

Cost Control



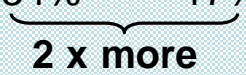

John Molenhuis
Business Analysis and Cost of
Production Program Lead
June 20, 2012

Webinar Series

- **June 20th**
 - » **Follow-up from Pasture use session**
 - » **Cost Control**
- **Noon hour webinars:**
 - **every second Wednesday**
 - **July 4th – State of the industry...Anita**
 - **July 18th - Inventory recordkeeping in AgExpert... Linda**

Pasture Utilization



* as reported in 2010 input templates

	High Profit	Low Profit
Pasture acres/Tillable acres	34%	17%
	 2 x more	
Reliance on pasture for Forage Dry Matter Intake**	14 %	3 %
	 4.6 x more	
<i>** Pasture at 20% DM</i>		

3

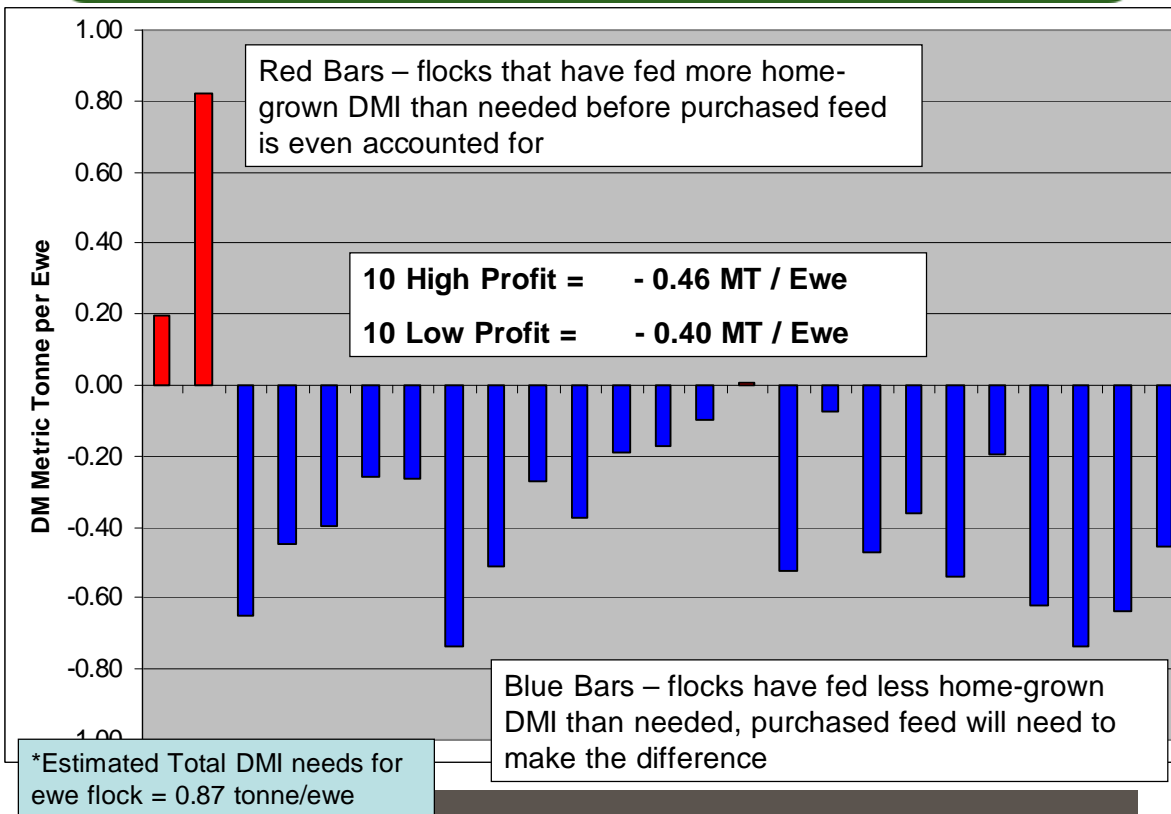
Pasture Utilization – Lambing System

* as reported in 2010 input templates

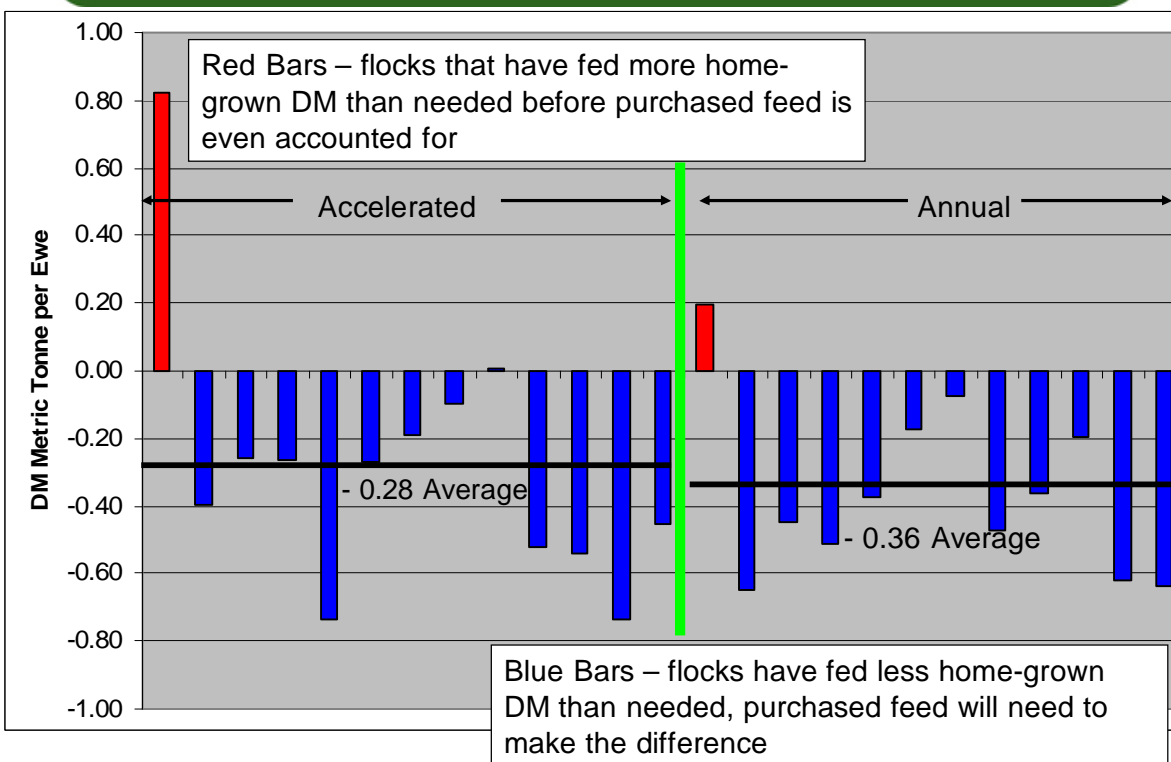
	Accel	Annual
Reliance on pasture for Forage Dry Matter Intake** (Average all flocks)	3.4%	11.0%
	 3.6 x more	
Reliance on pasture for Forage Dry Matter Intake** (Top 6 flocks)	5.3 %	17.2 %
	 3.2 x more	
<i>** Pasture at 20% DM</i>		

