

Table 5. Estimated annual fixed and overhead costs of producing 10,000 salable crape myrtle plants in 1-gal. containers, Florida, 1977.

Item	Description	Annual cost
		Dollars
Fixed costs		
Land	Annual taxes	27
Buildings	Depreciation	323
	Interest	127
	Insurance and taxes	60
Machinery and equipment	Depreciation	560
	Interest	300
	Insurance and taxes	129
Sub-total		1,526
Overhead costs		
General overhead	Electricity	157
	Telephone	125
	General repairs and maintenance	285
	Advertising	63
	Licenses and bonds	57
	Travel and entertainment	171
	Miscellaneous cash expenses	285
	Supervisor's salary	1,094
	Operator's salary	1,709
	Sub-total	
Total		5,472

slightly in excess of \$97,000 with \$12,000 in land, \$26,300 in buildings and related areas, plus the remaining almost \$59,000 in equipment.

Estimated variable production costs to the end of the first growing season are shown in Table 4. The total cost per plant is estimated at 39.7¢, with 13.3¢ in containers, 0.81¢ in shade cloth, 1.2¢ in plastic cloth, 2.1¢ in fertilizer, herbicides, etc., 2.16¢ in machinery and equipment, 13.78¢ for labor, and 1.5¢ in interest on operating capital.

Additional variable production costs until the plants are sold amounted to an estimated 5.26¢, with 1.27¢ of this being production costs for an average of 1.5 months and 4¢ constituting the costs of selecting and loading plants. (These data are not shown in any of the tables.)

The estimated annual fixed and overhead costs of producing 10,000 salable plants in 1-gallon containers are shown in Table 5. These amounted to 54.72¢ per plant, with the vast majority of this amount consisting of general overhead, including salaries of the supervisor and operator. In view of the large proportion of the total made up by overhead costs, data on them are presented separately in this report. Since some of the items in overhead costs may be treated as variable and others as fixed, a decision concerning their treatment must be made later by the S-103 Technical Committee.

The estimated total cost per plant, with assumptions of 100, 85, and 75% of capacity, for producing 10,000 crape myrtles in 1-gallon containers is illustrated in Table 6. In every instance, overhead costs comprised a higher share of the costs than variable items. Total estimated costs ranged from \$1 to \$1.23 per plant, with fixed and overhead costs comprising a smaller share of the total as full capacity was reached.

Table 6. Estimated total costs of producing 10,000 salable crape myrtle plants in 1-gal. containers, Florida, 1977.

Condition	Percent capacity*	Cost per 10,000 plants sold				Total cost per plant sold
		Variable	Fixed	Overhead	Total	
Dollars						
87,750 equivalent plants sold ²	100	4,497	1,526	3,946	9,969	1.00
74,588 equivalent plants sold ²	85	4,497	1,795	4,642	10,934	1.09
61,425 equivalent plants sold ²	70	4,497	2,180	5,637	12,314	1.23

*An estimated capacity of 100% assumes that the level of sales on the 5.3 acre nursery is at the maximum production level postulated in the budget. The 85 and 70% levels assume that sales are at lower levels.

²An equivalent plant is a 1-gal. plant or a third of a 7-gal. plant.

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DETERMINING WHICH CONTAINER PLANTS TO PRODUCE

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nursery records by "renting" the production space to the individual plants. The grower can select the profitable plants by comparing the estimated production costs and the expected selling prices. This report demonstrates the plant cost estimation method and explains how managers may use the information in making production decisions.

Determining which of the many container plant varieties and sizes to produce requires both horticultural expertise and management ability. Usually, nurserymen should grow only those plants which contribute to overall nursery profits. Growers can identify more profitable plants by determining the production cost of each plant grown in the nursery and comparing the cost to the selling price.

Typically, nurserymen have only those records to report taxes. This report shows nurserymen how to approximate

Abstract. Knowledge of individual plant costs allows production decisions to be based on potential profits. Individual plant costs can be approximated with present

individual plant costs from existing nursery records. Additionally, it shows how to compare net returns among plants grown in the nursery on a common space (square foot) and time (year) basis.

The "Rent" Method

Most nurserymen are able to allocate some of their annual production costs to individual plants. Usually, liner and container costs can be determined for each plant size and variety. Few nurserymen venture beyond this allocation, although the cost of these items usually accounts for less than 17% of the total nursery expenses (1).

