

### Exercise 3-3 –Business plan brainstorm exercise.

**INSTRUCTOR NOTE:** This is a data-heavy assignment. Thus, instructor creativity and organization must be applied in tailoring this exercise to a particular class setting. Students are asked to review 5 pages of data and use their judgment to place the correct data under each business plan section. Suggestions for ways to use this exercise include:

1. Use as a homework assignment, then follow with Exercise 3-4 in class.
2. Break exercise up into parts that are completed in class or as homework over 2 or more days, then discuss in class section by section. Follow with Exercise 3-4 in class or as homework.

Class discussions can center around a student or team of students presenting their answers to certain sections. If a homework assignment, it will be fairly easy for the instructor to decide what student has done well with a specific section and have them present in class.

Final note: Certain advanced students may pick up on nuances such as “If the new service lines are not launched until Day 90, then, how can the owner make revenue goals for the year when 3 months were spent planning?” Instructors can explain that the 90 days might be preparatory work prior to launch at the beginning of the year, or, explain that this is a BASIC business planning exercise that is for helping students understand what types of information belong in a plan.

Instructor familiarity with the “Data Source” document is KEY for this exercise.

#### Business Plan Outline

**I. Executive Summary** - One page description of the business. For this exercise, the most important line from each of the below sections.

**INSTRUCTOR NOTE:** Students will fill in different answers for this section and may have trouble determining which pieces of information are most relevant. This is exactly the type of critical thinking that goes into the executive summary and is the major takeaway (vs. whether they have the EXACT right information in this section).

**II. Product or Service Description** - Clear and concise description of product/service.

- Dog grooming.
- Pick-up and delivery to groomers.
- Pick-up and delivery of dog food, treats, and dog care products.

#### III. Market Landscape

- **Industry and characteristics** - Market information and demonstrated need
  - A local humane society set up an office in town approximately 1 year ago. Since then, dog ownership in the town has increased by 10%. The

humane society believes that, based on other humane society offices, this growth trend will continue for approximately 5 years.

- Over time, have noticed when people bring the dogs in the shop, it is sometimes a hassle to find the time to make sure the dog's needs are taken care of. You realize that meeting these needs could be a good addition to the grooming services your business already provides. (EXTRA: Be sure NOT to include the items which are not being offered – Vet services, etc.)
- There is an immediate need for two services:
  - Pick up and delivery to groomers
    - Need currently: High. Come to Splish Splash? Yes.
  - Pick up and delivery of dog treats and other items
    - Need currently: High. Come to Splish Splash? Yes.
- **Business's target markets**
  - 60% female, 40% male
  - 50% of customers are 30-45 years old. 50% are 46-65 years old.
  - Average spending per visit in store = \$35.
    - \$25 of this is grooming, \$10 of this is products.
  - 75% of clients live within a 3 mile radius of the shop.
  - 25% live outside this radius, but, come especially to the shop because they like it.
  - Top "likes" (90% of those surveyed gave these answers as their top 3) = dog ready on time, service with a smile (groomer remembers dog), able to pick up grooming products at same time.
  - Top "dislikes" (90% of those surveyed gave these answers as their bottom three) = hair on floor, can't buy dog food or other dog products outside of grooming.
  - EXTRA: Strategy for addressing customer challenges –
    - Hire local high school student to sweep shop.
    - Offer additional products
- **Competition**
  - There is only one other dog groomer in the area.
  - EXTRA: (name the salon from previous exercise) Dog Day Afternoon
  - EXTRA: (refer to situation from previous exercise) The business's market research is lacking which may indicate weakness in the business or management.

#### IV. Operational Plan

- **Team/roles and organization's structure**
  - Jane Galvez is the founder and owner of Splish Splash. She does the sales, marketing, and financial administration of the business. She is in the shop

- each day, and does administrative work in off-hours. She is a dog lover and owner of 3 dogs.
  - Rachid Miller is the store manager. He manages the day to day operations of Splish Splash.
  - Intern/Delivery staffer – An intern will be hired to help around the store, and to complete deliveries between specified hours.
- Form of ownership (sole proprietorship, etc.)
  - Splish Splash is an LLC (Limited Liability Company).
- Business location
  - The business is located at 421 Cypress Street which is an asset due to high foot traffic and overall visibility.
- Material sources for product/service
  - Products are sourced from “Pets Wholesalers”, a supplier found to have the most favorable pricing and service after surveying several suppliers.
- Major Year 1 Tasks and Future Goals *(Hint: Thinking about “how” exercise)*
  - In the launch of the new service lines, Jane has mapped out the following major steps:
    - Day 1 – Develop business plan and apply for funding.
    - Day 60 – Receive funding.
    - Day 60-Day 90 – Marketing pieces, phone line.
    - Day 90 – Launch new services.
    - Day 90-97– Serve first 5 clients of new services.
    - Future goals: Continue growing delivery services and achieve revenue growth of approximately 2-5% per year. Become known as a type of “personal concierge”/helper for busy local dog owners.

