



# PLANNING FOR PROFIT



BRITISH  
COLUMBIA

Ministry of Agriculture,  
Fisheries and Food

## Raspberries Hand Harvested Full Production Okanagan Valley 1996

Agdex 237 - 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	10,000 lbs/acre
Price	\$1.50 - \$2.00/lb

Price are affected by the quality and quantity of fruit available on the market.

Harvested yield is affected by soil type, variety grown, cultural management including fertilization, insect, disease and weed control, primocane management.

### Marketing Alternatives

The marketing alternatives in the Okanagan include U-pick, roadside stands, farmers' markets and contracts with retail outlets and processors. The market area and market potential for each alternative should be identified. The size of operation and supply of labour are important factors to consider.

### Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc							70	30				
%Exp			5	5	5	10	50	20	5			

The above information indicates the timing of monthly flow of funds included in the **Contribution Margin** only. A completed **Projected Cash Flow** should include indirect expenses, capital sales and purchases, loans, and personal expenses. The majority of payment is made the same calendar year but the remainder is often paid during the following year.

### Rules of Thumb

Investment	\$4,500 - \$5,500/acre
Picking Labour	\$0.35/lb
Direct Expense % of Income	40% - 50%

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

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# RASPBERRIES

## Target Yield - 10,000 lbs/acre

### Contribution Margin 1 Acre of Raspberries Full Production Okanagan Valley

#### Total Income

	Yield	Price	Unit	Income
Ready Picked	10,000	\$1.75	lb	\$17,500

#### Direct Expenses

	Quantity	Price	Unit	Expense
<u>Plant Nutrients</u>				
10 - 16 - 18	270	\$0.43	kg	\$116
Manure	20	2.00	yd	40

#### Pest Control

Goal	0.75	50.30	litre	38
Princep 9T	0.44	13.23	kg	6
Captan (4X)	0.54	13.62	kg	29
Diazinon 500	0.40	13.87	litre	6
Ridomil	2.20	76.00	litre	167
Vydate L (.5X)	1.90	26.60	litre	25

Fuel, Oil & Lubrication				86
Machinery R & M				58

#### Contract Labour

Prune & Tie	90	7.50	hour	675
Picking	10,000	0.35	lb	3,500
Picking Supervisor				450

Cartons	10,000	0.16	lb	1,600
Hive Rental	1	43	hive	43

Irrigation Power & Water				60
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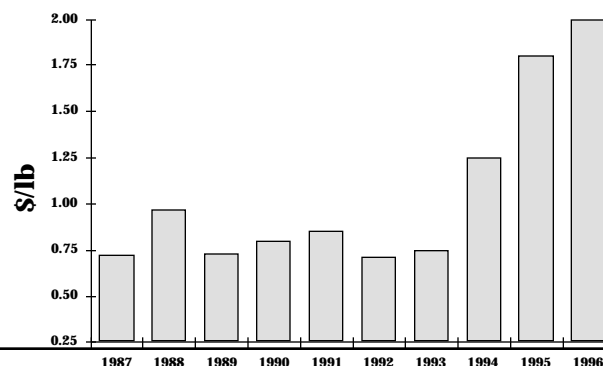
**Total Direct Expenses** **\$7,750**

**Contribution Margin** **\$9,750**

### Buildings and Machinery Replacement Cost Total Operation - 2 Acres Total Farm Size - 40 Acres

Buildings	\$ 10,000
Posts & Wires	2,200
Power Machinery	32,000
Field Machinery	19,300
Irrigation	7,500
Hand Tools & Misc.	6,500
Vehicles	<u>18,000</u>
<b>Total</b>	<b>\$95,500</b>

### Raspberry Prices



### Contribution Margin - Sensitivity Analysis

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

PRICE \$/lb	Yield lbs Per Acre			
	6,000	8,000	10,000	12,000
<b>1.00</b>	290	1,270	2,250	3,230
<b>1.25</b>	1,790	3,270	4,750	6,230
<b>1.75</b>	4,790	7,270	<b>9,750</b>	12,230
<b>2.00</b>	6,290	9,270	12,250	15,230

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.