

Dairy Farm Financial Analysis and Business Strategy

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Summary

Supersite is the firm of the dairy farm with an objective of enhancing quality and providing good products to their consumers. Like other profitable organizations, Supersite possesses the quality of good management, bears approachable policies and ensures quality to their user. For any firm or industry, the most important and concerning thing is to maintain its share and number of customers in a competitive market. For that, every firm seeks for such policies and actions that meet the goal before them. The same is the case with the Supersite Company. We focus our study on evaluating the case of the firm. For that, the very nature and principles of the firm will be explicitly discussed.

The nature of the firm, in this case, is a dairy milk company that has supplied milk for customers for over a decade. The gains and losses of the company were drafted after each year, and they were analyzed for profit. Different ratios were considered for the evaluation of the firm's profit. Like the ratio of sales to profit, profit to loss and net gain ratio. These ratios are the indicators of the economic analysis in this case since they analyze the economy of the firm. Whether it is going upward or going into recession. The data table in the article shows the sales of the firm over a long period. This yearly data shows the economic performance of the firm in the past years. (U.S. Department of Agriculture, Economic Research Service, n.d.)

Superlite is a profitable dairy firm with core values of better quality, trust, and reliability. The all behind the success of this firm is its tradition of maintaining quality and trust in its products. In an interview, Mr. C.L Litany said that success is due to maintaining quality, which is superior to the consumer. This firm was launched in 1929 with a proper setup. The trucks were properly painted and sold. Officers were given a clean and needed the uniform, and people started purchasing their product since they laid their organization on the very concept of quality, and their first objective was customer satisfaction.

Objectives

The objective of the evaluation of this paper is to outline a few things that are important aspects of the business firm. To start a business, we need a clear objective and planning. Without outlining the objective of the business, we cannot achieve the target. The important concept involved in business is choosing the right time for the right business. If you have a good plan, and you have enough money as well, but you do not know when to launch that program, then your asset and opportunity both go in

the van. Calculation of the right time involves a few steps and procedures. These procedures are proper analysis of the issue and opportunity, analyzing the kind of market, calculating the competitiveness of the market, evaluating the nature of your product and comparing it with the nature of the market.

Choosing the market depends on the type of your product. Your product's nature and quality must meet the criteria of the market and customer. The primary thing around which the business objective revolves is the selection of the right time for the right work. In the given case, the dairy firm having the sole objective of customer satisfaction and quality maintaining in their [product makes them the most profitable firm in their area amongst the comparative market. If we fit the scenario in our mind and reflect, then we ultimately come to realize what the successful and effective firm demands from us.

The initiation of this dairy farm in the middle of 1929 was the perfect time for its owners and managers to launch the firm since the time was perfect for the competitors. Despite the competition, Superlite excelled in the market because it targets the market by enhancing the product quality and choosing the right time. Thomas Baker, the founder of the company, knew what to launch, where to launch and when to launch. In addition to these questions, the most important question he considered put his company above all. That one question is how to start his product. He upgraded the quality of the milk to win the trust of the people; this is called the outline of the objective of your work. The company was initially launched on some conventional methods, but it was updated with time. The revolutionary change brought to the company by Hollingsworth by introducing new marketing methods. Those methods were introducing tracks for the delivery of milk to the households, the tracks were painted and flourished labors were given uniforms. That was a new change to the firm which gears up the performance of the firm in the competitive market. The innovation was key to its sustainability amid of 1938 recession. This is how the outline of the objective works. If your objective is clear before you, then you can sort out policies and required actions. In short, the objective of the firm was clear before it, which was attaining the highest quality in the product market and capturing more market share.

Every business firm works within the two main business perspectives. Those are long-term or short-term policies. You have to decide whether you have to run in the long run or short run according to the asset and firm size that you have. After that policies and setup of the firm will be organized. How to carry a small firm in the long term is an important question since a small firm's size matters a lot from a time perspective. Long term is the era where your firm prolonged for a long time, asset and firm size also included. From the case study of the dairy company, we got the idea of how a small firm can be useful in the long run. From the day of its initiation, the company made a remarkable profit every year. The progress of the company from 1929 to 1968 gives us the idea of long-run growth and the steps and policies necessary to carry a small firm into the long run. From 1965 to 1968, the profit increased to 18%, and the work behind the advantage is essential to be discussed. The reasons are that it sustained itself even in the 1938 recession and continued to attain its goal. The findings for this reason will outline the concept of the long run and transform a small firm into a long-run firm. The

dairy company, in its primitive stages, made progress in upgrading the firm size and manipulating capital for the new little projects. The managers never stopped implementing new methods and never hesitated to take further steps and risks; this is the only reason they sustained in the long run despite the size of the firm and capital.

