

BUSINESS ANALYSIS OF FOLIAGE NURSERIES IN DADE COUNTY, FLORIDA, 1988¹

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INTRODUCTION

This publication contains information on sales, costs, returns and production efficiency for 25 wholesale foliage plant nurseries in Dade County Florida for 1988. Other publications in the Florida Nursery Business Analysis series include reports on central Florida foliage plant nurseries, south Florida foliage plant nurseries, woody ornamental field nurseries, and woody ornamental container nurseries. Purposes of the nursery business analysis series include:

- 1) Furnishing nursery operators with various physical and economic measures for evaluating the efficiency of individual nurseries, and for making more informed management decisions.
- 2) Providing individuals considering entering the wholesale ornamental plant production business with an estimate of the input requirements and revenue potential.
- 3) Providing industry investors with representative measures of average business performance.
- 4) Providing Florida extension personnel with business information for conducting educational programs with nursery operators.

PROCEDURE

The information and averages presented in this report are based on data supplied by nursery operators in the form of confidential production and accounting records. They participated in the program voluntarily and do not represent a statistically selected sample. However, the nursery operators participating in the Florida Nursery Business Analysis Program are thought to represent some of the more efficient foliage plant nurseries in

south Florida, rather than being typical of the foliage plant industry. Participating firms were located in the Florida counties of Dade, Broward, and Palm Beach.

Data were collected for the 1988 tax year. In most cases, this was for January through December. For others, data for fiscal years ending after July 1, 1987, and before July 1, 1989, were included as 1988 data.

Not all nursery operators received a regular salary from their operation. In these cases, an estimate of the value of the time of the operator was collected and used in the analysis in order to provide a more equitable basis for comparing data. For the same reason, interest expense paid by the individual nursery operator was excluded from the costs listed in this report, and instead, an interest charge for the total owned investment was included as a non-cash cost, calculated at the rate of 12 percent per year.

The owned capital investment reflects the depreciated book value of buildings, improvements, machinery and equipment. Growing plants also are included as a part of the owned capital investment, at a value reflecting their average wholesale price, and discounted in proportion to the percentage of completion. In the absence of detailed cost accounting records, a commonly accepted method of evaluating inventory for an ongoing concern is to value all plants at 50 percent of their wholesale price when finished. Some nursery operators use slightly different methods, and for this report the values received from operators were the values used. Land included in owned capital investment was valued at the original purchase price. Although this represents the actual investment in a nursery operation, it may not reflect the replacement cost, particularly for older firms.

The tables and figures present average values for

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