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Feeding Growth

Since its establishment in 2005, Petbarn and its dedicated team of staff and suppliers have been striving to be the pet specialist of choice for the Australasian region.

Images by Scott Ehler

With one of the biggest ranges of pet supplies and pet products in Australia, Petbarn has been serving the needs of pet-owners and -lovers for nearly a decade. Delivering advice, products, and services to Australian pet-lovers, while introducing smart retailing and strategic growth, has seen this company develop dramatically.

Paul Wilson, co-founder and Executive Director of Petbarn, established the company with friends Jeff David, Glen Richards, and two others in 2005. More recently, Petbarn struck a \$338-million deal with Greencross Vets which saw Greencross acquire 100 per cent of Petbarn's owner, Mammoth Pet Holdings, in exchange for 52.6 million shares to Mammoth shareholders.

With Greencross founded by friend and partner Glen Richards,

who also served on the Petbarn board for eight years, it heralds an exciting change for Petbarn. The merged group has now become one of Australia's largest pet-care companies, with a total of 224 stores and clinics across Australia and New Zealand.

Despite these successes, Paul hasn't always been in the pet-care industry—first pushing trolleys while studying business at university and then working in the graduate program at Westpac. After realising that banking wasn't for him, he moved into the oil industry in a sales- and marketing-focused role at Caltex. Paul says it was the start of a very fulfilling career.

"I had 12 years of honing my business career in a disciplined, high-turnover, and low-margin business in the oil industry. I was fortunate to have some roles that were quite entrepreneurial within the corporate structure. I actually ran a joint venture with Boral on

LPG at one stage, and at another time I was the head of pricing for Caltex, which was quite a significant role and made me understand the things that matter in business and that lots of little cents become dollars at the end of the day.

"In the late 90s, I decided to get with the trend and jumped onto the dotcom boom on the back of a business that was being built in the online grocery market called Shopfast. That was where Jeff David and I met, as his family were the largest shareholders of that business. I was there for a period of four years, and I ended up running the business for the shareholders before selling it in 2003.

"Jeff and I ran that business and, once we'd sold it, worked out that we had very complementary skill sets. We both thought that we had a lot to bring to the table. Jeff had been a generational grocer, in the sense that his family has been in >



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- Paul Wilson

the grocery industry for many years, and is a very analytical and big-picture guy, whereas I was more of the commonsense country boy who had a significant career in business that could balance the skills that Jeff had.”

With a firm friendship and partnership in place, Paul says, they started to look for a new business to acquire in 2003. “We looked at the pet industry because our backgrounds were in retail and distribution-type businesses. We looked at those types of businesses and we saw that the pet industry was a very disaggregated market, not dominated by the larger players and not a lot of sophistication in terms of retail execution.

“It was about bringing our people on the journey of making it into a more sophisticated retail business because typically the pet stores were run by pet-lovers, not retailers. What we

realised very quickly was that we could teach people how to be retailers, but you can’t teach them to be pet-lovers, so our challenge was to upskill the business so that we could have better execution. Ultimately, what we do is make life easier for pet-owners and their pets. We realised that the better we merchandise, the better we lay out the store, and the more we can educate our team about products, the more we can help pet-owners be better pet-lovers.”

This focus on people, both with staff and with customers, has clearly differentiated Petbarn from its competitors. “We’ve always been very conscious of the fact that it’s not just about us. We may have the vision and the plan to execute, but we need people to do that with us. We’ve been very conscious of building a team of people who are better than us and who can do a better job than we can. It’s the same in any business. If you surround yourself with good people, then you’ll have a good business.

“I think the other challenge is choosing the right people to partner with and the right shareholders as you grow your business. You have to make sure that you’ve got people who are aligned with your vision and want to be part of that same journey. That was really the major challenge: getting everyone working and aligned.

“We did it in the early days by saying that we wanted to be the pet specialist of choice for Australasia. There were three components to that: wanting to be the place of choice for the customer, the place of choice for the employee, and the place of choice for the supplier, in terms of the business they wanted to deal with the most. We aligned everyone around that vision of being the pet specialist of choice, and we could use that both internally and externally. It’s something that’s underpinned the business all the way through.”

