THE PAINT LOUNGE

Business Plan

8505 SANTA MONICA BLVD. Suite # 3
WEST HOLLYWOOD, CA 90069
(714) 873-3828
Dentonlai@yahoo.com

DENTON LAI

The Paint Lounge®
An Edutainment Venue!

October 8th, 2013

ITEM 10.A. EXHIBIT E
Executive Summary

We offer an innovative way to provide a unique combination of education and entertainment, as we call it..."Edutainment". Our concept is simple; we provide individuals a venue where, with the help of our talented instructors, our guests will have the opportunity to create their own works of art in the form of a painting. To add the entertainment piece and create an atmosphere of relaxation, for adults only, we also offer beer and wine on premises. Successes achieved to date: We have already accomplished the following which positions us for future success. We have built a team of talented instructors and staffs, and also secured a prime location that will allow significant exposure to a creative demographic that already resides in the area.

1. Business Owner(s) & Product/Service

i. Meet the owner.

Mr. Denton Lai, who himself is a local resident, an artist and the soon to be owner of The Paint Lounge. Once held a senior management position in a retail chain drugstores for over 10 years, Mr. Lai has always enjoyed working with people, helping others on his team succeed and assumed leadership roles within the organization. His people skills and passion for art are what drove him to open a painting studio where he can share this passion, excitement and the wonder that artistic expression can provide and be learned as well as loved by everyone.

ii. What is the product or service?

The Paint Lounge is a teaching art studio featuring daily group painting classes in a fun and relaxed setting where attendees can learn how to paint while having a glass of wine and socializing with friends. No painting experience required, our experienced instructors will guide students step by step, making painting easy to learn and fun in a stress-free environment. We furnish the art supplies, all you need to bring is yourself and a companion and our talented instructors will do the rest, turning you into a painter before you know it. We are very excited to share our passion with anyone through painting.
2. Mission Statement

We believe that everyone is an artist in some way. It is our goal to make the painting experience a fun, relaxing, and enjoyable activity for our guests. Our business is the perfect place to provide opportunities for community engagement and a venue to encourage real life socialization and generate good will in the community. It also provides a great place to enjoy your time beside other establishments including Bars, and offers an interesting date night option other than the typical dinner and a movie. We will create a memorable event for you and your significant others to remember.

3. Company Structure

i. Corporation

The Paint Lounge is incorporated company. We plan to open multiple locations in California and eventually expand our brand nationwide. As for now, we like to give its birth and open the first location here in West Hollywood.

4. Target Market(s)

i. Who are the customers?

Our target audience is adults, the age of 21 and up. However, through special permission granted by ABC, at certain occasions, the business shall be allowed to host kid events with limited to a portion of the premises that is restricted to no alcoholic beverages, no beer or wine shall be sold, served, consumed, or taken into that area. Additionally, we offer classes for all kind of events, including parties, private events, family, corporate fundraisers, as well as team building workshops.

5. Current Opportunity

i. Why is the opportunity currently available?

After researching, we have found that the concept is fairly new to the market plus competition is almost nonexistent. Therefore, with all available resources, we believe that this would be a great business opportunity. The Paint Lounge is a
unique concept providing alternatives to local residents as well as art enthusiasts to enjoy as entertainment. It provides a great place to enjoy your time beside other establishments including Bars, and offers an interesting date night option other than the typical dinner and a movie.

6. Projection of Business Future

i. What is the future of the business?

The paint lounge is a new concept idea that has been gaining popularity throughout country. The future of the proposed business is very promising. We will enter the market as a new provider specialized in the group painting enterprise that is essentially unheard of. Once our brand has been established, we aim to open more locations in other areas where they will be available to public.

II. Market Analysis

The Paint Lounge will be introduced as the first painting studio of its kind in West Hollywood. According to 2010 census data, the percentage of households making $75,000 or more has increased to 36% from 22% in 2000, and with population well over 34,000 and 22,511 households in West Hollywood, as the economic growth has been seen in the recent years, we are confident that our proposed business is situated in a strong demographic area.

1. Competitive Analysis

Based on our field research, the finding showed a minimal competition in the area. The closest similar competitor is approximately 15 miles away from our location, which we do not believe to be a significant influence on our business. Conversely, we believe that there are a significant number of complementary businesses in the immediate vicinity that will enhance our visibility and opportunity for additional sales, growth and potential business partnerships.

III. Marketing Strategy

We have unique marketing skill sets that enable us to attract new customers at a low cost. These skill sets include experience
in retail store marketing and field based marketing under the leadership of Mr. Lai. Also, our team has marketing education in the form of an MBA.

2. Product/Service

Our Products and/or Services are superior to our competitors because we are relatively new entrants into a new concept of edutainment, we provide a superior experience by virtue of superior talent and experience both operationally and creatively. For a low price, we provide painting tools such as canvas, paint, brushes, easels, and apron. To enhance your painting experience, for guests over age of 21 and older, we offer beer and a selection of house red or white wine (purchased by the glass) along with delicious pre-packaged foods for the enjoyment while painting.

