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Night Club

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The points of view expressed in this study reflect the author opinion.

Summary

The present study examines the feasibility of a nightclub to be located in a Lebanese central/summer resort village.

Family members could participate in the business. For example, the wife, son and other family members could help in the management of the nightclub, as a bartender, serving customers, etc...

The initial investment required for the equipment and working capital amounts to 22 130 \$US. In the study, we considered a loan of 9 000 \$US while the remaining 13 130 \$US are invested by the owner.

The projections are conservatively estimated based on possible average revenues in a Lebanese central village. It was assumed in the study that the second year of business shows a decrease in revenues of 10 %, as it is the case in most nightclubs around town. Starting in year 4, the business may pick up if the owner increases efforts to improve his turnover. The results show a net income of 15 243 \$US in the first year or 1 270 \$US per month moving to around 14 921 \$US in the fifth year or 1 243 \$US per month.

A best-case scenario is developed considering higher revenues but with the same growth patterns as in the base case scenario. In this case, the net income increases to 20 110 \$US in the first year or 1 676 \$US per month and moves to around 19 751 \$US in the fifth year or 1 646 \$US per month.

A worst-case scenario, where the business is estimated to decrease by 10 % in the second year, and keeps decreasing by 5 % in the remaining years, shows a net income of 7 940 \$US or 662 \$US per month during the first year decreasing to 691 \$US in the fifth year or 58 \$US per month.

The study shows that the nightclub could be a highly profitable business. However, in order to achieve satisfactory profitability, there are important success factors such as the public relations of the owner to launch and promote the club, his generosity, the quality of service : food, music, ambiance, etc... and good prices.