

The PetSmart logo features a red circle above a blue swoosh that curves under the word "PET" in red and "SMART" in blue. Below the logo is the tagline "ANYTHING for PETS" in red, with "for" in a smaller font. At the bottom of the logo area is the title "Management Analysis" in blue and red. The background is a repeating pattern of pet-related icons such as dog houses, food bowls, bones, grooming tools, and pet carriers.

PETSMART
ANYTHING for PETS
Management Analysis

MGMT-312- Principles of Management

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Introduction

PetSmart (Originally PetFood Warehouse) was established in 1986 by Jim and Janice Dougherty in Pheonix AZ where the headquarters remain. The couple opened their first two stores in 1987 as a warehouse type store that sold pet food in bulk at lower prices (Zippia). At the time, this was rare as most pet food was normally sold only in supermarkets. They opened five more stores in 3 different states but were soon replaced by Samuel J. Parker as President and CEO. They couple stayed on as consultants. By 1992 the company, 50 stores were open, and the newly added CEO Samuel J. Parker, changed the name of the business to PETsMART (Zippia). Along with this change came additions such as adding new departments like bird and fish, offering grooming and training services, veterinary clinics, and adoption events. By 2005, the PetsHotel and adoption centers were added. Today, there are more than

PetSmart's new tagline "Anything for Pets" is also their mission. Connecting pets and pet parents through their associates and offering services so that pets can get the care they need. PetSmart recently released their first ever Corporate Social Responsibility report which shows that their main goal is to become a more diverse and sustainable company are important to them. Charities are also an important part of PetSmart, where they have successfully granted over \$500 million to change making organizations (PetSmart.com)



Strategic Successes & Failures

PetSmart is the biggest pet retailer in the country, having over 1,600 stores across the U.S. and Canada. Inside PetSmart consumers can find pet food, treats, toys as well as adoptions events and services. These services consist of Banfield vet clinics, grooming, training, and dog day care (or PetSmart Pet Hotel). However, PetSmart is thought of as being a “retailer” instead of a “pet-care facility” and this has proven failure. One recent failure on their happened in August of 2022 when an ex-employee spoke up about taking on unexpected debt. PetSmart advertises that they will cover the expenses of the training for grooming, up to a \$6,000 value (Telford, 2022). When signed up for this training, PetSmart requires the employee to go through the training program and work with the company for two years. If the employee quits or is fired, they must pay the \$5,000 or \$5,500. This debt is reduced to \$2,500 or \$2,750 (tool kit included) if the employee leaves under one year. According to Rachel Dempsey of Towards Justice, PetSmart is charging their employees for training while profiting off grooming (Telford, 2022). Rachel Dempsey says, “No matter how you characterize the training... PetSmart is doing something illegal” (Telford, 2022). No recent information has been released on this issue.

This failure caused concerned employee to reach out to Joanne Dwyer, the newly created role of Vice President of Corporate Social Responsibility and Sustainability. On March 28, 2023, PetSmart released a 50-page Corporate Social Responsibility strategy, “A World Through Their Eyes” (Cision PR Newswire, 2023). There are three main categories in the report: “Healthy and Happy Pets”, “Empowering People”, and “Responsible Stewards” (PetSmart Corporate, 2023). This Corporate Social Responsibility report is a success for PetSmart as it’s the company listening to their employees and taking action. After releasing the 50-Page report, PetSmart has continued to post about pets, pet parents, employee shout outs, and being responsive on social media.

Strategic Successes & Failures- Cont.

Time will tell if this new Corporate Social Responsibility strategy will continue to be a success for PetSmart as working with live animals can have its pros and cons.

Contributors to PetSmart's successes and failures come from a variety of people. Starting with their failures, PetSmart had a lack of planning and strategy.

Management failed to enforce strategic management and lost sight of PetSmart's vision by focusing on dollars. Employees and customers became furious with lack of ethics towards both pets and people. All of these contributing factors forced PetSmart to release the CSR report with main three categories that each take from a different part of the first step in the Strategic-Management Process: "Healthy and Happy Pets" (their mission), "Empowering People" (their vision and values statement), and "Responsible Stewards" (values statement).



Ethics & Responsibility

Based on the recent release of their Corporate Social Responsibility report, PetSmart's ethical climate focuses on pets and pet parents, their employees, and the environment. The release of their CRS this year states- they are now seeing "A World Through Their Eyes" and through their new slogan, "Anything for Pets". PetSmart's culture circles around pets, and their social media accounts prove this.

PetSmart shares facts about pets, supports diversity, and shines the light on employees through their social media accounts. Currently, they use Facebook, Twitter, and Instagram, with Instagram having the most specific accounts: PetSmart's main account, PetSmart Charities, and Life At PetSmart. On the Life At PetSmart account, employees are shown participating in events, speaking on different pet related topics, and overall enjoy working at PetSmart. From this perspective, PetSmart appears to be a great place of employment and that they have a strong ethical value in both pets and people.