The remaining annual production costs can be allocated by charging the individual plants "rent" for the space occupied. The individual plant cost is the sum of any allocated cost (liners, containers, etc.) and the "rent" due from each plant. Typically, the rental rate is in terms of the cost per square foot. The rental rate per square foot is calculated as:

$$r = \frac{a + b + c}{d}$$

where:

- r = rental rate per square foot,
- a = unallocated annual nursery costs,
- b = desired return on investment,
- c = supply inventory change (+ decrease)
(- increase), and
- d = square feet in production.

Unallocated annual nursery costs (a)

Unallocated annual costs can be obtained from the income tax report or other financial records. Unallocated costs should include categories which cannot be directly distributed to individual plants. For example, container and liner costs distributed to individual plants should be omitted from the total annual nursery costs when calculating rent. All others should be included.

Desired return on investment (b)

The desired return on the investment can be calculated as:

$$\text{investment} \times \text{desired rate of return.}$$

Typically, the investment is the non-depreciated book value of buildings, improvements, equipment, cost of land at the original purchase price, and the value of the growing plant inventory. The desired rate of return can be any value—but should be greater than the cost of borrowing capital and high enough to reflect the risk associated with operating a container nursery. A return of 10% would not seem an unreasonable goal.

Supply inventory change (c)

Unallocated costs should be adjusted for supply inventory changes during the year. A supply inventory increase means that more supplies were purchased during the year than were used in production. Thus, costs should be reduced by the amount of the supply inventory increase. Conversely, supply inventory decreases should be added to costs for the accounting year.

Square feet in production (d)

Production area should include square feet in growing and finishing areas only. Square feet in aisles, stock and bed

propagation space should be excluded since plants cannot be sold from these areas. Cost of maintaining these areas is included in the nursery costs. Thus, the rental rate per square foot in growing and finishing area will include the cost of maintaining the non-productive areas.

Plant cost

In general, the "rent" each plant should pay is calculated as:

$$\text{Rent} = \text{rental rate} \times \text{space required} \times \text{time occupied.}$$

The individual plant cost is calculated as:

$$\text{Plant cost} = \text{"rent"} + \text{allocated costs.}$$

Work Sheet Description

A work sheet to help organize and guide the user through calculation of plant costs is provided with this report. The work sheet provides space to calculate the cost of ten plants which may take as much as 36 months of growing time. The work sheet may be completed by following the instructions for each section and referencing the discussion of each section contained in the text of this report.

Plant Cost Estimates for Woody Hedge Nursery

Costs for three plants produced in the Woody Hedge Nursery are estimated below to demonstrate the application of the work sheet. Information to complete the work sheet and estimate the costs for the plants is provided in Tables 1 through 4.

Table 1 shows nursery production costs for 1974, 1975 and 1976. The nursery investment for the same years is itemized in Table 2. Table 3 shows the square feet in production excluding aisles and stock plant space. Finally, Table 4 provides the growing information, allocated costs and current prices on the plants for which cost estimates will be calculated.

The name of each plant for which a plant cost estimate is to be made is entered in the plant name column of the work sheet. These are ligustrum, viburnum, and azaleas for the Woody Hedge Nursery.

Column 1A.

The cost per square foot per month for 1976 is calculated in the space provided in this instruction. Annual unallocated costs, total cost less container and liner costs, from Table 1 are \$105,526 (\$117,853 - \$5,965 - \$6,362) which are entered on line (a). Total 1976 nursery investment, \$248,173, from Table 2 is entered on line (b). The desired rate of return on the investment, 10%, is entered on line (c). The amount needed to return 10% of the 1976 investment is \$24,817; enter on line (d). Investment cost should be added to the annual unallocated costs and the amount, \$130,343, entered on line (e). Square feet in production during 1976 (214,933) should be entered on line (f). Calculate annual unallocated cost per square foot, line (g), by dividing the amount on line (e) by the square feet on line (f). To reduce the annual unallocated cost to a monthly amount, the value on line (g), \$.61, is divided by 12. Unallocated cost per square foot per month including the 10% return on the investment, "rental rate," is entered on line (i) and in Column 1A for each plant for which a cost estimate is desired.

Column 2A.

