

Extending Knowledge - Changing Lives

Financial Stability of Delmarva Poultry

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ISSUE

The poultry industry has a tremendous impact on the financial stability of Delmarva. Over the past five years, poultry companies had such a need for capacity that they accepted poor performance on farms and continued to place birds. In 2018, we had the perfect storm of circumstances. A company planning a major expansion had an issue. Then, with trade issues between China and the U.S., less pork and beef were exported. This resulted in surplus protein on the U.S. market and caused chicken prices to decline. Combined with some poor lending practices, a decline in poultry farm values and discontinued contracts occurred. A farm without a growing contract value declines to the value of the land. Many farms have been placed on Performance Improvement Plans.

RESPONSE

We observed farms' house conditions and management. Performance was reviewed over a six-flock period to determine the cause of poor performance; action plans were created to address specific issues. Farms were visited at critical points in the flock. Best management practices were discussed to improve flock performance. Items included brooding management to improve weight gain and feed conversion, ventilation to improve flock health and feed conversion, light management, mortality management, understanding controller programming, and history.

IMPACT

We visited 20 farms on Performance Improvement Plans experiencing performance declines. Those 20 farms totaled 62 poultry houses, representing 1,692,000 sq. ft of poultry housing on Delmarva. With additional guidance, 19 farms showed flock improvement and kept growing contracts. Unfortunately, one unsuccessful account was already on its last flock prior to contacting me. We worked with them on two other accounts and the poultry company will place birds back that the discontinued contract. Successfully improving performance helps keep farms sustainable, reduces the amount of idle houses, and helps value for all poultry farmers. Our focus is on what is in poultry farmers' power to control and influence. It pays dividends not only on the current flock, but on future performance. Farmers better understand of how settlement is calculated, which empowers them to make better management decisions and use of financial resources.