

ISU Swine Business Record Program

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Summary and Implications

The ISU Swine Business Record Program is a whole enterprise analysis of financial and production values designed to meet the needs of Iowa pork producers. The program provides a business summary for each individual producer and also includes a statewide summary that is widely referenced throughout the industry and recognized as a source of benchmark values for pork production. The annual state summary that separates producers into high profit, average, and low profit groups should be used by producers to determine their competitive position, set production and financial goals for the future, and determine priorities in financial and production decisions.

Introduction

In addition to a whole-herd enterprise analysis in the ISU Swine Business Record program, producers had the option for the first time in 1996 to summarize financial and production values for the breed-to-wean, wean-to-feeder pig (nursery), breed-to-feeder pig, wean-to-finish, and feeder pig-to-finish phases of their operation. This feature allows producers to analyze individual phases of their production systems and to accurately identify areas that offer opportunities for improvement. State summaries are also computed for each individual phase of pork production. Extension livestock field specialists are available to help producers get started on the records system and to calculate annual, semiannual, or quarterly summaries. They assist in analyzing and interpreting the results, including both financial and economic cash flow analysis, and recommend areas that offer potential for improvement.

Materials and Methods

Financial and production records recorded by Iowa pork producers are used to compile the state summaries in

the ISU Swine Business Record program. Producers meet with their extension field livestock specialist to summarize their data and to submit it to the state extension office for inclusion in the state summary that is published annually. A producer's individual records and benchmark values in the state summary are used by the field livestock specialist to assist them in identifying strengths and weaknesses of their operations and areas that offer the greatest potential for improvement.

Results and Discussion

Extremely favorable market prices throughout the year offset the highest average feed prices in recent years and helped make 1996 a profitable year for Iowa pork producers. Data for farrow-to-finish operations sorted by margin over all costs, including inventory into the top 10%, top one-third, average, and bottom one-third groups is presented in Table 1. The top 10% of farrow-to-finish producers realized a profit margin of \$12.83/cwt of pork produced, compared with \$11.56/cwt for the top one-third of producers and \$7.17/cwt for the average producer. Producers in the bottom one-third group averaged a profit margin of \$2.46/cwt.

The average market price received by farrow-to-finish producers in 1996 was \$54.66/cwt. The average corn price paid by producers in 1996 was \$3.68/bu compared with \$2.53/bu in 1995 and a 10-year average of \$2.00. The average cost of all feed in farrow-to-finish herds in 1996 was \$9.34/cwt compared with \$7.02 in 1995.

For the first time in 1996, producers had the option to analyze individual phases of their production unit. Itemized expenses by production phase and sale or transfer weights were required. Table 2 lists production data for the breed-to-wean phase and Table 3 outlines data for the wean-to-feeder pig phase. Table 4 is the state summary for the breed-to-feeder pig phase that corresponds to the feeder pig producing enterprise in previous years. Wean-to-finish data (Table 5) is a new category for 1996. Feeder pig-to-finish data in Table 6 corresponds to the feeder pig finishing enterprise in previous state summaries.

