

2 Merryland Amusement Park — 2009

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In September 2009, the “Support Merryland” advocacy group was started to draw public interest in the historic Merryland Amusement Park. Anthony (Tony) Kenworthy is currently aligned with this Kansas historical preservation group for the purpose of gaining federal government influence toward a “historical site” designation, which would help to secure the property and its assets for potential investors for the purpose of site restoration. There is also a growing grassroots level interest throughout Kansas in seeing Merryland restored to its previous days of carnival-like splendor. Tony is fully aware of this state sentiment and intends to use it to move a state-based initiative forward for just that purpose.

Tony has to make a decision! The owners of Merryland Amusement Park, a derelict “50 acres of fun!” amusement park located in Kansas City, have again put the attraction up for sale after several failed attempts to reopen the park. Merryland officially closed its entrance gates to the public in 2009. If Tony waits too long, his colossal theme park dream will vaporize. If he acts too quickly, he might get the keys to the *Titanic*.

Poor financial management and other factors contributed to the owners’ decision to close and sell the park. Tony has three investment options, and investors associated with each are ready to move, even in the face of poor park performance—or, in this case, nonexistent performance. Tony’s entrepreneurial magic is just what the amusement park needs, if not more of an entrepreneurial miracle. The park is the perfect fit for providing fun activities for disabled children—Tony’s personal passion.

Tony’s first option is to buy the park, make the renovations, and reopen it under his management. Altria, a major corporation, has offered all the cash he needs to make the purchase representing Tony’s second option. Finally a local consortium of entrepreneurs gives him more control, but far less cash. Choosing the right option could make or break Tony’s career, his finances, his life, his reputation, and even his personal relationships.

Background

Merryland is a local theme/fun park that originally opened in 1955. The park was started and managed for 33 years by Stanley Merry, a nephew of the man the park was named after. In 1988, Stanley Merry died and left the park to his only heir, his widowed daughter-in-law, Samantha Steinberg.

Samantha had little interest in owning, and much less in operating, an amusement park. Her second husband, Alan, took up the responsibility for most of the day-to-day operations. Although the couple operated the park from 1988 to 2008, Samantha’s heart was never in the business. Maintenance budgets and the total number of employees were annually reduced to the detriment of the park’s operations. They simultaneously, however, kept annually increasing park entrance fees, “to suck every last dime we can get out of the park,” according to Samantha.

Falling revenues and a noticeable degrading of the park’s facilities prompted long-time owners Samantha and Alan Steinberg to put the park up for sale in the fall of 2006, with an asking price of \$5.8 million for the 50-acre facility. Twenty of those acres were still in woods and fields behind the 30-acre theme park area.

Two other groups tried unsuccessfully to take over the operations and keep Merryland going prior to the amusement park officially closing in 2009, but both found refurbishing costs and operating costs were far more than anticipated. Rising liability

insurance costs were equally challenging. In late 2007, Alan Steinberg, now 85, and Samantha Steinberg, herself 87 years old, again had full control of the park and desire a minimum of \$2 million this time around.

“It has to be cash,” Samantha stated adamantly. “This time there is no leasing or holding the note.” She did quickly add that she and her husband, however, would consider proposals to do something else with the undeveloped land, such as building a corporate headquarters, expanding the park, or some other kind of development opportunity.

Although Merryland only closed its doors in 2009, it has since become a target for vandals, with more than 20 break-ins recently reported. Police arrested two men a month ago after they found spray-painted swastikas and other graffiti on buildings. “They were really reckless,” Alan Steinberg lamented. “They turned over ticket booths, broke into the office, and threw furniture out the windows.”

Tony, Just Another Hard-Working Entrepreneurial Guy

Born in Chesapeake, Virginia, Tony graduated from the University of Richmond with a double major in economics and accounting. He served as president of his fraternity and improved the overall quality of the food, house services, negotiated better utility rates, and achieved all of it without having to increase monthly member rent rates.

Tony’s Love for the Summer Camp Kids

Between his freshman and sophomore years, one of Tony’s fraternity brothers hired him to work during the summer at an eastern Virginia youth camp. It didn’t take long for Tony to work his entrepreneurial magic again. He was instrumental in helping the camp managers get a grip on cash flow and a better system of managing camp expenses. As he implemented his new marketing initiatives, they quickly measured increases in both new campers and the subsequent revenue generated from the steady increase in the number of camp attendees.

