



INSTITUTO  
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DE LISBOA

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## **Business Plan for the Development of a Padel Club in a Private Lisbon Resort**

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Master in Business Administration

Supervisors:

PhD Renato Lopes da Costa, Assistant Professor with Habilitation, ISCTE-IUL

PhD João Manuel Afonso Gerales, Assistant Professor with Habilitation, PIAGET Institute

October, 2023





BUSINESS  
SCHOOL

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Department of Marketing, Strategy and Operations

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“All that is gold does not glitter,  
Not all those who wander are lost;  
The old that is strong does not wither,  
Deep roots are not reached by the frost”

*J.R.R. Tolkien*

## Resumo

Esta tese de mestrado compreende um plano de negócios estratégico para o desenvolvimento de um clube de padel num resort privado em Lisboa. O padel é um desporto em crescimento e tem ganho imensa popularidade nos últimos anos devido a algumas das suas características, como a sua rápida curva de aprendizagem e envolvimento social. Este plano de negócios será baseado numa análise externa do mercado, numa análise interna da empresa, no seu posicionamento competitivo, nas estratégias de marketing adotadas e nas suas projeções financeiras.

Ao longo do plano de negócios, várias estratégias serão delineadas e apresentadas, permitindo que o clube de padel adquira uma vantagem competitiva sobre os seus concorrentes através da análise das suas forças e fraquezas. Estas estratégias e o seu impacto serão registados nas demonstrações financeiras da empresa, permitindo estimar as receitas, despesas e financiamentos necessários para o cálculo da viabilidade e sustentabilidade do projeto a médio e longo prazo.

Ao combinar as componentes estratégicas, este plano de negócios oferece um suporte a potenciais investidores e partes interessadas que desejem ingressar na indústria do padel. Este plano enfatiza a importância do planeamento estratégico e das práticas sustentáveis na obtenção de vantagem competitiva e viabilidade a longo prazo no mercado de padel.

**Palavras-chave:** Desporto; Padel; Empreendedorismo; Vantagem Competitiva, Análise Financeira

**Classificação JEL:**

**M19** – Administração de Empresas: Outros

**Z20** – Economia Desportiva

## Abstract

This master thesis comprehends a strategic business plan for the development of a padel club in a private Lisbon resort. Padel is a growing racquet sport that has gained immense popularity in recent years due to some of its characteristics like fast learning progression and social engagement. This business plan will comprehend an external market analysis, an internal analysis of the company, its competitive positioning, adopted marketing strategies and its financial projections.

Throughout the business plan, various strategies will be outlined and presented, enabling the padel club to gain a competitive advantage over its competitors through the analysis of its strengths and weaknesses. These strategies and their impact will be accounted for in the company's financial statements, aiming to estimate its revenues, expenses, and necessary financing in order to calculate the feasibility and sustainability of the project in a medium-long term.

By combining these strategic components, this business plan offers a roadmap for potential investors and stakeholders seeking to venture into the padel industry. It emphasizes the significance of strategic planning and sustainable practices in achieving competitive advantage and long-term feasibility in the dynamic padel market.

**Keywords:** Sports; Padel; Entrepreneurship; Competitive Advantage, Financial Analysis

**JEL Classification**

**M19** – Business Administration: Other

**Z20** – Sports Economics: General

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## List of Acronyms

<b>CIT</b>	Company Income Tax
<b>COVID</b>	Coronavirus
<b>EBIT</b>	Earnings Before Interests and Taxes
<b>EBITDA</b>	Earnings Before Interests, Taxes, Depreciation and Amortization
<b>EBT</b>	Earning Before Taxes
<b>EU</b>	European Union
<b>FIFA</b>	Fédération Internationale de Football Association
<b>FIP</b>	International Padel Federation
<b>GAV</b>	Gross Asset Value
<b>GDP</b>	Gross Domestic Product
<b>GVA</b>	Gross Value Added
<b>IRR</b>	Internal Rate of Return
<b>ISCTE</b>	Instituto Superior de Ciências do Trabalho e da Empresa
<b>LGBTQ</b>	Lesbian Gay, Bisexual, Transgender, Queer
<b>NATO</b>	North Atlantic Treaty Organization
<b>NBA</b>	National Basketball Association
<b>NPV</b>	Net Present Value
<b>OECD</b>	Organisation for Economic Co-Operation and Development
<b>PIT</b>	Personal Income Tax
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>ROI</b>	Return on Investment
<b>SMART</b>	Specific, Measurable, Achievable, Relevant and Time-Bounded
<b>SSR</b>	Single Social Rate
<b>SWOT</b>	Strenghts, Weaknesses, Opportunities and Threats
<b>VAR</b>	Video Assistant Referee
<b>VAT</b>	Value Added Tax
<b>VRIO</b>	Value, Rarity, Imitability and Organization
<b>WPT</b>	World Padel Tour



## Introduction

Over the years, sporting events have experienced significant growth, evolving into major worldwide events. Games like football, basketball, tennis, and more attract millions of fans and participants annually, driving a continuous increase in investments across various domains such as technology, infrastructure, contracts, and publicity.

Among the widely practiced sports, there's a growing emergence of new ones, notably padel, which is drawing in a considerable number of new enthusiasts. Padel possesses various attributes that fuel its remarkable growth, including its quick learning curve, opportunities for social engagement, and the diverse age range of its participants.

With the sport's increasing popularity, numerous businesses worldwide have sprung up to provide facilities for participation. Padel clubs are seeing a surge in popularity across a wide spectrum of players, encompassing various social classes and backgrounds. These facilities consistently enjoy high occupancy rates and require low maintenance costs, making this venture increasingly appealing to potential investors.

Thus, this project entails creating a business plan for the establishment of a padel club within a private Lisbon resort. This business plan aims to estimate the key costs and revenues associated with a padel club designed to become a sporting reference in the Lisbon area by providing a platform for a healthier and more active lifestyle.

Throughout this project, a contextual, transactional, competitive, and strategic analysis will be conducted to comprehend the primary resources, challenges, and requirements for the success of this padel club. These analyses will be substantiated by a literature review encompassing sports, the effects of sports practice, sports investments, and padel.

To assess the financial and economic feasibility of this project, a questionnaire will be administered to two target populations, and key forecasting indicators and financial return calculations will be computed. This financial analysis will be conducted across three potential scenarios, specifically a pessimistic, realistic, and optimistic scenario.

In summary, the development of this business plan seeks to predict and assess the conditions surrounding the construction of a new padel club. This business opportunity has been developed in collaboration with Palmela Village Resort and aims to provide residents of the resort and the broader population of the Lisbon area with an innovative padel club. The club is envisioned to feature premium infrastructures and a unique atmosphere, establishing itself as a benchmark for all padel players.

# 1. Literature Review

In this literature review, we will examine various concepts and analyse the extensive information compiled by numerous authors over recent years. The primary emphasis of this review will be on sports, followed by an exploration of its impact on individuals and society, as well as a concise analysis of sports investments. Following that, I will present the Padel sport, which will be the central focus of this business plan. This section will encompass a historical overview and outlook concerning business development. Lastly, we will conclude this literature review with a comprehensive assessment of business strategy concepts and typologies.

## 1.1 Sports

During this literature review, I will cover several aspects related to sports practice, padel, and the business management perspective that accompanies them.

Sports have evolved over the years, bringing changes to their infrastructure, players, sponsors, and economy. This transformation has made the sports industry akin to a business that necessitates effective management for smooth operations. Some of these businesses have become the biggest social and sporting events in the world bringing together millions of fans and players, such as the NBA, the Champions League, or the Olympic Games. This evolution of sports and its characteristics has been a subject of study by several researchers, namely regarding the influence that they have on society (Champions League, 2022; NBA, 2023; Olympic Committee, 2022).

Throughout the years, many definitions have been used to describe what sport means, but its definition has not been very exact. According to the Cambridge Dictionary, a sport is a game, competition, or activity needing physical effort and skill, that is played or done according to rules, for enjoyment and/or as a job (Cambridge University Press, 2022). A more detailed definition exploits all forms of physical activity that, through casual or organized participation, aim to express or improve physical fitness and mental well-being, form social relationships, or obtain results in competition at all levels (C. Europe Committee of Ministers, 2001). A simpler definition of sport relies on the explanation that sport can be organized by age, sex, level of ambition, weight, or other groupings, and defined as a subset of exercises undertaken individually or as part of a team, where participants have defined a goal (Malm et al., 2019).

When analysing the most recent history of sports, it is possible to infer that modern sports originated at the beginning of the 20<sup>th</sup> century (Guo, 2022).



From these modern sports, a continuous evolution has been detected over the years, observing several investigations as well as attempts to segment and differentiate sports and their specific characteristics, making it possible to divide modern sports into three parts, namely, competitive, mass, and school sports. The first category encompasses athletes, training, competitions, and the management of competitive sports. The second category comprises sports fitness, entertainment, and related aspects. The third category encompasses physical education, physical exercise, and extracurricular sports activities. (Guo, 2022).

To better understand the differences between these 3 types of modern sports, it's important to analyse the characteristics of each one. Competitive sports represent the highest level of modern sports, having high technical requirements and a high level of competition according to their strict rules and making accomplished achievements recognized by the society, like being world champion or ranked nr. 1 in the world (Guo, 2022). Competitive professional sports become a type of business, much due to these specific characteristics that require tailored procedures to maintain an efficient process (Hammerschmidt et al., 2022). Analysing the other types of sports, it's easy to understand that mass sports are the most important part of modern sports and are the foundation of competitive sports, being that, almost all competitive sports are used as mass sports for the masses to entertain themselves, being centered on entertainment and participation. School sports, as the third type of modern sports, represent modern physical and school education, and the content of the school physical education is set up according to the requirements of the school educational system (Guo, 2022).

Based on the sport evolution, it has been possible to analyse its characteristics, as well as the effects that practice can have on its participants, in the community, and in society.

## 1.2 Sports Effects

When studying sports and their effects, it's important to analyse all of those involved in sporting activities including a wide range of stakeholders and understand how they are affected.

From a range of effects that sports practice can have on an individual, some of the most important ones are related to social skills improvement, economic effects, and a significant contribution to a healthier lifestyle (Malm et al., 2019).

Regarding the health factor, this is one of the most significantly affected factors. It is possible to recognize both favorable and adverse effects, with the positive ones exerting a significant influence (Hammerschmidt et al., 2022; Malm et al., 2019).

The positive health-related effects primarily stem from engaging in physical activity, a fundamental component of most sports. These benefits encompass enhanced motor and cognitive

skills, reduced obesity risk, strengthened skeletal structure, positive advancements in oxygen consumption, body composition, resting heart rate, muscle strength, improved fitness, alleviation of depression, enhanced cardiovascular function, and more. Besides these positive effects, it's important to recognize potential negative effects that can arise from participating in sports, specifically the risks of failure, injuries, eating disorders, and burnout. These are primarily prevalent in elite-level sports (Malm et al., 2019).

In addition to the health benefits, some other benefits of sports and physical activity have been identified by the researchers, such as a reciprocal relationship and positive association between subjective well-being and physical activity (Wilson et al., 2022).

A correlation has been identified indicating that participation in organized sports offers a unique benefit to well-being above and beyond other recreational physical activities (Wilson et al., 2022). Sports practice has a strong contribution to achieving wider social benefits, including improvements to life satisfaction, labor market participation, crime reduction, civic renewal, urban regeneration, and development of youth (Gilchrist & Wheaton, 2017).

A more specific analysis can be done to observe the influence of sports practice on the age range spectrum. When exploring these effects on the different age groups, it's possible to enhance that the participation in organized sports for children and young people will lead to long-term secondary effects, since a young active lifestyle fosters an active lifestyle as an adult, and continued participation through life will reduce morbidity and mortality (Malm et al., 2019). These effects noticed in children, can also be noticed in advanced ages, since that participation in sports, by adults and elderly people, with or without competition, promotes healthier behavior, better quality of life, overall well-being, reduced stress, greater vitality and social functioning (Malm et al., 2019). Sports allow his participants the chance to be part of a community, develop new social circles, and create social norms and attitudes. This participation has shown a relationship between the individuals and the sport, providing a sense of meaning, identity, and belonging (Malm et al., 2019).

Besides all the previous benefits, sports can also be a very cost-effective investment from a decision-maker's point of view, increasing simultaneously the range of benefits for these (Eigenschenk et al., 2019).

As previously mentioned, while there are certain negative aspects associated with sports participation, the positive elements have a significantly greater impact on both individuals and society. Sports practice can help reduce morbidity and mortality issues, as well as improves social skills and provide economic benefits for entrepreneurs and for the community where the sports facilities and clubs are inserted.

### 1.3 Sports Investments

In investment endeavors, the primary objective is to ensure that investors receive a favorable return that outweighs the risks they undertake. It's essential to acknowledge that investment outcomes can be either positive or negative for investors. Consequently, investors consistently strive to enhance their likelihood of success by minimizing inherent business risks. They seek out various strategies, solutions, and opportunities that enhance the safety and potential for profitable returns on their investment.

Sport entrepreneurship is a specific type of investment that is orientated towards understanding how sports entities act in an innovative, creative, and futuristic manner. The goal of sports entrepreneurs is to fill a market gap by providing a new product, process, or service (Hammerschmidt et al., 2022).

Similar to other industry sectors, sports require innovation to enhance its competitiveness. Given the inherent nature of sports, entrepreneurship is ingrained as it empowers entities to compete effectively in the market. This often occurs by finding an unmet opportunity and then developing specific ways to cater to this gap (Hammerschmidt et al., 2022).

Major sports events generate a significant influx of capital into the region or city, both in the short and long term. This is achieved by attracting a substantial number of mobile resources due to the allure of these sporting events, resulting in various economic advantages. These benefits encompass revenue from venue tickets, accommodations, catering, competition souvenirs, transportation costs, and rental of training facilities. Consequently, this capital flow plays a crucial role in evolving local retail and sports industry growth (L. Wang et al., 2022).

According to the literature, sports entrepreneurship can be defined as the identification and exploitation of opportunities to create new value through sports (Hammerschmidt et al., 2022; L. Wang et al., 2022). Sports entrepreneurship is a key part of fostering innovation and improving local and regional development. Due to the ongoing change, diverse customer base, and the constant emergence of new sporting disciplines, it is essential for sports clubs to adopt entrepreneurial management approaches to excel at sporting, organizational, and societal levels (Hammerschmidt et al., 2022).

The sports sector has transformed into a dynamic industry that continually adapts by integrating progressive frameworks and management strategies in response to societal and economic needs. The creation of entrepreneurial value in sports is a collaborative endeavor, encompassing the sporting activity itself. This value creation is diverse and can encompass monetary objectives, the drive to

succeed, or the creation of social value. This evolution allowed sport to become an important social, cultural, and economic endeavor (Hammerschmidt et al., 2022).

According to the literature, sports entrepreneurship can be defined as the identification and exploitation of opportunities to create new value through sport (Hammerschmidt et al., 2022).

#### 1.4 Padel

When speaking about sports investments, several sports can be chosen, and several variables must be considered. For this thesis, the sport of padel was chosen according to some characteristics that will be mentioned later.

In the context of sports investments, there is a range of sports to choose from, and numerous variables that need to be considered. For this thesis, the sport selected was padel based on attributes that will be elaborated upon later.

Among the contemporary sports played globally, racquet sports and netball games stand out as some of the most popular forms of physical exercise. (Gea García et al., 2021). A review was performed into the padel history and characteristics of the game to transmit more specific information about this sport.

Padel was invented in 1962 at Las Brisas, by Mr. Enrique Corcuera in Puerto de Acapulco, Mexico. Corcuero added in his house, a 3-metre wall facing the original house wall, followed by a net at the center and two low walls on the sides of the court (Morillo-Baro et al., 2015; Padel International Federation, 2022).

In 1970, Prince Alfonso of Hohenhol who had spent holidays in Corcuera`s house in Acapulco and played on his court, introduced Padel in Spain by building two courts in his Marbella Club Hotel. He maintained the main characteristics and added some changes to the courts, including a wire fence on the sides instead of the walls. These courts used for Pro-Am tournaments were very important for the expansion of padel across Spain (Courel-Ibáñez & Herrera-Gálvez, 2020; Padel International Federation, 2022). New courts and clubs started opening in Madrid and other locations, increasing the number of practitioners and spreading to other countries, like Argentina and Uruguay.

During the 1980s, Padel gained significant popularity in Argentina and Spain, emerging as a successful sport and a promising business opportunity. This growth was fueled by various factors, notably the sport's ability to seamlessly include women, the elderly, families, children, and individuals with disabilities. This inclusive nature fostered a positive social environment and encouraged healthier and active lifestyles. (Padel International Federation, 2022).

In 1997, rules were unified, and the game was officially named Padel, where volleys were allowed, sharp corners removed, and the wire fence was set at 3 meters height around the whole perimeter. There were no norms regarding the surface, ranging from artificial and natural turf, synthetic materials, concrete, tiles, and others. Nowadays most surfaces are made of artificial turf and concrete, painted with specific products for sporting facilities (Courel-Ibáñez & Llorca-Miralles, 2021).

Soon enough, expansion started through other countries like Brazil, Uruguay, Chile, France, United States, Italy, Portugal etc. The first World Championship took place in Madrid in 1992, and the finals were held at the Expo 92 World Fair in Seville, using the first glass court, called the “Crystal Palace” brought from Argentina. In 2006, Portugal made its debut in the World Padel Championship and has continued to participate in subsequent editions ever since. (Padel, 2021).

Several other events and championships started arising with the years passing by like North and South American Championships, Pan-American Championships, European championships, and other intercontinental championships. One big step ahead in the Padel expansion across the globe was the agreement in 2013 between the International Padel Federation (FIP) and the World Padel Tour (WPT), recognizing the professional tour, its various categories, and the inclusion of all its tournaments in FIP’s official calendar, with professional worldwide recognized players and distribution of points for the singles official ranking (Padel International Federation, 2022).

Today’s padel sports facilities are played in small-sized (10x20m) fibrillated artificial turf court, split by a common tennis net and enclosed court allowing the ball to bounce on lateral and back walls (three and four meters high, respectively) for rallies. This particular use of the walls makes padel a unique sport in which players can hit the ball in three different situations: directly (i.e., no previous bounce), indirectly after one bounce (i.e., the ball bounces on the lateral or back wall), or indirectly after two bounces (i.e., the ball bounces on the lateral and thereafter on the back wall, or vice versa) (Courel-Ibáñez & Herrera-Gálvez, 2020; Courel-Ibáñez & Llorca-Miralles, 2021; Gea García et al., 2021).

This growth that padel has experienced in the last years is closely related to some of its characteristics, namely because it’s played in doubles and often played among friends and families. Learning to play padel is straightforward, and it rapidly progresses. The sport attracts a diverse player base, typically ranging from 5 to 80 years old, maintaining a nearly equal distribution between male and female participants. (Padel, 2021; Rodriguez-Fernandez, 2011).

The rapid growth of padel can be attributed to its dynamic and intermittent nature. The game's characteristics, like the easily playable rallies and the enclosed small court facilitating rebounds, have contributed to an increased game rhythm. This, in turn, has resulted in a higher number of actions per point without a corresponding increase in physical intensity when compared to other racket sports. In addition to these aspects, individuals can start playing padel without requiring extensive technical

skills. The game's frequent and engaging actions, along with extended rallies, enhance the overall enjoyment. Furthermore, the possibility to play outdoors and the easy accessibility of required equipment are added advantages that contribute to the growth of this sport. (Courel-Ibáñez & Llorca-Miralles, 2021).

Nowadays, padel is played in more than 90 countries, having 64 national federations, over 20.000.000 active players, and over 500.000 federated players. In Portugal, more than 100.000 individuals were playing padel in 2021, distributed by over 550 courts. In Spain, Padel has become a very popular sport, having more than 4 million regular practitioners and is positioned in the top 10 of most practiced sports in the country (García-Giménez et al., 2022; Rodríguez-Fernandez, 2011).

## 2. Business Strategy and Competitive Advantage

Developing a well-thought-out business strategy is crucial when initiating a business, as it enables the attainment of a competitive edge within the market. Several authors agree that competitive advantage is the key factor to a company's success (Magerakis & Habib, 2021; C. Wang et al., 2021).

As previously observed, padel has experienced significant growth in recent decades, seen in both the increasing number of participants and the rise in club establishments. To establish a successful new club, it is essential to conduct a strategic market analysis aimed at gaining a competitive advantage. According to the authors, a competitive advantage is the key to a company's success and the business strategy represents a long-term plan to achieve that competitive advantage by affecting the company's financial behavior (C. Wang et al., 2021).

Having such an important role in a company's future, it is relevant to analyse the different types of business strategies that have been employed and researched throughout the years.

When studying business strategies, numerous typologies are documented in existing literature, detailing how companies compete in their specific business domains. This includes categorizations such as Miles and Snow's classification based on aggressiveness levels, Porter's division of business strategy into cost leadership and product differentiation strategy, and March's categorization into exploration and utilization strategies. (Li et al., 2022). Miles and Snow's research offers several advantages over other theories. These include an extensive set of effectiveness tests to validate their typologies, a robust and intricate theoretical framework, and typologies derived from a thorough analysis of diverse industries, allowing for their universal applicability. Additionally, their typologies are uniquely divided based on archival data, distinguishing them from other typologies that rely solely on survey and interview data. (Li et al., 2022; March, 2021; Miles, R.E.; Snow, 2003; Miles, R.E.; Snow, 1978; Porter, 1980b).

