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EC66-1420 Nebraska Egg Production Prospectus

Earl Gleaves

T. Hartung

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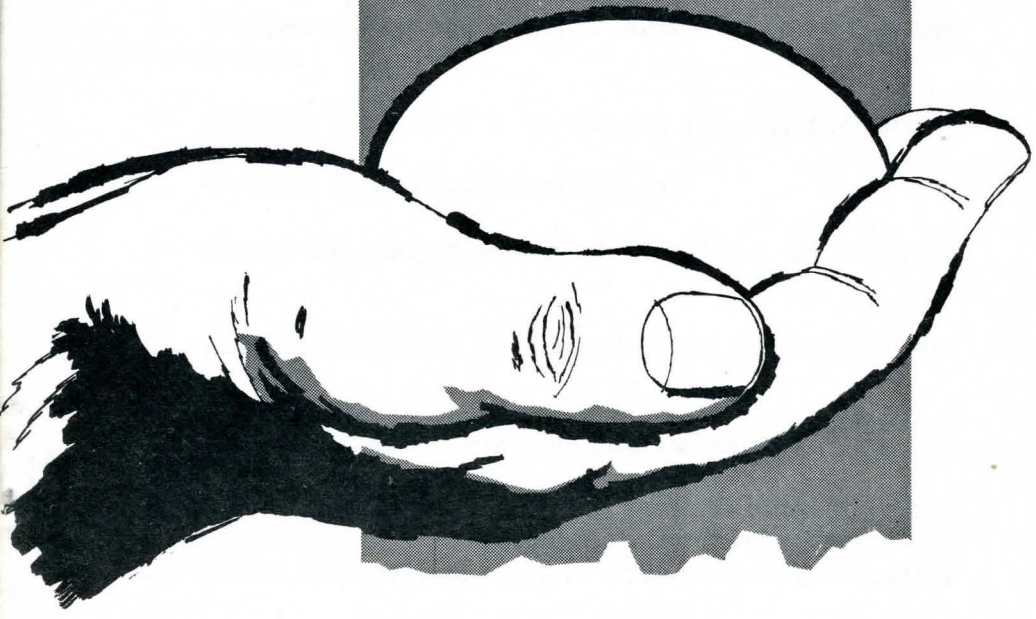

UNIVERSITY OF NEBRASKA COLLEGE OF AGRICULTURE AND HOME ECONOMICS
EXTENSION SERVICE
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E. F. FROLIK, DEAN J. L. ADAMS, DIRECTOR

NEBRASKA EGG PRODUCTION PROSPECTUS

By
Earl W. Gleaves and T. E. Hartung
Department of Poultry Science
University of Nebraska

Interest in family-type layer units of 5,000 hens or more, plus concern over ways to improve profits in existing units, raises many questions about the egg production industry in Nebraska.

Nebraska's egg industry strong points, problems and challenges are discussed in this bulletin. Specific purposes are to:

1. Describe Nebraska's present egg industry.

2. Compare Nebraska to other states and areas in the United States.

3. Outline Nebraska's assets for the egg industry.

4. Outline Nebraska's liabilities.

5. Present a budget and cash flow for a 10,000 bird flock.

6. Explain financing an expanded egg production enterprise.

Nebraska's Present Egg Industry

Economic Importance. Eggs rank seventh highest among 28 agricultural items that return cash income to Nebraska. Gross income from sale of eggs in 1965 was $24,698,000.

The egg industry is of economic importance also from the standpoint of providing a market for Nebraska-grown feed grains, protein supplements and other raw materials which go into egg production.

For example, it took about 350,000 tons of feed to maintain the 1965 laying flock. This feed was composed primarily of corn, grain sorghums and soybeans -- all grown in Nebraska.

In addition, the egg industry provides a market for labor, chicks, building materials, equipment, medicines and investment capital. Egg industry marketing firms supply jobs and add to the economic value of the industry in the state.

Size and Location. Egg production units are scattered throughout every county in the state on some 44,000 individual farms. There are 6,026,000 hens on these farms, or an average flock size of about 137 hens. The greatest hen concentration is in the eastern third of the state.