He was the leader, the hero, and garnished the attention once again. The campers loved the camp programs, the parents loved the camp, the camp managers loved Tony, and Tony discovered that he really, truly loved working with the kids. The camp finally had a brand identity in the marketplace, a focus, and was gaining a positive reputation throughout the community and state. Although Tony enjoyed working with the camp managers, he soon found that his one true camp love was working with the actual campers. He especially thrived from seeing kids with disabilities tackle their obstacles and discover their unique talents. The corporate sponsorship opportunity he created significantly increased the number of kids who could finally attend the camp. Working with “his kids” would often cause him to tear up as he watched them learn about their special abilities and skills.

His love for the kids and his ability to make them happy made this the perfect summer job throughout his college career. Sure, the pay wasn’t the best, but he got to work with his fraternity brothers. Tony was able to maintain as much fun off the clock as he had during the day with the kids. His “panty raid” attempts occasionally sparked the ire and disdain of the women counselors who felt he should have long outgrown such childish pranks.

Graduation from the university landed Tony the position of business manager for the camp. The work was fun but didn’t allow the level of daily involvement with the kids, and he sorely missed that. His position did, however, bring him into increased contact with Jennifer, and she actually seemed to be “warming” up to him. Managing a not-for-profit organization put a cap on his entrepreneurial drive and prevented him from deriving financial dividends from the increased profits he brought to the operation. He was far more the capitalist, with the desire to be rewarded for a job well done. Without the creativity and opportunity to innovate, he quickly lost motivation—especially in light of the lack of financial gain.

Tony as a Showbiz Pizza Business Manager

The job as a business manager for a Showbiz Pizza franchise in nearby Camden, Virginia, got Tony’s entrepreneurial DNA quickly engaged again. The franchise was a combination pizza parlor, game room, and bar. A local favorite for children’s birthday parties and a

place for area families to have their family night out, Tony was able to interact more frequently with kids again. During his three years as business manager, he implemented numerous small operational changes that increased corporate profitability (see Exhibit 1).

He entered into a lease agreement with a local vendor to develop the business model to lease the gaming equipment to all the Virginia Showbiz franchises. This enabled Showbiz to offer its owner/operators the most current games all while reducing operating and repair costs. He also shut the restaurant down at 10 PM to families and children, and then reopened the bar operation an hour later until 2 AM for locals to drink, dance, carouse, play pool, play video games, and have good clean adult fun. Then Tony heard from one of his fraternity brothers that Merryland Amusement Park was up for sale, and he knew his dream job had arrived!

The Sale of Merryland

During the unsuccessful sale attempt and subcontracted operation of Merryland, general park maintenance was neglected. Falling revenues were also attributed to the growing interest in nontraditional theme park attractions fueled by the cost of gasoline and increasingly tight economic conditions (see Exhibit 1). Local real estate values, the lack of maintenance, and no new investment into the park resulted in steadily declining values from 2004 to 2008 (see Exhibit 2).

Other local patrons were more willing to make the longer drives to stay for several days or a week to the larger “mega” theme parks such as Six Flags St. Louis as a family vacation. Although there were no directly competing amusement parks in Kansas, the Steinbergs never seemed to fully grasp the significance of that opportunity (see Exhibit 3). Consequently, small niche amusement centers based in malls had begun to spring up. The bigger, more lavish

EXHIBIT 1 Merryland Income Statements for 2004–2008

	2004	2005	2006	2007	2008
Sales Revenues	1,245,000	1,450,000	1,253,000	1,020,000	890,000
Cost of Goods Sold	310,000	465,000	403,000	323,000	301,000
Gross Margin	935,000	985,000	850,000	697,000	589,000
Operating Expense	736,000	796,000	780,000	595,000	502,000
Operating Income	199,000	189,000	70,000	102,000	87,000
Interest Expense	15,000	18,000	15,000	12,000	9,500
Net Income Before Taxes	184,000	171,000	55,000	90,000	77,500
Taxes	73,600	68,400	22,000	36,000	31,000
Net Income	110,400	102,600	33,000	54,000	46,500

Key Financial Ratios

	2004	2005	2006	2007	2008
Current Ratio	2.3	2.4	1.9	1.6	1.4
Total Asset Turnover Ratio	1.5	1.7	1.3	1.1	0.9
Net Profit Margin	0.089	0.071	0.026	0.053	0.052

