



Flock Size:

Is Bigger Better or Is Being Better Better



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Ministry of Agriculture,
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Webinar Series

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

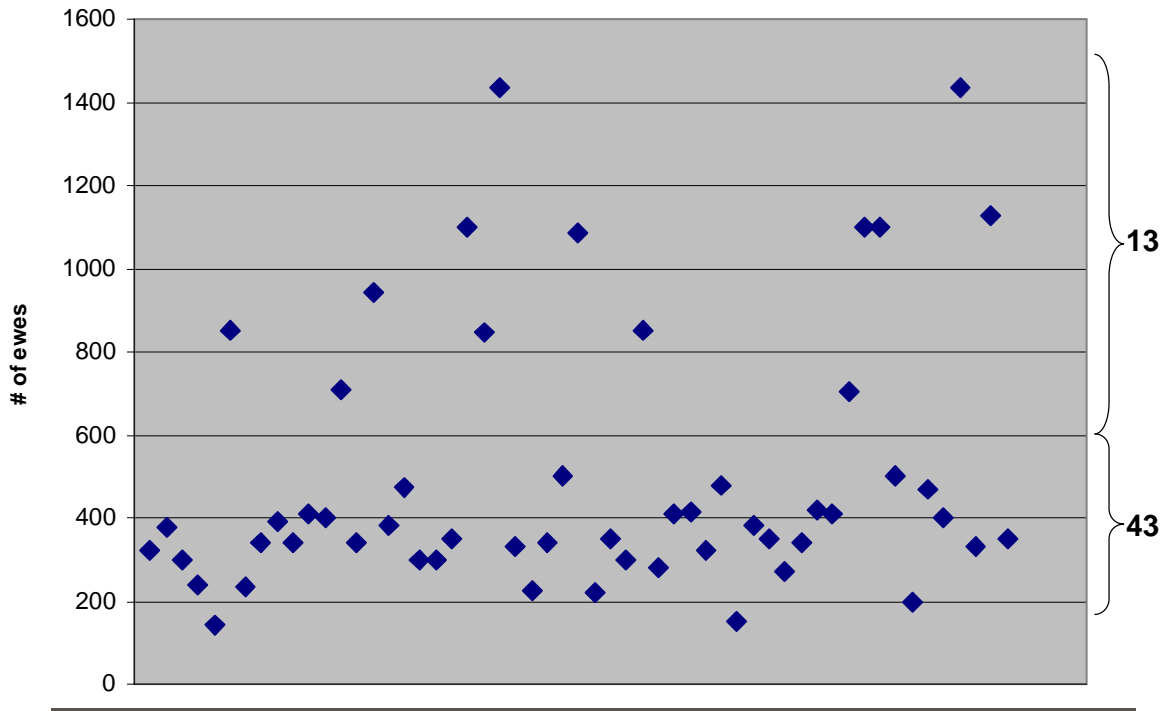
	2009	2010
Total Investment (Total Assets)	\$35,884,347 (30 farms)	\$30,811,554 (26 farms)
Average investment per farm	\$1,196,145	\$1,185,060
Total Investment (Total Assets) 25 Farms	\$29,883,703	\$30,255,166
Average investment per farm	\$1,195,348	\$1,210,207