As the leading pet retailer in the United States, PetSmart is expected to have more ethical values as the store is not only geared towards people, but animals as well. 66% of households in the United States own a pet (Forbes, 2023). According to Forbes, 2023, Dogs rule the ranking as the most popular pets in 65.1 million U.S. households and cats came in as the second most popular at 46.5 million U.S. households, while small animals, such as rabbits and guinea pigs come in at only 6.7 million U.S. households. In recent years, PetSmart has made drastic ethical changes to help out pets, such as hosting adoptions for dogs and cats (PetSmart Pet Charities), offering grooming services for dogs and cats (PetSmart grooming), and pet daycare for dogs and cats (Pets Hotel). Clearly, dog and cat owners are the center of PetSmart's focus and revenue. This causes one to wonder whether the smaller animals, such as rodents, reptiles, and fish, are considered pets or products.

Ethics & Responsibility- Cont.

In recent years, PetSmart employees have posted on social media regarding concern for smaller animal's health and wellbeing. According to a Reddit thread r/petsmart, most employees state that they often come from "mill breeders" (Reddit, 2021). These animals often die from disease and/or neglect due to being brought into the store already sick.

Other concerning reasons are whether or not PetSmart employees receive the proper training to care for these animals, especially when they are delivered in poor health. All PetSmart employees that handle pets are required to obtain certification through PetSmart's "Pet Care Certification Program" (PetSmart, 2023). Even if the proper training is provided, not all employees are willing to take the full responsibility of caring for animals on their minimum wage part time shifts. In the direct letter to Joanne Dwyer, PetSmart's VP of Corporate Social Responsibility, wage and benefits were brought up as concern along with multiple deaths of small animals.

The ethical issues brought up by employees in this letter were due to systematic, organization-wide issues, otherwise known as corporate problems. If PetSmart wants to stay true to their Corporate Social Responsibility report, they will focus more on all pets included, not just dogs and cats, and their pet parents. If PetSmart cannot keep these small pets thriving and are only selling them as products, then it's time that PetSmart re-thinks their ethical values and re-considers if they are willing to do "Anything for Pets".



Competition & Managing Change

PetSmart is North America's top pet retailer for brick-and-mortar stores. Even with its biggest competitor and previously owned Chewy, PetSmart has remained at the top for brick-and-mortar pet retailers. Chewy does remain the top-rated pet e-commerce site and was ranked #8 on Forbes "Customer Experience All-Stars" list in February of 2023, while PetSmart came in at 283 (Forbes, 2023). Despite this ranking, PetSmart maintains its status as top pet retailer by amping up their focus on customer service and products. "PetSmart recognized that pet owners wanted a single place to trust- a go to resource for the sometimes difficult and confusing role of raising a pet" (Boncy, 2023). To keep this role, PetSmart must conduct a SWOT Analysis which is a "situational analysis in which a company assesses its strengths, weaknesses, opportunities, and threats (Kinicki and Williams, 2020).

PetSmart has many strengths that keep it as the neighborhood friendly pet store. A new part of this is the new Treat Rewards loyalty program. The loyalty program that was launched in 2018 is free for members to use and helps customers gain points for every dollar spent including services such as the salon, training, and doggie daycare. Points can also be donated to PetSmart Charities. Customers can redeem the points at checkout or online. Personalized perks include a free gift on your pet's birthday, free shipping on order over \$49, and free Doggie Day Camp with the purchase of 10 stays. "While many brands are often pulling back on loyalty rewards, we're actually investing in our program and giving our customers more," Bradley Bruer, VP of Marketing at PetSmart (Monteros, 2023).

Another strength on PetSmart's end is offering in-person and on-site services such as dog training, pet grooming, and daycare that is not offered by Chewy. Petco and Pet Supplies Plus offer similar services, however Pet Supplies Plus offers only grooming. Taking those factors into consideration, PetSmart's biggest competitors are Petco and Pet Supplies Plus. According to Comparably, PetSmart ranks 1st in CEO, Quality, Diversity and Customer Service (Comparably, 2023).

Competition & Managing Change- Cont.

A Weakness that affects PetSmart are the feeling employees have towards the company and the lack of treatment for live animals. Even though employees receive training for caring for pets, they also feel that they are not compensated fairly and feel overworked, making the care of animals unappealing and difficult. “The animals don’t get the food and water that they need because I have to help customers”, Oscar Corado shares with the Phoenix New Times (2022). This constantly overworking and underpaid for caring for small animals can avert people from wanting to work at PetSmart or even make customers feel that not all pets are really getting the care they need.

However, from this weakness came an opportunity for PetSmart to respond, and they did with the release of their first ever Corporate Social Responsibility report. By doing this PetSmart took a Change Agent approach by hiring Joanne Dwyer as the VP of Corporate Social Responsibility. Joanne has over 20 years’ experience working in the communications field and almost 10 years’ experience in Corporate Social Responsibility with CVS, which makes her a great candidate for this position for PetSmart. After receiving the letter from concerned employees in September of 2022, she took the responsibility and made a change that no one else considered in the past. By focusing on customers and pets, PetSmart has gained loyal customers and employees. However, still choosing to sell small live animals is still a concern for both parties.

