



PLANNING FOR PROFIT



BRITISH COLUMBIA

Ministry of Agriculture and Food

Agdex 252 - 810

Brussel Sprouts for Processing Fraser Valley Spring 1997

Introduction

The planning process provides producers with the opportunity to look at their operation as a group of distinct enterprises. Alternative enterprises should be evaluated on the basis of **Contribution Margin**, taking into consideration resource constraints, market opportunity, risk and uncertainty.

The **Contribution Margin** must provide funds for interest, overhead and other indirect expenses as well as a return for living expenses, loan repayment and investment. These items should be included in the overall farm plan which will include a **Projected Income Statement** and **Projected Cash Flow Statement**.

Key Factors Affecting Profit

	Target
Quantity	5.0 - 6.0 tons/acre
Price	\$600 - \$700/ton

Yield and quality of the product is affected by variety, cultural practices, labour management and harvest timing. This budget assumes a lime application of two tons every two years. Cole crops are very susceptible to insect attack. As there is no tolerance for insect contamination or damage in product shipped to processors, effective pest control is critical. An integrated pest management program can minimize pesticide costs and ensure pest-free crops.

For production recommendations, consult the "Vegetable Production Guide for Commercial Growers" which is available from the BC Ministry of Agriculture, Fisheries and Food.

Marketing Alternatives

All products are grown under contract to processors. Growers must be registered with the Vegetable Marketing Commission. Processors of brussel sprouts include Snowcrest and Lucerne Foods.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc										50	50	
%Ex				10		20	5	5	10	20	20	10

The above information indicates the timing of monthly flow of funds included in the **Contribution Margin** only. A complete **Projected Cash Flow** should include indirect expenses, capital sales and purchases, loans and personal expenses.

Rules of Thumb

Investment	\$6,000 - \$7,000/acre
Direct Expenses % of Income	80% - 90%

The above indicators are provided for comparison purposes. They are set out as potential targets for brussel sprouts production.

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BRUSSEL SPROUTS

Target Yield - 5.5 tons/acre

Contribution Margin 1 acre of Brussel Sprouts Fraser Valley

Total Income

	Yield	Price	Unit	Income
Grade 1	5.5	\$695.00	ton	\$3,823

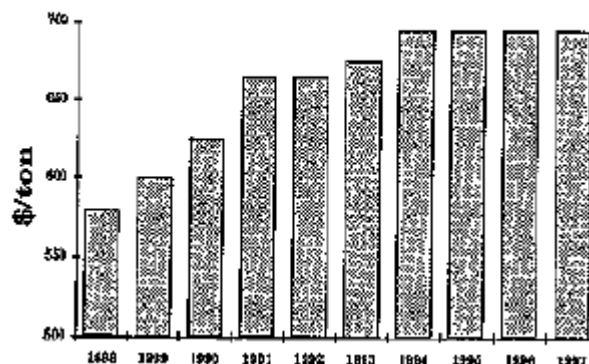
Direct Expenses

	Quantity	Price	Unit	Expense
Plants	9,500	\$20.00	1,000	\$190
Plant Nutrients				
10 - 16 - 18	225	0.43	kg	109
46 - 0 - 0	60	0.48	kg	29
Lime	1	59.00	MT	59
Solubor	0.04	2.38	kg	1
Pest Control				
Rival	0.9	13.55	litre	12
Lorsban (2X)	0.8	16.70	litre	13
Metasystox (2X)	0.7	23.20	litre	32
Ambush (2X)	0.056	142	litre	16
Cygon (2X)	0.4	15.23	litre	6
Fuel Costs				108
Repairs & Maintenance				94
Contract Labour				
Mach. Operation	19.5	12.00	hour	234
Plant & Weed	32	9.00	hour	288
Harvest	11,000	0.135	lb	1,485
Board Fees	5.5	5.40	ton	30
Crop Insurance				75
Irrigation Water & Power				42
Land Rental				300
Total Direct Expenses				\$3,121
Contribution Margin				\$702

Buildings and Machinery Replacement Cost Total Farm Size - 60 acres

Buildings	\$ 60,000
Power Machinery	100,000
Field Machinery	78,500
Product Handling Equipment	37,500
Irrigation & Drainage	81,000
Vehicles	43,000
Total	\$400,000

Brussel Sprouts Pricing



Contribution Margin - Sensitivity Analysis

The table below lists the changes to contribution margin as quantity of yield changes and price received varies.

PRICE \$/Ton	Yield Ton per Acre			
	4.5	5.0	5.5	6.0
600	(151)	14	179	344
650	74	264	454	644
695	277	489	702	914
750	524	764	1,004	1,244

This information is provided as a guideline only. Target yield indicates above average production. An individual crop plan should be developed by each producer. Planning forms may be obtained from your local office of the BC Ministry of Agriculture, Fisheries and Food.