Flock Size:

Is Bigger Better or Is Being Better Better

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May 23, 2012

Ministry of Agriculture, Food and Rural Affairs

Ontario

Webinar Series

- **May 23rd - Flock Size**
- **Noon hour webinars:**
  - **every second Wednesday**
    - **June 6th – Pasture utilization**
    - **June 20th – Cost Control**
    - **July 4th**
    - **July 18th**

Sheep Benchmarking Project Scale

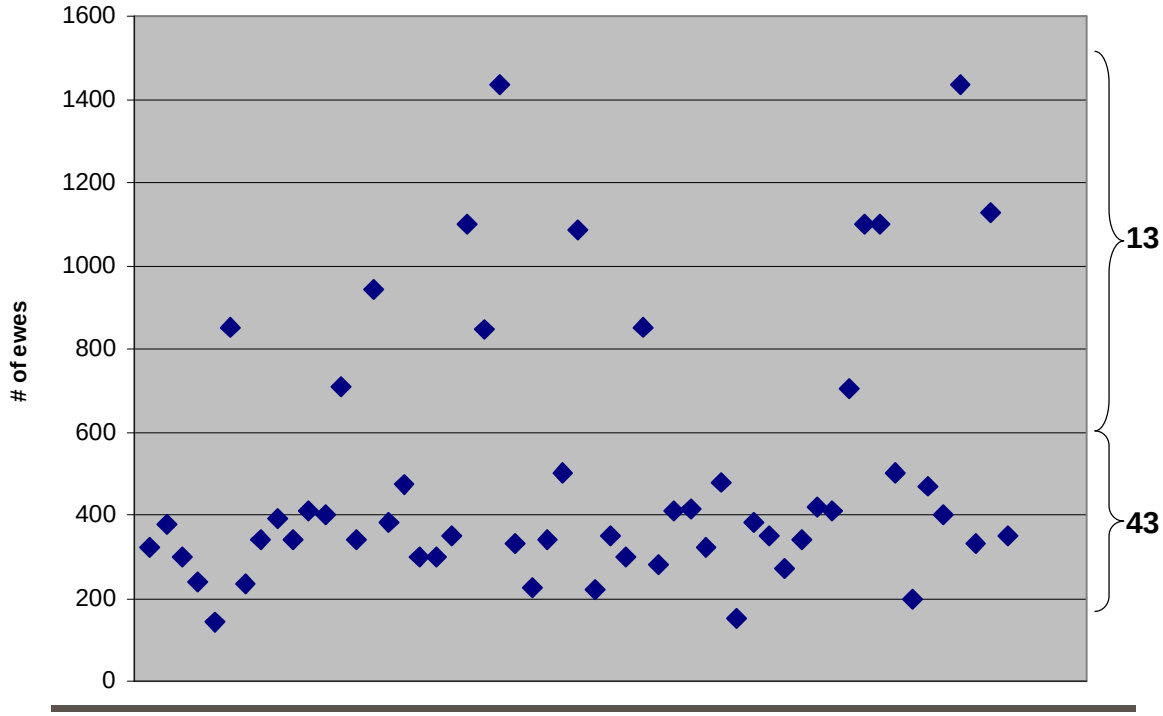
	2009	2010
Total Investment (Total Assets)	$35,884,347 (30 farms)	$30,811,554 (26 farms)
Average investment per farm	$1,196,145	$1,185,060
Total Investment (Total Assets) 25 Farms	$29,883,703	$30,255,166
Average investment per farm	$1,195,348	$1,210,207

