

Management on Several Sites

Jim Lowe

Pig Congress 2022

October 2022

Henning, Denmark

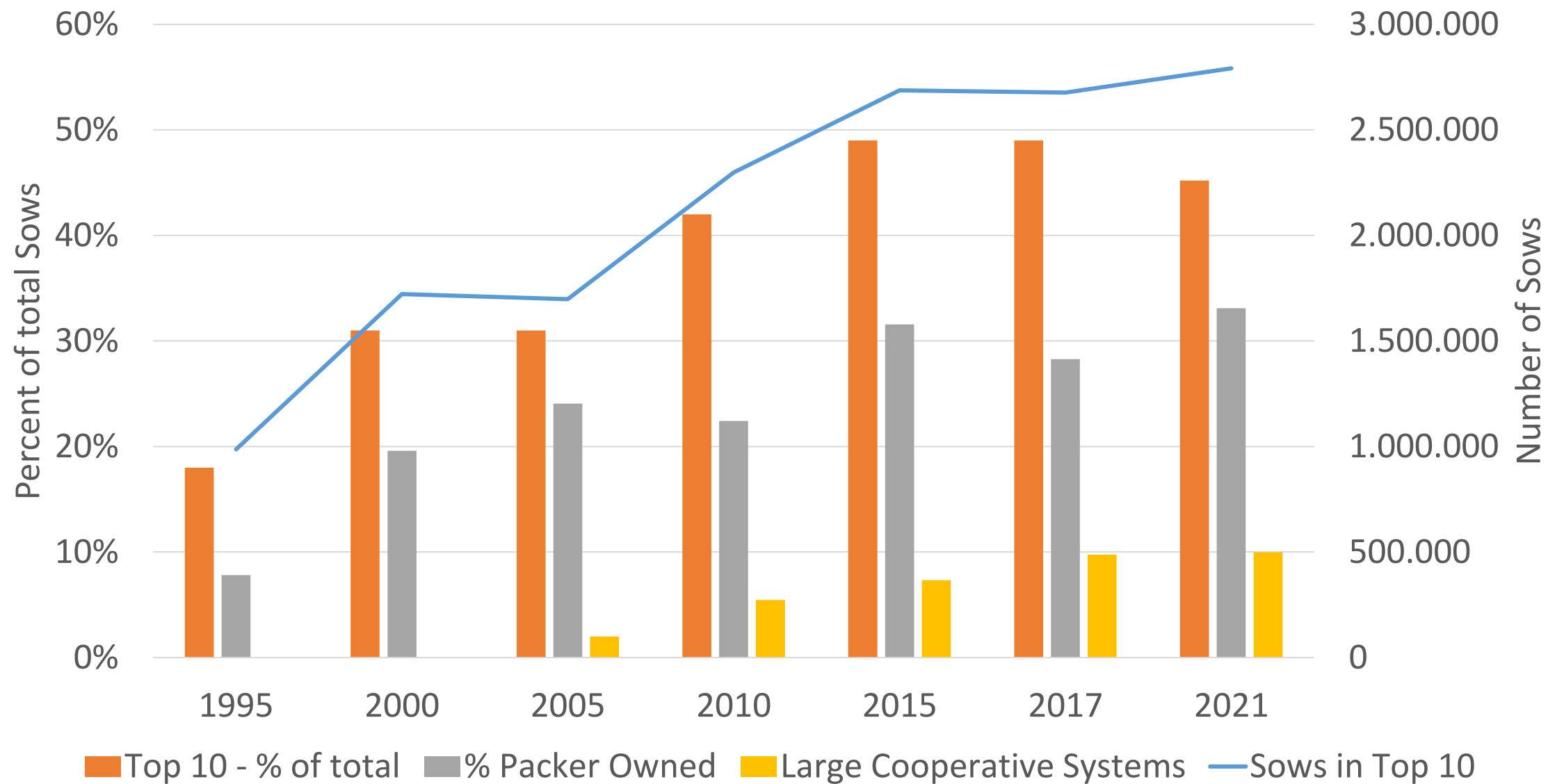


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