

Feed Buying Clubs for Horse Owners

by Barbara Beard

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Executive Summary

Farm cooperatives are not new, but are largely underused by horse trainers, riding stables, boarding stables, therapeutic riding centers, horse rescues, and small farm private horse owners. One of the reasons is that farm cooperatives usually market the products of the farmers as well as buying farm supplies. The sales of the product of horse farms do not fit that business model.

However, many other kinds of communities and businesses form purchasing groups to pool resources and buy goods or services more economically. Excellent examples are the food buying cooperative, food buying club, and the community supported farm. While these associations are formed to acquire food, from staples to produce to meats for human consumption, there is no reason similar organizations cannot form to acquire food and other supplies in bulk for animals, and more specifically, horses.

In recent years, costs for major horsekeeping supplies, such as forage, grains, and bedding have increased dramatically. These, along with land, form the greatest monthly and annual cost of horse maintenance. The ability of horse owners to keep pace with these increased costs, either as private citizens by salary increases that enable people to continue affording their horses, or as small businesses offering training, boarding, riding lessons, equestrian programs at schools, dude ranch vacations, equine-assisted therapies, or providing horse rescue has been poor. Revenues or donations have barely kept up, and in many cases, failed to do so. Often this is because businesses and non-profits must “look back” at prior month expenditures to capture increases, and cannot foretell future increases well. Consequently, their estimates of how much they must increase fees or fundraising to cover recent shortfalls and short-term future costs are flawed guesses.

Besides cost increases outstripping the small horse operation’s ability to absorb them, small horse owners, businesses, and non-profits usually do not have the cash flow and liquidity to purchase large enough quantities to benefit from grower direct or distributor level relationships enjoyed by large facilities. Where a boarding stable that houses 40 to 100 head per month can purchase an entire squeeze of hay from the current month client fees, and store it in a large specially built hay barn, the small barn with a dozen or fewer boarders or rescued horses is usually forced to buy bales weekly, bi-weekly, or monthly. These purchases are the most vulnerable to fluctuations in commodity prices, delivery costs, and mark-ups necessary for retail feed stores to cover escalating overhead, such as payroll taxes, credit costs, insurance, and regulatory compliance expense. Typically, small businesses pay as much as 45% more than large firms for these overhead expenses.

In the past, the cost of forming a corporation, either for-profit or non-profit, to function as a cooperative, and then administer the financial affairs properly, was too great for small membership clubs. Legal fees, accounting fees, banking, and the time involved were exorbitant unless spread among a large membership. Serving a large membership was too time-consuming a task for a small group of dedicated volunteers who had their own businesses to operate. This meant hiring a manager and paying that person a wage. The whole enterprise became too daunting for small groups, both in complexity and resources needed.

Larger food cooperatives function like retail or warehouse grocery stores, and dues from members, as well as fees to non-members, enabled a store serving a large community in a concentrated area, such as a city neighborhood, to pay the necessary overhead expenses, and hire qualified staff. However, forming such a group for horse owners proved impractical. To serve a large enough membership to achieve cost-savings after expenses, the geographic area became too large.

Modern communications, information technology, and electronic payment systems, legal and accounting systems enable an entirely new paradigm for purchasing clubs. Virtually all of the tedious business “nuts and bolts” is significantly less expensive, and no longer requires in-person work by members during business hours.

Many options now exist for small purchasing clubs to form to serve as few as five stables with as few as five horses each. This means that a small semi-rural neighborhood of horse owners can collectively purchase enough hay to last three months at a reasonable price, have it delivered to one of the member’s ranch, divide and remove their shares in regular trucks with a reasonable amount of time and labor.

The resulting savings add up.

1. The time and fuel to drive to the feed store, purchase bales, load them, drive back, unload them is reduced from 52 weekly trips per year, often at inconvenient times or in inclement weather, to 4 such trips, often to a closer location.
2. Small farms that pay for feed stores to deliver and unload hay frequently experience not only delivery charges, but missed or late deliveries that they cannot inspect or reject. A buying club can share the delivery charges to achieve savings, and can better control delivery schedules.
3. The ability to forecast, budget, and adjust to price changes is dramatically improved. For a small trainer collecting board monthly, when to increase board to clients is more predictable. Predicting whether or not more horses can be acquired and sustained is improved for a small non-profit that must raise funds to maintain therapy or rescue horses.
4. The size of the purchase can usually be accommodated by a credit card, business or personal line of credit, or cash.
5. The quality of the forage accepted can be controlled better. Purchasing small quantities from feed stores provides no customer leverage for quality. What the retailer has in stock is what you get, take it or leave it. Also, it is impractical to test small quantities, and frequently small feed retailers did not obtain test results on the particular cutting from the particular grower whose hay they are selling if they purchase through a distributor. A buying club can ask for samples to have tested for a nominal fee, and has the purchasing power to reject loads that have

too high a moisture content, mold or weed content, or other serious quality problems. This ability to reduce waste and loss due to poor quality can result in substantial cost savings on an annual basis.

