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寵物殯葬服務

Business Plan: Pet's Funeral Services

Student: Jose Gabriel Ramos

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中華民國一〇一年六月

June 2012

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Abstract

Pet's Funeral Services

By

Jose Gabriel Ramos

Pet's Heaven Funeral Services will be a local, dedicated to help through the process of saying goodbye to every family's beloved pet. Offering the same grace and dignity of a human funeral home, our full-time licensed funeral directors give your pet the final arrangements that they deserve and the peace you need in knowing they are respectfully and lovingly cared for at the end of their life.

Pet's Heaven Funeral Services will be located in a Plaza Mall in an Urban area in Panama City, targeting people with a medium to high level income. Target market is around 25% of total population.

The different services offered will be: pet's pick up, cremation, burial and exhumation and ashes cremation. Prices will depend on the pet's weight and size.

The initial investment to start the business will be \$US 45,000, which will be funded from owner's capital and a bank loan.

Pet's Funeral Services has a positive Net Present Value (NPV) of 29,007.09 and the IRR of 21%, which indicate that the project is possible and can be profitable.

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1. Executive Summary

1.1 Introduction

Pets are members of our family. We love them, we care for them, and we grow up with them. Like our human companions, they add joy and happiness to our lives on a daily basis. And while they sometimes can make us mad, mostly they make us laugh, and without a shadow of a doubt, they make our families more complete.

When a beloved human family member passes away, most of us turn to a trusted funeral home to help us care for their final arrangements. Why do we miss out on this experience with a four legged member of our family? Rather than go through the grief of losing a pet alone, you can give them the same dignity, care, and compassion as you lay them to rest as you would any other family member.

Pet's heaven Funeral Services is here to serve those needs. The professional staff counselors stand ready to help through the process of saying goodbye to your beloved pet. Offering your furry family member the same grace and dignity of a human funeral home, our full-time licensed funeral directors give your pet the final arrangements that they deserve and the peace you need in knowing they are respectfully and lovingly cared for at the end of their life.



1.2 Market

Presentation of the business environment

At present Latin American has had a remarkable growth in the pet ownership and pet related products as food, clothes, toys, accessories in general. Moreover, the pace of this expansion is about 13% annually in all socioeconomic sectors. With this we can conclude that the company is being settled on a solid platform in terms of demand and growth expectations.

1.3 Vision and Mission

1.3.1 Mission

Pet's heaven seeks to become the best service provider for pet's funerals in the Panamanian Market by offering a high quality services and products in order to provide a deserve good bye to whom is considered as part of our families

1.3.2 Vision

Be the market leader in pet's funeral services, positioned and recognized for offering a high quality product portfolio, innovative and proven.

1.4 The proposal

Pet's heaven will raise an initial capital of USD 20,000 to fund the company's start up and operations for the first year, 4 partners, mostly family members or close friends would take part of the project, by investing USD5,000 each and a USD 25,000 bank loan.

We are expecting a 100% return on initial investment by the end of the third year, afterwards we expect the company to gain more profit.

By the end of the fifth year, we are expecting to have revenues for USD 72,000, that would give us the opportunity to possibly expand our business and open a second service center in Panama City.

1.5 Long-term goals

- Review annually reports of our competitors and customers to identify opportunities in the market.
- Expand our operations to take advantage of demand in other places and increase our sales margin.
- Ensure that product and service quality is optimal to the point of consumption in order to provide a superior service.

- Achieve a good positioning in the market in order to reflect it in the customer's preferences.

2. Company overview

2.1 The company

As a company, Pet's Heaven Funeral Services helps you through the process of losing a beloved pet. We help you grieve and walk you through the process of caring for your pet after they pass away. As a business, this is what we do. Yet, Pet's Heaven Funeral Services goes so far beyond just what happens after your pet passes. As a family company, we not only celebrate your pet's life after they're gone, but also celebrate your pet with you throughout their entire experience as a member of your family. We know how much fun having a pet can be, and all that goes into their love and care.

This idea started when we lost of a lovely member of every single family that has one, your pet, and for that reason we have decided to give them a deserved good bye for those happy and pleasant moments we shared and that would never come back. That's how the idea of this new business started.

This company will be dedicated to give a good bye to that lovely pet properly, the way they deserve it, and to make it as less painful as possible for everyone.

