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THE BLOG**

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Economic Sustainability of Trainers, Part 1: How Shaky are the Foundations?

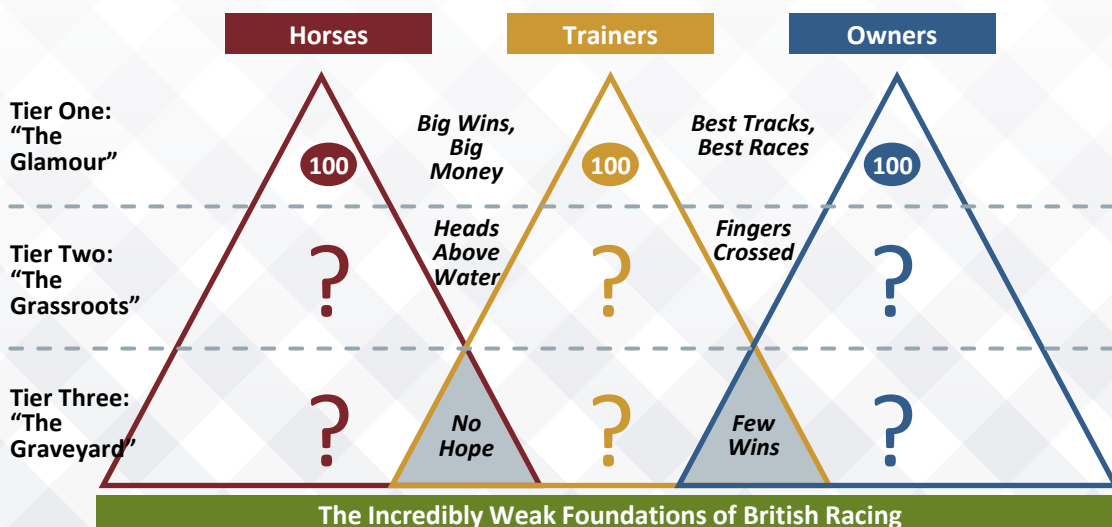
"80% of horses fail to cover their costs, and 80% of trainers are making so little money out of the sport that they are technically insolvent. It is essential that the viability of the training profession is strengthened in a meaningful fashion."

As an avid reader of the *Racing Post* (the online version only, as I have zero interest in football, greyhounds and fourth-rate Irish racecourses and I hate having to throw away 90% of a newspaper as being irrelevant), my eye was caught by two features during the week which I thought I would use as a lead into this blog on the economic sustainability of the training profession in the UK (although it equally applies to Ireland).

The first concerns Nick Rust and the latest strategic aims for the sport. The content of the piece covered how racing should be looking to promote betting, as the sport aims to work with the betting industry. It actually wasn't the content, though, that interested me, but learning more about what the top five strategic aims for our industry now actually are. Long ago in my consultancy career, I learnt a lot from a chief executive of a big American company who mastered the art of holding his hand up in the air and going through his five digits outlining a key strategic aim. He said, very simply, that if you have to use your other hand you have lost sight of the key goals and deliverables for your business. Very good advice, I thought, and ever since, whenever I've been involved with influential stakeholders, I'm always keen to see whether they can articulate those five aims. I suspect that if you asked the top hundred people in British racing what those five were, you'd come up with 100 different aims – or at least the balance and emphasis between them would vary enormously.

The second piece was a very interesting article from Richard Hughes advocating that we should be following the French model and limiting handicap rating rises to winners only. He feels that the handicapping system would be improved by radical change, which is something I've advocated in this blog on a number of occasions. I'll come back to Richard's recommendations very soon, because racing needs to acknowledge that the handicapper isn't just there to rate horses and protect the betting public. He (or she) should also be working to retain owners in the sport and therefore strengthen the economic viability of racing. Richard's recommendation that beaten horses shouldn't be re-rated until they've won is something I completely agree with, and there's nothing more frustrating than having your horse narrowly beaten and then re-rated so that it can't win. It is that sort of thing that can drive owners out of the game through pure frustration.

So what is the link between these two articles? Racing needs very clear strategic goals and plans, which must genuinely impact the various tiers of racing in a way that attracts and retains owners, without whom the sport is not economically viable. As you'll see in the diagram, I argue that the foundations of British racing are incredibly weak, from a structural and financial perspective. 80% of horses fail to cover their costs, by a huge margin; 80% of trainers are making so little money out of the sport that they are technically insolvent; and 80% of owners are surviving and sustaining themselves more with hope than any real confidence in covering their costs or even winning nice races. Having said that, I am the embodiment of the supreme optimist when it comes to racing and none of this reduces my ongoing enthusiasm and commitment for our great sport.



You may wonder why the only figure in that diagram is “100”. In the last blog I was looking at the amount of winnings of the top 100 trainers, and comparing that with the minimal returns for the other 450 or so trainers who have had runners on the Flat this year. In many ways the whole of our industry focuses on Tier 1 because that is the exciting, glamorous end of the sport frequented by top owners, top trainers and top horses. Let’s say that there are 100 of these in each category, and without any doubt they spend their time at the best tracks, in the best races, with the big wins and big money. Alastair Down came out with an amusing phrase, that they “live like maharajas”.

The major worry is what happens when you come out of that top 100 and drop down into tier two, which I’ve called “The Grassroots”, or even worse tier three, “The Graveyard”. I haven’t made any attempt to put numbers in these two tiers, but will do so if I can obtain the information. The point I’m trying to get across is that as you drop down those three triangles, the economics of the sport become increasingly precarious, until we arrive at the bottom where there are “few wins” and “no hope”. Some would argue that none of this matters and the competitive reality of sport and business is such that the “winners will win and the losers will lose”. Personally I don’t believe that, and neither do most governments, which is why there is a concerted drive to support the SMEs (small and medium enterprises) in the economy.

My challenge to the key stakeholders of our sport and their five digits is: where would the economic viability of the training profession sit within the strategic aims of British Racing, and what strategies would they deploy to strengthen the profession? My serious concern is that I don’t believe that is even on the radar screen on the sport in any meaningful fashion.

