

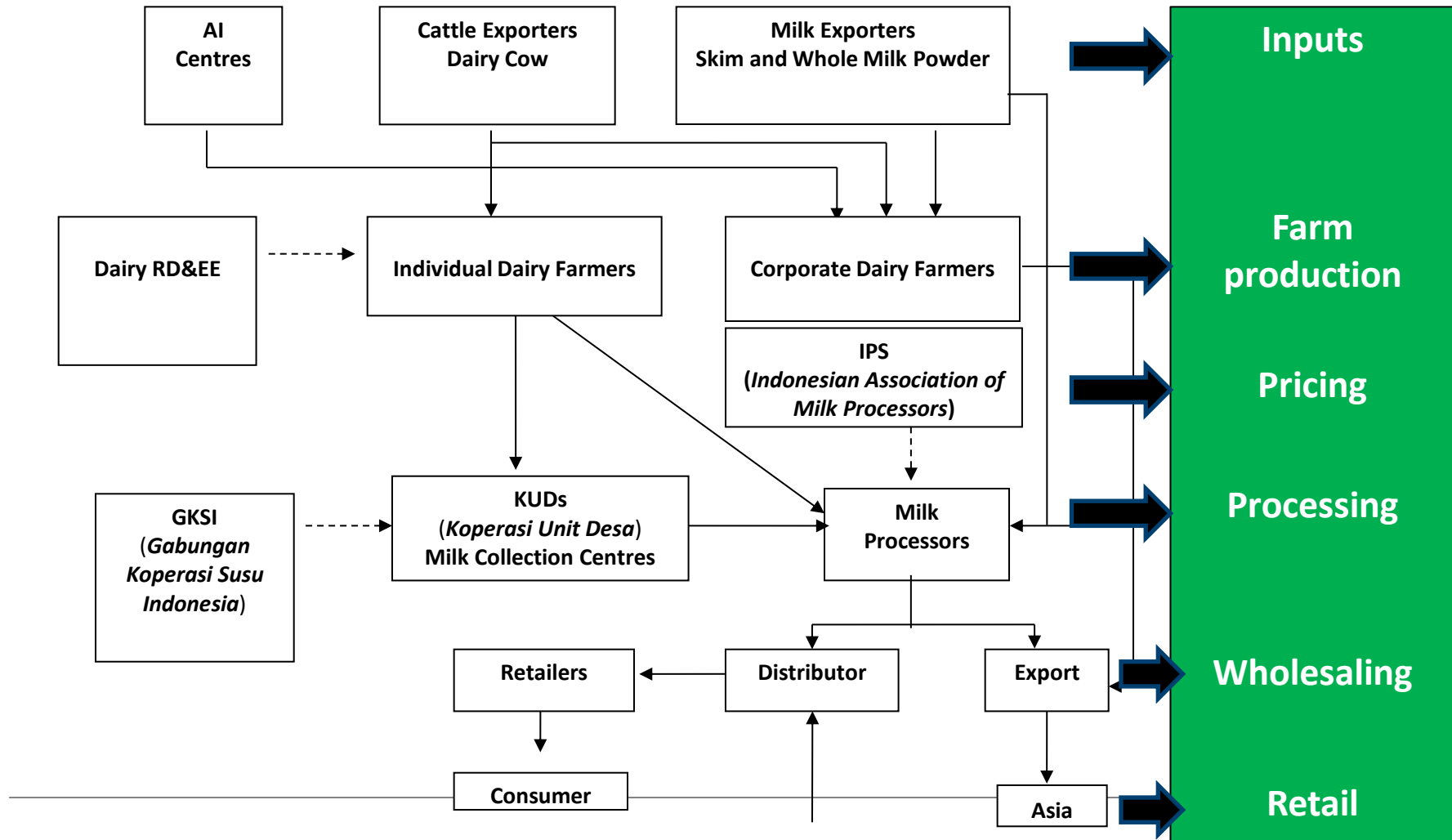


Capacity building for research: promoting inclusive development of agricultural value-chains, 17 February 2014

## **Dairy value chain – efficiency and profitability**

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# Supply Chains – Dairy



# **In summary:**

## **Costs and Margins within supply chains**

- **Things to compare:**
  - **Costs – variable and fixed**
  - **Revenue**
  - **Margin**
  - **Return on investment**
- **When analysing supply chains:**
  - **Can look at businesses within**
  - **Can compare businesses across supply chains**
- **When comparing supply chains think about:**
  - **What difference will change make?**
  - **What are some costs (and or revenue) that may not be readily apparent?**

# Costs and margins within a supply chain

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	IDR per litre			
	Costs	Revenue	Profit	Margin %
Farmer	3500	3700	200	5.4
Processor	3800	5500	1700	30.9
Wholesaler	8000	11000	3000	27.3
Retailer	13000	18000	5000	27.8

# Efficiencies in dairy supply chains

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## What are some factors to consider from the case studies?

- Transaction cost between members?
- Number of members of supply chain?
- Are some members of the supply chain affecting the efficiency of others? Can something be done around this? (quality of milk and scale?)
- How stable is the supply chain? Does this affect how each member interacts with each other? Do participants in the supply chain change?
- How well are market signals communicated?
- What effect is transportation at each stage of the supply chain causing in regards to efficiencies?
- Other??