Other Data

	2004	2005	2006	2007	2008
Employees	10 full, 32 part	10 full, 35 part	8 full, 30 part	7 full, 25 part	5 full, 30 part
Maintenance Expenditures	54,000	44,000	45,000	36,000	29,000
Average Number of Rides Operating per Day	22	22	20	19	15

EXHIBIT 2 Merryland Amusement Park Balance Sheets 2005–2009

ASSETS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Current Assets					
Cash	\$102,600	\$33,000	\$54,000	\$46,500	\$0
Other Current Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$0
Total Current Assets =	\$102,600	33,000	\$54,000	\$46,500	\$0
PROPERTY, PLANT, & EQUIPMENT	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Land	\$4,225,675	\$3,877,925	\$2,722,583	\$2,077,748	\$1,893,932
Land Improvements	\$ 37,500	\$ 32,250	\$ 25,500	\$ 5,000	\$ 0
Buildings	\$ 202,600	\$ 183,000	\$ 172,000	\$ 156,500	\$ 125,000
Equipment (Rides)	\$ 425,000	\$ 375,000	\$ 325,000	\$ 225,000	\$ 175,000
Total Prop Plnt & Eqmt =	\$4,890,775	\$4,468,175	\$3,245,083	\$2,464,248	\$2,193,932
Total Assets =	\$4,993,375	\$4,501,175	\$3,299,083	\$2,510,748	\$2,193,932
LIABILITIES & CAPITAL	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Current Liabilities					
Accounts Payable	\$ 75,702	\$ 80,950	\$ 68,064	\$ 89,325	\$ 98,783
Current Borrowing	\$ 72,146	\$ 75,388	\$ 72,466	\$ 74,539	\$ 107,414
Other Current Liabilities	\$ 26,723	\$ 28,943	\$ 24,889	\$ 29,385	\$ 31,845
Subtotal Current Liabilities	\$ 174,571	\$ 185,281	\$ 165,419	\$ 193,249	\$ 238,042
Short-term Liabilities	\$ 54,723	\$ 50,630	\$ 46,598	\$ 42,554	\$ 39,784
Total Liabilities =	\$ 229,294	\$ 235,911	\$ 212,017	\$ 235,803	\$ 277,826
Net Worth =	\$4,764,081	\$4,265,264	\$3,087,066	\$2,274,945	\$1,916,106

EXHIBIT 3 Kansas Entertainment Attractions

Name	Address	Facility Type	Attraction Description
All Star Adventures (East)	1010 N. Webb Road Wichita, KS 67206	Amusement Park	Wichita's only amusement park with rides for kids and go karts.
Wild West World	7300 North Wild West Drive Valley Center, KS 67147	Theme Park	Featuring cowboys and Indians, Wild West World is the first major theme park in Kansas and the world's only one sporting an all-Western theme. The park opened in May 2007 and closed in July 2007. Its owners declared bankruptcy and were hoping to sell the park so that it could reopen. Those plans failed, however. The rides were sold to other parks.
Zonkers	20070 W. 151st Street Olathe, KS 66061	Theme Park	Zonkers (previously Jeepers!) is an indoor theme park serving families with children of all ages. The park provides a diverse mix of arcade games and amusement rides built to scale for indoor use. Rides include the popular Python Pit (roller coaster), Yak Attack (mini-Himalaya), Venetian Carousel, Train, and Banana Squadron (airplane ride).

EXHIBIT 4 Missouri Entertainment Attractions

Name	Address	Facility Type	Attraction Description
Carousel Park	3834 W. 7th Street Joplin, MO 64801	Amusement Park	This is a family fun park for young and old. Park features dozens of amusement rides, two 18-hole miniature golf courses, multispeed batting cages, the fastest go karts in the area, water-spraying bumper boats, an exciting indoor arcade, indoor and outdoor birthday party areas.
Silver Dollar City	399 Indian Point Road Branson, MO 65616	Theme Park	Park for all ages combines the wholesome family fun of a major theme park with the timeless appeal of crafts and a dedication to preserving 1880s Ozarks culture.
Six Flags St. Louis	P.O. Box 60 Eureka, MO 63025	Theme Park	Six Flags St. Louis is a major amusement park featuring eight themed lands of adventure. The six flags that fly over the park represent the countries and states that have influenced St. Louis history—France, Spain, Great Britain (which at one time had jurisdiction over the area), Illinois, Missouri, and the U.S.A. The park features more than 40 attractions and game areas, more than 25 food outlets and gift shops, live shows, and a tropical paradise water park called Hurricane Harbor.
Worlds of Fun	4545 NE Worlds of Fun Drive Kansas City, MO 64161	Theme Park	The park is themed around the Jules Verne book, <i>Around the World in Eighty Days</i> , and is divided into five major sections—Scandinavia, Africa, Europa, the Orient, and Americana. Rides, attractions, shops, shows, and restaurants are named according to the area theme. The park also has an attached water park called Oceans of Fun.

