



PLANNING FOR PROFIT



BRITISH
COLUMBIA

Ministry of Agriculture,
Fisheries and Food

**Fresh Sweet Corn
Direct Marketed
Fraser Valley
Fall 1996**

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	1,200 dozen/acre
Price	\$2.00 - \$4.00/dozen

Sweet corn is a relatively easy crop to grow. There are few pests of corn in BC and good weed control can be achieved with herbicides. Price is a key factor affecting profitability, ranging from under \$1.50/dozen to over \$4.00 depending on the supply and quality. Corn deteriorates quickly after harvest. Direct marketed corn is generally not cooled or iced but should be picked fresh each day.

Variety selection is critical to the production of a good quality, marketable product. Demand is increasing for improved sweetness types such as supersweets. The "BC Vegetable Production Guide" provides variety and other production recommendations.

Marketing Alternatives

Fresh sweet corn can be sold through roadside stands, farmers' markets or peddled from the back of a truck. Early corn generally commands the highest price. A surplus of corn by late summer often results in prices dropping to \$1.50/dozen. Investigate and develop marketing options prior to planting.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc							15	50	35			
%Exp				15	20	5	15	20	35			

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	\$3,000 - 3,500/acre
Direct Expenses % of Income	20% - 30%

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

Contact: MARK SWEENEY, P.Ag.
Vegetable Specialist
Abbotsford
LORNE OWEN, P.Ag.
Financial Management Specialist
Abbotsford
Prepared By: ANDREA GUNNER, P.Ag.

FRESH SWEET CORN

Target Yield - 1,200 dozen/acre

Contribution Margin 1 Acre of Fresh Sweet Corn Fraser Valley

Total Income

	Yield	Price	Unit	Income
Corn	1,200	\$2.50	dozen	\$3,000

Direct Expenses

	Quantity	Price	Unit	Expense
Seed	5	\$10.50	lb	\$53

Plant Nutrients

34 - 0 - 0	100	0.46	kg	29
12 - 51 - 0	90	0.55	kg	49
0 - 0 - 60	100	0.32	kg	29

Weed Control

Primextra	2.7	9.00	litre	24
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Fuel, Oil, Lubrication				76
Repairs & Maintenance				57

Marketing

Advertising - 2% of Gross Income				60
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Contracts & Custom Work

Harvesting	40	9.20*	hour	368
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Total Direct Expenses				\$762
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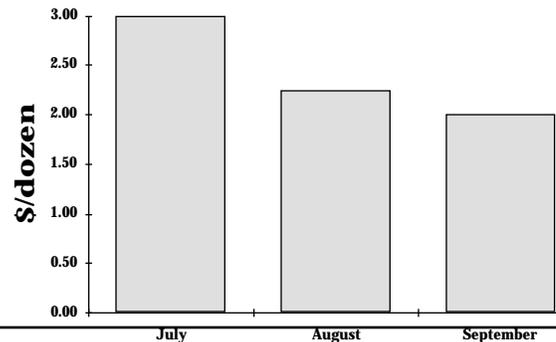
Contribution Margin				\$2,238
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*includes UIC, CPP, etc.

Buildings and Machinery Replacement Cost Total Farm Size - 60 Acres

Buildings	\$ 7,500
Cooler	15,000
Power Machinery	58,000
Field Machinery	70,500
Irrigation System	16,000
Vehicle	23,000
Small Tools & Other	<u>5,000</u>
Total	\$195,000

Fresh Sweet Corn



Contribution Margin - Sensitivity Analysis

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

PRICE \$/doz	Yield Dozen per Acre			
	1,000	1,100	1,200	1,300
2.00	1,299	1,468	1,638	1,807
2.50	1,799	2,018	2,238	2,457
3.00	2,299	2,568	2,838	3,107
4.00	3,299	3,668	4,038	4,407

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.