

The Geneva Egg Co-op

A Lowest Cost Proposal

The Geneva Egg Co-op Basics

The Geneva Egg Co-op is an exciting project being organized by Jeff Henderson (CCL). Based off the Zenger Farm Co-op in Portland, OR, this egg coop will allow a group of dedicated individuals to share the responsibilities and rewards of caring for laying hens and enjoying fresh eggs. The co-op would also enhance community unity, farming sustainability, and education on food production and animal care, and open pathways for more sustainable community projects.

What is an Egg Co-op?

What is an Egg Co-op? It is a cooperative: it involves the input of a group working together to receive mutual benefit. It is a production cooperative: the benefit to the members is in the form of a product.

How It Works

General Logistics:

- A tract of land is required, the more land, the better
- A movable coop will be built to house hens (see picture at right)
- Water and electricity must be available somehow on site
- Decisions about the management of the coop and co-op are made by all members
- There is a no tolerance policy for neglecting member duties

Member Responsibilities: Each member is responsible for at least one shift per week. Members also split other duties such as group coop cleanings, supply pickup, etc.

Morning Shift: At sunrise, let hens out of the coop, ensure the appropriate area is fenced, fill feed and water containers, check hen health, and fill out the log.

Night Shift: At sundown, search for eggs, herd hens into the coop, close coop doors, check health of the hens and fill out the log.



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Costs

One of my research objectives was to determine all of the possible costs that could be associated with an egg co-op. I have grouped the costs as: initial costs, fixed costs and sporadic costs.

Fixed/Initial Costs:	Variable Costs:	Sporadic Costs:
These are costs that do not change with the level of output ^[1] , but are required regardless.	These are costs that change with the level of output ^[1] .	These are costs that come up occasionally but are not regular.
Fencing Coop Construction Materials Storage Bins Feed/water Container	Feed Straw/bedding Electricity Chick Purchase	Veterinary Fees Meat Processing Fees

Cost Estimate For Feed:

Winter: 2.5 lbs per week/1 hen x 30 hens = 75 lbs of feed a week
75 lbs per week x 8.00\$/50 lb bag = **12.00\$ a week**

Summer: 2 lbs per week/1 hen x 30 hens = 60 lbs of feed a week
60 lbs per week x 8.00\$/50 lb bag of feed = **9.60\$ a week**



Potential Profits

Egg Profits: During the summer, hens have their highest egg production, about 2 eggs every three days or more. Surplus of eggs produced at this time could be sold by word of mouth or at a farmers market.

Egg production (summer):

$$4 \frac{2}{3} \text{ eggs/week} \times 30 \text{ hens} = \mathbf{140 \text{ eggs/week}}$$

Because these eggs will be free range, they could be sold at about 2.50\$/dz. The amount of eggs sold would be dependent on how many surplus eggs there are and how the members of the co-op decide to handle it.

Egg sale Example (summer):

$$140 \text{ eggs}/2 \text{ weeks} \div 12 \text{ eggs/dz} = 11 \frac{2}{3} \text{ dz eggs}$$

