

FINDING REVENUE IN YOUR BLUEBERRY BUSINESS

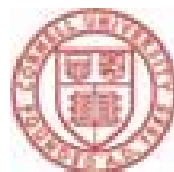
2015 NEW ENGLAND FRUIT AND
VEGETABLE CONFERENCE

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WHY A BERRY FARM BUSINESS SUMMARY

Berries are an important crop in New York

- NYS ranks 8th in the nation for strawberry crop
- Strawberries are the 4th most valuable fruit crop in NY

Anecdotal evidence that more individuals are getting into berry production

Little information on economics of berry production in the Northeast

Identify areas where growers can improve revenue through improved record-keeping, production, or reducing costs

CORNELL HAS A LONG HISTORY OF ANALYZING FARMS

Fruit Cost of Production studies in '60's & '70's by Darwin Snyder

Dairy Farm Business Summary – statewide – Wayne Knoblauch & CCE Farm Business Management Specialists

Lake Ontario Fruit Farm Business Summary – Alison DeMarree, Jerry White & AEM grad students

Beef Farm Business Summary

Lake Erie Region Concord Grape Business Summary – based on Schedule F

2013 Berry Business Summary

OVERVIEW OF BFBS PROCESS

CCE educators and regional specialists worked with 8 farms to collect the data

6 of the farms were smaller-scale, 2 farms grew berries in addition to tree fruit

Using the Fruit Farm Business Summary as a guide, created data tables of summary information, and specific areas

TABLES FROM THE BFBS

Four considerations:

1. There are only data from 8 farms so far
2. Two of the 8 farms are much larger than the other 6
3. Where possible, we make comparisons to FFBS
4. This data is based on a whole farm analysis, enterprise budgets give more crop-specific information



LAND RESOURCES

| Land Class | <i>8 Farm Average</i> | <i>6 Farm Average</i> |
|----------------------------|---------------------------|---------------------------|
| Bearing fruit acres | 45.60 | 5.93 |
| Non-bearing fruits acres | 7.80 | 0.00 |
| Total fruit acres | 53.40 | 5.93 |
| Other annual crops | 7.76 | 10.35 |
| Other perennial crops | 1.25 | 1.67 |
| Open land | 25.19 | 19.08 |
| Non-tillable acres | 7.25 | 1.17 |
| Total acres cropped | 62.41 | 17.95 |
| Total land operated | 94.85 | 38.20 |
| Rented land included above | 0.00 | 0.00 |



BERRY CROP PRODUCTION

| | No. of farms | Average Acres | Average Production (lbs) | Percent of Total Berries |
|----------------|--------------|---------------|--------------------------|--------------------------|
| 8 Farms | | | | |
| Blueberries | 8 | 3.93 | 17,991.75 | 21.43% |
| 6 Farms | | | | |
| Blueberries | 6 | 4.47 | 9,955.17 | 23.80% |

| | <i>8 Farms</i> | <i>6 Farms</i> |
|---------------------------------------|----------------|----------------|
| Rates of Production (lbs/acre) | | |
| Blueberries, pounds per bearing acre | 4,297.21 | 1,985.05 |



ENTERPRISE BUDGETS

- An enterprise budget was developed for Blueberries, June-bearing Strawberries, and summer Raspberries
- Initial estimates were based on information from other states (PA, NC) and project team knowledge of the crop
- The assumptions in the budgets were then verified by members of the New York Berry Growers Association
- Each budget includes the pre-plant year, planting year, and production year(s)



LABOR WORKSHEET

| Operation | Month | Mach. Hours | Hourly rate | Total Mach. | Labor Hours |
|---------------------------|-------|----------------|----------------|----------------|----------------|
| Layout field | Mar | 0.00 | 0.00 | 0.00 | 1.00 |
| Herbicide planting strips | Apr | 1.00 | 17.50 | 17.50 | 2.00 |
| Rototill killed strips | Apr | 2.00 | 17.50 | 35.00 | 3.00 |
| Plant berries | Apr | 3.00 | 17.50 | 52.50 | 36.00 |
| Apply mulch | Apr | 4.00 | 17.50 | 70.00 | 20.00 |
| Irrigation set up | Apr | 2.00 | 17.50 | 35.00 | 16.00 |



VARIABLE COSTS

| Variable Cost | | | | | | |
|------------------------------------|--|--|------|----------|---|----------|
| Apply Herbicide to planting strips | | | acre | \$50.50 | 1 | \$50.50 |
| Rototill killed strips | | | acre | \$84.50 | 1 | \$84.50 |
| Plant berries | | | acre | \$646.50 | 1 | \$646.50 |
| Apply mulch | | | acre | \$400.00 | 1 | \$400.00 |



