

What Makes an Entrepreneur? A Case of Agripreneur

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Abstract

Mr. Dipak Arvindbhai Bhatt is the son of a marginal farmer, who was compelled to join family business 25 years back in 1994 due to ill health of his father at the cost of his studies. He was concerned about the bread and butter for the family as his business was quite debt drowning. When he joined the business, there was a debt of 1.2 million rupees against the assets of only four cattle and 8 acre (20 bigha) land. But his focused, flexible, and determinant attitude took his business up to a 20 million rupees venture along with 40 cattle and 65 acre (162 bigha) land. This case attempts to demonstrate the traits of entrepreneur, importance of marketing, and development of new market for milk products.

Keywords: Entrepreneur, Dairy Farming, Entrepreneurial Traits, Decision Making, 5Fs, 4Ps

conveys the importance of new-age of entrepreneurs (Bhattacharya, n.d.). Till the end of 2018, Indian startups raised \$12.68 billion in equity funding, in addition to \$1.14 billion in debt funding (Ramachandran, 2019). Entrepreneurship is one of the most important inputs in the economic development of a country and an entrepreneur is the person who identifies the need of the people and come up with the solution and contributes in the development of a country. According to *Business Directory*, "Someone who exercises initiatives by organizing a venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced is known as an entrepreneur." ("Do you know this term?" n.d.). The entrepreneurs are observed as founders, focused, fast, flexible, forever-innovators, flat, frugal, friendly, and fun (Bygrave & Zacharakis, 2011). But, do all kind of entrepreneurs possess same characteristics? This case discusses the characteristics of the entrepreneur.

Disclaimer

This case is written for a classroom discussion and is not intended to illustrate either effective or ineffective characteristics of an agripreneur. The case looks into at agripreneur who has been managing dairy farming and agriculture business since 1994. The authors may have disguised some of the names, events, and financial and other information to protect the identity and confidentiality.

Introduction

The Indian government's funding of Rs. 2,200 crore (\$346 million) in the year of 2017 for the Startup India Program

Literature Review

The rural occupation had contributed a lot in employment generation and entrepreneurship development in India. The dairy farming remained the second best occupation after agriculture in rural India. Thus, entrepreneurial development in dairy farming is very vital from the point of employment generation. The understanding of common entrepreneurial traits of dairy farmer can helpful to policymakers (Sadashive, Pathade, Sawant, Ramesh, & Pordhiya, 2017). To study entrepreneurial traits, 120 dairy farmers were surveyed in Aurangabad and Jalna district of Marathwada region of Maharashtra. The

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motivation to increase income was the first trait followed by innovation, achievement motivation, decision-making ability, and risk-taking capacity (Sadashive et al., 2017). In similar way, 120 dairy farmers of Ahmednagar district of Maharashtra were surveyed to analyze the entrepreneurial behaviour of dairy farmers. The dairy farmers were observed with highest co-ordination ability followed by innovativeness, risk orientation, planning ability, self-confidence, achievement motivation, and decision-making ability, respectively (Avhad*, Kadian, Verma, & Kale, n.d.). The study also found significant relationship between entrepreneurial traits and land owned, herd size, farming pattern, and the milking capacity of herd. These findings were supported by (Prasad et al., 2017). The study of Porchezhiyan, Sudharshan, & Umamageswari (2016) had found common traits in dairy farmers like achievement motivation, cosmopolitanism, self-confidence, innovativeness, decision-making ability, risk orientation, co-ordination ability, and information-seeking behaviour.

This case discussed about the traits observed in Mr. Dipak Bhatt (DB) and application of traits in making dairy farming a successful business.

Methodology of Study

The idea to conduct an interview of an entrepreneur emerged in the MBA classroom during a discussion about dairy farming business and its scope in future. We found that two students' maternal uncles were in the dairy farming. The in-depth interview of an entrepreneur had helped in developing this management case, which focuses on the traits of the entrepreneurs. The in-depth interview was conducted with 40-plus questions under different eight heads (Exhibit 1). The questions regarding idea for the startup, family background, issues faced during joining of business, strategies adopted to manage 4Ms (Men, Material, Money, and Market), strategies to market the milk products, and other relevant questions were answered by DB during the in-depth interview. The in-depth interview took 4 hours to complete. The field visit of dairy farm and agriculture farm was arranged by DB so that we could observe and understand the insights of dairy farming business. To develop this case, the answers were recorded and converted into a story format. Replies from DB are narrated in his words only in Italic style.