4

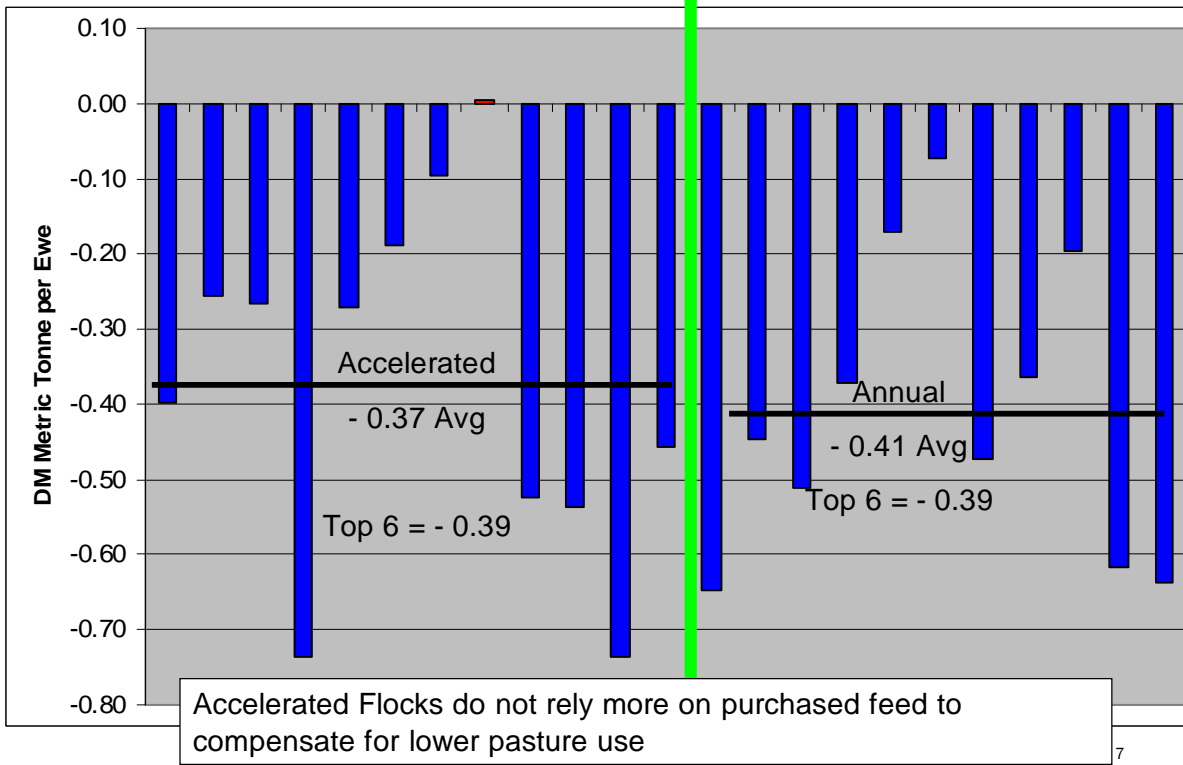
Difference b/n Estimated DMI needs and Amount Fed



