



Productivity Indicators

Land Use (Appendix Table 2)

The traditional indicator of efficiency in the use of land is value of sales per square foot of bed and bench space. However, value of production is a truer indicator of long term productivity. Value of production is annual sales of own plants adjusted for change in the value of plant inventory. Average value of production per square foot of propagating and finishing space was \$2.04 for all nurseries, \$1.96 for the largest firms, and \$2.36 for the smallest.

Value of production per square foot of total bed and bench space (includes stock plant space) was \$1.97 for all nurseries, \$1.93 for the largest firms, and \$2.19 for the smallest (Figure 6). Firms with the highest annual rates of production averaged \$5.48 per square foot, while those with the lowest averaged \$1.18 per square foot.

In terms of value of production per acre of total nursery area (includes non-growing areas such as office, parking, packing house, walkways, driveways), the average for all nurseries was \$68,117, for the

largest nurseries, \$70,396, and for the smallest nurseries, \$58,745.

In general, increased sales per square foot of production area will increase the profitability of a nursery operation. However, this does not assure high profitability. Lower sales per square foot of bed and bench space can result from a number of things: plants remaining after reaching salable size, high amount of vacant space, slow-growing plant varieties, and disease and quality problems that reduce yields of salable plants. In addition, nursery layout and fertilizing and growing techniques can alter the time and space used for the same crop in two different nurseries.

Plant inventory value per square foot in production is another indicator of efficiency in the use of space. This averaged \$1.05 for all nurseries, \$0.93 for the largest nurseries, and \$1.18 for the smallest nurseries. For ongoing operations, low plant inventory values per acre imply either inefficient use of land or unwise selection of crops grown in terms of the relationship between their price and growing area requirements.