



Mark Johnston's

Straight Talking

ANALYSIS OF COSTS FAR TOO SIMPLISTIC

“**B**E FAIR when you compare”. We have been urging you to do that in this publication, on adverts for our training fees, for many years now but still it is difficult to get the message across.

We have been openly advertising our training fees for as long as I can remember and full details of all our charges are there for all to see on the website. It is not a common practice in this industry to advertise the cost of training – I don't really know why – and it is all too common for there to be hidden extras that can, in some cases, exceed the basic training fee.

It was, therefore, very difficult for Stuart Riley to accurately assess trainer fees or costs in his recent Racing Post article on “How much do trainers earn?” but it was nonetheless a bit disappointing that he took such a simplistic view of such an important subject. He had clearly looked at our fees as he had the daily rate correct but he either didn't look any further or chose to ignore the

explanation of what owners get for their money. He did tag “veterinary fees included” on to our fee and “plus veterinary fees at cost” on to the trainer's fee that he was comparing ours with, but that doesn't tell anything like the whole story, as most of you will know. How could he overlook the inclusion of shoeing, gallop fees, trainers' expenses anywhere in Europe, etc., etc., or the fact that the comparison trainer also added fees for dentist, chiropractor, wormers, clipping and even rugs?

It was even more disappointing, although somewhat predictable, that the paper's former editor, Bruce Millington, chose to add his own sarcastic view on the

subject the next day and to quip that “admittedly Johnston bangs out a monthly magazine, the Kingsley Klarion, but that's just full of pictures of horses having operations and articles slagging off the stewards, the Racing Post and anyone else who happened to incur Braveheart's wrath”.

This prompted a racing journalist, from another publication, to email me to say: “I suppose Millington is just trying to get his name in the Klarion with his ill-informed imprecations about your training costs”. Well, at least it shows that he reads the Klarion – or looks at the pictures. I wouldn't have known his column was there on page 106 if it hadn't been drawn to my attention.

The cost of training and racing horses is exactly the sort of thing that Racing Post columnists should be writing about but, if

are willing to pay and that is heavily dependent, for the vast majority of owners, on the potential returns. Yet it is commonly suggested in the Racing Post that owners should not expect a return and Millington himself recently suggested that the solution to owners' rising costs and poor risk/return ratio was for them to simply pay less for the horses – no thought for the knock-on effect to the breeding industry.

It would certainly help if those researching or writing about this subject had some experience of owning a horse or a tiny little bit of a horse. I wonder if Stuart Riley or Bruce Millington own, or have ever owned, a horse in training or even a small part of a horse in training. Millington's attitude towards owners and trainers suggests to me that he never has; he doesn't come across as having any desire to own a racehorse or any interest in

them other than as a betting product.

Reading this article made it look as if it was fairly simple for a trainer with 30 horses to make a profit of between £95,000 and £200,000 per annum

on training fees of £40 - £50 per day. Millington's take on it was that “if they have 30 horses in their care, [they] can hope to clear 17 grand a month”. In my experience, that is virtually impossible. When starting out, we didn't move into profit until we were able to expand from 44 to 59 horses, albeit that that was at a time of high interest rates and we did have substantial borrowings.

Now we estimate that the break-even point is somewhere around 180 horses. We are doing very well, we make good profits, much of which have been ploughed back into our facilities, but I am very conscious of the fact that, if numbers dropped significantly, we would have to cut our

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it was worth doing, it was worth doing well, and it wasn't done well. It is certainly a major concern that some, very competent, trainers are failing to make the job pay. The Racing Post should have been having a serious look at why that is happening and it should have been done by someone with a good understanding of training businesses and some grasp of the economics of small business in general. They would probably have quite quickly come to the conclusion that those trainers aren't charging a realistic fee and they should then ask why those trainers can't, or feel they can't, charge more.

Of course, that ultimately comes down to how much the customers, the owners,

overheads very rapidly to stop this business from haemorrhaging money.

Surely the Racing Post could have acquired some trainers' accounts or, at the very least, a variety of trainers' invoices to owners? I think readers would be fascinated by details of the true costs of training.

The article suggested that a 30-box yard in Newmarket would cost £3,000 per month to rent, at £100 per month per box. There was no mention of rates or insurance. Our rates and insurance cost £166,712 in 2018.

Our Weatherbys' charges in 2018 were £144,864. This did include a considerable amount of entry fees for our own horses but two of those horses were almost exclusively used to give experience to our apprentices. Not long ago the Racing Post were suggesting that trainers were exploiting apprentice jockeys and profiting from their share of riding fees.

The article did mention maintenance around the yard “or a tractor breaking down” but there was no allowance for this in the projected costs. We spent £395,350 on repairs last year, another £50,328 on replacing tack, £41,684 on clothing for staff, £72,138 on feeding staff, and £17,218 on telephone bills. The hypothetical Racing Post yard didn't have a telephone. No wonder the number one complaint about trainers, from owners, is lack of communication!

There are also costs for farriers and farriers' materials, laundry, motor and travel, stationery and advertising, staff training, legal and professional fees, pensions, depreciation, bank interest, sponsorship of owners (£178,438 in 2018), and much more that any of you who have run even the smallest of business will appreciate but the Racing Post did not.

Both writers talked of horse transport as if it were a licence to print money for trainers. Again, the simplistic view was a long way wide of the mark. Stuart Riley



Johnston Racing employs two vets (Neil Mechie, left, and John Martin), as well as a vet assistant. All veterinary treatments are included in the daily training fee.

concedes that, sending one horse to the races, the “margin would get a lot tighter”. Has this guy got a car?

We estimate that the break-even point on transportation is somewhere between carrying two and three horses, which means that all three of our two-stall boxes, in which we almost never carry more than one horse (two horses would usually take the weight beyond the legal limit), are always running at a loss. One of our two three-stall boxes is partitioned forward facing for extra horse comfort and we only carry two on it, so only the other three-stall and our seven-stall box can run at a profit and there can be a margin for us when outsourcing transport of large loads (we make a loss when outsourcing ones and twos) as I have always believed that the price for taking a horse to the races should be the same, regardless of how many horses we are running. Just look at our average numbers of runners per meeting to see what that means to the transport side of our business and it is, of course, much worse for smaller yards.

And then there are those veterinary fees. One of our owners, who has horses in

several yards, told me last year that in one yard where the vets bill the owners directly, his monthly vet bills are averaging around £2,000 per horse. What a pity that Stuart Riley didn't do any research into these costs. Our outside vet costs (surgeries and veterinary services not covered by our in-house vets) came to £212,478 in 2018 and our largest single bill for the treatment of one filly with pneumonia was more than £17,000, not a penny of which was passed on to the owner.

MEDICINES and veterinary supplies cost £55,834 last year; we have a very substantial amount of capital tied up in equipment; and we employ three full-time people on the veterinary side – two of them experienced veterinary surgeons. Ours is a unique system that stems from the days when I used to do the vet work myself and from a belief that, when a horse is injured or laid up, the last thing the owner wants is to be receiving a large bill for extras.

Yes, we build the cost into our daily rate, but that is why we ask you to “be fair when you compare”. ■