



PLANNING FOR PROFIT



BRITISH COLUMBIA Ministry of Agriculture,
Fisheries and Food

**Celery
Fraser Valley
Fall 1996**

Agdex 252 - 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	700 - 800 cases/acre
Price	\$9.00 - \$12.00/case

Muck soils with good moisture holding capacity and drainage with a pH of 5.2 - 6.5 are best. Timely irrigations are essential for this shallow-rooted crop. Appropriate and timely sprays are necessary for insect and disease control. Use fusarium yellows resistant varieties in suspect fields. An integrated pest management program can minimize pesticide use and costs.

A "Vegetable Production Guide for Commercial Growers" is available from the BC Ministry of Agriculture, Fisheries and Food.

Marketing Alternatives

Celery is grown in southern BC under a delivery quota system. The majority of product is marketed through the Cloverdale Lettuce and Vegetable Co-operative located at:

5590 - 152 Street
Surrey, B.C. V3S 4P6
Phone: (604) 576-9101

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc							20	20	20	20	20	
%Exp		5	10	10	15	15	15	15	15	15		

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	\$6,000 - \$7,000/acre
Contract Labour	200-250 hour/acre
Direct Expense % of Income	70% - 80%

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

Contact: **WAYNE ODERMATT, P. Ag.**
Provincial Fresh Vegetable Specialist
Cloverdale
LORNE OWEN, P. Ag.
Farm Management Specialist
Abbotsford
Prepared By: **ANDREA GUNNER, P. Ag.**

CELERY

Target Yield - 750 Cases/Acre

Contribution Margin 1 Acre of Celery Fraser Valley

Total Income				
	Yield	Price	Unit	Income
Grade #1	750	\$10.27	case	\$7,701

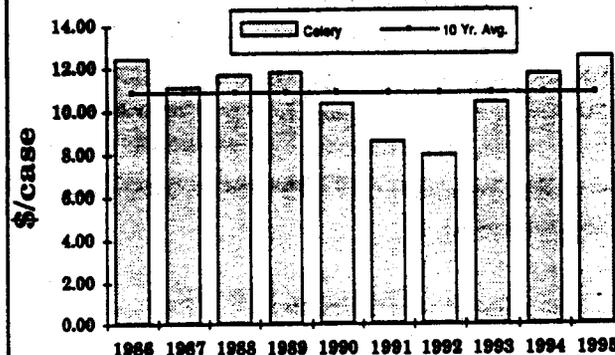
Direct Expenses

	Quantity	Price	Unit	Expense
Plants	32	\$38.00	1,000	\$1,216
Fertilizer				
12 - 20 - 20	360	0.39	kg	140
Calcium Nitrate	90	0.43	kg	38
Lime	1	59.00	MT	59
Manure	25	2.00	yard	50
Pesticides				
Gesegard	1.1	36.14	kg	40
Gramoxone	2.2	21.60	litre	48
Malathion	0.8	8.60	litre	7
Thiodan	0.8	14.60	litre	12
Bravo 500	1.3	14.55	litre	19
Dithane M45	1.1	11.63	kg	13
Lagon (2X)	0.28	15.23	litre	9
Copper	2.3	5.75	kg	13
Fuel Costs				129
Machine Repair & Maintenance				109
Marketing Costs				
Co-op Charges	750	1.63	case	1,222
Cartons	750	1.15	case	862
Contract Labour	201.5	8.00	hour	1,612
Irrigation Water & Power				45
Total Direct Expenses				\$5,643
Contribution Margin				\$2,058

Buildings and Machinery Replacement Cost Total Farm Size - 60 Acres

Buildings	\$ 60,000
Power Machinery	99,000
Field Machinery	78,500
Product Handling Equipment	37,500
Irrigation & Drainage	81,000
Vehicles	<u>43,000</u>
Total	\$399,000

Celery Prices



Contribution Margin - Sensitivity Analysis

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

PRICE \$/case	Yield Cases per Acre			
	650	700	750	800
9.00	485	796	1,107	1,418
10.27	1,309	1,684	2,058	2,432
11.00	1,785	2,196	2,607	3,018
12.00	2,435	2,896	3,357	3,818

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.