

Does Flock Performance Rank = Grower Performance Rank?

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In a word, no. Flock performance rank does not necessarily equal grower performance rank.

Contract broiler growers raise company-owned birds with company-owned feed. Broiler companies must have their chickens grown to meet their exacting retail market specifications. It is in the companies' best interest to have every flock perform well. Companies establish a measure of flock performance and then use that relative-performance measure to settle grower contracts. The competitive contract settlements (tournament ranking) assume that flock performance indicates grower performance. Contract settlement rankings overlay grower pay incentives on top of flock performance measures.

There are at least two reasons that flock performance may not accurately measure grower performance. First, half of the flocks (and growers) perform below average even if the flocks all perform well. Second, the flock rank (and grower rank) ends up being determined by both company management decisions and by grower performance.

Most of the settlement rankings are based on some form of feed conversion ratio (pounds of feed per pound of meat). This settlement ratio is a standard for flock performance relative to the flocks processed in the settlement group. Poultry companies manage flocks for efficient feed conversion and these decisions, in turn, directly effect grower settlement ranking.

The Impact of Company Management on Flock Performance. Different retail markets may require birds with specific characteristics. Various markets require different management strategies. Individual flocks that are raised under differing company management practices may have a greater affect on flock performance rank than does grower management. Below are listed some of the company and grower management decisions that effect flock performance. Under current settlements, growers are ultimately accountable in the settlement ranking for both their performance and the company decisions.

Company Decisions

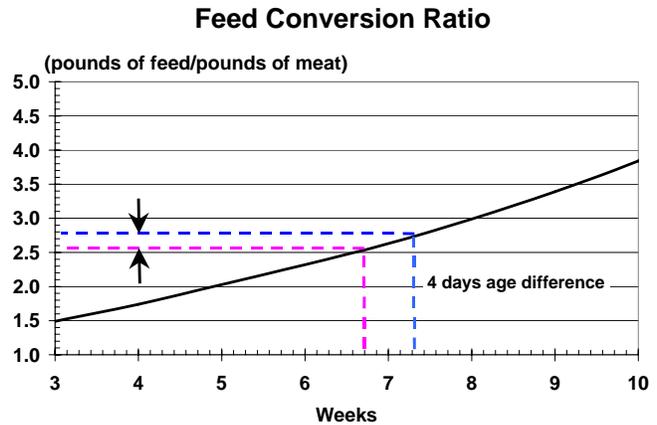
- Genetic line
- Chick quality
- Bird age variability
- Feed variability
- Medication
- Timing of deliveries and/or pickups

Grower Performance

- Access to water
- Access to feed
- Temperature control
- Clean environment
- Mortality management
- Manure management

¹ Mark Jenner was a staff economist with the American Farm Bureau Federation when this paper was written.

The Impact of Age of Birds on Flock Performance. Flocks that make up a settlement group are not always of the same age. Companies want uniformity because they are driven by retail markets and consumer preferences to get chickens of the same size (and age) in the same group. A difference of just a handful of days in age between chickens within a given settlement group will influence the feed conversion ratio and the grower settlement ranking.

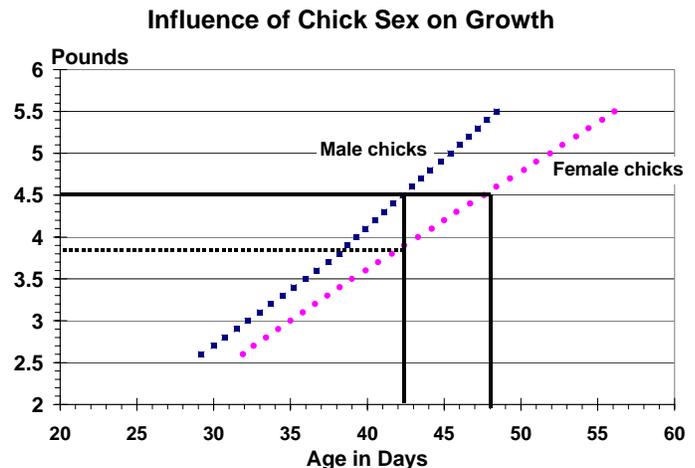


The first chart below shows standard feed conversion rates from a straight-run flock (males and females grown together)². The dashed lines represent the change in feed conversion ratio for four days. The conversion ratios for a given settlement may only range a few tenths of point (which is the difference of 4-5 days in age). Age influences feed conversion and flock performance, but this difference is not directly influenced by grower performance.

Impact of Sex/Gender of Chickens on Flock Performance. Sometimes chicks are sexed and males and females are grown separately in single-sexed flocks in different houses. There is good reason for this. Males grow much faster than females.

In this chart on chick sex, the growth rate for male chickens is to the left of the growth rate for female chickens³. If the target weight is 4.5 pounds, the males will reach that weight at 42 days. It will take the females five more days to reach 4.5 pounds. Similarly, if all flocks are processed at a uniform age of 42 days, the females will weigh only 3.8 pounds. A grower doing a superlative job of managing a female-flock of chickens can not compete with almost any other grower with male chickens. When settled and ranked together, the male-flock growers will out-produce female-flock growers - receiving a pay bonus from the female-flock growers who settle in the lower half of the grower rank. Again settlement rank is more significantly influenced by gender of chicken placed in a grower's house, than by management ability of the grower.

Flock performance does not equal grower performance. The contract settlement rank may well represent flock performance, but the monetary settlements assigned to the rankings may not represent grower management ability. Under the current settlement ranking systems, the grower ends up bearing the responsibility for both company and grower management choices.



² Based on Table 20-10 in Commercial Chicken Production Manual. North, Mack O. and Donald D. Bell. 4th ed. Van Nostrand Reinhold. New York, NY. 1990. p. 476.

³ Based on Table 20-15 in Commercial Chicken Production Manual, by North and Bell. p. 484.