

Business Management for the Equine Industry

**Sharon Eastwood, Anne-Lise Riis Jensen
and Anna Jordon**

Dark Horse Business Consultancy, Ltd



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Preface

The equine industry is a huge and complex beast. It combines aspects of the leisure, entertainment and service sectors and draws its customers from all geographic areas and social backgrounds. The one link that every individual business shares is that, in some way, they all draw their income from the horse.

As the horse owning consumer becomes more demanding and the outside influences facing the industry become more pressing there will inevitably be changes in the way in which equine enterprises do business.

This book is designed to fill the gap that exists between stable management and business management books. It does not pretend to provide any business with all the answers. What it does is show business managers not only where to look but also what sort of questions to ask.

By examining the industry as it is now and then looking at current business management and planning theories this book makes useful suggestions as to how these management tools can be applied to equine business.

Because of both the size and diverse nature of the equine industry it would be beyond the scope of this book to examine the detailed ins and outs of every type of enterprise. The particular issues and problems relevant to a farrier are very different from those that affect saddlers or livery yards. It is also very hard to generalise about individual businesses within the industry because they are so diverse.

It is also essential to point out that a text book cannot replace professional advice and that if the reader is in any doubt about a business matter, particularly one of a legal nature, they should consult an appropriately qualified expert.

Acknowledgements

This book would not have been possible without the input of many people, other than the authors. It seemed like an extremely good idea to take our business experience and the research we carried out as part of our MBA studies and convert this into a book which we hope will be useful to others within the equine industry. It has been an interesting journey and many thanks must go to those who have endured our journey with us.

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Abbreviations

ABRS	Association of British Riding Schools
AONB	Area of Outstanding Natural Beauty
BD	British Dressage
BE	British Eventing
BEF	British Equestrian Federation
BETA	British Equestrian Trade Association
BEV	British Equestrian Vaulting
BEVA	British Equine Veterinary Association
BHB	British Horseracing Board
BHDTA	British Horse Driving Trials Association
BHEST	British Horseracing Education and Standards Trust
BHS	British Horse Society
BRHA	British Reining Horse Association
BSJA	British Showjumping Association
DEFRA	Department for Environment, Food and Rural Affairs
DIY	Do it yourself (livery)
DTI	Department of Trade and Industry
EGB	Endurance Great Britain
ERDP	England Rural Development Programme
EU	European Union
FEI	Fédération Equestre Internationale
HGV	Heavy goods vehicle
ICHL	Industry Committee (Horseracing) Ltd
IHT	Inheritance tax
ILPH	International League of Protection for Horses
JAGB	Jockeys Association of Great Britain
JC	Jockey Club
MBA	Master of Business Administration
MOT	Ministry of Transport
NJC	The National Joint Council for Stable Staff
NPS	National Pony Society

NTF	National Trainers Federation
NVQ	National Vocational Qualification
PAYE	Pay as you earn
PCUK	Pony Club UK
PEST	Political, economic, social, technological: the PEST analysis
PPORA	Point to Point Owners and Riders Association
RIABS	Racing Industry Accident Benefit Scheme
RCA	Race Course Association
ROA	Racehorse Owners Association
SEA	Scottish Equestrian Association
SLA	Stable Lads Association
SSSI	Site of Specific Scientific Interest
SWOT	Strengths weaknesses opportunities threats
TBA	Thoroughbred Breeders Association
UK	United Kingdom
USA	United States of America
VAT	Value added tax

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Overview

So where to start? 'Welcome to the wonderful world of equine business management' sounds a bit dramatic, but at least it lets you know what you are in for. This book contains an introduction to the academic theories of business management and how they relate to the equine industry in the UK. The process of business management has been described in many ways. It has been called a journey, a mission, a battle and even an elephant. It has never yet been compared to a horse, although this is not a bad analogy. A business can be rewarding, frustrating, expensive, time consuming and blessed with a mind of its own. The comparisons are endless.

THE EQUINE INDUSTRY

It makes sense to start at the beginning. Without understanding the industry as a whole, it would be practically impossible to work out where your business fits, and for that matter where your customers come from. The equine industry can be divided and subdivided into a frightening number of individual fragments but unless you can see how the fragments fit back together you will never fully understand the industry of which you are a part.

