

Issued
Each Week

FARM AND DAIRY & RURAL HOME

Only \$1.00
a Year

Vol. XXXI.

FOR WEEK ENDING NOVEMBER 7, 1912.

No. 45

A SUCCESSFUL FARMERS' COOPERATIVE PORK-PACKING ENTERPRISE

Farmers near St. Thomas, Ont., Kill, Pack and Then Sell Their Own Hogs in Their Own Packing-House. Something About the Success of this Concern run by Farmers and for Farmers

In the vicinity of St. Thomas, Ont., there are some 340 farmers who have proved that it is possible for farmers to cooperate and make a success of a cooperative pork-packing establishment. For five years now they have been operating the St. Thomas Packing Co. Success has attended their efforts from the start. The business was really started seven years ago by Mr. W. H. Moody and Mr. Clark. Five years ago the company was formed and took over the business, with Mr. Moody acting as managing director, a position which he still holds. The success which has attended the enterprise is due in a large measure to Mr. Moody's capable management.

The company, as might be expected, has had many difficulties to overcome. It has some 250 shareholders, 95 per cent of whom are farmers. When the company was first formed it was intended to encourage the farmers who were shareholders to sell their hogs to the company by giving them enough higher prices for their hogs to represent the commission that is usually paid to the drovers by the packing houses. This plan was tried for a while, but it did not prove a success as it aroused the antagonism of the drovers who fought the company vigorously, and who gave up their commissions in order that they might pay as high prices as those being paid by the company. At first, if the market was so a bit, the company paid \$6.15 to shareholders for their hogs, the extra 15 cents representing the drover's commission on 100 pounds. The bitter competition of the drovers, however, forced the company to give up this method of buying, as it was found that a considerable portion of the

farmers were not loyal to the company, inasmuch as they were willing to sell their hogs to competing buyers when they found that they could get a little higher price by so doing.

COMPANY'S OFFICERS

The officers of the company are Messrs. John Lyle, a retired farmer, who is president; R. A. Penhale, whose farm, near St. Thomas, won the prize for the best dairy farm in Ontario offered by Farm and Dairy in 1910, vice-president; R. Sanders, of St. Thomas; W. H. Moody, managing director, and John Fulton, of St. Thomas, Orville Burgess, of Union, and Malcolm Munroe, of Fingal, all farmers, directors.

GOOD DIVIDENDS PAID

Since the company was first formed the output of the factory has shown a great increase each year. This increase has averaged 33.1-3 per cent a year. Last year the sales amounted to \$250,000. The company has paid eight per cent from the start.

"When we started," said Mr. Lyle, the president, to an editor of Farm and Dairy who visited the plant, was shown over the plant recently, "we had a capital of about \$20,000. At that time our buildings and our output were both small, and we had but two travellers on the road selling our products to the trade in the towns and cities. Because of our small capital we acted very conservatively, never attempting to increase our output until certain of our ability to find a ready sale for it."

"As the business has grown we have found it necessary to enlarge our plant from year to year. We have done this by selling more stock. About \$20,000 of stock has been sold each year. We

now have an authorized paid-up capital of \$100,000 divided into 825 shares. At a meeting of our shareholders held last September it was decided, in view of the steady and encouraging increase in the business done by the company, to increase our authorized capital to \$250,000. We purpose selling this additional stock according as the extension of our business warrants."

NO WATERED STOCK

"Farmers you know," said Mr. Penhale, "do not believe in watered stock, and therefore we have none in our company. We have neither an 'organization' nor 'goodwill' account. All the money that has been put in the business is represented by land and buildings and products on hand. Last year we put aside out of our earnings, after declaring a dividend of eight per cent, the sum of \$2,500 as a reserve."

A WELL-EQUIPPED PLANT

The plant of the company is well equipped and a credit to its owners. The editor of Farm and Dairy was shown over it from top to bottom. Several important additions were being made at the time of our visit, which promised to greatly increase the output.

"We handled about 15,000 hogs here last year," said Mr. Moody. "In addition, the city of St. Thomas used our plant to slaughter all the cattle, the meat of which was sold by the butchers in the city. We gave the city the use of the building for this purpose in return for the calf. This has proved a satisfactory arrangement for us, as we use the calf as a fertilizer. This fertilizer is sold mostly in Cleveland. Very little of it is bought locally. Some idea of how our output has grown may be gained from the fact that where we handled about 5,000 hogs in 1908 and 6,400 in 1909, we handled, as already stated, 15,000 last year."

HAVE BEEN LEFT ALONE

When asked if the big packing concerns had



The Success that has Attended the Establishment Here Illustrated is Splendid Testimony to the Business Ability of Farmers and also Farmers. Success has attended the company from the start. They have paid eight per cent dividends and have a reserve as well. And they in competition have a history of this farmers' company as told to an editor of Farm and Dairy by the directors themselves.