

**A BUSINESS PLAN AND STRATEGY FOR
BIG SKY SHIRES & EQUINE SERVICES**

by

LEANNE K. HOAGLAND

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Approved by:

Major Professor
Rodney D. Jones

ABSTRACT

This thesis is the vehicle that I have used to outline a thorough small business plan for our personal business Big Sky Shires & Equine Services. While working toward my MAB Degree, I realized there were a lot of things that I could implement from the program into our business that would help us succeed in the equine industry. I was able to research the industry that we were in to gain a better understanding of how to market and plan for the future. In the back of my mind I started to ask a lot of questions and soon found that we needed a business plan that would answer many questions about the future of our business.

The first part of the thesis is the history of the equine industry with a look at US history, outlook for the future and strategic issues affecting the industry. The second part of the thesis is a history of Big Sky Shires & Equine Services. This history tells where the business has come. The third portion, of the thesis is the small business plan that is the most thorough we could put together. A lot of thought and time went into the document that we plan to implement and update quarterly as needed. The final portion of the thesis is our conclusion followed by a detailed appendix of the corresponding documents for operating our business.

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I would like to thank Dr. Rodney Jones, my husband Brett and all those who have had a helping hand in this thesis. With out their efforts this project would not be what it is today. The future of our business is bright after completing what I believe to be the most thorough small business plan for our business. I will now be able to track our business. All decisions and changes to our business will now be made on sound business practices based on sound planning and data.

DEDICATION

I dedicate this work to my family. They have taught me to pull on my boots and face life head on, with strength and determination. My husband and son: the ones who make every day worth living for. My Father and Mother: my heroes; my life teachers. My sisters: my strength and my friends.

CHAPTER I: INTRODUCTION

1.1 Purpose of the Thesis

The equine industry is consistently changing. There is a lot of entry and exit in this industry as many dream of making a living in horses. However, it is not as easy as many would like to think. A lot of planning and business skills must be implemented. Many individuals enter with little business knowledge or no business plan. Capital requirements are high and may not always be liquidated for the purchase price due to the fluctuating nature of the industry. The fact that most of the money in this industry is from customers who are spending their discretionary funds leads this industry to be very volatile. Success in the equine world is dependent on one's ability to manage business, livestock and people. Not all people have all these skills and often find themselves hiring a breeding manager, lesson instructor, and business office administrator. There is plenty of growth in the equine world. The size and scope of this growth is dependent on the ability of the businesses to put solid business skills to work.

It is critical for my business to look at getting a business and financial plan in writing by next year. We have done a lot of things right, but have nothing in writing for a time table with measurable goals or objectives backed with sound data. Once a business plan is put in place and implemented for the business we will, be able to make educated decisions based on sound, complete information. We will be able to base our marketing and production on sound strategies that will bring the best return on our assets with a solid business plan. Additionally, we need to do better market research on the demand for our services and breeding. Changes then need to be made based on this research. The changes

being made and services offered are currently based on what we feel will work for the business. They are not supported by data and research.

1.2 Overview of the Equine Industry

The diversity and nature of this industry makes it hard to identify and characterize. Most people do not classify the industry as a professional business due to its leisure nature. However, the economic value of the horse industry is great in size with a large impact on the country and world. The impact is so dynamic that it has launched several economic impact studies. The horse industry is often characterized as a “wild cat” industry. It is high risk and subject to rapid fluctuation. This industry relies heavily on discretionary income since it is a leisure time activity for participants. To not acknowledge this or lose touch with this environment will soon have the business resting with the dinosaurs (Oden (2005)). However, with this industry, risk will often return a large reward if all the pieces of the business plan and logistics fall together.

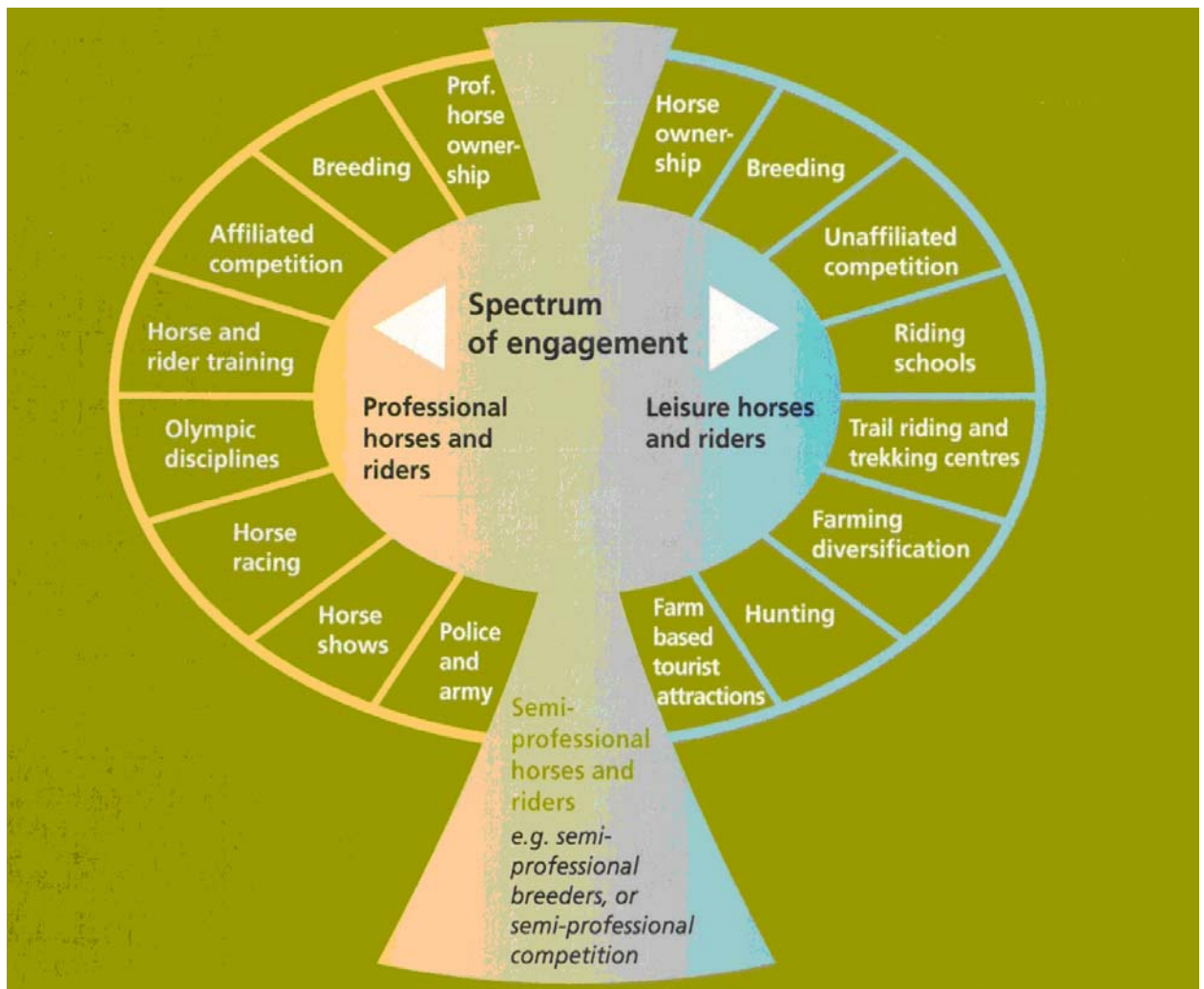
The equine industry is often thought of as sub industries such as the breeding of horses, the racing of horses, and the sale of horses and services with the intention of a making a profit (Blazer(2003)). We can place the participation of customers in the horse industry along a spectrum of engagement from professional to leisure. We divide these two with the definition that those who derive most of their income from equine activities are at the professional end to the other extreme those who engage in horses solely for leisure. In between these two ends, we have the plethora of individuals that we categorize as semi-professional. These individuals split their interests between the generating income and leisure participation (The Henley Centre (2004)). It is not to be mistaken, that by labeling

the extremes, we are putting less value on the businesses that supply to the leisure sector of the industry. This also does not say that the professional does not ride or partake in the leisure activities, or the leisure rider does not partake in the professional avenues. We are just dividing the industry into its sectors, thus making it easier to define and manage (The Henley Centre (2004)). This division will also make it easier to see how supply chain management and the logistics fall into play. By dividing the industry in this fashion, we are better able to strategically plan and size the business all the while not losing sight of the overall size and scope of the industry.

If you look at figure 1.1 (The Henley Centre (2004)) you see a conceptual map of the horse industry. The map shows the organizations which are closer to the final consumption points of the industry and which consume intermediate products from the upstream suppliers in order to provide goods and services. The center arrow shows the spectrum of engagement with professional activities at one end and follows through to leisure activities at the other end. The shaded area in the middle represents those semi-professionals and their engagement in the industry (The Henley Centre (2004)). An example of a person in this center area would be a semi-professional breeder or service provider. They operate for the leisure of horses and sell a little on the side to cover some of the costs associated with their hobby. The map shows several sub-sectors or activities of the professional sector of the industry. These include professional horse ownership, breeding for commercial interest, affiliated sports (including Olympic Disciplines), horse and rider training activities, horse racing, horse shows, and the use of horses by the military and police. The other extreme of the spectrum has the sub-sectors or activities that are

associated with participation in the horse industry as a leisure pursuit. The sub-sectors have been identified as horse ownership for personal and leisure riding, breeding as a hobby, unaffiliated sports (polo, hunting, etc.), casual riding lessons, trail riding, and saddle clubs, and tourist attractions.

Figure 1.1 Conceptual Map of the Equine Industry



Any person in any portion of this engagement will consume goods and services from any portion of the industry and its sub sectors. In a sense, all are consumers and sellers in this industry.

The economic impact of the equine industry on the US Gross Domestic Product (GDP) is \$112.1 billion. This industry supplies 1.4 million full time jobs. Additionally, the industry pays \$1.9 billion in taxes. The three segments of the industry with the largest economic impact on the US economy are racing, showing, and recreation. The three together contribute more than 25% to the total value of goods and services produced in the industry. The horse industry contributes more to the US GDP than that of motion pictures, railroad transportation, furniture and fixtures manufacturing and tobacco product manufacturing. It is only slightly smaller than the apparel and other textile products manufacturing in US (American Horse Council (2005)).

In the U.S. alone there are 7.1 million Americans involved in the horse industry. Of the 7.1 million involved in the industry, 1.9 million own horses of their own. It is estimated that tens of millions of American's are active in the industry as spectators (American Horse Council (2005)).

The American Horse Council study found that racing supplies the economy with about \$34.03 billion in revenue and 472,800 full time jobs. Racing also supplies the gambling, recreation, sport, breeding, and training industries plus any services needed by the sector. There are over 941,000 participants with 725,000 horses present in the racing sector. Forty-three states in the US allow wagering on horse races. In these states, there are

over 175 functional race tracks. The business of racing utilizes many businesses and suppliers. It is a labor intense business that offers a need to many skilled and unskilled services. In racing, there are needs for feed, medical supplies, veterinarians, tack and saddle suppliers, stable care and management suppliers, farriers, stable hands, transport services, training, riders and many more. The government and the states that have the racing sector present often benefit from the taxes and fees associated with pari-mutual betting. The states in 1995, generated over \$421 billion in taxes, pari-mutual taxes, track licenses, occupational licenses, admission taxes, and miscellaneous fees (American Horse Council (2005)). The racetracks in America paid \$511 billion total in federal and state taxes and fees.

The recreation sector of the industry in the United States represents \$23.8 billion on the US economy with involvement in all of the 50 states of the union. Many individuals enjoy the leisure side of the industry and ride horses with no concern of winning ribbons or making a living with horses. While recreational use of horses is not usually done for economic gain, there is a positive economic impact from recreational horseback riding. Horse owners, breeders, stables, veterinarians, feed and tack stores as well as many other businesses all rely on the economic impact and expenditures of the recreational segment of the industry (American Horse Council (2005)). 4.3 Million Americans partake in recreational activities. This sector employs 317,000 full time employees. It does not employ the largest number of people as compared to other portions of the industry, but this sector sports the largest number of participants and horses.

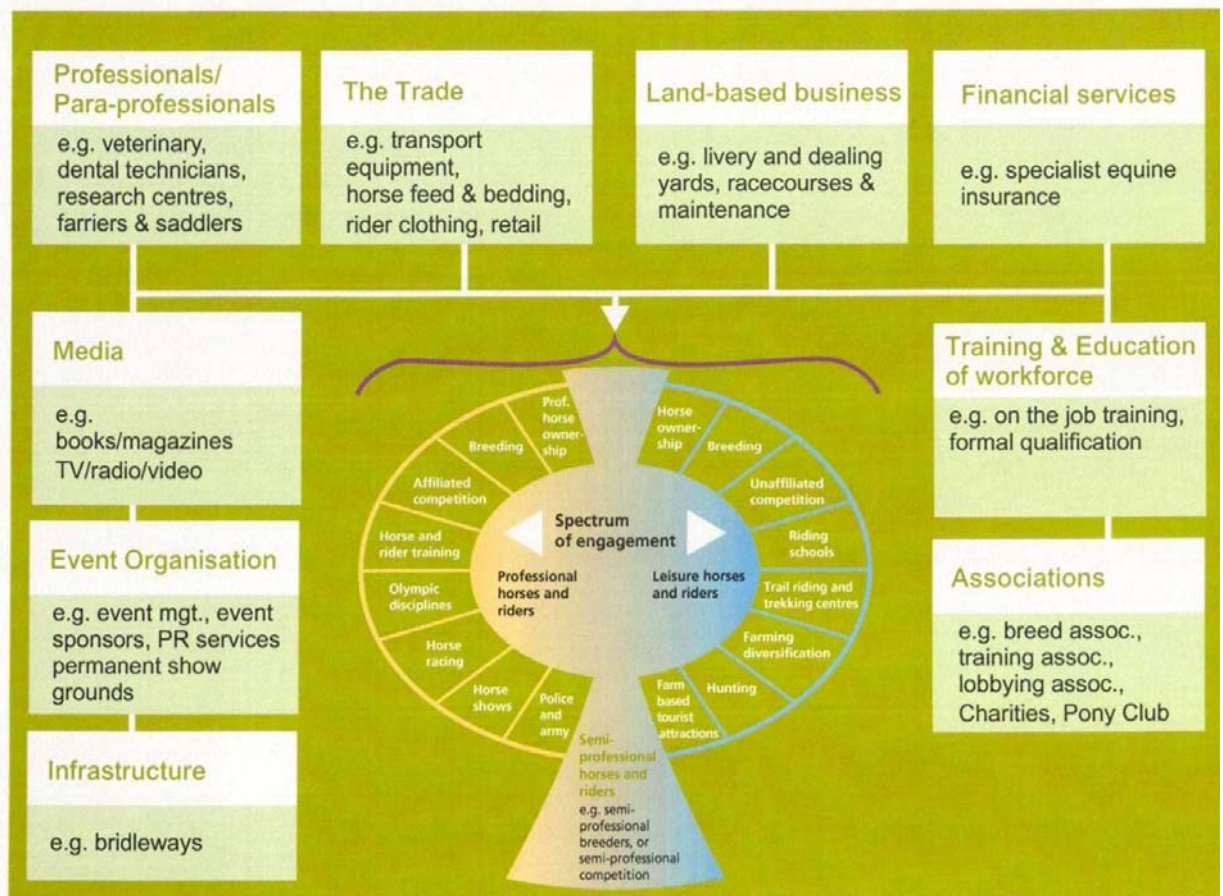
The third largest sector of the horse industry in the United States found in the impact study of the American Horse Council is “showing.” The interest in horse showing spans a variety of people, breeds and disciplines. Like racing, showing and breeding horses is a major labor-intensive endeavor. Hundreds of thousand of people work full- or part-time in the showing sector as owners, trainers, grooms, riders, veterinarians, transport companies, show employees or in supporting industries that depend on it. In showing, there are 3.6 million participants and 441,000 full-time jobs available. The economic impact of horse showing is \$34.8 billion, spanning all 50 states of the US.

The horse industry has several upstream categories of the supply chain. Figure 1.2 (The Henley Centre (2004)) illustrates the upstream end of the supply chain. The map represents organizations which supply to and hence make possible the activities/organizations within the industry core. Upstream production within the horse industry encompasses a wide range of activity. Specific activities to the industry are horse shoeing, saddlery, stable supplies, and veterinary services. There are also those services that are needed in the industry that are more self-sufficient like event management companies. It is important to note that these sub-sectors of the industry are not less important because they are not part of the core (The Henley Centre (2004)).

The heart of the industry depends on its horses and the value of those horses. A lot of value is given to these horses by the breeding and ability of those horses to be registered. With the high diversity of breeds and disciplines in the industry, there is a need to track and maintain associations. The Association category, in the upstream portion of the supply chain will encompass the breed associations, training associations, lobbying associations

and groups like the Pony Club and 4-H. This category is one of the important categories as they provide the structure, quality control, industry standards, and value needed to value the products and supplies in the industry. Many of the associations set forth breed standards of quality and performance expected of animals in those breeds.

Figure 1.2 Conceptual Map of the Upstream Categories of the supply Chain of the Equine Industry.



The Infrastructure category makes up the trails and bridleways of the industry. In the United States, this would include riding facilities, as well as, state and federal lands that have maintained trails and riding areas. With the onset of urbanization, one concern the leisure riding sector has is places to go ride with out having to go in circles in the arena

setting. Quality and safety of these trails and facilities is a must, to ensure optimal enjoyment.

Event Organization is important to the livelihood of many fairs, shows, sales and race tracks. These companies do everything from managing events, gathering event sponsorship, to providing public relations and marketing for permanent facilities and activities. Without this sub-sector many horse activities and fairs would be unable to reach out to provide a quality activity to their audience. A lot of horse sales and shows on the national and international level would not be able to be managed. Quality of work is important to the survival of this category.

The Media category provides much of the needed information to the public through telecasts, magazines, news articles, internet, video, radio and television. This sector produces educational, recreational and news based materials to the participants in the industry. The use of the media sub-sector helps many businesses to expand globally to meet other customers that would not normally be in contact with the business. The onset of internet has brought the horse person the ability to buy and sell online and advertise internationally. With all the new global marketing methods, many breeders are now importing and exporting embryos, semen and live horses. The trade portion of the industry has moved to online shopping with shipping and purchasing from national to international companies. With this a wider variety and qualities in products are now available to the consumer.

Many businesses and suppliers to the horse industry are in the Professional/ Paraprofessional category. These people and their ability to supply goods and services are critical to the survival and quality of animals and services provided by the rest of the industry. Examples of businesses in this sub-sector are veterinarians, dental technicians, research facilities, transportation services, farriers, and saddle makers.

The Trade category of the upstream side of the supply chain has become more important in the past decade with the expansion of horse businesses and with more owners that are becoming independent and owning their own facilities. This category includes the businesses that provide transportation equipment (horse trailers), feed and bedding, rider clothing, and retail businesses for supplies and equipment. Your local tack and feed store is a good example of a business in this sector. This category also deals with shipping and transportation of their products while meeting the quality and quantity needs of the customers they serve.

Sale yards, race tracks, riding centers, and maintenance are all examples of the Land- Based Business category. These facilities often host many horse activities from trade shows, horse shows, events to races. They are often leased by the organization that is putting on the event. This category gives many events and activities place value and location that is important to the event success.

The largest component in the Financial Services category is that of equine insurance. Many participants in the industry insure their horses or facilities against liability, death or loss. Additionally, most new businesses in the industry need financial assistance in

the form of loans to become established. Many need the finances available to purchase supplies and equipment from the other categories in the supply chain.

The work force needed in the industry is quite broad. Many of the jobs require manual labor and pay at the lower end of the salary table. The other side of the job spectrum requires training and skills. However, training for these people is difficult and requires the participation of the Training and Education of Workforce category. This sub-sector includes on the job training and formal education. Many colleges and certificate programs are the main source of formal training through two and four year programs.

The downstream portion of the supply chain is represented by the expenditures in the industry. However, there is little data to track this side of the supply chain. The Henley Centre took what data they had available in their impact study to put together a third conceptual map, figure 1.3 (The Henley Centre (2004)). This map illustrates the expenditure flows within the horse industry supply chain. The arrows on this map show the flow and direction of money in the horse industry. The left hand column of this map groups consumers according to their interest in the industry: whether they own, ride/drive, or just spend money on products without owning or riding. As a group many private leisure owners will tend to spend money on horse related items, except the export areas of the industry. These individuals often purchase items related to the care of horses and facilities, and then take a lesson or attend a clinic. The leisure owner is more apt to take a vacation with their horse(s) or to a destination that takes in horse activities. They will enter various competitions, go to equine fairs and trade shows and read more magazines and self help type literature (The Henley Centre (2004)). Many of the non-owning horse participants

spend money on all the categories except those that deal with horse care and health. The domestic participants that are not focused in the industry spend very little money on the care or riding of horses, but rather spend money on horse related activities that they take part in as a spectator. This includes a guest ranch vacation, evening at the rodeo or a day at the races.

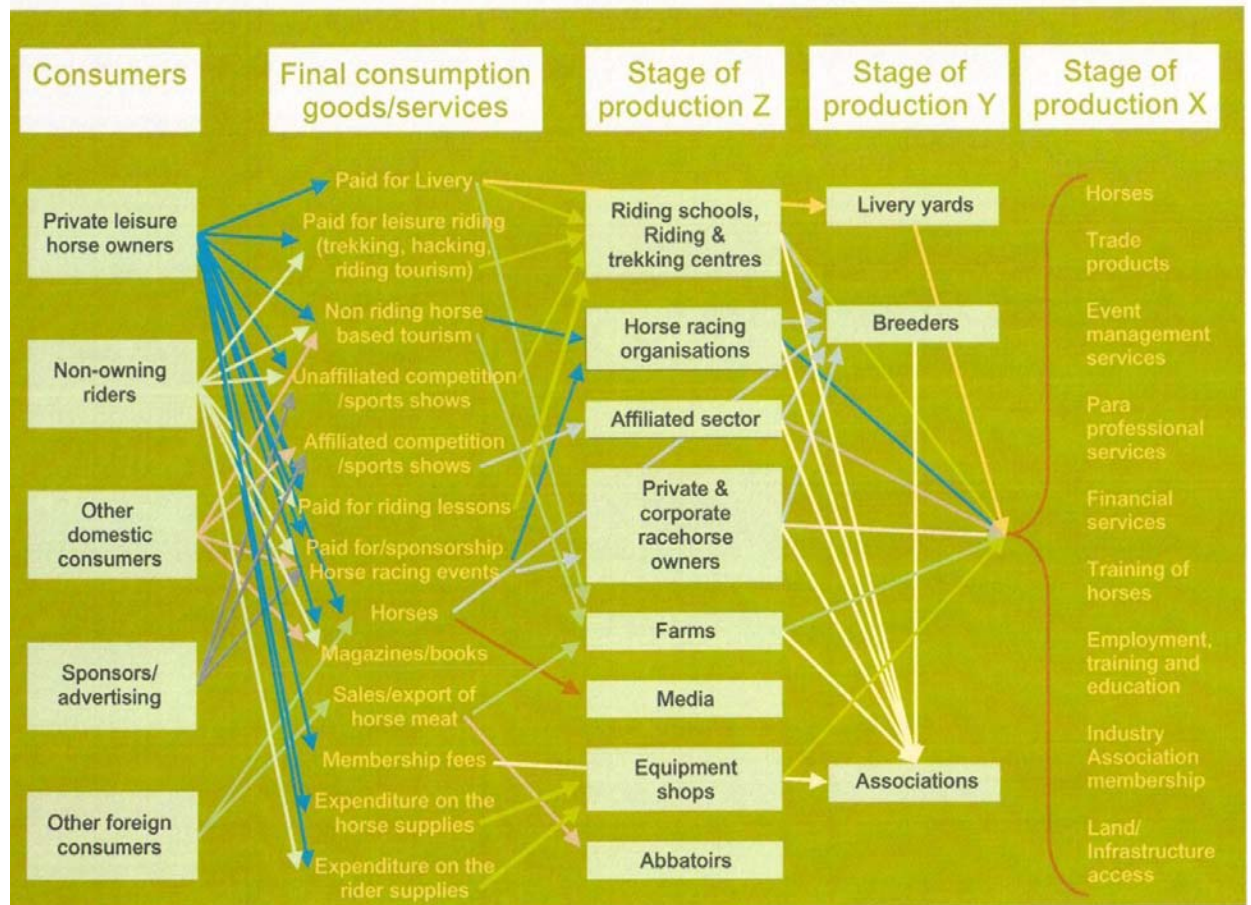
The flow of money in this side of the supply chain is often difficult to follow as many of the same items purchased by the consumer are often purchased by the businesses and organizations. At this level, supplies that are purchased by the businesses are classified as inputs in the production, and intermediate consumption as opposed to the final consumption of the good or service. Therefore, these expenditures are not counted to eliminate double counting (The Henley Centre (2004)).

