

Financial **sawvy**

Before you can sell your agricultural product to the market, it is necessary to understand some basic market principles. The small-scale production of agricultural produce such as milk, meat or vegetables, follows a very specific process consisting of four steps:

- Rearing animals (feeding, breeding and caring for them).
- Production (milking your cows or harvesting your crops).
- Collection and transportation.
- Marketing (selling your produce to a buyer or to your customers).

Price: The price that you receive for your produce, is known as the producer price. The price increases as it goes from yourself (producer) to the processor, collection centre or cooperative, wholesaler and the consumer.

Profit: Profit is the money that you make from your product. It is the difference between the cost of producing and transporting your product, and the money from produce sales.

Competitors: These are the other producers and farmers who also sell their product in your region, often to the same customers. Too many competitors can drive down the producer price. Become a member of a group or join a cooperative. In a group your interests are protected.

Marketing: Marketing is making people aware of your product. You can market your product by advertising. A quality product such as fresh pasteurised milk, will ensure your milk is always sold.

Sell your product: Selling your product means extra income for your farm. But before you start selling, there are some important things to consider.

- Make sure that you have a buyer for your product.
- Find out what kind of packaging your buyer would prefer. Some have their own containers.
- Be sure that you are equipped to deliver a fresh product, such as cold milk.
- If you sell milk, you will probably have to agree to testing of your milk.

Manage your finances

Once you start earning money for your product, it is important that you keep book of your expenses and income. Are you buying feed and what is it costing? How much have you spent on vaccines, transport and equipment? At what price are you selling your product?

In the next edition we will look at record-keeping and preparing a budget.

(Adapted from: *Basic Guide to Dairy Farming, Zambian Dairy Processors' Association, 2008*) 