
THE PRODUCTION PLAN

1. Land, Buildings and Facilities

The sample form describes Example Farms' production facilities. The buildings and improvements are detailed to illustrate the kind of thinking you will need to do up front when planning or expanding your facility. In the Example Farms case, additional barn space, barn equipment and extra capacity for the back-up generator. Although not shown, your facilities should be laid out according to a plan drawn to scale. This will ensure that you have chosen the right facility and will help you in estimating any facility improvements that may be required.

Choose structural designs that are efficient in your industry. Clear span truss systems allow more efficient cleanup than do floor truss systems. Double storey structures require relatively less roofing and foundation than do single storey structures. These factors may be doubly important if automated climate control systems are installed. Coordinate your expansion building sizes with the incremental increases in production quota that is likely to become available and be sure to plan beyond the current expansion requirements. Depending on expansion plan and financial position, the size of the quota expansion unit (and multiples thereof) may be suitable increments for planning your barn expansion schedule.

Ensure that production facilities are supported with appropriate structures/facilities for waste management. These considerations will include provisions for on-farm storage/handling of chicken manure and storage and/or incineration of mortalities. Refer to the BCMAFF publication entitled *Environmental Guidelines for Poultry Producers* which outlines good farm practices which comply with the *Code of Agricultural Practice for Waste Management*. Also take advantage of these guidelines to assist you in siting your facilities in locations that eliminate the potential for problems later on.

2. Cost Implications of Facilities

When considering your immediate requirements, think carefully about your longer term expansion plans as well. Consult with other growers to see what equipment they use. Or talk to suppliers of equipment and get their feedback on what you will require. When estimating future capital costs of expansion, be sure to consider the effects of inflation.

When obtaining cost information, be sure that freight, installation, warranty service and taxes are included or excluded from the prices you are quoted. Also check on lead times for delivery once you have placed your order. Start researching your equipment well in advance of the time you will need it to allow enough time to select equipment and suppliers and to place orders.

Depreciation costs of new facilities are likely to increase your present costs of production. Investigate these costs for your industry to determine if your facilities costs are reasonable relative to your level of production, now and into the future.

LAND, BUILDINGS & FACILITIES EXPANSION AND COST OF FACILITIES EXAMPLE

LAND BUILDINGS AND FACILITIES EXPANSION EXAMPLE

1	Location:	Abbotsford		
2	Description:	Broiler Chicken Farm		
3	Size:	10 acres		
4	Current Operations :	Birds per Cycle	20,000 birds	
		Housing requirement	0.75 sq. feet per bird	
		One double storey barn	40 feet x 210 feet (includes space for storage)	
5	Expansion Plan:	1995	1996	1998
	Birds per cycle	5,000	5,000	10,000
	New double storey barn (40 ft. x 100 ft.)	\$60,000		
	Double storey addition (40 ft. x 100 ft.)			\$60,000
	50% equipment installation	35,000		35,000
	50% equipment installation	10,000		100,000
	Generator upgrade (75 KVA)	100,000	100,000	100,000
	Quota acquisitions			
	Total Costs	\$205,000	\$100,000	\$195,000
6	Land:	\$350,000		

COST OF FACILITIES EXAMPLE, 1994

EQUIPMENT	NEW COST	REMAINING UNDEPRECIATED VALUE	UNDEPRECIATED VALUE PER LIVE KILOGRAM	ANNUAL DEPRECIATION PER LIVE KILOGRAM
Poultry Barn	\$100,000	\$85,006	\$0.327	\$0.013
Barn Equipment	\$60,000	\$25,190	\$0.097	\$0.019
Backup Generator	\$15,000	\$4,915	\$0.019	\$0.004
Incinerator	\$2,000	\$655	\$0.003	\$0.0005
Manure Shed	\$18,000	\$16,589	\$0.064	\$0.0025
Clean-out Tractor	\$12,000	\$2,017	\$0.008	\$0.0023
Quota	\$75,000	\$57,274	\$0.220	\$0.0116
TOTALS	\$282,000	\$191,646	\$0.737	\$0.0532

3. Materials, Supplies and Services

You will have to research your material requirements in much the same way as you have your equipment needs. To do this properly, you'll likely need to calculate the quantities and identify the timing of inputs you will need. Keep your supporting information on how you calculated this information on file in the informal business plan for the future. The sample form illustrates some of the material and services requirements for Example Farms. You'll need to know which suppliers you plan to order from, the typical order and delivery cycle, terms and conditions of sale and policies about unsatisfactory product.

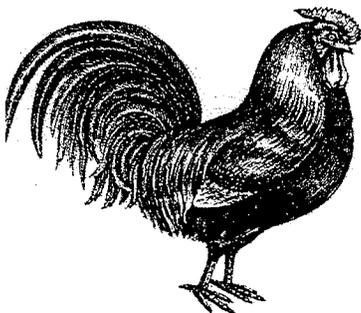
Also be sure to coordinate the clear-out of your flock with bird catchers, waste removal companies and your processors. These services require some lead time to fit your requirements into their schedules.

