



Business Plan

Confidential

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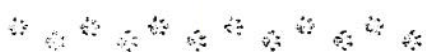
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Executive Summary

Puppy Playground is a unique pet services company built on the notion “*best friends deserve more*”. The business will offer an innovative mix of services including *Doggie Daycare* (personalized fun with dogs and people friends), *Bed'n Biscuit* kenneling (for overnight and longer stays), *Doolittle's Body Shop* (for grooming and trips to the vet), the *PetStop* Bakery (for food and toys), and more. We provide love, one-on-one attention, and a very playful environment.

Two trends create the opportunity for **Puppy Playground**. On the one hand, people increasingly see their pets not simply as special or important, but as family members. This trend is reflected not only in how much people spend on their pets, but in the products and services to which they allocate these expenditures. On the other hand, people have less time --- their lives are busier, more demanding, and more stress-filled. They travel more, and spend greater amounts of time away from home in response to both professional and personal demands. They face more lifestyle choices, many of which preclude pets. As a result, many dog-owners are looking for creative ways to provide the love and care they want for their pets, but which they themselves face constraints in providing. **Puppy Playground** sees an opportunity to provide dog-owners, initially in the Columbus, Ohio area, with loving and convenient alternatives to caging their best friend while at work, on vacation, receiving medical attention, or when otherwise time-constrained. **Puppy Playground's** solution provides dog-owners with peace of mind. They know their dog is not only well-cared for, but is having more fun than they are.

The main customers **Puppy Playground** will target with its initial location live or work within a 20-minute drive to the facility, which will be located in the Short North area of Columbus. This area encompasses the downtown and Ohio State University areas. The customer base will include active single adults earning at least \$35,000, newly married couples without children, married individuals with children, and older couples. A creative and highly actionable segmentation scheme has been applied to the defined market, resulting in four priority target groups: *Prudent Parents*, *Pet Planners*, *Puppy Pamperers*, and *Part-timers*.



Puppy Playground has determined that the income of 161,101 households in the area exceed \$35,000.00, 39% of these households own pets and spends an average of \$350.00 per year on their dogs of which 32% are for pet services. The estimated market size is therefore approximately \$7,036,891.00 and the estimated market potential is \$10,178,361.00. Assuming an estimated market share of % in the first year of operations, the company's estimated revenues are \$223,424.00. During the second and third year of operations, sales are expected to grow to \$485,653.00 and \$748,374.00

Eight direct competitors are identified within the relevant market, where direct competition is defined in terms of full-service providers. Based on an assessment of strengths and weaknesses, **Puppy Playground** would appear to have competitive advantages in the areas of a) our open-space fun environment, b) flexibility, c) customization of service, d) creative marketing and relationship building. Only one daycare provider exists in the immediate area, Doggie Daycare Center, Inc., and it does not offer many of **Puppy Playground's** services.

The economic model of the business is quite attractive. It calls for high operating leverage, high margin, moderate volumes, and a highly flexible service mix. A contribution analysis in which the unit of analysis for **Puppy Playground** is the service offered, produced a weighted average price of \$18.65 and a weighted average contribution margin of \$18.14 per unit. The cost structure is 95% fixed and fixed costs include rent, salaries, utilities, advertising, insurance and legal expenditures amounting to \$223,946.00 in Year 1. Variable costs in the amount of \$11,714.00 include expenses such as grooming and bakery supplies, part-time wages, and dog food. The company will break even in dollars at \$230,195.92, and will reach positive cash flow during the fifth month of year two. **Puppy Playground** expects a net loss in the first year of \$12,231.00. The company will begin to experience net income of \$132,934.00 and \$556,298.00 in years two and three respectively.

The marketing approach is designed around a differentiation strategy. The communications approach relies on direct mail, limited print and radio advertising, a referral program from a cultivated network of related service providers (e.g. relevant local opinion leaders, such as vets, animal shelters, adoption agencies, breeders, and pet stores), and special community events. A host of creative guerrilla marketing tactics will be employed. Prices at

Puppy Playground correspond with the amount of attention given to each animal and are competitive with the local market. All management responsibilities will be handled by the three founder/owners, and they will be joined by the equivalent of 20 part-time pet service providers.

The operating cycle at **Puppy Playground** will be standardized to ensure pets receive a consistent, high-quality experience. A customer will first bring their pet into the facility for an evaluation. During this stage, the pet will be evaluated based on how well it interacts with other pets and the workers. If the pet's evaluation is successful, the pet may return to **Puppy Playground**. While the pet stays at **Puppy Playground**, grooming and transportation to a vet will take place if requested by the pet's owner. If no additional services are required, the pet will interact with other dogs, receive love and attention from the employees (again according to a consistent operating format), and get exercise. The owner will then pick up their pet at the end of the day, and perhaps also visit the PetStop store.

The initial location will be housed in a 10,000 square foot warehouse located at 777 Goodale Drive. The facility will have two open play areas for small and large dogs, respectively, an outdoor play area, a bakery, a grooming area, and kennels. Remodeling will begin immediately after signing the lease for the warehouse.

Start-up costs and financing requirement through a positive cashflow amount to \$207,500.00. The founders will invest \$50,000, and a private investor will contribute another \$50,000.00. Additional capital of \$107,500 will come from a SBA-backed loan. It is anticipated that a second equity investment of about \$60,000 will be required after year 1. The equity will be divided as follows: 75% founders, 20% to the first investor, and 5% held for the subsequent investor.

Puppy Playground will begin operations on September 1, 2001. Several startup activities will need to take place prior to opening. Some of these activities include constructing cages, remodeling the facility, creating signage, partaking in professional grooming classes, and acquiring computers, office supplies, kitchen appliances and supplies. The owners of the company will franchise the business and pursue aggressive growth in a relatively



short period of time. The company will standardize all operations and create a concise, comprehensive and replicable business model to engage in pure franchising with selected entrepreneurs across the country.

Key risks **Puppy Playground** will encounter relate to customer trust, loyalty to other pet-care providers, customer recognition of usefulness, personal handling preferences of each pet, and health-care risks. **Puppy Playground** assumes there is a high demand for the company's services in the target markets.

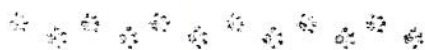
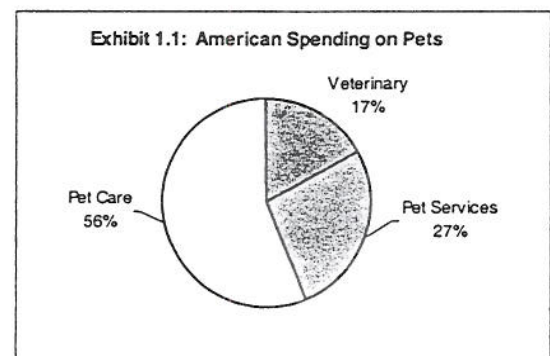
1. The Industry, the Company, and Its Products and Services

1.1 The Pet Service Industry

The Pet Service industry (NAICS 812910; SIC 0752) consists of enterprises primarily involved in providing services such as the boarding, grooming, day care, and training of animals¹. The majority of the Pet Service Industry is segmented by geographic location, as most companies within this industry are small, privately held operations¹. The pet service industry has been around a long time and yet many elements of it are young. The industry appears to be growing rapidly, and thus the primary demand gap is large². Services for pets increased considerably and it is estimated that dog and cat populations will increase 6% over the next five years³. Fifty-Seven million households, over half the US population, currently own at least one companion pet, and 38% of U.S. households own at least one dog, with the average dog owning household having 1.69 dogs^{4,5,6}.

In 1999, Americans spent \$30 billion on pets, more than they splurged on music and toys, paying \$8.9 billion (27%) for pet services and \$16.9 billion (61%) on pet care items such as food (\$9.9 billion) and pet supplies (\$3.3 billion)⁷. In 1997, over \$5 billion was spent on veterinary services⁴.

Please refer to Exhibit 1.1 for respective percentages. Spending on pets grew 7% in 1999 and 2000 and is conservatively forecasted to increase 4% annually between 2001 and 2004³. By the year 2001, estimated total spending on pets will rise to \$28.5 billion⁴. Considering that 27% of the total amount is spent on pet



services, it is estimated that total US market potential for pet care services will increase to \$9.2 billion in 2001⁴.

Three large corporations dedicated to serving the needs of the American pet dominate the pet service industry⁴. PETsMART and Petco Animal Supplies are the top two retailers of pet supplies, both taking on “ToysR’Us Superstore” formats. PETsMART, the larger of the two, with over 500 stores in the US, Canada and UK, has broadened its product range to include grooming and veterinary services and obedience classes⁸. Petco operates more than 130 stores in 37 states and sells approximately 10,000 products to pets and owners⁴. The third, Veterinary Centers of America (VCA) is a California based company operating a vast network of full service animal hospitals and labs. VCA continues to grow through acquisitions of leading practices throughout the country⁹, even though about 75% of the industry remains in private practice⁴.

Several noticeable trends have been observed in the Pet Services Industry. People are taking better care of their pets as is reflected in the increased number of pet owners using premium food and taking advantage of services for their pet¹⁰. An increasing number of pet owners are viewing their pets as family members rather than just animals. People are busier and do not have as much time to spend with their pet, and yet more people are owning pets. In addition, pet owners like the convenience and ease of one-stop shopping, such as that provided by “pet-superstores”¹¹.

In coming years, the industry is expected to become more and more specialized, and will expand into new segments such as pet bakeries and herbal supplements¹. Alternative medicines for pets are also on the increase, having been largely fueled by the emergence of animal health insurance¹². Although still a relatively new concept in the US, approximately 12% of British pets have been insured by their owners¹³. In assessing the pet services industry using Porter’s five forces (shown in Exhibit 1.2) the company has identified suppliers and buyers/customers as positive factors impacting the business, while negative factors include new entrants, substitutes, and existing competition.

Exhibit 1.2: Porter’s Five Forces affecting the Industry

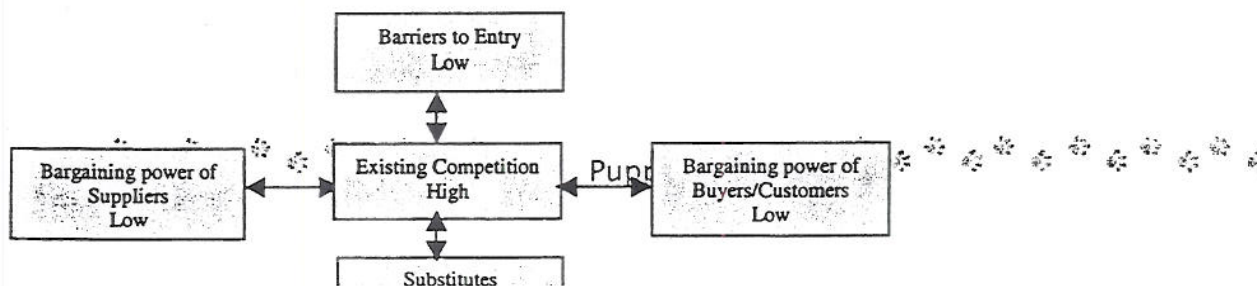


Exhibit 1.3 Assessment of Porter's 5 Forces	
Suppliers	Products can be obtained from multiple vendors, thus will have best prices
Buyers	Customer does not have bargaining power
New Entrants	New competition would force company to cut margins
Existing Competition	Competition could ensue price or advertising wars, lowering profits
Substitutes	Reduction in demand because customers have alternatives

1.2 Puppy Playground – The Company

Puppy Playground is a comprehensive pet service provider built on the concept “*best friends deserve more.*” The company offers a full range of services to owners who seek loving alternatives to conventional pet care and want their fuzzy children to have the best care at all times. The company seeks to give dogs an exhilarating experience by creating a playground where they can interact with other doggie and people friends in a fun and safe environment.

Three pet loving students at Miami University created **Puppy Playground** in Fall 2000. The team of undergraduates came together for their senior project and became enchanted with the idea of the company and thus began the pursuit of creating a viable business. The business is scheduled to open its doors in Fall 2001 and will be located in Columbus, Ohio from where it will expand into the Midwest.

