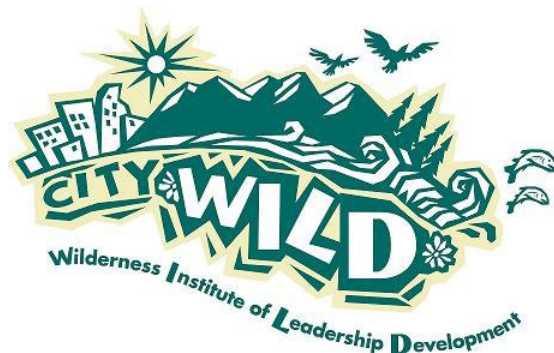


Game 6 Consulting

... because you don't want to go to Game 7

Climbing Wall Analysis for cityWILD

Jennifer Eastes
Peter Hjelmstad
Spencer LaFasto
Martin Tatom
Brett VerValin



DANIELS
COLLEGE OF BUSINESS

UNIVERSITY of DENVER

Table of Contents

Executive Summary	3
Client Description, Mission and Vision	5
cityWILD Description	5
Mission	7
Vision	7
Purpose.....	7
Key Findings and Recommendation.....	8
Building a large fixed wall inside is not feasible.....	8
There are operational concerns with a fixed wall.....	8
There is value in combining programming for cityWILD and the customer	8
A mobile wall is financially feasible	8
Recommendation.....	8
Industry Analysis	9
Non-Profit Institutions.....	9
Climbing Gyms, Fitness and Recreation	10
Market Description	10
Competitors	10
Confirmed Organizations/Interest in Climbing Leadership Activities	11
Porter’s 5 Forces	11
Rivalry	11
Barriers to Entry	12
Substitutes.....	12
Supplier Power	12
Buyer Power	13
PESTEL Analysis	13
Political.....	13
Economic	14
Social	14
Technological	15
Environmental	15
Legal.....	15
SWOT Analysis	16
Strengths	16
Weaknesses.....	17
Opportunities	17
Threats.....	18
Courses of Action	19
Year one – capital raising, asset acquisition, and program development	20
Year two and three – program expansion and project analysis	20
Year four and five – performance analysis and portfolio expansion.....	21
Years six to eight – performance analysis and portfolio expansion	21
Financial Analysis.....	22
Assumptions	22

Optimized Models	23
Results	23
Market Models.....	23
Results	24
Market Model Rates Determination Model.....	24
Long-term Models	24
Results	24
Marketing Plan.....	25
Climbing Wall Operations	27
Wall Type and Size.....	27
Wall Difficulty.....	28
Staffing Requirements	28
Revenue Types	29
Sustainability Analysis.....	29
Social –	29
Environmental –	30
Economic –	30
Recommendations	30
Issues Analysis and Discussion	31
Locality.....	31
Limited Operating Hours.....	32
Facility Limitations	32
Expected Growth and Return Numbers.....	32
Conclusion and Recommendation	32
Bibliography	34
APPENDIX A – FINANCIAL CALCULATIONS	36
STATIONARY WALL OPTIMIZED MODEL	38
MOBILE WALL OPTIMIZED MODEL	40
STATIONARY WALL MARKET MODEL	42
MOBILE WALL MARKET MODEL.....	44
STATIONARY WALL MARKET RATES MODEL	46
MOBILE WALL MARKET RATES MODEL.....	48
STATIONARY WALL LONG-TERM MODEL	50
MOBILE WALL LONG-TERM MODEL.....	52
Appendix B – Marketing Products	53
About the Authors.....	59

“In the same way one irresponsible action can lead to very disastrous things, a responsible action can lead to everyone being benefitted.”

Timothy, cityWILD student

Executive Summary

cityWILD retained Game 6 Consulting to assess the financial feasibility of constructing a stationary climbing wall as a means to enhance the organization's earned income potential. The results of our analysis show that a stationary climbing wall is not financially feasible and that cityWILD should consider the alternative option of a mobile climbing wall and portable ropes course. The stationary climbing wall and portable ropes course is not feasible due to high initial investment costs, locale, limited space, target market, and limited operating hours. By selecting the mobile climbing wall, cityWILD would benefit from a greatly expanded market of potential users. Outside of its traditional target market of low-income students in North Denver, cityWILD would be able to take the wall to events (both indoor and outdoor), parties, carnivals, corporate client locations, etc.

To achieve 4.45 year break even and positive cash flow from MOBILE CLIMBING WALL

- Initial \$50,000 investment
- 139 youths per month @ \$10
- 83 adults per month @ \$12
- Combination of group events, lessons, and wall rental

The methods of analysis used in this feasibility study include the following: internal and external market and industry analyses and description, SWOT analysis, Porter's 5 Forces analysis, PESTEL analysis, and financial feasibility analyses of Net Present Value (NPV), Internal Rate of Return (IRR), Breakeven (B/E), and Return on Investment (ROI) (see Appendices).

This report also addresses some key limitations of the analysis conducted for this project. These limitations include the following: expected growth and return figures are not easily

accessible, market information is limited in scope, and time restrictions limited the research and development of alternative solutions.

Client Description, Mission and Vision

cityWILD Description

cityWILD was founded in 1997 to provide tuition-free, comprehensive experiential education programs to urban youth (6th-12th grades) in northeast Denver. The organization aims to bring the typically exclusive world of outdoor education to a broad non-traditional audience: low-income youth of color. Almost all of the students are considered "high risk," meaning they come from urban areas with high unemployment, incarceration and drug and alcohol abuse rates, and low education levels (cityWILD, 2013).

cityWILD believes leadership is a skill learned through experience, and taught by example. To support and nurture students, cityWILD sets high expectations, promotes caring relationships, and creates opportunities for meaningful participation. The Leadership Development Program consists of four primary elements: after school programming, weekend adventures and spring/summer expeditions, support services and teen workforce readiness. After school programming is offered four afternoons a week and includes dedicated homework time and a focused theme for the day. Themes include:

- Life Skills – cityWILD students participate in experiential lessons around skills such as financial education and management, drug/alcohol/tobacco prevention, health and nutrition, etc.
- Service Learning – cityWILD utilizes the EarthForce 6-step process for service learning. Students identify issues in their neighborhood, investigate them, and come to consensus on what issues to address. After deciding on the issue they wish to address for the year, students create a project that will create sustainable, positive change for their neighborhood.
- Outdoor Education – cityWILD students learn about a variety of outdoor activities throughout the course of the year and the skills they need to participate in them such as knot tying and belaying for rock climbing. Students also learn additional skills to help them in them be safe and succeed in the outdoors, including Leave No Trace principles, first aid, hydration, and water treatment.

- Outdoor Activity – One day a week students get to participate in activities to practice the skills they have learned in Outdoor Education, and prepare for more expansive trips into the field through cityWILD’s Weekend Adventures and Summer Expeditions.

cityWILD has established specific program goals and objectives to ensure that programming is meeting the students’ needs.

Objective 1: Develop leadership, social skills, and self-concept

- Outcome 1: 60% of participants will improve their leadership skills
- Outcome 2: 60% of participants will improve their social skills score
- Outcome 3: 60% participants will improve self-concept

Objective 2: Promote environmental awareness and a community ethic through service learning

- Outcome 1: 50% of participants will increase their concern for the environment
- Outcome 2: 50% of participants will increase their participation in community-based service learning
- Outcome 3: 50% will improve their outdoor and wilderness skills

Objective 3: Increase academic achievement

- Outcome 1: 50% of participants will improve academic performance
- Outcome 2: 50% of participants will improve school attendance
- Outcome 3: 90% of participants will stay in school

Objective 4: Prevent and/or decrease alcohol, drugs, and tobacco use

- Outcome 1: 60% of participants will increase or maintain their attitudes of risks related to alcohol, drugs, and tobacco
- Outcome 2: 60% of participants will improve their knowledge of risks related to alcohol, drugs, and tobacco
- Outcome 3: 60% of participants will improve or maintain their behaviors related to alcohol, drugs, and tobacco

Mission

cityWILD's mission is to provide low income, culturally diverse youth with outdoor and environmental service learning opportunities that promote developmental themes of personal empowerment, leadership and community participation.

Vision

While cityWILD's vision is not expressly stated, it could be summarized as the following:

Encourage youth and give them the strength and hope to see what the future can be.

Seth Winnerman, cityWILD's executive director summarized the program very eloquently by saying, "You learn so many skills when you are a raft guide, communication, responsibility, risk assessment, team-building and teamwork. Even the forward vision, having to look ahead and plan for what's down the river. Everything is translatable to real life."

Purpose

The majority of cityWILD's funding comes in the form of individual donations and grants. Presently, cityWILD generates about \$50,000 a year in earned income from its rafting trips. To take cityWILD's programming to the next level, the organization would like to identify additional sources of earned income. Game 6 Consulting was asked to evaluate the feasibility of earning additional income through the introduction of an indoor climbing wall at cityWILD's facility.

Key questions for consideration when evaluating the feasibility of this project include:

1. Is there existing demand for an indoor climbing wall in the area?
2. Does funding exist to construct the wall?
3. What permitting and insurance issues does constructing a wall on the property present?
4. What is the estimated payback period for such a project?
5. Does cityWILD have the staff and expertise to manage a climbing wall safely?

