

Meat Goat Production

Costs, Returns, Marketing



John Campbell

Area Farm Management Specialist

Budget Assumptions

- Estimates goat sales and economic costs and returns
- Includes interest expenses for resources used in the goat enterprise
- Assumes existing land resources are used
- Producers should use their own information when available
- Personalized adjustments should be made as needed

Herd Assumptions For Budget

- 50 Does
- 1 Buck
- 150% kid crop
- 10 doe kids held for replacements
- 20% does replaced each year
- Sell 9 cull does; assume 1 dies



Revenue Per Doe

	Head	Average Weight	Average Price Cwt.	Sales Per Doe
Kids	65	65	100.00	\$84.50
Cull Does	9	70	70.00	8.82
Total Per Doe				\$93.32

Revenue based on selling 65 kids and 9 cull does per year.

Variable Expenses

- Hay - \$11.78 per doe
 - Does and buck consume 3.5 pounds per day for 120 days
 - Purchase price \$55.00 per ton
- Corn - \$9.42 per doe
 - Kids: 1 lb./day for 100 days
 - Does: one half lb./day for 90 days
 - Corn price \$2.75 per bushel

Variable Expenses

- Pasture - \$5.40 per doe
 - Stocking rate 5 does per acre
- Salt & Minerals - \$1.00 per doe
- Vet & Med - \$5.00 per doe
 - Worming does: 6 times, \$2.80 per doe
 - Worming kids: \$0.50 per doe
 - Vaccine: \$1.15 per doe
 - Incidentals: \$0.55 per doe

Variable Expenses

- Marketing - \$10.36 per doe
 - 74 head total @ \$7.00 per head
- Hauling - \$1.11 per doe
 - 74 head total @ \$0.75 per head
- Machinery - \$0.81 per doe
 - Tractor fuel for hay feeding
- Operating Interest - \$2.02 per doe

Depreciation & Repairs

- Buildings
 - Depreciation \$1.78 per doe
 - Repairs \$0.95 per doe
- Buck Depreciation - \$0.83 per doe
- Fence Repair and Depreciation - \$1.00/doe
- Machinery Depreciation - \$0.38 per doe

Interest Expenses

- Reflect the fact that capital invested is costly, regardless of its source
- Borrowed capital entails a cash interest charge for repayment to lenders
- Capital provided by the owner results in a non-cash opportunity cost
- Capital could have been invested elsewhere and earned interest

Interest Expenses

- Does and Buck \$6.98 per doe
 - Purchased buck for \$125
 - Does valued at \$75
- Bldgs. & Equip 1.42 per doe
- Fences 0.69 per doe
- Machinery 0.30 per doe

Labor Expenses

- \$6.50 per doe
 - 50 hours @ \$6.50 per hour
- Reflect the cost of hired and/or owner labor
- Owner provided labor is a non-cash opportunity cost for earnings foregone if time spent on another paying job or enterprise
- Hired labor is cash expense

Budget Summary - Herd

Budget Summary - Per Doe

Sensitivity – Price & Production

Price	1.3 Kids	1.5 Kids	1.7 Kids
85.00	219.31	646.18	1,073.06
95.00	576.81	1,068.68	1,560.56
100.00	755.56	1,279.93	1,804.31
105.00	934.31	1,491.18	2,048.06
115.00	1,291.81	1,913.68	2,535.56

Sensitivity – Weight & Production

Wt.	1.3 Kids	1.5 Kids	1.7 Kids
59	425.56	889.93	1,354.31
62	590.56	1,084.93	1,579.31
65	755.56	1,279.93	1,804.31
68	920.56	1,474.93	2,029.31
71	1,085.56	1,669.93	2,254.31

Whole Farm Planning

- Information for making informed decisions
- Reviews current financial situation
- Develops an individualized farm plan
- Analyzes potential consequences of changes in operation before changes occur
- Helps to determine appropriate production practices



Sellers

- Quality or grade easiest to produce
- Most convenient time
- Most convenient place
- Whatever offered price

