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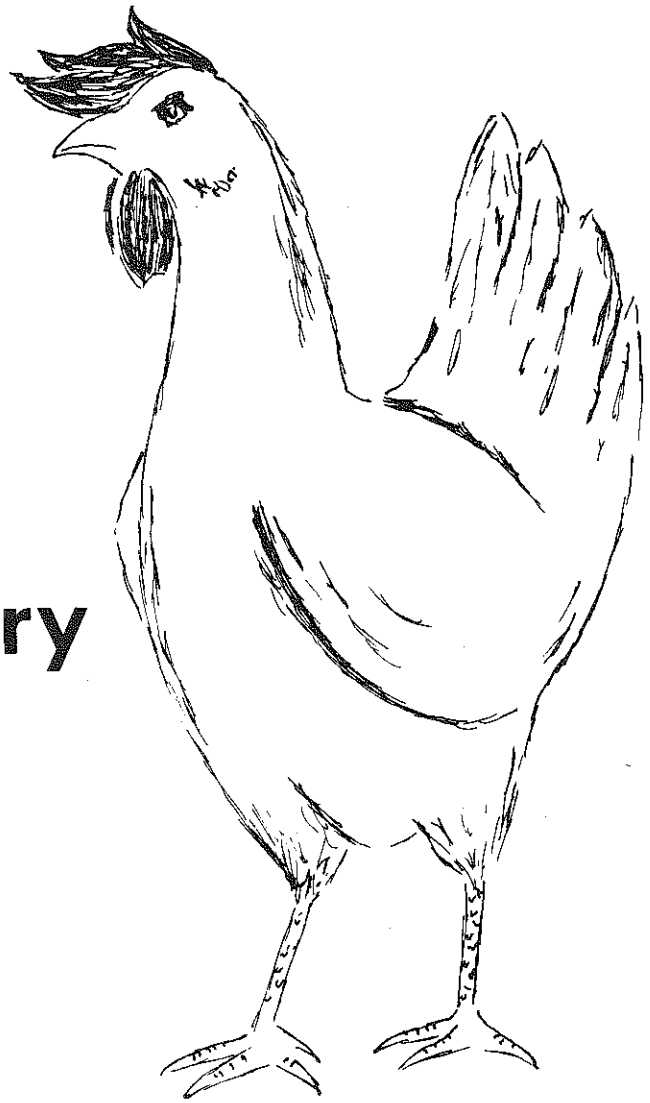

# Poultry Farm Business Summary 1978

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# 1978 NEW YORK
# POULTRY FARM BUSINESS SUMMARY

Large nonfarm businesses usually prepare and publish an annual report in which they review and analyze the business for the year. This provides a basis for evaluating past operations and for making plans for the future. A similar summary and analysis is useful in managing a farm business. The Cooperative Extension business management projects provide farm operators an annual business report which can be used much the same as nonfarm business annual reports.

Poultry farm business management records have been summarized by the College of Agriculture and Life Sciences at Cornell for a number of years. For the 1978 record year, 25 poultrymen submitted records for summary and analysis. Extension field staff working with poultrymen collected the figures for each farm and the College staff summarized them. The summary results are presented in this workbook.

Poultry farm businesses vary in organizational makeup. The farms included in this report were divided into four groups; poultry (egg production) only, poultry and grain, pullet growing operations, and others which include those with other major enterprises such as dairy or hogs. Since there were only two pullet growing operations, the averages for this type are not published.

The economic climate for poultrymen in 1978 was not as good as 1977. Egg prices hit a low in June then improved the remainder of the year. Layer feed prices for 1978 averaged a little lower than for 1976 and 1977. Prices of other production items in general rose. Grain prices were relatively low in 1978 so that poultrymen who had sizable acres of grain crops were in less favorable positions than in the earlier years of the 1970's.

This workbook is designed to provide a systematic summarization and analysis of a poultry business. The group averages can be used in making comparisons. Working through this report step by step provides a good checkup for a poultry operation. In addition to the persons whose records are in the summary, this report should be useful to other poultrymen in the State, to teachers of agriculture, college farm management instructors, agency representatives, and to agribusiness persons.


## Acknowledgements

This summary was prepared by C. A. Bratton, Department of Agricultural Economics and D. L. Cunningham, Department of Poultry Science, New York State College of Agriculture and Life Sciences, in cooperation with Cooperative Extension Specialists S. E. Ackerman, A. Aja, and W. J. Toleman. Myrtle Voorheis supervised the summarization of the records and Mary Chaffee typed this report.

# GOOD MANAGEMENT IS BASIC

## HOW DO YOU MEASURE UP

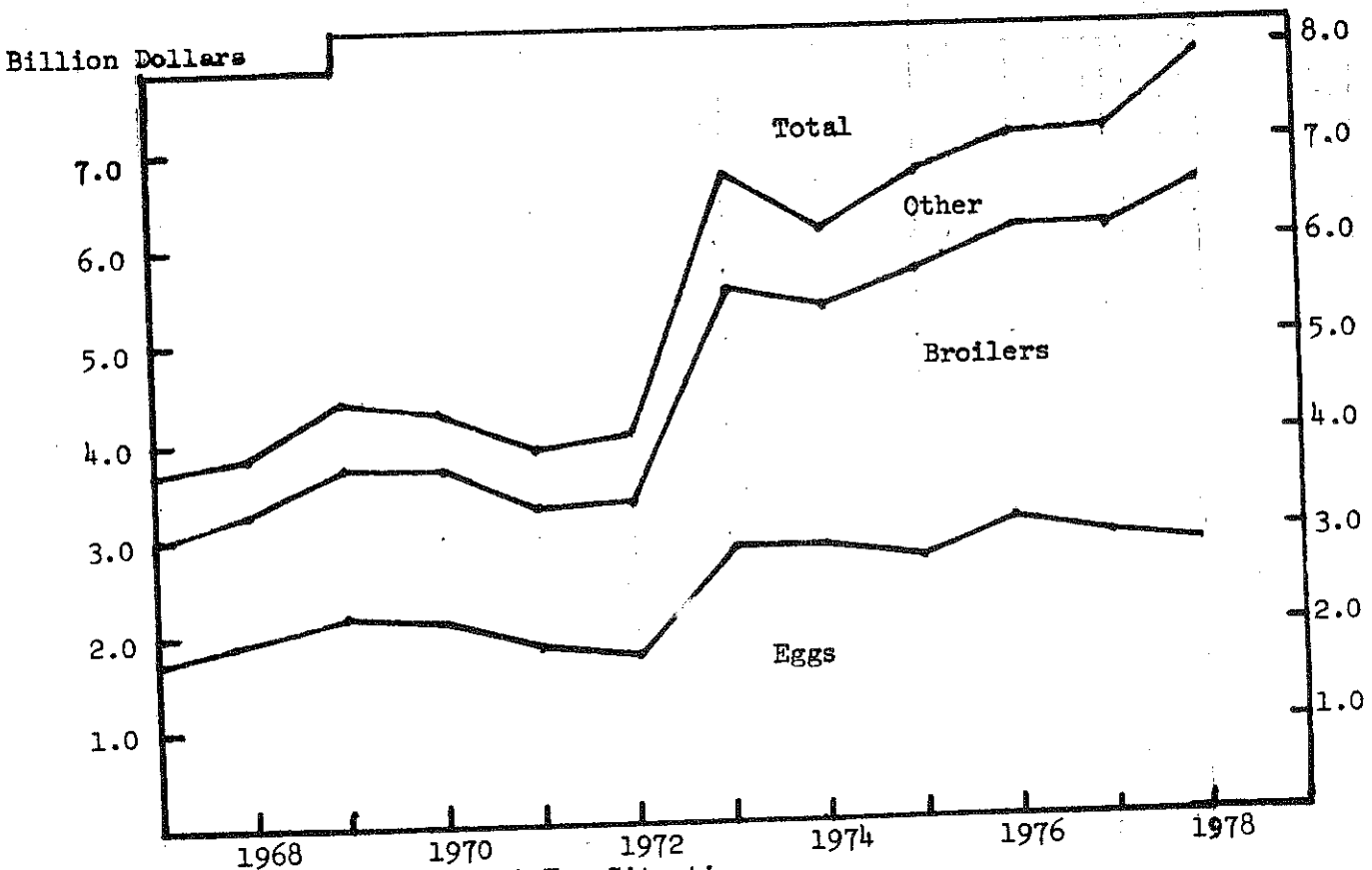
1. **Have you developed a systematic approach to management problems?**
2. **Do you have the facts on your business?**
3. **Are you improving your managerial skills?**

## Steps in making a management decision:

1. Locate the trouble spot (problem)
2. What is your objective? (goal)
3. Size up what you have to work with (resources)
4. Look for various ways to solve the the problem (alternatives)
5. Consider probable results of each way (consequences)
6. Compare the expected results (evaluate)
7. Select way best suited to your situation (decision)
8. Put the decision into operation (action)

This workbook can help you!