The next column of figure 1.3 (The Henley Centre (2004)) gives the details of the final consumption products of the horse industry (stage of production Z). At this point these are the products through which money flows into the industry organizations. These are the “final” products that do not re-enter the production cycle again.

The third column of figure 1.3 illustrates the organizations that are closest to the consumer. This business may receive cash flows from many different product categories. Businesses here are part of the intermediate consumption as they may purchase supplies that are needed to operate. Expenditures on intermediate consumption at this stage will consequently flow to the upstream businesses in stages X and Y (The Henley Centre (2004)). Stage Y describes businesses that mainly supply to other businesses. They may

receive some of their cash flow from private horse owners but the majority of their cash flow is from businesses such as riding stables and race horse owners. This stage is distinct from stage X in the fact they too, like stage Z, will purchase supplies such as feed, bedding, and veterinary services (The Henley Center (2004)).

Figure 1.3 Expenditure Flows within the Supply Chain of the Equine Industry.



The products that are listed in the Stage of Production X column are products and services purchased by more downstream businesses as inputs to the production process. From here there is no more upstream flow in the industry. Any further purchases at this point are considered spent on raw materials (The Henley Centre (2004)).

The figures that have been discussed are important to the understanding of the supply chain in the horse industry. This allows us to strategically understand the relationships between the sectors and sub-sectors of the industry. There are many complicated dynamics and overlaps in the equine industry. Expenditures from the end consumer group feed into the industry through multiple final consumption product types. Upon detailing the supply chain and strategic issues affecting the supply chain on an industry level; a business in the horse industry will not only be able to identify their consumer but will be able to see where the money and products are in the supply chain. They will be able to find their competitive strategy, environment, market, supply chain strategy, and strategic fit.

1.3 Pricing and Entry into the Equine Industry

Rivalry in the equine world is big, especially with all the competition in the industry, reputations are built on the quality and performance of horses and students. Price is often a determining factor in meeting the market. Too low and you are perceived as low quality. Too high and you will price yourself out of business. The equine world is not forgiving of pricing mistakes.

The next issue is how the horse industry sets prices for services or products that they are selling. It is important to take the time to do your research of the industry and your market. Prices that work on the West Coast may not work in the Great Plains. Understanding of your market and region is the key to successful pricing strategy. As a business, each manager itemizes and assigns a dollar value for all the resources and costs that they have invested in what they are offering. They often talk to others offering similar

services or products to see if they are missing anything in their pricing. Surprise costs can turn a real great idea into a money loser fast (Oden (2005)).

Many businesses use a form of price discrimination to get customers to purchase products or services. For example, the most common one used in the equine industry is third degree price discrimination. Some offer a coupon in the local paper or newsletter for a discounted, free or buy one get one free offer. This is a way for the customer to see what you have to offer at the same time they are saving money. Existing customers use the offer to save a little on their next purchase. You may also get new customers that are looking at a new trainer or service provider. The other form of price discrimination that is often used in the equine industry is second degree price discrimination. These pricing situations make use of volume discounts. Some breeders, for example, will offer a 10% multiple mare discounts on a stud fee offered. Riding facilities will offer a buy ten lessons get the 11th lesson free. This will encourage a number of lessons or breedings and will allow the barn to manage the horses and resources better.

Many producers of horses are specializing in breeding programs and services to fill a niche in their area or portion of the industry. This allows them to tap a market and get better price/ profit potential from their products.

The general price of horses has seen a significant decline in the past few years due to feed shortage, drought and the influx of a large number of average to poor quality animals in the market. Additionally, the threat of the legislation to ban processing of horses threatens to flood the market with many poor and unwanted horses. The businesses that are

doing well in this time of price uncertainty are those with the horses and businesses that are fitting the niches of the higher returning market sectors.

The threat of entry into the equine industry is an ongoing concern. Initial entry is relatively easy and the numbers are high. However, the problem is that this is not the easiest segment in agriculture to make a living in. There are a lot of small businesses that operate as a side income to other jobs and professional careers. They offer small groups of services or breedings per year. The industry, with all its uncertainty, does not make entering this industry all that attractive at times. Your success is often gauged on your ability to train, show, and win with your horses and students. The bottom line is, if your horses and students perform (i.e. win) then your stallion, foals, services and offerings stand to be in high demand. If you are not proven or successful, you will have a difficult struggle ahead.

The threat of substitutes is always out there in the horse world. A great example of this is in the warm blood and sport horse industry. The fancy Warm Bloods, such as the Hanoverian and the Trekaner, are expensive and sought after. The new substitute in the industry is the Shire Sport Horse. They are a Shire draft crossed with a Thoroughbred. The cross creates what is often called the poor man's warm blood. They possess all the talent and ability of the German counterparts without the price tag. In the Quarter Horse industry, the bloodlines are ever changing. One sire will dominate for some time only to be overtaken by another. People will buy and breed the hot lines only to change to the next set of horses as the trends change. In the supplies segment, there are a lot of substitution in feeds, shampoos, horse shoes, clippers and even clothing just to name a few.

Supplier bargaining power affects many segments of the equine industry. In the feed, grooming supplies and areas such as that, there is a lot of bargaining power taking place. Stores are given requirements in order to sell feeds, and certain tack from companies. They must house so much or purchase minimums to keep the contracts with the wholesaler.

1.4 Brief History of the Horse in the United States

In the United States, the horse industry has seen many changes in the past 80 years. These changes have changed the way the industry is envisioned and looked at as well as the logistics. In the 1920's the horse was an animal of work. His value was measured in how well and how long he/she could function in the position it was working in. Horses were simply not of any value if they could not produce an income or satisfy a need. At this stage the horse was at his peak of usefulness and at the highest numbers in population (Blazer (2003)).

By the 1950's, the horse was out of a job. Tractors and industrialization sent the horse out of work. The government was no longer interested in supporting equine research through land grant colleges and stopped tracking the industry. Even though the government failed to see the value of the horse industry at the time, the horse still continued to gallop through the heart and soul of mankind. The industry began to change and the pleasure rider soon emerged. This consumer saw the value in the horse beyond a useful work animal. These individuals saw and still see beauty and grace, a faithful friend, a return to the romance of days gone by and a challenge to the future. At this time, even though the numbers of horses were declining, the demand for a new kind of horse was emerging (Blazer (2003)). This new horse had to be of quality with appeal and style. This horse had

to be safe and provide enough longevity for the many years of enjoyment to the owner. Horses started to see a turn toward refinement in conformation with movement and athletic ability emphasized. Registration and papers were now an important part of the horse's worth. Customers sought and still demand quality in these areas.

During the 1960's and 1970's the United States was booming and all phases of the horse industry were seeing a dramatic increase. As people had more expendable income, they spent more on their hobbies (Blazer (2003)). One major hobby coming into play at this time were horses. The leisure side of the industry was growing twice as fast as the professional side.

When the horse went from a work animal to a pleasure animal, the leisure and professional horse business exploded into a multi-billion dollar industry. Today, there is no set standard to value a horse or the services in the industry (Blazer (2003)). A horse or a service is worth whatever someone is willing to pay for the good or service. They are willing to pay most anything if they have the expendable cash for the satisfaction of their wants as represented by that horse or service (i.e. potential or utility). It has been found that 40 out of every 50 people in the United States are a potential customer and would buy either a horse or service (Blazer (2003)).

1.5 Strategic Issues Affecting the Equine Industry as a Whole

Today the industry is driven by the expendable money of the consumers and their ability to purchase goods and services in the industry. The industry is being affected by the economics of the nation plus environmental issues such as drought. The horse industry is at a point where it now needs to maximize and realize the potential that is available through

strategic planning. In order to realize the full potential of the horse industry, strategy must do three things. One, you must identify and maximize the opportunities to increase the level of engagement in the industry from the general public, which will in turn increase the revenue coming into the industry. To do this, the industry needs to bring in new participants as well as increase the participation of the current participants. Two, the industry needs to identify key strategic issues that will unlock the potential, maximizing positive externalities and minimizing the negative ones. Finally, the industry needs to identify a means of strategic improvement (The Henley Centre (2004)).

When evaluating the key strategic issues affecting both businesses and the equine industry, The Henley Centre came forth with some areas of concern. By taking these strategic issues and implementing them, the industry will see more supply chain coordination and growth, thus bringing more cash flow and economic impact.

The first strategic issue is the ability to promote the equine industry to a variety of people. This will help increase the engagement nationally and will challenge the perceptions amongst the public that the industry is more than just a hobby. Four broad main revenue streams exist in the horse industry; expenditures on riding, expenditures from owning, expenditures on spectator sports, and expenditures on trade products and horses themselves. Expenditures taking place in one stream will affect the other revenue streams. This shows how important it is for the sectors to communicate and work together. One sale will have an impact on the whole industry and all other sectors involved. It is important to identify ways to increase revenue and cash flows in the supply chain for this very reason. By marketing the industry to more people and improving participation, the industry will

become stronger. Many businesses are doing this by implementing day camps and other horse activities that target the nonhorse owning community. They are providing activities and services to bring in those who might only be spectators in the industry. They offer horses on shares where they are owned and shared by several families.

The second strategic issue is international competition. The industry needs to concentrate on the promotion and exportation of domestic horses. To be successful, these businesses need to participate on the national and global market place. This is often hard to do. For example, the dressage industry makes use of a large variety of warm blood breeds. These breeds (Trakehner, Hanoverian, Holsteiner, and Oldenburg) are from well established breeding programs in other countries like Germany. Good marketing of our continental warm bloods and saddle horses is necessary to promote and capitalize on good breeding. The industry must promote a greater level of organization in the area of breeding and promoting of local horses to gain a market reputation overseas and Canada. It is also critical for the breeders to try and place the highest quality horses with the most qualified, owners, breeders and trainers. This will ensure maximum advertisement. These horses will be in the public eye, highly competitive, and matched at breeding with the highest quality genetics (The Henley Centre (2004)). The American Quarter Horse is well on its way to accomplish this with a total of 93,829 horses internationally (American Quarter Horse Association (2003)). This market is often only tapped by a few who happen to get connections. Export regulations that vary from country to country and the cost of quarantine keep many from attempting to hit this market.

The US imported 40,525 horses from foreign countries in 2001, and that number climbed to 52,428 horses in 2004 (USDA/ APHIS (2004)). This increase is attributed to the need for high quality performance horses. Most are used as show animals, race horses, or breeding stock.

The US still exports horses overseas. In 2001 107,041 horses were exported from the US (USDA/ APHIS (2004)). Most of these horses came from the killer/ slaughter horse market and were sent to Canada or Mexico for processing. With other alternatives for horse meat, we have seen the exports diminish to 58,445 horses in 2004 (USDA/ APHIS (2004)).

Each of the 103 countries that the US has agricultural import/ export agreements with has different requirements on the export for horses, semen and embryos. This is contingent on the origin of the animal, diseases and issues affecting that country. These conditions are often negotiated with the agencies in each country that control agriculture commodities. APHIS is the major negotiator for the US at this time. They are currently working with the European Commission on the US – EU Equine Trade issues.

The disease issues have made it tough for people to transport and export/ import live horses. Therefore, there has been a large push for the marketing of semen and embryos. In the effort to provide better breeding services, the industry is making use of shipped cooled and frozen semen. Right now there are many breeds and breeders actively experimenting with embryo transfer and artificial insemination. It will only be a matter of time until this issue is addressed and implemented by all breeds in the industry. At this time, the only breed registry that will not register foals by embryo transfer (ET) or artificial

insemination (AI) is the thoroughbreds with the Jockey Club. Many of the other breeds are allowing ET and AI foals to be registered with the onset of DNA and parentage verification. With AI and ET, the breeder only has to be concerned with the diseases that affect reproduction.

In 2001, there were no equine embryos imported and 10 exported. Three years later in 2004, the US imported 2 embryos and exported 43. Most of these were Quarter Horse embryos. The semen side of the industry in 2001 imported 18,020 doses and exported 13,570 doses. Three years later, the US imports dropped to 11,617 and exports grew to 19,860 (USDA/ APHIS (2004)). This is promising as it shows the US is truly starting to make its mark on the global horse market. Furthermore, these horses will go to the people who will own them, use them, and promote them. Therefore making it easier to market and distribute the product, which is often the hardest part of exporting horses.

Embryos and semen are efficient, cost effective, and safe ways to move genetics throughout the world. Embryos for example are processed at the top of the cutting edge of technologies. Embryos are washed and handled to eliminate 99% of the chance of disease transmission. This process eliminates the chance that a disease outbreak that might shut down live horses and their import. In the process of ET disease free mares and stallions are mated. The embryos are then flushed and prepared for shipping or transfer to the recipient mare. Through this process the facilities and animals used are monitored to ensure no disease is transferred or carried on in the embryo. The offspring from AI or ET mating are more easily adapted to an environment that they are born and raised in and will have immunity to local diseases. The buyers are able to purchase elite genetics without the

headaches of shipping live horses or risk of diseases that may eliminate their personal breeding operation.

Getting into the global market for the horse businesses is very tough. The key is the elite genetics that the market is looking for and the ability to provide a quality product. Pedigree, show records, pictures and even video footage is a must. Most of the individuals, who purchase, do so from the materials they get from the breeder and do not make the expense to travel. The internet has given most horse businesses their first look at national business let alone international. Reputation and word of mouth are still the best means we have in this business.

Tourism is a major part of many of today's economy. One strategy that needs to be developed in the horse industry is the marketing and developing of the tourism side of the industry. Work is already taking place in this area with many dude ranches and national parks as they are marketing horse as their main source of business. By improving the number of people involved in tourism, the industry will also bring in more individuals from the urban side of society who do not partake in the industry in any other form.

Quality of horses, services and products are a key issue in the industry. The biggest way to develop this idea in the mind of the consumer is to provide show records and evidence that you are operating a quality operation. Unfortunately, if your horses and students are not proven (winning and successful in the show ring) you will have a hard time hitting the top dollar markets of the industry. The only way to have a proven record in the

horse industry is to show or perform where you have the opinion of another professional in the industry.

The final strategic issue that needs improvement in the equine industry is the image to the rest of the economic world (The Henley Centre (2004)). The industry is not well understood and is looked at as a leisure industry with little impact. By changing the view of the industry and emphasizing the importance of the supply chain in the industry, the status and profitability of the industry will grow dramatically.

The horse industry as a whole is not very attractive to enter at this time. Drought, feed costs, upkeep, management of horses, fuel and the lack of disposable income are putting a pinch on businesses that are not using sound business plans or practices. Finding your niche and utilizing resources available is the tell tale sign of survival. However, the price of fuel and the current economic state of the US are affecting both the purchase of horses that must be shipped for long distances and the breeding to stallions that only service through live cover. Stallions that ship via cooled semen are seeing an increase in breeding services. Additionally, the big questions and legislation of slaughter horses is causing a drop in the price of horses. We are still seeing good prices offered on the high end specialized horses.

In this type of industry, where the future is dependent on the ability of the consumer's discretionary income, there is a lot of risk and uncertainty. This does not always make this type of business the best one to enter if you are not a strong business person with the tools and resources to find your niche. Additionally, the industry like many

animal based industries is facing a lot of issues from the environmental side. There are things to face such as use of public land and trails, liability and insurance rates, animal rights, water quality in confinement use facilities, disposal of old unusable horses, availability of feed, wood shavings for bedding and the forestry issues. Any legislation in any of these matters can dramatically affect the livelihood and survival of the business.

CHAPTER II HISTORY OF BIG SKY SHIRES & EQUINE SERVICES

2.1 Introduction to the Business

Big Sky Shires & Equine Services is a family owned and operated business in Glendive, Montana by Leanne and Brett Hoagland. Started in 2004, we ride, drive, and use our horses to harrow and work our pastures. Being born and raised in Montana led to an interest in good horses, cattle and dogs. Our first interest was Quarter Horses. Our family started raising them in the 1970's until job moves made it hard to maintain a breeding program. The focus of our Quarter Horse program was on a good all round using horse for work and play.

In 2004, we diversified by adding Equine Services during the summer months. All services are provided by myself. We have no other employees at this time. I work with my clients to develop a program to fit the goals that they desire. Services offered include:

- 1) Lessons,
- 2) Clinics,
- 3) Judging,
- 4) Wagon Rides and Services,
- 5) Equine Publications and Design,
- 6) Vellus Equine Grooming Products,
- 7) Horses and stallion services for sale,
- And 8) Equine Care and Boarding.

We became interested in Shire Horses in 2000, with the purchase of Big Sky Kellie, a black and white mare broke to ride and drive. We were looking for a driving horse to use for pleasure driving. We found an advertisement in the local classifieds-- went and looked

at the mare and purchased her. Since then we have enjoyed showing her locally and at the Montana State Fair, Calgary Stampede and the Canadian National Shire Show where she placed 3rd.

Shortly after the purchase of Kellie, we decided that we would like to pursue draft horses (Shires) for a little more than pleasure and began our search for a stallion to breed to our mare. In the process we found a stallion, Shakespeare William. He is a black and white English, Canadian and American Registered stallion that we imported from Canada in 2003. Soon after his importation we purchased our first registered mare, Big Sky Melody. The first shire foal to be born at Big Sky Shires was a bay filly, Big Sky Jacque Bee, in 2004. She was sold to Sullivan Shires of Florida after winning the reserve shire mare title at the Montana State Fair.

Big Sky Shires & Equine Services' goal is to be able to offer a broad and diversified group of services to fit the desired needs and levels of the horsemen in the area. Locally the image of the business is strong. Currently there are 6 clients all taking private lessons, 3 Canadian clients using our equine publications service and on average we judge 10 to 12 events annually in Montana, Wyoming and North Dakota. We need to work on promoting the breeding and equine sales to a broader market outside of Montana. Boarding has been lucrative for us in the past. We have the ability to house 5 outside horses. This space is used for breeding mares coming in and a few horses owned by college students. Furthermore, the firm offers breeders with great bloodlines, conformation and disposition that the Shire breed has to offer, as well as professional equine services. Quality horses and

services are offered at a fair price. The business hopes to reach the horse person who wants horses that possess talent and quality at an affordable price.

2.2 Initial Direction and Plans for the Business when Developed

When we started this business our main outlook for the business was to provide enough money to keep and maintain our horses, hobbies and a horse facility. We did not have a business plan or action plan for our outcomes. Most of our aspirations were derived from dreams of running our own business to fit our personal needs. We just knew what we wanted. Through trial and error we started to market and develop our business as best we could while working our full time jobs. After taking courses to get my masters I found that we were missing a critical portion of the puzzle, in particular, a business plan. It is here that the idea for this project was developed into action.

Both my husband and I have careers that are providing the household with cash flow for bills and family expenses. Life insurance and health insurance are supplied by these jobs too. Brett works as a law enforcement officer for Dawson County. This job allows for full retirement after 20 years of service. I work as an instructor and director for the agribusiness technology program at Dawson Community College. I have 7 years completed on a 25 year retirement. With that in mind we are planning on building the business so that it pays for itself and provides for a retirement opportunity with cash flow. In twenty years Brett will retire and look into another job in law enforcement or in his degree field of wild life management. I further discuss the specific goals and objects as they relate to our mission and vision statements in the next chapter as we write out our business

plan. It is our hope that this business plan will help keep our business moving in the direction of our vision and goals.

CHAPTER III: BUSINESS PLAN

3.1 Vision- Mission Statement

3.1.1 Mission Statement

The mission of Big Sky Shires & Equine Services is to operate an equine business in breeding, raising and showing shire and shire sport horses with services provided in lessons, clinics, judging, equine publications and promotional video and Vellus Grooming Products. This endeavor will provide:

- 1) enough income to support the expenses of the business and the activities that the business is involved in.
- 2) horses that are meeting the industry standard and performing at state, national and world levels and services that provide support and benefit to the industry and its participants.
- 3) enjoyment through showing, hunting, recreational riding and family activities.
- 4) a business that our son may take and work in the future as part of his way of life;
- 5) recognition of solid horses and services to fit the need of the industry.

3.1.2 Vision Statement

In ten years, our business will be providing high quality horses and services that will be meeting the needs of the industry and horse community. We will provide the highest quality equine services with the most knowledge and skill in instruction, judging, wagon services, grooming products, equine boarding and care, and publications. Furthermore; we will be recognized for our ability to produce top quality Shire and Shire Sport Horses with size, disposition, movement and conformation that will place them consistently in the show ring. These horses will be able to satisfy the customer. We are

pursuing these activities to ensure a high quality lifestyle and business in the area of horses and services to make our love of horses pay for themselves and our equine activities. It is our goal to build a solid enough business to help support our retirement.

3.2 Description of Goals and Objectives

3.2.1 Business Objectives and Business Goals

Through the business planning process Big Sky Shires & Equine Services has set forth the following business objectives in which they hope to accomplish in the next 10 years supported by the following business goals in which they hope to accomplish in the next year or 2:

1) Build the broodmare and breeding program on English Shires that are registered with the Shire Horse Society of England.

1A) Purchase an SHS mare and breed her to another outside SHS stallion in hopes of getting a filly to retain and breed back to our SHS stallion by 2010.

2) Build and upgrade facilities for the services and breeding business.

2A) Fix and improve pasture fences by 2010 to be more eye appealing and workable.

2B) Finish runs and boarding facilities for incoming mares and lesson horses by August 2007.

2C) Begin construction and planning of the arena for spring 2008.

2D) Improve facilities- add stalls and barn (2012), begin planning and finances for machine shed (2010), Veterinary stocks/ wash area (2008), office/ tack room (2015) and breeding barn (2010).

3) Business to support itself.

3A) Judge and work enough services to pay for all the hay and feed expenses in 2007 and 2008.

4) Purchase and repair wagons and equipment for the wagon services.

4A) Purchase our personal wagonette for wagon services by 2009.

4B) Repair hay wagon and running gear by fall 2008.

4C) Acquire a fore cart for training by 2009.

5) Develop, implement and modify a yearly business plan while documenting changes and information.

5A) Finish business plan and implement it by January 2008.

5B) Update all contracts and letters for breeding.

5C) Draw up and put together the contracts for lessons, boarding and services by January 2008.

5D) Get finances organized and reported by January 2008.

5E) Improve profits and losses by implementing the business plan by 2012 so that the business will support itself.

6) Develop and implement a marketing strategy for the business.

6A) Get horses and services out in the public at least six times for advertisement and exposure each year.

6B) Build publications, DVD and web site for promotion and advertisement of the business and be using them by 2008.

6C) Certify with the American Riding Instructors in Reining and Recreational Riding in spring 2008.

7) Keep service providers up to date on current knowledge and skills needed for the services provided by the business.

7A) Meet with trainer two times in 2007 for personal lessons and development.

7B) Take 3-12 personal lessons per year with riding instructors and professionals each year.

7C) Attend CSU for equine breeding school by November 2008.

7D) Go to and partake in one clinic per year.

8) Build a self sufficient breeding facility and acquire the training needed to handle all breedings on farm and increase demand for stallion and horses for sale.

8A) Begin to collect and ship semen on our stallion by spring 2009 to increase salability of stallion.

8B) Settle the three mares for 2009 foals and market those foals for sale.

9) Sell and market 2-3 horses annually.

9A) Settle the three mares for 2009 foals and market those foals for sale

10) Add to farm acreage for more pasture and facilities.

10A) Look at purchasing the 60 acres near us for pasture and hay ground by 2012

11) Develop an on farm riding camp and school for summer.

3.3 Internal and External Factor Analysis

3.3.1 Business Strengths

Being a small business that is run solely by family, has given us strengths to sell in our little niche area of Montana and Canada. Our diversity has been good for sales. When sales of horses and breedings are poor we can cover costs and expenses by working the services sector of the business harder.

