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## Ryan Herman's Horsepower Ranch Is Now Open For Business



**02/23/07 © Andrew S. Hartwell**

At the season opening round of the Grand-Am KONI Challenge Series, held at Daytona International Speedway on January 26<sup>th</sup>, there were 104 cars entered in the race. Yes, 104. With that many production-based race cars chasing after a win, it surely takes an extreme level of intensity, and a magnified sense of competitive spirit, to prevail against such incredible odds. The same can be said for anyone who embarks on a journey into the realm of uncertainty that envelopes any new business venture. Risks taken on the track mirror the risks taken to establish and build a business. Granted, erroneous moves on the track can have dire physical consequences whereas an unsound move in business will not normally put a life at risk, but there is no denying that a consequence of failure is a reality in both worlds.

For some people, combining the risk factors of both worlds is exactly the kind of challenge they have a passion to overcome. This is certainly the case with Ryan Herman, the owner of one of the newest teams to enter the KONI Challenge Series, the Horsepower Ranch racing team (HPR).

Herman, while still a young man at 33 years of age, has experienced the exhilarating and often exhausting process of building a business from scratch, having it grow substantially on principles and practices that are rooted in integrity and fairness, and ultimately find that business to be valued highly enough by the competition for them to want to buy him out. An astute businessman, Herman sold out while his business was at the top of its game. Having tasted success in one field, he decided it was time for him to start over and attempt to build a new business. This time he would again incorporate the same solid principles that worked before, but he had one additional element to add; a passion for racing.

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We learned that the business model for Horsepower Ranch Racing is to race a team car using professionals in pursuit of a championship, and support that effort by providing two additional Porsche 996s for customers to drive. The model further includes having all three cars prepared to win and not favoring the team car over the others.

We spent some time talking with Herman about his new venture into the world of running a professional race team that provides an outlet for would-be racers to try out their skills against some of the finest professional drivers in the sport of road racing today.

“I grew up in Maui, Hawaii and moved to California to go to college in Los Angeles. About ten years ago, after college, I started a mortgage company in Orange County. I spent those last ten years growing the company and about six months ago I sold it to the HSBC banking organization.

“Several years back, as my company became more successful, I decided to pursue an interest in racing by attending the Bondurant School of Performance Driving. I was 30 years old when I decided to get into racing. I always loved driving fast. I used to go speeding down the interstate convinced that I was a race car driver! Isn't that what everybody does?

“When I found I had actually reached a point in my life where I had the funding to pursue my interest, I decided from both a personal and business standpoint that I was going to get involved in something that I had a lot of passion for; something I could see myself doing for the next 40 years.”

Herman decided to create a new race team that would apply those same basic principles that helped him build a successful mortgage company. Lightning is said to strike twice in the same place because the conditions were right the first time. Herman intends to mirror the ‘right’ conditions of his first business in his second one.

“We don't have a mission statement per se, but we do have four principles we use to guide our business.

1. Show integrity by following through with our commitments.
2. Develop and prepare fast race cars.
3. Use enthusiasm as a key element in our approach to racing.
4. Surround ourselves with talented people.

“It really comes down to basics. We are not reinventing the wheel with a customer program or with having guiding principles but we believe that if we can hold each other accountable to really acting upon and using those principles – at the track or in the shop – we are going to make this business a success, and people are going to be attracted to what we are doing.

“How I operated as the CEO of my mortgage business was to make sure I had good people who could execute the business plan we had laid out for them. Technically there is nothing about that business and a racing business that is the same. But fundamentally when you are talking about combing the country to find the best people, working with them to get them on board, getting them to buy in to what you are trying to accomplish, getting them to buy in to accomplishing that at whatever your budget is and then getting them to operate together professionally with principles that are important to you and to the business, then the two businesses are alike.

“It comes down to putting people together to move toward a common success.”

The potential for profit in the banking business is obviously very real. Few would suggest however, that profit potential runs high in the business of racing. Herman concurs but sees real opportunity for a professional team to take on the challenge and succeed.

“The pursuit of profit in racing is a very difficult thing. We are looking to break even and build a racing organization. If you come out to the paddock and you say to someone you are getting into racing and you want to make money doing it, that is pretty unrealistic, especially in the first three or four years. I want to be realistic.”

Most people would say that mortgage bankers are nothing if not realists. Money isn't lent if the prospects of a return are not good. In the instance of his racing business, Herman expects his organization's efforts will position him for growth in a market that enjoys high customer demand.

“We entered into this business fully funded and operating like a business. I think a lot of other teams get their start by having one or two guys who are in it for the racing and they have a nice drive and then they move on to different cars and customers. From day one we set out to have sales and marketing, event coordination, accounting and finance, development of the vehicles, a first class crew, and a reputable crew chief established across the board. We look to create a real sharp experience for anyone who comes on board to drive with us. I'm sure there are many other organizations that do a real nice job too, but there is so much demand for racers to get into a series like the KONI Challenge that there is always going to be a need for teams like ours that can offer good experiences. There is not only an opportunity for us; there is one for all the teams to provide a great customer program.”

The name Horsepower Ranch comes from another related business venture that Herman feels will completely compliment the activities of his on track race team.

“We are putting together a private automobile club here in Eloy, Arizona. Think of it as a country club but instead of a golf course you have a world class race track. We are about 18 to 24 months away from completion. We are setting the facility up as a place to enjoy private racing experiences, and to allow pro racing teams to use it for testing. It will be called Horsepower Ranch and we use that name for our race team to legitimize the project and to create a positive reputation in racing.”

One of the earliest decisions Herman needed to make for HPR was the venue in which to compete. He chose the Grand-Am KONI Challenge specifically for several reasons.