Miles and Snow categorized business strategy into four types based on the level of aggression, namely the defenders, analysers, prospectors, and reactors. Prospectors are concentrated on innovating new products and exploring new markets to secure a competitive edge. Defenders, on the other hand, prioritize an established market, aiming to gain a competitive advantage through superior pricing and service. Analysers, positioned between prospectors and defenders, adopt a balanced approach incorporating elements of both strategies. (Jukka, 2021; Magerakis & Habib, 2021; C. Wang et al., 2021).

From a corporate environment perspective, prospectors' business strategies rely on a more dynamic organizational corporate environment while searching for new products and markets. Conversely, defenders employ an opposite approach by aiming to preserve a stable organizational corporate environment to defend their market position by offering a limited set of goods. Analysers tend to adjust their approaches between the two ends, aiming to reduce risks and optimize profits by selectively exploring new products and markets that have proven viability. A reactive approach has been studied by several authors and is based on a response to the environment as a reaction and does not manage to move forward or prosper, acting inconsistently regarding their strategies, structure, processes, and technologies. Consequently, its inherent instability hinders a unanimous consensus among researchers (Li et al., 2022; Magerakis & Habib, 2021; Ostos et al., 2017).

When exploiting meticulously the main differences between these typologies, it's possible to understand that the prospector's main attributes are focused on innovation and change, having a broad product domain with a flexible organizational structure to achieve better coordination. To penetrate new markets and swiftly adapt to market shifts, these companies tend to allocate significantly more funds than defenders for research, development, and marketing expenses. Additionally, it's recognized that prospectors, driven by their pursuit of market opportunities and innovation, actively engage in customer learning. This involves observing customers using products and services in typical contexts and collaborating closely with lead users to gain insights, inspiration, models, and expertise. Conversely, defenders orient their strategic objectives towards cost efficiency and streamlined product offerings. They maintain a stable organizational structure to uphold certainty as a competitive foundation, channeling investments into technology to enhance efficiency and centralized control. (Herusetya & Suryadinata, 2022; Li et al., 2022).

According to the literature, analysers are considered the most complex product-market strategy type due to their focus on defending their position against other types. They defend their position from prospectors by vying for early adopters, necessitating a deep understanding of customers to anticipate market trends. Moreover, they safeguard their position from defenders by striving to preserve core products and markets that are vital for their entrepreneurial ventures and resource

generation. Operating with this dual focus, analysers typically possess enhanced capabilities to scan the environment, recognize emerging opportunities, and assess feasible strategies to compete with prospects, defenders, and other analysers. (Ostos et al., 2017; Thoumrungroje & Racela, 2022). According to management literature, these 3 types of strategies are observable in various industries and are perceived to exhibit comparable performance levels (Herusetya & Suryadinata, 2022).

In addition to the strategic business approach, having a solid financial approach is equally crucial as it directly impacts corporate profitability and asset security. Similar to strategic business strategies, financial strategies have been extensively explored by past researchers, categorizing them into three types based on the level of maturity mismatched investment: aggressive, prudent, and conservative strategies. Exploring these approaches, the aggressive financial strategy characterizes a company that is open to assuming maturity mismatch risks to seize investment opportunities. Following this is the prudent strategy, reflecting a moderate willingness to take such risks, and finally, the conservative strategy indicates a more cautious stance towards maturity mismatched investments. (C. Wang et al., 2021).

In summary, synthesizing various definitions of strategy studied and evolved over the years, a consensus emerges. Strategy is described as a unified, comprehensive, and integrated blueprint of actions and visible patterns within a series of decisions, steering the organization toward predetermined goals and objectives. (Jukka, 2021). Strategic decisions within an organization occur at various levels and have a broad impact. Corporate strategy encompasses decisions related to the selection of business operations, acquisitions, divestments, organizational financing, and structure. Conversely, when examining the distinctions between strategy types, business/competitive strategies primarily pertain to how the organization's business units compete and position themselves in their respective markets. On the other hand, operational strategies outline how different functions within the organization contribute to the overall business strategy. (Li et al., 2022).

Making a proper choice in business strategy enables managers to streamline decision-making processes, facilitating improved planning, direction, and control in the future. Business strategy holds immense significance in the success of a company, emerging as a pivotal component in decision-making within a firm. This significance is largely attributed to the profound impact these decisions wield on daily operations. They significantly influence the firm's future objectives, vision, business planning, investments, and resource allocation. Therefore, possessing effective managerial skills to effectively correlate macroeconomic conditions, the firm's internal core competencies and future forecasting is imperative for comprehending and formulating appropriate business strategies (Park & Byun, 2022).



## 2.1 Business Idea

From a young age, sports haven been a constant part of my daily routine, so the idea of developing a business plan for a company in the sports sector proved to be quite attractive.

The idea of developing a business plan for the creation of padel club in a private Lisbon resort started from the desire to join two areas in which I had particular interest, namely sports and entrepreneurship. In addition, the development of skills and knowledge that I would obtain when developing a business plan in this area represented an extra incentive for choosing this topic.

Padel has witnessed significant expansion both as a sport and a business in Portugal. This surge has spurred investors and entrepreneurs to explore the development of padel clubs as viable business ventures. Beyond the sporting aspect, these clubs have fostered stronger connections between players and community members, promoting societal well-being. Effective planning and management have enabled investors to achieve a financial return commensurate with their efforts.

This idea consists in the development of a padel club in a partnership with Palmela Village Resort. This resort had limited sport facilities in its premises and accepted the author proposal to explore the potential for developing a padel club. For the development of this project, a financial, contextual, competitive, and strategic analysis will be carried out, allowing to estimate the feasibility of creating a padel club in this area.

## 3. External Market Analysis

To ensure a comprehensive evaluation of external factors and their impact on the company, an external market analysis was conducted. This analysis is essential for businesses to acquire valuable insights into market conditions, trends, opportunities, threats, and competitors. By gaining a thorough understanding of the external environment, companies can make well-informed decisions, formulate effective strategies, and maintain a competitive edge within their respective industries.

### 3.1 Contextual environment

#### 3.1.1 Economic context

Considering the Portuguese economic context, it is evident that the country has faced numerous challenges and undergone substantial transformations in recent years. The Portuguese and European economies have encountered a period of instability due to a multitude of challenges, including the impact of events such as the COVID-19 pandemic and the war in Ukraine. These events had negative

global repercussions, leading many governments to impose population lockdown measures to reduce the virus spread and control the pandemic situation.

Going back to 2019, in a pre-pandemic period, the Portuguese economy tended to show moderately consistent growth, with a GDP growth of 2.68%, an unemployment rate of 6.6%, and an increase in exportations and importations, of 3.7% and 5.2% respectively (FFMS, 2023; Gabinete de Estratégia e Estudos, 2023; Instituto Nacional de Estatística, 2022a).

The COVID-19 pandemic, which started in December 2019 and lasted until the beginning of 2022, had a major impact on the world economy. When analysing the impact on the Portuguese economy data, it was possible to verify that in 2020 the Portuguese GDP decreased by 8.4% and the unemployment rate increased to 7.0%. (Instituto Nacional de Estatística, 2022a)

In 2021, a positive economic response began to emerge, with the unemployment rate falling back to 6.6% and a 5.56% increase in the Portuguese GDP. In 2022, the post-COVID recovery period started and presented a reduction to an unemployment rate of 6.0%, the lowest value since 2019 in a pre-COVID period. On the other hand, the GDP presented a growth of 6.7%, the highest value since 1987 (Instituto Nacional de Estatística, 2022a).

In February 2022, Russia invaded Ukraine, starting a war between these 2 countries that still hasn't ended. The European Union, including Portugal, as well as other NATO countries (North Atlantic Treaty Organization) started several economic and financial sanctions against Russia, to demonstrate support for Ukraine. Both nations are significant suppliers of oil, cereals, metals, natural gas, and various raw materials to European countries. Consequently, a conflict between them exerts a substantial influence on the European economy. This situation prompted the European Union to revise its growth forecast for 2022, downgrading it from 4% to 2.7% while also raising the inflation forecast. Regarding Portugal, there was a significant inflation increase in 2022 of 7.8%, reflected in a considerable increase in the vast majority of products and services (FFMS, 2023; Instituto Nacional de Estatística, 2022a).

To ease the economic and social impact of this crisis, the European Council created the Next Generation EU, aimed to mitigate these impacts, and ensure long-term sustainable growth. This mitigation instrument includes the Recovery and Resilience Plan based on 3 pillars, namely resilience, climate, and digital transition. This plan allows access to funding of 16.6 billion euros, distributed over 14 billion euros in grants and 2.7 billion euros in loans with a disbursement profile that will provide the necessary liquidity for the plan to function as an effective instrument of response to the crisis. The recovery and resilience plan has an implementation period until 2026 and involves a set of reforms and investments aimed at boosting the country to a sustained economic growth and convergence with the European objectives outlined (European Union, 2023).

When analysing the 2023 economic forecasts provided by the Portugal government, a deceleration of the economy is expected with a GDP growth of 1.3% when compared with the growth of 6.7% in 2022, thus predicting a convergence with the eurozone, where the growth in 2023 is forecast to be 0.9%. Concerning other economic indicators, an increase in the unemployment rate is expected to be 7.0%, as well as a decrease in 2023 private and public consumption of 0.3% and 1.8%, compared to 2022 values of 5.7% and 2.4%, respectively (Banco de Portugal, 2023; Direcção Nacional do Orçamento do Estado, 2023; Governo da República Portuguesa, 2023b).

To sum up, the Portuguese and European economies are currently experiencing a slowdown, primarily attributed to the destabilizing impact of the war in Ukraine, which has heightened uncertainty and instability among consumers. Despite experiencing record-setting inflation values, increasing interest rates, an energy crisis, and limited materials supply, European countries are employing financial and strategic response plans to ease the social and economic consequences of these crises.

### 3.1.2 Political-Legal context

To analyse the Portuguese political-legal context, it was necessary to look back a few years to understand the main changes and their repercussions on Portuguese society.

Portugal, as a democratic country, is governed by the Portuguese republic constitution, the supreme law of the country that enshrines the fundamental rights of the citizens, the principles by which the Portuguese government is guided and the major political orientations its representatives must obey (Governo da República Portuguesa, 2023a).

The Portuguese state is constituted by the president of the republic, the assembly of the republic, the government, and the courts. The president of the republic as head of the state, among other functions, represents the country and is responsible for appointing the prime minister after the elections for the assembly of the republic. The assembly of the republic is constituted by all the elected deputies that will represent the Portuguese people during the term. The government conducts the general policy of the country and guides the public administration by executing the political, legislative, and administrative functions of the state.

Regarding the Portuguese political and legal context, at the end of 2021, Portugal was going through a period of instability resulting from the rejection of the state budget bill. As a result of this budgetary lead, the president of the republic, Marcelo Rebelo de Sousa dissolved the assembly of the republic, thus leading to early legislative elections. This dissolution was a consequence of the rejection of the budget bill representing the unstable political period since this budget was prepared by the government and rejected by most parties in the assembly of the republic. This decision by the

president had the objective of returning to the people the responsibility of electing a government that represents them and from which would be possible to have a governance agreement (Governo da República Portuguesa, 2023b).

On January 30, 2022, the socialist party, won the elections obtaining an absolute vote majority. Thus, the president of the republic elects the new prime minister, António Costa, who forms his government for his new cycle of governance. António Costa, the former prime minister of the government that was dismissed by the president, has been re-elected by the Portuguese people with an absolute majority of the votes. Despite several controversies and political scandals, his new government continues its governance and remains in power to this day.

In conclusion, the political-legal landscape in Portugal has been characterized by fluctuations, with recent government restructuring aimed at creating a stable environment to address the economic and social crises the country is currently facing.

### 3.1.3 Socio-Cultural context

Portugal, one of the oldest European countries, has a history and culture that dates to prehistoric times, influenced by the Roman and Moorish empires, the Age of Discoveries, and French and Spanish invasions, among others. Located in the southwestern part of Europe on the Iberian Peninsula, Portugal shares its border with Spain. The country shares its eastern northern borders with Spain, while the western and southern parts are bounded by the Atlantic Ocean.

By conducting analyses and statistical studies, it was determined that the resident population in Portugal reached 10.467.366 individuals in 2022, indicating an increase of 46.249 people compared to the previous year and marking the 4<sup>th</sup> consecutive year of population growth. In the same year, the demographic composition showed that young people (0-14 years old) accounted for 12.9% of the population, adults (15-64 years old) represented 63.1%, and the elderly group (+65 years old) comprised 24%. This distribution allowed the observation of an aging population, characterized by an aging index of 185.6 elderly individuals for every 100 young people (Instituto Nacional de Estatística, 2022a).

The Portuguese socio-cultural context is diverse and shaped by various historical elements, traditions, values, and external influences. Portuguese society is built on social values that emphasize personal and family relationships, social interaction, and the environment they inhabit. Over the years, there have been significant advances in reducing xenophobia and racism, as well as promoting gender equality and LGBTQ+ rights. Portugal is the 2<sup>nd</sup> country in the OECD (Organization for Economic Co-operation and Development) with the most progress and legislative achievements in this regard, such

as the approval of same-sex marriage, adoption by same-sex couples, gender identity and expression of self-determination, criminalization of conversion practices, among others (Governo da República Portuguesa, 2023b). In terms of culture, Portugal has a rich cultural history, heavily influenced by arts, literature, gastronomy, sports, tourism, and religion.

Therefore, the Portuguese socio-cultural context can be described as a result of blended past and present influences. While various traditions and historical influences have shaped the Portuguese society, there is also a growth and evolution of values and customs in response to the demands of the modern society, seeking awareness and education.

#### 3.1.4 Technological context

When analysing the technological context, it has been possible to verify that technological advances are becoming increasingly disruptive, fast, and innovative. Regarding sports, it has been possible to verify that most sports have tried to keep up with and adapt technological innovations to their needs to provide the best experience for their fans and players.

These technological advancements have played a pivotal role in elevating the standards of precision and performance in numerous sports. For instance, VAR (Video Assistant Referee) in football has significantly enhanced adherence to the rules by minimizing human errors in referee decisions concerning fouls, offside, penalty kicks, and other aspects that often pose challenges and uncertainties in rule enforcement. (FIFA, 2022).

Another technological breakthrough employed in tennis is the Hawk-Eye technology, an automated visual system. It utilizes multiple cameras strategically positioned around the court to optically track the game's actions. The captured data is then subjected to vision processing and review, enhancing the fairness, safety, engagement, and informed nature of the sport. This advancement serves to reduce human errors in decision-making. (Hawkeye Innovations, 2023).

Regarding padel, technological advancements have significantly enhanced the sport's conditions and features. This includes the development of higher-quality court structures, the manufacturing of premium rackets, and the introduction of online booking platforms and apps for padel courts and clubs. Additionally, some padel courts are equipped with technological features that enhance the playing experience and facilitate training and analysis. Some of these features include ball speed and trajectory measurement systems, video analysis, electronic scoreboards, court reservation systems, or drainage systems. Highlighting some of these features, the system offers real-time data on speed and ball trajectory for padel players and coaches to analyse. Additionally, electronic scoreboards assist players and spectators in keeping track of the score. Integrated camera systems enable video

analysis, facilitating the identification of players' weaknesses, performance reviews, and strategy refinement (García-Giménez et al., 2022; Padel International Federation, 2022)

These technological innovations have greatly contributed to the overall improvement of this sport. The technological world is constantly adapting and evolving, and it is therefore expected that new technologies will appear in the upcoming future to satisfy the demands of its users.

### 3.1.5 General Analysis

After analysing the contextual environment, I consider the existence of promising environmental conditions for starting this business. Amidst the post-COVID economic recovery, this project benefits from the backdrop of technological advancements, along with political and social stability, which lay the essential environmental groundwork for its development, as observed in Table 1.

*Table 1. Contextual analysis key aspects*

<b>Contextual Analysis</b>	
<p><b>Economic Context:</b></p> <p>The portuguese economy has faced several challenges in recent years, largely resulting from the Covid-19 pandemic and the Ukraine war. These events have led to an increase in various economic indicators such as inflation, unemployment, interest rates, among others.</p> <p>For the coming years, an overall growth of the portuguese and european economies is anticipated, with several crisis-fighting mechanisms in action, such as the Portuguese Recovery and Resilience Plan.</p>	<p><b>Political-Legal Context:</b></p> <p>In recent years, Portugal has faced episodes of political unrest due to the rejection of the state budget, the dissolution of the assembly of the republic, political scandals, and early elections.</p> <p>The situation has started to improve since the government elections in January 2022, during which the Socialist Party secured an absolute majority. While this absolute majority enhances governmental stability, it also confers the party absolute authority in all national decisions which could not always be the best option.</p>
<p><b>Socio-cultural context:</b></p> <p>The Portuguese sociocultural context is shaped by its traditions and influences. Portuguese society is deeply rooted in family relationships and social interaction, and</p>	<p><b>Technological context:</b></p> <p>The last two decades have brought some of the greatest technological advancements in human history. Regarding sports, the primary technological advancements aim to</p>

these have a significant influence on day-to-day decisions and the future of the country.	enhance the fan experience, increase precision and improve conditions for the practitioners.
There has been a gradual increase in terms of inclusion, gender equality, anti-racism policies, xenophobia, and other measures. This evolution aligns with the growth of padel, as it is a family-oriented sport with no age, gender, or race limits.	Regarding padel, the construction of better courts, the production of sports equipment, and new control programs are some examples of technological advancements that have contributed to an increasingly comprehensive and recognized game.

Source: The author

## 3.2 Transactional Environment

According to Freire, a comprehensive study of the transactional environment requires an analysis of all the agents and factors that directly interact with the industry in which the company operates. The elements comprising this transactional environment, namely stakeholders, clients, suppliers, and competitors, will be examined in detail below (Freire, 1997).

### 3.2.1 Stakeholders

Regarding the stakeholders, it's important to understand that each one of them has a contributing role to the business's success. The stakeholders have an essential role throughout many of the business processes, since they have all, directly or indirectly, some interest in the correct management and functioning of the company.

Among the various stakeholders that have an interest in this business, I can highlight the role of the customers, suppliers, employees, shareholders, sports federations, associations, sponsors, regulatory and government agencies, financial institutions, third-party service providers, and other parties. Each one of these stakeholders has distinct interests and responsibilities, being that the success of the business relies on an effective, transparent, and stable relationship so that both parties are equally benefited and satisfied with the business.

### 3.2.2 Clients

Customers, as is easily understood, are the ones who present a major impact on a company's success. These are the main consumers of the goods and services that a company intends to sell, and therefore their relevance is extremely important.

Some characteristics define this segment, and for that reason, a company should learn and analyse these characteristics to retain and captivate new clients. Some of these characteristics include the needs and demands for the purchase of the goods and services, the expectations for the company or product, the feedback created, and the impact that these referrals can have on attracting new customers and establishing a strong customer base and long-term relationships.

The Palmela Village Padel Club primarily caters to resort residents, but it also offers access to non-resident customers. On one hand, this club intends to offer resort residents a place where they can practice sports with their friends and family without having to leave the resort's premises, appearing as a solution to this previously identified problem. In addition, it's also the club's intention to make its facilities available to non-resident resort customers, to increase revenue and contributing to the well-being of the community where it operates.

Hence, this club will not target a particular customer segment, disregarding any segmentation based on age, gender, ethnicity, social stratum, or place of residence. The only followed segmentation will be focused on providing a padel club to clients who want to practice sports, socialize, and enjoy the game of padel.

### 3.2.3 Competitors

Competitors are those who provide the same or substitute services as our company, and to compete with them it's necessary to know their objectives, characteristics, and particularly their advantages and disadvantages. When analysing its competitors, a company needs to understand what differentiates them, whether it's the price, quality, product, or other characteristics. This differentiation is what will attract new customers and confer a competitive advantage.

Various pricing strategies, including competitive pricing, premium pricing, and value pricing, are commonly employed, while factors like innovation, marketing, promotion, and customer experience can significantly influence customer choices.

The current Palmela Village Padel Club competitors are:

Arrábida Padel – A padel club located in the Azeitão area, about 12 kilometers away from the Palmela Village Resort. Established in 2018, this club boasts 8 padel courts, including 4 uncovered and 4 covered courts, along with a comfortable lounge area. The coverage of these 4 courts serves as a competitive advantage, providing customers the opportunity to enjoy padel even when weather conditions are unfavorable for outdoor play.

Padel nas pirâmides - A padel club located in Quinta do Conde, about 10 km away from the Palmela Village Resort. This club was founded in 2020 and has 7 courts, including 2 covered and 5 uncovered



courts, a lounge area, a padel store, and a big parking lot. Some of the characteristics that can be an advantage to this business compared to others are the easy parking availability, the 2 covered courts, and the padel product store.