Difference b/n Estimated DMI needs* and Amount Fed

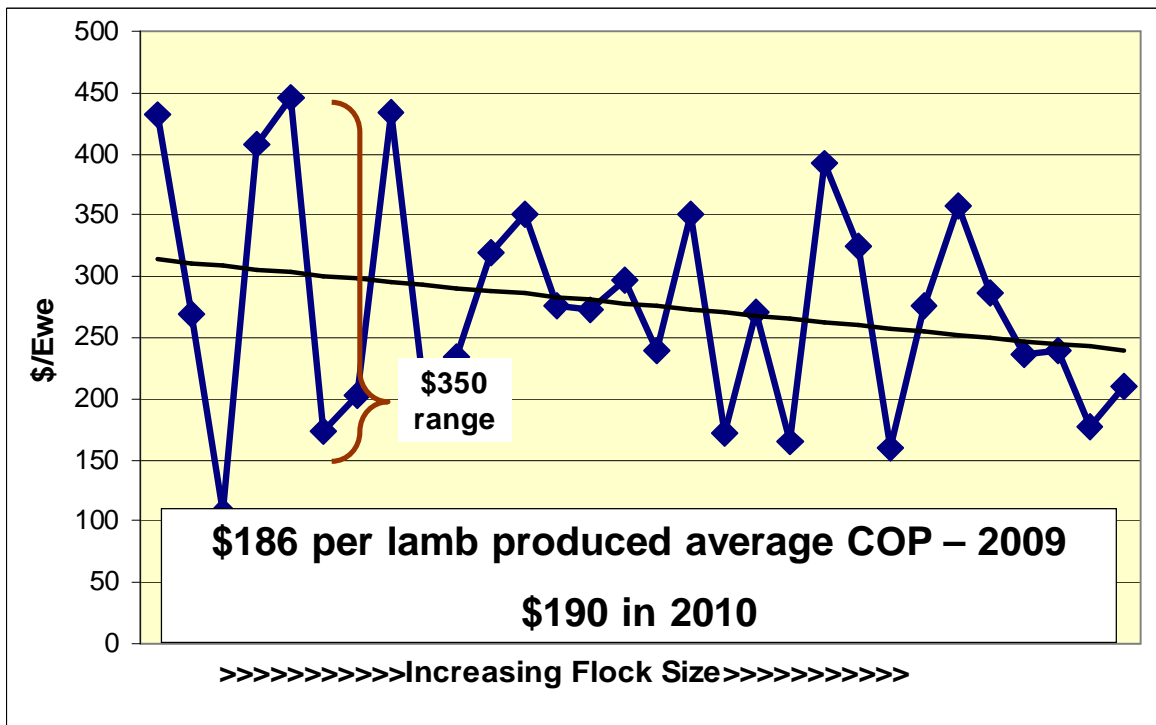


Difference b/n Estimated DMI needs and Amount Fed



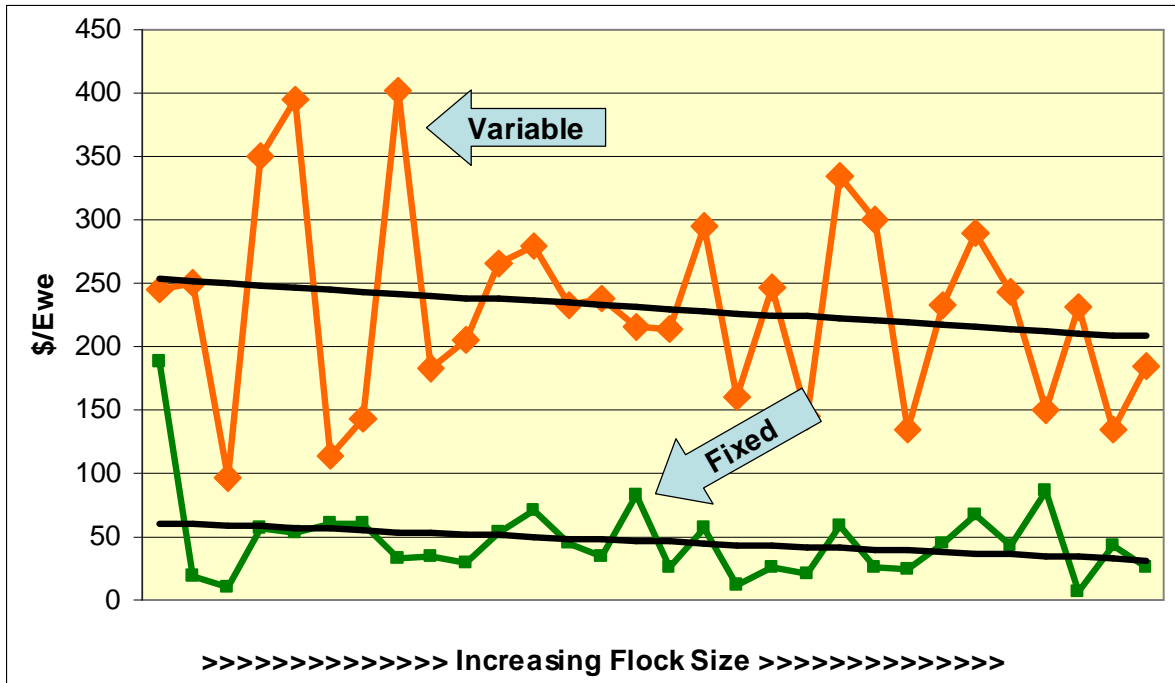
Cost Control

