Alzheimer’s Association Bike Race

A-325 FINAL RESEARCH PAPER

Group 15
IAN JACOBSON, BRIAN MURPHY, HARDIWAN ALEXANDRO, DERRICK SISWANTO
**Description of Organization**

Our group chose to work with the Alzheimer’s Association, specifically the Bloomington, IN division. This organization is dedicated to fighting the Alzheimer's disease by providing enhanced care and support for those affected and sponsoring advanced research in the field. The foundation was founded in April of 1980 by Jerome H. Stone of Chicago, Illinois (4).

We chose this organization due to the sheer number of individuals affected by the disease. Alzheimer’s affects 5.5 million Americans and 44 million people worldwide. The fight against the disease has estimated costs of $605 billion, and we believe fundraising with this association is a great way to make a dent in this amount (4).

**Description of Fundraiser**

We will be holding a 15 mile bike race with two tracks to provide for the different age groups participating. We will have a smaller track for the children and families and a full-size track for people who are willing to race the whole 15 miles. Aside from fighting Alzheimer’s disease, The Alzheimer’s Association promotes health and wellness for everybody. The Alzheimer’s Association recommends engaging in physical activities to keep one’s brain and body healthy; one good way to do this is riding bikes. Therefore, we believe that a bike race would perfectly exemplify their beliefs, goals and values.

**Fundraiser Location**

Our intended location for the event is the sidewalk and parking lots around the stadiums on campus. We believe this is a good location because it is less populated and has less traffic, so blocking it off will not make as much of an impact on the community. We also plan to use the IU Alumni Association Tent located adjacent to the Memorial Stadium for the announcer and opening and closing ceremonies.
Target Audience

We will be targeting the little 500 team of fraternities, sororities, and other student organizations on campus. Organizations such as Boys and Girls Club and the YMCA will be contacted to draw in more participants. This strategy allows us to reach students and residents of Bloomington. Over 800 individuals participated in the association’s “Walk to End Alzheimer’s” last year, so we hope to reach out to all of these participants as well (2).

Marketing and Promotional Plan

Marketing for this event will take place through a number of channels. We will post flyers around campus and make posts on social media. We will also be reaching out directly to the target organizations mentioned in the previous section and members of the Alzheimer’s Association in Bloomington. Along with this, we will reach out to companies in the Bloomington area to find potential sponsors for the event who can help spread the word about this event.

Pricing Strategy

There will be entrance fees each participant is required to pay, which will vary depending on whether the entrant is on a four person team ($100), a child ($15), or an individual adult ($35). Additionally, participants will be encouraged to fundraise from family and friends in order to raise more money for the cause. See figures 1 and 2 for a visual summary of the revenues.

The records of the Bloomington Walk to End Alzheimer’s showed that 814 participants raised $97,385 (2). This breaks down to $119 per participant. In order to maintain conservative estimates, we reduced this number to $50 per participant.

The entrance fee component was based on entrance fee data from the Little 500 bike race and other charity runs and races throughout the area (3). We chose to give four-person teams a discount to encourage people to get their friends to sign up. A four-person team would have a
$100 entrance fee. The proportions of each participant type are estimates, and the impact that changes in these proportions have on overall profitability will be addressed in the CVP portion of the paper.

**Cost Analysis**

There are a number of costs we must consider for the planning of this fundraiser, both fixed and variable. See figure 3 for a visual summary of these costs and the total values.

**Location**

One of the largest costs associated with this fundraiser is the location rental. As mentioned in the location portion of the paper, we plan to rent out portions of the IU stadium parking lot and the IU Alumni Association tent across the street. The rental of this space is $500 for the day (7). The price of renting the stadium parking lot ranges between $1,000 and $3,000 depending on the day and amount of space needed (1). We will use the higher range of $3,000 in order to maintain conservative profit estimates.

**Apparel and Awards**

We recommend purchasing event t-shirts through Custom Ink, a website specializing in custom designed t-shirts for events. When purchasing over 100 custom white t-shirts would cost $4-5 each according to the website’s pricing guide (9).

Also, we recommend purchasing custom enamel medals from Crown Awards, an online business specializing in trophies and event medals. When purchasing 100 or more of these medals, they would cost around $2.49 each, depending on the options chosen (6).

**Volunteers and Staff**

While the majority of this event will be run by volunteers (we hope to recruit individuals who currently help out with Alzheimer’s Association fundraisers and student organizations),
some employees may need to be hired for miscellaneous tasks such as event planning and organization. We have budgeted $500 to cover these miscellaneous expenses. We will need to provide refreshments for our volunteers. We expect to have around 30 volunteers and have estimated the price of water and snacks to be $5 per person.

For this event we will need public safety personnel to make sure that every participant is safe. After consulting with local police officers and firefighters we have estimated the costs of this to be $35 per hour for the police officers (11), $1100 for a Class-A Firefighter for the whole event (8), and $125 per hour for a 2 person ambulance service (10).

A DJ & announcer will be needed for this event to conduct the opening ceremonies for the event at the IU Alumni Association Tent. After finding quotes for DJ’s in the Bloomington area we expect the cost to be $125 per hour and we expect to need the DJ for two hours (14).

Promotional Materials

Promotional materials from the website Vistaprint are relatively inexpensive. We estimate using around 250 5”x7” flyers at a cost of $.20 each (15). The remaining marketing will be reliant on word-of-mouth. The posters will initially attract attention and get the word of the event out there.

Equipment Rentals

Fencing will be provided by Fixr and will be used around the stadium area, as that is where the kids course will be built in and where most of the spectators will be located (5).

