

Your Business Plan Tool for Financing, Investors, and Future Navigation

AI Locker - Turnkey, Inc.

PET CARE BUSINESS BASICS
Webinar Series 1
January 2014

Maddie



Business Plan Components

- 1. Investment Consideration**
- 2. Executive Summary**
- 3. The Company**
- 4. Industry Analysis**
- 5. The Target Market**
- 6. The Competition**

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Business Plan Components

- 7. Positioning Trends & Target Market**
- 8. Marketing Outline & Sales Strategy**
- 9. Management & Organization**
- 10. Milestones & Exit Strategy**
- 11. Financial Data & Projections**

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1. Investment Consideration

- Cost of Project
- Initial Funding Requirements
 - Partnership %
- Use of Funds
- Financing
 - Interest
 - Terms
- Return on Investment
- Partnership
 - General Partner

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What Will Your Pet Care Facility Cost?

- Land
- Utilities & Permitting
- Site Preparation – Flood Control
- Acquisition
- Expansion
- Remodel
- Plans & Specifications
- Architect / Designer
- Contractor & the Contract

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What Will Your Pet Care Facility Cost?

- Kennel Equipment
- Grooming & Other Equipment
- Furniture & Fixtures
- Contingencies
- Interim Interest
- Closing Costs

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Don't forget..... Working Capital!

- Marketing Materials
- Supplies
- Uniforms
- Utility Deposits
- ? Months of Negative Cash Flow

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PROJECT COST EXAMPLE

PROJECT COSTS	
Project Const. Costs - 12,500 SF Facility	\$ 2,000,000
Daycare Building - Future 2000 sf	\$ -
FF&E	\$ 150,000
Land Acquisition - Approximately 3.2 acres	\$ 697,000
Sales and closing Costs	\$ 3,922
Architectural Design	\$ 75,000
Civil, and Structural Engineering	\$ 25,740
Construction Management	N/A
Project Consultant	N/A
Travel & Expenses	\$ -
Construction Permits, Impact Fees & Licensing	\$ 19,000
Testing & Material Inspection	\$ 5,000
Contingency (* Required by SBA)	\$ 200,000
Total Construction and Land Cost	\$ 3,175,662

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FINANCIAL/LEGAL/MISC. COSTS

Development Fee -	\$ -
Interim Interest (Const. Period)	\$ 93,333
Lender's Fees	\$ 50,893
Appraisal	\$ 4,500
Environmental	\$ 3,200
Const. Draw Admin.	\$ 12,000
Preopening Marketing, etc	\$ 34,000
Prospectus Costs	\$ 15,000
Developer's Counsel	\$ -
Partnership LLC - Counsel	\$ 35,000
Misc. Counsel	\$ 5,000
Working Capital	* or LOC
Total Dev. and Legal Cost	\$ 252,926

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2. Executive Summary

- **Enterprise**
 - Project description
- **Input Variables**
- **Personnel**
- **The Offering**
 - Service
- **Marketing Strategy**
 - Keys to success
 - Mission statement
- **Milestones**
- **Projections**

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Project Description

- **Services**
- **Location**
- **Facility**
- **Schedule**
- **ProForma**

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Project Goals

- **Provide Top Quality Pet Care to an Underserved Market Area**
- **Provide a Solid Investment Vehicle for the Investors / Owners**
- **Be a Good Corporate Citizen in the Community**
- **Provide Satisfying & Professional Career Opportunities for Employees**

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3. The Company

- **Corporate Structure**
 - Entity
- **Corporate Hierarchy**
 - Personnel position & experience
 - Personnel count
- **The Objectives**
- **History**
- **Operations**
- **Future**

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Entity Type or Structure

- **Sole Proprietorship**
- **Doing Business As = dba**
- **Partnership**
- **Limited Liability Company = LLC**
- **S or C Corporation**
- **Corporation to Be Formed = CTBF**
- **Combination of these**
- **Why is it Important?**

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Your Experience

- **Specific Experience**
- **Relevant Experience**
 - Existing business
- **Training**
- **Memberships**
- **Apprenticeships**
- **Partner or Key Employee**

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Outsourced Experience Team

- Attorney
- Accountant /CPA
- Architect / Designer
- Contractor
- Consultants
- Mentors

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4. Industry Analysis

- **Size of Industry**
 - 68 % of American HH have pets
 - 47.7 % own 1 or more dogs
 - 38.3 % own a cat
 - 53.3 billion dollars & growing
- **Past Trends**
 - Pet owners feel their pet gives them social, physical, financial & health benefits
- **Future Growth Potential**

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The Pet Industry

- 4.54 Billion in Pet Services
- Expected Annual Growth Rate of 5-7%
- Pets in Advertising
- # Pet Care Facilities in your market
- 30-50% of Pet Owners Use Online Sources for Information About Their Pets

