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# Business Opportunities Journal®

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# Pet Related Opportunities

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Matt "Red" Boswell, Pet Butler CEO.

# Pet Butler

## Pet Waste Removal

### A Recurring Revenue Model

**P**et Butler serves busy people, cleaning up after their beloved pets. Serving residential, as well as commercial clients, Pet Butler is rapidly becoming a household name synonymous with pet waste removal. I recently interviewed "Chief Excrement Officer," Matt "Red" Boswell, to discuss the history of the business, the model, and his franchising philosophy. -- Mark Adkins

**BOJ:** How did Pet Butler start?

**Matt:** I had started Pet Butler in 1998 and in about 5 years built it up to two-thirds million gross billable dollars in the Dallas area. I realized I hadn't even scratched the surface of potential. So I looked at the various options for expansion, whether it be franchising, licensing, or expanding corporately. I realized that, without a doubt, franchising was the way I wanted to go. It's not that it's a more profitable way to grow my business, but rather it's a way I could help other people achieve their dreams. Just from a life fulfillment perspective - I find real fulfillment in helping other people achieve their dreams. It's my passion.

**BOJ:** So tell me how you got started in

1998? Not everyone dreams of going into the pet poop scooping business – you didn't always plan to be Chief Excrement Officer, did you?

**Matt:** It was not something in a million years I would have imagined myself doing. I heard about the concept and thought it was a ridiculous idea. But when I was challenged by some friends to stop and look at it from a business standpoint and take the pride, my personal pride, out of the equation, it just seemed like the most ingenious concept. Our society is busier than ever, pet ownership is at an all time high, yards are smaller than ever, the environmental aspects of pet waste is more known than ever, the negative aspects if you will, and the home services industry is exploding. Then you have the secure cash flow of the opportunity, meaning it's not a one time service but rather a secure ongoing subscription service that never ends. That just really attracts me – the security of the cash flow. As I started running the numbers I realized that if you could provide good quality service at an affordable price, the sky's the limit on the amount of money you could make. The

margins were incredible as well – I mean the profit margins. I realized once you got to a certain volume the profit margin was incredible.

**BOJ:** What was your background before doing this?

**Matt:** I had a degree in marketing and just loved the psychology of marketing. I had been in a number of sales jobs and I had started about a dozen businesses, many of them the cool, impressive, sexy if you will, internet type businesses from the late '90s. I got caught up in that as many entrepreneurs did, but fell flat on my face time and time again, and each time learned from it and got up and did better.

With this business, the first two years I really still thought I was going to be an internet millionaire. This was just a fun thing on the side that I could say I did. But as those internet businesses failed, and failed, and failed, and Pet Butler over here on the side just kept trucking along – low overhead, low maintenance, high profit margins, suddenly I kind of got, you know, the proverbial "whack in the head." A light bulb went off and I said "why do I keep chasing this internet dream when I've got this thriving business over on the side that I can't kill if I wanted to!" That's when I spent really about three years growing it and building it up to over \$600,000. I worked for over two years studying, learning, realizing the franchising opportunity. Testing our model, I had two people on both coasts testing our systems and so then in the last quarter of '05 we began offering the franchising opportunity.

**BOJ:** And from 2005 to present, you have successfully grown the business as a franchise concept?

**Matt:** It's grown significantly faster than expected. It's been a real blessing. I knew the opportunity, I knew what we had our hands on, but I didn't know if I could communicate that clearly so that they really understand the opportunity like I did. And it's been a blessing that they have. Also, I have been very pleased with the caliber of individual that has come on board with us. You never know what kind of folks you will attract when you have an odd, ground floor opportunity like this,

and so the biggest blessing we've had is the people that have come on board, the true business professionals that understand and see the vision of where we can be.