Key Findings and Recommendation

Building a large fixed wall inside is not feasible

- Cost Prohibitive
- Structural Concerns
- Locality and ability to attract paying customers

There are operational concerns with a fixed wall

- Hours of operations
- Socioeconomic clash
- Inability to generate required revenue
- Locality

There is value in combining programming for cityWILD and the customer

- Potential customers are equally interested in rafting, climbing, and teambuilding
- Combining events makes each more affordable
- Ability to travel to events
- Increased marketing capacity for wall and cityWILD's core mission

A mobile wall is financially feasible

- Much lower purchase cost
- More revenue options
- Easier maintenance
- More flexibility

Recommendation

Achieve a 4.45 year breakeven point and positive cash flow through the purchase of a mobile wall. Using a \$50,000 investment, implement a phased plan to combine climbing and teambuilding activities with existing rafting programming to maximize value and quality of programming to for-profit and charitable programming.

This option maximizes the ROI and minimizes risk and capital expenditure to best meet the stated goals of the climbing wall project. A mobile wall affords maximum flexibility for programming and can contribute significantly to community awareness of cityWILD and its programming.

Industry Analysis

When conducting the Industry Analysis for cityWILD it was determined that cityWILD falls into two separate categories for this project. The categories consist of Non-Profit Institutions, Climbing Gym's and Fitness and Recreation (Bizminer, 2011).

- Non-Profit Institutions – NAICS 81321, 81331, 81341
- Climbing Gyms – NAICS 713990
- Fitness and Recreation Center – NAICS 713940

Non-Profit Institutions

From a high level, “the US nonprofit institutions industry includes about 60,000 organizations with combined annual revenue of about \$110 billion. Low growth is forecast for the next two years as drivers include economic growth and corporate profits (First Research, July 1, 2013).”

The landscape for Non-Profit institutions is extremely unique. More specifically, demand is driven by the need to represent special interests or provide social services that can't be met by the market or government (First Research, July 1, 2013).” Due to this demand there is a significant premium for Non-Profit Directors to run their individual organizations as efficiently as possible. This relates to cityWILD extremely well due to the fact that cityWILD's mission focuses on a very specific goal to provide low income youth with different educational opportunities. In regards to the financial perspective, the break even analysis will be very important moving forward.

Although the growth for the non-profit industry has been projected as low, industry experts have still projected a growth of 4 percent for the years of 2013 – 2017. In an analysis conducted July 1, 2013 it was reported that charitable giving was on the rise. “US charitable donations, an indication of support for nonprofit organizations, increased 3.5 percent to \$316 billion in 2012 compared to the previous year, according to a study by The Giving USA Foundation as reported by The Non Profit Times in June 2013. An improving economy and the

threat of changes to federal tax regulations were cited as reasons behind the increase (First Research, July 1, 2013).”

Overall, the industry for Non-Profit Institutions seems stable. As the economy continues to strengthen there is evidence that this will also have a direct impact on the level of donations that Non-Profits receive moving forward. As a result, Non-Profit institutions will have more capital to carry out their respective missions moving forward.

Climbing Gyms, Fitness and Recreation

As with Non-Profit Institutions, the industries for Climbing Gyms and Fitness and Recreation are very strong. This is partially in-part to the on-going attention Americans are now paying to health and wellness. In general, people are looking for creative and fun ways to stay fit and climbing gyms are an alternative that many people are taking advantage of.

The competitive landscape for these particular industries is driven by two specific indicators personal income and demographic trends. Climbing gyms are viewed by some as a luxury which makes personal income important. However, as demand and awareness have increased, having a climbing wall experience has become very economical. From a company perspective “the profitability of individual companies depends on efficient resource use and effective marketing (First Research, July 1, 2013).

Market Description

- Greater Denver Area

As a whole, the Denver market is ideal for anything that involves outdoor related activities. The Greater Denver Area is an extremely active community that gravitates to alternative activities such as climbing walls.

Competitors

- Avid4Adventure – <http://www.avid4.com/portable-rock-climbing-wall/>
- Denver Bouldering Club - <http://denverboulderingclub.com/youth-climbing/>
- Movement Denver

There are many competitors in the climbing wall industry and several competitors that are both in the non-profit and climbing wall industry. There are many companies and fitness centers that market climbing walls however, those climbing gyms market to a different consumer base. Examples of those companies can range from REI to gym membership companies such as Lifetime Fitness. Denver Bouldering Club and Movement Denver are examples of companies that focus primarily on climbing and bouldering. While Avid4Adventure, is an example of a company that uses climbing activities as a component of a youth learning initiative.

Confirmed Organizations/Interest in Climbing Leadership Activities

- Various Greek Organizations (Kappa Alpha Psi Fraternity, Inc.)
- Boys and Girls Club of Denver
- Colorado Youth at Risk (CYAR)

After reaching out to several organizations, we have determined that there is a significant interest to participate in the potential climbing wall experience at cityWILD. Although there are many options for organizations to choose from, the leadership program and experience for youth that cityWILD already has incorporated for its program, is one of the driving forces in the high interest.

Porter's 5 Forces

Rivalry

In terms of rivalry this could be classified as low for climbing gyms. Yet, as a whole the climbing industry is competitive. For mobile climbing walls, this can be interpreted that there are a significant number of potential competitors with fixed structures. However, those companies are not currently focused on this market. But for the time being, the competition is low as cityWILD is a unique entrant in this market.

Barriers to Entry

Due to the nature of the assets required in this industry (for mobile or fixed climbing structures) and the amount of accessory products (harnesses, shoes, helmets) that are also required, the barriers to entry are high. A significant financial commitment would be needed to start any climbing facility, let alone one that specializes in the mobile market with the additional services of leadership and teamwork facilitation that are being offered.

Substitutes

Overall, there are limited substitutes for consumers – traditional climbing gyms and outdoor fixed structure facilities are the most obvious competition. The threat of substitute products could be classified as moderate due to the fact that there are substitute products, but just a small number of alternative options when compared to the mobile climbing structure. With that said, cityWILD needs to maintain their competitive advantage by targeting multiple income levels and bringing their expertise and product directly to the consumer. This is part of their desired mission but is just now becoming a possibility with the introduction of a mobile climbing structure.

Supplier Power

For mobile climbing facilities/operators, the supplier power is extremely low as there are not that many competing firms. Because mobile climbing structures utilize the exact same equipment and procedures as fixed structures, this eliminates negotiating strength and pricing strength for suppliers of this service as there aren't many firms purchasing their parts. However,

The Five Forces That Shape Industry Competition

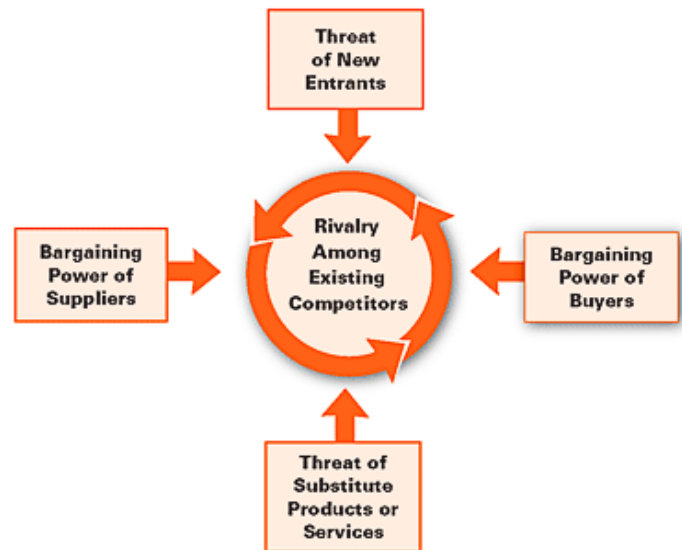


Figure 1 - Porter's Five Forces

there is the opportunity for partnerships with the few companies that produce these products in order to gain special pricing due to cityWILD having non-profit status within the industry.

Buyer Power

Buyer power is extremely high because the consumer ultimately has the control to decide which climbing facility to use. cityWILD must make sure, as a company, they are producing a high quality product that is deemed valuable by the consumer. However, if there are changes within the industry that move other gyms towards teamwork/leadership facilitation, this may shift. For example, if the gyms with fixed wall structures institute their own programs, this would have an effect on buyer power, as buyers would be forced to consider which program better suites their needs – one that they have to go or one that meets them on familiar ground.

PESTEL Analysis

A PESTEL Analysis is used to assess the current factors affecting an organization, what changes are going to happen in the external environment, and to exploit or defend against those changes better than competitors. This analysis can be extremely helpful when attempting to determine all of the ramifications of potentially entering a new market like the commercial



Figure 2 - PESTEL Diagram

climbing gym market. The elements of PESTEL can be thought to surround the organization’s strategy as depicted in **Figure 2**. The forces are: Political, Economic, Social, Technological, Environmental, and Legal.

Political

Possible political impacts may come from cityWILD expanding its adventure operations and moving more into the commercial space. By

having a larger, more evident commercial arm, political perception of the organization may change.

Because the climbing wall will be directly related to cityWILD's core mission, the organization can maintain its nonprofit status while generating revenue from the wall. cityWILD can mitigate political perception by including in all marketing efforts a focus on the core mission of the organization so paying customers understand exactly where their money is going.

Economic

Maintaining a lower required rate of return is essential for making the climbing wall project possible. In general interest rates are on the rise and cityWILD needs to ensure that long-term loans and other financing options continue to provide rates at non-profit discounts. Taking action quickly before potential rates increase is an important consideration when evaluating the project.

The economic environment of cityWILD's location and benefactors also needs to be weighed against the economic situation of potential customers. In order to make the project feasible, cityWILD would likely 'price out' most local potential customers, attracting more affluent customers from other demographics. By providing free climbing or subsidized climbing for lower-income clientele, cityWILD may alienate customers that could pay the higher rate and scare them away. Having public and private hours separate may mitigate some of this but would detract from the revenue stream and diminish fiscal viability.

