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INTRODUCTION

Whether you are new to pet care creating your initial business plan or a veteran business operator financial forecasting is a valuable decision-making tool. The purpose of the Guide to Pet Care Business Forecasting is to help you create a system for creating and using forecasts in your business operations.

Financial forecasting is a great tool to use for:

- Creating Business Plans
- Preparing an Annual Budget
- Determining Impact of Adding New Services or Staff Members
- Assessing an Investment in New Equipment
- Analyzing Business Expansion or Remodeling Options
- Proactively Assess Impact of Regulatory Changes like
 - Minimum Wage Increases
 - Staffing Ratios
 - Safety Equipment

Our five steps will help you gain clarity on both the revenue and expense impact of the business opportunities you are exploring. Use our examples as a guide to create your list of facts and assumptions. The exhibits include tips for assigning numbers to your assumptions and pet industry resources for current statistics.

Forecasting is a wise use of your time as a business owner. You'll have confidence in making your business decisions as you have:

- Taken a full picture view of the opportunity or challenge
- Quantified both expenses and revenue benefits
- Documented your assumptions
- Identified important KPI or key performance indicators to monitor as you implement
- Know from your assumptions and KPI how to adjust if reality differs from your forecast

The excel workbook templates that accompany this guide are created to assist you with the financial calculations. You'll find more details on using them in the last section of the guide.

The exhibits include resources such as pet industry statistics, tips and resources for obtaining more data to use in your assumptions. Take your time going through this guide and reviewing our examples. There is not one "right way" to forecast a project and our goal is to assist you in creating the system that works best for you and your business.

FIVE STEPS IN FINANCIAL FORECASTING

Regardless of the pending business decision you can use these steps to create your financial forecast. The benefit of using a systemized process is the understanding you gain of the variables involved.

For your initial business plan and very large projects you may repeat these steps multiple times prior to making your final decision. You gain knowledge through your forecasting system that is very powerful as you implement and operate the new version of your business.

Before we get into the steps let's talk about the difference between facts and assumptions.

- **Fact** – something that has occurred or is actually the case. A fact is verifiable and can be proven.
- **Assumption** – is a belief without proof. Assumptions are often part of your financial forecast and the key is to document them and test different scenarios prior to making a final decision.



Step 1 – Determine Your Facts

List the facts you know about the business decision you are analyzing. If the government has approved minimum wage hikes then the new wage rate and effective increase dates are facts you can verify.

Step 2 – Document Your Assumptions

This is the area where you should keep good records (see Exhibit 1 for a form template). In most difficult business decisions you must make assumptions based on your beliefs and experiences. The key is to clearly identify each

assumption and run multiple scenarios to understand the financial impact each has on the final outcome. It's common to run a conservative or "worst case" scenario and compare to your "best case" most likely expectation.

If you are satisfied with "worst case" then you may decide to proceed. If worst case would be detrimental to your business then you may decide to abandon the project. This is great information to have in advance before you spend additional time and money in implementation.

Assumptions in your financial forecast may include:

- Occupancy rates
- Growth rates
- Training timelines
- Productivity improvements

A business plan created by someone new to the pet care industry will include more assumptions than forecasts created by existing businesses. As an existing operator you have historical financial and operational data or facts you can use in many instances. Exhibits 2, 3 & 4 contain helpful forecasting tips specific to the pet service industry.

Step 3 – Create Profit & Loss Forecast

Revenue

With your facts and assumptions you are ready to create a forecast of the impact to your business profit or loss. Start with determining the increase in your revenue. Your primary focus will be in **direct revenue** your project can generate. For example if you are considering adding dog training as a new service, you will start with a focus on forecasting all training service revenues.



Keep in mind that there can also be **indirect revenue** increases related to your project. In the dog training example you may be able to increase retail sales of products (e.g., collars, leashes, training treats, etc.) and cross-sell dog daycare, grooming or lodging services to new clients training brings to your business. These are assumptions to document and are important inputs to include in your forecast.

There are two items needed to forecast revenue:

1. Units served or sold
2. Rate charged per unit

Exhibit 2 offers tips on determining units and revenue forecasting for the most common services offered by pet service businesses. Determining the rate used in the forecast may seem easy-input the rate charged for the service. This is true unless you offer discounts or tiers of pricing through sales of packages or varying sizes of enclosures. In these instances you will need to calculate the average rate earned as your rate charged per unit.

Expenses

Now you are ready to forecast the expense side of your project. For service



businesses this should start with **payroll costs**. Determine the number of new staff required to generate the amount of revenue you forecasted. Determining the number of pets each staff member can service is an important input to your calculations. You also need to consider the daily care or service schedule that you will offer. See Exhibit 4 for common service staff to pet ratios and a sample staff schedule.

Next decide how much you will pay your staff as a base wage. The other input to your payroll cost is the additional cost of taxes and benefits your company offers. Remember there can also be additional payroll costs for training and implementing the project. Estimate the amount of time you and others in the business will work on implementation.

Next determine the amount of **direct supply expense** required to provide the services projected as revenue. Depending on the service supply costs could include, food, treats, shampoo, toys, etc. This is not the place to include large capital expenditures for one-time purchases of equipment or tools. Those will be listed separately, focus on the ongoing supplies required to offer the service.

There may be **indirect expenses** incurred that you need to include in your forecast. Consider if additional support or management positions are required. Will your office or cleaning supply costs increase as a result of increasing revenue? Be sure to increase credit card processing fees for your additional sales.

Step 4 – Create Cash Flow Forecast

Some projects require an initial investment in equipment, tools or initial supply purchases that do not recur as you operate. It's important to quantify the total of the asset and supply purchases for your initial cash investment.

Do you need expert help to plan and implement your project? Be sure to include fees for consultants and other professional expertise input into your plans.

Large projects may require obtaining a loan and financing the implementation. This will result in interest and principal payments so creating a cash flow forecast you can confirm how quickly the project pays for itself.

Start with your Profit and Loss Forecast from step 3 and adjust as follows to determine cash flow:

- Add loan proceeds
- Deduct initial investment in asset and supplies
- Deduct monthly loan payment (interest and principal portions)

Step 5 – Goal Check

Now it's time to make a decision based on reviewing the reports from steps 3 &

4. Ask yourself these questions:

- Does the project make a profit for your business?
- Is the timing and profit percentage reasonable for the time invested in implementing?
- Does the project put a strain on business cash flow?
- If there is a cash shortage do you have a source for the full amount?
- Are your business goals met?



In the event you are not completely satisfied with the results take a step back and review your assumptions. Do you feel comfortable changing any item that could improve your results?

Be open to making adjustments to your initial plan so your overall business goals are met. This is the time to create multiple scenarios so you know the goals you need to monitor and meet **before** you proceed with implementation. This is the value of spending time creating your financial forecast.

EXAMPLES

Example 1 – Evaluate Adding a Manager Position

Steps 1 & 2 – Determine Facts & Document Assumptions

List of Facts & Assumptions	Quantified
Manager Salary Range (\$35 - \$40,000)	\$38,000/year
Recruiting Costs	\$250
Owner time spent preparing to hire (4 hours x \$80)	\$320
Owner time to onboard & train manager (48 hours: Month 1 – 32, 2 – 16)	\$3,840
Manager training time (Owner time plus 60 hours with staff hands-on)	\$3,600
Staff Productivity Gains (3% after 3 months; \$50,000 payroll/month)	\$1,500/month
Revenue Increase (5% after 6 months)	\$3,125/month

It is important to review the list of facts and assumptions. Some are obvious to forecasting, like the salary and recruiting costs. What you may omit is the training time of the owner and manager; their non-productive wages during training.

Other important assumptions to include are quantifying the business benefits to hiring a manager position.

- With closer supervision you expect staff productivity to increase from fewer errors, rework and aligning staff levels to pets served daily. In this example, a 3% productivity improvement is expected after 3 months of hiring a manager. This would be a good objective goal and feedback measure for your manager.
- A manager can also help increase revenue by building relationships with clients and recommending additional services that are a good fit for their pet. They can also oversee front desk team commission plans for upselling. With a manager on board the business owner gains time and can spend time increasing effectiveness of marketing that will also increase revenue.

The percentages you decide on in your assumptions are arbitrary, but provide an objective measure to monitor if you do decide to hire the manager. Everyone learns from the process and you'll get better in setting assumptions the more you practice.



As you start focus on being conservative so if you really want the manager to improve productivity by 5% use a lower number in your forecast. Same with revenues you may expect 10%, but used 5% in the forecast. You can set goals for the manager at the higher expectations, but make a decision on hiring using the more conservative numbers.

