

# Dog grooming business viability case study

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Listed below are the problems we feel need to be addressed which are followed by our recommendations: \* too many groomers on staff; Cut roomers or number of hours of groomers \* too many competitors; create a mobile division to service a greater area to increase dog population served \* revenue too low to make a profit; increase costs to \$50. 00 per grooming and push additional services market not big enough to break even; add additional services within the dog realm (I. E. Aggie daycare) \* startup costs are high; find investors to split the \* need for a high volume of customers to make a profit; partnership with a startup company such as Mass Mutual and provide grooming and day care to employees The equines will need \$50, 000 - \$60, 000 for the startup supplies and rent. With the proposed plan the NP is in the black at (\$597, 086. 96) which makes the AIR severely less than 1 . We feel the proposed changes will give this grooming business a fighting chance at viability. These ideas are suggested in order to raise revenues which will in turn increase the NP as well as AIR.

This case is in regards to the grooming startup within the Chipped. Massachusetts area. We have done extensive research not only in the immediate area but the national outlooks on the industry. We feel that there is a good first start to the business plan being proposed but feel that it is in the best interest of this future company to tweak a few areas of concern. With the market being saturated by competitors this company needs to stand out from the rest. Having great groomers who offer excellent work and customer service is just a small piece of the pie.

Many competitors have pet related services, one of which is grooming. To stay relevant it makes sense to add additional services with low overhead

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such as daycare. In this Industry you can be the best of the best but there are many factors which play into whether customers choose you over the others. This memo will outline: \* The Real Issues \* What the Competitive Environment Analysis looks Like and who are the competitors \* Our Recommendation for Strategic Change which include: \* Theoretical Justification \* Finances outlined in an Excel format which include: \* NP, AIR, Payback Period for 5 year period. Risk Analysis \* How will Progress be Measured \* Pro-formal This will give you a sense of what our thinking is pertaining to the concerns we have found and see how we would recommend solving these possible problem areas moving forward. Real Issue The real issue for this startup is they are attempting to enter into a market that is already saturated with competitors. They are also attempting to do this at an extremely high startup cost without rationalization of these costs.

When entering into a startup business it is always wise not to assume that your business will be able to take control of a large portion of the competitors market immediately if even at all. Most startups are successful when they enter into a market with realistic expectations. An article by P Grosbeaks stated, " Many new businesses have a tendency to suffer the " big boys disease", they try to tackle their problems the way big companies would. This usually means trying to do things they not only can't afford but also shouldn't be doing in the first place. Grosbeaks , 2013)" The internal organizational problems that are causing this issue are the fact that they are starting off with a staff size that is unrealistic considering that the labor is the majority of the expense of the business. Until there is justification which supports the business has the client which requires this amount of staffing

the business should start off with a limited amount of staff. In addition all of their eggs are being put into one basket by only offering a basic service.

In looking at the competitors The Good Dog Spot, Wintergreen Kennels and For K-as & Felines to name a few; we can see that they offer numerous services such as veterinary, pet boarding and pet sitting. These additional services help to increase their sales and revenue. This startup currently does not have any suggestions for offering additional services. This can hurt potential sales and revenues in the long run. Competitive Analysis In analyzing if opening a dog grooming business in Chipped, Massachusetts is a DOD business idea, we must fully understand the competitive landscape of this industry.

In performing this analysis, we will apply some of the principles Michael Porter developed as part of his " Five Forces" model. Porter tells us understanding the intensity of competitive rivalry is very important when assessing a potential business venture. In determining the location of potential competitors, we expanded the radius of competitor analysis outside of the Chipped area as our research showed us that " the marketing area includes all residences and businesses within a forty-five minute driving distance of the pet grooming salon" (Ogle, p. 54). There are twelve competitors within a fort five minute driving distance to Chipped, MA. Below is a listing of the competitors who offer dog grooming services in the Chipped or surrounding areas. Business Name | Location | Category/Services Offered | The Good Dog Spot | Chipped, MA | Pet Groomers, Pet Boarding/Pet Sitting | Mat Tom Boarding Kennel & Grooming Shop | Holyoke, MA |

Veterinarians, Pet Pet Supplies Plus I West Springfield, MA I Pet Store, Grooming I Petcock I Holyoke, MA I Pet Store, Grooming I

Marina's Grooming I Somers, CT I Pet Groomers I Amoy's Animals Professional Dog Grooming I Bellwethers, MA I Pet Groomers The Ruff House I Westfield, MA I Pet Groomers, Pet Boarding/Pet Sitting I Wintergreen Kennels I Southampton, MA I Pet Boarding/Pet Sitting, Pet Groomers I For K- as & Felines I Westfield, MA I Holistic, all natural Pet Stores, Pet Groomers I VGA Montgomery Road Animal Hospital I Westfield, MA Veterinarians & Grooming I A Little Bit of Love Dog Grooming I Grabby, MA Pet Groomers, Pet Boarding I It is evident there are many choices for dog owners to consider when selecting a place to bring their dog to be groomed.

The good news in this analysis is that there is only one other dog grooming business currently in Chipped; however if the travel radius Ogle cites is true, then our competitive rivalry is significant. In addition to there being quite a few competitors already operating locally in this industry, one of them, Petcock, is a dominant player in the industry according to Fishbowls. Now that we understand the existing amount of competition, we must also consider how likely it is that additional competitors will enter the market in the future.

According to the attest Fishbowls industry report, " barriers to entry are low since there are no formal industry licensing or training requirements, and the costs of establishing an at home or mobile service are relatively low as well" (Competitive Landscape). In addition to the ease of entrance to this market, we also learned from Fishbowls that " companies are still entering the

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industry due to rising demand" (Competitive Landscape). It appears we could enter this market relatively easily; the question to ask ourselves now is if we could secure enough of the available market to have a successful business.

Securing market share in an industry with high competition is always challenging, but may be even more challenging in the pet grooming industry. We not only need to worry about other businesses offering the same service, but we also need to consider if there are any substitute products available which would impact our ability to be successful. In the pet grooming industry, the substitute products or services are the consumer's ability to groom their own pets at home.

We must consider whether or not there is a rise in consumer's appetite to groom their own pets or if the demand for professional grooming services is increasing. Although the threat of substitutes does exist, we are confident this threat would not have a dramatic impact on our ability to be successful as the industry revenue is " forecasted to grow at an annual average rate of 5. 4%" (Fishbowls, Industry at a Glance). Finally, we must also consider how much bargaining power the supplier and customers have within this industry.

Dog owners are generally not driven to a particular grooming establishment solely based on price. Most dog owners feel their dogs are a part of the family, Owners are more likely to consider factors such as how well their dog is reared while being groomed, how good their dog looks after grooming and how clean is the establishment. This leads us to the conclusion that we would not likely face significant competitive challenges based on price.

Suppliers do not hold significant perform dog grooming and there are many types of these products available to groomers.

Recommendation for Strategic Change The target market we are pursuing is the portion of those dog owners who follow the recommendation of grooming their dog every 2 to 6 weeks. These potential customers realize the value of having their dogs professionally groomed. By following the recommendation outlined this dog grooming company will be profitable as well as a sustainable. We would first recommend that the number of staff be reduced until the business is well established and the customer base is increased. After reviewing the financial and taking the start-up cost into consideration we are recommending that the staff is reduced by 2.