GROSS FARM INCOME FROM POULTRY AND EGGS
United States, 1967-1978




SOURCE: USDA Poultry & Egg Situation

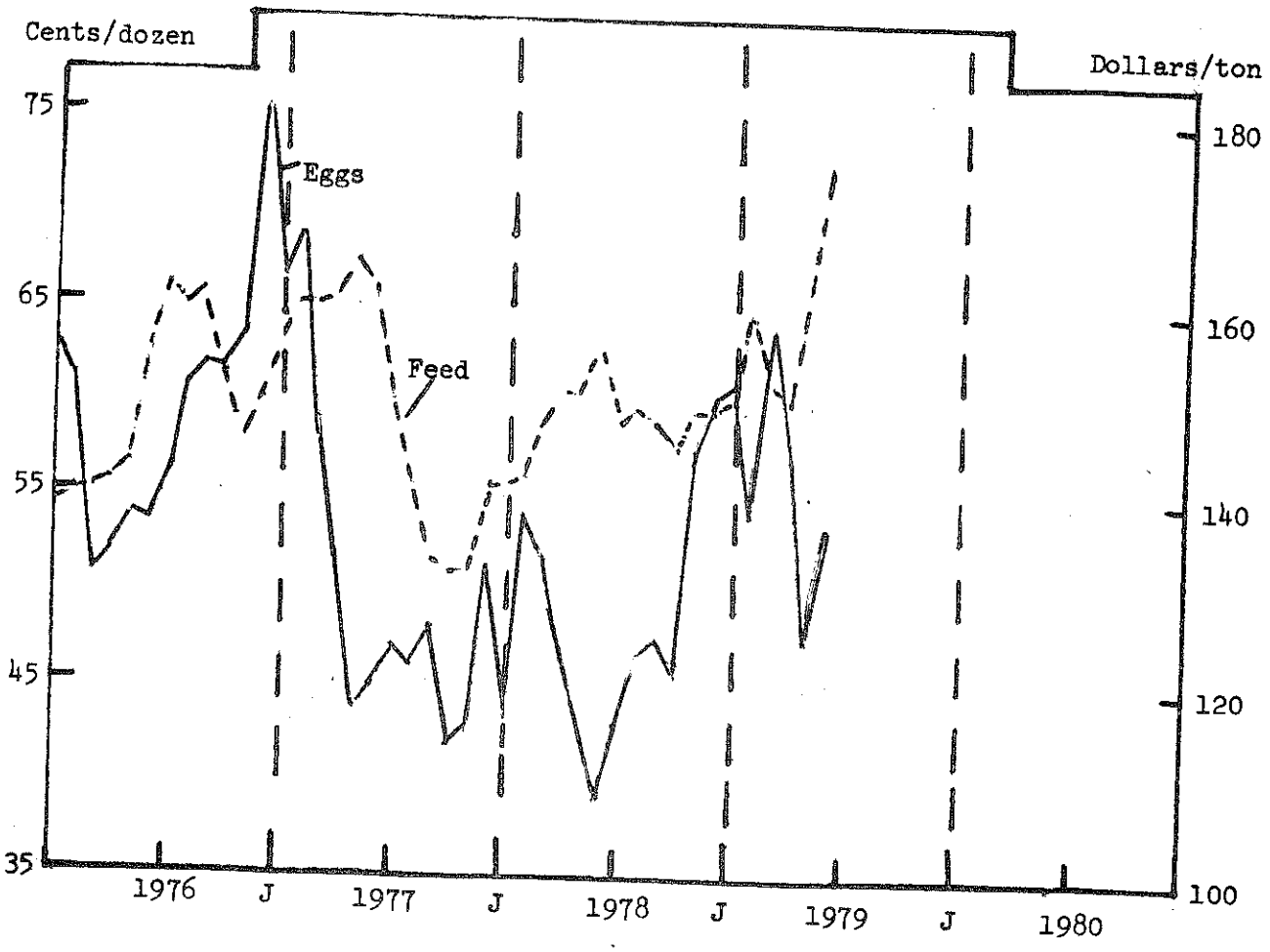
Gross farm income from poultry and eggs in the United States reached a new high in 1978 with a total value of 7.9 billion dollars. This is more than double the value in 1967. Eggs accounted for 37 percent of the total gross income, broilers 47 percent, and turkeys 15 percent. In 1978 broilers income was 800 million dollars larger than the total income from egg sales.

Table 1. GROSS FARM INCOME FROM POULTRY AND EGGS, U.S. 1967-1978

| Year | Sales | | | | Home Consumption | | Gross Income |
|---|---|---|---|---|---|---|---|
| | Eggs | Broilers | Turkeys | Poultry | Eggs | Other | |
| | | | - million dollars - | | | | |
| 1967 | 1,765 | 1,223 | 460 | 176 | 39 | 8 | $3,671 |
| 1968 | 1,893 | 1,326 | 417 | 164 | 38 | 8 | 3,846 |
| 1969 | 2,212 | 1,531 | 454 | 185 | 38 | 8 | 4,428 |
| 1970 | 2,190 | 1,475 | 499 | 102 | 30 | 6 | 4,302 |
| 1971 | 1,801 | 1,487 | 501 | 99 | 20 | 5 | 3,906 |
| 1972 | 1,764 | 1,623 | 539 | 101 | 17 | 5 | 4,046 |
| 1973 | 2,859 | 2,690 | 936 | 169 | 27 | 8 | 6,689 |
| 1974 | 2,884 | 2,436 | 683 | 116 | 25 | 5 | 6,151 |
| 1975 | 2,797 | 2,915 | 793 | 104 | 22 | 5 | 6,637 |
| 1976 | 3,110 | 2,953 | 825 | 135 | 24 | 6 | 7,053 |
| 1977 | 2,973 | 3,067 | 910 | 130 | 21 | 6 | 7,107 |
| 1978 | 2,899 | 3,691 | 1,163 | 129 | 19 | 5 | 7,907 |

SOURCE: USDA Poultry and Egg Situation

FARM PRICE OF EGGS AND LAYING FEED PRICES
New York, 1976 to 1979



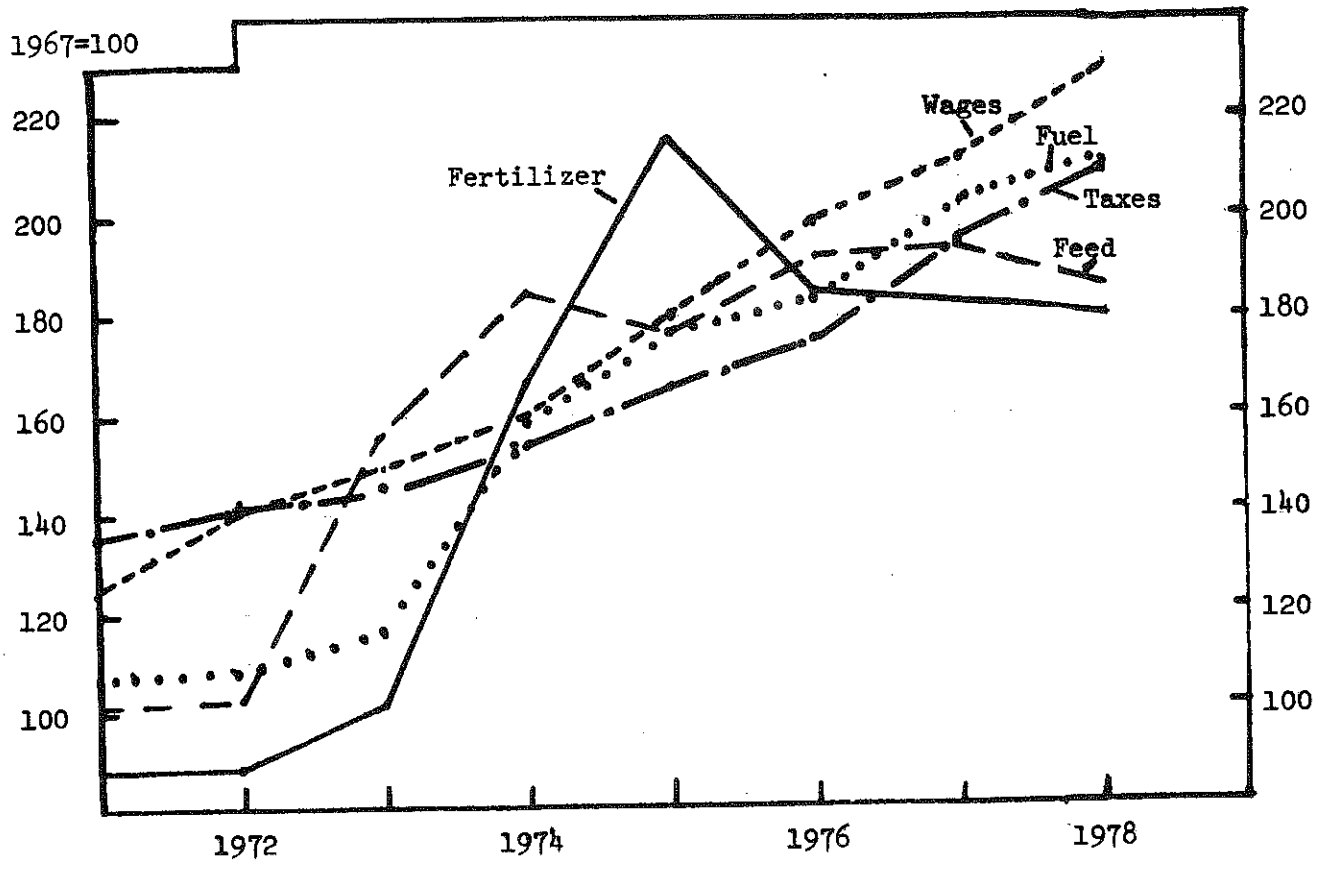

The relationship of feed and egg prices is a major factor affecting poultry incomes. Egg prices in 1978 averaged 2.7¢ less than 1977 and 11.6¢ less than 1976. Egg prices tend to fluctuate more than feed prices. The egg-feed ratio as expressed in pounds of feed a dozen eggs will buy was 6.5 for 1978 compared with 7.0 for 1977 and 8.0 for 1976.