Quinta do Anjo Padel – A padel club located in Quinta do Anjo, about 2.5 km away from the Palmela Village Resort. Established in 2022, this club features 2 uncovered courts. When compared to other clubs in the Lisbon area, it is considered relatively small, which could be perceived as a disadvantage. The limited number of courts means that after reaching full capacity, the club cannot accommodate additional clients during their preferred playing times.

Escola de Ténis Casas de Azeitão – A Tennis Club located in the Azeitão area, about 10 km away from the Palmela Village Resort. This club was founded in 2004 and has 2 uncovered tennis courts. This Club is an example of a substitute product/service for the population of this area, providing facilities for a popular sport like tennis. However, the small number of courts and the lack of coverage of the courts can be considered disadvantages for this business.

Other Lisbon Padel Clubs – The Lisbon area accommodates over 40 padel clubs, all of which can be considered competitors for the new padel club in the Palmela Village Resort. While the previously mentioned ones are the most immediate rivals, it's crucial to consider all of them as direct competitors. This necessitates ongoing monitoring of their features, encompassing promotional campaigns, product offerings, and facility upgrades.

### 3.2.4 Suppliers

Suppliers play a crucial role in providing companies with the necessary products, raw materials, equipment, and services for their business operations. Their influence on a company's overall performance is substantial, underscoring the importance of analysing not just the pricing but also other aspects such as location, delivery times, transportation expenses, and product conditions, among various other factors.

In the padel club context, the primary suppliers are those providing materials for the construction, transportation, and installation of the padel courts. Although other suppliers will be required during the project's development, such as those for the bar, changing rooms, lounge area, and sports store, the focus of this analysis will be predominantly concentrated on padel court suppliers, as they represent the primary source of income for the business.

Several suppliers were analysed, as demonstrated below:

GreenPark Padel – Located in Terrugem, Lisboa, this Portuguese company has been operating since 2010, specializing in the production and installation of synthetic grass as well as the manufacturing and assembly of padel courts.

Greenpark has successfully installed over 500 padel courts both in Portugal and internationally, all of which are meticulously designed and manufactured to meet the quality standards set by the International Padel Federation (FIP).

All courts are designed, produced, transported, and installed by this company and their portfolio of products includes a standard padel court and a panoramic padel court.

InCourts Padel – A Portuguese padel court manufacturer, located in Lisbon, Portugal. This company has been operating since 2021, seeking to provide the most exclusive and premium courts to their clients.

This company prioritizes a premium court design, aiming for players and fans to fully appreciate the court views. Besides the design, this company is responsible for the manufacture, transportation, and installation of the courts and their portfolio of products includes a standard padel court, a panoramic padel court, and a full panoramic padel court.

Mediterra Padel – A Turkish padel court manufacturer. This company is the biggest padel court manufacturer in Turkey, creating premium quality padel courts for clients all over the world. In 2022, they completed over 50 projects across 20 countries. This company managed the complete process, including design, engineering, manufacturing, transportation, and installation of all these projects and their portfolio of products includes a classic padel court, a panoramic padel court, and Mediterra Challenge Pro Padel Court.

Their production follows quality management system rules, being all production processes and materials compliant with international standards from the International Padel Federation (FIP).

Qifan Fitness - A Chinese fitness product manufacturing company established in 2013, in Puwa Industrial Zone, Yanshan County. This company produces infrastructures for several sports, including outdoor gym equipment, basketball stands, padel courts, table tennis, and others. The company has a workforce of 220 employees, out of which 100 are engineers specializing in product research & development, manufacturing, and sales. While Qifan handles the design, manufacturing, and transportation processes, the installation of their products is carried out by a separate company.

Their Padel portfolio includes a classic padel court and a panoramic padel court.

Other Suppliers – In addition to the aforementioned suppliers, other suppliers are essential for the optimal functioning of this padel club. These additional suppliers will facilitate the construction of additional facilities such as changing rooms, a bar, or a lounge area. The club will also form partnerships with various local companies to ensure the provision of necessary products and services for these installations to effectively serve their purpose.

## 4. Characterization of the Portuguese Industry/Sector

To understand and forecast the padel club turnover, a general analysis of the Portugal sports sector was carried out.

According to the Integrated Companies Accounts System, in 2021 the Portuguese national sports sector was composed of 14.368 companies, with a total turnover of 1.9 million euros and 731.9 million euros of Gross as Value (GAV). These values translate into a 4.5% growth in the number of companies compared with 2020 and a growth of 11.9% and 23.2% in turnover and GAV, respectively.

By analysing the impact of various groups of companies on the total volume of business and Gross Value Added (GVA), it was possible to verify that companies involved in the management of sports facilities, sports club activities, gymnasiums, and other sports activities collectively account for 45.7% and 66.3% of the sector's turnover and GVA, respectively. (Instituto Nacional de Estatística, 2022b).

Regarding this sector workers, in 2022, the average total gross monthly salary per employee was 1.366€, representing a growth of 4.7% compared to 2021. The regular component increased by 1.5% to 1.078€, while the base salary increased by 0.9% to 1.024€. As for workers in the sports facilities management area, it was observed that they receive an average gross monthly salary of 1.238€, with a regular component of 1.005€ and a base salary of 940€. (Instituto Nacional de Estatística, 2022b).

It was also possible to identify the minimum and maximum salaries earned in this sector, with the highest average gross monthly salary belonging to sports club activities, representing a total amount of 2.645€ per worker, with a regular component of 2.043€ and a base salary of 1.973€. Conversely, the minimum values earned pertain to workers in sports and recreational education, with an average gross monthly salary of 848€, a regular component of 746€, and a base salary of 735€ (Instituto Nacional de Estatística, 2022b).

Regarding public funding for sports activities, in 2021, municipal councils allocated €323.3 million to sports activities and facilities, which represented 3.3% of the total municipal expenditure. This increase in expenses was the result of a €15.9 million (+21.4%) increase in capital expenditure and a €6.4 million (+2.4%) increase in current expenses. Simultaneously, it was observed that the Portuguese Institute of Sport and Youth funded sports federations with €41 million. Within this amount, support for sports activities stood out, accounting for 47.9% of the total funding, surpassing high-performance sports (38.3%) and international events (8.6%). (Instituto Nacional de Estatística, 2022b).

In 2021, throughout the national territory, a total of 9.893 sports clubs and 483.829 registered practitioners in sports federations were identified, representing a decrease of 10.6% and 17.7%, respectively. Football was the sport with the highest number of participants, accounting for

approximately 26% of the total, followed by swimming with 9.7%, volleyball with 8.4%, and handball with 6.5%. (Instituto Nacional de Estatística, 2022b).

Regarding the prevalence of sports with the highest number of registrations, it was found that males dominate in football and handball with 93.3% and 57.1%, respectively. On the other hand, females dominate in gymnastics with 86.8%, followed by skating, volleyball, and swimming with 56.5%, 55.1%, and 53.6%, respectively. Overall, it was observed that out of the 483.829 registered practitioners in sports federations, 70.4% were male. (Instituto Nacional de Estatística, 2022b).

It is also important to highlight that in 2022, a total of 8.265 professional titles were issued, of which 67.3% were granted to sports coaches, followed by fitness trainers with 24.7%, and technical directors with 8.0% (Instituto Nacional de Estatística, 2022b).

## 5. Localization

As previously mentioned, this business plan represents the implementation of a padel club in the Palmela Village resort, in the Lisbon district. The Palmela village is a family resort located close to the Arrábida Natural Park, that offers premium conditions to its users, as it allows a duality between proximity to the city and the comfort of contact with nature.

The localization of this padel club emerged as a business opportunity. The idea of constructing the padel club within the resort's facilities was previously presented to its management board of directors, who approved the concept to fulfill their need of add a sports practice area within their premises. Hence, combining this need with the author's proposed idea of establishing a padel club as a business, a partnership was formed between them. Consequently, a partnership was established, aiming to build a Padel club within Palmela Village premises in Quinta do Anjo, Palmela, Portugal.

In this way, the new Padel Club will be located within the Palmela Village Resort premises, in a 2.350 m<sup>2</sup> space area. The club will include 6 padel courts, totaling 1.585 m<sup>2</sup> (264 m<sup>2</sup> per court), a 50 m<sup>2</sup> male and female changing room area, a reception area of 30 m<sup>2</sup>, a 200 m<sup>2</sup> lounge area, and a private parking lot of 400 m<sup>2</sup>.

Construction works will be carried out in these areas to facilitate the incorporation of all necessary club structures into the project.

Characteristics of the Municipality of Palmela:

- It's one of the 18 municipalities of the Lisbon Metropolitan Area, being the largest municipality in the Setúbal Peninsula with approximately 462km<sup>2</sup> (Câmara Municipal Palmela, 2023).

- Located 40 km away from Lisbon, the municipality of Palmela offers an enhanced accessibility network through the two Lisbon bridges (25 de Abril bridge and Vasco da Gama bridge), which can be reached by A2 and A12 motorways, respectively.

- The municipality of Palmela is subdivided into 4 distinct parishes: Palmela, serving as the county seat and administrative hub; Pinhal Novo, characterized by a vibrant urban center; Quinta do Anjo, renowned for its mix of natural heritage and industrial activities; and the union of the parishes of Marateca and Poceirão, primarily rural.

- According to the 2021 Censuses, the population residing in the municipality of Palmela corresponded to 68.852 inhabitants (FFMS, 2021).

## 6. Internal Analysis

### 6.1 Value/Supply Chain

After conducting the external analysis of the market, it was necessary to carry out an internal analysis of the business itself. Hence, the purpose of this analysis was to assess the different factors that may impact the various activities of the company.

Concerning the value chain, Porter initially introduced it in 1985 to identify and describe the sequence of processes and activities a company must undertake to deliver the final product or service to the customer. Through a value chain analysis, a company can identify essential primary and support activities that significantly contribute to better value creation and provide a competitive advantage (Porter, 1985).

The primary activities represent the tasks directly involved in the production, delivery, marketing, monitoring, and customer support of a product or service. This includes activities such as marketing and sales, service, and inbound and outbound logistics. Conversely, support activities refer to tasks that aid and complement the primary activities, namely activities such as technological development, human resources management, administrative management, and procurement. (Porter, 1985).

Analysing the main primary activities of a new padel club, concerning internal logistics, this activity encompasses the entire process of receiving, setting up, and preparing the courts and other materials to be used throughout the company's operations. Regarding external logistics, activities will include services provided to customers, such as private or group lessons given by a coach, organizing tournaments for members' participation or selling products at the club facilities such as the bar or sports store. As for marketing, it will focus on all activities related to promoting the club's facilities and increasing the number of court reservations. The process concludes with after-sales service, which

involves analysing customer feedback, complaints, and compliments books, and evaluating and sharing experiences on social media.

As previously mentioned, support activities complement the primary activities, and technological development plays a significant role in the business's evolution. For example, it allows better management of the number of reservations or monitoring the padel courts maintenance. Other activities, such as human resources or administrative management, are essential for supporting the primary activities conducted in the club. These activities provide the necessary conditions for the smooth functioning of the club, including employee management, payroll processing, hiring, benefit plans, and financial accounting.

## 6.2 VRIO Model

The VRIO model enables the identification of a company's internal resources and capabilities that are essential for attaining a competitive advantage over its rivals. This model is based on the analysis of four key components: Value, Rarity, Imitability, and Organization.

In the context of this business, value is derived from offering premium padel facilities within one of the largest family resorts in the Lisbon metropolitan area. The club will provide state-of-the-art padel facilities, setting a new standard in the market. Some several resources and capabilities can enable the padel club to gain a competitive advantage. Given its nature as a padel club, one of its main sources of revenue will be generated from the classes given by the club's coaches.

Applying the VRIO model allows us to understand that recruiting qualified and highly experienced coaches will enhance the quality and performance of the classes, increasing the number of students enrolling and seeking coaching. Furthermore, it's clear that coaches with these qualities not only bring significant value to the club but are also uncommon and difficult to replicate due to the substantial time, effort, and knowledge needed to attain such skills and attributes, which aren't easily or quickly acquired.

Associated with the exclusivity of this club's location compared to its competitors, several sponsors and partner companies will also be contacted, aiming to align with this project. The established partnerships can enhance the club's prestige and financial returns, conveying the sense of playing at an exclusive, renowned, and distinctive club. These partnerships will encompass not only well-known corporations but also local enterprises within the Palmela vicinity. Agreements will be arranged with padel associations and federations for facility usage in training centers and tournaments, to enhance the club's visibility and draw in new players. To maximize the potential of

these relationships, proper and efficient management of resources and benefits for both parties is essential.

In addition to the aforementioned features, the club's facilities also represent a fundamental factor for the club's success. The padel club will offer both indoor and outdoor courts with panoramic views, allowing players and fans to choose their preferred playing conditions from the various available options. In addition to the courts, the club will have changing rooms, a lounge area with a bar, and private parking for its customers. These structures are significant additions to the club that will enhance its value and the experience obtained within it.

While these features can be imitated by competitors, it requires a significant effort and monetary investment to build them. Therefore, the more distinctive and unique the amenities, the more challenging the imitation and the rarer the club and its offerings become. Similarly, with the increasing complexity and differentiation of structures, there must be a corresponding increase in the complexity of their management and control to ensure they enhance the club's value rather than diminish it.

In summary, the conducted VRIO analysis helps identify key strengths and weaknesses that aid in strategic decision-making regarding its resources. Aspects such as differentiation of available facilities, optimal location, detailed recruitment of staff, or strategic partnerships will be essential for developing competitive advantages and increasing the padel club revenue.

## 7. Competitive Analysis

### 7.1 Porter 5 Forces

The Porter's Five Forces model enables the assessment of the competitive intensity within the industry where a company operates by analyzing various factors that can have an impact on it. These factors include the bargaining power of customers, the bargaining power of suppliers, barriers to entry for new competitors, the threat of substitute products, and the degree of rivalry within the industry (Porter, 1980a).

#### 7.1.1 Competitors Rivalry

The rivalry among various competitors in this market represents a significant impact on the company's future, as the level of competitiveness can affect product prices, quality, and customer retention. When analysing the sports sector and the padel club market, it is evident that the number of competitors has been growing exponentially in recent years, mainly due to the enormous demand and growth of this sport in Portugal. Several factors enable the analysis of competition among competitors,

such as the number of competitors, fixed costs, barriers to exit, the diversity of competitors, and the level of product differentiation. (Porter, 1980a).

Taking into consideration the padel clubs in the Lisbon area, this force has been increasing in its intensity. The number of clubs constructed in recent years has significantly risen, consequently increasing the number of competitors. The low shifting costs for customers and the difficulty of differentiation are also factors that enhance the rivalry among competitors. Given these circumstances, I consider this force to have a moderate/high intensity of 3.5. Although the padel club market is relatively recent, the continuous growth of players and clubs contributes to the ongoing escalation of competition among competitors. (Appendix H)

### 7.1.2 Threat of New Entrants

Several factors influence the level of threat felt by established companies, such as entry barriers, product/service differentiation, investment, and economies of scale. Therefore, this force allows us to evaluate the level of threat felt by existing companies when new companies enter the market. (Porter, 1980a).

One of the primary obstacles for new businesses in padel clubs is the required investment to buy the construction land and the numerous courts that will be part of the club. The services received by customers in this sector do not show significant variations across clubs, with their experiences primarily influenced by factors such as location, cost, and court quality. These traits give many established clubs a benefit in customer retention, limiting the threat new businesses might pose to them.

In recent years, the threat felt by established companies has been increasing, mainly due to the eagerness of new companies to enter a market with rapid and substantial growth. However, there are still some entry barriers that limit this threat, such as the difficulty in obtaining the necessary funding to start a padel club with the required facilities.

Hence, we consider some entry barriers for new companies, mainly related to the initial investment required, the availability of land for court placement, or other licenses required to start the practice in the club. As a result, this force has a moderate intensity of 3.0. (Appendix H).



### 7.1.3 Threat of Substitution Products or Services

The threat of substitute products refers to the possibility of customers switching to an alternative service or product that can equally satisfy their needs, thereby leading to a reduction in potential profits for the existing companies in the market. (Porter, 1980a).

Several factors influence the intensity of the threat of substitute services, such as the availability of alternatives, relative price, consumer preferences, performance, and quality, or switching costs. Regarding the padel club market, the threat of substitute services is related to new sports facilities offering other sports, such as tennis or pickleball clubs. Although tennis is an older sport than padel and already has a substantial number of players worldwide, it continues to attract many players due to its popularity and global presence. On the other hand, pickleball is a more recent sport compared to padel and can be considered a substitute service for both padel and tennis, as it combines the characteristics of both sports. Another example of substitute products in the padel club market is the addition of covers for padel courts, a characteristic only a few clubs possess. This option allows to offer customers better playing conditions like the ability to play on rainy days and reduces the wear and tear of the courts, which uncovered clubs cannot provide. Despite the higher switching costs for customers choosing these covered courts, as the reservation price is slightly higher than for uncovered courts, this innovation and increase in quality concerning the padel courts are typically well-received and compensatory for the extra price by customers. (Porter, 1980a).

Thus, while switching to other sports and more premium facilities may entail additional costs for customers, their preferences, price differences, and court quality contribute to the threat of substitute services having a moderate intensity of 3.0. (Appendix H)

### 7.1.4 Bargaining Power of Suppliers

Understanding the influence suppliers have over the businesses they bargain with is important when discussing their bargaining power. This is very important to businesses in terms of product prices, quality, and quantity, among other factors that are frequently necessary for a company to have a competitive advantage over its competitors. The bargaining power of suppliers is affected by various factors, including supplier concentration, switching costs, availability of substitutes, forward integration, and the size and resources of the suppliers. (Porter, 1980a).

Hence, when examining the market in which padel clubs are situated, it becomes evident that the number of suppliers offering sports facilities for padel courts has notably increased in recent years. This surge is primarily attributed to the growing demand from companies aiming to establish new clubs to meet player preferences.

This increase in the number of suppliers comes as an advantage for businesses, as it provides them with more options to choose from, greater negotiating power when seeking suppliers, and better prices with improved quality. On one hand, some aspects grant bargaining power to suppliers, such as the supplier's brand and reputation or their ability to provide more exclusive/premium products compared to other suppliers. However, the rise in the number of suppliers in recent years and the availability of substitute inputs counteract the strength of these suppliers.

In this way, despite the increasing number of padel court suppliers, they still hold some power as they often provide the key assets for the companies and thus carry a great responsibility. Therefore, although suppliers' bargaining power is decreasing, they continue to have a significant influence on padel clubs, resulting in a moderate/high intensity of 3.63. (Appendix H)

#### 7.1.5 Bargaining Power of Customers

Several factors influence the bargaining power of customers, namely the number of customers, availability of substitute products, switching costs, price sensitivity, and information availability, among others. (Porter, 1980a).

In the business context of a padel club, we consider that the bargaining power of customers is moderate. The padel club market has been experiencing evident growth in recent years, largely due to an increase in the number of players in the last decade. Consequently, the rise in the number of customers for the clubs reduces their bargaining power. Other factors that influence the bargaining power of these customers are switching costs which represent the financial and non-financial costs customers face when changing suppliers. Regarding the padel club business, the switching costs for customers are low since the clubs usually offer similar prices for court reservations. This can be a positive aspect, however, in some situations, it may not always be worth seeking a court further away from their residential area for the same reservation price.

Another factor that increases the bargaining power of customers is related to the easy access they have through mobile applications and websites to obtain information about prices, availability of schedules, and courts. This allows customers to compare which club offers the best value for them in terms of price, availability, and distance.

Thus, although certain factors enhance the bargaining power of customers, like the growing number of clubs, information accessibility, and the low cost of switching clubs, this may not always be the case. The substantial increase in the number of players in recent years and the similarity in prices

and facility quality offered by suppliers somewhat weaken the customers' bargaining power. Consequently, this bargaining power has a moderate intensity of 3.37. (Appendix H)

For the analysis of the 5 forces, the impact of various characteristics that each of them possesses was calculated, as can be seen in Appendix H. These 5 forces thus allow an analysis of the competitive environment in which the padel club operates and the intensity of its participants. It was determined that, within this context, the bargaining power of suppliers emerges as the most powerful force, closely followed by competitors' rivalry force.

The rationale for these two forces exhibiting a medium-to-high intensity is interconnected and associated with the growth of the sport and its practitioners. Nonetheless, it's important to highlight that the remaining three forces consistently maintain a medium intensity, with none of them displaying a low intensity.

Utilizing Porter's 5 forces analysis alongside a SWOT analysis is essential for achieving a thorough understanding of the fundamental assets required to attain a competitive edge. Correlating the more intense forces with the company's strengths and weaknesses provides insights into well-placed resources and those that demand closer attention and strategic evaluation. Likewise, threats and opportunities can gain insights from their correlation with Porter's forces, assisting in comprehending how external factors influence competitiveness or the allure of new competitors and substitute products.

## 7.2 SWOT Analysis

A SWOT analysis involves the identification of the strengths, weaknesses, opportunities and threats, enabling a company to position itself in the market and identify internal and external factors that influence its future. On one hand, strengths help identify the characteristics that positively affect the company, while weaknesses represent areas where the company is less competent and where competitors may excel. Regarding threats and opportunities, they pertain to the market in which the company operates. Opportunities refer to external factors that can provide an advantage to the company through favourable conditions, while threats represent factors that may contribute to the company's failure, particularly conditions that increase risk and challenges to its growth.

