

Full Circle Farm – Bed and Barn

Introduction and Background

Full Circle Farm will be a retreat for horse and rider. It will provide lodging for the rider, and board for their horses. The facility will be geared to the equestrian who wants to vacation with their horse. Full Circle Farm will provide a “off the beaten path” experience with good trails to ride on, a relaxing and private location, and a secure place for the horses with onsite care. This will be advantageous if the owners wish to venture out without the horses to area attractions during their stay. The business will have facilities for no more than four guests with the luxury of private dining and bathrooms.

The owner of Full Circle Farm is starting this business as a supplemental income to her retirement and as a means to bring people with similar interests to her remote location. Her goals are more of a social and fellowship nature than financial. Her financial goal is for the business to make enough income to help to support her horse interests and maintain her barn. Both the owner and her husband have other sources of income with a high percentage of discretionary income. The business will be located in an existing, recently constructed barn with an unfinished apartment over the barn. A small business loan of \$35,000 is needed to complete and furnish the 900 square foot living area.

The farm, located on the scenic Black River in Eastern North Carolina will also lend itself to guided or unguided kayak and canoe trips. The large acreage leased for trails has several landings where boats can be launched for half day, full day, or two-day river trips. Services offered will be guided trips or shuttle service and equipment rental.

Industry Trends:

There is not a similar equine facility in the surrounding areas. When speaking of trends, this industry is referred to as the Horse Industry. Research conducted showed that over the last 50 years there has been a 368.85% increase in horse ownership in NC. Worded another way, there are now 4 horses for every one that existed in NC in 1955. In general, the population has doubled each 25 years. While the target customer will not be limited to NC research, assumptions were made using this segment of horse owners due to the availability of good data. This industry in NC is very highly developed with all major breeds being represented. There is a wide array of breeding, training, boarding and instructional facilities throughout the state. The state owned horse complexes bring competitors from all over the United States to compete in over 500 horse shows a year. The winter climate is also ideal, making NC a good “over-wintering” training location for horses from colder climates. All of these factors have helped to increase the states population of full time residents with some role in the horse industry.

Based on an industry survey done by the NC Department of Agriculture and Consumer Services, the following statement was made concerning this growth trend. “While the last 30 years have been growth years for the state’s industry, the next 30, by all indications, should be just as successful due to the continued support and encouragement

of government – both state and local – for the horse industry. North Carolina is committed to expansion of its attractive and financially stable industry, with its potential for attracting even more horse enthusiasts and activities.”¹

Customer Profile and Behavior:

Full Circle Farm will target a very specific customer – the serious horse owner. The typical customer will be between the ages of 25 and 40, upper income, outdoor enthusiast that likes to “get off the beaten path”. Areas suitable for riding are decreasing every year and the majority of boarding barns in close proximity to high population areas are losing the wide-open spaces so enjoyable to riders. The potential customer will already be very actively involved in riding and other equine activities. The owner wants to build Full Circle Farm slowly so that it will be on the way to being a viable business upon her retirement. The target market will be attendees of local equestrian events, County Extension horse clubs and readers of specific equine publications. The target market is specific and must be geared to those that do not mind being far away from malls, movie theatres, restaurants, grocery stores and other conveniences of city life. The farm must be marketed much like an isolated National Park or campground so that customers realize they must bring everything they need with them and not plan on running out to the store. It is not so much the facility that will be marketed to the potential customer, but rather the unique experience or “roughing it” in one of the most beautiful, natural, and untouched areas of North Carolina.

Competitions Strengths and Weaknesses:

Full Circle Farm is a unique business with no competitors of a similar nature in the eastern part of NC. Campgrounds with group stalls and boarding facilities near cities exist, but there are none in this immediate geographical area and they certainly do not offer the experience that Full Circle Farm offers. There are some similar facilities in the Western Part of the state and in other parts of the country, but no nearby competition. This is essentially a niche market that will fulfill a need not currently being met.