** More stats from American Pet Products Manufacturer's Association

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The Pet Industry

- 1.7 Dogs Per Pet Household
- Increase in Dogs from 2011-2012 +2%
- Pet Owners Spend about \$239 on Pet Food Annually - Up About 3.9%

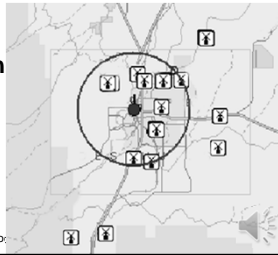
** More stats from American Pet Products Manufacturer's Association

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5. The Target Market

- Description of the Market
 - Analysis and Statistics
- Segmentation
 - DINKS
 - Families with children
- Demographics
- Size
- Environment



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Local Client Demographics (10 Mile Radius)

- 155,000 Households (59,000 with pets)
- 32,000 Bought Dog Treats in Last 12 Mo.
- 31% Household Income of Over \$75K
- 45% are Age 25 to 55

- ERSI
- Media Mark Research, Inc.

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6. The Competition

- Geographic location
- Price
- Quality of Service
- Type of Service
- Quality of Facilities
- Reputation
- Chart Comparing us to the Competition

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Description of Your Location

- Chamber of Commerce
- Major Employers
- Tourist Attractions
- Maps
- Pictures

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Why Did You Choose Your Location?

- Major Travel Route
- Zoning
- New Area of Town
- Price
- Destination
- Airport
- Other?
- Already Own Land

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Competitive Survey

- List Competitors, Their Services & Prices
- Hours of Operation
- Map Competitors

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Competition within 5 miles



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Competitive Analysis

- | | |
|--|---|
| <ul style="list-style-type: none">• Strengths<ul style="list-style-type: none">– 18 years experience– PCSA Accredited Facility– Competitive pricing– Visibility– Airport Parking Spot– Modern– Local and Airport Clients | <ul style="list-style-type: none">• Weaknesses<ul style="list-style-type: none">– New– Economy– ? |
|--|---|

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Differentiating Technology

- Industry Specific Software
- Grooming Equipment
 - Noise
 - Water Saving
- Networked Computers
- Cams
- Cleaning Equipment

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Differentiating Technology

- Newest technology being used today
 - Designed to reduce noise
 - Epoxy floor systems
 - HDPE walls and enclosures
 - Aqua Vac cleaning system
 - Properly designed Ventilation
 - Energy Efficiency

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7. Positioning Trends & Target Market

- Changing needs due to current trends & market

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Profit Centers

- **Boarding**
 - Playtimes
- **Grooming**
- **Daycare**
- **Training**
- **Retail**
- **Dog Park / Agility Field**

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Boarding

- **Dog**
 - Standard runs
 - Indoor / outdoor runs
 - Large suites
 - Small suites
- **Cat**

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Playtimes & Special Activities

- **Playtime Activities**
 - One on one play based on pet's activity level & interest
- **Special Activities**
 - Swimming pool
 - Agility
 - Group play

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Grooming

- Full Groom
- Bath & Brush

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Dog Daycare

- Daycare While Boarding
- Daily
- Packages of Passes

Indoor

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Outdoor



Training

- Consulting
- Private Lessons
- Board & Train
- Group Classes
- Puppy Classes

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Retail



- Premium Food
- Unique Pet Products
 - Consignment
- Specialty Gift Items
- Training Supplies

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Facility Details

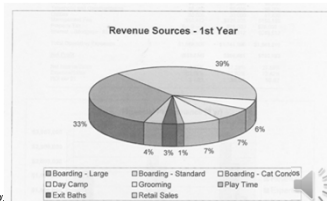
- Location
- Description

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8. Marketing Outline & Sales Strategy

- Target
- Image
- Promotion
 - Image
 - Publicity
 - Advertising
- Pricing
- Sales
- Distribution



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Marketing – How Will You Get Your Customers?

- **General Description**
- **Advertising Strategies**
 - Radio, television, print, internet, website, billboards, networking, realtors, yellow pages, veterinarians

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Marketing

- **Airport Parking**
 - Website
 - Buses
 - Will Clayton sign
- **Billboards**
- **Magazines**
- **Vet Clinics**
- **Neighbor Newsletters**
- **Chamber Events**
- **Charity Alignment**
- **Grand Opening Events**
- **Social Media**
- **Referrals**

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Marketing Budget

- Don't forget the marketing will have a cost and we will have to project that and add it into our proforma!