Enter the months each plant was grown during the accounting year in Column 2A. For example, during 1976,

WORK SHEET FOR CALCULATING CONTAINER NURSERY PLANT COSTS

The work sheet provides space to calculate the cost of 10 plants that require up to 36 months of growing time. The work sheet has four sections labeled A through D. If plants in your nursery are produced in 12 months or less and in one accounting year, then only sections A and D of the work sheet need to be completed. If plants in your nursery require up to 24 months or the production period includes any part of two accounting periods, then both sections A and B must be completed and summarized in section D. If plants in your nursery require up to 36 months to grow or the production period includes any part of three accounting periods, then all sections must be completed.

Enter the plant name and follow the instructions for completing each section.

Plant Name	Section A <u>1976</u> Year				Section B <u>1975</u> Year				Section C <u>1974</u> Year				Section D				
	Column 1A Unallocated cost/sq.ft./mo.	Column 2A Months of growing time	Column 3A Space per plant	Column 4A Unallocated cost/plant	Column 1B Unallocated cost/sq.ft./mo.	Column 2B Months of growing time	Column 3B Space per plant	Column 4B Unallocated cost/plant	Column 1C Unallocated cost/sq.ft./mo.	Column 2C Months of growing time	Column 3C Space per plant	Column 4C Unallocated cost/plant	Column 1D Total unallocated cost/plant	Column 2D Total allocated cost/plant	Column 3D Plant cost unadjusted for losses	Column 4D Percent salable plants	Column 5D Adjusted total cost per plant
1. <u>LYSTREUM</u>	.051	0	0	0	.045	6	1.75	.47	.044	5	1	.22	.69	.35	1.04	.90	1.16
2. <u>VIBURNUM</u>	.051	4	1.75	.80	.045	4	1	.18	.044	0	0	.98	.40	1.38	.90	1.53	
3. <u>AZALEAS</u>	.051	2	1.75	.18	.045	8	1	.36	.044	0	0	.54	.40	.44	.90	1.07	
4.																	
5.																	
6.																	
7.																	
8.																	
9.																	
10.																	

Instructions for Section A

Instructions for Section B

Instructions for Section C

Instructions for Section D

Column 1A. Calculate unallocated cost per square foot per month for most recent year as follows:

- a. Annual unallocated costs. \$ 105526
- b. Investment in nursery. \$ 248173
- c. Desired rate of return. 0.10
- d. Investment cost (b X c) 24817
- e. Unallocated costs + investment cost (a + d) 130343
- f. Square feet of growing area. 214933
- g. Unallocated cost/sq.ft. (e ÷ f) .61
- h. Months in operation (12 if a full year) 12
- i. Unallocated cost/sq.ft./mo., including a return on investment (g ÷ h) .051

Column 2A. Enter months each plant was grown during most recent accounting year.
 Column 3A. Enter square feet required for the individual plant.
 Column 4A. The individual unallocated plant cost during the most recent year is calculated as:
 Column 1A X Column 2A X Column 3A = Unallocated cost per plant.

Column 1B. Calculate unallocated cost per square foot per month for year two as follows:

- a. Annual unallocated costs. \$ 83948
- b. Investment in nursery. \$ 178637
- c. Desired rate of return. 0.10
- d. Investment cost (b X c) 17864
- e. Unallocated costs + investment cost (a + d) 101812
- f. Square feet of growing area. 188541
- g. Unallocated cost/sq.ft. (e ÷ f) .54
- h. Months in operation (12 if a full year) 12
- i. Unallocated cost/sq.ft./mo., including a return on investment (g ÷ h) .045

Column 2B. Enter months each plant was grown during second year.
 Column 3B. Enter square feet required for each individual plant.
 Column 4B. The individual unallocated plant cost during year two is calculated as:
 Column 1B X Column 2B X Column 3B = Unallocated cost per plant.

Column 1C. Calculate unallocated cost per square foot per month for year three as follows:

- a. Annual unallocated cost. \$ 79239
- b. Investment in nursery. \$ 152396
- c. Desired rate of return. 0.10
- d. Investment cost (b X c) 15240
- e. Unallocated costs + investment cost (a + d) 74479
- f. Square feet of growing area. 179003
- g. Unallocated cost/sq.ft. (e ÷ f) .53
- h. Months in operation (12 if a full year) 12
- i. Unallocated cost/sq.ft./mo., including a return on investment (g ÷ h) .044

Column 2C. Enter months each plant has grown during third year.
 Column 3C. Enter square feet required for each individual plant.
 Column 4C. The individual unallocated plant cost during year three is calculated as:
 Column 1C X Column 2C X Column 3C = Unallocated cost per plant.