1996 I.S.U. Swine Business Record Farrow-to-Finish State Summary (Total of 98 Farms).

Sorted by Margin Over All Costs	Top 10%	Top 1/3	Bottom 1/3	Average
Return to Capital, Unpaid Labor and Management, \$	\$ 125,230	\$108,678	\$ 51,945	\$ 79,699
Net Profit and Return to Management this Period, \$	\$ 92,912	\$ 74,732	\$ 11,897	\$ 43,200
Return per Hour for All Hours of Labor and Management, \$/hr	\$ 43.81	\$ 38.02	\$ 14.11	\$ 25.20
Percent Return on Capital, %	54.24%	46.03%	15.87%	30.27%
Average Price per Cwt of Market Hogs, \$	\$ 55.54	\$ 55.08	\$ 54.31	\$ 54.66
Average Price per Cwt of Cull Breeding Stock Sold, \$	\$ 42.26	\$ 41.68	\$ 41.03	\$ 41.02
Average Price per Cwt of All Hogs Sold, \$	\$ 54.55	\$ 54.53	\$ 53.35	\$ 53.86
Feed Cost per Cwt of Pork Produced, \$	\$ 29.99	\$ 30.71	\$ 34.85	\$ 32.60
Other Oper. Cost (except Hired Labor) per Cwt of Pork Produced, \$	\$ 3.18	\$ 4.84	\$ 6.61	\$ 5.57
Utilities, Fuel, Elec. & Telephone per Cwt, \$	\$ 1.04	\$ 1.49	\$ 2.03	\$ 1.65
Veterinary Services & Medicine per Cwt, \$	\$ 1.17	\$ 1.45	\$ 1.59	\$ 1.47
Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced	\$ 1.85	\$ 2.24	\$ 2.84	\$ 2.67
Capital Charge on Fixed Capital per Cwt of Pork Produced	\$ 0.98	\$ 1.13	\$ 1.86	\$ 1.48
Capital Charge on Operating Capital per Cwt of Pork Produced	\$ 1.22	\$ 1.36	\$ 1.83	\$ 1.56
Value of Labor (All) per Cwt of Pork Produced, \$	\$ 3.16	\$ 3.91	\$ 6.48	\$ 5.11
Total Cost per Cwt of Pork Produced, \$	\$ 40.02	\$ 44.03	\$ 54.47	\$ 48.94
Margin Over All Costs per Cwt of Pork Produced, not including Inventory, \$	\$ 14.66	\$ 10.72	\$ (0.85)	\$ 5.18
Margin Over All Costs per Cwt of Pork Produced, including Inventory, \$	\$ 12.83	\$ 11.56	\$ 2.46	\$ 7.17
Margin Over All Costs per Head Sold, \$	\$ 34.39	\$ 28.46	\$ 6.32	\$ 17.95
Fixed Costs per Year per Female Maintained, \$	\$ 137	\$ 137	\$ 166	\$ 166
Fixed Costs per Year per Crate Maintained, \$	\$ 582	\$ 605	\$ 812	\$ 760
Fixed Costs per Pig Weaned, \$	\$ 6.97	\$ 7.69	\$ 10.57	\$ 9.89
Net Profit per Year per Female Maintained, \$	\$ 580	\$ 457	\$ 95	\$ 288
Net Profit per Year per Crate Maintained, \$	\$ 2,621	\$ 2,108	\$ 371	\$ 1,318
Net Profit per Pig Marketed, \$	\$ 35.95	\$ 29.90	\$ 6.77	\$ 18.86
Average No. of Market Hogs Sold this Period	2479	2350	1770	2040
Average Wt. of Market Hogs Sold, Lb	246	250	246	248
Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	9.32%	11.45%	13.11%	12.05%
Pig Death Loss, Weaning to Feeder (% of No. Weaned)	2.01%	2.32%	2.40%	2.44%
Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	5.22%	5.56%	6.33%	5.95%
Breeding Stock Death Loss, (% of No. Maintained)	4.63%	4.17%	5.26%	4.30%
Average Breeding Female Inventory, No. of Head	164	161	135	143
No. of Litters Weaned per Female per Year	1.93	1.91	1.83	1.90
No. of Pigs Weaned per Litter	8.88	8.96	8.54	8.72
No. of Pigs Weaned per Female per Year	17.22	17.10	15.68	16.60
No. of Litters Weaned per Crate per Year	8.97	8.91	8.47	8.78
No. of Pigs Weaned per Crate per Year	80.56	79.85	72.59	76.70
Total Pounds of Feed per Cwt of Pork Produced, Lb	326.72	332.70	368.86	349.76
Average Cost of Diets per Cwt, \$	\$ 9.19	\$ 9.28	\$ 9.46	\$ 9.34
Hours of Labor per Cwt of Pork Produced, Hours	0.42	0.48	0.67	0.57
Hours of Labor per Female Maintained per Year, Hours	19.06	19.20	23.90	22.72
Hours of Labor per Litter Weaned, Hours	9.89	9.98	13.16	11.91
Average corn price for 1996				\$ 3.68