RETURNS FOR BLUEBERRIES

| Price (\$/lb) | 2,000 | 3,000 | 4,000 | 5,000 | 6,000 | 7,000 |
|---------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 2.00 | \$4,000.00 | \$6,000.00 | \$8,000.00 | \$10,000.00 | \$12,000.00 | \$14,000.00 |
| \$ 3.00 | \$6,000.00 | \$9,000.00 | \$12,000.00 | \$15,000.00 | \$18,000.00 | \$21,000.00 |
| \$ 4.00 | \$8,000.00 | \$12,000.00 | \$16,000.00 | \$20,000.00 | \$24,000.00 | \$28,000.00 |
| \$ 5.00 | \$10,000.00 | \$15,000.00 | \$20,000.00 | \$25,000.00 | \$30,000.00 | \$35,000.00 |
| \$ 6.00 | \$12,000.00 | \$18,000.00 | \$24,000.00 | \$30,000.00 | \$36,000.00 | \$42,000.00 |
| \$ 7.00 | \$14,000.00 | \$21,000.00 | \$28,000.00 | \$35,000.00 | \$42,000.00 | \$49,000.00 |
| \$ 8.00 | \$16,000.00 | \$24,000.00 | \$32,000.00 | \$40,000.00 | \$48,000.00 | \$56,000.00 |
| \$ 9.00 | \$18,000.00 | \$27,000.00 | \$36,000.00 | \$45,000.00 | \$54,000.00 | \$63,000.00 |



ENTERPRISE BUDGET TAKE HOME

- Labor is 80% of the cost of growing blueberries
- Know your yields and break-even numbers to estimate returns, and adjust your price if you can
- Some growers with lower yields are probably not pricing their berries high enough to make a profit



TYPES OF RECORDS

Production Records

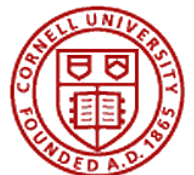
- Enterprise Budgets
- Yield, Pesticides, Crop Rotations etc.

Financial Records

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Ratio Analysis
- Family Living

Ownership Records

- Asset Inventory
- Legal Documents
- *Estate Plan*



INCOME STATEMENT

Summary of revenue and expenses for a certain time period

Includes all business income

- Can be cash or non-cash

Identify all expenses

- Cash: plants, fertilizer, pesticides
- Non-cash: depreciation, accounts payable, accrued interest

Net Farm Income from Operations = Total Revenue - Total Expenses



INCOME STATEMENT

Income Statement-Farm Receipts, average of all farms, 2013

| Cash Income | | Cash Receipts |
|--------------------------|---------|-----------------|
| Strawberries: | fresh | \$14,420 |
| Strawberries: | process | \$0 |
| Cranberries | | \$0 |
| Blueberries: | fresh | \$4,635 |
| Blueberries: | process | \$0 |
| Brambles: | fresh | \$3,665 |
| Brambles: | process | \$0 |
| Ribes: | fresh | \$333 |
| Ribes: | process | \$0 |
| Other berries: | fresh | \$0 |
| Other berries: | process | \$0 |
| Total All Berries | | \$14,702 |

INCOME STATEMENT (CONT.)

| Expenses | Cash Amount | Inventory & Prepaids Change | Accts. Payable Change | Accrual Expense | per brng acre |
|-------------------------------|------------------|-----------------------------------|-----------------------------|--------------------|---------------------|
| Crops | | | | | |
| Spray Chemicals | 43501.61 | -5796.33 | 0.00 | 37705.27 | 342.55 |
| Fertilizer & Lime | 4921.60 | -536.17 | 0.00 | 3565.17 | 152.04 |
| Replacement Trees & Plants | 5843.33 | 0.00 | 0.00 | 2921.67 | 170.09 |
| Supplies & Other Crop Expense | 10090.06 | -1050.00 | 0.00 | 9040.06 | 289.35 |
| Storage | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Processing & Packing supplies | 23577.87 | 0.00 | 0.00 | 19648.23 | 298.80 |
| Resale fruit & other items | 7390.00 | 0.00 | 0.00 | 3695.00 | 252.30 |
| Farm Market expenses | 10568.33 | -438.33 | 0.00 | 4845.83 | 35.14 |
| Mktg & Selling Expenses | 6921.06 | -158.33 | 0.00 | 5609.22 | 129.12 |
| Total | 112813.86 | | | 87030.44 | 1669.38 |

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*"BUILDING A BETTER BOTTOM LINE FOR
NYS BERRY GROWERS"*

THANKS TO THE NYSBGA TOO!

Thanks for Listening!

Questions? Suggestions?

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<http://www.fruit.cornell.edu/berry/index.htm>

