

Systematic Planning — The Key to Success As A Commercial Breeder

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A systematic business plan, adequate capitalization, and good luck are essential requisites for long-term success as a commercial breeder. But don't count on the good luck to stay in business. Instead, plan thoughtfully and specifically so that you can still succeed with less than average luck and can prosper if good fortune embraces you beyond expectation.

Creating a sound, long-term business plan involves a projection of at least seven years. At least two or three years are required to establish and grow the basic operation and another four or five years to produce meaningful results. Construct conservative cash flow charts and be sure to have sufficient capital for the first four years while you wait for returns. Be prudent when borrowing or avoid leveraging altogether, building instead on cash reserves as your operation expands.

The key features of a successful plan obviously focus on the type and quality of the breeding stock you acquire. At least six to ten mares are required to maximize probability of success and maintain a steady cash flow. Quality in the form of attractive, well-conformed and athletic stock from families with demonstrated racing talent are required, especially if the plan is to breed commercial yearlings. Although

many mares worth the money sell for six figures, suitable mares may also be found for much less.

Breeding a ten-year-old mare worth \$50,000 to a stallion with a \$20,000 stud fee means that the resulting yearling will need to bring nearly \$50,000 to break even, after figuring for all expenses, fees, commissions, depreciation, and opportunity costs. Therefore choose your stallion services carefully with the specific physical qualities of both the stallion and the mare in mind. Don't simply purchase a season because the stallion is "hot." He may be "cool" by the time your yearling steps in the sale ring.

More importantly, start by having a picture in mind of how you want the yearling out of your mare to look and act. Then, select a stallion whose physical characteristics and disposition may help produce the result you seek. The gene pool is very deep and our control of genetic variables remains limited. However, if you take the time to study your horses, you can produce somewhat better results through careful selection and purposeful mating. The cliché "breed the best to the best and hope for the best" is catchy and sometimes true, but nonetheless simplistic and often costly.

To cut costs and to secure long-term affordable access to desirable stallions, I believe it is wise to

breed at least half of your mares on your own stallion shares. If you identify a proven and prepotent stallion that cranks out a high percentage of good sales and race horses year after year (such as Crafty Prospector to give one example), it makes sense to buy a share rather than purchase a service every season. You can still purchase some seasons to take advantage of the sales euphoria that sometimes accompanies first year stallions or to get to a stallion whose physical qualities best fit a particular mare.

Once you have developed your systematic business plan, stick to it. Of course you can evaluate certain features and fine tune as you go along. But develop the discipline to maintain a steady course long enough for the program to mature. When you create short-term objectives each year, make sure that they clearly fit your long-term plan.

Finally, don't rely only on yourself. Put the very best people in place at all levels who are experienced, competent, sensible, and reliable. Treat others fairly and the way you would want to be treated yourself in all of your business dealings. Remember that what goes around comes around, and your basic long-term goal is to create happy customers who will come back for more. ♦