Regarding the padel club, the SWOT analysis consists in:

### **Strengths**

- Premium location (Family resort);
- Strong social and community environment;
- State-of-the-art facilities;

- Experienced staff (coaches);
- Court reservations through online platforms;
- Detailed recruitment process for experienced professionals.

### **Weaknesses**

- Team sports – Needed teammates and opponents to play this sport;
- Availability for court reservations;
- Existing padel clubs – the importance of differentiation and standing out from competitors;
- Initial investment – significant upfront investment in infrastructure, equipment, and marketing efforts;
- Seasonal demand – Fluctuating demand, lower in winter and higher in summer.

### **Opportunities**

- Partnerships with local companies, team building events, sponsorships;
- Specialized coaching programs (group and individual classes, weekly mini-tournaments);
- High demand and increasing sports popularity;
- Technological improvements;
- High purchasing power of the resort residents;
- Willingness of parents to enroll their children in sports;
- Ideal sports characteristics for gatherings among families and friends;
- Substitute products at a considerable distance;
- Sport with a high growth rate of new athletes.

### **Threats**

- Weather conditions such as intense heat or rain can lead players to reduce court reservations;
- Growing competition;
- Regulatory challenges – licensing requirements, local regulations;
- Household reduction;
- Changing trends – Customers preferences shifting or new activities emergence;
- Low switching costs for customers;
- Portuguese purchasing power reduction by the inflation costs;
- Increasing substitute products (pickeball, tennis, table tennis, basketball,football).

Regarding the SWOT analysis conducted above, it was possible to identify various characteristics for each of the analysed parameters. As for strengths, it was possible to identify some internal factors that give an advantage to the company, such as its premium infrastructure or its location. These, like the other factors described earlier, represent characteristics of the company that will enable it to achieve its objectives. The weaknesses of the club represent the internal characteristics of the company that need improvement and can jeopardize the company's success, such as the required investment or court availability.

Shifting to opportunities and threats, these relate to the influence of external factors in the business organization. The identified opportunities concern aspects of the environment that can contribute to the success of the business, such as partnerships with other companies or the high growth rate of this sport. Conversely, threats like reduced purchasing power or an increase in the number of competitors can jeopardize the club's success.

In conclusion, the conducted SWOT analysis helped identify the internal and external factors that can have a great influence on the club's success.

## 8. Strategical Analysis

### 8.1 Business Strategy

Every entrepreneur and business manager to succeed needs to have a well sustained business strategy that provide the foundations for success.

Defining objectives, studying the market, or analysing the competitors and their advantages makes a business more likely to succeed. It is the implementation of these and other factors that are part of the strategic analysis that allow a company to achieve lasting sustainable growth and a constant competitive advantage over its rivals.

#### 8.1.1 Porter Generic Strategies

According to Michael Porter,<sup>3</sup> factors allow a company to gain a competitive advantage over its competitors and thus strengthen and establish its market position. These 3 factors are differentiation strategy, cost leadership, and strategic focus.

Starting by differentiation, this factor consists in developing distinctive products or services that are perceived as superior by the clients, emphasizing some characteristics such as innovation, quality, and brand image. It allows companies to create and improve client loyalty, resulting in customers'

willingness to pay more for this added value. Regarding cost leadership, this type of strategy is related essentially to reducing operating and industry costs, offering lower prices, and increasing efficiency in all the business processes. Concluding with the strategic focus, this type of strategy is aimed at understanding the type of market where the business is inserted, seeking to serve the segment or niche in which they operate in the best possible way. It's aimed at understanding specific characteristics and ensuring a focus on customer choices and market needs (Porter, 1996).

It is important to emphasize that these strategies are not mutually exclusive, and therefore they can co-exist and be interconnected. Regarding the Palmela Village Padel Club, a combination of strategies is the best way to guarantee the company's sustainable growth. The use of a differentiation strategy together with a strategic focus will result in a combined strategy based on the intention to present high-quality premium facilities, with the best conditions in the market, where customers can enjoy a good time. A strategy equally focused on providing a space for sports practice for the Palmela Village residents and local Palmela community, ensuring so, a club that is differentiated from the competitors in the Lisbon area, through a social, premium, and innovative club. A feeling of exclusivity is thus conveyed, where the club seeks to captivate customers, retain them, and thus increase their loyalty to the brand.

## 8.2 Corporate Analysis

### 8.2.1 Ansoff matrix

The Ansoff Matrix allows the identification and prioritization of strategies that contribute the most to business growth and to increase and maintain a long-term competitive advantage over rivals. To achieve this, it's necessary to continuously analyse customer needs and market developments about new products or services that can be offered. This matrix can lead to four types of actions, namely market penetration, product development, market development, and diversification (Ansoff, 1965).

Regarding the padel club, the intended strategy may differ. By using market penetration, the club would focus on promoting itself through promotional offers, loyalty programs, marketing campaigns, and other initiatives to attract new customers and increase court reservations. Market development strategy would involve expanding the club's business to other markets or attracting customers from different segments. This would require seeking partnerships with other sports organizations, hosting medium/large tournaments, or organizing other events to attract new clients.

Product development is another possible strategy, which involves enhancing and improving the services provided. This could include implementing new training techniques and specialized coaches,

offering different types of classes, or providing additional facilities and activities like lounge areas, fitness zones, and others to enhance customer satisfaction.

Lastly, a diversification strategy could be chosen and adopted, involving the expansion of the business into complementary areas. This complementation could be achieved through partnerships with other sports clubs offering a combined membership, selling club merchandise, or other padel sports equipment brands.

## 9. Strategy Formulation

### 9.1 Vision, Mission, and Values

#### Vision:

The vision depicts the path and position that the company intends to occupy in the future. The padel club envisions itself as a club that promotes padel practice within the community it belongs to, aiming to become a benchmark for sports activities in the Palmela area.

#### Mission:

The mission of the Palmela Padel Club is straightforward and aims to provide a top-tier padel club experience at competitive prices, where its customers can enjoy practicing padel amidst premium facilities, experienced professionals, and a healthy environment.

#### Values:

Regarding the values that will guide the padel club's conduct, they hold great importance for the business as they form the foundation of the club's image conveyed to its customers. These values encompass equality, inclusivity, professionalism, teamwork, sportsmanship, health, well-being, and community.

### 9.2 Company Goals

The goals of the padel club are aligned with the mission and vision defined previously and can be divided between the Padel Club's Big Goals and the Padel Club's Smart Goals.

The Padel Club's Big Goals are the more general goals that the club wants to accomplish in a Medium/long range. These goals are to become a reference for sports practice in the Palmela region, increase revenue from their courts, help to create a more active and healthier community, and retain and capture new clients.

For these goals to be accomplished, this business should have more specific goals, namely SMART goals, that represent more specific, measurable, achievable, relevant, and time-bounded goals for the company. These SMART goals help the company quantify and measure success and define a specific path for the desired outcome. It's also important to establish goals with specific deadlines and time frames to guarantee the completion of the jobs required, allowing that by defining attainable and realistic goals will help to ensure the company's vision, mission, and values.

The SMART goals defined by the padel club are:

**Strategic goals:**

- Initiate activity at 01/02/2024;
- Quarterly maintenance evaluations regarding the surface and court conditions;
- Host monthly tournaments for the different player levels;
- Increase the number of tournaments held by the club from one per month to two per month;
- aiming to enhance participation and engagement among members;
- Grow the club's Instagram account to 10.000 followers per year;
- Reach until the end of 2024 a total of 250 members in the Whatsapp group used by the club management to communicate regarding the club's initiatives and programs;
- Establish partnerships with sports equipment and supplementation companies.

**Financial goals:**

- End the 2024 year with €400.000 of revenue from club services;
- Achieve a 10% annual growth in revenue from court rentals and coaching classes;
- Employees' salary increase of 3.0%, 3.2%, 3.4% and 3.6% from 2025 to 2028, respectively;
- Increase the number of club members that subscribe to private and group classes by 20% per year, using membership promotions and marketing campaigns.

### 9.3 Critical success factors

Concerning success factors for a company, we refer to the factors that provide the most value to customers. These are decisive factors for the future of a company, and by managing them correctly, the company can obtain a competitive advantage over its competitors and increase the likelihood of success.

Specifically, for the Palmela Village Padel Club, the main critical success factors are:



- Top-tier cutting-edge technology padel courts available in the market;
- Quality maintenance of the padel courts infrastructures;
- Sponsorships and partnerships;
- Qualified padel instructors;
- Well-equipped and regularly cleaned sanitary facilities;
- Promotion of activities;
- Quality Bar products for social gatherings.

## 10.Strategy Implementation

### 10.1 Marketing Mix

The marketing strategy of the 4 Ps, developed by Jerome McCarthy and studied by Philip Kotler, involves the analysis of the four pillars that underpin a company's marketing strategy: Product, Price, Place, and Promotion.

In 1993, Robert Lauterborn proposed a new approach to the 4 P's marketing strategy, introducing the use of the 4 C's model. This model differs from the previous one by shifting the focus from the product to the consumer. The 4 C's model is equally divided into four perspectives: Customer, Cost, Convenience, and Communication (Siripattanakul et al., 2022)

#### 10.1.1 Customer

The Customer takes centre stage in this type of strategy, shifting the focus from the product or service provided to the tastes, preferences, opinions, and needs of the consumers. Concerning the padel club, this approach involves conducting a market analysis and studying consumer choices to identify the best offers, campaigns, or activities that can cater to each segment within the club.

#### 10.1.2 Cost

The cost refers to the total cost perceived by customers when acquiring a product or service, meaning understanding the overall costs for the customer when purchasing a service. Concerning the padel club, this strategy involves identifying and understanding the costs that customers may incur to play at the club, such as court reservation prices, membership fees, tournament registrations, or any other additional expenses they might have.

### 10.1.3 Convenience

Convenience pertains to the ease with which a customer can find, purchase, and use the desired product or service. Concerning the padel club, this factor is also highly relevant as it requires easy and clear communication about the club's location, court availability, how to make reservations, equipment rental for sports practice and court maintenance.

### 10.1.4 Communication

Communication refers to the focus given to the communication between the company and its customers, the relationship established between them, and all the factors that influence this communication, such as social media, websites, reviews, customer support services, and others.

Concerning the padel club, this communication strategy plays a crucial role in the club's growth as it is the relationship established between the company and its customers through social media, websites, sharing of experiences among customers, or advertising that will attract new clients and lead to increased revenue.

This communication should not only focus on the club's features and products but also highlight the benefits, offers, and campaigns that benefit the customer, promoting exclusive care and attention. This approach will result in long-term customer loyalty and retention.

By adopting a customer-centered approach, businesses can enhance customer retention and attraction, fostering a favorable and enduring customer relationship, and thereby gaining a competitive edge over their competitors.

## 10.2 Marketing 5.0

According to Philip Kotler, Marketing 5.0 represents an evolution of the marketing strategies used in the past and involves leveraging technology to enhance the quality of life and well-being of customers. This concept goes beyond product ideas and consumerism, emphasizing the importance of using marketing strategies with a more human and personalized focus based on technological advancements, artificial intelligence, and data analysis (Kotler, Philip ; Kartajaya, Hermawan ; Setiawan, 2021).

Initially, Marketing 1.0 centered its strategies on products and their production. With Marketing 2.0, there was a shift where the focus moved from the product to the consumer, their choices, and preferences. This marked the beginning of a more targeted approach to the target audience, which

further evolved into Marketing 3.0, where the focus shifted to the human being as an individual. In this phase, strategies began to consider the values and behaviors that brands represented and their significance to consumers and the planet. Personalized marketing strategies started to emerge, utilizing the internet and digital marketing to establish a closer relationship with customers and their emotions.

Marketing 4.0 emerges as an extension of Marketing 3.0, preserving its essential traits while embracing the integration of new technologies and digital transformation like big data, artificial intelligence, and similar advancements.

As previously noted, Marketing 5.0 stands as the latest marketing strategy, embodying an evolution by amalgamating features from preceding strategies. This approach integrates the human-centric emphasis of Marketing 3.0 with the technological progressions of Marketing 4.0, encompassing additional values like sustainability and social inclusion. According to Kotler, companies should direct their path in such a way that the use of new technologies contributes to the well-being of humanity and the preservation of the environment (Kotler, Philip ; Kartajaya, Hermawan ; Setiawan, 2021).

Concerning the padel club, the Marketing 5.0 concept can offer various theoretical and practical applications that significantly contribute to its success. Some of these applications include:

- Utilization of new technologies such as big data or artificial intelligence to understand customers' preferences, opinions, and motivations. Analysing the market and these described characteristics can help quickly reach new customers and direct available services and offers toward them.
- Leveraging digital marketing strategies and social media to connect with the audience, streamlining club promotion, sharing promotions and campaigns, events and tournaments publicity, and highlighting club benefits for members, among other aspects.
- Organizing events and experiences to create a connection between customers and the business, emphasizing the social dimension and experience exchange. This can be achieved through various avenues such as weekly tournaments, exhibition matches, celebrity games, business networking events, and more.
- Embracing new forms of communication and advertising to the public, such as engaging with influencers or incorporating online advertisements on social media platforms.
- Promoting open communication with customers, valuing their feedback and suggestions regarding the business, and facilitating their interaction with the club.
- Retailing food, merchandise, and sports products from brands that prioritize and implement environmental conservation and sustainable growth principles.

- Improving overall experience satisfaction, for instance, by streamlining court reservations through online platforms, providing comprehensive club information on the website and social media, and sharing success stories of club players who have excelled in sports competitions.
- Utilizing data analysis tools such as Power BI, SQL, Python, and similar programs to analyse data about peak periods, court reservations, customers' financial capacity, product preferences, and other insights that can inform and guide to more efficient business management.

## 11.Resources

### 11.1 Material Resources

The key material resources for the development of the new padel club's business primarily concern the tangible and intangible assets required for its operations, such as:

Land - a 2.350 m<sup>2</sup> land plot is required for building all the planned infrastructures for the padel club, and Palmela Village Resort will provide this space. The padel club will be established within the resort's premises, and there will be no rent payment required following an agreement with the resort's management. This development will bring new amenities to both the resort's inhabitants and the broader community, providing them with access to a top-tier sports complex.

Sports facilities and adjacent - All the structures that are part of the club, such as the Padel courts, reception area, changing rooms, computers, and other office/decorative materials (cash register, lights, among others), have a total value of €367.400.

Software program - It will be necessary to acquire a software program with a value of €500 to assist in managing all club operations, including court bookings, lessons, tournaments, and staff management.

#### 11.1.1 Human Resources

Human resources are essential since they pertain to the individuals within the company's workforce and encompass the complete management of these individuals, including all aspects of recruitment, hiring, training, development, and interpersonal relationships.

The Padel club will maintain a consistent team of 5 employees across the three outlined scenarios, and there are no plans to hire additional staff during the 5-year analysis period. The team will comprise 2 receptionists, 2 coaches, and 1 sports manager. The 2 receptionists will earn a monthly gross salary

of €750 and will work in 7-hour shifts. The coaches will receive a monthly gross salary of €1.000 and will be responsible for teaching classes and assisting in other club activities. The sports manager will earn a monthly gross salary of €1.500 and will be responsible for the club management, planning its activities, development, communication, and other related roles.

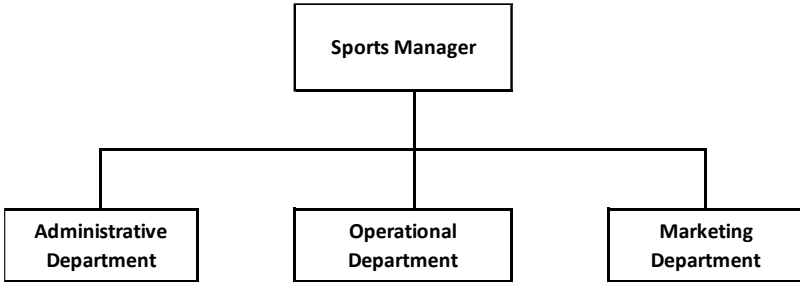
All employees will be entitled to an accident insurance policy, and additionally, a budget is allocated for training and workplace safety and hygiene measures.

### 11.1.2 Organogram

The organogram will act as a visual depiction of the company's structure and organizational layout. The organogram displayed in Figure 1 follows a functional format and illustrates the organizational framework of the padel club company, where at the top is the element with the highest authority, followed by the other elements distributed across various departments. The individual holding the highest authority is the sports manager, entrusted with overseeing the club's operations and pivotal decision-making in the execution of its strategic initiatives. Following closely are the administrative, operational, and marketing departments.

The administrative department will encompass two team members responsible for reception and administrative support. Subsequently, the operational department will comprise two coaches responsible for managing court rentals, conducting training sessions, and organizing tournaments. Lastly, the marketing department will be primarily overseen by the sports manager in collaboration with the other team members. The sports manager will provide support to all departments to ensure clear communication among them, enabling everyone to work cohesively towards common goals.

Figure 1. Organogram



Source: The author

### 11.1.3 Project Manager

The project manager holds the responsibility for planning, executing, and controlling activities within the business. The project manager for the new padel club will be me, Ricardo Ferreira, the author of

this master's thesis. I'm a second-year student in the Business Administration master's program at ISCTE Business School, with an expected graduation date in December 2023. Professionally, I have been an associate in financial auditing at PricewaterhouseCoopers for approximately 1 year. I have been an avid amateur padel player for about 3 years, frequently engaging in diverse tournaments, attending lessons, and renting courts in several padel clubs throughout the Lisbon district.

To manage this padel club, I intend to combine my academic and professional experience with the knowledge I have acquired over the past few years as a practitioner of this sport.

## 11.2 Sales Force

The sales force comprises the team or staff members tasked with marketing and selling the company's products or services. In the context of the padel club, the primary revenue sources are court rentals and padel classes, so all five employees will share some responsibility in attracting and retaining players for the club.

The receptionists will have the duty of warmly welcoming players to the facilities and acquainting them with the club's available services, including lessons, tournaments, and more. While their primary role may not involve directly acquiring new customers and driving sales, they will play a crucial role in promoting the club's revenue-generating services.

The coaches will play a secondary yet significant role in the club's sales, actively promoting the sale of group and individual lesson packages, as well as encouraging their students to participate in the club's tournaments. The sports manager will take on the primary responsibility for marketing and promoting the padel club, bearing the foremost responsibility for attracting new players. He will be responsible for designing club promotion strategies aimed at retaining current players while also attracting new ones.

In summary, the turnover will not depend solely on the sales and promotion abilities of the employees, but also on other factors, such as maintaining high-quality club facilities, the ability to retain club players, and marketing and promotion through social media platforms like Instagram, WhatsApp, or TikTok.

### 11.2.1 Accounting and Legal Support

The legal and accounting support for the club will be provided by an external company, responsible for payroll processing, tax calculation, tax payments, and accounting organization, among other tasks. The cost of this external service will be €250 per month.

### 11.3 Implementation Plan

With the essential resources for establishing the padel club already identified, the next step involves formulating a project implementation plan. This plan facilitates the detailed allocation of tasks, resources, schedules, and responsibilities required for the practical realization of the project, as illustrated in Figure 2.

Figure 2. Implementation Plan - Gantt Graph

Task	1 <sup>st</sup> Month				2 <sup>nd</sup> Month				3 <sup>rd</sup> Month				4 <sup>th</sup> Month				5 <sup>th</sup> Month			
Business plan analysis	█	█																		
Legal procedures			█	█	█	█														
Land contract and preparation					█	█	█	█												
Materials and equipment acquisition							█	█	█	█	█	█								
Infrastructure installation and construction									█	█	█	█	█	█	█	█				
Employee recruitment process															█	█	█	█		
Employee training and development																	█	█	█	
Club preparation and decoration																			█	█
Club marketing and promotion																			█	█

Source: The author

Initially, this business plan will be re-evaluated and revised to correct any potential errors, and additional relevant information for business planning will be included. This period of review and theoretical analysis of the project will last for 2 weeks.

Following this, the execution of the club's construction and development will begin. Before initiating the full-scale construction phase, critical legal and administrative procedures required to establish the company's operations will be set in motion. Concurrently, discussions will be conducted with the resort management to negotiate the space lease, present the final project proposal, and initiate land preparation for construction. Although it's anticipated that this process will span roughly 4 weeks, the duration may fluctuate depending on the specific legal procedures involved.

In the third phase, the previously selected suppliers will be contacted to proceed with the purchase of materials and equipment for the construction of the courts and additional structures. This

phase will last for 5 weeks, and it includes the entire process of procurement, preparation, production, and transportation of all ordered materials and equipment.

Upon the delivery of the materials, the construction of the padel courts along with their underlying structures and adjoining facilities, will begin. We foresee a 10-week construction project, encompassing the assembly of all structures, with an additional margin for unforeseen challenges and complications during the construction process.

Consequently, the recruitment of employees will start, and will be followed by their training and development in accordance with the company's vision and goals. This combined phase is expected to last for 3 weeks.

Just over a month before the inauguration of the new padel club, the final decoration processes and space planning will commence, with an expected duration of 3 weeks.

At the same time, the entire process of advertising and promoting the club through social media platforms and other communication channels will begin. The implementation of the defined marketing strategies and the verification of essential functionalities for the club's launch will also begin.

