

A Passion for Pets: Pet Food Express, San Leandro, California

This pet food and supply company started as an adjunct to a dog-training business in the early 1980s. From a handful of stores, Pet Food Express has expanded to become the largest locally owned and operated pet supply company in the San Francisco Bay Area, and the sixth largest pet specialty retailer in the U.S. Its growth has been financed exclusively through Merrill Lynch.

A Business is born

In 1976, when owner and founder Michael Levy was studying architecture, he started a dog-training service on the side, just to earn spending money. Eventually the service became known as Pro-Train, a full-time dog training business which also sold a limited number of pet foods and supplies. "I didn't realize it at the time, but it was a classic example of the tail wagging the dog," Levy recalled. Pro-Train grew to a number of locations, and Levy took on two partners, but the focus remained dog training. In 1986, Levy went on his own, taking back one of the small locations. The pet supplies then became the focus, and, "I found myself suddenly in retail," Levy said, selling supplies and loving the interaction with dogs and their owners.

He dreamed of opening a nationwide franchise for delivering pet food and supplies and subsequently changed the store name to Pet Food Express. But Levy soon saw that the real growth would be in retail sales right in the Bay Area, a region Levy considers the best pet market in the country. That meant opening more stores. In 1992, he was joined by

Mark Witriol, who, as co-owner, has helped fulfill the vision, growing from the original 3 locations to 33, with more on the way.

Location a Key to Growth

Even within a strong regional market for pet supplies, Levy and Witriol research local conditions carefully before opening new sites. They place stores near high-end groceries where pet owners will be shopping for their families. "Most pet owners don't plan out their pet food shopping," Levy noted. As long as they're buying groceries, "they pop in for pet treats, or for our self-service dog wash." The synergy with people shopping for groceries and pet-supply shopping has been paying off.

Service Stands Out

Pet Food Express is more than just pet food and



Michael Levy, president of Pet Food Express

supplies: at its locations, the company hosts pet adoption events, having helped find 32,600 animals homes through Virtual Pet Adoptions. And it offers low-cost pet vaccinations and dog training.

Where the company stands out from the pet-supply pack, however, is its extraordinary attention to customers and employees. "We give our employees very intensive pet-nutrition training," Levy said, "so they can talk knowledgeably to their customers about pet foods." During the recent pet-food recalls that touched the entire industry, Pet Food Express was already well prepared. As a purveyor of holistic and organic foods, the company's sales actually went up! It launched an extensive, and ongoing campaign to inform its customers of what was affected and why. "This incident played to our strength as a company," Levy said. "Our customers trusted us."

Financing helps expansion

On the business side, the company's expansion has been helped by financing from Merrill Lynch Business Financial Services Inc. Terri Witriol, Pet Food Express Chief Financial Officer, said Merrill Lynch has been essential in helping the company more than double the number of its stores since 1999. "We couldn't have done it without them," she said. Pet Food Express has a commercial line of credit served through a Working Capital Management Account® (WCMA® account), a brokerage account. "We pay all business expenses through the WCMA account," Witriol explained, "with check writing and the Merrill Lynch Business Signature Rewards® card. We even use the card's concierge service."

"When you're dealing with Merrill Lynch," Witriol said, "you're dealing with people who are intelligent

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and know what they're talking about." Witriol especially appreciated the attention to Pet Food Express's particular needs. "Merrill Lynch people understand customer service, all the way down the line. They are experienced and they speak with authority," Witriol added, "I can't tell you how valuable that is. They have been partners to us."

Levy said Pet Food Express, too, is a very hands-on business. "We touch everything. We have a tremendous advantage in keeping responsive to our customers' needs."

The story is the client's own experience and may not represent that of others. It is not intended to indicate future performance or success.