Since 1956, the total laying flock in Nebraska has decreased by 4,650,000 layers. The decrease in number of layers between 1965 and 1966 will probably be considerably less than the ten-year average of 456,000 per year.

If the interest in larger flocks continues to grow there is a possibility the state flock size will level off to a constant number in the future. On a national basis, production has shifted from one area to another but the overall size of the laying flock has remained about constant for the past 10 or 15 years.

Nebraska is shifting to larger, more efficient flocks; however, the change is not occurring as rapidly as in regions with which we compete.

In the United States, according to the Agricultural Census of 1959, more than two-thirds of the eggs were produced from flocks of 800 hens or more. At the same time in Nebraska, about 70% of the eggs were produced from flocks of 300 hens or less.

A Nebraska State Agriculture Department survey in 1965 indicated that at least 50 of the flocks in the east contained 3,200 hens or more. Several of these flocks were 10,000 hens and more in size and a few were as high

as 100,000. Changes occurring since the last census indicate a national situation in which an even greater percentage of egg production is coming from larger flocks.

Market Outlets. Traditionally, Nebraska has been a source of eggs for the shell egg market and the egg products industry. The shell egg market for Nebraska, in the past, has been primarily combinations of the eastern and southern markets. However, the state now competes with the south for the eastern market.

At present, it is estimated that 85% to 90% of Nebraska-produced eggs go to the egg products market with the balance going for shell eggs. Nebraska is still a strong supplier of egg products and must recognize this as its major market outlet, especially for eggs from the many small flocks in the state. Because of a need for a place to sell the production from hens that have been laying more than 12 months, the egg products market is important also to the larger producers of shell eggs.

Nebraska's Competition

What the competition is doing is important in a prospectus for the egg industry. Costs of production and egg price are of major concern. If Nebraska can produce eggs at as low a cost and sell them at as high a price as other areas of the U.S., then the desire to do the job is the only remaining need.

Nebraska is reasonably competitive in production costs (Table 1). Improvements can and should be made in all areas, especially in feed costs.

Nebraska has the same advantage of having an abundant supply of feed ingredients as other midwestern states. Consequently, feed costs can be reduced in Nebraska. In fact, they are much lower than average for many efficient producers in the state. A lower feed cost is being reported by producers who buy in large bulk quantities, take advantage of cash discounts and hold feed wastage to a minimum.

Figure 1 gives you an idea of how Nebraska compares to other states in price received by farmers between 1960 and 1965 for Grade A large eggs.

Table 1. Average cost[1] of market egg production[2] (cents per dozen).