Table 2. ISU Swine Business Record Breed-to-Wean State Summary (Total of 51 Farms).	Average
Average Price per Weaner Pig Sold, \$	\$ 28.64
Average Price per Cwt of Cull Breeding Stock Sold, \$	\$ 40.73
Feed Cost per Cwt of Pork Produced, \$	\$ 61.69
Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 29.02
Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 8.43
Veterinary Services & Medicine per Cwt, \$	\$ 8.37
Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced	\$ 10.01
Capital Charge on Fixed Capital/Cwt of Pork Produced	\$ 5.23
Capital Charge on Operating Capital/Cwt of Pork Produced	\$ 3.03
Value of Labor(All) per Cwt of Pork Produced, \$	\$ 21.54
Total Cost per Cwt of Pork Produced, \$	\$ 29.59
Fixed Costs per Year per Female Maintained, \$	\$ 37.77
Fixed Costs per Year per Crate Maintained, \$	\$ 239.46
Fixed Costs per Pig Weaned, \$	\$ 3.28
Total No. of Newly Weaned Pigs Sold or Transferred this Period	1890
Average Wt. of Newly Weaned Pigs Sold or Transferred, Lb	14
Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	12.22%
Breeding Stock Death Loss, (% of No. Maintained)	4.46%
Average Breeding Female Inventory, No. of Head	136
No. of Litters Weaned per Female per Year	1.87
No. of Pigs Weaned per Litter	8.57
No. of Pigs Weaned per Female per Year	16.07
No. of Litters Weaned per Crate per Year	8.52
No. of Pigs Weaned per Crate per Year	73.44
Total Pounds of Feed per Cwt of Pork Produced, Lb	679
Average Cost of Diets per Cwt, \$	\$ 9.10
Hours of Labor per Cwt of Pork Produced, Hours	2.49
Hours of Labor per Female Maintained per Year, Hours	8.89
Hours of Labor per Litter Weaned, Hours	4.75
Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 1.93

Table 3. ISU Swine Business Record Wean-to-Feeder Pig Summary (Total of 42 Farms).	Average
Average Price per Cwt. of Feeder Pigs Sold, \$	\$81.12
Feed Cost per Cwt of Pork Produced, \$	\$29.92
Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 8.58
Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 3.26
Veterinary Services & Medicine per Cwt., \$	\$ 2.30
Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced	\$ 3.78
Capital Charge on Fixed Capital/Cwt of Pork Produced	\$ 2.39
Capital Charge on Operating Capital/Cwt of Pork Produced	\$ 0.68
Value of Labor (All) per Cwt of Pork Produced, \$	\$ 5.47
Total Cost per Cwt of Pork Produced, \$	\$ 50.29
Total No. of Feeder Pigs Sold or Transferred this Period	1,820
Average Wt. of Feeder Pigs Sold or Transferred, Lb	46
Pig Death Loss, Weaning to Feeder (% of No. Weaned)	2.94%
Total Pounds of Feed per Cwt of Pork Produced, Lb	192
Average Cost of Diets per Cwt, \$	\$ 15.79
Hours of Labor per Cwt. of Pork Produced, Hours	0.60
Cost of Feed Additives & Drugs/Cwt. of Pork Produced, \$	\$ 1.67

Table 4. ISU Swine Business Record Breed-to-Feeder Pig Summary (Total of 54 Farms).