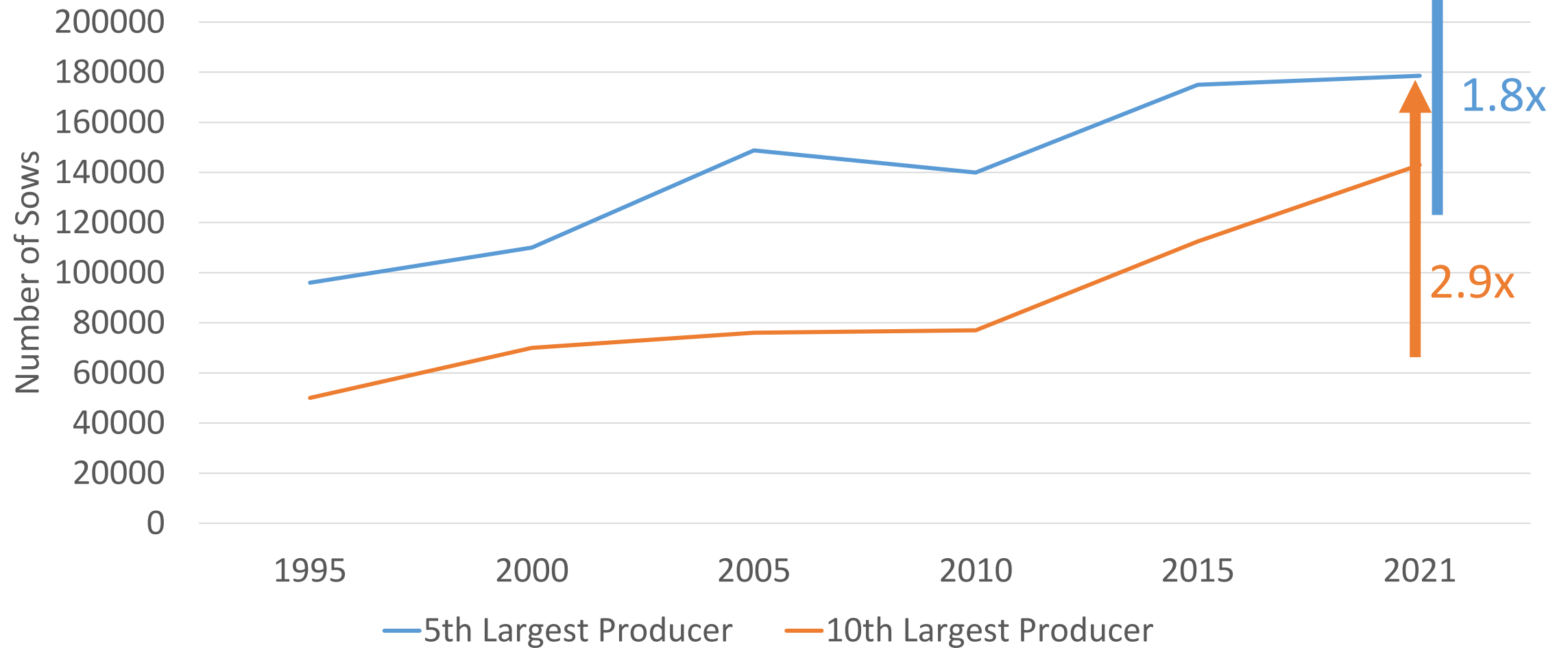
Managing several sites is not managing a farm it requires a completely different mindset where the whole is greater than the sum of the parts



