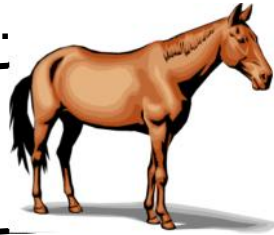


Notes from....



Serrano Creek Ranch Equestrian Center

DECEMBER 2013

25200 Trabuco Road, Lake Forest, CA 92630
Office Phone 949-768-5921

Email: <SerranoCreekRanch@msn.com>

From The Editor's Desk



As I reflect on the soon to be receding year of 2013, I feel very good for the accomplishments that have been made in these last 12 months. Looking back, 2013 was a turning point for the stable as we began to move off the crises management of the Great Recession, and returned to the old style of improving the stable. This year, the staff of SCR worked diligently, and as a result we're a much better stable. Here's just a brief outline of all that we've done.

Back Gate: For years, the open access that the back gate afforded "visitors" to the stable has been a big issue. Be it strangers feeding horses, bothering boarders during their quiet time, potentially suffering from foolish injuries, or just treating the stable as a short cut; the security issues were always prominent. Since the gate was put into service, the amount of flow-through traffic has dropped considerably. The whole vibe of this section of the stable has gone from being an extension of the park, to now an integral portion of the stable. While there are still a few "visitors" who create problems, overall it has been 95% successful. Given that for 35+ years the gate was open to the public, it only make sense that there is quite a bit of inertia to the old ways as outsiders try to circumvent it. As is typical of all projects, it ran more than budgeted. The eventual \$8K was money and staff time well spent in its design, construction, and installation.

More Community Participation: While unauthorized visits via the back gate have been greatly reduced, we have been working hard to make the stable more accessible to the community through the official front gate. Lessons are the gateway to a lifelong love of horses. To facilitate this budding affection, Lauren Ciriganano and Liza Hillman started this year, and have significantly boosted the number of beginners taking lessons. Both of them have been hosting clinics and social events to increase the experience spectrum (wow, that's some good corporate speak!).

Your faithful staff has also created two shaded viewing areas where parents can sit and enjoy not only the progress of their child abilities, but begin to experience the rhythms of the stable. For as they spend more time here, they are more likely to become full-time members of the Serrano family. It takes a lot of money to run a stable, and having more boarding and lessons, helps spread this overhead.

Speed Bumps: Another enduring problem has been the local racetrack known as the Serrano Speedway. Again for years, there were a few that were able to shave precious seconds in dropping off / parking by doing more than 30 m.p.h. in the stable's parking lot. This problem increased as the compost visitors started coming to the stable.

With this year's speed bumps installation, we've seen a dramatic reduction in speeders and

a resulting safer environment. Yes there are those one or two firm believers in Bernoulli's principle and speed up when they see the bumps, but they are a very small minority. Overall the bumps are doing their job. As we were not sure of their exact location, or unintended consequences, we purchased re-locatable bumps. It seems that for once we got it right the first time. As these wear out, they'll be replaced with permanent asphalt bumps.

New Tractor: The decision purchase a new tractor was hard, but having done so, we have a great asset to amend our aging fleet. In the short time since it came, our yellow tractor is on life support, and the arena tractor's front axle snapped off. As I write this newsletter on our first rainy day, we were able to employ the new tractor to prepare the arenas for today's rain. Without this vital leveling and compaction of the arenas because of these mechanical problems, it would have taken many more days for the arenas to become serviceable.

New Arena Footing Protocol: Because of the lessons learned in the design of the compost machinery, we were able to develop a new method of creating arena footing that will benefit everyone (see August 2013 newsletter). As a result we were able to make a type of footing that is unavailable anywhere else. Over the last few months, and especially in November, the large stockpile in the front has been growing in preparation for the revitalization. While it has

taken hundreds of hours to screen the necessary material, I am eager to complete the final step in its installation.

So beginning in the week of December 2nd, we will be spreading the new arena footing in the front arena. This process should take four days, as we remove the 250 cubic yards of the old, hard, and dusty footing and replace it new multi-year lasting material. Once done, the same process will be moved to prepare for next year's replacement of the back arena footing. The third year will be reserved for doing the remaining smaller arenas. Then in the fourth year, we'll cycle back to the front arena. Because this work is done just before the rainy season, the concept is that each year we will have a fresh arena that can be left open longer, or permanently, to afford the maximum riding time between major rain storms.

This year's increase in compost sales provided a healthy boost of cash to substantially subsidize the maintenance and capital costs of the stable. Along with an improved inventory in the store (thus better sales), we are able to afford to increase the time the office is staffed by more than 40% with the door now open Mondays and Saturdays.

Water Management: Another unseen- but not unfelt practice, is the re-grading of the grounds after each rain. Over the last few years, this process has continued to shorten the time it takes



for the stable to drain and dry up. As a result, the stable returns to service ever quicker. In addition, we have begun a new irrigation system of the stable's landscape that cuts the water usage in half using the product Netafim. Our water district has a tiered rate, so minor reductions in the amount of water used, have a disproportionate positive effect in reducing the bill. It also is good for the planet!

Cash Management: Lastly, behind the scenes we have developed a cash flow projection system that not only ensures that we have the resources to make improvements, but also that we are able to make our daily payments for employee salaries, rent, feed etc. While not the sexiest topic, (unless you're at a CPA convention) cash is an important asset for running a business. Cash to a business is like hay for horses.

To better understand why this is important, here's an example. Suppose we require one hay delivery per month. If we got a double delivery of hay in January, none in February, and one in March, we would be able to feed the horses for all three months. Now let's look at another situation where we got only one delivery in January, none in February, and two in March. The average was the same as the first example (one per month), but in the latter, no horses were fed in February. The double shipment in March was of no value, because of the effect of missing all of February.

Cash to a business is the same as hay to horses. One of the big lessons of the Great Recession, was that many successful businesses failed not because they didn't make a profit, but they failed to manage their cash. They hit a rough patch, and then imploded. Missing just one-week's payroll because I failed to forecast properly, would result in reduced employee morale, and maybe even some resignations. The same goes if we failed to pay our vendors or landlord.

We receive many good suggestions for improvements to the stable. And they are all welcomed because they come from different perspectives. In most cases they are excellent ideas. But we must be careful that as an organization, we have reserves to maintain our superior business rating. Please continue with your concepts; just know that they may be saved for a future date when finances are available.

Enough already. . .

From all the staff at SCR, we thank you for allowing us to have a great 2013. I hope that we were in some way able play a positive role in your year as well. We look forward providing you with an even better stable in 2014!