2.2 Company ownership

Pet's heaven Funeral Services is organized as a partnership among 4 to 5 partners. The company will be divided as marketing and sales, finances, day to

day operations and IT (website), basically every member will do a bit of everything in the beginning to run the business.

2.3 Legal consideration

For any legal affair, Pet's heaven will outsource this service from a law firm when the service is needed.

2.4 Objectives

- Pet's heaven seeks to establish itself as a leading company in Panama's pet funeral services market
- Successfully secure initial funding to sustain the business start up
- To breakeven in the first year to become profitable in the beginning of the 2nd year of operations.
- Fulfill customer's needs by providing an excellent service and offer high quality products
- Be recognized by professional Veterinarians as the leader in superior aftercare services.

2.5 Key factors to success

- Provide a quality and complete service (from pick up, up to giving the pet's ashes)
- Have a variety of products in order to provide as much choices to our customers as possible, for any bird, cat or dog, no matter race, size, etc.
- Provide complete online information through an own website, advertisement on entertainment pages like facebook, twitter, etc.

- Promote in magazines, newspapers, radio stations, etc. to create awareness and become a brand in the near future.
- The ability to innovate, create new products, choices, for our customers and being able to customize our services in order to fulfill our customer's needs.

3. Product / Service

3.1 Product Offering

At Pet's Heaven Funeral Services, Pets are not just a number to us, pets is a member of the family. Through our customized system, Pet's Heaven Funeral Services accompanies them throughout the removal and cremation process guaranteeing that your pet receives the individual cremation service you desire and your family member deserves.

These services will be offered to every single person who owns a pet in Panama. According to our results the market segment for pet's funeral services is expected to offer a promising margin of profit.

Death is an unexpected event, which comes all of a sudden and takes away who we care more inexplicably. But for those unexpected cases, there's Pet's Heaven, more than a pet's funeral services agency, is the way to heaven for your pets. Pet's Heaven provides cremation and burial services for those little friends that have shared moments of happiness, sadness, good and bad times, that unconditional love that a pet can bring. Pet's Heaven guarantees to give back the real pet's ashes to their customers, the service is personalized and proven.

We will go through rigorous state testing and certification processes to ensure that your pet's cremation is held to the highest standard. As a pet parent, you can rest assured knowing that Pet's Heaven is certified and able to meet your needs.

3.2 Services

Pick up service: At the time the incident occurs, we pick up the pet anywhere.

Cremation: Includes pick up of the pet from customer's home or place of death, cremated individually, using an incinerator device specialized for pets. Customers has the choice watch while it happened and once it's done, the ashes will be returned to the owner within 48 hours in a funerary urn.



Pet Cremation Services

Burial services: Includes pick up of the pet from customer's home or place of death, and then the pet is buried at the owner's place, a place suggested by the owner himself or in a place suggested by us.



Pet Burial Services

Besides offering funeral services we have decided to offer other kind of products like:

3.2.1 Our Standard Services Include:

- Transportation of your pet from your Veterinarian's office or from your home to our Funeral Home.
- Personalized tag tracking system for all Individual Pet Cremations under Certification Standards
- Complimentary Container including Preparation and secure placement of your pet's remains
- Authenticated Certificate of Individual Cremation
- Opportunity to Memorialize your pet through our website posting your pet's picture and sharing your pet's story with family and friends
- Grief Information for you and your family, including special information for children on death

- Opportunity to share in annual memorial programs in remembrance of your pet

3.2.2 Other Benefits We Offer:

- Full-time Licensed Funeral Directors on staff;
- Memorial Products - A large selection of urns and other memorial products, including paw prints, nose prints, nameplates, markers, urns etc.
- Pre-Arrangement Programs for advance preparation
- In loving memory of your beloved pet, a reading of the Prayers For Animals.



Pet Markers



Nameplates



Paw prints



Urns

3.2.3 Planning Ahead Services

No one likes to think about losing their beloved pet. Whether it comes unexpectedly, or after the course of a long illness, the death of a pet leaves us feeling anguished and confused. So often we hear, “...we wish we would have known about you sooner...”, having found out about our services after the fact.

At Pet’s Heaven Funeral Services, we offer you the opportunity to plan ahead for your pet’s aftercare needs through a variety of individual pet burial and pet cremation plans designed to fit your family’s needs and budget.

