

# Entrepreneur observation report 1619



**ASSIGN  
BUSTER**

This report outlines a very small business of my brother's.

It describes his business, target market, financial plans, and

marketing plans. I have tried to keep a neutral opinion

about his opinions as much as possible. I have tried to keep

my inputs and thoughts in the conclusion only.

The whole idea of my brother, insert name here, owning a

business started in early March of 1998 when one of the

neighbors jokingly suggested he should raise chickens and

sell them to people. A few days later he realized it could be

easily done, and with a profit. From mid-March to

September, he and I raised, and easily sold 600+ chickens,

we only wished we could have raised more. When March

of 1999 rolled around we were contemplating how many

chickens to buy, when the person we bought the chickens

from told us about the possibilities of rabbits. Because

rabbits are a yearlong project, and we knew I would be

leaving in the fall, it became his decision and ultimately his

project. He started out with 20 baby doe (females), 3 baby bucks (males), and a small-borrowed hutch (cage) with all 23 rabbits jammed in tight. His investment in rabbits, although considerable, was still to be outdone by the ones in hutches and feed. He essentially spent all profits from chickens the year before and then some. His project now consists of 20 mature doe, 3 mature bucks, and approximately 60 babies. He has taken over a section of a large barn and turned it into a 30+ hutch rabbitry system with a circulating automatic watering system., and recently acquired a large weaning cage.

I asked him how he felt when he was getting started and he said he didn't like spending all that money but he knew he would get it all back someday. I then asked him if he was afraid of competition, or of there not being a big enough market. He said he knew of nobody else selling rabbit meat in the area on any scale, and that because rabbit meat is

practically the healthiest meat, he couldn't see any problems in the market. He then said that if personal selling fails he can sell them through his "chicken provider" on a per pound basis.

One thing I have always known about my brother and his rabbit business is that he is very confident in its success and that even though he knows there will be small problems he is very sure of overall success.

When I asked him who he sees as his typical customer he said that first he would talk to people that bought chickens last year, and then possibly put an add in the Kearney Hub (an area newspaper). He then said that because rabbit meat is so healthy he saw the health conscience as his primary customers he also said that because it wouldn't be real cheap, they would be people with money to spend on special health food. He didn't have any demographics, Psychographics, or Geographics, but that he knew there

the supply and that all demand would be his. I asked him if he saw any reason for his market to shrink, and he said he didn't see any reason for it not to grow.

Most of the funding for his business came from our chicken profits, from me (expecting to be paid back plus some) and from his savings. While he did not have a business plan set in concrete he had some basic numbers that he thought would be attainable and some ideas on how to attain them.

He did not receive funding from a bank. Profit margins for his business are somewhat unpredictable the number of kits (baby rabbits) a doe has a year can greatly effect the business. He tries to conservatively figure his profits.

Here I will try to give you a little info on the possible income of a 20 doe rabbitry. If the average doe has 12 kits a litter and has a litter every 1 ? month or 9 litters a year, then each doe averages 108 babies a year. Take this number times the number of doe or 20 and you get 2160

babies a year. If each baby weighs 4-6 pounds (we'll use 4) when sold on a per-pound rate you are selling 8640 pounds of rabbit a year. Take this number times \$.95, (a conservative price for rabbit meat per live pound) and you're bringing in \$8,200.00 a year. Subtract the estimated \$900.00 a year in feed and \$500.00 for any other expenses and you're left with \$6,800.00. This only for 20 doe, because it only takes 6 months for a rabbit to mature he could, in theory increase his number of mature breeding stock by a power of 10 in 6 months giving him ten times the income. However he would have to buy that many more cages. As you can see though the business definitely has possibilities for expansion.

There is also the prospect of composting rabbit droppings, bagging it and selling it at the farmer's market. This would nearly cancel out the cost of feed. Rabbit compost is renowned among gardeners as the best fertilizer because of

the super efficient digestive system of rabbits.

He hasn't been able to figure the profit percentage yet, but says it will be quite a while before he pays for all of his expenses as doe often need to have a few litters before they become good mothers. He does do all of his own accounting, and book keeping of rabbit due dates weaning dates etc. In four years he plans on going to college, but he said his business has great growth potential and could be quite large by then. He also went on to say that he could sell the business to our youngest sister who has raised and shown pet rabbits before, thus letting the business continue for a few more years.

He is not currently marketing any rabbits he does have several baby rabbits but they aren't quite at the age to be sold. He will initially use personal selling, for this he will call people we sold chickens to last year as well as other people that have shown interest in acquiring chickens. The

price for a rabbit won't be much different than it was for a chicken. Though many people might hesitate at buying a rabbit instead of a chicken, he believes this is only because they are uninformed about rabbits. He is also considering the idea of putting an ad in the local paper to increase his direct sales. He knows that he will produce more rabbits than he will be able to sell directly so he also has permanent buyer lined up that will come pick them up and pay by the live pound. This buyer could do many things with the rabbits, most will probably go to processing plants, but some could go to research facilities. This situation is what he calls a no lose situation.

He has read several books on raising rabbits, which suggest talking with local

Supermarkets about buying your rabbit meat for them to resell, this is something to look into. While he plans on using the farmer's market to sell his composted rabbit



droppings to home gardeners, he also plans on using this as an opportunity to advertise his rabbits.

Because his rabbits will be used for food and possibly research, his product is for both the consumer market and the industrial market, though the consumer market is much bigger.

The fact that he will sell a rabbit for roughly the same price as a chicken the year before I consider the price of his rabbits to be low to medium. Due to the fact that last year we charged a little more per chicken than the supermarket it will be a great price for a rabbit which usually goes for a little more than a chicken. He is able to price the rabbits this low because he is producing them compared to buying each chicken as a chick and raising it from there like we did last year. His lack of competition is a key factor to any success he experiences through his limited marketing methods. It also makes his rural location less relevant.

I do believe that he is more of an entrepreneur than a small business owner, manager, or technician, because he is always looking for a way to advance his business. He is the owner, manager, and technician, though he doesn't have anybody to manage he does have to manage his time around the rabbits. Sometimes he can expect ten or more rabbits to have babies within a couple days and must check them constantly to make sure every thing is ok. He plays the role of technician when he builds cages, and maintains cleanliness.

I don't think this business could ever become a franchise although it could become a very large company with thousands of rabbits, and several employees. If it were to become a franchise I think it would best be managed by the franchisees. I think this would eliminate any hierarchy or bureaucracy involved in most franchises. Of course there would be a main office to coordinate advertising and to

offer help to franchisees with questions or problems.

I don" t have too many suggestions except to attempt all of the plans he has thought of. I also think that he needs to make a profit before he starts expanding any more. Once he gets into the cycle of raising and selling the rabbits he can then begin to expand, but not before then.

This is really a business that has a lot of potential, and had a lot of things going for it. It is proof to me that the only successful entrepreneur is the guy that gets the idea and does it, not the guy that just thinks it would be a good idea for someone else to do.