Aside from that, we will have several Portapotties located around the course but the bulk of it will be concentrated around the stadium area. We will be having 5 Portapotties around the stadium and 4 dispersed around the course (12).
**Insurance and Legal Fees**

Insurance and legal fees will mostly be used to cover the event organizers in the case there is a participant or by-stander injured during our event. This insurance and legal fees will vary greatly, but according to our assumptions, it will cost around $1000 if something were to happen during our event (13).

**CVP Analysis**

Cost Volume Profit Analysis is utilized to determine the breakeven point and how many participants are needed to obtain our 3 scenarios. Referencing a previous event called Walk to End Alzheimer’s in Bloomington; we generously estimated the donations per participant to be $119.64 and conservatively estimated donations of $50 per participant. The reason behind the conservative donations estimate is due to this event being new. We also set the composition of the participants to be 20% children, 50% individuals and 30% teams. Through a detailed calculation of variable cost, fixed cost and estimated donations, we found the breakeven number to be 117 participants. Details of our calculations can be viewed in appendix 4-7.

The 3 scenarios that we have for this event includes a total fixed cost of $8,363, variable costs of $6.50 per participant, and an estimated donation of $50 per participant. From the costs and donations, we calculated the target profit for the pessimistic scenario to be $10,000 and the required number of participants to be 257 including a total donation amount of $12,850 and an entry fee revenue of $7,196. The next analysis that we did is to calculate the expected scenario with the target profit of $15,000, which required 327 participants with total donations of $16,350 and an entry fee revenue of $9,156. Lastly, the most optimistic scenario with a target profit of $20,000 will require 397 participants with a total entry fee revenue of $11,116 and total donation amounts of $19,850.
Appendix

Figure 1 (Revenues)

![Revenues Table]

<table>
<thead>
<tr>
<th>Participant Type</th>
<th>Entry Fee</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child</td>
<td>$15.00</td>
<td>20%</td>
</tr>
<tr>
<td>Individual</td>
<td>$35.00</td>
<td>50%</td>
</tr>
<tr>
<td>Team Member</td>
<td>$25.00</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Estimated Donation (per participant)**

$50.00

Figure 2 (Donation Amount Calculations)

![Donation Amount Estimation Table]

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants</td>
<td>814</td>
</tr>
<tr>
<td>Funds Raised</td>
<td>$97,385.68</td>
</tr>
<tr>
<td>Funds/Participant</td>
<td>$119.64</td>
</tr>
</tbody>
</table>

To be conservative, we will use $50 per participant as the average funds raised.

Figure 3 (Costs)

![Costs Table]

**Fixed Costs**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking Lot Rentals</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>IU Alumni Association Tent Area</td>
<td>$500.00</td>
</tr>
<tr>
<td>Police Officer (3 hours)</td>
<td>$105.00</td>
</tr>
<tr>
<td>Class A Firefighter</td>
<td>$1,100.00</td>
</tr>
<tr>
<td>2 Person Ambulance (2 hours)</td>
<td>$375.00</td>
</tr>
<tr>
<td>DJ/Announcer (2 hours)</td>
<td>$250.00</td>
</tr>
<tr>
<td>Miscellaneous Staff Expenses</td>
<td>$500.00</td>
</tr>
<tr>
<td>Volunteer Refreshments</td>
<td>$150.00</td>
</tr>
<tr>
<td>Promotional Materials</td>
<td>$50.00</td>
</tr>
<tr>
<td>Insurance and Legal Fees</td>
<td>$278.00</td>
</tr>
<tr>
<td>Portable Toilets</td>
<td>$1,575.00</td>
</tr>
<tr>
<td>Fencing</td>
<td>$480.00</td>
</tr>
</tbody>
</table>

**Total Fixed Costs**

$8,363.00

**Variable Costs**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-Shirts (per participant)</td>
<td>$4.00</td>
</tr>
<tr>
<td>Medals (per participant)</td>
<td>$2.50</td>
</tr>
</tbody>
</table>

**Total Variable Costs (per participant)**

$6.50
Figure 4 (Breakeven estimates)

![Breakeven estimates diagram]

Figure 5 (Pessimistic Scenario)

![Pessimistic Scenario diagram]

Figure 6 (Expected Scenario)

![Expected Scenario diagram]
### Figure 7 (Optimistic Scenario)

**Profits**

<table>
<thead>
<tr>
<th>Number of Participants</th>
<th>327</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Fee Revenues</td>
<td>$9,156.00</td>
</tr>
<tr>
<td>Donation Revenues</td>
<td>$16,350.00</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$25,506.00</td>
</tr>
</tbody>
</table>

- **Fixed Costs** $8,363.00
- **Variable Costs** $2,125.50
- **Total Costs** $10,488.50

**Profits** $15,017.50

| 8,363 + 15,000      | 326,755,2448 |
| 71.5                | Contribution Margin Per Unit |

---

**Profits**

<table>
<thead>
<tr>
<th>Number of Participants</th>
<th>397</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Fee Revenues</td>
<td>$11,116.00</td>
</tr>
<tr>
<td>Donation Revenues</td>
<td>$19,850.00</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$30,966.00</td>
</tr>
</tbody>
</table>

- **Fixed Costs** $8,363.00
- **Variable Costs** $2,580.50
- **Total Costs** $10,943.50

**Profits** $20,022.50

| 8,363 + 20,000        | 396,685,3147 |
| 71.5                  | Contribution Margin Per Unit |
Works Cited

1


2


3


4


5


6

“Event Spaces.” Alumni Association, Indiana University, alumni.iu.edu/about/event-spaces/index.html.

“FY 2017-2018 Fee Schedule.” Official Website of Austin, Texas, City Government of Austin, Texas,


