



## Small-Scale Livestock Enterprises: Turkey Enterprise Budget

### Introduction

Are you considering starting a small-scale turkey enterprise? Perhaps you are also considering other small-scale livestock operations. This publication will enable you to evaluate alternatives and assess costs and returns for a small-scale turkey enterprise. The Purdue Comparative Decision Support (PCDS) matrix and PCDS2 profit/loss analysis tools are designed to help you take cost and price information to identify profitability and resource needs for small-scale livestock enterprises. If you are still considering different small-scale livestock operations you may want to refer to [EC-800-W](#) (*Small-Scale Livestock Enterprises: Tools for Choosing the Right Enterprise for You*) for additional discussion about how to use the PCDS and PCDS2 tools and compare alternative investments. This publication will help you assess the viability of a small-scale turkey operation given your needs and resources.

### Turkey Budget

One important goal, if you are going to start a turkey operation, is whether or not it will be profitable. Example budgets for operations and investment are presented in Tables 1 and 2. The example reflects an operation where hen poults are purchased at one day of age and sold at a weight of 15 pounds. These hens are expected to be on feed 14 weeks. This budget was designed with a 3,000 bird-scale feeding 1,000 birds in three growing groups. Price data were taken from national estimates when available and are provided to serve as a baseline for your planning process. We encourage you to replace price estimates with your farm level data and local market prices. You can find the budgets, along with the PCDS and PCDS2 tools at <https://ag.purdue.edu/agecon/Pages/Livestock-Enterprise.aspx>. Click on the "assumptions" sheet of the file, and replace the price values with your own. Working with different input values you can use the budget templates to optimize the effectiveness of your expected budget. It will be important for you to explore your marketing options for turkeys to determine the selling price and make production adjustments based on your chosen market.

The operations budget presented in Table 1 (page 2) contains revenue, variable costs, and fixed costs. Input your expected revenue per pound to find your incoming cash flow. Variable costs reflect assumed production decisions (i.e., feed ration and veterinary expenses). Once again, we encourage you to use the spreadsheet tool and adjust with your farm estimates whenever possible. A labor expense of \$14 per hour is assumed to take into account the value of your time. Fixed costs reflect the investment portion of the budget on a per head basis and are presented in Table 2 (page 3). Depreciation, interest, taxes, and insurance on the facilities and machinery investment are estimated at 14%. The assumed turkey investment captured in these fixed costs in the operating budget is included on page 2 of this publication. Turkey production has a short time frame and can take only a portion of the year by having only one rotation

Anna Lee Munns  
*Business Intelligence Manager*  
JBS USA

Joan Fulton & Nicole Olynk Widmar  
*Department of Agricultural Economics*  
Purdue University

**Audience:** Individuals operating or seeking to begin a small-scale turkey enterprise.

**Content:** Provides estimates for operating and investment budgets for a small-scale turkey enterprise. This publication also provides a framework for individuals to estimate their own input needs and use their expected prices.

**Outcome:** Readers will have a baseline of expected costs and input needs for the assumed turkey enterprise from the interactive web-based decision support tools (PCDS and PCDS2) and corresponding budgets found at <https://ag.purdue.edu/agecon/Pages/Livestock-Enterprise.aspx>. They will be able to modify the estimates to fit their own turkey enterprise.

**Table 1. Operating Budget for Small-Scale Turkey Enterprise**

<b>Turkey—One Hen</b>					
	Quantity	Price		Cash Flow	Your Farm
<b>Revenue</b>					
Hen (14 weeks)	15 lbs	\$	lb	\$	\$
<b>Animal Costs</b>					
Poults	1 bird	\$	bird	\$ 1.43	\$
<b>Variable Costs</b>					
Feed Costs					
Complete Grower	0.69 bags	\$ 12.38	bag	\$ 8.54	\$
Total Feed Costs				\$ 8.54	\$
Buildings and equipment				\$ 0.34	\$
Utilities				\$ 0.07	\$
Marketing				\$ 0.06	\$
Miscellaneous				\$ 0.13	\$
Interest on variable costs	6 months	9%		\$ 0.48	\$
Labor	0.16 hours	\$ 14.00	hour	\$ 2.24	\$
<b>Total Variable Costs</b>				\$ 11.86	\$
<b>Fixed Costs</b>					
Facilities and equipment				\$ 0.34	\$
<b>Total Fixed Costs</b>				\$ 0.34	\$
<b>Total of all costs</b>				\$ 13.63	\$
<b>Profit</b>				\$	\$
<b>Breakeven selling price per lb.</b>				<b>\$ 0.91</b>	\$

Note: Breakeven selling price per pounds assumes a poult purchase price of \$1.43/bird.