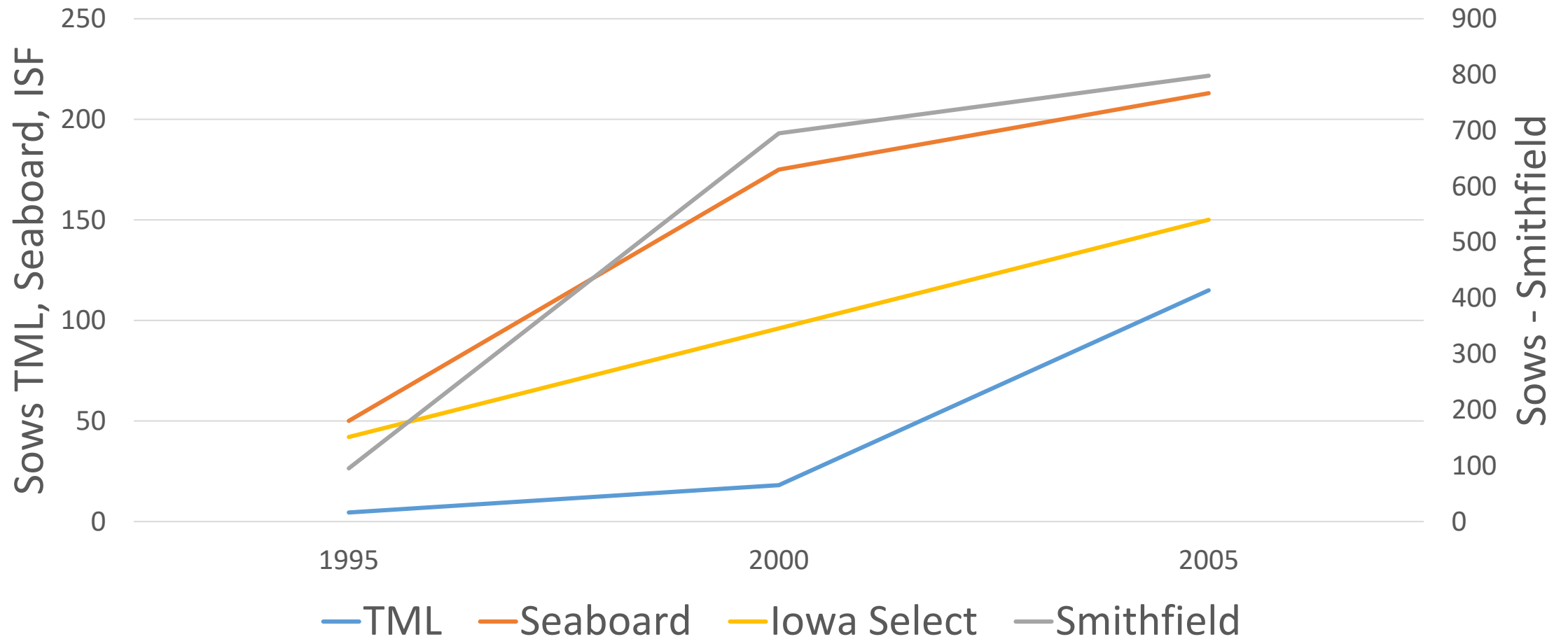
Can the US market serve as a
“history lesson” for approaches
useful elsewhere in the world?

