



# PLANNING FOR PROFIT



**BRITISH COLUMBIA**

Ministry of Agriculture,  
Fisheries and Food

**Swine Farrow to Weaner**

**600 Sows**

**Fraser Valley**

**Spring 1997**

**Agdex 440 - 810**

## Introduction

The planning process provides producers with the opportunity to look at their operation as a group of distinct enterprises. Alternative enterprises should be evaluated on the basis of **Contribution Margin**, taking into consideration resource constraints, market opportunity, risk and uncertainty.

The **Contribution Margin** must provide funds for interest, overhead and other indirect expenses as well as a return for living expenses, loan repayment and investment. These items should be included in the overall farm plan which will include a **Projected Income Statement** and **Projected Cash Flow Statement**.

## Key Factors Affecting Profit

	Target
Feed Conversion (whole farm)	3.75
Litters per sow per year	2.2
Piglets weaned per litter	9.25
Pigs per sow per year	20

Large farrow to weaner units specialize in the management of genetically improved breeding stock to maximize sow productivity and produce superior weanlings for finishing. Accurate records and the use of management reports together with proper sow feeding, timely breeding, and high health maintenance are essential in meeting production targets.

Hog prices fluctuate significantly from year to year as do feed grain prices. Over the past 10 years the hog price has ranged from \$1.05 to \$2.15 per kg. Potential hog producers should take these market swings into account when planning.

Producers making their own feed must pay very careful and continuous attention to formulation and procedures to ensure optimum feed efficiency and herd health.

## Marketing Alternatives

Weanling producers must be assured a continuous outlet for their production. Private contracts with finishing operators with provisions for supply, expected weight, and price are most common. In British Columbia and across Canada private and cooperative schemes to facilitate and supervise the transfer of pigs from weanlings producers to finishers have been successful in assuring orderly marketing of weanlings and sufficient numbers to provide all-in-all out batch finishing opportunities.

## Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc	8	8	8	8	8	8	8	8	8	8	8	8
%Exp	8	8	8	8	8	8	8	8	8	8	8	8

The above information indicates the timing of monthly flow of funds included in the **Contribution Margin** only. A completed **Projected Cash Flow** should include indirect expenses, capital sales and purchases, loans, and personal expenses.

## Rules of Thumb

Direct Expenses % of Income	65% - 70%
Investment/Sow	\$3,000 - \$3,500
Labour Estimate	15 hrs/sow/year

The above indicators are provided for comparison purposes. They are set out as potential targets for hog production.

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# WEANER PIGS

## Target - 20 weaner pigs/sow

### Contribution Margin 600 Sows Weaner Pig/Sow/Year Fraser Valley

**Income**

	Yield	Price	Unit	Income
Sales of Weaners	20	\$64.00	each	\$1,280
Cull sows	68	1.30	kg	88
Cull boars	6	1.19	kg	7

**Total Income** **\$1,375**

**Direct Expenses**

	Quantity	Price	Unit	Expense
<b>Feed</b>				
Sow Feeds	1,128	\$0.218		\$246
Starter & Hog Grower	786	0.335		263
<b>Supplies and Services</b>				
Transportation				30
Vet & Medicine				30
Utilities				52
Manure Disposal				20
Repairs & Maintenance				26
Stock Replacement				146
BCHMC Levy				28

**Total Direct Expenses** **\$841**

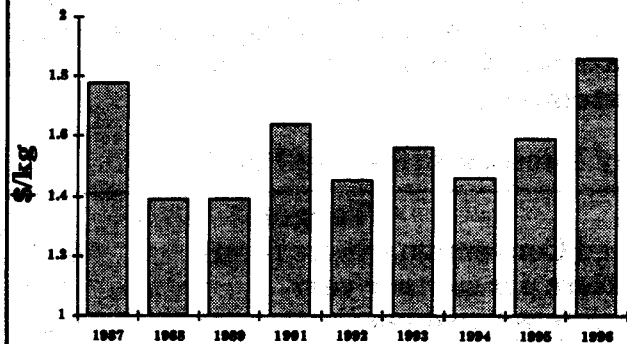
**Contribution Margin/Sow** **\$534**

**Contribution Margin/Weaner Pig** **\$27**

### Buildings and Machinery Replacement Costs Total Farm Size - 600 Sows

Buildings	\$1,100,000
Equipment	<u>800,000</u>
<b>Total</b>	<b>\$1,900,000</b>

### Hog Prices (100 index) Average Annual Price



### Contribution Margin - Sensitivity Analysis

The table below lists the changes to gross margin as the average number of pigs per sow per year and market price vary.

Price \$/weaner	Hogs weaned per Sow			
	16	18	20	22
40	(106)	(26)	54	134
50	54	154	254	354
60	214	334	454	574
70	374	514	654	794

This information is provided as a guideline only. Target yield indicates above average production. An individual livestock plan should be developed by each producer. Planning forms may be obtained from your local office of the BC Ministry of Agriculture, Fisheries and Food.