

# Which tells eggmen more, cost or income?

**ELIZABETHTOWN** — Which is most important when analyzing an egg production and marketing business — cost or gross income per dozen?

One could get involved in some good arguments over the question. Some will argue that cost is most important and others will argue that gross income is most important.

Yet when one recalls discussions at industry meetings over the years, by far most of the discussion centers around methods of reducing costs. Very little time is spent discussing increasing revenue except in times of low prices. Then volumes are written in trade papers and discussed at meetings about the necessity of improving the price discovery process. Sometimes price discovery seems to mean discovering always profitable prices.

Some will say that costs are most important because one cannot as an individual do anything about prices received. Of course, both costs and income are important, but of most importance is the difference between costs and income — net profits.

Least cost does not necessarily mean most profitable. In some cases it may not be profitable, while profits may accrue to a flock with higher costs. When one discusses and or analyzes costs it is necessary to consider quality and services performed

One must compare costs for a given quality and services, says Penn State Poultry Specialist Kermit Birth.

As one makes changes in management practices which are expected to reduce costs, consideration must be given to possible effects on income.

Will a change in a method of handling eggs which reduces labor increase or decrease the number of eggs with damaged shells — an increase in shell damage means decreased income whereas a decrease in shell damage means more income with no change in the price for the respective sizes and qualities.

What impact will a change in ventilation have on number of eggs produced, egg size, and shell quality?

Sometimes one must make a decision which may increase costs in one phase of the business in order to reduce costs in another aspect of the business.

However, the reduced costs in one phase must be greater than increased costs in the other phase. Increasing costs may in some situations increase income more than costs are increased.

There are factors under the control of the producer which influence the income per dozen eggs per bird or total income.

These include size distribution, percent of eggs with damaged shells, total number of eggs produced, marketing ability, and

services performed, as well as others. The impact of the factors affecting income for a given producer can only be estimated through outside research studies or information for other production units.

The actual amount must be determined by information obtained from one's own flock, Birth says.

Perhaps shell damage is one area where changes in management techniques can aid in increasing income.

At 60 cent per dozen for grade A large eggs and 30 cents for eggs with damaged, stained, or dirty shells which are included in the crack category, each one percent of eggs of sizes above medium which are marked as cracked, stained, or dirty can reduce income received for all eggs marketed by as much as 0.3 cents per dozen, Birth figures.

Decision making requires sufficient information to determine why certain situations occur. How many in the industry know how much income was lost for each of their flocks due to the number of cracked, stained, and dirty eggs produced?

On the other side of the equation, what would it cost to make necessary changes to reduce shell damage and avoid a large part of the loss of income due to shell damage?

Does one know what effect different ventilation systems and

procedures for managing these systems have on shell quality, egg numbers, and egg size for the various seasons of the year for each of the houses he owns or manages, Birth asks.

There are always more questions than answers. The answers must be based on the specific situation. What may work in one situation may not work in another, he points out.

All too often changes are made in production and marketing programs without knowing what the effect will be on profits. A change may be made to reduce electric costs without considering or knowing what impact the change has on income.

To meet today's competitive challenge one must evaluate alternatives on the basis of their impact on profits, not on costs or income alone, Birth concludes.

## Dairy farmers look to conservation tillage

**HARRISBURG** — Benefits from conservation tillage operations, such as no-till and minimum tillage, have caught the attention of dairy farmers in Pennsylvania, according to a USDA spokesman.

Many dairy farmers are looking to conservation tillage program, and its advantages.

No-till seeders, used to reseed pastures, conserve soil and water since the ground is always covered with sod. Production is maintained since the seeding is done in

existing sod in the Fall. The sod is not plowed, disked and reseeded with a crop of small grain as in the past.

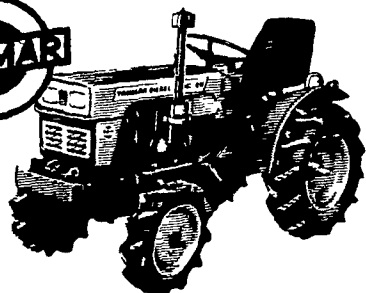
No-till reseeding requires one or two trips — across the field one for seeding, another if weed control is necessary. This is a time saver for the farmer.

Both no-till and chisel plowing present an opportunity to save time and get the crop planted more quickly in the Spring.

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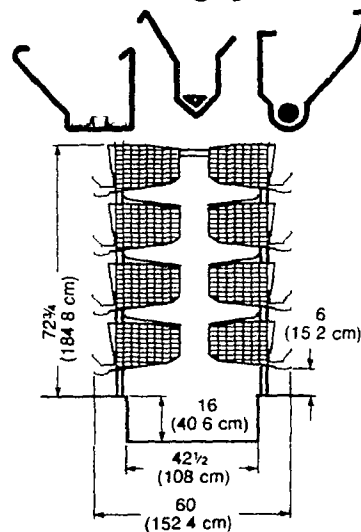


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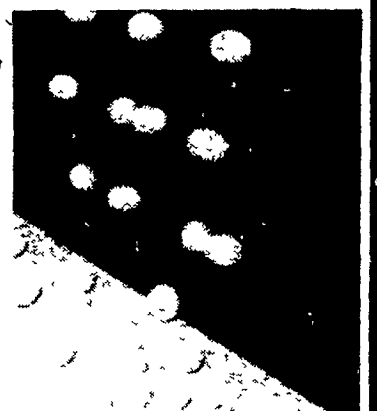
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