Marketers

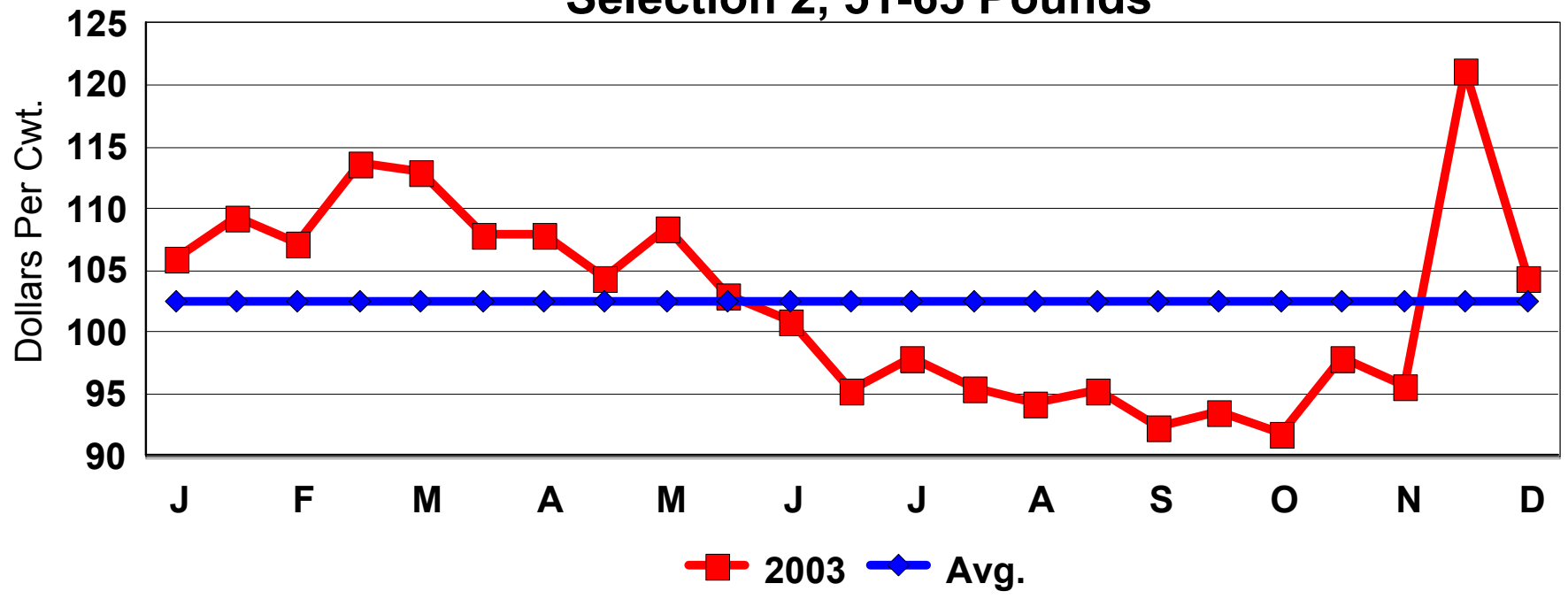
- Quality or grade with most profit
- Most profitable time
- Most profitable place
- Some control over price and profit

Marketing Alternatives

- Graded Sales
- Weekly Auction
- Private Treaty
- Breeding Stock
- Show Animals
- Ethnic Market
- Custom Slaughter
- Other Products