	Average
Average Price per Cwt. of Feeder Pigs Sold, \$	\$ 83.88
Average Price per Cwt of Cull Breeding Stock Sold, \$	\$ 40.65
Feed Cost per Cwt of Pork Produced, \$	\$ 42.12
Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 15.00
Utilities, Fuel Elec. & Telephone/Cwt., \$	\$ 5.12
Veterinary Services & Medicine per Cwt., \$	\$ 4.62
Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced	\$ 6.29
Capital Charge on Fixed Capital/Cwt of Pork Produced	\$ 3.35
Capital Charge on Operating Capital/Cwt of Pork Produced	\$ 1.97
Value of Labor (All) per Cwt of Pork Produced, \$	\$ 3.19
Total Cost per Cwt of Pork Produced, \$	\$ 81.01
Fixed Costs per Year per Female Maintained, \$	\$ 85.84
Fixed Costs per Year per Crate Maintained, \$	\$
	425.58
Fixed Costs per Pig Weaned, \$	\$ 5.33
Total No. of Feeder Pigs Sold or Transferred this Period	1467
Average Wt. of Feeder Pigs Sold or Transferred, Lb	51
Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	12.37%
Pig Death Loss, Weaning to Feeder (% of No. Weaned)	2.80%
Breeding Stock Death Loss, (% of No. Maintained)	4.31%
Average Breeding Female Inventory, No. of Head	137
No. of Litters Weaned per Female per Year	1.88
No. of Pigs Weaned per Litter	8.66
No. of Pigs Weaned per Female per Year	16.34
No. of Litters Weaned per Crate per Year	8.88
No. of Pigs Weaned per Crate per Year	77.22
Total Pounds of Feed per Cwt. of Pork Produced, Lb	378
Average Cost of Diets per Cwt,\$	\$ 11.19
Hours of Labor per Cwt. of Pork Produced, Hours	1.49
Hours of Labor per Female Maintained per Year, Hours	13.72
Hours of Labor per Litter Weaned, Hours	7.28
Cost of Feed Additives & Drugs/Cwt. of Pork Produced, \$	\$ 2.24

Table 5. ISU Swine Business Record Wean-to-Finish Summary (Total of 54 Farms).	Average
Return to Capital, Unpaid Labor and Management, \$	\$ 61,949
Net Profit and Return to Management this Period, \$	\$ 41,778
Return per Hour for All Hours of Labor and Management, \$/hr	35.72516
Percent Return on Capital, %	39.51%
Average Price per Cwt. of Market Hogs, \$	\$ 54.77
Average Price per Cwt of All Hogs Sold, \$	\$ 55.60
Feed Cost per Cwt of Pork Produced, \$	\$ 29.41
Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 3.89
Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 1.20
Veterinary Services & Medicine per Cwt, \$	\$ 0.83
Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced	\$ 1.93
Capital Charge on Fixed Capital/Cwt of Pork Produced	\$ 1.07
Capital Charge on Operating Capital/Cwt of Pork Produced	\$ 1.16
Value of Labor(All) per Cwt of Pork Produced, \$	\$ 2.57
Total Cost per Cwt of Pork Produced, \$	\$ 40.03
Margin Over All Costs per Cwt of Pork Produced, not including Inventory, \$	\$ 16.91
Margin Over All Costs per Cwt of Pork Produced, including Inventory, \$	\$ 7.91
Margin Over All Costs per Head Sold, \$	\$ 19.34
Net Profit per Pig Marketed, \$	\$ 19.06
Total No of Market Hogs Sold this Period	1853
Average Wt of Market Hogs Sold, Lb	249
Pig Death Loss, Weaning to Feeder (% of No. Weaned)	2.98%
Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	6.88%
Total Pounds of Feed per Cwt of Pork Produced, Lb	313
Average Cost of Diets per Cwt, \$	\$ 9.40
Hours of Labor per Cwt of Pork Produced, Hours	0.30
Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 1.09

Table 6. ISU Swine Business Record Feeder-to-Finish Summary (Total of 42 Farms). Average

Average Price per Cwt of Market Hogs, \$	\$55.04
Feed Cost per Cwt of Pork Produced, \$	\$ 29.67
Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 2.95
Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 0.78
Veterinary Services & Medicine per Cwt, \$	\$ 0.51
Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced	\$ 1.62
Capital Charge on Fixed Capital/Cwt of Pork Produced	\$ 0.84
Capital Charge on Operating Capital/Cwt of Pork Produced	\$ 0.95
Value of Labor (All) per Cwt of Pork Produced, \$	\$ 2.08
Total Cost per Cwt of Pork Produced, \$	\$38.12
Total No of Market Hogs Sold this Period	1715
Average Wt of Market Hogs Sold, Lb	250
Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	4.34%
Total Pounds of Feed per Cwt of Pork Produced, Lb	338
Average Cost of Diets per Cwt, \$	\$ 8.76
Hours of Labor per Cwt of Pork Produced, Hours	0.24
Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 1.06