The company will be incorporated in September of 2001 under the name “**Puppy Playground**” and will be organized as a Limited Liability Corporation. This choice was made because of the favorable tax structure and flexibility that would allow for future growth.

1.3 Four Paws Above The Rest

Puppy Playground provides love, personal attention, and playtime for pets during their visit. During their stay, dogs will join in activities such as birthday parties and holiday festivities. The company maintains the philosophy that playtime should be maximized and kennel time minimized; ceaseless play and affection are necessary ingredients of a well-balanced pet. This core value differentiates **Puppy Playground** from existing pet

service companies. The four main service/product lines are as follow: (more detail can be found in the brochure in Appendix A):

- 🐾 *Doggie DayLand* is a day care facility targeted primarily to working pet moms and dads;
- 🐾 *Bed 'n Biscuit* is a series of luxurious overnight condos for pets whose owners are away;
- 🐾 *Doolittle's BodyShop* encompasses the *PawSpa*, the full service grooming facility, and the *Poochmobile*, providing pickup and delivery of animals to and from the vet;
- 🐾 The *PetStop* retails its own brand of healthy dog treats baked from secret recipes along with other items such as commercial food, toys, collars, and leashes.

2. Market Research and Analysis

2.1 The Pet Lover – Our Customer

The relevant market for **Puppy Playground** is the pet-loving population living or working within a 20-minute radius of the facility with a household income that exceeds \$35,000.00 and average annual expenses around \$300 on their dog(s). This market consists of four main segments: the active single adults, married couples without children, married couples with children, and older couples. According to existing daycare centers⁵ in the Midwest, the primary customers are active singles and married couples without children.

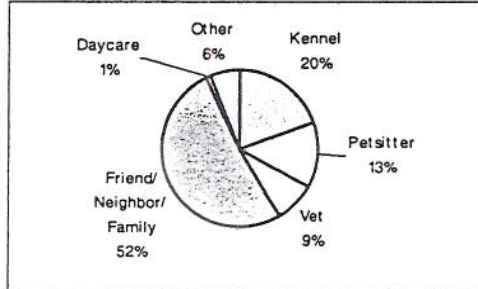
The customer has medium involvement when deciding to use pet services and the buying process involves first identifying a need for a pet care service, and then searching for different alternatives, appraising the different options available, selecting an option, and finally evaluating their choice. Possible evaluation criteria include price, customer service, and quality of care.

Primary data survey results show pet owners are dissatisfied with current pet service options for two reasons.¹⁴ Firstly, owners want their pet to be treated exceptionally well and demand a very high level of personal attention. Secondly, pet owners do not like having to take their animal to separate locations to get what they need, both of which are not available from current pet care service providers. **Puppy Playground** was formed to remedy these problems by having one convenient location for a multitude of services that focuses on giving animals the same level of love and personal attention it receives from its owner. Further, customers primarily use grooming and kennel services located in the general area of their home or work and then based on recommendations⁵. Exhibit



2.2 summarizes the alternatives customers consider during times of travel. The majority (51%) of pet owners use a friend, neighbor, or relative to look after their pet¹⁴.

Exhibit 2.1: Alternatives to Puppy Playground Services (Source: Primary Data Market Survey)

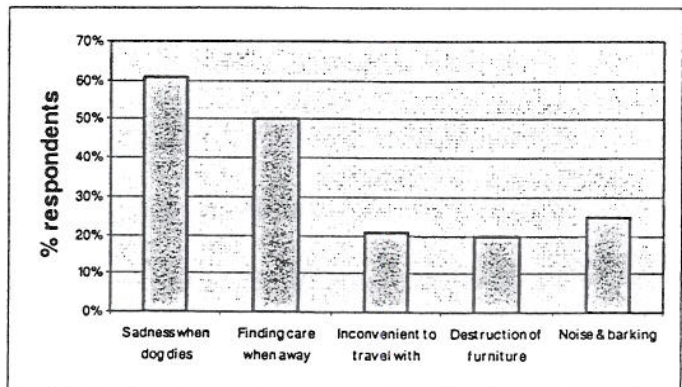


Although only a small percentage (1%) of customers currently use daycare service, several potential customers have expressed interest in the services offered at Puppy Playground¹⁴. Some of these customers include:







According to a market survey¹⁴ conducted among Columbus residents, 56% of pet owners feel guilty when they leave their animals at home (see questionnaire in Appendix B), while 38% of pet owners report that they often stay home because of their pets¹⁴. This ties in with the results of a survey conducted by the APPMA¹⁵ on the potential drawbacks to dog ownership which are shown in Exhibit 2.2. The data imply that pet owners need loving alternatives to traditional kenneling and leaving their pet home alone for extended periods of time.

Exhibit 2.2: Drawbacks of Dog Ownership



The primary and secondary customer data was used to segment the market and the four target segments for Puppy Playground are described in Exhibit 2.3 below. The *Prudent Parents* segment is intensive users of daycare and is more price sensitive, while the *PetPlanners* segment wants the best care for their dog and wants to have evidence that quality care is provided. The *Puppy Pamperers* segment like to lavish care on their pet and will primarily be interested in grooming services. The *Part-timers* segment needs to be reminded on a timely basis of the different services offered, because dog owners in this segment will search for information when the need for the service arises. The marketing strategy for each of these segments is discussed in Section 4.

Exhibit 2.3: Customer Segmentation Scheme – Four Target Segments

	Prudent Parents 	Pet Planners 	Puppy Pamperers 	Part-timers 
Primary benefits sought	Convenience Peace of mind	Care in absence Exercise	Socialization Companionship	Varies
Need motivators	Dog as naughty but lovable; Destruction of furniture; Considerate of neighbors	Dog as family friend Train & develop dog	Dog as child Surrogate parenting	Situational Out of necessity
Personal characteristics	Active, busy, professional; Rational/ short term focus Most likely single	Married -No kids / kids no longer in home Practical / planners	Female Emotional Indulgent	Varies
Age	25-54	35-44 >65	30-49	All ages
Selling proposition	Save me the trouble Appeal to the pocket	Just the facts Appeal to the mind	Touch my heart Appeal to the heart	Timely exposure
Services/ products purchased	Daycare	Kenneling Daycare	Grooming Treats Daycare	All services
Usage occasion	Work Travel	Out-of-town	Irregular	Throughout the year
Frequency of use	Daily	1-2 times/week	Infrequent	<10 times/year
% of revenue	25	30	15	30
# of dogs owned	2	1	1	Varies
% of pet owners	16	37	10	21
Media habits	Radio, Newspaper, Movies Magazines	Community events TV & videos	TV, movies Magazines	Community events Direct mail



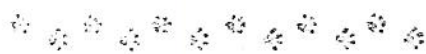
2.2 Market Trends

Several factors (of which disposable income is most significant) can affect the growth and potential success of Puppy Playground. The higher the household income, the more disposable income it will have to spend on luxury items and services for their pet. Growth in the pet population is another factor affecting the market³. If this continues to increase, the market should also continue to grow, and vice versa. A final factor affecting growth concerns baby boomers, who might continue having pets in their life during their mature years, resulting in continued growth in pet ownership and spending on pets¹¹.

2.3 Competition and Competitive Edges

Competition offering a full range of services, including daycare, is considered direct competition, of which there is only one, Doggie Daycare Center, Inc¹⁶. Indirect competitors such as veterinarians, grooming services, kennel services, pet sitters, and the 'neighborhood kid' offer limited or specialized services. There are still relatively few professional daycare providers and this factor counts in Puppy Playground's favor.

Competitor	Strengths	Weaknesses
Doggie Daycare Center Inc 1103 Dublin Rd (614)486-0266	Near major interstates to downtown area, offers grooming	No overnight kenneling, store or transportation to veterinarian
Wendy's Pampered Pets 1300 Edgehill Rd (614)299-5840	Pampers each pet, experienced grooming	No overnight kenneling, store, or daycare
Grandview Animal Clinic 1510 W 1 st Ave (614)486-9595	Veterinarian has established relationships with clients, offers boarding and grooming, will give peace of mind to owners	No daycare or socialization with other dogs. Dogs not given personalized treatment
Care Pet Clinic 1744 E. Livingston Ave (614) 252-4353	Offers boarding and grooming, veterinarian has established relationship with clients, peace of mind	No daycare or socialization with other dogs. Dogs not given personalized treatment
PetSmart 3713 Easton Market (614)418-9389	Established and recognized name, grooming and supplies available	No interaction with other dogs, no kenneling or daycare
Bill's Pet Sitting (614) 279-0078	Pet sitting in home where dog is comfortable	Little interaction with people, no socialization with other dogs
Ripley Animal Clinic (614)294-3249	Established relationship with clients	Does not offer kenneling, grooming, daycare or pickup service to vet
VIP Grooming (614)487-8955	Established relationship with clients	Does not offer kenneling, vet services, daycare, or supplies



2.4 Market Size & Company Sales

To estimate market size, a breakdown method using a chain-ratio approach was employed. Columbus is often used as a test market city by consumer goods manufacturers, suggesting it is a fairly representative U.S. city. Accordingly, the following data was considered:

D X A X E X F = \$ 7,036,891 = est. market size/year for all pet services

A	39% of U.S. households own dogs ¹⁷
B	The typical dog or cat owning household has 2.3 dogs and cats
C	The average dog owning household has 1.5 dogs ¹⁴
D	There are 161,101 households with >\$35,000 in family income ¹⁸
E	The average amount spent on dogs per household per year is \$350 ¹⁴
F	32% of pet expenses are for pet services (including vet services)

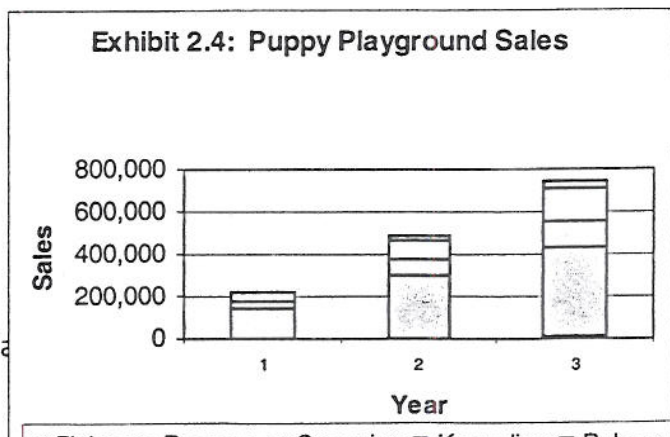
Market potential includes both the number of users and their usage rates.

It is the belief of Puppy Playground that usage rates can be increased.

Specifically, customers will come to realize that their pet is not simply being safely kept, but that the pet's lifestyle and healthiness is being enhanced by the ability to play and receive attention when he/she would otherwise be largely left alone. This enhanced and new source of value will lead customers to spend more per year on pet services, and it is estimated that the average expenditure per household can be raised at least \$50. If so, estimated market potential for pet services would be \$10,178,361.

It is estimated that 25 establishments currently operate in the Columbus market, of which one would directly compete, and 24 would indirectly compete with Puppy Playground. Further, the research suggests the typical pet service business is generating approximately \$150,000.00 in annual revenues per establishment. Accordingly, direct and indirect competitors in the target market are generating **current sales of \$3,750,000**.

Finally, it is projected that **Puppy Playground** will achieve sales of \$223,424.00 (5.9% of current sales by direct/indirect competitors and 3.2% of the pet service sales) in Year 1, growing to \$485, 653.00 in Year 2, and \$748, 374.00 in Year 3. These sales



Puppy Pla

levels are achievable as a function of **Puppy Playground's** unique and comprehensive service mix (see Exhibit 2.4), a carefully targeted marketing program, a creative and aggressive set of marketing initiatives, and a rapid rate of growth in consumer expenditures on pets.



