



NetSuite Loves Dogs and Dog Lovers

Entrepreneurs have several things in common. Often frustrated by outmoded approaches or bland products in markets, they envision a better way. They also apply that innovative vision to how they run their companies.

This leads them to leverage modern and effective technology approaches to manage their companies for growth.

ChainLink Research

2014



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Introduction

Loving your dog or pet, like many pursuits, has gone upmarket. Pets are part of the family, and they reflect the lifestyle of the owner. Organic foods, fashionable wardrobes for pets—and owners—natural products for our beloved family member's bed and toys, are becoming big business.

The entrepreneurs featured in this article were frustrated by the poor-quality products they saw in the market and wanted to build companies that reflected their values—both in product quality and in giving back to the community. They are frustrated, but also courageous to launch new companies in the highly competitive, but growing pet market. Since the 90s, the pet market has grown 8% annually to an estimated \$58 Billion in 2014, with the premium products segment growing more quickly, with estimated growth between 11% and 15%.

These young, rapidly growing businesses featured in this article are *Dog is Good* and *Pet Lifestyle and You (P.L.A.Y.®)*. These founders had to have more than a good idea, however. It takes product research and design, sales channels, logistics, advertising, capital, as well as great partners to produce your ideas, and technology to establish and maintain your presence and manage the business. Today's business can reach the world through the internet, but managing a successful brand is a bit harder than establishing a web storefront.





Dogs May Be Good, but Managing a Business Is Pretty Complex

[Dog is Good](#) is a Dog Lifestyle company creating and marketing gifts and apparel for dog lovers. When Jon and Gila Kurtz started *Dog is Good* they wanted to deliver *dogvergnügen*, which means that great feeling you get when you are with your dog. Running a business may challenge that feeling, but these founders experienced the excitement of managing a growing business filled with challenging decisions.



The market is filled with low-end products, but the Kurtzs were looking to create fashion *and* quality. Selling wholesale and retail, as well as brand licenses to numerous manufacturers in the pet, gift and home product industries, is a complex endeavor. “When we started *Dog is Good*, we had no intention to be a mom and pop business,” Jon Kurtz said. “We knew technology was going to be a major factor enabling us to grow. To manage costs we wanted to automate as much as possible.” However, they need to invest since they “... were focused on developing new business relationships and managing growth,” says Kurtz.

As they grew, building out the many e-commerce sites and managing core operations of the business such as fulfillment, with multiple tools, soon became “unwieldy,” says Kurtz. “I did a lot of research and read everything I could get my hands on about the technology and concluded that rather than buying separate components, implementing ERP was going to be better for the business. I needed a system, though, that I was *never going to change again*.” With that goal in mind, Kurtz needed to find a solution that a young business could implement, yet had all the depth to support their growth. “We did not want to build an IT staff, so cloud was a big selling point for us.”



With NetSuite, those goals have been met. “In growing the business, I am always making investment choices—what will this investment bring the business? We don’t have to dwell on that with our ERP. As we add more products and channels we can implement more capabilities from NetSuite. I am amazed all the time; there is so much in there (NetSuite).”



For *Dog is Good*, the ERP has to support what they call the “three pillars of their business: Wholesale, Retail and Licensing.” Unto themselves, each of these areas has unique challenges, but managing it all is quite complex. Just how complex, we learned from Kurtz, is shown in



Figure 1, page 6. “With NetSuite, we can continually add new capabilities to support our channels and customers.” For example: unique pricing and promotions through affiliate websites and channels; or implementing self-service ordering for the wholesales business; and reducing administrative work for our channels. To grow, “... our model has to support our channels’ needs, yet create and support brand awareness of *Dog is Good* through retailer and wholesaler, who sell in different ways. With NetSuite, we now have visibility to the whole business—sales, costs, and inventory.”

Another element of NetSuite that Jon takes advantage of is the NetSuite community, “... where customers are helping each other and development partners are always adding new capabilities.” NetSuite has a development platform and developer community as well as a site, SuiteAnswers, that provides advice within the community of customers and developers who share tips, cases, etc.