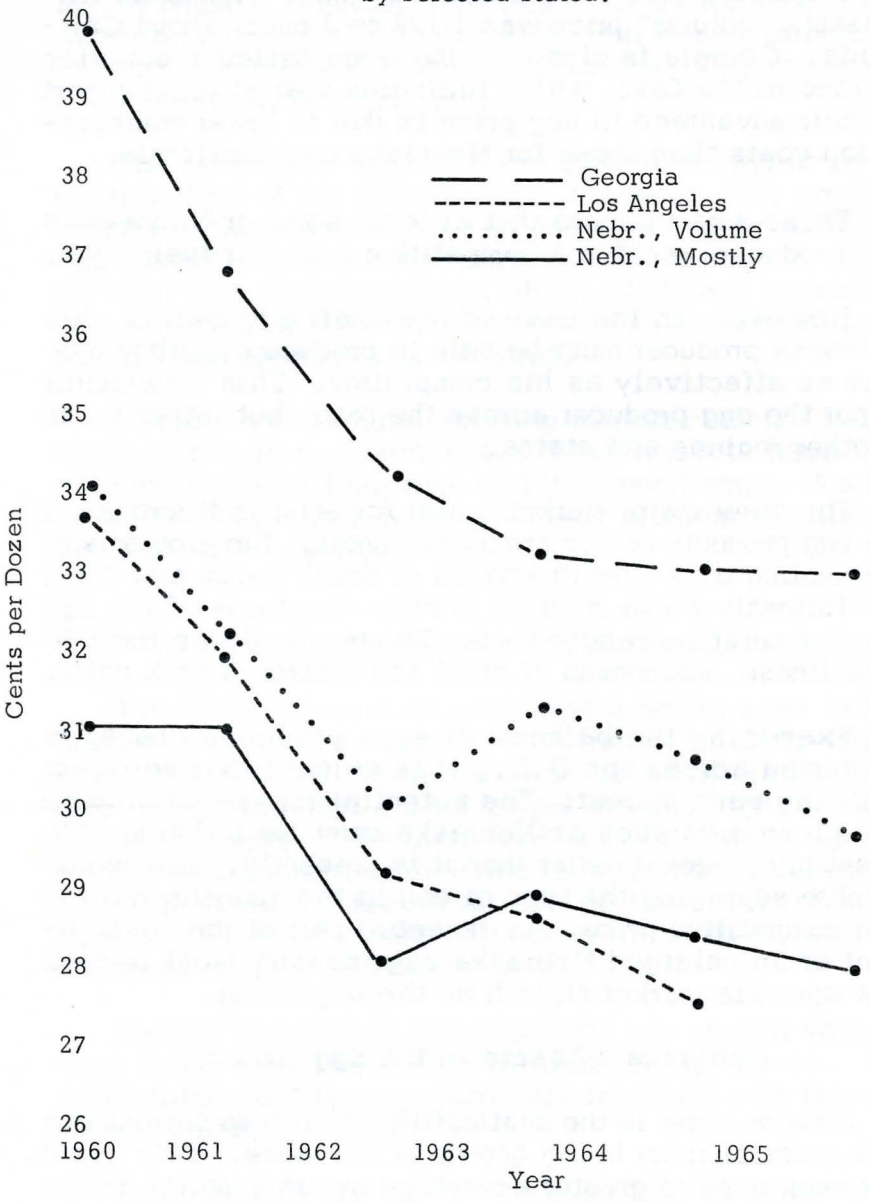
Item	East	Nebraska[3]	Midwest	South	West
1. Feed	16.50	15.75	14.05	14.51	14.7
2. Hen Depreciation	8.10	8.10	8.58	7.10	6.0
3. Building & Equipment Depreciation	2.70	1.22	1.68	1.11	1.0
4. Labor	2.50	2.35	1.62	2.63	2.0
5. Utilities	0.50	0.50	0.59	0.32	0.2
6. Interest	0.50	0.91	0.79	0.62	0.5
7. Insurance & Taxes	0.15	0.40	0.24	0.21	0.2
8. Medication & Vaccination	0.25	0.25	0.11	0.26	0.2
9. Litter	None	None	None	0.21	0.0
10. Miscellaneous	0.50	0.30	0.43	1.00	1.0
TOTAL	31.70¢	29.88¢	28.09¢	27.97¢	25.8¢

[1] Large differences in smaller items of cost could be due to different computational methods of the five authors.

[2] Presented at the American Poultry Congress & Exposition, Conrad Hilton Hotel, Chicago, Ill., July 22, 1965. by Dr. Hugh Johnson, Urbana, Ill., Don Bell, Anaheim, Calif., Jerry Cox, Athens, Ga., and Dave Hefler, Trenton, N. J., at the EGG COST CLINIC.

[3] Calculated on a basis similar to other regions, from Nebraska records.

Figure 1. Average grade A large egg price received by farmer by selected stated.



Georgia received the highest egg price compared to Nebraska and Los Angeles. The "mostly" Nebraska and Los Angeles prices were about the same. However, Nebraska's "volume" price was 1 1/2 to 2 cents above California. Georgia is closer to the large deficit production regions in the East, which indicates that at least a part of their advantage in egg price is due to lower transportation costs than those for Nebraska and California.

These data indicate that at least some of Nebraska's egg producers receive a competitive price for their eggs.