The knowledge and skills offered by myself are a great help. I am able to provide all the services with this skill set. The business is currently at a level in which I can provide all the services and work all the orders. There may be a time in which I will need to hire an

employee to help with the lessons portion. I am certified with the American Riding Instructor's Association. Additionally, I have attended several college courses in Judging and selection of horses, and shown in national, collegiate and international competition. Another strength is that the business over the years of working horses as a personal hobby has slowly acquired the land and basic assets needed in equipment and genetics. We currently have our stallion and one registered Shire mare from solid bloodlines. These two horses will build the foundation of our breeding program and take the business to the next level. We have some of the best performance mares to breed for Shire Sport Horses. They will allow us to build our reputation in the warm blood world.

3.3.2 Business Weaknesses

With a small family run business in Montana there are weaknesses that must be addressed and worked through. First and foremost, we have great genetics in our stallion but are currently lacking the facilities to ship and collect our stallion. We are locked solely into live cover at this time. The addition of a breeding facility would allow us to ship and freeze semen, plus perform on farm Artificial Insemination (AI). Secondly, we are lacking our own arena to perform lessons and training. If we need the use of an arena, we have to lease time from a local facility or use the fairgrounds when weather and schedules permit.

Until this project, the business had no business plan or direction mapped out. This alone has made it difficult to see if the business is prosperous or making its way in a positive direction. A formal office in the main barn away from the home, this would allow for better marketing and work to take place. In addition, we would have separate phone and correspondence for the business.

The business is lacking in its ability to produce a large number of foals per year. An increase in land size and herd numbers would allow for this to take place. Furthermore, in order to achieve our objectives on the breeding and sales side of the business, we need to produce at least three shire foals per year and three sport horse foals per year. These numbers will give at least six sales per season.

3.3.3 Business Opportunities

There are some opportunities looking favorable at this time, in the horse market. The sport horse market is ever growing with the national interest in English riding taking off. People want the heavy warm blood, but can not afford the warm blood prices. Good synthetic draft crosses are being bred and trained to fill the need for amateur, youth and lower level horses. Montana and the mid west are now seeing a great influx of English riding and there is a demand for these horses. The draft cross makes a great horse for the dude strings on many Montana guest ranches. Top dollar is paid for draft crosses that can be worked in the trail horse string. This market is where horses not of show quality are sold.

This increased interest in English riding has shown that there is a need for more riding lessons. There is a bigger demand for riding lessons in my area for English riding. There are very few instructors available, that are certified and have the credentials. These credentials also allow us to offer judging services. There are not enough judges available to fill all the shows around the area. This has allowed us to expand beyond the state and local level to judging nationally.

The business also has opportunity to expand the breeding and sales to the national and international levels through offering shipped semen. This expansion alone will allow the business to command prime money for its horses and breeding.

3.3.4 Business Threats

At this time, the need for Shire horses is growing so fast that there are not enough horses to fill the needs of the consumers. There are plenty of geldings on the market but not near enough mares and quality stallions. The larger breeders with the larger amounts of assets and resources are moving ahead quickly. Better finances, locations and resources are making it easier for many of the breeders to bring in the English registered stock or purchase the higher quality American horses. They are, therefore, producing a larger number of registered horses in the US.

At this time the American Shire Horse Association is in a large lawsuit with a breeder/lifetime member. Since the value of American Shire horses may go down and sales may slow due to the uncertainty of the Association and the future of these horses. The association is not able to pay the settlement or lawsuit fees assessed by the judge. The membership is going to have to pay additional fees to keep the association going.

There are some additional horsemen and instructors in my area, many of which lack the credentials and experience we offer. However, consumers here are not as informed about the horse world and often are going to less structured and qualified individuals.

Another threat to our business is the additional number of Shire stallions that are being promoted and stood for services. From the first year of our business to the current

time there are 50% more breeding stallions available today than in previous years. Most of these horses' breeding services are being offered for AI purposes, with the semen being shipped and sold.

3.4 Production; Operations and Organization

3.4.1 Product and Services Defined

We have diversified with Equine Services during the summer months. All services are provided by myself. We have no other employees. I work with my clients to develop the program they need, that will fit the goals that they desire. Services offered include:

- 1) Lessons: I offer group or private lessons to students in western and English styles of riding; an added touch for that person who wants that extra encouragement and helping hand. I am a current ARIA Certified: Level II Western and Level I Hunt Seat Instructor. Riders learn the importance of proper horsemanship and riding techniques while meeting their own personal goals. Selection of tack, equipment, and horses suitable to the rider and their goals are often discussed and covered. With our riding program, a rider is given all the tools and resources needed to make informed decisions and selections to better their horse experience.
- 2) Clinics: Clinics are available to fit the needs of the client as a group or 4-H Club. I cover the areas desired and topics of interest. Each person gets equal attention and help with enthusiasm and a smile. Riders as well as spectators are encouraged to participate and bring questions to the instructor.
- 3) Judging: I pride myself on a judging style that is honest, fair and matching with the industry standards. I keep the show moving yet maintain an open and relaxed atmosphere. I am available for open/ schooling shows and judging contests. I gained my experience in judging by participating in the Northwest College Equine Judging Team. Here I completed several college credit hours in training as well as competition.

- 4) Wagon Rides and Services: Wagons rides and services for your wedding, family get-together, funeral, or business parties are available. You may choose from draft teams and single horses to pull maintained vehicles of a time gone by. We decorate to meet the occasion and provide great service with a smile and beauty.
- 5) Equine Publications and Design: We design and print flyers, pamphlets, business cards and information for many local and Canadian equine businesses. All work printed on top of the line equipment and paper. Proofs are sent before printing begins. We offer DVD services for sale horses, farms and stallions. Through an effort to design and save costs for our own business we have been able to extend our services to others at an affordable quality rate. Word of mouth is how we have started the sale of these services.
- 6) Vellus Equine Grooming Products: Big Sky Shires is the Exclusive dealer of Vellus Equine Grooming Products. It is a salon style horse bath line that includes shampoo, conditioner, tangle out, static stabilizer and a moisture cream. Products are sold in quart or 16 oz sizes. Being a concentrated product allows for a longer lasting product for a better clean. Proven and tested, this product is hyper-allergenic and safe for use on horses and pets it has been proven to grow hair and condition coats. Our orders are placed special for our products. A minimum of 400 pounds is mixed for the business in Shampoo and Conditioner. All other products are not on a special order and can be ordered as needed. The customer can get product from us by ordering off our web site or by contacting us directly.
- 7) Stallion Services and Horses: Big Sky Shires & Equine Services is proud to offer some of the finest English bloodlines and genetics to those interested in Shire horses. Our horses are not only sound in conformation but sound in mind and disposition.
- 8) Equine Boarding and Care: Big Sky Shires & Equine Services offers full care and board on a monthly, daily and weekly basis. Mare care is also available to our customers who are breeding to our stallion. Packages are built to fit the needs of our customers and their horses.

3.4.2 Regulations and Licensing Issues

The business only has three organizations in which we are licensed to. The first issue is with Vellus Wholesalers. They require a contract and initial purchase amount of wholesale product. The contract can be seen in the appendix II. If any of the terms are violated in the contract the dealership may be pulled from the business.

The American Riding Instructor's Association (ARIA) is one of the premier certifying agencies in the US. They have some of the toughest requirements and testing procedures. ARIA has been certifying riding instructors and stable managers since 1984, and offers certification at three different levels and in 15 disciplines (American Riding Instructor's Association (2007)). I am currently certified in two: Hunt Seat and Western. I look forward to expanding into Driving, Stable Management, and Recreational Riding.

Nationally recognized and meaningful, the ARIA Certification Program (ARIACP) uses a carefully designed and thought-out system of checks and balances to determine the earning of certification. A team of evaluators, located in various parts of the country, assess all aspects of each candidate's demonstrated knowledge of the discipline he/she wishes to teach, attention to professionalism and safety, and business and personal integrity. Even at Level 1, ARIA certification is hard-earned, which makes it respected and important. Major insurance companies recognize ARIA Certification, and offer those instructors a substantial discount on their insurance needs (American Riding Instructor's Association (2007)).

ARICP Certification is meant for the serious, above-average instructor who teaches safely and in a professional, competent manner, with high standards of honesty and

integrity. Minimum age and experience requirements apply for each level of certification (American Riding Instructor's Association (2007)).

ARICP certification is an important aspect of an instructor's career and requires that candidates make it a priority. The certification process is accomplished by evaluating the instructor's qualifications and teaching ability through written and oral testing, and, at Levels II and III, by a video submitted by the candidate. Instructors meeting the standards for a particular level will earn certification at that level. ARICP offers certification to instructors in three levels of experience and in 14 teaching specialties. To ensure that ARICP-Certified Instructors' standards remain high, re-certification is required every 5 years. This also gives the instructor an opportunity to upgrade his/her level of certification and to add new teaching specialties. ARICP Certified Instructors have nationally recognized credentials. Their employment prospects are improved (American Riding Instructor's Association (2007)).

The third and final licensing, Montana law requires that all land owners must be certified by the state in order to buy and apply controlled chemicals for pesticide control. I am currently licensed with the state of Montana. I took my training through the Montana State University Extension Service in spring 2007. The card allows us to purchase any pesticide needed to maintain and control our pest problems.

3.4.3 Physical Resource Inventory-Plan

The property currently used by the business is owned by my husband and I personally. Consisting of 26.3 acres in eastern Montana four miles west of Glendive, Montana on Highway 200 S. The physical address of the property is 285 Hwy 200 S. The

land is currently cross fenced into five pastures of various sizes and one dry lot. A Schultz double wide home serves as living facilities. Maps of this property can be viewed in figures 3.1, 3.2, and 3.3. One pasture is in need of reclamation from weeds and cheat grass and is grazed for a month by the four Shire mares. It holds at this time about 6 animal unit months (AUM's). The pasture will soon be reclaimed to pubesant or crested wheat grass and alfalfa for use in early summer and spring grazing. The corner pasture on the property is grazed in early spring for about two weeks by the horses. The pasture that sets in the northeast corner of the property is seeded to crested wheat grass and is grazed May to June. It provides 8-10 AUM's depending on the rain and how soon the summer heat hits in the growing season. The main native pasture in the south west corner of the property is being lightly grazed at this time to improve the over grazed condition that existed when the property was bought in the summer of 2003. We currently get about one to one and a half months of grazing. The pasture is used in late fall so that the grasses can go to seed. With time, we are hoping to get 6-10 AUM's on the native pasture plant population. There is one small pasture off the south side of the corrals and runs. This pasture is used a turn out for the stallion through out the summer. The stallion is often left penned and fed hay and commercial feed products. One neighbor provides three to four weeks of pasture on his eight acres of land at no cost to the business. An aerial photo of this property is in figure 3.6 and in figure 3.1. This pasture is used in mid June to July when the move from early grazing is made.

If the business is to grow in livestock numbers and not have to feed large amounts of purchased feed stuffs, the number of pasture acres needs to increase. The first step

toward increasing pasture was taken in 2004, with the lease of 5 animal unit months on 16 acres of Department of Natural Resources State Lands just a quarter of a mile from the property as seen in figures 3.1, 3.4 and 3.5. It too had been over grazed and needed a one year rest in order to reclaim the range condition in a positive direction. We get a month to six weeks of grazing on this property. It is utilized in late summer to early fall before the move to the southwest pasture on the home place.

Figure 3.1 Map of Property Managed by Big Sky Shires & Equine Services

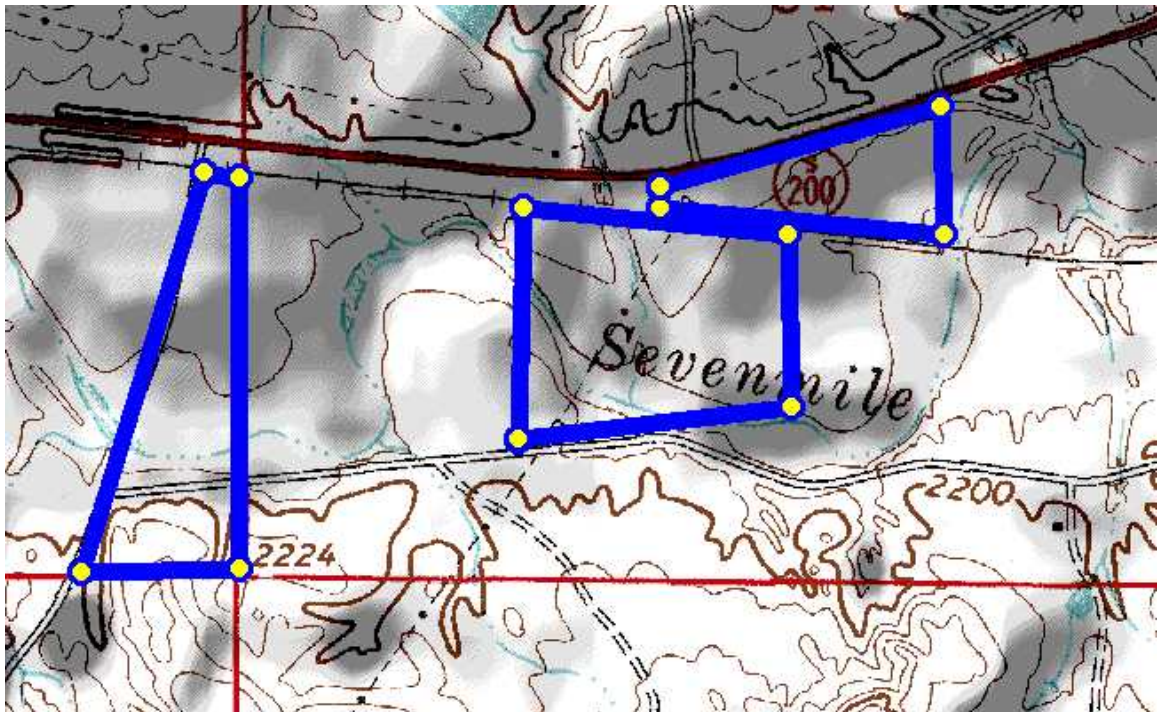


Figure 3.2 Aerial Photo of Home Property



Figure 3.3 Topographical Map of Home Property

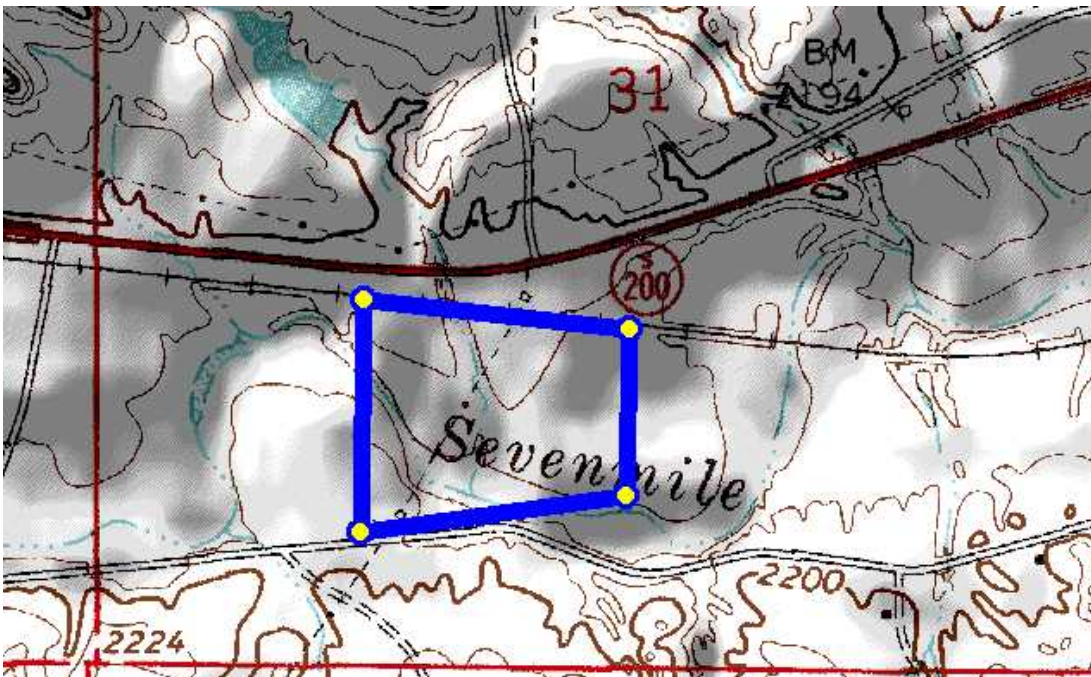


Figure 3.4 Aerial Photo of State Lease



Figure 3.5 Topographical Map of State Lease

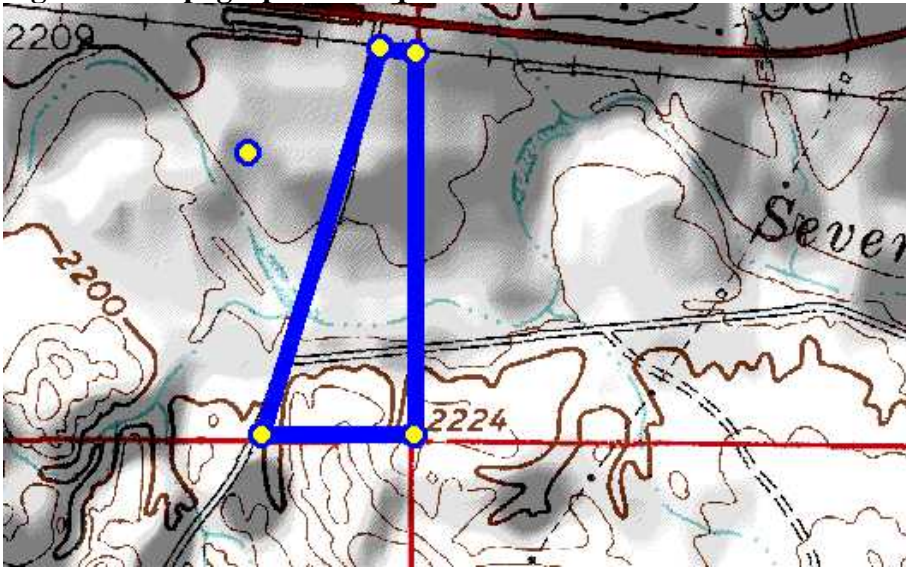


Figure 3.6 Aerial Photo of Barrowed Pasture



The home property was purchased with several outbuildings, cross fencing, one corral, man made reservoir and a grain bin. A lot of clean up was needed to get the place in a working order. This clean up is still taking place today and little by little the property is taking shape. The first barn on the property was an open faced, three sided 36X21 feet. It has two stalls accessible for horses large enough to foal mares in if needed. The third

division houses the dog kennel. At this time the center stall is used to store the tractor and cart. Do to the need for storage; the center stall has been sacrificed at this time. According to the county records, it was constructed in 1992, and is in average condition. The barn is sided and roofed in brown tin. It is an excellent wind break for stalling from harsh weather or for sick horses. A frost free hydrant is set in front. Both stalls are accessible with 12 foot Powder River gates. Lights and outlets for electricity are available for use in all three partitions. The barn makes up part of the west side of the corral, which is used at this time to house the stallion until construction of the stallion barn, breeding barn and stallion paddock can be completed. The corral is also set up with feed bunks for feeding cattle if needed. The condition of the corral system is declining with some posts showing rot. Some repairs have been made. The corral would be better utilized if it were divided into smaller holding pens. The barn can be extended an additional 72 feet. This would give u six 12X21” stalls for horses in the winter and foaling, horses for boarding and lesson or camp horses for weekend stays. The corral system has one automatic water tank, which is also used to water the dry lot. We need to extend water lines and electricity to the new barn addition (when constructed), corral divisions (when constructed) and the runs out back for lights, plug-ins and automatic water tanks.

A 12 foot by 21 foot shed sided and roofed to match the main barn is used for tack and equipment storage. It has two rooms. The larger is used for horse and livestock equipment, and grain storage. The smaller is for farm and ranch equipment. The windows are good. There are a few repairs needed in the floor and roof to completely make it mouse proof. The roof itself does not leak and the building is insulated to keep out some of the

summer heat. The tax records show that it was built in 1960 and was originally a homesteader's cabin that was moved in on blocks and sided.

The newest livestock facilities on the place are five runs with a loafing shed. The shed is 88 feet by 8 feet with 72 by 16 foot runs attached (divided into five pens). The roof was added this year (2007). Initial construction was done in 2006. We use the facilities for housing board horses, horses for breeding and our own horses when needed. No horses boarded at the property are grazed. All horses are penned and fed hay and grain rations at the owner's expense.

The property makes use of many water sources for irrigation, household and stock water. The main source of water is the well dug in 1983. The well supplies the two frost free hydrants and automatic water tank at the barn and the house water needs. The well is suitable for drinking and stock water as well as lawn and garden use. The water rights are filed with the state of Montana for house hold and stock use. The property has a man made reservoir in Figure 3.7 that will hold water and run off each spring. The water may be used for irrigation and stock. A Brigs & Stratton pump is used to pump water to needed sources. The final source of water on the property is Seven Mile Creek. The creek runs all year but needs to be broke open for use in the winter months. Figures 3.14 and 3.15 in section 3.4.4 show the range condition improvement as well as the creek as it flows through the property. Seven Mile Creek runs through the deeded property and the state lease. There are no water rights for the use of irrigation. However, stock water rights are available for both pieces of property. The only water source to dry up is the reservoir.

Figure 3.7 Reservoir and Water Storage for Irrigation in Spring



The steel grain hopper bin was dated 1962 and is in average condition. The measurements are 14 feet in diameter by 10 feet in height. The bin is in need of a new door but is not currently used for feed. It is now used as dry storage for the jumps, lumber and odds and ends that are not able to be stored in the other buildings.

One large concern is the lack of appropriate storage. The business could make better use of existing resources if we had a machine shed for storage and shop use. This would free up the grain bin and barn areas that could be better used for horses and feed. Furthermore, it would give us a place to make repairs and build things needed on the property.

The 1200 square foot home dwelling possesses the office and central nerve center for the business. All publications, web designs, financials, and correspondence take place here. The office however, is shared with the spare bedroom. In the near future, we would

like to separate the office into its own room and preferably one in the main barn where work can be separated from family life. We have just finished the covered patio, part of the yard fence and put sod into part of the lawn. Two thirds of the lawn and fence is still in need of being finished.

Labor resources are solely my responsibility at this time. We do not have a need to bring in additional help and employees. If this were done, we would only hire for the lesson portion of the business. All clinics and judging would still have to be handled by myself. I make sure that I book only as many events as I am able to handle at one time. I keep an organizer with all the information and locations of the events that we sign contracts with. Work and repairs, on the property, are planned around the paid contracts and services. If we have a conflict in the schedule, then that repair or work need is hired out.

We work Montana, North Dakota and Wyoming for our judging and clinics. Lessons are scheduled in the order in which they are requested and when they fit the schedule. Previous clients take priority in the list of scheduling. At this time we are averaging 5-7 lesson clients and about 8-12 events a summer. Lesson students ride a minimum of twice a month to four times a month. Evenings and mornings are scheduled so that time is not taken from the other operations of the business during the day. Time is donated to the local 4-H organization for mini clinics on Thursday for two hours. The donation is used as a charitable contribution for tax purposes plus business marketing. Each week I weigh personal and family time with the time for the business. I make sure that conflicts are avoided and kept from hindering the business or the family time. This may mean the some needs are hired out. An example of this is the farrier work. Although

my husband and I can perform these tasks, we have found it cost effective to hire the work done.

The business has been working hard to maintain a quality group of genetics. The limitations set forth by the small numbers in pasture acres and finances has caused the business to be selective about our horses and breeding program. Table 3.1 inventories the horses owned by the business, their condition, date of service and productivity and usefulness.