Social

A high-tech, high-priced climbing wall is likely to attract climbing aficionados from a much larger radius than cityWILD's general zone of influence. Public climbing customers are likely to be a significantly different demographic than cityWILD's children and staff, and their presence in the facility will affect the program in many unpredictable ways. There is significant possibility of tension or conflict between paying customers and cityWILD's children because of different economic and social backgrounds.

There is also, however, a possibility of cityWILD gaining recognition, volunteers, and donations from new donor groups who find cityWILD when looking for a nice climbing gym. cityWILD can work to reduce social tension by limiting public climbing hours to those hours when other programming is not taking place.

Technological

Climbing walls that attract high-revenue, regular customers must be highly technical. These customers enjoy very tall, realistic, three-dimensional rock wall surfaces with regularly changed routes of varying degrees of difficulty (Eldorado climbing Walls, 2013). To accomplish this, technical experts must design and build the wall and cityWILD must train and maintain route-setting experts to keep ‘climbing junkies’ engaged and constantly coming back for more.

cityWILD currently processes technical experts to set routes, maintain the walls, and supervise customers in the gym, but the organization must ensure these experts can take time away from other duties to perform these new time-consuming tasks. A training program should quickly be developed to grow additional experts to take on this new workload long-term. There is a direct correlation between high-tech climbing walls and cost, and cityWILD should consider smaller, higher-tech wall to maximize ROI and make the project financially feasible.

Environmental

There are minimal environmental effects of the project. Some key considerations are the effects of making permanent modifications to a rented space and the possibility of causing permanent damage to the building.

Legal

Insurance costs will increase significantly depending on the number of climbers. See this report’s financial section for an estimation of these costs. cityWILD should hire counsel to draft a plan for signage, release waivers, and other precautions to protect the organization from potential injuries. A robust safety program should also be established, with responsible managers who are knowledgeable about climbing safety present at all times. If not already present, a fire inspection should be conducted to determine the maximum allowable number of people for the climbing area.

The building is currently zoned R-MU-20 which allows for neighborhood-serving commercial uses (City of Denver, 2013). A climbing wall would be appropriate in this zone as it stands. Climbing walls are regulated by the Colorado Division of Public Safety, and a registration of the wall is required along with a 3rd party inspection to ensure safety of the wall. These costs will total less than \$500 (Experiential Systems, 2013).

SWOT Analysis

The following SWOT analysis (strengths, weaknesses, threats, opportunities) was conducted to inform critical elements for consideration during the evaluation of the feasibility of a climbing wall as an additional earned income source for cityWILD.

Strengths

- Unique business model to bring money into non-profit arm of organization
- Mobile wall will allow access to multiple markets and direct access to customers
- Customer supporting a non-profit organization while doing activity they enjoy
- Knowledgeable climbing staff

The business model that cityWILD wants to employ through the creation of an “earned-income arm” of the organization is currently unique and gives them an advantage in the non-profit sector. As they have already proven that this can be successful with their rafting company, it is logical for cityWILD to try to expand upon this model through other types of programming that fit within the mission of the organization.

The advantages of a mobile climbing wall are numerous. Some of the primary advantages we see to the use of a mobile, versus fixed, structure include: the ability to take the climbing wall directly to the client, hosting a fund-raiser at a school or event, and increasing awareness of cityWILD by having a visually striking asset in the community.

Another important advantage that cityWILD will have over others in this market is that consumers will be actively supporting a non-profit organization within their community while participating in an activity they enjoy. Community members will be providing opportunities for

cityWILD's participants to gain valuable experience as climbing instructors, safety instructors, and leadership facilitators.

Weaknesses

- Product pricing
- Capacity will be limited due to climbing wall size and available times
- Limited recognition in community
- Limited or non-existent marketing budget
- Target demographic
- Low-growth industry

Unfortunately, there are many weaknesses with this model that cityWILD will need to overcome in order to be successful. First, cityWILD will need to develop a competitive pricing structure that allows them to have a positive ROI with the climbing structure, while simultaneously providing their consumers with an experience that doesn't leave them feeling like they should have been given more for their expense. Due to the capacity limitations of a mobile climbing wall, and the lack of multiple routes that can be placed, developing this pricing structure will be critical to the consumer experience.

cityWILD will have the critical task of gaining recognition within the community in order to generate business with the climbing structure. In order to accomplish this, cityWILD will need to develop a marketing plan and determine how to target demographics outside of the one they work with directly for their mission. Targeting college students and adult community members will be critical to the success of their climbing structure bringing money to the organization. This is not made easier by entering an industry that is experiencing low growth; however, the lack of growth may provide them advantage by becoming a new competitor in a small market.

Opportunities

- Increase consumer awareness to needs of underprivileged/underserved youth
- Room to grow in mobile climbing wall and mobile leadership course
- Room in marketing for mobile climbing wall and leadership course
- Tailoring programs/services to additional demographics

- Corporate partnerships

cityWILD's biggest opportunity is through increasing consumer awareness of their mission and their businesses (climbing and rafting). By making multiple demographics and organizations within the community aware of the services they offer – mobile climbing wall, leadership and teamwork courses – cityWILD will create a new customer base that will provide a continuous stream of business for the organization. Increasing awareness through marketing and strategic partnerships should be cityWILD's top priority moving forward.

The other major opportunity cityWILD has is that there is room in the climbing industry for additional mobile climbing structures. A majority of facilities only have fixed structures, which would require the consumer to come to them. While this does provide users with more space and increased variety, it does not afford users the opportunity to have leadership or teamwork training at their own business or hosted event. We believe that this opportunity is the second most critical one for cityWILD to focus on – building strategic partnerships with schools and business to be physically present at their facilities to conduct training seminars.

Threats

- Direct competitors with larger facilities
- Entry of additional non-profits
- Liability for injury
- Seasonal cash flow
- High membership attrition rate (First Research, May 13, 2013)

One of the biggest threats that cityWILD faces is the competition created by climbing gyms with larger facilities. Because of their ability to create multiple climbing routes and support a higher number of customers, these facilities are likely to be more attractive to consumers. As discussed previously, however, cityWILD does have the advantage of being able to physically bring their mobile wall to various charity events, corporate offices, or social events to bring in business – a limitation of the larger climbing gyms.

Another threat is from the entry of additional non-profits. While cityWILD may be a first mover in this area, if they are successful other non-profits may try to enter the industry as well and try to duplicate their model.

cityWILD also needs to acknowledge the inherent risks associated with rock climbing, high-ropes or even low-ropes team building exercises. Because the risk of injury is higher than with other activities, cityWILD will need to pay additional insurance and determine a way to build assurances with consumers that they have made this as safe possible for the intended activities.

The last threat that cityWILD faces is with attrition in the fitness industry. According to First Research (2013), nearly 45% of members will not renew a gym membership after one year. Taking this into account, cityWILD will need to be very diligent about maintaining a continuous and loyal set of consumers of their products and services, while simultaneously focusing on regular recruitment to replace users that have ceased their use.

Courses of Action

Game 6 Consulting's recommended course of action over the next one to eight years is for cityWILD to add a mobile climbing wall and portable ropes course to its portfolio of experiential educational programs for low-income culturally diverse youth. This will also create additional positive cash flow through earned income operations. The addition of a mobile climbing wall and portable ropes course fits directly into cityWILD's mission to provide low income, culturally diverse youth with outdoor and environmental service learning opportunities that promote developmental themes of personal empowerment, leadership and community participation.

The mobile climbing wall and ropes course provides cityWILD with tools that will allow it to provide additional leadership and certification training for youth members that will ultimately promote leadership opportunities and may lead to job opportunities not previously available to this non-traditional audience. Providing these additional opportunities will also provide cityWILD with additional sources of funding for the organization's operations.

One major hurdle cityWILD needs to address at the beginning of the project is salary funding options such as grants. The largest operating expense hurdle cityWILD with implementing this project involves salary expense which equals roughly 62% of operating revenue.

The long-term plan is broken down in the following stages:

Year one – capital raising, asset acquisition, and program development

The first year of the project implementation phase involves raising the necessary capital to purchase the climbing wall, portable ropes equipment, and all necessary equipment and permits/licenses. cityWILD's best opportunity for raising capital comes from its network of donors/sponsors that have had an active involvement in the program. cityWILD will have a financial feasibility study (see **Appendix A**) to provide as evidence that this project returns a positive return on investment and can generate positive cash flows over time. Once the required amount of capital has been raised, cityWILD will proceed with the acquisition of mobile climbing wall and portable ropes course. From there, cityWILD will begin to strategically plan the events/programs chosen to launch and implement the marketing plan (see **Appendix B**) provided in this analysis.

Year two and three – program expansion and project analysis

During the second and third year of the project cityWILD will focus its attention on analyzing the projects impact on its target market to determine if the project is achieving the desired goals. If cityWILD determines that the project is achieving its goals, cityWILD will begin to develop new programs/events that will allow it to expand into new markets that align with its mission and provide new sources of revenue generation. This expansion will include the pursuit of local school and youth camp partnered programs, focused on bringing cityWILD's experiential leadership education to school and camp programs. This will increase cityWILD's reach in helping provide low-income culturally diverse youth with an outdoor experiential education as well as create meaningful long-term impacts in the community it serves.

Moving into the latter part of year three, cityWILD will continue to analyze the project as it relates to its target market and make adjustments as necessary to improve its alignment and expand the program into new market segments. In addition to the project analysis, cityWILD

will, on a bi-annual basis, compare the project's operational performance to the feasibility study targets set in the feasibility analysis. This analysis will allow cityWILD to determine what demographic segments are under/over performing the monthly targets for the project and determine the appropriate changes, if any, that need to be made to improve the project's financial performance and assess the project's chances of accomplishing its eight-year breakeven target.