3. Economic Analysis

A contribution analysis (see Appendix E) was performed in which the unit of analysis for **Puppy Playground** is the service offered. First, an average price and average variable cost was determined across all the items for each of the five product or revenue-generating areas. Each of these five areas was then weighted based on the percentage of sales they are expected to constitute. This produced a weighted average price of \$18.65 and a weighted average contribution margin of \$18.15 per unit. The highest percentage of revenue comes from *Doggie Dayland* (67%), while *Bed'n Biscuit* and the *PawSpa* contribute 17% and 14%, respectively, to revenue. The cost structure is 95% fixed and the fixed costs of \$223,946.00 in Year 1 include rent, salaries, utilities, advertising, insurance and legal expenditures amounting. Variable costs in the amount of \$11,714.00 include expenses such as grooming and bakery supplies, part-time wages, gas and dog food.

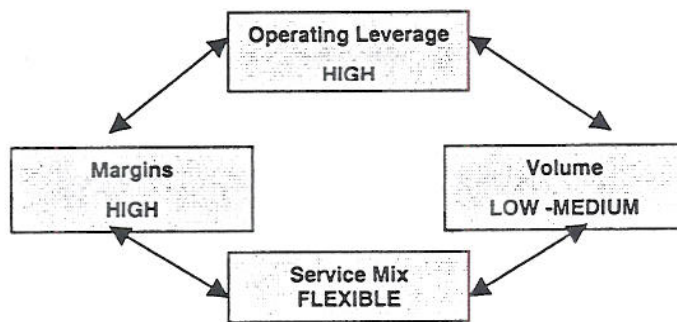
According to the breakeven analysis, (see Appendix E) the company will break even after caring for 12,341 animals. Given the estimated service capacity of 729 dogs per month, it will take 16.93 months to break even. The analysis also suggests a breakeven sales volume of \$230,195.92. Since projected sales for the first year are \$223,424.00, it will take at least 12 months for **Puppy Playground** to break even.

Based on careful observation at an existing day care facility in Cincinnati, Ohio, a steady stream of customers is expected throughout the year indicating a semi-durable profit stream¹⁹. The low barriers to entry in

this market increase the threat of competition, which lowers the durability of the profit stream. However, if competition does enter the market, current gross margins can be lowered to contend with any potential price war from the competition.

The economic model for Puppy Playground (see Exhibit 3.1) depicts the relationship between operating leverage, volume, margins and service mix. The high operating leverage means that it will take longer for the company to break even but once the company reaches the breakeven point, additional revenue will flow straight to profit. Although, there is an increased risk with high operating leverage, the long-term effect will be advantageous. The high margins and flexible service mix will require that Puppy Playground achieve low to medium sales volume.

Exhibit 3.1: Economic Model of the Business

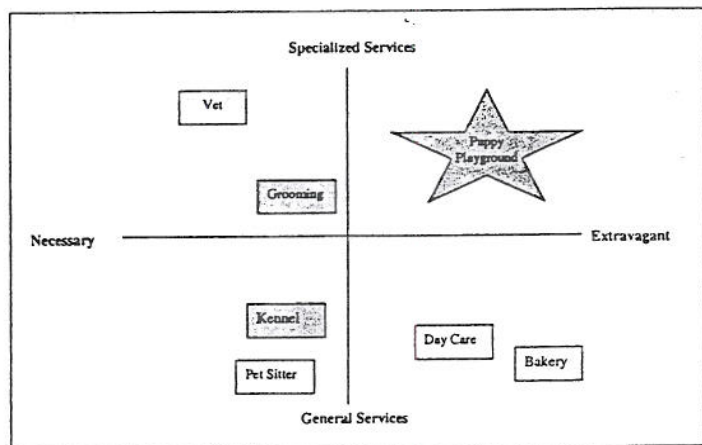


4. Marketing Plan

4.1 Overall Marketing Strategy

The overall marketing strategy for Puppy Playground is a differentiation strategy. Puppy Playground will position itself by the level of extravagance and specialization it provides. The company's unique selling position is "best friends deserve more" and Puppy Playground will differentiate itself by providing pets with love and personal attention. Further, the overall strategy will concentrate on tapping primary demand and bringing additional users

Exhibit 4.1: Positioning Map



4.2 Pricing

Prices at **Puppy Playground** correspond with the extraordinary amount of pampering allocated to each animal and are competitive with the local market. The company's strategy is to sell products at a premium price in order for customers to feel they are partaking in exclusive and highly personalized services for their pet. A comfort factor has been built into each price so it may be reduced in the event a major competitor enters the market.

Clients of **Puppy Playground** pay for services when dropping off their pet at the facility. Customers will have a chance to partake in the "Frequent Barker Club" by pre-purchasing sessions at *Doggie DayLand*. By taking advantage of this offer, dog owners will receive the 10th visit to daycare free when they purchase nine visits. Unlimited monthly usage of *Doggie DayLand* under a long-term membership program is scheduled to begin one year after the facility is opened. The brochure in Appendix A provides more detailed pricing information.

4.3 Personal Selling, Advertising and Sales Promotion

Puppy Playground plans to send direct mail pieces to potential customers identified through a referral program from local opinion leaders such as vets, animal shelters, adoption agencies, breeders and pet stores. These opinion leaders will be invited to an open-house event to view the facility. In addition, a welcome-wagon mailer with a brochure and complimentary coupon will be sent to new residents in targeted suburban areas. Employees will be responsible for organizing the mail circulars and returning phone inquiries.

Additional customer contact will be made when employees with dogs distribute handbills in the downtown region of Columbus. Frisbees with the **Puppy Playground** logo will be handed out to pet owners at parks around the city. Print ads will also be taken out in local business and pet journals. Please see Appendix D for a sample print advertisement. A schedule of approximate advertising and promotion costs for the first year are found in Table 4.2 and correspond to 3.5% of revenue. An additional \$10,000.00 has been allocated to marketing activities from start-up costs for events prior to the Grand Opening.

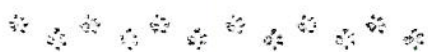


Exhibit 4.2: Marketing Budget for Puppy Playground			
Advertising	Cost Per Item (\$)	Frequency	Total Cost
Print Ads	\$ 200.00	8 ads	\$ 1,600.00
Handbills in Downtown	50.00	4 days	200.00
Brochures to Opinion Leaders	100.00	2 mailers	200.00
Frisbees	100.00	2 trips to park	200.00
Promotion			
Spring Break Promo	400.00	2 promos	800.00
Dog Days of Summer	750.00	1 event	750.00
Doggie Water Olympics	600.00	1 event	600.00
Frisbee Flyers Competition	650.00	1 event	650.00
5K Dog Walk	600.00	1 event	600.00
Miscellaneous			
Direct Mailers	200.00	10 times	2,000.00
Total Cost			\$ 7,600.00

4.4 Puppy Playground In The Public Eye

Puppy Playground will attempt to exploit guerrilla marketing techniques through feature articles in local papers, such as The Columbus Dispatch, Business Journal and the Columbus Animal Source. Television and radio stations will be invited to do live broadcasts from the facility in exchange for free visits (for personal use or as promotions to listeners) to *Doggie DayLand*. Special events will be held in conjunction with animal shelters and the company will endorse campaigns promoting animal welfare and control of the growing pet population. Public relations sponsorships will include pet-centered events, such as 4-H fairs. Puppy Playground will also organize "Doggie Water Olympics," a "Frisbee Flyers Competition" and sponsor a 5K dog-walk to benefit local animal charities. These events will unite customers from all four target market segments.

Puppy Playground will form relationships with local retailers in the Short North Area for a "Dog Days of Summer Extravaganza" to attract customers to the area and raise awareness. During this event, customers primarily from the *Pet Planners* segment, will shop in local stores with their pet(s) within a party atmosphere. Following this event, a social will be held for the dog owners.



4.5 Customer Service Above and Beyond

Customer service will be measured by assessing the amount of satisfaction the animal and owner receive from the services, and the company's referral and retention rates. **Puppy Playground** will attempt to measure this level of satisfaction through conversations with the owner during pick-up or drop-off their animal. Additionally, feedback questionnaires will be distributed monthly to customers. In return, the owner will receive a small "thank you" package containing homemade doggie-treats from the *PetStop* bakery, thus creating a hands-on experience with the product with the objective of moving from trial to purchase.



5. Service Operations Plan

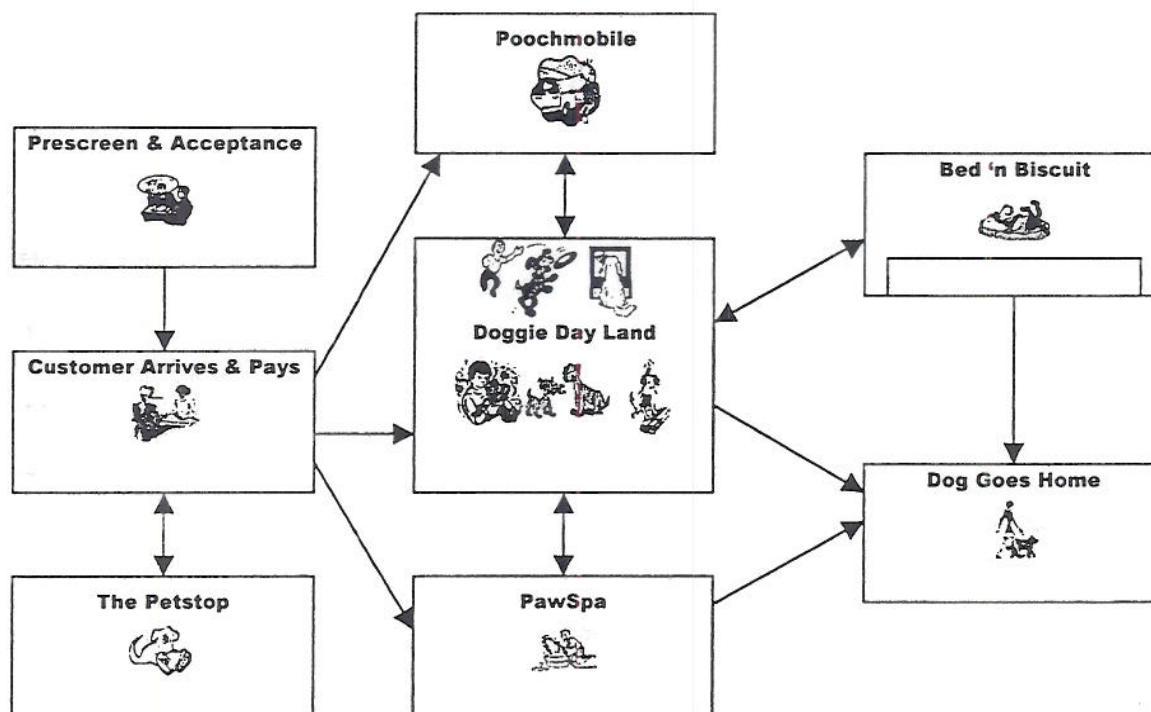
Puppy Playground will be located in the Short North area of Columbus, north of downtown and south of Ohio State University. The facility will be in a 10,000 square foot located at 777 Goodale Drive, near four major interstate highways (670, 315, 71, and 70), which are used as commuting routes to and from the downtown area. An area map depicting these routes and the location, as well as a diagram showing the layout, is provided in Appendix C. The facility will consist of two separate open play areas for small and large dogs respectively, an outside play area, a bakery and store, a grooming area, and kennels, all of which have to be constructed. The entrance to the facility will be equipped with a barking doorbell. A "Conditional Use" permit required for the boarding of animals has already been applied for²⁰.

Puppy Playground will be open Monday through Friday from 7am to 7pm, and Saturday and Sunday 9am to 6pm. Two employees will be on duty during the evening for overnight guests, cleaning and baking.

Each dog is carefully screened before being accepted, and an evaluation form must be completed (see Appendix A) by the owner and vet. This evaluation ensures the dog is healthy, has positive interaction with other pets and employees, and meets all prerequisites (i.e., is housebroken, spayed/neutered, current vaccinations). Upon acceptance, the dog's picture will be hung on the "Paw of Fame," a recognition of the guests.