As Paul and his partners have grown the Petbarn business and its stores across Australia, they’ve taken care to ensure that it fits with this vision and goal. “We did a lot of research internationally to see what was happening in the pet-care industry so we could see where it could go. However, when we looked at the Australian industry, we could see that it was way behind other markets. Not long after we acquired the business, we worked out that it was going to be about evolution, not revolution.

“We worked closely with our suppliers, who had been in the industry for some time and knew it well. We had some great partners who worked with us to re-merchandise and relay our stores and wanted to be part of the journey. They wanted to support a specialist pet industry and see it grow. I think the key there was working with the suppliers.

“Having come from the grocery and oil industries, typically they are very adversarial industries. We were coming into a smaller >

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industry that wasn't that adversarial and the opportunity was to work together for the greater good. That was really the approach we took, and suppliers came with us and helped us grow."

A range of suppliers have been a pivotal part of that growth. Royal Canin Australia and Kongs have both been long-term suppliers to Petbarn and the pet industry in general. Paul notes, "They have been actively supporting us over the years, and as a result we have grown together. Nestlé Purina has also been a key supplier for us. They have worked with us as we have grown the pet specialty market and captured the growth that comes from the humanisation of pets."

"From the supplier right through to the customer and everywhere in between, people are engaged in the pet segment. People tend to rally around the pet market because they like pets and they see an opportunity for business at the same time. The two overarching things that the customer wants from us are that we're informed and that we're caring—that we care for pets and love animals. These two values really permeate everything that we do, both in the vet and the retail businesses."

The growth of Petbarn has been indisputably substantial as the company has developed both itself and the pet industry. Paul states that the recent merger between Petbarn and Greencross Vets was a

natural progression along this impressive journey.

"We saw very compelling industrial logic about putting a vet and pet player together. Since we've been in the industry, we've seen similar examples in the US and the UK, so it wasn't like we were reinventing the wheel. We were looking at what's been done elsewhere and making it work for our market. It creates a significant point of difference for us because, at the end of the day, most pet food is still sold in supermarkets. This gave us a real point of difference."

"Both businesses have been growing at significant compound growth rates over the past six to eight years, and we had common shareholders and directors. We really understood what the Greencross business was about, and they understood what Petbarn was about. We had a long-term relationship which went back before the creation of the current Greencross, with Glen Richards, who is the CEO of Greencross."

"Glen and I have known each other for 25 years, and in fact it was Glen and I in the Hunter Valley in 2004 that started talking about the fact that vets were making money by retailing out the front of their vet clinic. He was looking to improve on that and build a retail store. We worked together from that moment on to look at what was happening in the pet industry. We realised that there wasn't a significant corporate player in the space, so we formed a partnership,



and Glen was one of the founding shareholders of Petbarn."

Utilising this history of partnership and collaboration, Paul says, both companies are already working together under the new group to combine their services. "We already have a couple of co-located facilities, which were built before the merger. We have those examples to point to, in terms of what the future might look like."

"We will continue to roll out some co-located locations with vet and pet under the one roof. We'll refine that model through this financial year, and you'll see around three to six of those established in that time. As we consider new stores and growth, we'll always consider the option of putting a vet into that store, depending on the demographic, the size of the location, and various factors."

Looking to the future, Paul and his team plan to establish 15 to 20 new pet and vet stores each year. Paul says that it will be a well-thought-out process. "The lead time can be as long as two to two and a half years or as short as six months. We have a five-year property plan in which we've identified where the network is best growing, based >

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- Paul Wilson

on a demographic model that we’ve got. We’re basically just working to that plan, and we have been for some time.”

With the recent Greencross acquisition of a chain of 42 City Farmers stores, this will allow the company to reach more of the 65 per cent of Australian households that own a pet, and further reinforces the company’s commitment to growing the pet specialty and pet care market and meeting the needs of pet lovers across the country.

As Petbarn and Greencross Vets continue to develop and evolve together, Petbarn will remain the pet specialist of choice for Australian pet-lovers across the nation. •

“As the number one manufacturer to Pet Barn, we have found them to be a progressive retailer who understands the needs of pet owners. We are proud of the work our businesses have achieved and look forward to an exciting future.” - David Grant, General Manager Nestle Purina PetCare

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