This final phase will last for 5 weeks and will culminate in the club's opening.

## 12. Economic And Financial Viability Study

### 12.1 Survey Analysis

To ensure a correct interpretation of the assumptions used for the financial analysis and economic viability of this project, 2 surveys were conducted with different target audiences. The first survey was distributed to a specific target audience, namely the Palmela Village Resort inhabitants. The purpose of conducting this questionnaire was to identify the needs and preferences of the resort's residents in order to understand if their answers were aligned with the board's and author's idea of creating a padel club. The second questionnaire was distributed to a general target audience, and its purpose was to help identify the needs and preferences of a non-resident Palmela Village resort population.

The data acquired from the two surveys has allowed the project team to identify the primary characteristics and needs of the targeted populations. This information was crucial in guiding the direction of the project and predicting its outcome. By understanding the preferences and requirements of both residents of the Palmela Village Resort and the general population, this project can be tailored to better meet their expectations and increase its chances of success. The insights gained from the questionnaires will play a vital role in shaping the project's strategy and decision-making process.



- 1<sup>st</sup> Survey

At the beginning of the development of this business plan, the idea of creating a padel club within the facilities of Palmela Village was presented to its management board of directors. After meeting with the board of directors, several steps were defined to analyse the feasibility and development of the project.

In a first step, a survey was developed on Google Forms, and then shared with the resident inhabitants of the resort through a general email regularly used by the management director to communicate with its residents. This questionnaire consisted of 20 questions and its main objective was to identify the needs of the resort's residents to understand their opinion regarding the construction of a new sports facility.

Between the 1<sup>st</sup> and 20<sup>th</sup> of April 2023, the final questionnaire hyperlink was distributed via e-mail by the resort administration. A sum of 51 complete and valid responses was acquired.

From the total of responses obtained, it was observed that:

- Regarding gender, 30 responses were observed from male participants (59%) and 21 from female participants (41%).

- It was found that 31% of the respondents were between 41 and 50 years old, with 25% of the responses belonging to residents between 51 and 60 years old and another 24% corresponding to respondents between 31 and 40 years of age. The remaining 20% were distributed among respondents younger than 30 and older than 61 years old.

- Regarding marital status, more than half of the responders were married individuals (53%), and another 22% corresponded to single individuals.

- It was possible to identify that 29% had a bachelor's degree, 31% of the population had a master's degree and 18% were postgraduates. Only 16% didn't have any higher education degree.

- Regarding occupation, 57% were employees and 31% were self-employed.

- Regarding the number of household members, a balance of responses was observed, with 22%, 25%, and 24% of the responses corresponding to 2, 3, and 4 members, respectively.

- When asked if they practice any sporting activity, 75% of the respondents indicated that they do.

- 25% of the population preferred group sports, 20% preferred individual sports, and 55% preferred both.

- When questioned if they had heard of Padel, 98% said yes.

- 92% of the residents considered that a padel club in the resort would be a good place to engage in sports with family and friends.

- 86% of the responders were willing to attend the facilities of the Padel Club if it offered activities such as private lessons, group lessons, social tournaments, players gatherings, or others.

- In addition to the playing courts, 75% of the responders would like to attend a padel club that had a lounge area with a bar, while a kid's area and a sports equipment store account for the remaining preferences.

- Regarding the importance of sports practice, 55% of individuals considered it very important, and 41% of individuals considered it important.

- When asked about their frequency of sports practice, 45% of the respondents indicated that they engage in sports 2 or more times per week, while 24% indicate that they do not engage in sports.

- Regarding the need to leave the resort area to engage in sports, 37% responded that they always had to leave, 16% responded almost always, and 24% responded sometimes.

- Regarding the interest in attending the future facilities of the Padel club at Palmela Village, 82% of individuals stated that they were interested.

- When asked how often they intend to attend the padel club in the future, 31% responded that they plan to attend once a week, 27% responded two or more times per week, and 20% intend to attend two or more times per month.

- Regarding the sports that the participants most commonly engage in, 10 individuals responded Padel, 8 answered tennis, 7 practiced gym workouts, 6 engaged in jogging, and the remaining participants practiced various other sports activities.

- In a final question, participants were asked to suggest one or more activities they would like to see available at the padel club. The majority expressed a desire for the availability of classes and tournaments.

The data obtained from the conducted survey with the Palmela Village Resort residents allowed us to identify the main characteristics and preferences of this sample of the population.

In summarizing the conducted questionnaire, it was possible to observe that most respondents were middle-aged adults with a higher level of education who lived at the resort with their families. Regarding sports activities, almost all respondents considered them essential, with 92% considering padel as an excellent sport to practice with their family and friends. The analysed population mentions engaging in sports several times a month; however, as expected, the vast majority indicate the need to go outside the resort premises to do so. Approximately 82% of the respondents expressed a strong desire to use the padel facilities, and this figure increases to 86% if classes, tournaments, or other gatherings are made available.

From this survey, it was possible to conclude that the respondents were very receptive to the idea of playing at the padel club. This club will provide them with the opportunity to engage in sports more frequently within their social circle and close to their place of residence.

Simultaneously, a survey was conducted to the public to assess if their answers were correlated with the responses given by the residents of Palmela Village Resort.

- 2<sup>nd</sup> Survey

This survey was developed in Google Forms, and its structure differed only in a few questions, as these were no longer targeted to identify the needs of resort residents but to understand the needs of the public. The questionnaire consisted of 17 questions and its main objective was to identify the needs and preferences of a general sample population that could represent potential padel club clients.

Between the 1<sup>st</sup> and 30<sup>th</sup> of April 2023, the final questionnaire hyperlink was distributed via social media networks, such as WhatsApp, Facebook, and Instagram. A sum of 206 complete and valid responses was acquired.

From the total of responses obtained, it was observed that:

- Regarding gender, 135 responses were observed from male participants (65.5%) and 71 responses from female participants (34.5%).
- It was found that more than half of the respondents (53.9%) were between 18 and 27 years old. Considering the remaining sample of the population, 18.9% corresponded to individuals between 28 and 37 years old, 13.1% to individuals between 38 and 47 years old, and 12.6% to individuals between 48 and 57 years old.
- Regarding marital status, more than half of the responders were single, being that 18.4% were married and 13.6% were unmarried couples (cohabitants).
- It was possible to identify that 48.5% had a bachelor's degree, 25.2% of the population had a master's degree and 9.2% were postgraduates. Only 16.5% didn't have any higher education degree.
- Regarding occupation, 65.5% were employees and 13.1% were self-employed.
- Of the analysed population sample, 82% of respondents belonged to the Lisbon metropolitan area while another 12.1% belonged to the central area of the country.
- When asked if they usually practice sports or any sporting activity, 87.9% of the respondents indicated that they do.
- Regarding the importance of sports practice, 65.5% of individuals consider it very important, and 33.5% of individuals consider it important.

- 39.8% of the population prefer group sports, 14.1% prefer individual sports and 46.1% prefer both.
- When questioned if they had heard of Padel, 98.5% said yes.
- 90.8% of the responders were willing to attend the Padel Club facilities if it offered activities such as private lessons, group lessons, social tournaments, players gatherings, or others.
- When inquired about their frequency of sports participation, 66% of the respondents stated that they engage in sports 2 or more times per week, while 10.2% mentioned that they do not participate in sports. Another 12.1% practice sports once a week and 8.3% engage in sports activities every day.
- Regarding the interest in attending the facilities of a Padel club, 45.6% of individuals stated they were very interested and 34% would be interested.
- 100% of the respondents consider that a padel club in the resort would be a good place to engage in sports with family and friends.
- Regarding what additional facilities would like to find in a padel club, a lounge area with a bar and changing rooms represented more than 95% of the answers.
- Respondents were asked how often they usually attend the clubs where they play padel, with 40.3% indicating that they do not play, 31.6% indicating that they attend 2 or more times a week and 15.5% indicating that they attend once a week.
- Regarding the distance that players are willing to travel outside their area of residence to practice sports, 34.5% said they were willing to travel between 5 and 10 km away, 32% said they were willing to travel between 10 and 20 km and 19.9% said they wanted to travel 5 km or less. In addition, 5.3% were willing to travel between 20 and 30 km away and 8.3% were willing to travel over 30 km to practice sport.

Upon analysing the gathered responses, we could classify the sampled population. Over fifty percent of the individuals fell within the 18 to 27 age range, possessed higher educational qualifications, and were unmarried. This data alone clearly highlights the significant differences between this population and the one from the resort, presenting a promising sign. These distinctions will provide valuable insights into the preferences of a diverse demographic population that could potentially become padel club clients.

Approximately 82% of the respondents reside in the Lisbon metropolitan area and consider engaging in sports activities to be quite important. Among this population, 98% mentioned being familiar with padel, and 100% believed that a padel club within the resort would be an excellent place

to engage in sports with family and friends. Additionally, over 70% of the respondents stated that they participate in sports several times a week, and about 90% expressed interest in using the club's facilities if activities such as group lessons or tournaments were offered.

Finally, we evaluated the distance this population would be willing to travel to play padel in various clubs in the Lisbon area. About 85% of the respondents would be willing to travel between 5 to 20 km from their place of residence to engage in sports, which can be considered a positive indicator for the padel club located in Palmela village.

Examining the responses gathered from both surveys, it became evident that both the resort inhabitants and the general population sample see the establishment of the club as a fantastic opportunity to boost their involvement in sports. In both cases, there is a notable enthusiasm for making use of the amenities and services the club will offer, including court bookings, classes, and tournaments.

As previously stated, the calculation of the sales volume is based on the results obtained from the questionnaires shared with the two different population samples. The resident population of Palmela Village has shown a great interest in using the new padel club facilities, with everyone considering it an excellent place for engaging in sports with their families and friends and engaging in regular physical activity. Concerning the general population, the responses provided by them aligned with those of the resort's residents and reflected the interest of the population in using the club's facilities, whether it be for court rentals, private and group lessons, mini-tournaments, or simply social interaction.

## 12.2 Business Assumptions

Before conducting the entire financial and economic analysis of the project, it was necessary to define the assumptions used for calculating several values and indicators, such as:

- 12 months of operation
- 365 days of club operation
- 21% CIT rate.
- 1.5% municipal surcharge rate.
- 10% average PIT rate.
- 23.75% company's social security contribution rate (SSR).
- 11% employee's social security contribution rate (SSR).
- Work accident insurance equivalent to 1% of the total annual base salary.
- Standard VAT rate of 23%, intermediate VAT rate of 13%, and reduced VAT rate of 6%.
- Salary increase of 3.0% in 2025, 3.20% in 2026, 3.4% in 2027, and 3.6% in 2028.

- Inflation rate previsions of 3.3% in 2025, 2.1% in 2026, 1.8% in 2027, and 1.5% in 2028.
- Interest rate of 3% for short-term deposits.

### 12.3 Sales and Costs Forecast

For the calculation of sales and costs for the new padel club, three potential scenarios were developed, namely a pessimistic scenario, a realistic scenario, and an optimistic scenario. For each of these scenarios, a 5-year forecast was conducted to analyse the business's progression.

For calculating the projected sales volume for the period 2024-2028, I relied on the conducted surveys and the responses obtained from the analysed populations. As a padel club, the primary revenue streams are generated from court rentals and the provision of individual and group lessons by the club's coaches.

For the formulation of the three scenarios, several factors that could influence them were considered, such as:

- 14 daily operating hours (from 9.00 A.M. to 11:00 P.M.)
- Nr. of court reservation hours per day
- Price difference for court reservations between standard hours (before 6:00 P.M.) and premium hours (after 6:00 P.M.)
- Weekend reservations were always considered as premium hours.
- The number of reservations during premium hours is always higher than the number of reservations during standard hours, both for covered and uncovered courts.
- Calculations are performed assuming months with 22 business days and 8 weekend days.
- There are 4 covered courts and 2 uncovered courts.
- Covered courts provide better playing conditions, and less wear and tear on the courts and reservations during times of adverse weather conditions.
- The price difference between covered courts and uncovered courts reservations.
- Number of students registered in lessons with coaches.
- Price differences based on the frequency of lessons.

The following tables provide a detailed breakdown of all the values that make up the projected revenue for the three scenarios analysed over the first 5 years of operations.

For the pessimistic scenario, it was assumed that each court would only be booked 4 hours per day, and the number of students taking lessons would follow the distribution presented in Tables 2 and 3. In this scenario, the total revenue in the first year of operation will be €198.918, consisting of €172.518 from court rentals and €26.400 from lessons.

Table 2. Revenue from Court Reservations - Pessimistic Scenario

Revenue from Courts Reservations										
Courts / Reservations		Nr. Courts	Nr. Booked Hours	Price per Hour	Week days Revenue	Weekends Revenue	Week days Total Revenue	Weekends Total Revenue	Monthly Revenue	Annual Revenue
Covered Courts	Standard Time	4	2	20 €	156 €	-	3.434 €	-	3.434 €	41.205 €
	Premium Time	4	2	24 €	195 €	293 €	4.294 €	2.342 €	6.637 €	79.642 €
Uncovered Courts	Standard Time	2	2	16 €	65 €	-	1.431 €	-	1.431 €	17.171 €
	Premium Time	2	2	21 €	85 €	127 €	1.860 €	1.015 €	2.875 €	34.500 €
<b>Total</b>									<b>14.376 €</b>	<b>172.518 €</b>

Source: The author

Table 3. Revenue from classes - Pessimistic Scenario

Revenue from Classes						
Classes/Frequency	Once a week	Monthly Payment	Twice a week	Monthly Payment	Monthly Revenue	Annual Revenue
1 student class	2	100 €	1	200 €	400€	4.800 €
2 students class	4	50 €	2	105 €	410€	4.920 €
3 students class	8	40 €	4	80 €	640 €	7.680 €
3 students class	12	30 €	6	65 €	750 €	9.000 €
<b>Total</b>					<b>2.200 €</b>	<b>26.400 €</b>

Source: The author

For the realistic scenario, it was assumed that each court would be reserved for 7 hours per day and the number of students taking lessons would follow the distribution presented in Tables 4 and 5. In this perspective, the total revenue in the first year of operation will be €391.257, consisting of €337.017 from court rentals and €54.240 from lessons.

Table 4. Revenue from courts reservations - Realistic Scenario

Revenue from Courts Reservations										
Courts / Reservations		Nr. Courts	Nr. Booked Hours	Price per Hour	Week days Revenue	Weekends Revenue	Week days Total Revenue	Weekends Total Revenue	Monthly Revenue	Annual Revenue
Covered Courts	Standard Time	4	2	20 €	156 €	-	3.434 €	-	3.434 €	41.205 €
	Premium Time	4	5	24 €	488 €	683 €	10.736 €	5.466 €	16.202 €	194.419 €
Uncovered Courts	Standard Time	2	2	16 €	65 €	-	1.431 €	-	1.431 €	17.171 €
	Premium Time	2	5	21 €	211 €	296 €	4.651 €	2.368 €	7.018 €	84.222 €
<b>Total</b>									<b>28.085 €</b>	<b>337.017 €</b>

Source: The author

Table 5. Revenue from classes - Realistic Scenario

Revenue from Classes						
Classes/Frequency	Once a week	Monthly Payment	Twice a week	Monthly Payment	Monthly Revenue	Annual Revenue
1 student class	5	100 €	2	200 €	900 €	10.800 €
2 students class	10	50 €	4	105 €	920 €	11.040 €
3 students class	20	40 €	6	80 €	1.280 €	15.360 €
3 students class	30	30 €	8	65 €	1.420 €	17.040 €
<b>Total</b>					<b>4.520 €</b>	<b>54.240 €</b>

Source: The author

For the optimistic scenario, it was assumed that each court would be reserved for 10 hours per day and the number of students taking lessons would follow the distribution presented in Tables 6 and 7. In this perspective, the total revenue in the first year of operation will be €551.987, consisting of €480.347 from court rentals and €71.640 from lessons.

Table 6. Revenue from courts reservations - Optimistic Scenario

Revenue from Courts Reservations										
Courts / Reservations		NºCourts	Nº Booked Hours	Price per Hour	Week days Revenue	Weekends Revenue	Week days Total Revenue	Weekends Total Revenue	Monthly Revenue	Annual Revenue
Covered Courts	Standard Time	4	3	20 €	234 €	-	5.151 €	-	5.151 €	61.808 €
	Premium Time	4	7	24 €	683 €	976 €	15.030 €	7.808 €	22.838 €	274.061 €
Uncovered Courts	Standard Time	2	3	16 €	98 €	-	2.146 €	-	2.146 €	25.756 €
	Premium Time	2	7	21 €	296 €	423 €	6.511 €	3.382 €	9.894 €	118.722 €
<b>Total</b>									<b>40.029 €</b>	<b>480.347 €</b>

Source: The author

Table 7. Revenue from classes - Optimistic Scenario

Revenue from Classes						
Classes/Frequency	Once a week	Monthly Payment	Twice a week	Monthly Payment	Monthly Revenue	Annual Revenue
1 student class	6	100 €	3	200 €	1.200 €	14.400 €
2 students class	12	50 €	6	105 €	1.230 €	14.760 €
3 students class	24	40 €	9	80 €	1.680 €	20.160 €
3 students class	36	30 €	12	65 €	1.860 €	22.320 €
<b>Total</b>					<b>5.970 €</b>	<b>71.640 €</b>

Source: The author

The number of reserved court hours was determined based on the values obtained from the conducted surveys. In both questionnaires, over 80% of the respondents indicated their interest in using the new padel club facilities. Accordingly, given the 14-hour established daily operating period, a 50% occupancy rate was used as a benchmark for the realistic analysis, equating to 7 hours of daily court rentals. For the pessimistic scenario, a daily court occupancy rate of approximately 29% of the total period was employed, while the optimistic scenario assumed a daily occupancy rate of 71%.



Additionally, for each of the scenarios, a sales growth volume of 10% per year was established, starting from the year 2025 and continuing until 2028, the final year of analysis. The presented values in Table 8 do not include the 23% VAT.

Table 8. Annual sales forecast – Excluding VAT

Annual Sales Forecast (excluding VAT)						
Scenario/Year	2024	2025	2026	2027	2028	Total
Pessimistic	198.918 €	218.810 €	240.691 €	264.760 €	291.236 €	1.214.414 €
Realistic	391.257 €	430.383 €	473.421 €	520.763 €	572.839 €	2.388.663 €
Optimistic	551.987 €	607.185 €	667.904 €	734.694 €	808.164 €	3.369.933 €

Source: The author

From the total revenue volume, a 23% VAT percentage was calculated. This way, the total amount of sales including the VAT is presented below in table 9.

Table 9. Annual sales forecast - Including VAT

Annual Sales Forecast (including VAT)						
Scenario/Year	2024	2025	2026	2027	2028	Total
Pessimistic	244.669€	269.136€	296.050€	325.655€	358.220€	1.493.73€
Realistic	481.246€	529.371€	582.308€	640.539€	704.592€	2.938.05€
Optimistic	678.943€	746.838€	821.522€	903.674€	994.041€	4.145.01€

Source: The author

After calculating the projected revenues for the 5-year operational period, the focus shifted to determining the expenses associated with the operational activities of the padel club. The process started by calculating the monthly operational cost for the club and then using this value for an annual estimate.

Throughout the initial 5 years, the values are influenced by the inflation rates estimated by the Bank of Portugal. Between 2025 and 2028, the projected inflation rates used are 3.3%, 2.1%, 1.8% and 1.5%, respectively.

Table 10. Operating Expenses

Operating Expenses						
Entry/Year	Monthly	2024	2025	2026	2027	2028
Specialized Works	100 €	1.200 €	1.240 €	1.266 €	1.288 €	1.308 €
Water	75 €	900 €	930 €	949 €	966 €	981 €
Electricity	350 €	4.200 €	4.339 €	4.430 €	4.509 €	4.577 €
Rents	0 €	0 €	0 €	0 €	0 €	0 €
Advertising and Marketing	500 €	6.000 €	6.198 €	6.328 €	6.442 €	6.539 €

<b>Communication</b>	150 €	1.800 €	1.859 €	1.898 €	1.933 €	1.962 €
<b>Accounting</b>	250 €	3.000 €	3.099 €	3.164 €	3.221 €	3.269 €
<b>Materials</b>	50 €	600 €	620 €	633 €	644 €	654 €
<b>Surveillance and Security</b>	150 €	1.800 €	1.859 €	1.898 €	1.933 €	1.962 €
<b>Insurance</b>	375 €	4.500 €	4.649 €	4.746 €	4.832 €	4.904 €
<b>Repair and Conservation</b>	300 €	3.600 €	3.719 €	3.797 €	3.865 €	3.923 €
<b>Cleaning, hygiene and confort</b>	100 €	1.200 €	1.240 €	1.266 €	1.288 €	1.308 €
<b>Other Costs</b>	200 €	2.400 €	2.479 €	2.531 €	2.577 €	2.615 €
<b>Total</b>	<b>2.260 €</b>	<b>31.200 €</b>	<b>32.230 €</b>	<b>32.906 €</b>	<b>33.499 €</b>	<b>34.001 €</b>

Source: The author

This account remains consistent across the three analysed scenarios and some cost explanations are presented below (Table 10).