4. Production Strategies

You should keep abreast of innovations and research and incorporate new technology in your production system to improve efficiency and avoid potential problems. This information can then be used to develop plans to optimize yields, grades and profits through appropriate production and labour management activities. Document changes in the per kilogram costs of production and changes in net return per kilogram to monitor your progress.

Reducing the potential of your operation to create pollution is important in protecting and maintaining the environment. Be aware of the results of research to generate smaller amounts of wastes through achieving higher efficiencies in production.

Opportunities will occur to expand your production. Prepare a quota acquisition schedule which corresponds to your production schedule. Where feasible, take advantage of increases in number of production cycle and allocations of gifted quota to undertake expansions. These types of considerations may help to reduce financing outlays and financial risk exposure.



MATERIALS, SUPPLIES & SERVICES, 1994 AND PRODUCTION STRATEGIES EXAMPLE

MATERIALS, SUPPLIES AND SERVICES EXAMPLE, 1994

DESCRIPTION	1994 REQUIREMENT PER CYCLE	TOTAL COST (\$)	SUPPLIER	ORDER LEAD TIME
Chicks	20000	\$10,192	Local hatchery	4 weeks
Feed	74 tonnes over 42 days	\$20,160	Local feed company	1 week
Medications/Vaccinations	Coordinate with chick placement	\$900	Local veterinarian	As required
Chicken Catching	Date required	\$740	Contract catcher	1 week
Waste Removal	Date required	\$360	Contract handler	1 week
Processor	Delivery date		Local processor	2 weeks

PRODUCTION STRATEGIES EXAMPLE
PRODUCTION TARGETS

Reduce variable costs of production to 88¢ per kilogram by 1999

BARRIERS

- Feed Costs
- Proportion of Undergrades
- Chick Costs
- Waste disposal Costs
- Barn Environment

RESPONSES

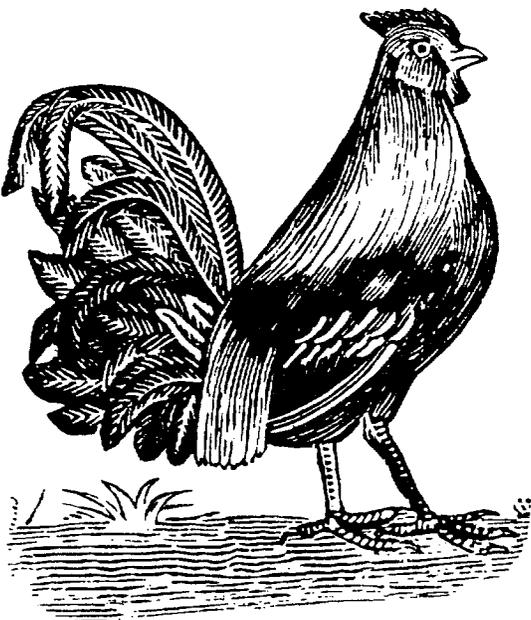
- Assess feed sources in terms of cost and protien content
- Achieve lowest cost feed consumption for rate of weight gain
- Implement management to improve quality
- Reduce mortality rates in the flock
- Process poultry waste on-farm
- Assess dietary methods of reducing N, P, K waste
- Adopt more efficient feeding systems
- Adopt more efficient climate control systems

5. Construction/Production/Quota Acquisition Schedules

When new construction or major changes are planned a construction schedule outlining the major steps as well as expected and completion dates is useful. Attention should be given to coordination with other farm management responsibilities, contracts, delivery and manufacturing schedules. Establish your lead times and obtain commitments from your suppliers.

Facilities construction plans should be coordinated with your production expansion schedule. Relate size requirements of the new poultry barn to a planned schedule of quota acquisition. Choose sites which can accommodate expansion plans into the future.

Bear in mind that the minimum quota unit of commercial production is 10,000 birds or 19,280 kilograms live weight per cycle. Broiler quota obtained through the B.C. Chicken Marketing Board commonly is made available in units of 5,000 birds or 9,644 kilograms live weight per cycle.



EXPANSION SCHEDULE EXAMPLES

CONSTRUCTION SCHEDULE EXAMPLE

WEEK	1	2	3	4	5	6	7	8	9	10	11	12
Select design	X											
Select site	X											
Blueprints		X										
Order components			X									
Land clearing				X	X	X						
Prepare base						X	X	X				
Pour foundation								X				
Bldg Assembly									X	X	X	
Install equipment/utilities											X	X
Site clean up												X

QUOTA ACQUISITION AND PRODUCTION EXPANSION SCHEDULE EXAMPLE

YEAR	Birds Per Cycle				PROJECTED NUMBER OF PRODUCTION CYCLES PER YEAR
	QUOTA PURCHASE SCHEDULE	GIFT QUOTA	CUMULATIVE QUOTA	CUMULATIVE BARN CAPACITY	
Prior Years	5000	10000	15000		6.5
1994		5000	20000	20000	6.5
1995	5000		25000	25000	6.5
1996	5000		30000	30000	6.5
1997			30000		6.5
1998	5000	5000	40000	40000	7.4
1999			40000	40000	7.4