Next we take all of the assumptions and calculate the impact on the business profits.

Steps 3 & 4 - Create Profit & Loss & Cash Flow Forecast

Item	Initial Cost	Year 1 Forecast	Year 2 Forecast
Manager Salary	\$3,167	\$38,000	\$38,000
Recruit & Prep	570	570	0
Owner Train Time	3,840	3,840	0
Total Costs	(\$7,577)	(\$42,410)	(\$38,000)
Lower Staff Payroll		13,500	18,000
Revenue Increase		18,750	37,500
Net Profit Impact		(\$10,520)	\$17,500
Two Year Impact – Profit Increase	\$7,340		

This example also demonstrates why it is important to forecast more than one year for your projects. If you only looked at year one, adding the manager would cost the business over \$10,000 so you would probably decide not to proceed.

However, when a second year is forecast there is over \$17,000 increase in profit. When you combine the two years the business should benefit by close to \$7,000 by adding a manager position. When you interview candidates you would want to discuss their 2-3 year goals to ensure they align with retaining the manager for that time period so the business benefits are realized.

In this example the profit and cash flow forecast are the same since there is no financing needed.

Step 5 – Goal Check

Business Goals	Achieved
Improve Staff Productivity	✓
Increase Revenue	✓
Reduce Staff Drama	✓
Owner able to spend more time working on business	✓
Breakeven or Profitable by Year 3	✓



Preparing the forecast also quantifies implementation goals for the manager. You can establish key performance indicators related to productivity and revenue growth as part of the manager's incentive pay plan. If they can improve beyond your expectations they may benefit with an additional bonus.

This project also may have an intangible benefit of owner happiness...the value adding a manager to direct your staff may be priceless! A few years into operating your business you may feel adding a manager is the key to you avoiding burnout.

Example 2 – Expand with Dog Training Services



Steps 1 – Determine Facts

- Saturday Class Schedule
 - Puppy
 - Basic
 - Advanced
 - Tricks & Loose-leash walking workshops
- 60% Commission pay structure
- \$250 fee charged for each 6 week class
- 8 dogs per class maximum

Step 2 - Document Assumptions

- 45 training Saturdays available during the year (avoids peak holiday periods)
- Class occupancy range is 50-100%
- Will market to new training clients other services

List of Facts & Assumptions	Quantified
Dog Trainer Commission	60%
Saturday Classes – Maximum 8 dogs, 6 week schedule	\$250
Fun/Trick & Leash Walk Workshops offered quarterly	\$50
Number of Classes per Year (6 sessions in each class)	18
Number of Workshops per Year	8
Class Occupancy	65%
Workshop Occupancy	75%
New Client Percentage – Cross sell other services	50%/\$1,200
Advertising/Marketing Budget for Years 1 – 3	\$2,500/\$5,000/\$3,000
Training Supply & Equipment Cost - \$10 per class dog	\$1,080
Retail Revenue – 5% of Training Revenue	\$1,478
Year 2: Add Evening classes & increase occupancy	36/65%; 8/85%
Year 3: Add Workshops & increase occupancy	36/75%; 16/95%

When forecasting a new revenue stream your facts and assumptions need to include:

- Maximum capacity (e.g., number of classes or workshops & type per year and schedule)
- Occupancy (e.g., what percentage of capacity is expected)
- Fees charged
- Commission or wages
- Number of professionals or staff required to service revenue forecasted
- Percentage of new clients using business
- Existing revenue streams that could increase

- Variable or direct expenses related to new revenue (e.g., supplies & equipment)
- Fixed or indirect expenses that may increase (e.g., marketing)

Again, many of the assumptions are arbitrary, but you can acquire good information by interviewing peers that currently offer these services. You can also survey your existing client base to determine the training classes they would be interested in for their dogs.

In the survey you can also ask class rate ranges that they would be willing to pay. This information plus performing a competitive analysis gives you confidence in setting your training rates.

The more data that you classify as a fact versus an assumption provides more confidence in your forecast. The key is to document your assumptions and create multiple scenarios so you can evaluate a “best” and “worst” case situation prior to making a decision.

Steps 3 & 4 - Create Profit & Loss & Cash Flow Forecast

Item	Year 1 Forecast	Year 2 Forecast	Year 3 Forecast
Class Revenue	\$23,400	\$46,800	\$54,000
Workshop Revenue	2,400	2,720	6,080
Less Supply Costs	(936)	(1,872)	(2,160)
Less Commission	(15,480)	(29,712)	(36,048)
Training Gross Margin	\$9,384	\$17,936	\$21,872
Cross-sell Services	84,960	144,960	202,560
Retail Revenue	1,290	2,476	3,004
Marketing Expenses	(2,500)	(5,000)	(3,000)
Net Profit Impact	\$93,134	\$160,372	\$224,436
Three Year Impact – Profit Increase	\$477,942		

Notice that a significant portion of the positive profit contribution relates to cross-selling new training clients on other services in the business. This is a project where running a “worst case” scenario using a more conservative assumption would be recommended. It will also be important to create a marketing strategy for cross-selling and measure your performance to confirm the assumptions are valid.

In this example, the profit and cash flow forecast are the same since there is no financing needed.

Step 5 – Goal Check

Business Goals	Achieved
Increase Revenue	✓
Retain Clients Seeking Training Services	✓
Attract More Puppies	✓
Cross-sell Other Services	✓
Increase Client Satisfaction	✓
Improve Dog Behavior in Daycare	✓
Profitable Year 1	✓

Note the diversity of business goals that are being met by adding training as a revenue stream. It's important to be clear on the business goals that you want to achieve for each project evaluated. Your goals will drive your implementation plans and assist in outlining the facts and assumptions for your unique project.



Example 3 – Analyze Impact of Minimum Wage Increase

It's time for you to try identifying the facts and assumptions before we reveal our version in the analysis. This is a great way to get comfortable with the first step in forecasting.



Think about the situation if your business was facing an imposed increase in minimum wage. Brainstorm the relevant facts and assumptions in the table that follows. Don't peek at our list until you've completed this table:

List of Facts	List of Assumptions

Steps 1 – Determine Facts

- Schedule of Wage Increases
 - Next Year: \$12.00
 - Year 2: \$13.50
 - Year 3: \$15.00
- Payroll taxes also increase
- Business Price Changes

Step 2 - Document Assumptions

- Implement staff productivity improvements
- Restructure current jobs
- Change work schedules

List of Facts & Assumptions	Quantified
Minimum Wage current year, \$10.50 increases to:	\$12, \$13.50, \$15
Wages adjusted for payroll taxes:	\$13, \$14.50, \$16
Payroll % of revenue current year	55%
Daycare Capacity; # of Dogs	50
Adjust Daycare 2 nd Dog Discount from 30% to...	25%, 20%, 15%
Increase effective Daycare rate from \$25 to...	\$27, \$29, \$30
Reduce number of hourly staff from 11 to...	10, 9, 8

Hopefully, your list of facts and assumptions matched some of ours. Don't expect a 100% correct score in this exercise as it is subjective. The goal is to get comfortable thinking about the big picture of your business problem and listing known facts and relevant assumptions that you will quantify.

In this example we are keeping things simple by focusing on a single revenue stream and cost center, dog daycare. Following are the specific operational changes that are planned that will allow the staff decreases outlined:

- Outsource heavy cleaning and maintenance projects to local vendor
- Year 1: rotate all daycare dogs throughout day every 1.5 hours to reduce size of playgroups and save 1 staff member (adding dog rest periods)
- Year 2: reduce pick-up hours in evenings and weekends all year plus reduce reception hours in off-peak times to save 1 staff member
- Year 3: focus on staff training and accountability in years 1 and 2 so lead position is no longer needed; saves 1 staff member

Steps 3 & 4 - Create Profit & Loss & Cash Flow Forecast

Before we create the Profit and Loss calculation we need to calculate payroll costs. This is done in two steps:

1. List staff by pay rate (minimum wage and minimum wage + a range)
2. Calculate payroll costs

Pay Rate	Current Year	Year 1 Increase	Year 2 Increase	Year 3 Increase
Minimum	3	3	2	2
Min + .50	3	2	2	2
Min +1.00	4	4	4	3
Min + 1.50	1	1	1	1
Total # Staff	11	10	9	8

Pay Rate	Current Year	Year 1 Increase	Year 2 Increase	Year 3 Increase
Minimum	\$71,760	\$81,120	\$60,320	\$66,560
Min + .50	74,880	56,160	62,400	68,640
Min +1.00	104,000	116,480	128,960	106,080
Min + 1.50	27,040	30,160	33,280	36,400
Total Hourly Payroll	\$277,680	\$283,920	\$284,960	\$277,680

In this example the total wages in year 3 equals the current year amount, however, the total number of staff members decrease by 3. Wages actually increase during years 1 and 2 as the cost saving steps take time to implement, as you do not want to negatively impact quality of care.