However, in the case of the shell egg market, the Nebraska producer must be able to produce a quality product as effectively as his competitor. This competitor is not the egg producer across the road, but rather those in other regions and states.

The other major market outlet for eggs in Nebraska is the egg products or egg breaking market. The problems of assembling eggs from thousands of small flocks and doing it efficiently while meeting quality standards of the egg breaker must be recognized. These standards include cleanliness, soundness of shell and control of yolk color.

Examining the balance of eggs produced and eggs consumed across the U.S., it is evident that someone is filling each market. The potential for any expansion of a given area such as Nebraska must lie in being able to satisfy a market better than it is presently. This would involve supplying the type of egg in the quantity wanted at a competitive price. An essential part of the development of an enlarged Nebraska egg industry must be tied to a specific market right from the beginning.

Nebraska's Assets in the Egg Industry

A major asset is the availability of all feed ingredients with most of them being grown in the state. This asset has been used to greater advantage by other states in the Midwest than by Nebraska. Nevertheless, it is a "real" asset for Nebraska.

Nebraska has land suited to poultry production. It has land producing low-income when used for cropping or grazing but well suited for the construction site of laying houses. Another Nebraska asset as far as egg production is concerned is the large number of farm units in need of additional income enterprises. Egg production can serve as this enterprise.

The relatively large concentration of layers in the eastern third of the state is another asset. This provides a natural clustering of hens in one area and helps reduce egg assembly and raw ingredient distribution costs. It can be used as a nucleus around which additional operations can be built. More clustering needs to be accomplished but at least Nebraska has a start.

Nebraska does have existing market outlets for both shell eggs and egg products. These markets have been established for a long time and they need eggs. Another asset is Nebraska's people. Many of them are already familiar with poultry.

Nebraska's Liabilities for Egg Production

Too often the cost of producing a dozen eggs in Nebraska is high when compared with that of its competition. This high cost of production can be attributed to poor rate of lay, too high a cost for pullets and high feed cost per dozen eggs. The high feed cost per dozen eggs is related to poor performance and high finished feed costs. The high finished-feed cost can be the result of small quantity buying, credit, distance for delivery and inefficient milling of poultry feed.

Another liability is the relatively low market value of eggs being purchased on a current receipt basis. Unpredictable quality and supply are involved with this low market value.

Even though the greatest percentage of Nebraska's egg production is clustered in the eastern section of the state another liability is associated with the scattered nature of flocks over the entire state. This scattering is responsible for a high cost of assembling eggs in sufficient

quantities to ship to the shell egg market or to egg-breaking plants as well as high costs of distributing feed and supplies.

Perhaps as a result of many of these factors, another liability exists: a general feeling or image that egg production is not a profitable enterprise in Nebraska.

Actually, one can find Nebraska egg producers who have, over extended periods, experienced excellent profit returns. Too few of these, however, have received state-wide attention. The decline in numbers of hens in Nebraska has, in itself, been a negative influence on what might be accomplished.

Nebraska's assets and liabilities must be balanced to obtain maximum profits. This is the key to what's ahead for egg production in Nebraska.

Budget and Cash Flow for a 10,000-Bird Flock

Budget guides (Table 2) were set up:

1. To acquaint beginning poultrymen with some of the current costs of egg production and standards of efficiency.

2. To provide a check list with which poultrymen can compare their current production and cost levels.

3. To help present and potential producers appraise egg contracts. Success, and therefore profit in egg production, depends upon the ability to eliminate weak points and improve strong ones.

Table 2 presents in summary form a schedule of expenses and possible income with assumed prices. These assumptions may not fit any particular time and place so should be recalculated to fit the particular farm and current prices.

A moderate level of efficiency and good management is assumed --- not as good as some achieve but obtainable even by new poultrymen who follow the best practices under the guidance of competent advisors.

