

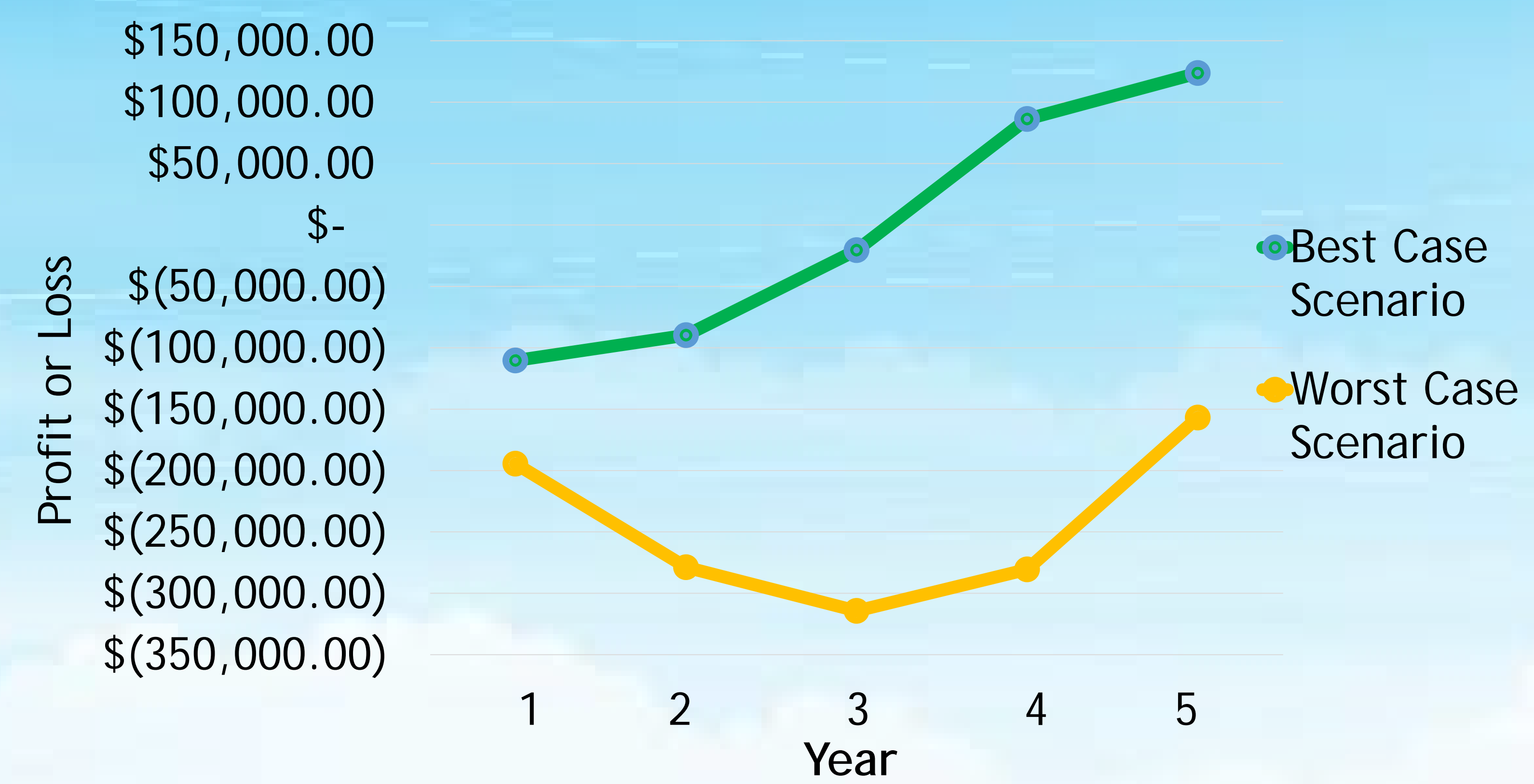
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 Project Sponsors: Dr. Rebecca Dunning & Austin Family Dairy (Yancey County, NC)
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Project Scope