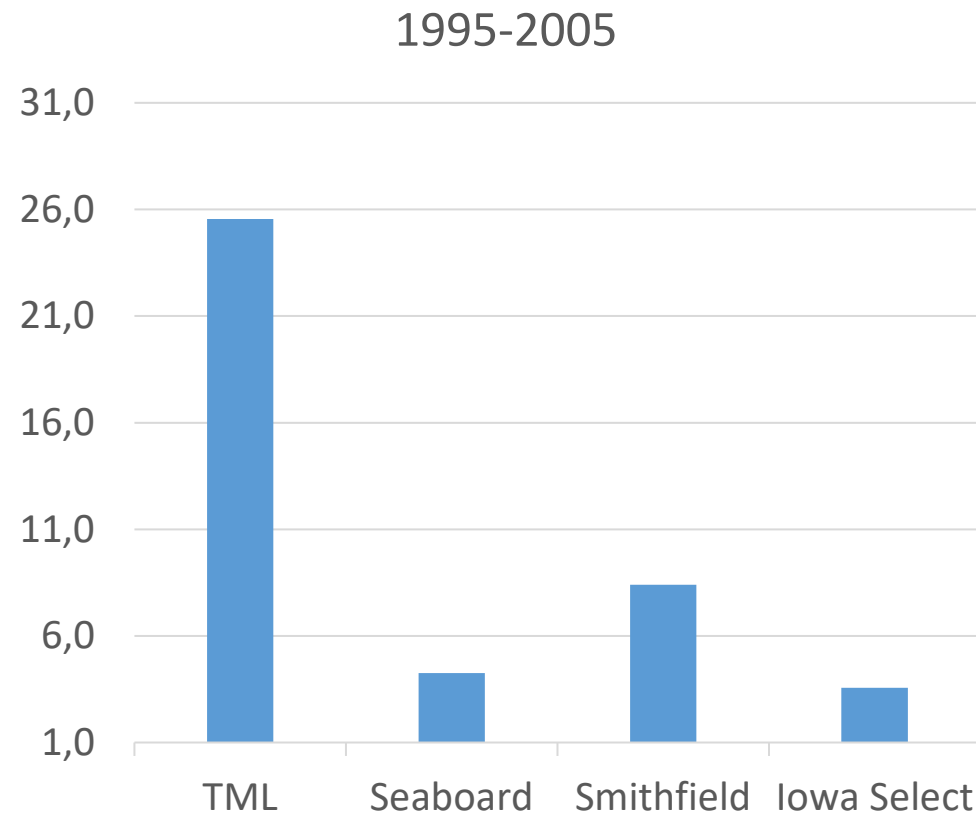


The 5th and 10th largest producer was exponentially larger in 2021 compared to 1995



Large producers tended to grow in a “hockey stick” like fashion over a 5 year period







Why did we scale?



The pork business is a
commodity business

27.1
11.6
18.8
7.2

Water

Share Price



Rule one of a
commodity business

SCALE MATTERS

Why does scale matter?

1. Total enterprise throughput is metric of success
2. To dilute fixed/ overhead costs
3. To allow the adoption of technology



The big got
bigger....

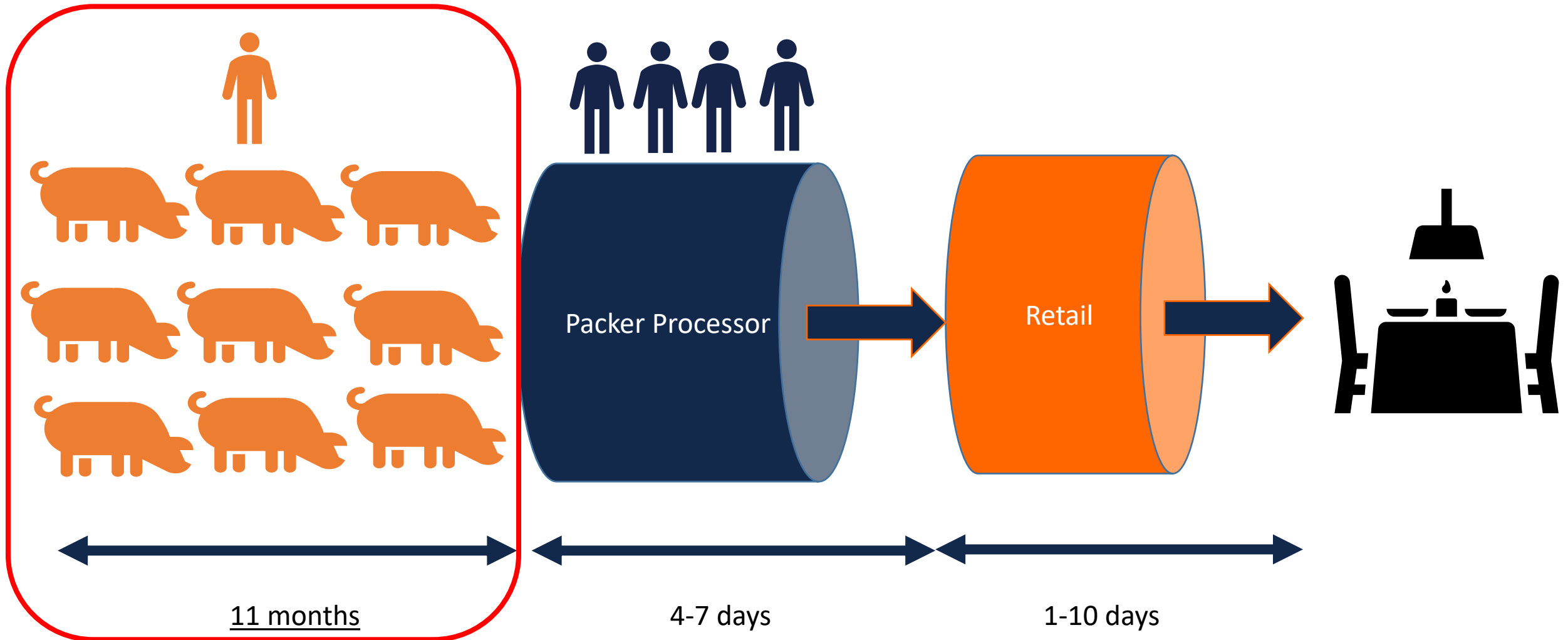
Because they focused on solving
the customers problems