Table 2. Budget for example Nebraska flock 10,000 hens[1]

Item	Total Flock	Per doz. eggs
Receipts:		
Eggs sold		
154,000 doz. large or better	50,820.00	33.00
44,000 doz. medium	11,220.00	25.50
11,000 doz. small	1,980.00	18.00
11,000 doz. cracks or dirts	1,650.00	15.00
Total egg receipts	65,670.00	29.85
Expenses: Variable		
Pullets, 10,000 @ $1.78 minus salvage value of 8,688 hens weighing 3.5# each @ 6¢/lb. ($1,824.00).	15,976.00	7.26
Feed, 510 ton @ $68.00	34,680.00	15.75
Electricity, water, phone	1,100.00	0.50
Medicine, grit	540.00	0.25
Repairs	220.00	0.10
Fuel, auto, truck, misc.	440.00	0.20
Taxes and insurance	860.00	0.40
Total variable expense (except labor)	53,816.00	24.46
Expenses: Fixed		
Depreciation		
Building (5%)	1,336.00	0.61
Equipment (10%)	1,336.00	0.61
Interest on fixed investment	2,000.00	0.91
Total fixed expenses	4,672.00	2.13
Total all expenses	58,488.00	26.59
Net return to labor and management	7,128.00	3.26

[1] Hens kept 14 months after 10% production, starting with 20-week-old pullets.

Mortality calculated at 1% per month.

Total number of salable eggs, 220,000 doz. or 22 doz./hen on hen housed basis.

Feed conversion calculated at 4.5 lbs./doz. plus feed for one month which makes over-all conversion about 4.6 lbs./doz.

House cost figured at $2.00/hen and equipment cost figures at $1.00/hen.

The sale of 22 dozen eggs per hen should be obtainable from the good replacement stock available under good management and disease control. An inventory decrease of stock on hand was assumed to be one percent each month.

Pullets. The cost of 20-week-old started pullets, purchased in 10,000-bird lots, will vary from $1.65 to $1.90 in Nebraska. A value of $1.78 per pullet was assumed in this budget. The $1.78 value is somewhere near an average of prices received for pullets in 1965. To arrive at hen cost, the salvage value of the hen was subtracted from the purchase price of the pullets.

Feed Costs. The cost of layer feed will range from $65 to $75 per ton. Since the budget is calculated for a relatively large flock $68 per ton was used.

Other Costs. Included are miscellaneous costs such as electricity, water, phone, medicine, vaccines, repairs, taxes, insurance, and automobile used for business. This item varies considerably on different farms -- from one to two cents per dozen. A figure of 1.45 cents was used in this budget.

Depreciation. These figures were based on an investment of $20,000 for the house and $10,000 for equipment. The life of the building was assumed to be 20 years and the life of equipment 10 years. This is a fixed investment cost of $3 per bird for house and equipment. The range in costs for these items in Nebraska varies from $2.75 to $4.00 per bird.

Interest on Investment. This is a proper part of the cost of production of any commodity. It represents the wage for the capital invested whether it is furnished by the operator or borrowed at a cost of interest. For the operator free of debt it becomes part of his farm income. Six percent, the current rate on long-term loans, was used in Table 2.

Return to Labor and Management. A working operator with some help from his wife and family could do all the work required for the 10,000-hen Flock. He may need some help at times in cleaning houses or in replacing himself when sick or on vacation.

It was assumed this cost would be low and therefore was not deducted as an expense item. In some operations it might be necessary to include hired labor as a cost item. The total labor requirement for a 10,000-hen flock kept 15 months usually runs 3,000 to 4,000 hours. Neither egg grading nor cleaning is assumed, although this is done on many egg farms, depending upon marketing channels.

Management income then becomes the amount by which income exceeds all costs. It is the income to the operator for his management in addition to the value of his labor and interest on his investment.

Cash Flow. It is vital to know where you stand at all times in your poultry operation. A cash flow projection will provide this information. If it is necessary to work with banks or feed companies to secure working capital, a cash flow chart is a must.

The cash flow sheet in Table 3 is on a basis of 10,000 hens, purchased at 20 weeks of age and kept as layers for 15 months with the same returns and costs as in the budget in Table 2. These figures show the amount the producer is "in the red" each month up until all costs have been paid and then the amount he is "in the black" after that.

