



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Pickling Cucumbers U-Pick Fraser Valley Fall 1990

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 **Gross Margin**, taking into consideration resource constraints, market opportunity, risk and uncertainty.

The **Gross 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	10,000 - 15,000 lbs/acre
Sales % of Yield	75%
Price	\$.35 - .40/lb

Sales as a percentage of yield is an important factor affecting profitability. Marketing skills and weather conditions will both influence the profitability. Either weak marketing skills or poor weather during the harvest period will result in slower sales and additional labour costs to remove oversize cucumbers.

The B.C. Vegetable Production Guide provides variety and other production recommendations.

Marketing Alternatives

Investigate and develop marketing options prior to planting. Both advertising and location are important to the successful marketing of this crop.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc								90	10			
%Exp			25	15	20	20	20					

The above information indicates the timing of monthly flow of funds included in the gross margin only. A completed **Projected Cash Flow** should include indirect expenses, capital sales and purchases, loans, and personal expenses.

Rules of Thumb

Investment	\$1,400 - \$1,600/acre
Direct Expense % of Income	5% - 10%

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

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U-PICK PICKLING CUKES

Yield - 15,000 lbs/acre

Gross Margin 1 Acre of U-Pick Pickling Cukes

Total Income

	Yield	Price	Unit	Income
Pickling Cukes	15,000	\$.40	lb	\$6,000

Direct Expenses

	Quantity	Price	Unit	Expense
Seed	2.5	\$14.39	lb	\$35
<u>Fertilizers</u>				
13 - 16 - 10	270	.27	kg	75
34 - 0 - 0	45	.27	kg	10
Lime	330	.04	kg	15

Fuel & Oil	60
Machinery R& M	75

<u>Custom Work*</u>	
Hand Hoeing	150

<u>Marketing</u>	
Vancouver Sun - 4X	10
Local newspaper - 8X	5

Irrigation Water & Power	35
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Total Direct Expenses **\$470**

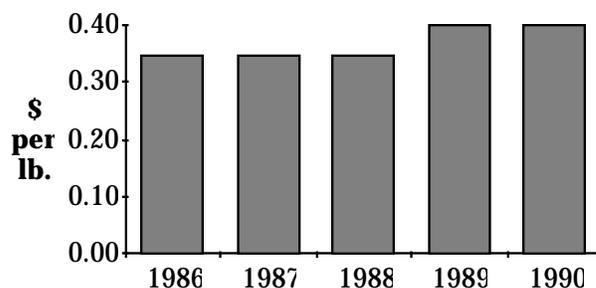
Gross Margin **\$5,530**

* Supervisory or other labour may be necessary but is not included in this budget.

Buildings and Machinery Replacement Cost Total Farm Size - 60 Acres

Buildings	\$5,000
Power Machinery	28,000
Field Machinery	35,350
Irrigation	2,000
Small Tools & Other	6,400
Cash Register, Scale & Signs	5,250
Vehicle	<u>13,000</u>
Total	\$95,000

Pickling Cuke U-Pick Prices



Gross Margin - Sensitivity Analysis

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

PRICE \$/lb	Yield Per Acre			
	8,000	12,000	15,000	18,000
.30	1930	3130	4030	4930
.35	2330	3730	4780	5830
.40	2730	4330	<u>5530</u>	6730
.45	3130	4930	6280	7630

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 Fisheries.