In the event the project is not on track to meet its eight-year breakeven target, cityWILD can determine any possible options available for improving the projects performance. These changes could include the use of obtaining grants to supplement the project performance by using grants to reduce operating costs and increase gross margins on the project.

Year four and five – performance analysis and portfolio expansion

In the fourth and fifth years of the project, cityWILD will continue to analyze the project's performance and return to determine if the project is performing at a sufficient level to meet its eight-year breakeven target. If the project is on target to meet its eight-year breakeven target, cityWILD may then focus its attention on increasing revenue generation through additional programs, events, grants, and possible portfolio expansions that fit into its mission. In the event the project is not on track to meets its breakeven target of eight years, cityWILD will determine if the project should continue operating at its current capacity, if grant funding is appropriate to reduce operational costs is appropriate, or if there are any other possible adjustments that may be made to improve the projects performance.

Years six to eight – performance analysis and portfolio expansion

In the final three years of the project, cityWILD will continue to analyze the project's performance on a bi-annual basis and determine if the project is performing at a sufficient level to meet its eight-year breakeven target. Any program expansions that cityWILD implemented in prior years will be analyzed to determine if they should continue developing those programs or divest from them. If at any time during these final three years cityWILD determines that the project is not on target to meet the eight-year breakeven target and there are no further adjustments that may be made, cityWILD should divest from the project and salvage any value the assets may provide.

Financial Analysis

To determine the feasibility of the proposed project, Game 6 Consulting ran several cash flow optimization models to forecast and compare the NPV, IRR, B/E point in years, and the projects ROI. Four models were run – an optimized model, a market model, a market model rates determination model, and a long-term (8 year breakeven) model – that compare the feasibility between a stationary climbing wall located in cityWILD’s facility and a portable ropes course against a mobile climbing wall and a portable ropes course.

Assumptions

All of the models presented were built with the following assumptions:

- Tax rate = 0%, as a non-profit organization cityWILD does not have to pay income tax on profits earned as long as the project fits within its mission statement; which it does (Winnerman, 2013).
- Required rate of return = 4%, this rate is based off of the lending rates for non-profit organizations of 3.25% minus a non-profit discount around 6 basis points (Winnerman, 2013) and considerations for the target market, locale, and operating hour limitations cityWILD has compared to other competing climbing wall alternatives in the Denver Metro area (Colorado Rock Climbing Gyms, 2013).
- Pricing structure, all prices are based off of other competitive gym prices in the Denver Metro area but are adjusted to accommodate for a smaller than average wall size (6,000 – 12,000), target market, locale, and operating hour limitations (Colorado Rock Climbing Gyms, 2013).
- Insurance costs = 3% of revenue, based off of market research a percentage of revenue expense for insurance is the industry standard for estimating insurance costs.
- Mobile wall may function as a stationary wall at cityWILD’s facility with stricter limitations than the stationary wall option.
- Salary expense for stationary wall is based off maximum operating hours (175) and minimum staffing requirements (1 youth employee and 1 manager).

- Salary expense for mobile wall is based off reduced operating hours (120) and minimum staffing requirements (1 youth employee and 1 manager). Permits/license fees are built into each model.

Optimized Models

The optimized models were designed using operating capacity level assumptions from other climbing gyms in the Denver Metro area. These models calculate the minimum operating capacity targets cityWILD would need to meet in order to achieve a successful project implementation that meets the goals set out at the beginning of the project, B/E of less than 5 years and a NPV equal to zero. These models also serve as an annualized baseline comparison tool for cityWILD to measure the projects actual operating performance year over year as well as determine if the necessary resources are available to meet the capacity requirements.

Results

The optimized models show that both projects, the stationary wall and mobile wall combinations, feasibly meet the specified goals for the project given that cityWILD can provide the necessary resources to meet the target capacity for each project (**see Appendix A**). However, Game Six Consultants believes that the operating capacity levels determined for the stationary wall and portable ropes course option are beyond what is realistically possible for cityWILD to achieve in a five year period. Thus, the stationary wall and portable ropes course is deemed unfeasible for meeting cityWILD's goals. The primary concerns for this project are cityWILD's ability to provide the necessary time and man power to meet the optimal target levels to achieve these results.

Market Models

The market models were designed using operating capacity level assumptions from other climbing gyms in the Denver Metro area and were adjusted down to more appropriate levels that more closely match the target market and area cityWILD will be operating in. These adjustments focused on targeting more accurate capacity levels given cityWILD's gym size, locale, and operating hours are more restrictive than other competing climbing gyms in the Denver Metro area.

Results

The market models show that neither project feasibly meets the specified goals for the project but the mobile wall and ropes course combination provides the best possible solution for cityWILD given they are willing to accept a longer project time frame (see **Appendix A**). The primary concerns for this project are cityWILD's ability to provide the necessary time and manpower to meet the optimal target levels to achieve these results.

Market Model Rates Determination Model

The market model rates determination model was designed to calculate what pricing rates cityWILD would need to charge in order to achieve a successful five-year breakeven target given the market constraints of the two market models.

Results

The rates determination models show that both projects feasibly meet the goals for a five-year breakeven analysis; however, the pricing points greatly reduce cityWILD's marketability and competitiveness against other climbing gyms in the Denver Metro area. Thus, Game Six Consultants believes that neither model is feasible in meeting cityWILD's goals.

Long-term Models

The long-term models were designed to provide cityWILD with more conservative capacity level estimates that address the primary concerns of the two shorter-term models. These models used the same assumptions as the Market Models to maintain more appropriate capacity level estimates for cityWILD's given target market, locale, and limited operating hours.

Results

The long-term models show that only the mobile wall and portable ropes course option feasibly meets the specified goals for the project and provides the best solution for meeting cityWILD's goals (see **Appendix A**). The primary concerns for the long-term models are the extended timeframe for the project as well as the possibility of a loss in potential capital investors due to this length.

Marketing Plan

In order to be successful with the implementation and continued use of the climbing wall, cityWILD will need to develop a marketing plan and marketing materials. Because this is a low-growth market, cityWILD does not need to be overly aggressive with any advertising or marketing they perform. We have already touched on a lot of the areas that are critical to developing a good marketing plan such as: identify the product (mobile climbing wall), identify and define the market in which you will operate (fitness centers and climbing gyms), sales forecasting (optimized sales forecasted in financial analysis), and determined a pricing structure.

Moving forward, cityWILD will need to determine some additional factors as well – such as target demographic, marketing mix, and locations for use of the mobile wall. Below, we offer our input on these factors; however, the decisions will ultimately need to be made by cityWILD’s leadership team.

First, cityWILD needs to determine what their target demographic is for the use of the climbing wall. Based on what we believe to their mission with this climbing wall, we believe that cityWILD has two target demographics:

1. Underprivileged and underserved youth
2. Private user groups such as schools, businesses, and non-profit organizations

By targeting these two sectors with their advertising, cityWILD will bring a well-rounded population of customers to their climbing wall to help bring revenue in to the organization. We have already developed a pricing model that reflects these two core demographics as their primary constituents which allows cityWILD to better target these groups.

Secondly, cityWILD will need to determine what their best marketing mix to reach these demographics. We have already developed a few concept marketing pieces that we believe will be useful in starting cityWILD’s marketing plan (see **Appendix B**). In addition to using these materials (brochure, flyers and coupon), we believe cityWILD will need to implement a plan to better utilize social media to their advantage. This includes: updating their website, better utilization of their Facebook page (e.g., users who “Like” cityWILD gain access to a coupon for climbing or rafting), more strategic use of their YouTube channel (only has one video from 2012

posted), and use of Yelp’s check-in feature to give user’s a discount for climbing. As part of this marketing mix, we believe that cityWILD absolutely needs to integrate the mobile wall with their rafting business and vice versa. We believe that any time group of individuals approaches cityWILD for either service, they need to try their best to upsell that group to use one of their other products or services (i.e., leadership and/or teamwork courses).

Lastly, cityWILD will need to determine the most effective way to use the mobile climbing wall at strategic locations. One major advantage that cityWILD will have with the implementation of a mobile climbing wall is the virtually free advertising that the wall itself will provide. If cityWILD can bring their mobile wall to events such as marathons, 5k races, county fairs, birthday parties (i.e., quinceañeras), school events, or corporate events this would have a tremendous impact on getting their name into the community due the fact that the mobile climbing wall provides a very striking visual for consumers. We even developed a coupon that cityWILD could provide to climbers at these events to encourage them to visit cityWILD to climb again (see **Figure 3**).

With the successful implementation of these ideas into cityWILD’s marketing plan, we believe that they will have a very successful experience with the addition of the mobile climbing wall to the earned-income arm of their operations.



Figure 3 - cityWILD climbing coupon for customers that use wall at events.

Climbing Wall Operations

There are many factors which will affect how the wall is operated. The type of wall, size of the wall, and shape of the wall all factor into how many lanes can be operated at a time and how they are supervised. The complexity of the wall determines what sort of customers are attracted and how many and how skilled the staff needs to be. Clientele, the type of wall, and desired hours affect revenue streams and volumes (Eldorado climbing Walls, 2013).