The Business currently has a base to the breeding program in its Shire Horse Society (SHS) registered stallion Shakespeare William (Billy). To help with marketing and to open additional opportunities to our breeding program Billy's crossbred and full shire foals are eligible for registry in the Sport Horse and Shire registries of the US, Canada and England. Many of the foals from our mares will be for sale as weanlings so that they do not cost us a feed bill. These foals will be sold at a price that at least makes the break even on the mare upkeep and the stallion service fee. In rare cases some of the best may be retained for training and showing to command a higher price at a later time. We hope to cross our best mares to outside stallions and retain the best fillies to breed to our stallion. The cost of these foals will be stallion, vet fees and mare care; much cheaper than purchasing the mares outright for 6 to 10 thousand dollars. The overall cost of these foals will be about \$1500 to \$3000.

Table 3.1 Physical Resources – Horses and Genetics

Description of Asset	Date In Service	Condition	Productivity and Usefulness
Registered Sorrel Quarter Horse Filly	01/01/06	Yearling Excellent	Not breeding or working at this time. Will eventually be part of the shire sport horse breeding program She will first be broke and trained and used as a personal and lesson horse.
Registered Black English Shire Stallion	01/01/04	Breeding 4 yr old Excellent	Currently breeding and working. Started under saddle and the main focus of the breeding program. Ready to stand to outside mares- settled one mare in the first breeding season. He is shown extensively and used to promote shire horses and the business. This horse was imported out of Canada and has some of the best genetics available to the shire breed.
Registered Bay Quarter Horse Filly	12/01/06	Yearling Excellent	Not breeding or working at this time. Will eventually be part of the shire sport horse breeding program She will first be broke and trained and used as a personal and lesson horse.
Registered Bay Quarter Horse Mare	01/01/04	21 year old Fair	Mare is the mother to the Sorrel quarter horse filly. She is used in beginning walk trot lessons and as a trail horse. Her reproductive performance is declining do to age. She has to be flushed and ultra sounded during the breeding process. Therefore she has been

			retired from the breeding program.
Grade Black Shire Mare	01/01/04	15 yr Excellent	This mare is not used in the breeding program but is used as a lesson horse for driving and as the horse for the wagon services. She is also shown and used in our breed demonstrations to promote the business.
Registered Bay American Shire Mare	02/01/04 To 10/13/07 Sold	5 yr old Excellent SOLD	This mare is just entering production as a brood mare. She is currently covered by our stallion. She also is broke to ride and used in parades, breed shows and performances. Sold for \$4500.00 Money to be used to offset the loss of the English Mare and mare lost in early spring.
Registered Bay American Shire Mare	02/01/04	4 yr old Excellent	This mare is breeding and working. She is started under saddle and will be used to replace the grade mare for pleasure driving. Currently in foal to our stallion for 2008.
Registered Bay English Shire Mare	10/01/05 to 09/05/07	10 yr old Deceased	This mare is broke to drive. She is used as a brood mare because of scar tissue on her hind legs from scratches. She settled last season to our stallion but lost the foal. She has some of the best genetics and was imported out of Canada from a premier breeder. In foal for 2008 baby- Mare Died of Colic – Plan to replace the mare in Spring 2010.

Registered Bay Thoroughbred Mare	10/01/05	6yr old Excellent	Mare is currently in training to be a show and lesson horse. She will also eventually go to the brood mare herd where she will produce shire sport horse babies for sale.
Registered Sorrel Quarter Horse Gelding	01/01/04	12 yr old Good	This gelding is used as a lesson horse and outrider horse for the wagon services. He is shown and used to promote the lesson portion of the business.

The business is fortunate that a lot of the equipment needed was in place at the start of the business. Since the start of the business we have been able to add assets and needed equipment as the finances would allow. Table 3.2 inventories the equine tack and equipment owned by the business, their condition, date of service and productivity and usefulness. By inventorying the assets by condition and productivity there is more than a value in cash. The value is stated in usefulness and condition.

Table 3.2 Physical Resources – Equine Tack and Equipment

Description of Asset	Date In Service	Condition	Productivity and Usefulness
Meadow Brook Cart (Draft)	01/01/04	Excellent	Cart is used in lessons, showing and promotion of the breed and business at promotional events
Wagonette- 6 passenger	Loaned	Good	This vehicle is borrowed from Eaton Clyde and Carriage. We use it for weddings and other wagon service contracts. It would be in

			the best interest of the business to eventually purchase their own.
Hay Wagon	06/01/07	Poor	Wagon running gear in good shape- box and deck need restored. We hope to restore the wagon so that it may be used for hay rides and floats for parades. At this time the wagon is in need of a lot of repairs.
Single Spotted Draft Harness	01/01/04	Excellent	Harness is used on our single driving mare. Also used in lessons, showing and promotion.
Set of spotted Draft Show Harness	12/01/05	Excellent	Currently not used as the business does not have a team ready to work. One set may be used in the show ring for single driving. Need to purchase two sets of show hames and collars for the horses when used.
CC English Saddle 17" seat Regular Tree	01/01/04	Good	This saddle is used in Lessons and by myself in the show ring when showing hunters under saddle. One drawback to the saddle is it fits only saddle horses – not the drafts or crosses.
Dressage Saddle 17" Seat Regular Tree	01/01/04	Excellent	Not used a lot in this area as there are few Dressage shows and fewer Clients looking for dressage lessons- but is used for showing and lessons when need. One drawback to the saddle is it fits only saddle horses – not the drafts or crosses.

All purpose 17" Seat English Saddle Wide Tree	04/01/05	Good	This saddle is used in Lessons and by myself in the show ring when showing hunters under saddle. This saddle is adjustable in the tree and fits all horses from Thoroughbreds to drafts and crosses.
Bits	01/01/04 to Present	Good	Many bits on hand to fit all different types of horses and riding/ driving styles. Bits include Broken mouthed Liverpool; egg butt; Kimberwicks; Western pellums, broken pellums; French link snaffle; D- ring snaffle; Calvary bit.
Misc. Tack and Livestock Equipment	01/01/04	Good	This category includes halters, bridles, show halters, show bridles, leg wraps, saddle pads, sheets, blankets, hoods, tail bags, tail wraps, mane and tail decorations, branding irons, buckets, brushes, feed tubs, feed storage containers, spray bottles, clippers, show grooming and fitting equipment, cinches, saddle racks, bridle and halter racks, bridle and halter bags, reins, tack cleaning equipment, veterinary equipment and first aid kit, Shoeing tools, anvil, riding helmets- all necessary odds and ends to store and use to complete the care and handling of show horses, lessons and everyday husbandry of the horses on the property.
Circle Y Show	01/01/04	Good	Western show saddle- quarter horse tree.

Saddle 16" Seat			Used in the horse shows.
Alyson Hand Made Saddle 14 1/2" Seat	01/01/04	Good	Working saddle used in lessons and riding colts. Also used for trail rides and everyday riding. Fits most all horses and does not sore horses.
Colorado Saddle 16" Seat	01/01/04	Good	Working saddle- Used to start colts with and as an extra saddle when needed for rides. Fits drafts and saddle horses.
Dekker Pack Saddle	01/01/04	Good	Used for hunting, trail rides and camping. Sometimes used when starting colts.
Corriente Saddle Handmade 16" Seat	08/01/06	Good	Working saddle used in lessons and riding colts. Also used for trail rides and everyday riding. Fits most all horses and does not sore horses.
Jumps	01/01/04	Good	Five sets of standards with poles and five solid fences. Used in training and lessons. All painted and constructed of good lumber.
Stall Curtains/ Decorations and Sign	01/01/04	Good	Used to drape and decorate stalls and displays when in the public with the horses and business booths. Makes for a color coordinated and colorful display to catch the customer's eye.

The business is building its inventory of farm and ranch equipment. Some things we had at the start of the business. Others have been purchased with the past several years'

tax returns. These resources help keep the operation in working order and maintained.

These items are inventoried in table 3.3 below.

Table 3.3 Physical Resources – Farm and Ranch Equipment

Description of Asset	Date In Service	Condition	Productivity and Usefulness
1996 F350 Pickup	01/01/04	Good	Used to pull the horse trailers, haul hay, haul garbage and ranch supplies.
1983 Phillips Two Horse Trailer Extra Wide and Tall	01/01/04	Good	New paint in 2003 – side by side trailer. Used for short trips and when hauling one or two horses. Will hold the draft horses. Full divider and ramp load. Fully enclosed with vents. Great trailer for all weather travel. Not built for off road use.
1977 Circle J 4-Horse Trailer	01/01/07	Fair	Used to haul cattle/ garbage- will be converted to a flat bed to haul hay and tractor
2005 Titan Five Horse Extra Tall Slant load Trailer	10/01/04	Excellent	Blue in color. Trailer was bought debt free. Trailer will hold horses and the wagon or cart. Walk in take room for camping and storage- eliminates the need for hotel rooms while showing. Vent in roof is braced for a heater/ AC unit. In the future we would like to convert the front with insulation, heat and air, sink and microwave with storage cabinets. Trailer will haul drafts to saddle horses.

8N Ford Tractor/ Blade	07/01/05	Good	Tractor was purchased with tax refunds. Used on the place to clean pens, move hay and dirt. Also mow and snow removal. Used to harrow pastures and recondition roads. Tractor is too small to unload large bales off the semi trucks- this must be hired out.
Davis Loader	07/01/05	Good	Loader was purchased for the tractor with tax refund money. Great attachment for cleaning pens and moving dirt and gravel.
Brush Hog	07/01/05	Excellent	Bought new with tax refund money this mower is used in the shelter belts and to mow weeds and pasture cleanup. Excellent for road ways and around the place. Pulled with 8N Tractor.
4 ft harrow/ Drag	06/01/05	Fair	Used to drag pastures and lots to break down manure and groom the surfaces after grazing. Pulled with 8N Tractor.
6ft Double Gang Disc	06/01/07	Good	Will be used to work the arena and work the ground in the pastures when reseeding and reclamation work is needed. Pulled by the 8N Tractor.
15 Powder River Panels	01/01/04	Good	12 foot panels used to make pens - that is used for colt starting and training. Also used from time to time for lessons when needed to make pens and holding stalls/ pens.

2 200 gallon poly water tanks	01/01/04	Good	Tanks are used as water sources for the four runs used for foaling mares and boarding horses.
12 Tire Feeders	06/01/06	Good	Used to feed hay and grain in. They eliminate a lot of wasted feed and help keep parasite control in order for the horses as they are not eating off the ground.
1 two horse Richey Water tank- heated/ automatic	01/01/04	Fair	Used daily as it supplies continuous water to the stallion pen and the dry lot. Used by the majority of the horse herd.
4 Electric tank heaters- thermostat controlled	01/01/04	Good to fair	Used in the poly tanks in the runs to keep water open for the horses that are penned.
Propane Water Tank Heater	07/01/05	Good	Used in metal stock tanks to warm and keep winter water open. Has not been used much as we have been using the electric water heaters.
Extension Ladder	02/01/06	Excellent	Used around the place for maintenance and building projects. Great for checking roofs after hail storms and repairs.
2 Battery Chargers	11/01/05	Good	Used for farm and ranch equipment- one is specifically for the 8N Tractor and the other is for all other vehicles.

Portable Jump Box	12/01/04	Good	Used to jump start vehicles in a pinch. Also used with a converter for the lights on the wagons for the light parade. Big enough capacity to jump the diesel pickup.
Wood working Tools	01/01/05	Excellent	Chop Saw/ Finish Sander/ Table Saw/ Belt Sander/ Skill Saw/ Jig Saw- Used in repairs and construction of jumps, buildings, additions and maintenance of the farm and ranch or home.
Small Capacity Air Compressor	01/01/05	Excellent	Used for quick fills on tires and to blow out equipment. Not big enough for industrial use but works well for the small needs of the business at this time. In the future it would be nice to upgrade to a bigger and better machine.
4 100 foot Hoses	01/01/04	Good	Used to water lawns, pens, and to fill water tanks. Also will be used to water the arena and riding areas.
Garden Yard Tools	01/01/04	Good	Rakes, Hoe, pots, shovels, potatoe fork; Manure fork, hand shovels and rakes. Used in gardening and to help with water runoff and flowers to add to the aesthetics of the property.
Fencing Materials	01/01/04	Good	Two solar Electric fence chargers/ post hole digger/ spud bar/ tapping bar/ post pounder/ fencing pliers/ steel fence posts/ wood posts/ wood plank and poles/ electric fence posts/

			electric fence wire/ barbed wire/ fence stretchers/ multiple fasteners – all needed materials to build and repair fence for the operation.
Lawn Mower-Push	01/01/04	Good	Great for trimming and lawn care around the house and tack barn. Used in shelterbelt between trees.
Come-a-longs/ hay ropes and chains	07/01/05	Good	Used to haul hay and wagons on flatbed trailers and trucks. Come in handy when needing to tow a vehicle or working around the place.
Misc. Farm and Ranch Equipment	01/01/04	Good	Hammers, wrench sets, screwdrivers, grease gun, oil changing tools, extension cords, storage cabinets etc. Odds and ends needed to maintain and repair.
50 Foot Round Pen –	09/28/07	Excellent	12- 12 foot panels and on 12 foot panel with gate. Used to start colts and for lessons as needed.

Finally, the nerve center of the business is the office. This is where business materials are processed and handled. Contracts are put together, videos are made, web sites are managed and publications are printed and published. Vellus orders are processed and lessons are scheduled. The books are kept on the computer and e-mail is checked. The inventory in this area of the business has been slowly growing and developing. We were not as fortunate to have some of these needed assets set in place. They had to be purchased

after the business had started. Table 3.4 outlines the office equipment in place and used by the business.

Table 3.4 Physical Resources- Office Equipment

Description of Asset	Date In Service	Condition	Productivity and Usefulness
Dell Computer	12/01/04	Good	Computer is used for all business applications. Business marketing, web design, video production, publications and design. All books and inventory are kept on the computer. Photos are edited and produced. Letters and memos are written and printed.
Video Camera- Samsung Mini Digital Video	08/01/05	Excellent	Used to video tape horses for promotion and sale, video lessons and instruction for students as well as horse shows. Video is then downloaded to computer and put on DVD.
Pinnacle Video System	04/01/07	Excellent	Software and tools to download video from devices and to edit the video to make promotional DVD's and slide shows. Used for personal business and horses as well as making videos for clients.
Digital Camera Kodak 3.1 Mega pic	08/01/05	Poor	Camera is used to shoot photos of horses and events. Pictures are used to build the website, publications, ads and for customer publication designs. Camera is in need of

			replacement for better and more professional photos.
External Hard Drive – Maxator	07/01/05	Excellent	Used to store video, photos and information-large capacity helps with storage needs and frees up the computer for other uses. Great source of back up information.
Light Scribe DVD/ CD burner	04/01/07	Excellent	Used to burn DVD/CD and back up information. Light Scribe system allows for label design and etching on the CD. Makes for a very professional look.
Digital Camera Kodak 8 Mega pic	07/26/07	Excellent	Camera is used to shoot photos of horses and events. Pictures are used to build the website, publications, ads and for customer publication designs.
Cannon ES Rebel 53 mm Film Camera	1/01/03	Excellent	Camera is used to shoot photos of horses and events. Pictures are used to build the website, publications, ads and for customer publication designs.

3.4.4 Resource Needs Assessment Plan

Based on the goals and objectives and the resources that are listed above the business has identified several purchases and needs that we would like to meet before 2010. The first of these to be completed in 2008, is the arena. We have looked at an indoor facility, but have chosen against it based on cost and the ability to lease the local indoor facility at \$10.00 for three hours of riding time. The plan we have chosen for the arena on

our property is a 200 X100 foot outdoor arena. The railroad ties for posts were given to us at no cost. The panels can be purchased through Murdoch's Ranch Supply in Miles City, Montana for a total of \$2,377.71. This project will be contingent on tax refunds or the sale of the foal we are expecting in spring 2008. The arena will pay for itself in several ways: 1) we will no longer have the gas and time outlay to travel to other arenas for lessons or clinics, 2) we will be able to add more lesson clients and work towards our own weekend camps, and 3) it makes boarding with our facility more desirable.

The second improvement we are looking into is the wash stall and vet stocks on a concrete pad. The cost of this project is estimated around \$2000.00. The pad will be poured and set by ourselves and the stocks will be welded and built by myself in the shop. We will be able to cut out of pocket costs and save by doing as much of the labor as we can. This project will be scheduled around the paying services. If we are not able to schedule the labor in we will have to look at hiring the job done. This will allow us to do most of our basic vet work and breeding on farm. We will have little need for a vet in the breeding area when we get through the planned school in Colorado at CSU. These facilities will help us cut vet and breeding expenses while giving us a place to professionally fit our horses for show and sale. This feature will also draw more boarding clients to the facility.

The third purchase for the business is our own wagonette. This will be purchased out of Canada from Robert's Carriages. The purchase and delivery cost is \$4000.00. With our own wagon we will have more freedom to schedule and perform our wagon services. We will not be limited when the people we borrow it from use it for themselves. The purchase of the wagonette will allow us to: 1) not pay rent for the use of current vehicle, 2)

we will not lose the fuel and time to go and get the current vehicle, and 3) we will have less loss of business with overlap of the current vehicles owner.

The fourth purchase that we will try to do in 2008, is the Artificial Vagina (AV) and collection materials needed to train and start collecting our stallion. We feel that it is critical that the business get into the shipping of semen if we are to be successful with our stallion. This will cost us about \$500.00 to get the basic equipment (AV, collection bottles, shipping container). In the future, depending on the demand for the services of our stallion, we will look into a breeding phantom and the semen processing equipment for shipping. Until that time, we will collect from a jump mare and have all semen handled by the local vet clinic. Most facilities charge a collection fee of \$150 to \$250. If we are set up to do this service ourselves that money will go to us rather than the vet. At that time, we will also have the ability to do all the services at the property. Eventually, we will have a breeding shed that will have all the needed lab and handling needs. The current cost projections are between \$5,000.00 and \$10,000.00 to build and furnish the entire lab and collection room. However, the business is in no financial state to purchase and run our own facility. Plans are to purchase the AV and collection kit needed to train and work with our stallion at home. We will utilize our local vet for shipping and processing to out of state breeders. The collection fee will be paid by the business for the first shipment and by the mare owners for any collection needed after that. Shipping expenses will always be paid by the mare owner. We will ship overnight Fed Ex or UPS. The vet will charge us \$150.00 per collection and process for shipping the semen. If this venture proves to be profitable and will support itself we will look into the additional equipment and facilities.

The fifth purchase is to look into getting another SHS registered mare for our breeding program. This time we will look into a mare that not only has the genetics but will also work as an alternate for our wagon services. We are looking at \$3,500.00 to \$10,000.00 depending on what we are able to find. We feel that the finances at this time do not allow us to look into high priced genetics. We will shop and try to find solid horses at good prices. If the mare is purchased right we will be able to net a return on her with in her first year of service in the carriage services side of the business and her first foal.

Looking into the longer term projects we have prioritized the corral, stallion paddock, stall additions and machine shed. We are looking at about \$5,000.00 to \$7,500.00 per project depending on material costs and how much labor will have to be hired out. It is our hope to start with the stallion paddock then move to the corrals, machine shed and then finally, the barn addition of stalls. These facilities will make the property more functional and safe for our horses. We will have places to board additional horses and work on equipment. The property will look nicer and perform the needed tasks better. Furthermore, it will make the business more desirable to clients.

3.4.5 Quality Control Plan

Quality of instruction and clinics is covered by a survey that is given to the students at the completion of the event. They are taken with the option to sign their name or not. The information is compiled and used to improve the lessons and clinics. Students in lessons with the business are also asked to fill out a yearly goal sheet and submit it with parent and student signature. These are filed and used to develop each individual lesson for the student. Changes may be made to these sheets throughout the year and lessons are then

monitored and changed to meet the student's goals and outcomes. This process insures that we are meeting the needs of that student. If there is a clash with a student we are very careful to help them find an alternate instructor that will help them with the skills that they want. To ensure the quality of instruction is up to date, each instructor (myself at this time) is required to keep riding and taking personal lessons and classes to keep current and up to date. ARIA Certification standards are met and used to keep credentials up to date. I also require that instructors show periodically not only for advertisement, but to get a judges opinion of their skills and abilities.

When possible, we keep track of the individuals that have our horses and follow up with their satisfaction and comments. Each horse is sold with a 10 day trial basis where the check is held and the horse may be returned in that time if all portions of the purchase agreement are met. Additionally, we keep a very close eye on our horses during the sale process. Horses are matched as carefully as possible to the buyer to ensure that we do not have to take the horse back and refund the money. We listen carefully and are sure to ask questions to make sure that the horse and buyer is a good match. So far we have not had to take a horse back from a buyer that was not satisfied. We ensure satisfaction and quality in our sale of breeding services only to approved mares. In the initial contact with the mare owner, we are careful to ask the questions needed to make sure that we have the genetics and traits that they are looking for. We also ask for pictures of the mares and a copy of any registration papers that are available. The mares are required to pass a health exam and make sure that there are no medical reasons that may keep them from settling and or aborting a foal. The contract for breeding also has a clause that entitles us to ask for a

different mare or appropriate tests for a mare that has not settled after several services. By providing these guidelines we are able to eliminate chances of dissatisfaction based on the chance of poor quality mares or poor combinations of horses and handlers.

Vellus products are sold and represented under the manufacture warranty and standards of excellence. Refund is given under those guidelines as set forth in the contract with the Vellus Corporation.

In the printing and publishing business, all items are designed and proofed before any printing or DVD production is begun. We have a sheet of questions that is filled out and sent with any pictures or video footage prior to any design. Customers are encouraged to look at our portfolio or submit any ideas that they have for the layout or design of their project. That information is used to put the publication or DVD together. Once a project meets approval it is sent to print with the understanding that the approval document has been signed and refund is no longer an option. If mistakes are discovered we can catch them prior to print. In the case that a print has taken place, then at that time those errors are fixed and printed again at a lower rate or free depending on the circumstances behind the issue.

3.4.6 Environmental Stewardship Plan

As stated before, this property was much overgrazed when purchased in the summer of 2003. Since then, we have been working very hard to improve the conditions and weed problem on the property. Each year we take pictures and do a range inventory of each pasture to monitor condition and trend. We use the standard range practices set forth

by the Department of Natural Resources. We are looking at clipping and setting plots to monitor the conditions more closely.

Our first step to improving the range condition was to develop a dry lot for the main horse herd. This allows us to let the horses graze for short periods of time and then have them back in on the lot to eliminate overgrazing or excessive hoof traffic. With the dry lot we also have a place to feed winter hay, grain and to hold horses when breeding or working. Additionally, any hay that may be weedy is fed in the dry lot and contained.

Next we tackled the few acres that were completely kochia and weeds. We started this project in the summer of 2004, by mowing the pasture, as it was too late in the season to spray. The next spring brought a large population of cheat grass. We had old seed that was planted that fall. However, we did not get enough of a kill on the cheat grass or with the drought enough moisture to get the new grass to germinate and take off. We have mowed each year since, waiting for moisture levels to come up to seed. With no access to irrigation it is tough to start new grass stands with the overwhelming drought that Montana has been in. We have been able to utilize this pasture in early spring where we hit the cheat grass very hard and this does help slow the production of seed and slowly we are seeing a diminishing population with the early summer mowing too. With the new disk and farm equipment, we are planning to work the pasture this fall. Then spray in the spring and plant Crested Wheat Grass and Alfalfa for pasture.

In order to relieve some of the pressure on our own property, a lease bid came open for the state parcel a ¼ mile west of our property on Seven Mile Road and Pleasant View.

This piece was obtain at a price of \$50 per Animal Unit Month (AUM) and a total of 5 AUM's available on the 16 total acres. The North portion of the property located north of Pleasant View road had been grazed very hard for the past ten years by the previous lessee as seen in figure 3.8. The range condition of the property upon our taking over the lease was poor. The previous lessee protested the bid and both parties took part in a hearing for the winning lease agreement. Several pictures were taken of the property in March of 2005. These pictures with our testimony allowed the business to obtain the lease and pasture rights. As part of the agreement, the parcel was left idle for 2005, with no domestic grazing pressure. We replaced the fence and grazed the property in late fall of 2006 with a light grazing after all the plants had gone to seed and went dormant. At current time we have several stands of cheat grass still to reclaim and a small stand of Canadian Thistle to manage. The tall grass species are starting to come back in and regain a mixed grass prairie plant community. The range condition as of July 4, 2007 was at a high good or low excellent. The condition is moving to climax and making great strides this is evident in figure 3.9. The South portion of the property has never been fenced. Since this has not been done, several hill climb roads have been run into the property. We have posted the property as public land without ATV or motorized vehicle access. Several individuals have since been prosecuted and charged for hill climbing. Figure 3.10 shows the current condition of the parcel. One hill has a large population of creeping juniper. The roads are posing a serious erosion risk and concern. We are going to fence this parcel summer of 2008, and will then be able to use it for pasture. There is no water source on this parcel, so water must be hauled for stock.