Because they adopted new
business models quickly

Because they brought more
capital to the business

NOT BECAUSE THEY WERE
BETTER AT RAISING PIGS

In 1995 we were “pig farmers” focused on the live side of the supply chain



Scaling c1995 – Make more pigs

1200 Sow Farm

Top 10% Biological efficiency

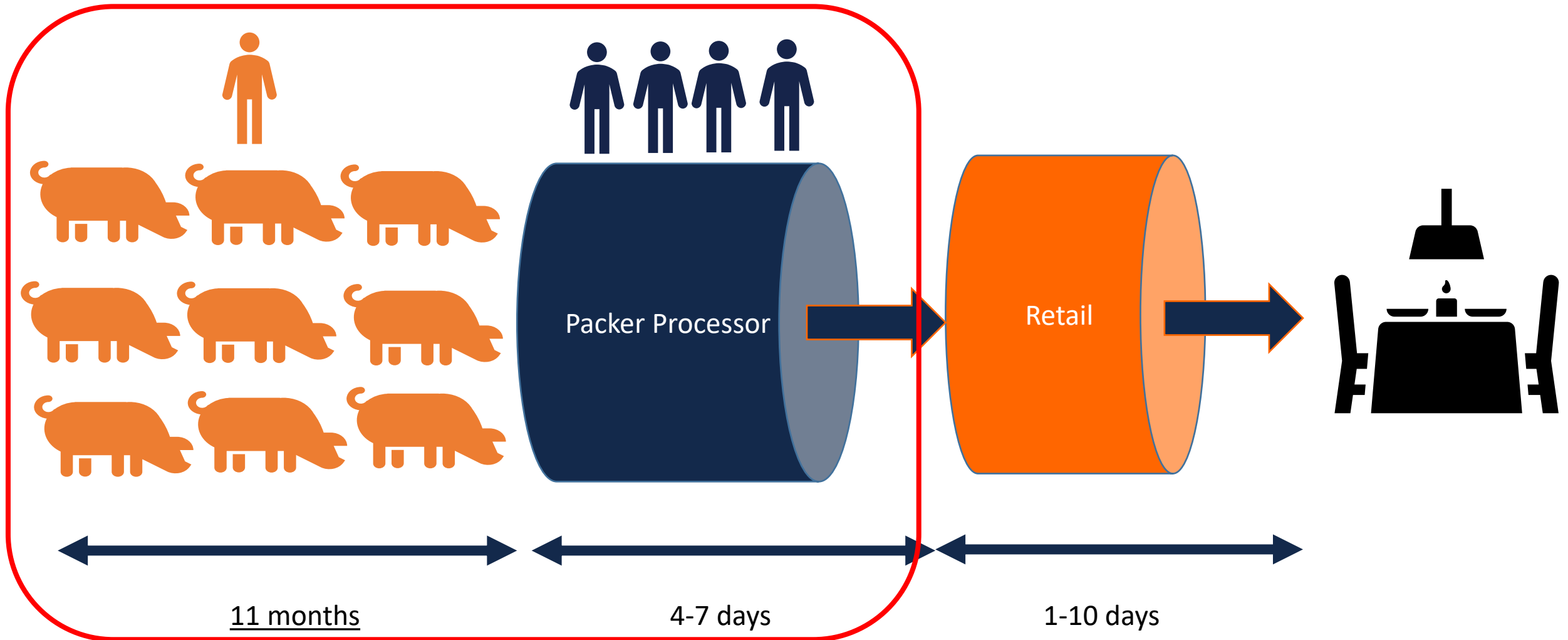
- 30,000 pigs per year
- Margin per pig over feed: \$50
- Fixed cost per pig: \$25
- Margin per pig: \$25
- Total Margin per year: \$750,000