¹ NC Department of Agriculture Marketing Division – 2005

Full Circle Farms Strength and Weakness

Strengths	Weaknesses
<ul style="list-style-type: none"> ☞ Location – private, tranquil, natural, off the beaten path ☞ Black River onsite and South River nearby ☞ Abundance of wildlife species ☞ Focus on horses ☞ Declining rural areas forcing trail riders to leave home to ride ☞ Close proximity to Wilmington, beaches, White Lake, Moore’s Creek Battlefield etc.-areas available for a day trip away from the farm. ☞ Labor available from existing family business to help with venture when needed. ☞ The EXPERIENCE! 	<ul style="list-style-type: none"> ☞ Hunting season limits availability of some trails.

Business Proposition – Where do we want to be?

Key planning assumptions (based on random interviews conducted at various area horse events)

There is an equine community dedicated to the horse industry.

There was considerable interest in being notified about the business opening.

There was enthusiasm about the need for this sort of facility.

When asked if they would consider or strongly consider a weekend or weeklong retreat with their horses, such as planned by Full Circle farm, almost 100% showed more than casual interest.

Measurable Attainable Goals

To borrow \$ 35,000 to complete the upstairs lodging area

An opening date of March 1, 2008

Pre-booking of a minimum of 6 nights a month for the first 6 months. (accomplished by a special grand opening celebration package)

Target Market – Identify the Specific Markets you want to reach

- 1) Horse owners
- 2) Boarding facilities
- 3) Veterinary offices
- 4) Farriers
- 5) Tack Stores

- 6) Horse Clubs
- 7) Extension Horse Programs
- 8) Horse Show Promoters
- 9) Horse Publications
- 10) Horse Facilities (show grounds and arenas)
- 11) NCDA&CS Horse Industry Marketing Specialist
- 12) NC Horse Council
- 13) Local Feed and Agricultural Stores

Strategies and Action Plan – How will you get there?

Develop a farm logo and printed materials such as business card and a brochure.

Develop a website

Posters to display at horse / farm related businesses

Ads in horse show programs

Price Structure – How much will you charge.

Pricing will be based on bed and breakfast rates, which tend to be higher than hotel rates. There will be a rate for two for the lodging facilities (\$80) and a charge of \$20 per stall per night. There will be additional charges for guided trail rides. Guided river trips and shuttle services and canoe and kayak rental based on industry averages at the time of opening. There will be packages that will offer discounts for the use of all services.

How will Full Circle Farm be promoted?

The owner will take advantage of low to no cost advertising within the industry such as distribution of posters, flyers, promotion of the website etc. Before the grand opening an advertising campaign will be targeted to names collected as being interested during the initial promotion. Word will be spread by horse industry mailing lists, internet message boards, and avenues listed above. Press releases will be written for the local, statewide and specialty media in hopes that some free publicity in the form of an article will result. Paid advertising will be placed in horse show programs (sponsorships) and other equine events. Discounts will be offered to return customers if they refer a friend that books with Full Circle Farm.

Mission Statement:

"To provide a memorable and unique experience, to a selective group of the equine community, in the rustic, natural and scenic areas along the banks of the Black River in Eastern North Carolina"

Projected Budget:**Estimated Yearly Costs:**

Cost for 2 horses currently maintained full time.

Feed:	\$ 300.00
Hay for winter:	\$ 250.00
Stall Bedding:	\$ 800.00
Farrier:	\$ 900.00
<u>Veterinary:</u>	<u>\$ 600.00</u>
Total	\$2,850.00
Average/month	\$ 237.50

Additional Costs if Full Circle Farm operates Bed and Barn

Liability Insurance:	\$2,400.00
Electricity:	\$ 600.00
Advertising:	\$1,200.00
<u>Stall Bedding</u>	<u>\$ 400.00</u>
Total	\$4,600.00
Average Additional Cost	\$ 383.33

Total: \$7,450.00 /year

Monthly average: \$ 620.83 / month = \$ 621.00 / month

Of the above costs, the only additional charges, not already being incurred with horses as a leisure activity are the Liability insurance, electricity, additional stall bedding and advertising. The addition of the Barn and Board business will more than double existing expenses but add potential for income. The actual additional estimated cost of opening the business is \$ 383.00 / month, requiring only the rental of 3.1 nights average per month to break even. Anything above 3.1 nights will result in income to cover the cost of the owner's leisure activity.

