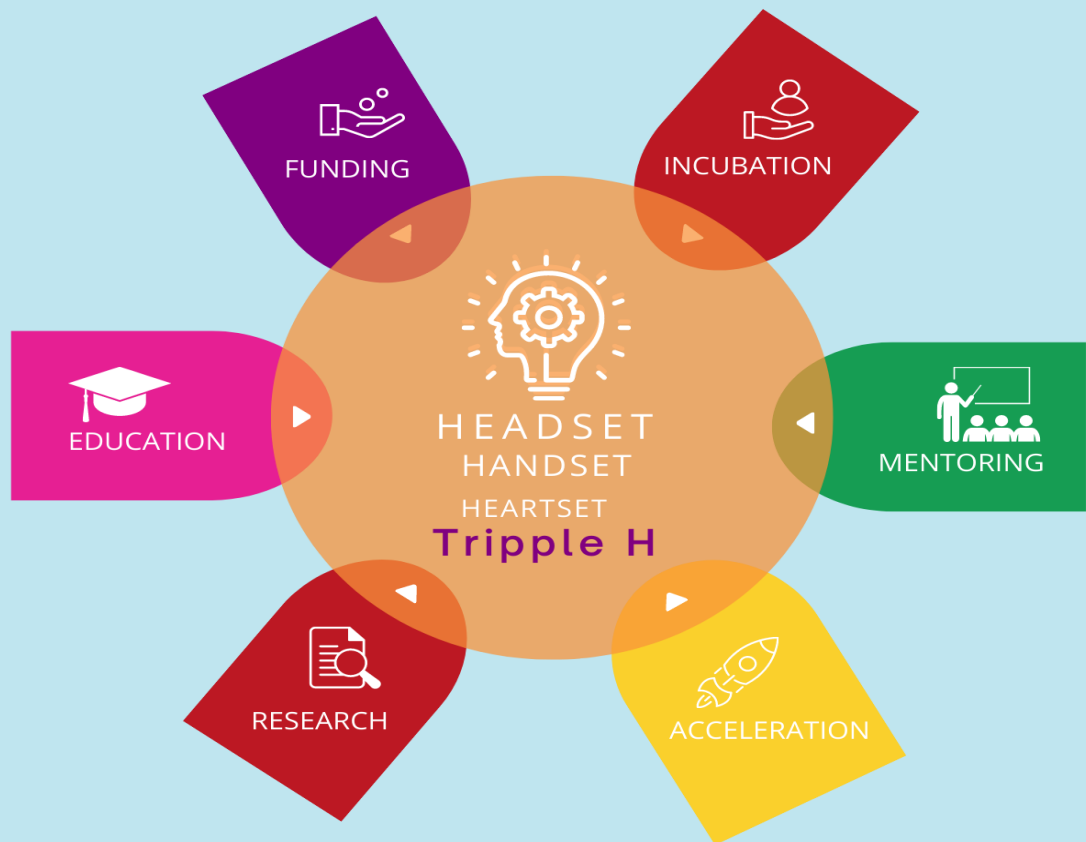




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Bidii Farm, Kenya: Copy and Paste Expansion Strategy

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Bidii Farm (not its real name) is a company in Taita-Taveta County, Kenya, which deals with cattle rearing and dairy produce. The company was incorporated in the year 2012 when the managing director Mr. Mwadime (not his real name) acquired some fifty one year old calves. The calves were reared in a quarter acre of land and later the managing director, procured an extra half acre of land which he still dedicated to the farming venture. Thus, making a total of one acre of land meant for cattle farming.

In the region, a majority of new businesses fail during the first two years of operation otherwise known as the startup stage, and roughly half of all businesses don't survive past the fifth year. Mr. Mwadime was conscious of such a reality from day one in the business and was optimistic to confront any possible challenges head on.

“When I started seeing success, I assumed that growth will continue forever, and the best way to make the most out of it was simply to copy and paste the already working formula in the farm” says Mr. Mwadime. The success meant expansion of the business too quickly. However, the rapid expansion came in with dire consequences. The period of growth was only temporary, and he ended up stuck with a bunch of new staff but no work and no funds to cover them.

As the company expanded, it also experienced operating costs challenges. This was majorly occasioned by the fact that the calves bought were one year old and were meant to later generate profits for the business through selling of milk and the milk products therefrom. Over time, this was not easily achieved because, by the time they had reached maturity stage and started producing milk for sale, the company had already incurred high operating costs catering for purchase of feeds, medication, research and labor costs.

Immediately after securing an opportunity to supply milk to a nearest dairy company, the dairy company started complaining about the quality of milk supplied by Bidii Farm on grounds that it does not meet the recommended standards. With the turn of events, Bidii Farm was stopped from supplying milk to the dairy company. This meant that there was no ready market for the milk produce. Mr. Mwadime later discovered

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that the milk produced at Bidii Farm didn't have any quality issue as the dairy company had contracted another supplier who was supplying milk to them at a subsidized rate.

While Bidii Farm management and some of the employees were supposed to attend seminars and conferences organized in the year 2018 on matters livestock management in countries like Italy, Denmark and Rwanda where they could also undertake bench marking, this was not forthcoming due to lack of financial resources.

“Every growing company needs to innovate continually. The continuous improvement can also be informed by getting feedback and ideas from customers and team members” says Mr. Mwadime. In light of several consultation sessions, Mr. Mwadime has decided to increase Bidii Farm's milk production and quality by acquiring milking machines which were also expected to save on time and labor. However, implementation of such a decision was a costly and un- affordable idea since the milking machines were costing an upwards of Kshs. 200,000.

Some of the other innovative ideas that Bidii Farm has on the table currently, include; the use of animal waste (cow dung) to generate biogas which in turn would be used as cooking gas, for heating water in the farm, electricity for lighting and as fertilizer in the farm. However the cost of installing a biogas plant ranges between Kshs. 150,000 and Kshs. 800,000 which is beyond Bidii Farm's current financial means coupled with fears for maintenance costs and reliability if the biogas system is installed. A glance at Bidii Farm's financial statements shows that they borrowed a bank loan of Kshs. 1,000,000 which was meant for expansion of the business. Unfortunately around the same period of time, two state of the art machines meant for cutting fodder crops were stolen from the farm and the money borrowed was used to replace them.



Learning Activity

- a) What should Mr. Mwadime do to improve Bidii Farm's income?
- b) Should Mr. Mwadime terminate the services of some of the employees so as to reduce labor and operation costs?
- c) Should Mr. Mwadime venture into a different type of business altogether?