



BUSINESS REPORT

Date: **19th May 2024**

Business Reference: **36155**

About the Business:

A lucrative dairy processing venture including building in Gauteng

This dairy processing business in Gauteng holds significant promise, driven by a steadily increasing consumer demand for dairy products and a diverse range of offerings. With a growing population and changing dietary habits, the market remains resilient. High-quality standards and regulatory compliance bolster consumer trust. Opportunities abound in value-added products and sustainable practices.

A lucrative dairy processing venture including building in Gauteng



Sector: **Food**

Asking Price:

R **12,200,000**

Monthly Profit:

R **280,870**

Asset Value:

R **11,900,000**

Stock Value:

R **300,000**

Yearly Net Profit :

R **3,370,437**



Business Report

Fully describe the business's activities?

This business is primarily engaged in the production, processing and distribution of milk and dairy products. Here are the key business activities of the dairy:

- Milk Collection
- Milk Processing
- Dairy Product Manufacturing
- Quality Control
- Packaging and Distribution
- Marketing and Sales
- Regulatory Compliance

How does the business operate on a daily basis?

Milk Collection - the dairy collects milk from local farmers or suppliers.

Milk Processing - once milk is collected it goes through processing steps, such as pasteurization and homogenization.

Dairy Product Manufacturing - the production of various dairy products (milk, yogurt, butter, amasi, magau.) takes place on specific days of the week. Each product has its production process, including ingredient mixing, fermentation (for yogurt), and churning (for butter).

Quality Control - continuous monitoring of product quality and safety is vital. Samples are taken regularly for testing, including sensory evaluation, microbiological analysis, and chemical analysis.

Packaging and Labeling - dairy products are packaged into their final containers (bottles, cartons, tubs, bags etc.). Labels with product information, nutritional facts, and branding are applied.

Inventory Management - track and manage inventory levels to ensure that there are sufficient raw materials and packaging materials for daily production.

Distribution - prepare orders for delivery/distribution to retailers, supermarkets and other customers.

Maintenance and Cleaning - regular maintenance of equipment and facilities is necessary to ensure smooth operations. Cleaning and sanitizing are critical to maintain hygiene standards.

Regulatory Compliance - ensure that the dairy complies with all relevant food safety and quality regulations. This may involve regular inspections and audits.

What Advertising/Marketing is carried out?

Face book.

What competition exists?

Competition are other dairies, however, competition is very marginal in their area of operation.

How could the profitability of the business be improved?

- Owner involvement.
- Marketing and branding.
- Manage shrinkage.
- Buying strategy of raw milk.
- A 50 cent/liter price increase

Give a breakdown of staff/ functions/ length of service?

Admin - 3
Cashiers - 4
Factory - 8
Drivers - 9 (casual workers)
Owners - 2

Do any have management potential?

The Production Manager is responsible for the day-to-day management of the business.

How involved is the Owner in running the business?

The owners are not very involved in running the business, in fact they are quite hands-off.

When does the current lease end?

There is no lease agreement in place. The owners also own the building. The building is very a purposed building and is included in the asking selling price.

What are the trading hours?

Monday-Friday: 08H00 - 17H30
Saturday: 08H00 - 13H00
Sunday: Closed
Public Holidays: SHOP - Closed | Drive-Thru Open 07h00 - 13h00

What are the main assets of the business?

The land and buildings (4 erven).
Milk processing plant.
Bottling and labeling plant.
4 Delivery vehicles.
1 x Horse and tanker.
Cold room.

Strengths?

- Established brand.
- Customer service oriented business model.
- Excellent product quality (onsite laboratory).
- Close to large markets.
- Good quality and well maintained equipment.

Weaknesses?

- No BBEEE compliance.
- Lack of owner involvement and management.

Opportunities?

- Diverse Product Range.
- Value-Added Products.
- Branded and Private Label Products.
- Milk Powder Production.
- Plant-Based Dairy Alternatives.
- Collaboration with Farmers.
- Research and Development.
- Distribution and Retail Relationships.
- Marketing and Branding.
- Customer Engagement.

Threats?

- Fluctuating Milk Supply.
- Rising energy Costs.
- Economic Factors.
- Supply Chain Disruptions.

What is the reason for the sale?

The owner has no children and wants to retire and relocate to the garden route.