

## **Introduction**

Organic Protein LLC has been operating since 2014. Previously, the business was focused on quail egg production but now wants to expand to include poultry meat. The land for this expansion is close to the operation headquarters located in the Dornod province of Mongolia. The founder and CEO of this company is Selenge Chadraabal, a 2017-2018 UC Davis Humphrey Fellow who has a Bachelor's degree in Business Administration from National University in Mongolia. Mrs. Chadraabal has worked in microfinance and micro business development with XacBank, Growing Entrepreneurship Rapidly (GER), and Initiative/Global community projects in Mongolia for the past 13 years. After receiving education and training in her year spent at UC Davis, Mrs. Chadraabal is prepared to start a large scale poultry farm.

Poultry consumption has recently become a part of the Mongolian diet. Currently Mongolia only has one operating poultry farm. Due to the growing demand for poultry meat Mongolia spends approximately \$1.1 million per month on poultry imports from China and Russia leading to a large amount of economic capital leaving the country. The only poultry farm located in Mongolia is a closed operation that is unwilling to educate others or share resources. With the expansion to broiler hen production, Organic Protein LLC hopes to supply domestic poultry to the Mongolian market by providing better quality poultry meat to her customers, therefore bolstering the local economy by reducing the amount of cash flow exiting the country through outside poultry importers. Following the installation and success of the business, Organic Protein LLC will provide a place to educate Mongolians in poultry farming and provide them with the means to start and maintain their own poultry farm.

## **Customer Segments**

Currently, Organic Protein LLC's customer segment is a niche market; however, in the future the company could extend to a mass market segment. The target market is people who are willing to pay slightly more for poultry because it is of better quality and would support the local economy. The business is projected to be successful in this customer segment because there is currently wide support for local businesses and better quality meats. There has also been an upward trend in poultry consumption in Mongolia in recent years and the market is continuing to grow. The niche segment is divided into the distributors (restaurants and grocery stores) and the individual customers. Individual customers are the target market but because Organic Protein LLC will not be selling directly to the consumers, the avenue of sale will be through restaurants and grocery stores.

## **Value propositions**

Compared to competitors the poultry industry both in and importing to Mongolia, the poultry of Organic Protein LLC will be of better quality which will be of great benefit to

customers. The target audience in Mongolia already does not trust the meat from the importing competitors due to evidence showing its lesser quality such as the bones of imported chickens which are brown as opposed to white due to lack of essential nutrients. Additionally, the poultry from this site will be slaughtered closer to the site of consumption, meaning that the meat will be more fresh and there is a decreased risk of adverse health effects due to spoilage. For people who want to eat poultry because of the dietary benefits, the value provided would be increased accessibility to poultry and the reduced health risks of eating the competitor's poultry which is of poor quality. For customers who want to support the local economy, this business will create moral value - these consumers will buy Organic Protein LLC's poultry because they highly value a moral responsibility to support local companies.

### **Key Partnerships**

An integral partnership Organic Protein LLC has is with the local government. The company has established a very close relationship with both the governor of the Dornod province and the Head of Division Policy Department at Governor's office. With this relationship Organic Protein LLC will have government support and have a relatively smooth transition to poultry farming.

Because of Organic Protein LLC's involvement in the Humphrey Fellowship program at UC Davis, key partnerships were established between the company and UC Davis D-Lab. UC Davis D-Lab encourages Development via Dialogue, Design & Dissemination and is an asset due to their educational components and extensive network. Additionally, through opportunities provided at UC Davis, Organic Protein LLC has a network of educational resources as well as connections with existing poultry operations.

Organic Protein LLC's key sale partners are the owners of the various restaurants and grocery stores with which relationships have been developed. Other key partners of Organic Protein LLC include the businesses that will supply the equipment and services necessary for the company's operation; this would include veterinarians, feed supply, technology and machinery suppliers. The employees of Organic Protein LLC will be crucial for the operation to run successfully and are therefore also considered key partners to the business.

