



RECORD-KEEPING AND GOAL-SETTING FOR SWINE PRODUCERS



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Practical Advice and Best Practices

Todd Thurman
Consultant
SwineTex Consulting Services, LLC

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PRACTICAL ADVICE AND BEST PRACTICES

By Todd Thurman
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Introduction

This time of year, it seems natural to begin reflecting on the past year and making plans for the coming year. If you're a swine producer thinking about your business, that means you're going to need accurate production and financial records to review and a process for setting goals. Without knowing how your farm is currently performing, you won't know what needs improvement. Without goals, you won't know if you've succeeded.

A few months ago, I was asked by a new client to visit their farm to complete an evaluation and identify opportunities for improvement. My farm evaluations usually start with an overview of production records but with this new client, I quickly found out that while they had some records, they were not kept updated and were not accurate. They were certainly not being routinely used on the farm. I also discovered that the farm did not have any established goals or targets and had no idea how they compared with their peers in key production metrics. While I completed a thorough review of the farm, my report to the farm's owner and managers began and ended with stressing the importance of having accurate records and goals for the farm's staff to focus on. Without these most basic tools, it would be difficult or impossible to make improvements in other areas and even if they did make improvements, they wouldn't be able to measure the level of improvement or the impact on the farm's profitability.

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With that in mind, I've outlined the key steps in the process of collecting and processing the information you need to set goals for your farm or pork production system.

Production Records

The first step is to ensure you have accurate data. Your farm's data forms the foundation for all the other steps in the process. There are a variety of excellent software programs designed to help pork producers more effectively manage their businesses. While very small farms might be able to manage records by hand or with simple spreadsheets, most commercial production systems will find it much more effective and efficient to select a commercially available program that meets their needs and budget.

These programs serve two primary purposes: to accurately collect the necessary data from the farm and to provide a platform for analyzing the data in useful ways. Some software companies also provide a service that enters the raw data from the farm into the system and generates reports. If your chosen program does not offer that service or you choose to keep that function internal, one of more people will need to be selected to be responsible for ensuring that the data is collected regularly and entered into the system accurately. It needs to be clear, however, that accurate records require all staff members to be attentive and do their parts to ensure accurate raw data is entered into the program.

Once the data has been entered, the programs provide the ability to generate a variety of standard and custom reports based on user preferences. It is critical that reports are created and shared with farm managers and staff on a regular basis. Standard reports are useful for tracking performance levels over time and custom reports can be extremely valuable in analyzing a specific metric more deeply. For example, if the farm is struggling with high levels of stillborn pigs, it may be useful to sort stillborn rates by parity to gain additional insight into potential causes of the problem. Perhaps stillborn numbers are very high for gilts and average for multiparous sows which will allow managers to focus on gilt management to correct the problem.

Financial Records

Financial records come in many forms and are used for many reasons, but the financial records I'm referring to here relate to calculating your cost of production and your revenue. Reasonable estimations of cost of production are an indispensable tool when analyzing the overall performance of your farm and, when combined with accurate production records, can form a powerful combination for improving profitability.

The more accurate your records are, the more useful the information, but an outline of the cost to produce a pig by cost category (feed, veterinary and medical supplies, labor etc.) and a reasonable estimate of expected revenue will give you the basics that you need to get started. It's helpful if this information is organized in a spreadsheet to allow you to make changes as market conditions change.

The fundamental question that needs to be answered is what is my product worth (a market hog, weaned pig etc) and what does it cost me to produce it? As we transition from data collection to analysis and decision-making it will become obvious why this information is so important.

Benchmarking

Once a producer has accurate records and a way to effectively analyze them, they will need some benchmarks to compare them to. In an ideal world, producers would all have access to performance data from farms that are similar to theirs in terms of size, region, etc., but unfortunately that's not always the case. Depending on where in the world the farm is located, there may be companies providing professional benchmarking services to the industry and it's worth considering using their service. If that's not an option, a good place to start would be the supplier of your record-keeping software. Many of them are beginning to provide basic benchmarking as part of their service or as an add-on service. Still another option is to join with other producers in your area to share data. This can be a formal or informal arrangement and might be organized by the producers themselves or some other third party like a consultant, supplier or producer organization. Lastly, there are publicly available performance estimates for most countries around the world. While not ideal, average performance metrics for your country or a country in your region will at least give you starting point.

Once you've identified a data set to compare your performance to, you can begin to identify areas where your farm or system is above average (strengths) or below average (weaknesses). You should pay special

attention to metrics where your farm is much higher or lower than the average farm. It's important to evaluate areas where you're lower than average and explore potential reasons for the gap (a process called gap analysis), but there's one additional step you need to take before you set your priorities.

Putting it all Together: Setting Goals and Identifying Priorities

Once you've ensured you have accurate records, have documented your cost of production and have identified areas of opportunity through benchmarking, you have one final step. You need to determine the potential impact to the business if you're able to close the gap in the different opportunities you identified. This will allow you to attach a monetary value to the improvement instead of just a numerical value. If you're going to invest time, effort and perhaps money, into improving a certain metric, you want to make sure you're getting a return on your investment. A simple model of your business can be a very useful tool in this process. A model that allows you to adjust different performance metrics and see the impact on your bottom line can be an extremely valuable tool in your continuous improvement efforts. I've built models like this for many clients and it's amazing how much clarity they can bring to decision-making.

Once you've identified those areas where you have a significant gap and you've attached a monetary value to those opportunities, you can select 2-3 high-impact priorities that you want to focus on during the coming year and you'll have the confidence of knowing that success in achieving your goals will also mean significant improvements in the financial success of your business.

There's one last point that I'd like to make, it is critical that all levels of the farm staff participate in some way in this process. If they're involved in the process and have a basic understanding of how the goals were established, they're much more likely to accept the goals as their own and to look for ways they can contribute to achieving the goals in their daily work.

If you need assistance with any step of this process, please contact us at SwineTex Consulting Services. We'd be happy to make sure you have all the information, resources and tools you need to ensure you have accurate records and meaningful goals to measure success.

About the Author:

Todd Thurman is the owner of SwineTex Consulting Services, LLC, a US-based provider of consulting and training services for the global swine industry. He can be reached at todd.thurman@swinetex.com or through the company's website: www.swinetex.com.