

back to basics #3

Livery Pricing

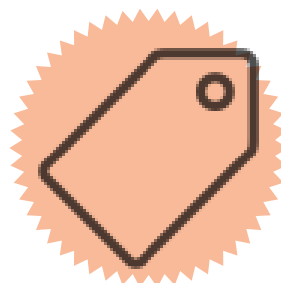
Whatever type of livery packages or services you offer, making sure that you are charging the correct amounts, and dealing with finances correctly can be the key to a viable and sustainable business



Understanding Your Outgoings

Charging the right prices is key

You cannot set packages or prices if you don't know your running costs. Understanding the cost of overheads, labour and consumables to run your yard allows you to set correct prices, not only to cover these, but to make an income as well. Costs should be worked out over the year, per stable.



Additional Services

Pricing these correctly too

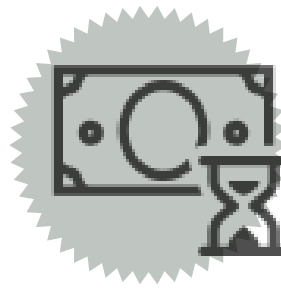
Make sure when you calculate your package prices that you do so for your extra services too. Work out the time taken to undertake tasks such as turning out, or a days holiday cover and charge accordingly on an hourly rate. You can also add a premium for short notice requests. These should be reviewed annually as well.



Including Your Own Labour

Covering the cost of your own time

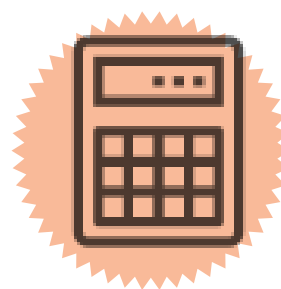
Many yard owners do not factor in a cost for their own time for practical and administrative tasks running the yard. You should allocate a fair hourly rate for any time you, partners, or family members spend working on the yard (i.e. stable duties, maintenance, admin, client management, marketing). We'd recommend allowing no less than £15p/hr for your time.



When They Don't Pay...

Having a process for late payments

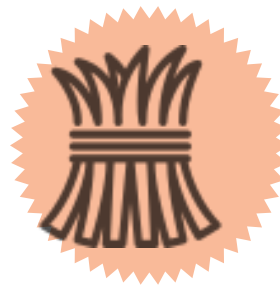
Receiving payments on time helps with your cash flow. You must have in your contracts a clause relating to late payments to discourage this. A late payment fee is ideal, and have a clear process in the event that liveries are late, or even miss, payments. Any such financial shortfalls should be dealt with immediately to prevent long term issues and ending up out of pocket.



Regular Price Reviews

Keeping check on what you're charging

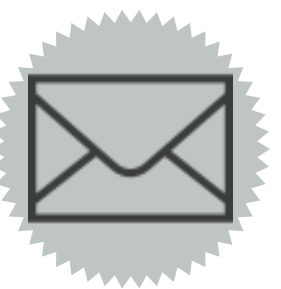
It is important not only to know your outgoings, but to check them regularly. A price review should be done annually (or even bi-annually), not only to check your pricing is correct, but also to review your spending in areas such as forage, bedding, utilities and labour.



Ad-Lib and Ad-Hoc

Charge for the chargeable

Its worth having a 'fair usage' policy for ad-lib elements such as forage and bedding to prevent unnecessary waste and overfeeding. You should also ensure that all services are charged for. Its very easy to do a quick job here and there but when does a favour become a chore?



Price Increases

Have a clause in your contract and use it!

Livery contracts should have a price increase clause. This allows you to implement an annual price rise. You can set this according to interest rates (usually an increase of 2-3% annually) but it is better to be 'at your discretion' to allow for actual increases in business costs, allowing you to calculate your updated costs and increase prices accordingly. Liveries should be given 30 days notice in writing of any planned price increases, and it should apply to all liveries!



Remember Its a Business

And it should be treated as such

The idea of running a business is to earn an income. It is important to be strict with your yard finances. Don't base prices on other local yards as this doesn't relate to your own costs! Whilst increasing prices or being 'expensive' can feel challenging, it is a necessity to ensure a long term and viable business. You must set the correct prices and work accordingly to find the right sort of client for the service you offer.