Cost of Production per Ewe – Flock Size



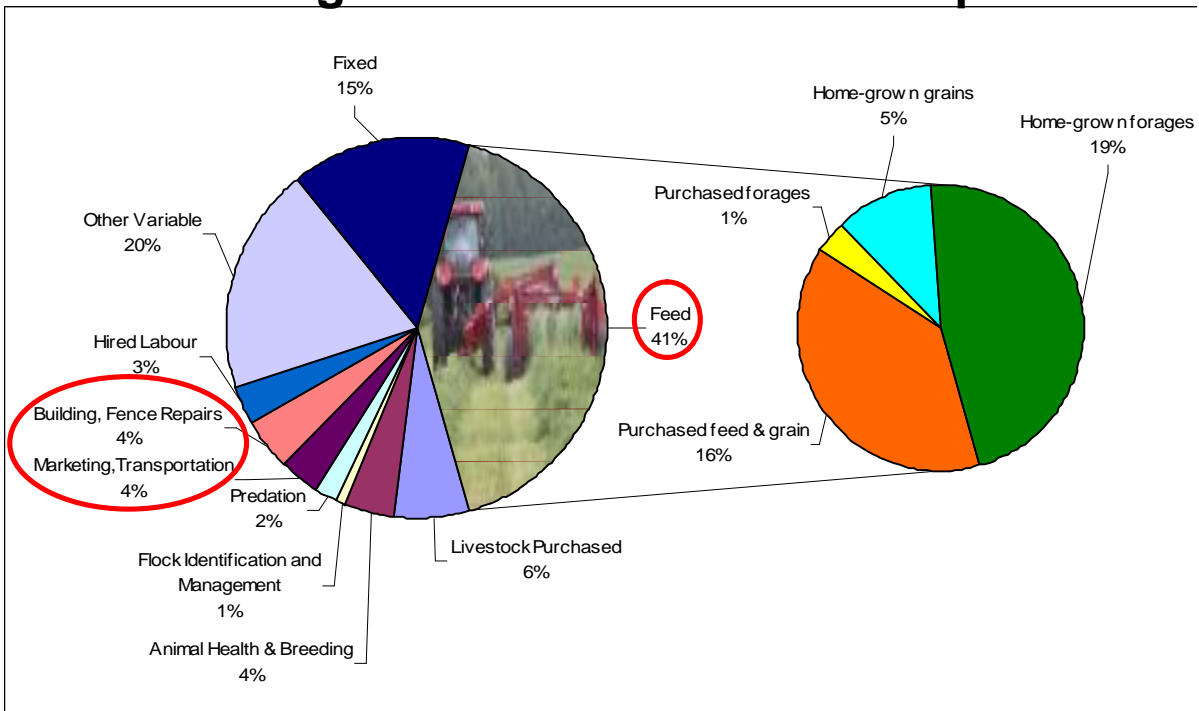
Cost Control

Variable versus Fixed Costs

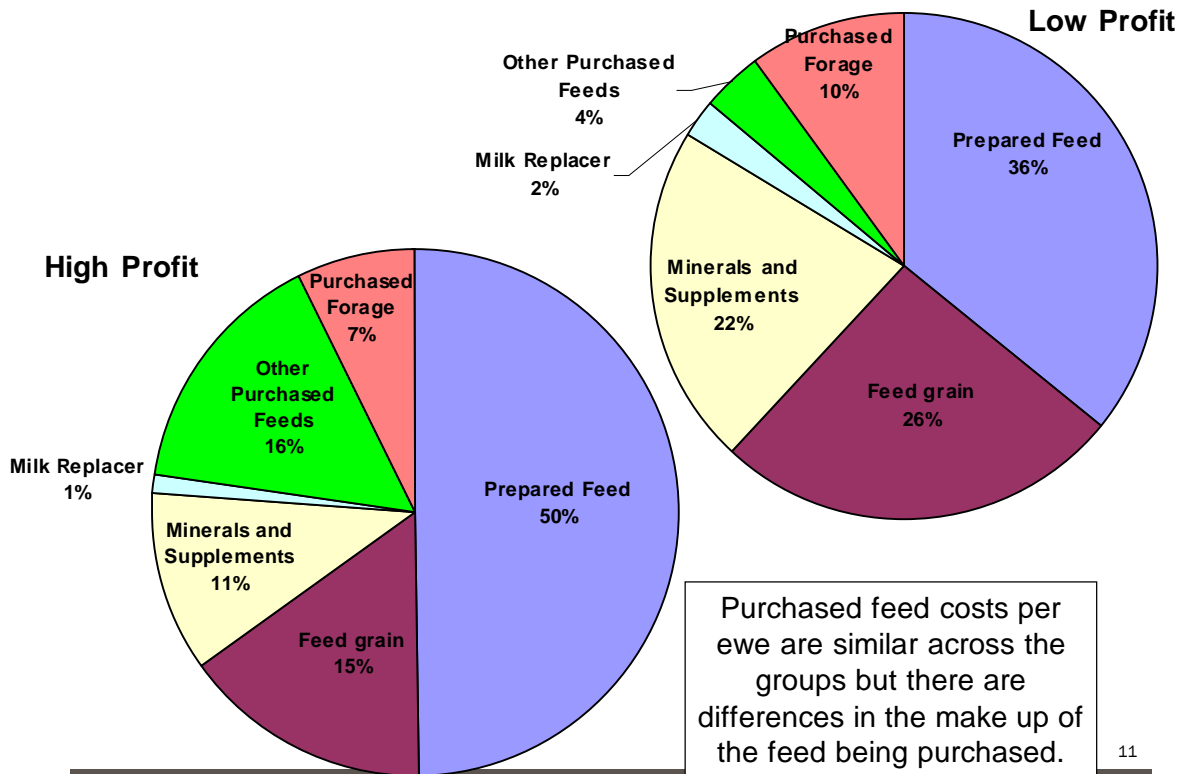


Cost Control - Where does the flock spend its money?

