

# Determining Farrier Pricing Structures

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FOR MANY FARRIERS, ONE OF THE BIGGEST CHALLENGES IN THEIR BUSINESS IS DETERMINING THE RIGHT PRICING LEVELS FOR SERVICES. SOME DETERMINE THEIR PRICES USING THEIR COMPETITOR'S RATES. OTHERS SIMPLY OPT FOR CHARGING AS MUCH AS THEIR CLIENT WILL TOLERATE. TO HELP FARRIERS OVERCOME THIS CHALLENGE, I HAVE DEVELOPED AN ANALYTICAL METHOD FOR DETERMINING ACCURATE PRICING. THE WORKSHEETS THAT YOU SEE PRESENTED IN THIS ARTICLE ALLOW THE USER TO ENTER ALL OF THEIR PERSONAL (HOUSEHOLD) AND BUSINESS EXPENSES IN SEPARATE WORKSHEETS WITH THE COMPUTER CALCULATING WHAT SHOULD BE CHARGED PER HORSE. AFTER SEVERAL REVISIONS, TESTING AND REVIEW BY AN ACCOUNTANT, THIS VERSION PROVIDES A FLEXIBLE, ACCURATE AND SIMPLE FILE TO HELP FARRIERS SET THEIR PRICING.

| FARRIER PRICING WORKSHEET                                                    |            | #1 |
|------------------------------------------------------------------------------|------------|----|
| Maximum number of horses I wish to shoe per month                            | 100        |    |
| Amount I must charge per horse to cover expenses (break even)                | \$71.02    |    |
| How many horses per month I LOSE due to seasonal work                        | 25         |    |
| How many months in slow season                                               | 2.50       |    |
| Lost income in slow season                                                   | 4,439      |    |
| Monthly amount lost (due to seasonal work)                                   | \$467.25   |    |
| Monthly Supply Costs (Cost to shoe 1 horse x 100 horses)                     | \$1,678    |    |
| Total household & business expenses + Monthly supplies + Monthly amount lost | \$7,102.25 |    |

This total is for illustration purposes only and is based only on the items you see in this article.

## Worksheet #1 – Farrier Pricing

Key information and automatic calculations can be found at the top of worksheet #1. In the example shown, the farrier has entered the maximum number of horses he wants to shoe based on a calculation of 5 horses per day and 5 days per week for a total of 100 horses per month. Based on seasonal loss and the expenses entered in the other worksheets (see #2, #3, #4), the formula calculates the amount the farrier must charge per horse to cover monthly personal and business expenses. This calculation will indicate if your pricing – and the number of horses you shoe per month – is sufficient to cover your business expenses, support your family and make a reasonable profit.

| YOUR COST TO SHOE (4) FEET                                                     |         | #2 |
|--------------------------------------------------------------------------------|---------|----|
| (4) Shoes of your choice                                                       | \$12.00 |    |
| Nails (32 nails @ \$0.08 per nail)                                             | \$2.56  |    |
| Rasp Wear (15 horses per rasp \$25.00/rasp)                                    | \$1.67  |    |
| Nipper Wear (25 horses/week for 50 weeks)                                      | \$0.20  |    |
| Knife Wear (3 knives/year and 25 horses/week for 50 weeks)                     | \$0.10  |    |
| Other Tool Wear (clinchers, clinch cutter, etc.) (25 horses/week for 50 weeks) | \$0.25  |    |
| TOTAL COST PER HORSE WITH (4) SHOES                                            | \$16.78 |    |

This worksheet shows a partial list of items you might include. When you download the Excel file you can customize for your use.

## Worksheet #2 – Materials Cost

Complete this worksheet using the cost of materials needed to shoe one horse. I have shown numbers for example purposes only. You will enter all of the items related to your discipline. For example: a farrier who shoes general pleasure horses with keg shoes will have a lower per shoeing cost than a farrier who shoes show jumpers or Saddlebreds. When this worksheet is completed you will see the Total Cost line reflected as part of the calculation on Worksheet #1.