Column 1D. Enter sum of columns 4A, 4B and 4C.

Column 2D. Enter any allocated costs (liner, container, etc.) which were excluded from total annual cost.

Column 3D. Enter sum of columns 1D and 2D.

Column 4D. Enter the percentage of each plant crop that is grown to a salable size.

Column 5D. Divide the cost of Column 3D by corresponding percentage salable plants in 4D.

WORK SHEET FOR CALCULATING CONTAINER NURSERY PLANT COSTS

The work sheet provides space to calculate the cost of 10 plants that require up to 36 months of growing time. The work sheet has four sections labeled A through D. If plants in your nursery are produced in 12 months or less and in one accounting year, then only sections A and D of the work sheet need to be completed. If plants in your nursery require up to 24 months or the production period includes any part of two accounting periods, then both sections A and B must be completed and summarized in section D. If plants in your nursery require up to 36 months to grow or the production period includes any part of three accounting periods, then all sections must be completed.

Enter the plant name and follow the instructions for completing each section.

Plant Name	Section A _____ Year				Section B _____ Year				Section C _____ Year				Section D				
	Column 1A Unallocated cost/sq.ft./mo.	Column 2A Months of growing time	Column 3A Space per plant	Column 4A Unallocated cost/plant	Column 1B Unallocated cost/sq.ft./mo.	Column 2B Months of growing time	Column 3B Space per plant	Column 4B Unallocated cost/plant	Column 1C Unallocated cost/sq.ft./mo.	Column 2C Months of growing time	Column 3C Space per plant	Column 4C Unallocated cost/plant	Column 1D Total unallocated cost/plant	Column 2D Total allocated cost/plant	Column 3D Plant cost unadjusted for losses	Column 4D Percent salable plants	Column 5D Adjusted total cost per plant
1. _____																	
2. _____																	
3. _____																	
4. _____																	
5. _____																	
6. _____																	
7. _____																	
8. _____																	
9. _____																	
10. _____																	

Instructions for Section A

Column 1A. Calculate unallocated cost per square foot per month for most recent year as follows:

- a. Annual unallocated costs. \$ _____
- b. Investment in nursery. \$ _____
- c. Desired rate of return 0.
- d. Investment cost (b X c) _____
- e. Unallocated costs + investment cost (a + d) _____
- f. Square feet of growing area _____
- g. Unallocated cost/sq.ft. (e ÷ f) _____
- h. Months in operation (12 if a full year) _____
- i. Unallocated cost/sq.ft./mo., including a return on investment (g ÷ h) _____

Column 2A. Enter months each plant was grown during most recent accounting year.

Column 3A. Enter square feet required for the individual plant.

Column 4A. The individual unallocated plant cost during the most recent year is calculated as:

Column 1A X Column 2A X Column 3A = Unallocated cost per plant.

Instructions for Section B

Column 1B. Calculate unallocated cost per square foot per month for year two as follows:

- a. Annual unallocated costs. \$ _____
- b. Investment in nursery. \$ _____
- c. Desired rate of return 0.
- d. Investment cost (b X c) _____
- e. Unallocated costs + investment cost (a + d) _____
- f. Square feet of growing area _____
- g. Unallocated cost/sq.ft. (e ÷ f) _____
- h. Months in operation (12 if a full year) _____
- i. Unallocated cost/sq.ft./mo., including a return on investment (g ÷ h) _____

Column 2B. Enter months each plant was grown during second year.

Column 3B. Enter square feet required for each individual plant.

Column 4B. The individual unallocated plant cost during year two is calculated as:

Column 1B X Column 2B X Column 3B = Unallocated cost per plant.

Instructions for Section C

Column 1C. Calculate unallocated cost per square foot per month for year three as follows:

- a. Annual unallocated cost \$ _____
- b. Investment in nursery. \$ _____
- c. Desired rate of return 0.
- d. Investment cost (b X c) _____
- e. Unallocated costs + investment cost (a + d) _____
- f. Square feet of growing area _____
- g. Unallocated cost/sq.ft. (e ÷ f) _____
- h. Months in operation (12 if a full year) _____
- i. Unallocated cost/sq.ft./mo., including a return on investment (g ÷ h) _____

Column 2C. Enter months each plant has grown during third year.

Column 3C. Enter square feet required for each individual plant.

Column 4C. The individual unallocated plant cost during year three is calculated as:

Column 1C X Column 2C X Column 3C = Unallocated cost per plant.