10,000 Sow Farm

50th percentile Biological efficiency

- 230,000 pigs per year
- Margin over feed per pig: \$40
- Feed cost per pig: \$22
- Margin per pig: \$18
- Total Margin per year: \$4,140,000

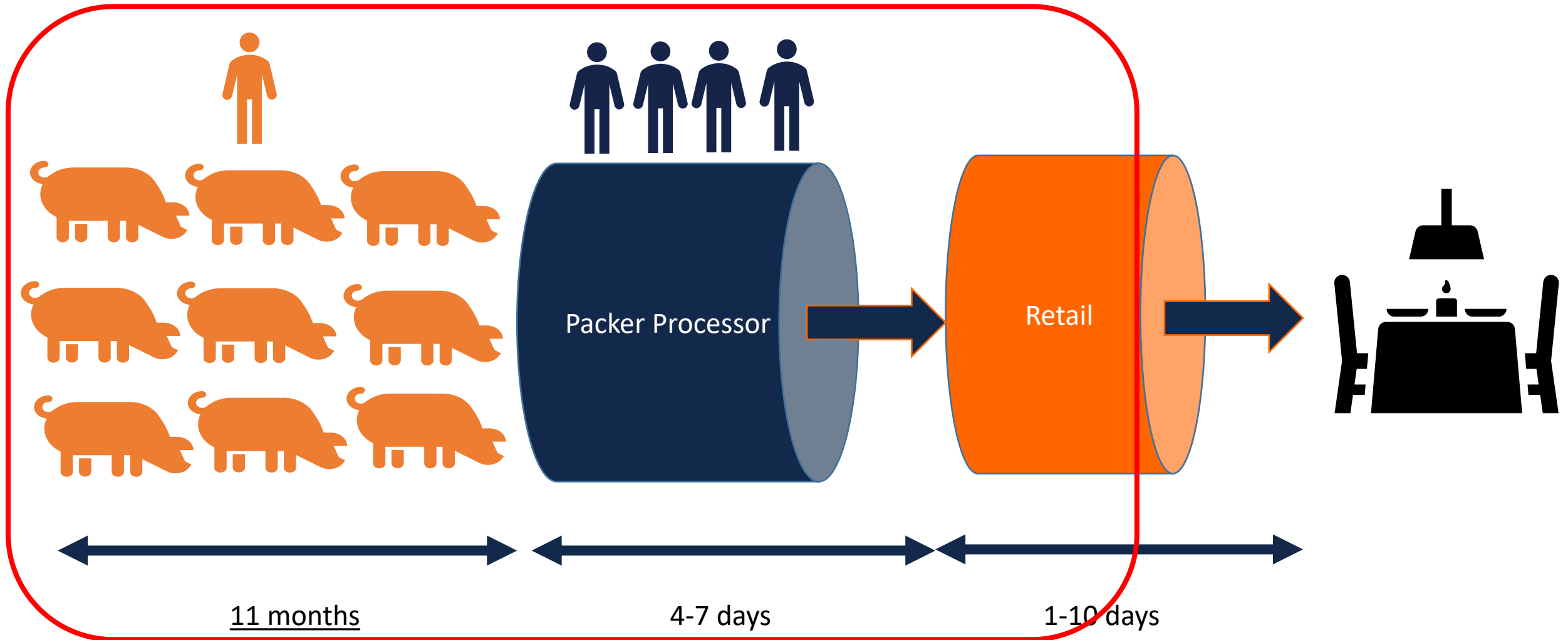
By 2015 the “winners” became meat sellers who happened to own pigs



