

Unit VII — Greenhouse Business Management
Student Handout

Name_____

Cost Analysis and Marketing Plan

Objective: Generate a cost analysis and marketing plan for a greenhouse.

Directions: You are planning to sell poinsettias for the Christmas season. Use the following scenario. Show all of your work.

Your greenhouse has 4,000 sq ft of bench space. Assume your crop consists of 750 poinsettia plugs grown in six-inch pots. The production time for the crop is 15 weeks. Your utilities for the year are \$1,800, and labor costs are \$1,200 for the year.

Part A — Fixed Costs*

Depreciation:	\$1,500
Interest on Investment:	\$30,000 X 6% opportunity cost = _____
Repairs & Maintenance:	\$550
Taxes:	\$30,000 X 32% (commercial rate) X \$5.20/\$100 assessed value = _____
Insurance:	\$500
Total fixed costs:	\$ _____

Average cost per week per square foot = total fixed costs/52 weeks per year/square foot bench space

Average cost per week per square foot = _____

**Estimates for the purpose of this exercise only*

Directions: Once you have determined your fixed costs, calculate the variable/operating costs for your crop. Use the Internet, commercial catalogs, and other sources to fill in the blanks below, and then answer the key questions that follow. List all sources you used to locate your information in the space provided.

Part B — Variable/Operating Costs

Plugs:	
Royalty/Plug:	
Transportation/Plug:	
Soil-less Media:	
Containers:	
Fertilizer:	
Care Tags:	
Commission:	
Advertising/Mailing/Paper/Copying:	
Subtotals:	
Death Loss or Not Salable (5% of subtotal):	
Totals:	

Part C — Key Questions

1. What are the total costs for the crop?
2. What is the total cost per plant?
3. What is the net profit for the plant?
4. At what sale price could you sell the plants and still make a profit?

Sources:

Part D — Marketing Plan

Directions: On separate paper, describe a year-long marketing plan for your greenhouse based on your cost analysis. Be sure to address the following topics:

- When you will start your poinsettia crop, when you will have plants ready to sell, and how long you expect your selling period to be
- Who the target customers will be for your poinsettias
- How you plan to attract customers (Note: Your advertising and display expenses must stay within the budget you established in your cost analysis.)
- A spring-season plan to alternate with your poinsettia crop (For your spring season plan, choose 15 plants you will grow, determine their growing season, and indicate when you would start your spring plants.)
- What seasonal or holiday promotions you will use to increase sales