

## NURSERY COST CONTROL

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The Nurseryman's objective is to produce the maximum number of quality seedlings per pound of seed at the lowest possible cost.

The statement of John Hammer at the 1968 Nurserymen's Conference that we should call this a cost control panel because costs keep going up and there really is no way to hold, them down is still true today.

With today's shortages and price increases, the nurseryman is doing an excellent job of cost control if he maintains his seedling cost from one year to another.

The Nurseryman must identify his costs before he can control them.

The following information is based on a Private Industry Nursery producing 20 million pine seedlings per year.

<u>Item</u>	<u>% of Total Cost</u>	<u>% Price Increase Over Last Year</u>
1. Wages	30	15
2. Fuel	4	48
3. Building Maintenance	2	10
4. Nursery Supplies	20	
a. Fumigation	50	25
b. Mulch	5	16
c. Chemicals	10	0
d. Mineral Spirits	10	126
e. Packaging Material	10	20
f. Fertilizer	10	80
g. Miscellaneous	<u>5</u>	10
	100%	
5. Nursery Seed	15	10
6. Equipment Maintenance	3	22
7. Utilities	1	20
8. Taxes, Depreciation, Insurance & Administration	<u>25</u>	<u>20</u>
	100%	25%

### Chart of Various Costs Shown and Explained as Follows:

1. WAGES - accounted for 30% of the total nursery costs and increased by 15% over last year.

This was the largest expenditure and the most difficult to control. Nursery wages must be somewhat higher than local labor rates to obtain seasonal labor.

Mechanization of our nurseries affords the best method to reduce the magnitude of increasing labor costs. The Seedling Harvester is an example. This machine will not reduce existing labor costs, but it will permit increased production with existing personnel.

2. FUEL was only 4% of the total nursery cost, but the 48% increase last year was significant. We must use all known fuel savings methods to hold this cost down.

3. NORMAL BUILDING MAINTENANCE averaged 2% of the total cost last year. This cost can vary widely each year, depending on amount of repairs.

4. NURSERY SUPPLIES - This was 20% of the total nursery cost. Judicious purchasing practices and materials application is the best method to maintain this cost. Do not reduce costs by reducing quality.

A small increase in the number of seedlings produced per pound of genetically improved seed will buy a lot of fumigation, fertilizer, etc. The 20% spent for nursery supplies is subdivided as follows:

A. FUMIGATION accounts for 50% of the supplies cost and increased 25% last year. This cost needs to be reduced, although a good fumigation program is essential for quality seedling production at our nursery. The seedlings lost from damping off, root rot, etc., are a dead expense. Seed Cost, Hand Weeding and Lifting Labor cost can be reduced by a good fumigation.

B. MULCH material accounted for 5% of the total nursery supplies and increased by 16%. Wood Pulp mulch continues to be more economical than pine straw at this time.

C. CHEMICAL purchase was 10% of supplies cost. Price increases were offset by purchasing large quantities.

D. MINERAL SPIRITS cost was 10%. This material increased in price by 126%. Other methods of weed control must be found due to price and possible shortages.

E. PACKAGING MATERIAL cost 10% and increased by 20%. We use wood boxes but other materials have experienced similar increases.

F. FERTILIZER accounted for 10% of the supplies cost. This material cost increased by 80% last year.

G. MISCELLANEOUS SUPPLIES was 5% of nursery supplies cost. This cost increased 10% over last year.

5. NURSERY SEED was 15% of the total nursery cost. We collected the majority of the seed from our seed orchards and improved collection procedures held the cost increase to 10%.

6. EQUIPMENT MAINTNENANCE accounted for 3% of total costs. This item increased by 22% last year. Preventive maintenance and good personnel is best means of maintaining this cost.

7. UTILITIES cost was 1% of the total cost last year and increased by 20%.

8. TAXES, INSURANCE, DEPRECIATION AND ADMINISTRATION cost was 25% of the total cost. This item increased by 20% over last year .

Our nursery practices need to be re-evaluated yearly using current prices. Additional price increases may justify new practices or a return to some old practices.