+ 1 %

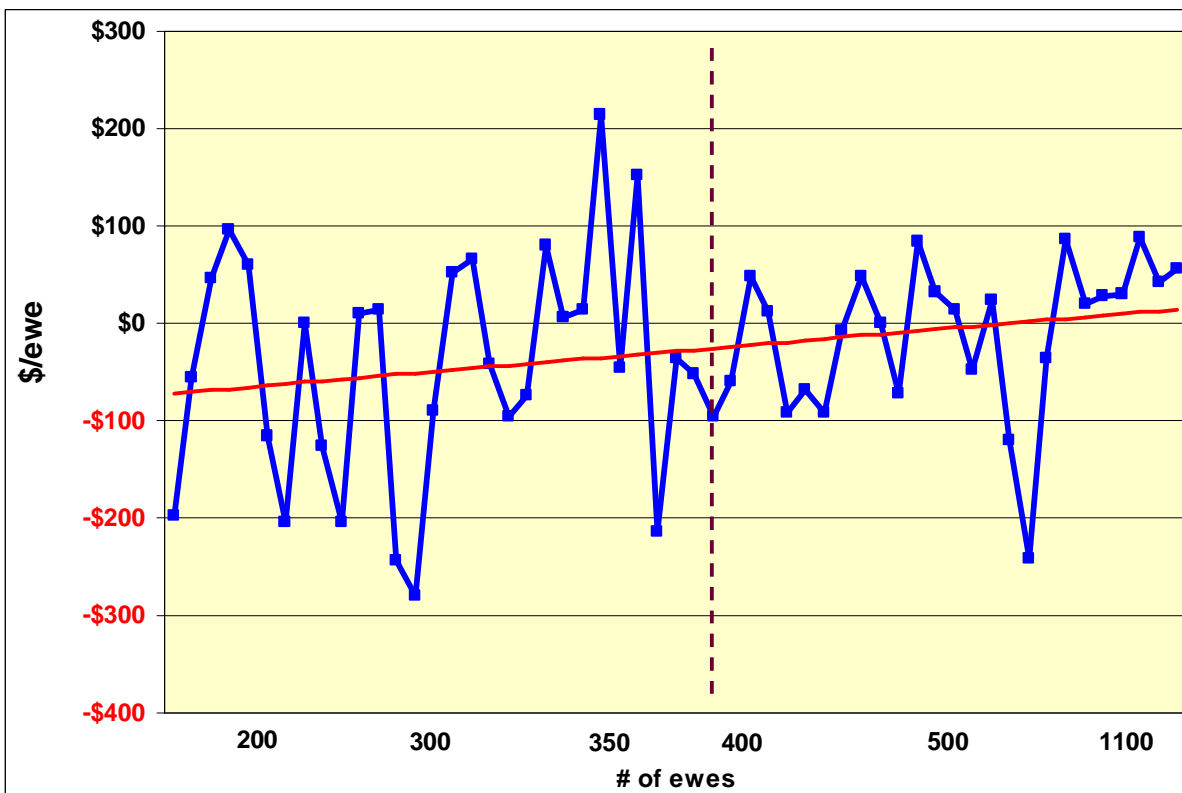
Sheep Benchmarking Project Scale

	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

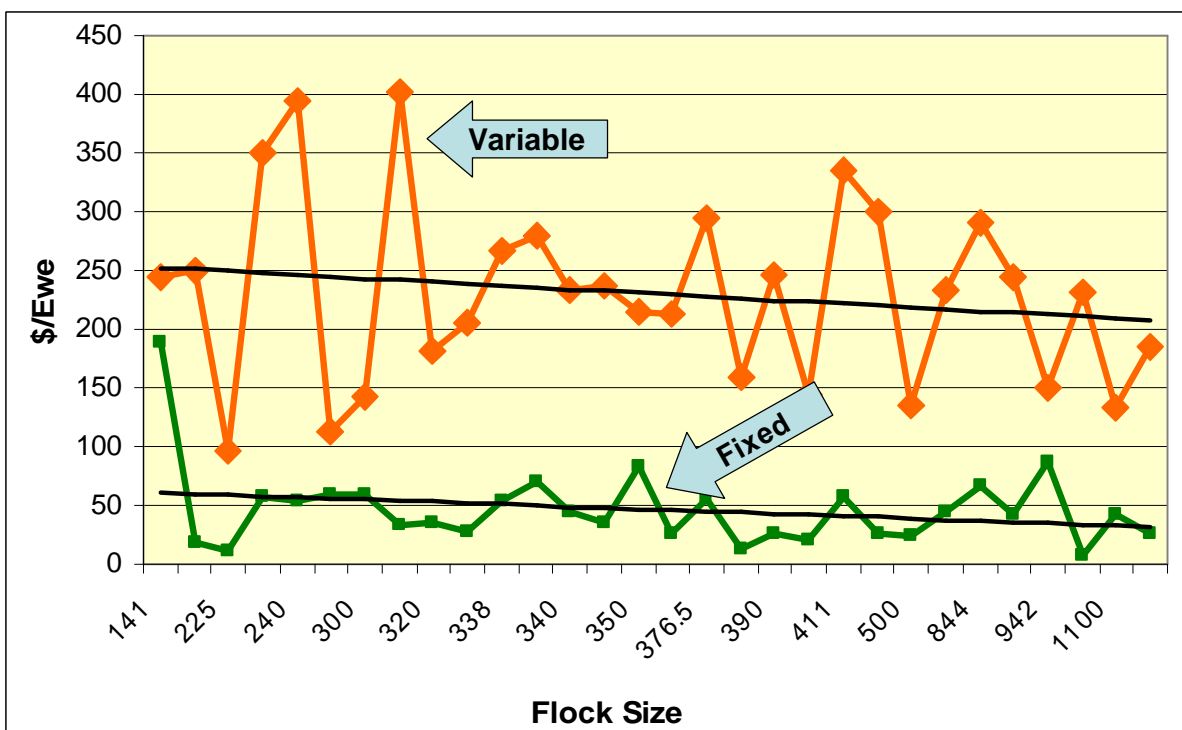


Net Income per Ewe by Farm Size



Models

Variable versus Fixed Costs



How many ewes do I need?

Contribution Margin %

Target CM\$	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