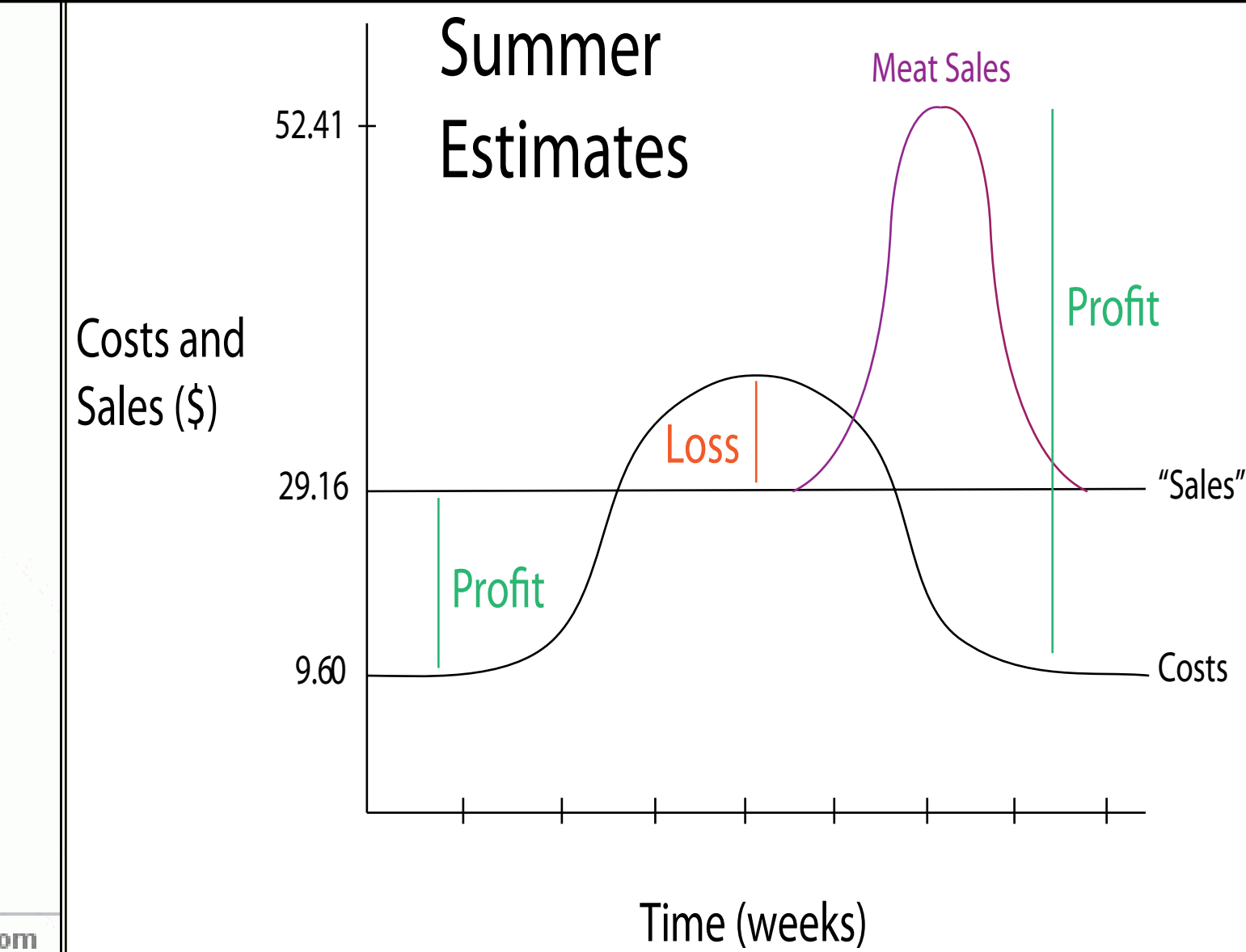
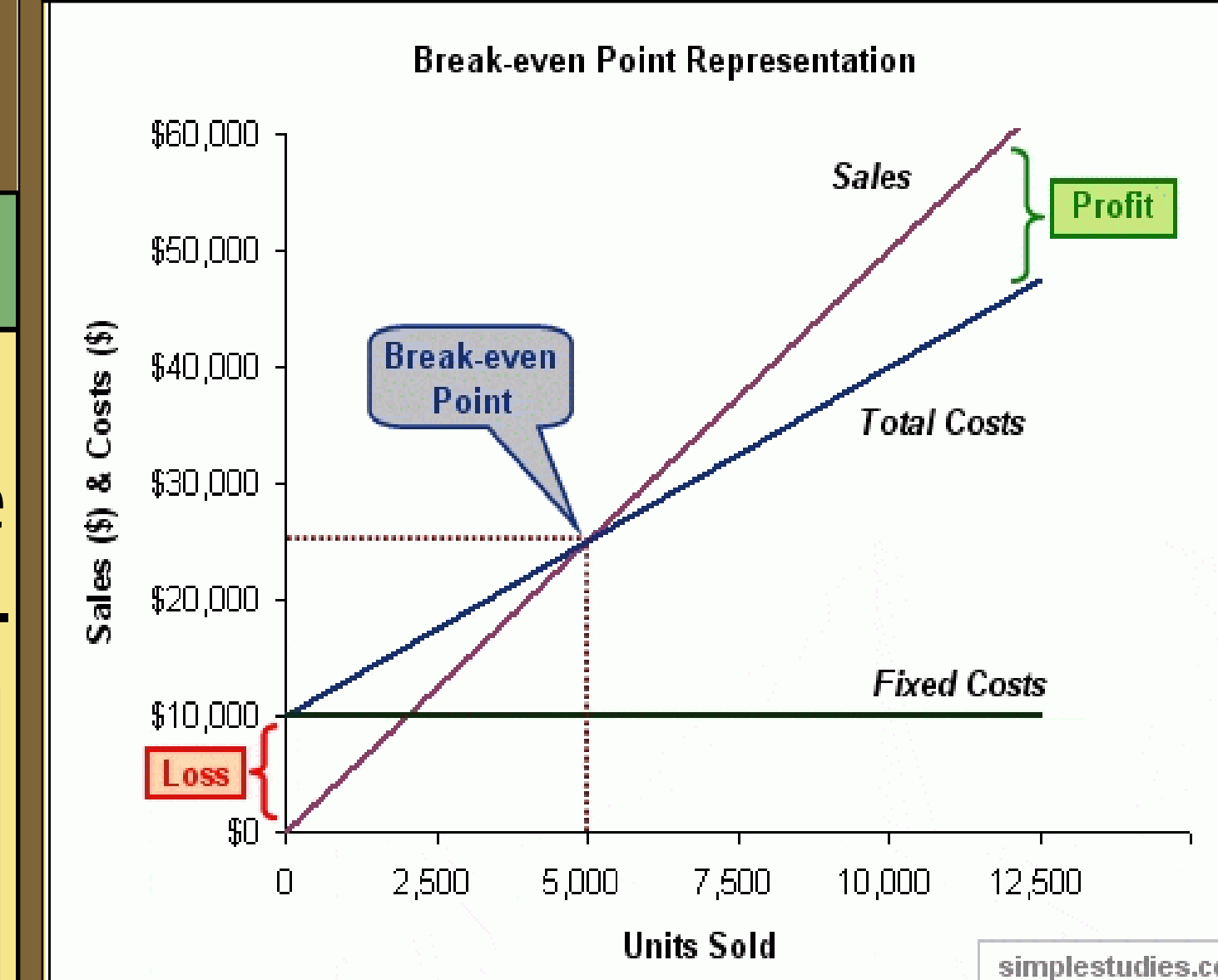
$$11 \frac{2}{3} \text{ dz eggs} \times 2.50\$/\text{dz} = \mathbf{29.16\$/2 \text{ weeks}}$$

