



PLANNING FOR PROFIT



BRITISH COLUMBIA

Ministry of Agriculture and Food

Pickling Cucumbers Fresh Market Fraser Valley Summer 1998

Agdex 251 - 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 Sold	18,000 lb/acre
Price	\$0.40/lb

A well managed pickling cucumber crop has the potential to produce heavily over a long season. The challenge is to balance production with market demand. During periods of low demand, cukes will go oversize very quickly, becoming unmarketable. Oversize cucumbers must be removed to allow later fruit to set and develop. Weed control is costly and will require considerable management since effective herbicides are unavailable.

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

It is critical to investigate and develop marketing options prior to planting since it is challenging to balance production with market demand. Direct markets take time to develop and both promotion and location are important to successful marketing. It is advisable to have fresh dill available for customers.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc								90	10			
%Exp			10	15	25	25	25					

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	\$2,000 - \$2,900/acre
Direct Expense % of Income	80% - 90%

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

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FRESH MARKET PICKLING CUKES

Target Yield - 18,000 lb/acre

Summer 1998

Contribution Margin 1 Acre of Pickling Cukes Fraser Valley

Total Income

	Yield	Price	Unit	Income
Pickling Cukes	18,000	\$0.40	lb	\$7,200

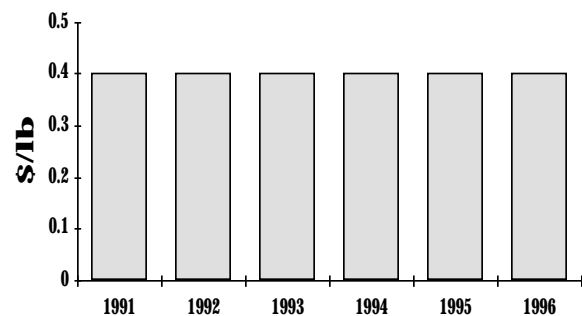
Direct Expenses

	Quantity	Price	Unit	Expense
Seed	2.5	\$18.6	lb	\$46
<u>Fertilizer</u>				
13 - 16 - 10	270	0.434	kg	117
34 - 0 - 0	90	0.448	kg	40
Lime	330	0.047	kg	16
<u>Pest Control</u>				
Bravo	1.9	15.80	L	30
Fuel Costs				60
Machinery R & M				58
<u>Custom Work</u>				
Planting				100
Hoeing/thinning				400
Harvesting	18,000	0.20	lb	3,600
Washing	18,000	0.03	lb	540
<u>Marketing</u>				
Containers	900	1.00	box	900
Irrigation Water & Power				50
Total Direct Expenses				\$5,958
Contribution Margin				\$1,242

Buildings and Machinery Replacement Cost Total Farm Size - 60 Acres

Buildings	\$ 5,000
Power Machinery	28,000
Field Machinery	36,000
Irrigation	20,000
Small Tools & Other	6,500
Cash Register, Scale & Signs	5,300
Vehicles	<u>15,000</u>
Total	\$115,800

Fresh Market Pickling Cucumber Prices



Contribution Margin - Sensitivity Analysis

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

PRICE \$/lb	Yield (lb/acre)			
	14,000	16,000	18,000	20,000
0.30	(638)	(598)	(558)	(518)
0.35	62	(202)	342	482
0.40	762	1,002	1,242	1,482
0.50	2,162	2,602	3,042	3,482

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.