

# New Worlds To Conquer



By William T. Young

*(Editor's Note: Following are remarks delivered by William T. Young on the occasion of his being honored at the Thoroughbred Club of America's 65th annual testimonial dinner, held on Nov. 8 at Keeneland.)*

This is the greatest honor that one can get in our industry, in my opinion. I am extremely humbled. Words always fail one in an occasion like this. I think I know everyone in the room. A lot of you I've known a long time and some I believe I've known too long. The thing that really touches me tonight, to get away from some of the emotions, I'm so grateful and impressed by the fact that this crowd of my friends has paid 60 bucks a head to hear me talk. Especially people like Alex (Campbell) and maybe even Wayne (Lukas). I think Alex got a free ticket.

I don't think I'll ever have a more emotional night than I've had tonight... Words fail me to tell you how much I appreciate having friends like you in the first place, and then having you come up and honor me just because I have a couple of fast horses.

I have agonized over what I can possibly say that would be interesting and helpful to such a knowledgeable audience. Responding to questions most often asked of me, and at the risk of appearing immodest, I finally decided you may be interested in knowing why I personally became involved in the industry so late in life. After all, the things that influenced me cannot possibly be unique, but if better understood, may serve as a case study in attracting new owners. Also, I thought you may be interested in what we have done at Overbrook that could have en-

hanced our "luck," which has been extraordinary the last year or so. I will conclude with some observations on the importance of racing purses to the industry.

Owners come into the business in two primary ways. The first is to make a lifelong career as one would in any business, and the second is for one to enter the business, as I have, as a second career with an eye to retirement years.

The example that always comes to mind of a person who made the horse business his primary career is my good friend John Bell. John founded Jonabell Farm, one of the most respected operations in Kentucky, on a small leased farm in 1945, the same year I began manufacturing peanut butter here in Lexington. My guess is that John had no more starting capital than I had when I started my business with a \$25,000 loan and \$5,000 in Army savings. My point is that John, from modest beginnings, built an outstanding horse operation as his primary career. His experience, and others I can cite, illustrate that the Thoroughbred horse business is a legitimate career choice for a young man. I don't think that's generally understood. I am sure many of you are aware that John was honored for his achievements by the Thoroughbred Club in 1971.

In contrast to John, I entered the horse business as I neared retirement age, after having achieved some success in several businesses. To be honest, like many, I feared retirement, having thoroughly enjoyed a very, very active business life. I was looking for a productive and challenging new interest, and I found it in racing. The thrill of the competition, the absolute beauty of the sport, the opportunity to succeed financially—and sometimes spectacularly—the lifestyle and associations it of-

ferred were powerful lures. In my case, it opened up a new world that I can share with my family, an extremely rare opportunity in any serious business that I know. The Thoroughbred horse business is the only one—the only one—I know where successful people with capital and energy, long to enter the business. This unique appeal gives the industry an impetus that is rarely recognized, and I rarely hear it discussed.

I never considered my entry into the business to be a hobby—as most of you know, it is too expensive for that—yet I was willing and prepared to lose some capital in the process, if things didn't work out. I believe that people of whatever means will lose interest in any business, however attractive, if they continue to incur losses year after year. Therefore, to remain viable, it is essential that our industry offer a reasonable opportunity for financial success.

Here are some reasons I became even more deeply involved after I once put a toe in the water.

Simply stated, I came to realize this is a very good business. That may surprise you, but it is a very good business. I became aware of many desirable characteristics it offers over other businesses with which I am very familiar over a lifetime. Consider these:

- It is simple to enter the horse business on any scale that fits your pocketbook, and, more importantly, your nerve. You can buy one horse or a hundred with equal ease. All you've got to do is bid 'em in. It is the only professional sport that offers participation at any level of involvement that you desire. To participate in baseball, I think you have to buy a franchise.

• You need no experience. This is the greatest teacher of all. Ignorance is sometimes a blessing, and I advise young people who yearn to own a business to do so in their 20s. It is a period when you know the least and are not prejudiced by the problems that beset all businesses, not just the horse business.

• You need no inventories, in the traditional sense, nor fixed capital investment outside the horses themselves. A farm is not necessary. You don't need a farm. For example, the most successful stable of this century, in my opinion, is that of the Phipps family. To my best knowledge, they board all their great horses, including their stallions.