+ 1 %

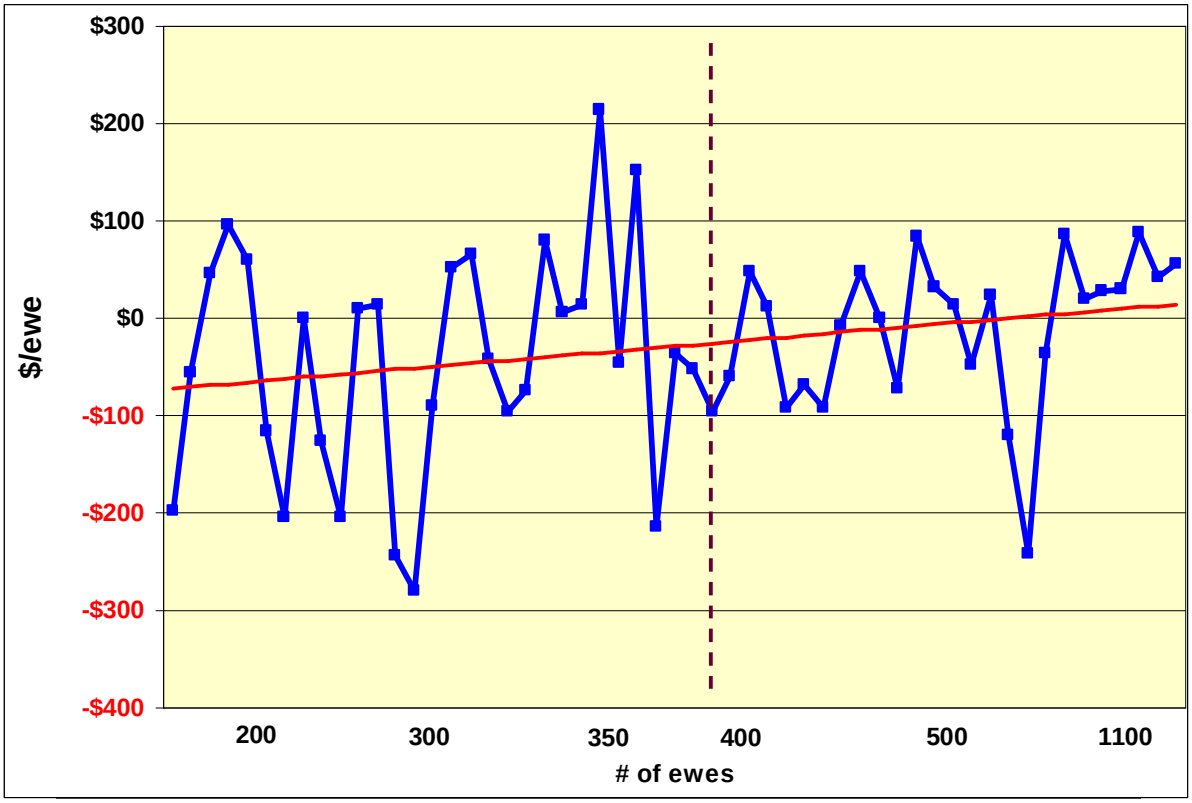
Sheep Benchmarking Project Scale

	2009	2010
Participants	30	26
% of Ontario Sheep Producers (3500)	0.9 %	0.7 %
Flock Size - Participants (Total Ewes and Rams)	15,500	15,380
% of Ontario Flock	10%	9%