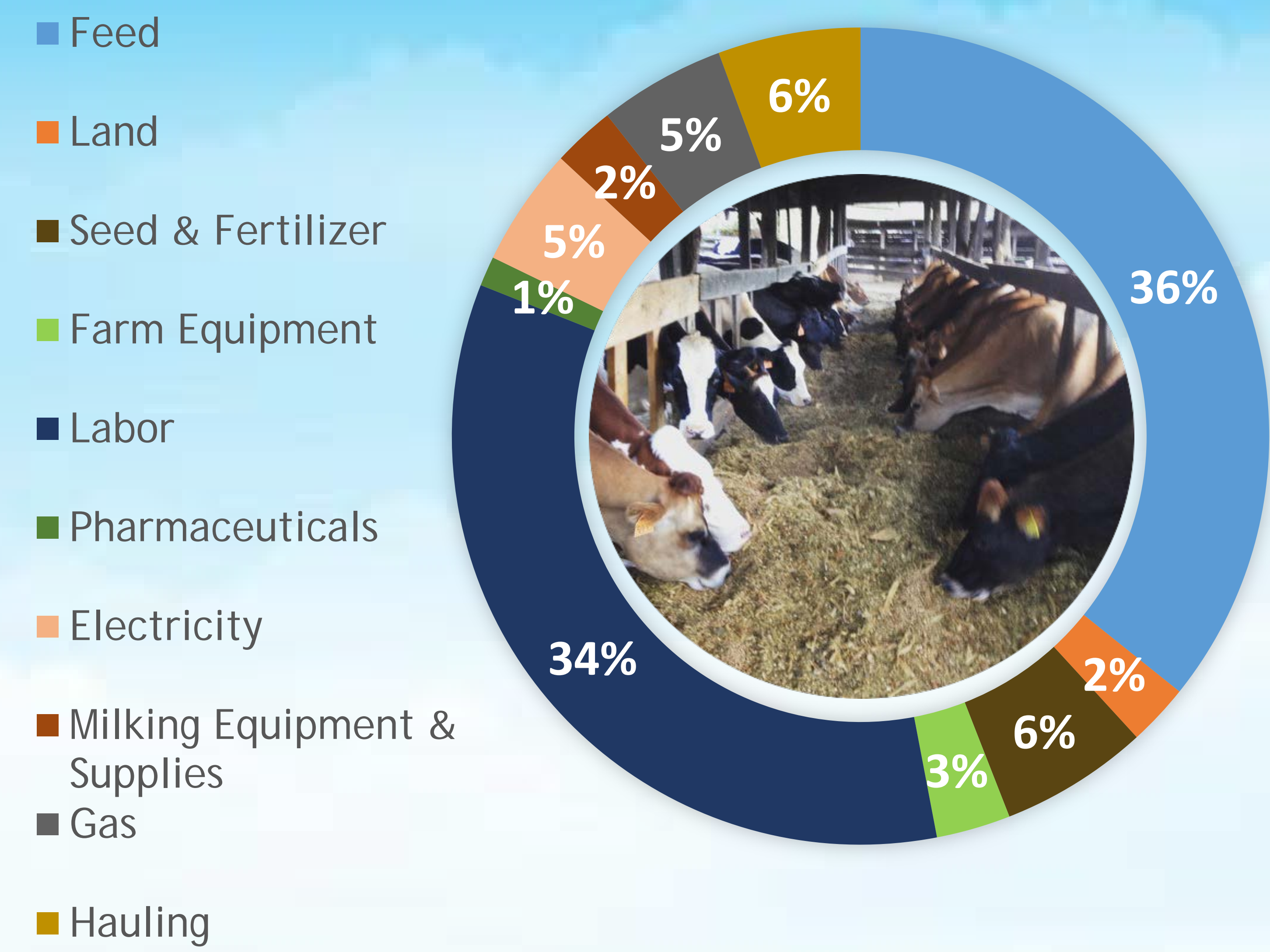
Assess the transition from raw-milk sales to on-farm value-added milk processing for direct sale	Compile data for the client farm including data from the Austin's current operation, start-up costs, future operation costs, and market analysis
Develop a financial model to be used by dairy farmers desiring to make similar transitions in the future	Develop work instruction to facilitate client understanding and use of the model



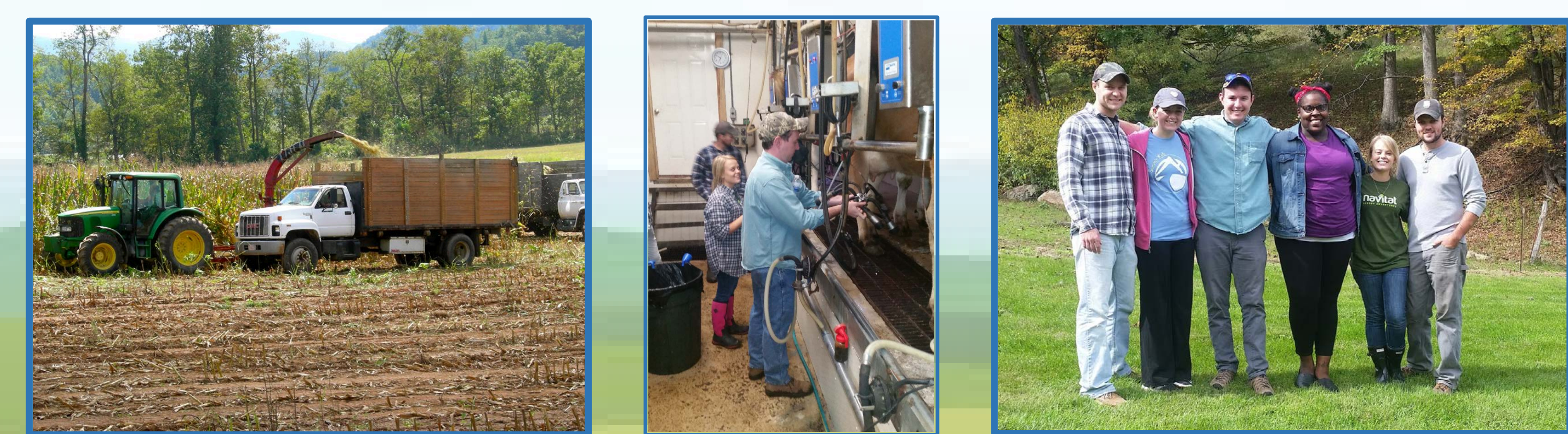
Five Year Profit Projections for Best and Worst Case Scenarios



Austin Family Dairy Areas of Spend



Herd Size Growth Over Five Years



Necessary Equipment	Estimated Cost
Pasteurizer	\$ 21,677.00
Bottle Filler and Capper	\$ 14,539.00
Walk-in Cooler	\$ 5,002.00
Total	\$ 41,218.00
Additional Equipment	Estimated Cost
Bottle Washer	\$ 16,520.00
Refrigerated Trailer	\$ 5,772.33
Total	\$ 22,292.33
Total Equipment Cost	\$ 63,510.33

Average Price Points

Half gallon (whole milk)	\$3.16
Gallon (whole milk)	\$3.69
Half gallon (chocolate milk)	\$2.98

Final Conclusions

Even in the worst case scenario, Austin Family Dairy has the potential to become profitable after five years. If the family desires to make a long term investment in their dairy operation, we recommend transitioning to on-farm value added production of non-homogenized milk.

Map of potential buyers within a 25 mile radius of the farm