theme parks, however, offered highly attractive water parks, modern steel coasters, entertainers, and an endless array of promotions, discounts, and family fun “packages” that made it worth the several-hundred-mile drive to be thrilled and entertained (see Exhibit 4).

Merryland’s lack of marketing and promotion in lieu of higher ticket prices further contributed to its own declining backyard patron interest. Alan and Samantha, unlike the previous owners, were far removed from the changing needs, wants, and desires of a new generation of amusement park children, teens, and adults that began to take shape in the early 1990s. Customer demographics had shifted, and Merryland didn’t shift with them.

The Steinbergs initiated a lawsuit against the interim operators. In the lawsuit, they listed Louie the Clown as one of the items damaged or taken from the park. The interim operators all said they knew nothing about the missing clown’s whereabouts. The Steinbergs were also attempting to collect \$450,000 in back rent and damages, but the former operators have said that they don’t owe anyone any rent for anything.

Merryland’s “Screamer” Roller Coaster

For residents of Kansas City, there was only one reason to go to Merryland—the roller coaster! Some people nicknamed it the “scream machine” and with good reason. The history of the “Screamer” reflected a constant search for greater and more death-defying thrills.

Merryland Park’s Screamer roller coaster was a product of the Philadelphia Toboggan Company and one of the last surviving original wooden coasters designed by Herbert Paul Schmeck. Along with the Screamer, another of the trademark attractions was the park’s Wurlitzer organ with Louie the Clown in front of it.

Patrons always loved the wooden coaster and would swear they noticed a big difference in the ride of Merryland’s over others. Although it wasn’t all that tall and not as fast as those in other parks, Merryland’s made up for all those shortcomings with its sway—the back-and-forth motion that created the “out-of-control” sense of pending disaster, especially on the curves. That was due primarily to the Screamer’s state-of-the-art wheel technology.

The Screamer was one of the first coasters to have some of the newly developed coaster wheel technology of its day. Once underway, the different types of wheels on the coaster work together to keep the ride smooth. The running wheels guide the coaster on the track. The friction wheels control the lateral sway (movement to either side of the track) motion. The final set of wheels keeps the coaster on the track. Those would have kept it firmly glued to the rails even if it had been inverted. Improved compressed air brakes stopped the train as the ride ended, adding a somewhat last moment of unintentionally designed thrill. The Screamer provided a distinctively rough, noisy, and out-of-control feeling for its riders, and its reputation was known throughout Kansas.

Tony's Interest in Merryland

Tony believes that operating a theme park would enable him to directly serve disabled kids and their families of Kansas and surrounding states. Additionally, he would have his own business where he could put his creativity and innovative marketing skills to work. And, he could derive compensation commensurate with the work and profits. He could achieve the independent financial success he had not yet accomplished but still very much desired.

During his investigation into purchasing the park, Tony discovered that many of the rides were old and their deterioration was reflected on the company's balance sheets (see Exhibit 2). Although antique rides are considered to be an attractive and uniquely distinguishing characteristic for a theme park, it also requires the rides to be in a high-quality refurbished condition. That was not the case for those at Merryland. Maintenance alone would not help their survival; a major renovation of all the rides along with the park's infrastructure would have to be undertaken.

New machinery along with several new primary attraction park rides would need to be purchased and installed. A major renovation of several classic rides also had to occur, and those were expensive to stay true to the original engineering designs, paint schemes, and operational format. Many of the replacement ride parts would have to be custom manufactured.

Rotational Motion Consultants

Tony needed an amusement park ride expert, preferably a contractor who knew the industry and could visit Merryland with him. That's when he found Rotational Motion, a company based in Maryville, Tennessee, that sells all types of new and used amusement rides for theme parks, carnivals, family centers, and equipment for location-based entertainment venues. They also have a large inventory of rides available for short- or long-term lease and are willing to install/lease for a week, month, or even up to a year.

