

Vegetable Growers: What and When to Produce

PRODUCT DECISION: WHAT AND WHEN TO PRODUCE

Factors that must be considered when deciding what to produce are somewhat different in nature than those of other businesses. Growers are limited in their ability to differentiate their products from those of their competitors. Although the production risk may be greater than that of other businessmen, product strategy is the same; that is to produce and market products that have a reasonable chance of generating acceptable profits.

PRODUCING FOR A MARKET

In the produce industry, it is not usually possible to lock in a price or a commitment with a buyer to buy a crop before it is grown. It is possible to develop a marketing strategy that will greatly improve chances of finding a profitable market for the crop. When making decisions about what crops to grow, one of the first and most important questions to be asked is where will it be sold? Many growers do little research when it comes to marketing their crops. A demand for your product when you are ready to harvest cannot be assumed. Market decisions should always be considered thoroughly before a crop is planted and the choice of a market will help determine what crops and varieties to grow and when to grow them.

PRODUCING AT A PROFIT

In addition to researching possible markets for a crop, there is a need to decide if it is profitable to produce that crop. When evaluating the resources needed to grow the crop, the cost and availability of land, irrigated vs. non-irrigated technology, labor, machinery, and the availability of capital for purchasing inputs must be considered. Budgets should be developed and break-even prices calculated at different costs and yields. With this information, a range of net returns for various price and yield combinations can be estimated. The more experience and information available, the better the estimates will be, and the higher probability that the estimated net returns will be reasonable predictions. The next step is to decide whether these returns are acceptable based on established objectives. Growers should establish realistic long-term objectives that can be broken down into annual objectives such as rate of return on equity and net returns per acre necessary to achieve stated goals.

REDUCING PRODUCTION RISK

After determining where to sell the crop and calculating the profitability of producing it; a few more steps are needed to complete planning for an effective product strategy. One of these decisions is planning a production strategy. Irrigation, pest control, and timely planting and harvesting are production factors that can be managed to reduce production risks. Equally important are postharvest practices such as cooling and storage that are necessary to maintain quality.



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TIMING PRODUCT FOR THE MARKET

Deciding when to produce is another important decision that is linked to a pricing strategy and to the choice of a market. Growers producing for local markets will usually need to plan for staggered planting that will ensure a consistent supply throughout a marketing season. Producing for national or regional markets also requires careful planning for timing of production. Produce dealers are interested in obtaining a constant supply. Grower who sell to dealers are usually interested in planning production schedules around prices. Product for a market niches, i.e., a period of time during a selling season when a particular regions is the only supplier of a particular crop, is one way in which growers are often able to realize higher profits. Over-production of a particular crop in a producing region will cause prices to decline.

There are several strategies that can be developed to avoid these problems. The most important is communication with buyers to find out what crops are needed and which ones may be over-supplied. Members of grower cooperatives should communicate with their manager or the growers' agent for the cooperative.

It is important to realize that high profits are often associated with greater risk. Therefore, the best planning strategy many not be one that is solely geared to production for market niches. Diversification lowers risk and is achieved by planting a variety of crops that are available for harvest at a variety of times.

Reference: VanSickle, J.J., "Marketing Strategies for Vegetable Growers." *University of Florida Extension* Sept. 2007. <http://ufdcimages.uflib.ufl.edu/IR/00/00/16/77/00001/CV11600.pdf>

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Small Farms Research Center Background. The Small Farms Research Center was developed to assist small farmers with limited resources in Alabama's underserved communities. The center was first developed in 2000 to assist minorities, especially women, African Americans and underserved individuals improve their farm management practices, given ones condition and resources. The mission of the Center and the Small Farmers Outreach program is to assist all small and limited resources farms effectively deal with risk management and food safety issues and provide them with informational sessions. The Center has also expanded its outreach efforts to meet the needs of entrepreneurs and businessman. The center is located at Alabama A&M University in the Dawson Building. The center specializes in following areas

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| Marketing and Business Plans | -Record keeping and Loan Application |
| -Identify alternative enterprises | -Personal Management |
| -Legal Issues | -Finances |
| -International Business and Procurement | -Accounting Issues |
| -Taxes | -Business Development |
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