## V. Sales and Marketing Strategy

- **Product** – Is it a known, accepted product? Or, is it new and innovative?
  - EXTRA – (Dog grooming lifecycle not mentioned in datasource, students would extrapolate): Dog grooming is a known, accepted service.
  - Pick up for dog grooming and supply delivery is new in the area, however, customers are familiar and comfortable with the idea of delivery services from other industries that provide these services (groceries, restaurant, pharmacy, etc.).
- **Place** – Where is your product/service sold? (Web, over phone, etc.)
  - All current customers use the phone to make an appointment, then bring the dog by in person. We anticipate all new service orders being taken over the phone as they focus on delivery. We anticipate the need for an additional phone line to accommodate call volume.
- **Price** – How much does the product cost (current or future offering?)

- Grooming - \$25 – current offering.
- Products - \$10 (avg purchase) – current offering.
- Pick-up and delivery to groomers - \$10 in addition to grooming.
- Pick-up and delivery of dog food, treats, and dog care products – free to pick up groomer dogs and on orders of \$35 or more. \$5 on orders of less than \$35.
- **Promotion** – How promoted? Advertising, Publicity, Personal Selling.
  - Posters - We plan on displaying in-store posters on the new services.
  - Flyers – We plan on handing out flyers along with the customer receipt to every grooming customer.
  - Press – We plan on creating a special story about a man who broke his foot and could not drive his dog to the groomers, and how our service helped. This story would provide more visibility and be less costly than advertising in the paper.
  - Magnets – We will provide magnets listing our services and phone number.
  - Giveaways – Individuals who drop their business card in the store, and at the local town fair, will each receive a free pick up and delivery grooming, and \$10 worth of free products.

**VI. Financial plan** – Projected income and expenses. Include section for investors where applicable.

- **Projected Income: Revenue – expenses = income**
  - Year 1: \$5,200 - \$5,740 = (\$540)
  - Year 2: \$6,240 - \$5,740 = \$500
- **Proposed plan to meet capital (= “money”) needs**
  - Seeking \$1,000 loan from a community bank. (Instructor note: Rationale could be to cover shortfall in year 1, and additional funds as a “just in case” surplus)

**VII. Appendices** – Detailed spreadsheets, market research, and other “bulky” items.

**EXTRA: (this may not occur to students to place this data here)**

**APPENDIX A:**

**Other information about previously considered services:**

- Dog walking
  - Need currently: Low. Come to Splish Splash? No, use neighborhood kids.
- Dog sitting.
  - Need currently: Low. Come to Splish Splash? No, use neighborhood kids.
- Regular vet visits.
  - Need currently: Moderate. Come to Splish Splash? Maybe, vet would need to be on-site.

**APPENDIX B**

- Projected new revenue from new services:
- Year 1: \$5,200.
- Year 2: \$6,240.
  - Year 1, 25% of current customers use delivery for grooming
    - 25% x 20 customer visits per week = 5 visits per week.
    - 5 deliveries per week x \$10 delivery fee = \$50 per week.
    - \$50 per week x 52 weeks = \$2,600.
    - Goal: Sell \$10 worth of dog products for each delivery.
    - 5 deliveries per week x \$10 product sales = \$50 per week.
    - \$50 per week x 52 weeks = \$2,600.
    - TOTAL delivery and product revenue (new) = \$5,200.
  - Year 2, gain additional 10 in grooming due to new service
    - 10% x 20 customer visits per week = 2.
    - 2+20 = 22 visits per week. (2 of which are grooming delivery beyond year 1).
    - 2 visits per week x \$10 delivery fee = \$20 per week.
    - \$20 per week x 52 weeks per year = \$1,040.
    - \$1,040 additional revenue + \$5,200 continued year 1 additional revenue = \$3,640.
- Projected new expenses from services:
- Year 1: \$5,740.
- Year 2: \$5,740.
  - Car and gas = \$100 per month/\$1,200 per year.
  - Additional phone line = \$20 per month/\$240 per year.
  - Delivery staff = \$250 per month/\$3,000 per year.
  - Cost of dog products = 50% of retail price. (\$25 per week x 52 weeks = \$1,300 per year.