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THE CO-OPERATIVE
CREAMERY STATUS
IN MICHIGAN
OTTO W. SLAYTON
1898

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Senior Agricultural Thesis

on

"THE CO-OPERATIVE CREAMERY STATUS IN MICHIGAN,"

by

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THE CO-OPERATIVE CREAMERY STATUS IN MICHIGAN.

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This thesis is a brief report of an investigation of the creameries of Michigan.

The investigation was, for the most part, a collection of statistics on the creameries of Michigan. In collecting these statistics reply postal cards were sent to the supervisors of nearly all the townships south of the red line on the map of Page 7. Each supervisor was requested to give the names of the creameries in his township, cost of each creamery, the name of the company that built each, the number of cows that each creamery received milk or cream from, and to state whether or not they were co-operative, whether they were running or failed, and how long they had run.

Though two hundred fifty of the supervisors failed to reply, and many answers were incomplete, yet these reports give us a general survey of the creamery industry in Michigan.

The following are tabulated statements of the result of this correspondence.

Table No. 1.

Co-operative creameries not failed	31
" " failed	35
" " built in spring of 1898	11
Creameries not co-operative	13
Replies from townships that contained no creameries	284
Supervisors that failed to reply	250
Total number of cards sent out	624

Table No. 2.

	Total cost of Creameries	Average cost of Creamer- ies.	Greatest cost of any one Creamery	Least cost of any one Creamery
Co-operative creameries not failed	\$122791.00	\$3961.00	\$7000.00	\$1700.00
" " failed	157290.00	4494.00	7000.00	2500.00
Creameries not co-operative	50667.50	3897.50	7500.00	1200.00

Table No. 3.

	Average No. of years in operation	Total No. of Cows	Average No. of Cows	Least No. of Cows.
Co-operative creameries not failed	3.83	10974	354	150
" " failed	1.5	9975	285	100
Creameries not co-operative	4.5	7124	548	200

Table No. 1 shows that of the sixty-six co-operative creameries heard from, and that were built one year or more ago, thirty-five have failed. An average of over fifty per cent (53.03 %). Two causes account for the great majority of these failures, of which both the creamery instigators and the owners of the creameries are at fault.

The creamery companies that put up these creameries are engaged in their line of work for the same reason that any company or person is engaged in business -- to make money. They look after the farmers' interests just so far as the farmers' interest is their interest. These creamery instigators often times go into districts that are not well adapted to dairying and where the cows are few and far be-

tween; into districts that have a good milk and butter market, and, by their studied art, induce the farmers to invest their hard earned dollars in a money-making creamery industry, which ceases to flourish about the time the creamery men get their quota.

To disseminate knowledge of this sort among farmers seems a fruitless task. They learn little outside of actual experience, and these creamery instigators are ever ready, as long as they are well paid for their trouble, to teach them lessons about the creamery.

Creameries located as above cited are not the only ones which fail. Those located in good dairy districts often fail, the principal cause being mismanagement.

Persons that have been farmers all their lives, and are not accustomed to doing business other than that necessary for carrying on their farming, are a stubborn set when brought under one roof to act in unison. After enjoying perfect independence for many years, they are inclined not to acquiesce, each has his own opinions to which he clings, and in this wider sphere of business they are too often incompetent. There are plausible reasons for these statements. The average number of cows to the failed creameries is two hundred eighty-five whereas some that have been successfully operated from three to five years have not more than two hundred to two hundred fifty, and one was reported to have been running five years with only one hundred fifty cows.

Another reason why farmers are incompetent to manage a creamery business is because it is something entirely new to them and the neighborhood. They are beginners without

experience or knowledge attempting to develop a new industry; this is evidence enough to prove that they are liable to fail.

Those that are now entering into the creamery business should not fail to avail themselves of the reports of the "Michigan Dairy Association," which contain valuable information concerning the starting and operating of a creamery. In these the best sort of an organization, how to get the milk routes established and what sort of a butter maker to employ are fully discussed. These are the vital questions concerned in the development of a co-operative creamery.

Besides the two causes already cited, there are minor ones, which often prove to be 'the last straw that breaks the camel's back.' If the creamery has run only six months or a year when some part of the equipment (the boiler or separator) proves inefficient or plays out and must be replaced by new at an expense of from two hundred to five hundred dollars, the farmers begin to think that the creamery is a dangerous concern, and they are somewhat reluctant in putting any more money into such an industry. All extra expenses like these, that swallow up the gains, are very liable to make farmers that are new adventurers disgusted with such business.

The reports show that the creameries that have failed have cost, on the average, \$533.00 more than those that have been successful. This leads us to believe that many co-operative companies start into this creamery business on too large a scale. A creamery costing not more than one-half or two-thirds the price of the one built would, in most cases, have made as much butter, made as large absolute gains, which, when divided on the basis of a much smaller capital, would

