

STATE OF THE INDUSTRY, PART II

with Ralph Manning

Continuing our State of the Industry series in 2024, Ralph Manning shares his thoughts on the state of the Arabian horse industry.

When Ralph Manning draws a parallel to other examples of what is happening in the Arabian horse industry, he recalls the demise of Blockbuster Video, an organization that once dominated the movie rental business but was unable to shift their business model in a timely manner. The end result: Blockbuster went from an international company in the early 90s with more than 9,000 locations at its peak, to just one location in 2018.

Blockbuster isn't the only example. Kodak, originally a pioneer in the photography business, failed to adapt to the digital age. Borders Group, once a bookstore powerhouse, failed to find a way to compete with e-readers and digital books.

What were the mistakes? Ralph describes the root cause being due to a linear way of thinking versus exponential. He also points to not pivoting quickly enough as contributing to the demise of all these companies.

"Given the advances in technology at the turn of the century, the world moved away from being a linear world to becoming an exponential one. Most of us leading companies today were educated and have mostly lived in a linear world. Leaders and organizations must make the transition to this new paradigm and with a sense of urgency.

"By way of example, in a linear world, it takes ten steps to walk across the room, but in an exponential world, it only takes three." He added, "That's why the CEO of Blockbuster, a linear thinker, underestimated the time it would take Netflix to render Blockbuster obsolete. All organizations must face this threat head on.

While in attendance at the forum held at Conway Arabians in November 2023, Ralph joined the discussion about how to prevent the Arabian horse industry from following the same fate as the above companies.

"We have to start with the things we can all agree on. And those things should be fact-based and data-driven," he says. "It doesn't matter what I think. Anecdotal information doesn't matter either."

Ralph goes on to describe the challenges facing the industry as alarming, but not insurmountable.

"We need to look hard at the numbers," he says.

"Since 2000, purebred Arabian registrations have declined steadily, at a rate of 3.5% per year, resulting in the numbers plummeting from 9,660 in 2000 to 2,149 in 2022; a decrease of over 70 percent."

While that is not good for the Arabian horse industry, Ralph is optimistic, as the numbers that represent possible participation in horse activities are strong.

Ralph's research shows the breadth and impact of the equine industry following the days long past when horses were used for work. Here are the numbers:

- Total horse population in the U.S. in 2004 census: 9 million
- Total horse population in the U.S. in 2022 census: 7.1 million

While this represents a decrease of 20 percent, the number of households that have involvement with a horse, is promising. The percentage of U.S. households that:

- Own horses – 1.3%
- Participate in horse activities (but do not own a horse) – 16%
- Spectate at horse events (but do not own a horse) – 13.2%

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These numbers point to the promising part of the overall future for horses in general as it means that 1/3 or 30.5 percent of U.S. households or 39.6 million households have a connection to horses, representing the full market potential.*

So how does the Arabian horse community make sure it is able to capture their share of these households and not go the way of Blockbuster, Kodak or Borders? According to Ralph, we start with exponential thinking.

"We must be able to move quickly and adjust and adapt to market conditions as they change. Right now, the structure of our association doesn't allow for that. We have very well-intended, hard-working people involved in our industry, but they aren't empowered to lead and make decisions.

"Whether you are running a for-profit business or an association, it is still a business and must be run like a business with a clear mission. No matter which type of organization it is, there are three components. Those three components are a group of people, organized around a series of processes, that produce a product or service.

"Right now, we don't have the structure in place to deliver the services and adapt to a changing market in a way that will help add numbers to our breed. We have a lot of smart people in the industry so let's start taking advantage of that and have leadership that is qualified from a business background running the business of AHA. "We have incredibly dedicated and hard-working people already, let's add some solid business experience."

Why does Ralph believe changing the structure of AHA to be more nimble, more exponential, will help stop the decline?

"The 21st century world is a very different world than the 20th, and we must adapt or face extinction. Speed is a competitive advantage in an exponential world. Given its outdated organizational structure, AHA is being forced to operate from a 20th century playbook while trying to compete in an exponential world.

"We believe we have the best product," he continues. "When we have people come out to our Whistlejacket Farm who haven't been around horses before—their expressions are priceless. Our product sells itself. By providing exposure to the breed, we open the door for new people to get involved. And that's a model that almost any farm can replicate. Introduce people to the breed and they will find a niche and where they want to play.

"The Arabian Horse Promotional Fund is working on the specific changes we need to make to the AHA governance structure to make it a modern, responsive organization. We are still seeking input, but have an initial proposal to put forth at the 2024 convention.

"There is ample research that shows how detrimental screen time and excessive technology has negative implications for the development of children. We have the ability to offer a great alternative that allows them to be outdoors and be exposed to nature and animals. We should use the negative implications of too much screen time to offer an alternative—the outdoors and the Arabian horse!"

What needs to be fixed and how you can help:

There are two phases to this process. First, fix the organizational structure to ensure its effectiveness, and second, create the strategy and operating plan to execute it. We did not get here overnight, and this can't be fixed overnight, but it can be fixed!

What can you do? Become involved. Volunteer. Sign up for the Arabian Promotional Fund's emails and stay informed. Check out their website, arabianpromotionalfund.com, for more details. Lastly, join a local club and become a delegate to this year's convention in November.

For more information on this topic, click here to view Lisa Blackstone's video
<https://arabianhorsepromotionalfund.com/arabian-promotional-fund/forward-to-the-future/>

*Assumes 128.45 million households, 2.53 average people per household or approximately 325 million U.S. population. Source: American Horse Council Foundation and OpenAI.