• Essentially there is no bad debt exposure, which sinks many enterprises. If you sell a horse through Keeneland, Keeneland guarantees their credit. If you sell a stallion season, you don't release the stallion service certificate until you get your money. If you win a race, all tracks pay. It is almost a cash business.

• It is also, and this is important to me, a balance sheet business rather than a profit and loss one; that is, your assets appreciate with racing success without incurring any income tax until sold, if ever. You can leave it to your children—another enormous advantage. Also, tax depreciation is rapid.

And this is a point I believe that many people aren't aware of:

• Horses are a liquid asset. One of the most important things about any business

is to be able to get out easily. Keeneland can disburse your stock easily at fair market value on short notice. Few businesses offer this advantage. If you were liquidating a restaurant business, I daresay you couldn't sell the damned dishes.

Now let me tell you briefly about Overbrook. I don't think we do anything at all that is particularly unique, but I will mention a few decisions that seem to have made a difference.

Overbrook was started with the purchase of a 110-acre farm in the 1970s. It was expanded and improved to the point that it made sense to put it to productive use. This coincided with my desire to enter the horse business, and we began purchasing mares in the '70s. We became really serious in 1982 when, upon the advice (or maybe he pushed us into it) of Dr. Bill Lockridge, we purchased the race mares Cinegita, Three Troikas, and Terlingua, to be bred to the new stallion that came from England, Storm Bird. This was quite a risk, but the Terlingua mating produced Storm Cat, who is now our foundation stallion.

People say that one makes his own "luck," and there is some element of truth in that. However, "luck" is a factor that you hope for and need in all business ventures, not just the horse business. I have certainly had my fair share in this business. It was just plain "luck," for example, that kept me from selling Storm Cat, which I almost did on two occasions. We came within an inch of selling him as a yearling, and actually

had him entered in the Keeneland July sale. I almost sold him again when he retired from racing. You may recall that Tasso nosed out Storm Cat in the 1985 Breeders' Cup Juvenile...which cost Storm Cat the championship. Because the loss lessened his stallion value, in my view, we decided not to sell him, but to stand him at Overbrook. I have thought many times since that Storm Cat's loss in the Breeders' Cup was the principal reason I didn't sell him. I was "lucky" that he lost the race.

This experience convinced me forever of the importance of racing to a breeder. Racing, which is exhilarating in itself, gives the breeder a chance to hit a home run, as we did with Storm Cat. Racing was a key decision for us.

In addition to racing, I also became convinced that standing stallions is essential to a breeder's chance for outstanding success. Standing stallions became our goal from the beginning. With the large books of mares now commonplace, you have a reasonable opportunity to recover the value of a new stallion before he has a chance to prove he's a failure, which most are. If he is successful, and his offspring can run, the sky is the limit.

We have resisted buying stallions as they retire from the racetrack, and have opted, instead, to either breed them ourselves, or to purchase them as yearlings, and race them. With the exception of Tabasco Cat, which we own with David Reynolds, Overbrook owns all of the nine

## THE THOROUGHBRED CLUB OF AMERICA

in keeping with its custom of honoring persons who have rendered distinguished service to the sport of racing, dedicates this 65th Annual Testimonial Dinner to:

*William T. Young Sr.*

Born in Lexington, Ky., on Feb. 15, 1918, W. T. Young graduated from the University of Kentucky in 1939. He served the wartime Army from 1941-45, rising to the rank of major. Upon return to civilian life, Mr. Young launched a career which has been equally distinguished by entrepreneurial success and dedication to civic service.

He developed Big Top Peanut Butter, which was sold to Procter & Gamble and became known as Jif. Thereafter, his W. T. Young Inc. has included warehousing and trucking, and he has served on the boards of various businesses, including Humana Inc., Reynolds Metals, and First Security National Bank and Trust. For nearly two decades, he was chairman of the board of Royal Crown Cola.