“We got into the KONI Challenge as a kind of grass roots start up series, but the personnel and talent running in the series is just amazing. And it is a true road racing series that a normal guy with a little bit of money could buy a ride in and, if he is willing to take some professional instruction, can go out and have a blast. That is really where we see the sport going as the cost of racing continues to go up.”

While the objective of HPR is to become a self-sustaining operation, Herman and his team are racers at heart. They want to please the customer, but they want to win just as much or more. Daytona was an interesting start for this team and Herman found reason for optimism in the end result of the team's efforts to challenge those 100 other cars to the first view of the checkered flag.

“This is our first year in the series. We ran pretty quickly at the first race at Daytona and we were the fastest Porsche in the last practice session, and we are really happy about that. We had our lead driver in the car and we actually managed to log the third fastest lap overall. That

is quite an accomplishment for that track, because it is really better suited to the higher horsepower cars like the Mustang.

“We ended up qualifying 10<sup>th</sup> and our customer car qualified in the 30s. In the race we ran as high as 9<sup>th</sup> place and our customer car got as high as 10<sup>th</sup>. About two thirds of the way through the race the customer car lost an engine. Our pro car ended in 15<sup>th</sup> except that our driver was off on the apron at one point near the end and we were penalized for that, putting us at 27<sup>th</sup> in the final standings. I’m not happy that we didn’t score well with our customer car but for our first race I was happy with the cars and the crew and, all in all, it wasn’t a terrible experience. But we are going out there to win and we are out there to run quick.

“We are absolutely out to win a championship! We intend to run all season with three cars, the first of which would be our team car, driven by pros at every race. We also have the best possible support crew and team we could have for a new racing organization. We are not cutting corners with any of the three cars.”

As he did with the mortgage company, Herman sought out top level talent to carry out the principles on which he expects to succeed.

“The team’s professional drivers are Ross Thompson, Spencer Sharp and Hugh Plumb. Ross and I connected through mutual friends. He has a ton of success in GT, Prototypes and the Craftsman Truck Series. What struck me the most about Ross was not only his abilities as a driver and coach but his intuition on making business decisions in racing. With those skills, Ross became a leader and a principal in our organization.

“Spencer Sharp, who is the son of longtime GRM contributor Tim Sharp, owns and runs a successful auto event and promotions company here in the valley. Again – another member of our team who brings not only driving and coaching skills but a deep understanding of serving the customer in this business.

“Hugh and I met through message boards and because we bought our two Porsche 996 cars and equipment from an established team that was switching to the 997 model. We met Hugh through that team and we ran a few test sessions with him. We were real impressed with how quick he was and with his attitude and professionalism. We knew we wanted him to be a part of our organization.

“What we want to do this season is have our team car in the top five consistently throughout the season in every race. That is realistic for us and I wouldn’t think being in the top three is unrealistic. With our customer car we are looking to run qualified drivers and to that end we are doing a lot of reference checking and looking for people who have the talent and experience to do well in a well prepared car. We found there is an enormous amount of interest in racing in our cars in this series and we want that experience to be a good one for all of our customers. We hold test sessions and provide driver coaching with lots of track time before we let a customer get into a race. Our realistic goal is to not let anyone in that car who can’t keep it in the top 15.”

Herman intends to present a full complement of race-ready Porsche cars at each race, leaving no one car apart from receiving complete attention and support.

“We have a solid crew of Porsche specialists who will be with us for the entire season. We have guys who work on the cars at the shop full time. Our goal is to put two or three cars on the track that can run up front. Whether that means pairing one professional with a customer or finding

two customers with real talent the aim is to be competitive and give our drivers cars that can compete. Our pro car and our customer car get equal development and at times we find the customer car actually is a bit faster.

“We also supply a driver coach and a car chief for each customer car. They will work with the customer throughout practice and qualifying sessions to give feedback from the customer and the coach to the crew chief. The goal is to try to improve the customer’s performance and make sure they are getting the most out of the experience. We need and want the customer to be quick and run near the front. With a coach for support and to aid in translating what the customer needs into the language of race engineering, the feedback is listened to and action is taken to make improvements. The customer is really made to feel they are a part of the team and not a visitor. We want them to have a real racing experience.

“Spencer Sharp is our primary driver coach. At times he will also co-drive with the customer. Ross Thompson will also act as a coach for a customer. Both of them can take the layman’s language of an inexperienced driver and convert it into racing terms that result in improvements to the car.

“First and foremost a driver has to have confidence in the equipment. You don’t want to go out there with a car that isn’t fully powered and prepared. We put a lot of attention and money into our customer cars and not a lot of teams will do that.

“Also, the paddock in the KONI Challenge is an awesome place to be. People are friendly and talk to each other, even though we are competitors. We set up our team in the paddock and provide lounge areas for our customers and their friends and families to be able to get work done, make phone calls, and discuss race strategy and so on without constant car noise interfering with their enjoyment of the whole experience.”

To round out the whole experience for himself, team owner Herman may take the wheel from time to time, dependant upon a commitment he made to his team that his performance would be in compliment to the team’s goals.

“I worked out a deal with the people in this organization that, if my best practice lap is within a half second of our pros best lap than I might run in the race. That is cheating a little bit because this is endurance racing and anybody can pull a single quick lap, but I do want to look to improve my skills so I can be one of the top amateurs out there. I also think it demonstrates to the whole team that I am serious about this business and that I was serious about expecting a lot from everyone on the team. And besides, not getting behind the wheel would take a lot of the fun out of it!”

Who would have thought a mortgage banker would understand how to have fun?