Kakamega, Western Province, Kenya.

Mr. Eric Masinde Sigar entered into mobile milk trade after realizing it was difficult to get employment with his primary school certificate...

He found that among the alternative small enterprises that he could try with only a very small capital outlay, dairy offered a good opportunity to earn a living by selling raw milk ('hawking') despite the fact that he had to contend with Kenya Dairy Board (KDB) inspectors through a game of hide and seek on a daily basis.

Eric started his milk trade in 1996 as a “milk hawker” where he was hawking his milk in Lurambi area, a sub-urban area of Kakamega Municipality in Kakamega district. He initially carried milk from house to house and walked for over 2 kms to sell of about 20 kg of milk daily. He later realized he could sell his milk from road side, thus reducing the tedious workload. Selling milk in a static place at the road side, on the road to Kakamega town from Webuye, however, increased his exposure to the KDB inspectors and he had to keep dashing away any time he spotted them from a distance. He would sometimes lose all the remaining amount of milk, the loss of which would result in a high cost of doing business. Even a loss of half of the total amount of milk handled in a day, i.e. losing 10 kg, meant losing three days profit (he was buying milk at KSh.21 per kg and selling at KSh.25 a kg thereby making about KSh.80, based on selling 20 kg a day).

Reducing losses by befriending the authority

Meanwhile, KDB changed its approach to raw milk sales and decided it could allow the sales provide the trader has a fixed premises (not road side open air premise as Eric was doing) and they worked together to ensure he meets some basic minimum milk handling standards i.e. having a fixed premise and satisfying public health requirement for selling foodstuffs and maintaining some acceptable hygienic milk standards. This resulted in Eric...
establishing a milk kiosk. Due to consumer demand this expanded very quickly to a milk bar.

From his initial 20 kg milk a day at the roadside, he is now selling about 180 kg a day at his 2 outlets (70 kg at the kiosk and 110 kg at the milk bar). He sells his milk fresh and in tea (150 kg) mala (20 kg) and yoghurt (10 kg). He now buys milk at KSh.22 a kg at the premise and sells at KSh.25 for fresh and as tea, KSh.40 for mala and KSh.50 of yoghurt per kg of each.

To help him transform from milk hawking and the roadside selling, KDB progressively trained him through the steps towards improvement. They initially offered him and others training on hygienic milk handling and information on the legal requirements for milk businesses. After he had successfully applied for and obtained a license to sell milk, they embarked on training for milk quality testing and the value of pasteurizing (boiling) his milk before selling to his customers. He recently requested and received training on how to make mala and later also on yoghurt.

Selling milk has made a lot of difference for Eric

Although he had, at the start of his milk trade after dropping of school in 1996, viewed interventions by Public Health and Municipal Council as some of the risks that he was faced with, among other risks such as milk spoilage, fluctuation in milk supply and unpredictable demand, he now appreciates his association with. He acknowledges that the partnership with KDB and the Public Health department of Ministry of Health has helped him improve his business, hence his profitability, which translates to improved life for him. This has given him the confidence start a family because he can afford to look after a family and cater for their needs.

As a sign of improvement, he has also relocated from his parent’s homestead to a reasonably spacious rented house (middle class level) where he can afford to pay the monthly rent.

Other than his personal gain from improved business, Eric has a full time staff of three people (all women) and maintains two transporters who deliver milk to his premises over and above creating an outlet for milk producers. He pays each of the employees KSh.100 a day and he is aware that each of the two middlemen supplying him with milk make on average KSh.150 a day from the milk delivered to his outlets. He also gives himself an allowance of KSh.300 a day as the Manager.

Comparing with what is earned by others of the same cadre within Kakamega, the wage earned from milk business is higher. While alternative jobs are not easily available, the daily labour rate is KSh.50 or KSh.700 to 1,400 a month. The reason he pays salaries above the market rate is to give an incentive for the staff to be honest and trustworthy. He believes he needs trusted employees whom he can rely on to ensure high quality of his products and also reduce the risk of theft by employees. He also believes it is fair for his employee to share the good returns from milk business because they have also contributed to the profitability as the businesses have grown.

How is money earned from his successful milk business spent?

Eric uses the earnings from his dairy enterprise to provide for his family, who he believes he should offer the best in life; expand his dairy enterprise; and invest in building low class rental houses at an inherited plot. His future expansion plans include: improving the pasteurization process (from direct open fire heating to use of steam to boil the milk to reduce costs), install a cooler, start milk packaging, purchase a milk distribution vehicle and expand the milk sales outlets.

Eric believes he is successful in his business. He believes the success is as a result of offering quality milk and products, his diversified products (fresh milk, milk tea, mala, yoghurt) his knowledge of the milk business and his relations with clients and his accumulated experience.

What does Eric think of milk business and his future in it?

To Eric, the advantages of doing dairy business over other alternatives such employment, farming (growing maize) on his parent’s farm, or doing other small scale businesses are that: cash turnover is high (he buys and sells milk the same day, other than the case of mala and yoghurt); continuous supply of milk is almost guaranteed; and the profitability is reasonably high.

His main source of business information as of now is KDB, Public Health officers and his customers. His customers provide information on prices, especially when they think they can get the same products from competitors at lower prices, and quality.

His future plan is to expand the dairy enterprise, by opening new premises in other locations and diversifying to other businesses such as low level rental housing business. But he appreciates that he has to improve and stabilize his current milk business. To him the dairy enterprise has “improved my life and family welfare through better nutrition because we can afford and helps me with people and thus get opportunity to do better”.

Eric’s Milk Bar (expansion)