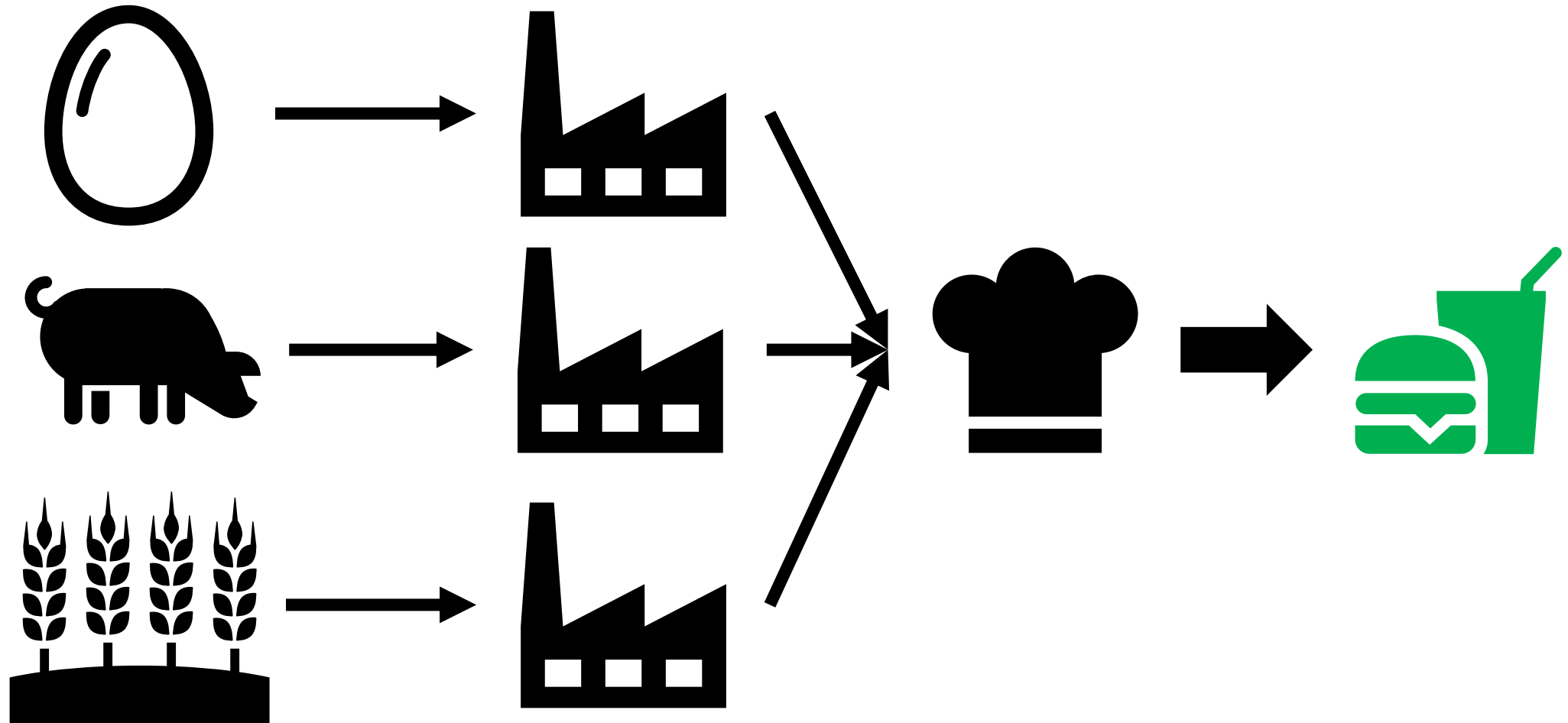
Scaling c2020 – Capture more of the value chain