Dog is Good continues its stellar growth, adding many channel partners and hundreds of customers. They are growing out of existing facilities, but not out of their ERP.

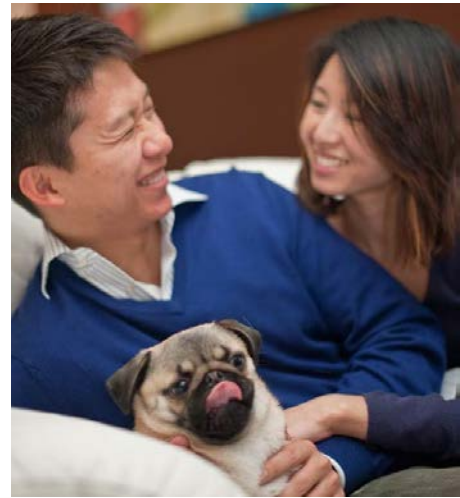




Managing a Growing Business Isn't Just Play

P.L.A.Y. stands for *Pet Lifestyle and You* www.petplay.com.

The founders, Deb and Will Chen, wanted to find their pet, Momo, the perfect bed. Finding a bed was certainly easy, but beds that were of high quality, had aesthetic appeal, and were affordable turned out to be a search with no results. Wanting to build the better mouse trap—in this case, a dog bed—is often the catalyst for launching a new business. But success does not just come from a good idea, alone. Innovation, technology, and hard work are central to P.L.A.Y.



In talking to cofounder, Will Chen, I learned that they knew they had to attract consumers away from some of the mega e-commerce competition to be successful. That meant taking advantage of “... the digital age by doing a lot of networking, spending significant effort on social media and the website, and making sure our platforms are consumer-friendly.”

Chen felt they could operate differently—more efficiently. He put his past management consulting experience to work in his own company and looked to apply “... a modern approach through creating strategic partnerships and distribution channels,” Chen pointed out, “... from the day-to-day operations standpoint, managing inventory and cash flow and gaining market awareness on a limited budget.”

Young companies need to adopt some innovative approaches to doing business and “... team members often times need to wear multiple hats in different situations.” That means they need information and communications so they are effective and can manage the business.



Chen knew about the growing pains of a small company “... built on a collection of disparate technologies as well as the expense of on-premise solutions,” which is why they selected NetSuite. “I wanted to make sure we built our business on an efficient and scalable ERP platform, so we implemented the system before we even opened our door for business,” Chen remarked. This trend in the entrepreneurial world has been growing with new generations of



business start-ups who see technology as a core element and implement their ERP as part of the initial start up.¹ They also understand how to apply a virtual business model, leveraging technology, as well as third parties, to perform critical operations. Finding good service providers (especially in fulfillment and logistics) who are technically savvy was also critical to *P.L.A.Y.* for ensuring best-in-class logistics services.

Says Chen, “*P.L.A.Y.* has achieved 70 percent year-over-year growth since it launched its business on NetSuite in 2010. With NetSuite, *P.L.A.Y.* has rapidly grown to 500 retail store partners in North America and a dozen international distributor partnerships across Europe, Asia, and Canada.”

“Scalability is an outstanding aspect of the NetSuite solution—it's intuitive and easy to use, and as long as I have the Internet, I can run my business from anywhere. That's a huge advantage of running our business in the cloud.” NetSuite is a key growth enabler, helping to support not only the financials, sales, and cash management, but scaling of operations. For example, *P.L.A.Y.* will continue to grow internationally, with more distribution partnerships and plans to expand their fulfillment capability in Asia and Europe.