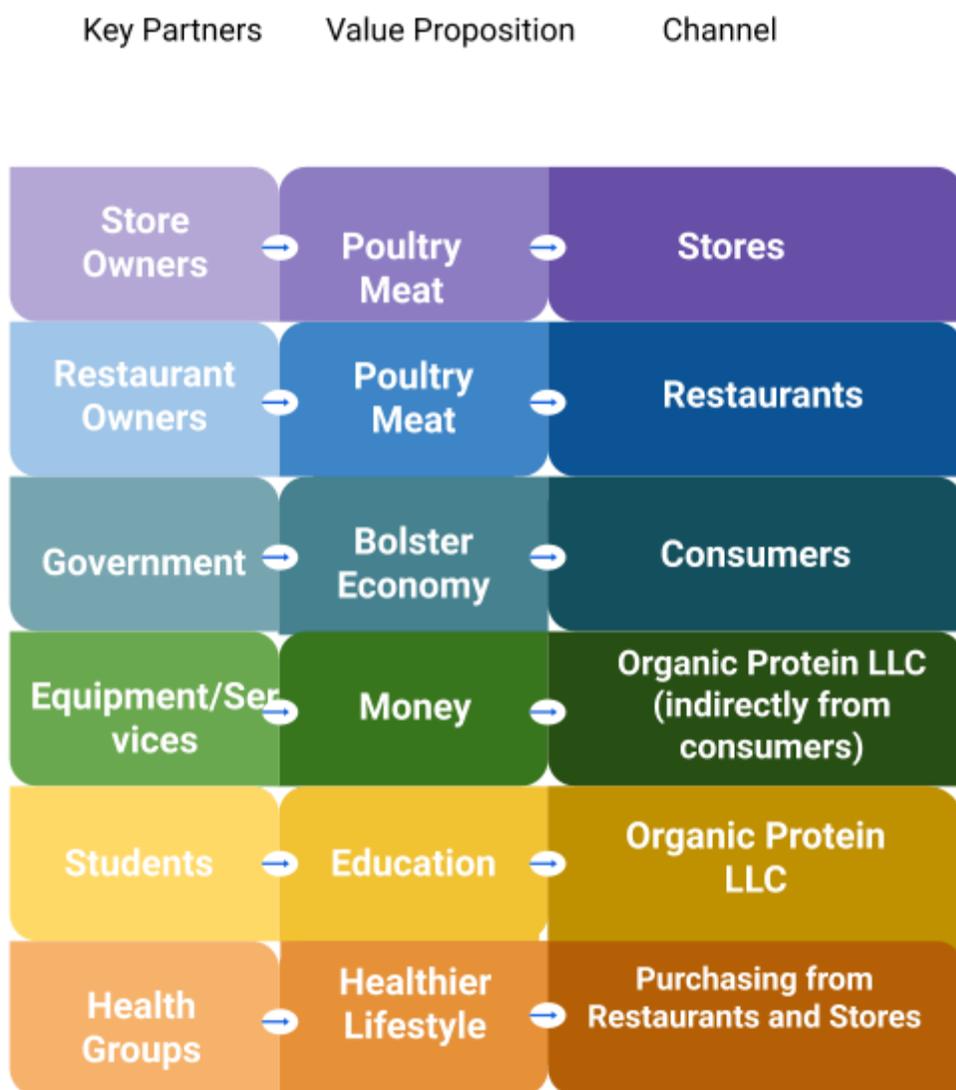
Potential partnerships can be formed with mining companies who can purchase both the poultry meat for consumption as well the manure for environmental remediation projects. Because of the health benefits of eating lean chicken over other meats, other potential partnerships can be formed between the company and various healthy living and special diet clubs/organizations. Eventually, the company will expand to include an educational component so other potential partnerships are with the prospective students. These students will be individuals from the local area who are interested in beginning their own backyard operations, those who already have backyard chicken operations and want to expand, and those who become informed and encouraged through government channels.

For additional information, please reference appendix 1.

### **Channels**

The channels provide a point where the consumers receive the poultry meat and other products from key partners. Key channels identified for Organic Protein LLC are each individual grocery store and restaurant that have an established or growing relationship with Organic Protein LLC. Another associated channel is Organic Protein LLC itself in regards to providing other stakeholders with consumer funds.