The changing capital requirements of an egg production unit reach a peak when pullets are 24 to 28 weeks of age. Under the conditions of this example, the hens do not begin to return a profit until the 10th month of lay. Consequently, money management becomes an important aspect of the layer enterprise.

The successful poultryman must be a businessman.

A poultry businessman must plan his available capital so that he has the money when he needs it.

The job is to use the money invested as efficiently as possible. In general, not more than one and one-fourth years should be required for the receipts to equal the capital investment. This means that:

1. Costly equipment that has not been proven should not be purchased.

2. "Super-fancy" or excessively expensive laying houses should not be built.

3. Buildings and equipment should be kept in nearly full use throughout the year.

Efficient use of capital does not mean buying cheap chicks and feed. Usually cheap chicks and feed are a poor investment. The important cost for these items is the cost per dozen eggs. Most often the best investment turns out to be higher priced chicks and better quality feed.

Cost and Return Variations. Projections in Tables 2 and 3 may not fit any single situation in Nebraska because they are a composite of several situations. Data in Table 4 were designed to help make adjustments which will more nearly fit your situation.

In using these adjustments, keep in mind that they are listed independently of each other and more often than not two or more may interact in such a way that several changes may need to be made.

You can see from the cost and return figures in Table 4 that some rather small changes in management can mean the difference between a profit or a loss for the layer enterprise. All of this is an important part of the business management and is the reason records need to be kept, studied and used.

Records kept over the years have shown that the six most important profit factors in poultry enterprise management are:

1. Size of laying flock.

2. Eggs laid per layer.

3. Eggs produced per man.

4. Mortality.

5. Feed efficiency.

6. Use of capital.

Size of Business. Size of flock was listed as one of the major profit factors. A relatively large flock of 10,000 hens was used to demonstrate Nebraska's present cost and return situation. This apparent emphasis on flock size or size of business deserves more discussion.

First, a 10,000-hen flock was used because economies of scale studies have shown that this is about the size of flock where investment costs per bird level out. Very little except volume is gained by going to a larger unit and below 10,000 the cost per hen increases slightly down to a 5,000 hen unit; below 5,000 hens costs increase sharply. This plus the fact that many of Nebraska's new units are 10,000 hens in size led to sitting up the budget and cash flow sheet for a larger than average flock size.

The cost and return figures presented in Table 2 and 3 can be scaled down to a 5,000-hen flock and still represent a fair estimate of what can be expected in Nebraska. Below 5,000 hens, housing, equipment and labor costs per hen should be increased.

This is assuring that a new house and equipment will need to be purchased. Housing and equipment cost may go as high as $3.75 to $4 per bird and labor requirements may rise to as much as an hour and a half per bird per year.

This doesn't mean that smaller flocks can't exist in Nebraska. However, to exist the smaller flocks must be housed in older or cheaply constructed housing with a minimum of equipment or the eggs must be sold on a special market.

Many of Nebraska's small flocks are profitable because of special management situations and because of the existence of low cost housing. These flocks might not be profitable if it were necessary to construct new housing, buy new equipment and sell the eggs on a current receipt market. Unfortunately, egg buyers for either the shell egg market or the egg products market who pay the best price are looking for the larger flocks.

In general, the more layers you have the greater your profit per bird. The actual level of your income, however, depends upon egg prices.

During periods of good prices, farms with large flocks make much larger incomes than do those with small flocks. During periods of low prices the amount of loss per bird is less with the larger flocks.

Owners of smaller flocks in some Nebraska communities still have a market potential and thus a profit potential in the form of direct marketing. However, this will have to be developed carefully because many of the small stores and cafes in Nebraska communities away from Lincoln and Omaha are virtually saturated with locally produced eggs. The opportunity lies in those communities where eggs have become a scarce item.

Financing and Expanded Egg Producing Enterprise

The greatest opporunity in egg production in Nebraska will be in units of 5,000 hens and up. This means that a considerable amount of capital will be needed to start the operation. There are several sources of capital available to a poultry businessman.

