



# PLANNING FOR PROFIT



**BRITISH COLUMBIA**

Ministry of Agriculture,  
Fisheries and Food

**Topped Carrots  
Fraser Valley  
Fall 1996**

**Agdex 258 - 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	20 tons/acre
Price	\$350 - \$400/ton

Seeding of carrots is carried out from early March to mid-June, preferably on raised beds. Monitoring with yellow sticky traps is essential for carrot rust fly control. Proper post-harvest handling is an important factor in reducing the incidence of black root rot. Selection of disease resistant varieties and crop rotation are important in the control of many carrot diseases.

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

## Marketing Alternatives

Carrots are grown in southern BC under a delivery quota system. The majority of product is marketed through the two Lower Fraser Valley cooperatives: Cloverdale Lettuce & Vegetable Cooperative (604-576-1848) and the Lower Mainland Vegetable Distributors Inc. (604-946-3139)

## Cash Flow Timing

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

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
Direct Expense % of Income	50% - 60%

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

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# TOPPED CARROTS

## Target Yield - 20 Tons/Acre

### Contribution Margin 1 Acre of Topped Carrots Fraser Valley

**Income**

	Yield	Price	Unit	Income
Grade #1	16	\$405.40	ton	\$6,486
Grade #2	4	385.40	ton	1,542
<b>Total Income</b>				<b>\$8,028</b>

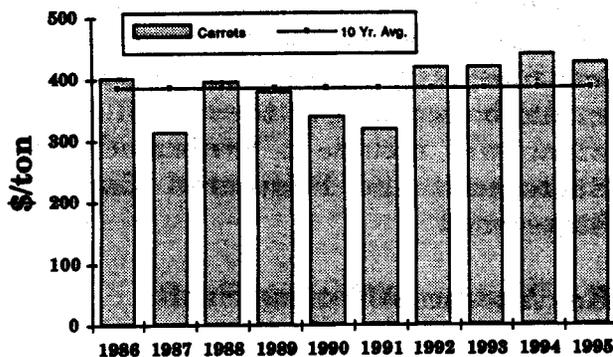
**Direct Expenses**

	Quantity	Price	Unit	Expense
Seeds	700	\$0.45	1,000	\$312
<b>Fertilizer</b>				
0 - 18 - 22	320	0.43	kg	139
Calcium Nitrate	90	0.43	kg	38
Lime	1	59.00	MT	59
Manure	25	2.00	yard	50
<b>Pest Control</b>				
Gramoxone	2.2	21.60	litre	48
Afolan (2X)	0.6	34.83	litre	42
Manzate 200	0.9	10.34	kg	9
Cymbush (2X)	0.112	76.72	litre	17
I.P.M.				40
Fuel Costs				120
Machine R & M				131
<b>Marketing Costs</b>				
Co-op Charges	20	66.52	ton	1,330
Wash & Grade	20	36.00	ton	720
Contract Labour	44	9.50	hour	418
Irrigation Water & Power				40
<b>Total Direct Expenses</b>				<b>\$3,513</b>
<b>Contribution Margin</b>				<b>\$4,515</b>

### Buildings and Machinery Replacement Cost Total Farm Size - 60 Acres

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

### Topped Carrot Prices



### Contribution Margin - Sensitivity Analysis

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

PRICE \$/ton	Yield Tons per Acre			
	16	18	20	22
250	897	1,192	1,487	1,782
300	1,697	2,092	2,487	2,882
401	3,320	3,917	<b>4,515</b>	5,113
450	4,097	4,792	5,487	6,182

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.