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?

Margin % = \( \frac{\text{sales price}-\text{cost}}{\text{sales price}} \times 100\% \)