Figure 3.8 Picture of Range Condition of State Lease Spring 2005



Figure 3.9 Picture of Range Condition Improvement of State Lease 2007



Figure 3.10 Picture of Range Condition/ Soil Damage of State Lease 2007



We have put in use a grazing rotation that allows for the pastures that are in the worst conditions to rest till fall or late summer when the grasses are dormant or can better handle the pressures of grazing. One good thing that having the cheat grass pasture and the crested wheat pasture has done, is allowed for early spring grazing and for the later use of the two overgrazed pastures. The two small pastures around the corrals and barn are great for turnout for corralled horses or for a weekend of feed when we are heading to a show. The range condition of the pasture at the time of purchase was poor. The species complex was short grass prairie. The pasture was so far from climax (optimal range condition) that prickly pear was taking over portions of the pasture. With the grazing intensity changed and the time of year of use we have gotten the condition to improve to a low to middle good. The prickly pear is declining in population as well as the increaser plant population (plants the increase in population as grazing pressure increases). The decreaseers (plants that decrease as grazing pressure increases) are improving in number and the tall grass species

for the first time in 2007 are coming back with sweet clover and alfalfa. The pasture is in need of some weed control on the flood plane of the creek. Wild Licorice is growing. Do to the nature of the riparian area of the creek; we are pulling the plants each summer. This has helped control the population and eliminated the issue of burs in the horses' manes, tails and legs. We have one patch of Leafy Spurge that we are spot spraying to keep from having contamination in the creek. It is slow to take care of do to the chemical restrictions on the riparian area. We have not seen a large increase or spread in the Leafy Spurge population. This means that we are at least keeping control of the problem. We have some Wavy Leaf Thistle that we are controlling and some Burdock. Again, both weeds are in the creek bottom and we are pulling the weeds as method of control. In 2007 we have not seen any of the Burdock. In this pasture, we have several areas where there is some erosion in the creek bank. We have planted several trees along the bank to hold the soil. Several Cotton Wood and Russian Olive trees are now three to four foot tall and growing well. Not only will they help the bank, but they will help provide healthy habitat for wildlife and pheasants. Trees and shrubs are protected with fencing and time of grazing to keep them from being rubbed on or eaten. Trees are important in holding the soil, as well as providing habitat and shade. They help hold soil moisture and add eye appeal to the property.

Figure 3.11 Picture of Range Condition of Large Pasture Home Place When Purchased in 2003



Figure 3.12 Picture of Range Condition of Large Pasture Home Place Spring 2005



Figure 3.13 Picture of Range Condition of Large Pasture Home Place Summer 2007



Figure 3.14 Picture of Range Condition of Large Pasture Home Place Spring 2005 and Water Resources of Seven Mile Creek.



Figure 3.15 Picture of Range Condition of Large Pasture Home Place Summer 2007 and Water Resources of Seven Mile Creek.



Beyond basic cleanup and range monitoring, the property has issues with manure management and cleanup. A thousand pound horse is said to produce 50 pounds of waste materials. This does not include the bedding waste generated from stalled animals. About one fifth of what the horse eats is passed as manure through the digestive tract and a ton of fresh horse manure will have the equivalent value of 100 lb of 14-4-14 nitrogen, phosphorous, potash fertilizer (Hill (2005)). Even if not used as fertilizer, there is the issue of disposal, smell, bug breeding grounds, parasite infestation or water contamination.

With the dry lot, stallion corral and four runs there is a lot of piled and concentrated manure, most of which must be composted, given away or hauled away to the dump for disposal. The latter of which is very expensive, as we pay \$0.04 a pound. We have a pit that

is located in the back of the dry lot. When possible, we give away manure compost to local individuals. In 2006, several dump truck loads were donated to the Dawson County Detention Center for the use of an inmate garden project.

We have made sure that the manure pit has no run off. With compost there is little nitrogen and phosphorous contamination as the nutrients are released slowly and thus eliminates the chances of environmental pollution. Additionally, the odor is limited and the chances of parasites or insects are eliminated with the heat of a properly composted pile. Our pit meets the feet requirement from water sources of at least 150 feet. The pit is some distance from our water hydrant, so watering is done with some effort and four hundred feet of hose. We do need to invest in a concrete floor. For now we have a well drained sight with a good gravel base. The piles are turned twice a year to allow for maximum air flow and heat. A temperature of 100 to 150 degrees is optimal for composting and is tested weekly with a meat thermometer. With the number of horses we have on the property, a three bin compost bin is needed. We do not have dividers, but do have three piles with in the pit that is dug into the hillside.

On the pastures, each one is harrowed in the fall to allow for the manure to be broken up and put back into the soil. When needed, the pastures will be harrowed in early spring. No horse is allowed to be turned out into pasture unless they are wormed and properly maintained to keep from spreading to other horses.

Figure 3.16 Picture of Manure Compost Pit



Parasite and insect control are problems with any small acreage horse facility. Horses are wormed on a rotational system every two months. Horses that come in from other facilities are quarantined for two weeks to a month. They are wormed upon entering the facility to ensure that once out on pasture they will be parasite free. Our manure management program also helps us. Pens are cleaned and sanitized after each horse has left a pen or stall. Careful attention is given to horse health and well being.

Flys are trapped and commercial sprays are also used to control the population. The business is seriously looking at implementing the biological use of “Fly Predators.” They are small stingless wasps that lay eggs in the pupae. With the implementation of the Fly Predators you have to be careful of any insecticide use. When needed the horses are protected with fly masks and sheets to keep them from having severe insect infestations.

West Nile continues to be one of the largest problems in the US for horses and humans alike. The disease is spread by mosquitoes along with several other equine diseases (Eastern, Western and Venezuelan Equine Encephalomyelitis and Equine Infectious Anemia). We can vaccinate for all the diseases listed except for the Equine Infectious Anemia. Mosquito Larvae can hatch in four days of standing water. To prevent the mosquito population from getting too far out of control, we take several measures as suggested by Cherry Hill in her book “Keeping Horses on Small Acreages”:

- 1) Clean up any garbage, old tires or old containers that may hold rain water and runoff.
- 2) Fill in or drain all low spots that hold water and moisture.
- 3) Keep all facets and hydrants from leaking and in good repair.
- 4) Keep all grass mowed and shrubs and trees pruned to eliminate a place for adult mosquitoes to find refuge.
- 5) Keep as few of lights as possible on to eliminate the draw of mosquitoes to the barn yard.
- 6) All water troughs are cleaned, filled and drained at least once a week.
- 7) County spray crew sprays the creek bottom once a month.

The rodent and rabbit population is large. They cause damage to feed, buildings and equipment. Regular mouse poison and traps are utilized for the rat and mice control. The addition of two Australian Shepherd dogs has helped with the rabbit population and has eliminated the need of a 22 rifle and the dangers that come with it. Other than the rabbit and mouse problem the business is lucky enough to have no further wild animal issues. There have been neighbors with skunk and coyote problems. The property is frequented often by deer and pheasants. The creek houses minnows and toads. The wildlife population

is encouraged and use of the pastures is scheduled around the idea of allowing for a co inhabitant with the horses and wildlife.

Do to the soil type present around our property, we have issues with mud and disturbance of the ground. When we get rain storms, spring thaws or run off that creates mud we lot the horses to eliminate the hoof action, slipping and sliding that damages the ground and plant population. Extra hay and feed are purchased for these storms or the hit and miss days where turn out is not possible. By keeping the top soil from being torn apart we can eliminate the chance of erosion. Furthermore, we are then able to pick and clean the horses' feet and in the case of the shires keep their feathers clean to eliminate foot problems, foot deterioration and scratches.

The business does not have to deal a lot with hazardous materials. We have some fly spray, insecticides, pesticides and fertilizers on the property. All Montana guidelines for hazardous materials are followed as outlined in the pesticide license regulations. Brett has hazmat training through the law enforcement training and I have the Montana Pesticide Training License. We make sure that all materials are handled in accordance of the labels, stored in sealed original containers, and secure to avoid environmental or human contamination.

A large concern in the business is with disease and health management. Although the property has never had a break out of any equine disease, we have a higher risk with the number of horses and clients that come and go on the property and with the breeding of outside horses to our stallion. Horses are quarantined upon arrival and not allowed to mix

with other horses on the property. They are put through our vaccination, parasite and health care program. Only then are they introduced to the herd while some may remain in their designated pen. The health program will be expanded in our production plan.

Each horse that comes in to be bred to our stallion must have a uterine culture. Additionally, like every horse that comes to our facility, they also must have all the necessary health care to meet the same standards of our home herd. They must have a health certificate and current coggins test. If they do not comply with these guidelines then services are denied. For horses that travel to shows or off our property, we make sure that there is no sharing of feed tubs or buckets. Stalls are disinfected prior to bedding down and the horses being placed in them. As a rule of thumb, brushes, bits, blankets, sheets, hood, cinches, pads and equipment are not shared or moved from horse to horse. All equipment gets a yearly to monthly disinfectant bath when needed for disease prevention.

Finally, we have the issue of carcass disposal of horses that are put down or die. We have several options for disposal in Dawson County. The first is with the city landfill. They take dead horses and animals, which are buried as soon as they are taken in. The cost for this service is by the pound at \$0.0225. A 2000 pound draft would cost \$45 to dispose of. Second, we can bury the horse on our own property. We have to make sure they are at least eight feet deep, not in the flood plain and a minimum of 150 feet from the water way. The disadvantage to this is the issue of having to hire a back hoe to come in and dig the hole. The going rate at this time is \$85 per hour and mileage. Finally, we have access to a local rancher and his disposal pit. The cost for this service is the cost of fuel, for 60 miles to the property.

3.4.7 Production Scheduling Plan

The largest portion of our production plan is the herd health plan that we have in place for horses. This yearly schedule can be seen in Table 3.8. We are very specific in our timing and administration of our health program, as well as our feed and maintenance of the property. We have a set daily, weekly, and yearly routine that we follow in the horses' and property care. Table 3.5 outlines the daily routines that we use. Table 3.6 outlines tasks done on a weekly basis and Table 3.7 outlines the seasonal jobs that are done in the operation. Things do come up once in a while but it is the general overview of the tasks done in the business on a daily, weekly and yearly basis.

The resources that have historically been in short supply are pasture and grass. The largest reason for this has been the drought and range condition of the property from the overgrazing that took place prior to our purchase of the property and the lease of the state acreage. So we are often short pasture for fall grazing. Also, additions to the herd of horses put strain on the pasture and that limits the amount of grazing. Grazing plans and management have allowed us to get more out of our pastures in the recent years. Rotations and the use of short periods of grazing each day rather than 24 hour grazing with the use of supplemental feed of grain and hay, has allowed us to stretch and better manage the grass. The past two springs have been very wet and helped develop better stands of grass. This, along with our management has continued to increase the range conditions and capacity of the pastures.

We have not utilized the water in the reservoir to its full capacity. We have the pump and just need to set up the sprinkler system to apply the water to the pastures or even

the shelter belt. With all the run off that is captured each spring the water could be used to reclaim the pasture of cheat grass into a more useable and higher yielding stand of grass. With work schedules and a new baby we, have not taken the time to better utilize this resource. In the long run, if used, it would significantly help the pasture and grazing of the property. A plan needs to be developed for this fall and spring to better use this resource.

At this time the barn and corrals are another resource that is not well used. Since the only holding area for the stallion at this time is the corral, we are unable to use the stalls for other horses as the stallion can get up to the stall gates and cause problems with the horses that are in them. Additionally, with the use of one stall for the tractor and cart storage we are not making good use of the facility. The upgrades planned to the corral and barn, the planned machine shed as well as the addition of a stallion paddock would help solve this problem. Time and money have been the largest constraints to these projects.

Table 3.5 Production Scheduling Plan-Daily Routine

Morning	Mid Day (Summer-Days off from full time job)	Evening
Visual exam- check for illness and injury Feed Hay and Grain Clean Stalls and Pens- Where needed Check Water- Fill/ Clean if needed Hands- on Check of horses if	Exercise horses Training of horses Work on Publications/ DVDs Return calls to customers Schedule Lessons and Judging	Feed Hay/ Grain Clean Stalls and Pens- Where Needed Check Water- Fill/ Clean if needed Visual exam- check for illness and injury Blankets in winter

needed	Teach lessons	Bring Horses in or out.
Turn out or bring Horses in if Needed	Make Farrier and Vet Arrangements as needed.	Late check for mares or sick horses.
Apply Fly Spray or Protection in buggy season	Books and Accounting as needed.	Breed Mares (Spring)
Blankets in winter	Correspondence and promotion of the business.	Teach Lessons
Breed Mares (Spring)		
Teach Lessons		

Table 3.6 Production Scheduling Plan-Weekly Routine

Weekly Routines
Restock Grain and Hay Supplies (15 min to fill bins)
Check Bedding Supplies (5 min)
Mow and maintain lawns, shelter belts and gardens. (4 Hours)
Scrub Feed buckets and water tanks (1 Hour)
Strip any stalls being used (varies)
Prepare for up coming weekly scheduled events or services: Shows, Lessons, Clinics or vet work. (1 hour)
Check and restock veterinary, barn and miscellaneous supplies. (30 min)
Check and Repair Fences as needed. (30 min- fixing time varies)
Total Weekly Time: 5.5 hours

Table 3.7 Production Scheduling Plan-Seasonal Tasks

Spring	Summer	Fall	Winter
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10 Hours/Week	40-60 Hours/Week	10 Hours/ Week	5-10 Hours/Week
<p>Spread Manure.</p> <p>Keep Horses off Pastures.</p> <p>Spray Early Weeds.</p> <p>Check for ticks and manage accordingly.</p> <p>Get out shedding Equipment.</p> <p>Get fly control gear ready and clean.</p> <p>Wash, repair and store winter blankets.</p> <p>Tune up tractor and mowing equipment.</p> <p>Make arrangement for routine vet, farrier and health care.</p> <p>Look at calendar and get plan for judging, wagon services and clinics.</p> <p>Contact clients for riding lessons.</p> <p>Update Web Sight.</p> <p>Foal Mares.</p> <p>Breed Mares.</p> <p>Advertise Foals for</p>	<p>Monitor pasture till it reaches turn out height of 4-6 inches tall.</p> <p>Set out salt and mineral in pastures.</p> <p>Check and ready water sources for pasture.</p> <p>Assign fly sheets and masks to horses.</p> <p>Introduce horses gradually to pasture- lot them when not grazing.</p> <p>Mow weeds and pull burs.</p> <p>Repair facilities and fences.</p> <p>Purchase Yearly Hay Supply.</p> <p>Ride, Train, Wagon Services, Lessons.</p> <p>Judge Shows.</p> <p>Present Riding Clinics.</p> <p>Gather pictures and Video for Publications and DVDs.</p>	<p>Remove horses off of pastures- Leave half/ take half.</p> <p>Harrow manure.</p> <p>Remove bot eggs off of horses.</p> <p>Allow horses to gain 5% in body condition for winter.</p> <p>Wash, repair, and store fly sheets- assign winter blankets if needed.</p> <p>Winterize tractor and mowing equipment.</p> <p>Ready winter equipment for snow removal and feeding.</p> <p>Winterize any water lines that will not be used.</p> <p>Get tank heaters ready and in water tanks.</p> <p>Install snow fence and drift protection where needed.</p> <p>Work on publications and DVDs.</p> <p>Update Web Sight.</p>	<p>Make plans for winter hoof care and maintenance.</p> <p>Monitor winter water intake.</p> <p>Keep feeding areas clean and free of old feed and manure.</p> <p>Clean and repair tack.</p> <p>Advertise stallion and breedings.</p> <p>Book and finalize breeding schedule for spring.</p> <p>Clean Barn</p> <p>Ready Taxes and next year's budget.</p>

<p>sale- take deposits and ship in fall.</p> <p>Promote and order Vellus for the new show season.</p> <p>Clean and organize Trailer.</p> <p>Clean and organize barn.</p>	<p>Update Web Sight.</p> <p>Take personal riding lessons.</p> <p>Monitor condition of horses and feed program.</p> <p>Monitor pastures and trees for over grazing and damage.</p> <p>Ready fall and winter blankets.</p> <p>Finish Breeding Mares.</p> <p>Advertise Foals for sale- take deposits and ship in fall.</p> <p>Sell any yearlings that did not sell the season before.</p> <p>Breed promotions.</p> <p>Horse Shows.</p> <p>Clean and organize Trailer.</p> <p>Clean and organize barn.</p>	<p>Wean and ship foals to new owners.</p> <p>Clean and organize Trailer.</p> <p>Clean and organize barn.</p>	
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- Hours are estimates based on average daily tasks and seasonal conditions.

Table 3.8 Production Scheduling Plan-Horse Management

Month	Feed	Vet/ Farrier	Exercise	Grooming	Other
January	Increase hay as needed – 10% per 10 degrees below freezing.	Farrier Appointment	Out during the day- in at night.	Clean Hooves daily all year.	Turn Compost as needed yearly. Clean Pens and Manure as needed.
February	Increase hay as needed – 10% per 10 degrees below freezing.	Deworm	Out during the day- in at night.		Clean Pens and Manure as needed.
March	Increase hay as needed – 10% per 10 degrees below freezing.	Farrier-watch moisture levels on feet.	Out during the day- in at night.	Shedding-fitting for show season.	Clean Pens and Manure as needed.
April	Increase Grain as work increases.	Float Teeth Deworm Vaccinate-Flu, Rhino, Tetnus, WEE, EEE, Strangles Flu/ Rhino Booster- 5,7,9 Months gestation for Bred Mares	Out during the day- in at night.	Check for ticks – medicate as needed.	Spread Manure Clean Pens and Manure as needed.
May	Adjust Feed intake	Farrier	Out during the day- in at	Clean Sheaths and	Clean Pens and Manure

	according to work and pasture needs.	West Nile Vaccine	night.	Udders	as needed.
June	Begin Grazing-rotate pasture as needed.	Deworm-including bots and taper worm as needed.	Out at night		Buy Yearly Hay Supply Clean Pens and Manure as needed.
July	Monitor Grazing	Farrier Remove bot eggs.	Out at night		Clean Pens and Manure as needed.
August	Monitor Grazing	Deworm Remove Bot Eggs	Out at night		Clean Pens and Manure as needed.
September	Organize winter water plan	Farrier West Nile, Flu, Rhino Boosters as needed. Remove bot eggs.	Out during the day- in at night.		Clean Pens and Manure as needed.
October	Decrease Grain as work is decreased	Deworm-Including bots.	Out during the day- in at night.	Winter care; body or trace clip.	Clean Pens and Manure as needed.
November	Increase hay as needed – 10% per 10 degrees below freezing.		Out during the day- in at night.	Blanket if working through winter or showing.	Spread Manure Clean Pens and Manure as needed.

December	Increase hay as needed – 10% per 10 degrees below freezing.	Deworming	Out during the day- in at night.		
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The business continues to grow and increase in production. As we grow and improve facilities it will be easier to increase the volume of business. Table 3.9 shows the current and projected volumes of goods and services sold for the business. The bulk of the income will come from the increase in horse sales and breeding services sold. This table is drawn up from what we would like to see from the business. It may be subject to change based on the information found in this planning process.

This level of production can be attained. With Brett and I working and utilizing some lesson students for chores and stall cleaning, we can attain this level of production from the service side. The breeding services and horse sales will depend largely on our ability to market and get facilities to manage the shipping of semen. DVD's and publications can be worked on in the evenings, holidays from school, weekends and colder months when the outside work of the business is less demanding. Each year we make a calendar of events from which we schedule all our services. Weeks and weekends fill on a first come first serve basis. We could give more lessons by adding group lessons at a discounted rate to our clients. After looking at the finances and completed business plan we found that our services side of the business is very solid and stands to handle the most growth. We have added a column to table 3.9 to show the changes that will be made based on the data given to us from this planning process.

Table 3.9 Current and Projected Volumes of Goods and Services Produced.

Good/ Service	Current Volume	Projected Volume Prior to Business Planning	Projected Volume After Business Planning
Horse Sales	1 horse per year	4 per year	1 to 2 Foals Minimum of \$1,500.00 (Breakeven)
Stallion Services	0 Per Year	10 Per Year	5 Per year
Lessons	5 per month (3 months of Summer)	15 per month (3 months of Summer)	25 per month (3 months of Summer)
Clinics	8 Donated to 4-H 1 Paid	8 Donated to 4-H 2 Paid	8 Donated to 4-H 2 Paid
Wagon Services	2 Donated Per Year 2 Paid Per Year	5 Paid Per year	10 Paid Per Year
Publications	3 Printed materials 3 DVD Productions (per year)	10 Printed Materials 10 DVD Productions (per year)	10 Printed Materials 10 DVD Productions (per year)
Vellus Grooming Products	20 Products (per year)	150 Products (per year)	150 Products (per year)
Judging	7 Shows (per year)	15 Shows (per year)	20 Shows (per year)
Horse Camps	0	2 -four students each for 3 days. (per year)	2 -four students each for 3 days.
Boarding	1 Fulltime	3 Fulltime	5 Fulltime with Current facilities- Up to 10 Fulltime with upgrades planned

3.4.8 Production Risk Management Plan

Currently in place are several nice methods to help hedge the risk of the horse business. We have chosen several insurance options to help with liability and loss of horses. However, while this insurance may protect against the financial loss, it will not protect against the emotional and mental stresses of loss.

We carry equine mortality insurance on some of the horses. Any horse that has been sold, has a deposit paid or is owned by another individual, is required to have an equine mortality insurance policy. If the horse is partially owned by us, we then have the pay out of the policy pay the parties based on a percentage of ownership at the time of incident. Policy amount is for the value of the horse in the event of death or theft. The value of the horse is based on many factors. You can have an equine appraisal done. In the case of horses just purchased, values are based on the sale price of the animal. As time goes on, the value of the horse may go up as the horse receives more training, wins in the show ring, their foals become winners, is bred to a high dollar stallion or the market/ appraised value goes up. Most policies under \$10,000 do not require a veterinary inspection unless the breed or activity of the horse is of high risk. At that time, a veterinary inspection is needed to determine the horse is in proper health and care. The premium paid is based on a percentage of the insured value (usually from 3 to 5%). Currently we only have one horse insured on the property and that is our stallion. He is at 4.2% of \$6500 and the premium is around \$270.00. As a rider on these policies, you get \$1,500.00 towards colic surgery if needed for the survival of the animal. In the event that you have a serious injury to the horse or situation that requires you to collect on the insurance, you must notify the

company by a certain time. The vet must supply a necropsy report and death letter of the incident. In the case of a theft a case report by the authorities is sent before settlement is given.

To insure that we do not have to use our equine mortality policies, we are practicing safe and efficient husbandry practices. As seen in our monthly schedule we feed, vaccinate and worm our horses according to their needs and performance. Medical procedures are done and scheduled faithfully. Dental work and foot work are performed on a regular basis.

The business has had liability insurance for the past five years through the insurance provided as a 4-H Leader in state. This insurance has worked well for us as we have not worked with any clients that were not members of 4-H. With the lesson and clinic business growing and the breeding side being developed we are in need of a commercial policy. We are looking into insurance through Northwest Insurance for riding lessons, training, product sales, breeding and care and custody. With our certification with the ARIC we get a 10% discount on coverage. The premium paid is \$800 annually for the services. The commercial policy covers \$300,000 per occurrence with a \$900,000 aggregate. The care and custody policy covers up to \$5000 per horse with an aggregate of \$25,000. The big bonus to this policy is that the Insurance Company supplies any needed lawyer in case of litigation that may take place or claim brought against the business.

Our property and buildings are covered by our homeowner's policy. We pay \$1000 annually for personal property and dwelling coverage. The policy is paid to State Farm through our escrow on the property mortgage. With each addition of buildings or

maintenance we inform the company and change the policy values accordingly. As the assets stored in the buildings increases we increase the personal property amount of coverage and take pictures and document all assets and objects.