Table 2. FARM PRICE OF EGGS AND LAYING FEED PRICES

| Month | Egg Prices | | | | Laying Feed Prices | | | |
|---|---|---|---|---|---|---|---|---|
| | 1976 | 1977 | 1978 | 1979 | 1976 | 1977 | 1978 | 1979 |
| January | 62.6¢ | 66.2¢ | 43.3¢ | 60.9¢ | $139 | $157 | $141 | $150 |
| February | 61.3 | 68.9 | 54.1 | 54.1 | 140 | 160 | 142 | 153 |
| March | 50.9 | 57.9 | 52.6 | 65.0 | 140 | 160 | 148 | 159 |
| April | 51.4 | 51.6 | 46.3 | 57.2 | 141 | 161 | 151 | 152 |
| May | 54.0 | 43.9 | 43.0 | 47.6 | 143 | 165 | 151 | 150 |
| June | 53.6 | 45.1 | 39.4 | 53.3 | 155 | 162 | 156 | 162 |
| July | 56.3 | 47.0 | 43.2 | 49.9 | 162 | 150 | 148 | 175 |
| August | 61.0 | 46.2 | 46.5 | ——— | 160 | 140 | 149 | ——— |
| September | 61.9 | 48.0 | 47.4 | ——— | 161 | 133 | 148 | ——— |
| October | 61.7 | 41.8 | 45.8 | ——— | 153 | 132 | 145 | ——— |
| November | 68.7 | 42.3 | 57.5 | ——— | 146 | 132 | 149 | ——— |
| December | 75.1 | 52.6 | 60.2 | ——— | 150 | 141 | 149 | ——— |
| Annual Avg. | 59.9 | 51.0 | 48.3 | ——— | 149 | 149 | 148 | ——— |
| Egg-feed ratio (lbs./doz.) | 8.0 | 7.0 | 6.5 | ——— | | | | |

SOURCE: USDA Agricultural Prices

PRICES PAID BY FARMERS FOR SELECTED ITEMS, 1971-1978




Prices of items farmers buy have risen since 1967 but some have risen much more than others. For example, the index of taxes rose 110 percent from 1967 to 1978, while fuel prices were up 111 percent, and wages 129 percent but fertilizer rose only 80 percent. Feed is the major expense item on a poultry farm. Poultry ration prices for 1978 averaged slightly less than in 1976 and 1977.

Table 3. PRICES PAID BY NEW YORK POULTRY FARMERS, 1970-78

| Year | Index 1967=100 | | | | Poultry Ration (cwt.) | New York Farm Wages Per Hour |
|---|---|---|---|---|---|---|
| | Wages | Fuel | Fertilizer | Taxes | | |
| 1970 | 122 | 107 | 88 | 129 | $4.35 | $1.75 |
| 1971 | 130 | 112 | 91 | 136 | 4.30 | 1.87 |
| 1972 | 140 | 115 | 94 | 142 | 4.50 | 1.95 |
| 1973 | 150 | 124 | 102 | 146 | 6.75 | 2.00 |
| 1974 | 160 | 162 | 167 | 154 | 7.61 | 2.24 |
| 1975 | 180 | 177 | 217 | 166 | 7.15 | 2.28 |
| 1976 | 199 | 187 | 180 | 176 | 7.46 | 2.45 |
| 1977 | 212 | 203 | 182 | 195 | 7.47 | 2.55 |
| 1978 | 229 | 211 | 180 | 210 | 7.40 | 2.80 |

SOURCE: USDA Agricultural Prices

General Summary of All Farms

Twenty-five poultry farm records for 1978 were submitted for summary. The organization of these farms varied widely. There were ten poultry with other major enterprises, eight poultry layers with grain production, and seven straight layer operations. In this general section, all businesses are included. For the more detailed analysis in the sections that follow, only the seven layer operations and the eight layer with grain crop operations are included.

Table 4. FARM BUSINESS FINANCIAL SUMMARY
25 New York Poultry Farms, 1978

| Item | Average 25 Farms |
|---|---|
| Average Capital Investment | $336,600 |
| Total Farm Receipts | 406,954 |
| Total Farm Expenses | 379,189 |
| Farm Income | $ 27,765 |
| Interest @ 7% on Equity Capital | 15,849 |
| Labor and Management Income Per farm | $ 11,916 |
| Number of Operators | 1.38 |
| LABOR AND MANAGEMENT INCOME PER OPERATOR | $ 8,635 |

Labor and management income is a measure of the return to the operator for his labor and management. It is the most commonly used measure for comparing the overall results of farm operations. For these 25 poultry farms, the average labor and management income per operator was $8,635. In addition to the labor and management income, the operator usually has certain privileges such as a house to live in, eggs and poultry to use, and other miscellaneous items.

Labor and management income per operator varied widely. There were 8 farms with minus labor incomes, and 4 with incomes per operator of over $25,000. Only two of the farms with minus incomes were in the layer group, while 2 of the 4 with incomes over $25,000 were in the layer group.

The average capital investment on these 25 farms was $336,600. The receipts averaged $407,000, and the expenses $379,000. On these farms, the receipts were considerably more than the capital investment giving a "capital turnover" (as measured by the number of years for the receipts to equal the capital) of about 0.8. This is in contrast to dairy businesses where commonly it takes two to three years for receipts to equal capital.

The average labor and management income per operator for 527 New York dairy farm businesses in 1978 was $20,047.

Table 5. GENERAL FARM BUSINESS FACTORS
25 New York Poultry Farms, 1978

| Business Factor | Average 25 Farms |
|---|---|
| Man equivalent | 4.2 |
| Months unpaid labor | 1.7 |
| Months hired labor | 32.5 |
| Total months of labor | 50.8 |
| Percent of labor hired | 64% |
| Average labor cost/month hired | $739 |
| Average number hens for year (24 farms) | 23,115 |
| Average number crop acres (8 poultry & grain farms) | 217 |
| Total work units | 1,276 |
| Eggs sold per hen (24 farms)* | 228 |
| Pounds feed per dozen eggs | 4.6 |
| Average price per cwt. layer feed | $7.01 |
| Average price per dozen eggs | 58.8¢ |

* One farm was a contract operation.

Poultry farm operations differ a great deal in their organization. Poultry only versus poultry and grain operations is one difference, poultry combined with another enterprise is another, while contract versus independent operations is still another. The range in the capital investment is a reflection of these. The low capital investment was $67,000, while the high was $1,400,000. Similarly, the low expense reported was $13,600, while the high was $2,605,000. The wide range indicates that one should recognize limitations in the "averages" when they are used.

The labor force on these farms ranged from 1.1 to 16.5 man equivalent with an average of 4.2. For all 25 farms, 64% of the labor was hired and the rest was furnished by the operator and his family. The average labor expense per month of hired labor was $739. Unpaid family labor was valued at $425 per month.

Number of hens is a common measure of size for a laying operation. The numbers varied from 2,300 to 102,000. These reflect the average number of layers for the year. The number of eggs sold per hen averaged 228 but with a range from 134 to 271.

Marketing arrangements differ with some selling all eggs wholesale, while others sell all retail. The average price received per dozen sold by the 25 farms during 1978 was 58.8 cents. The average farm price for 1978 as reported by the Crop Reporting Service was 48.3 cents. A number of the poultrymen in the summary had premium markets.

Feed is the major cost item on poultry farms. Efficiency of feed conversion is an important factor affecting incomes. It is not easy to arrive at this figure but efforts were made to calculate this factor. The average was 4.6 pounds per dozen eggs. Layer feed costs per hundredweight averaged $7.01.

## SUMMARY OF THE EGG PRODUCING BUSINESSES

The first step in examining any business operation is a systematic summary of the business. In this section we will examine the physical resources, business practices, capital investment, receipts, expenses, and the financial summary for the year.

### Physical Resources and Business Practices

Below is a summary of the physical resources and business practices used by the 7 farms with poultry only and the 8 farms with poultry and grain for the year 1978.

