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FRYER COST

STUDY

1952

Agricultural College of
University of California
Agricultural Extension Service/
Fresno County Farm & Home Advisors' Office
Room 20, Post Office Building
Fresno, California

Miscellaneous publications

INTRODUCTION

This is the third annual summary of the Fresno County poultry meat study. Fourteen records were completed for the record year ending February 28, 1953. The average of these fourteen records shows a small loss, including the operator's wages for work done and interest on investment.

This study was undertaken by the Agricultural Extension Service in cooperation with local producers of "fryers" or meat poultry for the purpose of finding out more about this business and the principles of its' profitable management. Cooperators in the study provide detailed confidential income and cost reports each brood and receive a detailed annual record and analysis of their business. This is the third report on a study of this kind and covers fourteen records, some fundamental factors influencing profits can be clearly seen at work in the following tables.

TYPE OF ENTERPRISE

The local production of fryers for meat is different from most other agricultural enterprises in that space and capital required are small for a considerable volume of business. Turnover is rapid - about three to four complete production cycles from chick to fryer in a year. Chicks reach market weights in from 8 to 12 weeks. Chicks were all grown on "deep litter". All of the birds raised were of the American dual purpose breeds of chickens. These records cover the raising of chicks only and in no case was the production of eggs or mature birds included as a part of these enterprises.

Size in this type of enterprise is best measured in total number of birds raised during the year, which is shown in Table I to have varied from 2626 in record No. 51 to 146326 in record No. 41. The former was a supplemental income for a retired serviceman involving his leisure time, while No. 41 was a full-time job for three men. Table I shows an average of three minutes of labor per bird raised. The land area involved in the fourteen records totaled 14.3 acres or averaged more than one acre per ranch. Current interest based upon cost of facilities, less previous depreciation totaled 2.85 cents per bird raised or would be about \$285.00 for 10,000 birds. This low capital investment - \$4750.00 - and space required makes the business a relatively easy one to start or to discontinue. This may also account for the considerable turnover in producers, many probably entering it because it may look good temporarily only to find that they do not possess the requisite managerial ability or the resources necessary to carry over short periods when selling prices of the product are below cost of production.

Ralph E. Pfost
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EXPLANATION OF TERMS

Chicks started is number bought plus overages or free extras.

Fryers sold is number marketed and eaten at home.

Percent mortality is the percent of original chicks purchased plus overage, if any, which are unaccounted for in number of fryers sold.

Average cost per chick - Table I - Chicks started divided by total cost of chicks.

Chick cost - Table II - Fryers sold divided by total cost of chicks.

Feed conversion is total feed used divided by weight of fryers sold.

Miscellaneous income per lb. - includes sale of sacks and manure and dividends on purchases divided by weight of fryers sold.

Total Cost is the sum of all expenses including the value of the operator's and family labor at \$8.00 per day while birds were in the brooder house, interest on investment at 6% per year, depreciation on equipment and buildings, miscellaneous costs and rent.

Total Income is the value of all poultry produced plus sale of sacks and manure and dividends on purchases.

Management Income is the amount by which the value produced exceeds the cost of production. If costs are larger, a net loss occurs which is designated by a minus sign (-) preceding the figure.

Labor Income is the sum of the management income and the value of the operator's and family labor. It is the part of the gross

income available to reimburse the poultryman for his labor and management.

Farm Income is the sum of the labor income and interest on investment. It is the net income of the poultryman above cash expenses and depreciation. It includes interest for the use of his capital, wages for his actual labor, and profit for his management.

COMPARISON WITH PREVIOUS STUDIES

	<u>Averages</u>		
	<u>1950</u>	<u>1951</u>	<u>1952</u>
Total income per bird	99¢	90¢	92¢
Total expenses per bird	89¢	85¢	94¢
Management income per bird	10¢	5¢	-2¢
Pounds of feed required to produce a pound of meat	3.09	3.05	3.09
Total pounds of feed per bird	10.01	9.79	9.44
Percent of feed fed as mash	99.8%	100%	99%
Total income per pound	30.6¢	28.1¢	30.0¢
Total costs per pound	27.4¢	26.6¢	30.7¢
Management income per pound	3.2¢	1.5¢	-0.7¢
Weight of birds marketed	3.24	3.21	3.06
Price received per pound	30.6¢	28.1¢	29.9¢
Mortality	3.94%	4.34%	6.76%
Average price per chick started	17.6¢	17.4¢	16.1¢
Hours of labor per bird	.07	.05	.06