Case - Introduction

DB was furiously shouting at his employee over a phone. He was concerned about the complaint from a client regarding late delivery of milk. DB is very particular about the customer satisfaction. For him, the 'Customer is the King'. He ended his conversation and seemingly unaffected, he got himself occupied with the list of order of ghee and cow milk. We found him very clear in what he wants from his employee. DB had joined his father 25 years back in 1994. Their primary business was farming and dairy farming was their secondary business. Ill health of his father compelled DB to drop out of the studies after S.Y. B.A. (Second Year of Bachelor of Arts) and join the family business. In 10 years, he paid off the debt of 1.6 million rupees and had transformed the business into a 20 million rupees venture having 40 cattle and 65 acre (162 bigha) land in Salad, a small town near Vadodara, Gujarat.

DB was inclined to do the dairy farming since the age of 8 year. He was acquainted with the functions of dairy farming like milking, breeding, feeding, and cleaning. During the school vacation, he preferred to visit farms and help his father in dairy farming. After 10th, he did his diploma in dairy science and then joined Bachelor in Arts. But he needed to drop out from the S.Y. B.A and could not complete his graduation. He was compelled to join his family business but was novice in agriculture farming, human resource management, finance management, product management, resources management, and cattle management. He needed to learn lots of things.

<EXT>I left my study because I need to take care of my father, family and business. I learned milking at the early age of 8 years. My father made me learn about dairy farming during my school vacation. I joined the business with a little knowledge about milking the cows and maintaining 'Tabela' (cow-house). But I was not prepared to handle entire business on my own. I needed to learn lot of things. My father induced me to learn all complexities of the business like people management, finance management, cattle management, farming, crop management, land management and networking. The rigorous and disciplined training from my father helped me in facing the challenges.<EXT/>

The entrepreneurs are observed passionate, workaholic, and determinant. They are always ready to fight with

the situation (CP, 2018). DB was trained into every little thing about agriculture farming, man management, money management, and cattle management by his father (Mr. Arvindbhai). It was a time when DB had thought to quit the business because of the rigorous training of his father. But later on, DB had acknowledged his father's contribution in preparing him for the future challenges of business.

<EXT>It was a time when I decided to quit my business and did the job. My father was very harsh with me in managing the business. I was treated like a labour not like a businessman.<EXT/>

DB drove tractor for 12 hours a day during rainy season and managed farming. No major incomes were observed from the agriculture till 2001 because the crop cultivation was totally dependent on monsoon. But due to earthquake in 2001, the groundwater level changed and the water became available for 365 days, which was a turning point of the business. In 2006, due to heavy rain all cotton crops were destroyed but due to his insight of scientific farming he was able to sustain. The availability of water from Narmada Canal network after 2008 made agriculture and dairy farming business more profitable.

<EXT>The God was with us. The devastating earthquake of 2001 proved a blessing for us. After the earthquake, there was a change in underground water level. We started to get water for the irrigation and take three crops during the year. Since 2008 water from Narmada canal made the farming business more profitable.<EXT/>

The common problems faced by dairy farming in India are shortage of feed/fodder, quality breed, lack of education/training and marketing, and pricing of loose milk and milk products ("Challenges Faced By The Indian Dairy Sector," 2018). DB had explored and found that majority of dairy farmers were depositing milk to the co-operative society and not selling to the nearby cities, where people were ready to pay higher prices for the nutritious milk and assured pure ghee. He needed someone in the city who could look after the supply of milk and ghee because the perfect business location is a unique factor, which ensures the probability of higher sales, big market, more customers, and better supply and distribution (tutorialspoint.com, n.d.). Thus, DB advised his brother to settle in Vadodara city and look after the sales of milk and ghee along with the education of children. Then, he started to sell milk

in the city as well as to the cooperative society. But selling milk in the city was challenging. To penetrate the existing market, it is required to attract buyers by offering lower prices. This strategy does not lead to loss for the business. Low price penetration is better than free sample distribution ("6 Different Pricing Strategies," 2018). He started distributing milk samples at lower prices to the residents especially having kids and aged people in their families as cow milk is good for the bones and digestive system. He started getting orders to supply cow milk. The other biggest challenge for DB was regular and timely delivery of milk. He had bought a small truck-tempo to ensure the timely delivery of milk. DB had to wake up at 4:00 am; after worship and meditation, he used to go to cattle farm and make sure that milk van should reach Vadodara twice a day: before 7:00 am in the morning and before 8:00 pm in the evening. DB believed that 'quality speaks'. He started to talk with customers and realized that people did not trust the purity of packaged and branded ghee. The customers were ready to pay higher prices for the quality and purity. Free sample distribution is most successful strategy to enter into existing market and expand the business. It helps in launching your product, pleasing your existing clients, expand market, create brand awareness, and create habit for your product ("Direct Letterbox Marketing," n.d.). He had distributed free sample of cow ghee to the existing customers. The strategy worked and he started to receive orders of ghee.