Meat Profits: Egg production slows down significantly after approximately two years into a hen's life. At this point, the chickens can be killed and processed to be sold for their meat. Again, meat could be sold by word of mouth or at a farmers market.

Meat Profits:

$$4.95\$/\text{lb meat} \times 5 \text{ lb meat/chicken} - 1.50 \text{ processing fee} = \mathbf{23.25\$/\text{chicken}}$$

Cost Analysis



A break-even analysis is often done to determine the output required to make a business profitable. The model will not work for the co-op because the amount of output (# of chickens) is predetermined.

The above graphic is a better way to display the potential areas for profit and loss according to the co-op model. There is a large profit potential if chickens are processed for meat.

Cost Alternatives

We seek the lowest running cost possible for the Geneva Egg Co-op. The main source of cost reduction would be through donations from co-op members, other individuals and companies.

Food costs are the easiest to supplement; chickens have been nicknamed "garbage disposals" because they are notorious for eating just about anything, including food scraps. Potential sources of food scraps are from the coop members as well as donations of leftover produce from grocery stores or commercial kitchens such as restaurants and cafeterias.

Construction materials and storage bins can be donated from local or chain hardware stores, or made from scrap lumber or other creative coop design solutions.

These companies have already agreed to make donations to the Geneva Egg Co-op:

Red Jacket Orchards - has agreed to donate pomace

Sodexo - has agreed to donate left over produce

Stonybook Whole Hearted Foods - has agreed to donate leftover seed cake from oil pressings, which is a great protein supplement (proper protein is essential for egg production).

References and Acknowledgments

References:

- [1] Survey of ECON. 2012 South Western, Cengage Learning Mason, Ohio.
[2] Gail Damerow. Barnyard in your Backyard: A Beginner's Guide to Raising Chickens, Ducks, Geese, Rabbits, Goats, Sheep and Cattle. Storey Publishing, 2002. Print.

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