



PLANNING FOR PROFIT



BRITISH COLUMBIA Ministry of Agriculture and Food

Silkie
Fraser Valley
Summer 1998

Agdex 454 - 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
Dressed Weight	0.7 kg
Eggs/hen/year	120
Feed Conversion(feed/gain)	3.4
Hatchability	78%
Cycles per year	3

Silkie are a black skinned bird used by the Asian community for medicinal purposes. The production of this specialty chicken relies on the use of a hybrid (silkie x chicken) strain which lays 120 eggs/year and reaches slaughter weight at 12 weeks of age. The management, housing and production techniques for silkies are similar to the conventional production techniques used for the raising of broilers. Silkie producers breed and hatch their own chicks and replacement breeders are held back from the commercial meat flock. The common breeding ratio is one rooster to 10 hens.

Marketing Alternatives

Silkie meat is dry, lean and unmarbled and so it is not commonly eaten for meat but used for soup. The birds are believed to have "medicinal" qualities. The market for silkies in B.C. has grown steadily. A recent BCMAF study (*A Commodity Development Strategy for the B.C. Game Bird Industry, 1998*) reported that 235,000 silkies were processed in 1997. In addition, 101,000 silkies were exported live to the U.S. in 1997. Fresh and frozen processed silkies are distributed and sold locally to Asian speciality poultry retailers and restaurants. Producers should secure markets before starting production.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc	8	8	8	8	8	8	8	8	8	8	8	8
%Exp	8	8	8	8	8	8	8	8	8	8	8	8

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

Rules of Thumb

Investment/bird sold annually	\$6 - \$7
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The above indicators are provided for comparison purposes. They are set out as potential targets for silkie production.

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SILKIES

Target - 0.70kg Evic. Weight/Bird

Contribution Margin 50,000 Market Birds/Year Fraser Valley

Income

	Yield	Price	Unit	Income
Grade #1	31,500	\$4.95	kg	\$155,925
Utility	1,750	4.29	kg	7,508
Condemned	1,750	0		0
Total Income				\$163,433

Direct Expenses

	Quantity	Price	Unit	Expense
Feed Costs				
26% starter	27.34	469	MT	\$12,822
18% grower	144.55	393	MT	56,808
18% layer	6	313	MT	1,878
Other Costs				
Litter & Energy				1,540
Medication				1,540
Custom Processing				102,669
Transportation				1,540
Freezing/Cold Storage				16,940
Building R & M				2,160
Equipment R & M				660

Total Direct Expense **\$198,557**

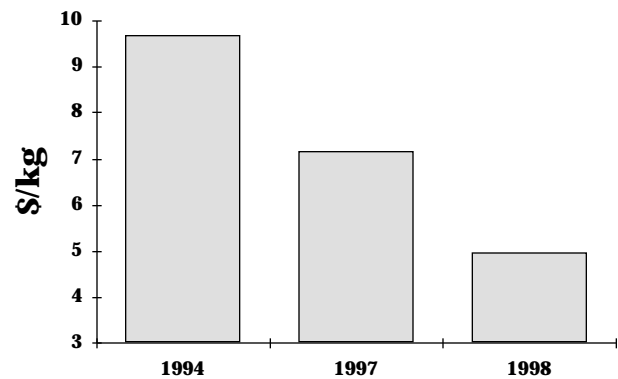
Contribution Margin **(\$35,124)**

Contribution Margin/kg **(\$1.00)**

Buildings and Machinery Replacement Costs 50,000 Birds to Market Annually

Buildings	\$216,000
Equipment	<u>66,000</u>
Total	\$282,000
Breeding Stock	<u>\$50,000</u>
Total Investment	\$332,000

Silkie Prices



Contribution Margin/kg - Sensitivity Analysis

The table below lists the changes to contribution margin (\$/kg) as the weighted average cost of feed and weighted average wholesale price/kg vary.

Price \$/tonne	Price \$/kg			
	3.67	4.67	5.67	6.67
350	(1.74)	(0.74)	0.26	1.26
375	(1.87)	(0.87)	0.13	1.13
402	(2.00)	(1.00)	0.00	1.00
425	(2.12)	(1.12)	(0.12)	0.88

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 and Food.