

BUSINESS OF EQUINE PRACTICE

Mr. Glen Sellers, MS, MBA
Clinical Lecturer



OVERVIEW

- ▶ The numbers – A quick look
- ▶ Profit Margins – Stop the bleeding
- ▶ Auburn University Practice Management Program




USDA
Equine 2015
Changes in the U.S. Equine Industry, 1998-2013

THE NUMBERS

- ▶ American Horse Council 2017 Economic Impact Study of the U.S. Horse Industry
- ▶ USDA
 - ▶ National Animal Health Monitoring System
 - ▶ Veterinary Services


Equine 2015
Baseline Assessment of Equine Health and Management in the United States, 2015




Economic Impact
OF THE U.S.
HORSE INDUSTRY

THE NUMBERS


- U.S. equine industry generates approximately \$122 billion
 - An increase of \$102 billion from the 2005 Economic Impact Study
- Provides 1.74 Million Jobs
 - Generates \$79 billion in salaries, wages and benefits
- U.S. Horse population is 7.2 million
 - 1. Texas
 - 2. California
 - 3. Florida
 - 4. Oklahoma
 - 5. Kentucky



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Economic Impact
OF THE U.S.
HORSE INDUSTRY

THE NUMBERS


- U.S. equine industry is broken in to 4 major sectors
 - Racing Sector
 - \$36.6 billion or 42 % of the Industry
 - Competition Sector
 - \$28.3 billion or 32% of the Industry
 - Recreation Sector
 - \$18 billion or 21 % of the Industry
 - Working Horse Sector (NEW)**
 - \$4.6 billion or 5% of the Industry



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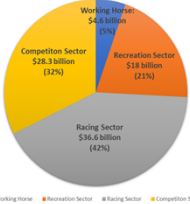
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Economic Impact
OF THE U.S.
HORSE INDUSTRY


THE NUMBERS

Total Value Added to the U.S. Economy
(Direct and Indirect)




Sector	Value Added (\$ billions)	Percentage (%)
Racing Sector	\$36.6	42%
Competition Sector	\$28.3	32%
Recreation Sector	\$18	21%
Working Horse Sector	\$4.6	5%

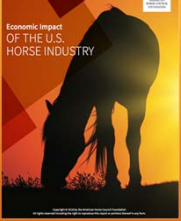
■ Working Horse ■ Recreation Sector ■ Racing Sector ■ Competition Sector



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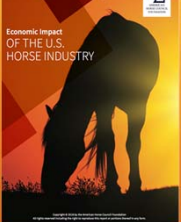


Economic Impact
OF THE U.S.
HORSE INDUSTRY

THE NUMBERS

- Working Horse Sector - (NEW)**
 - Consists of:
 - Mounted Police
 - Carriage operations
 - Equine assisted therapy
 - Lesson programs
 - Accounts for 8% of equine population
 - Supports over 42,000 direct jobs (FTE)
 - \$1.9 billion in direct value to U.S. Economy
 - Indirect Value is estimated at:
 - \$2.7 billion
 - creates an additional 28,000 jobs (PTE)








Economic Impact
OF THE U.S.
HORSE INDUSTRY

THE NUMBERS

- Recreation Sector - * Largest based on horse population
 - Supports over 162,000 direct jobs (FTE)
 - \$7.5 billion in direct value to U.S. Economy
 - Indirect Value is estimated at:
 - \$10.5 billion
 - creates an additional 110,000 jobs (PTE)
 - Estimated 13 million households participate
 - 87% of riders utilizing public lands



Economic Impact
OF THE U.S.
HORSE INDUSTRY

THE NUMBERS

- Racing Sector – *Largest economic impact
 - Supports over 241,000 direct jobs (FTE)
 - \$15.6 billion in direct value to U.S. Economy
 - Indirect Value is estimated at:
 - \$21 billion
 - creates an additional 231,000 jobs (PTE)
 - Estimated \$12.45 billion of wagering in 2016
 - Noted for Thoroughbred, Quarter Horse and Harness racetracks
 - Estimated \$1.7 billion track purses
 - Noted for Thoroughbred, Quarter Horse and Harness racetracks




Economic Impact OF THE U.S. HORSE INDUSTRY

THE NUMBERS

- Competition Sector
 - Supports over 241,000 direct jobs (FTE)
 - \$11.8 billion in direct value to U.S. Economy
- Indirect Value is estimated at:
 - \$16.5 billion
 - creates an additional 175,000 jobs (PTE)
- In 2016 USEF, AQHA, NRHA and UPHA
 - licensed 6,313 competitions

Economic Impact OF THE U.S. HORSE INDUSTRY

THE NUMBERS


Total Jobs Provided by the US Equine Industry (Direct and Indirect)

Sector	Jobs	Percentage
Working Horse	70,000	30%
Recreation Sector	272,000	57%
Racing Sector	472,000	33%
Competition Sector	1,000	0.2%

Equine 2015
Changes in the U.S. Equine Industry, 2006-2015



THE NUMBERS

- 89% of operations have 19 or fewer horses but account for 58% of population
- The other 11% have 20 plus but account for 42% of the population
- Horse Demographics – Age as a % of population
 - Birth to 1 yr old = 6.4%
 - 1-5 yr olds = 16.5%
 - 5-20 yr olds = 65.6%
 - 20 + yr olds = 11.4%