James Millner, account representative with Rotational Motion, arranged to meet Tony at Merryland on a crisp fall day. "The park is over 50 years old, but they have those old carousels and that big old roller coaster," explained Tony, pointing at the permanently parked coaster train. "Obviously some people lack the appreciation for roller-coaster history. Sure, the roller coaster looks as if it could fall apart at any given moment, but the locals say it's still one of the best roller coasters they've ever ridden. This was one of those places you could go with your friends and family on weekends—and have fun!"

James spent two full days with Tony evaluating the rides, and his early estimates indicated the necessary renovations could not be done for anything less than \$5 million. Rotational Motion is a full service equipment rebuilder. They specialize in working with the best engineers in the industry to ensure all restoration work is done to current safety standards. Their modern company has the machine shops and fabrication facilities capable of working with rides in any state of deterioration. All their refurbishing work is conducted under the direction of structural and electrical professional engineers. Their electrical system work always meets or exceeds current American Society for Testing and Materials (ASTM) standards.

"This place should have closed 10 years ago based on the equipment condition," lamented James. He continued, "Simple and old-fashioned are appealing qualities, but ragged, rusty, and scary aren't. Merryland is proof this region must be highly resistant to change."

Tony explored options for the 20 acres of land behind the park. He reasoned that it could be sold to an expanding industrial park for about \$1 million or perhaps leased for a long-term income option. On discussing the possibility of using the acreage for other purposes with the contractor, he noted that the land could also be used to expand the park by adding more rides or even a water park.

James explains that more rides, such as a scenic train ride, can be added for about \$1 million. He notes, however, that a water park will be considerably more expensive, costing upward of \$10 million. Tony soon realizes the land parcel is not large enough to add both a water park and expand the park with new rides.

The Steinbergs sent Tony a market psychographics report that had been prepared for them two years earlier by a local university marketing class. Tony believes the most important information in it is that kids under seven like simple rides while kids over seven (including adults) want a variety of rides including water-based attractions.

The Purchase Options Available to Tony

Several organizations with ties to Kansas City have strong interest, albeit different motivations, for seeing Merryland continue. Each group, however, lacks amusement park management experience to adequately tackle the obstacles facing the operation. The Steinbergs did keep them informed of Tony's interest, and they subsequently contacted him to discuss their various levels of interest. As Tony met with each, he soon found that three funding options are potentially good matches for the talents he can bring to Merryland.

Option 1: Altria's Cash Offer to Purchase

An executive for Altria had become aware of Tony's growth performance with Showbiz Pizza and was genuinely impressed with his ability to build business, profits, and market share. They originally wanted Tony to work for them but soon realized that he would fit best in an entrepreneurial setting. Their expansive U.S. market interests had them aware of Merryland, and it wasn't long before they learned of Tony's interest in the amusement park. Such a venture would help diversify their corporate holdings while providing market penetration.

Altria meets with Tony and offers to carry the entire cost of the renovation and add a water park, something Altria deems necessary for the park to reopen as a profitable operation. Altria's finance executives place a call to Tony and offer to invest \$25 million in the existing park. That amount will include the purchase price, all the required renovations, and the new water park. Additionally, many of the park's attractions will be included in a new climate-controlled energy-efficient "green dome" for year-round operation.

Tony is genuinely interested but wants to know more about the company that is making such a lucrative offer. His research discovers that on January 27, 2003, Philip Morris Companies, Inc. changed its name to Altria Group, Inc. Philip Morris USA was a wholly owned subsidiary of Altria Group. Even under this new name, Altria continued to own 100 percent of Philip Morris USA. In the fall of 2003, Philip Morris moved its headquarters from New York City to Richmond, Virginia.

Philip Morris USA had split from Philip Morris International in 2008. The resulting drop in cigarette exports motivated Philip Morris to plan a shutdown of its Concord, North Carolina, manufacturing facility and move all domestic production to Richmond. The shutdown is planned to be completed by 2010.

Some view the name change as an effort by Altria to deemphasize its historical association with tobacco products. Altria also formerly owned Kraft Foods but spun the company off in March 2007 to focus on its tobacco business and products. Despite the problems that Altria faces, its sales continue to grow as evidenced by its third quarter 2009 revenue increase of 5 percent to \$5.2 billion, primarily from higher sales of its Phillip Morris USA cigarette brands.