### **Product Flow**



### **Customer Relationships**

The direct customers for Organic Protein LLC have already been established with restaurants and grocery stores in Mongolia, indirect customers the company wishes to target are the people buying poultry from these providers. Organic Protein LLC has already established a personal relationship with the stores buying the product, Organic Protein LLC renews contracts with the stores and restaurants on a yearly basis while maintaining contact with them throughout the year and sending friendly holiday and greeting cards. The main person of physical contact will be the employee delivering the product so ensuring that this individual is well-informed and able to convey messages to and from the company.

For the individual buyers Organic Protein LLC will be geared towards customers who are interested in purchasing healthy and nutritious food. The outreach methods for reaching these customers will be personal visits to local health clubs and nutrition groups. In these visits the benefits and comparisons of poultry from Organic Protein LLC and competitors will be shown and explained to the potential customers. Through this we will already be creating a personal relationship with the initial contact of going to the customers and advertising the product first hand.

### **Revenue Streams**

The revenue that the company will receive for the product will ultimately be from the individuals that buy the poultry from the stores and restaurants. The revenue from restaurants will be received 2 weeks after delivery of product and for grocery stores Organic Protein LLC won't see the revenue for 2-3 months after each delivery. The revenue process for restaurants differs from grocery stores in that it is received much faster. The process is initiated when Organic Protein LLC delivers the product to the restaurants and after delivery it takes 2 weeks to process and use the product. Then after this time the payment of product is received.

The revenue stream for grocery stores is different from restaurants because not only does it take more time to receive the payment, but product delivery is a much bigger quantity than for restaurants. The product is delivered in bulk and after a month, the store notifies Organic Protein LLC how many chickens were sold. Based on the number of chickens sold, the store and company will agree on a price for payment and the company will receive a payment about a month later. If not all of the product was sold from the previous delivery, the products will roll over to the next month and the grocery store and company will repeat the above process.

### **Key resources**

In order to run this company, the most essential resource will be infrastructure. Since Organic Protein LLC currently only outsources quail eggs, there is a need for completely different buildings, equipment, services, and operations. See below for a detailed outline of the materials necessary. It will also be important to have physical evidence such as data and photos to show the product's superiority to customers. The operation already secured two hectares of

land to utilize with a nearby river. The company currently has 4 employees and will only need to hire on two extra people to accommodate the expansion.

For additional information, please reference appendix 2.

### **Key activities**

There will be various activities that Organic Protein LLC will need to perform in order to start and maintain the company business. The first step will be to obtain and construct all necessary infrastructure. Following the infrastructure, the company will need to hatch, vaccinate, slaughter and send the poultry to the distributors. It is imperative that the parent flocks are managed correctly to maintain a large flock and constant flow of broiler hens. To market the poultry, the company will make personal visits to health clubs, support groups, and other interest groups to share data and personal narratives. The company will need to maintain contacts and be receptive to feedback as well as continually evaluate marketing, production and operations.

For additional information, please reference appendix 3.

### **Cost Structure**

Since Organic Protein LLC already has land, the startup cost will be the cost of infrastructure. Ongoing costs include feed, gas for transport, salary, taxes, veterinary cost, and electricity.

**Strength, Weakness, Opportunity, Threat Analysis and Comparison**

Organic Protein LLC

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>● Have already established distribution routes</li> <li>● Have some experience in the industry</li> <li>● 10 hours from UB - no contact with other birds (no diseases)</li> <li>● Already have employees set up</li> </ul>	<ul style="list-style-type: none"> <li>● Financial resources</li> <li>● New to the broiler hen industry</li> <li>● 10 hours away from UB - transportation is difficult, increase the cost to get feed and deliver the product</li> <li>● Higher cost</li> <li>● Employees need training (will be trained by Selenge)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>● More trust for the product</li> <li>● Customers value supporting local economy</li> <li>● Local governmental support</li> <li>● Don't have to pay the import/customs taxes</li> <li>● Lower tax; 10% normally but 1% for agriculture on earnings</li> </ul>	<ul style="list-style-type: none"> <li>● Disease</li> <li>● Not experienced veterinarian experience</li> <li>● Potential pushback from the importers because taking their business</li> </ul>