TABLE I---PROFIT DETERMINING FACTORS AND COSTS AND RETURNS PER POUND PRODUCED

Records Arranged In Order Of Management Income Per Pound

RANCH NUMBER	43	45	44	49	11	46	6	47	41	53	3	51	10	15	High 5	Low 5	Ave. All
Chicks Started	6120	7777	26970	125613	10125	31300	24822	41004	146328	33520	30160	2626	30954	12360	35321	21924	37834
Fryers Sold	5841	7528	25868	114875	9663	30036	23049	37203	139260	20518	28389	2415	28336	10860	32755	20104	35274
Per Cent Mortality	4.6	3.2	4.1	8.6	4.6	4.0	7.1	9.3	4.6	9.0	5.9	8.0	8.5	12.1	5.0	8.7	6.8
Ave. Cost Per Chick	15.69¢	15.84¢	16.74¢	15.53¢	17.28¢	15.99¢	16.27¢	15.69¢	16.35¢	16.03¢	16.35¢	16.80¢	16.74¢	15.53¢	16.21¢	16.29¢	16.09¢
Ave. Wt. Birds Sold	3.38	3.30	3.35	2.97	3.10	3.29	3.14	3.35	3.00	2.76	3.02	3.39	3.04	2.81	3.22	3.00	3.06
Ave. Price Per Lb.	32.43¢	30.90¢	31.10¢	29.39¢	30.00¢	30.43¢	31.00¢	29.95¢	29.47¢	29.43¢	31.82¢	29.70¢	29.25¢	29.00¢	30.76¢	29.84¢	29.90¢
Feed Conversion	2.95	2.66	2.81	3.10	2.73	3.27	3.03	2.98	2.99	3.52	3.34	3.11	3.23	3.53	2.85	3.35	3.09
Misc. Income Per Lb.	.07¢		*	.03¢		.28¢	.28¢				.38¢				.02¢	.07¢	.07¢
Total Cost Per Lb.	28.00¢	27.20¢	29.47¢	28.47¢	29.50¢	30.68¢	31.57¢	30.82¢	30.97¢	31.99¢	35.06¢	33.10¢	33.37¢	36.20¢	28.58¢	33.94¢	30.74¢
Total Income Per Lb.	32.50¢	30.90¢	31.10¢	29.42¢	30.00¢	30.71¢	31.28¢	29.95¢	29.47¢	29.43¢	32.20¢	29.70¢	29.25¢	29.00¢	30.78¢	29.92¢	29.97¢
Farm Income Per Lb.	7.66¢	7.06¢	4.42¢	1.97¢	2.83¢	2.51¢	3.68¢	0.46¢	2.08¢	0.85¢	0.66¢	4.35¢	-1.13¢	-4.11¢	4.79¢	.12¢	1.88¢
Int. On Inv. Per Lb.	0.12¢	1.09¢	.69¢	0.44¢	0.70¢	0.48¢	0.75¢	0.39¢	1.70¢	0.37¢	0.71¢	0.52¢	0.59¢	1.02¢	.61¢	.70¢	0.93¢
Labor Income Per Lb.	7.54¢	5.97¢	3.73¢	1.53¢	2.13¢	2.03¢	2.93¢	0.07¢	0.38¢	0.48¢	-0.05¢	3.83¢	-2.02¢	-5.13¢	4.18¢	-0.58¢	0.95¢
Family Labor Per Lb.	3.04¢	2.27¢	2.10¢	.58¢	1.93¢	2.00¢	3.21¢	.94¢	1.68¢	3.04¢	2.81¢	7.23¢	2.10¢	2.07¢	1.98¢	3.45¢	1.72¢
Mgt. Income Per Lb.	4.50¢	3.70¢	1.63¢	.95¢	.20¢	.03¢	-0.29¢	-0.87¢	-1.30¢	-2.56¢	-2.86¢	3.40¢	-4.12¢	-7.20¢	2.20¢	-4.03¢	-0.77¢

NOTE: See Page 2 for explanation of terms.