Internal

1. Capital which he has previously set aside.

2. A poultry businessman contributing his own labor to the enterprise may delay some of the labor payments to himself and use this money for operating capital.

External. Few poultry businessmen are fully able to finance an expanded poultry enterprise from available internal capital. There are, however, several sources of finance available to him:

1. Banks. Banks vary throughout Nebraska in their willingness to provide financing for egg production enterprises. When available, it usually is in the form of mortgages on fixed investment.

2. Federal Land Bank Loans. Governmental money is available through Federal Land Bank Loans. Policy varies throughout the country and to date there has been very little of this money going into poultry operations in Nebraska. However, in some other states, Federal Land Bank Loans are a popular source of money.

3. Farmers Home Administration. This is another agency of the Federal Government which has provided money for poultry operations. This agency has a flock size limit which may not permit expansion. However, it might be a source of money for someone wanting to get started.

4. Production Credit Associations. Production Credit Associations have funds for financing pullets and layers, and have financed several operations in Nebraska.

5. Feed Companies. The budget in Table 2 shows that about 60% of the cash costs of an egg production unit is for feed. Many feed companies therefore provide credit as a service to their customers and to assure themselves of feed volume.

6. Equipment Companies. Equipment companies have a large stake in new fixed investment of a poultry enterprise and many will provide financing for the enterprise.

7. Stock Corporation. This is a relatively new, rapidly growing method of financing poultry enterprises. Often non-farm people with money to invest are interested in buying stock in a corporation where they can see a return on their money.

8. Contract Production. This also is a relatively new method of financing in Nebraska that is growing rapidly. Under this system the contractor, which is usually a hatcheryman or a feedman, supplies supervision, management, pullets, feed, vaccines and a market. The poultryman supplies the house, equipment and labor.

The poultryman then receives a set price or a set percentage of the gross income for each dozen eggs produced. In the case of the set price per dozen there is often a percentage of the net profit returned to the producer. Thus profits, expenses and risks are shared by the producer (contractee) and the hatcheryman or feedman (contractor).

Each source of capital should be considered and checked carefully. Length of the loan and interest rates must be in line with what the business can pay back.

Table 3. Cash Flow Sheet for Example Nebraska Flock 10,000 Hens

Summary Items	Clean-up and Repair	20-24 Weeks of Age	1st Month	2nd Month	3rd Month	4th Month	5th Month
Birds in flock	---	10,000	9,900	9,801	9,703	9,606	9,510
Production (Dozen)[1]	---	2,601	8,425	17,812	19,803	20,454	19,258
Total to date	---	2,601	11,026	28,838	48,641	69,095	88,353
Receipts ($)							
Eggs (Total this period)	---	508	1,825	4,565	5,344	6,115	5,710
Total income to date	---	508	2,333	6,898	12,242	18,357	24,067
Expenses ($)							
Variable[2] (See budget)	460	20,548	2,696	2,744	2,648	2,628	2,514
Fixed (See budget)	292	292	292	292	292	292	292
Total outlays this period	752	20,840	2,988	3,036	2,940	2,920	2,806
Total outlays to date	752	21,592	24,580	27,616	30,556	33,476	36,282
Outlays to date/doz. salable eggs	---	8.30	2.23	0.96	0.63	0.49	0.41
Receipts over expenses this period	---	---	---	1,529	2,404	3,195	2,904
Receipts over expenses to date	---	---	---	---	---	---	---
Average monthly labor and management returns	---	---	---	---	---	---	---

[1] Production includes 1,700 dozen of unsalable eggs.

[2] Heavy outlay of cash in 20-24 week column is for purchase of pullets and small outlay in 14th month is because income from sale of old hens is subtracted from cash outlay.