## Worksheet #3 – Monthly Household Expense

First enter household expenses, keeping in mind that, even though you may not presently have an expense (i.e., car payment, health insurance, etc.), you should enter what it will cost if circumstances change. Cars don't last forever, and calculating the cost in now will allow you to save for a future expense that is sure to come. Take time and consider every expense. Some expenses are paid annually and will need to be calculated and entered as a monthly expense. All shaded cells can have information entered into them. If you have an expense that is not described in the form, enter a description on a shaded line and the amount in the Amount column. Your entries will be included in the total expenses; allowing you to customize this sheet specifically to your situation.

| MONTHLY HOUSEHOLD EXPENSES                         |            | #3                |
|----------------------------------------------------|------------|-------------------|
| <b>HOUSEHOLD EXPENSES</b>                          |            |                   |
| Home mortgage or rent                              | \$1,000.00 |                   |
| Groceries                                          | \$500.00   |                   |
| Home repairs and maintenance                       | \$100.00   |                   |
| Telephone (home phone or non business cell phones) | \$200.00   |                   |
| Utilities (gas, electric, water, sewer)            | \$200.00   |                   |
|                                                    |            |                   |
|                                                    |            |                   |
| <b>AUTOMOBILE EXPENSES</b>                         |            |                   |
| Vehicle loan payment                               | \$375.00   |                   |
| Vehicle repairs and maintenance                    | \$20.00    |                   |
| Gasoline                                           | \$250.00   |                   |
|                                                    |            |                   |
|                                                    |            |                   |
| <b>INSURANCE EXPENSES</b>                          |            |                   |
| Insurance - Home                                   | \$50.00    |                   |
| Insurance - Life                                   | \$100.00   |                   |
| Insurance - Health                                 | \$650.00   |                   |
| Insurance - Vehicle (personal vehicle)             | \$40.00    |                   |
| <b>TOTAL MONTHLY HOUSEHOLD EXPENSES</b>            |            | <b>\$3,485.00</b> |

## Worksheet #4 – Monthly Business Expense

Enter all of your monthly Business Expenses into this worksheet. Use the items given as a guide, but customize this worksheet to fit the uniqueness of your situation and business. You can enter additional items (or change items) in the shaded cells. Remember these are MONTHLY expenses. For example: under Professional Expenses/continuing education, while you may only go to one big event a year, expense the total cost over the entire year. This helps you plan and save for larger expenditures.

| MONTHLY BUSINESS EXPENSES                             |          | #4                |
|-------------------------------------------------------|----------|-------------------|
| <b>SHOP EXPENSES</b>                                  |          |                   |
| Shop mortgage or rent                                 |          |                   |
| Utilities (Propane for forge, shop utilities)         | \$125.00 |                   |
|                                                       |          |                   |
|                                                       |          |                   |
| <b>VEHICLE EXPENSES</b>                               |          |                   |
| Vehicle payment                                       | \$375.00 |                   |
| Repairs and maintenance                               | \$25.00  |                   |
| Fuel                                                  | \$500.00 |                   |
| Insurance - vehicle (business vehicle)                | \$50.00  |                   |
| Payment for farrier shoeing cap (Stonewell, etc.)     | \$75.00  |                   |
|                                                       |          |                   |
|                                                       |          |                   |
| <b>PROFESSIONAL EXPENSES</b>                          |          |                   |
| Continuing education (clinics/conventions, etc.)      | \$100.00 |                   |
| Professional dues and subscriptions                   | \$12.00  |                   |
| Lodging and Meals                                     | \$80.00  |                   |
|                                                       |          |                   |
|                                                       |          |                   |
| <b>TELEPHONE - BUSINESS SUPPLIES, CARDS, INVOICES</b> |          |                   |
| Telephone                                             | \$125.00 |                   |
| Business supplies                                     | \$5.00   |                   |
| <b>TOTAL MONTHLY BUSINESS EXPENSES</b>                |          | <b>\$1,472.00</b> |

## Your Final Calculation

When you have completed worksheets #2, #3 and 4, the amount you need to charge per horse will be calculated on Worksheet #1 – Amount I Must Charge per Horse. If you feel that amount is too large, you will need to adjust the number of horses you shoe each month or analyze your monthly personal and business expenses for savings. This program will allow you to have a clear understanding of what will be required to meet your financial obligations and be successful in your business.



This worksheet is available at [www.farrierproducts.com](http://www.farrierproducts.com). Go to the home page and click on the icon: "Farrier Pricing Worksheets." to download the Excel worksheet. You must have MS Excel (xls and xlsx) or Open Office (ods) to use this worksheet. If you need any assistance, email [bob@farrierproducts.com](mailto:bob@farrierproducts.com).