Table 6. LABOR FORCE, LIVESTOCK, CROPS GROWN, AND BUSINESS PRACTICES
15 New York Poultry Farms, 1978

| Item | My Farm | Aver. Per Farm & Numbers Reporting | | | |
|---|---|---|---|---|---|
| | | 7 Farms With Poultry Only | | 8 Farms with Poultry & Grain | |
| **Labor** | | | | | |
| Months of: | | | | | |
| Operators | _____ | (7 farms) | 12.0 | (8 farms) | 21.0* |
| Family--unpaid | _____ | (2 farms) | 1.7 | (5 farms) | 2.6 |
| Hired | _____ | (6 farms) | 26.7 | (8 farms) | 23.0 |
| Total | _____ | | 40.4 | | 47.2 |
| Man equivalent (no. men) | _____ | | 3.4 | | 3.9 |
| Number of operators | _____ | | 7.0 | | 14.0 |
| Percent of labor hired | _____% | | 66% | | 50% |
| **Livestock** (number) | | | | | |
| Laying hens | _____ | | 25,000 | | 21,000 |
| Pullets raised | _____ | (2 farms) | 38,000** | (5 farms) | 20,000** |
| **Crops** (acres grown) | | | | | |
| Hay | _____ | | | (1 farm) | 18** |
| Corn for grain | _____ | | | (8 farms) | 170** |
| Oats | _____ | | | (5 farms) | 28** |
| Wheat | _____ | | | (3 farms) | 50** |
| Total acres of crops | _____ | | | | 217 |
| **Business Practices** | | | | | |
| Percent of eggs marketed: | | | | | |
| Wholesale | _____% | | 32% | | 44% |
| Premium outlet | _____% | | 45% | | 39% |
| Retail | _____% | | 23% | | 17% |
| Percent of replacement pullets: | | | | | |
| Raised | _____% | | 48% | | 51% |
| Bought | _____% | | 52% | | 49% |
| Percent of layer feed: | | | | | |
| Purchased | _____% | | 100% | | 69% |
| Mixed on farm | _____% | | 0% | | 31% |

* Four farms were partnerships.
** Average of number reporting.

## Capital Investment

The capital used to operate a poultry business is invested in machinery and equipment, poultry, feed and supplies, and land and buildings. Some of the capital used is owned by the operator and some is borrowed. The end-of-year farm inventory is used as a measure of the capital investment in the business. It is suggested that the inventory reflect "market value."

Table 7. FARM INVENTORY VALUES, JANUARY 1, 1979
15 New York Poultry Farms

| Item | My Farm | Amount Per Farm: 7 Farms With Poultry Only | Amount Per Farm: 8 Farms With Poultry & Grain |
|---|---|---|---|
| Machinery & equipment | $_____ | $ 78,990 | $113,037 |
| Poultry | _____ | 31,409 | 37,535 |
| Other livestock | _____ | 796 | 6,837 |
| Feed & supplies | _____ | 10,685 | 37,601 |
| Land & buildings | _____ | 108,965 | 212,492 |
| TOTAL INVESTMENT | $_____ | $230,845 | $407,502 |

Total investment on these farms ranged from $84,500 to $683,000. Six of the poultry and grain farms, and two of the poultry only farms had investments of more than $250,000. The inventories of land and buildings, machinery, and feed and supplies were larger on the farms growing grain, which is logical.

How the capital is used is more important than the amount. Below are some measures used in analyzing the efficiency of the use of capital. Farms Growing grain have larger investments because of the added land and machinery used for the crops.

Table 8. CAPITAL INVESTMENT ANALYSIS

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Total investment/man | $_____ | $67,900 | $104,500 |
| Total investment/hen | $_____ | $9. | $19. |
| Machinery investment/hen | $_____ | $3. | $5. |
| Land & buildings/hen | $_____ | $4. | $10. |
| %Land & buildings are of total investment | _____% | 47% | 52% |
| Capital turnover (years) | _____ | .75 | 1.2 |

## Receipts

The source and amount of receipts tells us about the nature and size of the business. The size of many nonfarm businesses often is measured in terms of gross sales. However, in poultry businesses, egg price fluctuations from year to year cause total receipts also to fluctuate.

Table 9. FARM RECEIPTS
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Egg sales | $_____ | $300,427 | $264,597 |
| Poultry sales | _____ | 5,674 | 5,867 |
| Other livestock sales | _____ | 412 | 8,408 |
| Crop sales | _____ | 161 | 8,759 |
| Work off farm | _____ | 18 | 394 |
| Government payments & refunds | _____ | 9 | 2,115 |
| Miscellaneous | _____ | 1,400 | 2,689 |
| Total Cash Farm Receipts | $_____ | $308,101 | $292,829 |
| Increase in Inventory | _____ | --- | 38,689 |
| TOTAL FARM RECEIPTS | $_____ | $308,101 | $331,518 |

Total cash receipts averaged $308,100 for the farms with poultry only, and $292,800 for the farms with poultry and grain. Egg sales accounted for 98 percent and 90 percent respectively of the cash receipts on the two groups of farms. Crop sales accounted for 3 percent of the cash receipts on the farms growing grain, and the poultry sales accounted for 2 percent of the cash receipts.

Increases in inventory are usually due to expansion or improvements in the business. Inventory increases are considered as farm receipts. The increases could have been sold and converted to cash, therefore, they are considered as receipts in summarizing the year's business. Costs associated with the increases are reported as farm expenses.

Table 10. INCOME ANALYSIS

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Av. price/doz. of eggs sold | _____¢ | 52.8¢ | 56.2¢ |
| Total cash receipts/man | $_____ | $90,600 | $75,100 |
| Total cash receipts per $1,000 investment | $_____ | $ 1,335 | $ 719 |

Expenses

Knowing where the money went is important in any business analysis. The first step in controlling costs on poultry farms is to know what the expenses are and how they compare with those of other businesses. Below is a summary of the average farm expenses for these two groups of poultry farms.

Table 11. FARM EXPENSES
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | | 8 Farms With Poultry & Grain | |
|---|---|---|---|---|---|
| Chicks purchased | $_____ | (2 farms) | $ 4,054 | (5 farms) | $ 5,517 |
| Pullets purchased | _____ | (5 farms) | 27,669 | (5 farms) | 24,079 |
| Layer feed bought | _____ | | 135,563 | | 95,649 |
| Other feed | _____ | | 12,862 | | 13,754 |
| Hired labor | _____ | | 20,408 | | 16,026 |
| Machine hire | _____ | | 1,562 | | 618 |
| Machinery expense | _____ | | 3,069 | | 6,209 |
| Gas and oil | _____ | | 1,806 | | 4,913 |
| Poultry supplies, etc. | _____ | | 13,783 | | 14,381 |
| Crop expense | _____ | | 0 | | 10,103 |
| Building expense | _____ | | 2,323 | | 923 |
| Taxes | _____ | | 2,077 | | 3,208 |
| Insurance | _____ | | 2,937 | | 3,448 |
| Electricity | _____ | | 3,402 | | 3,794 |
| Telephone | _____ | | 859 | | 588 |
| Eggs bought for resale | _____ | (5 farms) | 24,596 | (6 farms) | 33,157 |
| Interest paid | _____ | | 6,998 | | 10,137 |
| Miscellaneous* | _____ | | 6,352 | | 8,438 |
| TOTAL CASH OPERATING EXPENSE | $_____ | | $270,320 | | $254,942 |
| New machinery | _____ | (11 farms) | 15,449 | (7 farms) | 30,444 |
| Real estate | _____ | (5 farms) | 811 | (3 farms) | 10,410 |
| Unpaid labor | _____ | | 729 | | 1,116 |
| Decrease in inventory | _____ | | 2,351 | | 0 |
| TOTAL FARM EXPENSES | $_____ | | $289,660 | | $296,912 |

* Advertising expense included $705 with 6 farms reporting.

Interest paid was included as a cash expense in the 1976 summary for the first time. Prior summaries only had an interest charge calculated on the average capital for the year.

## Financial Summary

The financial success of a poultry business can be measured in various ways. There is no one best measure so in this summary several are used.

Farm income measures the return from the business to the operator for his labor and management and equity capital. Farm income is the difference between total receipts (including increase in inventory) and total expenses (including decrease in inventory and interest paid on debts).

Table 12. FARM INCOME, AND LABOR AND MANAGEMENT INCOME
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Total farm receipts | $_____ | $308,101 | $331,518 |
| Total farm expenses | _____ | 289,660 | 296,912 |
| FARM INCOME | $_____ | $ 18,441 | $ 34,606 |
| Interest on Equity Capital @ 7% | _____ | 9,925 | 18,442 |
| Labor income per farm | $_____ | $ 8,516 | $ 16,164 |
| Number of operators | _____ | (7) 1 | (14) 1.75 |
| LABOR AND MANAGEMENT INCOME PER OPERATOR | $_____ | $ 8,516 | $ 9,237 |

Labor and management income is the return to the farm operator for his time and efforts. This is the measure most commonly used when studying farm businesses. To get labor and management income, a 7% interest charge on the operator's equity capital is subtracted from the farm income. The charge on equity capital represents an "opportunity cost" or what could have been earned had this capital been invested in something such as a certificate of deposit.

The average labor income per operator for the 7 farms was $8,516 and for the 8 farms $9,237. Grain prices in 1978 were relatively low, consequently the differences in the incomes of the poultry and grain operations and the poultry only were quite different from those in 1975 and 1974.

The labor and management incomes varied widely as shown below. Twenty-six percent of the farms had a minus income, while 34 percent had incomes of $20,000 or more.