TABLE II----IMPUTS, COSTS AND RETURNS PER BIRD PRODUCED

RANCH NUMBER	43	45	44	49	11	46	6	47	41	53	3	51	10	15	High 5	Low 5	Ave. All
Pounds of Feed	10.00	8.77	9.41	9.20	8.5	10.00	9.50	10.00	8.97	9.70	10.10	10.60	9.84	9.90	9.31	10.02	9.44
Cost Per CWT.	6.04	6.06	6.97	6.00	6.44	6.06	6.31	6.35	6.13	5.62	6.39	5.50	6.23	6.08	6.30	5.96	6.16
Hours of Labor	.103	.074	.070	.017	.060	.066	.101	.031	.050	.084	.085	.245	.064	.058	.065	.107	.053
Ave. Age	75.0	70.0	74.7	75.0	73.0	83.2	72.6	72.9	73.3	79.6	75.7	74.0	75.3	79.0	73.5	76.7	75.0
EXPENSES:																	
Feed	60.2	53.2	65.6	55.2	54.5	65.1	59.9	63.5	55.0	54.7	64.3	58.2	61.3	60.2	57.7	59.7	58.13
Vaccine and Medicine	1.0	2.9	1.1	1.3	2.9	3.3	2.1	1.1	1.0	.4	1.3	2.7	1.2	1.4	1.8	1.4	1.36
Labor -- Hired	2.4	0.1	.3	2.2	.2	0.0	.1	4.5	1.0	.1	.1	.3	.2	1.8	1.1	0.5	1.26
Family	10.3	7.4	7.0	1.7	6.0	6.6	10.1	3.1	5.0	8.4	8.5	24.5	6.4	5.8	6.5	10.7	5.27
Brooder Fuel	1.2	.4	1.1	1.5	2.1	3.7	1.7	4.1	1.9	.5	2.6	0.0	.4	1.2	1.3	0.9	1.84
Lights, Litter, Misc.	1.4	1.6	1.0	2.3	3.4	2.0	.8	3.1	2.1	1.7	5.1	3.1	1.6	1.6	2.0	2.6	2.20
Depreciation	.5	3.4	1.8	.9	1.8	1.1	3.4	4.5	3.1	2.1	3.0	2.6	8.4	5.5	1.7	4.3	2.76
Int. & Ins.	1.0	.6	1.0	1.2	1.4	1.1	1.0	.9	1.0	2.0	1.4	.9	1.0	3.7	1.0	1.8	1.16
Int. on Investment	.4	3.6	2.3	1.3	2.1	1.3	2.4	1.3	5.7	1.0	2.1	1.5	2.7	2.9	1.9	2.0	2.85
Chick Cost	16.4	16.4	17.4	17.0	18.1	16.6	17.5	17.3	17.2	17.6	17.4	18.3	18.3	17.6	17.1	17.8	17.25
Total Cost	94.8	89.6	98.6	84.6	92.5	100.8	99.0	103.4	93.0	88.5	105.8	112.1	101.5	101.7	92.1	101.7	94.08
Total Income	110.0	101.8	104.1	87.5	93.1	100.9	98.1	100.5	88.5	81.4	97.2	100.9	89.0	81.4	99.3	90.0	91.73
Mgt. Income	15.2	12.2	5.5	2.9	0.6	0.1	-0.9	-2.9	-4.5	-7.1	-8.6	-11.2	-12.5	-20.3	7.2	-11.6	-2.35
Labor Income	25.5	19.6	12.5	4.6	6.6	6.7	9.2	0.2	0.5	1.3	-0.1	13.3	-6.1	-14.5	13.7	-0.9	2.92
Farm Income	25.9	23.2	14.8	5.9	8.7	8.0	11.6	1.5	6.2	2.3	2.0	14.8	-3.4	-11.6	15.6	1.1	5.77

Here again the comparison between the high management income farms and the low management income farms is of interest. It should, however, be noted that while the high five farms had higher management income, they also raised a lower number of birds so that their farm income for the year was only \$69.21 more than the low management income group. If, however, they had been able to increase their production and maintain the same efficiency, it would appear that they would be in a much stronger economic position.

OVERALL SITUATION - 1952

The fryer production in the United States was	888,036,000
The fryer production in California was	48,079,000 - 18.4% of U.S.
The fryer production in Fresno County was	10,928,442 - 23% of Calif.
The average price per pound in the United States was	28.8¢
The average price per pound in California was	31.2¢
The average price per pound in Fresno County was	29.64¢
The average price per pound in the study was	29.9¢