Rent – The rental fee amount has a neutral balance due to the collaborative nature of the padel club's development as a partnership with Palmela Village Resort. Under this arrangement, the resort will provide the space for constructing the club within its premises, removing the requirement for rental payments. The club's presence will enhance the resort's offerings to both its residents and external users.

Electricity - For estimating the electricity cost, the energy consumption for illuminating the padel courts and the rest of the club was calculated. This calculation considered the usage of 8 lamps of 150 Watts each per court over a daily illumination period of 8 hours. This monthly-calculated value was converted to kilowatts and multiplied by the electricity tariff of €0.17620 per kWh used by EDP in 2023. To this figure, the projected energy consumption cost for illuminating the rest of the club was also added, resulting in a final value of €350 per month.

Cleaning, hygiene and confort - a monthly amount of €100 was considered, designated for the purchase of hygiene products, and cleaning supplies for the changing rooms and other club facilities.

Surveillance and security - several service providers were contacted, and an average monthly amount of €150 was established.

Insurance - company Fidelidade was contacted, and a monthly payment amount of €375 was established.

Repair and conservation - a monthly amount of €300 was decided upon. While the costs for these works can fluctuate every month, the excess expenditure in some months will offset any overage in other months.

Advertising and marketing – A monthly amount of €500 was considered. This amount will cover the costs of digital marketing through social media and advertising billboards on the main club access roads.

The remaining accounts feature estimates of average values calculated based on market values and expenditure analyses.

An average payment term of 30 days is used, allowing the determination of payments for each assessment year and the corresponding outstanding amounts that will be settled in the first month of the following year, as outlined in Table 11.

*Table 11. Operating Expenses Debts*

<b>Operating Expenses Debts</b>					
<b>Entry/Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Acquisitions</b>	31.200 €	32.230 €	32.906 €	33.499 €	34.001 €
<b>Payments</b>	28.600 €	29.544 €	30.164 €	30.707 €	31.168 €
<b>Credit</b>	2.600 €	2.686 €	2.742 €	2.792 €	2.833 €

Source: The author

Moving on to the personnel expenses category, the employees' salaries, social charges, meal allowances, work accident insurance, and other expenses, including training and workplace safety and hygiene, were calculated.

It is projected that the number of employees will remain consistent over the 5 years under analysis, with no requirement for additional staff. The team will consist of 2 receptionists, 2 coaches, and 1 sports manager. The 2 receptionists will work in 7-hour shifts, allowing the club to remain open for 14 hours, operating from 9 am to 11 pm. The 2 coaches will be responsible for various groups of students and classes throughout the day, and the sports manager will oversee the club management, including organization, planning, and business strategy.

The monthly salary differs according to the position, in accordance with the salary table stipulated in Employment Bulletin No. 25, dated July 8, 2023. Social charges represent 23.75% of each employee's monthly salary, and a meal allowance of €6.00 per working day is paid without taxation charges in accordance with Decree-Law No. 26-B/2023 and its update by Ordinance No. 107-A/2023.

Each employee will also be entitled to work accident insurance, equivalent to 1% of their total base salary. Additionally, personnel expenses will also include expenses for training and workplace safety and hygiene, amounting to €50 per employee per month. (Table 12)

Table 12. Income wages by employee's position

Income Wages			
Position/Payroll	Wages	Social Charges	Meal Allowance
Receptionist nr.1	760 €	23,75%	6,00 €
Receptionist nr.2	760 €	23,75%	6,00 €
Coach nr.1	1.000 €	23,75%	6,00 €
Coach nr.2	1.000 €	23,75%	6,00 €
Sports Manager	1.500 €	23,75%	6,00 €

Source: The author

Additionally, a salary increase was stipulated for all employees of 3.0% in 2025, and 3.20%, 3.40%, and 3.60% for 2026, 2027, and 2028, respectively. In Table 13, the overall amounts for personnel expenses in each year of activity are visible.

Table 13. Salaries/Payroll expenses

Salaries/Payroll Expenses						
Entry/Year	2024	2025	2026	2027	2028	Total
Annual Wages	70.280 €	72.388 €	74.705 €	77.245 €	80.026 €	374.644 €
Social Charges	16.692 €	17.192 €	17.742 €	18.346 €	19.006 €	88.978 €
Meal Allowance	6.930 €	7.138 €	7.366 €	7.617 €	7.891 €	36.942 €
Work Accident Insurance	703 €	724 €	747 €	772 €	800€	3.746
Other Personnel Expenses	3.000 €	3.090 €	3.189 €	3.297 €	3.416 €	15.992 €
<b>Total</b>	<b>97.605 €</b>	<b>100.532 €</b>	<b>103.749 €</b>	<b>107.277 €</b>	<b>111.139 €</b>	<b>520.302 €</b>

Source: The author

For the calculation of social charges, the amounts to be paid in the current year and the contributions to be paid in the first month of the following year were considered. As mentioned earlier, social charges represent 23.75% of the total remuneration, being that, for calculation an average personal income tax rate of 10% and a social security rate of 11% were considered. The detailed calculation of social charges is presented in Table 14.

Table 14. Income taxes contributions

Income Taxes Contributions					
Income Taxes/Year	2024	2025	2026	2027	2028
Company Social Contributions for the year	15.499 €	15.964 €	16.475 €	17.035 €	17.649 €
Company Social Contributions from the previous year	-	1.192 €	1.228 €	1.267 €	1.311 €
Employee Social Contributions for the year	7.179 €	7.394 €	7.631 €	7.890 €	8.174 €
Employee Social Contributions from the previous year	-	552 €	569 €	587 €	607 €

<b>Employee Personal Income Tax for the year</b>	6.024 €	6.205 €	6.403 €	7.173 €	7.431 €
<b>Employee Personal Income Tax from the previous year</b>	-	1.004 €	1.034 €	1.067 €	1.103 €
<b>Annual Total Costs</b>	<b>28.702 €</b>	<b>32.311 €</b>	<b>33.340 €</b>	<b>34.468 €</b>	<b>35.703 €</b>

Source: The author

In addition to the Income taxes contributions, the total VAT was analysed, calculating the difference between the liquidated VAT and the deductible VAT, as presented in Table 15.

For the calculation of the liquidated VAT, a standard rate of 23% was applied to the revenues obtained during the analysed period. For the calculation of the deductible VAT, a standard rate of 23% was applied to the intangible assets acquired in the 1<sup>st</sup> year of activity. Subsequently, concerning personnel expenses, a standard rate of 23% was applied to training expenses, and a rate of 13% was applied to workplace safety and hygiene expenses. Regarding Operating Expenses, all expenses were subjected to a standard rate of 23%, except for water and electricity, where a reduced VAT rate of 6% was applied.

Table 15. Value added tax - VAT

<b>Value Added Tax - VAT</b>					
<b>Entry/Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Liquidated amount</b>					
<b>Revenue</b>					
<b>Sales</b>	89.989 €	98.988 €	108.887 €	119.775 €	131.753 €
<b>Liquidated total</b>	<b>89.989 €</b>	<b>98.988 €</b>	<b>108.887 €</b>	<b>119.775 €</b>	<b>131.753 €</b>
<b>Deductible amount</b>					
<b>Operating Expenses</b>					
<b>Specialized Works</b>	276 €	285 €	291 €	296 €	301 €
<b>Water</b>	54 €	56 €	57 €	58 €	59 €
<b>Electricity</b>	252 €	260 €	266 €	271 €	275 €
<b>Incomes and Rents</b>	0 €	0 €	0 €	0 €	0 €
<b>Advertising and Marketing</b>	1.380 €	1.426 €	1.455 €	1.482 €	1.504 €
<b>Communications</b>	414 €	428 €	437 €	445 €	451 €
<b>Accounting</b>	690 €	713 €	728 €	741 €	752 €
<b>Materials</b>	138 €	143 €	146 €	148 €	150 €
<b>Surveillance and Security</b>	414 €	428 €	437 €	445 €	451 €
<b>Insurance</b>	1.035 €	1.069 €	1.092 €	1.111 €	1.128 €
<b>Repair and Conservation</b>	828 €	855 €	873 €	889 €	902 €
<b>Cleaning, hygiene and confort</b>	276 €	285 €	291 €	296 €	301 €
<b>Other Costs</b>	552 €	570 €	582 €	593 €	602 €
<b>Total Operating Expenses</b>	<b>6.309 €</b>	<b>6.517 €</b>	<b>6.654 €</b>	<b>6.774 €</b>	<b>6.875 €</b>
<b>Intangible Assets</b>					
<b>Software</b>	115 €	0 €	0 €	0 €	0 €
<b>Total Intangible Assets</b>	<b>115 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>

Personnel Expenses					
Training Formation	345 €	355 €	367 €	379 €	393 €
Workplace safety and Hygiene	195 €	201 €	207 €	214 €	222 €
<b>Total Personnel Expenses</b>	<b>540 €</b>	<b>556 €</b>	<b>574 €</b>	<b>594 €</b>	<b>615 €</b>
<b>Deductible total</b>	<b>6.964 €</b>	<b>7.073 €</b>	<b>7.228 €</b>	<b>7.367 €</b>	<b>7.490 €</b>
<b>Total VAT</b>	<b>83.025 €</b>	<b>91.915 €</b>	<b>101.659 €</b>	<b>112.408 €</b>	<b>124.263 €</b>

Source: The author

## 12.4 Fixed capital and depreciations

The new padel club must acquire various tangible fixed assets to ensure its regular operations, as they are essential for the business.

The main tangible fixed assets of the club are the 6 padel courts, the court coverings, the lounge area, and the changing rooms. Among these assets, the padel courts will serve as the company's primary fixed asset and their rental will constitute the main source of revenue.

At present, numerous national and international companies specialize in constructing padel courts globally. It is of paramount importance to assess which of these aligns most closely with the club's goals to ensure an optimal selection. Consequently, we reached out to several of these padel court suppliers to request their cost estimates and construction proposals.

The Tables 16 and 17 showcase the comprehensive unit costs for building both standard and panoramic courts offered by 4 distinct supplier companies.

The final price presented includes the unit court cost, transportation, installation, and other civil construction works such as ground leveling, electrical connections, porous cement foundations, and more.

Table 16. Total price for 1 standard court

Total price for 1 standard court				
Entry/Suppliers	InCourts	GreenPark	Mediterra	Qifan Fitness
Price per unit standard court	15.700 €	22.240 €	13.500 €	12.200 €
Installation	3.000 €	-	1.500 €	1.500 €
Construction Work	10.450 €	10.450 €	10.450 €	10.450 €
Transportation	1.700 €	600 €	1.065 €	500 €
<b>Total</b>	<b>30.850 €</b>	<b>33.290 €</b>	<b>26.515 €</b>	<b>24.650 €</b>

Source: The author

Table 17. Total price for 1 panoramic court

Total price for 1 panoramic court				
Entry/Suppliers	InCourts	GreenPark	Mediterra	Qifan Fitness
Price per unit panoramic court	16.500 €	24.240 €	15.000 €	-
Installation	3.000 €	-	1.500 €	-
Construction work	10.450 €	10.450 €	10.450 €	-
Transportation	1.700 €	600 €	1.065 €	-
<b>Total</b>	<b>31.650 €</b>	<b>35.290 €</b>	<b>28.015 €</b>	-

Source: The author

Table 18 displays the construction cost for the 6 courts designed for the Padel Club. It's worth highlighting that the listed prices encompass all essential infrastructure required for the courts to operate effectively, including lighting, tempered glass, turf, and the complete metal structure.

Table 18. Suppliers proposal prices for 6 courts construction

Total price for 6 courts construction				
Courts/Suppliers	Incourts	GreenPark	Mediterra	Qifan Fitness
Standard Padel Court	185.100 €	199.740 €	159.090 €	147.900 €
Panoramic Court	189.900 €	211.740 €	168.090 €	-
Full Panoramic Court	198.900 €	-	-	-

Source: The author

Table 19 displays the pricing proposals from suppliers for constructing coverings over 4 padel courts. The decision was made to outfit 4 of the club's 6 courts with these coverings in line with the company's vision of establishing a high-end club aimed at enhancing the customer experience. These coverings have the potential to boost court rental revenue by mitigating the effects of external factors such as rain, extreme heat, or wind, which often lead to fewer reservations on uncovered courts. Furthermore, they help to safeguard these covered courts from excessive wear and tear. As mentioned earlier, the listed prices encompass all aspects of production, civil construction, installation, and transportation.

Table 19. Suppliers' proposal price for 4 courts coverings

Total price for 4 courts cover		
Coverings/Supplier	LusoTendas	InCourts
4 MultiCourts Luso Coverings	129.330 €	-
4 MultiCourts Air Coverings	143.490 €	-
4 InCourts Coverings	-	120.000 €

Source: The author

After reviewing the numerous proposals provided by the suppliers, the decision was to engage with InCourts Company to produce all 6 Panoramic model courts, as well as the coverings for 4 of these courts.

Moreover, a comprehensive assessment of the expenses related to the construction of a lounge area and changing rooms was conducted, resulting in a budget allocation of €52.500 for these two facilities. These choices were influenced by the results of the two surveys conducted, where participants were asked about their preferences for club amenities. It was evident from the survey responses that both the lounge area and changing rooms were the respondents' preferred options, and therefore, the construction of these two facilities aims to align with customer preferences and provide unique features to distinguish the club from its competitors.

Additionally, there were other tangible fixed assets requiring additional investments of €5.000, which encompassed the acquisition of a computer, office supplies, and bar/lounge equipment. Lastly, regarding intangible assets, the only consideration was the software for court reservations, scheduling, and lesson booking, valued at €500, as presented in Table 20.

Table 20. Fixed assets

Fixed Assets	
Tangible Assets	2024
6 Courts	189.900 €
Cover	120.000 €
Bar with Lounge Area	22.500 €
Changing Rooms	30.000 €
Other Investments	5.000 €
<b>Tangible Assets Total</b>	<b>367.400 €</b>
Intangible Assets	
Software	500 €
<b>Intangible Assets Total</b>	<b>500 €</b>
<b>Fixed Assets Total</b>	<b>367.900 €</b>

Source: The author

For calculation of the fixed assets depreciations, the straight-line depreciation method was employed. This method enables the calculation of annual depreciation of assets by assuming that depreciation is evenly distributed over the assets' useful life. The annual depreciation of the assets mentioned earlier was calculated, assuming a useful life of 10 years and a zero residual value for all assets, as shown in Table 21.



Table 21. Assets depreciations

Assets Depreciation											
Assets/Year	Value	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>6 Courts</b>	189.900 €	18.990 €	18.990 €	18.990 €	18.990 €	18.990 €	18.990 €	18.990 €	18.990 €	18.990 €	18.990 €
<b>Coverings</b>	120.000 €	12.000 €	12.000 €	12.000 €	12.000 €	12.000 €	12.000 €	12.000 €	12.000 €	12.000 €	12.000 €
<b>Bar with Lounge Area</b>	22.500 €	2.250 €	2.250 €	2.250 €	2.250 €	2.250 €	2.250 €	2.250 €	2.250 €	2.250 €	2.250 €
<b>Changing Rooms</b>	30.000 €	3.000 €	3.000 €	3.000 €	3.000 €	3.000 €	3.000 €	3.000 €	3.000 €	3.000 €	3.000 €
<b>Other Investments</b>	5.000 €	500 €	500 €	500 €	500 €	500 €	500 €	500 €	500 €	500 €	500 €
<b>Software</b>	500 €	50 €	50 €	50 €	50 €	50 €	50 €	50 €	50 €	50 €	50 €
<b>Total Depreciations</b>	<b>367.900 €</b>	<b>36.790 €</b>	<b>36.790 €</b>	<b>36.790 €</b>	<b>36.790 €</b>	<b>36.790 €</b>	<b>36.790 €</b>	<b>36.790 €</b>	<b>36.790 €</b>	<b>36.790 €</b>	<b>36.790 €</b>

Source: The author

## 12.5 Financing

The capital required to develop the new padel club is €385.750. The company will be fully funded with private equity, and there is no need to obtain any bank loans. The required equity capital will be provided by two partners, each investing €192.875 to cover the total of €385.750. These two partners will be the primary stakeholders of the company, with each of them owning 50% of the company's ownership.

All the necessary capital will be allocated for funding both the fixed assets, valued at €367.900, and the initial settlement of financial expenses amounting to €17.850, in accordance with the working capital fund (Table 24).

## 12.6 Financial Statements

The financial statements presented in the following tables represent a summary of the financial activities and transactions of the padel club allowing an assessment of the financial health and performance of this company. The financial statements presented in Table 22, 23, 24 and 25, include the projected results over the first 5 years of operation and pertain to a realistic scenario of the values. The same financial statements for pessimistic and optimistic scenarios have been prepared and can be found in the Appendices.

Table 22. Income statement - Realistic scenario

Income Statement					
Entry/Year	2024	2025	2026	2027	2028
Sales Revenue	391.257 €	430.383 €	473.421 €	520.763 €	572.839 €
Cost of Sales	-	-	-	-	-
Gross Margin	<b>391.257 €</b>	<b>430.383 €</b>	<b>473.421 €</b>	<b>520.763 €</b>	<b>572.839 €</b>
Operating Expenses	-31.200 €	-32.230 €	-32.906 €	-33.499 €	-34.001 €
Personnel Expenses	-97.604 €	-100.532 €	-103.749 €	-107.277 €	-111.139 €
Other Income	0 €	5.450 €	12.220 €	19.964 €	28.785 €
Other Expense	-	-	-	-	-
<b>EBITDA</b>	<b>262.453 €</b>	<b>303.071 €</b>	<b>348.986 €</b>	<b>399.951 €</b>	<b>456.484 €</b>
Depreciation and Amortization	-36.790 €	-36.790 €	-36.790 €	-36.790 €	-36.790 €
<b>EBIT</b>	<b>225.663 €</b>	<b>266.281 €</b>	<b>312.196 €</b>	<b>363.161 €</b>	<b>419.694 €</b>
Interest Expenses	0 €	0 €	0 €	0 €	0 €
<b>EBT</b>	<b>225.663 €</b>	<b>266.281 €</b>	<b>312.196 €</b>	<b>363.161 €</b>	<b>419.694 €</b>
Income Tax	-50.774 €	-59.913 €	-70.244 €	-81.711 €	-94.431 €
CIT	-47.389 €	-55.919 €	-65.561 €	-76.264 €	-88.136 €
Municipal Tax Surcharge	-3.385 €	-3.994 €	-4.683 €	-5.447 €	-6.295 €
<b>Net Income</b>	<b>174.889 €</b>	<b>206.368 €</b>	<b>241.952 €</b>	<b>281.450 €</b>	<b>325.263 €</b>

Source: The author

Table 23. Treasury budget - Realistic scenario

Treasury Budget					
Treasury Budget	2024	2025	2026	2027	2028
<b>Receivables from the Year</b>					
Accounts Receivable	441.692 €	485.861 €	534.447 €	587.891 €	646.680 €
Inventory	-	-	-	-	-
Other Receivables	-	5.450 €	12.220 €	19.964 €	28.785 €
<b>Receivables from previous Year</b>					
Accounts Receivable	-	39.554 €	43.510 €	47.861 €	52.647 €
Inventory	-	-	-	-	-
Income Taxes	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Total Receivables</b>	<b>441.692 €</b>	<b>530.866 €</b>	<b>590.177 €</b>	<b>655.716 €</b>	<b>728.112 €</b>
<b>Payments from the Year</b>					
Accounts Payable	37.675 €	38.909 €	39.763 €	40.534 €	41.217 €
Personnel Expenses	63.154 €	65.049 €	67.130 €	69.413 €	71.911 €
CIT	-	-	-	-	-
PIT	6.024 €	6.205 €	6.403 €	6.621 €	6.859 €
VAT	69.188 €	76.596 €	84.716 €	93.673 €	103.552 €
SSR	20.933 €	21.561 €	22.251 €	23.008 €	23.836 €
Other Expenses	-	-	-	-	-
<b>Payments from previous Year</b>					
Accounts Payable	-	3.374 €	3.484 €	3.561 €	3.630 €
Personnel Expenses	-	-	-	-	-
CIT	50.774 €	59.913 €	70.244 €	81.711 €	94.431 €
PIT	-	1.004 €	1.034 €	1.067 €	1.103 €
VAT	-	13.838 €	15.319 €	16.943 €	18.735 €
SSR	-	3.489 €	3.594 €	3.709 €	3.835 €