DISTRIBUTION OF LABOR INCOMES FOR 15 POULTRY OPERATIONS

| Labor and Management Income Per Operator | Farms | |
|---|---|---|
| | Number | Percent |
| Minus | 4 | 26 |
| 0 - $ 9,999 | 5 | 33 |
| $10,000 - $19,999 | 1 | 7 |
| $20,000 - or more | 5 | 34 |
| | 15 | 100 |

Table 13. RATE OR RETURN ON INVESTMENT
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Farm income | $_____ | $ 18,441 | $ 34,606 |
| Plus interest paid | _____ | 6,998 | 10,137 |
| | | $ 25,439 | $ 44,743 |
| Minus value of operator's labor and management* | _____ | 10,000 | 17,500 |
| Return on investment | $_____ | $ 15,439 | $ 27,243 |
| Average capital investment | $_____ | $232,000 | $388,200 |
| RATE OF RETURN ON INVESTMENT | _____% | 6.7% | 7.0% |

* $10,000 per operator - some farms had more than one operator.

Rate of return on investment is calculated by adding to the "farm income" the interest paid and then deducting a charge for the operator's labor and management, and then dividing by the average investment for the year. In the above calculation, $10,000 has been used as the value of the operator's labor and management. This is a modest charge for the operator's labor and management.

Net farm cash flow reflects the cash available from the year's operation of the farm business for family living, interest and debt payments, and new capital purchases or investments. A family may have had additional cash available if some member of the family had a nonfarm income or if money was inherited or borrowed.

Debt repayment ability is a measure of the amount of cash available for debt payments. It is calculated by deducting family living expenses from the farm cash operating income. Since actual living expenses were not available, they were estimated at $10,000 per operator. It is assumed here that new machinery and real estate are purchased with borrowed capital. This measure is useful in planning debt repayment schedules.

Table 14. NET FARM CASH FLOW AND DEBT REPAYMENT ABILITY
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Total cash receipts | $_____ | $308,101 | $292,829 |
| Total cash operating expense | _____ | 270,320 | 254,942 |
| NET FARM CASH FLOW | $_____ | $ 37,781 | $ 37,887 |
| Plus Interest Paid | _____ | 6,998 | 10,137 |
| Total Available | $_____ | $ 44,779 | $ 48,024 |
| Family cash living expense* | _____ | 10,000 | 17,500 |
| DEBT REPAYMENT ABILITY | $_____ | $ 35,779 | $ 30,524 |

* Estimated at $10,000 per operator per year.

## ANALYSIS OF THE EGG PRODUCTION BUSINESSES

The "summary" of a business provides an overall look at the operation. It shows what you did. The "analysis" which follows includes a more detailed examination of the different parts of the business. The analysis helps to show WHY you did what you did and to find ways to improve the operation. Measures have been developed to aid in analyzing farm business strengths and weaknesses.

In this section, several business factors are examined. Among these are: size of business, rates of production, labor efficiency, and cost control. Since many of the measures are interrelated, all of the factors should be examined before arriving at major conclusions. A complete analysis of the factors should point up the major strong and weak points of a business.

### Size of Business

Size is usually the first factor examined when analyzing a business. Size affects other factors such as labor efficiency and cost control. Prices received and paid by poultrymen are often affected by volume which is a function of the size factor.

Farm management research has shown that in general large farm businesses make larger incomes. There are two basic reasons for this. Larger businesses make possible more efficient use of inputs such as equipment, the regular labor force, and other fixed cost items. Secondly, there are more units of production (hens) on which to make a profit. However, when a business is unprofitable, these same factors operate and large farms have larger losses.

Table 15. MEASURES OF SIZE OF BUSINESS
15 New York Poultry Farms, 1978

| Measure | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Number of hens | _____ | 25,000 | 21,000 |
| Dozens of eggs sold* | _____ | 568,800 | 470,900 |
| Dozens of eggs produced | _____ | 526,230 | 406,700 |
| Man equivalent | _____ | 3.4 | 3.9 |
| Total work units | _____ | 1,003 | 1,124 |
| Total farm receipts | $_____ | $308,100 | $331,500 |
| Total investment (end year) | $_____ | $230,800 | $307,500 |

* Includes eggs bought for resale.

## Rates of Production

Rates of production for both poultry and crops are factors contributing to the success of poultry businesses. It is a challenge to find the levels of inputs, such as feed and fertilizer, which will give rates of production that yield the highest net income. This means a consideration of both the physical and economic returns from production.

Table 16. MEASURES OF RATES OF PRODUCTION
15 New York Poultry Farms, 1978

| Measure | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Eggs sold/hen | _____ | 253 | 232 |
| Bushels corn/acre | _____ | --- | NA |
| Bushels oats/acre | _____ | --- | NA |
| Bushels wheat/acre | _____ | --- | NA |

Eggs produced and sold per hen is used in measuring the rate of production on poultry farms. Production per hen is calculated by dividing total eggs produced and sold by the average number of hens for the year. Some farmers bought eggs for resale. For eggs per hen, the eggs bought have been deducted from the dozens sold to get the eggs produced and sold.

The eggs sold per hen averaged 253 and 232 for the two groups. This compares with an average of 241 for New York farms as reported by the Crop Reporting Service. The range for the 15 farms was from 205 to 268 eggs sold per hen.

The relationship of eggs sold per hen and labor and management income is illustrated below. The farms with higher production were larger and more profitable.

Table 17. EGGS SOLD PER HEN AND LABOR AND MANAGEMENT INCOME
15 New York Poultry Farms, 1978

| Eggs Sold Per Hen | Number of Farms | Average Number of Hens | Labor & Mgt. Income/Operator |
|---|---|---|---|
| Less than 220 | 2 | 15,900 | $ 4,590 |
| 220 - 240 | 6 | 16,345 | $646 |
| More than 240 | 7 | 30,500 | $15,600 |

## Labor Efficiency

Labor efficiency is sometimes claimed to be the most important single business factor affecting incomes on farms today. This is brought about by the fact that the operator's labor and management income is a function of the labor output. Rising farm wage rates over time have meant that generally more output is required to pay those wages. If a poultryman wants top efficiency from his hired worker's time as well as his own, he must keep a close watch on the factors which affect labor efficiency.

Table 18. MEASURES OF LABOR EFFICIENCY
15 New York Poultry Farms, 1978

| Measure | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry & Grain |
|---|---|---|---|
| Dozens eggs sold/man* | _____ | 167,000 | 120,700 |
| Dozen eggs produced/man | _____ | 155,000 | 104,300 |
| Number hens/man | _____ | 7,300 | 5,400 |
| Work units per man | _____ | 295 | 288 |

* Includes eggs bought for resale.

The farms with poultry only as measured above had higher labor efficiency than the farms with poultry and grain. In part, the higher dozen eggs sold per man reflects that practice of the poultry only group of buying eggs for resale. Also, on the poultry and grain farms, a considerable amount of work is on the crops. This means more total time per hen or per dozen of eggs than on a poultry only operation.

When analyzing your labor efficiency consider:

1. Size of operation - it tends to reduce the overhead time per unit.
2. Extent of work performed - i.e., wholesale vs. retail marketing.
3. Arrangement of buildings and work areas.
4. Work methods - the easy way vs the hard way.
5. The human factor or how fast persons work.
6. Clarity of directions given to workers.
7. Kind of hired workers employed.

## Cost Control

Some poultry farms spend as much as $1,000 per day. With expenses of this amount, cost control is important. As more "input" items are purchased, cost control has a greater effect on incomes. Cost control is difficult to measure but an analysis of good records can provide some useful checks and point to possible areas of cutting costs.

Feed, labor, and machinery are big cost items on poultry farms, but it is important to watch the other costs too. Small leaks can build up into sizable losses. The next three pages are provided to help study your costs.

Table 19. COST CONTROL MEASURES
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry and Grain |
|---|---|---|---|
| Layer feed bought per hen | $_____ | $ 5.43 | $ 4.55 |
| Feed bought/doz. eggs produced | _____¢ | 25.8¢ | 23.5¢ |
| Lbs. feed/doz. eggs produced | _____ | 4.1 | 4.6 |
| Total labor cost per hen* | $_____ | $ 1.16 | $ 1.47 |
| Total labor cost per dozen eggs produced* | _____¢ | 5.5¢ | 7.6¢ |
| Building repairs per hen | _____¢ | 9.3¢ | 4.4¢ |
| Electricity per hen | _____¢ | 13.6¢ | 18.1¢ |
| Taxes per hen | _____¢ | 8.3¢ | 15.3¢ |
| Insurance per hen | _____¢ | 11.8¢ | 16.4¢ |
| Total farm production expenses/hen (total less inventory increase and eggs bought) | $_____ | $10.51 | $10.72 |
| Total expenses per $100 receipts | $_____ | $94 | $90 |

* Includes operator's labor.

For the above measures, it must be kept in mind that the "poultry and grain" farms had crop enterprises which affect several cost control measures. The feed bought per hen is an example. Much of the crop expense on the poultry and grain farms is an indirect feed cost on these operations. Also, the labor cost per dozen eggs on the poultry and grain farms includes labor for the production of feed which on poultry only farms would have been purchased.

Labor and machinery costs are sizable on a poultry farm. It is important to keep these under control. Since labor and machinery work as a team, it is well to study them together.

