



**MOD**  
Market - Oriented Dairy  
*empowering dairy business*

**Sustainable Business Model for Commercial Fodder Cultivation and Silage Production**  
Case Study | Shanmugavel Kajan | October 2019



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# Ingredients for Success




- Entrepreneur
- Catalyst
- Enabling Environment
- Market



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## The Market Dynamics



1. **Raw milk demand is greater than supply** so dairy farmers can and want to increase production and can relatively easily find a market

2. Dairy farmers are starting to realize that **increasing milk production requires improving nutrition and thus improving feeding practices**



3. Improving feeding practices require **better quality feed and year-round supply yet dairy farmers lack land and resources to grow fodder themselves**

4. **Emerging market opportunities** developing to supply this improved fodder and silage to interested dairy farmers

5. **Key factors for success are price of feed and thus production must have economies of scale to reduce costs and minimal distance to market** (maintains quality and reduces logistics costs)


6. **Commercial fodder/silage producers still hesitant on stability of continuous demand** as dairy farmers changing mindset to purchase fodder and silage is still a developing concept

7. **Need for continuous promotion of commercial sale of silage and fodder and raising awareness amongst dairy farmers on cost/benefit on purchasing to meet shortage of feed**




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## The Entrepreneur



### Shanmugavel Kajan



1. Keen to learn and adopt new techniques



2. Willing to take calculated risks for growth

3. Learned silage making through SOLID but business could not withstand prolonged drought

4. Reinvigorated following MOD training, understanding opportunities

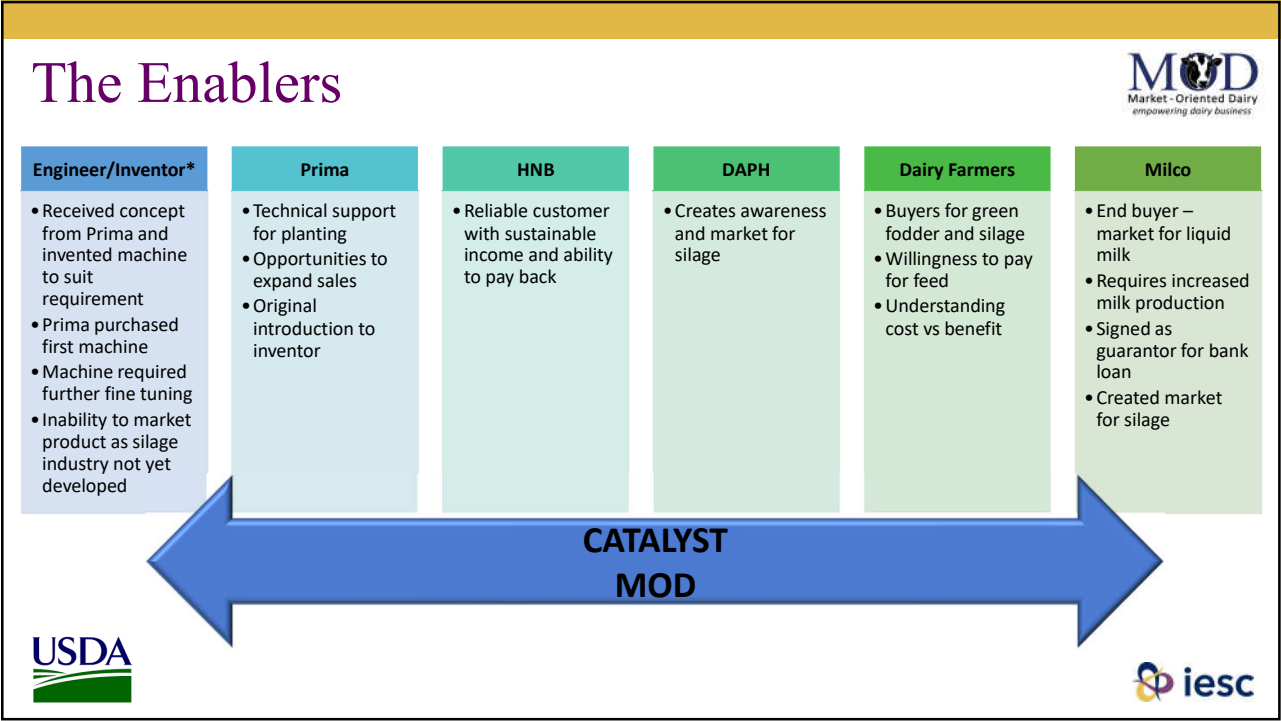
5. Learning to mitigate adverse conditions, business planning through MOD