Altria Group has a 28.7 percent economic and voting interest in SABMiller, the world's second-largest brewer. Several consumer groups, however, have called for boycotting all Miller Beer products to put pressure on Altria/Philip Morris to really end smoking by children and underaged teens.

Altria's specific funding conditions are fourfold:

1. The park must promote only the Altria product line. This will include displaying the Altria name prominently around the park, having all of the rides and game kiosks offer prizes that emphasize the Altria product line, and banning the sale of all other competitors' products.
2. As manager, Tony must offer/honor free tickets and/or discounts to customers who mail in a certain number of points from Altria product cartons and packages.
3. The name of the park must be changed to Altria Gardens and Water Park.
4. Altria wants 10 percent of the gross profit. They agree to give Tony total control of operations but insist that he consult with them before he makes any single expenditure over \$50,000. Altria will promote the theme park on its product packages and cartons during pre- and early-season promotions in March and April, and again during July for a fall push.

Option 2: A Consortium of Local Business Entrepreneurs

A consortium of local Kansas City business entrepreneurs also contact Tony with an offer to purchase the park. Having grown up with Merryland as a part of their community life, strong feelings of nostalgia have motivated them to consider the investment to preserve Merryland as a historical site. Several of them are actively involved with the Kansas City Historical Preservation Society. They laid out the following offer to Tony:

1. They will allow Tony to make the renovations to the existing park and let Tony completely manage and control the daily operations.
2. These "venture capitalists" want 40 percent of the park's net income but will give Tony total autonomy in running the park's day-to-day operations.
3. They also want the additional 20 acres of land signed over to their control for additional purposes they will not disclose. They state their primary interest in rebuilding the park is to offer the people of Kansas and surrounding states the same experience as they had while growing up.
4. Each of the investors currently runs at least one other business and guarantees park promotion and publicity through those existing enterprises.

Option 3: Getting a Loan

The final option Tony considers is getting a conventional business loan himself. One of his former fraternity brothers is an investment banker in Norfolk, Virginia.

1. This friend believes Tony could get a loan for the purchase of the park without any difficulty, but he does not believe he can get the full amount needed to renovate Merryland and build the water park. An initial inquiry reveals that Tony could get \$9.2 million for the purchase and renovations.
2. His friend believes that if the park is profitable for the first two years, then he can obtain another \$10 million to build the water park. His friend, however, did not specify what is considered "profitable."

The Things to Consider

Those who leave the Kansas City area say other theme parks just aren't the same. One of Tony's fraternity brothers, Franklin, grew up in Kansas City and was a Merryland Park regular. He explained to Tony, "Just last year I moved back to Virginia near the DC area, and I've been to parks around the United States—from California to Texas, Maryland to Virginia, Florida, and places in between. I still prefer, and horribly miss, my Merryland experience!"

Merryland Park was an integral part of Kansas City's history, and it's been a fine part of it (see Exhibits 5, 6, and 7). Where else could you ride a 50-plus-year-old coaster? The "old" part of that is the thrill. Merryland Park was dirt cheap and a nice place to take children. It may have been considered a beginner's theme park, but at those prices, how could you resist going without kids? It was a great place for first dates and senior citizens as well.

