

CONSIDERATIONS FOR PRODUCING CUT FLOWERS PROFITABLY

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In cooperation with the Tennessee Department of Agriculture, this project is funded in part by
a U.S. Department of Agriculture Specialty Crop Block Grant.

CUT FLOWER PROJECT OVERVIEW

2023 - 2026

Project Team

Dr. Natalie Bumgarner, Plant Sciences, Associate Professor

Dr. Alicia Rihn, Agricultural and Resource Economics, Assistant Professor

Celeste Scott, Plant Sciences, Western Region Horticulture

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Rachel Painter, Agricultural and Resource Economics, Farm Management



CUT FLOWER PROJECT OVERVIEW

2023 - 2026

The goal is to assist producers in making informed decisions about production and marketing with new and regionally-specific research.

The 3 year project will include:

- production and cultivar trials
- producer and consumer perspective surveys
- enterprise budget tools
- publications of case studies to assist producers in exploring various marketing channels



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1

Recordkeep

2

Create Budget

3

Set Prices

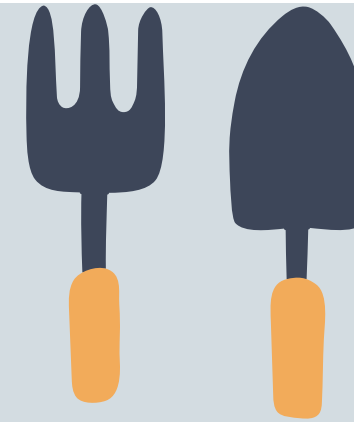


Financial Records

Items Related to
Financial Transactions
on the Farm
Income & Expenses

Examples:

Debits
Credits
Budget
Financial Statements
Taxes
Loans



Production Records

Items that Relate to the
Quantities of Inputs and
Outputs
Levels of Production

Examples:

Inventory
Yields
Labor Hours
Seed Varieties
Fertilizer & Seeding Rates
Planting/Harvesting Dates



Benefits of Keeping Financial Records

- Monitor Expenses and Incomes
 - Are there Expenses that can Come Down?
 - Are there Incomes that can be Expanded on?
- Know the True Cost of Production for Break Even Price
- Set the Right Price for your Product
- Determine Profitability of your Farm Business
- Provide Accurate Taxes
- Create Representative Financial Statements to Institutions
 - Insurance, Grants, Loans, Etc.
- Evaluate your Business as a Whole



Before you do Anything

- Create a SEPARATE Checking Account for your Farm Business
- Why?
 - Automatically Separates your Personal Living Expenses and Incomes from your Businesses'
 - Makes it Easier to Create Reports for the IRS/Banks/Grants
 - Helps you Keep Track of What you Have Invested
 - Easier to Identify Issues in the Business
 - Do it for your Sanity

Recordkeeping Tools: Google Forms



Google Forms

- Free tool with a gmail account
- Customizable - create the form yourself with questions you need to keep records for
- Responses link to a spreadsheet on your account so you can access them and add others to access
- Date automatically recorded



Cut Flower Production Notes 2024

Complete at the end of each day of completing cut flower production work.

reather1@utk.edu [Switch account](#)



Not shared

* Indicates required question

Describe tasks completed today *

Your answer

Hours spent on pre-plant tasks (preparing beds and sowing) *

Your answer

Hours spent on planting or plant maintenance *

Your answer

Hours spent on harvest or post-harvest handling *

Your answer

Recordkeeping Tools: Google Forms

Describe any issues noticed today or improvements that need to be made immediately *

Your answer

Positive point of the day *

Your answer

Long term goals or ideas to work towards to visit later

Your answer

Submit

Clear form

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Google Forms



Cut Flower Farm Records - Sales Notes 2024

Complete at the end of an event for cut flower sales - could be done daily or on days when selling cut flowers (after a farmers market or you-pick day)

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Not shared

* Indicates required question

Location of sales *

- Farmers market 1
- Farmers market 2
- On- farm
- Other: _____

Describe the weather today *

Your answer

Number of bouquets sold today *

Recordkeeping Tools: Google Forms

What questions did customers ask? (To be answered with signage and social media posts in the future) *