Average 25 Farms 2010 - % of expenses



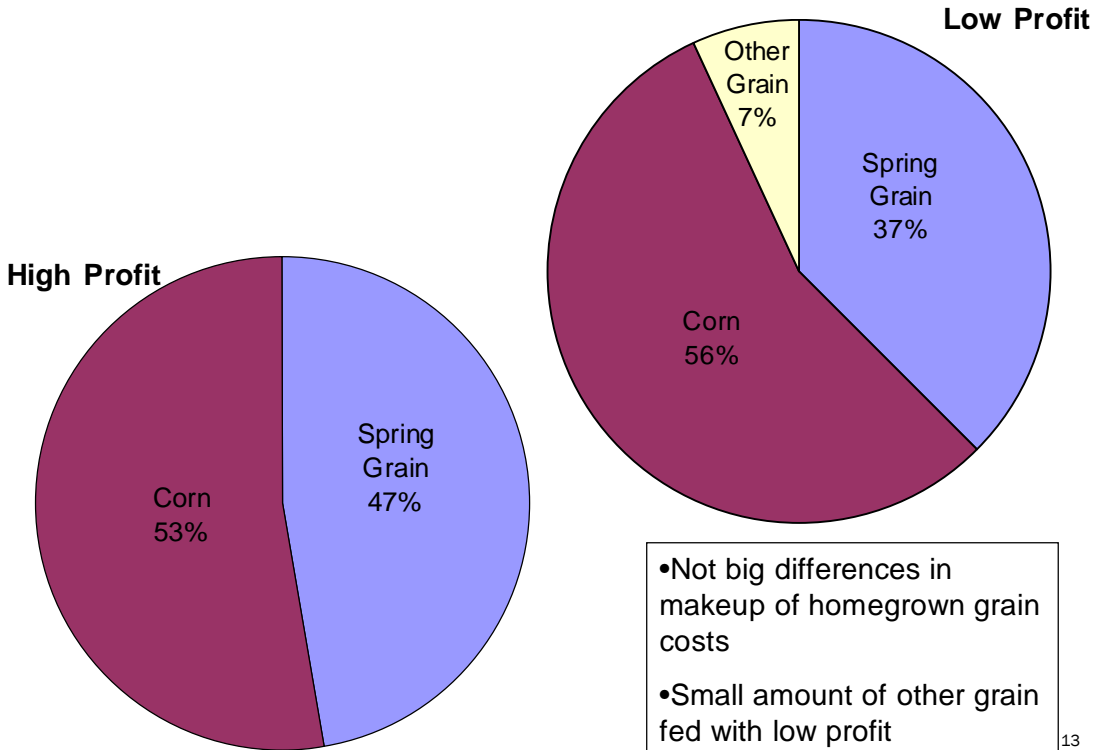
– Purchased Feed Costs – High & Low Profit Flocks



