



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

High Yielding Asparagus (Trial Yields) Irrigated, North Okanagan Spring 1990

Agdex 250.1- 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	5,250 lbs/acre
Price	\$.85 - \$1.10/lb

Asparagus is a perennial crop. Historically, it takes 5-6 years to reach full production. Yields have ranged from 700 lbs/acre up to 2,500 lbs/acre with present varieties. New, hybrid varieties such as Jersey Giant, have performed well in variety trials across Canada and particularly in the Southern Interior of B.C. Projected yields of 5,250 lbs/acre should greatly improve profitability of asparagus production.

Asparagus should be grown in loamy soils. Irrigation is essential. Use at least 10,870 crowns per acre. These new hybrids require the best cultural management in order to perform well.

Marketing Alternatives

The marketing alternatives for asparagus include sales to the local fresh market through farmer's markets and road-side stands as well as direct to grocery stores. Demand exists for fresh sales to other markets. Asparagus is also sold to processors.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc				20	50	30						
%Exp				30	55	5					10	

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	\$5,780/acre
Contract Labour	260 hours
Direct Expense % of Income	35% - 45%

The above indicators are provided for comparison purposes. They are set out as potential targets for high yielding irrigated asparagus production.

Contact: JOHN PRICE
Interior Vegetable Specialist
Vernon
LORNE OWEN
Farm Management Specialist
Abbotsford

HIGH YIELDING ASPARAGUS

Trial Yield - 5,250 lbs/acre

Gross Margin 1 Acre of High Yielding Irrigated Asparagus

Income

	Yield	Price	Unit	Income
Fresh Market	3,150	\$1.10	lb	\$3,465
Cannery - #1	1,050	.88	lb	925
Cannery - #2	1,050	.65	lb	675

Total Income **\$5,065**

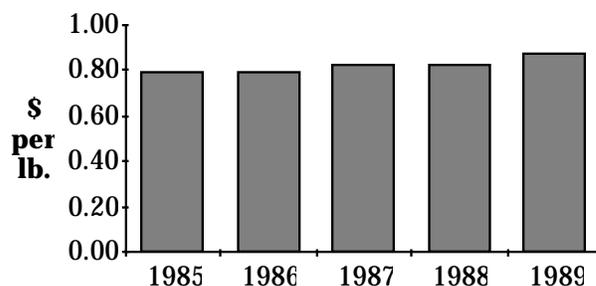
Direct Expenses

	Quantity	Price	Unit	Expense
<u>Fertilizers</u>				
46 - 0 - 0	90	\$.32	kg	\$30
11 - 51 - 0	50	.47	kg	25
<u>Herbicide</u>				
Roundup	.6	15.40	litre	10
Sencor	.9	45.12	litre	40
<u>Insecticide</u>				
Malathion	2	6.50	litre	15
<u>Fungicide</u>				
Zineb	2.6	7.50	kg	20
Fuel Costs				25
Machine Repair & Maintenance				105
<u>Contract Labour</u>				
Picking	262	6.50	hour	1,705
Hand Weeding	2.3	6.50	hour	15
Total Direct Expenses				\$1,990
Gross Margin				\$3,075

Buildings and Machinery Replacement Cost Total Farm Size - 25 acres

Buildings & Cooler	\$10,500
Crowns	49,500
Power Machinery	40,000
Field Machinery	19,700
Irrigation	10,000
Vehicles	12,000
Other	<u>2,800</u>
Total	\$144,500

#1 Asparagus Cannery Price



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 Lb. Per Acre			
	3,000	4,000	5,250	6,000
.65	1,020	1345	1,425	2,320
.80	1,620	2,095	2,215	3,520
.97	2,280	2,920	<u>3,075</u>	4,840
1.10	2,820	3,595	3,790	5,920

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.