Your answer

What went right today? *

Your answer

What could be improved after today or what went wrong today? *

Your answer

Additional notes:

Your answer

Submit

Clear form

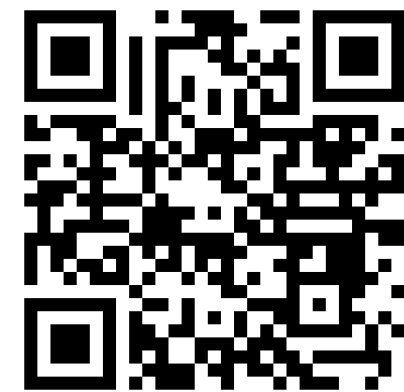
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Google Forms



Recordkeeping Tools: Google Forms Example Instructions



tiny.utk.edu/farmgoogleforms

Written Instructions from a farm

Recordkeeping Tools:



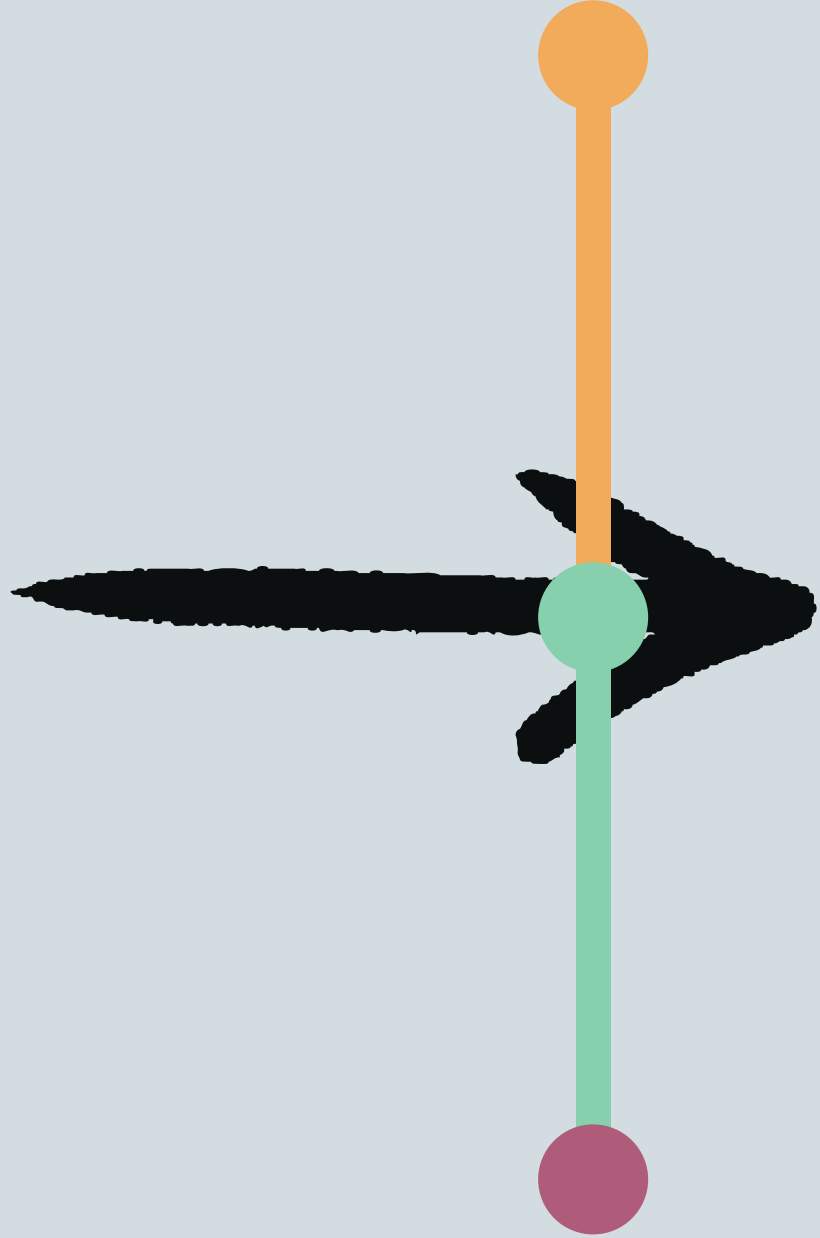
- Formatted Like a Checkbook Register
- Works well for Most Farming Operations
- Fairly Easy to Learn, can be Used for Personal and Business Finances
- Has Many Useful Built in Reports
 - Financial Statements: Cash Flow, Balance Sheet, Income Statement
 - Tax Reports
 - Net Worth
- Great Organizing Capabilities
 - Allows for Categories: Feed, Utilities, Fertilizer, Supplies, Fuel, Equipment Repair
 - Allows for Tags: Enterprise Separation (Cut Flowers vs. Vegetable Production)
- Allows for Many Different Account Types (Checking, Savings, Cash, Credit, Etc.)
- <https://www.quicken.com/>
- **Deluxe Version \$35 - \$52 Annually**