Launching his Thoroughbred operation, Mr. Young acquired a high-quality band of broodmares and built Overbrook Farm as one of Central Kentucky's most lovely, yet profes-

sional and practical horse farms. His homebred Storm Cat is among the distinguished animals he has raced and then returned to stud at Overbrook. Mr. Young has bred more than 60 stakes winners and either individually or in partnership he raced winners of five classic races in the last three years: Tabasco Cat (1994 Preakness and Belmont); Timber Country (1995 Preakness); Grindstone (1996 Kentucky Derby), and Editor's Note (1996 Belmont). His homebreds also include champions such as Flanders and Golden Attraction, and Overbrook has also excelled as both a consignor and a purchaser at yearling sales.

Both in civic matters and in Thoroughbred racing, Mr. Young has pursued the philosophy of giving back to society. On the Turf, he is a member and former steward of The Jockey Club, director emeritus of Churchill Downs, and a board member of Breeders' Cup Ltd., Grayson-Jockey Club Research Foundation, etc.

Mr. Young is also chairman of Transylvania University in Lexington and a former trustee of the University of Kentucky. His dedication to public service was also demonstrated by his role as vice chairman of the Kentucky State Cabinet, and he is currently chairman of Shakerstown and the Lexington Opera House Fund. His gift of \$5 million launched construction of the University of Kentucky state library that will bear his name.

In recognition of his sportsmanship, business acumen, dedication to service, and generosity, the Thoroughbred Club of America, assembled at Keeneland Race Course this eighth day of November, 1996, hereby presents this testimonial scroll to William T. Young Sr. and welcomes him as an Honorary Lifetime Member.

Fred Seitz—President  
William Thomason Jr.—Secretary-Treasurer

stallions it now stands. Of the nine, seven are homebreds, two were purchased as yearlings, and all nine have raced in Overbrook colors. To stand stallions was another key decision for us.

Our third key decision, once we decided to race, was to select a national trainer who could race the horses to their best advantage at any track in the United States. Although I didn't know Wayne Lukas at the time, he was my choice based on his outstanding record, and he has carried our racing program to a new level. My regard for him is well known, so I won't bore you with accolades. Wayne is here tonight—he can speak for himself... Wayne has meant a lot to this operation. I don't believe we could have done it without you. You have been a true friend through thick or thin with us. You just have to share the credit with us. (Young also introduced the Overbrook Farm staff and Dr. Robert Copelan.)

Changing gears—and I do this reluctantly, because I'm probably getting over my head here—I want to talk about purses which determine the destiny of our industry more than any other factor, in my opinion.

There is no doubt in my mind that bloodstock prices are ultimately determined by purse levels in the same manner that earnings, over a period of time, affect the price of a company's stock on the New York Stock Exchange. That's a conviction.

Whereas simulcasting in recent years has driven handle to record levels—and it's been a bonanza, simulcasting has been an absolute bonanza to the industry—total U.S. purses have risen only moderately. In Kentucky, however, purses have responded dramatically to the increased handle from simulcasting. I compliment all the Kentucky tracks for what they've done.

However, as the income from simulcasting levels off, tracks will need new sources of income to maintain purses in the face of the negative impact of other forms of legalized gambling that are sure to come. There are a number of ideas being discussed in the industry which will enhance track earnings and purses.

The National Thoroughbred Association, which is championed by John Gaines, is being formed by a group of owners to create a central authority to control all simulcasting signals and thereby maximize the income therefrom. This idea has appeal, but it can only become a reality with the leadership and full participation of the tracks. It's a complicated plan, but one certainly meritorious of studying and consideration.

There is also the possibility of a nationwide TV racing channel, coupled with the ability to wager in the home. This is a good idea, but I offer a simple word of cau-

tion. The best of racing is found at the racetrack. With that in mind, we must ensure as we move into the home, that we do so with the clear objective of attracting new and younger fans. We cannot simply move our existing fan base from the racetrack to the home.

Finally, it is now time for the industry to respond to the threat to track handle—and purses are derived from track handle—posed by the spread of casinos and riverboats throughout the country. In Kentucky, competition from the five new riverboats now authorized on the Ohio River will seriously reduce track handle, and thus purses, and eventually will lower the value of our horses. This is no longer conjecture. Turfway Park is reducing purses today, for the first time in several years, in response to competition from Ohio racetracks and from the new riverboat departing from Rising Sun, across the river from Kentucky in Indiana. Turfway's plight will worsen in two months when yet another riverboat will open at Lawrenceburg, Indiana, only 20 minutes from Turfway.