The long-term can only be achieved if the firm size keeps updated with the time and innovations made to the firm as the changes made to the firm from time to time capacity is increased to meet the demands of the time. In addition to supplying milk, the firm was adjusted to milk processor and distributor; these changes upgraded the size of the company as in economic terms, such adjustments are known as the vertical increase of the firm. From here, we can get an idea of how to convert a small firm into a long-term firm. The conclusion to this is that to carry the small firm into the long run, the size of the firm and changes will be made from time to time as demand increases.

Key Issues

Dealing with a business firm mostly encompasses challenges and risks. The managers use their expertise and talents to encounter the obstacles. Some problems are permanent, and some are temporary issues. The policy makers and managers adjust their policies and tasks according to the situations that lie ahead of them. Identification of risks and challenges is a different skill, and dealing with them with expertise is different. What issues do we face in the short run, and what problems do we encounter in the long run? Long-run issues are different from short-run issues. By analyzing the case, we came to know how to identify the risks and problems in both the long run and the short run. The primary issue faced by the dairy company was in the hiring of the labor force. The labor force they hired at the initial stage was unskilled and veterans. Three hundred laborers were engaged in unskilled tasks or semi-skilled tasks. Hiring such a labor force is equal to the threat to the company. Because the skill and ability of the labor are responsible for the quality and reliability of the product. Superette's 300 employees are engaged in unskilled or semiskilled tasks, and that much unskilled labor is enough to through the firm back into the quality crises. Among them, most do not even have any experience in the dairy firm. (Laverty & Littel, 2020)

These issues were internal issues of the company. The next issue was the making of unions in the company. The attempt to make a union was made in the organization. Union making in any organization is the threat for the company as it can derive the labor to go against the policies or create a separate power within the organization to claim their right whenever they want. These and other issues are the concern of the specified department. They had to monitor what was happening in their department, and they had to rule it out. To mitigate the problem of unskilled labor HR department had to deal with it. Giving training to the workers and guiding them to learn the skills is the responsibility of sub-departments or HR.

External Threats

Similar to internal issues, every business firm faces external challenges. These external challenges may be from other competitors, the environment, the government, the ordinary public, and the market. The first thing is to identify the obstacles, and the second is to sort out policies to retaliate against those challenges. In the dairy company, the external challenges they faced from their initial stages were the market challenges. For the time being the high official, Charles Linty told that no such a seller in Nashville market to meet their quality, thus they are in a situation of monopoly in the market but experts reject his saying by arguing that there are such other competitors exists in Nashville market to compete Superlite. The second issue they faced from external was the claim from the users on the skill of laborers. Customers are a bit hesitant about the quality due to their unskilled labor. The solution for that is simple and straightforward, that is, to train the laborers to the highest degree.

External Opportunities

The success of the firm is inaccurately using of external openings, the second thing which is more important than it is creating external opportunity. If the firm seeks opportunities, then ultimately, it competes in the market. Opportunities available for the dairy form were in their vertical market. As they were not stocked to just supply milk instead, they started processing it and selling further products of the milk. They produce secondary products of milk, and sell them in the market. In this way, they cover more of the market.

Internal Weaknesses

The internal weaknesses were discussed in the issues as well. The biggest weakness of the company was its procedure of labor hiring. They hired excessive labor, and most of them were unskilled. Almost 300 labors were even didn't know about the dairy farms. To overcome such issues, the HR department should fix the problem through training and sessions.

Internal Strength

The internal strength of the company was seen in the progress it made since its launch. The internal forces were their dedicated, punctual, determined and optimist managers and policymakers. As the employees stated about one of their managers, he was honest and dedicated. The decision-making power Sprite's managers and policymakers got was their biggest strength. The bold decision made by Hollingsworth to introduce trucks and home delivery service was a history in its nature since it brought a holistic development to the company. The decision was risky and challenging, but they dared to take it. This is the spirit of the businessman.

Ratio Analysis Of The Sales And Production

In 1968, milk and cream accounted for 45.7% of the total milk supply. But a 0.7% increase was from the year the year 1967, the sale was recorded at 45%. In that year, frozen products like cheese and butter, however, increased in sales. When we compare this with the era of 1952, we come to know that the sale of milk has decreased since 1952. The cash received by the farmers by selling the milk and its processed product was \$224 million more in 1968 than in 1967. In three succeeding years, the income increased by 18%. Compared to 1965, the income gained in 1968 was \$925 million more. However, inflation was seen in 1968 as consumers paid more prices relative to 1965. The following shows a detailed analysis of milk production and its sale in different states. The following data analysis shows the business impact in different states.

state	Milk cows(1000	Cow's values and heifers(\$1000)	Milk production million/pounds	Average production	Value \$1000	%farm income	
Alabama	143	25,740	808	5,650	48,910	7.7	
Alaska	2	665	18	9,830	1,807	44.4	
Arkansas	102	19,620	553	10,840	35,086	3.8	
California	781	262,880	8,950	11,460	470,	286	
Colorado	99	25,300	844	8,530	48,153	5.1	
Connecticut	67	25550	680	10150	445208		

Delaware	15	4480	134	8930	8063	6.5			
Florida	182	45360	1554	8540	115123	9.4			

Georgia	139	28120	1041	7490	64544	6.3			
Hawaii	14	6900	134	9930	12619	3.8			

Some countries import milk from their neighboring countries. The impact of the Supersite dairy form in the United States varies from state to state. In some states, the net income earned by the company is higher, while in other states, it is relatively low. This shows the preferences of the states to other companies. The United States earned the maximum, while Wisconsin scored second in net earnings. This table represents the production of different industries in the United States.

