

Module 13 Exercise

Profit margin is what is left over to pay for your family living expenses, savings, retirement, and farm growth. (revenue-total costs=profit margin)

- What is your profit margin goal for your farm?
 - If it's 25%, that means that \$.25 out of every \$1 of sales stays in your business.

Your turn:

- Take your top major crops/products and find out what their profit margin in.
- What do you do to increase their profit margins?
 - Can you increase your profit margin per unit produced OR
 - Reduce your costs to produce and market your product OR
 - Increase the price per unit of product produced.
- For examples look on pages 162-164 of the book.
- Are there other marketing options you want to explore?
 - Conduct a market budget for each market possibility to understand what your best options, or mix of options, would be.
- What is your margin on each current market?

$$\text{Margin \%} = \frac{\text{sales price} - \text{cost}}{\text{Sales price}} \times 100\%$$