3.2.4 Benefits of Advanced Planning

By planning ahead for your pet’s aftercare needs, you are:

- Protecting your family from having to make difficult decisions during an emotional time

- Making your decisions ahead of time weighing out the options of whether you prefer burial or cremation, types of service or merchandise you prefer
- Determining your family's needs and budget ahead of time
- Finalizing your pet's cremation or pet burial pre-arrangements eliminating hastily made decisions and later regrets
- Locking in today's prices for services that may not be needed for many years.

4. Market Overview

4.1 Overall Market

According to statistics by end of 2008, Panama's Pet market is full of potential as the total count of pets is approximately 25% of total population.

For anyone considering pet ownership Pets are a lifetime commitment. Adopting a pet is just like adopting a child because it entails all the same responsibilities; financial, medical, emotional, physical, and more. Pets need constant attention, supervision, and consistency of rules to train them to live inside a home. A pet's medical needs cannot be ignored. Even diet must be considered. What a pet owner feeds their pet cannot be the cheapest food they can find! Would anyone feed their kids cheap junk food every day and expect them to be healthy? Pets give back so much to their pet parents. The unconditional love and companionship they freely provide should be shown appreciation with the best possible pet parenting one can give.

I wish every person could and would adopt a pet, but only if they are willing to go the full distance, treating that pet as if it's a member of the family or their only child. Anything less is unacceptable.

4.2 Market opportunities

Reasons for starting this kind of business and why it might be profitable:

- Regional economies expansion
- Change in lifestyles (childless couples usually adopt pets)
- Pets have become relevant in families and individuals lives
- Increase in mass communication and promotion in the pet's category
- Most countries in the region during the decade have shown growth
- In recent years, has evolved the idea that the dog is man's best friend because of his faithfulness.
- In different countries, trends have emerged where a pet is treated like a child, and therefore requires more care and attention

The market for pets has been increasing over the past years. According to veterinarians, the result of this growth has affected the average monthly expenditure for a person who owns a pet, which includes spending for food, medical, baths and accessories. Another point worth noting is the growth of our country veterinaries, especially in the last decade where the demand has grown.

Experts say that a few years ago, veterinarians usually received three to four visits a day and today have risen to around 20 visits a day. According to studies results in the following years this market may continue to grow.

4.3 Consumer Profile

Pet's Heaven has the following profile:

- People who own pets: they are our target audience as it is they who would require the service.
- Belong to the socioeconomic level A and B: according to our economic growth, people have increased their purchasing power, so as a result of this effect, people increase their investment in their pets.
- People who are within this range know how important pets are, depending on this, owners will decide either to spend in funeral services for their pets or not.

4.4 Competitive Analysis

- Threat of new entrants

In this market entry barriers for new competitors are low because they are easy to overcome, but it is also true that a corporation would find a little profitable to get in the niche of the market that we are heading to. It is important that our corporate strategy is to position ourselves to be prepared for any threat of entry in the long run.

- Rivalry among competitors

Our direct and indirect competitors in the market are not very strong so far, our company would be prepared to face this market and our strategy of differentiation is to offer a high and proven quality funeral services which would only be offered by us, on the other hand, the growing market for pets makes the rivalry among competitors less intense. It should also mention that our company long-term strategy is to reduce fixed costs, set aggressive advertising and promotions

- Bargaining power of buyers

The market is considered less attractive because we will allow buyers to choose between buying our different products, Also, we will try to address this position and gain loyalty is by offering a product/service that is almost nonexistent in the market but seems to be attractive. Buyers are small and are not organized. There is also very low probability that there will be a backward integration.

- Bargaining power of suppliers

Bargaining power of suppliers is low because we don't need to make much purchase to offer our main services, for extra services even if the inputs are key to us, there are many providers of these. Also as our sales grow, which consequently will grow our purchases, we will gain more power over them.

- Threat of substitute products

We know that our greatest threat of substitute products are the alternative services that some veterinary clinics could offer, but they are not focused on providing this kind of service and are not 100% proven as us. But we also

know that it would be difficult to make the entry of a substitute product, so our company aims to improve its processes y expand its portfolio of alternative services which allow the market to provide products with higher strengths.