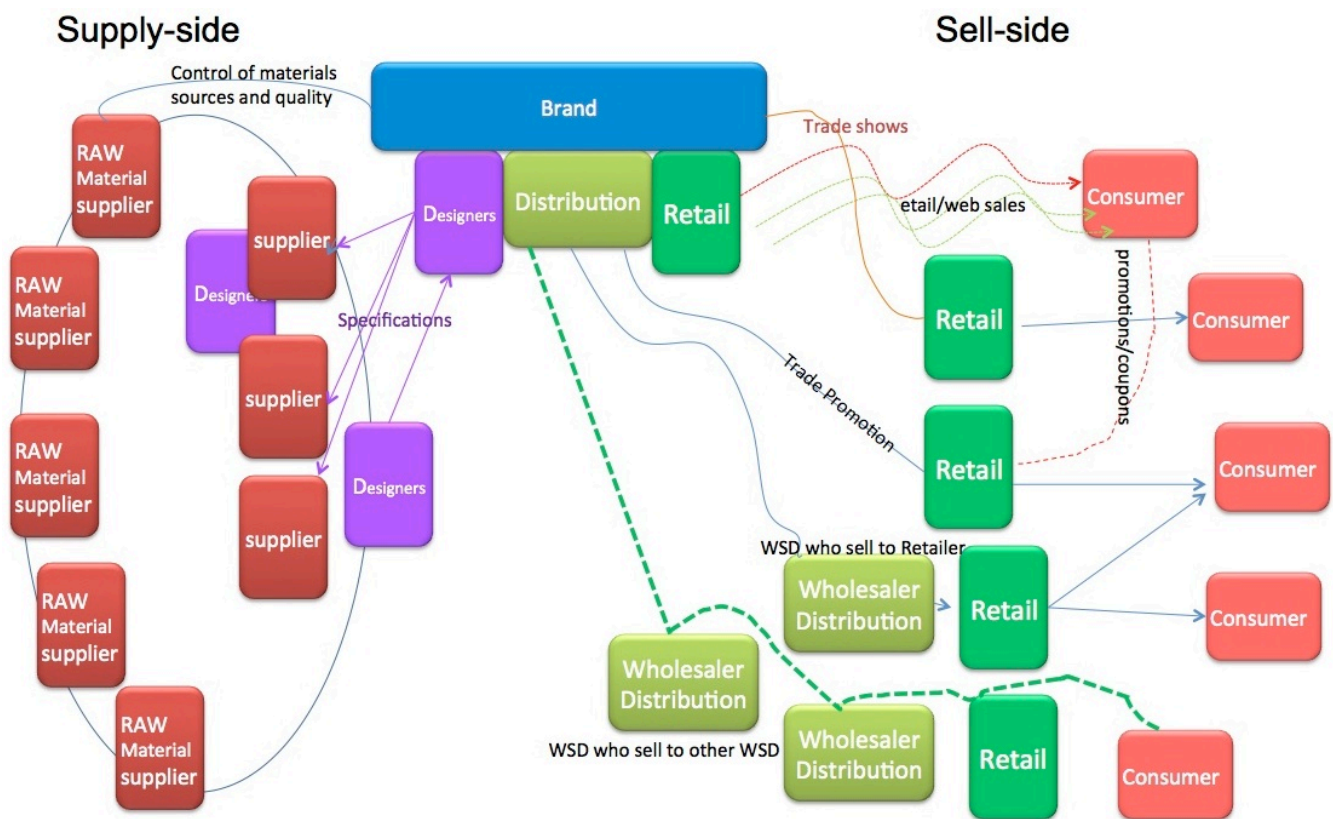


¹ Read about Evolving Nutrition’s story in [NetSuite Goes Natural](#) in the health food/nutraceuticals sector.



Channel Complex

Dog is Good has licensing, sells to retailers and consumers, and has channel sales who then sell to retailers. *P.L.A.Y.*'s model is slightly different, selling products to retailers and consumers directly in the US. Internationally, the company works with distributors or importers. In Figure 1 you can see the complexity that has to be managed. This is daunting even for a large company, but without a system that can support B2C and B2B selling, mobile sales, inventory management, and distribution, this could not be accomplished at all.



I did this drawing while meeting with *Dog Is Good*. Companies like *Dog is Good*, *P.L.A.Y.* and others have to control their whole value chain, maintaining control of quality, brand, pricing, inventory and growth.

Figure 1: Managing the Business



Lessons Learned

What can we learn from these companies as they rapidly expand their markets, channels, and products?