**Table 2. Investment Budget for Small-Scale Turkey Enterprise**

<b>Turkey—Investment</b>	
<b>Facilities and machinery investment (3,000 birds/3 groups)</b>	
Building (40' x 100')	\$ 6,750.00
Feeders and waterers	\$ 500.00
<b>Total</b>	<b>\$ 7,250.00</b>
<b>Per bird</b>	<b>\$ 2.42</b>
Depreciation, interest, taxes, insurance @ 14% annually	\$ 0.34

of birds if desired; however, this would affect the fixed costs per bird. Take into account the number of birds and the number of production cycles you will be feeding birds when calculating your farm estimates.

### Conclusions: Making your Decision

All investment decisions are individual. Investment in a small-scale turkey operation is no exception, and only you can decide whether it is right for you. As you use this publication and the corresponding PCDS and PCDS2 tools keep the following questions in mind:

- What are your goals and objectives for entering into a small-scale turkey operation?
- What is the worst financial scenario you could encounter with this investment? (Note: you can determine this by inserting the “worst case” values in the “assumptions” sheet and view the outcome.) Do you have the resources to withstand this financial scenario?
- What is the best financial scenario you could encounter with this investment? (Again, use the computer tool to enter the “best case” values into the “assumptions” sheet and view the outcome.) Consider the return you would earn under the “best-case” scenario. Is this investment attractive enough for you to undertake?

If a small-scale turkey enterprise is a good match with your goals and objectives and you are comfortable with your responses to the questions associated with return then it could be rational to proceed. Otherwise, you should consider waiting for the next investment opportunity.

### Sources

Ellis, S., Edwards, W., Lawrence, J., & Johanns, A. (2010). *Livestock Budgets for Iowa-2010*. Ames, IA: Iowa State University: University Extension.

Hulet, R. M., Clauer, P. J., Greaser, G. L., Harper, J. K., & Kime, L. F. (2004). *Small-Flock Turkey Production*. University Park: Penn State College of Agricultural Sciences Agricultural Research and Cooperative Extension.

USDA-NASS. (2012). *Quick Stats 2.0*. (United States Department of Agriculture) Retrieved January 10, 2012, from National Agricultural Statistics Service: [www.nass.usda.gov](http://www.nass.usda.gov)

### **The PCDS Tools**

Find the interactive PCDS tools on the Purdue Agricultural Economics Extension website at

<https://ag.purdue.edu/Agecon/Pages/Livestock-Enterprise.aspx>.

---

### **About the Authors**

*Ann Lee Munns is Business Intelligence Manager with JBS USA. She was a MS student at Purdue University, and the material reported in this publication was developed as part of her MS thesis. Joan Fulton is Professor and Associate Department Head, and Nicole Olynk Widmar is Associate Professor, both in the Department of Agricultural Economics Purdue University.*

*To find out more about how to use the PCDS and PCDS2 tools to compare alternative investments, see [EC-800-W](#) (Small-Scale Livestock Enterprises: Tools for Choosing the Right Enterprise for You).*



*This product was developed with support from the Sustainable Agriculture Research and Education (SARE) program, which is funded by the U.S. Department of Agriculture — National Institute of Food and Agriculture (USDA-NIFA). Any opinions, findings, conclusions or recommendations expressed within do not necessarily reflect the view of the SARE program or the U.S. Department of Agriculture. USDA is an equal opportunity provider and employer.*

---

Jan. 2016

---

It is the policy of the Purdue University Cooperative Extension Service that all persons have equal opportunity and access to its educational programs, services, activities, and facilities without regard to race, religion, color, sex, age, national origin or ancestry, marital status, parental status, sexual orientation, disability or status as a veteran.

Purdue University is an Affirmative Action institution. This material may be available in alternative formats.



---

Order or download materials from  
*Purdue Extension • The Education Store*  
[www.edustore.purdue.edu](http://www.edustore.purdue.edu)

---