4.5 Swot Analysis

Table 1. Swot

Strength	Quality Service Guaranteed First in the market No need to Bank Refinancing Good Profit Margin	Weakness	Some people won't see worthy to spend in this kind of business and would bury their pets by themselves or maybe throw them away in a plastic bag
Opportunities	Big changes in people's lifestyle growing demand for pet related products and services Environment is more pet friendly nowadays	Threats	New people entering in the pet market as New Competition

5. Marketing Plan

5.1 Target Market

For this project we are considering three important segmentation variables:

Geographic: Most of the people with purchasing power are located in Panama City.

Population: The product/service is intended for people who own pets, belonging to socioeconomic levels A and B.

Psychographic: For this kind of segmentation we consider people who consider worthy to give a pet a deserved good bye, for all those special moments that were shared.

5.2 Pricing

According to our pricing strategy, we set the following policies:

- a) The price of our product will change only if the perceived value of it change to our target audience, and this we will know this through market research that we expect to conduct every year.

- b) We will have some discounts, but these will differ depending on the services required by the customer, either pick up, cremation, burial, or a combination of two or more services. Price also vary depending on pet's size, small, medium or large. So far, we do not have a reference in the market to set our prices.

c) The price will be calculated on production costs and taking into account that cannot exceed certain amount of money.

We have decided to enter in the market with the following prices:

Table 2. Prices

Service	Description	Prices (USD)
Deceased Pet Pick up	pick up of the pet from customer's home or place of death	\$ 50.00
Cremation	Pick up + Cremation and pet's ashes in a funerary urn.	
Small Size Pet	1-15 pounds	\$ 125.00
Middle Size Pet	16 -30 pounds	\$ 145.00
Large Size Pet	Large 31-60 pounds	\$ 170.00
	Too Large 61-100 pounds	\$ 190.00
	Extra Large 101-130 pounds	\$ 250.00
Burial	Pick up + Burial	\$ 240.00
Cremation + Burial	Pick up + Cremation + burial	\$ 350.00
Exhumation + Ashes cremation	Pick up and remove pet's ashes from where it was buried, then proceed to cremate and give back ashes in a pet urn.	\$ 250.00

Memorial Products	small	medium	large
pet markers	\$50	\$100	\$150
nameplates	\$10	\$15	\$20
paw prints (one size)	\$50		
urns	\$30	\$35	\$40

5.3 Promotion strategy

We will manage pet's events in different places to promote our funeral services including:

1. Online Community website: We will provide some information to our possible new customers about services description, prices, alternatives, events and special promotions.
2. Magazines / Newspapers: We will advertise our services on newspapers and magazine, which are the better and cheaper way to let people know about us. Advertisement expenses will vary depending on customer's demand.
3. Pet's sport events: These events have been hosted for several years already and it is a smart way to introduce our services to people.
4. Press Interviews: We will arrange interviews with the media (press and magazines) to introduce our services to general public.

6. Financial Plan

6.1 Source of funds - First Month Startup expense

Pet's Heaven Funeral Services will ask for a bank loan of USD25,000 and will raise an investment amount of USD 20,000.00 from founders for startup fund. The fund will be used for the purchase of furniture, an industrial oven, car, computer, advertising & promotion expenses and the first month of operation. The profit of the first years will be retained to fund future operation expenses.

The first month startup expense includes the location and administration expenses which are the office rent which is \$400 USD and its deposit (one month paid in advance), utilities expenses such as phone bills, internet, electricity, water, etc. Salaries won't be taken into account until the business start gaining profit. The total source of fund would be for USD 45,000 while the first month expenses would be for a total of USD 27,290, leaving a difference of USD 17,710.00 for future operation reserve fund.



Table 3. Startup expense

Pet's Heaven - First Month Startup Expense	
Source of Capital	
Partner's investment	20,000.00
total investment	20,000.00
bank loans	10,000.00
startup expenses	
office equipment	8,000.00
Furniture	3,000.00
Car	15,000.00
others	-
total capital equipment	26,000.00
location and admin expenses	
Office rent	400.00
rent deposit	400.00
salaries	-
maintenance	100.00
utility bills (electricity, water, gas)	250.00
telephone bill	40.00
other miscellaneous expense	100.00
total location and admin expense	1,290.00
summary statement	
sources of capital	20,000.00
bank loans	10,000.00
total source of funds	30,000.00
startup expenses	
capital equipment	28,000.00
location / administration expense	1,290.00
total startup expenses	29,290.00
reserve fund	710.00

6.2 Revenue Forecast

Pet's Heaven categorizes its services into 5 different types by using their standard prices. Giving a realistic scenario, we won't earn salaries the first

year or until we start gaining real profit from the business, In the meantime we would have our own jobs and work on this project part time. The five-year sale forecast shows that the revenue is slowly growing from the first year, but grows constantly year by year. The amount of each year is shown in table 4 and figure 1.