When dogs arrive at the facility, their belongings, such as leashes, medicine, or special food, are placed in their own personal storage bin. During the stay at **Puppy Playground**, the dog will interact with other dogs, receive personal attention, and get exercise. Televisions and radios will be placed around the facility for the enjoyment of the dog. Each dog will be given private attention through a daily “lap time” experience. During this time, dogs can relax and be brushed and pet. If the owner has requested other services, such as those found at the *PawSpa* or the *Poochmobile*, these services will be performed. An operations diagram is shown in Exhibit 5.1.

Exhibit 5.1: Puppy Playground Operations Diagram



Report cards will be given to pet owners monthly or when problems (such as possible health or behavioral troubles) have been encountered. The report card will update the owner on how well the dog is doing at daycare and also point out issues requiring the owner’s attention.

Dog food and toys for the *PetStop* will be obtained through a local feed mill company and catalog distributed by the New England Serum Company, respectively. The company will be registered through the Department of Agriculture to ensure that treats meet nutritional analysis guidelines²¹. An alarm and security system

will be installed as safety measures while the facility is closed. **Puppy Playground** will carry insurance in an attempt to offset potential liabilities.

6. Management Team

Puppy Playground will have three key management positions. In addition to the specialized functions outlined in Exhibit 6.1, the three managers will supervise hourly workers, and assist with the day-to-day operations of the business. Daily operations will include interacting with clients and their pets and ensuring the facility appears clean and orderly at all times.

Exhibit 6.1: Responsibilities of Key Management

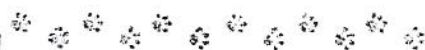
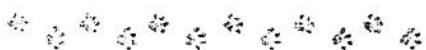
Name	Position	Responsibilities
Renee Lyons	Puppy Operations Coordinator	Develop and Maintain Customer Database; Operations Manager
Blake Hankins	Puppy Funds Coordinator	Accounting and Financial Functions; HR and Staffing
Deb Meno	Puppy Relations Coordinator	Marketing, customer and public relations; vet tech and grooming

Renee greatly enjoys the company of her two Labradors and has worked with IT in such companies as Martin and Associates. Blake held a position in a Columbus area veterinary office, and worked in the Finance department at NCR Corporation. Deb has experience working with animals through numerous pet-sitting jobs and a position at a Cincinnati Dog daycare facility. Resumes with full details of the specific skills and qualifications of each founder are provided in Appendix D. Members of the management team have had extensive experience and success working together. Accolades include winning an internal business plan competition over 25 other groups sponsored by Miami University.

The three managers will work multiple shifts weekly, with one manager present at the facility at all times. Management compensation is outlined in Exhibit 6.2. During the initial year of operations, management will devote a significant amount of time to developing the business and meeting pre-determined goals and standards.

Exhibit 6.2: Manager Compensation	
Year 1	Hourly wage at \$8.50/hour
Year 2	\$20,000.00 salary
Year 3	\$30,000.00 salary

Part-time employees will help run the day-to-day operations of the business and will cover additional hours not filled by the owners. **Puppy**



Playground has a budget of \$7,664.00 a month to use toward part-time help and will hire 22 workers during the first year. Part-time employees will be recruited from Ohio State University and the surrounding area and will earn an hourly wage of \$8.50. Taxes on compensation will consist of social security 6.2% (withheld from wages and matched by business), Medicare (1.45% withheld from wages and matched by business), income tax, unemployment tax (6.2% of wages for first \$7000.00 paid to employees), and workers compensation. Initial projections leave room for the company to hire additional seasonal workers and expand the employee base with the growth of the company. Exhibit 6.3 illustrates the projected number of part-time employees during the first three years of operation, and a schedule of shifts can be found in Exhibit 6.4.

Exhibit 6.3: Employee Ramp Up

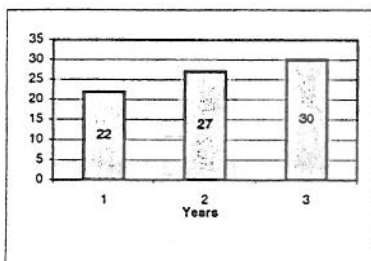
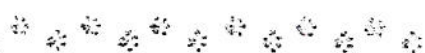


Exhibit 6.4: Weekly work shifts at Puppy Playground

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Shift 1	7am-1pm	7am-1pm	7am-1pm	7am-1pm	7am-1pm	9am-3pm	9am-3pm
Shift 1	7am-1pm	7am-1pm	7am-1pm	7am-1pm	7am-1pm	10am-6pm	10am-6pm
Shift 2	1pm-7pm	1pm-7pm	1pm-7pm	1pm-7pm	1pm-7pm	3pm-7pm	3pm-7pm
Shift 2	1pm-7pm	1pm-7pm	1pm-7pm	1pm-7pm	1pm-7pm		
Closer	3pm-11pm	3pm-11pm	3pm-11pm	3pm-11pm	3pm-11pm		
Tot Hrs	32	32	32	32	32	18	18

The Board of Directors will be comprised of the three members of the management team, Jennie Bard (a veterinarian from Columbus), Phyllis J. Smith-Nova (director of Franklin County Animal Shelter), Aaron Russell (small business owner in the Short North area), and Minet Schindehutte (entrepreneurship professor at Miami University). The board will meet quarterly and on an as-needed basis. The four scheduled meetings will take place on the first Wednesday of January, April, July and October of each year. The seven members will have equal voting rights and will vote on such items as the introduction of new products and services, expansion, and any expenditures over \$5,000.00. Compensation for service on the Board will consist of vouchers for services in the form of five free sessions of day-care. No monetary compensation will be given. Legal affairs for the company will be handled through attorney Robert Woods. Blake Hankins and Renee Lyons will conduct all accounting, financing and tax functions in-house. Steven Meno, an independent consultant, will conduct any additional



financial or banking consultation on an as-needed basis. Steve has a CPA license and over 30 years experience in financial services.



7. Long Term Development and Exit Strategy

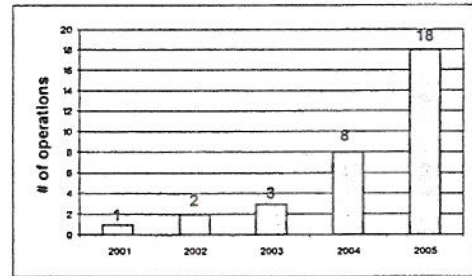
The owners of Puppy Playground will start franchising the business and pursue aggressive growth in the fourth year of operations after successfully operating three company-owned operations. The company will standardize all operations and create a concise, comprehensive and replicable business model to engage in pure franchising with selected entrepreneurs across the country. An outside consultant will be appointed to assist management during the initial stages on franchising. The first franchises will be in the Midwest portion of the United States, specifically Chicago, Indianapolis, St. Louis and Cleveland.

The company projects that it will have 18 franchises in 8 Midwestern cities by 2006, with an objective of 500 locations by the year 2020. Exhibit 7.1 outlines the schedule for the first five years of operations and Exhibit 7.2 illustrates the corresponding ramp up of additional locations.

Exhibit 7.1: Schedule of Puppy Playground Openings

Year	Total Locations
2001	Open primary location in Columbus
2002	Open second location
2003	Open third location
2004	Begin to franchise; open 5 locations
2005	Open 10 franchises

Exhibit 7.2: Ramp-Up of Facilities



A **Puppy Playground** franchise contract will include training, pre-opening support and advertising, continuing services, performance standards and monitoring, field support, operations manual and territorial rights. Additional expansion opportunities for franchises will include adding dog parks and hydrotherapy centers to the facilities. **Puppy Playground** will control whom franchisees may sell to through terms of agreement and license agreement terminations. Franchise fees of \$25,000.00 will be paid up-front and an annual percentage of revenue (10%) will be paid for the duration of the franchise agreement. Franchising fees for the first five franchises will be

reduced to 75% of the standard cost in order to attract potential franchisees. Although Puppy Playground will offer financial advice it would not offer financing, because the registry will be SBA approved guaranteeing financing for potential franchisees who qualify for their loans.

The founders anticipate selling **Puppy Playground** at the end of year five if economic prospects do not look favorable for additional, aggressive expansion. The expected valuation of the company, including the initial three locations and franchise agreements, will then be approximately \$8,711,313.00 (see Appendix J).



8. Financial Plan

Cash flow statements for the first three years of operations are provided in Appendix F. After the initial investment of \$207,500.00, a cash flow of \$50,000.00 will support operations until a cumulative positive cash flow (\$1,830.27) is reached in month eight. A second location is opened in Year 2. Further investment of \$217,500.00 from a second SBA bank loan (\$157,500.00) and an additional private investor (\$60,000.00) are needed to open the second location after which the cash balance will be used to repay the first SBA bank loan and fund a third location in the beginning of Year 3. Both SBA bank loans will be repaid fully with existing cash balances at the end of Year 3.

The main assumption of the income statements for the first three years of operations (see Appendix G) is that income from each service line will be based on the percentage of dogs that will attend *Doggie Dayland*, and revenues will continue to increase because of aggressive promotional and marketing strategies. Additionally, expenses will increase by 3% a year, matched by an increase in prices. Net income in Year 1 is projected at -\$12,231.00 and increases 109% in Year 2 to \$132,934.00. In the third year, net income rises 54% to \$556,298.00.

Balance sheets for **Puppy Playground** are located in Appendix H. Half of the financing at start up (\$207,500.00) comes in the form of an equity investment (\$100,000.00) and leverages the company. The large amount of cash on hand will ensure liquidity and working capital. Cost control reports will be generated on a

monthly basis with the accounting software Quicken detailing expense categories and budgets. In addition, it will report total expenses for the month and year-to-date along with several ad hoc reports analyzing economic performance. The Puppy Funds Coordinator can run these reports at any time and assess the performance of the business. Adjustments can be made to prices, quantity or expenses to realign with budget forecasts, expense targets or sales projections, resulting in enhanced financial management, which will allow better decision-making and improved profitability.




9. Critical Risks, Problems and Assumptions

Puppy Playground has carefully reviewed the critical risks and assumptions associated with the business and has planned accordingly to minimize or eliminate risk. The extensive application and review process of each dog reduces the risk that a significant health or safety problem will occur that might damage the reputation of the business. A big assumption is that revenue forecasts are accurate and will be sufficient to cover expenses. Since the forecasted revenue is extremely conservative, management is confident that obligations can be met in the event of fluctuating revenues. Other risks are outlined in Exhibit 9.1.

