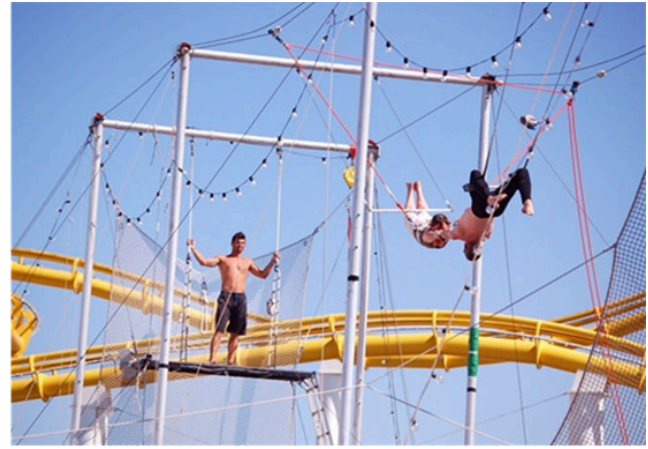


PVIAG Executive Roundtable
“Growth & Succession Planning Workshop”
May 8, 2023 from 11:30am - 1:30pm PT



The [TSNY Los Angeles](#) trapeze school is a decades-old attraction located on the Santa Monica pier in sunny Southern California, with 4 sister locations spread across New York, Chicago, and Washington DC. The owners/founders are ready to retire and want to leave a lasting legacy by passing down ownership to the local management staff of each individual location. With the planned transition, opportunities abound to level-up their approach on all fronts, ranging from marketing, branding, strategy, pricing, partnerships, legal, real estate, insurance, finance, HR, banking, investments, tax, etc.

Our guest this month will be [Kenna Stevens](#), General Manager of the Santa Monica, CA location, and this document outlines some key areas to kick off a lively discussion.

Come flex your professional expertise, make new connections, and potentially earn a new client engagement by participating in an innovative "Growth & Succession Planning Workshop" to help TSNY navigate through the transition and come out the other end better & stronger than ever before!

Background / Needs / Discussion Starters

Note: These are just some thought starters but are not intended to be a comprehensive list of all wants/needs/concerns – please come prepared with your curiosity, thoughtful questions, insights, innovative mindset, and go-giver approach!

- **1) Strategy, Pricing & Partnerships**

- Historically, corporate events have been good revenue-generators
- Classes are sold individually and through monthly memberships
- Gift Cards?
- Excess inventory is sometimes sold at a discount through promotional signage targeting tourist foot traffic on the pier itself
- What other strategies and potential partnerships may lead to more durable recurring revenue streams?
- Might it make sense to convert the for-profit school into a nonprofit organization to access government funding?
- 5/8/23: Takeaways/Thought starters
 - What is going to bring someone into the school in the first place?
 - Why would students want to stick with this?
 - No more Groupon!
 - Amy Levy just launched <https://flip1st.com> as a fun proof of concept for a new brand positioning

- **1) Marketing & Branding**

- Historically, live performances raise some awareness but don't typically draw large crowds
- Social media posts draw a strong following in NYC but Santa Monica doesn't have the same online presence of its own...
- How to raise awareness & engagement with local residents?
- How to increase sales through local affiliates like hotels, shops, restaurants, travel agency services, etc?
- How to attract more foot traffic from tourists on the pier?
- Open to considering a name change
- Digital marketing opportunities?

- **2) Real Estate**

- The Santa Monica location is on a month-to-month lease with the city parks department
 - Part of the lease agreement requires sharing a % of revenues with the city
 - The city / pier really want to keep them there and has turned away multiple other parties interested in taking over the space...they feel that the trapeze school is “part of the brand of the park”
 - 5/8/23: Takeaways/Thought starters

- Landlords in Southern CA aren't often interested in recreational use cases, but some are
- Is there an opportunity to co-schedule the same facility for 2 different tenants?

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• 3) Finance & HR & Leadership

- Current cash flows in Santa Monica aren't enough to cover overhead
- Class enrolment/booking system may be ripe for an overhaul
- Current pricing doesn't support adequate compensation rates to attract & retain staff
- Staff require specialized training
- 5/8/23: Takeaways/Thought starters
 - Raise outside capital
 - woman-owned business
 - Not just about making profits, but also rewarding to provide a social benefit to society
 - Need to better understand the historical operating metrics from all locations; use that info to validate what works best and which direction(s) to lean into

• 4) Legal & Insurance

- Each location has its own LLC, plus one parent company for centralized management and shared back office administration services
- Aug 31st liability insurance renewals for all 5 locations
- There has never been an insurance payout in 20+ year history
 - (had a few prospective law suits, but because of the waiver and the \$50k deductible, no payouts)
- Pending claim
 - (demand letter @LA location for someone who injured their leg)
- OSHA regulations to keep staff and students safe, both on the ground and up in the air!

• 5) Banking & Investments

- With some locations currently operating at a loss, what options exist for debt & investment capital financing?
- Are SBA loans an option for covering operating & growth marketing expenses?
- Are there any other special programs and considerations available from local banks who are motivated to invest in such a fixture like this school that is located in the public community that the bank services?
- How to find and engage with potential outside investors?

- What to do about intercompany debts and debts from each location payable back to the current owners?
- 5/8/23: Takeaways/Thought starters
 - Geographically constrained site-specific funding options may be available from mission-oriented investors
- **5) Tax**
 - What are the strategies & consequences for transferring title of each location to key staff?
 - How can each location most efficiently manage its own compliance needs once separated from the parent company?

Questions posed during the 5/8/2023 meeting

- Who are your customers?
- Where can your customers discover & engage with you outside of the pier itself?
- What will the name change to?
 - “Trapeze School Los Angeles”
- What does the lease arrangement & term look like?
 - Currently month-to-month
 - \$6,900/month cost
- Who is financing the business transfer transaction?
 - Nobody so far...we need new outside capital
- Growth trajectory?
 - Been declining since 2012
 - Top-performing locations in NY and Chicago (\$1.3M+ annual revenues per location at peak performance)
 - Santa Monica location has historically generated 85% of all walk-in business across all 4 schools b/c of how much tourist foot traffic exists on the pier itself
- Payroll
 - Target = 45% of income, but currently running much higher b/c income has been underperforming target