Table 4. Revenue Forecast

5 years revenue forecast							
Revenue	Pick up	Cremation	Burial	Cremation + Burial	Exhumation + Ashes Cremation	Accessories	Total
2012	3,000.00	7,430.00	6,220.00	4,500.00	3,350.00	2,500.00	27,000.00
2013	4,200.00	9,800.00	8,600.00	6,200.00	4,200.00	3,000.00	36,000.00
2014	8,650.00	11,550.00	10,500.00	9,900.00	8,050.00	5,350.00	54,000.00
2015	9,550.00	13,400.00	12,800.00	10,600.00	10,150.00	6,500.00	63,000.00
2016	10,300.00	15,300.00	14,700.00	12,900.00	10,950.00	7,850.00	72,000.00

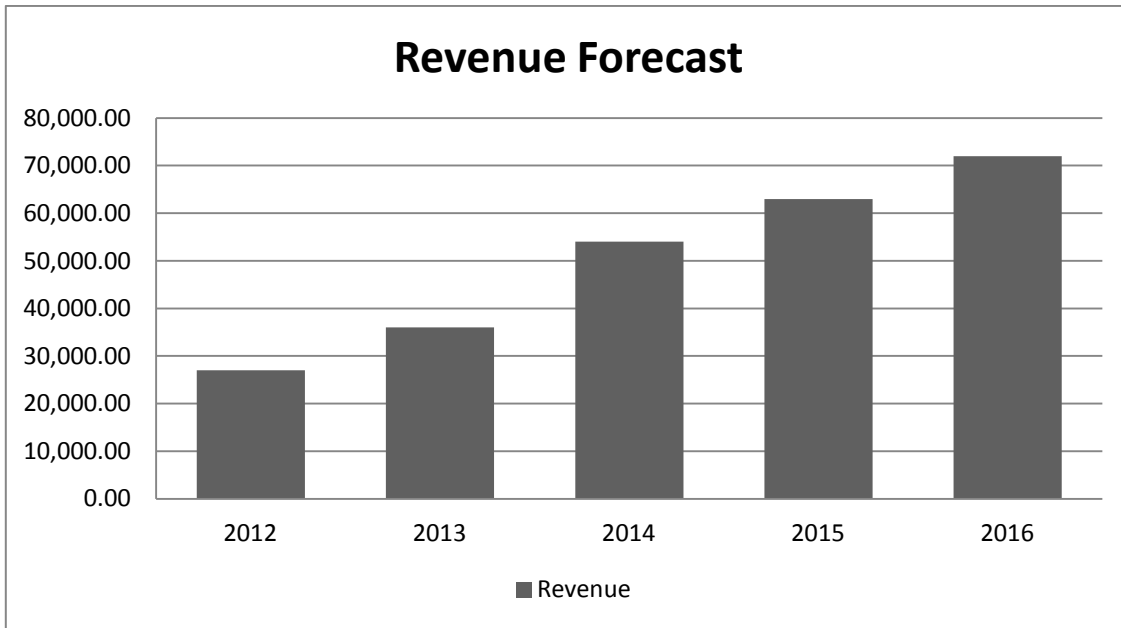


Figure 1. Revenue Forecast

6.3 Revenue vs Expenses

Revenues are forecasted to be USD 27,000 in the first year, which is an average of 15 regular sales per month. We expect this quantity to increase year by year, to reach an amount of USD 72,000 revenues in the 5th year which is an average of 40 regular sales per month,

Expenses include utility bills (electricity and water), phone bills, gasoline expenses, rent, advertising expenses, wages & salaries

Table 5. Revenue vs Expenses

Year	revenues	expenses
2012	27,000.00	21,280.00
2013	36,000.00	21,280.00
2014	54,000.00	25,280.00
2015	63,000.00	29,620.00
2016	72,000.00	27,960.00

