

August 7, 2008

*(***Revised 10/7/2008 after release of actual 2009 WA State Minimum Wage. Changes include downward adjustment of Excess Travel Fee, Web Access/Admin Fee, and Pet Taxi.)*

*(**Second Revision 10/29/2008 showing adjusted/lowered rates for 60 and 90 minute visits.)*

Dear Placid Pet Customers:

As we approach our 2-year anniversary, I wanted to check in with all of you to let you know how much we appreciate your business, to give you a quick "state of the business" report, and to let you know about a few pricing changes that will go into effect on 9/1/2008.

State of Business

The Placid Pet provides a service that for many people is viewed as a luxury item. Downturns in the economy almost always result in a downturn in business like ours. In many ways we are a bellwether for the economy. Starting in mid April, with the release of gloomy national economic forecasts, new business quickly leveled off to zero growth. After a 2.5 month dry spell, July saw a sudden rejuvenation in growth - we are once again taking on new clients each week. When you compare gross revenue by month compared to last year, we haven't seen the same sharp spikes in growth that we enjoyed in 2007, but we also haven't experienced any valleys that are usual for the "feast or famine" nature of the pet care business. On the contrary, I am very happy to report that our month-to-month sales have been quite stable in 2008 (knock-on-wood).

I believe the stability in our business from January through July is a testament to the outstanding service provided by The Placid Pet staff, but it is also a testament to the loyalty and support of our current customers.

We know you have a choice. We know our rates are higher than some of the other pet care providers in town. We see the bulletin-board flyers for new, low-rate, non-licensed, non-insured independent pet care providers that seem to spring up every month, especially in Bellingham. We know that there's nothing to stop you from trying out a new, and less expensive pet care provider, especially when the economy throws curve balls at us like it has during the last 12 months.

That's why, more than ever, we appreciate your faith in us.

Notes worth sharing:

- From 9/1/2008 through 8/31/2008, The Placid Pet will have served 132 unique households throughout Whatcom & Skagit Counties.
- Of those 132 households, at least 95 are repeat customers (72%).
- During the same time period, Placid Pet staff will have completed at least 2,995 individual pet care visits.
- Our most popular service is the 30-minute visit.
- We have 12 pet care providers on staff, and we're hoping to find more talent in Bellingham, specifically for mid-day dog walks.
- We continue to receive positive feedback from customers (thank you for all of the kind notes and messages!).
- From January through July we donated \$700 in cash to the Alternative Humane Society (AHS) and Whatcom Humane Society (WHS).
- We are renewing our commitment to continue to donate 2% gross receipts to AHS and WHS (1% to each organization) on a monthly basis.
- We are also increasing our charitable commitment to include a donation of .5% (1/2 a percent) of gross receipts each month to The Grateful Dog Off-Leash Association.

- We will also continue our donation of server space and Web development to www.gratefuldogs.org.
- In 2008 our other contributions to the community included a new (and significantly better looking and more stable) covered bulletin board for the Post-Point Dog Park.
- In 2008 we once again had a float in the Blaine Old Fashioned 4th of July Parade, and this year we garnered an Honorable Mention. ~:-)

We also regularly advertise with nonprofit organizations such as the Bellingham Festival of Music and the Bellingham Theatre Guild, and donate baskets of goods for auction by AHS, WHS and other non-profits.

Increased Customer Benefits

Our favorite referrals are those that come from existing clients, and we want to reward you when you recommend us. *****If you tell a friend about The Placid Pet, be sure to ask them to let us know you referred them. If they become a client, you'll receive \$10 off your next invoice.** (That's an increase from \$5.) I'm happy to say that we've credited several invoices in the last few months.

Another automatic client benefit is 10% off of all fees over \$500 in a single invoice.

Web Site Notes

If you haven't had a chance to visit our Web site lately, we encourage you to do so. The average number of unique visitors each month exceeds 500. We've had as many as 841 unique visitors in one month. For a little pet sitting operation in Bellingham, WA, this isn't too bad. If you do get a moment to visit www.placidpets.com, then please...

- Take a moment to rate our services by clicking the "Local Choices, Local Voices" decal.
- Take a moment to read about our staff members on the [About](#) page and look through the many unsolicited [Testimonials](#).
- Peruse the [Photo Gallery](#) -- you may see your pet!