Table 20. POWER AND MACHINERY COSTS
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry and Grain |
|---|---|---|---|
| Beginning inventory | $ | $ 73,813 | $ 94,345 |
| New machinery bought | | 15,449 | 30,444 |
| Total (1) | $ | $ 89,262 | $124,789 |
| End Inventory | $ | 78,990 | 113,037 |
| Machinery Sold | | 357 | 0 |
| Total (2) | $ | $ 79,347 | $113,037 |
| Depreciation (1 minus 2) | $ | $ 9,915 | $ 11,752 |
| Int. @ 7% av. inventory | | 5,348 | 7,258 |
| Gas and oil | | 1,806 | 4,913 |
| Machinery repairs and auto expense | | 3,069 | 6,209 |
| Machine hire | | 1,562 | 618 |
| Electricity (farm share) | | 3,402 | 3,794 |
| Total Power and Machinery Cost | $ | $ 25,102 | $ 34,544 |
| Less: Gas tax refund | $ | $9 | $114 |
| Income from machine work | | 0 9 | 0 114 |
| NET POWER AND MACHINERY COST | | $ 25,093 | $ 34,430 |
| Net power and machinery cost: | | | |
| per hen | | $1.00 | $1.64 |
| per man | | $7,380 | $8,830 |
| per dozen eggs produced* | | 4.8¢ | 8.5¢ |

* Does not include eggs bought and resold.

Depreciation is the largest item in the power and machinery cost group. This is an indirect item and along with interest is often overlooked. Usually half or more of the cost is represented by these two "overhead" items.

With the jump in fuel prices in recent years, the gas and electricity items have taken on added importance. Look for ways to save on energy use.

Farmers sometimes justify high machinery costs on the basis that the machinery saves on high cost labor. It is well to examine this justification. The combined machinery and labor cost measure gives a good check.

Table 21. LABOR AND POWER AND MACHINERY COSTS
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry and Grain |
|---|---|---|---|
| Value of labor of operator* | $_____ | $ 7,800 | $13,650 |
| Hired labor | _____ | 20,408 | 16,026 |
| Unpaid family labor | _____ | 729 | 1,116 |
| TOTAL LABOR COSTS | $_____ | $28,937 | $30,792 |
| Net power & machinery cost | _____ | 25,093 | 34,544 |
| TOTAL LABOR & MACHINERY COSTS | $_____ | $54,030 | $65,336 |
| Labor cost per hen | $_____ | $1.16 | $1.47 |
| Labor cost/dozen eggs produced | _____¢ | 5.5¢ | 7.6¢ |
| Labor and machinery cost: per hen | $_____ | $2.16 | $3.11 |
| per dozen eggs sold | _____¢ | 9.5¢ | 13.9¢ |

* Valued at $7,800 per operator.

For the 7 poultry only farms, the labor cost was more than the power and machinery cost but for the poultry and grain the machinery and power was greater. It is important to watch the combined labor and machinery costs. It is easy to spend for additional machinery but neglect to reduce the labor used. Below are some measures for use in examining labor costs.

Table 22. LABOR USE ANALYSIS

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry and Grain |
|---|---|---|---|
| Months of hired labor | _____ | 26.7 | 23.6 |
| Hired labor expense | $_____ | $20,408 | $16,026 |
| Labor expense/month hired | $_____ | $764 | $679 |
| Total labor cost/month | $_____ | $716 | $652 |
| Percent of total labor by: Operator | _____% | 30% | 44% |
| Unpaid family | _____% | 4% | 6% |
| Hired | _____% | 66% | 50% |

## Capital Efficiency

The capital investment in a poultry farm business is high. For poultry only, the farm inventory value was $9.23 per hen. If the facilities were to be replaced with all new items, the per bird figure would be much higher. In any case, the efficient use of this capital investment is important.

For 1978, additional information was obtained on the types of housing in use and the percent of capacity that the layer houses were used.

Table 23. PERCENT OF LAYER CAPACITY USED AND PERCENT MORTALITY
15 New York Poultry Farms, 1978

| Item | My Farm | 7 Farms With Poultry Only | 8 Farms With Poultry and Grain |
|---|---|---|---|
| Percent Layer Capacity Used | | | |
| Number of farms reporting | _____ | 6 | 7 |
| Capacity of laying house | _____ | 30,760 | 24,700 |
| Average number layers | _____ | 26,160 | 21,500 |
| % of capacity used | _____ % | 85% | 87% |
| Percent Layer Mortality | | | |
| Number of farms reporting | _____ | 4 | 3 |
| Layer mortality, 1978 | _____ | 2,170 | 1,810 |
| Average number layers | _____ | 19,410 | 16,485 |
| % layer mortality | _____ % | 11.2% | 11.0% |

The percent that the average number of layers was of the reported capacity was 85% and 87% for the two groups of farms. With the high capital investment per bird capacity, it is important that it be used efficiently. An "empty" cage never helped pay off the debt on layer facilities!

## Mortality

Mortality is another factor affecting the returns from poultry operations. Only half of the records showed mortality for the year. The average mortality for the poultry only was 11.2% and for the poultry and grain it was 11.0% What was the mortality rate on your farm?

## Housing Systems Used

Types of brooding and layer housing systems vary considerably. Twenty-three of the 25 cooperators with layers indicated the type of facilities they were using. The results reported below will provide a basis for comparison.

Table 24. LAYER HOUSING SYSTEMS AND BROODING FUELS USED
25 New York Poultry Farms, 1978

| Item | Number Reporting | Percent Reporting | My Farm |
|---|---|---|---|
| **Layer Cage Type** | | | |
| Stair-step | 7 | 32% | _____ |
| Flat deck | 5 | 23 | _____ |
| Triple deck | 6 | 27 | _____ |
| Other | 4 | 18 | _____ |
| **Size of Layer Cage** | | | |
| 12 x 16 | 2 | 9 | _____ |
| 12 x 18 | 5 | 22 | _____ |
| 12 x 20 | 5 | 22 | _____ |
| 18 x 24 | 6 | 26 | _____ |
| 20 x 15 | 1 | 4 | _____ |
| 20 x 18 | 1 | 4 | _____ |
| 20 x 24 | 2 | 9 | _____ |
| 36 x 16 | 1 | 4 | _____ |
| **Birds Per Cage** | | | |
| 3 | 3 | 13 | _____ |
| 4 | 10 | 44 | _____ |
| 5 | 2 | 9 | _____ |
| 6 | 1 | 4 | _____ |
| 8 | 4 | 17 | _____ |
| 9 | 1 | 4 | _____ |
| 10 | 2 | 9 | _____ |
| **Square Inches Per Bird** | | | |
| 48 | 3 | 13 | _____ |
| 54 | 8 | 35 | _____ |
| 60 | 6 | 26 | _____ |
| Over 60 | 6 | 26 | _____ |
| **Brooding Fuel Used** | | | |
| Natural gas | 2 | 17 | _____ |
| Oil | 3 | 25 | _____ |
| Propane | 7 | 58 | _____ |

## Array of Selected Farm Business Factors

Key poultry management factors were calculated for each farm. The array of those computed are given below. You can see how your factors compare with the others reporting.

| Average Number of Layers | Eggs Sold Per Layer | Av. Price Paid Per Cwt. Feed | Av. Price Received For Eggs | Lbs. Feed Per Doz. Eggs | Hens Per Man |
|---|---|---|---|---|---|
| 101,780 | 271 | $ 5.47 | 81.6¢ | 3.4 | 27,068 |
| 53,434 | 268 | 6.03 | 75.6 | 3.8 | 17,260 |
| 46,500 | 267 | 6.20 | 70.1 | 3.9 | 10,000 |
| 34,000 | 254 | 6.20 | 65.3 | 4.0 | 9,300 |
| 31,400 | 247 | 6.24 | 62.3 | 4.2 | 8,136 |
| 26,814 | 246 | 6.50 | 60.2 | 4.2 | 6,679 |
| 25,890 | 245 | 6.76 | 59.1 | 4.2 | 6,168 |
| 25,000 | 240 | 6.80 | 57.9 | 4.2 | 5,833 |
| 19,455 | 240 | 6.93 | 57.4 | 4.2 | 5,789 |
| 18,000 | 237 | 6.97 | 57.2 | 4.3 | 5,540 |
| 17,945 | 237 | 7.02 | 57.1 | 4.3 | 5,305 |
| 17,804 | 233 | 7.13 | 55.4 | 4.4 | 5,258 |
| 16,552 | 230 | -- | -- | -- | 5,122 |
| 16,391 | 229 | 7.14 | 55.1 | 4.4 | 4,848 |
| 16,000 | 227 | 7.20 | 54.8 | 4.5 | 4,833 |
| 14,000 | 224 | 7.20 | 54.4 | 4.7 | 4,737 |
| 14,000 | 223 | 7.21 | 53.7 | 4.7 | 4,729 |
| 13,532 | 221 | 7.70 | 53.7 | 4.7 | 4,524 |
| 13,000 | 220 | 8.31 | 53.4 | 5.0 | 4,194 |
| 11,670 | 210 | 9.09 | 48.7 | 5.2 | 3,256 |
| 8,950 | 205 | 9.83 | 46.4 | 5.4 | 3,237 |
| 7,756 | 195 | 9.96 | 45.1 | 5.5 | 3,091 |
| 5,800 | 189 | 10.00 | 43.5 | 5.7 | 2,129 |
| 5,748 | 164 | 10.27 | 42.0 | 6.3 | 1,735 |
| 2,300 | 134 | 11.26 | 39.2 | 7.5 | 1,095 |

## Comparison of Recent Summaries

Businessmen must keep abreast of changes that are taking place. The poultry industry has changed more than many types of farm businesses. Below is a comparison of selected factors from the last five New York poultry summaries.

