



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Fallow Deer (100 Does)
B.C. Interior
Spring 1994

Agdex 481 - 810

Introduction

The planning process provides producers with the opportunity to look at their operation as a group of distinct enterprises. Alternative enterprises should be evaluated on the basis of **Contribution Margin**, taking into consideration resource constraints, market opportunity, risk and uncertainty.

The **Contribution Margin** must provide funds for interest, overhead and other indirect expenses as well as a return for living expenses, loan repayment and investment. These items should be included in the overall farm plan which will include a **Projected Income Statement** and **Projected Cash Flow Statement**.

Key Factors Affecting Profit

	Target
Yearling Doe Value	\$450.00
Dressed Wt. Bucks, 15 mos.	65 lbs.
Venison Value	\$3.00/lb.

Production practices for raising fallow deer vary among current producers. Fallow deer are considerably different than raising other livestock. Investors should obtain competent guidance.

For the purposes of this budget:

Weaning percent	85%
Doe replacement rate	10%
Buck replacement rate	25%
Losses in breeding stock	2%
Percent of weaner does sold for: breeding stock	25%
meat	75%

All pasture renovation is completed by custom work. All construction is completed by the owner.

Marketing Alternatives

The fallow deer industry has recently experienced a significant drop in both meat prices and breeding stock values. The meat values used in this contribution margin reflect the price currently received through the larger killing plants. However, many smaller operations have received consistently higher prices through direct marketing. Deer farming in B.C. remains a young industry with opportunity to expand as markets become better established.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc							33	33	34			
%Exp	6	2	15	1			7		66			

The above information indicates the timing of monthly flow of funds included in the contribution margin only. A completed **Projected Cash Flow** should include indirect expenses, capital sales and purchases, loans and personal expenses.

Rules of Thumb

Investment / Doe	\$1,200-1,300
Direct Expenses % of Income	80-90%

The above indicators are provided for comparison purposes. They are set out as potential targets for fallow deer production.

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FALLOW DEER

Target - Weaning 85%

Contribution Margin 100 Breeding Does Fallow Deer

Income	Head	Weight	Price	Income
Venison (bucks)	42	65	\$3.00	\$8,190
Venison (does)	25	60	3.00	4,500
Breeding Does	8		450.00	3,600
Cull Does	8	60	1.75	840
Cull Bucks	1	80	1.75	140
Total Income				\$17,270

Direct Expenses

Quantity	Price	Unit	Expense
Pasture	33	\$52.32 acre	\$1726
Establish Pasture	5	177.90 acre	889

Purchased Feed

High Quality Hay	47	100.00 ton	4,734
Deer Pellets	7.9	172.00 MT	1,362
Grain	2.25	150.00 MT	338
Minerals			165

Livestock Purchased

Breeding Buck	1	700.00 head	700
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Livestock Supplies and Services

Bedding	188	2.00 head	376
Vet Services and Medicine			564
Marketing (Breeding Does)			108
Trucking	84	5.00 head	420
Slaughter	76	37.00 head	2,812
Miscellaneous			250

Fuel, Oil & Lube	150
Equipment Repair & Maintenance	150

Total Direct Expenses **\$14,744**

Contribution Margin **\$2,526**

Buildings, Machinery & Livestock Replacement Costs Total Herd Size - 100 Does

Breeding Livestock	\$65,100
Fencing - perimeter*	10,560
- interior & gates*	11,600
Buildings & Handling Facilities*	8,000
Irrigation	12,250
Watering System*	3,000
Vehicle	15,000
Total	\$125,510

(*materials only)

Fallow Deer & Venison Prices

The venison prices used are based on carcass values at the wholesale level. A higher range of venison prices have been used in the following sensitivity table to reflect those prices that can be achieved through direct marketing. Additional costs for cutting and wrapping need to be considered when marketing direct.

Contribution Margin - Sensitivity Analysis

The table below lists the changes to contribution margin as price received for breeding does and venison varies.

Breeding Does	Venison \$/lb.				
	2.50	3.00	3.50	4.00	4.50
350	(365)	1,750	3,865	5,980	8,095
450	411	2,526	4,641	6,756	8,871
550	1,187	3,302	5,417	7,532	9,647
650	1,963	4,078	6,193	8,308	10,423
750	2,739	4,854	6,969	9,084	11,199

This information is provided as a guideline only. Target yield indicates above average production. An individual livestock plan should be developed by each producer. Planning forms may be obtained from your local office of the B. C. Ministry of Agriculture, Fisheries and Food.