



# PLANNING FOR PROFIT



BRITISH COLUMBIA

Ministry of Agriculture and Food

Organic Celery  
Fraser Valley  
Spring 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 cases/acre
Price	\$16.00 -22.00/case

The land must be prepared thoroughly to minimize weed problems. It is critical to keep weeds under control during the growing season. This is best accomplished with frequent cultivations and hand weeding.

Celery should be rotated with other crops to reduce the incidence of pest and disease problems. Compost which has celery roots in it should not be used for the same reason.

Growers should be prepared to use organic pest control products for insect and disease management to obtain higher yields.

## Marketing Alternatives

Organic celery is a relatively new crop for B.C. Organic growers have the option of selling to organic wholesalers or to a variety of health and organic food outlets in B.C. and Alberta. They also can sell at farmer's markets and roadside stands. Organic wholesalers and retailers have a strong preference for certified organic produce. Certification is offered by a number of agencies in B.C.

## Cashflow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc						5	10	20	40	20	5	
%Ex		10	10	30	10	10	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.

## Labour Time

Land Preparation	6 hrs/acre
Plant & Fertilize	55 hrs/acre
Weed Control	58 hrs/acre
Harvest	82 hrs/acre
Wash, Pack & Grade	58 hrs/acre

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

Contact: WAYNE ODERMATT, P.Ag.  
Fresh Vegetable Specialist  
HARVIE SNOW  
Horticulture Industry Devel. Officer  
Cloverdale  
LORNE OWEN, P. Ag.  
Farm Management Specialist  
Abbotsford

# ORGANIC CELERY

## Target Yield - 700 cases/acre

### Contribution Margin 1 acre of Organic Celery

**Total Income**

	Yield	Price	Unit	Income
Wholesale	700	\$20.00	case	\$14,000

**Direct Expenses**

	Quantity	Price	Unit	Expense
Crop Supplies				
Plugs	29,000	\$0.04	each	\$1,160

## Nutrients &amp; Crop Protection

Compost	5	35.00	yard	175
Lime	1	40.00	MT	40
Bloodmeal	800	.50	lb.	400
Fish Fertilizer (4X)	4	2.59	litre	41
Soap (4X)	2.5	6.24	litre	62
Copper (3X)	1.6	5.96	kg	28

## Machinery Costs

Land Preparation & Fertilizing				48
Planting				82
Weed & Pest Control				13
Harvesting				130

## Marketing

Packaging	700	1.35	case	945
Transport	700	1.50	case	1,050
Cooling	700	1.00	case	700

## Contract Labour

Transplanting	50	8.55	hour	428
Hand Weeding	50	8.55	hour	428
Sidedressing	30	8.55	hour	256
Pest Control	42	8.55	hour	359
Harvest Labour	82	8.55	hour	698
Wash & Grade	58	8.55	hour	499

Irrigation Hydro

100

Certification 100

**Total Direct Expenses** **\$7,742**

**Contribution Margin** **\$6,258**

### Buildings and Machinery Replacement Cost Total Farm Size - 5 acres

Packing Shed & Storage	\$10,000
Packing Line & Cooler	12,000
Power Equipment	20,000
Field Equipment	18,500
Irrigation	7,500
Wagons	4,000
Vehicle	18,000
Small Tools & Other	5,000
<b>Total</b>	<b>\$95,000</b>

Organic celery is a new commodity in B.C. Prices have fluctuated over the last two years from \$19.00 - 40.00/case. The price is expected to stabilise nearer to \$20.00 per case as production increases.

### 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/acre			
	600	650	700	750
<b>16.00</b>	2,264	2,861	3,458	4,055
<b>18.00</b>	3,464	4,161	4,858	5,555
<b>20.00</b>	4,664	5,461	<b>6,258</b>	7,055
<b>22.00</b>	5,864	6,761	7,658	8,555

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.