Every year an estimated 40,000 horses are missing or stolen in the United States (Hill (2005)). With this one of the biggest concerns is being able to identify and prove ownership of the horses. Horse identification is handled on our property with brand inspections, registration papers, health and coggins papers and pictures. Owners are required to provide a copy of all identifying paper work and proof of ownership before horses are allowed on the property. Then pictures are taken from the front, rear and both sides. These documents are stored in the customer's file in the main office. For our own horses we provide a three ring note book. This book has all health records, brand papers, registration papers and photos of the horses. We take close up photos of any scars or brands. The business owns two brands that are located on the left shoulder. The first is a Bar LK and the other is a Reverse BR Quarter Circle. Both brands are registered with the State Brand office in Helena, Montana. We also own the beef brand positions as well. We are in the process of getting freeze irons built to brand our slick nonbranded horses. Only one horse on the property at this time carries our brand. Two carry the brand of previous owners and the thoroughbred mare has a track lip tattoo. Each horse on the property does have a lifetime brand inspection and that is recorded in the business name.

On the property we practice the following precautions adopted from Cherry Hill and her guide on horse keeping to maintain a safe and secure facility:

- 1) Keep and maintain a secure perimeter fence to ensure that all horses are safe from the highway. Gates are left closed even when horses are not in the pens or pastures. This keeps out unwanted guests and keeps loose horses from getting out or in areas they are not wanted.
- 2) All tools and equipment have their own place and are put away after every use. Barns are kept clean and neat to prevent tripping and injury to people and horses.
- 3) Any broken boards, fence or protruding nails are fixed immediately. Fence checks are done weekly and first thing each spring after winter snow.
- 4) When giving lessons, handling horses, or people on the property, the dogs are kenneled and kept away from the situation. They are taught to respect the horses and not bark at the horses. Dogs are trained to alert us to other dogs or strangers that are on the property. When asked to “Hush” they are quiet and no threat.
- 5) “No Trespassing” signs are posted around the property- at the gate we are going to put in a sign that asks all visitors to check in with management.
- 6) Horses are never turned out in halters and only tied with halters.
- 7) We are working on adding lights to our pens and stalls. At this time we have two yard lights. One is on all the time with a light sensor. The other is on a switch in the barn yard. There are lights in the tack barn and main stall barn of the corral. The new runs and loafing shed are in need of electricity for tank heaters, pen and stall lights.
- 8) The tack room and trailer are locked at all times to ensure no theft of equipment or assets. We make weekly checks of all equipment to know what is available and what is missing. We are in the process of taking pictures of all inventories and saving those on CD for insurance purposes.
- 9) Current information is kept on each horse and in an accessible file for when needed. All documents are in the process of being scanned and burned to a CD. The business is in the process of purchasing a gun safe with a documents compartment to store all weapons and important papers. The safe will be fire proof and locked at all times.

3.4.9 Organization and Legal Structure

At this time the organizational structure of the management is the “people oriented” management structure. There is myself and my husband. We talk and discuss all business decisions together. I foresee a more “hybrid” structure in the future, if we gain additional stakeholders. Stakeholder input will be important, but the hierarchy still has some top down control for major management and marketing decisions.

The business from the beginning has been set up as a sole proprietorship. This allows for easy development of the business and easy tax reporting. Many equine businesses are listed as Limited Liability Companies due to the amount of liability in equine activities. We have considered looking into this option and have not pursued it at this time. Additionally, the business has filed a Homestead Claim with the county through our attorney that protects our home and assets in case of a liability claim. This was done for the business and for the nature of our off farm jobs to protect the business as well as ourselves.

With the issue of liability Montana has set forth in Code a law that states that a person knowingly involved in an equine activity acknowledges the chance of risk and injury. They may not hold an equine professional liable for injury unless negligence can be proven.

There are no zoning requirements or restrictions on our property. The only regulations to be followed are those on the creek and ground water for water quality. The well, reservoir and stock water on the creek are filed in Glasgow, Montana with the Department of Natural Resources and Conservation.

The business has taken the opportunity to draw several contracts and waivers of liability for the business. The first set of contracts to be drawn up for the business was for breeding. All these contracts are filled accordingly and saved for ten years. They are documentation of services rendered and the binding agreements associated with those services. In the list below is a short description of the contracts and their use in our business:

- 1) Live cover and shipped semen contract. They set forth all health, financial requirements as well as a waiver of liability. The contracts enable us to claim and process lack of payment with additional interest or collection of the resulting foal. These contracts ensure us and the customer the best chance of a sound foal and business relationship.
- 2) Boarding –Custody and Control Contract. This eight page contract sets forth all guidelines and parameters of boarding at our facility. Additionally, the contract gives us the needed information to properly feed and care for the horses while they are in our care. We know who can and can not handle or haul the horse on or off the farm. There is a waiver of liability that accompanies the contract for use of farm facilities.
- 3) Brood Mare Lease Agreement. To eliminate costs and horses that are not needed in the breeding program, or to add a mare to our program on a lease, it is necessary to provide a contract for the guidelines of the lease.
- 4) Cash Purchase, Cash Purchase Subject to Vet Exam, Sale of Horse with Deposit and Payments Agreement. These contracts are set forth to help in the sale of horses. They fit the needs of payments, possession dates, vet exams, responsible parties as and non refundable deposits.
- 5) Full Time & Part Time Lease Agreement. In some cases we have horses that can be leased to our students. When this occurs, we have contracts that set forth the guidelines and rules of the lease agreement.

- 6) Equine Release and Waiver of Liability. This contract was drawn up to use as our waiver for lessons and wagon services. This waiver in conjunction with Mont. Code Anno., § 27-1-725 (1993) is our safety net with our insurance.
- 7) Order Sheet, Sales Receipt and Invoices. These are used to document sales and moneys as they exchange hands. Aids in billing and keeping customers up to date on bills and expenses.

3.4.10 Human Resource Inventory Plan and Human Resource Risk Management Plan

The labor force used to keep and maintain the business so far has been my husband and I. We work and repair the property, horses, and all other business ventures. I teach the lessons and clinics and do all the judging. I produce all the video and publications for print. Brett, my husband, assists in chores, training, shoeing, fencing and property maintenance. When time allows I help with all outside duties and maintenance. I assist with breeding of mares while my husband handles the stallion. All breeding is live cover with aspirations to grow into shipped semen. We performed all the foot work and care on the horses until 2006, when time and money allowed us to hire all foot care done by a professional farrier. All vet care is done under the supervision of a certified veterinarian.

A certain set of skills and education is required for each operation on the property. In the future, employees will be hired based on the duties they will perform and the skills they have that will allow them to perform those duties. Certain jobs on the property will require that employees will be certified or college training with references. Table 3.9 details the jobs needed in the business, duties and skills required. The final column gives the source of labor and person at this time that is performing those duties. For detailed maps of the duties and how they are broken down within the business year refer to section 3.4.6 and the tables within that section.

Table 3.10 Human Resources and Business Needs

Job Category	Duties	Skills	Current Source of Labor
Management	<p>Process contracts and orders;</p> <p>Hake schedule for judging, lessons, clinics and publications/ DVD's;</p> <p>Handle Vellus Sales; order supplies and materials;</p> <p>Set work schedules and tasks;</p> <p>Plan and manage weekly, daily and seasonal tasks;</p> <p>Organize activities;</p> <p>Double Check and keep track of production.</p> <p>Manage employees and their duties.</p> <p>Keeps business moving to meet the goals, objectives, mission and vision of the business plan.</p>	<p>Small Business Management, Marketing, Scheduling-Humane Resource Management, Book Keeping. Business Planning.</p>	<p>Leanne Hoagland- AS Agriculture; BS Ag Education; Masters of Agri Business</p>
Breeding	<p>Handle Stallion;</p> <p>Clean and prepare mares;</p>	<p>Animal Husbandry and Breeding</p>	<p>Brett Hoagland- BS Biology MT Law Enforcement</p>

	<p>Tease Mares;</p> <p>Train Stallion to Breeding procedures</p> <p>Decide on mating options for production.</p>		<p>Leanne Hoagland- AS Agriculture; BS Ag Education; Masters of Agri Business</p>
Animal Husbandry	<p>Clean stalls, pens;</p> <p>Bed stalls and pens;</p> <p>Feed and water;</p> <p>Basic vet care;</p> <p>Check horses;</p> <p>Monitor pasture and manure management.</p>	Animal Husbandry	<p>Brett Hoagland- BS Biology MT Law Enforcement</p> <p>Leanne Hoagland- AS Agriculture; BS Ag Education; Masters of Agri Business</p> <p>Hired Help- Lesson Students in trade.</p>
Training; Lessons, Clinics and Judging	<p>Train horses and ponies for riding, driving.</p> <p>Knowledge in horsemanship and equitation.</p> <p>Knowledge in horse show and breed rules and standards.</p>	<p>Equine Studies and Training</p> <p>Humane relations and Public Relations.</p>	<p>Leanne Hoagland- AS Agriculture; BS Ag Education; Masters of Agri Business</p>
Maintenance	<p>Fences,</p> <p>Feed Hauling;</p> <p>Pasture cleanup;</p>		<p>Brett Hoagland- BS Biology MT Law Enforcement</p> <p>Leanne</p>

	<p>Manure hauling and management;</p> <p>Clean barns, tack, blankets;</p> <p>Weed control and brush management;</p> <p>Work arena;</p> <p>Yard and garden maintenance;</p> <p>Keep equipment in working order.</p>		<p>Hoagland-AS Agriculture; BS Ag Education; Masters of Agri Business</p> <p>Hired Help-Lesson Students in trade.</p>
Farrier	<p>Foot Care and Maintenance;</p> <p>Trimming; Shoeing and corrective work.</p>	Experienced in corrective, Draft and light Horse shoeing procedures.	<p>Barry Bolhman-</p> <p>Certified Farrier-Draft, light horse and gaited horses.</p>
Veterinarian	<p>Advanced Veterinary Care and Procedures-</p> <p>Ship Semen, Surgery, Dental Care, Severe Colic and Injury, Ultra Sound.</p>	Board Approved Equine Veterinarian	<p>Cara Voss DMV- Dawson County Vet Clinic</p> <p>Loren Appel DMV- A&K Vet</p>
Web Page, Publication and DVD Production Specialist	<p>Make, print and produce all publications for customers.</p> <p>Produce and put together all video for DVD's</p> <p>Keep and maintain internet sight and ads.</p>	<p>Computer and graphic arts skills.</p> <p>Video and photo editing.</p> <p>Web design and internet.</p>	<p>Leanne Hoagland-AS Agriculture; BS Ag Education; Masters of Agri Business</p>

Security	Monitor Security of the property and Assets Fire plans and evacuations- Theft and Investigative needs	Law Enforcement	Brett Hoagland- BS Biology MT Law Enforcement
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The equine business in Montana is very seasonal without the use of indoor riding facilities. From August to the middle of May, I work at Dawson Community College as an instructor and Program Director in Agriculture. This time for the business is the slowest. We are just maintaining the horses and facilities. Once school is out, breeding and outdoor activities begin. Summer months give me an excellent time for the active portion of the business, which is: the lessons, clinics, judging and training of horses. First activities every day of the year are morning chores before work in the off months and lessons or other business in the summer. Every evening after work or summer business is feeding time. This is about one hour each morning and evening and includes all the checks, turn out, water and feeding of the horses. Weekends from September to May are for production of publications and DVD's, as well as maintenance of the property, equipment and cleaning of facilities, horses and tack. Time for these projects vary and depend on the amount of help and supplies needed. We make a "to do" list each year and cross things off as we get them done. Each horse or lesson takes about 30 minutes to two hours. This time varies depending on issues and circumstances at the given time. We only schedule two lessons per day and three horses to work. This allows for chores, breeding, publications or office work, around

the typical household activities which take an average 12 hours per week. In the summer every other weekend is taken for horse shows and promotion of the horse business.

In the off season, about 2 to 6 hours a day are given to the business. This time may change when mares come in for early breeding or we have a DVD or publication to put together. Summer hours for the business can go from 2 to 14 hours a day for production and products.

The workforce at this time seems to be quite adequate. We have two lesson students that help with many chores as payment for their lessons. Though we have to be careful with the type of projects they work on, they are very helpful. They have a great sense of work ethic and know that the incentive is to learn more about horses and responsibility. In the end, they get the knowledge from their lessons. Both girls are 16 yrs of age and will be driving to work next summer. This year (2007) we have been helping transport them for work and lessons.

The bulk of the work is performed by me and my husband. We do all the planning, marketing, maintenance and production of the business. We have outside people contracted for Veterinary and Foot care of the horses. I do all the marketing and public relations for the business. All email and calls are answered by me. I am the book keeper and main source of leadership in the business. Brett is the problem solver does the majority of the maintenance. We do get some help from time to time in building project from family and neighbors. With Brett's training in law enforcement, all legal issues and security are run through him. His background in biology is a great addition to my knowledge in production

agriculture. The two areas together have allowed us to increase our production and understanding of the environmental issues. One draw-back to relying on family farm labor is that we both have full time jobs. We can be spread quite thin at times.

One skill that we lacked in the beginning was the concentrated business knowledge, which I am gaining through the Master of Agri Business program at Kansas State University. We are lacking knowledge in shipped semen and artificial insemination. We have hopes of attending a class from Colorado State University soon. Additionally, we would like to get the knowledge and certificates to help troubled teens and inmates. We have been asked by the local detention facility to help put together a private contract horse program for inmates. The goal is to work with these people and give them a trade and a chance to work on rehabilitation through equine assisted therapy.

At this time, the labor force that we have is sufficient. If we add horse camps and the riding program at the prison, we will need to add instructors or farm laborers to our payroll in order to have time to meet the demands of the horses and all business ventures. We may even have to consider only producing publications and DVD's for our own business and not offering the service to clients. The local work force is great for farm labor. They have all the skills needed for building, fencing and farming. However, there is a lack of knowledgeable individuals for the lessons, publications, DVDs, clinics, judging and wagon services. A person hired for these duties would need to have a lot of training or come from out of area. The community is having a hard time finding qualified individuals that have clean driving records, backgrounds and can pass the drug tests. The oilfield can pay more and is tapping out a lot of the labor force. During the school year, we can make

use of some college students when needed. Currently, some outside needs are met with trading services for lessons, by apprenticing with us through work.

3.5 Sales and Marketing Plan

3.5.1 Market Analysis

Big Sky Shires and Equine Services has centered its products, services and breeding program around a key target market. All our products, and services are targeted to the equine consumer; the person who is working in or recreating in the equine industry. Some of our horses are sold to other equine businesses for show horses, breeding or lesson horses. This is the only part of the business that is traded business to business.

When defining our customer we have segmented by individual products, and services. This is done to ensure that the product or service is marketed to the best audience for the most possible business profit. The average consumer of our lessons, clinics, and wagon services is a person who owns horses, but is looking for a unique equine experience. They are families with one to four children from 7 to 16 years of age. My current consumers are Montana natives. They have at least one income from agriculture based enterprises and one income from town. The income category of my clients at this time is upper middle class. The education of these consumers is high school to four years of college. A lot of my clients have little to no equine background. Half are new to horses and showing. The rest have been around horses for ranch or rodeo and lack the finer points of horsemanship and showing. The riding levels of my students are beginner to intermediate. Most wagon services are used for weddings, funerals, family get together events and community celebrations. There is little repeat business. For the above listed services, our

customers are all located in a 300 mile area of the farm. The lesson students on average are located around 75 miles from the home operation. The customers who purchase our stallion services or our horses for sale are both the customer demographics listed above to the Shire breeder who is looking to purchase genetics or show horses. They have upper middle income with a portion of that income coming from their horse enterprise and some from a professional career. Our breedings and horses have sold from Montana to Canada and Florida. The judging services are provided to clubs and breeders groups around Montana, Wyoming, North Dakota and South Dakota. Most of these groups are non- profit. They pay mileage and day fees. 4-H Fairs and local open shows are the most common event judged. Small to medium sized towns are the most common venue we judge.

We are able to have up to 15 lesson clients at a time. This takes into account weekends for horse shows and clinics. Right now we have five lesson students. We can provide clinics or judge up to twenty events in a summer. This year we scheduled seven. If we schedule a full summer of events, then we are not able to show and promote our own horses. We have to find a happy medium in this area to provide the proper a balance to income and promotion of the business. The Vellus product line could reach a lot more individuals if it were better promoted. At this time we have 9 individuals using the product. The business also carries the dealership to help cut costs for a product that we use for our own horses

The business is hindered by the seasons here in Montana. We ride and show from May to October. Since the operation does not have an indoor arena, we have to lease time at the local facility or not ride in the winter months. We also foal later than some other

breeders since we do not have the facilities to handle all the cold, wet weather of early spring foaling. This does not affect a lot of our marketing, as January foals are not such a big issue in the Shire and Sport Horse world unless they want to show them as weanlings. Most are shown as yearlings or older.

The economy in the horse world is shaky at this time. The issues surrounding the kill market have caused the horse market to soften. The threat of the closure of equine kill floors in the US has caused a huge increase in salvage horses on the market and has caused a drop in the horse market as a whole. Additionally, there are money issues for most buyers, and sales that include payment plans and lease to own contracts are becoming very popular. We have many inquiries and sales are going well. However, our distance and cost of shipping is hindering a lot of our national sales. Shipping of horses from Montana to other states east and west is very costly since Montana is out of the way on most travel routes. This has caused us to lose two sales in 2007 alone. The lack of AI and shipped semen on our stallion is leaving us with fewer stallion services. We must resolve this to keep up with the trends and technology of the industry.

Since the business is new and in the beginning stages of development, to date we have concentrated our marketing to the local/ state niche markets, with goals of expanding and competing on a larger scale in the industry. The largest breeder of Shire horses is in Nebraska at this time and foals 35 mares each spring compared to our current mare herd of 5 (includes draft and sport horse mares). We have been quite successful in creating a niche for us. Each year we have sold a horse. Two have gone to international customers in Canada, one Shire filly to Florida and two Sport Horses in Montana. We have just started

breeding with our stallion and have had many inquires on him for services, but no bookings at this time. We have settled three mares to our stallion and will expect one foal on our property in 2008. As stated before, the biggest draw back for our breeding entity is that we are not currently shipping semen. With the use of shipped semen we could have booked two mares in 2006 and four in 2007. This is a major consideration and marketing tool to resolve for the future.

There are roughly over 150 breeders of shire and shire sport horses in the US. In Montana there are two shire breeders. I am the only one that is marketing through advertisement, breed demonstrations, stallion shows, donated wagon services to the community and internet. The competition to my breeding business is several other shire breeders. At the local level we do not have anyone that we compete with on the breeding and horse side of the business. The 50 most active shire and sport horse breeders in the US, our closest competition is Powell, Wyoming; Canada, and Idaho. The largest of the breeders at this time is Jenson's Shires of Nebraska. He has the largest herd of breeding mares in the US at this time. The other breeders in shire horses are small, much like myself with 1 to 10 mares. Some do not even have breeding stallions. Most stallion owners breed 20 mares on average each season. This includes personal and outside mares. Many of the competitors in this business are importing English stock from the breed's mother country of England. These horses are registered in both the US and England and are proving to be sought after by many of the buyers.

Financially, most Shire breeders in the industry do not depend on their businesses as the sole provider for their living. Many of them are either retired or work other jobs to

pay many of the household bills. Stallion service fees are from \$450.00 to \$1,500.00 per breeding. The weanlings and young stock sell from \$2,000.00 to \$9,000.00. Broke mares and stallions are selling in the same price range as the young stock, however, some will sell as high as \$10,000.00.

For the equine services segment of the industry that I participate in, there are a plethora of businesses that fall in the same category. At the local level there are about 10 other individuals providing the same services in Western Riding. I work in English style of riding as well. There are three other instructors at this time, but they are over 70 miles away. With the wagon services, there are about 5 other individuals in the community. It is tough to get a lot of business in the wagon services as only 2 of the other five businesses charge for their services. Our business model/ combination of goods and services as a whole set us apart from many equine businesses in the state. There are, however, multiple businesses across the US with a similar make up. However, no one equine business is the same because training, facilities, customers and teaching styles are never identical.

The differences in lesson services from business to business vary. Some of the variances in the service provided among the businesses include and may not be limited to: 1) providing lesson horses, 2) styles of riding offered, 3) ages and client differences, 4) credentials (certified, trained with a master instructor or college degree), 5) training and teaching styles, and 6) boarding facilities and horse services offered. In the area of Judging, the only difference in my services with others in my competition is if the others are carded or certified. This also determines if you judge breed shows versus open or 4-H and if you judge internationally or nationally ranked competition.

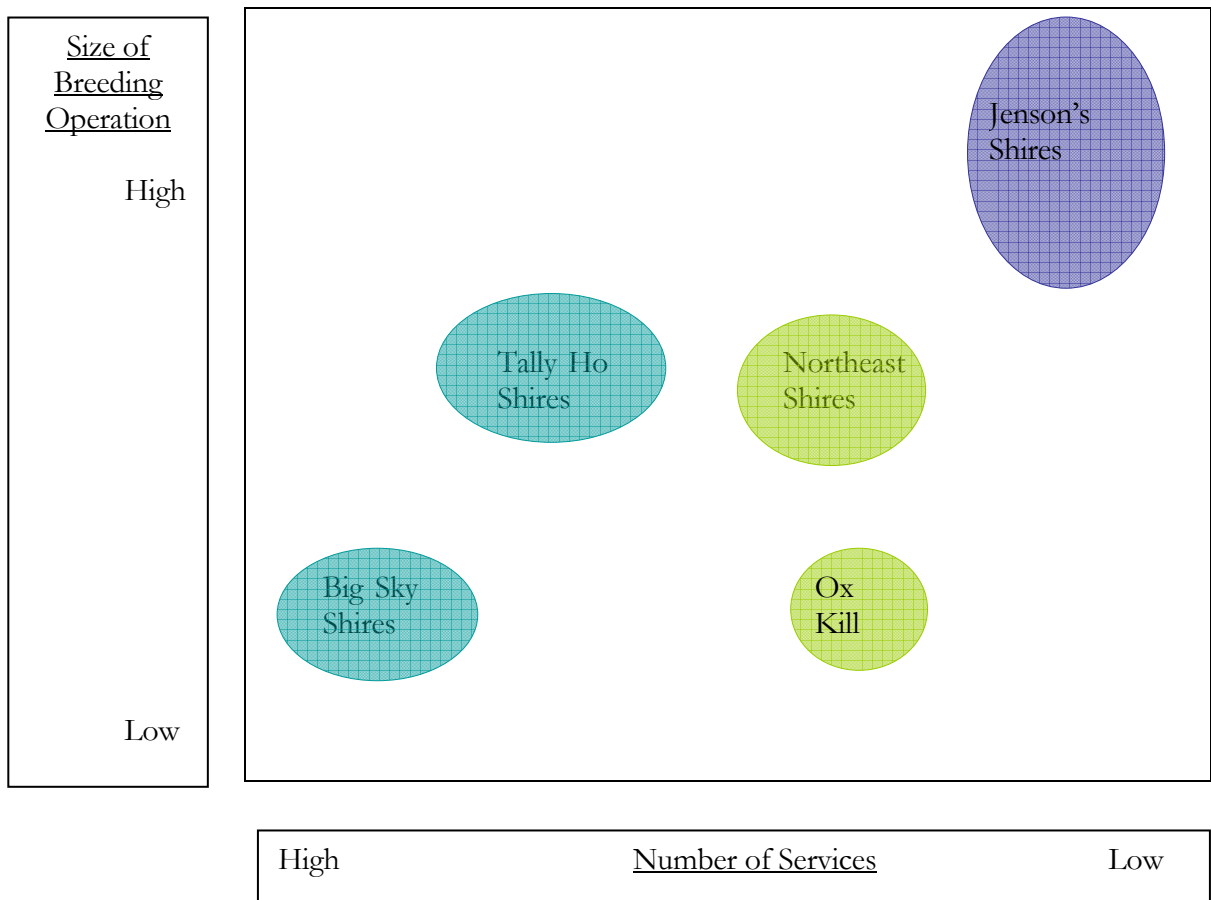
Lessons and judging hourly rates are around \$45.00 for private lessons and can reach as high as \$200.00 depending on the lesson and credentials of the instructor. Judges are hired on a daily rate of \$150.00 to \$1,500.00 with expenses. Unlike the breeding side of the equine business, most of the competition in this segment is largely dependent on the number of instructors and judges in the area and their credentials. A lot of business is gained or lost on word of mouth and the performance of the students. Many of the businesses use the lessons as a major source of income.