Other Expenses	-	-	-	-	-
<b>Total Payments</b>	<b>247.748 €</b>	<b>289.937 €</b>	<b>313.938 €</b>	<b>340.239 €</b>	<b>369.110 €</b>
<b>Operational Balance</b>	<b>193.943 €</b>	<b>240.929 €</b>	<b>276.239 €</b>	<b>315.477 €</b>	<b>359.003 €</b>
<b>Financial</b>					
Receivables					
Share Capital	385.750 €	2.229 €	2.502 €	2.763 €	3.050 €
Short-term Credit	-	-	-	-	-
<b>Total Receivables</b>	<b>385.750 €</b>	<b>2.229 €</b>	<b>2.502 €</b>	<b>2.763 €</b>	<b>3.050 €</b>
Payments					
Debt Amortizations	-	-	-	-	-
Dividends	0 €	17.489 €	20.637 €	24.195 €	28.145 €
Interests	-	-	-	-	-
<b>Payments Total</b>	<b>0 €</b>	<b>17.489 €</b>	<b>20.637 €</b>	<b>24.195 €</b>	<b>28.145 €</b>
<b>Financial Balance</b>	<b>385.750 €</b>	<b>-15.260 €</b>	<b>-18.134 €</b>	<b>-21.432 €</b>	<b>-25.095 €</b>
<b>Investment</b>					
Receivables					
Non-Refundable Grant	-	-	-	-	-
Payments					
Fixed Assets	368.015 €	-	-	-	-
<b>Investment Balance</b>	<b>-368.015 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>
<b>Total Balance</b>	<b>211.679 €</b>	<b>225.669 €</b>	<b>258.105 €</b>	<b>294.045 €</b>	<b>333.908 €</b>
<b>Year-Start Balance</b>	<b>0 €</b>	<b>211.679 €</b>	<b>437.348 €</b>	<b>695.453 €</b>	<b>989.497 €</b>
<b>Year-End Balance</b>	<b>211.679 €</b>	<b>437.348 €</b>	<b>695.453 €</b>	<b>989.497 €</b>	<b>1.323.405 €</b>

Source: The author

Table 24. Working capital fund - Realistic Scenario

Working Capital Fund					
Entry/Year	2024	2025	2026	2027	2028
Accounts Receivable	39.554 €	43.510 €	47.861 €	52.647 €	57.912 €
Inventory	-	-	-	-	-
Income Taxes	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Working Capital Needs</b>	<b>39.554 €</b>	<b>43.510 €</b>	<b>47.861 €</b>	<b>52.647 €</b>	<b>57.912 €</b>
Accounts Payable	3.374 €	3.484 €	3.561 €	3.630 €	3.691 €
Income Taxes	18.330 €	19.947 €	21.719 €	23.673 €	25.826 €
Other Payables	-	-	-	-	-
<b>Working Capital Resources</b>	<b>21.704 €</b>	<b>23.431 €</b>	<b>25.280 €</b>	<b>27.303 €</b>	<b>29.517 €</b>
<b>Working Capital Fund</b>	<b>17.850 €</b>	<b>20.079 €</b>	<b>22.581 €</b>	<b>25.344 €</b>	<b>28.394 €</b>
<b>Working Capital Variation</b>	<b>17.850 €</b>	<b>2.229 €</b>	<b>2.502 €</b>	<b>2.763 €</b>	<b>3.050 €</b>

Source: The author

Table 25. Balance sheet - Realistic scenario

Balance Sheet					
Entry/Year	2024	2025	2026	2027	2028
<b>Assets</b>					
<b>Non-Current Assets</b>					
Tangible Assets	330.660 €	293.920 €	257.180 €	220.440 €	183.700 €
Intangible Assets	450 €	400 €	350 €	300 €	250 €
Financial Investments	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>331.110 €</b>	<b>294.320 €</b>	<b>257.530 €</b>	<b>220.740 €</b>	<b>183.950 €</b>
<b>Current Assets</b>					
Inventory	-	-	-	-	-
Accounts Receivable - Net	39.554 €	43.510 €	47.861 €	52.647 €	57.912 €
Income Taxes	-	-	-	-	-
Cash and Bank Deposits	211.679 €	437.348 €	695.453 €	989.497 €	1.323.405 €
<b>Total of Current Assets</b>	<b>251.233 €</b>	<b>480.858 €</b>	<b>743.313 €</b>	<b>1.042.144 €</b>	<b>1.381.316 €</b>
<b>Total Assets</b>	<b>582.343 €</b>	<b>775.178 €</b>	<b>1.000.843 €</b>	<b>1.262.884 €</b>	<b>1.565.266 €</b>
<b>Equity</b>					
Share Capital	367.900 €	367.900 €	367.900 €	367.900 €	367.900 €
Supplementary Installments	17.850 €	20.079 €	22.581 €	25.344 €	28.394 €
Retained Earning	0 €	122.422 €	266.880 €	436.246 €	633.261 €
Legal Reserves	0 €	34.978 €	76.251 €	124.642 €	180.932 €
Net Income	174.889 €	206.368 €	241.952 €	281.450 €	325.263 €
<b>Total Equity</b>	<b>560.639 €</b>	<b>751.747 €</b>	<b>975.564 €</b>	<b>1.235.581 €</b>	<b>1.535.749 €</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Medium and Long-Term Loan	0 €	0 €	0 €	0 €	0 €
<b>Total of Non-Current Liabilities</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>
<b>Current Liabilities</b>					
Accounts Payable	3.374 €	3.484 €	3.561 €	3.630 €	3.691 €
Other Non-Current Liabilities	-	-	-	-	-
Income Taxes	18.330 €	19.947 €	21.719 €	23.673 €	25.826 €
Short-Term Loan	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>21.704 €</b>	<b>23.431 €</b>	<b>25.280 €</b>	<b>27.303 €</b>	<b>29.517 €</b>
<b>Total Liabilities</b>	<b>21.704 €</b>	<b>23.431 €</b>	<b>25.280 €</b>	<b>27.303 €</b>	<b>29.517 €</b>
<b>Total Equity and Liabilities</b>	<b>582.343 €</b>	<b>775.178 €</b>	<b>1.000.843 €</b>	<b>1.262.884 €</b>	<b>1.565.266 €</b>

Source: The author

## 12.7 Project Evaluation

To evaluate the financial feasibility of the padel club project, we examined several factors affecting the company's financial accounts throughout the analysis period. Additionally, we conducted an overall financial analysis of the company, calculating both financial and economic ratios, which are presented in Tables 26 and 27. These ratios represent quantitative measures used to assess the company's position and performance, facilitating an in-depth review of its financial statements. These metrics are indispensable tools for investors, helping to optimize resource utilization and make decisions that align with the club's goals.

Table 26. Financial ratios

Financial Ratios					
Entry/Year	2024	2025	2026	2027	2028
ROI - Return on Investment	30%	27%	24%	22%	21%
ROE - Return on Equity	31%	27%	25%	23%	21%
ROA - Return on Asset	30%	27%	24%	22%	21%
Operational Margin	67%	70%	74%	77%	80%
Net Profit Margin	45%	48%	51%	54%	57%
Financial Autonomy	96%	97%	97%	98%	98%
Solvency	2683%	3308%	3959%	4625%	5303%

Source: The author

The ROA, or Return on Assets, enables us to assess how effectively a company employs its assets to generate profits. While this metric exhibits a higher value during the initial years, the subsequent decrease can be attributed to the growth in assets, particularly the accrual of cash and bank deposits over time. The ROI, or Return on Investment, provides a means of gauging both the profitability and effectiveness of an investment. It is determined by calculating the net profit by the initial investment. This ratio facilitates the evaluation of the company's efficiency in creating value. The ROE, or Return on Equity, provides a way to assess how efficiently a company generates profit from the funds invested by shareholders. This metric is computed by calculating the net income by the company's equity capital.

As calculated, all these identified ratios present positive values, thus confirming the expected positive return over the 5 years of operation.

The Operational Margin measures a company's profitability stemming from its core business operations. An increase in this ratio's value over the 5-year period is a positive indicator for investors, signifying that the company is steadily improving its ability to generate profits through its core business operations.

Concerning the Net Profit Margin, it evaluates a company's profitability by examining the fraction of its revenues that transforms into net profits after subtracting all expenses, encompassing taxes and interest. The rise in the net profit margin throughout the 5 years of operation signifies that the company is steadily improving its capacity to convert its revenues into profits.

Financial autonomy enables the assessment of the correlation between the company's equity capital and its assets, with its gradual and modest increase serving as a favourable sign for the company's ongoing viability. (Table 26)

Assessing a company's solvency involves determining its capability to fulfil obligations and liabilities by possessing adequate assets and resources. This metric is of utmost importance in gauging whether a company can maintain its financial operations without threat of default or insolvency. In the context of the padel club, the continuous rise in solvency throughout the years serves as a positive signal indicating compliance with obligations and the company's ongoing viability.

Table 27. Break-even and safety margin

Break-Even and safety margin					
Entry/Year	2024	2025	2026	2027	2028
Fixed Costs	128.804 €	132.762 €	136.656 €	140.776 €	145.140 €
Annual Sales	391.257 €	430.383 €	473.421 €	520.763 €	572.839 €
Break-Even sales point	128.804 €	132.762 €	136.656 €	140.776 €	145.140 €
Safety Margin	262.453 €	297.621 €	336.765 €	379.987 €	427.699 €

Source: The author

Displayed above are the break-even point and the safety margin, both indicating the stage where revenues cover fixed costs, resulting in a break-even scenario. The break-even point holds significance as it helps determine the minimum revenue necessary for the company to avoid losses and start generating profit. Regarding safety margin, it represents the financial resources or amount of money available to the company to address additional expenses, unexpected emergencies, or unforeseen financial challenges. This financial cushion ensures that such occurrences do not jeopardize the company's financial operations and long-term goals. The safety margin is calculated by deducting the break-even point value from the total projected sales.

Table 28. NPV, IRR and Payback Period

Entry/Year	Pessimistic Scenario	Realistic Scenario	Optimistic Scenario
<b>NPV - Net Present Value</b>	66.544 €	954.697 €	1.695.762 €
<b>IRR - Internal Rate of Return</b>	12%	147%	651%
<b>Payback Period</b>	4.6 years	1.8 years	1.2 years

Source: The author

During the final stage of this financial and economic project analysis, the latest metrics were computed to assess the club's feasibility, including the Net Present Value, the Internal Rate of Return, and the Payback Period.

The Net Present Value serves as a financial metric enabling the evaluation of an investment or project's profitability. It aids in determining whether an investment will yield profits by computing the present value of expected cash flows linked to the investment and comparing it to the initial investment. The Internal Rate of Return represents the rate at which the present value of cash inflows matches the present value of cash outflows, resulting in the investment neither being profitable nor unprofitable. In addition, the Payback Period provides an estimate of the duration needed for an investment to generate cash equivalent to its initial expenditure. This metric assists investors in gauging how swiftly they can recoup their initial capital.

These indicators allow us to evaluate the project's feasibility. In the realistic scenario, the NPV of €954.697 along with an IRR of 147% provides a workable projection for the project, enabling investors to recover their investment in 1 year and 8 months. In the pessimistic scenario, these figures may be less favourable, but they still suggest the project's viability, with an NPV of €66.544, an IRR of 12%, and a payback period of 4 years and 6 months. Conversely, in the optimistic scenario, the feasibility outlook is even more promising than in the preceding scenarios, with an NPV of €1.695.762, an IRR of 651%, and a payback period of 1 year and 2 months.

In conclusion, all the financial indicators presented above align with the objectives set for the new padel club. In all three envisioned scenarios, the project yields a positive outcome for its investors, demonstrating favourable conditions for financial feasibility.

## Conclusion

The current project was created with the aim of assessing the feasibility of developing a new padel club in partnership with a resort in the Palmela region. To evaluate the project's feasibility, several strategic analyses were undertaken, and an assessment of its profitability was calculated.

Throughout the project, a study was carried out upon the factors that may impact the padel club success, conducting an internal and external market analysis, a competitive analysis, and a strategic analysis. All these strategies allowed the identification of features that give the padel club a competitive advantage over its competitors. Some of these features include its premium location, innovative facilities, and the welcoming environment provided to its clients.

The financial analysis of the project was conducted over a 5-year period, and for this purpose, three possible scenarios were designed: a pessimistic scenario, a realistic scenario, and an optimistic scenario. Since it's not possible to predict with certainty the outcome of this project, the three scenarios mentioned above were designed based on the results of the surveys shared with the residents of Palmela Village Resort and a general non-resident population.

Estimations for annual income were derived by projecting sales from the club's primary revenue streams: court rentals and padel classes. The major costs and expenditures were calculated based on expectations of resource usage, operating expenses, and the respective payments required for the club's daily operations. These forecasts were supported by the sales forces and the transactional and contextual analysis previously conducted.

After completing the financial analysis, it was possible to verify that all scenarios demonstrate a positive financial feasibility for the development of this project. Taking a closer look at the main indicators, an NPV of €66.544 was observed for the pessimistic scenario, €954.697 for the realistic scenario, and €1.695.762 for the optimistic scenario. Additionally, an IRR of 12% was observed for the pessimistic scenario, 147% for the realistic scenario, and 651% for the optimistic scenario. Lastly, an analysis was conducted to determine the duration required to recoup the initial investment. In the pessimistic scenario, this timeframe spans 4 years and 6 months, in the realistic scenario, it was 1 year and 8 months, and in the optimistic scenario, 1 year and 2 months. It's crucial to emphasize that in formulating these forecasts, the club must maintain a primary focus on upholding the quality of its facilities and delivering the highest standard of customer service.

In conclusion, the development of this project has enriched my understanding of the resources and strategies required to create a business plan. Therefore, I believe that the knowledge acquired



throughout this project may be applied in the future, ultimately contributing to the successful development of the Palmela Village Padel Club.

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## Appendices

### Appendix A - Fixed-term deposits – Alternative Scenario

Pessimistic Scenario:

Fixed-Term Deposits			
Deposit Date	Amount	Gross Interest	Net Value (N +1)
31-12-2024	32.616 €	978 €	33.594 €
31-12-2025	105.756 €	3.173 €	108.929 €
31-12-2026	193.227 €	5.797 €	199.023 €
31-12-2027	296.627 €	8.899 €	305.526 €
31-12-2028	417.819 €	12.535 €	430.354 €

Source: The author

Optimistic Scenario:

Fixed-Term Deposits			
Deposit Date	Amount	Gross Interest	Net Value (N + 1)
31-12-2024	306.244 €	9.187 €	315.431 €
31-12-2025	659.374 €	19.781 €	679.156 €
31-12-2026	1.060.071€	31.802 €	1.091.873 €
31-12-2027	1.513.429€	45.403 €	1.558.832 €
31-12-2028	2.025.095€	12.535 €	2.037.629 €

Source: The author

### Appendix B - Working Capital Fund

Pessimistic Scenario

Working Capital Fund					
Entry/Year	2024	2025	2026	2027	2028
Accounts Receivable	20.110€	22.121€	24.333€	26.766€	29.443€
Inventory	-	-	-	-	-
Income Taxes	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Working Capital Needs</b>	<b>20.110€</b>	<b>22.121€</b>	<b>24.333€</b>	<b>26.766€</b>	<b>29.443€</b>
Accounts Payable	3.374 €	3.484 €	3.561 €	3.630 €	3.691 €
Income Taxes	10.957€	11.836€	12.798€	13.859€	15.032€
Other Payables	-	-	-	-	-
<b>Working Capital Resources</b>	<b>14.331€</b>	<b>15.321€</b>	<b>16.358€</b>	<b>17.489€</b>	<b>18.723€</b>
<b>Working Capital Fund</b>	<b>5.778 €</b>	<b>6.800 €</b>	<b>7.974 €</b>	<b>9.277 €</b>	<b>10.720€</b>
<b>Working Capital Variation</b>	<b>5.778 €</b>	<b>1.021 €</b>	<b>1.175 €</b>	<b>1.302 €</b>	<b>1.443 €</b>

Source: The author

Optimistic Scenario

Working Capital Fund					
Entry/Year	2024	2025	2026	2027	2028
Accounts Receivable	55.804€	61.384€	67.522€	74.275€	81.702€
Inventory	-	-	-	-	-
Income Taxes	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Working Capital Needs</b>	<b>55.804€</b>	<b>61.384€</b>	<b>67.522€</b>	<b>74.275€</b>	<b>81.702€</b>
Accounts Payable	3.374 €	3.484 €	3.561 €	3.630€	3.691 €
Income Taxes	24.492€	26.724€	29.174€	31.874€	34.847€
Other Payables	-	-	-	-	-
<b>Working Capital Resources</b>	<b>27.866€</b>	<b>30.209€</b>	<b>32.735€</b>	<b>35.503€</b>	<b>38.538€</b>
<b>Working Capital Fund</b>	<b>27.938€</b>	<b>31.175€</b>	<b>34.787€</b>	<b>38.771€</b>	<b>43.164€</b>
<b>Working Capital Variation</b>	<b>27.938€</b>	<b>3.237€</b>	<b>3.612 €</b>	<b>3.984 €</b>	<b>4.393 €</b>

Source: The author

Appendix C - Treasury Budget – Alternative Scenarios

Pessimistic Scenario:

Treasury Budget					
Treasury Budget	2024	2025	2026	2027	2028
<b>Receivables from the Year</b>					
Accounts Receivable	224.559 €	247.015€	271.717€	298.888€	328.777€
Inventory	-	-	-	-	-
Other Receivables	-	978 €	3.173 €	5.797 €	8.899 €
<b>Receivables from previous Year</b>					
Accounts Receivable	-	20.110 €	22.121 €	24.333 €	26.766 €
Inventory	-	-	-	-	-
Income Taxes	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Total Receivables</b>	<b>224.559 €</b>	<b>268.084€</b>	<b>296.970€</b>	<b>328.956€</b>	<b>364.358€</b>
<b>Payments from the Year</b>					
Accounts Payable	37.675 €	38.909 €	39.763 €	40.534 €	41.217 €
Personnel Expenses	63.154 €	65.049 €	67.130 €	69.413 €	71.911 €
CIT	-	-	-	-	-
PIT	6.024 €	6.205 €	6.403 €	6.621 €	6.859 €
VAT	32.323 €	36.044 €	40.109 €	44.606 €	49.578 €
SSR	20.933 €	21.561 €	22.251 €	23.008 €	23.836 €
Other Expenses	-	-	-	-	-
<b>Payments from previous Year</b>					
Accounts Payable	-	3.374 €	3.484 €	3.561 €	3.630 €
Personnel Expenses	-	-	-	-	-
CIT	7.498 €	11.303 €	15.844 €	20.923 €	26.596 €
PIT	-	1.004 €	1.034 €	1.067 €	1.103 €
VAT	-	6.465 €	7.209 €	8.022 €	8.921 €
SSR	-	3.489 €	3.594 €	3.709 €	3.835 €
Other Expenses	-	-	-	-	-
<b>Total Payments</b>	<b>167.607 €</b>	<b>193.402€</b>	<b>206.821€</b>	<b>221.463€</b>	<b>237.487€</b>
<b>Operational Balance</b>	<b>56.952 €</b>	<b>74.682 €</b>	<b>90.149 €</b>	<b>107.494€</b>	<b>126.871€</b>

Financial					
<b>Receivables</b>					
Share Capital	373.678 €	1.021 €	1.175 €	1.302 €	1.443 €
Short-term Credit	-	-	-	-	-
<b>Total Receivables</b>	<b>373.678 €</b>	<b>1.021 €</b>	<b>1.175 €</b>	<b>1.302 €</b>	<b>1.443 €</b>
<b>Payments</b>					
Debt Amortization	-	-	-	-	-
Dividends	0 €	2.583 €	3.893 €	5.457 €	7.207 €
Interests	-	-	-	-	-
<b>Payments Total</b>	<b>0 €</b>	<b>2.583 €</b>	<b>3.893 €</b>	<b>5.457 €</b>	<b>7.207 €</b>
<b>Financial Balance</b>	<b>373.678 €</b>	<b>-1.561 €</b>	<b>-2.719 €</b>	<b>-4.155 €</b>	<b>-5.764 €</b>
<b>Investment</b>					
<b>Receivables</b>					
Non-Refundable Grant	-	-	-	-	-
<b>Payments</b>					
Fixed Assets	368.015 €	-	-	-	-
<b>Investment Balance</b>	<b>-368.015 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>
<b>Total Balance</b>	<b>62.616 €</b>	<b>73.121 €</b>	<b>87.430 €</b>	<b>103.339€</b>	<b>121.107€</b>
<b>Year-Start Balance</b>	<b>0 €</b>	<b>62.616 €</b>	<b>135.756€</b>	<b>223.227€</b>	<b>326.627€</b>
<b>Year-End Balance</b>	<b>62.616 €</b>	<b>135.756€</b>	<b>223.227€</b>	<b>326.627€</b>	<b>447.819€</b>

Source: The author

Optimistic Scenario:

Treasury Budget					
Treasury Budget	2024	2025	2026	2027	2028
<b>Receivables from the Year</b>					
Accounts Receivable	623.140€	685.454€	753.999 €	829.399 €	912.339 €
Inventory	-	-	-	-	-
Other Receivables	-	9.187 €	19.781 €	31.802 €	45.403 €
<b>Receivables from previous Year</b>					
Accounts Receivable	-	55.804 €	61.384 €	67.522 €	74.275 €
Inventory	-	-	-	-	-
Income Taxes	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Total Receivables</b>	<b>623.140€</b>	<b>750.445€</b>	<b>835.164 €</b>	<b>928.724 €</b>	<b>1.032.017€</b>
<b>Payments from the Year</b>					
Accounts Payable	37.675 €	38.909 €	39.763 €	40.534 €	41.217 €
Personnel Expenses	63.154 €	65.049 €	67.130 €	69.413 €	71.911 €
CIT	-	-	-	-	-
PIT	6.024 €	6.205 €	6.403 €	6.621 €	6.859 €
VAT	99.994 €	110.483€	121.992 €	134.677 €	148.656 €
SSR	20.933 €	21.561 €	22.251 €	23.008 €	23.836 €
Other Expenses	-	-	-	-	-
<b>Payments from previous Year</b>					
Accounts Payable	-	3.374 €	3.484 €	3.561 €	3.630 €
Personnel Expenses	-	-	-	-	-
CIT	86.938 €	100.535€	115.704 €	132.509 €	151.118 €
PIT	-	1.004 €	1.034 €	1.067 €	1.103 €
VAT	-	19.999 €	22.097 €	24.398 €	26.935 €
SSR	-	3.489 €	3.594 €	3.709 €	3.835 €
Other Expenses	-	-	-	-	-
<b>Total Payments</b>	<b>314.719€</b>	<b>370.606€</b>	<b>403.451 €</b>	<b>439.496 €</b>	<b>479.101 €</b>
<b>Operational Balance</b>	<b>308.421€</b>	<b>379.839€</b>	<b>431.713 €</b>	<b>489.227 €</b>	<b>552.915 €</b>



Financial					
Receivables					
Share Capital	395.838€	3.237 €	3.612 €	3.984 €	4.393 €
Short-term Credit	-	-	-	-	-
<b>Total Receivables</b>	<b>395.838€</b>	<b>3.237 €</b>	<b>3.612 €</b>	<b>3.984 €</b>	<b>4.393 €</b>
Payments					
Debt Amortization	-	-	-	-	-
Dividends	0 €	29.945 €	34.629 €	39.854 €	45.642 €
Interests	-	-	-	-	-
<b>Payments Total</b>	<b>0 €</b>	<b>29.945 €</b>	<b>34.629 €</b>	<b>39.854 €</b>	<b>45.642 €</b>
<b>Financial Balance</b>	<b>395.838€</b>	<b>-26.708€</b>	<b>-31.017 €</b>	<b>-35.870 €</b>	<b>-41.249 €</b>
Investment					
Receivables					
Non-Refundable Grant	-	-	-	-	-
Payments					
Fixed Assets	368.015€	-	-	-	-
<b>Investment Balance</b>	<b>368.015€</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>
<b>Total Balance</b>	<b>336.244€</b>	<b>353.130€</b>	<b>400.697 €</b>	<b>453.358 €</b>	<b>511.666 €</b>
<b>Year-Start Balance</b>	<b>0 €</b>	<b>336.244€</b>	<b>689.374 €</b>	<b>1.090.071€</b>	<b>1.543.429€</b>
<b>Year-End Balance</b>	<b>336.244€</b>	<b>689.374€</b>	<b>1.090.071€</b>	<b>1.543.429€</b>	<b>2.055.095€</b>

Source: The author

#### Appendix D - Income Statement – Alternative Scenarios

Pessimistic Scenario:

Income Statement					
Entry/Year	2024	2025	2026	2027	2028
Sales Revenue	198.918 €	218.810 €	240.691 €	264.760 €	291.236 €
Cost of Sales	-	-	-	-	-
<b>Gross Margin</b>	<b>198.918 €</b>	<b>218.810 €</b>	<b>240.691 €</b>	<b>264.760 €</b>	<b>291.236 €</b>
External Services and Supplies	-31.200 €	-32.230 €	-32.906 €	-33.499 €	-34.001 €
Personnel Expenses	-97.604 €	-100.532 €	-103.749 €	-107.277 €	-111.139 €
Other Income	0 €	978 €	3.173 €	5.797 €	8.899 €
Other Expense	-	-	-	-	-
<b>EBITDA</b>	<b>70.114 €</b>	<b>87.026 €</b>	<b>107.208 €</b>	<b>129.781 €</b>	<b>154.995 €</b>
Depreciation and Amortization	-36.790 €	-36.790 €	-36.790 €	-36.790 €	-36.790 €
<b>EBIT</b>	<b>33.324 €</b>	<b>50.236 €</b>	<b>70.418 €</b>	<b>92.991 €</b>	<b>118.205 €</b>
Interest Expenses	0 €	0 €	0 €	0 €	0 €
<b>EBT</b>	<b>33.324 €</b>	<b>50.236 €</b>	<b>70.418 €</b>	<b>92.991 €</b>	<b>118.205 €</b>
Income Tax	-7.498 €	-11.303 €	-15.844 €	-20.923 €	-26.596 €
CIT	-6.998 €	-10.550 €	-14.788 €	-19.528 €	-24.823 €
Municipal Tax Surcharge	-500 €	-754 €	-1.056 €	-1.395 €	-1.773 €
<b>Net Income</b>	<b>25.826 €</b>	<b>38.933 €</b>	<b>54.574 €</b>	<b>72.068 €</b>	<b>91.609 €</b>

Source: The author

Optimistic Scenario:

Income Statement					
Entry/Year	2024	2025	2026	2027	2028
Sales Revenue	551.987 €	607.185 €	667.904 €	734.694 €	808.164 €
Cost of Sales	-	-	-	-	-
Gross Margin	551.987 €	607.185 €	667.904 €	734.694 €	808.164 €
External Services and Supplies	-31.200 €	-32.230 €	-32.906 €	-33.499 €	-34.001 €
Personnel Expenses	-97.604 €	-100.532 €	-103.749 €	-107.277 €	-111.139 €
Other Income	0 €	9.187 €	19.781 €	31.802 €	45.403 €
Other Expense	-	-	-	-	-
EBITDA	423.182 €	483.611 €	551.029 €	625.721 €	708.426 €
Depreciation and Amortization	-36.790 €	-36.790 €	-36.790 €	-36.790 €	-36.790 €
EBIT	386.392 €	446.821 €	514.239 €	588.931 €	671.636 €
Interest Expenses	0 €	0 €	0 €	0 €	0 €
EBT	386.392 €	446.821 €	514.239 €	588.931 €	671.636 €
Income Tax	-86.938 €	-100.535 €	-115.704 €	-132.509 €	-151.118 €
CIT	-81.142 €	-93.832 €	-107.990 €	-123.675 €	-141.044 €
Municipal Tax Surcharge	-5.796 €	-6.702 €	-7.714 €	-8.834 €	-10.075 €
Net Income	299.454 €	346.286 €	398.535 €	456.421 €	520.518 €

Source: The author

Appendix E - Balance Sheet – Alternative Scenarios

Pessimistic Scenario:

Balance Sheet					
Entry/Year	2024	2025	2026	2027	2028
<b>Assets</b>					
<b>Non-Current Assets</b>					
Tangible Assets	330.660 €	293.920 €	257.180 €	220.440 €	183.700 €
Intangible Assets	450 €	400 €	350 €	300 €	250 €
Financial Investments	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>331.110 €</b>	<b>294.320 €</b>	<b>257.530 €</b>	<b>220.740 €</b>	<b>183.950 €</b>
<b>Current Assets</b>					
Inventory	-	-	-	-	-
Accounts Receivable - Net	20.110 €	22.121 €	24.333 €	26.766 €	29.443 €
Income Taxes	-	-	-	-	-
Cash and Bank Deposits	62.616 €	135.756 €	223.227 €	326.627 €	447.819 €
<b>Total of Current Assets</b>	<b>82.726 €</b>	<b>157.877 €</b>	<b>247.560 €</b>	<b>353.393 €</b>	<b>477.262 €</b>
<b>Assets Total</b>	<b>413.836 €</b>	<b>452.197 €</b>	<b>505.090 €</b>	<b>574.133 €</b>	<b>661.212 €</b>
<b>Equity</b>					
Share Capital	367.900 €	367.900 €	367.900 €	367.900 €	367.900 €
Supplementary Installments	5.778 €	6.800 €	7.974 €	9.277 €	10.720 €
Retained Earning	0 €	18.078 €	45.331 €	83.533 €	133.980 €
Legal Reserves	0 €	5.165 €	12.952 €	23.867 €	38.280 €

Net Income	25.826 €	38.933 €	54.574 €	72.068 €	91.609 €
<b>Total Equity</b>	<b>399.504 €</b>	<b>436.876 €</b>	<b>488.731 €</b>	<b>556.644 €</b>	<b>642.489 €</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Medium and Long-Term Loan	0 €	0 €	0 €	0 €	0 €
<b>Total of Non-Current Liabilities</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>
Current Liabilities					
Accounts Payable	3.374 €	3.484 €	3.561 €	3.630 €	3.691 €
Other Non-Current liabilities	-	-	-	-	-
Income Taxes	10.957 €	11.836 €	12.798 €	13.859 €	15.032 €
Short-Term Loan	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>14.331 €</b>	<b>15.321 €</b>	<b>16.358 €</b>	<b>17.489 €</b>	<b>18.723 €</b>
<b>Total Liabilities</b>	<b>14.331 €</b>	<b>15.321 €</b>	<b>16.358 €</b>	<b>17.489 €</b>	<b>18.723 €</b>
<b>Total Equity and Liabilities</b>	<b>413.836 €</b>	<b>452.197 €</b>	<b>505.090 €</b>	<b>574.133 €</b>	<b>661.212 €</b>

Source: The author

Optimistic Scenario:

Balance Sheet					
Entry/Year	2024	2025	2026	2027	2028
<b>Assets</b>					
<b>Non-Current Assets</b>					
Tangible Assets	330.660€	293.920 €	257.180 €	220.440 €	183.700 €
Intangible Assets	450 €	400 €	350 €	300 €	250 €
Financial Investments	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>331.110€</b>	<b>294.320 €</b>	<b>257.530 €</b>	<b>220.740 €</b>	<b>183.950 €</b>
<b>Current Assets</b>					
Inventory	-	-	-	-	-
Accounts Receivable - Net	55.804 €	61.384 €	67.522 €	74.275 €	81.702 €
Income Taxes	-	-	-	-	-
Cash and Bank Deposits	336.244€	689.374 €	1.090.071€	1.543.429€	2.055.095€
<b>Total of Current Assets</b>	<b>392.048€</b>	<b>750.758 €</b>	<b>1.157.594€</b>	<b>1.617.703€</b>	<b>2.136.797€</b>
<b>Assets Total</b>	<b>723.158€</b>	<b>1.045.078€</b>	<b>1.415.124€</b>	<b>1.838.443€</b>	<b>2.320.747€</b>
<b>Equity</b>					
Share Capital	367.900€	367.900 €	367.900 €	367.900 €	367.900 €
Supplementary Installments	27.938 €	31.175 €	34.787 €	38.771 €	43.164 €
Retained Earning	0 €	209.618 €	452.018 €	730.993 €	1.050.487€
Legal Reserves	0 €	59.891 €	129.148 €	208.855 €	300.139 €
Net Income	299.454€	346.286 €	398.535 €	456.421 €	520.518 €
<b>Total Equity</b>	<b>695.292€</b>	<b>1.014.870€</b>	<b>1.382.389€</b>	<b>1.802.940€</b>	<b>2.282.209€</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Medium and Long Term Loan	0 €	0 €	0 €	0 €	0 €
<b>Total of Non-Current Liabilities</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>	<b>0 €</b>
Current Liabilities					
Accounts Payable	3.374 €	3.484 €	3.561 €	3.630 €	3.691 €

Other non-current liabilities	-	-	-	-	-
Income Taxes	24.492 €	26.724 €	29.174 €	31.874 €	34.847 €
Short-term Loan	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>27.866 €</b>	<b>30.209 €</b>	<b>32.735 €</b>	<b>35.503 €</b>	<b>38.538 €</b>
<b>Total Liabilities</b>	<b>27.866 €</b>	<b>30.209 €</b>	<b>32.735 €</b>	<b>35.503 €</b>	<b>38.538 €</b>
<b>Total Equity and Liabilities</b>	<b>723.158€</b>	<b>1.045.078€</b>	<b>1.415.124€</b>	<b>1.838.443€</b>	<b>2.320.747€</b>

Source: The author

## Appendix F - Financial Ratios - Alternative Scenarios

Pessimistic Scenario:

Financial Ratios					
Entry/Year	2024	2025	2026	2027	2028
ROI - Return on Investment	6%	9%	11%	13%	14%
ROE - Return on Equity	6%	9%	11%	13%	14%
ROA - Return on Asset	6%	9%	11%	13%	14%
Operational Margin	35%	40%	45%	49%	53%
Net Profit Margin	13%	18%	23%	27%	31%
Financial Autonomy	97%	97%	97%	97%	97%
Solvency	2888%	2952%	3088%	3283%	3532%

Source: The author

Break-even and safety margin					
Entry/Year	2024	2025	2026	2027	2028
Fixed Costs	128.804€	132.762€	136.656€	140.776€	145.140€
Annual Sales	198.918€	218.810€	240.691€	264.760€	291.236€
Break-Even sales point	128.804€	132.762€	136.656€	140.776€	145.140€
Safety Margin	70.114 €	86.048 €	104.035€	123.984€	146.096€

Source: The author

Optimistic Scenario:

Financial Ratios					
Entry/Year	2024	2025	2026	2027	2028
ROI - Return on Investment	41%	33%	28%	25%	22%
ROE - Return on Equity	43%	34%	29%	25%	23%
ROA - Return on Asset	41%	33%	28%	25%	22%
Operational Margin	77%	80%	83%	85%	88%
Net Profit Margin	54%	57%	60%	62%	64%
Financial Autonomy	96%	97%	98%	98%	98%
Solvency	2595%	3460%	4323%	5178%	6022%

Source: The author

Break-even and Safety margin					
Entry/Year	2024	2025	2026	2027	2028
Fixed Costs	128.804 €	132.762 €	136.656 €	140.776 €	145.140 €
Annual Sales	551.987 €	607.185 €	667.904 €	734.694 €	808.164 €
Break-Even sales point	128.804 €	132.762 €	136.656 €	140.776 €	145.140 €
Safety Margin	423.182 €	474.423 €	531.248 €	593.918 €	663.023 €

Source: The author

## Appendice G - Cash-Flow Maps

### Realistic Scenario

Cash-Flow Map					
Entry/Year	2024	2025	2026	2027	2028
EBIT	225.663 €	266.281€	312.196€	363.161€	419.694€
Taxes	-50.774 €	-59.913€	-70.244€	-81.711€	-94.431€
Depreciation and Amortization	36.790 €	36.790 €	36.790 €	36.790 €	36.790 €
Working capital fund variation	-17.850 €	-2.229 €	-2.502 €	-2.763 €	-3.050 €
CAPEX	367.900€	0 €	0 €	0 €	0 €
Operational Cash Flow	<b>174.072€</b>	<b>240.929€</b>	<b>276.239€</b>	<b>315.477€</b>	<b>359.003€</b>
Interest and similar expenses supported	-	-	-	-	-
Obtained Loans	-	-	-	-	-
Loans amortization	-	-	-	-	-
FCFE	<b>174.072€</b>	<b>240.929€</b>	<b>276.239€</b>	<b>315.477€</b>	<b>359.003€</b>
Residual Value (RV)	-	-	-	-	-
FCFE with RV	<b>174.072€</b>	<b>240.929€</b>	<b>276.239€</b>	<b>315.477€</b>	<b>359.003€</b>
Update Factor - CAPM	1	0,96	0,92	0,89	0,85
FCFE deducted RV	<b>174.072€</b>	<b>231.663€</b>	<b>255.399€</b>	<b>280.458€</b>	<b>306.877€</b>
FCFE acumulated deducted	<b>174.072€</b>	<b>57.591 €</b>	<b>312.990€</b>	<b>593.447€</b>	<b>900.324€</b>

Source: The author

### Pessimistic Scenario

Cash-Flow Map					
Entry/Year	2024	2025	2026	2027	2028
EBIT	33.324 €	50.236 €	70.418 €	92.991 €	118.205€
Taxes	-7.498 €	-11.303 €	-15.844 €	-20.923€	-26.596€
Depreciations and Amortizations	36.790 €	36.790 €	36.790 €	36.790 €	36.790 €
Working capital fund variation	-5.778 €	-1.021 €	-1.175 €	-1.302 €	-1.443 €
CAPEX	367.900€	0 €	0 €	0 €	0 €
Operational Cash Flow	<b>311.063€</b>	<b>74.702 €</b>	<b>90.189 €</b>	<b>107.556€</b>	<b>126.955€</b>
Interest and similar expenses supported	-	-	-	-	-
Obtained Loans	-	-	-	-	-
Loans amortization	-	-	-	-	-
FCFE	<b>311.063€</b>	<b>74.702 €</b>	<b>90.189 €</b>	<b>107.556€</b>	<b>126.955€</b>
Residual Value (RV)	-	-	-	-	-
FCFE with RV	<b>311.063€</b>	<b>74.702 €</b>	<b>90.189 €</b>	<b>107.556€</b>	<b>126.955€</b>

<b>Update Factor - CAPM</b>	1	0,96	0,92	0,89	0,85
<b>FCFE deducted RV</b>	<b>311.063€</b>	<b>71.829 €</b>	<b>83.385 €</b>	<b>95.617 €</b>	<b>108.522€</b>
<b>FCFE acumulated deducted</b>	<b>311.063€</b>	<b>239.234€</b>	<b>155.849€</b>	<b>-60.233€</b>	<b>48.289 €</b>

Source: The author

### Optimistic Scenario

<b>Cash-Flow Map</b>					
<b>Entry/Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>EBIT</b>	386.392€	446.821€	514.239€	588.931 €	671.636 €
<b>Taxes</b>	-86.938€	-100.535€	-15.704€	-132.509 €	-151.118 €
<b>Depreciations and Amortizations</b>	36.790 €	36.790 €	36.790 €	36.790 €	36.790 €
<b>Working capital fund variation</b>	-27.938€	-3.237 €	-3.612 €	-3.984 €	-4.393 €
<b>CAPEX</b>	367.900€	0 €	0 €	0 €	0 €
<b>Operational Cash Flow</b>	<b>-59.594€</b>	<b>379.839€</b>	<b>431.713€</b>	<b>489.227 €</b>	<b>552.915 €</b>
<b>Interest and similar expenses supported</b>	-	-	-	-	-
<b>Obtained Loans</b>	-	-	-	-	-
<b>Loans amortization</b>	-	-	-	-	-
<b>FCFE</b>	<b>-59.594€</b>	<b>379.839€</b>	<b>431.713€</b>	<b>489.227 €</b>	<b>552.915 €</b>
<b>Residual Value (RV)</b>	-	-	-	-	-
<b>FCFE with RV</b>	<b>-59.594€</b>	<b>379.839€</b>	<b>431.713€</b>	<b>489.227 €</b>	<b>552.915 €</b>
<b>Update Factor - CAPM</b>	1	0,96	0,92	0,89	0,85
<b>FCFE deducted RV</b>	<b>-59.594€</b>	<b>365.229€</b>	<b>399.143€</b>	<b>434.921 €</b>	<b>472.634 €</b>
<b>FCFE acumulated deducted</b>	<b>-59.594€</b>	<b>305.635€</b>	<b>704.779€</b>	<b>1.139.700€</b>	<b>1.612.334€</b>

Source: The author

### Appendix H - Porter 5 Forces Analysis

<b>Porter analysis</b>							
<b>Entry</b>	<b>L</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>H</b>
<b>Competitive rivalry</b>							
Nr. Competing companies	-				X		+
Market concentration level	-				X		+
Market growth	-					X	+
Fixed costs	-			X			+
Product differentiation level	-			X			+
Switching costs for customers	-		X				+
Exit barriers	-				X		+
Major strategic interests in the industry	-			X			+
<b>Force Global Value</b>	<b>3.5</b>						
<b>Threat of new entrants</b>							
Product differentiation	-			X			+
Brand identification	-			X			+
Costs disadvantages	-			X			+
Capital needs	-				X		+

Switching costs for customers	-		X				+
Difficulty in accessing the necessary technology	-		X				+
Experience effects	-				X		+
Likelihood of retaliation from existing companies	-			x			+
<b>Force Global Value</b>	<b>3.0</b>						
<b>Suppliers Power</b>							
Nr. of industry suppliers	-				X		+
Level and dimension of the suppliers, regarding industry	-				X		+
Industry as an important client for the suppliers	-				X		+
Average volume of purchases from suppliers	-			X			+
Supplier change cost	-		X				+
Supplier profitability	-			X			+
Purchased products cost weight on total costs	-				X		+
Purchased products quality importance	-					X	+
Purchased products differentiation degree	-				X		+
Substitute products availability	-			X			+
Suppliers information availability	-				X		+
<b>Force Global Value</b>	<b>3.63</b>						
<b>Clients power</b>							
Nr. of industry clients	-				X		+
Average volume of purchases by customers	-				X		+
Changing suppliers costs for customers	-		X				+
Customer profitability	-			X			+
Industry customers product quality importance	-					X	+
Product differentiation degree provided by the industry	-				X		+
Substitute products for customers availability	-		X				+
Customers industry information availability	-			X			+
<b>Force Global Value</b>	<b>3.37</b>						
<b>Threat of substitute products</b>							
Substitutes availability	-			X			+
Costs for customers to change for a substitute product	-			X			+
Substitute products suppliers profitability	-			X			+
Substitute products suppliers aggressiveness	-			X			+
Price-Performance relation of substitute products	-			X			+
<b>Force Global Value</b>	<b>3.0</b>						

Source: The author