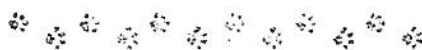
Exhibit 9.1: Risk and assumptions affecting Puppy Playground			
Risk	Risk Descriptions	Severity of Risk	Probability of Risk Occurring
Value added	Each service will not add value above the competition	Low	20%
Revenue Forecast	Revenue will not remain relatively constant and not fluctuate seasonally	Low	5%
Customer Loyalty	Pet owners will not leave their current pet care provider	Low	5%
Health and Safety	Health or safety issues will exist and affect the image of the business	High	10%
Financing	Financing will not be obtained through a SBA backed bank loan	Low	25%
Competition	Significant competition will appear until in the first two years	High	65%
Market Share	First year market share will not be 1.8%	Low	30%
Revenue Growth	Revenue growth will be not such that fixed expenses will be met	High	65%
Insurance	Insurance will not be enough to cover liability and disasters	High	25%
Differentiation	Puppy Playground is not differentiable among competitors	Low	15%
Growth	Industry growth will not continue has not leveled	Low	15%
Professional Service	Family and friends will not offer their accounting and legal advice for free	Low	5%

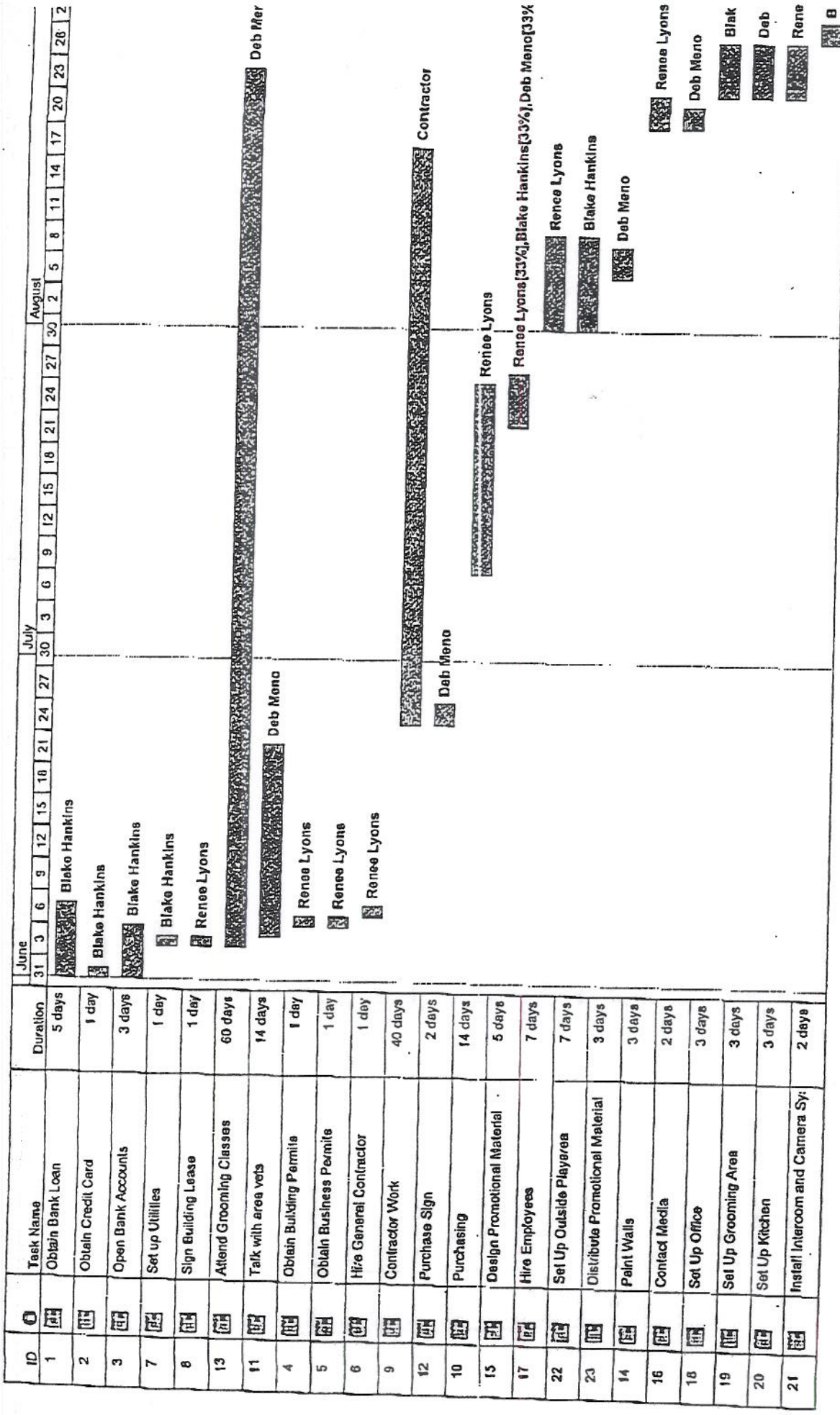
Puppy Playground has made the following assumptions:

-  High demand exists for Puppy Playground services

11. Company Offering

Puppy Playground will obtain the required finances to start the business in two stages. Opening the first location will require a total investment of \$207,500.00 of which the owners will invest \$50,000 and a private investor will contribute another \$50,000.00. Additional capital of \$107,500 will come from a SBA type 704 backed





Project: Puppy Playground
Date: Fri 6/13/02

Task Split Progress

Milestone Summary Rolled Up Task

Rolled Up Split Rolled Up Milestone Rolled Up Progress

External Tasks Project Summary

loan. Everett Askew from the SBA in Cincinnati, Ohio has been contacted to ascertain that a loan at 13% interest and payback period of 3 years is "favorable and highly probable"²². In addition, a line of credit through various company and personal credit cards will be obtained for a cash reserve of \$5,000.00 per month. The second stage of financing will begin in Year 2 when a second company-owned location is opened and will consist of another private investment of \$60,000.00 and a second SBA loan of \$157,000.00.

The bulk of the capital received from investments will go directly to funding the start-up costs for **Puppy Playground** (see Appendix I). Start-up capital will be used to remodel the existing building, customizing it to business needs by adding partitions, updating plumbing and electrical fixtures, installing a kitchen and building cages. Remaining funds will be used for purchasing office equipment, furniture, signage, other items and inventory for the *PetStop* and *PawSpa*. A surplus of \$50,000.00 from the first investment will be used to support the first few months of operations.

Puppy Playground is being offered to the three owners and two other investors. A detailed breakdown of ownership, investment and IRR can be found in Exhibit 11.1. The value of the company at the end of Year 5 is reasonably estimated at \$10,000,000.00 and was derived using the earnings valuation method.

Investors	Ownership	IRR	Start Up	Year 1	Year 2	Value in Year 3
Founders	75%	401%	(50,000)	0	0	\$6,282,081
Private Investor 1	20%	222%	(50,000)	0	0	\$1,675,221
Private Investor 2	5%	164%		(60,000)	0	\$418,805

This figure was calculated by using a p/e ratio of 5.20 (average across selected industries) which gives a lowest expected valuation of \$8,376,107.00 and a p/e ratio of 15.65 (based on a similar service line industry) which gives an expected upper limit valuation of \$25,208,861.63. The real value of the business is expected to lie somewhere between these two figures and a realistic valuation would be in the region of \$10,000,000.00. A detailed summary of the company offering that incorporates both growth and franchising is provided in Appendix J.

Closing Thoughts

He is your friend, your partner, your defender, your dog. You are his life, his love, his leader.

He will be yours, faithful and true, to the last beat of his heart. You owe it to him to be worthy of such devotion.

-Unknown-

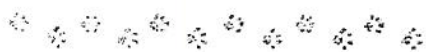
There will always be a market for that doggie in the window. Puppy Playground is built on the concept of returning the unconditional love your pet bestows upon you every day, because best friends deserve more.

References

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- ²² Askew, Everett. Personal Conversation on February 1, 2001.

Acknowledgements

The Puppy Playground team wishes to thank the following people who have contributed their time and advice during the completion of this business plan: BonAppetit Bakery; PetSuites; PetSmart; Dr. Michael Morris; Professor Jeff June; Dr. D.W. Rosenthal; Dr. TW Speh; Dr. D. Norris; Dr. M. Schindehutte; Dr. J. Cashell; Professor Janice Taylor; Jennifer Couser (Miami University); Stephen Johnson (Ralston-Purina); Chuck Spinning (Nationwide Insurance); Everett Askew (SBA Cincinnati); Michelle Hutson (US Bank); John A. Morgan (San Francisco SPCA); The Dog Owner's Guide Newspaper, Cincinnati.



Doggy DayLand



Doggy Day Care

Bring your dog to Doggie DayLand and see the dramatic difference in her after the first day romping and socializing with her newest friends! Your dog will be adored all day, especially during lap time, have her picture up on our "Paw-o-Fame, participate in doggie parties, and take a dip in our wading pools. There is also doggie quiet-time for those Rovers who need a mid-day nap.



The Perks

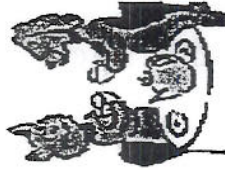
- Piece of mind your dog is being loved and receiving exercise while you are away
- Clean, safe environment where your dog can run, play and bark with other doggie friends
- Trained staff to provide individual attention to your pet

Bed N' Biscuit



Kenneling

Staying overnight has never been so fun for your furry friend. Bring your pooch to be a part of the doggie slumber party before he crashes on his miniature bed inside his own personal suite. Five paw accommodations never looked this good! Cats are also welcome to come enjoy our spacious kitty-condos, complete with a window seat for bird watching.



PetStop

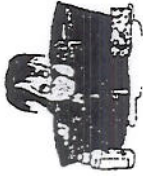
Bakery and Store

Out of dog food? Need a new toy or leash? Just stop in the PetStop to take care of your problems. Explore our bakery and take home a bag of fresh, homemade treats that are healthy for your dog.... He will thank you for it!

Doolittle's Body

Shop

Pet Services



Let us take care of that smelly dog in Doolittle's Body Shop! Our full service groomer will have your pet looking like the top dog in no time.

The **Poochmobile** will take your dog in style to and from the vet... What dog doesn't love a car ride? No more having to take off work in order to make that appointment.

Prices

Puppy Playland \$17

Bed N' Biscuit

Large Dog \$28

Small Dog \$25

Cat \$10



Grooming

Bath

Hair Type	Small Dog	Large Dog
Long	\$10	\$20
Medium	\$12	\$22
Short	\$14	\$24

Nail \$5

Haircut \$15*

Demat \$10*

Ears \$5

Poochmobile \$7






* Prices subject to restrictions

Pawticipants



Who's eligible

Guests at Puppy Playground must be:

-  At least 5 months of age
-  Spayed or neutered
-  Not aggressive or possessive with food or toys
-  In good health with recent Vet report
-  Up to date on vaccinations, including DHLPP, Rabies and Bordatella



Hours

Monday – Friday 7am – 7pm
Saturday and Sunday 9am – 6pm

Bring your dog to
Puppy Playground.....



Your dog will thank you!

Puppy Playground
777 Goodale Dr
Columbus, Ohio 43215



Best Friends
Deserve More

777 Goodale Drive
Columbus, Ohio 43215
614.229.paws

Ms. Poodle and Owner
Bark Street # 1
Doggieville, USA 00007

Puppy PlaygroundBest Friends Deserve More

Dog Ownership Survey

Please take a few minutes to fill out this brief survey. The contents will be used as part of the market research for a student business plan. Thank you for taking the time to fill out this survey. Please return it to the Page Center as soon as possible.

You

Name _____

Age _____

Are you married or single?	M	S
Do you have any children?	Y	N
Are your children still living in your home?	Y	N
Do you own a dog?	Y	N

If the above answer was "yes" please answer the following questions:

Number of dogs in household _____

Do you consider your dog a family member?	Y	N
Does owning a dog fulfill the need for parenting?	Y	N
Who is the primary care provider and decision maker for the dog? (Yourself/Spouse)	Y	S
Do you feel guilty when leaving your dog home alone?	Y	N
Do you sometimes stay home because of your dog?	Y	N

Your Pet

Which services has your dog used in the past year?

- Vet
- Kennel
- Grooming
- Daycare
- Other

What do you do with your dog when traveling?

- Friend/Neighbor
- Veterinarian
- Kennel
- Pet sitter
- Daycare
- Other

What is the average amount spent on dog services per year (i.e., kenneling, grooming, daycare) \$ _____

Which of the following would you be likely to use?

