

# BUSINESS PLAN



## Plant for Powdered Milk Production



2014

*Adaptation of this business plan is possible for similar project around the world.*

## **Project Description**

### **Market Analysis**

The domestic production prevails on the Russian market of powdered milk. In 2012 the domestic market volume of powdered milk has amounted to \*\*\*, which is higher by 9.3 thsd t or 23% than the similar indicator of 2011.

Production and sales of milk products depends on the state and development of animal husbandry, and one of the main problems of this industry is decrease in the number of cattle.

Own market of powdered milk will show the increase of production and export in the segment of skimmed powdered milk (SPM) and decrease in segment of whole powdered milk (WPM). Domestic market of powdered milk will fluctuate within \*\* t during the further years. The gradual annual growth by 15-20% might be expected for the next three years.

### **Production Supply**

Powdered milk is a soluble powder prepared by drying of normalized pasteurized cow's milk. It is widely used in cooking. The powdered milk might be whole or skimmed. These two kinds of powdered milk differ by the percentage of substances.

### **Partners and Suppliers**

For the purpose of providing fresh milk, the enterprise must apply to the large players, which work in the market of milk production and have an extensive system of milk collection from the population, approximately \*\*\* t a day. While monitoring the milk market and its collection from the population, it is important to pay particular attention to location and development of own dairy farms.

### **Pricing Policy**

The global market of skimmed powdered milk had opposite trends in mid-June 2013, but the prices continued to grow in comparison with the previous month. The

world tendencies were also reflected in the domestic market of skimmed powdered milk. In the domestic market the SPM prices had been increasing by 6.67% up to \*\*\* for this period. In the export market the range of prices has amounted to \*\*\* USD/t (has increased by 7.33%).

### **Marketing Plan**

Processing enterprises usually have three sales channels: through the distributors, typically constant; self-service of production to the points of sale, maintenance of warehouses, from which the retail sellers can take the goods. At the present moment, the sales and promotion in the powdered milk market require good sales department and reasonable price with acceptable quality. The effective promotion tools for successful sales of powdered milk are the specialized exhibitions and company's website.

### **Financial Plan**

Investment in non-current assets: \*\*\* USD.

Investment in net working capital (NWC): \*\*\* USD.

NPV: 4,500 USD.

IRR: 52.5%

Payback period: 2.34 years.

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*Respectfully,  
Vladyslav Tsygoda,  
the head of «VTSConsulting»*