6. Importance of new technologies to save time and costs through MOD



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# The Catalyst

**MOD**



- 1. Capacity building – technical knowledge and business planning
- 2. Introduction to new technologies
- 3. Provided seeds
- 4. Capacity for year-round quality fodder cultivation
- 5. Facilitating business linkages and growth opportunities upstream and downstream
- 6. Technical expertise to finetune silage packing machines
- 7. Facilitating access to finance
- 8. Providing a marketing platform for Inventor at MOD Enterprise Day

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## The Entrepreneur - Timeline



1. Attended first MOD Dairy Entrepreneur Development Program Module 1 – Best Practices in Dairy Management training in January 2019 – attended number of trainings provided by MOD since including commercial fodder cultivation and silage making, special demonstration on process of silage making and vacuum packing methods, business planning etc
2. Spotting the opportunity and available resources, decided to focus on becoming a commercial fodder cultivator as the primary income
3. Cultivated 5 acres of land with Sorghum, MOD provided seeds initially to push start the cultivation.
4. Invested in irrigation system and 'ata batta' seeder
5. Invited to attend several other MOD trainings and meetings where he was introduced to the dairy farmers, extension officers of processor companies and Veterinary Surgeon and LDI, thus creating a wider support network and connecting to buyers in Jaffna and Kilinochchi.
6. MOD helped develop business plan to support business expansion and getting loan facilities. MOD introduced to the HNB official to provide loan with low interest rates. MILCO extension officer signed as guarantor.



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## The Entrepreneur - Timeline




7. Within 5 months, able to supply silage 10-12 dairy farmers in the area but unable to meet growing demand
8. Leased 2 acres of land, developed capacity to supply 10,000kgs to large farm facilitated by DAPH
9. MOD provided exposure to other commercial-scale silage producers and different machineries used to assess the ideal technology which best fits his business model
10. MOD team provided direction on financial management, cash flow maintenance and an understanding of cost structure for each stage of the operation from seeds to sugar graze cultivation to green fodder production to silage production
11. Introduced to local engineer who designed the silage producing machines for PRIMA at the MOD Enterprise Day in July 2019
12. Within 9 months of initial training, invested in a silage packing machine that can pack 600kg per hour, storage facility to stock and sell on demand





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# The Entrepreneur - Timeline



- 13. MOD trained him on the machinery operations and handling, with Sarvodaya (MOD's sub-partner in Sri Lanka) field staff helping troubleshoot operational issues
- 14. MOD also provided regular mentoring and continuous technical guidance, identifying packing materials, introduction to buyers and green fodder suppliers for his business
- 15. Successfully obtained bank loan to finance these investments
- 16. Connected to DAPH team – Provincial Director North, Deputy Director North, Veterinary Surgeon Kilinochchi to increase business linkages and access to grant assistance
- 17. Expects to expand production from 40,000kg to 100,000kg per month



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## Successful Business Model for Replication in Other Regions Teamwork & Collaboration is Key



1. Entrepreneur with willingness to learn, grow, invest
2. Seeds suppliers providing technical support
3. MOD capacity building, technical knowledge, introduction to new technologies, business planning, facilitate linkage to buyers, finance, outgrowers
4. Additional capacity through purchased/leased land and/or creating another pool of fodder cultivators with buyback agreements
5. Bank to facilitate finance, processors and other links to financial assistance through low-interest loans or grants
6. Buyers for good quality silage, increased milk production and better of quality milk
7. Buyer for end-product – increased availability of liquid milk
8. Tested products creating marketing opportunity to silage packing machine inventors/producers



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