Instructions for Section D

Column 1D. Enter sum of columns 4A, 4B and 4C.

Column 2D. Enter any allocated costs (liner, container, etc.) which were excluded from total annual cost.

Column 3D. Enter sum of columns 1D and 2D.

Column 4D. Enter the percentage of each plant crop that is grown to a salable size.

Column 5D. Divide the cost of Column 3D by corresponding percentage salable plants in 4D.

Mr. Hedge grew the viburnum 9 months, the azaleas 2 months and the ligustrum (for which the cost is being estimated) was sold during the previous accounting year.

Table 1. Nursery production costs.

	Year		
	1976	1975	1974
Dollars			
Cash costs			
Operator's salary	14,752	8,659	10,762
Other wages and salaries	48,452	31,642	32,054
Plants and seeds to grow on*	5,965	5,090	23,953
Cans and other growing containers*	6,362	10,630	7,209
Peat, soil, shavings, etc.	4,348	4,383	3,196
Fertilizer and lime	2,064	2,329	1,554
Pesticides and chemicals	1,819	845	1,436
Repairs and maintenance	4,042	2,418	2,730
Equipment operating costs	2,442	1,502	3,654
Travel and entertainment	706	572	883
Insurance	1,728	1,680	1,869
Telephone and electricity	3,032	2,541	2,296
Taxes, licenses and bonds	2,054	2,648	2,558
Advertising	737	1,213	1,541
Rent; land and/or buildings	1,140	4,199	918
Other cash expenses	10,457	14,253	9,372
Total cash costs	110,100	94,604	105,985
Non-cash costs			
Depreciation machinery and equipment	3,489	3,034	2,062
Depreciation buildings	2,761	2,030	2,354
Inventory decrease on supplies	1,503	0	0
Total non-cash costs	7,753	5,064	4,416
Total all costs	117,853	99,668	110,401

*Allocated cost is to be subtracted from total costs.

Table 2. Nursery investment.

	Year		
	1976	1975	1974
Dollars			
Growing plants	183,747	136,502	102,088
Land (original cost)	14,660	14,660	14,660
Machinery and equipment (book value)	14,015	9,747	7,531
Building, fences, wells, etc.	31,045	11,519	21,908
Supplies	4,706	6,209	6,209
Total	248,173	178,637	152,396

Table 3. Square feet in production.

	Year		
	1976	1975	1974
Square feet in production	214,933	188,541	179,003

Table 4. Plants and production information.

Plant	Size	Months grown			Sq. ft. per plant			Percent plant loss	Allocated costs*	Plant price
		1976	1975	1974	1976	1975	1974			
Ligustrum	Gal.		6	5		1.75	1	.10	\$.35	\$1.20
Viburnum	Gal.	9	4		1.75	1		.10	\$.40	\$1.25
Azaleas	Gal.	2	8		1.75	1		.10	\$.40	\$1.10

*Container and liner.

Column 3A.

Enter the square feet required for each of the individual plants in Column 3A. For example, gallon containers placed pot to pot usually require one square foot. Viburnums and azaleas required 1.75 square feet during the months grown during 1976.

Column 4A.

The individual unallocated plant cost is calculated by multiplying Column 1A times Column 2A times Column 3A. Enter the product in Column 4A.

Columns for Sections B and C.

Sections B and C are completed as described above and on the work sheet for the respective years.

Column 1D.

Section D provides space for summing the unallocated plant cost, adding any allocated costs and adjusting the plant costs for plant losses.

Sum unallocated costs for the respective year for each plant by adding the amounts in Column 4A, 4B, and 4C for each plant and enter the total in Column 1D.

Column 2D.

Enter the allocated costs for each plant (the container and liner in the Woody Hedge Nursery) in Column 2D.

Column 3D.

The plant cost is the sum of the unallocated cost (1D) and the allocated costs (2D). Enter the sum in Column 3D.

Column 4D.

Since some plants do not reach salable size, plant costs should be adjusted for losses. The percentage of plants expected to reach a salable size and quality should be entered in Column 4D. Mr. Hedge expected to lose 10% of the plants potted. Thus, .90 is entered in Column 4D.

Column 5D.

Adjusted total cost per plant is calculated by dividing values in Column 3D by the percentage of salable plants in each crop. The cost per plant adjusted for losses is entered in Column 5D. Mr. Hedge's ligustrum cost \$1.16 per gallon, viburnum \$1.53, and azaleas \$1.04. These costs include Mr. Hedge's salary and a 10% return on investment.