THE NUMBERS

- Breeds
 - Quarter horses total 42.1% of population
 - 21.4% in Southeast
 - Thoroughbreds total 7.1% of population
 - 13.7% in Southeast
 - Paints total 6.8% of population
 - 4.6% in Southeast
 - Miniature horses total 5.1% of population
 - 1.8% in Southeast
 - Drafts total 4.7% of population
 - 2.5% in Southeast
 - Tennessee walkers total 4.5% of population
 - 15.1% in Southeast
 - Saddlebred & Standardbred total 6.2% of population
 - 7.2% in Southeast
 - Arabians total 3.9% of population
 - 5.9% in Southeast

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THE NUMBERS

- Operations
 - 39.5 % Farm/Ranch
 - 38.8 % Personal Residence
 - 9.3% Boarding / Training
 - 7.6% Breeding Farms
 - 4.8% Other
- Horse Use
 - 47.2% Pleasure
 - 25% Farm/Ranch
 - 8.5% Breeding
 - 8.1% Showing
 - 3.2% Lessons
 - 1.6% Racing




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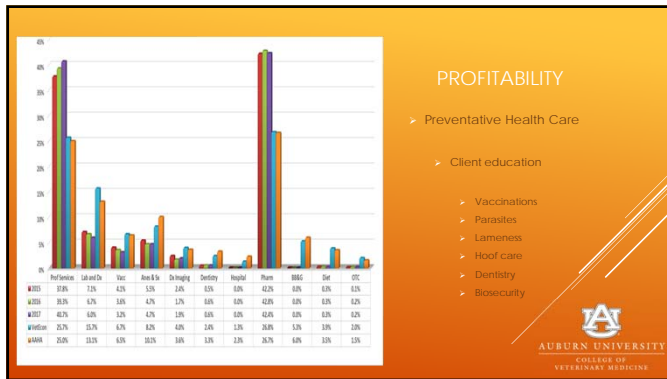


THE NUMBERS

- Now the Veterinarian
 - 71% use a Veterinarian as primary information source
 - 65.2% use a farrier for added info
 - 13% use as farrier as primary info source
 - 16% other primary sources
- 66.7% Operations vaccinate horses
 - 52% of those were done by veterinarians
- 17.5% Operations fecal test
- 56% Operations provide dental care
 - 39% of those done by veterinarians
- 93% Operations provide hoof care
 - 60% done by farrier
 - 25% operation employees
 - 8% self/vet/other
 - 7% no hoof care




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PROFITABILITY

➤ Preventative Health Care

➤ Client education

- Vaccinations
- Parasites
- Lameness
- Hoof care
- Dentistry
- Biosecurity



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Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Expenses	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Profit	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Profit Margin	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%

PROFIT MARGIN

- The profit margin ratio formula can be calculated by dividing net income by net sales.
- Net sales is calculated by subtracting any returns or refunds from gross sales.
- Net income equals total revenues minus total expenses and is usually the last number reported on the income statement.



AUBURN UNIVERSITY COLLEGE OF VETERINARY MEDICINE											
Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Expenses	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Profit	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Profit Margin	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%

PROFIT MARGIN = PROFITABILITY

- Keep it Simple!!
- Increase Revenue
- Decrease Expenses





PROFIT MARGIN = PROFITABILITY

- Keep it Simple!!
- Decrease Expenses
 - Cost of Goods
 - Inventory**
 - Fees schedule
 - Dropped charges**
 - Accounts receivable**
 - Third party payment option
 - Credit and collection policy
 - Embezzlement
 - Payroll







PROFIT MARGIN = PROFITABILITY

- Keep it Simple!!
- Increase Revenue via Revenue Analysis









PROFIT MARGIN = PROFITABILITY

- Keep it Simple!!
- Increase Revenue via Revenue Analysis
 - Increase weak areas
 - Ensure proper categories
 - Communication
 - Technical staff – In house
 - Client Education
 - Preventative Medicine
 - Leverage professionals time
 - Work efficiency
 - Wellness Programs
 - Recruit and maintain loyal client base





HEALTHY Practice

A HEALTHY PRACTICE – FINAL THOUGHTS

- Good financial planning and management
- Consistently growing it's bottom and top line
- Building a Strong Infrastructure
 - 4 Pillars of a Practice
 - Leadership
 - People
 - Processes
 - Structure (Clinical bones)
- Provide exemplary care
 - Clients
 - Animal patients




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PRACTICE MANAGEMENT ROTATION

Hospital visits

- Simple Visit
 - Face time
 - Showcase your clinic
 - Showcase your success
- Full Hospital Assessment
 - 3 day data collection event
 - Clinic tour / meet and greet
 - Owner Interview / lunch / visit
 - 3 Student teams
 - Area Observations
 - Case Observations
 - Financial Analysis
 - Suggestions or Opportunities
 - Demographics



SECURITY & CONFIDENTIALITY



IF INTERESTED CONTACT :

GLEN SELLERS 334-844-6732



QUESTIONS ?????