- Doggie Day Care
- Delivery service to and from your Veterinarian during the day
- Fresh, healthy treats made in a dog bakery
- Grooming

Exhibit 5: Puppy Playground's Layout

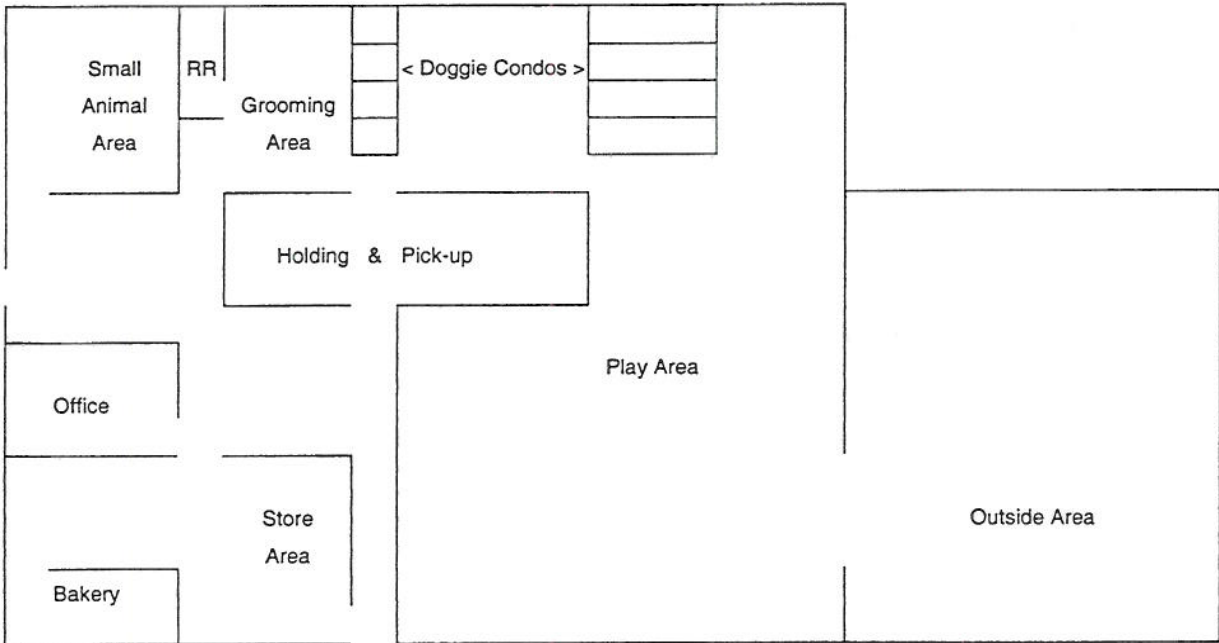
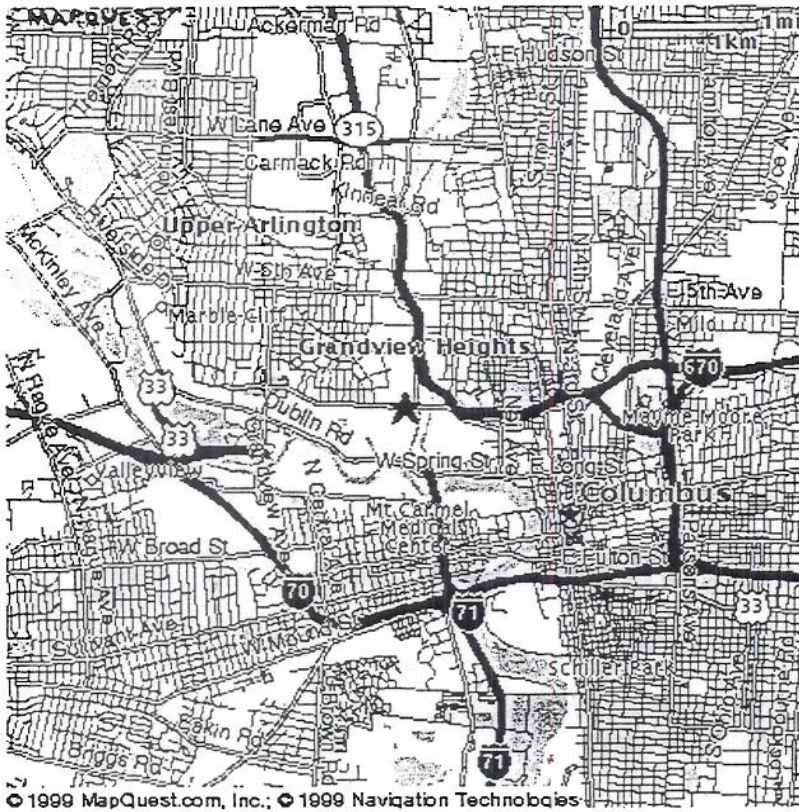


Exhibit 6: Location Map



Debra A. Meno

Education Miami University, Oxford, Ohio
Bachelor of Science Degrees in Business Administration, Majors in Management Organizational Leadership and General Business
Organizational Leadership GPA: 3.74; General Business GPA: 3.66

Professional Experience Cincinnati Bell, May 2000 – January 2001
Management Trainee, Human Resources Solutions Group: Managed daily operations of the Co-Op and Internship program; Responsible for the recruitment and hiring of new candidates and coordination of events; Assisted Career Development Team in Leadership Development Activities, Training Coordination and Career Counseling sessions.

Puppy Camp, January 2001 – Present
Responsible for the care and handling of over 60 dogs at a Cincinnati Doggie Day Care Facility.

Activities Miami University Greek Week Promotions Co-Chairperson, 1999
Peffer Western Environmental Education Program, 1997 – 1999



Renee Y. Lyons

Education Miami University, Oxford, OH
Accountancy GPA: 3.0/4.0
Management Information Systems GPA: 3.5/4.0

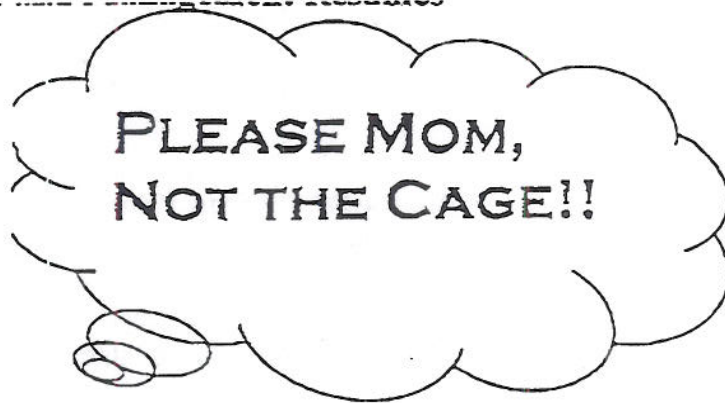
Work Experience Student Associate (Fall 1998 – Present), Miami University, *Page Center for Entrepreneurship*. Created a database in Microsoft Access, assisted professors with administrative duties

Consultant (May 2000 – Present), *Martin and Associates*, Cincinnati, Ohio. Performed tests on MAS90 beta software, created several reports using Microsoft Access, installed software on computers for the Training Center classes each week, handled support calls.

Computer Skills C++, Visual Basic, Microsoft Access, COBOL, Oracle, MAS90, Microsoft Suite

Leadership Roles Hall Council, 1999-2000 school year
Finance Chair, 1999-2000 school year

Puppy Playground
 777 Goodale Dr.
 229-PAWS



Does your dog deserve the best you can possibly give? Than let him spend the day at Puppy Playground, Columbus's newest dog daycare and service facility. When your dog is with us, you can be worry free because you know he is getting personal attention and running and playing with other dogs just like him! So go on, pick up the phone!

Mention this ad, and receive a free bag of fresh, homemade doggie treats!

BLAKE FICHNER

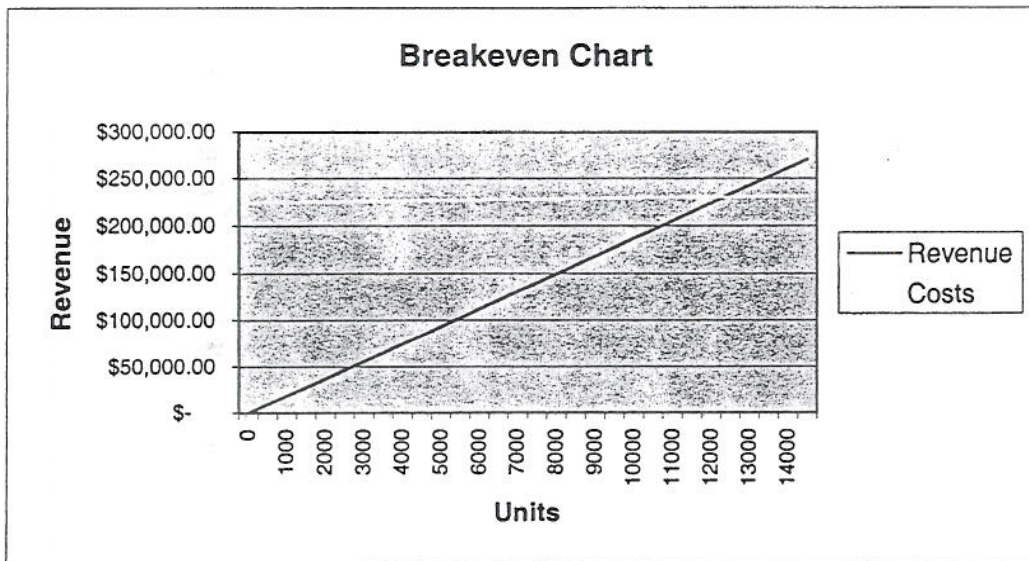
Education	Miami University, Oxford, Ohio Richard T. Farmer School of Business Administration Majors: Finance and Management Information Systems Expected date of graduation: May 2001 Finance GPA: 3.5 MIS GPA: 3.8								
Professional Experience	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">NCR Corporation - America's ORC Operations Team</td> <td style="text-align: right;">May 2000 – August 2000</td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> ▪ Implemented various process automation tools that positively impacted efficiency ▪ Participated in deployment of on-line, web based order tracking system ▪ Found root causes of key problem issues and recommended corrective measures ▪ Redesigned Web Page to improve usage and efficiency ▪ Evaluated New Hire training program and suggested improvements </td> </tr> <tr> <td>Ohio Attorney General Montgomery's Office</td> <td style="text-align: right;">Breaks May 1998 – January 2000</td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> ▪ Private Intern for Attorney General Betty D. Montgomery ▪ Assisted with various assignments of the Attorney General and Executive Staff </td> </tr> </table>	NCR Corporation - America's ORC Operations Team	May 2000 – August 2000	<ul style="list-style-type: none"> ▪ Implemented various process automation tools that positively impacted efficiency ▪ Participated in deployment of on-line, web based order tracking system ▪ Found root causes of key problem issues and recommended corrective measures ▪ Redesigned Web Page to improve usage and efficiency ▪ Evaluated New Hire training program and suggested improvements 		Ohio Attorney General Montgomery's Office	Breaks May 1998 – January 2000	<ul style="list-style-type: none"> ▪ Private Intern for Attorney General Betty D. Montgomery ▪ Assisted with various assignments of the Attorney General and Executive Staff 	
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Ohio Attorney General Montgomery's Office	Breaks May 1998 – January 2000								
<ul style="list-style-type: none"> ▪ Private Intern for Attorney General Betty D. Montgomery ▪ Assisted with various assignments of the Attorney General and Executive Staff 									
Activities	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Delta Sigma Pi, International Business Fraternity</td> <td style="text-align: right;">September 1998 – Present</td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> ▪ Working with numerous committees to further advance the fraternity ▪ Vice President for Professional Activities, Fall 1999 ▪ Chancellor of Pledge Class ▪ Brother of the Semester – Fall 1999, Chosen out of 75+ members ▪ Pledge of the Semester Award – Chosen out of 24 pledges </td> </tr> <tr> <td>Mortar Board</td> <td style="text-align: right;">May 2000 – Present</td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> ▪ President of National Senior Honor Society ▪ Oversee all operations of the chapter and encourage officers to reach chapter goals </td> </tr> </table>	Delta Sigma Pi, International Business Fraternity	September 1998 – Present	<ul style="list-style-type: none"> ▪ Working with numerous committees to further advance the fraternity ▪ Vice President for Professional Activities, Fall 1999 ▪ Chancellor of Pledge Class ▪ Brother of the Semester – Fall 1999, Chosen out of 75+ members ▪ Pledge of the Semester Award – Chosen out of 24 pledges 		Mortar Board	May 2000 – Present	<ul style="list-style-type: none"> ▪ President of National Senior Honor Society ▪ Oversee all operations of the chapter and encourage officers to reach chapter goals 	
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Mortar Board	May 2000 – Present								
<ul style="list-style-type: none"> ▪ President of National Senior Honor Society ▪ Oversee all operations of the chapter and encourage officers to reach chapter goals 									

Appendix F

Gross Margins (in \$)					
Service Line	Price	Cost	Fixed Costs	Variable Costs	Gross Margin
Daycare	17.00	10.00	9.50	0.50	7.00
Kenneling	22.00	8.00	7.60	0.40	14.00
Pickup	7.00	1.00	0.95	0.05	6.00
Grooming	24.00	15.00	14.25	0.75	9.00
Bakery	8.00	2.20	2.09	0.11	5.80
Totals	\$ 78.00	\$ 36.20	\$ 34.40	\$ 1.80	\$ 41.80