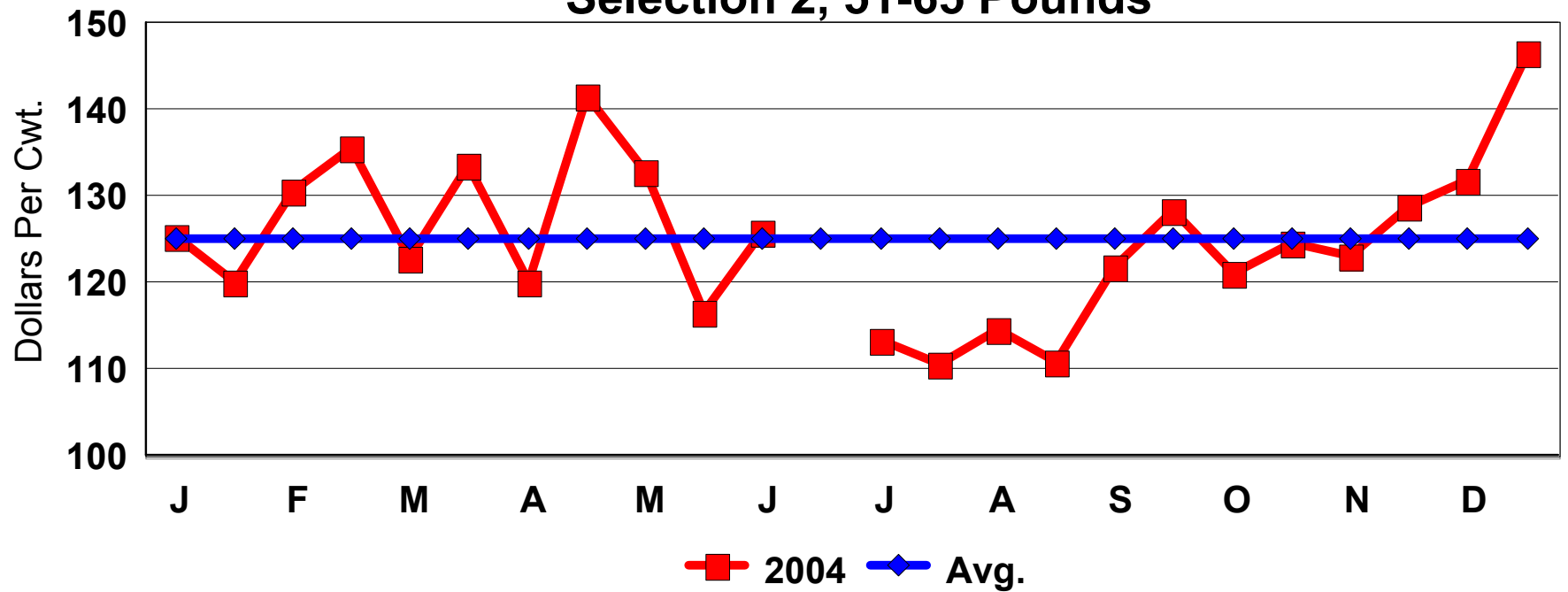
Selection 2 2003

Bi-Weekly Average Prices 2003 TLP Graded Sale Selection 2, 51-65 Pounds



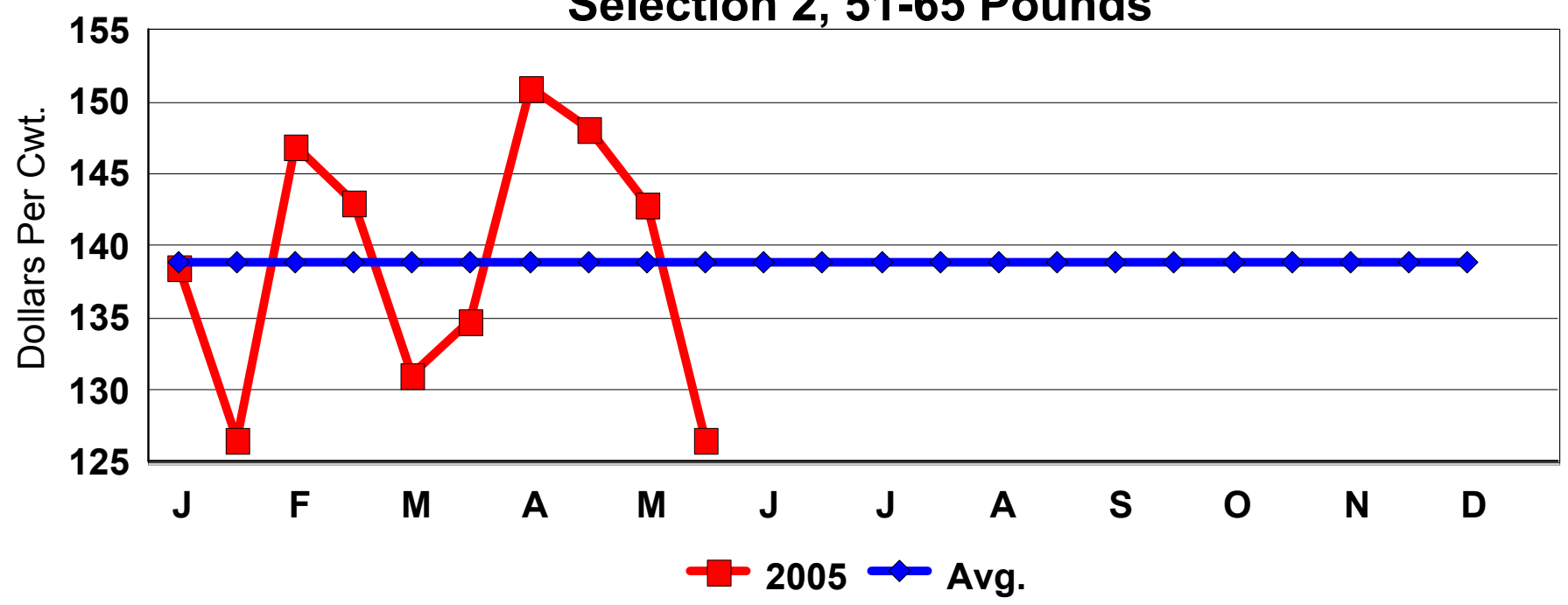
Selection 2 2004

Bi-Weekly Average Prices 2004 TLP Graded Sale Selection 2, 51-65 Pounds



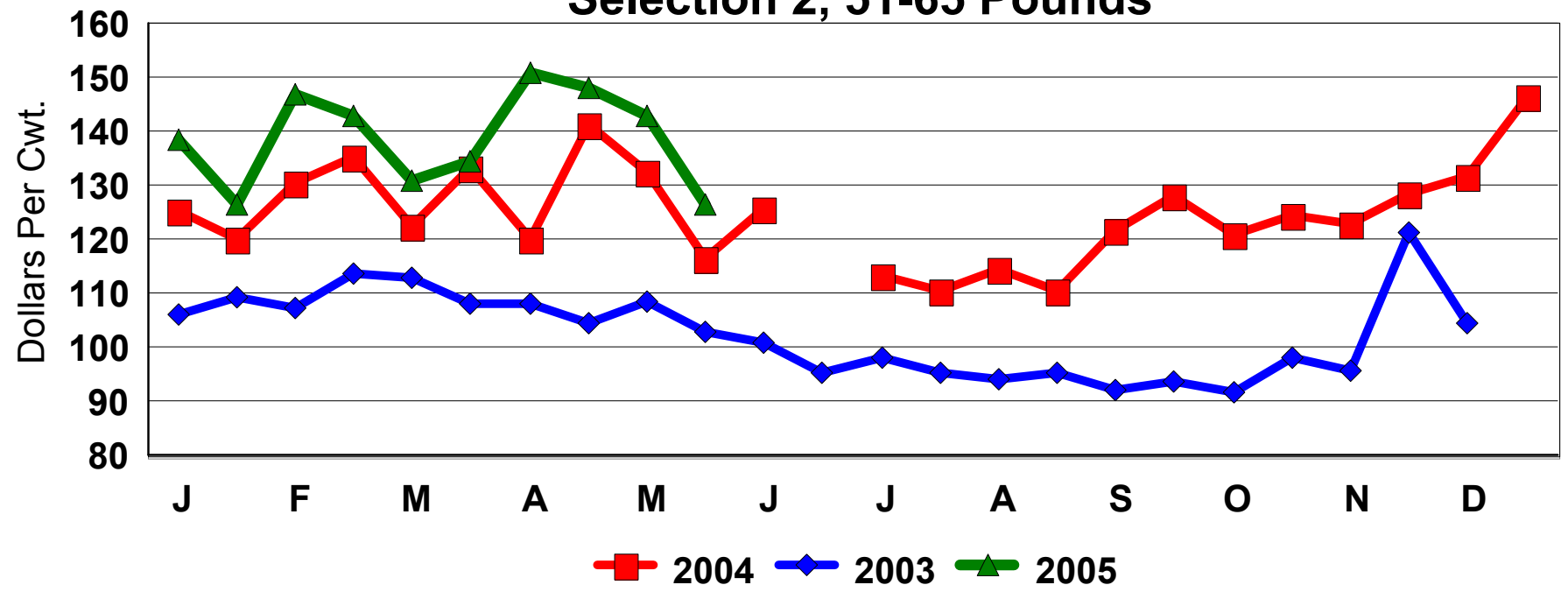
Selection 2 2005

**Bi-Weekly Average Prices
2005 TLP Graded Sale
Selection 2, 51-65 Pounds**



Selection 2 2003-2005

Bi-Weekly Average Prices TLP Graded Sale Selection 2, 51-65 Pounds



Ethnic Markets

- Per capita consumption of sheep and goat meat in U. S. is less than one pound
- Largest U. S. consumers
 - Middle Easterners
 - Greeks
 - Hispanics
- Additional consumers
 - Africans
 - Caribbean Islanders

Ethnic Markets

- Consumption centered on East and West Coasts
- Market potential in any area of ethnic population
- Demand generally increases prior to religious observances

Religious Observances

- Demand increases prior to time period
- Type (age, weight, sex, fat cover)