**BOJ:** You say on the website that you service 1600 towns nationwide, how many franchise locations are there?

**Matt:** In less than three years, we have launched 132 franchises, in 27 states.

**BOJ:** Is that something that is a curve, is it continuing to pick up steam?

**Matt:** You know it has been very consistent, from almost day one it has been very consistent. We launched about four a month, three or four a month, for 30 plus months, then the economy hasn't really significantly hurt us from an end-user, client standpoint. What did have a huge impact on our franchise numbers was that banks stopped lending. So the bank's lending has had a negative impact on people being able to buy a franchise just because the two most popular ways they were getting funding was through their home equity loans and through retirement, leveraging their retirement

accounts. Both of those have you know been very negatively impacted. But from the franchises standpoint, the business has continued to grow regardless of what the media says on the economy, we continue to have customers.

**BOJ:** I have been hearing a lot of talk that the pet related services are somewhat recession resistant. Do you feel that that's true?

**Matt:** Well we continue to see increasing store sales and we continue to see increases despite what the media may say. We're not so much a pet service as we are a home service that is related to pets so you're referring to the pet industry continuing to be unaffected by negatives in the economy while a lot of home services are negatively impacted so why we're not so negatively impacted is because our number one demographic, above and beyond everything else that influences people to hire a Pet Butler is the word, one simple word, "busy." People are busier than ever and when the economy gets bad, they get even busier than ever because many times they will have to go get a second job or the spouse will have to go

get a job, and so the busier the people get, the better it affects our service.

**BOJ:** What exactly is the service? And is it profitable?

**Matt:** People are just fascinated and it's kind of the only-in-America idea of "Wow, anything's possible." The service is very simple. We don't incorporate any crazy technology to scoop the poop. We don't look like a big Ghost Buster popping out of a van or something with all of this equipment. The service itself is very simple. We simply take away the worst hassle of pet ownership, which is cleaning up the disgusting stuff in your yard. Every 70 plus million dogs out there in the United States, every one of them goes to the rest room every day, often times three and four times a day and no one in the country, that 100 million owners, or whatever the number is now, none of them like cleaning up after it, so it goes back to the age old adage, "find a need and meet it," something no one likes to do and do it, and do a lot of it for a reasonable fee. We've incorporated very high tech business management software that we've built proprietary from scratch over half a million dollars invested in this software that helps the franchises manage and route. We actually sign up every customer, they call us directly through a national call center 1-800-PET-BUTLER and we put them on the correct route, on the correct day, and the correct technician route with the correct order the correct franchise and it builds up for them and tracks every service, times every service, so it just does an infinite amount of things for the franchisee.

People are so busy, we see less than five percent of our clients. It's very rare that someone sees us, maybe two yards a day that we actually see an individual. It's subscription. Less than two percent of our business is a one time spring clean-up. Very subscription focused. In fact, 25 percent of our business is twice a week. You get somebody paying you - I don't care how much it is - twice a week forever, that's a lot of money.

I recently sold the business here in Dallas-Fort Worth for \$1.2 million. It does well over a million dollars a year. And what

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are the costs? He has employees, and he has 6 Pet Butler technicians in the field. Let's say he does \$1.2 million, which is probably close to accurate, divided by 6 technicians actually doing the work, that is \$200,000 per year each technician brings in for him. Well, you can be certain they don't make \$200,000. Most of my technicians actually do have a college degree so they're attracted to the idea that they don't have a boss that micromanages them all day. They don't have to sit in this stale cubicle, they have some control over their own pay, they can work at their own pace, they can enjoy the outdoors, they can play with dogs, they really don't get dirty. We have tools they use to clean up. It's a job that many white collar individuals have been really attracted to.

**BOJ:** Tell me about the appeal to franchisees?

**Matt:** The number one thing that attracts franchisees to our model, believe it or not, is not that it's ground floor, although that's probably third most important, it is not only that we have a national call center, but that we do all the billing and collections. So the combination of the call center that handles every call forever, our billing and collections handles all accounts receivable forever, and our software that handles the managing of the business, means that the franchisee is free to do two simple things: invest their time and money in marketing, and scoop the poop, or hire somebody to scoop the poop. So, if they can do those two very simple things, they can run their business from any beach in the world.