## Capital Market LLC (China-based poultry business)

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>● Financially sustainable</li> <li>● Experienced</li> <li>● Cheaper price because not actually farming the chickens</li> <li>● Don't have the risk of mortality</li> </ul>	<ul style="list-style-type: none"> <li>● People don't trust quality of their chicken</li> <li>● Stigma that China's quality is much worse, because they choose the cheapest option</li> <li>● Imported from china - takes 3 or 4 days to get to UB</li> <li>● Don't have control over farming practices</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>● Economic crisis in Mongolia</li> <li>● Very few suppliers 2-3 importers, 1 major operation in Mongolia</li> <li>● Chicken consumption has increased, fast food (fried chicken, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>● Customer attitude to consume healthy product</li> <li>● Have to pay a customs tax (crossing borders)</li> <li>● Higher risk of transportation problems</li> <li>● Potentially shut down for some time if there is an outside disease</li> </ul>

Although Capital Market LLC is able to sell their poultry for a lesser cost, Organic Protein LLC will be a more trusted brand and will not have to pay as many taxes and has a lower risk of being shut down due to disease. Even though Capital Market LLC is more established and has more experience with broiler hen farming, Organic Protein LLC, once established, has vast connections with local markets and government support. Additionally, Organic Protein LLC has educational assets in poultry farming from UC Davis and past business experiences.

**Appendix 1:**

<b>Sector</b>	<b>Stakeholder Name</b>	<b>Interest (+), (-), (?)</b>	<b>Potential Impact</b> <u>High:</u> Essential to involve <u>Medium:</u> Desirable to involve <u>Low:</u> Involve if possible	<b>Level of involvement</b> Informed, Consulted, Partners, Controlling	<b>Position/ Role</b>	<b>Interests</b>
Restaurants	Soyol tuv	(+)	Medium	Informed	900/month	Purchasing quail eggs; potential interest in broiler hen meat
	Shangri La	(+)	Low	Informed	300/month	Purchasing quail eggs; potential interest in broiler hen meat
	Kempinski	(+)	Low	Informed		Purchasing quail eggs; potential interest in broiler hen meat
Grocery stores	Nomin 5 LLC	(+)	High	Partners, consulted, and Controlling	many branches in UB and 5 provinces	Retailing quail eggs currently; interest in broiler hen meat
	Minii delguur	(+)	High	Partners, consulted, and Controlling	.... branches in UB	Retailing quail eggs currently; interest in broiler hen meat
	Good price	(+)	High	Partners, consulted, and Controlling	4 branches in UB	Retailing quail eggs currently; interest in broiler hen meat
	Sansar	(+)	High	Partners, consulted, and Controlling	.... branches in UB	Retailing quail eggs currently; interest in broiler hen meat

	Khanburgedei	(+)	Low	Partners, consulted, and Controlling	2 branches in UB	Retailing quail eggs currently; interest in broiler hen meat
	Sarnaih	(+)	Low	Partners, consulted, and Controlling	.... branches in UB	Retailing quail eggs currently; interest in broiler hen meat
	Mercury	(+)	High	Partners, consulted, and Controlling	1 store	Retailing quail eggs currently; interest in broiler hen meat
	Olixon	(+)	Medium	Partners, consulted, and Controlling	4 branches in Dornod	Retailing quail eggs currently; interest in broiler hen meat
	Deeshleh nar	(+)	Medium	Partners, consulted, and Controlling	1 store in Dornod	Retailing quail eggs currently; interest in broiler hen meat
	Narlag	(+)	Low	Partners, consulted, and Controlling	1 store in Dornod	Retailing quail eggs currently; interest in broiler hen meat
	AISVN	(+)	Low	Partners, consulted, and Controlling	1 store in Dornod	Retailing quail eggs currently; interest in broiler hen meat
	Naran	(+)	Low	Partners, consulted, and Controlling	1 store in UB	Retailing quail eggs currently; interest in broiler hen meat
	Home Plaza	(+)	Medium	Partners, consulted, and Controlling	2 branches in UB	Retailing quail eggs currently; interest in broiler hen meat