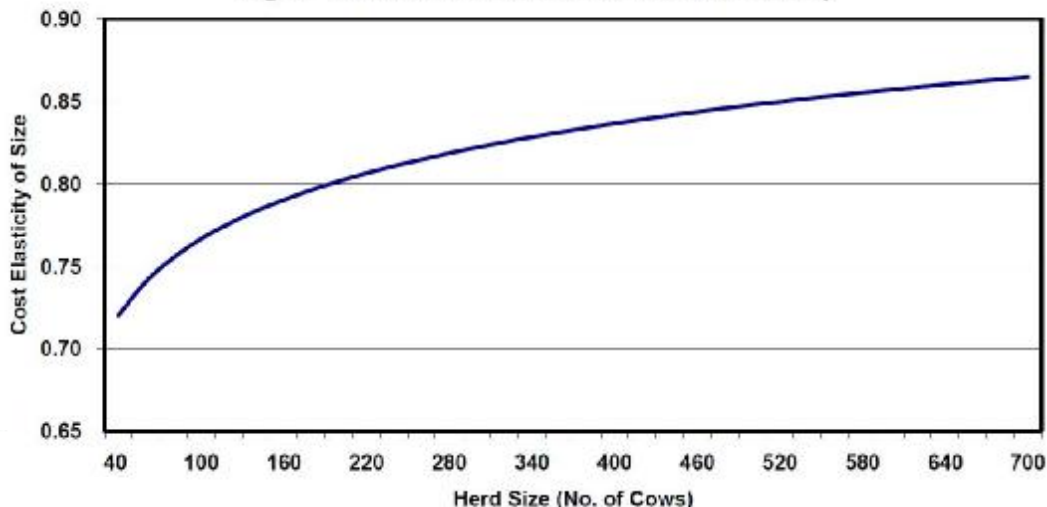
*Average fixed costs from Benchmarking Report = \$25,000

@ 1.5 lambs produced / Ewe

Cost Elasticity of Size

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

Fig. 1: Generalized Economies of Size Relationship



Thank you...Questions?

- Next webinar – June 6 – Pasture use