<EXT>I advised my brother to settle down in Vadodara so that not only he would handle selling of milk but also our children may avail best education in Vadodara. I found it very difficult to win the trust of people but I did advertise of loose milk very strategically. We had distributed the sample of loose cow milk at a lower price to the families having kids and aged people because the cow milk is considered as one of the best nutritious products for the kids and aged people. And that's how we won the trust of people and we got the orders to supply milk. The other challenge for me was to supply the milk before 7:00 am in the morning and 8:00 pm in the evening. Daily, I wake up at 4:00 a.m. and finish worship and meditation by 5:00 am before leaving for cattle farm. I make sure that the milk van should leave the cattle farm before 6:00 am in the morning and 6:00 pm in the evening. In last ten years, there were not more than 50 days when I woke up after 5:00 am. I have researched and found that people are ready to pay high prices for the quality goods. So, gradually we

started to advertise about pure ghee during winter season and surprisingly we were able sell pure ghee at Rs. 600 to Rs. 700, although it was costlier by Rs. 150 to Rs. 300 as compared to other branded Ghee.<EXT/>

“You can’t depend only on your workforce. You need to learn everything,” said DB. If the cows are accustomed to the hand milking and odour of milker (Weaver, 2012) then it becomes very difficult for other person to milk a cow. In this case, if worker/milker is on leave or leaves the job, the milking process becomes very complex. To avoid dependency on workers/milker, DB preferred to milk cow personally on a daily basis. He also used the milking machine so that cows won’t be accustomed with individual hand milking.

<EXT>The cows are used to accustom with the milker so, I prefer to milk cow personally on a rotation basis. So, if my workers (milker) are on leave my business should not suffer.<EXT/>

After ensuring milk delivery, DB checks the cleanliness, food, and water provision for the cattle. DB prefers to talk with people and learn new things. ‘I like to talk with people about farming, dairy farming, fisheries and other businesses. I learned from them,’ said DB. After having lunch at 1 pm, he prefers to have a nap of two hours. At 4 pm, he moves for the inspection of the supply of cattle feed, water, seeds, and fertilizer, farming and men management. In the peak season, he works for 20 hours a day and it becomes very difficult for him to spare time for the lunch or dinner. In off season of April to June, DB prefers to visit different cities to learn about agriculture and dairy farming. He applies his learning and innovative techniques in the business. In last 5 years, the Milk Co-operative society of Salad has awarded him three times for the category of highest milk production. He has been invited to deliver training and expert sessions now and then on dairy farming in the training courses.

The success of dairy farming is based on the efficient management of three functions, i.e., breeding (reproduction), feeding (maintenance), and milking (production) (International Atomic Energy Agency & Joint FAO/IAEA Programme of Nuclear Techniques in Food and Agriculture, 2007). DB purchased Gir, HF, or Hybrid cows from the Dholera and Saurashtra region

because these cows can survive and perform better in a hot environment. Good production of breed and good reproduction are two essential elements for making the dairy farming profitable (“Importance of Artificial Insemination in Dairy Farming — Vikaspedia,” n.d.). The cows should be cared properly with timely food, medication, vaccination, breeding, and freshening (birth of baby cow- calf) (“Cows - Information & Facts on Cows, Bulls & Calves,” n.d.). ‘The pregnant cows are like pregnant women, they should be cared properly,’ said DB. The separate farm has been created to treat pregnant cows well. The milking is stopped before two months of the cow’s delivery, in order to have her calves healthy. After the birth of a calf, it should be allowed to feed mother cow’s milk up-to at least 90 days as it contains antibodies that protect the new calves from diseases.

<EXT>Purchasing a right cow is a skill. You should know how to check the age and health of the cow. I purchase cows from Dholera and Saurashtra (Region of Gujarat State) as they can settle down easily in hot environment. After the purchase of cows, our veterinarian doctor comes for the vaccination and other medications. I am very specific in breeding. I purchase best semen for the best breed. The cows and calves are kept separately as a post pregnancy treatment in the farm so that calves may get love of their mother.<EXT/>

The other important function in dairy farming is feed management. DB has attended many training programs of milk co-operative societies. He has visited dairy farms at Punjab, Haryana, and Rajasthan and learned the recipe to prepare nutritious cattle feed. He had realized the need to manage 50 kg feed per cattle per day; otherwise, it may become costly and non-profitable. DB grows moong bean (Green gram), urad, soyabean, grass, and wheat on his own land. Thus, he can reduce the cost of cattle’s feed and fodder and increase the profit. He also adds cod-liver oil in cattle feed to increase the milk production.