- 30,000 Sow System – Top 10% Biological efficiency
 - 930,000 pigs per year
 - Revenue / pig: \$214
 - Feed cost per pig: \$149
 - Margin per pig over feed: \$65
 - Fixed cost per pig: \$50
 - Margin per pig: \$15
 - Total Margin per year: \$60.45M
- 200,000 Sow System with packing – 50th percentile Biological efficiency
 - 5,600,000 pigs per year
 - Revenue / pig: \$365
 - Feed cost per pig: \$155
 - Margin per pig over feed: \$210
 - Fixed cost per pig: \$68
 - Margin per pig \$142
 - Total Margin per year: \$795M

By 2020 the “winners” became meal providers who happened to own pigs



Value is created when the consumer
BUYS the meal!!!

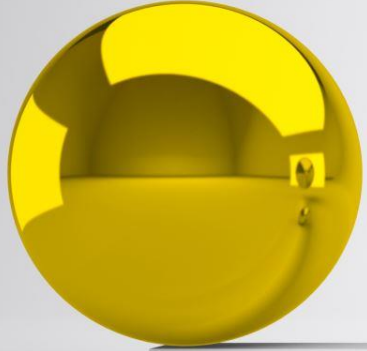


What happened when we
scaled at speed?



It was not always “perfect” ...
But the focus had to change...

- Management to economic efficiency not biological efficiency
- Long-term game!
 - You can lose the game today, but you can't win it
 - Focus on the things that make improvements over the next years not weeks



The core principle of managing at scale is the DELEGATION of AUTHORITY to the point where the work is done

LEADERSHIP · WAR

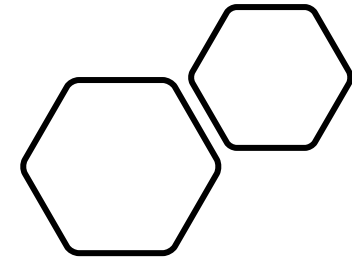
Ukraine's military hands decision-making to the lowest possible level. That's a problem for Russia

Putin involved in war 'at level of colonel or brigadier', say western sources

WORLD

How Ukrainian Strategy Is Running Circles Around Russia's Lumbering Military

Classic military operations and nimble battlefield decision-making are exploiting the incompetence and top-down command of Russian forces



That requires you to build a
culture of shared
expectations and values





The question
is how do you
do that?

1. Clarity of Outcomes

Where to go, not
how to get there

You get what you
accept

2. Data collection and reporting in real-time to create transparency of actions and *intermediate outcomes*

Worker-front line manager is most important

Summary data for senior leadership



SWINETECH®

PROVEN STRATEGIES

Measure and Track Results in Real-Time and Confidently Act to Maximize Outcomes.



Optimize Labor

Ensure that your people are in the right place at the right time. Set customizable alerts to notify staff and management when needed.



Discover Clarity

From herd health to SOP compliance - set and monitor critical metrics to ensure that things are being done right.



Improve Profitability

Benchmark across your enterprise to identify labor and variable cost outliers to drive continual process improvement.



3. Building relationships with the entire team

Not protocols but personal relationships

Firm, fair and consistent

Don't try to out pig the pig guys

The pigs are not in the office, neither are the people

Live to fight another day

Scale
matters
and likely
more than
anything
else

Scaling means some loss of
biological efficiency

Scaling means likely neutral,
but maybe some decrease in
cost efficiency

But the increase in scale is
almost greater than the loss of
cost efficiency, so scaling wins

To scale,
you must
build a
culture of
trust

That starts with clarity of
outcomes

Is supported by real-time,
granular data about intermediate
outcomes and behaviors

And only happens with clear and
consistent relationships with the
entire team



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TRANSLATION:

[COURSES](#) [WAYS TO LEARN](#) [WHY ILLINOIS?](#)

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