Flock Distribution by Size – 2009 & 2010

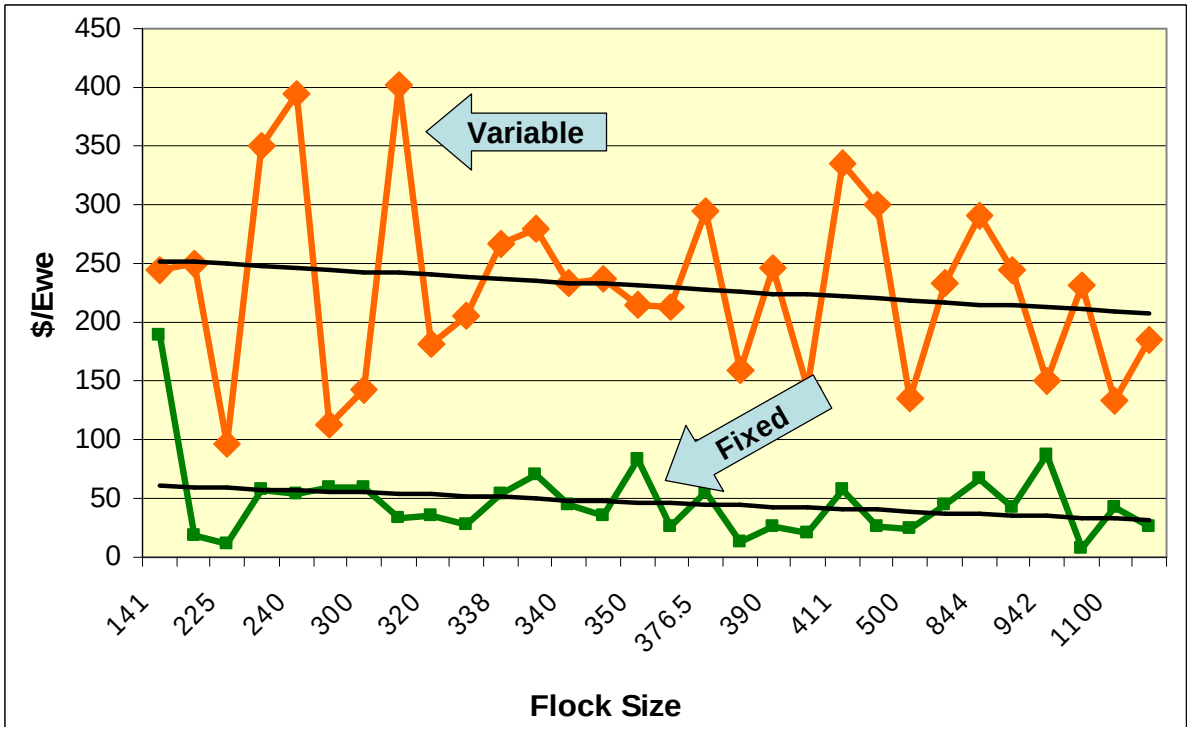


Net Income per Ewe by Farm Size



Models

Variable versus Fixed Costs



How many ewes do I need?

Target CM$	Contribution Margin % 20%	25%	30%	35%
$25,000*	694	556	463	397
$40,000	1111	889	741	635
$55,000	1528	1222	1019	873
$70,000	1944	1556	1296	1111

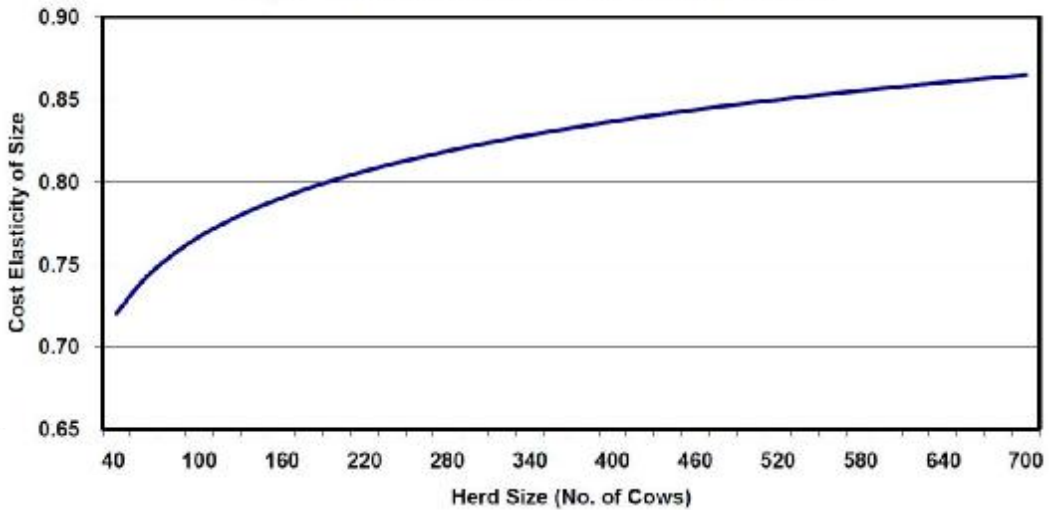
***Average fixed costs from Benchmarking Report = $25,000**

@ 1.5 lambs produced / Ewe

Cost Elasticity of Size

$$ES = \frac{\partial LnC(W,Y)}{\partial LnY} = \delta_1 + \delta_2 LnY + \sum_{i=1}^{4} \gamma_i * LnW_i + \omega * t$$

Fig. 1: Generalized Economies of Size Relationship



Thank you…Questions?

- Next webinar – June 6 – Pasture use