Breakeven Analysis (in \$)						
Service Line	Revenue	Percent of Revenue	Price	Cost	Weighted Total Price	Weighted Total Variable Cost
Daycare	148,716.00	67%	17.00	10.00	11.32	0.33
Kenneling	38,491.20	17%	22.00	8.00	3.79	0.07
Pickup	1,224.72	1%	7.00	1.00	0.04	0.00
Grooming	31,492.80	14%	24.00	15.00	3.38	0.11
Bakery	3,499.20	2%	8.00	2.20	0.13	0.00
Totals	\$ 223,423.92	100.00%			\$ 18.65	\$ 0.51

Contribution Margin \$18.15
 Breakeven in Units 12,341.42
 Breakeven in Months 16.93
 Breakeven in Years 1.41
 Breakeven in Dollars \$230,195.92



Appendix G

Company Cash Flow Statement Year 1

Startup	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Cash Flows from operating activities:													
Cash collected from Store 1													
Daycare	5,100	7,620	9,350	9,996	12,512	11,220	12,138	14,212	16,422	14,960	17,996	17,000	148,716
Kenneled	1,320	2,024	2,420	2,597	3,238	2,904	3,142	3,678	4,250	3,872	4,655	4,400	38,481
Pickup	42	64	77	82	103	92	100	117	135	123	148	140	1,225
Grooming	1,080	1,658	1,960	2,117	2,650	2,376	2,570	3,010	3,478	3,168	3,809	3,600	31,483
Bakery	120	184	220	235	294	264	266	334	386	352	423	400	3,489
Daycare	0	0	0	0	0	0	0	0	0	0	0	0	0
Kenneled	0	0	0	0	0	0	0	0	0	0	0	0	0
Pickup	0	0	0	0	0	0	0	0	0	0	0	0	0
Grooming	0	0	0	0	0	0	0	0	0	0	0	0	0
Bakery	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash collected from Store 2													
Daycare	0	0	0	0	0	0	0	0	0	0	0	0	0
Kenneled	0	0	0	0	0	0	0	0	0	0	0	0	0
Pickup	0	0	0	0	0	0	0	0	0	0	0	0	0
Grooming	0	0	0	0	0	0	0	0	0	0	0	0	0
Bakery	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash collected from Store 3													
Daycare	0	0	0	0	0	0	0	0	0	0	0	0	0
Kenneled	0	0	0	0	0	0	0	0	0	0	0	0	0
Pickup	0	0	0	0	0	0	0	0	0	0	0	0	0
Grooming	0	0	0	0	0	0	0	0	0	0	0	0	0
Bakery	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Payments for:													
Rent	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000
Utilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Food	26	405	484	517	648	581	628	736	850	774	831	880	7,481
Toys	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Grooming Supplies	54	83	99	106	132	119	129	150	174	158	190	180	1,675
Bakery Supplies	36	55	66	71	88	79	86	100	116	106	127	120	1,050
Interest	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	13,975
Wages	7,664	7,664	7,664	7,664	7,664	7,664	7,664	7,664	7,664	7,664	7,664	7,664	81,063
Gas	15	23	27	29	36	32	35	41	47	43	52	49	429
Maintenance	230	352	421	451	564	506	547	641	740	674	811	768	6,703
Advertising	1,200	1,000	800	1,200	300	300	600	500	400	700	300	300	7,600
Insurance	600	0	0	600	0	0	600	0	0	600	0	0	2,400
Kennel Membership	200	0	0	0	0	0	0	0	0	0	0	0	200
Office Supplies	25	25	25	25	25	25	25	25	25	25	25	25	300
Miscellaneous	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by Operating Activities	(12,052)	(7,523)	(5,204)	(5,309)	(324)	(2,114)	(1,742)	1,830	4,991	2,086	7,257	5,892	(12,231)
Cash Flows from Investing activities:													
** Net Cash Used in Investing Activities													
	(157,500)												(157,500)
Cash Flows from Financing activities:													
New Borrowing													
Repayment of Loan principal	107,500												107,500
New Shareholder Investment - Round 1	50,000												50,000
Return to Round 1 Investors													0
New Shareholder Investment - Founders	50,000												50,000
Return to Founders													0
New Shareholder Investment - Round 2												60,000	60,000
Return to Round 2 Investors													0
Net Cash Used in Financing Activities	207,500	0	0	0	0	0	0	0	0	0	0	60,000	207,500
Net Increase in Cash and Cash equivalents	50,000	(12,052)	(5,204)	(5,309)	(324)	(2,114)	(1,742)	1,830	4,991	2,066	7,257	65,892	47,768
Cash and Cash equivalents at Beginning of Year	0	50,000	37,948	30,425	25,222	19,913	17,475	15,733	17,563	22,554	24,820	31,676	60,000
Cash and Cash equivalents at End of Period	50,000	37,948	30,425	25,222	19,913	17,475	15,733	17,563	22,554	24,820	31,676	31,878	97,768

**see startup calculations

Appendix H

Company Cash Flow Statement Year 2

Cash Flows from operating activities:

Cash collected from Store 1

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Dispense	16,720	22,356	22,176	21,924	24,840	22,320	24,192	26,136	28,152	25,200	29,608	26,640	292,464
Kenneling	5,900	7,142	7,084	7,004	7,935	7,130	7,728	8,349	8,993	8,050	9,522	8,510	93,426
Pickup	250	298	296	292	331	298	323	348	375	306	397	355	3,900
Grooming	5,200	6,210	6,160	6,090	6,900	6,200	6,720	7,260	7,820	7,000	8,280	7,400	81,240
Bakery	936	1,118	1,109	1,096	1,242	1,116	1,210	1,307	1,408	1,260	1,400	1,332	14,823

Cash collected from Store 2

Dispense	5,400	8,280	9,900	10,584	13,248	11,990	12,852	15,048	17,388	15,840	19,044	18,000	157,464
Kenneling	1,725	2,645	3,163	3,381	4,232	3,795	4,106	4,807	5,555	5,060	6,084	5,750	50,301
Pickup	72	110	132	141	177	158	171	201	232	211	254	240	2,100
Grooming	1,500	2,300	2,750	2,940	3,690	3,300	3,570	4,190	4,830	4,400	5,290	5,000	43,740
Bakery	270	414	495	529	662	594	643	752	868	792	952	900	7,873

Cash collected from Store 3

Dispense	0	0	0	0	0	0	0	0	0	0	0	0	0
Kenneling	0	0	0	0	0	0	0	0	0	0	0	0	0
Pickup	0	0	0	0	0	0	0	0	0	0	0	0	0
Grooming	0	0	0	0	0	0	0	0	0	0	0	0	0
Bakery	0	0	0	0	0	0	0	0	0	0	0	0	0

Cash Payments for:

Rent	14,420	14,420	14,420	14,420	14,420	14,420	14,420	14,420	14,420	14,420	14,420	14,420	173,040
Utilities	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	24,720
Food	146	548	626	658	806	723	783	903	1,030	935	1,121	1,050	9,329
Toys	208	208	206	206	206	206	206	206	206	206	206	206	2,472
Grooming Supplies	314	393	407	410	477	429	465	513	565	508	604	550	5,437
Bakery Supplies	317	391	399	399	461	414	449	492	538	484	574	520	5,437
Interest	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	34,460
Wages	24,734	24,734	24,734	24,734	24,734	24,734	24,734	24,734	24,734	24,734	24,734	24,734	296,005
Gas	102	127	130	131	152	137	146	163	179	161	181	173	1,793
Maintenance	1,865	2,227	2,209	2,184	2,475	2,224	2,410	2,604	2,805	2,511	2,870	2,654	29,139
Advertising	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305	15,656
Insurance	1,200	0	0	1,200	0	0	1,200	0	0	1,200	0	0	4,800
kennel Membership	412	0	0	0	0	0	0	0	0	0	0	0	412
Office Supplies	52	52	52	52	52	52	52	52	52	52	52	52	618
Miscellaneous	824	824	824	824	824	824	824	824	824	824	824	824	9,888
Inventory													
Net Cash Provided by Operating Activities	(10,774)	716	3,022	2,528	12,405	6,394	9,589	17,242	24,034	15,880	28,190	22,709	132,534

Cash Flows from investing activities:

** Net Cash Used in Investing Activities

Net Cash Provided by Operating Activities	(10,774)	716	3,022	2,528	12,405	6,394	9,589	17,242	24,034	15,880	28,190	22,709	132,534
Net Cash from Investing activities:	(157,500)												(157,500)

Cash Flows from Financing activities:

Net Cash Provided by Financing Activities

Net Cash from Investing activities:	(157,500)												(157,500)
Net Cash from Financing activities:	157,500												157,500

Net Increase in Cash and Cash equivalents

Cash and Cash equivalents at Beginning of Year

Cash and Cash equivalents at End of Period

**see startup calculations

Net Increase in Cash and Cash equivalents	157,500												157,500
Cash and Cash equivalents at Beginning of Year	(10,774)	716	3,022	2,528	12,405	6,394	9,589	17,242	24,034	15,880	28,190	31,041	79,184
Cash and Cash equivalents at End of Period	86,995	87,711	90,733	93,261	105,666	112,060	121,648	138,891	162,925	178,804	207,994	207,994	97,769

Appendix I

Company Cash Flow Statement Year 3

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Cash Flows from operating activities:													
Cash collected from Store 1													
Daycare	26,880	34,086	33,440	32,718	36,708	32,680	35,112	37,620	40,204	35,720	41,952	37,240	426,360
Kenneling	10,944	12,917	12,672	12,398	13,910	12,384	13,306	14,256	15,235	13,536	15,898	14,112	161,568
Pickup	684	807	782	775	869	774	832	891	952	846	994	882	10,098
Grooming	7,504	9,329	9,152	8,954	10,046	8,944	9,610	10,296	11,033	9,776	11,482	10,192	116,688
Bakery	2,280	2,691	2,640	2,583	2,896	2,580	2,772	2,970	3,174	2,830	3,312	2,940	33,660
Cash collected from Store 2													
Daycare	19,760	23,598	23,408	23,142	26,220	23,560	25,536	27,588	29,716	26,600	31,464	28,120	308,712
Kenneling	7,468	8,942	8,870	8,770	9,936	8,928	9,677	10,454	11,261	10,060	11,923	10,656	116,906
Pickup	468	559	554	548	621	568	605	653	704	630	745	668	7,312
Grooming	5,408	6,458	6,408	6,334	7,176	6,448	6,989	7,550	8,133	7,290	8,611	7,696	84,490
Bakery	1,580	1,863	1,848	1,827	2,070	1,860	2,016	2,178	2,346	2,100	2,484	2,220	24,372
Cash collected from Store 3													
Daycare	5,700	6,740	10,450	11,172	13,984	12,540	13,566	15,884	18,354	16,720	20,102	19,000	166,212
Kenneling	2,150	3,312	3,860	4,234	5,299	4,752	5,141	6,019	6,955	6,336	7,618	7,200	62,986
Pickup	135	207	248	265	331	297	321	376	435	396	476	450	3,937
Grooming	1,560	2,392	2,860	3,058	3,827	3,432	3,713	4,347	5,023	4,576	5,502	5,200	45,490
Bakery	450	680	825	882	1,104	990	1,071	1,254	1,449	1,320	1,587	1,500	13,122
Cash Payments for:													
Rent	22,260	22,260	22,260	22,260	22,260	22,260	22,260	22,260	22,260	22,260	22,260	22,260	267,120
Utilities	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	38,160
Food	365	806	879	905	1,085	971	1,049	1,188	1,335	1,208	1,439	1,332	12,561
Toys	318	318	318	318	318	318	318	318	318	318	318	318	3,816
Grooming Supplies	709	860	865	858	980	876	945	1,028	1,115	997	1,179	1,060	11,471
Bakery Supplies	1,001	1,198	1,191	1,174	1,330	1,188	1,280	1,393	1,490	1,330	1,568	1,402	15,535
Interest	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	27,463
Wages	44,055	44,055	44,055	44,055	44,055	44,055	44,055	44,055	44,055	44,055	44,055	44,055	528,664
Gas	341	409	408	402	456	407	439	475	512	457	539	482	5,328
Maintenance	4,562	5,365	5,283	5,169	5,799	5,163	5,547	5,943	6,351	5,643	6,627	5,883	67,354
Advertising	2,014	2,014	2,014	2,014	2,014	2,014	2,014	2,014	2,014	2,014	2,014	2,014	24,168
Insurance	1,800	0	0	1,800	0	0	1,800	0	0	1,800	0	0	7,200
Kennel Membership	638	0	0	0	0	0	0	0	0	0	0	0	636
Office Supplies	80	80	80	80	80	80	80	80	80	80	80	80	954
Miscellaneous	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	15,264
Inventory													
Net Cash Provided by Operating Activities	10,499	32,467	34,034	31,883	49,884	36,655	43,738	56,653	68,673	51,836	77,330	67,448	556,298
Cash Flows from Investing activities:													
** Net Cash Used in Investing Activities	(157,500)												(157,500)
Cash Flows from Financing activities:													
New Borrowing													
Repayment of loan principal													
New Borrowing													
Repayment of loan principal													
New Shareholder Investment - Round 1													
Return to Round 1 Investors													
New Shareholder Investment - Founders													
Return to Founders													
New Shareholder Investment - Round 2													
Return to Round 2 Investors													
Net Cash Used in Financing Activities	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Increase in Cash and Cash equivalents	(147,001)	32,467	34,034	31,883	49,884	36,655	43,738	56,653	68,673	51,836	77,330	(148,802)	187,548
Cash and Cash equivalents at Beginning of Year	176,953	29,952	62,419	96,452	128,335	178,219	214,873	258,611	315,464	384,138	435,974	513,303	176,953
Cash and Cash equivalents at End of Period	29,952	62,419	96,452	128,335	178,219	214,873	258,611	315,464	384,138	435,974	513,303	364,501	364,501

