

# Agribusiness policy and the business environment

Business, Business Environment



Dairy farming is one of the key areas of the Agribusiness sector. One subgroup of this dairy farming is the raw milk business, which is the focus area of business in this report. The raw milk business is a very unique business area because of its frequent clashes with the government, and the very strict regulation under which it operates.

The business is analyzed by using a fictitious company name Organo-Milk. The company can be thought of as a typical medium scale business enterprise, which is one of the common scenarios in this business area. The problems outlined for this company are typical of other similar sized companies in the raw milk business, and have led to many of the companies being closed down.

The surviving companies are either very large cooperatives like Horizon Organic, or innovative companies like Organic Pastures, the latter being the chief focus of this study. Through the fictitious company, the raw milk business will be analyzed and some strategic options would be outlined, which can be utilized for other similar companies in the business.

The report first gives the introduction of Organo-Milk, then gives a detailed explanation of the US government policy regarding raw milk, then explores the business environment of the company, and finally takes all these inputs to give strategic solution for the company under focus.

## Introduction

The company under analysis here is a fictitious company with the name Organo-Milk. The company is modeled after the company Organic Pastures, and makes raw dairy milk and related products.

The raw dairy products are the dairy foods that are unprocessed artificially for instance by using processes such as pasteurizing, heating, or chemically treating etc.

Even the cows used in the farms are not given antibiotics, hormones or GMOs i. e., Genetically Modified Organisms for producing more or better grade of milk. Instead they are given naturopathic treatments and are fed using organic green pastures only (Organic Pastures: Products, n. d., para 1).

Like Organic pastures. Organo-Milk is also considered as a family-owned company with the main organizational positions shared between different family members. Organo-Milk is based in the California state in the United States.

This makes the company along with Organic Pastures, “ one of the few remaining family-owned and operated dairies in California” (Organic Pastures: Organic pastures dairy Company, n. d., para 1).

The company is assumed to have been set up formally in the early 1990s, and the founding members still hold crucial positions in the company, and are responsible for most of the day to day decisions and company operations.

The staff working with the company has also been with them from the very start, with few instances of permanent employees leaving the farm. Most of the people employed on the farm live in the neighboring areas with very few instances of immigrant labor, though there are a fair number of labors who are drifters, ready to work as temporary employees for a couple of months.

The company follows a very personal approach in its dairy farming operations.

The products of Organo-Milk are kept similar to Organic Pastures, and are as below:

- Milk - As is mentioned above the company produces raw milk which contains natural occurring bacteria, beneficial to health, other necessary organic compounds like amino acids, fatty acids, vitamins, minerals, antioxidants etc.
- Butter - The butter made by the company is also raw butter, which is merely the fat part of the raw milk, and is made from churned cream without any additional ingredients like salt or colorings.
- Cream - Cream produced by the company is just the raw cream skimmed from the raw milk, and there is no chemical process involved during the sequence.
- Cheese - The raw cheese produced by the company is probably the most treated of all the products. The cheese is heated to a temperature around 100 degrees Fahrenheit to make the process optimized and faster.
- Colostrum - This is the food which a mother cow produces to strengthen their new born calves and is an attraction to people who like dairy products.

(Organic Pastures: Organic pastures dairy Company, n. d., para 1)

The products produced are generally known as organic in the market mainly because of their non-use of any hormones and chemicals during and after the milking process.

The milk and milk products which follow this process come at a premium price, and are popular among people as 'real' dairy farm products. The companies however, are almost always under controversies regarding safe practices, the treatment of animals on farms and what constitutes the exact definition of organic foods. Even larger corporations like Horizon Organic and Aurora Organic Dairy face these issues.