Moreover, these riverboats will also depress the state's overall economy as millions of dollars will flow from Kentucky into Indiana and Illinois. It seems to me we cannot continue to ignore the resulting economic damage to our most vital state industry and its 80,000 jobs, and the damage to the state's economy in general.

Therefore, I have concluded that the horse industry in Kentucky should encourage legislation to authorize video lottery terminals exclusively at racetracks. This could be in conjunction with the state lottery, with the requirement that a substantial portion of the profit go into racing purses, and with the further requirement that the tracks retain live racing at its present level.

Similar legislation in Delaware, known as the "horse racing redevelopment act," is working at Delaware Park, which would be closed today were it not for the video lottery terminals installed a year ago. Today, 1,300 horses are stabled at Delaware Park... Purses have already doubled and will continue to increase.

It is only a question of time before video lottery terminals or other forms of gaming will be authorized in Kentucky. If the horse industry does not participate in the beginning, no matter what happens, we may never have another opportunity.

In closing, my major point tonight is that the industry will rise or fall on the strength of purses. Therefore, we must remain open minded to any innovative idea to increase purses, tradition notwithstanding. ■

## Testimonials

The Thoroughbred Club is honoring a truly outstanding person tonight. Bill Young loves his horses, and he also gives generously of his time and funds to what he believes will help the industry in the future.

I am proud to be a friend of Bill, and I wish him all the best.  
*Dinny Phipps*  
Chairman, The Jockey Club

It is a real pleasure to say a few words about one of the most wonderful men I've ever known. Bill Young provided venture capital to Humana when it was a tiny company, more than 30 years ago. He came on our board at that time, and served with distinction until 1993. At that time, we separated into two unrelated companies, and he became a director of the hospital company, then called Galen and now a part of Columbia/HCA, on whose board he still serves.

I had the further pleasure of serving for many years on the board of the Royal Crown Cola company, which Bill chaired, and which prospered remarkably under his leadership.

Further, I have served under him on the boards of Transylvania University and the Bingham Board of Trust, and have marveled at the results of his leadership and creativity. Transylvania currently has the largest and best qualified freshman class in its history, along with a distinguished faculty and staff.

Bill's success in his latest undertaking, the Thoroughbred industry, is legendary, with triumphs in all three Triple Crown races, Breeders' Cup races, and numerous other important stakes races.

All of these achievements spring from the same source—his loving parents, who endowed him with integrity, intelligence, tenacity, and a nice sense of humor. He is also blessed with a wonderful, supportive family—his wife Lucy, his children, and grandchildren.

The longer I've known Bill Young, the more I've grown to love and respect him. You have made an exceptionally wise choice.

*David A. Jones*  
Chairman and CEO, Humana Inc.

W. T. Young has been one of racing's most respected and finest ambassadors, always gracious in victory, diplomatic in defeat, accepting the plaudits like a gentleman and the disappointments like a man. This award is not just in recognition of Overbrook and his achievements in the racing and breeding industry, but is also recognition for his strong sense of commitment to his community, his state, and to his hallmark of service above self.

*James E. Bassett III*  
Chairman, Keeneland Association  
President, Breeders' Cup Ltd.

For years Lexingtonians have known what the racing fraternity has only recently discovered, that there are two synonyms for the combination of drive, decisiveness, integrity, leadership, loyalty, and perfection: class and W. T. Young.  
*Stanley D. Pettor Jr.*

I have been asked for a few words about W. T. Young. Bill doesn't deserve a few words; he deserves volumes.

Bill Young is more than just a friend. He is a best friend for most Kentuckians, for no one has done more for their state than he. He is the outstanding citizen of our state in my lifetime.

Bill went into the Thoroughbred business a relatively short time ago and per usual he did it right. His Overbrook Farm is rivaled by none. It boasts the finest broodmares in Kentucky, a stallion complex filled with great and near-great stallions, and a wonderful hand-picked staff.

Congratulations, Bill, on another feather in an already heavily laden cap. It is an honor for me to be here tonight to honor you.

*Alex G. Campbell Jr.*