6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	13th Month	14th Month
9,415	9,321	9,228	9,136	9,045	8,955	8,865	8,776	8,688
18,065	18,005	16,564	15,986	15,019	12,551	13,184	12,188	11,785
106,418	124,423	140,987	156,973	171,992	184,543	197,727	209,915	221,700
5,386	5,548	5,197	5,045	4,747	3,967	4,167	3,852	3,694
29,453	35,001	40,198	45,243	49,990	53,957	58,124	61,976	65,670
2,528	2,458	2,430	2,410	2,390	2,227	2,342	2,322	471
292	292	292	292	292	292	292	292	292
2,820	2,750	2,722	2,702	2,682	2,519	2,634	2,614	763
39,102	41,825	44,574	47,276	49,958	52,477	55,111	57,725	58,488
0.37	0.34	0.32	0.30	0.29	0.29	0.28	0.28	0.2659
2,566	2,798	2,475	2,343	2,065	1,448	1,533	1,238	2,931
---	---	---	---	32	1,480	3,013	4,251	7,182
---	---	---	---	2.66	114	215	283	448

Table 4. Some management cost and receipt variables and their effect.

Item	Budget Base	Variation	Effect On	Effect Total 10,000 Hen Flock	Effect Per Doz.
Management					
Feed, lb./doz.	4.6 lb./doz.	± .2 lb./doz.	Costs	±$1,496.00	± 0.68
Salable eggs/ hen housed	264.0 No.	± 4 No.	Receipts	± 994.00	---
No. mediums vs. large	19.8% of all eggs	± 5%	Receipts	± 165.00	± 0.07
No. cracks or dirts vs. large	5.0% of all eggs	± 2%	Receipts	± 40.00	± 0.02
Egg Production					
Cost:					
Pullet/each	$ 1.78	±$0.15	Costs	± 1,500.00	± 0.68
Feed/ton	68.00	± 2.00	Costs	± 1,020.00	± 0.46
Building/hen	2.00	± 0.20	Costs	± 360.00	± 0.16
Equipment/hen	1.00	± 0.20	Costs	± 360.00	± 0.16
Receipt:					
Av. egg value/ doz.	0.2985	± 0.005	Receipts	± 1,100.00	± 0.50
Salvage value or hen/lb.	0.06	± 0.02	Receipts	608.16	± 0.28

[1] Each of the items is shown independently of each other. Two or more may interact and this must be taken into consideration.

SUMMARY

The future for egg production units in the United States is bright. It has been predicted by agricultural economists that by 1975 American consumers will be requiring 20 to 25% more eggs than are now being produced. The estimates take into consideration the mounting population and increased food need for the added people.

Evidence that Nebraska can compete with other states and areas in egg production has been presented. But, certain aspects of Nebraska's egg industry can and should be improved. Egg producers and the egg industry must recognize that there must be a desire to balance the assets and liabilities. People must want to do something about a situation, if anything is to happen.

There is a critical need for an increased number of more efficient egg production flocks in Nebraska. They are needed for the benefit of the people now engaged in egg production and for those who will eventually become egg producers. Additional flocks will help hold our present markets and help encourage new outlets to become interested in Nebraska.

Our efficiency of egg production with predictable egg quality can be improved. Bigness alone is not the answer. Inefficiently operated large flocks can "break" the owner in a hurry. Rate of lay, feed efficiency, hen depreciation as well as flock size are all important factors in improving efficiency.

Lower costs are not the only answer. "How can we 'cut' costs?" is a common expression within the poultry industry. The dominant thought is that it's necessary to reduce costs to meet competition. However, this may be only partially true.

One cannot overlook the necessity of keeping costs at a minimum. But, reducing costs does not always mean more profits nor does increasing returns always mean more profits. Of what value is reducing costs if income is reduced more than costs? This can happen when a poor alternative is selected.

More efficient assembly of eggs must be achieved to allow Nebraskans to better compete with other states. This may be accomplished through grower groups, by better location of central pick-up centers, and also by clusters of larger flock units.

Improved marketing arrangements must be considered in the future. The first step is for the producer to define what market is to be satisfied and its needs. The next step is to make an agreement with that market to buy his eggs. And finally, produce eggs for that specific market.

Nebraska can remain as a prominent egg producing state if its industry will develop its assets to the maximum and keep liabilities at a minimum.