Schedule F

Sales livestock/product raised							116,055.94	
3/20/2017	Farm Checking	DEP	Steer Sales		Raised Sales:Lives... CowCalf	R	1,559.26	
6/15/2017	Farm Checking	DEP	Wheat sales 7567.4 bu ...		Raised Sales:Grain Wheat	R	50,474.56	
8/9/2017	Farm Checking	DEP	Hay Sales		Raised Sales:Othe... Hay	R	11,200.00	
9/15/2017	Farm Checking	DEP	Hay Sales		Raised Sales:Othe... Hay	R	11,264.00	
10/25/2017	Farm Checking	DEP	Steer Sales		Raised Sales:Lives... CowCalf	R	28,354.55	
10/25/2017	Farm Checking	DEP	Heifer Sales		Raised Sales:Lives... CowCalf	R	8,899.07	
11/18/2017	Farm Checking	DEP	Hay Sales		Raised Sales:Othe... Hay	R	1,058.00	
12/20/2017	Farm Checking	DEP	Hay Sales		Raised Sales:Othe... Hay	R	3,246.50	
Agricultural program payments							3,112.00	
3/30/2017	Farm Checking	DEP	Deposit pa...		Government Paym... Wheat	R	3,112.00	
Chemicals							-2,312.20	
2/3/2017	Farm Checking	2010	Bluestem S...		Chemicals Wheat	R	-504.00	
9/11/2017	Farm Checking	2102	Bluestem S...		Chemicals Wheat	R	-1,808.20	
Custom hire expenses							-1,390.16	
5/20/2017	Farm Checking	Money o...	Bobby Ray	Spraying 1...	Custom Hire	Wheat	R	-599.76
5/24/2017	Farm Checking	2048	Mike Simon	1099	Custom Hire	Hay	R	-790.40
Feed purchased							-12,334.28	
1/16/2017	Farm Checking	2005	... Klondike C...		Feed Purchased	CowCalf	R	-528.00
1/25/2017	Farm Checking	2006	Bluestem S...		Feed Purchased	CowCalf	R	-11,711.28
2/8/2017	Farm Checking	2012	Bluestem S...	mineral blo...	Feed Purchased	CowCalf	R	-95.00
Fertilizers and lime							-21,850.63	
2/14/2017	Farm Checking	2013	Klondike C...		Fertilizer & Lime	Wheat	R	-600.90
5/28/2017	Farm Checking	2050	Bluestem S...		Fertilizer & Lime	Hay	R	-7,044.71
8/10/2017	Farm Checking	2087	Klondike C...		Fertilizer & Lime	Hay	R	-5,820.00
9/17/2017	Farm Checking	2105	Klondike C...		Fertilizer & Lime	Wheat	R	-4,040.02
9/30/2017	Farm Checking	2110	... Klondike C...		Fertilizer & Lime	Wheat	R	-4,345.00