EXHIBIT 5 2008 General Kansas City, Kansas, Population Demographics

Subject	Number	%	Subject	Number	%
Total population =	146,866	100.0	HISPANIC OR LATINO AND RACE		
BY SEX AND AGE			Total population =	146,866	100.0
Male	71,769	48.9	Hispanic or Latino	24,639	16.8
Female	75,097	51.1	(of any race)		
Under 5 years	11,953	8.1	Mexican	20,597	14.0
5 to 9 years	11,868	8.1	Puerto Rican	253	0.2
10 to 14 years	11,388	7.8	Cuban	178	0.1
15 to 19 years	11,314	7.7	Other Hispanic or Latino	3,611	2.5
20 to 24 years	10,975	7.5	Not Hispanic or Latino	122,227	83.2
25 to 34 years	21,341	14.5	White alone	71,870	48.9
35 to 44 years	21,946	14.9			
45 to 54 years	17,717	12.1	HOUSEHOLD BY TYPE		
55 to 59 years	6,253	4.3	Total households =	55,500	100.0
60 to 64 years	5,072	3.5	Family households		
65 to 74 years	8,973	6.1	(families)	36,226	65.3
75 to 84 years	6,056	4.1	With own children		
85 years and over	2,010	1.4	under 18 yrs	18,032	32.5
Median age (years)	32.3	(X)	Married-couple family	22,878	41.2
18 years and over	104,917	71.4	With own children		
Male	50,196	34.2	under 18 yrs	10,246	18.5
Female	54,721	37.3	Female householder,		
21 years and over	98,122	66.8	no husband present	10,108	18.2
62 years and over	19,964	13.6	With own children		
65 years and over	17,039	11.6	under 18 yrs	6,176	11.1
Male	6,830	4.7	Nonfamily households	19,274	34.7
Female	10,209	7.0	Householder living		
			alone	16,180	29.2
			Householder		
			65 years and over	5,512	9.9
RACE			Households with		
One race	142,481	97.0	individuals under		
White	81,910	55.8	18 years	20,826	37.5
Black or African			Households with		
American	44,240	30.1	individuals		
American Indian &			65 years & over	12,720	22.9
Alaska Native	1,103	0.8	Average household size	2.62	(X)
Asian	2,527	1.7	Average family size	3.25	(X)
Asian Indian	219	0.1			
Chinese	250	0.2	SCHOOL ENROLLMENT		
Filipino	107	0.1	Population 3 years		
Japanese	35	—	and over enrolled in		
Korean	134	0.1	school	39,564	100.0
Vietnamese	206	0.1	Nursery school,		
Other Asian	1,576	1.1	preschool	2,812	7.1
			Kindergarten	2,286	5.8
			Elementary school (grades 1–8)	19,158	48.4

continued

EXHIBIT 5 2008 General Kansas City, Kansas, Population Demographics—continued

Subject	Number	%	Subject	Number	%
Native Hawaiian & Other Pacific Islander	56	—	High school (grades 9–12)	8,804	22.3
Native Hawaiian	16	—	College or graduate school	6,504	16.4
Guamanian or Chamorro	11	—	EDUCATIONAL ATTAINMENT		
Samoan	21	—	Population 25 years and over	89,540	100.0
Other Pacific Islander	8	—	Less than 9th grade	8,132	9.1
Some other race	12,645	8.6	9th to 12th grade, no diploma	15,671	17.5
Two or more races	4,385	3.0	High school graduate (includes equivalency)	30,780	34.4
			Some college, no degree	19,580	21.9
			Associate degree	4,922	5.5
			Bachelor's degree	6,566	7.3
			Graduate or professional degree	3,889	4.3
			% high school graduate or higher	73.4	(X)
			% bachelor's degree or higher	11.7	(X)

— Represents zero or rounds to zero.

EXHIBIT 6 2008 Kansas City, Kansas, Marriage Status, Income, and Employment Data

Subject	Number	%	Subject	Number	%
MARITAL STATUS			DISABILITY STATUS OF THE CIVILIAN NONINSTITUTIONALIZED POPULATION		
Population 15 years and over	111,531	100.0	Population 5 to 20 years	36,723	100.0
Never married	33,889	30.4	With a disability	3,569	9.7
Now married, except separated	51,863	46.5	Population 21 to 64 years	81,013	100.0
Separated	3,049	2.7	With a disability	21,334	26.3
Widowed	8,166	7.3	Percent employed	54.7	(X)
Female	6,653	6.0	No disability	59,679	73.7
Divorced	14,564	13.1	Percent employed	74.4	(X)
Female	8,243	7.4	Population 65 years and over	16,381	100.0
GRANDPARENTS AS CAREGIVERS			With a disability	8,289	50.6
Grandparent living in household with one or more own grandchildren under 18 years	4,643	100.0	EMPLOYMENT STATUS		
Grandparent responsible for grandchildren	2,210	47.6	Population 16 years and over	109,206	100.0
			In labor force	68,858	63.1
			Civilian labor force	68,791	63.0

continued

EXHIBIT 6 2008 Kansas City, Kansas, Marriage Status, Income, and Employment Data—continued