**BOJ:** What training do you provide?

**Matt:** It's called "Poop University" or "PU" for short. It's five days of in depth training at our national headquarters "Poop Central Command" in Dallas, Texas. A third of it is our software technology, a third of it is marketing related, and then a third of it is the rest of the business: managing it, understanding how things work. It's very in-depth training. And of course, you get the software. The number one thing people get – is our people, the Pet Butler franchisees already out there in the field – that's priceless.

**BOJ:** Take me through a typical life in the day of a franchisee.

**Matt:** On our website, on the franchise tour, or I think on the franchise homepage, there is a day in the life of a Pet Butler. Most franchise owners are owner-operators, so they literally are out there doing the dirty work. If they are an owner operator, and they don't have any employees, they are still fairly new, they can just jump in their uniform and take off because our software is also mobile so from any handheld phone, any internet enabled phone, they can see every yard, every detail of every yard, all the additional services for every yard, in the optimized order using Microsoft MapPoint our software is incorporated with and it times them between yards, it times them in the yard, the second that the yard is completed it puts the tracking in our software, and our customer service reps at Poop Central Command know when it was done and how it was done and if a customer calls and has a question it just tracks everything you could ever ask for regarding the work. They simply go out there and scoop some poop and do some marketing activities. Scooping and marketing.

By the way, we do quite a bit of commercial business too, it's not just residential. We have hundreds of apartments and multifamily communities around the country that we service, whether it be the pet stations or the actual service of cleaning up their properties.

**BOJ:** So the marketing is done locally. Do you do national marketing as well?

**Matt:** Absolutely. We have a national marketing and PR fund which is two percent of the franchisee's gross and that's out there doing a good amount and it's now over six figures a year. The national marketing that we do for the franchisees in a few years it will be seven figures and it will really have a big impact, but right now it's primarily we coach them, we train them, we have national buying cooperatives, buying programs that allow them to save money, save hassle and not waste time on things that don't work. Ultimately, it is up to them to get out there and make the noise.

**BOJ:** Is there an ideal franchise candidate out there or do you see all types?

**Matt:** We've seen all types, all aspects of life. Our most popular age range is the 30 something's, those folks who have ambition, are ambitious, and have been in the corporate world just long enough to realize two things: that they're never going to get their golden dreams in the corporate job and they've had enough time to save up some money to do something else. And that's about half our franchise partners are in the mid to late thirties. The rest are all over the map. We have two franchise partners in their early seventies, and then we have several that are in their early twenties. So all over the map.

**BOJ:** You talked about there being a two percent co-op fee. How about the franchisee royalty?

**Matt:** The franchise fee is \$29,900. The royalty is seven percent. The national ad fund is two percent. We have a customer service center fee that goes to handle all the routing and phone calls and billing, collections, they're miscellaneous really. .

**BOJ:** What are your goals and aspirations for the business over the next few years?

**Matt:** Number one is to become a household name synonymous with the industry. By far the number one thing we are all shooting towards is becoming that household name that is the name of the industry. Like the Kleenex, the Chapstick, the Xerox of the industry. Beyond that, six months before we launched our first franchise, back in '05 I set five goals and we are exceeding every one of them so far. They were to have a hundred franchises in five years. We've already surpassed that. To operate in all of the 50 largest metro markets. We are well on our way to that. I think we are in 32 of the top 50 metro markets right now. To offer service to 50 million people – that's not provide, but that's offer service to 50 million people. To collect half a million dollars per week for our franchisees. So basically do \$26 million in five years. These were five year goals. And then collectively to donate \$100,000 per year to family friendly organizations and another \$100,000 a year to pet friendly organizations. | **BOJ**