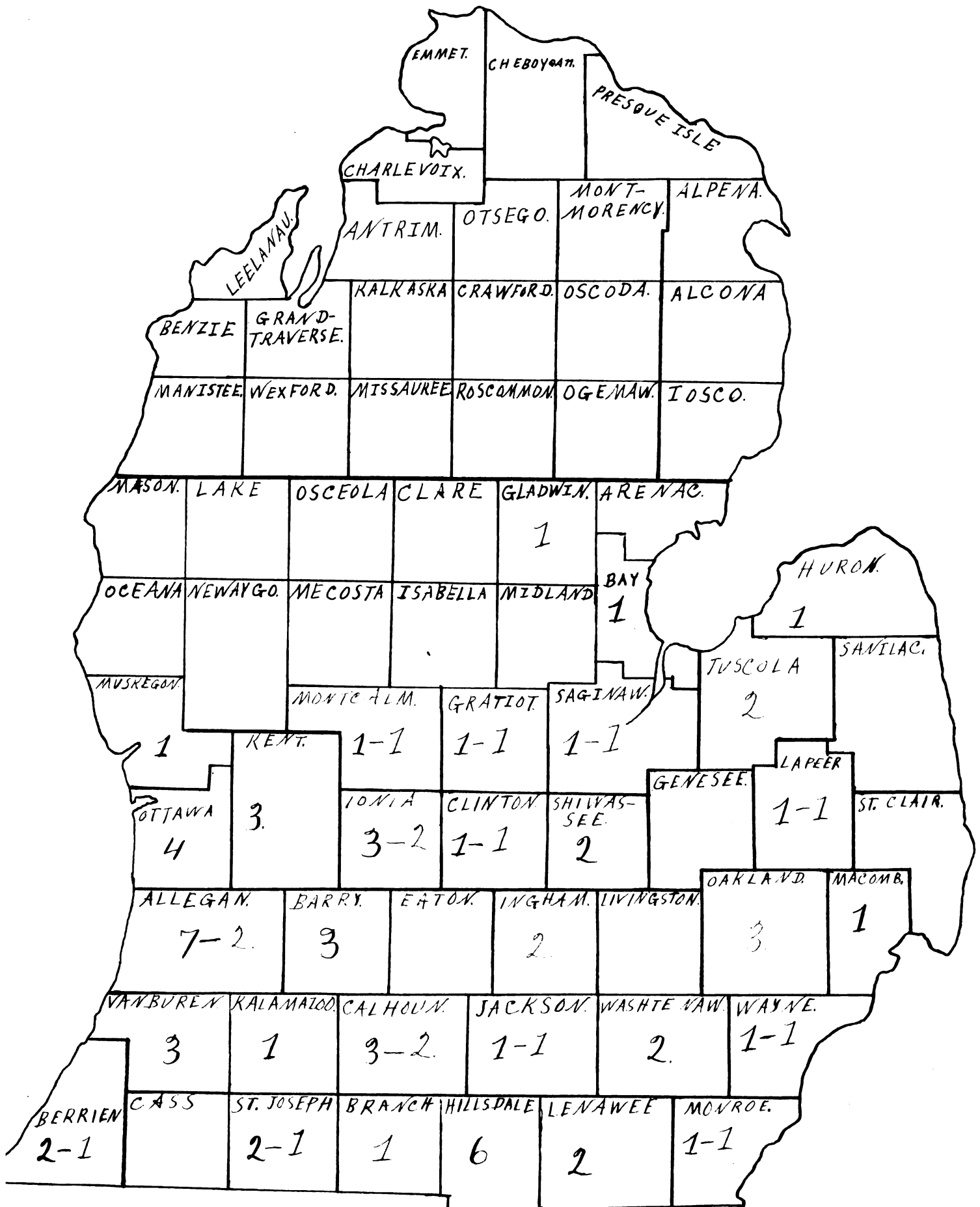
have been a much larger per cent dividend -- a dividend equal to a high rate of interest. This question is worthy especial attention, when we consider that most of these creameries are put under the management of farmers that know little about the creamery business and must build up their trade. Their business will necessarily be on a small scale at first, and will not pay a high rate of interest on a large capital.

But a large capital does not always, perhaps generally does not, mean that the creamery is one of sufficient capacity to manufacture butter on a large scale; for, if we can rely upon the estimations of those that are interested in co-operative creameries, the creamery companies get from \$800.00 to \$1,500.00 more for their creameries than they cost. Stated in plain English, the farmers pay \$800.00 to \$1,500.00 more for their creamery than it is really worth.

The investment of a large capital into a creamery, whether or not it be worth it, is for the inexperienced farmers a risky investment, as is proven by the failure of over fifty per cent of such creameries.

Thus far we have dealt with problems concerning those that invest capital in co-operative creameries. Now we ask, "Will it pay a farmer to send his milk to a creamery?" The farmer will naturally ask, "Will I make as much money by patronizing a creamery as I would by making my butter at home?" Facts will answer the question. The price of creamery butter seldom, if ever, goes below 14 ¢ per pound; and when creamery butter is worth only 14 ¢ per pound home made butter is bringing not more than 8 ¢ or 9 ¢ per pound. Now deduct from the 14 ¢ the cost per pound of making and shipping the

creamery butter, which will be between 5 ¢ and 6 ¢, 6 ¢ the highest, and we get between 8 ¢ and 9 ¢ as the price per pound, above all expenses, for the creamery butter. This is as much as the home made butter brings, and there is a gain besides this - it saves the housewife all the trouble of making the butter, and it saves the trouble of marketing it. We are safe in saying that as far as the dollars and cents are concerned, as well as the trouble of making and marketing, that the creamery is equal, if not preferable, to the home manufacturer.



Figures in black type represent number of creameries not failed in county.

Figures in red type represent number of creameries failed in county.

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