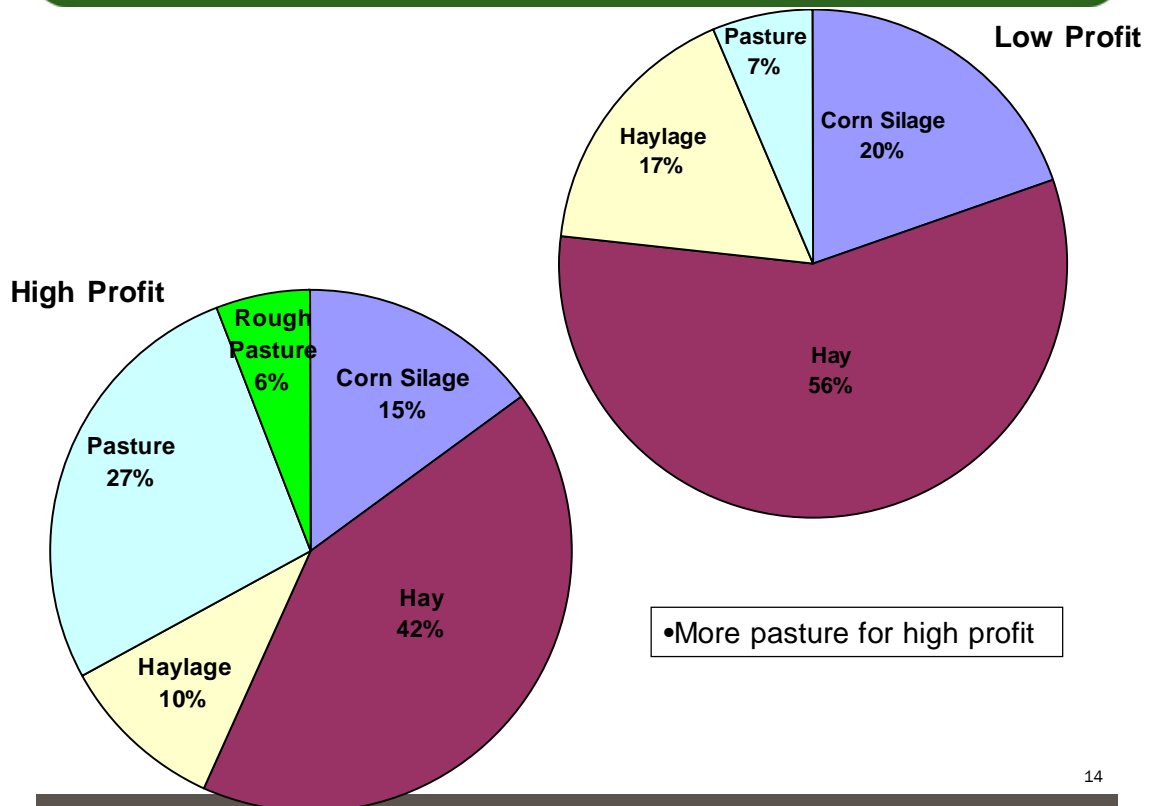
– Purchased Feed - \$ per Ewe

	High Profit	Low Profit
Prepared Feed	\$29.98/ewe	\$17.35/ewe
Feed Grain	\$8.89	\$12.57
Minerals & Supplements	\$6.39	\$10.49
Milk Replacer	\$0.63	\$1.19
Other Purchased Feed	\$9.14	\$1.87
Purchased Forage	\$4.19	\$4.83
Total Purchased Feed	\$54.03	\$48.30

Homegrown Grain Costs



Homegrown Forage Costs



– Homegrown Feed - \$ per Ewe

	High Profit	Low Profit
Spring Grain	4.41	6.17
Corn	4.95	9.17
Other Grain		1.14
Corn Silage	6.11	13.44
Hay	17.11	38.54
Haylage	4.25	11.38
Pasture	11.19	4.42
Rough Pasture	2.39	
Total Homegrown Feed	50.41	84.27

High profit 40% less

15

Predation Prevention Costs

	High Profit	Low Profit
Per Ewe	\$5.28	\$5.36
Per Lamb Produced	\$3.45	\$3.70



•Very little difference in Predation Control costs

16

Mortality (the other predation cost)

	High Profit	Low Profit
Flock Mortality	8.0%	8.5%
Lamb Mortality	8.0%	8.8%
	Highest (44%)	Lowest (7%)
Flock Mortality (By Percent Pasture Use)	6.0%	10.0%



- Flocks with a greater percentage of pasture acres had lower flock mortality!

17

High profit vs Low Profit Farms – 2010 & 2009

Table 1. Costs per Lamb Produced (Page 3 of Financial Summary Report)

Cost	2010		2009	
	Low 10 Farms	High 10 Farms	Low 10 Farms	High 10 Farms
Feed cost – total of costs below	106.70	69.00	126.06	75.28
Purchased Grain	33.61	31.69	36.22	32.53
Purchased Forage	3.73	2.74	4.09	3.42
Home-grown Grain	12.84	6.12	20.66	5.78
Home-grown Forage	56.51	28.44	65.09	33.55
Building, Fence Repairs	18.78	5.98	12.65	3.48
Marketing/Transportation	7.94	7.02	6.18	5.47

18

Thank you...Questions?

- Cost control – next steps
 - Where are you with feed?
 - Feed is your biggest expense and also has the largest range from low to high profit
 - If you are over \$156 per lamb produced – find out why?
 - Does Pasture = Predation? doesn't appear to...
- Next webinar – July 4 – State of the industry – Anita

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