Sale And Supply Statistics Of The Company

years	total-fluid ot	Fresh milk ot	Skim milk ot	Condensed milk ot	Evaporated lb	Butter lb	Other lb	Dry whole lb	Evaporated and condensable
1950	141.7	129.3	5.2	7.2	2.0	18.5	9.1	5.4	2.2
1955	148.7	134.9	4.5	9.3	2.0	14.5	7.5	4.8	2.5
1958	147.3	133	4.4	9.9	2.4	12.5	7.1	4.7	0.3

To analyze the sales and statistics of the company few examples from the progress of the company are taken. The data given above shows the sale of Superite in the United States in different eras. The three main eras are given above in the table, which shows the sales of different milk items in different years. Each year has its own gain and share in each item.

Fluid Milk Products Sales. 1960-1968

Fluid items	1960%	1963%	1964%	1965%	1966%	1967%	1968%		
Whole milk	87.6	85.4	84.4	83.7	82.1	80.4	78.5		
Low fat	2	2.4	2.5	2.6	2.7	2.6	2.5		
Plain	-	-	-	-	-	6.5	8.3		

Skim milk	4.6	6.8	7.8	8.6	3.7	3.7	3.7		
Plain	1.8	2.5	2.6	2.8	1.4	1.4	1.3		
Solids added	2.8	4.4	5.1	5.9	2.2	2.2	2.7		
Buttermilk	2.2	1.9	1.9	2.0	2.0	2.0	2.0		

Financial Analysis Of The Supersite Performance;

After going through all the given data and the sales table, we know we are in a position to reflect on the financial progress of the firm. The year 1960 was the best year for the milk-producing company as more milk products were sold out in that year. Whole milk production and sales relatively decreases from 1960 to 1968. In comparison, low-fat milk production and sales increased from the 1960s to 1968. Whole milk production was 87% in the beginning and dropped to 78.5% in 1968. Almost a 10.1 % drop in milk production from 1960 to 1968. This period shows a low financial growth for the company.

Organizational Development

Organizational development seems weak in the above analysis of performance. It has been shown that the production of fluid milk dropped from 1960 to 1968. The internal management and setup are weak to form policies to enhance the production level. The lower production of milk shows that the organization is not properly using its resources; thus, the company is lacking efficiency and productivity. The less production also gives evidence of labor productivity or unskilled labor.

Alternative Strategies

Alternative policies are the two are more approaches to attain the same goal. These are methods and policies used by the firm to achieve its goal, which is to maximize profit. These policies are applied when one of the systems they adopted fails or is incapable of achieving its goal. Four other competitors faced the dairy company in the market of Nashville. To cope with the challenges and threats from these companies, they sorted out different ways the scenario in the Superlite was different. They had a legacy of good management and effective decision-making. They held the legacy of their managers from time to time. The policies they had adopted for the sales were working for them to the highest of their target. But after going through the whole case here few strategies and

plans are to help the managers boost their sales. These policies are in response to the weakness I found in their entire setup. The selection criteria of laborers are to be changed if they want more effectiveness in their product sales. The selection criteria must be merit-based. The worker should be hired after taking proper tests and interviews. Their performance must rank laborers in the organization. Besides this, the vertical expansionary and horizontal expansionary strategies must be followed. This help any firm to expand their products vertically in the market as well as horizontally in the market, these strategy help firm to attain diversity in the market. Above all diversification of goods is the best policy for the business firm.

Choice Of Strategy

The choice of strategy depends on the nature of the firm, market, environment, and type of customer firm it is targeting. The best strategy for Sprite to adopt is the horizontal and vertical expansionary strategies. The strategy must be focused on the internal management setup and resource utilization. The strategy must also ensure and outline the basic steps to overcome the problem of labor productivity which is very weak in this company.

Marketing

Marketing guideline for this company is that, the quality of the product must be maintained high as they did in their initial stages. To capture more market the company must produce various products from the milk. Like cheese, butter, and ice cream, this kind of alteration maintains the share in the market by getting more customers.

Implementation Of Strategy

The chosen strategy must be applied at different levels in the organization. The first thing is to develop a competitive environment in the company by hiring skillful labor. The second thing I do to increase efficiency and productivity through innovations in technology and labor productivity. The next thing is to differentiate products and maintain the quality, hence to compete with other competitors. (Farm Financial Standards Council, n.d.)

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