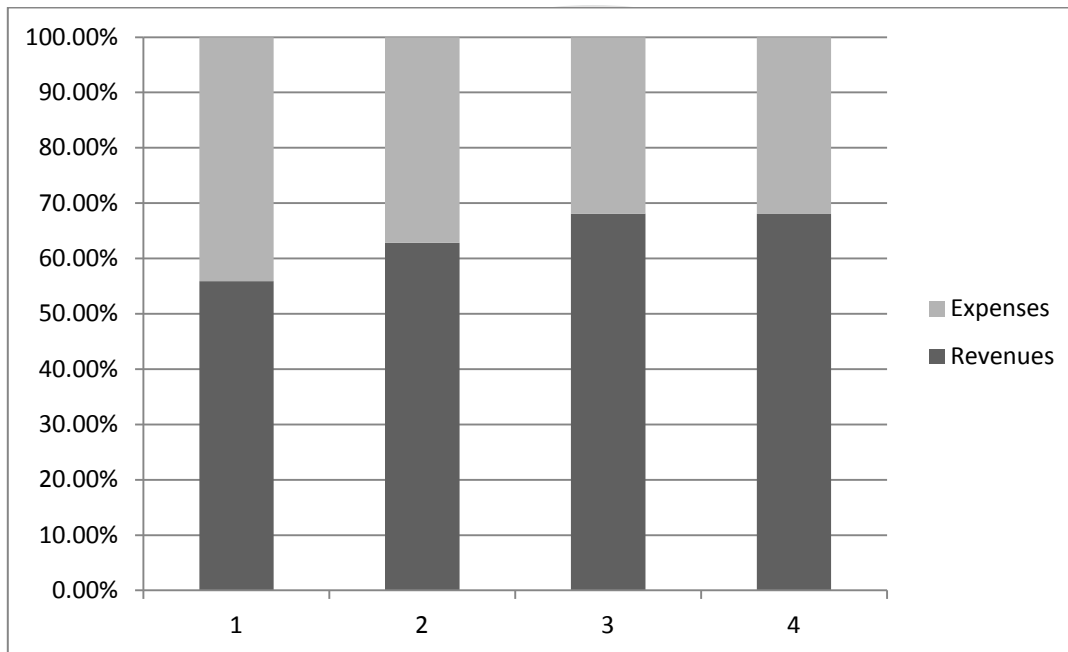


Figure 2. Revenue vs Expenses

6.4 Projected Cash Flow

Cash flow projection shows the outflow is steadily reducing from beginning of the second year and cash inflow is significantly increasing from beginning of third year. The major cash spent is on advertising & promotion, equipment purchases and utilities expenses as a service based business. From those expenses only utilities will remain constant regardless of the sales revenue,

while advertising & promotion will always vary year by year and equipment purchase are occasional expenses necessary to run the business at the beginning. The following table indicates the projected cash flow:

Table 6. Projected Cash Flow

Cash Flow Statement					
	2012	2013	2014	2015	2016
Cash flow from operating activities					
Revenue	27,000.00	36,000.00	54,000.00	63,000.00	72,000.00
Operating Cost	-3,500.00	-4,000.00	-6,600.00	-10,000.00	-12,000.00
Interest & Loan Paid	-6,388.92	-6,388.92	-6,388.92	-6,388.92	-6,388.92
Operating expense	-21,280.00	-21,280.00	-25,280.00	-24,680.00	-25,780.00
Net cash from operating activities	-4,168.92	4,331.08	15,731.08	21,931.08	27,831.08
Cash flow from investing activities					
office expenses					
equipment	-26,000.00	-	-	-	-
net cash flow from investing activities	-26,000.00	-	-	-	-
Cash flow from financing activities					
investment by partners	20,000.00	-	-	-	-
loan-term debt	25,000.00	-	-	-	-
net cash flow from financing activities	45,000.00	-	-	-	-
net increase of cash	14,831.08	4,331.08	15,731.08	21,931.08	27,831.08
cash at the beginning of the year	0.00	14,831.08	19,162.16	34,893.24	56,824.32
cash at the end of the year	14,831.08	19,162.16	34,893.24	56,824.32	84,655.40
interest paid*: interest rate 10.1 %, 5 year loan					

6.5 Income Statement

The net profit for a service-based business is a reflection of the efficiency in which those services are offered. Panama has a quite low inflation rate, so we are not going to take it into consideration, we will assume the for the next 5 years, cost expenses and operating costs will increase as sales increases, phone bill, maintenance will not vary. The highest business expense will reach USD 25,780 by year 5 approximately.

