

BENCHMARKING... SHOW ME THE MONEY!

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Farm Background:

- In 1995, became part of a 3 site production system involving five sow herds totaling 3000 sows, 4 different genetics, with blood testing to determine vaccination regime that would be required to be able to co-mingle piglets.
- Unsuccessful due to health issues.
- Moved to common source of genetics.
- Some improvements but health issues continued to add to our problem of eroding margins.
- In 2001, I was invited to participate in a benchmarking group of 8 different Ontario hog operations that now range in size from 500 sows to over 25,000 sows. This group has since been expanded to include a producer from Manitoba, one from Ohio and, most recently, one from Iowa.
- Within our own production group, our farm measured above average in terms of productivity. Within the CIPHER group, however, our farm measured below average in terms of productivity and above average in terms of cost.

Table 1 illustrates some of the main cost line comparisons between our herd and the CIPHER group from January 2002 to June 2005.

Table 1.

	CIPHER High	CIPHER Low	CIPHER Ave.	H&H	Difference
Health Cost per Weaned Pig		\$1.35	\$2.06	\$2.80	+\$1.45
Pigs Weaned per Female	23.8		23.8	21.0	+\$5.14(1)
Nursery Feed Cost		\$9.35	\$12.50	\$14.10	+\$1.60
Nursery Health Cost		\$1.03	\$1.96	\$3.92	+\$1.96
Finish ADG	870		808	778	-10%
Finish F/C		2.56	2.85	3.06	+\$3.96(2)
Finish Health Cost		\$.34	\$2.20	\$4.18	+\$1.98
TOTAL					\$16.09

(1) $23.8 - 21.0 = 2.8$ pigs x 700 sows @ \$38 / 14,500 = \$5.14

(2) 3.06 vs $2.85 = 18$ kg. of feed @ \$221/mt = \$3.96 (on farm)

Comparisons between our herd and the CIPHER group clearly illustrated that we were a high cost producer and that we were competitively disadvantaged by a minimum of \$16.00 per market pig. As everyone knows, there is not sufficient margin in this business to allow that kind of inefficiency **and** survival.

We decided to depop / repop and weaned our last **old** pigs in September, 2005 and farrowed our first new pigs in December of 2005.

With slightly over one year of **new** production behind us, using the same genetics, the same nutrition and the same staff, we are pleased with our results.

Table 2.

			Jan-Jun/05	Difference
Pigs Weaned per Mated Female (PigChamp)	(last quarter)	27.9		
Per Inventoried Female (CIPHER)	@ 2.4 Parity	26.4	20.1	(\$11.55)
Health Cost per Weaned Pig	(12 months)	\$1.76	-\$2.71	(\$0.95)
Nursery Feed Costs	(Oct/Nov/Dec)	\$13.05	\$14.00	(\$0.95)
Nursery Health Costs	(12 months)	\$0.80	\$6.00	(\$5.20)
Finish ADG	(3 crops)	912	776	
Finish F/C (on-farm prep.)	(3 crops)	2.73	3.14	(\$7.79)
Finish Health Cost (Tylan)	(3 crops)	\$1.80	\$7.98	(\$6.18)
				(\$32.60)

While the decision to depop / repop would have been forced upon us in any event due to increasing health costs and declining productivity, the comparative performance from CIPHER partners certainly hastened the process.

My participation in the CIPHER benchmarking project has been extremely gratifying and this project is successful for a number of reasons:

- The steering committee identified and structured the initial reporting parameters and made recommended changes as we progressed.
- The facilitator Ken McEwan and his associate Randy Duffy, through perseverance, have been able to get us reporting similarly and consistently.
- The participants, large and small, have developed a level of comfort and confidence that allows for a free exchange of data and a sharing of techniques and philosophies. The contribution of producers from different jurisdictions has added immensely to the project.

The following is a list of parameters that we record:

Farrowing:

- Revenue per weaned pig
- Feed cost per weaned pig
- Total kg of feed per breeding female
- Health, labour and utility cost per weaned pig
- Pigs born, born alive and weaned per litter
- Prewaning mortality
- Litters farrowed per breeding female and per crate
- Farrowing rate
- Average non productive sow days\weaning age
- Herd parity
- Breeding female culls and deaths %
- AI cost per weaned pig

Nursery:

- Start and end weights (adjusted to 63 days)
- Age in / age out
- Mortality and culls
- Ave daily gain and feed conversion
- Feed cost per pig and per kg of gain
- Health cost per pig
- Nursery contract cost
- Nursery transportation cost

Market Hog:

- Start and end weights
- Age in / age out
- Mortality
- Average daily gain and feed conversion
- Feed cost per hog and per kg.
- Health cost
- Contract cost – feeder pig cost
- Full value hogs marketed as % pigs placed
- Revenue per hog and per kg.
- Ave dressed weight
- % of hogs in desired weight range
- Ave fat muscle, yield and index
- Margin (Revenue – Feed Cost)
- Total dressed pork produced per pig space and per square foot