Now let's look at the profit and loss calculation.

Item	Year 1 Forecast	Year 2 Forecast	Year 3 Forecast
Daycare Revenue	\$280,800	\$301,600	\$312,000
Other Revenue	254,200	263,400	273,000
Total Revenue	535,000	565,000	585,000
Hourly Payroll	(283,920)	(284,960)	(277,680)
Payroll Percentage	53%	51%	48%
Revenue Increase	7%	6%	4%

The revenue and expense items listed in the table would be inserted into your full profit and loss forecast to calculate business net profit. You would also need to add in the outsource vendor's cost to provide cleaning services. Identifying relevant KPI (key performance indicators) is an important objective tool to monitor as you implement your changes.

In this project you will want to review payroll as a percentage of revenue each month to confirm it is decreasing from the existing 55% to the lower forecasted levels each year. Also monitor your revenue increase percentage for early warning signs that your actual implementation is aligning with your assumptions. If the KPI are out of line, you will have time to make adjustments. You may need to alter your forecast to review the business impact of the adjusted numbers.

Step 5 – Goal Check

Business Goals	Achieved
Maintain Profits with Wage Increases	✓
Reasonable Rate Increases for Existing Client Base	✓

In this example the business goals are simple. However, execution is critical to actually achieving them. This is the value of investing time forecasting important business decisions.

You create benchmarks and KPI that provide feedback to your likelihood of success. This early warning system allows you to adjust and re-forecast as a proactive step in managing your business. You have information and tools that take the guesswork out of the impact increasing minimum wage will have on your business.



Example 4 – Install a Swimming Pool

Our final example is going to add an additional step to our forecasting model. Adding a swimming pool to your business is a big project and investment so we'll focus on ROI (return on investment).

Projects requiring a capital investment and possible financing require more of your time and precision in forecasting. A bank will want detailed financial forecasts with your list of assumptions prior to approving a loan. For that reason our first step in these cases is a “sniff test”.



Susan's dogs Sheppy and Archie love to swim

Our sniff test process creates a big picture estimate of the project's impact on your business. Prior to spending a lot of time in research, quotes and forecasting start with a sniff test to confirm it is worth your time and energy.

Step 1 – Sniff Test

Big picture view of adding a dog pool:

- Cost estimate for installation is \$30,000 (equivalent of an in-ground backyard pool)
- Timeline goal to repay that investment is 18 months
- Determine cost of project planning and implementation on the business
 - Value your time
 - Estimate hours required for project planning & management through implementation
 - Estimate hours of staff or support team that will assist in project or assume some of your daily responsibilities
 - Is there an impact from events or tasks that may not get completed as you pursue this project? How much will this cost your business?
 - Do you need a consultant or expert to guide or assist you? How much will they cost?



Sheppy doing his own sniff test at the beach.

The last point (determining cost of planning and implementation) is one that is frequently skipped as the excitement of a new project and opportunity is a fun diversion from the daily business grind. You definitely deserve a fun project, just be sure you are intentional in investing your time in one that will benefit your business long-term. That is the value of completing the sniff test and including these “soft costs” as part of your review.

When you perform a sniff test you will consider if the anticipated revenues for your project will:

- Payback initial investment costs timely (e.g., 18 months)
- Exceed profits ongoing and meet profit goals (contribute a minimum of 10% profit annually)
- Positive cash flow in addition to \$25,000 loan payments for 3 year term at 5.25% interest or monthly payments of \$752
- Justify time to plan/implement including any outside expert fees (subjective decision you must make)

If all responses are positive then the next step is to confirm demand and your revenue estimates with your existing clients. There are two key pieces of information you want to validate:

- Frequency of existing clients scheduling pool services
- Confirm a rate range that clients would be willing to pay for pool services

Creating a survey and collecting responses is a quick and easy way to confirm your revenue estimates as part of your sniff test. You'll either obtain confirmation of your planned units and rates from existing customers or get information to make adjustments to see if the project still makes sense for your business.

If the revenue confirmation is positive you are ready to proceed with creating a forecast for adding a dog swimming pool. The detailed forecasting steps would be similar to example 2 of adding dog training services. Additionally, you will need to get estimates for installing the pool from at least two pool companies.

Step 2 – Analyze ROI – Return on Investment

As business owners it is important to consider returns on all investments of your money. The last step prior to proceeding with installing your dog pool is to calculate the ROI. You want to objectively decide if your return is comparable to other investment options.

Item	Project Details	Year 1	Year 2	Year 3
Pool Cost	\$30,000			
Payback Period	18 months			
Swim Operating Profits		\$18,104	\$23,755	\$30,306
Swim Cash Flow		\$9,080	\$14,731	\$21,282
Cumulative ROI		-40%	40%	140%

In our example we have kept the calculations simple and not considered the time value of money. Your accountant can assist you with that part of the calculation and also provide external input on your sniff test and forecast. As business owners our emotions related to new projects can sometimes cloud our objective view of the best business decision. It can be helpful to get input externally of the pros and cons of your project.

USING THE EXCEL TEMPLATES

There are two different excel templates included with this guidebook.

1. Project Templates – for the four example projects described in the guide
2. New Business Templates – designed to assist in forecasting a new pet care business or an existing business expansion to a second location

Project Templates

The four example projects included in this guide provide good templates that you can use for other similar projects. The file includes four worksheets labeled by example project.

Adding a Manager Position				
List of Facts & Assumptions				
Item	Fact	Assumption	Forecast Quantity	
Manager Salary	\$35 - 40,000		38,000.00	annual
Recruiting Costs	\$250		250.00	total
Owner time - hiring prep hours	\$80	4	320.00	total
Owner time - onboard/train	\$80	48	3,840.00	total
Manager training time	20	180	3,600.00	total
Staff Productivity gains; monthly payroll	\$50,000	3%	1,500.00	per month
Revenue increase: monthly revenue	\$62,500	5%	3,125.00	per month
Profit & Loss Calculations:				
	Initial Costs	Year 1	Year 2	
Manager Salary	3,166.67	38,000.00	38,000.00	
Recruit & prep	570.00	570.00	-	
Owner Train Time	3,840.00	3,840.00	-	
Total Costs	7,576.67	42,410.00	38,000.00	
Productivity Gains		(13,500.00)	(18,000.00)	
Revenue Increase		(18,750.00)	(37,500.00)	
Net Profit Impact		10,160.00	(17,500.00)	
Two Year Profit Increase	(7,340.00)			

Expand with Dog Training Services

Expand with Dog Training Services						
List of Facts & Assumptions						
Item	Fact			Assumption		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Dog Trainer Commission	60%					
Class fee	\$250					
Maximum dogs per class/workshop	8					
Workshop fee	\$50					
Number of classes	18	36	36			
Number of workshops	8	8	16			
Class Occupancy				65%	65%	75%
Workshop Occupancy				75%	85%	95%
New client percentage from training				50%	50%	50%
Annual cross-sell revenue				\$1,200	\$1,200	\$1,200
Advertising/Marketing	\$2,500	\$5,000	\$3,000			
Training Supplies per dog in classes	\$10	\$10	\$10			
Retail Sales - % of Training Revenue				5%	5%	5%
Profit & Loss Calculations:						
	Year 1	Year 2	Year 3			
Class Capacity - number of dogs	144	288	288			
Workshop Capacity - number of dogs	64	64	128			
Number of dogs in class	94	187	216			
Number of dogs in workshops	48	54	122			
<i>Direct Revenue:</i>						
Training Revenue - Classes	23,400.00	46,800.00	54,000.00			
Training Revenue - Workshops	2,400.00	2,720.00	6,080.00			
Total Direct Training Revenue	25,800.00	49,520.00	60,080.00			
<i>Less Direct Expenses:</i>						
Trainer Commission	15,480.00	29,712.00	36,048.00			
Supply Costs	936.00	1,872.00	2,160.00			
Gross Margin	9,384.00	17,936.00	21,872.00			
<i>Indirect Revenue:</i>						
Cross-sell services	84,960.00	144,960.00	202,560.00			
Retail Revenue	1,290.00	2,476.00	3,004.00			
Total Indirect Revenue	86,250.00	147,436.00	205,564.00			
<i>Less Indirect Expenses:</i>						
Marketing	\$2,500	\$5,000	\$3,000			
Net Profit Impact	93,134.00	160,372.00	224,436.00	477,942.00		