In comparing these factors, keep in mind that the farms included from year to year vary as indicated by the number of farms and there is also some change in individuals each year.

Table 25. NEW YORK POULTRY FARM SUMMARIES, 1974-1978

| Factor | 1974 | 1975 | 1976 | 1977 | 1978 |
|---|---|---|---|---|---|
| Number of farms | 30* | 26* | 26* | 28* | 25* |
| Man equivalent | 4.1 | 3.7 | 4.4 | 4.4 | 4.2 |
| Number of hens | 24,700 | 21,900 | 27,300 | 30,500 | 23,115 |
| Investment | | | | | |
| Land & buildings | $ 97,042 | $107,492 | $134,513 | $158,592 | $175,731 |
| Machinery | 58,373 | 64,933 | 67,217 | 96,113 | 93,667 |
| Livestock & poultry | 32,164 | 35,444 | 40,752 | 52,155 | 42,189 |
| Feed & other | 26,387 | 31,935 | 28,695 | 36,501 | 36,654 |
| Total | $213,966 | $239,804 | $271,177 | $343,361 | $348,241 |
| Receipts | | | | | |
| Egg sales | $253,628 | $271,905 | $327,593 | $379,509 | $342,575 |
| Livestock sales | 16,916 | 7,829 | 10,960 | 18,094 | 18,724 |
| Other | 40,956 | 33,356 | 63,086 | 21,080 | 51,068 |
| Total | $311,500 | $313,090 | $401,639 | $418,683 | $412,367 |
| Expenses | | | | | |
| Feed bought | $133,479 | $117,336 | $140,142 | $170,457 | $125,147 |
| Hired labor | 15,475 | 17,985 | 22,516 | 24,841 | 24,026 |
| Chicks & pullets | 28,466 | 26,518 | 36,625 | 34,249 | 29,713 |
| Electricity & phone | 3,184 | 3,723 | 4,682 | 5,354 | 4,822 |
| Other | 66,582 | 119,865 | 164,040 | 156,738 | 200,894 |
| Total | $247,186 | $285,427 | $368,005 | $391,639 | $384,602 |
| Business Factors | | | | | |
| Av. price/doz. eggs | 51.2¢ | 54.7¢ | 59.6¢ | 53.8¢ | 58.8¢ |
| Eggs per hen | 234 | 231 | 221 | 233 | 228 |
| Hens per man | 6,030 | 5,900 | 6,200 | 7,500 | 5,500 |
| Lbs. feed/doz. eggs | 4.5 | 4.5 | 4.6 | 4.5 | 4.6 |
| Labor income/operator | $11,954 | $ 8,482 | $17,405 | $ 7,779 | $ 8,635 |

* Includes only layer operations, omits the contract pullet operations.

Cost of Producing Eggs

Table 26. AVERAGE FARM COST OF PRODUCING EGGS
7 New York Poultry Farms, 1978

| Item | My Farm | | 7 Farms With Poultry Only | |
|---|---|---|---|---|
| Farm expenses | $_____ | | $289,660 | |
| Interest on equity capital @ 7% | _____ | | 9,925 | |
| Operator's labor and Management* | _____ | | 10,000 | |
| Total Cost | | $_____ | | $309,585 |
| Total receipts | $_____ | | $308,101 | |
| Less egg sales | _____ | | 300,427 | |
| Other Income | | _____ | | 7,674 |
| Cost of Producing Eggs (Total Cost Less Other Income) | | $_____ | | $301,911 |
| Dozen eggs sold | | _____ | | 568,800 |
| Cost per dozen eggs sold | | _____¢ | | 53.1¢ |
| Average price received | | _____¢ | | 52.8¢ |

* Figured at $10,000 per operator.

By adding to the total farm expenses and estimate of the value of the operator's labor and management, and an interest charge on the equity capital used, the farm cost of producing eggs can be calculated. The value of the operator's labor and management was estimated at $10,000 per year. This was based on estimates made by dairymen. Receipts for items other than eggs are credited against the total cost on the assumption that these items were produced at cost.

Farm expenses include costs for eggs purchased for resale. This tends to impose some egg market values in the calculation of production costs.

This "farm unit" method of calculating the cost of producing eggs has limitations but it does give a general indication of the overall costs. This method was not used for the farms with grain since when grain prices are favorable the crops are not produced at cost as is assumed with this procedure.

Table 27. COST ITEMS IN PRODUCING A DOZEN EGGS
7 New York Poultry Farms, 1978

| Item | My Farm | Cost Per Dozen Amount | Percent |
|---|---|---|---|
| Feed for layers | ____¢ | 25.8¢ | 48.6% |
| Replacements: | | | |
| Chicks & pullets bought | ____¢ | 6.0¢ | 11.3% |
| Grower feed | ____ | 2.4 | 4.5 |
| Total | ____¢ | 8.4¢ | 15.8% |
| Less sale of birds | ____ | 0.1 | 0.2 |
| Net Replacement Cost | ____ | 8.3¢ | 15.6% |
| Labor | ____ | 5.5 | 10.4 |
| Power & machinery (without interest) | ____ | 3.8 | 7.2 |
| Interest on capital | ____ | 3.2 | 6.0 |
| Poultry supplies, etc. | ____ | 2.6 | 4.9 |
| Taxes & insurance | ____ | 0.9 | 1.7 |
| All other | ____ | 3.0 | 5.6 |
| Total | ____¢ | 53.1¢ | 100.0% |

Another approach to the cost of producing eggs is to examine individual cost items. This has been done above for the 7 poultry only farms. Some items had been calculated in earlier sections and the total cost per dozen was calculated by the "farm unit" method on page 24.

The feed cost of 25.8 is the total layer feed expense divided by the dozen of eggs produced. It checks with the 4.1 pounds of feed per dozen at about 6.5¢ per pound. Feed accounted for a little less than half of the total cost.

Replacement costs include the expenses for chicks and pullets bought and grower feed. Fuel and other direct costs involved in rearing are not included here but are in other items listed. Hence, this replacement cost is on the low side. Receipts from birds sold are subtracted to get a "net" replacement cost. Replacements accounted for about one-eighth of the total cost.

The labor item includes a value for the operator's work but not his management. The interest charge in power and machinery costs shown on page 18 was taken out since it is included in interest on capital. Building repairs and depreciation would be an item in the "all other".

Table 28. COMPARISON OF COSTS OF PRODUCING EGGS IN RECENT YEARS

| Year | Av. Price Received | Farm Unit Cost Per Doz.* | Poultry Ration (cwt.) | Feed Costs/Doz. Cents | Feed Costs/Doz. % Total | Labor Cost Per Doz. |
|---|---|---|---|---|---|---|
| 1972 | 32.6¢ | 34.4¢ | $4.50 | 17.3¢ | 50% | 4.6¢ |
| 1973 | 54.8 | 52.5 | 6.75 | 30.3 | 58 | 5.1 |
| 1974 | 52.4 | 54.2 | 7.09 | 32.0 | 59 | 3.9 |
| 1975 | 57.1 | 57.9 | 7.02 | 32.2 | 56 | 4.6 |
| 1976 | 59.3 | 57.6 | 6.89 | 31.4 | 55 | 5.5 |
| 1977 | 53.7 | 51.1 | 6.56 | 28.5 | 56 | 4.7 |
| 1978 | 52.8 | 53.1 | 6.57 | 25.8 | 49 | 5.5 |

* For "Poultry Only" farms in business summaries.

# FARM BUSINESS SUMMARY
## 7 New York Poultry Farms, 1978

### CAPITAL INVESTMENT

| | 1/1/78 | 1/1/79 |
|---|---|---|
| Machinery & equip. | $ 73,813 | $ 78,990 |
| Livestock | 38,002 | 32,205 |
| Feed & supplies | 12,042 | 10,685 |
| Land & buildings | 109,340 | 108,965 |
| TOTAL INVESTMENT | $233,197 | $230,845 |

### EXPENSES

| | |
|---|---|
| **Replacements** | |
| Chicks bought | $ 4,054 |
| Pullets bought | 27,669 |
| **Feed** | |
| Layer feed bought | 135,563 |
| Other feed | 12,862 |
| **Labor** | |
| Hired | 20,408 |
| Unpaid | 729 |
| **Power and Machinery** | |
| Machine hire | 1,562 |
| Machinery repair | 3,069 |
| Gas and oil | 1,806 |
| Electricity | 3,402 |
| **Poultry** | |
| Eggs bought for resale | 24,596 |
| Livestock expense | 374 |
| Supplies | 13,354 |
| Fuel | 429 |
| **Crop** | |
| Crop expense | 0 |
| **Real Estate** | |
| Land, bldg., & fence repair | 2,323 |
| Taxes | 2,077 |
| Insurance | 2,937 |
| **Capital Items** | |
| New machinery | 15,449 |
| New real estate | 811 |
| **Other** | |
| Telephone | 859 |
| Interest paid | 6,998 |
| Advertising & promotion | 960 |
| Miscellaneous | 5,018 |
| Decrease in inventory | 2,351 |
| TOTAL FARM EXPENSES | $289,660 |