**see audit calculations

Appendix M

Balance Sheet for First 3 Years of Operations

	Balance Sheet January 1, 2002	Balance Sheet August 31, 2002	Balance Sheet August 30, 2003	Balance Sheet August 30, 2004
Assets				
Cash	17,475	97,769	176,953	364,501
Cages	20,000	20,000	20,000	20,000
Grooming Materials	800	800	800	800
Kitchen and supplies	5,500	5,500	5,500	5,500
Signage	1,000	1,000	1,000	1,000
Improvements	102,000	102,000	102,000	102,000
Supplies	1,700	1,700	1,700	1,700
Computer	6,500	6,500	6,500	6,500
Office Furniture	3,000	3,000	3,000	3,000
Washer and Dryer	1,500	1,500	1,500	1,500
Accum Depreciation	(3,200)	(6,400)	(12,800)	(19,200)
Total	159,475	239,769	318,953	506,501
Liabilities				
SBA Loan	107,500	107,500	211,250	0
Total	107,500	107,500	211,250	0
Owner's Equity				
Total	51,975	132,269	107,703	506,501
Total Liabilities and OE	159,475	239,769	318,953	506,501
Total Depreciable Assets	32,000			
Years of Depreciation	5			
Total Monthly Depreciation Expense	533			

Ratio Analysis

Return on Assets	-8%
Return on Equity	-12%
Debt/Equity	108%
Net Profit Margin	-5%
Times Interest Earned	12%

Fixed and Variable Costs				
Expense	Total Expenses		Fixed Expenses	
	Cost	%	Cost	Cost
Rent	84,000	35.64%	Rent	84,000
Utilities	12,000	5.09%	Utilities	12,000
Food	7,461	3.17%	Interest	13,975
Toys	1,200	0.51%	Wages	91,968
Grooming Supplies	1,575	0.67%	Advertising	7,600
Bakery Supplies	1,050	0.45%	Maintenance	6,703
Interest	13,975	5.93%	Insurance	2,400
Wages	91,968	39.03%	Kennel Member	200
Gas	429	0.18%	Office Supplies	300
Maintenance	6,703	2.84%	Miscellaneous	4,800
Advertising	7,600	3.22%	Total	223,946
Insurance	2,400	1.02%		
Kennel Membership	200	0.08%		
Office Supplies	300	0.13%		
Miscellaneous	4,800	2.04%		
Total	235,659	100.00%		

Variable Expenses	
Variable Costs	Cost
Food	7,461
Toys	1,200
Groom Supplies	1,575
Bakery Supplies	1,050
Gas	429
Total	11,714

Total Cost	
Type	Cost
Fixed	223,946
Variable	11,714
Total	235,659

Start Up Cost		Sources of Funds	
Investor's Equity	50,000	Investor's Equity	50,000
SBA Backed Loan	107,500	SBA Backed Loan	107,500
Private Investor	50,000	Private Investor	50,000
Total Sources of Funds	\$207,500.00		

Uses of Funds	Start Up Cost	Operating Activities Prior to Opening	Total Uses of Funds
Kenneled Cages	20,000		
Remodeling	100,000		
Ventilation System	35,000		
Plumbing	20,000		
Electrical	15,000		
Construction of walls	10,000		
Miscellaneous	20,000		
Grooming Materials	800		
Kitchen and Supplies	5,500		
Appliances	3,500		
Cabinets	1,000		
Installation	1,000		
Signs	1,000		
Computer	6,500		
Office Supplies	500		
Washer & Dryer	1,500		
Office Furniture	3,000		
Food and Treats Store	500		
Grooming Classes	2,000		
Miscellaneous	5,000		
Total Start Up	\$146,300.00		
Dog Toys		200	
Grooming Supplies		500	
Store Supplies		500	
Advertising		10,000	
Total Operating Activities		\$11,200.00	
Total Uses of Funds			\$157,500.00

Summary of Cash Flows, Return and Exit Strategy

Operations Analysis

	Year 1	Year 2	Year 3
Stores in operation	8,748	24,996	47,436
Dogs per year	\$ 25.54	\$ 29.89	\$ 33.35
Average revenue per dog			

Cash Flow Analysis

	Year 1	Year 2	Year 3
Cash Flow from Operations	(12,231)	132,934	556,298
Investment in New Facilities	(157,500)	(157,500)	(157,500)

Financing Activities

New Borrowing SBA Loan 1	107,500	0	0
Repayment of loan principal	0	(53,750)	(53,750)
New Borrowing SBA Loan 2	0	157,500	0
Repayment of loan principal	50,000	0	(157,500)
New Shareholder Investment - Round 1	0	0	0
Return to Round 1 Investors	50,000	0	0
New Shareholder Investment - Founders	0	0	0
Return to Founders	60,000	0	0
New Shareholder Investment - Round 2	0	0	0
Return to Round 2 Investors	267,500	103,750	(211,250)

Cash Used in Financing Activities

Net change in cash	97,769	79,184	187,548
Beginning Cash Balance	0	97,769	176,953
Ending cash balance	97,769	176,953	364,501

Investing Analysis

	Ownership	IRR	Start Up	Year 1	Year 2	Year 3
Return to Investors	75%	401%	(50,000)	0	6,282,081	
IRR to Founders	20%	222%	(50,000)	0	1,675,221	
IRR to Round 1	5%	164%	(60,000)	0	418,805	
Return to SBA loan 1	0%	14%	(107,500)	13,975	70,975	61,713
Return to SBA loan 2	0%	15%	(150,000)	19,500	177,000	

	Year 1	Year 2	Year 3
Repayment of loans			
Loan 1 principal	0	53,750	53,750
Loan 2 principal	0	17,225	7,963
Loan 1 Interest	13,975	70,975	61,713
Total	13,975	128,950	123,428

	Year 1	Year 2	Year 3
Total Loans Outstanding	107,500	265,000	211,250
Interest per year	13,975	34,450	27,463

Growth Strategy

Assumes franchises start beginning of year 4 of Puppy Playground operations

	Year 4	Year 5	Year 6
Initial fee	25,000	25,000	
Number of locations	5	10	
Total Fees Collected	125,000	250,000	
Opened in Year 4 % of revenues per location	10%	10%	10%
Revenues per location	223,424	485,653	748,374
Number of locations	5	5	5
Total Revenues Collected	111,712	242,826	374,187
Opened in Year 5 % of revenues per location		12%	12%
Revenues per location		223,424	485,653
Number of locations		10	10
Total Revenues Collected		268,109	582,763
Total projected Cash Inflow	236,712	760,935	956,970
15% Anticipated Costs	(35,507)	(114,140)	(143,546)
Total Franchise Income	201,205	646,795	813,425
Discounted Cash Flow Analysis at 40%			
Present Value of Year 6 Franchising			\$ 296,437.58

Exit Strategy

Earnings Valuation Method - Conservative	Not Income from operations of three locations at the end of year 5	1,610,790
Earnings Valuation Method - Industry	Price to earnings ratio across selected industries - lower limit	5.2
		\$8,376,107.38
Earnings Valuation Method - Industry	Price to earnings ratio across selected industries - upper limit	15.65
		\$25,208,861.63

Uses of Funds	Start Up Cost	Sources of Funds	Start Up Cost
Start Up Costs		Investor's Equity	50,000
Kenneling Cages	20,000	SBA Backed Loan	107,500
Remodeling	100,000	Private Investor	50,000
Ventilation System	35,000		
Plumbing	20,000		
Electrical	15,000		
Construction of walls	10,000		
Miscellaneous	20,000		
Grooming Materials	800		
Kitchen and Supplies	5,500		
Appliances	3,500		
Cabinets	1,000		
Installation	1,000		
Signs	1,000		
Computer	6,500		
Office Supplies	500		
Washer & Dryer	1,500		
Office Furniture	3,000		
Food and Treats Store	500		
Grooming Classes	2,000		
Miscellaneous	5,000		
	Total Start Up		\$146,300.00
Operating Activities Prior to Opening			
Dog Toys	200		
Grooming Supplies	500		
Store Supplies	500		
Advertising	10,000		
	Total Operating Activities		\$11,200.00
	Total Uses of Funds		\$157,500.00

Fixed and Variable Costs		
Expense	Cost	%
Total Expenses		
Rent	84,000	35.64%
Utilities	12,000	5.09%
Food	7,461	3.17%
Toys	1,200	0.51%
Grooming Supplies	1,575	0.67%
Bakery Supplies	1,050	0.45%
Interest	13,975	5.93%
Wages	91,968	39.03%
Gas	429	0.18%
Maintenance	6,703	2.84%
Advertising	7,600	3.22%
Insurance	2,400	1.02%
Kennel Membership	200	0.08%
Office Supplies	300	0.13%
Miscellaneous	4,800	2.04%
Total \$	235,659	100.00%

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Utilities	12,000
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Variable Costs	Cost
Food	7,461
Toys	1,200
Groom Supplies	1,575
Bakery Supplies	1,050
Gas	429
Total \$	11,714

Total Cost		%
Type	Cost	%
Fixed	223,946	95.03%
Variable	11,714	4.97%
Total \$	235,659	100.00%

Summary of Cash Flows, Return and Exit Strategy

Operations Analysis

	Year 1	Year 2	Year 3
Stores in operation	1	2	3
Dogs per year	8,748	24,996	47,436
Average revenue per dog	\$ 25.54	\$ 29.89	\$ 33.35

Cash Flow Analysis

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Total	13,975	70,975	61,713
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Loan 2 Interest	0	19,500	19,500
Total	0	19,500	177,000

Total Loans Outstanding
Interest per year

107,500	265,000	211,250
13,975	34,450	27,463

Growth Strategy

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Discounted Cash Flow Analysis at 40%			
Present Value of Year 6 Franchising	\$ 296,437.58		

Exit Strategy

Earnings Valuation Method - Conservative

Net Income from operations of three locations at the end of year 5

Price to earnings ratio across selected industries - lower limit

Valuation

1,610,790	5.2	\$8,376,107.38
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Earnings Valuation Method - Industry

Price to earnings ratio across selected industries - upper limit

Valuation

15.65		\$25,208,861.63
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