Impact of Minimum Wage Increase								
List of Facts & Assumptions								
Item	Current Year	Fact			Assumption			
		Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	
Minimum Wage	10.50	12.00	13.50	15.00				
Wage adjusted for taxes & benefits	11.50	13.00	14.50	16.00				
Payroll Percentage of Revenue	55%							
Daycare Capacity - # of dogs	50							
Adjust daycare discounts	30%	25%	20%	15%				
Increase effective daycare rate	25				27	29	30	
Reduce number of hourly staff	11%				10	9	8	
Profit & Loss Calculations								
	Current	Year 1	Year 2	Year 3				
	Year							
Min Wage	10.5	12	13.5	15				
Adj for taxes	11.5	13	14.5	16				
<i>Wage Calculations:</i>								
# Min Wage Staff	3	3	2	2				
Min Wage + .5	3	2	2	2				
Min Wage + 1	4	4	4	3				
Min Wage + 1.5	1	1	1	1				
Total Hourly Staff	11	10	9	8				
# Min Wage Staff	71,760.00	81,120.00	60,320.00	66,560.00				
Min Wage + .5	74,880.00	56,160.00	62,400.00	68,640.00				
Min Wage + 1	104,000.00	116,480.00	128,960.00	106,080.00				
Min Wage + 1.5	27,040.00	30,160.00	33,280.00	36,400.00				
Total Hourly Staff	277,680.00	283,920.00	284,960.00	277,680.00				
<i>Revenue Calculations:</i>								
DC Capacity	50	50	50	50				
Effective Daycare Rate	25	27	29	30				
Annual daycare occupancy %	80%	80%	80%	80%				
Annual daycare days	260	260	260	260				
Daycare Revenue	260,000	280,800	301,600	312,000				
Other Services Revenue	240,000	254,200	263,400	273,000				
Total Revenue	500,000	535,000	565,000	585,000				
Payroll Percentage of Revenue	55.54%	53.07%	50.44%	47.47%				
Revenue Increase		7.00%	5.61%	3.54%				

Sniff Test: Install a Swimming Pool			
Project Cost	\$30,000		
Note Payable	\$25,000		
<i>Revenue:</i>	Year 1	Year 2	Year 3
Dog Swims	2,500	3,000	3,500
Swim Rate	10	11	12
Swim Revenue	25,000	33,000	42,000
<i>Direct Expenses:</i>			
Payroll	6,296	8,395	10,494
Supplies	600	850	1,200
Total Expenses	6,896	9,245	11,694
Swim Operating profits	18,104	23,755	30,306
Less: Loan Payments	(9,024)	(9,024)	(9,024)
Swim Cash Flow Impact	9,080	14,731	21,282
Swim Profits			
Payback Shortfall/Contribution	(\$11,896)	\$11,859	\$42,165
Return on Investment	-40%	40%	141%

You can edit these spreadsheets easily to customize them to your projects. They are provided to give you a head start on calculations for your project forecasts.

New Business Templates

The new business forecasting templates include worksheets for projecting revenue and direct expenses for the common pet service business revenue streams:

- Dog Daycare & Cage-free Sleepovers (worksheet A1)
- Lodging (worksheet A2)
- Spa Services (worksheet A3)
- Dog Training, Pet Sitting or Dog Walking (worksheet A4)

The file also includes worksheets to determine business costs including:

- One-time Start-up Costs (worksheet B1)
- Operating Costs and Overhead (worksheet B2)

The revenue and operating expense worksheets are designed to provide an annual forecast by month. You can use these templates to create best and worst case scenarios by saving the file with different names as you adjust your assumptions. Multiple years of information can also be forecasted by saving the file with different names.

All calculations are done for you once key assumptions are input into the white box areas of each spreadsheet. Calculation cells are highlighted in gray and cannot be edited.

A1 - Dog Daycare

Start by completing the top section of the worksheet that is used to calculate staff hours and payroll. For each day of the week enter the number of hours staff will be scheduled to provide either daycare or cage-free overnights (rows 7 & 8).

	A	B	C	D	E	F	G	H	I
1									
2	Day Care								
3									
4									
5									
6	Staff Hours	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Total
7	Hours of day care	12	12	12	12	12	0	0	60
8	Hours overnight cage free	12	12	12	12	12	12	12	84

The next section you update includes:

- Daycare and overnight capacity (row 10)
- Dogs per staff member (row 13 or 11)
- Rates charged for the services (full published rate - row 11 or 12)
- Number of staff that requires adding a supervisor (row 14)
- Merchant rate for accepting credit cards (row 15)
- Staff and Supervisor hourly wages (row 18 & 19)
- Percentage your business pays for taxes & benefits (row 20)

	A	B	C	D	E	F	G	H	I
1									
2	Day Care								
3									
4									
5									
9									
10	Day care capacity dogs	75			Cage free overnight capacity	20			
11	Day care rate per dog	\$ 29.00			Dogs per staff	20			
12	Extra services ave % per dog	10			Overnight rate per dog	\$ 22.00			
13	Daycare dogs per staff	15							
14	Staff per supervisor	6							
15	Net merchant fee (credit card) %	2.5							
16									
17									
18	Staff pay \$/hour	\$12.00							
19	Supervisor pay \$/hour	\$13.00							
20	Benefits % (at least 10)	10.00							

Now you are ready to enter monthly information needed to forecast revenue. Input by month the occupancy rate for daycare and cage-free sleepovers (rows 23 & 24). The last entry is the effective discount percentage offered through sales of packages or any other discounts offered to your client base. To finalize your revenue projections input the dollar amount of any miscellaneous sales, like dog evaluation fees in row 32.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Day Care													
2														
3														
4														
5														
21														
22		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Tot or Ave
23	Day care occupancy %	35	40	50	60	70	80	80	75	65	60	60	70	62.1
24	Cage free overnight occupancy %	40	30	45	45	50	75	80	80	65	60	65	75	59.2
25	Total dog overnights	242	182	273	273	303	455	485	485	394	364	394	455	4304
26	Total dog day care days	568	650	812	974	1137	1299	1299	1238	1055	974	974	1137	12097
27														
28	Effective discount %	15	15	15	15	15	15	15	15	15	15	15	15	15.0
29	Day care revenue	\$ 14,009	\$ 16,030	\$ 20,013	\$ 24,015	\$ 28,018	\$ 32,020	\$ 32,020	\$ 30,019	\$ 26,017	\$ 24,015	\$ 24,015	\$ 28,018	\$ 298,190
30	Overnight revenue	\$ 4,534	\$ 3,401	\$ 5,101	\$ 5,101	\$ 5,668	\$ 8,502	\$ 9,069	\$ 9,069	\$ 7,368	\$ 6,802	\$ 7,368	\$ 8,502	\$ 80,485
31	Dog walking, dog services	\$ 1,401	\$ 1,601	\$ 2,001	\$ 2,402	\$ 2,802	\$ 3,202	\$ 3,202	\$ 3,002	\$ 2,602	\$ 2,402	\$ 2,402	\$ 2,802	\$ 29,819
32	Misc Revenue	\$ 500	\$ 600	\$ 800	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 10,900
33														
34	Total Revenue	\$ 20,444	\$ 21,612	\$ 27,915	\$ 32,518	\$ 37,488	\$ 44,724	\$ 45,291	\$ 43,090	\$ 36,987	\$ 34,218	\$ 34,785	\$ 40,322	\$ 419,394
35														

You only have one entry left in the expense section and that is to input supply costs by month in row 44. All other expenses are calculations based on earlier input of your assumptions.