Subject	Number	%	Subject	Number	%
VETERAN STATUS			Employed	62,940	57.6
Civilian population			Unemployed	5,851	5.4
18 years & over	104,921	100.0	Percent of civilian labor force	8.5	(X)
Civilian veterans	13,780	13.1	Armed Forces	67	0.1
INCOME			Not in labor force	40,348	36.9
Households	55,533	100.0	Females 16 years and over	56,961	100.0
Less than \$10,000	7,289	13.1	In labor force	32,977	57.9
\$10,000 to \$14,999	4,310	7.8	Civilian labor force	32,968	57.9
\$15,000 to \$24,999	8,784	15.8	Employed	30,301	53.2
\$25,000 to \$34,999	8,694	15.7	Own children under 6 years	13,044	100.0
\$35,000 to \$49,999	9,962	17.9	All parents in family in labor force	7,737	59.3
\$50,000 to \$74,999	9,683	17.4	INCOME		
\$75,000 to \$99,999	4,222	7.6	Families	36,581	100.0
\$100,000 to \$149,999	2,005	3.6	Less than \$10,000	3,064	8.4
\$150,000 to \$199,999	280	0.5	\$10,000 to \$14,999	1,903	5.2
\$200,000 or more	304	0.5	\$15,000 to \$24,999	5,208	14.2
Median household income (dollars)	33,011	(X)	\$25,000 to \$34,999	5,718	15.6
With earnings	43,921	79.1	\$35,000 to \$49,999	7,257	19.8
Mean earnings (dollars) ¹	41,825	(X)	\$50,000 to \$74,999	7,773	21.2
With Social Security income	14,879	26.8	\$75,000 to \$99,999	3,561	9.7
Mean Social Security income (dollars) ¹	10,923	(X)	\$100,000 to \$149,999	1,649	4.5
With Supplemental Security Income	3,063	5.5	\$150,000 to \$199,999	225	0.6
Mean Supplemental Security Income (dollars) ¹	5,774	(X)	\$200,000 or more	223	0.6
With public assistance income	2,545	4.6	Median family income (dollars)	39,491	(X)
Mean public assistance income (dollars) ¹	2,492	(X)	Per capita income (dollars) ¹	15,737	(X)
With retirement income	8,804	15.9			
Mean retirement income (dollars) ¹	14,900	(X)			
Median earnings (dollars):					
Male full-time, year-round workers	30,992	(X)			
Female full-time, year-round workers	24,543	(X)			

¹If the denominator of a mean value or per capita value is less than 30, then that value is calculated using a rounded aggregate in the numerator.

— Represents zero or rounds to zero.

(X) Not applicable.

EXHIBIT 7 Kansas Employment Summary by Industry

	2008	2009	Level Change	Percent Change
Total Nonfarm	1,384,042	1,387,871	3,829	0.3%
Production Sectors	260,502	260,838	336	0.1%
Natural Resources, Mining, & Construction	74,329	75,006	677	0.9%
Manufacturing	186,073	185,333	−740	−0.4%
Durable Goods	120,175	120,431	256	0.2%
Nondurable Goods	65,898	64,901	−997	−1.5%
Trade, Transportation, & Utilities	261,824	258,253	−3,571	−1.4%
Wholesale Trade	60,476	60,895	419	0.7%
Retail Trade	147,394	144,713	−2,681	−1.8%
Transportation & Utilities	53,954	52,645	−1,309	−2.4%
Service Sectors	601,921	607,922	6,001	1.0%
Information	40,614	39,179	−1,435	−3.5%
Financial Activities	74,139	74,963	824	1.1%
Professional & Business Services	147,037	149,603	2,566	1.7%
Educational & Health Services	172,545	175,496	2,951	1.7%
Leisure & Hospitality	115,457	116,230	773	0.7%
Other Services	52,129	52,451	322	0.6%
Government	259,795	260,858	1,063	0.4%

*Annual values are derived from average quarterly observations and projections. Detail may not sum to total due to rounding.

Conclusion

Tony ponders the following questions as well as his three options:

- Who exactly are Merryland's customers?
- What are their needs, wants, and desires?
- What is the best way to market/advertise/promote the park to its consumers/customers?
- Is control of the operations really important for Tony as an entrepreneur?
- What is the right balance of control/risk for each of the purchase options?
- How will Tony's core values impact his ability to make important decisions?
- Is Tony's passion to help disabled kids overshadowing his ability to bring corporate life back to Merryland?

The Steinbergs have just notified Tony that by next Friday they intend to put Merryland up for sale on eBay—lock, stock, and barrel—at a starting bid of \$1.6 million, unless they hear from him definitively within a week. Prepare a strategic analysis for Tony.