

The third situation is when individual performance is measured for on-test and off-test weights, backfat and/or loin eye and pen feed consumption.

\*This write-up is a summary of Drewry's oral presentation of the Performance Test Operations Manual - C. J. Christians - Editor

Performance Tested Boars - A Matter of Dollars and Sense  
Pricing of On-Farm Tested Boars

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I wish to take this topic and break it down into two parts - dollars and sense. First, let's evaluate the dollars. Proper pricing is an age-old unanswerable question. You as a producer need to know your clientele and the area to which you furnish breeding stock. We sell our breeding stock locally, first. The majority of our customers are within a 50 mile radius from home. Secondly, we sell to the more distant buyers who come because they have seen our hogs at the shows or test stations.

With the introduction of performance testing and other selection tools, pricing takes a new perspective. No matter how good your hogs may be, or who you are, you have to sell all your hogs. We all have a low third, a middle third, and a high third.

At our farm, over the years and still today, we follow a simple rule of thumb in pricing our boars. Farmers in our area have generally been willing to pay the equivalent price of three market hogs or more for a boar. For example, if the market hog is worth \$100, a boar is priced at  $\$100 \times 3 = \$300$ . There have been few exceptions, even during the depression years when boars sold for \$8 to \$12. Today with inflation, the ratio is increasing to about three and a half times the market hog value. Boars with performance data are priced at four to six times the market hog value.

What is a good boar worth? We take the time to show our customers two simple computations if they are interested. Over the years, we have used a feed company article which was published in a farm magazine back in 1957 or 1958. This article used the Minnesota Swine Test Station data to compare the performance advantage of a boar from the top third to the boar from the low third. Let's assume each boar sires 300 pigs per sire, that our feed cost today is eight cents per pound, and that boar A (top third) has a 25 pound feed efficiency and a one dollar grade and yield advantage over boar B. We can then calculate the return.

25 lbs. x 200 lbs. = 50 lbs. of feed saved per hog  
 50 lbs. x 300 pigs = 15,000 lbs. of feed saved  
 15,000 lbs. feed x \$.08 per pound = \$1,200  
 Grade and yield premium advantage of \$1.00 per cwt.  
 \$1.00 x 200 lbs. = \$2.00 per hog x 300 hogs = \$600  
 Boar A (top third) potential to generate profit over boar B  
 (low third) = \$1,800.

Another example we have in our office is the comparison of an average tested boar versus one that is in the top 10 percent. Assume that each boar sires 300 pigs; the feed cost is \$.08; the labor, vet, building and equipment charge is \$.10 per day; the test average is 2.00 average daily gain; and the feed efficiency is 250 pounds of feed per 100 pounds of gain.

Advantage of boar A (10 percent above average) over boar B (average)

Boar A - Boar B

Average daily gain = 2.2 - 2.0 = 7 less days to market  
 7 days x \$.10 x 300 pigs = \$210  
 Feed efficiency = 225 - 250 pounds feed per pound gain  
 = 25 x 200 lb. pig = 50 pounds x \$.08 x 300 pigs  
 = \$1,200  
 Grade & yield = \$1.65 - \$1.50 per cwt.  
 = \$.15 per cwt. x 200 lb. pig = \$.30 x 300 pigs = \$90  
 advantage of boar A over B = \$1,500.

Most farmers will not pay \$1,500 to \$1,800 for a tested boar. However, if we give one third of the emphasis to the boar, one third to the sow and one third to the man's management, this makes the boar in the first example worth \$600 (1/3 x 1800) and the boar in the second example worth \$500 (1/3 x 1500). This figure is realistic to our customers.

Most top commercial producers are willing to pay a fair price. What has this commercial producer paid for boars?

In the Iowa Central Test Station sales, the average prices have been \$400 to \$500 over the last three years. We have sold 223 central tested boars for an average of \$498 over the last five years. Our on-farm performance tested boars (34 percent of boars) have brought \$400 so far in 1980.

Now let's tackle the sense of performance tested boar sales. I have some opinions that may make sense. I feel performance testing in the central test stations probably will remain rather constant in the next two to three years. It is true that participation has declined in the past three years. But we have reached a plateau of the number of breeders who are willing to participate regardless of test outcome or cost of testing.

By the end of the 1980s, I feel we will see a substantial increase in performance testing, particularly the "on-farm" test program. There are two reasons why I feel this will happen.

First, the commercial swine producer today is more sophisticated in his buying philosophy than in the past. He is a younger person who has the benefit of an improved high school vocational agriculture program, and often an education beyond that level. He has a sizeable financial burden, is coping with 15 to 20 percent interest, yet is determined to provide a positive cash flow statement to his banker so he can stay in business. Since feed costs are one of the major items in a swine operation, reduced feed consumption along with faster growth will help him achieve the positive cash flow he wants. Consequently, he will place more and more selection pressure on the characteristics, particularly feed efficiency, and will seek seedstock with data to help him accomplish his objectives.

With the introduction of the computer, a performance pedigree in the swine industry is almost a reality. It has long been overdue. If the eight different breed associations provide a performance pedigree in the near future, it will be a "shot in the arm" for the purebred industry and performance testing. I sincerely think this will happen and will be well received by the commercial man.

In conclusion, we have just finished the decade of the 1970s, an era to me that meant expansion, more capitalization and profits in the swine industry. Numbers was the name of the game. We enter the 1980s with economic pressures in the hog business. I feel that we will continue to see more increases in numbers throughout the '80s, but that this growth in numbers will be tempered by economic pressures. The first three letters of the word manager are m-a-n. Man will determine if a swine operation will still be in existence by 1990. I feel the man who applies performance testing to his herd, whether commercial or purebred, will gain more leverage in his struggle to operate at a profit in the 1980s. His future will be brighter than the producer who does not capitalize on the utilization of performance test programs.