Competition from Chewy aside, PetSmart’s main threat is choosing to sell live small animals. This choice has caused many questions of the company’s ethics and whether these animals are seen as pets or just as products that the company profits from. Recently a TikToker found live fish in a dumpster behind a PetSmart store in Idaho (Kato, 2023). PetSmart responded saying that was an isolated incident and that they are planning to review store policies and procedures (Kato, 2023). Many employees, both currently and previous, spoke up and stated that they had witnessed the same situation with live hamsters and other small animals. They stated that this has been happening for years and was definitely “not an accident” (Kato, 2023).

Competition & Managing Change- Cont.

The threat of selling small animals is also a challenge for PetSmart.

Thanks to the viral sensation of TikTok and other social media, situations like finding live animals in the dumpster can go viral. This can damage a company's reputation, and therefore, they lose sales.

PetSmart's main pet focus is on dogs and cats, which makes people wonder, why they even sell small animals in the first place. PetSmart is capable and has many opportunities such as selling competitively priced pet food, offering services, and their Treats Rewards program. If PetSmart focuses on its capabilities and strengthens them, they can choose to stop selling small live animals and focus on what they can provide for all pets. This would mean that PetSmart would need to focus on its enacted values, "which represent the values and norms actually exhibited by the organization" (Kinicki and Williams, 2020).



CEO, Diversity, & Leadership Style

Leadership roles can greatly influence employees in the workplace. PetSmart's leadership involves a wide span of control, including seventeen different people listed on PetSmart's leadership page. One out of these seventeen faces are President and CEO, J.K. Symancyk. He has held the position as President and CEO of PetSmart since June of 2018 with over 20 years' experience in retail. He is an experienced leader with a passion for working in the retail environment. Though not as popular as other CEOs, he has done talks and interviews on the retail industry and how PetSmart's values and culture continue to grow. Starting out as a seasonal associate in a Walmart distribution center, J.K. climbed the ladder into several leadership roles for both Sam's Club and Walmart (PetSmart.com). After working with Walmart and Sam's Club for 12 years, he joined Meijer in 2006 and by 2012, he was promoted to the position of being President. After working at Meijer for 9 years, he moved on to CEO and President at Academy Sports and Outdoors where he worked for almost 3 years. By this point, J.K. had over 20 years' experience working in retail and 10 years of working in leadership positions. This experience helped J.K. gain the experience to begin working at PetSmart in 2018.

According to interviews and social media, J.K. appears to be passionate about diversity, values, and the culture at PetSmart. He has done interviews and talks where he discusses PetSmart and their values. "These are our values, this is what we believe in and would believe in, even if there weren't competitive advantages, that's how I think about values. Values are those things that you think are so important that even if it doesn't help your business, you want to stand up for them and make sure that you protect them." J.K. says during a talk at National Retail Federation in January of 2020. 2 years ago, J.K. began posting on his LinkedIn, with his first post being on "belonging at PetSmart", which is all about diversity and inclusion. He has posted this same post twice, as well as posts regarding PetSmart charities and on the release of the Corporate Social Responsibility report. He is also seen commenting on PetSmart employees' posts congratulating their achievements. This would make J.K. a transformational leader, meaning he "transforms employees to pursue organizational goals over self-interest" (Kinicki and Williams, 2020).

CEO, Diversity, & Leadership Style- Cont.

Belonging at PetSmart shines at light on diversity and inclusion. Six different groups that are a part of Belonging at PetSmart include age with Start Smart by assisting with early career advantages, race with Mosaic by supporting different ethnic backgrounds, gender with Wise, Women Inspiring Strength & Excellence, LGBTQ+ with PAWS (Pride at Work), veterans with Serve, and those with disabilities with Avid (Awareness of Visible and Invisible Differences) (PetSmart Corporate, 2023). An entire week is dedicated just to Belonging titled “Belonging Week” where both leadership and employees are inspired to learn more about diversity and inclusion. “Nobody is at their best if they don’t feel welcome and included in part of the team”, J.K. says during the introduction of Belonging week of 2022 (Facebook, 2022). J.K. and other leadership members take part and speak up about diversity and inclusion and admit that they are still working on improving how they can evolve their efforts into making PetSmart more diverse and inclusive.



Conclusion

From starting out as a wholesale pet food store in Phoenix, Arizona to now having over 1,660 stores across the United States and Canada, PetSmart has proven to be the biggest pet retailer in the United States. Despite this title, PetSmart has faced many challenges regarding their strategic successes and failures, ethics, competition, and managing change. From unhappy employees to the live animals' poor health, to people questioning whether PetSmart should continue to sell live animals or discontinue that all together, PetSmart has been able to rise above the challenges they faced with the help of their leadership team.

President and CEO J.K. Symancyk and Vice President of Corporate Social Responsibility, Joanne Dwyer, have joined together to focus on PetSmart employees, ethics, sustainability, and most importantly: pets! If PetSmart focuses on all pets like they state, PetSmart is surely to remain in the top position as pet-retailer.



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