



Can you make a business in this business?

Holly Grayton

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You've heard it said many times, barns don't make money. And like most people it's possible you scoffed, or completely forgot the statement. There are, however, some people that hear that and consider it simply inaccurate. So in this article we will make a brief study to see it in reality.

We caught up with a few Alberta professionals to do the research for this article, in order to have a varied set of parameters and conditions with respect to analyzing a barn business. To begin, we have some advice to consider from some of Alberta's finest professionals before starting a horse business.

The first piece of advice is to answer the following question: Have you spent a significant amount of time working under the watchful eye of a far more experienced trainer than you? In other words, have you spent time in an assistant role for a sustained amount of time? If the answer is yes, then continue on, if the answer is no, stop here and go find a job working for someone. The reason this is strategic and wise is that in life it is far more preferable to 'learn on someone else's dime'. If you strike out on your own prematurely, you will be learning on your own dime - not advisable. It is difficult advice to follow for young, headstrong and confident riders that want to run their own show, but it is very, very good advice. Spend a few years learning on someone else's dime, bide your time, learn systems and strategies, be humble. – Liam Buckley

Do a financial plan and find someone who can advise and support you; someone with a good reputation and a sound business of their own. – Rita Condon

Get some good advice from respected professionals in the business. And start small and enjoy it. Let the business build itself! – Lynn Macyk

Go back to school! Hahaha. I would say, have you paid your dues? Ie: worked for a successful trainer, as a groom, or a rider, or an assistant – or preferably all of the above! Do you know how to properly form a team, as in a vet you can work with, a farrier you respect, a mentor you can call on for advice? Are you humble enough to seek advice? Are you ready for the responsibility of spending other people's money on a horse and being sure it's the right match? Are you ready for hard work, long hours, demanding clients? – Traci Dlin

Make sure you understand the business you are entering. This can mean taking the time to apprentice with someone that you admire, trust, and aspire to, or it can mean doing objective research and consultation with a business advisor. Part of this process includes making plans. Source a lot of information about what your business needs - expenses, revenue streams, costs of doing business (taxes, WCB, utilities, mortgages/rentals/leases, equipment needs, staff requirements), etc. And make sure you have a good understanding of this in order to start to think about the services you can offer that you are capable of providing. Typically board costs, for example, are market driven and not specifically related to actual costs with a reasonable profit margin. Everyone's situation is different, so if you are going to lose money boarding horses at your facility based on the current market rate for a similar facility and services, you need to know this and plan accordingly to make up for it with additional revenue streams or implementing cost saving measures (sourcing better prices, part-time vs full-time staff, etc). – Alexander Grayton



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Attached to this is a sample Excel spreadsheet for your viewing, that gives a baseline of information to consider for a barn business. Additionally if you would like to use it to make your own business budget you are welcome to save it and customize it to your situation.

Our Base Scenario:

Let us begin with the assumption that the farm we speak of was bought in Alberta for \$1 million, and has 20 stalls, with average board prices ranging from \$1000-1400 our scenario will use \$1200. We will also have a mortgage in one scenario and not in the second. Equipment and so forth will be amortized over 10 years for these scenarios also.

Repairs and a capital project each year will be added on to simulate maintenance and expansion/improvements.

The majority of barn owners also have horses themselves so for this scenario let's assume the owner has 2 horses in stalls and 2 outside (we will classify those are either young horses or retired horses).

Assume the inside horses have 4 shoes and the outside ones have none for farrier costs.

Inside horses will eat grain and square bales at the rate of ½ bale per horse per day, outside horses a round bale every 2 weeks.

In one scenario the business owner isn't a trainer, and is a trainer in the other for comparison.

You will see the bottom line of both scenarios where the owner isn't making extra income with the training fees they are in the negative. The third column where the owner is a trainer there is little each month to either make an income or pay for their own show fees etc. These of course leave no room for any major break down of equipment or other overly expensive unforeseen circumstances. Also note insurance hasn't been added into these scenarios as those costs can vary dramatically.

Although this looks a little bleak many farms have variations on these scenarios and of course there are other ways of making money to support a business. The point of this exercise was just to point out that the old adage holds value and it's worth crunching the numbers before you start because as they say 'It only gets more expensive from here.'