

Enterprise Budget for Oyster Mushroom Grown in Poultry House

Assumptions:

It is enterprise budget of oyster mushroom growing by Sagaram in Seaford, Delaware during summer of 2013 in his poultry house.

225 bags (each wt of 18 lb) of substrate kits brought from PA close to new castle county of DE.

This study was conducted to learn production and marketing skills therefore, the entire product picked priced @ or 5 dollars per pound. Actually he distributed some free samples of mushrooms to build network with local customers and he dried some mushroom to use for later use. He was interested to learn drying of mushroom because drying is a method of preserving mushroom for later use and can be sold to customers who order dried one.

In this budget he priced his product @ 5 dollars/lb and he picked total 1208 lb mushroom out of 225 kit bags of substrates. And final product was 1147 lb after considering 5% losses in handling mushroom.

This is made based on the available data from June 15 to August 30, 2013. Four flushes of mushroom were harvested in each round and production period was completed in a 2 months 15 days period. Sagaram started to grow with 120 bags in the first round and with 100 bags in the second round. Temperature was maintained at 70°f and relative humidity was 90% during growing period.

He conducted this study in his own property i.e unused poultry house.

| S.No. | Description | Quantity | Rate (\$) | Amount (\$) |
|-------|---|-----------|-----------|----------------|
| 1. | Revenue out of 1208 lb mushroom considering 5% loss in handling $1208 - 1208 * .05 = 1147.6$ lb | 1147.6 lb | 5.00 | 5738.00 |
| | Composting | 250 | 1 | <u>250.00</u> |
| | Total revenue | | | 5988.00 |
| 2. | Cost | | | |
| | 1. 225 bags of substrate plus box to hold bags | 225 bags | 9.00 | 2046.00 |
| | 2. Transportation from Kennet Sq to Seaford | 400 miles | 1.75 | 700.00 |

| | | | | |
|----------|--|----------------|--------------|----------------|
| | Including driver 2 days | | | |
| | 3. One person whole day | | | |
| | 4. Hang up bags in poultry house ceiling | 10 hr | 10.0 | 100.00 |
| | | 75 hr | 10.00 | 750.00 |
| | Labor (for 2 and 1/2 months) | | | |
| | | 297 hr | 10 | 2970.00 |
| | 5. Straw | | | |
| | | 2 bail | 20 | 40.00 |
| | 6. Electricity/water | | | |
| | | 5 month | 25 | 125.00 |
| | 7. Bail of straw to spread on floor of poultry house | | | |
| 3 | Total cost | | | 6731.00 |
| 5 | Profit= (1-3) | | | -731.00 |

Breakeven price: Total cost/total production i.e 6731/1208=5.57/lb

Each lb of mushroom sagram supposed to sell @ of 5.57/lb of mushroom to be break even. Since he was learning by doing he could not make profit when he sold @ of 5 dollars/lb of mushroom. And he could make some profit if picked expected yield (7lb per bag). His expected yield per kit bag was 7 lbs but he picked less than 6 lbs per kit bag. He observed that some kit bags were dried soon, which reduced expected yield.

Sensitivity analysis

In this case, different revenue can be expected under various production level and price scenarios that can help producers to speculate different profit or loss. Sagram could find any kind of scenarios if production level and price rate were as given below. This sensitivity analysis helps growers to make decision.

| Production | Price (\$) | Total revenue (\$) |
|--|-------------------|---------------------------|
| @ of 8 lb/bag | | |
| 1800 lb | 5.00/lb | 9000.00 |
| @ of 7 lb/bag | | |
| 1575 lb | 5.00/lb | 7875.00 |
| <u>Production same but in higher price</u> | | |
| 1800 lb | 6.00/lb | 10800.00 |

| | | | |
|----------------|--|----------------|-----------------|
| <u>1575 lb</u> | | <u>6.00/lb</u> | <u>9 450.00</u> |
|----------------|--|----------------|-----------------|

Poor situation i.e lower production and lower price

@ 6 lb/bag

| | | | |
|----------------|--|-------------|----------------|
| <u>1350 lb</u> | | <u>5.00</u> | <u>6750.00</u> |
|----------------|--|-------------|----------------|

Same production but little higher price

| | | | |
|----------------|--|-------------|----------------|
| <u>1350 lb</u> | | <u>5.50</u> | <u>7425.00</u> |
|----------------|--|-------------|----------------|