### RECEIPTS

| | |
|---|---|
| Egg sales | $300,427 |
| Livestock sold | 6,086 |
| Crop sales | 161 |
| Miscellaneous | 1,427 |
| Total Cash Receipts | $308,101 |
| Increase in Inventory | --- |
| TOTAL FARM RECEIPTS | $308,101 |

### FINANCIAL SUMMARY

| | |
|---|---|
| Total Farm Receipts | $308,101 |
| Total Farm Expenses | 289,660 |
| Farm Income | $ 18,441 |
| Interest on equity capital @ 7% | 9,925 |
| Farm Labor Income | $ 8,516 |
| Number of operators (7) | 1.0 |
| LABOR INCOME/OPERATOR | $ 8,516 |

### BUSINESS FACTORS

| | |
|---|---|
| Man equivalent | 3.4 |
| Number of hens | 25,000 |
| Number of pullets raised (1 farm) | * |
| Dozen of eggs (produced) | 526,230 |
| Eggs produced per hen | 253 |
| Dozen of eggs produced/man | 155,000 |
| Hens per man | 7,300 |
| Lbs. feed/doz. eggs produced | 4.1 |
| Av. price/cwt. feed bought | $6.57 |
| Av. price/doz. eggs (all) | 52.8¢ |

* Only one farm so number not published.

# FARM BUSINESS SUMMARY - AVERAGES PER HEN
## 7 New York Poultry Farms, 1978

### CAPITAL INVESTMENT

| | 1/1/78 | 1/1/79 |
|---|---|---|
| Machinery & equip. | $2.95 | $3.16 |
| Livestock | 1.52 | 1.29 |
| Feed & supplies | .48 | .43 |
| Land & buildings | 4.37 | 4.35 |
| TOTAL INVESTMENT | $9.32 | $9.23 |

### EXPENSES

| | |
|---|---|
| **Replacements** | |
| Chicks bought | $ .16 |
| Pullets bought | 1.11 |
| **Feed** | |
| Layer feed bought | 5.42 |
| Other feed | .52 |
| **Labor** | |
| Hired | .82 |
| Unpaid | .03 |
| **Power and Machinery** | |
| Machine hire | .06 |
| Machinery repair | .12 |
| Gas and oil | .07 |
| Electricity | .14 |
| **Poultry** | |
| Eggs bought for resale | .98 |
| Livestock expense | .02 |
| Supplies | .54 |
| Fuel | .02 |
| **Crop** | |
| Crop expense | 0 |
| **Real Estate** | |
| Land, bldg., & fence repair | .09 |
| Taxes | .08 |
| Insurance | .12 |
| **Capital Items** | |
| New machinery | .62 |
| New real estate | .03 |
| **Other** | |
| Telephone | .03 |
| Interest paid | .28 |
| Advertising & promotion | .04 |
| Miscellaneous | .20 |
| Decrease in inventory | .09 |
| TOTAL FARM EXPENSES | $11.59 |

### RECEIPTS

| | |
|---|---|
| Egg sales | $12.02 |
| Livestock sold | .24 |
| Crop sales | .01 |
| Miscellaneous | .06 |
| Total Cash Receipts | $12.33 |
| Increase in Inventory | 0 |
| TOTAL FARM RECEIPTS | $12.33 |

### FINANCIAL SUMMARY

| | |
|---|---|
| Total Farm Receipts | $12.33 |
| Total Farm Expenses | 11.59 |
| Farm Income | $ .74 |
| Interest on equity capital @ 7% | .40 |
| Farm Labor Income | $ .34 |
| LABOR INCOME/OPERATOR/HEN | $ .34 |

# FARM BUSINESS SUMMARY
15 New York Poultry Farms, 1978

## CAPITAL INVESTMENT

| | 1/1/78 | 1/1/79 |
|---|---|---|
| Machinery & equip. | $ 84,764 | $ 97,148 |
| Poultry | 33,616 | 34,676 |
| Other livestock | 2,874 | 4,018 |
| Feed & supplies | 25,077 | 25,041 |
| Land & buildings | 159,194 | 164,179 |
| TOTAL INVESTMENT | $305,524 | $325,062 |

## EXPENSES

| | |
|---|---|
| **Replacements** | |
| Chicks bought | $ 4,834 |
| Pullets bought | 25,754 |
| Other livestock | 0 |
| **Feed** | |
| Layer feed bought | 114,275 |
| Other feed | 13,338 |
| **Labor** | |
| Hired | 18,071 |
| Unpaid | 935 |
| **Power and Machinery** | |
| Machine hire | 1,059 |
| Machinery repair | 4,744 |
| Gas and oil | 3,463 |
| Electricity | 3,611 |
| **Poultry** | |
| Eggs bought for resale | 29,162 |
| Livestock expense | 1,413 |
| Supplies | 13,150 |
| Fuel | 952 |
| **Crop** | |
| Crop expense | 5,388 |
| **Real Estate** | |
| Land, bldg., & fence repair | 1,576 |
| Taxes | 2,680 |
| Insurance | 3,210 |
| **Capital Items** | |
| New machinery | 23,446 |
| New real estate | 5,931 |
| **Other** | |
| Telephone | 714 |
| Interest paid | 8,672 |
| Advertising & promotion | 698 |
| Miscellaneous | 5,354 |
| TOTAL FARM EXPENSES | $292,430 |

## RECEIPTS

| | |
|---|---|
| Egg sales | $281,318 |
| Poultry Sold | 5,776 |
| Other livestock | 4,676 |
| Crop sales | 4,747 |
| Miscellaneous | 3,439 |
| Total Cash Receipts | $299,956 |
| Increase in Inventory | 19,537 |
| TOTAL FARM RECEIPTS | $319,493 |

## FINANCIAL SUMMARY

| | |
|---|---|
| Total Farm Receipts | $319,493 |
| Total Farm Expenses | 292,430 |
| Farm Income | $ 27,063 |
| Interest on equity capital @ 7% | 14,467 |
| Farm Labor Income | $ 12,596 |
| Number of operators (23) | 1.53 |
| LABOR INCOME/OPERATOR | $ 8,215 |

## BUSINESS FACTORS

| | |
|---|---|
| Man equivalent | 3.7 |
| Number of hens | 22,880 |
| Number of pullets raised (8 farms) | 17,570 |
| Doz. of eggs (produced) | 462,470 |
| Eggs produced/hen | 243 |
| Doz. of eggs produced/man | 125,000 |
| Hens per man | 6,185 |
| Lbs. feed/doz. eggs produced | 4.4 |
| Av. price/cwt. feed bought | $6.96 |
| Av. price/doz. eggs (all) | 54.5¢ |

## Progress of the Farm Business

There are two kinds of comparisons used in analyzing a farm business. One is that of comparing your business with that of other poultrymen. The Other is comparing your current year's business with that of previous years to see the progress you are making. In looking ahead, it is suggested that you set targets for 1979 which are in line with the progress you have been making.

Your business analysis on the preceding pages provide the factors for 1978. You will need to refer to earlier summaries for the 1976 and 1977 factors.

| | 1976 | 1977 | 1978 | Target 1979 |
|---|---|---|---|---|
| **Size of Business** | | | | |
| Average number of layers | _____ | _____ | _____ | _____ |
| Value of egg sales | $_____ | $_____ | $_____ | $_____ |
| Man equivalent | _____ | _____ | _____ | _____ |
| **Rate of Production** | | | | |
| Eggs produced per hen | _____ | _____ | _____ | _____ |
| **Labor Efficiency** | | | | |
| Hens per man | _____ | _____ | _____ | _____ |
| Dozen eggs sold per man | _____ | _____ | _____ | _____ |
| **Capital Efficiency** | | | | |
| Total inventory value | $_____ | $_____ | $_____ | $_____ |
| Total investment/hen | $_____ | $_____ | $_____ | $_____ |
| Farm receipts per $100 investment | $_____ | $_____ | $_____ | $_____ |
| **Cost Control** | | | | |
| Layer feed bought per hen | $_____ | $_____ | $_____ | $_____ |
| Lbs. feed per dozen eggs | _____ | _____ | _____ | _____ |
| Labor cost per hen | $_____ | $_____ | $_____ | $_____ |
| Machinery cost per hen | $_____ | $_____ | $_____ | $_____ |
| Total expense per $100 receipts | $_____ | $_____ | $_____ | $_____ |
| **Prices** | | | | |
| Average price per dozen | $_____ | $_____ | $_____ | $_____ |
| **Financial Summary** | | | | |
| Total Farm Receipts | $_____ | $_____ | $_____ | $_____ |
| Total Farm Expenses | $_____ | $_____ | $_____ | $_____ |
| Labor & management income per operator | $_____ | $_____ | $_____ | $_____ |
| Total debt outstanding | $_____ | $_____ | $_____ | $_____ |
| Debt per hen | $_____ | $_____ | $_____ | $_____ |
| Net Worth | $_____ | $_____ | $_____ | $_____ |