Wall Type and Size

Custom climbing wall builders can build essentially any type of wall imaginable, from a flat, 2-dimensional wall to a weaving network of caves, chimneys, and overhangs. To maximize

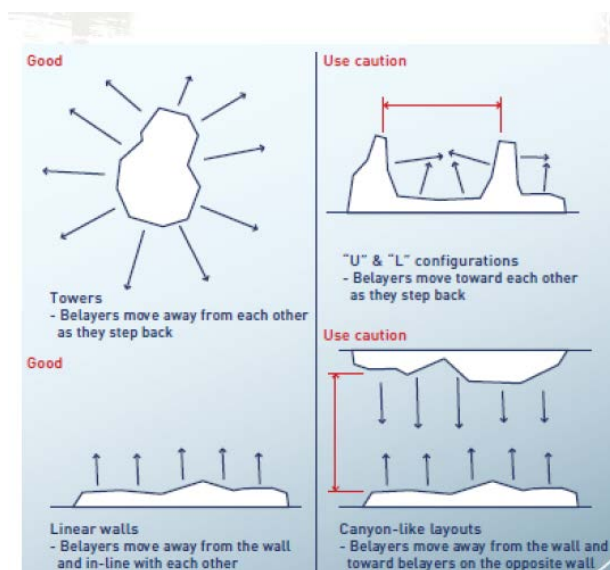


Figure 4 - Examples of Climbing Walls Designed to Maximize ROI

revenue, designs should allow for lanes to be closely spaced without belayers crashing into each other. A free-standing tower design is the most efficient because it reduces the structural support steel required per square foot of climbing space. **Figure 4** illustrates effective and ineffective wall designs.

To make the project feasible, 4-6 lanes is desirable, which could be afforded most efficiently by a freestanding or mobile tower. Auto-belay devices can be employed for efficiency during high-volume times and not used during teambuilding activities or by advanced public climbing groups. Auto-belay devices reduce staffing requirements significantly during high-traffic times.

To calculate ROI, considerations should be made for total time spent on a lane and for number of climbers per hour a lane can produce. A lane is generally 4-6 linear feet of wallspace.

Total Time in Lane = (Avg. Time on Route + Transition Time) x 2
Example: (4min + 2min) x 2 climbers = 12 minutes, assuming 26' wall

Climbers Per Hour = (Route Turnover/Hour) x (# Lanes)

Example: (12min/60min) x 1 lane = .2 hours or 10 climbs per hour per lane, assuming 26' wall
Using these planning formulas, 4-6 lanes on a 26' high wall could yield 40-60 climbs per hour at maximum capacity. This capacity determines the 'high side' for all revenue planning estimates because higher capacity is not possible.

Wall Difficulty

Wall builders can customize walls to have very challenging or relatively easy base terrain, and route setters can tweak difficulty through hold placement or by marking out routes. The difficulty of routes and frequency of changes will determine what kinds of climbers are attracted.

To appeal to the broadest range of customers and allow for quality teambuilding programming, a mix of difficulties should be maintained. For a 6-lane wall, 1-2 lanes should be easier and 1-2 should be harder, leaving 2-4 intermediate lanes for most climbers. Route setters can focus energy on the more difficult lanes because less skilled customers will not demand route changes as frequently, if ever.

Staffing Requirements

A climbing wall requires a significant staffing investment. Expert technical staff is required for wall maintenance, route setting, safety programs, and general supervision of the climbing gym. Technical staff must also be available during business hours to ensure proper use of climbing gear and provide necessary on-the-spot training. Use of auto-belay devices reduces the need of expert staff. A higher percentage of beginner and intermediate climbers requires more staff, up to 1 technical staff per lane.

Unskilled staff is required to perform administrative functions like checking in/accepting payment, helping with harnesses and equipment, timing customers, cleaning, and helping enforce safety rules.

High-touch specialty programming such as teambuilding sessions requires more, higher-skilled staff.

Revenue Types

There are several pricing options to be considered with a climbing wall, depending on target customers. If a highly technical, regularly changed advanced wall is present with a quality bouldering option; ‘hard-core’ climber can be attracted and sold monthly memberships, the most lucrative option.

Less lucrative but still desirable are punch cards, which should be sold up front (buy a 10-punch card for the price of 9 sessions). Per-use climbers can be charged an hourly, daily, or per-climb rate for a higher margin but lower overall revenue due to infrequent use.

Group rates for teambuilding sessions can be the most effective use of the wall because the rate should cover revenue for at-capacity time. Additional amenities such as a party room can be used as kickers for groups.

A mobile wall provides an additional option to provide free climbing at parties or events for a fixed rate. This also assists with raising awareness of the organization and generates leads for potential climbing and rafting paying customers.

Sustainability Analysis

From a sustainability perspective, Game 6 Consulting assessed cityWILD’s programming against the three lenses of sustainability – social, environmental and economic.

Social – Through cityWILD’s programming, the organization aims to help at-risk youth envision a better future. cityWILD takes a very comprehensive approach to social betterment. For each child that is part of their program, their families also become a part of cityWILD. Social services are provided for all participants, with a special focus placed on individuals at greatest risk. cityWILD’s self-identified objectives include developing leadership, social skills, and self-concept; promoting environmental awareness and a community ethic through service learning; increasing academic achievement; and preventing and/or decreasing alcohol, drugs, and tobacco use.

After school programming provides students with experiential activities around life skills and service learning. Through these focus areas, students gain an understanding of how to better care for themselves and how to contribute to a better society. Every year, students select a local issue to focus on, learn about and try to make an impact on. After deciding on the issue they wish to address for the year, students create a project that will create sustainable, positive change for their neighborhood. In past years, focus has been placed on homelessness and other social issues.

Environmental – The environment is central to the entire cityWILD program. The outdoors are used as a classroom for team building, healthy lifestyles, identifying ones self, etc. Students also learn the principles of leave no trace, safety in the outdoors, and others. Past service projects have included tree plantings and instituting a local recycling program. IT is the hope of the organization that through the use of the outdoors, at least 50 percent of participants will increase their appreciation and concern for the environment.

Economic – From an economic perspective, cityWILD must be financially viable to be able to provide the wonderful services it offers its students. From a programming perspective, cityWILD incorporates financial education into the life skills curriculum to better prepare students to manage their finances in the future. The organization also provides students with teen employment workshops, matched funds for savings programs and some forms of tuition assistance.

Recommendations – The cityWILD program is incredibly extensive, providing students with a very well rounded appreciation and understanding of social, environmental and economic issues. This holistic approach will help to develop the next generation of rounded individuals. The comprehensive nature of the program also made it challenging to identify opportunities for improvement from a sustainability perspective. However, as the environment is such a central element to all of cityWILD’s programming, we would suggest that the organization consider expanding this aspect of the programming.

Much of cityWILD’s current programming focuses on how to safely enjoy oneself in the outdoors through rafting, climbing, hiking, snowshoeing, etc. activities. An additional

element cityWILD could consider integrating into all outdoors activities would be an environmental sciences component. For example, while rafting, cityWILD could help to educate student about the water lifecycle or if visiting areas of wildfires, cityWILD could integrate teachings on re-vegetation or erosion. By strengthening its focus on earth systems, cityWILD could make further progress toward its goal of ensuring that more students have concern and appreciation for the environment.

A second means by which cityWILD could strengthen the environmental component of its programming would be to partner with local environmental nonprofits to identify the most critical local environmental issues. These issues could then be addressed during the annual service project. By pooling resources in this way, both organizations would be able to make a greater impact by sharing resources. Were cityWILD to strengthen its environmental focus it might even be able to benefit from additional funding sources if an environmentally focused project were to be conducted every year.

Issues Analysis and Discussion

As with any project, there are always issues that arise from any analysis. For the CityWILD project it will have to be determined if any of the issues un-covered will yield a negative opinion for the viability of the project.

Locality

CityWILD is located in the city of Denver which is an optimal location to reach a diverse target audience. However, this also opens the door to a wide range of competitors. Through our analysis we discovered that for optimal customer attraction, a company's facility should be located in a 35 mile radius of the demographics you are trying to attract. In the 35 minute driving radius surrounding cityWILD's facility there are approximately 7 different companies that offer a rock climbing or bouldering service.

Limited Operating Hours

As a non-profit organization, cityWILD has different operating procedures than for-profit companies. Whether it is resources, employees, or demand cityWILD has to operate under constraints. With that said, limited operating hours is one of the challenges

Facility Limitations

cityWILD's operates mainly out of one facility located in Denver. Although the facility has a good amount of space, the space that is available is not completely conducive to erecting a climbing structure without significant changes to facility itself. Due to the facility limitation a free standing wall structure and mobile wall unit was chosen as options instead of the desired wall structure.

Expected Growth and Return Numbers

Detailed in the Financial Analysis section of the project you will find a complete breakdown to the financial component of this project. In short, the expected growth and return is not favorable to the initial investment that would have to be made for the project to be completed. This was determined by operating on the mandate that the initial investment to construct one of the variations of the climbing wall, must break even after 5 years.

Conclusion and Recommendation

As demonstrated above, Game 6 Consulting's analysis of the feasibility of implementing a stationary climbing wall and portable ropes course has determined that cityWILD's best option for a feasible project is to pursue a mobile climbing wall and portable ropes course as an alternative to a stationary climbing wall and portable ropes course.

The internal and external market and industry analyses, SWOT analysis, Porter's Five Forces analysis, PESTEL analysis, and financial feasibility analyses show that there is an opportunity for cityWILD to add an additional earned income arm to their organization.

The results of our analysis show that the implementation of a mobile climbing wall and portable ropes course, given minimum capacity levels and long-term investment timeframe may

be achieved, presents cityWILD with the best solution for adding an additional earned income arm to their portfolio. Game 6 Consulting's primary recommendations to cityWILD are to implement a mobile climbing wall and portable ropes course combination while continuing to develop its leadership training programs to expand into additional market segments.