The map in figure 3.17 ranks several of the leading and most well known Shire breeders in the US. Tally Ho Shires has a lessons and training services operated in Colorado along with their breeding operations, which include shires and sport horses. Northeast Shires handles just Shires in their breeding program. They do also offer a sales and horse placement services with website design. Jenson's Shires are only a breeding operation. Ox Kill Shires offer a breeding program and an internship opportunity for individuals who are interested in learning and showing the Shire Draft horse. At Big Sky Shires & Equine Services we sell and breed Shire and Shire Sport horses as well as provide lessons, clinics, judging, wagon services, publication design, DVD production and Vellus Equine Products.

Rivals are moving fast, becoming more competitive to gain a larger market share. Right now the Shire horse is relatively rare in the US. The number of registered horses is about 2,500. Of these it is estimated that only a third of them are breeding animals. The competitors are diversifying their businesses and breeding programs. Better horses are being imported from England and Canada with more athletic ability. The breeders are

marketing new multi purpose use of their horses while crossing for Sport Horses for the dressage and jumper markets. The new hobby horseman is enthralled with the large size and disposition of the Shire and is willing to ride and drive their gentle giant. The new discipline of use for the Shire horse is the riding venue. They are even adding riding classes to the draft shows.

Figure 3.17 Strategic Map of Competitors



We are looking to expand our niche by working into the dressage, hunter and jumper market with the use of the Shire Sport Horse. Currently we have several outfitters looking at our horses and stallion to cross for trail horses. However, the real money lies

with the hunter/ jumper and dressage industries. We also have hopes in looking at the amateur and youth markets of the horse world. Most rush after the much larger dollar and chase the open and futurity horses that can bring upwards of \$30,000 to hundreds of thousands of dollars. We are hoping to meet the needs of a sector that often have a hard time finding the right horse and will pay a decent dollar around \$5,000.00 to \$15,000.00. These individuals are usually first time horse owners or riders who are revisiting the area of ownership. They want the build and movement of the warmblood without the attitude and energy issues of the warmblood. They want a partner and do not expect the horse to perform beyond the armature and lower levels. The right Shire Sport Horse will fulfill these needs. I have expanded my own salability by getting certified with a nationally known agency (American Riding Instructor's Association) as well as taking lessons and clinics from well known and talented riders.

We have made taking a payment easy by using Pay Pal as a payment method for our stallion fees and services. Our next expansion is to offer shipped cooled semen on our stallion. This will allow us to ship our horse to other clients over the US and Canada. The next endeavor is to move to frozen semen. This will allow us to ship and permute our stallion to a larger international market. When shipping over 36 hours you must be able to freeze the semen for long term storage. In 2009, Brett is going to Colorado State University to learn how to do our own on farm Artificial Insemination, stallion collection and semen processing. This will make us a one stop shop breeding facility and allow our customers to use us and only us for their breeding needs.

Our costs for some inputs are lower than most of our rivals while some are higher. We are able to get pasture and hay much cheaper since Montana is a state with a large hay base with multiple acres of range land and state leases available to producers. Land costs are cheaper as well. One disadvantage to our location is shipping of horses. It is more expensive to ship from and to Montana than other states as we are not a major through way for the shipping companies whose major routes are in Colorado. Transportation costs are affecting items such as certain feeds, tack and health care items. Local feed stores have higher costs in shipping and offset these by increasing the retail price of the goods. Mail orders are also becoming more expensive to ship. We are at a disadvantage in the area of veterinary care. Although our vets are very qualified and up to date on all the new practices, most do not have the capital to build and maintain the equipment to provide the higher level services. Other states have better veterinary facilities. Additionally, all the advertisements, web pages, and other promotional materials are done in house. The showing expenses of the horses are kept to a minimum as the horses are trained and shown by the business. Outside trainers are not used for this purpose as they are in many other businesses.

3.5.2 Market Strategy

The strategy that Big Sky Shires & Equine Services has put in force is working quite well. The business has laid out a great group of products and services that work well together. There are however, some issues that need to be addressed. The first is getting the facilities together in order to ship semen and AI mares on the farm. The addition of an arena is needed in order to do on farm lessons. The business is currently leasing an arena for these purposes. The business has yet to put an official small business and marketing

plan on paper and follow through implementation. The strategy and marketing being used at this time is fragmented and not well constructed. They are bits and pieces added to fit the needs of the business as they have arisen.

In Eastern Montana, there is little opportunity for the people to find lessons and clinics in the art of good solid correct horsemanship. Many people want to get into showing and riding and have very little formal instruction in correct riding and equine care. Our business provides that service to not only riders who want to ride and perform, but also riders who want to ride just for recreation. The area is also short on qualified and affordable open/ 4-H judges. The business provides this service. My experience in the equine industry allows our business to tap these areas. The outlook for these services is outstanding at this time. The potential for growth and prolonged business is solid and well suited for the area.

With the research on importing and exporting horses, semen and embryos, I found the sources and resources needed to ship my business overseas and to the global market place. Many of the breeders and people that deal with this market at this time say they get a broker/ export business or leave it to the purchaser to do the bulk of the work once the sale of the horse, semen or embryo is done. However, you have to know enough, for example, with the semen and embryos to make sure that you and your facilities meet the requirements. The hard part here is the various countries are not all alike. This explains why most people who are in the global business of horses are picking one or two countries or regions to market too. The rifle approach is most common for this reason. Breeders pinpoint the countries in which they want to work with since it is expensive to meet all the import requirements. The region or market is often hit by chance as the breeder does not

know that they are going international until that surprise day when some call or buyer steps on the place. Very few horse people choose to venture outside the domestic market as they are not looking beyond what they know and often times are able to make the money needed to survive in this home market. Canada is and will be Big Sky Shires major focus in the future. We have already exported four horses to buyers in Canada as well as providing printed flyers for a stallion farm in Saskatchewan.

Some strategic options that are open to the firm are: The business offers a cost advantage product to the consumer. This is done by the firm implementing use of cheaper, but effective and adequate inputs in order to broaden the profit margin. So far the business has done this by finding a creep byproduct feed that meets the same nutritional values as the expensive commercial feeds. The hay and bedding are bought in large volume and hauled in by truck load. Veterinary supplies can be ordered through wholesalers at bulk and discounted rates. All the breeding services could be performed on farm by the business and the chute fees would be paid to the farm and not to the vet. The foals, services and stud fees will be held down and the profit margin will be wider. Furthermore, the ability of the business to upgrade its facilities and property would greatly increase the lesson, breeding and boarding opportunities. Training and development for me is another strategy that we are and will be doing more of. Keeping certified in all the new methods and management for the industry will keep people coming to the business to utilize the services and products that we provide.

As for our pricing scheme, we have found that as long as we are within the ranges of the industry, we will continue to get customers who are willing to pay. There are more

and more people wanting to get into horses, but do not have the knowledge and therefore seek those that do. Shire horse interest is at an all time high and the breed is being sought after. The rates in Montana for lessons, judging, products and clinics are much less than those paid in other venues. However, if the products are promoted and well organized, clients will stay with providers and keep using the services. The biggest boost to our breeding will be the introduction of shipped semen and showing and promoting our stallion's offspring. This year we are going to price per lesson with a time limit of an hour and half rather than on time as we have done in the past where the prices were hourly. Stallion fees are firm and priced to make it worth our time and energy to breed outside horses. \$650.00 is our rate and no discounts are given unless multiple mares are brought to service. Sale prices of our horses are based on the market for the given type of horse and the training and breeding of the individual horse. Furthermore, price also reflects the issues discussed earlier with the shipping costs to the buyer. We sell on average \$500.00 to \$1,000.00 less than the east and west coast breeders. This has seemed to help our sales of horses.

Advertising is helping our business. Word of mouth has been the most popular form of advertisement. Several of our largest clinic, judging and wagon service contracts have come from word of mouth this past year (2007). We advertise in the local paper during the annual Glendive Agri- Trade Exposition (GATE). We participate in the stallion show that is held with the GATE show each year. In 2007, I was president of the GATE Committee that puts together the show. This event got me, my business and family in the eye of many agriculture members of the community. We show in the local horse show circuit and help

with the local 4-H program by donating time to their weekly clinics. Most of our lesson clients come to us from these activities. One area that needs improvement is the fact that I have not been riding a lot lately in the public eye. If I get to riding and showing myself and not just the horses, I then will market my own skills and stand to gain a lot more clients and horses in my business. The business needs to look at showing the horses at larger draft shows starting like the Calgary Stampede and several shows in Idaho and Colorado. This will begin the promotion of our horses and stallion on a national and international level. The biggest show to date that I have judged was the Powder River Quarter Horse Breeders Futurity. A \$10,000.00 purse was at stake. Through my performance there, I made a contact to judge another futurity in the area next summer. Our goal is to sell ourselves well enough to keep attracting new clients and to retain the old for a solid foundation.

In addition to the promotional techniques used, we also do our own printing of publications that are used for promotion. In the appendix A through K there are copies of the current publications. All are matching in the colors of the business with royal blue and teal. Multiple pictures and information are available for the customer to view. For the ease of the customer we have divided the publications into the individual services and products provided. The Equine Services publication markets me as well as all my credentials and services that are provided. The breeding business and Vellus Grooming Products have their own publications. When we are at shows and places where we can put up our decorations and display we set up our individual flyers and a scrap book. We offer a bowl of candy for the kids and provide a comfortable setting that allows for the individuals to pet the horses, take wagon rides or ask questions about the business or the breed. We even have a brochure

that is published by the American Shire Horse Association that we encourage people to read to learn more about the breed as a whole. Figure 3.18 shows the booth that we had set up for the 2007 Glendive Bridge Day Celebration where we gave wagon rides as a community service donation. The information is a big hit and we always get a lot of compliments on our horses and information. Events like this allow us to touch more than 200 prospective customers. These individuals contact us for horses, lessons, clinics and wagon rides.

Along with the printed material, the business can be seen on the web from our web page. You can find this page by searching Big Sky Shires on any search engine. The web site is managed by me for the business. It is updated every month to three months. We have several contacts made through this site. Furthermore, it allows us to have a place to send clients for more information or pictures. It saves the time and hassle of emailing a lot of material. With the web site we are in the process of using you tube video to provide video of horses, services, and information that needs that added touch. We provide all perspective breeders a DVD video produced by ourselves for their examination of our horse. With this DVD we package our contract, flyer, and a breeder's letter.

Figure 3.18 Promotional Booth Glendive Bridge Day Celebrations



Sale horses and stallion services are promoted on the internet through three horse advertisement sights: 1) DreamHorse.com, 2) DraftsForSale.com and 3) Equine.com. They offer color photos for a reasonable fee and text only ads for free. You can link to You Tube for video or pay additional fees for video on the ad. Five generation pedigrees and a demographic layout of the horse and their details is included in all ads. In one day a horse can be looked at by over 400 people. These prospective buyers are then able to contact you the seller and additional information will exchange hands. With the use of the internet we can take check card or credit card payments through Pay Pal. All funds are guaranteed and move seamlessly from account to account. The last four horses sold by the business have been through these web sights. It is great advertisement for a large number of prospective buyers. We can hit markets and individuals that otherwise would have never been met. It is a great opportunity for sales, or even purchases.

All of this helps us provide an image to the prospective customers. In Figure 3.19 you can see that we continue to share our image with stall decorations and color at the breed shows. We make sure that we are always providing our customers with the best image and product possible. The decorations in this photo were made by me. They are easy to install and put together. The solid panel is our tack stall where we hide all our tools and equipment. It also gives us an office on the road. When on the road we keep stalls as clean as possible and horses spotless for all to see. We provide our information booth whenever possible.

Even when we donate services and the clients are most likely not coming back to take advantage of our services again, we make sure that we provide the most hospitable service and information to them. The 2007 Miss Montana Pageant came to Glendive this year. By word of mouth we were asked to give the judges panel rides from their dinner to the local high school for the night's pageant. We provided decorations, information and Champagne for the ride. Figure 3.20 shows the effort that we take to make our image stand out in the minds of the community and participants. These individuals were all from out of state. We try hard to sell ourselves and our home; hospitality at its finest.

Figure 3.19 Stall Decorations Montana Fair



Figure 3.20 Promotional Information and Complimentary Champagne for Miss Montana Judges Carriage Rides



We find that our advertisement is as important as anything else that we do. We present ourselves to our community, clients and neighbors the best image of ourselves and our business. We try to be strong supporters of our community and participate on the whole level through donation and community organizations. We place ads in the local rodeo flyers and the newspaper. We know that a lot of our breeding business will not come from our area, but our services are based here and this is where many service clients come from. We strive to keep the most positive image possible to the public. We have yet to take advantage of radio or other media forms for advertisement.

We are currently looking at pricing options for our 2008 lesson and breeding season. We are going to offer package deals with savings for the lessons. We are offering volume discounts on DVD and publications as well as breedings. Once we develop a final pricing plan we will then market those options through our web page and events. We are thinking of providing a spring news letter to our clients with these options.

With the little that we have done to promote the business, we are seeing more clients with a more diverse background and needs. We are helping a few clients find horses and work with them in their horsemanship needs. There is room to grow for the business when we get facilities organized and working.

3.6 Financial Plan

3.6.1 Current Financial Assessment and Financial Structure

At this time, a lot of financial support is coming from personal funds provided by our jobs. We provide the funds for activities, supplies and things that the lessons, judging, horse sales and other services do not provide for. For the past three years, tax refunds have

helped to purchase equipment, pay debt and supplies. The money gained from lessons and judging has helped to pay for the annual hay expenses. Some items have been financed, such as the purchase of horses and the property on our personal credit and credit history. We recognize that the amount of tax refund that we get from the state and federal government is because of the business. This is largely due to the tax benefits associated with the business, so we apply that money back into the business needs.

The financial records for the business (as well as the personal records) are maintained in Quicken on the home computer. We try to separate as much of the expenses as possible. Our goal is to get enough cash flow to pay for all the business expenses from the business account. We have an accountant that does all our taxes and guides us through our finances. He is very knowledgeable in the area of agriculture and animal businesses. With his help, we have been able to get our business up and running. We are making better use of funds and starting to develop a financial direction. In the following section you will see the statements representing where we hope the business will be financially in five to ten years. The business will be able to support all its own finances, growth, marketing and business efforts. From this, we will be able to pay down the personal debt acquired through the purchase of assets to set up the business.

The business has seen some set back in achieving its financial goals in 2007. We were expecting two foals which were to be sold in the spring, but both mares lost those foals sometime in the winter. One mare died in the spring from a heart attack. A second mare was lost in early September from compaction colic. This mare was bred and confirmed in foal for 2008. She was the foundation of our mare herd and the only mare

registered with the mother registry in England, replacement will be in the future as funds allow. Additionally, our thoroughbred mare became ill this fall and required major health care. In 2007 the business has acquired substantial vet bills and very little return. We did purchase a paint mare for resale and sold her for a \$900.00 profit after all expenses. To cover some expenses acquired in 2007, we also sold one shire mare for \$4,500.00. To aid in our pricing and selling of our foals, we have found that selling them as weanlings is more profitable to the business. We have less feed and inputs in the horse when they are eating off the mare. After looking at costs we found mare care for one mare per year to cost the business \$650.00. If we sell the foal for a minimum of \$1,300.00 we make \$650.00 to cover our stallion fee. This way we make at least the profit of one breeding. Anything over this base price is additional profit. Foals are priced at \$4,000.00 and prices are adjusted as needed to get them sold before winter of their weanling year. If the foal is retained, then training and showing has to be done to maintain the cost of return on the asset.

The business has had a couple years of growth and development from the lessons, publications and judging services. We have produced several videos for clients in Canada. We have seen the receipts from these three areas grow and develop to cover the feed expenses. The Vellus Grooming Products are showing a slower growth. Now that we are the exclusive dealer we are hoping that this niche will give us more growth and income..

3.6.2 Financial Projections and Strategic Analysis

To help gauge our future financially, we took our optimal production that we foresee in 5 to ten years and placed all those numbers in a balance sheet, income statement and a cash flow statement and compared them to the numbers for the current year (2007).

With these we were able to see that certain areas of the business will meet the current goals and objectives where other areas are questionable. It is clear from the statements that the services side of the business is carrying the breeding portion. There is still room to grow in the services sector where we could generate more income by increasing the number of lesson clients. We could increase the number of group lessons that would enable us to touch more people. Furthermore; we could promote more boarding services and Vellus products. These two areas would generate more cash flow for the business, with very little overhead.

These projections could change from year to year. These changes could be brought forth by: death loss in the breeding herd, market prices of horses shifting with supply and demand, feed costs and expenses, number of breedings that will vary from year to year, number lesson clients and board horses, and veterinary bills for the year. The expenses in the projections are based on the business working with most improvement completed and only maintenance and minor investments needed. Some of these numbers could be high estimates and some could be low depending on the year.

During the years where cash flow was low, the off farm incomes would have to cover the costs in order to keep from financing as it is now. Our main financial goal is to keep from having to use operating loans or financing in the business. The business would have a hard time paying for long term liabilities with the amount of cash flow that is has at this time or in the future. There may come a time in the future that the business is showing enough cash flow that this is not true. At that time we would have to hire additional instructors and help for the services in order to attain that kind of volume.

CHAPTER IV CONCLUSION

4.1 Verbal Description of Competitive Advantage

Big Sky Shires and Equine Services have several competitive advantages. We know that this is a revolving thing and that you must seek new ways to gain competitive advantage in the market place in order to survive. By having competitive advantage, the business is able to perform in one or more ways that its competitors can not. The following is a list and discussion of the competitive advantages that the business currently holds:

Vellus Grooming Products: As of October 3, 2007 Big Sky Shires and Equine Services has the exclusive dealership rights to the equine grooming line. The company wanted one dealer to work with on a special order basis. 2008 will be a trial year in which we will see if the business can generate enough income after inventory to keep this contract. We have an initial purchase of \$1000 of inventory that will retail for over \$3000 when sold.

Credentials: At this time I am the only American Riding Instructors Association certified instructor in the area. I also have the most showing and equine background. As long as I keep my own development moving foreword I will continue to keep the advantage.

Reputation/ Longevity: In the area of judging, clinics and lessons, we have been here long enough that our reputation and longevity have helped us out a great deal. We get out into the community whenever possible and this helps promote the business.

Variety and Uniqueness of Services: The services offered by the business are unique to our area and are followed with talented skill sets that are not found in our area. We provide a mix of opportunities that are sure to meet the needs of a wide variety of horse people.

4.2 Actions to be taken

After putting together this business plan several things became apparent to us. We noticed that we were doing a lot of things right and needed to improve on a few things as well. The business is on its way to be productive, but the biggest action to be taken at this time is facilities and improvements. These changes however, can and will be very costly. It will be important to develop these as needed and only when the business is showing enough growth and cash flow to sustain the cost of the facilities and improvements. The property has the basics to continue as it has. However, if the goals and objectives are to be met, the business needs to acquire the facilities to operate and function. There are two major facilities that need to be put in place in the next two years. They are the arena for lessons and clinics and the basic breeding facilities and equipment to collect and properly manage the stallion on the property. If the stallion can not be marketed to meet his costs for up keep; the business will need to look at selling, or leasing him to make better use of the resource. The arena situation will be handled with an out door facility and any need for an indoor will be handled by leasing time from the local facility.

The business also needs to look at the addition of stocks and wash rack with an upgrade to the corrals and the addition of stalls to the barn. This will be a couple of years down the road after the arena and breeding services start to make a return. The property is in need of fence repair and some landscaping for visual improvement. The BNSF railroad runs down the front side of the property and they will provide the supplies to fix that fence. We will have to provide the project labor. That will begin in the spring of 2008 after we finish the fence on the state lease summer of 2008. Although the property as is functional

now it is lacking the finishing touches needed to produce at its full potential. It is our hope that little by little each year this will be accomplished.

Range conditions, although they are improving, continue to need to be monitored. As the numbers of horses increase on the property the more keen we need to be on our environmental plan. We found that in the past few years of business we had no formal plan but were doing a lot of things right. We put this in writing with all the pictures that we have used to document the progress on range condition and clean up of the property.

Marketing beyond the local levels and web sight should be looked into. Breed shows and stallion shows nationally and internationally should be looked into. The purchase of outstanding mares to replace the death loss in 2007 is one area that needs addressed in the next two years if the equine sales are to continue to support cash flow. We recognized from the planning process that we need to be careful in the expansion of our breeding program. The numbers have shown us that our competitive advantage is in our services. Our biggest return is not from the breeding and sales side of our business. Return is coming consistently from the services portion of the business. Breeding can only be done if we can get good genetics at affordable costs. After that we will have to think seriously if this is a wise position to take at this time.

We also noticed that we needed marketing materials with our website and DVD's. We had some of these publications put together and with the assistance of a graphic design person we took their thoughts and ideas to improve and redesign some of our publications. We found that regular updating and maintenance is critical to this area of management. The

biggest change to be made here is to update the promotional DVD for our stallion and do professional photos to market with. We also need to do a general DVD to play at trade shows and send to prospective clients for lessons, camps and clinics.

Finances right now are the biggest challenge to the business. There is no room for long term debt. For survival we need to increase cash flow so that the business no longer has to manage on personal funds for improvements, functionality and business needs.

The business found that we did not have the legal contracts needed to manage our business deals. We contacted a lawyer and had these contracts drawn up while we were doing the business plan. They are now in our plan and attached in the appendix.

4.3 Monitoring Plan

Every year the business needs to update and change the business plan to fit the current production and direction of the business. Changes should be documented with data to prove the need and usefulness of the change. Services and products should be watched for individual growth and development. If one or several are not carrying their weight and dragging down the other products and services, then that area should be considered for termination. Finances should be monitored every month the first year and then every six months after that. A picture record should be kept on the improvements and their usefulness to the business. All of these items need to fall in line with the goals, objectives, mission and vision of the business as it grows changes and develops.

4.4 Outlook for the Business

The business shows a lot of potential. If we continue to grow the business and promote it as it is on a part time basis, we will gain enough reputation and stability to be able to supplement our retirement income when worked and focused on full time. We see this time as an opportunity to promote and build a reputation for the future that will allow the business to prosper when we can devote more time and energy. We can use this time to grow and develop the areas of the business that will make the most return and keep the business alive for our future. Changes to offerings and the business plan will help us accomplish this.

We see that a lot of personal money and time will be going into the business as it grows. It is critical that we get the business producing enough cash flow to remove this need. However, with the right marketing and changes to the business offerings, we feel that the financial projections for the future have potential to be optimal for what our goals for the business are. We look forward to the growth of our business as it takes us into our future. It is our hope, after we implement what was found here in this business plan, that we can get the business to work in a breakeven state. It is here that we will promote and build our business until retirement, where we hope to work it more aggressively to supplement our retirement income.

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APPENDIX A STALLION PROMOTION DVD COVER



Join us in a fun show of our stallion Shakespeare William. AKA Billy, as he is known at home, is a black and white English Shire Stallion that we have imported from Alberta, Canada. He was born April 4, 2003 to Gentle Giant Holly by Matiland House Wellington Lad.

Billy's pedigree is full of outstanding horses like Grayham Lucky Lad, Ladbrook Invader, Grangewood William, Haikon Jim and Ryd-Y-Groes Premier King to name a few. We are proud to offer great conformation, ability, disposition, and bloodlines to all the draft and crossbred breeders of the industry.

Add size, bone, disposition, and substance to your crossbred and draft horses by breeding to Billy. Horses that can jump, do Dressage, drive and go to the mountains. The baby you get from this stallion will be able to do it all from the show ring to trail rides. Billy's get will be eligible for registration in the Sport Horse and Shire registries in the US, Canada and England.

Billy possesses the great length and fullness of hip needed for engagement from behind. Excellent feet and pasterns with good solid legs on top. He stands balanced and level from withers to croup with a strong sound top line. He is kind and quiet. Great disposition and willingness to please and work. He is truly and nice horse to be around!!