Wages are calculated based on full –time equivalents and once .5 of staff member is needed the formula rounds up to add one staff. For supervisors once 70% of the staff number you input is reached a supervisor is added. Once added the supervisor count will not drop to zero due to the training investment made. Keep in mind that the staffing on the template is presented in FTE’s and not number of staff members. If a supervisor shows 1.5 then be prepared to provide temporary help to that supervisor during the peak period or pay overtime.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Day Care													
2														
3														
4														
5														
21														
22		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Tot or Ave
36	Ave day care FTE staff	3.0	3.0	4.5	4.5	6.0	6.0	6.0	6.0	4.5	4.5	4.5	6.0	4.9
38	Ave day care supervisor FTE	0.0	0.0	0.0	0.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0
39	Overnight staff FTE	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
40														
41	Staff payroll	\$6,859	\$6,859	\$10,288	\$10,288	\$13,717	\$13,717	\$13,717	\$13,717	\$10,288	\$10,288	\$10,288	\$13,717	\$133,745
42	Supervisor payroll	\$0	\$0	\$0	\$0	\$3,715	\$3,715	\$3,715	\$3,715	\$3,715	\$3,715	\$3,715	\$3,715	\$23,721
43	Overnight staff payroll	\$5,892	\$5,892	\$5,892	\$5,892	\$5,892	\$5,892	\$5,892	\$5,892	\$5,892	\$5,892	\$5,892	\$5,892	\$70,707
44	Supplies and misc	\$ 200	\$ 200	\$ 200	\$ 300	\$ 400	\$ 500	\$ 500	\$ 500	\$ 400	\$ 300	\$ 400	\$ 400	\$4,300
45	Merchant fees	\$ 511	\$ 540	\$ 698	\$ 813	\$ 937	\$ 1,118	\$ 1,132	\$ 1,077	\$ 925	\$ 855	\$ 870	\$ 1,008	\$10,485
46														
47	Total Expenses	\$ 13,462	\$ 13,491	\$ 17,078	\$ 17,293	\$ 24,662	\$ 24,943	\$ 24,957	\$ 24,902	\$ 21,220	\$ 21,051	\$ 21,165	\$ 24,733	\$ 248,958
48														
49	Total Net Cash Flow	\$ 6,982	\$ 8,121	\$ 10,837	\$ 15,225	\$ 12,826	\$ 19,781	\$ 20,334	\$ 18,188	\$ 15,766	\$ 13,167	\$ 13,620	\$ 15,589	\$ 170,435
50														
51	Percent payroll of total revenue	62.4	59.0	58.0	49.8	62.2	52.2	51.5	54.1	53.8	58.1	57.2	57.8	55.8
52														

The worksheet provides valuable information of the cash contribution daycare and cage-free overnight services add to your business totals. There is also a key performance indicator calculation of payroll as a percentage of revenue for the daycare department. Keep in mind these are not final company numbers as you have not included your operating costs (see spreadsheet B2).

A2 -Lodging

Start by completing the top section of the worksheet that is used to calculate staff hours and payroll. For each day of the week enter the number of hours considered peak hours when staff will be providing added services. Low staff hours are those with minimal staffing to provide basic care such as feeding and first and last business walks (rows 7 & 8).

The next section you update includes:

- Enclosure sizes and rates (rows 11, 12, 14 & 15)
- Percentage of lodging pets that get package activities – average 2 outings per day (row 19)
- Percentage of lodging pets that get package activities – 1 outing per day (row 20)
- Rates charged for the packages and ala carte activities (full published rate - row 21 or 22)
- During your peak hours enter the number of dogs each staff member services for basic care only (e.g., no activities – row 29)
- During non-peak hours enter the number of dogs each staff member services for basic care (row 30)
- Number of staff that requires adding a supervisor (row 31)
- Merchant rate for accepting credit cards (row 34)
- Staff and Supervisor hourly wages (row 29 & 30)
- Percentage your business pays for taxes & benefits (row 33)

	A	B	C	D	E	F	G	H	I
2	Lodging								
3									
4									
5									
6	Staff hours	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Total
7	Peak staff hours	6	6	6	6	6	6		36
8	Low staff hours	7	7	7	7	7	7	8	50
9									
10	Enclosure sizes								
11	Suite size A capacity	10		Suite size C capacity		5			
12	Suite size A rate	\$ 25.00		Suite size C rate		\$ 30.00			
13									
14	Suite size B capacity	15		Suite size D capacity		5			
15	Suite size B rate	\$ 28.00		Suite size D rate		\$ 35.00			
16									
17	Average rate per dog	\$ 28.43							
18									
19	% dogs getting packages	20							
20	% dogs getting ala carte	30							
21	Ave price per package	\$ 40.00							
22	Ave price per ala carte	\$ 10.00							
23	<i>Staff calculations assume that one staff can do three activities per hour, a package averages two activities, ala carte is one activity. Activities are only done during peak staff hours.</i>								
24									
25									
26									
27									
28									
29	Peak staff level, dogs per staff (no activities)	10		Staff pay \$/hr		\$ 11.00			
30	Non-peak staff level, dogs per staff	25		Supervisor pay \$/hr		\$ 14.00			
31	Staff per supervisor	8							
32									
33	Benefits %, at least 10	10							
34	Net merchant fee %	2.5							
35									

Now you are ready to enter the monthly information needed to forecast revenue. Input by month the occupancy rate for pet lodging (row 39). Next enter the effective discount percentage offered for multi-pet or any other discounts offered to your client base. To finalize your revenue projections input the dollar amount of any miscellaneous sales, like gourmet treat fees in row 49.

You only have two entries left in the expense section, the first is to input supply costs by month in row 58. If you provide food for pets lodging enter that expense in row 59. All other expenses are calculations based on earlier input of your assumptions.

Wages are calculated based on full –time equivalents and once .5 of staff member is needed the formula rounds up to add one staff. For supervisors once 70% of the staff number you input is reached a supervisor is added. Once added the supervisor count will not drop to zero due to the training investment made. Keep in mind that the staffing on the template is presented in FTE’s and not number of staff members.

The worksheet provides valuable information of the cash contribution lodging services adds to your business totals. There is also a key performance indicator calculation of payroll as a percentage of revenue for the lodging department. Keep in mind these are not final company numbers as you have not included your operating costs (see spreadsheet B2).

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
2	Lodging													
3														
4														
5														
36														
37														
38	Occupancy and Units	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dev	Tot or Ave
39	Occupancy %	50	30	45	60	60	70	80	80	60	50	70	80	61.3
40	Dog overnights	530	318	477	637	637	743	849	849	637	530	743	849	7797
41	Number of packages	91	55	82	109	109	127	145	145	109	91	127	145	1337
42	Number of ala carte activities	136	82	123	164	164	191	218	218	164	136	191	218	2005
43														
44	Revenue													
45	Effective discount	20	20	15	15	15	15	15	15	15	15	15	15	15.8
46	Boarding revenue	\$ 12,063	\$ 7,238	\$ 11,536	\$ 15,381	\$ 15,381	\$ 17,944	\$ 20,508	\$ 20,508	\$ 15,381	\$ 12,817	\$ 17,944	\$ 20,508	\$ 187,209
47	Packages revenue	\$ 3,637	\$ 2,182	\$ 3,273	\$ 4,365	\$ 4,365	\$ 5,092	\$ 5,820	\$ 5,820	\$ 4,365	\$ 3,637	\$ 5,092	\$ 5,820	\$ 53,467
48	Ala carte revenue	\$ 1,364	\$ 818	\$ 1,228	\$ 1,637	\$ 1,637	\$ 1,910	\$ 2,182	\$ 2,182	\$ 1,637	\$ 1,364	\$ 1,910	\$ 2,182	\$ 20,050
49	Other services	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
50	Total Revenue	\$ 17,565	\$ 10,739	\$ 16,537	\$ 21,882	\$ 21,882	\$ 25,446	\$ 29,010	\$ 29,010	\$ 21,882	\$ 18,318	\$ 25,446	\$ 29,010	\$ 266,725
51														
52	Staff													
53	Ave peak staff FTE	2.7	1.8	2.7	2.7	2.7	3.6	4.5	4.5	2.7	2.7	3.6	4.5	3.2
54	Ave non-peak staff FTE	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
55	Ave supervisor FTE	0	0	0	0	0	0	0.9	0.9	0.9	0.9	0.9	0.9	0.5
56														
57	Staff payroll	\$ 8,278	\$ 6,392	\$ 8,278	\$ 8,278	\$ 8,278	\$ 10,164	\$ 14,451	\$ 14,451	\$ 10,679	\$ 10,679	\$ 12,565	\$ 14,451	\$ 126,943
58	Supplies + misc	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
59	Food	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
60	Merchant fees	\$ 439	\$ 268	\$ 413	\$ 547	\$ 547	\$ 636	\$ 725	\$ 725	\$ 547	\$ 458	\$ 636	\$ 725	\$ 6,668
61														
62	Total expenses	\$ 9,517	\$ 7,460	\$ 9,492	\$ 9,625	\$ 9,625	\$ 11,600	\$ 15,976	\$ 15,976	\$ 12,026	\$ 11,937	\$ 14,001	\$ 15,976	\$ 143,212
63														
64	Total cash flow	\$ 8,047	\$ 3,278	\$ 7,045	\$ 12,257	\$ 12,257	\$ 13,845	\$ 13,033	\$ 13,033	\$ 9,856	\$ 6,382	\$ 11,445	\$ 13,033	\$ 123,514
65														
66	Percent payroll of total revenue	47.1	59.5	50.1	37.8	37.8	39.9	49.8	49.8	48.8	58.3	49.4	49.8	47.6
67														

A3 – Spa Services

Start by completing the top section of the worksheet that is used to calculate staff hours and payroll. For each day of the week enter the number of hours groomers provide haircuts and bathers are scheduled. Also indicate the number of baths planned each day (rows 7, 8 & 9).

