



PLANNING FOR PROFIT



BRITISH COLUMBIA

Ministry of Agriculture and Food

Fresh Cauliflower Fraser Valley Summer 1998

Agdex 252 - 810

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	650 cases/acre
Price	\$10/case

Yield and quality of the product are affected by variety, cultural practices, labour management and harvest timing. This budget assumes a lime application of 2 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 market, 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 Lower Mainland Horticulture Improvement Association (604-556-3001).

Marketing Alternatives

Cauliflower for the fresh market is grown under a delivery quota system. Growers must be registered with the B.C. Vegetable Marketing Commission. The crop is marketed through the Cloverdale Lettuce and Vegetable Co-op (phone: 604-576-9101).

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc							10	30	30	30		
%Exp			14	14	14	14	14	14	14	14		

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	\$3,500 - \$4,500/acre
Direct Expense % of Income	85% - 95%

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

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FRESH CAULIFLOWER

Yield - 650 cases /acre

Summer 1998

Contribution Margin 1 Acre of Fresh Cauliflower Fraser Valley

Total Income

	Yield	Price	Unit	Income
Cut-up (1 case = 22 lbs)	650	\$10	case	\$6,500

Direct Expenses

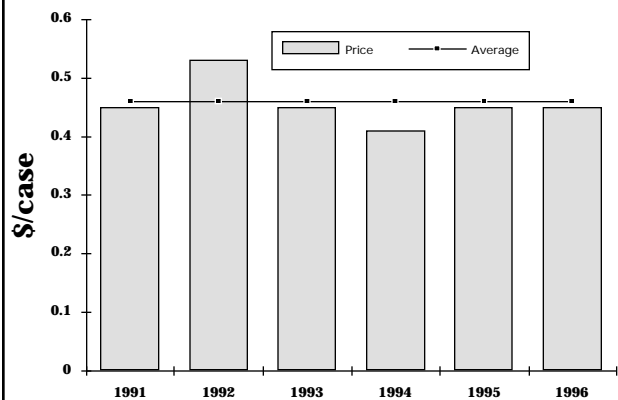
	Quantity	Price	Unit	Expense
Seed	20	\$7.00	1,000	\$140
<u>Fertilizer</u>				
12 - 16 - 16	225	0.51	kg	115
46 - 0 - 0	90	0.49	kg	44
Lime	1.0	47.00	kg	47
Solubor	0.4	1.98	kg	1
<u>Pest Control</u>				
Ambush	0.056	176.00	L	10
Lorsban	0.8	17.90	L	14
Monitor	0.9	34.50	L	31
Fuel Costs				150
Machine R & M				109
<u>Custom Work</u>				
Planting	10	10	hr	100
Weeding	15	10	hr	150
Harvesting	140	8.50	hr	1,190
<u>Marketing</u>				
Co-op charges*	650	5.25	case	3,413
Irrigation Water & Power				45
Total Direct Expenses				\$5,559
Contribution Margin				\$941

*Includes cartons, packing, cooling and marketing.

Buildings and Machinery Replacement Cost Total Farm Size - 60 Acres

Buildings	\$28,000
Power Machinery	94,000
Field Machinery	38,000
Irrigation	20,000
Product Handling Equip.	14,000
Shipping Bins	17,000
Vehicles	35,000
Total	\$246,000

Fresh Cauliflower Prices



Contribution Margin - Sensitivity Analysis

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

Price \$/case	Yield (cases/acre)			
	500	600	650	700
6.00	(1,496)	(1,604)	(1,659)	(1,713)
8.00	(496)	(404)	(359)	(313)
10.00	504	796	941	1,087
11.50	1,254	1,696	1,916	2,137

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 B. C. Ministry of Agriculture and Food.