Management Information

Returns for each type plant can be analyzed in at least three important ways. First, the returns can be calculated

by comparing the plant cost to the market price. Secondly, the returns can be compared on a common space basis—a square foot. Finally, the returns can be analyzed on a common space (square foot) and time basis (a year). Table 5 summarizes the costs and returns for the Woody Hedge Nursery and illustrates the alternative ways of comparing the returns from different plants.

Returns per plant

Comparing plant costs to selling prices, Mr. Hedge earns a return of \$.04 on the ligustrum, \$.06 on the azaleas, and loses \$.28 on the viburnum.

Returns per square foot

Plants require different amounts of growing space. Thus, the returns need to be reduced to a common space basis for comparisons. Since the square feet of growing space varies among plants, the weighted average amount of space can be used for this return analysis. The weighted average square footage is calculated as:

$$\frac{\text{months/year}_1 \times \text{sq. ft./year}_1 + \text{months/year}_2 \times \text{sq. ft./year}_2 + \text{months/year}_3 \times \text{sq. ft./year}_3}{\text{total months of growing time}}$$

For example, the weighted average square feet for ligustrum is calculated as:

$$\frac{6 \times 1.75 + 5 \times 1}{11} = 1.409 \text{ sq. ft.}$$

Table 5. Comparison of costs and returns for Woody Hedge Nursery.

	Unit	Type of plant		
		ligustrum	viburnum	azaleas
Selling price	\$	1.20	1.25	1.10
Adjusted plant cost	\$	— 1.16	1.53	1.04
Return over cost and return on investment	\$.04	(.28)	.06
Square feet per plant*	Sq. ft.	÷ 1.409	1.519	1.150
Return over cost and return on investment per square foot	\$.028	(.184)	.052
Portion of year to grow	months	÷ 11/12	13/12	10/12
Return over cost and return on investment per square feet per year	\$.031	(.170)	.062

*Calculated as:

$$\frac{\text{months per year} \times \text{square feet per year} + \text{months per year} \times \text{square feet per year}}{\text{total months of growing time}}$$

For example, the square feet per ligustrum =

$$\frac{6 \times 1.75 + 5 \times 1}{11} = 1.409 \text{ square feet.}$$

Returns per square foot are calculated by dividing returns per plant by the weighted average square feet per plant. Using the square foot basis for comparison, ligustrum returns \$.028 per square foot per crop, azaleas \$.052, and Mr. Hedge loses \$.184 per square foot on the viburnum.

Annual Returns Per Square Foot

Since both growing space and growing time requirements vary among plants, comparisons should be based on returns which are reduced to a common space and time. Return per square foot adjusts returns for variation in space requirements. Thus, these amounts need only be adjusted for variation in growing time requirements. To do this, returns per square foot can be divided by the fractional part of a year required to grow the plant. For example, return per square foot per year for ligustrum is calculated as:

$$\frac{\text{returns per square foot}}{\text{months per year required for growing}} \div \frac{11}{12} = \frac{$.028}{11/12} = $.031$$

Mr. Hedge earns \$.062 per square foot per year on azaleas and loses \$.170 per square foot per year on the viburnums. Clearly, Mr. Hedge should consider production and marketing adjustments.

Additional Comments on Using the "Rent" Method

1. The individual plant costs calculated by this method are only approximations of actual cost.
2. The cost per square foot is an average. An average implies that all square feet in the nursery are equal in value.
3. Nursery plant costs calculated from last year's records are history. When input prices are increasing, the plant costs may be underestimated and vice versa. Thus, plant cost estimates should be updated as soon as the appropriate information is available. Where large increases in input prices are expected nurserymen may project their annual costs.
4. Annual production costs should be adjusted for changes in supply inventories during the accounting period.
5. Each grower's production practices and costs will differ from those used in the example. Care must be used in drawing conclusions about plant costs in other nurseries based on the example.
6. Consider factors in addition to the plant cost estimates when establishing price lists. It may be necessary to grow plants providing lower returns in order to complete a product mix.
7. Competitor's price lists might also be helpful in developing price lists.

Literature Cited

1. Gunter, Dan L. 1976. Business Analysis of Foliage Nurseries in Florida, 1975. *Univ. of Fla. Institute of Food and Agricultural Sciences, Economic Information Report 60.*