New Pricing

New pricing will go into effect on **9/1/2008**. However, **if you request pet care before 9/1/08, for any service scheduled to start from now until the end of the year, you'll be granted the current ("old") pricing.** All services booked on or after 9/1/2008 will be subject to the new fee schedule.

Service	Non-Holiday Rate (\$)
15 Minute	16.00
30 Minute	21.00
45 Minute	26.00
60 Minute	29.95
90 Minute	41.50
Overnight	71.00

Additional New or Revised Fees:

- Administrative/Web Access Fee: **\$2.50 per invoice** (*****decreased from \$5.00*****)
- Last Minute Fee (scheduling service with less than **24** hours advance notice): **25%**
- For brand new clients we have also added a \$35 cancellation fee (if all scheduled services are cancelled after a completed New Client Questionnaire is submitted).

- Excess Travel Fee: **\$.23 per minute.**
- Pet Taxi Fee: **\$16 (for up to 30 minutes round-trip).**

We will NOT be adding a cancellation fee for established clients.(!!!)

While we hate to raise rates during a time of economic downturn, the last few months have been tough for us. We feel that the increases are minimal, but will help us to keep going through the next year. Here are some of the factors that led to the decision to raise rates:

- As an employer in Washington State, The Placid Pet pays workers' comp on behalf of employees. While we could ask our employees to pay a portion of this fee, we pay 100% as a benefit to our staff members. The Placid Pet is categorized as a CHORE SERVICE by the State of Washington. The CHORE SERVICES rate is extremely high -- \$.7331 per hour. By comparison, veterinarians only pay \$.34 per hour. (And think about how much more a veterinarian can bill in 60 minutes of time.) The Placid Pet pays it's employees both for time on-site (providing pet care) as well as for a minimum of 30 minutes of travel time for each visit. This means that a 30-minute pet care visit actually costs The Placid Pet one hour of workers comp. \$.73 can be a huge chunk of change when your profit margin is small. Although I have spoken with the state, and asked that we be re-classified, they will not budge. The current rate for CHORE SERVICES is 8% higher than it was last year, and it may increase again in 2009.
- The number one expense for an in-home pet care provider is automobile expense, and primarily gasoline. The price of gas in Bellingham this time last year was ~\$3.40. As of July 7, 2008 it was over \$4.40.

If a pet care provider drives 16 miles (round-trip) for a single visit, and their car gets 25 MPG, then the additional cost, per visit over last year is calculated as follows:

Date	MPG	Distance	Cost per Gal	Cost for Distance
July 2007	25	16	\$3.40	\$2.18
July 2008	25	16	\$4.40	\$2.82
			Difference:	\$0.64

So today it may cost your pet care provider \$.64 more **per visit** to provide service than it did last year. That's a significant portion of wages earned for each visit (2-8% of the base wage, depending on the length of the visit).

- The Placid Pet's subscription to ProfessionalPetSitter.com (the on-line scheduling/invoicing service that makes how we do business possible) recently increased their fee 50% from \$100/month to \$150/month. Our annual costs are now \$1,800 for this service alone.
- WA state minimum wage will increase on 1/1/2009. The State will not determine the new minimum wage until economic reports are released this fall (as late as the end of October). My

guess, based on previous years' increases, is that the WA minimum wage will go up at least 5%, and probably more, or somewhere near \$8.50 (a 5% increase over the 2008 minimum wage of \$8.07). [Actual 2009 WA minimum wage is \$8.55.] Why this is important for Placid Pet Pricing: The base pay for each visit is based on two factors: A high hourly wage for on-site pet care, and the WA State minimum wage for travel time. The WA minimum wage has a direct impact on our costs, and thus our fees. ***If the WA minimum wage is higher than \$8.50 for 2009, then Placid Pet fees will be adjusted accordingly.

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The Placid Pet has nothing to hide. In fact, we think that you SHOULD know where your money is going, and so would like to introduce the idea of "transparent business." You may review our previously confidential Rate & Wage matrix on-line:

http://www.placidpets.com/Web_PP/2009_Matrix.pdf.

If you have any questions or suggestions, please let me know.

REMEMBER: All pet care requested before 9/1/2008 (for any service scheduled to begin prior to 1/1/2009), will be billed at the old rate.

So schedule your holiday pet care now, and save!

From all 12 members of The Placid Pet, Inc., thank you for your continued patronage.

Regards,

Bobbie Ruth Langley
President
The Placid Pet, Inc.
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