



# PLANNING FOR PROFIT



Province of British Columbia  
Ministry of Agriculture, Fisheries and Food

## Pickling Cucumbers Okanagan Valley Spring 1994

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

	<b>Target</b>
Quantity	8,000 lbs./acre
Price	\$.50 - .60/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.

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

### Marketing Alternatives

Pickling cucumbers can be sold through roadside stands and at farmers' markets. It is critical to investigate and develop marketing options prior to planting. Direct markets take time to develop and both promotion and location are important to successful marketing. Fresh dill is a desirable complementary product.

### Cash Flow Timing

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

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	\$6,500-7,000/acre
Direct Expense % of Income	40-50%

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

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# PICKLING CUKES

## Yield - 8,000 lbs./acre

### Contribution Margin 1 Acre of Pickling Cukes

**Total Income**

	Yield	Price	Unit	Income
Pickling Cukes	8,000	\$ .55	lb.	\$4,400

**Direct Expenses**

	Quantity	Price	Unit	Expense
Seed	3	\$45.65	lb.	\$137

Fertilizers

34 - 0 - 0	270	.37	kg	100
13 - 16 - 10	45	.37	kg	17

Fuel, Oil & Lube 105

Machinery Repair & Maintenance 121

Contract Labour

Weeding	50	7.50*	hour	375
Harvesting	8,000	.15	lb.	1,200

Marketing 88

**Total Direct Expenses \$2,143**

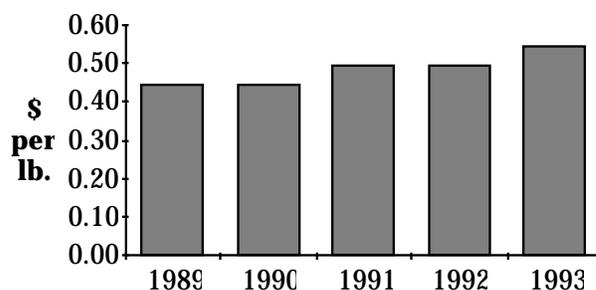
**Contribution Margin \$2,257**

\*includes UIC, CPP, etc.

### Buildings and Machinery Replacement Cost Total Farm Size - 20 Acres

Buildings	\$12,500
Power Machinery	26,000
Field Machinery	55,000
Irrigation System	16,000
Vehicle	23,000
Small Tools & Other	<u>5,000</u>
<b>Total</b>	<b>\$137,500</b>

### Pickling Cuk 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	7,000	8,000	9,000
<b>.45</b>	857	1,157	1,457	1,757
<b>.50</b>	1,157	1,507	1,857	2,207
<b>.55</b>	1,457	1,857	<u>2,257</u>	2,657
<b>.60</b>	1,757	2,207	2,657	3,157

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, Fisheries and Food.