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**INGREDIENTS OF A HORSE BUSINESS PLAN**

**1. DESCRIPTION AND HISTORY OF RANCH**

In this section, the horseman should describe his initial involvement with horses and how that developed into the horse business. Also include a history of the horse program being described, plus a historical review of the development of the ranch facilities.

**2. SUMMARY OF THE HORSE INDUSTRY**

In this section, accumulate as much data as possible on the particular horse industry in which you are involved, whether breeding, showing or racing, so that anyone reading the business plan will be well-acquainted not only with your ranch operation, but the total horse industry in which you are involved. Included in here could be sales results or information on purses or prizes related to the activity. For example, if you are in the cutting horse or racehorse business, show the amount of monies that are trends in the market place, as this will certainly affect the forecasted profitability of the horse ranch.

**3. GOALS AND BREEDING PROGRAM**

A detailed description of how the horseman intends to make a profit from his operation should be set forth in this section with special emphasis on the breeding program of the horseman and how it ties in with his overall business. Do not forget to include the appreciation on real estate and facilities, if that is part of the plan to make a profit.

**4. BACKGROUND OF PRINCIPAL OWNERS**

Describe in detail each of the principals' involvement and contribution to the business, including children if they are involved in the operation.

## **5. EDUCATION PROGRAM OF THE HORSE BUSINESS**

Whatever the business, the horseman should review in detail the association to which the principals belong, as well as the magazines and books that have been read for industry, bloodlines and business management information. Also, any seminars attended for any program and training should be reviewed. Any special skills that have been developed over the years which reduce the cost to the horse business operation should be clearly set forth. Include any consultations with experts such as trainers, business consultants, CPA's and attorneys that involve improving the business operations.

## **6. INVENTORY OF HORSES**

A complete listing of all horses, their pedigrees, date of acquisition, amount of insurance, description of their use and an indication of whether they are inventory horses or horses used in the breeding program should be set forth.

## **7. SPECIFIC SALES PROGRAM**

If the horse business involves the sale of offspring or of trained animals or a purchase and sale dealership program, then a description of the advertising and promotion sales program involved should be clearly set forth in this section.

## **8. SPECIFIC SHOWING OR RACING PROGRAM**

A review of the activities involved for either showing, breeding, racing or whatever the activity should be set forth in this section with a discussion of the monetary rewards that can be obtained in that particular activity.

## **9. SHOW, BREED OR RACING RESULTS**

Set forth, in statistical form, the results of showing, breeding or racing. Show the name of the horse, the date of the event, the placing and any monetary reward in this section. If a person is not showing, breeding or racing, but raising horses for sale, then a historical review of the horses raised and sold, or purchased and sold, should be set forth in this section. Show the purchase date, purchase price, sales date, sales price and purchaser.

## **10. COST ANALYSIS**

In this section, a presentation of the costs of the horse program should be set forth. For example, the cost of raising a yearling, cost of maintaining a horse at the track, cost of maintaining a broodmare are areas of analysis that a horseman should present, not only for IRS purposes, but so that from a management standpoint, he can see where and how his dollars are being spent. If the horse business is such that a forecast of income and costs would be meaningful to show a break even point, then they should be set forth also.

## **11. ADVERTISING PROGRAM**

In this section, set forth costs of advertising pertinent to the horse operation and copies of typical advertising. If you do not have anything specific on your own bloodlines or activities, then include any available photos to give a pictorial review of the area of business that you are involved in.

The above is only a guide to help. Your plan should have a great deal of information to make it easier for any third party to understand what your goals and objectives are. Any questions regarding this article should be addressed to Patrick J. Hurley at (800) 996-1040.