



PLANNING FOR PROFIT



BRITISH COLUMBIA

Ministry of Agriculture and Food

Processing 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	4.0 tons/acre (pack-out)
Price	\$845/ton

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 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 Lower Mainland Horticulture Improvement Association (604-556-3001).

Marketing Alternatives

All product is grown under contract to processors. Growers must be registered with the Vegetable Marketing Commission. Cauliflower is generally cut up on the farm prior to shipping to the processor. Processors of cauliflower include Snowcrest, Packers Ltd., Lucerne Foods and BC Frozen Foods Ltd.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc										50	50	
%Exp			10		20	5	5	30	10	10	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	\$3,500 - \$4,000/acre
Direct Expense % of Income	75% - 85%

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

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PROCESSING CAULIFLOWER

Target Yield - 4.0 tons/acre

Summer 1998

Contribution Margin 1 Acre of Cauliflower Fraser Valley

Total Income

	Yield	Price	Unit	Income
Cut-up Cauliflower	4.0	\$845	ton	\$3,380

Direct Expenses

	Quantity	Price	Unit	Expense
Seed	20	\$7.00	1,000	\$140

Fertilizer

12 - 16 - 16	225	0.51	kg	115
46 - 0 - 0	90	0.49	kg	44
Lime	1.0	47.00	kg	47
Solubor	0.04	1.98	kg	0

Pest Control

Rival	0.9	14.67	L	13
Ambush	0.056	154.75	L	9
Lorsban	0.8	17.90	L	14
Monitor	0.9	34.50	L	31

Fuel Costs				175
Machinery R & M				100

Contract Labour

Machine operations	26.5	10	hr	265
Planting	10	10	hr	100
Weeding	4	10	hr	40
Irrigation	10	10	hr	100
Core /Cut-up	4	200	ton	800
Harvesting	40	10	hr	400

Marketing	8	10	hr	80
Board fees	4	5.40	ton	22

Other

Irrigation Water & Power				45
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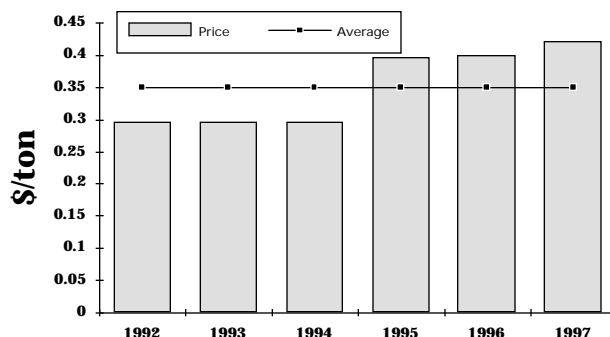
Total Direct Expenses **\$2,540**

Contribution Margin **\$840**

Buildings and Machinery Replacement Cost Total Farm Size - 60 Acres

Buildings	\$30,000
Power Machinery	93,500
Field Machinery	38,000
Product Handling Equip.	15,500
Shipping Bins	18,000
Vehicles	35,000
Total	\$230,000

Processing Cauliflower Prices



Contribution Margin - Sensitivity Analysis

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

Price \$/ton	Yield (tons/acre)			
	2.5	3.5	4.0	5.0
700	(332)	63	260	655
750	(207)	238	460	905
845	31	571	840	1,380
900	168	763	1,060	1,655

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.