Wages are one of the crucial part in the cost budget. We will assume that there will be no wages expense until we start gaining at least a low amount of profit, then we will start taking it into account, probably starting in the end of the first year or the beginning of the second, depending on how the business performance goes.

With a realistic scenario in sales, business will start to make significant profit in the third year, and we expect to become more profitable afterwards.

Table 7. Income Statement

Pet's Heaven 5 years Forecast					
	year 1	year 2	year 3	year 4	year 5
Revenues	27,000.00	36,000.00	54,000.00	63,000.00	72,000.00
Operating cost	3,500.00	4,000.00	6,600.00	10,000.00	12,000.00
Operating gross profit	23,500.00	32,000.00	47,400.00	53,000.00	60,000.00
Expenses					
Wages	-	6,000.00	6,000.00	6,000.00	6,000.00
Utility bill	6,000.00	6,500.00	8,000.00	10,400.00	11,500.00
Phone bill	480.00	480.00	480.00	480.00	480.00
Rent	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00
Advertising	10,000.00	6,000.00	6,000.00	3,000.00	3,000.00
Total expense	21,280.00	21,280.00	25,280.00	24,680.00	25,780.00
profit before tax	2,220.00	10,720.00	22,120.00	28,320.00	34,220.00
income tax 7%		-750.40	-1,548.40	-1,982.40	-2,395.40
net operating profit	2,220.00	9,969.60	20,571.60	26,337.60	31,824.60

6.6 Breakeven Analysis

To review the project of Pet's Heaven Funeral Services start up business, we analyzed the breakeven conditions and related financial indicators. The results show that the project's initial investment will be recovered by the third year of

running the business, the Net Present Value (NPV) is 29,007.09 and the IRR is 21%, which means the project is economically feasible to be implemented.

The cash generated by years is detailed in the following table

Table 8. Breakeven Analysis

Breakeven Analysis			
	Item	Amount	Balance
1	Start up Investment	-45000	-45000
2	Net Income		
	1st year	2,220.00	-
	2nd year	9,969.60	42,780.00
	3rd year	20,571.60	-
	4th year	26,337.60	32,810.40
	5th year	31,824.60	12,238.80
3	IRR	21%	14,098.80
4	NPV (5% interest rate)	29,077.09	45,923.40
5	Payback year	3	

6.7 Legal consideration

For any legal affair, Pet's heaven will outsource this service from a law firm when the service is needed.

7. Risk

7.1 Market Risk

Potential risks for Pet's heaven Funeral Services are described as following:

- Possible Crisis that would make market growth slower than expected

Sale Volume and market growth rate may be worse than our projected figures and consequently the situations result in the revenue shortfall and operation problem. The worse case projection and results are describe as following:

- **New Competitors**

As every single new business start, there will be always the new entrants threat, willing to share the market and start a possible price war in the market. Fortunately, price is not the main decision factor but a good quality, performance, certificated service that would add value to all our customers.

7.2 Financing Risks

Financial risks is a fatal issue for small scale company like Pet's Heaven Funeral Services, possible risks are described as following:

- **Lack of follow-on capital to complete project**

During the startup of Pet's Heaven Funeral Services there may be unexpected factors that may affect the company's capital. We will have a contingency plan that considers raising another amount of capital.

7.3 Managerial Risks

Although Pet's Heaven Funeral Services only has about 4 to 5 employees and only one branch office in the start-up stage, there might be risks of management causing company growth stagnation. Possible risks might be:

- **Lack of experienced employees**

The experience staff is not essential but an important point for the business success. The personality and stability will be considered when recruiting

employees. Trainings would be required before completely hiring employees for working in this business. Trainings will be provided by specialists, either by hiring one or outsourcing it from a settled funeral services company.

8. CONCLUSION

After reviewing all the different stages of this project, I can conclude that:

There's no direct competition in this market for Pet's Heaven Funeral Services so far. So, We have the chance to position ourselves as a profitable and efficient business being the first offering this kind of service.

Using our differentiation strategy and being the first business offering this service will give us a competitive advantage in the market to attract new and loyal customers with middle to high level incomes.

The economic environment in Panama is growing very fast which is a positive opportunity for new businesses, and give us a high probability of success and profitability.

Although, we have to be aware of possible entry of new competitors, maintain good prices and a high quality to keep our customer's loyalty.

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