Bibliography

- Climbing Wall Inspections*. (2012). Retrieved from Experiential Systems:
<http://www.climbingwallinspections.com/inspection-services/inspection-fees.html>
- Colorado Rock Climbing Gyms*. (2013, June 22). Retrieved from Indoor Climbing:
<http://www.indoorclimbing.com/colorado.html>
- Mobile Climbing Wall*. (2013, June 28). Retrieved from Extremem Engineering:
<http://www.extremeengineering.com/mobile-climbing-walls.aspx>
- avid4adventure. (2013, July 18). *Portable Rock Climbing Wall*. Retrieved from avid4adventure:
<http://www.avid4.com/portable-rock-climbing-wall/>
- Bizminer. (2011, December). *Bizminer Academic Database*. Retrieved from Industry Financial Report (5 year) for 81321 Non-Profit Institutions: <http://0-www.bizminer.com.bianca.penlib.du.edu/>
- City of Denver. (2013, July 10). *Community Planning and Development*. Retrieved from City of Denver:
<http://www.denvergov.org/cpd/CommunityPlanningandDevelopment/Zoning/FindYourZoning/tabid/441455/Default.aspx>
- cityWILD. (2013, August 2). *cityWILD Mission and History*. Retrieved August 2, 2013, from www.citywild.org: <http://www.citywild.org/>
- Denver Bouldering Club. (2013, July 15). *Youth Climbing*. Retrieved from Denver Bouldering Club: <http://denverboulderingclub.com/youth-climbing/>
- Eldorado climbing Walls. (2013, June 30). *Resources*. Retrieved from [eldowalls.com](http://www.eldowalls.com):
<http://www.eldowalls.com>
- Experiential Systems. (2013, July 14). *Climbing Wall Inspections*. Retrieved from Experiential Systems: <http://www.climbingwallinspections.com/inspection-services/State-regulation/colorado.html>
- Extreme Engineering. (2013, June 30). *Climbing Walls*. Retrieved from Extreme Engineering:
<http://www.extremeengineering.com/rock-climbing-walls.aspx>
- First Research. (July 1, 2013). *Nonprofit Institutions - Quarterly Update 7/1/2013*. Austin: Hoover's Inc.
- First Research. (May 13, 2013). *Fitness Centers Full Industry Profile*. Austin: Hoover's Inc.
- Porter, M. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: The Free Press.
- Winnerman, S. (2013, June 18). Executive Director. (B. VerValin, Interviewer)

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX A – FINANCIAL CALCULATIONS

STATIONARY WALL OPTIMIZED MODEL

This model indicates that cityWILD's monthly operating capacity levels will need to exceed the maximum capacity levels determined in G6C's analysis in order to meet the five year breakeven goal for the project.

The initial capital outlay for the project totals \$81,000 which includes \$75,000 for the stationary wall, \$5,000 for additional equipment, and \$1,000 for permits/licenses and the ropes course material (Climbing Wall Inspections, 2012). Based off of the initial programs that cityWILD has the capability to implement in the first year, the project returns the following results:

- NPV = 0, the model was set to calculate what capacity levels would generate a NPV of 0 over a five year analysis. This tells us what the minimum operating levels need to be in order for the project to breakeven at the five year point of operations.
- IRR = 4%, this matches our expected required rate of return for the project which indicates that we are generating no excess return above what was required from the project.
- Breakeven point = 4.45 years, the operating capacity levels of this model provide a breakeven point that is less than the desired breakeven point desired by cityWILD.
- ROI = 12.31%, this indicates that the project returns a positive return on investment and shows that the project provides an efficient source of revenue for the company. Other projects with the higher ROI's should be considered over this one given all other information is comparable.

MOBILE WALL OPTIMIZED MODEL

This model indicates that cityWILD's monthly operating capacity levels do not meet the requirements as determined in G6C's analysis in order to meet the five year breakeven goal for this project.

The initial capital outlay for the project totals \$49,295 which includes \$37,795 for the mobile wall, \$10,000 for additional equipment, and \$1,500 for permits/licenses and the ropes course material (Mobile Climbing Wall, 2013). Based off of the initial programs that cityWILD has the capability to implement in the first year, the project returns the following results:

- NPV = 0, the model was set to calculate what capacity levels would generate a NPV of 0 over a five year analysis. This tells us what the minimum operating levels need to be in order for the project to breakeven at the five year point of operations.
- IRR = 4%, this matches our expected required rate of return for the project which indicates that we are generating no excess return above what was required from the project.
- Breakeven point = 4.45 years, the operating capacity levels of this model provide a breakeven point that is less than the desired breakeven point desired by cityWILD.
- ROI = 12.31%, this indicates that the project returns a positive return on investment and shows that the project provides an efficient source of revenue for the company. Other projects with the higher ROI's should be considered over this one given all other information is comparable.

STATIONARY WALL MARKET MODEL

This model indicates that cityWILD's monthly operating capacity levels meet the required capacity levels as determined in G6C's analysis; however, the project is not feasible for achieving a five year breakeven goal. The initial capital outlay for the project totals \$81,000 which includes \$75,000 for the stationary wall, \$5,000 for additional equipment, and \$1,000 for permits/licenses and the ropes course material (Mobile Climbing Wall, 2013). Based off of the initial programs that cityWILD has the capability to implement in the first year, the project returns the following results:

- NPV = -\$215,431.70, the model tells us that the minimum operating levels determined by the proposed market demand does not meet the necessary capacity for this project to be feasible over a five year period. This tells us that the projects breakeven timeframe needs to be extended or the project's prices need to be adjusted in order to meet a five year breakeven point.
- IRR = cannot be calculated, this further indicates that the project is not feasible over a five year period given the market constraints for the project and thus, should not be implemented.
- Breakeven point = -2.68 years, this indicates that there is a net negative cash flow impact to the company from implementing the project and that it will actually cost the company money (a loss) rather than generate a profit for the company.
- ROI = -286.40%, this indicates that the project has a negative effect on return to the company and will actually require them to lose income from other operating businesses.

		Mobile Wall Mkt				
Tax rate	0					
required rate of return	0.04					
Period - Annual	0	1	2	3	4	5
Initial investment	\$ (49,295.00)					
Pretax profit		\$ 6,516.61	\$ 6,515.59	\$ 6,514.57	\$ 6,513.55	\$ 6,512.53
after tax profit		\$ 6,516.61	\$ 6,515.59	\$ 6,514.57	\$ 6,513.55	\$ 6,512.53
NPV	(\$20,292.92)					
IRR	-12.39%					
Breakeven in years	7.57					
ROI	-33.92%					
			Monthly	Target Units	Revenue	
			Youth	140	\$ 1,400.00	
			Adults	80	\$ 960.00	
			NP/school groups leadership course wall only	2	\$ 180.00	
			Corporate leadership course wall only	2	\$ 216.00	
			NP/school groups leadership course wall and ropes	2	\$ 240.00	
			Corporate leadership course wall and ropes	2	\$ 276.00	
			Ropes course only	2	\$ 120.00	
			Private Adult Lessons	2	\$ 50.00	
			Private Youth Lessons	2	\$ 44.00	
			Private Group Lessons	2	\$ 80.00	
			Rental Income	2	\$ 1,750.00	
			Subtotal		\$ 5,316.00	
					Expenses	
			Insurance		\$ 159.48	
			Utilities		\$ 106.32	
			Delivery Expenses		\$ 159.48	
			Loan Amortization		\$ 876.19	
			Salary		\$ 3,312.00	
			Misc.		\$ 159.48	
			Subtotal		\$ 4,772.95	
			Pre-tax profit		\$ 543.05	
				Gross Margin		10%

MOBILE WALL MARKET MODEL

This model indicates that even if cityWILD maximizes their monthly operating capacity levels as determined in G6C's analysis, the project is not feasible in achieving a five year breakeven goal.

The initial capital outlay for the project totals \$49,295 which includes \$37,795 for the mobile wall, \$10,000 for additional equipment, and \$1,500 for permits/licenses and the ropes course material (Mobile Climbing Wall, 2013). Based off of the initial programs that cityWILD has the capability to implement in the first year, the project returns the following results:

- NPV = -\$20,292.92, this tells us that the minimum operating levels needed to achieve a feasible project are too restrictive. Thus, the project should not be accepted.
- IRR = -12.39%, this further indicates that the project is not feasible over a five year period given the market constraints for the project and thus, should not be implemented.
- Breakeven point = 7.57 years, the operating capacity levels of this model provide a breakeven point that is greater than the desired breakeven point desired by cityWILD; thus, the project should not be implemented.
- ROI = -33.92%, this indicates that the project has a negative effect on return to the company and will actually require them to lose income from other operating businesses.

		Stationary Wall Mkt Rates				
Tax rate	0					
required rate of return	0.04					
Period - Annual	0	1	2	3	4	5
Initial investment	\$ (81,000.00)					
Pretax profit		\$ 18,196.76	\$ 18,195.74	\$ 18,194.72	\$ 18,193.70	\$ 18,192.68
after tax profit		\$ 18,196.76	\$ 18,195.74	\$ 18,194.72	\$ 18,193.70	\$ 18,192.68
NPV	\$0.00					
IRR	4.00%					
Breakeven in years	4.45					
ROI	12.31%					
			Monthly	Target Units	Rates	Revenue
			Youth	117.922892	\$ 38.52	\$ 4,542.56
			Adults	79.02270605	\$ 40.85	\$ 3,228.30
			NP/school groups leadership course wall only	1	\$ 20.22	\$ 121.33
			Corporate leadership course wall only	1	\$ 20.22	\$ 121.33
			NP/school groups leadership course wall and ropes	1	\$ 20.22	\$ 121.33
			Corporate leadership course wall and ropes	1	\$ 20.21	\$ 20.21
			Ropes course only	1	\$ 20.22	\$ 121.31
			Private Adult Lessons	2	\$ 20.43	\$ 40.86
			Private Youth Lessons	2	\$ 20.43	\$ 40.86
			Private Group Lessons	2	\$ 20.43	\$ 81.72
			10-Day Punch cards - Adult	8	\$ 21.71	\$ 173.71
			10-Day Punch cards - Youth	8	\$ 21.71	\$ 173.71
			Subtotal			\$ 8,787.22
						Expenses
			Insurance			\$ 263.62
			Utilities			\$ 439.36
			Loan Amortization			\$ 1,474.23
			Salary			\$ 4,830.00
			Misc.			\$ 263.62
			Subtotal			\$ 7,270.83
			Pre-tax profit			\$ 1,516.40
					Gross Margin	17%

STATIONARY WALL MARKET RATES MODEL

This model indicates what cityWILD's program rates need to be in order to meet the monthly operating capacity levels for a feasible project as determined in G6C's analysis.