Big Sky Shires Proudly Presents



Shakespeare William

2003 Black and White English Shire Stallion

Brett & Leanne Hoagland
 P.O. Box 95
 Glendive, MT 59330
www.mtdrivers.com/~bsshires
 406-687-3004

S h a k e s p e a r e W i l l i a m

APPENDIX B BUSINESS INFORMATIONAL FLYER

BIG SKY SHIRES & EQUINE SERVICES

Riding Instruction, Clinics & Judging

*English, Driving and Western Riding
American Riding Instructor Certified*

Equine Publications & Video Production

Stallion DVD; Business Cards; Flyers; Advertising

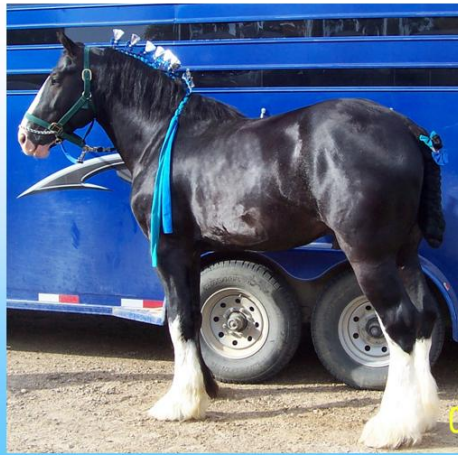
Vellus Grooming Products

Shampoo, Conditioner, Tangle Out and Satin Cream

Breeding/ Selling English Shires & Sport Horses

Registered In Canada, US and England

Wagon Services



Home of the English Shire
Stallion:

Shakespeare William

Brett, Leanne & Connley Hoagland

~285 Hwy 200 S~ PO Box 95 ~

Glendive, Montana 59330

www.midrivers.com/~bsshires

bsshires@midrivers.com

(406)687-3004

APPENDIX C BUSINESS CARDS



**Big Sky Shires
&
Equine Services**

Brett and Leanne Hoagland
285 Hwy 200 S
PO Box 95
Glendive, MT 59330
www.midrivers.com/~bsshires

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Phone: (406)687-3004
Cell Phone:(406)939-1263
bsshires@midrivers.com

Home of
Shakespeare William



Leanne Hoagland

Riding Instruction, Clinics and Judging
English, Driving and Western Riding
Private or Group Instruction, Programs to fit your goals
Beginning to Advanced Riders
American Riding Instructors Association Certified

*PO Box 95/285HWY 200 S
Glendive, MT 59330
Home Phone: 406-687-3004 ~Cell Phone: 406-939-1263
E-Mail: bsshires@midrivers.com
www.midrivers.com/~bsshires*



APPENDIX D STALLION SERVICE FLYER

Shakespeare William

2003 Registered English Shire Stallion
 Shire Horse Society # C856
 American Shire Horse Association# 22975-S

Standing in 2007 to a Limited Book

\$650 Stud fee Includes

\$150 Nonrefundable Booking Fee

Live Cover or Shipped Semen



Add Size, Bone, Substance and Disposition to your Warm Bloods, Sport Horses or



Shakespeare William April 4, 2003	Sire: Maitland House Wellington Lad	Sire: Grayingham Lucky Lad	Sire: Bulbridge Travler
		Dam: Maitland House Midnight Glory	Dam: Grange Wood Selena
	Dam: Gentle Giant Holly	Sire: Fox Valley Felix	Sire: Admergill Prince
		Dam: Edingale Lady Diana	Dam: Davie Quebec Fanfruluche
		Sire: Ladbrook Aristocrat	Sire: Edingale Mascot
		Dam: Fox Valley Galina	Dam: Edingale Briar Queen

~Foals Eligible for Sport Horse and Shire Registration~

~(USA, Canada & England)~

Big Sky Shires

285 Hwy 200 S

PO Box 95 ; Glendive, Montana 59330

www.midrivers.com/~bssshires

In the US: Brett & Leanne Hoagland (406) 687-3004



APPENDIX E INVOICE FOR BILLING

	<h3>Big Sky Shires and Equine Services</h3>
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PO Box 95
285 HWY 200 S
Glendive MT 59330

Phone: 406-687-3004
E-mail: bsshires@midrivers.com
www.midrivers.com/~bsshires

Invoice

Invoice #:
Invoice Date:
Customer ID:

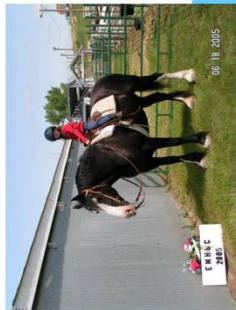
Bill To: Kim Tucker



Quantity	Description	Discount %		Unit Price	Total
				Subtotal	
				Tax	
				Shipping	
				Paid to Date	
				Balance Due	

REMITTANCE
Customer ID:
Date:
Amount Due:
Amount Enclosed:

APPENDIX F BIG SHIRES FLYER- PAGE 1



About Big Sky Shires

Big Sky Shires is a family owned and operated business in Eastern, Montana. We ride, drive and use our horses to harrow and work our pastures. We work and play together.

We became interested in Shire Horses in 2000 with the purchase of Big Sky Kellie. We were looking for a driving horse to use for pleasure driving. We found an add in the local classifieds-- went and looked at the mare and purchased her. A year later we used her in our wedding. Since then we have enjoyed showing her.

Shortly after the purchase of Kellie we decided that we would like to pursue the draft horses (Shires) for a little more than pleasure and began our search for a stallion to breed to our mare. In the process we found our stallion, Shakespeare William. Soon after his induction into the family we purchased our first registered mare, Loves Big Sky Melody.

Brett and Leanne come from a long line of quarter horse people. Leanne currently operates and runs her own Judging, Clinician, Horse Placement and Lessons business. Leanne has also ridden and shown many horses to High Point awards and Futurity placings in the Open and 4-H Circuit.

Big Sky Shires has hopes of starting a carriage business in the near future. Plans are to work weddings, parades, functions and family events. We have also started showing our horses at open shows and have had the privilege to show at Calgary Stampede and the Montana Fair.



Maitland House Amber Czarina SHS Reg. Mare



Loves Big Sky Melody 2002 Registered Mare



Loves Big Sky Harmony 2003 Registered Filly

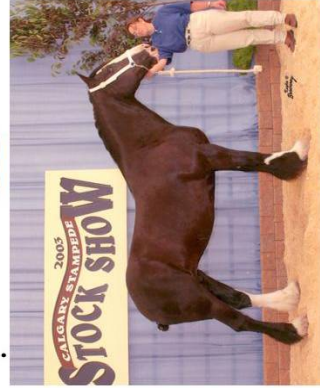
Big Sky Shires & Equine Services Brett and Leanne Hoagland

285 Hwy 200 S
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406-687-3004
bsshires@midrivers.com
www.midrivers.com/~bsshires

Big Sky Shires & Equine Services
Brett and Leanne Hoagland

BIG SKY SHIRES & EQUINE SERVICES

Home of
**Shakespeare
William**



Pictured above—Big Sky Kellie

Meet Our Stallion

Shakespeare William:

2003 Black and White English Shire Stallion
 ASHA and SHS Registered Stallion
 17.3 HH as a two year old

Shakespeare William April 4, 2003	Sire: Maitlandhouse Wellington Lad	Sire: Grayingham Lucky Lad	Sire: Bulbridge Travler
	Dam: Gentle Giant Holly	Dam: Maitlandhouse Midnight Glory	Dam: Grange Wood Selena
	Sire: Fox Valley Felix	Sire: Admergill Prince	Sire: Add size, bone, disposition, and substance to your crossbred and draft horses by breeding to Billy.
	Dam: Edingale Lady Diana	Dam: Edingale Mascot	Horses that can jump, do Dressage, drive and go to the mountains. The baby you get from this stallion will be able to do it all from the show ring to trail rides. Billy's get will be eligible for registration in the Sport Horse and Shire registries in the US, Canada and England.
		Dam: Edingale Briar Queen	

AKA Billy as he is known at home is a black and white English Shire Stallion that we have imported from Alberta, Canada. He was born April 4, 2003 to Gentle Giant Holly by Maitland House Wellington Lad.

Billy's grandsire is Lucky Lad, the all time leading shire stallion in the world. We are proud to offer great conformation, disposition, and bloodlines to all the draft and crossbred breeders. Billy will stand for the 2006 breeding season to a limited book of mares. Call now to reserve your breeding. All breeding contracts are private treaty with a non-refundable booking fee. See the following pages for pictures and pedigree of Billy and his family.

Add size, bone, disposition, and substance to your crossbred and draft horses by breeding to Billy. Horses that can jump, do Dressage, drive and go to the mountains. The baby you get from this stallion will be able to do it all from the show ring to trail rides. Billy's get will be eligible for registration in the Sport Horse and Shire registries in the US, Canada and England.

Top: Shakespeare William @ home 2005
 Left/ Right: Billy at EMHSC 2005



Above: Maitland House Wellington Lad:



Above: Gentle Giant Holly: Below: Lucky Lad:



**Big Sky Shires
 Brett and Leanne Hoagland**

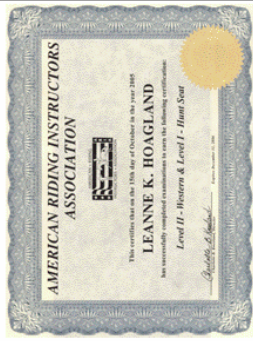
285 Hwy 200 S
 PO Box 95
 Glendive, MT 59330
 406-687-3004

bsshires@midrivers.com
 www.midrivers.com/~bsshires

APPENDIX H EQUINE SERVICES FLYERS- PAGE 1

Services Offered:

- 1) **Lessons:** I offer group or private lessons to students in western and English styles of riding. An added touch for that person who wants that extra encouragement and helping hand. **ARIA Certified: Level II Western and Level I Hunt Seat Instructor**
- 2) **Clinics:** Clinics are available to fit your needs as a group or 4-H Club. I will cover areas you desire and topics to fit your needs. Each person gets equal attention and help with enthusiasm and a smile.
- 3) **Judging:** I pride myself on a judging style that is honest and fair matching with the industry standards. I keep the show moving yet maintain an open and relaxed atmosphere. I am available for open / schooling shows and judging contests.
- 4) **Wagon Rides and Services:** wagons rides and services for your wedding, family get-together, funeral, or business parties. You may choose from draft teams and single horses to pull manmade vehicles of a time gone by. We decorate to meet your needs. Service with a smile and beauty.
- 5) **Equine Publications and Design:** Let us design and print your flyers, pamphlets, business cards and information. Check with us for quotes for web design and maintenance. All work printed on top of the line equipment and paper. Proofs are sent before printing begins.



I will work with you to develop the program you need to fit the goals and dreams that you desire. Everything I do is with energy and positive attitude.

~Call or write for Availability, Prices, Discounts and details!~



References, Video and Portfolio Available upon Request.

Visitors Welcome- Come See What We Do



Big Sky Shires & Equine Services



Riding Instruction, Clinics, Judging, Wagon Services, and Publications

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Level II Western and Level I Hunt Seat Instructor

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Join Us in the Fun of Learning, Growing and Challenging Our Lives With Horses!!!

We will Help Make Your Horsemanship GOALS and DREAMS Come True!
~Just Ask One of Our Students~

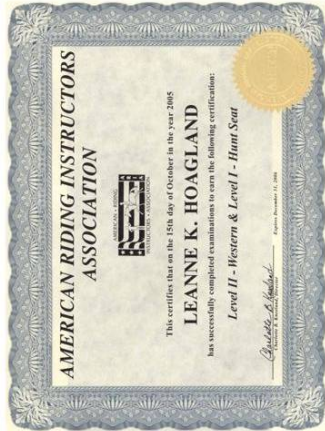


Big Sky Shires & Equine Services
Riding Instruction, Clinics, Judging, Wagon Services, and Publications
406-687-3004(home)
406-939-1263(Cell)
bsshire@midrivers.com

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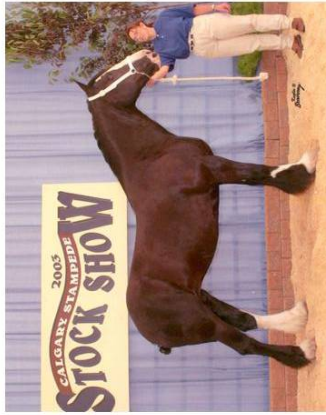
- 1) **Lessons:** I offer group or private lessons to students in western and English styles of riding. An added touch for that person who wants that extra encouragement and helping hand. **ARIA Certified: Level II Western and Level I Hunt Seat Instructor**
- 2) **Clinics:** Clinics are available to fit your needs as a group or 4H Club. I will cover areas you desire and topics to fit your needs. Each person gets equal attention and help with enthusiasm and a smile.
- 3) **Judging:** I pride myself on a judging style that is honest and fair matching with the industry standards. I keep the show moving yet maintain an open and relaxed atmosphere. I am available for open/ schooling shows and judging contests.
- 4) **Wagon Rides and Services:** wagons rides and services for your wedding, family get-together, funeral, or business parties. You may choose from draft teams and single horses to pull maintained vehicles of a time gone by. We decorate to meet your needs. Service with a smile and beauty.
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--Call or write for Availability and details!--



Leanne Hoagland

Riding Instruction, Clinics, and Judging



ARIA Certified:
Level II Western and Level I Hunt Seat Instructor

**Riding Instruction, Clinics,
and Judging**

Leanne Hoagland
PO Box 95
Glendive, MT 59330
406-687-3004(home)
406-939-1263(Cell)
bsshires@midrivers.com
www.midrivers.com/~bsshires

PO Box 95
Glendive, MT 59330

Tel: 406-687-3004
bsshires@midrivers.com



Instructor: Accomplishments/ Experience:

- Open Horse Shows (Over view of awards):
 - *Eastern Montana Horse Show Circuit
 - 2004 Res. Champion Adult English Pleasure & Jr. Stallion
 - 2005 Res. Champion Sr. Mare & Jr. Stallion
 - *Grand Champion Shire Yield Mare MT Fair 2003
 - *2nd Shire Stallion Focal Calgary 2003
 - *Cactus Country Show Circuit: Reserve High Point 18 & Older 2002 High Point Novice Rider, 1994 Reserve High Point Jr. Horse 1993 Reserve High Point 14-18 1995 2/3 Yr. Old Futurity Champion 92/93

~Students

I have coached and taught several students in the years. They range in age from 5 to adult. Several of my 4-H students have went to Open, 4-H and State 4-H Horse Shows and have brought home top 10 finishes and blue ribbon projects. Weather you compete or just ride for fun we offer programs to fit your needs.

Facilities Available:

- 50 foot Round Pen
- 200x100 Foot Arena
- Jumps & Trail Course
- Boarding Arrangements
- Trails
- Stocks & Wash Stall



Above Students after placing at the local 4-H Fair

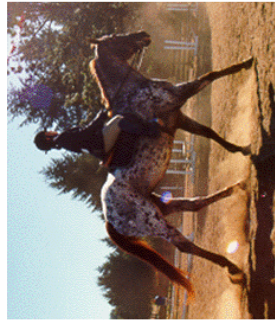


A Little About the Instructor: Leanne Hoagland

I was born and raised a Montana Native. As a child I grew up in a family of horse people and agriculturalists. I began riding as a young girl on my mother's barrel horse.

I have been involved with the Montana and Wyoming 4-H as both a child and an adult. I have competed at the State 4-H Horse Show and the NILE 4-H Horse Show. I rode on the Open Horse Show circuit as a youth, until I went to college, and then later as an adult, riding as an all round rider striving for High Point Awards and Futurity placings.

A 1996 Graduate of Roundup High School, I went on to college at Northwest College in Powell, Wyoming. I judged on the Intercollegiate Horse Judging team traveling to contests and horse barns across the country. In 1997 as a sophomore our team was the Reserve World Champion Team, at the Quarter Horse World Show, and I had the honor of bringing home the 6th High Individual finish.



Left: IBSA Show at OSU 2000, 1st Place English Equitation. Above: Head Wrangler 320 Guest Ranch, MT (Leanne Hoagland)

A Little About Me

I was born and raised a Montana Native. As a child I grew up in a family of horse people and agriculturalists. I began riding as a young girl on my mother's barrel horse. I have been involved with the Montana and

Wyoming 4-H as both a child and an adult. I have competed at the State 4-H Horse Show and the NILE 4-H Horse Show. I rode on the Open Horse Show circuit as a youth, until I went to college, riding as an all round rider striving for High Point Awards and Futurity placings. A 1996 Graduate of Roundup High School; I went on to college at Northwest College in Powell, Wyoming.

I judged on the Intercollegiate Horse Judging team traveling to contests and horse barns across the country, seeing

Carol Rose Quarter Horses, Pete Kyle, Jerry Erickson and Mike McMillen to name a few. In 1997 as a sophomore our team was the Reserve World Champion Team, at the Quarter Horse World Show, and I had the honor of bringing home the 6th High Individual finish. I graduated from NWC with an AS Degree in Agriculture in 1999. It was then that I transferred to MSU Bozeman where I finished my BS Degree in Agriculture Education, and was part of the MSU Intercollegiate Horse Show Team. While going to school I spent the summers as a wrangler at 3 guest ranches where I guided trail rides and taught lessons to the guests. In 2001 I graduated from MSU and took the job as Ag Teacher and FFA Advisor in Chinoak. With the move of my husband's job I am now located in Glendive where I currently teach as a professor of Agriculture at Dawson Community College. A new venture for us is the breeding of Shire draft horses. We are standing a stallion and have one hitch mare. We had the pleasure to show at the Calgary Stampede and Canadian National Shire Show this summer. I continue to take riding lessons and go to clinics myself to maintain my own education.



320 Guest Ranch Head Wrangler Summer 1999, 2000

Accomplishments/ Experience

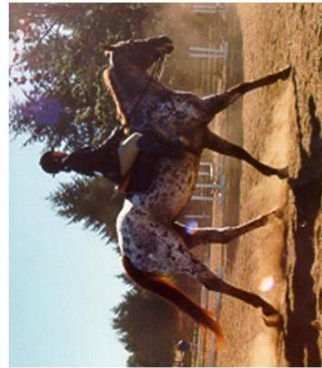
~ Open Horse Shows (Over view of awards):

Grand Champion Shire Yield Mare MT Fair 2003
2nd Shire Stallion Foal Calgary 2003
Reserve High Point 18 & Older 2002 Lavina MT
High Point Novice Rider 1994
Reserve High Point Jr. Horse 1993
Reserve High Point 14-18 1995
2&3 Yr. Old Futurity Champion 1992/19993
Numerous top 6 placings and class wins

~4 H: (11 Year Member/ Current Leader)

Grand Champion Horse Showman 90,91,92,93, 94
Overall Showman 4-H 91, 92, 93, 95
4-H Herdsman Award 89,94.
Grand Champion 4 yr Old 94, 5 yr. Old 95,
Reserve Champion Yearling, 2 yr Old, 3yr. Old.
Numerous blue and purple ribbon projects
* Projects include English and Western Horsemanship, Horse Showing, Colt to Maturity.

~ Lessons: I have taken Lessons since I was 10 years old in English, Driving Three Day Event and Western Riding. I have attended riding clinics and camps through 4-H and Private interests.



~Intercollegiate Horse Judging (1997)

Reserve World Champion Team 1997
Texas Tech 9th High Individual (Halter)
CSU 9th High Individual
6th High Individual Quarter Horse World

~Intercollegiate Horse Shows (1999-2001)

Several top six and first place finishes in English, Western Horsemanship and Equitation over fences. Showed at colleges in Idaho, Utah, Montana, Oregon.

~Students

I have coached and taught several students in the years. They range in age from 5 to adult. Several of my 4-H students have went to Open, 4-H and State 4-H Horse Shows and have brought home top 10 finishes and blue ribbon projects.

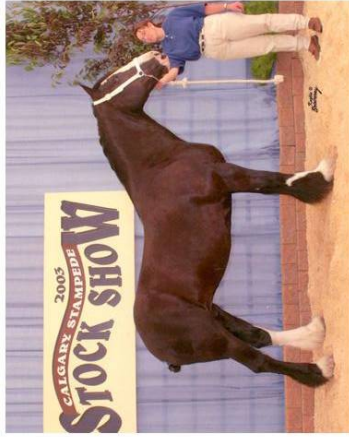


Above: Oregon State University ISHA Show 2000- First Place Western equitation. Left: IHSA Show at OSU 2000. 1st Place English Equitation.

Vellus Static Stabilizer is a leave-in rinse that provides shine, light conditioning, static control and easy glide-thru for the mane and tail. It is a great last minute touch up spray to freshen the mane and tail before showing. Can be used along with Satin Cream in the cold winter months to keep a healthy growing mane and tail. A ready to use moisturizing formula

Vellus Satin Cream is designed to promote health and growth to the mane and tail. Satin Cream dries soft, protecting the mane and tail from brittle hair breakage. This product does not flake and is soothing to the skin around the mane and tail. Apply directly to the tail bone for those horses that have a tail rubbing problem. Cream and brush the tail before putting in a wrap. Can be used along with Static Stabilizer in cold winter months to keep a healthy growing mane and tail. This formula is very good on the hoof for protection against chipping and cracking.

Vellus Tangle Out is a PRE-WASH detangling solution. This state of the art formula will loosen even the toughest tangles, making it possible to preserve a long mane and tail. Saves time, energy, manes and tails. Ready to us



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Vellus Equine Grooming Products



VELLUS EQUINE GROOMING PRODUCTS

Vellus Horse Grooming Products contain **no oil or lanolin**, which are well known dirt and dust attractants. A well structured animal on good nutrition with the temperament and zeal to win needs to be groomed in products that will not inhibit its performance. Vellus is the choice of winners!

PRODUCT DESCRIPTIONS

Vellus Horse Shampoo Concentrate is a high quality rich product specifically formulated for the sensitive skin of horses. This product cleanses well and rinses easily. Vellus Shampoo brightens whites and enhances the natural color of the body coat, mane and tail. It provides fullness and a soft silky feel to the mane and tail. Use full strength on stained areas.

Vellus Horse Conditioning Concentrate is also a high quality rich product specifically formulated for the sensitive skin of horses. This product is designed to soften, straighten and glamorize the mane and tail. Vellus Conditioner provides a high shine (no tacky sprays needed) and aids in keeping a tangle free mane and tail. Can be used on the body except the saddle area.

Price List
Prices listed without shipping cost

- #111 32 oz. Shampoo Concentrate \$29.00
 - #119 16 oz. Shampoo Concentrate \$15.00
Can be used straight or diluted.
 - #112 32 oz. Conditioning Concentrate \$31.00
 - #120 16 oz. Conditioning Concentrate \$17.00
Great for body mane and tail application.
 - #113 1 lb. Jar Satin Cream \$26.00
Promotes the growth of mane and tail.
 - #114 32 oz. Static Stabilizer \$26.00
 - #121 16 oz. Static Stabilizer/ sprayer \$14.00
Add shine, moisture and easy brushing.
 - #115 32 oz. Tangle-out \$50.00
 - #122 16 oz. Tangle-out/ sprayer \$22.00
For mane and tail makes knots and tangles disappear.
 - #116 Shampoo and Conditioner Sampler \$10.00
2 oz. each of the concentrated shampoo and conditioner
 - #117 5 Product Sampler \$25.00
2 oz. of each product for you to try and use with your horses.
 - #118 Shampoo/ Conditioner Set \$31.00
32 oz. of each product; May Substitute the Sain Cream
 - #123 16 oz. Shampoo/ Conditioner set \$27.00
16 oz. of each product—may substitute 16 oz. static stabilizer
- Shipping: 32 oz. \$6.00 first item \$3.00 each after half price for 16 oz. items. Prices in US Funds**

Vellus Product Order

We accept Check or Money Order.
Make Checks out to: Big Sky Shires

Item #	Description	Qty	Price	Subtotal
Shipping: (in the US)			Order total:	
Free with order over \$60			Tax:	
\$6.00 first item			Shipping	
\$3.00 each after			Total:	
Name				
Address				
Phone				



All checks held 10 business days or until clear.

BIG SKY SHIRES AND EQUINE SERVICES
GLENDAVE, MONTANA

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