The next section you update includes:

- Number of grooms completed in 8 hours of work (row 11)
- Groomer commission rate (row 12)
- Bather wage per hour (row 13)

- Average rates charged for grooms and baths (rows 14 & 15)
- Merchant rate for accepting credit cards (row 11)
- Percentage your business pays for taxes & benefits (row 12)

Now you are ready to enter the monthly information needed to forecast revenue. Input by month the occupancy rate for spa services (row 19). To finalize your revenue projections input the dollar amount of any miscellaneous services, like nail trim fees in row 25.

You only have one entry left in the expense section and that is to input supply and equipment maintenance costs by month in row 30. All other expenses are calculations based on earlier input of your assumptions.

The worksheet provides valuable information of the cash contribution spa services adds to your business totals. There is also a key performance indicator calculation of payroll as a percentage of revenue for the spa department. Keep in mind these are not final company numbers as you have not included your operating costs (see spreadsheet B2).

Spa Services													
	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Total					
Grooming hours per day	8	8	8	8	8	8		60					
Number of bathers hours worked	8	8	8	8	8	8	4	46					
Number of baths per day	20	20	20	20	20	20	10	130					
Grooms per 8 hours worked							2.5						
Groom commission %							10						
Bather salary/hr							10.00						
Groomer rate							50.00						
Bath rate							20.00						
Merchant fees (credit card) %							2.5						
Benefits % (at least 10)							10						
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Tot or Ave
Capacity %	50	60	70	70	80	80	80	80	80	80	70	70	72
Number of dog grooms	108	180	152	152	152	178	195	173	362	352	352	362	1,862
Number of baths	281	398	398	398	398	410	597	400	422	398	398	422	4,841
Dog groom revenue	\$ 5,413	\$ 6,495	\$ 7,578	\$ 7,578	\$ 7,578	\$ 8,660	\$ 9,743	\$ 8,660	\$ 8,319	\$ 7,578	\$ 7,578	\$ 8,319	\$ 93,095
Bath revenue	\$ 5,616	\$ 6,756	\$ 7,881	\$ 7,881	\$ 7,881	\$ 9,096	\$ 10,212	\$ 9,096	\$ 8,454	\$ 7,881	\$ 7,881	\$ 8,454	\$ 96,329
Other services	\$ 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
Total revenue	\$ 12,029	\$ 14,251	\$ 16,459	\$ 16,459	\$ 16,459	\$ 18,666	\$ 20,875	\$ 18,666	\$ 17,562	\$ 16,459	\$ 16,459	\$ 17,562	\$ 202,914
Groomer commission	\$ 2,706	\$ 3,248	\$ 3,789	\$ 3,789	\$ 3,789	\$ 4,330	\$ 4,871	\$ 4,330	\$ 4,059	\$ 3,789	\$ 3,789	\$ 4,059	\$ 46,548
Bather payroll	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 2,191	\$ 26,292
Supplies and equip maint	\$ 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
Merchant fees	\$ 304	\$ 356	\$ 411	\$ 411	\$ 411	\$ 467	\$ 522	\$ 467	\$ 459	\$ 411	\$ 411	\$ 459	\$ 5,048
Total expenses	\$ 6,198	\$ 6,795	\$ 7,391	\$ 7,391	\$ 7,391	\$ 7,988	\$ 8,584	\$ 7,988	\$ 7,089	\$ 7,391	\$ 7,391	\$ 7,988	\$ 89,887
Total cash flow	\$ 5,843	\$ 7,455	\$ 9,067	\$ 9,067	\$ 9,067	\$ 10,678	\$ 12,291	\$ 10,678	\$ 9,873	\$ 9,067	\$ 9,067	\$ 9,873	\$ 112,027
Percent payroll of total revenue	41	38	36	36	36	35	34	35	36	36	36	36	36

A4 – Dog Training, Walking and Pet Sitting

Start by completing the top section of the worksheet that is used to calculate revenue and payroll. For each day of the week enter the number of dog training classes offered in row 6. Next input number of private training sessions, dog walks and pet sits offered per day (rows 7, 8 & 9).

The next section you update includes:

- Maximum number of dogs per training class (row 12)
- Rates charged for dog classes, private training sessions, dog walking and pet sitting (row 13, 14, 15 & 16)
- Average miles paid for home based services (row 17)
- Mileage reimbursement rate per mile (row 18)
- Merchant rate for accepting credit cards (row 34)
- Employee pay rates for classes, privates, dog walks or pet sits (rows 12, 13, 14 & 15)
- Number of dog walkers and pet sitters (rows 16 & 17)

Now you are ready to enter the monthly information needed to forecast revenue. Input by month the occupancy rate for dog training classes, private training, dog walking and pet sitting (rows 23, 24, 25 & 26). To finalize your revenue projections input the dollar amount of any miscellaneous, like retail sales in row 33.

You only have one entry left in the expense section and that is to input supply costs by month in row 40. All other expenses are calculations based on earlier input of your assumptions.

The worksheet provides valuable information of the cash contribution dog training, walking and pet sitting adds to your business totals. There is also a key performance indicator calculation of payroll as a percentage of revenue for the department. Keep in mind these are not final company numbers as you have not included your operating costs (see spreadsheet B2).

Excel spreadsheet titled "Dog Training, Walking and Pet Sitting" showing monthly and annual financial data. The spreadsheet includes a summary table for weekly activities, a table for rates and costs, a monthly capacity table, and a detailed monthly financial breakdown.

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Total
Dog training classes per day	1	2	2	1	1	1	1	6
Private training sessions	4	4	4	4	4	4	4	8
Dogs walked per day, per employee	4	4	4	4	4	4	4	70
Pet sitting per day, per employee	4	4	4	4	4	4	4	28

Dogs per class maximum	8	Trainer pay per class	\$ 50.00
Rate for dog class	\$ 100.00	Trainer pay per private	\$ 40.00
Rate for private training	\$ 80.00	Employee pay per walk	\$ 15.00
Rate for dog walking	\$ 25.00	Employee pay per sitting	\$ 20.00
Rate for pet sitting	\$ 30.00	Number of dog walkers	2
Ave miles for sitting/walking	10	Number of per sitters	2
Auto mileage pay/mile	\$ 0.50	Benefits %	10
Mechant fees net %	2.5		

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Tot/Ave
Capacity dog training classes %	70	70	70	70	65	60	60	65	70	70	50	50	64
Capacity private training %	70	70	70	70	60	50	50	50	70	70	45	45	60
Capacity dog walking %	75	85	85	85	75	85	85	90	85	70	80	75	75
Capacity pet sitting %	50	45	55	60	65	80	60	90	65	70	75	85	69