<EXT>I have visited Punjab, Haryana and Rajasthan and learned different techniques and recipes to prepare nutritious feed for the cattle. I believe “The better the food, the better milk production”. The crops of moong, urad, soyabean and grass reduce the cost of cattle feed. I use the dung of cows to produce bio-fertilizer which helps me in getting best fertilizer at the low cost.<EXT/>

DB faced the fund crisis when he had joined business and he realized the importance of money management. The better you are in negotiation and money management, better you perform in the business (“Financial Skills for Entrepreneurs | SkillsYouNeed,” n.d.). In 2004, DB came to know that the house next to his house was for sale. He thought, if he could buy that house then he could expand his dairy farming business and could manage farming and other businesses. He approached the owner of a house, Mr. Ramesh Patel, and expressed his willingness to buy that house. Mr. Patel was ready to sell his house at Rs. 15 lakh. DB had Rs. 10 lakh and he needed to manage remaining Rs. 5 lakh. DB had approached his relatives, co-operative societies, and banks and managed the funds. The house which was very old needed to reconstruct to make it a cow-house. He approached a contractor who had given an estimation of Rs. 4 lakh cost to build a cow-house. He used his savings and managed 3 lakhs and convinced the contractor for a credit of Rs. 1 lakh for 5 months. And a new cow-house was constructed with all features of modern cow-house like light points, speaker-points, automatic water adjustment sensor, drainage system to dispose of urine and dung, store house for the grass, separate room for grass-cutter machine, big underground water tank, and a garage room to keep tractors, milking machines and other tools and spare parts with the capacity of accommodating 120+ cattle. Currently, he funds 75% of his financial requirement from personal savings and 25% from the government’s subsidized loan.

<EXT> I had only Rs. 10 lakh and approached Mr. Ramesh Patel, my neighbour. I put a proposal that I wanted to buy his house for the expansion of dairy farming business. He was ready and our deal was closed at Rs. 15 lakh. I was aware that I needed to manage another Rs. 10 lakh considering the cost of Rs. 5 lakh for the reconstruction of cow-house. It took 3 months but I managed to pay Rs. 5 lakh to Mr. Ramesh Patel and Rs. 4 lakh to the contractor. I convinced the contractor for the credit of Rs. 1 lakh for 5 months. It was quite distressing time for me but I was firm and convinced about my ability to manage money.<EXT/>

‘I surveyed and found the best cows and buffalos. I bargained a lot and succeed in getting cattle in the best price,’ said DB. He bought the cow at average price of Rs. 65,000 and buffalo at the average price of Rs. 75,000. He managed to sale on an average 75 L cow milk and 68 l buffalo milk daily. DB managed to earn Rs. 3.5 Lakh in

recent year from dairy farming only after deducting cost of labour, water, dry grass, and proteins.

The multiple milk products in your product portfolio create a big earning opportunity in dairy farming. DB is satisfied with current business. He has no planning of business expansion. *“I know there is a great market for the cheese, paneer, curd, mattha and other milk products. But I am satisfied with the current business. The expansion of business will require additional efforts in managing money, men and materials,”* Said DB. As concluding remarks, he further said, *“See, I believe that Hard-work + Prayer=Success. I am successful because of hard-work, blessings of God and positive attitude. One can achieve success with self-discipline, good behavior with employee, proper planning, controlling and follow-ups.”*

Questions

- Discuss Mr. DB’s traits as an entrepreneur.
- Critically assess – “Entrepreneurs need to learn everything.”
- Analyze the business strategy considering the 4ps (Product, Price, Place, and Promotion) of marketing.

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Exhibit

The questions were reframed under following heads:

- Questions for the having idea to have this start-up.
- Questions regarding the issues faced during project construction.
- Questions regarding the raw material cost, sources, government incentives, and any other supports.
- Questions regarding the maintenance of the project.
- Questions regarding strategies adopted for the promotion and marketing of milk products.
- Questions regarding the revenue generation from the output.
- Questions regarding the management/leadership issues faced from the starting up to present.
- Questions on any suggestions, recommendations for the new entrepreneurs.