Cash Flow by Enterprise - 2017
1/1/2017 through 12/31/2017

Category	Untagged Tra...	CowCalf	Family Living	Hay	Overhead	Wheat	OVERALL TOTAL
INFLOWS							
Uncategorized	100.00	0.00	0.00	0.00	0.00	0.00	100.00
Capital Sales, Farm	0.00	0.00	0.00	0.00	14,075.00	0.00	14,075.00
Government Payments	0.00	0.00	0.00	0.00	0.00	3,112.00	3,112.00
Interest Inc	0.00	0.00	76.73	0.00	0.00	0.00	76.73
Other Inc	0.00	0.00	527.00	0.00	0.00	0.00	527.00
Raised Sales							
Grain	0.00	0.00	0.00	0.00	0.00	50,474.56	50,474.56
Livestock	0.00	38,812.88	0.00	0.00	0.00	0.00	38,812.88
Other Products	0.00	0.00	0.00	26,768.50	0.00	0.00	26,768.50
TOTAL Raised Sales	0.00	38,812.88	0.00	26,768.50	0.00	50,474.56	116,055.94
Royalties Received	0.00	0.00	3,000.00	0.00	0.00	0.00	3,000.00
Salary Spouse	0.00	0.00	40,549.86	0.00	0.00	0.00	40,549.86
TOTAL INFLOWS	100.00	38,812.88	44,153.59	26,768.50	14,075.00	53,586.56	177,496.53
OUTFLOWS							
Auto & Transport	0.00	0.00	75.80	0.00	0.00	0.00	75.80
Gas & Fuel	0.00	0.00	76.50	0.00	0.00	0.00	76.50
Registration	0.00	0.00	91.00	0.00	0.00	0.00	91.00
repairs	0.00	0.00	761.45	0.00	0.00	0.00	761.45
Service & Parts	0.00	0.00	1,328.94	0.00	0.00	0.00	1,328.94
TOTAL Auto & Transport	0.00	0.00	2,333.69	0.00	0.00	0.00	2,333.69
Chemicals	0.00	0.00	0.00	0.00	0.00	2,312.20	2,312.20
Consultants, Farm	0.00	0.00	0.00	0.00	250.00	0.00	250.00
Custom Hire	0.00	0.00	0.00	790.40	0.00	599.76	1,390.16
Entertainment	0.00	0.00	4,852.04	0.00	0.00	0.00	4,852.04
Farm Interest Expense							
Farm Interest Other	0.00	0.00	0.00	0.00	6,093.18	0.00	6,093.18
TOTAL Farm Interest Expense	0.00	0.00	0.00	0.00	6,093.18	0.00	6,093.18
Feed Purchased	0.00	12,334.28	0.00	0.00	0.00	0.00	12,334.28
Fees & Charges							
Bank Fee	0.00	0.00	18.80	0.00	0.00	0.00	18.80
TOTAL Fees & Charges	0.00	0.00	18.80	0.00	0.00	0.00	18.80
Fertilizer & Lime	0.00	0.00	0.00	12,864.71	0.00	8,985.92	21,850.63
Financial							
Financial Advisor	0.00	0.00	421.00	0.00	0.00	0.00	421.00



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Benefits of Creating a Budget

- **Estimate Projects Costs, Revenues, and Net Returns for a Single Enterprise**
- **Asses Feasibility or Profitability of Enterprise**
- **Projects Income and Expenses to you Know What to Expect**
- **Planning Tool Where you can Test Ideas and Make Decisions**

Your cost will differ from another farm, so build projections based on your farm and make adjustments using your records

Gross Income



Gross Income	Unit	Quantity	\$/Unit	Total Estimate
Small bouquets	bouquet	100	\$15.00	\$1,500.00
Large bouquets	bouquet	100	\$30.00	\$3,000.00
Flower buckets	bucket	30	\$50.00	\$1,500.00
Total				\$6,000.00

Variable Expenses

Increase and decrease with the number of units produced
Needs to be covered AT MINIMUM or losing money per unit