Media	Cost	Frequency
Billboards	\$1,500/mo	12 months
Radio	\$1,500 spot	4 spots / 3 mo
Car Graphics	\$3,000	Once
Grand Opening	\$4,000	Once
Charity Function	\$1,500	Once per qtr

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9. Management & Organization

- Revisit Management
 - Structure
 - Additional personnel and duties
- Briefly Discuss Operations to Show Knowledge
 - Suppliers
 - Inventory
 - Sub contractors

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Procedures

- IBPSA Education Program for Employees
- Certification for Understanding Safe Dog Behavior
- IBPSA Guidelines for Ethics, Operations & Facility Construction
- Management Philosophy

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10. Milestones & Exit Strategy

Milestones



- Project Concept Development Complete
- Business Plan & Investor Review..... by March 1
- Escrow of Investment Funds March 2
- Land Option March 3
- SBA Commitment March 25
- Final Engineering and Permit Plans by April 1
- Permitting July
- Close on Loan and Land August
- Construction Aug - May
- Opening May 15
- Sales Volume by end of 1st Year
- Sales Volume by end of year 5.....

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Exit Strategy

What Happens at the End?
How do we get out?

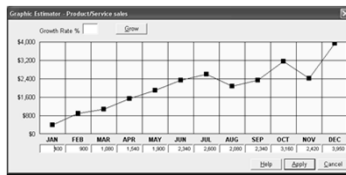


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11. Financial Data & Projections

- ProForma
 - Income
 - Expenses
 - Cash flow
- One Year
- Five Year
- Charts & Graphs



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ProForma

- Project Input Variables
- Funds Usage
- P & L
- Projected ROI
- Ownership Structure
- How Will the Loan be Paid Back

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Projection Assumptions

- 80 Dog Runs / Kennels / Suites
- Dog Occupancy
 - 58.76% @ \$30 per day @ 365 days of the year
- 15 Cat Condos
- Cat Occupancy
 - 30.52% @ \$11.41 per day
- Doggie Daycare
 - 15 dogs @ 24.62% occupancy \$16.94 per day @ 261 days per year

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Projection Assumptions

- Client Base 5500 Households (not people)
- Average Boarding Client
 - Number of days per stay 4.13
 - 2/3 Have 1 Pet
 - 1/3 Have 2 Pets
- Equal Numbers of Large Medium & Small Pet Enclosures

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ProFormas - The MEAT

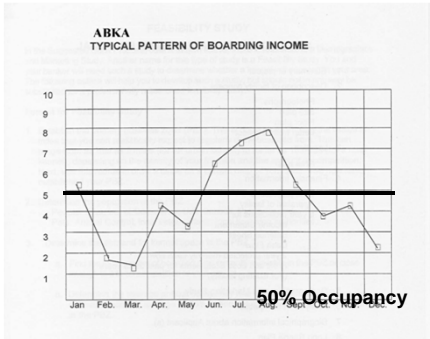
AIRPORT PET RESORT - YEAR 1-5 PROFORMA

	Year 1 Total	Year 2 Total	Year 3 Total
SALES			
\$ per day / \$ per groom	23.62/35	24.33/36	25.76/38
Boarding	\$ 874,665.00 28%	\$ 1,118,427.38 18%	\$ 1,318,546.66 13%
avg # boarding dogs/cat	103	121	136
TLC/Playtime	\$ 44,312.42 73%	\$ 76,687.40 35%	\$ 103,719.52 13%
avg # times per day	11	26	34
Day care	\$ 91,500.00 42%	\$ 129,555.00 22%	\$ 158,201.82 3%
avg # boarding dogs per	10	17	16
Grooming	\$ 233,507.04 36%	\$ 316,612.88 20%	\$ 380,383.12 -1%
avg # groom dogs per da	19	25	28
Retail Sales	\$ 18,500.00 46%	\$ 26,950.00 20%	\$ 32,340.00 10%
Discounts	\$ (33,800.16) 30%	\$ (43,859.71) 18%	\$ (51,938.09) 10%
Training Sales	\$ 46,700.00 21%	\$ 56,600.00 20%	\$ 67,920.00 20%
Total Sales	\$ 1,267,838.48 31%	\$ 1,660,994.72 19%	\$ 1,982,005.65 10%

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Occupancy Rate



Investor Incentives

- Ownership in the Business & the Real Estate
- Large Equity to Loan %
- Steady & Predictable Business
- Location & Construction
- No “Blue Sky”
- Proven Statistics

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Recap:

- Tool
 - Business Framework
 - Guide
 - Measure
- Banks are looking for concise info, and not so much fluff.
- Designers want that plus the fluff.
- B Plan Templates – You do the work!
- Industry Specific B Plan Consultants

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Resources:

- ERSI – Geographic and Demographic Information
- Media Mark Research, Inc.
- Chamber of Commerce
- AVMA – American Veterinary Medicine Assoc.
- APPA – American Pet Products Association
- Google Earth, Map Quest
- City Data

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Questions anyone?

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