

**THE SUMMIT FARMS FINANCIAL ECONOMETRIC**

**TABLE 1. A Comparison of the Requirement for Beef and Dairy Farming developed for 1<sup>ST</sup> AFRICAN FARMERS' FARMS CREDIT ADMINISTRATION**

**NOVEMBER 2015**

| <b>Factor</b>                         | <b>Beef Cows</b> | <b>Yearling Steers</b> | <b>Fat Steers</b> | <b>Feeder Calves</b> | <b>Dairy Cows</b> | <b>Dairy Beef</b> | <b>Heifers</b> | <b>Vealers</b> | <b>Dairy Goats</b> |
|---------------------------------------|------------------|------------------------|-------------------|----------------------|-------------------|-------------------|----------------|----------------|--------------------|
| Unit                                  | 1 Cow            | 1 Steer                | 1 Steer           | 1 Calf               | 1 Cow             | 1 Steer           | 1 Heifer       | 1 Calf         | 1 Doe              |
| Labour                                |                  |                        |                   |                      |                   |                   |                |                |                    |
| Daily Schedule <sup>1</sup>           | Some             | Little                 | Important         | Important            | Essential         | Some              | Some           | Essential      | Essential          |
| Decision, Responsibility <sup>2</sup> | Little           | Slight                 | Some              | Some                 | Usually           | Slight            | Some           | Usually        | Usually            |
| Peak Season <sup>3</sup>              | Freshening       | None                   | Young             | Young                | Usually           | None              | Young          | Usually        | Usually            |
| Hours/unit <sup>4</sup>               | 6-12/Yr          | 1-3/Period             | 5-6/Period        | 2-3/Period           | 64-81/Yr          | 10-12/Yr          | 12-25/Yr       | 4-5/Period     | 15-25/Yr           |
| <b>Management <sup>5</sup></b>        | Low              | Low                    | Periodic          | Average              | Intense           | Low               | Periodic       | Intense        | Intense            |
| Land Area Per Unit                    | 2-4 acres        | 1-5 acres              | 1-3 acres         | 1 acre               | 1-3 acres         | 1-2 acres         | 1-2 acres      | 0-1 acre       | 0.2 acre           |
| Daily Water Per unit                  | 30 gal.          | 10 gal.                | 12 gal.           | 10 gal.              | 50 gal.           | 10 gal.           | 10 gal.        | 4 gal.         | 4-8 gal.           |

|  |          |                      |                      |                     |           |                     |                      |          |              |
|--|----------|----------------------|----------------------|---------------------|-----------|---------------------|----------------------|----------|--------------|
| Markets                                  |          |                      |                      |                     |           |                     |                      |          |              |
| Limitations <sup>6</sup>                 | Not now  | Some                 | None                 | Not now             | Not now   | Not now             | Some                 | Possible | Yes          |
| Type                                     | Multiple | Regional             | Multiple             | Regional            | Regional  | Multiple            | Local                | Contract | Local retail |
| Capital                                  |          |                      |                      |                     |           |                     |                      |          |              |
| <b>Turnover Time <sup>7</sup></b>        | 12-14mo. | 6-9 mo.              | 6-12mo.              | 6-8mo.              | 1-2Yr     | 16-18mo             | 18-30mo              | 6-14wk.  | 10-15mo.     |
| Building Investment (\$)                 | 0-200 +  | 0-200 +              | 0-150 +              | 0-500 +             | 300-200 + | 20-500 +            | 20-500+              | 0-200+   | 100-500 +    |
| Equipment Investment (\$)                | 0-200 +  | 0-200 +              | 100-300 +            | 5-300 +             | 200-100 + | 20-300 +            | 20-300 +             | 10-250 + |              |
| Animal Cost (\$)                         | 350-750  | 350-450 <sup>8</sup> | 300-500 <sup>8</sup> | 50-150 <sup>8</sup> | 800-2500  | 50-150 <sup>8</sup> | 150-200 <sup>8</sup> | 50-125   |              |
|  |          |                      |                      |                     |           |                     |                      |          |              |
| <b>Cash Expenditure (\$)<sup>9</sup></b> | 180-350  | 500-575              | 640-850              | 250-400             | 1000-1500 | 500-750             | 525-1000             | 270-300  | 150-420      |
| <b>Potential Gross Return (\$)</b>       | 250-350  | 480-580              | 630-850              | 200-440             | 1400-2500 | 600-750             | 400-1600             | 250-370  | 200-600      |
| <b>Minimum Units Needed</b>              | 10       | 5-10                 | 30-100               | 10-100              | 25        | 5                   | 5                    | 40       | 5            |

1. How Important is timeliness and how important is keeping a rigid daily chore schedule to the success of the enterprise?
2. How important is it for labourers to be able to make some daily decisions and accept some management responsibility?
3. Peak season usually requires more than average labour and management. When does it occur if ever?
4. Work hours would be per usual growth period or per year.

5. Each enterprises requires a deferment minimum level of management attention with intense as highest followed by periodic (some periods of intense and some of low management attention), average and low.
6. Market limitation may affect the supply-demand ratio which in turn would mean a less than economical price or a limited amount of asiable units at any prices.
7. Amount of time from purchase to sale of item or amount of time for breeding animal to pay for herself through sale of product.
8. Includes as part of cash expenses.

(Data developed by Olusanjo-Peters, Stout and John E. brockett, Area Farm Management Agent, Pennsylvanls State Extension Services.)