At the centre of the industry are the manufacturers, the people who produce the raw materials that the rest of us make use of. By raw materials we do not just mean timber and grain we mean the whole range of manufactured products; clothing, rugs, feed, drugs and horses because horses are after all the foundation of the industry.

Next we come to the users, the owners, the riders and the organisations to which they belong. The people who make use of the horse and all the products that go with it. They are a diverse group with interests that range from recreational hacking to Olympic level competition but they all share one thing, the horse is still the focus of their attention.

Then we come to the service providers. The people who 'do' things; the farriers, the vets, the instructors, the grooms and the livery yards. They are possibly the widest group of all but they are still linked by one common denominator, the horse.

For an industry that has grown up around a single species it has an amazingly complex structure and complicated hierarchy but whichever section you find yourself working in you cannot escape the effects and influences of the other sections.

THE LIVERY INDUSTRY

Because the livery yard is the one type of enterprise that almost every other equine business comes into contact with, it makes sense from the point of view of this text to use it as the 'generic' business. We have chosen four hypothetical livery yards as our case studies to illustrate the business issues being faced by various sizes of equine business. It has therefore been necessary to go into some detail about the structure of the livery industry in order to make sure that you, the reader, can get the most out of the case studies.

THE EXTERNAL ENVIRONMENT

No business exists in isolation and irrespective of how insular the management try to be they will inevitably be affected by the goings on in the outside world. Whether or not we pay any attention to world affairs is irrelevant, world affairs will have an effect on us. Something as simple as the price of petrol can have a massive effect on every aspect of your business; oil prices can affect the confidence of the stock market, which in turn affects the value of savings funds, this then affects the amount of money your customers have to spend. Not only are you spending more money every time you fill up your car, but your business is making less as well. This circular logic can be applied to a whole host of issues that originate in the external environment and whether you like it or not, the only way that you can prepare yourself for the effect is to understand the cause.

THE COMPETITIVE ENVIRONMENT

When most horse riders think of the competitive environment they picture a showground. This analogy, although not perfect, is not too far

from the truth. Just like your horse at a show, your business will face a variety of challenges before it can achieve its goal. Just like the horse, the business must face rivalry from its fellow competitors. It must deal with opposition in the form of new rivals. It must react to the demands of clients and suppliers in the same way that the horse must react to the rider and the judge. In the end, the prize is more worthwhile than a rosette; it is a productive and prosperous business.

THE RESOURCES

A good rider must always understand the capabilities of his horse. This holds true for a good business manager. Unless you are familiar with all assets at your disposal, you will not be able to make the most of the opportunities that you encounter. While a horseman may consider courage, sound wind and a bold jump, a business manager must pay heed to finances, land, buildings, vehicles and staff. As any horseman knows, unless the whole package is right, the results will not be forthcoming.

It is not enough, however, to just know what you have got. It is just as important to understand how to keep it running. Without the proper care and attention the best horse in the world will not be able to perform. The same is true of any business. Time spent on maintenance and planning will pay dividends in the end.

STRATEGIC PLANNING

Just as a horse needs a work programme, a business needs a plan of attack. Any competitive rider will understand the need for a comprehensive strategy when aiming for a major competition and yet the number of businesses that have no plan beyond next week is staggering. In the same way that the support team for the competition horse need to know who is responsible for what and when everything is supposed to happen, so do the staff within a business. Without a sensible strategy the business is liable to be left in the starting stalls while its rivals are passing the post.

MARKETING

In the same way that a show horse is at its best in the ring where everyone can see and admire it, so a business needs to be seen to be doing its

thing. Unless your potential customers know who you are, what you do and how to contact you, you are wasting your time. A business has many opportunities to show itself off, in the same way that the show horse does. Just by being in the arena and doing its best, it can draw attention to itself. The show horse does not need to place an advert to let the judges know it is there, however it does need a good show and some ringcraft. The business can also benefit from forward planning and finesse; there are always ways to promote what you do, you just have to be prepared to try them.

This may seem like a light-hearted and tongue in cheek gallop through business planning but in reality how you conduct yourself in the business environment can make the difference between profit and poverty. Although we are not claiming to provide you with a step by step guide to turning your equine business into a gold mine we hope that the following chapters will provide you with the tools you need to better understand what you need to be doing to improve your business.

Part 1

Assessing a Business