 - Depends on group and holiday
- Slaughter procedure varies by group
 - Halal (Muslim)
 - Kosher (Jewish)
- Dates change from year to year
 - Lunar calendar (Muslim)
 - Julian calendar (Greek)
 - Gregorian calendar (Roman)

Custom Slaughter

- Live animals can be sold to individuals and processed at custom processor without USDA inspection
- Retail sales of processed meat must be USDA inspected
- Product liability major concern on non-inspected retail sales (in addition to being illegal)

Mobile Processing Unit



Value Added & Other Products

- Goat Milk and Cheese
 - Raw milk and milk product sales for human consumption are illegal in Tennessee
- Goat Milk Fudge
- Snack Products
- Soaps and Lotions
- Cashmere and Mohair

Marketing Other Products

- Assessing Demand
- Advertising
- Sales Methods
- Niche Markets
 - “If the university is talking about niche markets, it is no longer a niche.”
- Center for Profitable Agriculture valuable resource in assessing market demand

Market Information

- Thompson Station Market
 - www.ams.usda.gov/mnreports/NV_LS320.txt
- UT Agricultural Economics
 - economics.ag.utk.edu
- Market News
 - 800-342-8206
- USDA Marketing Service
 - www.ams.usda.gov/LSMNpubs/CFATN.htm

Other Resources

- Maryland Sheep and Goat
 - www.sheepandgoat.com
- Northeast Sheep and Goat Marketing Project
 - www.sheepgoatmarketing.info
- Center for Profitable Agriculture
 - cpa.utk.edu
- John Campbell, Area Farm Mgmt. Specialist
 - www.utextension.utk.edu/managecamp

Summary

- Adjust budget to specific farm situation
- Develop plan to attempt to obtain a price above the market average
- Manage for higher number of offspring
- Production, market weight, selling price combine to determine gross income
- Keep expenses as low as possible without decreasing production

Summary

- Learn laws and regulations for selling home produced products
- Be willing to put much effort into marketing
- Make your product different
- Produce quality products