

Table 2. *An example of the cost-benefit analysis of poinsettia action plan.*

COST-BENEFIT ANALYSIS	
ACTION PLAN TITLE: 6-inch Pinched Poinsettias	
ACTION PLAN NO.: C-3	
50,000 pots	
\$2.70 per pot selling price	
50,000 @ 2.70 = total income: \$135,000.00	
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Costs & Expenses	Plant 51,000 to make 50,000
Plant:	\$0.2049
Pot:	0.095
Soil:	0.08
Tray:	0.046
Overhead:	2.5830
Total:	
Package:	0.09
Cost per pot:	3.0989
Total cost per crop:	\$158,043.90
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Excess Revenues & Expenses (profit/loss)	
(\$-23,044)	
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Fixed Assets Required	
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Manpower Required	

to achieve objectives.

7) Analysis of competition—analyses of each firm and the industry as a whole.

8) Environmental analysis—Gauging outside forces over which the business has little or no control; i.e., political, social, economic, and technological factors.

9) Objectives—a list of the goals the company wishes to attain during the year.

10) Action plans—plans developed for each source of income as well as for business-improving projects that do not generate income.

11) Cost-benefit analysis—an income and expense statement for each action plan.

12) Marketing plan—developing a plan to sell the product that is scheduled. (Although listed as the last step, it is really the first; determine what can be sold and then develop action plans to produce that amount of product.)

The 10 greenhouses used for the strategic-planning process showed similar results:

1) Most made their profit on bedding plants in the spring of the year.

2) The fall and winter pot-plant market was marginal or caused a loss for most growers.

3) They produced crops year-round for cash flow and to keep year-round employees.

Before the project started, six businesses had not been profitable for a year, and four showed a profit of less than 5% of total sales. Two years after implementing planning, all 10 operations were profitable. Five operations generated a profit of 10% to 15% of their total sales, and five from 5% to 10%.

University personnel can help growers by giving them information about developing action plans and cost-benefit analyses. They also can help growers determine overhead costs and cost per square foot per day so that they can determine the cost of production for each crop.

Marketing profitability requires that the exact cost of production be known. It is essential that floriculture businesses become and remain profitable if they are to be partners with universities and government in funding research and educational programs.

Literature Cited

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Horticulture and the Global Market

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The future competitiveness of any nation, including its agriculture, is inextricably tied to understanding and effectively participating in global markets. Thus, small businesses, including farmers and rural businesses, need assistance in order to participate in global markets. Major opportunities exist for them to produce, process, and export agricultural products, especially value-added products, if they have knowledge of global opportunities and the competencies essential to capitalize on the opportunities. Most of the information and services are available to achieve this objective.

The Cooperative Extension System (CES) can provide a mechanism to deliver educational programs on global marketing opportunities and training on procedures for capitalizing on these opportunities. Since Aug. 1990, CES has been actively working with new partners and linkages at the national, state, and local levels. These nontraditional partners have the information and services necessary to assist small businesses to participate in global markets. CES can be the bridge to these providers for the horticultural industry. They can supply education and user-friendly access to global marketing information and services. More than 2000 firms have participated in this type of effort with CES. Of these, 75% had no previous experience and, prior to this program, little or no interest in exporting. Another 25% had an interest in exporting, but had had little or no success. The most dramatic result of this program has been the rapid change in mind-set that occurs relative to global marketing when extension provides education in concert with user-friendly access to the full array of global marketing opportunities and services. Clients have sought help in marketing everything from popcorn to paint. County agents from both Virginia and California helped their mushroom producers obtain the necessary information and assistance to respond to a year-round shitake order from the United Kingdom. This has resulted in an ongoing market for these producers. Other similar examples, at all levels, have occurred due to this program.

Horticulture is one of the areas in which a great potential exists to increase profits and create more economic development opportunities. However, we in the land-grant system need to get involved and bring industry in as our partner.

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