1. **Brand Leadership:** Both *Dog is Good* and *P.L.A.Y.* are strong brand players. As such, they have to manage across their value chains. Though they are not manufacturers, their brand leadership means:



Attention to Sourcing and Quality—Intense attention to the activities of their manufacturers. Scaling as they design more products necessitates superior sourcing methods in order to continue to ensure quality.

Sustainability and Corporate Responsibility—Many young companies today are like *Dog is Good* and *P.L.A.Y.*, who are both doing good while doing well—concerned about the environment and the community. (Two good examples are *DIG*'s BOLO Project: [Future Leader Dogs](#) and *P.L.A.Y.*'s [Warm Bellies Initiative](#) with The Petfinder Foundation.) These values require attentiveness to ensure that sustainable and fair business practices are in place across the whole value chain.

Supply Chain Management—

Success in this area means integration to third parties, such as distribution and 3PLs, to ensure good customer service through successful customer delivery. Says Chen, "Technology is the enabler that allows us to continue to manage our supply chain, quality control, and fulfillment better.

From our manufacturer to our warehouses, we find incremental improvement opportunities to tighten our supply chain so that we can get better products in our people's hands faster and cheaper."





2. Adept at Channel Management: Channel management today means not just selling, but enabling processes for your partners, serving both B2B and B2C selling. B2B seller applications are different than selling direct to consumers in many ways.

B2B/Channel Partner Management—Supporting complex sales and distribution models, “... making it easy for channel partners to manage their business through paperwork reduction, increased communications, and helping our channel partners take advantage of promotions and new product opportunities,” says Kurtz, above right. Many brand companies enable some of their channel partners with everything from a branded website, unique marketing, pricing, and commerce, as well as allocating inventory.² The 21st century brand company is more than a designer; it needs complex wholesale/retailer and channel management.³



B2C Direct—As Chen stated, leveraging the web, “... we have to have a customer-oriented product service strategy.” P.L.A.Y. uses [Magento](#) (which integrates to NetSuite) for their web engine, which supports today’s complex consumer applications from sales, to blogging, gifts, and various widgets to build websites.

Inventory Management—Availability today is key to a global *instant gratification society*. But that cannot happen without good anticipation of market demand and visibility across the channels and your own inventory operations. This supports sales as well as working capital goals,⁴ i.e., knowing when to invest, as well as when to mark down and move out old inventory.



Dog is Good in Doggie Aficionado Magazine



P.L.A.Y. in the Pet Elite Magazine

² An example is Net Suite’s [B2B Ecommerce](#).

³ Read about *Wholesale Distribution in the 21st Century* [here](#).

⁴ Read more about good inventory management practices [The Inventory Dilemma](#)



3. Growing the Business: These growing businesses share some characteristics:

Build for Growth—They understand that managing “a collection of disparate technology” can be more expensive and “unwieldy” and stymie growth, so they invest in a holistic foundation that they can grow with.

See IT as a Strategic Investment—Today’s executives are deeply involved in technology decisions. Knowing that technology would be the core to their success, both firms did their own research to select the technology. They developed an understanding of how technologies work and what capabilities enable operations and growth.



P.L.A.Y.

Support the Business Model—Web, exhibitions and trade shows, direct and indirect sales means a mobile on-the-go management team who not only needs trading partner integration, but has to manage the business, often remotely. Cloud ERP becomes an indispensable platform to ensure visibility to the business at all times.

Cash preservation—As these companies grow, constant investment is critical. But with cloud, investments can be focused on *growth elements* such as new product introduction, expanding sales channels, and so on, rather than administration and IT support staff.

They Focus Their Investments on What Differentiates Their Company—Cloud allows growth companies to focus on what they do best. They can then have the needed capital to make strategic investments in their business, rather than tying up cash in expensive data centers, hardware, and staffing to manage information technology.



These emerging leaders will challenge the old saying that the *bark is worse than the bite*. Through smart use of technology, *Dog is Good* and *P.L.A.Y.*’s bite will surely make a mark in the Pet Market.



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