	Undug	(+)	Low	Partners, consulted, and Controlling	1 store in UB	Retailing quail eggs currently; interest in broiler hen meat
	Eco market	(+)	Low	Partners, consulted, and Controlling	1 store in UB	Retailing quail eggs currently; interest in broiler hen meat
	Azjin	(+)	Low	Partners, consulted, and Controlling	1 store in UB	Retailing quail eggs currently; interest in broiler hen meat
	EFES	(+)	Medium	Partners, consulted, and Controlling	3 branches in UB	Retailing quail eggs currently; interest in broiler hen meat
	Eastren Foods	(+)	Medium	Partners, consulted, and Controlling	4 branches in Dornod	Retailing quail eggs currently; interest in broiler hen meat
Consumers	Shin Shin LLC (mining company)	(?)	Low		about 500 employees	Potential consumer
	Petro Dachin Tamsag (mining company)				about 1000 employees	
	Special diet groups at Facebook	(+)	Medium	Informed		Potential consumer
Employees	Onon	(+)	High	Controlling	Manager	Oversee daily operations

	Accountant Position	(+)		Controlling	Accountant	
	Enkh-Erdene	(+)	High	Controlling	Sales person	
	Byambatsogt	(+)	Medium	Controlling	Worker	
	Buyantsogt	(+)	Low	Controlling	Worker	
	Battsogt	(+)	Medium	Controlling	Worker	
	Additional Worker	(+)		Controlling	Worker	
Government	Badamsuren	(+)	Medium	Controlling	Governor	
	Enkh-Otgon	(+)	High	Controlling	Husband/Head of Division Policy Department at Governor's office	
	Agriculture Department	(+)	Medium	Controlling		
Investors	Grant	(?)	High			
	Private investors	(?)	High			
	Impact investors	(?)	High			
Potential students	Local population	(+)	Medium			
	Others recruited by Government	(+)	Low			

	People who already have backyard chickens	(+)	High			
Other Competitors	Capital Market	(-)	High		Importer	
	NVTs	(-)	High		Importer	
	Anjigana Orgio	(-)	High		Local	
Supplies	Baylag Emeelt	(+)	High	Partners	Feed company	have relation
	Itgelt	(+)	High	Partners	Packaging	have relation
	Avia gen company branch in China	(?)	High	Partners	Chicks for parent flock	no relation
	.....	(?)		Partners	Equipment	no relation
	Local company	(?)	Medium	Partners	Maintenance	no relation
	Local company	(?)	High	Partners	Veterinary	no relation
	UB company	(+)	Low	Partners	Laboratory	have relation
Universities	Polytechnical college of Dornod	(?)	Low	Partners		Have relation
	Davis D-Lab	(+)	Medium	Partners		Have relation
	Agricultural University in Ulaanbaatar	(?)	Low	Partners		No relation

**Appendix 2:**

Infrastructure	Specifics:	Quantity:	Size:	Price
Land				
	2 Hectares		2 Hectares	
	Perimeter Fence		600m	
Barn for the parent fowl		1	6m x 30m	
	Feeding System			
	Feed Tank			
	Water Systems			
	Water Tank			
	Egg Laying Boxes			
	Light System			
	Heating System			
	Ventilation System			
Hatchery		1		
	Incubator	2		
Barn for Broilers		4	6m x 30m	
	Feeding System	4		
	Feed Tank	4		
	Water Systems	4		
	Water Tank	4		
	Egg Laying Boxes	4		
	Light System	4		
	Heating System	4		
	Ventilation System	4		
Processing Unit		1		

	Slaughter Cones	8		
	Hanger			
	Hot Water Tank	2		
	Feather Removing Spinner	8		
	Stainless Steel Table			
	Vacuum Package Machine			
	Knives			
Storage with Freezer		1		
	Freezer	6	Capacity of one ton	
Office		1		
	Computer Monitoring System			
	Computer			
	Printer/Copier/Scanner			
	Managerial Software			
	Office Tables			
	Office Chairs			
	Drawers			
Transportation				
	Truck with Freezer		Capacity of 2-3 tons	
	Truck			
Utilities				
	Well			
	Transformer			
	Generator			

### **Appendix 3**

#### **Activities and Duration**

- Building facilities
  - 2 Months
- Purchasing parent fowl chicks
- Arising pullets
  - 4 months
- Start laying eggs
- Collecting eggs for incubator
  - 7 days
- Incubate eggs
- Raising Broilers
  - 45 days
- Processing one barn
  - 2 days
- Preparing barns for next flock
  - 7 days
- Supply go market
- Make balancing with distributors
- Getting payments