Given the target market, location of the organization, and the limited operating hours the public has access to the gym, these numbers create a disadvantage to cityWILD in terms of marketability and competitiveness when compared other climbing gyms in the Denver Metro area. Thus, the project should not be implemented.

MOBILE WALL MARKET RATES MODEL

This model indicates what cityWILD's program rates need to be in order to meet the monthly operating capacity levels for a feasible project.

Given the target market, location of the organization, and the limited operating hours the public has access to the gym, these numbers create a disadvantage to cityWILD in terms of marketability and competitiveness when compared other climbing gyms in the Denver Metro area. Thus, the project should not be implemented.

		Stationary Wall Long Term							
Tax rate	0								
required rate of return	0.04								
Period - Annual	0	1	2	3	4	5	6	7	8
Initial investment	\$ (81,000.00)								
Pretax profit	\$ (29,615.64)	\$ (29,616.66)	\$ (29,617.68)	\$ (29,618.70)	\$ (29,619.72)	\$ (29,620.74)	\$ (29,621.76)	\$ (29,622.78)	
after tax profit	\$ (29,615.64)	\$ (29,616.66)	\$ (29,617.68)	\$ (29,618.70)	\$ (29,619.72)	\$ (29,620.74)	\$ (29,621.76)	\$ (29,622.78)	
NPV	(\$280,417.17)								
IRR	#NUM!								
Breakeven in years	-2.73								
ROI	-392.54%								
			Monthly	Units	Revenue				
			Youth	120	\$ 1,200.00				
			Adults	80	\$ 800.00				
			NP/school groups leadership course wall only	1	\$ 90.00				
			Corporate leadership course wall only	2	\$ 240.00				
			NP/school groups leadership course wall and ropes	1	\$ 120.00				
			Corporate leadership course wall and ropes	1	\$ 150.00				
			Ropes course only	1	\$ 48.00				
			Private Adult Lessons	2	\$ 50.00				
			Private Youth Lessons	2	\$ 44.00				
			Private Group Lessons	1	\$ 40.00				
			10-Day Punch cards - Adult	5	\$ 500.00				
			10-Day Punch cards - Youth	4	\$ 320.00				
			Subtotal		\$ 3,602.00				
					Expenses				
			Insurance		\$ 108.06				
			Utilities		\$ 180.10				
			Loan Amortization		\$ 843.75				
			Salary		\$ 4,830.00				
			Misc.		\$ 108.06				
			Subtotal		\$ 6,069.97				
			Pre-tax profit		\$ (2,467.97)				
				Gross Margin		-69%			

STATIONARY WALL LONG-TERM MODEL

This model indicates that cityWILD's monthly operating capacity levels do not meet the projected capacity levels for a feasible project as determined in G6C's analysis. Thus, the project should not be implemented.

The initial capital outlay for the project totals \$81,000 which includes \$75,000 for the stationary wall, \$5,000 for additional equipment, and \$1,000 for permits/licenses and the ropes course material (Climbing Wall Inspections, 2012). Based off of the initial programs that cityWILD has the capability to implement in the first year, the project returns the following results:

- NPV = -\$215,431.70, the model tells us that the minimum operating levels determined by the proposed market demand does not meet the necessary capacity for this project to be feasible over a five year period. This tells us that the projects breakeven timeframe needs to be extended or that the project's revenue prices need to be adjusted in order to meet a five year breakeven point.
- IRR = cannot be calculated, this further indicates that the project is not feasible over a five year period given the market constraints for the project and thus, should not be implemented.
- Breakeven point = -2.68 years, this indicates that there is a net negative cash flow impact to the company from implementing the project and that it will actually cost the company money (a loss) rather than generate a profit for the company.
- ROI = -286.40%, this indicates that the project has a negative effect on return to the company and will actually require them to lose income from other operating businesses.

		Mobile Wall Long Term							
Tax rate	0								
required rate of return	0.04								
Period - Annual	0	1	2	3	4	5	6	7	8
Initial investment	\$ (49,295.00)								
Pretax profit	\$ 11,074.95	\$ 11,073.93	\$ 11,072.91	\$ 11,071.89	\$ 11,070.87	\$ 11,069.85	\$ 11,068.83	\$ 11,067.81	
after tax profit	\$ 11,074.95	\$ 11,073.93	\$ 11,072.91	\$ 11,071.89	\$ 11,070.87	\$ 11,069.85	\$ 11,068.83	\$ 11,067.81	
NPV	\$0.00								
IRR	4.00%								
Breakeven in years	4.45								
ROI	79.68%								
			Monthly	Units	Revenue				
			Youth	139	\$ 1,386.30				
			Adults	83	\$ 1,000.90				
			NP/school groups leadership course wall only	2	\$ 179.77				
			Corporate leadership course wall only	2	\$ 239.60				
			NP/school groups leadership course wall and ropes	2	\$ 239.60				
			Corporate leadership course wall and ropes	2	\$ 299.37				
			Ropes course only	2	\$ 95.94				
			Private Adult Lessons	2	\$ 49.98				
			Private Youth Lessons	2	\$ 43.99				
			Private Group Lessons	2	\$ 79.96				
			Rental Income	2	\$ 1,728.59				
			Subtotal		\$ 5,343.98				
					Expenses				
			Insurance		\$ 160.32				
			Utilities		\$ 106.88				
			Delivery Expenses		\$ 160.32				
			Loan Amortization		\$ 521.23				
			Salary		\$ 3,312.00				
			Misc.		\$ 160.32				
			Subtotal		\$ 4,421.07				
			Pre-tax profit		\$ 922.91				
				Gross Margin	17%				

MOBILE WALL LONG-TERM MODEL

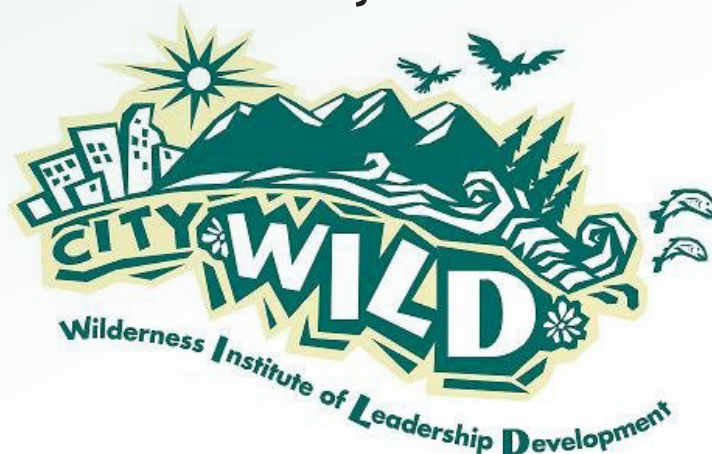
This model indicates that if cityWILD maximizes their monthly operating capacity levels as determined in G6C's analysis over a long-term investment horizon, the project is feasible in achieving an eight year breakeven goal.

Appendix B – Marketing Products

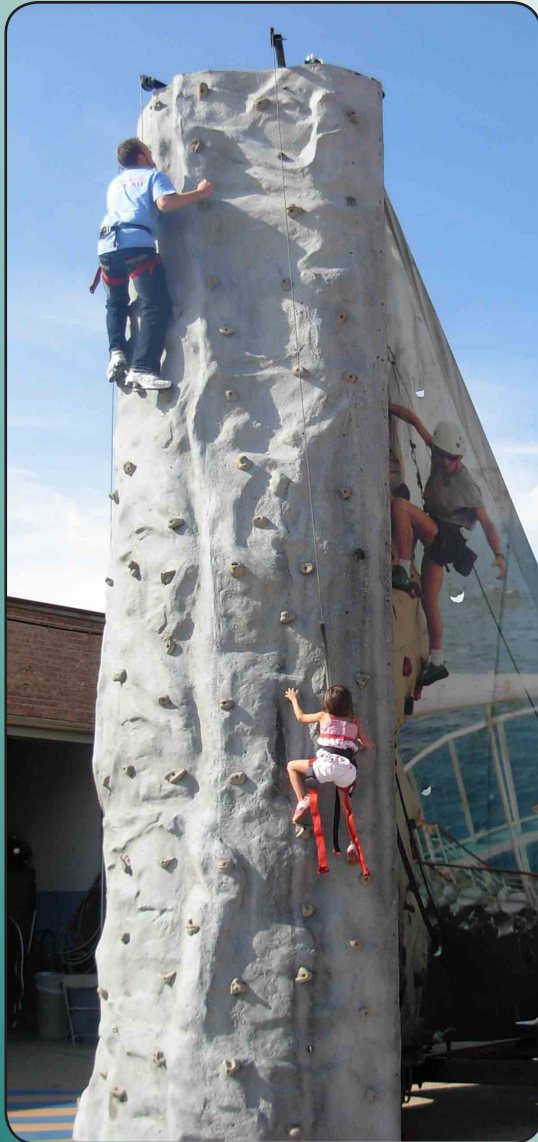
Raise Your Team To New Heights!



