

Exercise 3-3 – DATASOURCE for Business plan brainstorm exercise.

Think back to the Doggie Services case study from Module 2. Splish Splash had more information to share with investors, while the Dog Day Afternoon team had less information. The Splish Splash team actually had the beginning of their BUSINESS PLAN! Below are Splish Splash's rough notes. Your job: To organize the data source notes (below) under the appropriate business plan "headings". This will serve as the beginning of a formal business plan which Splish Splash can take to the bank, and share with staff and advisors.

- 1) Look at Splish Splash data, below.
- 2) Next, review the business plan outline (see "Business plan brainstorm" sheet)
- 3) Fill in the business plan outline with the Splish Splash information that you believe belongs in that category.

Example:

- Splish Splash information: Splish Splash customers are 60% female, 40% male
 - Corresponding business plan section: "Market landscape".
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Here is what you know about your market:

Business: Doggie Services

You are already in the dog grooming business. Your business is called "Splish Splash". Over time, you've become aware of the need for some type of service to help out dog owners. You've 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 (e.g., take him/her to the vet or the groomer, get the right dog supplies and food, walk and care for the dog). You realize that meeting these needs could be a good addition to the grooming services your business already provides. You also realize that there is another dog grooming service competing for the \$10,000 loan you are seeking from a community bank. It is the only other dog groomer in your area.

You have been talking with investors about growing your business through these new services. The original services you thought of providing in addition to dog grooming are:

- Dog walking
- Dog sitting
- Regular veterinarian visits
- Pick-up and delivery to groomers
- Pick-up and delivery of dog food, treats, and dog care products.

The final decision on services to offer based on market research are:

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

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.).

Who is your market? Because of your experience in the grooming market, and detailed records and surveys, you know the following about your customers (note, this will serve as your target market):

- 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.
- Average visits to store per day (6 days per week) = 20.
- Daily average revenues = \$700, weekly = \$4,200, annual = \$218,400.
- Average profit = 20%. Net income ($\$218,400 \times 20\%$) = \$43,680.

- Projected income from new business lines:
 - Year 1: $\$5,200 - \$5,740 = (\$540)$ (NOTE: Parentheses means "loss")
 - Year 2: $\$6,240 - \$5,740 = \$500$

- Projected new revenue from new services:
 - Year 1: \$5,200.
 - Year 2: \$6,240.
 - Year 1, 25% of current customers use delivery for grooming
 - $25\% \times 20$ customer visits per week = 5 visits per week.
 - 5 deliveries per week \times \$10 delivery fee = \$50 per week.
 - $\$50$ per week \times 52 weeks = \$2,600.
 - Goal: Sell \$10 worth of dog products for each delivery.
 - 5 deliveries per week \times \$10 product sales = \$50 per week.
 - $\$50$ per week \times 52 weeks = \$2,600.
 - TOTAL delivery and product revenue (new) = \$5,200.
 - Year 2, gain additional 10 in grooming due to new service
 - $10\% \times 20$ customer visits per week = 2.
 - $2 + 20 = 22$ visits per week. (2 of which are grooming delivery beyond year 1).
 - 2 visits per week \times \$10 delivery fee = \$20 per week.
 - $\$20$ per week \times 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 \times 52 weeks = \$1,300 per year.

Other: 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.

What Are Your Customers' Likes and Dislikes? In a survey you gave customers in preparation for the investor meeting, you got the following results out of 100 surveys:

- 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.

You did not realize the customers were so bothered by hair on the floor. You have hired a local high school student interested in the dog grooming business to sweep up after school. If you expand and offer other products, this will take care of the second major challenge area.

Where are they? In the same survey mentioned above, you uncovered the following information.

- 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.

Other: 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.

How should you price your product or service? In the survey, you also asked the customers what they would expect to pay for the new services you wanted to offer. This is what they said:

- 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 who order \$10 or more in product.

Sales and Marketing:

- 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.

When should you start this new part of your business? The survey asked customers about their needs now, and in the future, for the services and if they would come to "Splish Splash" for these services. This is what they said:

- 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.

You see that there is an immediate need for two services. Also, you did not realize that local neighborhood kids were used for dog walking and sitting services. You find this very interesting and are glad to have these insights into your market.

Organizational Information

- 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.
- Splish Splash is an LLC (Limited Liability Company).
- The business is located at 421 Cypress Street which is an asset due to high foot traffic and overall visibility.
- Products are sourced from "Pets Wholesalers", a supplier found to have the most favorable pricing and service after surveying several suppliers.
- 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.
 - 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.

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.