Variable Costs	Unit	Quantity	\$/Unit	Total Cost
Seed	lb	0		\$0.00
Transplants (plugs)	plugs	0	\$0.00	\$0.00
Lime	lb	0	\$0.00	\$0.00
Soil test	test	0	\$15.00	\$0.00
<i>Fertilizer</i>		0	\$0.00	\$0.00
<i>Fungicides</i>		0	\$0.00	\$0.00
<i>Insecticide</i>		0	\$0.00	
Herbicide		0		
Black plastic	ft	0	\$0.00	\$0.00
<i>Irrigation Supplies</i>		0	\$0.00	
Dripline	linear ft	0	\$0.00	\$0.00
Operation of irrigation		0	\$0.00	\$0.00
Stakes	stakes	0	\$0.00	\$0.00
Flower Netting	sq. ft.	0	\$0.00	\$0.00
<i>Labor</i>		0	\$0.00	\$0.00
Translating, Bed Preparation	hours	0	\$0.00	\$0.00
Staking and Moving Netting	hours	0	\$0.00	\$0.00
Harvesting	hours	0	\$0.00	\$0.00
Machinery labor	hours	0	\$0.00	\$0.00
Machinery repair & maintenance	1,000 sq ft	0	\$0.00	\$0.00
Fuel	gal	0	\$0.00	\$0.00
Harvest Containers	each	0	\$0.00	\$0.00
Flower bands	bunch	0	\$0.00	\$0.00
Total Variable Costs				\$0.00

Fixed Expenses

- Do not move with the level of production
- Constant costs even if production stops
- Costs that cannot be effectively traced to a specific product
- Overhead

Examples of fixed costs:

- greenhouse
- high-tunnel
- irrigation systems
- interest
 - mortgage, equipment loans
- insurance
 - farm insurance
- taxes
- packing sheds
- truck or atv
- lawn mower/tractor
- tiller (larger equipment)
- coolbot cooler
- depreciation
 - spreads out cost over life of the item





Return

Income

- Variable Costs

- Fixed Costs

= Net Return

Net Returns will Help you Determine if you are Covering Break Even Costs and Reaching your Profit Goals



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Pricing Considerations

1. Understand your cost of production
2. Study the market you are entering
3. Understand your competition
 - a. location, target customer, primary market channels
4. Set a profit goal
 - a. how do you want your business to grow?



Pricing Recipe

Variable Cost + Fixed Costs = Total Costs

Total Costs/Total Units Produced = Break -Even

Break -Even + Desired Profit Margin = Price



Pricing Considerations

Myth #1: If I undercut all my competition with my price, I will sell more and make more.

- Yes, you may move more inventory
- BUT you may not be breaking even
- In the long run you will hurt your business's sustainability
- AND you will hurt the market, because consumers will expect lower prices than what the product is actually worth
- It hurts yourself and your competitors



Pricing Considerations

Myth #2: I can't charge more for my flowers because consumers will go to another cheaper source like the grocery store.

- Is the grocery store your direct competition?
- Are you serving the same customer base as the grocery store?
- How are you differentiating your product from theirs?



Economic Considerations

Returns will vary greatly based on input costs and marketing (how and where the product is sold)

Flowers are labor intensive, so ensure proper labor time available and have a back-up plan

Start small and grow with success

MANAGE

— *Farm. Finance. Family.* 

UNIVERSITY OF TENNESSEE EXTENSION



**FIND YOUR FARM MANAGEMENT SPECIALIST
AT [MANAGE.TENNESSEE.EDU](https://manage.tennessee.edu)**

- Consists of a team of farm management specialists
- Designed to help TN farm families with
 - Financial analysis (past, present, future)
 - Enterprise analysis
 - Farm management practices
 - Record keeping
 - Budgeting
 - Business plan writing
 - Ag tax education
 - Marketing options
- Assists producers with analyzing their farm business to make informed decisions

TURN YOUR PASSION INTO PROFIT



Rachel Painter - Rpainter@utk.edu
UT Extension Farm Management Specialist

- Learn as much as possible before purchasing anything
- Good records can help make informed decisions
- Differentiate your product
- Find other farmers to learn together

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RESOURCES

Cut Flowers in Tennessee YouTube Series

- Developing a Marketing Mix for a Cut Flower Operation
- Cut Flower Marketing - Target Customers
- Plant Licensing
- Sales Tax
- Recordkeeping
- Taxes and Business Entities



Let us know what other topics you need.

**SCAN THE QR CODE OR VISIT
TINY.UTK.EDU/CUTFLOWERS**