Besides saving money and improving the ability to manage the business predictability, a larger customer (the buying club) is more assured of a steady supply of quality forage during shortages. Whether the club buys from a local grower, or distributor, after one year of smooth transactions, the club achieves a reputation as a reliable customer. Even when shortages cause scalping and price hikes, the regular local good customer is likely to get a reliable supply at a reasonable, even if increased, price.

Another benefit to the members of the buying club is peace of mind. When preparing to leave for an out of town competition, the trainer doesn't scramble to buy extra hay for the travelling horses or the left-behinds, or worry that a hay delivery will go awry while she is absent. The hay is there, what is needed for the trip gets loaded atop the trailer, and the horses have the feed to which they are accustomed.

Finally, board and training clients benefit, and this attracts business. With more potential clients, and less turnover, horse facility managers can cater to a clientele that appreciates quality and pays on time. Horse owners quickly learn to inspect the hay their horses receive, and to notice the hay stacks that are on hand. Horse owners get nervous when they see the hay stacks are low and the trainer is leaving for a four day competition. Will the barn run out of hay? Once they are assured that supplies will not be perilously low, they next learn to critique the quality. Unhappy boarders complain about the quality of the hay when horses drag it around their stalls without eating it, or they find moldy-smelling flakes in their horse's stalls that they toss in the aisle. Happy boarders report to prospective boarders that they have few if any such experiences. They also tend to pilfer less hay from the supplies on hand, assured that the better hay in sufficient quantities isn't being fed in stingy short rations to their horse.

Once the feed buying club has a year's experience with the purchase of forage, it is in a position to know how much actual time the members spend organizing and distributing a buy and running the club. Then they can decide whether group harmony and effectiveness can be preserved if they add another bulk purchase, such as bedding, pellets, grains, or other supplies to their activities.

There are even special small grants and loans available to women and minority entrepreneurs, non-profits, and rural small businesses that can help with start-up formation costs. Much depends on the demographics of the membership, the types of farms or ranches served, and the kind of corporate entity the group decides to form (non-profit, LLC, etc.)

There are many benefits to the grower or distributor in working with these small group buyers as well. Free markets work because there are benefits to all the parties involved. A variant on the food buying club is one initiated by the grower himself: the community supported farm. Essentially the grower pre-sells shares of his crop to the members, called shareholders. She has guaranteed buyers at a guaranteed price, and they have guaranteed product at a foreseeable date.

Basic Process

1. Identify interested parties and hold a meeting.
2. Choose a leader to manage the project of research, group formation, and implementation.
3. Form a legal entity to conduct business, create a set of books, and arrange a method of collecting and distributing funds (banking).
4. Develop relationships with vendors for purchases.
5. Decide on a staging location and duties of members.
6. Keep records and compare savings to previous purchasing methods and prices.
7. Ensure everyone must participate in the work in some way.
8. Give it at least a year, so that the process is refined and leaders rise to the top in more than one buying cycle, and so that bugs in the process are shaken out.

Cooperatives developed without the assistance of the USDA and the budding relief and commerce agencies of the New Deal during The Great Depression as farmers and city business owners formed mutual aid societies. Some of those original cooperatives are still in existence today. The fractured and embattled horse community needs to pull together today to ensure our horses are assured uninterrupted high quality food, bedding, and other necessities. Since most horse owners and caregivers are nurturing women, forming a shopping club ought to be “water off a duck’s back” for them.

This summary is an excerpt from the workbook provided during our 2-hour hands-on seminars, *Creative Ways to Save Money for Your Horse Facility* and *Forming a Feed Buying Club for Horse Owners*

For more information on how to find like-minded horse owners with whom to form a feed buying club, a larger-scale equine purchasing cooperative, or how to locate a hay grower interested in community supported agriculture, please contact your local county extension office, or [Del Camino Equestrian Enterprises](#). We offer consulting, workshops, or guest lectures for modest fees, and for do-it-yourselfers, books via our website. There is also a fee discount for veterans’ horse groups and equine non-profits.

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