4. Promotion

Our management team is trained to follow marketing strategies that will bring new customers in the door, keep repeat customers coming back and generate word of mouth as a result. We will introduce specials on a weekly basis as part of our marketing campaign.

5. Pricing Strategy

The price we offer to our customer is affordable. We charge customer per session ranging from $25 to $45 depending on the time and day of the week. Other fees may apply based on the events.

6. Web Strategy & Technology

Customers may visit our website to learn about The Paint Lounge, keep up with the latest news and upcoming events, print coupons, purchase gift certificates or sign up for a class. Through our website, the customers will enjoy real time information regarding their reservation and the transparency of our private party booking process.
IV. Operations Plan

1. Location/Space

Our location allows us to better serve customers because we will experience significant foot traffic and high street visibility into the storefront. The Paint Lounge is situated in a highly traveled road right off the corner of La Cienega & Santa Monica Blvd within busy shopping strip. The chosen space is approximately 1006 square feet with interior setting that will hold 10 seating in comfortable paint stations. We also connect with our local neighbor businesses that enable us to provide high quality products/services at a lower cost and include membership to industrial wholesale providers to minimizing operating expense.

2. Operations

Our proposed business concept is a unique type of art instruction in a relax environment to be known as “The Paint Lounge”. The concept is modeled after similar businesses in the Paint & Sip industry which are known as Pinot’s Palette and Wine & Canvas that are currently operating nationwide and a few local businesses such as Paint ‘n’ Pour in Redondo Beach; Paint Lab in Santa Monica; Paint & Wine, Oh My! which located in Huntington Beach and in Pasadena Paint & Sip. We are excited to bring the first art studio to West Hollywood!

The sessions would be scheduled to occur in the evenings between 7pm-10pm, Sunday to Thursday; Friday & Saturday 7pm – 11pm, and some afternoon sessions are between 2:30pm – 5:30pm on weekends only. Our business intends to host events where all art supplies and instruction are provided to a maximum of 20 participants in a casual group setting. Each event would last 2 ½ - 3 hours and could be attended by individuals and/or groups of friends. All attendees are required to show ID’s at the time of check-in since we offer alcohol therefore, we recommended our guests to arrive early prior to the start of event to select the seat of their choice and get the art supplies. The setting is intended to be a relaxing ambience with low background music while the students painting. Participants may purchase and
consume snacks and beverages including beer and wine for onsite consumption during a mid-point breaks in the event. We will have a 15 minutes intermediate break on every 30 minutes of instruction; during break time, our instructor will walk to check up on everyone’s art works to ensure everyone are in the same progress; our goal is to ensure each student would leave the event with their own completed painting. An instructor, with a manager and a bartender are onsite to assist everyone in every session. We also offer complimentary water through the entire session per guests request.

3. Employees

The employees are the utmost importance to the success of our organization. We are the process of hiring the most qualified and skillful instructors who share not only the same values and vision as us but also would be able to show our customers the rope to a wonderful world of painting. Our management team has unique experience in the industry including retail management, which has provided over a decade of experience in all areas of human resource management, especially in legal compliance issues, hiring, discipline and terminations as well as fair labor practices.

4. Equipment/Fixtures - The items we will need to get set up are some furniture with a total of four paint stations including large easel arrangement, four tables and sixteen chairs. Other items and improvements are also needed as following;

- Surround sound audio system
- TVs
- Art Supplies and artwork
- Point of sales terminal
- New Bar Counter
- Other inventory such as wine, beer, food and snacks
- New bar and mop sinks
- New storage room
- Display
- Wines cooler
- Back Bar cooler
- Reception counter
- Three compartments sink
• 24 Track lights
• Enlarge the existing Restroom with new wash sink to compliance with handicap regulation
• Bar Wall fixture

4. Appendix B: Competitive Analysis

There are no other competitors in the radius of 15 miles surrounding, we will be the first concept as a paint lounge according to the City of West Hollywood’s planning department. In enhancing the entertainment, we will build our business as a high end lounge not just a simple studio like the others.

**Permit Required:**

- Conditional Use Permit from Planning
- Tenant Improvements from Building & Safety
- Prepackaged Food Permit from Environmental Health
- Type 42 from Alcoholic Beverage Control
  - PER TYPE 42 OF ABC - ON SALE BEER & WINE - PUBLIC PREMISES - (Bar, Tavern) Authorizes the sale of beer and wine for consumption on or off the premises where sold. No distilled spirits may be on the premises. Minors are not allowed to enter and remain (see Section 25663.5 for exception, musicians). Food service is not required.
  - SECTION 25663.5: Notwithstanding Section 25663 or any other provision of law, persons 18 to 21 years of age may be employed as musicians, for entertainment purposes only, during business hours on premises which are primarily designed and used for the sale and service of alcoholic beverages for consumption on the premises, if live acts, demonstrations, or exhibitions which involve the exposure of the private parts or buttocks of any participant or the breasts of any female participant are not allowed on such premises. However, the area of such employment shall be limited to a portion of the premises that is restricted to the use exclusively of musicians or entertainers in the performance of their functions, and no alcoholic beverages shall be sold, served, consumed, or taken into that area.