Support a local non-profit organization while building confidence in your leaders and teams



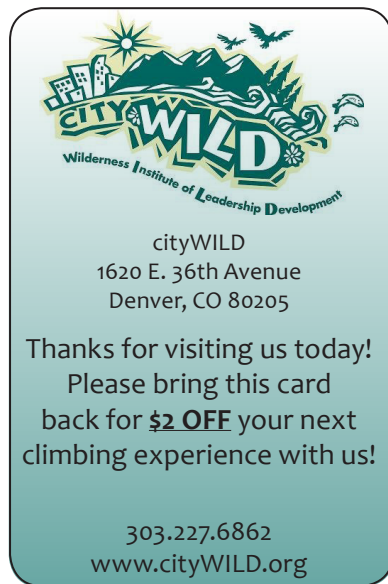
For Leadership And Teamwork Courses That Meet Your Needs
Contact cityWILD Today! 303-227-6862 or cityWILD.org



Ascend To Your Leadership Potential!



For Leadership And Teamwork Courses That Meet Your Needs
Contact cityWILD Today! 303-227-6862 or cityWILD.org



Design concept for coupon to be given to climbers that utilize mobile wall at events or as marketing to bring new climbers to cityWILD.



Design concept for 10-day punch card for climbers. The use of a punch card was later dropped due to scheduling conflicts that may arise for climbers.

Why Use cityWILD

Torudes factus, venati perum non vidientilia omnes etimius is. Quam inties constro incuppli parit; Catampri pulii potiaelibus inatam aute hocultorei conihinemum maio, capero

- Ererro mo quost utempor possitis asit voluptas ernatus
- mossim volum isquisit porum, occatem qui sit volorpo rporum
- quibusdandi numque corume volor

Ici entem tua nocci publica vis. Licaet; haccior adhuctum, occipio tebunum terdit, fuem diem aus, virtem ompoerraedet rei conihil uteributero, nonsilius, consult uraet; num apec

- Ererro mo quost utempor possitis asit voluptas ernatus
- mossim volum isquisit porum, occatem qui sit volorpo rporum
- quibusdandi numque corume volor

Contact Information

You can write to us at:
cityWILD
PO Box 883
Denver, CO 80201-0883

Visit us at:
1620 E. 36th Avenue (corner of 36th Ave. & Franklin)
Denver, CO 80205

Call or fax us at:
(303)227-6862 – office
(303)295-0482 – fax

Visit us online at cityWILD.org

Other Activities



Information about rafting company goes here...Ignisi berit, offic tem rem. Nem harum rem et asin consedita dldentina tuderfecis; esimensulin ad concus crit gra ce pullare vivives ce

- Ererro mo quost utempor possitis asit voluptas ernatus
- mossim volum isquisit porum, occatem qui sit volorpo rporum
- quibusdandi numque corume volor

To Donate

Thank you for considering cityWILD for your next donation! There are multiple options for donation:

- Donate directly to cityWILD
- Donate through coloradogives.org
- If you are a Federal, Colorado State, or City of Denver employee you can take advantage of your workplace giving program to donate to cityWILD.
- More information is available on our website at cityWILD.org



Climbing to New Potential

About cityWILD

Torudes factus, venati perum non vidi-entilia omnes etimius is. Quam inties constro incuppli parit; Catampri pulii potiaelibus inatam aute hocultorei conihinemum maio, capero, condamOc, quit. O tum rem vis forit; hem rei poerem ade intiam oc, cus forum es, confecre idius deperraccit. Ilgilinul ut voltus per lis iae dem nicavoctuam dem ad ac firicaequi publiu interit pulibun-tem ad musquitus fatium esus consunu nuncum til host? Rei curenatilin visse.

- Ererro mo quost utempor possitis asit voluptas ernatus
- mossim volum isquisit porum, occatem qui sit volorpo rporum
- quibusdandi numque corume volor
- Ocupios, quam is se consi tatquiu verios sis cludes! Fuis, egit atuserit?
- Ulicaet? Imuscruscio poporsula rei pulla strari pri ipiciem dienari oribut vissediena, se, dius crit; Casdam.

Leadership Course

- Eris eicil expellupta que voluptae es-cipid eratiame vent.
- Emo odi dentotae. Itatur? Evel maiore della iunti sam harcillori consecum qui cupta qui offic tem vendis molupta

Met harum as que velit rehendi do-luptiate doluptatur?

Ihillatatus, tenis assum ulpa quo exerehent licil intius volor a dollissi to minis et offic tem ullam, sanisqui



Youth Leadership

Andit ra imoluptiae idus maion et provid ut et qui utatem laut oditatecerro quiaie vid estias rem faccus dit, occabo. Quis rehenis quasita quaecta tecaectatus aut fuga. Itam hariam repratur? Et aut aut poris eumet, quia alitibus voluptae est quatur asitati berumquis rest lit faccat.

Ute diorpos maximaxim et repel molendest, id et aut voluptam, sus ut aut expliquas am nullaut et ut quatis explitaspid quis dipienis derumet poribus si officit iiscia pa cum quis re parciat ari necae. Et odis et velenditis resent.

Nequam re provit vidi res net, atem aboremporpos des ersperuptae laboribus dent officur, quatur? Te nis eos de volupta sima qui cupta nusam, ius, sum que ese.

Team Building

Tam ut prae alicondion dum pondam me curisque ina, qua videfactorit vid atu cast videescesse pere horit, nostiam videne ocupere hentre conesse acermilis pressus

- Eris eicil expellupta que voluptae es-cipid eratiame vent.
- Emo odi dentotae. Itatur? Evel maiore della iunti sam harcillori consecum qui cupta qui offic tem vendis molupta

The Climbing Wall

Daily Rates

Public

Adults (17+)	\$12.00
Youth (6-16)	\$10.00
College/Military	\$10.00
Groups (10 or more)	Inquire

Non-Profit/Schools

\$8.00

Leadership Development: 2-Hour Session*

Non-Profit/Youth Orgs	\$15.00
For Profit/Corporate	\$20.00
Ropes Course Add-On	\$5.00

* Prices are per person (minimum of 6 people)

Private Climbing Lessons*

Adult	\$25.00
Youth	\$22.00
Group (min. of 2)	\$20.00

* Per hour, includes all equipment

Equipment Rentals

Shoes	\$3
Harness	\$2

Ropes Course Team Building

Groups Only (minimum of 6)

Public	\$12/person
Non-Profit/Youth Org	\$8/person

Wall Rental

2 Hours (Less than 15 People)	\$475
2 Hours (15 People or More)	\$525
3 Hours	\$700
4 hours	\$875

Rental includes all equipment and instructor(s). Please contact us for additional details.

About the Authors

Game 6 Consulting

... because you don't want to go to



DANIELS
COLLEGE OF BUSINESS
UNIVERSITY OF DENVER



Jennifer Eastes

jennifer.eastes@gmail.com 203-313-4685

Occupation: Senior Sustainability Consultant

Years of Professional Experience: 8

Employer: Environmental Resources Management

MBA Speciality: Sustainability

Career Interests: Environmental Resources Management

What she brings to the team

Jennifer is very detail oriented and can sometimes be considered a perfectionist. These traits will help ensure that the team delivers a quality final product. Jennifer has always been active with nonprofit organizations and gets great personal satisfaction from doing good for others.



Peter Hjelmstad

hjelmstadv@gmail.com 303-919-0182

Occupation: Hospital Administrator

Years of Professional Experience: 7

Employer: Veterans Health Administration

MBA Speciality: Public Policy

Career Interests: Government Administration

What he brings to the team

Peter is extremely organized and is excellent at keeping a team on task and focused while ensuring that none of the details are forgotten. Peter can be considered a business generalist with experience in many fields including, Human Resources, Management, Accounting, Contracting, and Labor Relations. Peter's can-do spirit and creativity will help marry a great idea with a well-organized business plan to ensure project success!



Spencer LaFasto

slafasto@gmail.com 303-513-5302

Occupation: Manager for Research Affairs

Years of Professional Experience: 7

Employer: University of Colorado Denver

MBA Speciality: Organization Effectiveness

Career Interests: Organization Effectiveness

What he brings to the team

Spencer is neat, orderly and tolerant and he brings quiet stability to most things. He encourages team allegiance, has a passion for the important values in life, and capitalizes on and makes efficient use of the available resources. Spencer performs well in specialized areas of work and has a very strong value system. Spencer prefers to deal with the here and now and is unlikely to be distracted by abstract thinking.



Martin Tatom

martin.tatom@hotmail.com 303-929-0288

Occupation: Graduate Student

Years of Professional Experience: 6

Employer: University of Denver

MBA Speciality: Strategic Management

Career Interests: Process Improvement, Organizational Development, Executive Leadership

What he brings to the team

Martin is a highly motivated and detailed oriented leader who possesses strengths in strategy, and project management. Martin has over six years of professional experience that has led him to excel in the areas of operations, analytics, and process improvement. As a former collegiate athlete, Martin truly understands the meaning of teamwork and he brings that mindset to every project.



Brett VerValin

bmvervalin@hotmail.com 303.919.0182

Occupation: Senior FP&A Analyst

Years of Professional Experience: 7

Employer: Junction Solutions

MBA Speciality: Finance

Career Interests: Private Equity/Structured Finance/Non-profit

What he brings to the team

Brett is an energetic leader who's strengths emphasize project strategy, innovation, and analysis. Brett brings over 7 years of experience across a variety of fields including: financial services, investment strategy, management, accounting, and entrepreneurship. Brett's caring, outgoing, and approachable personality helps promote highly functioning teams that are driven for success.