Increasing The Income Of Your Farrier Business

There are more ways to bring in additional money than just by boosting your shoeing prices

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Cutting expenses and investing wisely are good methods for improving your hoof-care business's bottom line. However, there are also many other ways to earn more money or increase your business income. Just as with cutting expenses, it takes a little imagination for any business to increase income, especially in these challenging economic times.

So how do you go about increasing your income? The first step is to realize that you are beginning a process and your income is not going to increase overnight. Some methods you can try will be straightforward, while others won't be. Some are short-term strategies while others involve more of a long-term approach.

Here are some strategies to help increase your business income.

Keep accurate records. This is vital to being able to assess your business profits. Such records can provide phenomenal amounts of information, especially if you are using a software program designed for a farrier business. The Forge Ahead program by Backroads Data has a business management financial reports section that automatically tracks your expenses and sales by client, product or services. It will automatically track your percent profit margin for every service or product you input into the program. This allows you to know exactly how much or little you are profiting from a product or service. Ambrit Software is another company that provides business software for farriers.

Raise your prices. The average inflation rate is 3% a year. This means that you should be charging at least 3% more each year just to keep up with inflation. Reviewing your prices twice a year or even quarterly should be a common business practice. That doesn't mean you should make changes every quarter, but at least examine your prices thoroughly.

A common business mistake is not really understanding the true cost of providing services. You must also understand the perceived value of your farrier service in order to raise your prices. Learn to raise your prices and stop worrying about the few clients you may lose.

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Be consistent in pricing. Do not charge different prices for the same services. Learn how to correctly set effective prices (See " A Practical Approach to Setting Your Shoeing Prices," *American Farriers Journal*, January/February, 2010; Pages 24 to 25 and 89).

Collect sales tax. Collecting these taxes is a great (and legal) way to use money that's not yours to earn money that is. Some states do not require farriers to collect state sales tax. But in those that do, it is your legal obligation to charge and collect it. Do not operate your business "under the table." Not only is this illegal, but you're missing great income advantages.

Every week, I deposit the sales tax I collect into a high-interest savings account. I am able to pay my state sales tax bill yearly, thus allowing me to collect more interest. The interest earned isn't a huge amount (a few hundred dollars) but it is yours to keep.

Uncover hidden profit potential. Focus on your existing clients and implement techniques to persuade them to buy more often. Then, when your clients are receiving great benefits and outstanding service from you, tap them for referrals to new profitable clients.

This works well with product sales but many fall short with service sales. For instance, if a horse is seen at 8-week intervals and is better off being seen every 6 weeks, you should try to persuade the horse owner of the benefits of the shorter interval. This could mean seeing a horse one or two additional times a year, thus increasing your gross profit on that horse by 16% to 33%.

Explore other business profit potential. Think about alternative businesses that could use your service or your tools. I provide boundary pins of all sizes for surveyors. I buy rebar and cut it to length with my chop saw. It's simple and a 200% profit can be easily made in minutes.

What do you do with leftover horseshoes? Why not re-sell them to people who want to make things out of them or weld a couple together into some type of artsy project and sell it at a local crafts store or on the Internet.

Related profit potentials. You can also increase your income without doing much physical labor by "selling" equine-related products that actually only require information sharing on your part. Several companies will provide you with literature about their products for you to pass on to horse owners. When horse owners contact the company, they are asked to give the catalog number or reference number found in the catalog you gave them. If they purchase a product, you earn a percentage of the sale. Spalding Laboratories Fly Predators is one such company.

Supply profit potentials. Subscribe to a wholesale warehouse that will help you sell equine-related items through a Web site. You, in effect, act as the sales representative, recommending products to your clients, who buy through a Web site. The wholesale company sets up your Web site, takes care of shipping and billing and pays you a percentage. Jeff Denson of Farriers United, LLC, offers such a wholesale program.

Internet. Sell products, items and market yourself online. Explore making additional money by providing e-mail and telephone consultation services. Use the Internet to communicate with clients and set up appointments. Open social media sites (Facebook, Twitter, etc) to promote yourself and products. Many of these sites generate extra business for many farriers.

Time management. Invest the money and training into tools that allow you to accomplish more work in less time. A bar stock shear does not cost much, but can save you an incredible amount of time over a hacksaw. An oxyacetylene torch allows you to both cut and braise.

Take credit cards. The extra income potential from being able to accept credit cards is phenomenal. It only takes a telephone, a PDA or a computer to call in or send in a sale. Finding the right company can be a little harder and you should make sure to do your homework in this area. Contact farriers using credit card processing companies for their input and suggestions.

Set up a "fix it" sideline. Offer to fix and weld things made of metal. Advertise your "Fix It If It's Metal" business in your local free paper or shopping guide. Many people are looking for someone to do simple welding or repair jobs. I've earned money by welding parts back onto lawn mowers and repairing things like rakes and lawn ornaments.

Specialize. Becoming an expert on providing hoof-care for a discipline, breed or particular lameness has significant financial benefits. This is a long-term method that requires advanced education and training and you need to understand your strengths and weaknesses in order to find your niche.

Accelerate cash flow. Collecting payments at the time of service is key to improving cash flow and reducing costs. The quicker money is collected for services rendered, the quicker it can be used or saved. Billing increases your overhead by increasing expenses on envelopes, stamps, paper, telephone calls, etc. Billing risks loss of income and does not allow you to use this money immediately.

An uncollected bill takes money away from your family. You train clients when it comes to money matters. Bill and you will establish billing clients. Expect payment upon completion of service and you will have checks, cash or credit cards waiting for you.

Professional service. Many income-producing methods are closely tied into the type of service you provide and your personality. If you provide an unprofessional and unreliable service, it will be harder for you to produce more profit by raising prices or selling products.

Providing a quality, professional farrier service is pivotal to increasing income. Return phone calls promptly, stay on time or contact clients when running late. Show up clean and neat. Offer the best client service possible and horse owners will develop a higher perceived value in your work. This will shift the focus to value received, rather than how much it costs.

This is just a small list of key areas to explore further. There are many ways to produce more income relative to your farrier business. As with decreasing expenses, increasing income is not complicated. It just requires a little imagination and a little effort.

If you have a topic you'd like addressed in this column, e-mail it to ptearney@lesspub.com, with Hoof-Care Bottom Line in the subject line. Or mail it to American Farriers Journal, P.O. Box 624, Brookfield, WI 53008-0624

Tips On Expenses

For a related column, see "Getting A Handle On Expenses In A Farrier Business," *American Farriers Journal*, March 2010, Pages 84 and 85.