Rental of the apartment and board for 2 horses will be \$ 120.00 / night. An average monthly rental of 5.2 nights must be booked to cover all barn and business expenses. Additional income is possible from kayak/canoe rentals and guided trail or river trips. Rental times may also be longer than 2 nights.

Advertising and personal recommendations should increase business. After 6 months, if the unit were rented for 10 days per month, (\$ 1,200), the owner's goal of meeting the expenses of horse ownership would be exceeded and the business would be bringing in \$ 579.00 per month or \$ 6,948 / year income. If the goal of 6 nights per month occupancy was not met and at least 3.1 nights were rented per month, the business would still be a little above the break even point with the owner spending no more than she currently spends to own two horses and the barn.

Kayak rental and river trips as well as extra horses or people in the rental unit would be additional income.

Legal Issues

There are no zoning issues. The 2 major issues would be permits/licenses and inspections from the health department required for establishments offering lodging.

The major issue will be liability insurance and the liability of operating a business where people participate in potentially dangerous activities. This is covered in part by the Equine Liability Law of NC² and by having all participants sign waivers releasing the owner of responsibility for accidents not caused by owner negligence.

Evaluation- did we get there?

The business will be studied periodically to determine if goals are being met. The 6-month benchmark will be the first method of evaluation. If the opening is on schedule and 6 nights per month are pre-booked for the first 6 months the preliminary goals will have been accomplished. If this is the case, the business will be showing some profit. The following will be tools used for the business:

An up to date record of income and expenses. The budget would be analyzed for accuracy and adjustments made. Areas where expenses could be lowered by buying in bulk or other means will be carefully studied.

A means to evaluate response from all advertising done. (Mail in offers, drawings etc)

All customers will be surveyed to learn how they found out about Full Circle Farm.

Short surveys will be given to each customer that will include their comments on what they liked what they disliked, and suggestions for improvement. They also will be asked how likely it is that they will return in the future.

Names and postal and email addresses will be collected from all customers to create a mailing list so that customers can be sent postcards throughout the year reminding them to visit and notifying them of special packages.

As Full Circle Farm Grows and improves based on customer comments the owner will look at her time and decide if she is where she would like to be or if she would like to expand. The business is proposed to be a means to support her love of horses and allow her to network with others with similar interest but is not meant to tie her down full time which would defeat her purpose. An evaluation would be made. If the business is booked at a satisfactory level the goal has been met, if not the following should be considered:

² See Appendix 1

At the point the business is making a profit the owner plans to reinvest profits into the business to make improvements to the facilities / acreage as needed. Tax records will be available demonstrating the history of the business. The goal at this point will be to make enough to pay for the owners horse activities and the original loan payment and use the excess to improve the facilities for her own and her customers benefit. If these goals are accomplished the owners primary hobby will be self supporting rather than an expense and will provide funds to make improvements to her farm and facilities and possibly even provide some income above and beyond those two objectives.

Expansion / Diversification:

Expansion by exploring diversification in the off season. The canoe/kayak enthusiasts could be the targeted. Another attraction of the area is hunting. Many out of town hunters come to the area for the weekend and either commute or stay in primitive camps. If additional income was needed hunting packages could be considered. During hunting season trail riding is restricted. This addition would take advantage of a recognized weakness in trying to have this facility used solely for equine activities.

During the growth of Full Circle Farm some temporary labor will probably need to be considered so that this doesn't become a full time effort for the owner. Temporary labor is readily available from other farming operations if needed.

As the business grows the owner would like to add some of the following that could be considered as appropriate and also serve as additional means of income.

- ☞ Having horse shows on the premises.
- ☞ Having a cross-country course available for riders.
- ☞ Having adequate facilities for day use. The customer from nearby areas that wants to come ride for the day without an overnight stay.
- ☞ Guest speakers and clinics.

Points to Consider:

Since Full Circle Farm is meant to be a means of supplemental income and there is very little overhead involved this appears to be a low risk venture making the assumption that a good management and marketing plan will be practiced.

The equity in the current structure exceeds the amount of the requested loan.

The loan payment is not figured into the budget.