Revenue dog training classes	\$ 14,548	\$ 14,548	\$ 14,548	\$ 14,548	\$ 13,510	\$ 12,470	\$ 12,470	\$ 13,510	\$ 14,548	\$ 14,548	\$ 10,992	\$ 10,992	\$ 80,037
Revenue private sessions	\$ 3,248	\$ 3,248	\$ 3,248	\$ 3,248	\$ 2,640	\$ 2,032	\$ 2,032	\$ 2,032	\$ 3,248	\$ 3,248	\$ 2,143	\$ 2,143	\$ 18,970
Dog walking revenue	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 2,815	\$ 2,815	\$ 2,815	\$ 2,815	\$ 3,627	\$ 3,627	\$ 2,815	\$ 2,815	\$ 20,778
Pet sitting revenue	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 2,250	\$ 1,500	\$ 1,500	\$ 1,500	\$ 2,250	\$ 2,250	\$ 1,500	\$ 1,500	\$ 12,750
Misc revenue	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 120
Total revenue	\$ 23,383	\$ 23,383	\$ 23,383	\$ 23,383	\$ 22,297	\$ 20,643	\$ 20,643	\$ 22,297	\$ 23,383	\$ 23,383	\$ 17,460	\$ 17,460	\$ 130,985
Dog trainer pay	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 1,429	\$ 11,147
Private trainer pay	\$ 1,067	\$ 1,067	\$ 1,067	\$ 1,067	\$ 914	\$ 762	\$ 762	\$ 762	\$ 1,067	\$ 1,067	\$ 686	\$ 686	\$ 8,074
Dog walker pay	\$ 2,143	\$ 2,143	\$ 2,143	\$ 2,143	\$ 1,695	\$ 1,247	\$ 1,247	\$ 1,247	\$ 2,143	\$ 2,143	\$ 1,695	\$ 1,695	\$ 15,720
Pet sitting pay	\$ 2,815	\$ 2,815	\$ 2,815	\$ 2,815	\$ 2,032	\$ 1,523	\$ 1,523	\$ 1,523	\$ 2,032	\$ 2,032	\$ 1,523	\$ 1,523	\$ 14,277
Supplies	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Auto mileage pet sitting/walking	\$ 628	\$ 554	\$ 615	\$ 645	\$ 719	\$ 853	\$ 853	\$ 853	\$ 615	\$ 727	\$ 801	\$ 840	\$ 6,928
Mechant fees	\$ 585	\$ 585	\$ 585	\$ 585	\$ 582	\$ 582	\$ 582	\$ 582	\$ 585	\$ 585	\$ 416	\$ 416	\$ 3,723
Total expenses	\$ 8,619	\$ 7,973	\$ 8,585	\$ 8,891	\$ 9,355	\$ 10,432	\$ 11,214	\$ 11,244	\$ 9,197	\$ 9,673	\$ 8,821	\$ 10,263	\$ 75,267
Net cash flow	\$ 14,764	\$ 14,614	\$ 14,798	\$ 14,787	\$ 13,941	\$ 13,211	\$ 13,373	\$ 14,521	\$ 14,844	\$ 14,948	\$ 10,887	\$ 10,955	\$ 55,718
Percent payroll to total revenue	31	30	31	32	34	38	39	37	33	33	41	41	35

B1 – Start-up Costs

This spreadsheet will help you calculate your initial equipment and supply purchases. Additionally there are sections for facility acquisition and improvement costs, professional fees and permit costs. Your project may not include each section, but the list serves as a checklist of the potential start-up costs involved in a pet business.

In this example the business is planned to open in June so the majority of start-up costs are incurred prior to that month. This information helps you plan your cash outflows that occur prior to earning revenue.

Use this worksheet to budget expenses prior to opening that may include:

- Land/Building purchase or lease
- Improvements budget
- Equipment
 - Grooming
 - Training
 - General office and reception
- Supplies
- Building Services
- Pre-opening Marketing/Advertising
- Professional fees
- Permits
- Education

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total
Land - building (purchase or lease)			\$ 5,000	\$ 5,000	\$ 7,500								\$ 17,500
Improvements budget													
Buildout, walls, floors, roof etc		\$ 3,500	\$ 2,000										\$ 5,500
Foundation													\$ 750
Landscaping, parking, external				\$ 750									\$ 750
Heating, ventilation, AC, (HVAC)				\$ 3,000									\$ 3,000
Electrical wiring			\$ 2,500										\$ 2,500
Internet wiring				\$ 1,500									\$ 1,500
Plumbing and drainage			\$ 6,000										\$ 6,000
Lighting fixtures, internal and external				\$ 800									\$ 800
Outdoor play area				\$ 500									\$ 500
Indoor play area					\$ 6,000								\$ 6,000
Kitchen room				\$ 800									\$ 800
Laundry room				\$ 350									\$ 350
Groom shop				\$ 500									\$ 500
Lodging enclosures				\$ 42,000									\$ 42,000
Total Improvements		\$ 3,500	\$ 10,500	\$ 52,200	\$ 6,000								\$ 72,200
Equipment													
Grooming													
Tables and groom arms				\$ 1,200									\$ 1,200
Grips				\$ 500									\$ 500
Holding cages and crates				\$ 1,200									\$ 1,500
Bathing system				\$ 600									\$ 600
Storage				\$ 200									\$ 200
Vacuum				\$ 100									\$ 100
Privacy panels for training					\$ 250								\$ 250
General office and reception area													
Phone system			\$ 2,500										\$ 2,500
Computers			\$ 2,200										\$ 2,200
Server and router			\$ 1,200										\$ 1,200
Point of sale software				\$ 500									\$ 500
Office software			\$ 450										\$ 450
Two-way radios					\$ 350								\$ 350
Webcams/Security cameras				\$ 1,200									\$ 1,200
Security system					\$ 150								\$ 150
Cash drawer			\$ 50										\$ 50
Copier/scanner/fax			\$ 250										\$ 250
Retail display racks and shelving					\$ 650								\$ 650
Washer and dryer					\$ 1,000								\$ 1,000
Dishwasher			\$ 300										\$ 300
Refrigerator			\$ 400										\$ 400
Kitchen appliances, misc			\$ 250										\$ 250
Stools, tables and chairs, etc					\$ 225								\$ 225
White boards					\$ 220								\$ 220
Staff lockers								\$ 450					\$ 450
Storage cabinets					\$ 400								\$ 400
Total equipment			\$ 7,500	\$ 6,800	\$ 2,245				\$ 450				\$ 17,495

B2 - Operating Costs and Overhead

This spreadsheet will help you calculate the ongoing operating expenses not directly related to providing services. These are “fixed costs” of the business and must be paid regardless of the number of pets coming through the doors.

The first section is a summary of your ongoing facility costs. Next is a summary of management and support payroll expenses. The last section is a list of the common other operating costs incurred by pet businesses. In this example the business is planned to open in June.

Operating Costs and Overhead														
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total	
Building costs														
Rent or Mortgage						\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 82,500
Utilities						\$ 800	\$ 820	\$ 825	\$ 745	\$ 695	\$ 720	\$ 745	\$ 745	\$ 6,350
Facility maintenance									\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 200
Taxes														\$ -
Total building costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,300	\$ 8,320	\$ 8,325	\$ 8,295	\$ 8,245	\$ 8,270	\$ 8,245	\$ 8,245	\$ 68,650
Payroll Costs														
Payroll - Management					\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 34,000
Payroll - Reception & Support					\$ 1,920	\$ 2,880	\$ 2,880	\$ 2,880	\$ 2,880	\$ 3,840	\$ 3,840	\$ 3,840	\$ 3,840	\$ 24,960
Other Personnel Expenses					\$ 600	\$ 600	\$ 600	\$ 300	\$ 250	\$ 200	\$ 250	\$ 200	\$ 200	\$ 2,800
Total payroll overhead	\$ -	\$ -	\$ -	\$ -	\$ 5,520	\$ 6,480	\$ 6,280	\$ 6,180	\$ 6,130	\$ 7,040	\$ 7,090	\$ 7,040	\$ 7,040	\$ 51,760
Other Costs														
Advertising/Marketing					\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 24,000
Dues & Subscriptions					\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 880
Professional Fees					\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 2,400
Finance Charges/Bank Fees					\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 280
Insurance					\$ 320	\$ 320	\$ 320	\$ 320	\$ 320	\$ 320	\$ 320	\$ 320	\$ 320	\$ 2,560
Internet & Telephons					\$ 245	\$ 245	\$ 245	\$ 245	\$ 245	\$ 245	\$ 245	\$ 245	\$ 245	\$ 1,960
Licenses & Permits					\$ 250									\$ 250
Miscellaneous Expense					\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 400
Cleaning & Maintenance Supplies					\$ 350	\$ 75	\$ 75	\$ 350	\$ 75	\$ 75	\$ 350	\$ 75	\$ 350	\$ 1,625
Office Supplies					\$ 225	\$ 25	\$ 50	\$ 225	\$ 25	\$ 25	\$ 50	\$ 50	\$ 50	\$ 675
Equipment Expense					\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 240
Supplies & Travel						\$ 325	\$ 210							\$ 535
Staff Training					\$ 320									\$ 320
Total operating costs and overhead	\$ -	\$ -	\$ -	\$ -	\$ 10,633	\$ 13,230	\$ 13,240	\$ 13,240	\$ 13,615	\$ 13,925	\$ 13,870	\$ 13,570	\$ 13,570	\$ 140,185

Exhibit 1: Brainstorm Facts & Assumptions

Project Name:

Business Goals of Project:

- 1.
- 2.
- 3.

