

Small Efficient Poultrymen Have Profitable Future

A profitable future exists for efficient egg producers with flocks of 30,000 hens or less, says Dr. Anthony P. Stemberger, professor of agricultural economics at the Pennsylvania State University. Despite the trend toward bigness, such egg laying operations should be able to compete over the next 10 to 15 years with enterprises of 50,000 or more hens, he claims.

One justification for 30,000 hens or less, Stemberger stated, is that small but well-run egg farms, using family labor, should be able to hold their own in competition with large firms using hired

labor. His comments were featured at a national meeting of the American Farm Bureau Federation in Atlantic City, N.J.

The owner of small flocks is apt to do a better, more conscientious job of flock management than hired labor, thus reducing production costs, he affirmed.

Equally effective in the future could be the use of marketing firms, either cooperatives or privately owned, selling eggs for a number of small and independent producers.

"In the egg industry, the operations we consider large

have precious little market power although they may have investment control and quality control," Stemberger observed.

"Control of investment and quality may be exercised by a business organization that does not necessarily own all its productive assets. In other words, it is entirely possible to have an organization that includes small poultrymen and still maintain control over investment, quality, and market power."

Direct marketing of eggs in communities of 25,000 people or less should

likewise be profitable for owners of small flocks, the Penn State economist claimed. He described studies in Pennsylvania of such sales to local chain stores, the small and locally owned superettes, motels, restaurants, hospitals, etc.

In general, these sales outlets do not handle large volumes of eggs per day. Thus, it's fairly inconvenient and expensive to be served by large dealers located in metropolitan areas.

Such small towns and cities also offer good opportunities for direct doorstep delivery of eggs, Stemberger pointed out.

Generally speaking, traffic volume in small communities is low and there is little traffic congestion to hinder doorstep delivery. These conditions offer a lucrative local trade to the small flock owner serving door-to-door customers and small stores directly, he suggested.

"The key words for success by the small flock owner are personal service and quality. A small producer offering high quality and direct personal service can find himself pretty much in possession of a local market where customer loyalties are strong, giving him a competitive advantage against outside competitors," he stated.

He indicated the small

flock owner may also have a cost advantage in marketing eggs. Operating on a small scale, he does not need a large investment in buildings and equipment—and pays no high rent. Equipment is available to process small volumes of eggs cheaply.

Owners of small egg-laying operations can usually get part time labor at lower rates than operators of large commercial firms, Stemberger observed. Furthermore, part time labor lowers the cost of fringe benefits such as vacations. And in many cases, packaging materials can be reused. Such operations can have lower processing costs per case of eggs than large operations.

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FHA has New Guarantee Loan Program

Penrose Hollowell, State Director of the Farmers Home Administration, has announced the implementation of a new guarantee loan program for lenders who make loans to farmers. The program is intended to provide broader financing by local sources.

"The advancements in farm technology, machinery and size of operations," said Hollowell, "has generated an increasing need for farmer credit. Some of this credit not met by conventional means may be advanced by local bankers with the Farmers Home Administration guarantee." According to Hollowell, the maximum guarantee is

\$100,000 on real estate and \$50,000 on livestock and machinery. Application for such loans will be made at any of the Farmers Home Administration field offices or directly at the local credit source. The loans will be processed and serviced by the local lender.

During the first 6 months of this fiscal year over \$4,000,000 was loaned to Pennsylvania farmers through the regular loan program of the Farmers Home Administration. These loans were made for livestock, machinery, farm improvement and consolidation of debts.

Hollowell stated that the remaining allotment of funds to June 30 is \$5,000,000. This includes funds for youth loans involved with income-producing farm and non-farm projects.

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