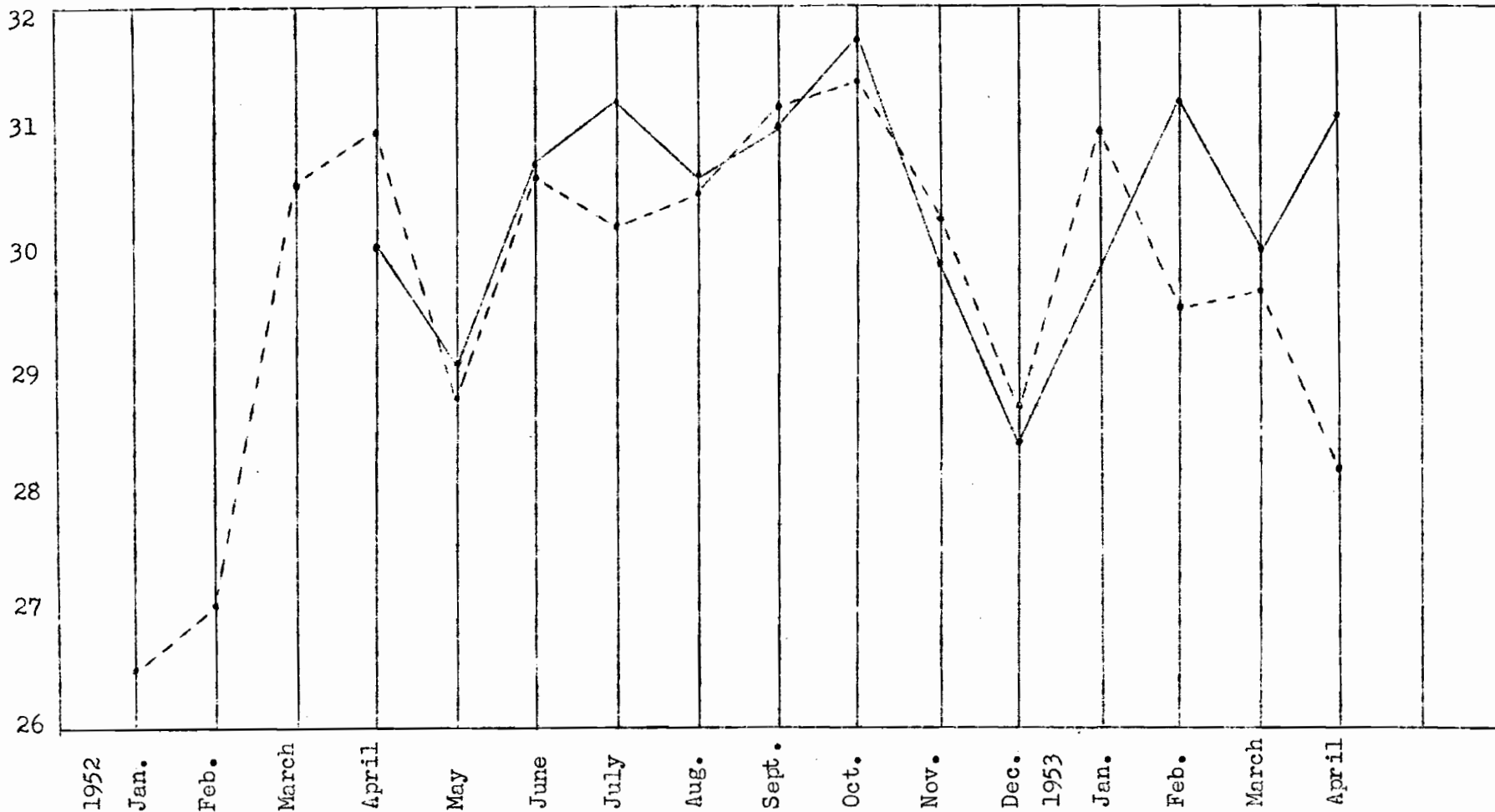
SUMMARY

The comparison between the five ranches with the highest management income and the five lowest ranches is of great interest. This shows that lower mortality, higher average weights and better feed conversion have allowed the operator to use higher priced feeds and to market his birds at a younger age. There was a difference of only 0.86¢ income per pound between the "high and low 5's", but due to the weight difference, the high five had 9.3¢ a bird more income. This plus a 9.6¢ per bird lower cost of production gave the "high ranches" a management income of 18.94¢ per bird more than the "five low ranches".

The purposes of the study were:

1. To assist the grower in analyzing his fryer management.
 - a. By checking on the efficiency of his management.
 - b. By pointing out unprofitable practices.
 - c. By comparing his operation with that of other growers.
 - d. By determining where his money goes and why.
2. To obtain local information on the most profitable methods and practices now being used in fryer production.

AVERAGE MONTHLY PRICES PER LB. FOR POULTRY, FRESNO CO.
 AND
 AVERAGE MONTHLY PRICES ON COST STUDY



Federal State Market News Service Prices -- Broken Line

Cost Study Prices -- Solid Line