Revenue Facts & Assumptions:

Item	# Units	Rates	Other	Type
Direct Revenue:				Fact Assumption
				Fact Assumption
				Fact Assumption
Indirect Revenue:				Fact Assumption
				Fact Assumption
				Fact Assumption

Expense Facts & Assumptions:

Item	#	Cost	Other	Type
Direct Expense: Payroll				Fact Assumption
				Fact Assumption
Supplies				Fact Assumption
				Fact Assumption
Indirect Expense:				Fact Assumption
				Fact Assumption
				Fact Assumption
				Fact Assumption

Exhibit 2: Tips on Revenue Forecasting

Forecasting revenue is made easy when you focus on knowing the following variables:

1. **Capacity** – what is the maximum number of units you can service? This may be decided by space (e.g., number of lodging enclosures or number of daycare dogs per square foot) or employee capacity (e.g., daycare dog to staff ratios, haircuts per groomer, number of dogs per class or private dog training/pet sitting/dog walking sessions available)
2. **Occupancy Percentage** – what percentage of capacity are you filling? You either review your historical data or refer to industry averages. Many pet care services have peak and off-peak seasons so occupancy does vary by time of year and may differ by type of service offered.
3. **Effective Rate** – what is the effective rate earned by providing the service? In a perfect world this would be easy and reflect the amount you charge for the service. Frequently in pet care the effective rate is often lower due to discounts offered for multiple pets or packages purchased. Also, you may offer different pricing tiers based on size or type of enclosure, size of dog or coat type for spa services, etc. We recommend you calculate an average effective rate for your forecast to simplify your calculations.

Following are some tips by common services to simplify your revenue forecasting. See exhibit 3 for sample occupancy charts that reflect peak and off-peak seasonality.

- **Pet Lodging**
 - Start with your capacity by type of enclosure
 - Use historical data or industry averages to estimate occupancy by month
 - Calculate number of pet nights ($\# \text{ enclosures} \times \# \text{ pet nights} \times \text{occupancy}$)
 - Calculate your effective rate charged for lodging (focus on revenue from space separately from activities)
 - Projected revenue is total of pet nights times effective rate
 - Forecast revenue from packages or activity sales using an assumption of percentage of pets that will purchase the add-ons
- **Dog Daycare**
 - Start with number of days daycare services will be offered
 - Determine capacity based on space and number of trained employees
 - Use historical data or industry averages to estimate occupancy by month

- Calculate your effective rate charged for daycare (average daily rate earned based on base rate and package rates offered)
- Calculate number of dogs based on capacity times occupancy percentage
- Forecast revenue as number of daycare dogs times effective rate
- **Spa Services**
 - Project number of haircuts separate from baths to improve accuracy of your labor calculations
 - Determine daily capacity for haircuts which is driven by number of groomers and their work schedule
 - Use historical data or industry averages to estimate occupancy by month
 - Calculate an average rate per haircut (i.e., rates vary by breed so observe common breeds in your market and call local providers to determine rates for 5 that vary in size and coat type)
 - Calculate number of haircuts based on capacity and occupancy percentage
 - Forecast haircut revenue as number of haircuts times average rate
 - Determine daily capacity for baths based on number of bathers or use a percentage of dogs in lodging and daycare that will receive baths and be prepared to schedule the labor to service all baths
 - Calculate number of baths using occupancy or percentage of dogs in other services
 - Calculate an average rate per bath (i.e., rates vary by breed with drying time the key variable, so observe common breeds in your market and call local providers to determine rates for 5 that vary in size and coat type)
 - Forecast bath revenue as number of baths times average rate
 - Determine if extra services like nail trims or tooth brushings will be significant in your business and worth your time forecasting; for many it is not and ignored in forecasting. If it is then you will need to follow the bath steps
- **Dog Training**
 - Determine type of training services that will be offered and forecast classes separate from private behavior sessions
 - For classes you will need to determine length of each class and how many new classes are offered during your forecast period
 - Next determine number of dog capacity for each class and rates charged for each type of class
 - Use historical data or industry averages to estimate occupancy by class
 - Forecast revenue as number of dogs in class by rate charged
 - Private behavior sessions determine capacity based on trainer schedule and time allotted for each session (i.e., be sure to allow travel time if privates are taking place in client homes)

- Determine an occupancy percentage for privates and hourly rate charged
- Forecast revenue as number of session hours by hourly rate
- **Pet Sitting & Dog Walking**
 - For pet sitting and dog walking sessions determine capacity based on staff schedule, days of week offered and time allotted for each session (i.e., be sure to allow travel time between client homes; to maximize revenue consider defining a limited radius of area that is served)
 - Determine an occupancy percentage for pet sits and dog walks and hourly rate charged for each
 - Forecast revenue as number of sessions by rate charged
- **Retail Sales**
 - First determine how significant retail sales will be in your business and type of inventory sold (i.e., avoid competing with box stores or Amazon; have a strategic vision on how you add value with retail sales to your client base).
 - Consider setting a daily, weekly or monthly retail sales goal if it is a minor source of revenue
 - Forecast slowly growing into your sales goal as client base grows and staff sales skills improve
 - Calculate gross margin on sales as 50% for non-food items and 30% on premium food and treats
 - If retail is a significant revenue stream then forecast by type of product sold and use industry averages as a guide

Exhibit 3: Pet Service Occupancy

There are definitely peak and off-peak **seasonal occupancy** in pet care services. Lodging is most significantly impacted based on client travel patterns. Geographic location can impact seasonality so the chart below is a sample. It is important to view the range in occupancy month to month to reach the specified annual average.

	45% Annual	60% Annual	80% Annual
January	35%	45%	55%
February	25%	35%	45%
March	55%	65%	80%
April	50%	60%	70%
May	55%	75%	85%
June	60%	85%	110%
July	80%	105%	130%
August	60%	90%	115%
September	55%	65%	85%
October	35%	45%	60%
November	55%	65%	75%
December	60%	70%	80%

To achieve occupancy greater than 100% you would have family dogs sharing a lodging enclosure or add temporary space and staffing in dog daycare during peak season. Keep in mind that with lodging weekends are busier than mid-week in most periods. This will impact how you schedule your staffing.

Forecasting peak and off-peak seasonality is important to accurately reflect your income and **cash flow**. This can help you know how much money to save from peak months to cover shortages in off-peak months.

Client growth takes time if you are starting from zero. During your planning it is never too early to start marketing and collecting names and email addresses of client prospects. Plan to invest in aggressive marketing when you open to speed your client growth. For dog daycare plan on obtaining a client base of 5 to 7 times your daily dog capacity as dogs will not attend every day. Number of clients in databases of two mature pet service businesses can provide a target for your growth:

Lodging Capacity	Total Number of Clients in Database	Number of Active Clients	Annual Occupancy Percentage
120	9,500	2,500 – 4,000	88-90%
40	1,500	1,500	60-65%

Exhibit 4: Pet Service Staffing

Payroll is frequently the largest cost of operating a pet service business. How do you know the number of staff required for each service you offer? There are some industry averages that will help you in your planning.

Service Area	Technical Skills Needed	Daily Productivity
Dog Lodging basic care	Moderate – Basic dog handling and pet health	6 – 10 dogs with individual potty walks 11-15 dogs with indoor/ outdoor enclosures
Dog Lodging activities	Moderate – Basic dog handling and pet health	3 pets per hour if activity sessions are 15 minutes each (allow time to log, clean and prepare with each pet)
Dog Daycare – large group play	High – Dog Language & Group Behavior	1: 15 average; lower ratio for high energy large dogs
Dog Daycare – enrichment programs	High – Dog Language, Group Behavior & Basic Obedience	1:8 average
Pet Stylist (Haircuts)	High – Groomer Certification/Experience	7 -10 finish only 5 – 7 if bathe & finish
Pet Bather	Medium – Basic dog handling, brush/bath techniques	10 – 12 depending on coat condition and drying time

Another important variable in determining your payroll cost is your business operating and pet care hours. Generally this exceeds an 8-hour staff shift so you will need more than one person each day to care for the pets and clients. Creating a sample staff schedule and converting your labor to FTE (full time equivalents) is a helpful forecasting shortcut (e.g., total hours worked/40 or your fulltime weekly hours).

Staff Hours	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Management	8	8	8	8	8	8	8
Dog Daycare Supervisor	8	8	8	8	8		
Lodging Supervisor	8		8	8	8	8	8
Daycare Attendant	4	16	16	16	16		
Lodging Attendant	24	16	16	16	32	32	32
Bather	8	2	2	4	8	8	8
Receptionist	12	12	12	12	12	8	4
Total Hours Worked	72	62	62	72	92	64	60
Total FTE's	9	7.75	7.75	9	11.5	8	7.5