

FEATURE STORY | NOVEMBER 1, 2018

Nepal: Ice Cream Start-Up Benefits Over 200 Farmers and Reaches 400 Retailers



Prakash Maharjan turned the family dairy business into one of Nepal's top three ice cream brands, with annual revenue of \$700,000

This story is an outcome of infoDev, a multi-donor program administered by the World Bank Group, with a focus on entrepreneurs in developing economies. This piece was originally published on October 5, 2017.

Prakash Maharjan's family had been selling ice cream for over four decades, but unhappy with doing "business as usual," he had grown restless and decided to go solo. In less than a decade, Maharjan has built one of the top three ice cream brands in Nepal, and he now has even bigger plans for the future.

Since 1992, Maharjan had worked in the family business, Kathmandu Dairy. After earning a management degree in the United Kingdom, however, he returned to work with new ideas about how to do things differently. Maharjan wanted to bring in world-class equipment to provide quality products, ensure food safety, and improve management.

Local demand for ice cream had been dramatically rising year after year, and the family business could no longer keep up. The changing lifestyles and bursting population in Nepal's capital fueled the growth of the industry. Maharjan dreamed of expanding ice cream sales not just across the country, but to neighboring countries as well.

In 2009, Maharjan established Shakti Foods, and Martin Ice Cream was born. Shakti Foods has an installed capacity of 10,000 liters of ice cream, completely automated, and is one of the biggest plants in Nepal. Today, Martin Ice Cream earns annual revenue of \$700,000.

Shamila Maharjan, Prakash's wife, manages the finances and several aspects of the company's operations. Currently, they source milk through dairies directly benefiting 200+ farmers. Their robust profit margins have been able to keep their current staff of 50 (including 10 temporary) and suppliers very happy.

Part of their success is due to Maharjan's marketing experience. The brand name they chose, 'Martin', makes many consumers think it is a foreign brand, which they associate with higher quality. Their company also stands out by offering a hygienic product, with a great taste, in a variety of flavors, while maintaining strict quality controls to ensure

compliance with government directive and standards (uncommon in Nepal). Shakti Foods differentiates itself from the competition by providing personalized customer service to its large clientele, maintaining relationships with 15 distributors, with multiple sales points and over 400 retailers.

Due to its seasonal nature and inconsistent supply, sourcing milk has been one of several challenges they've had to overcome. In addition, Shakti Foods has expanded its offering to begin selling produce.

The Nepal Agribusiness Innovation Center has helped the Maharjans open up to mentoring, and act as a trustworthy adviser without any threat to his business operations and secrets. With infoDev's support, the Nepal AIC's guidance has increased the company's cost-efficiency and profitability. During the boot camp, Maharjan hired a more professional plant manager, made other staff changes, and discovered new ways to increase sales. He has greatly valued having a mentor to discuss business challenges, share ideas, and receive unbiased feedback.

Since the boot camp, Maharjan and his team have increased sales by 40% and hired 15 more staff to manage the increased transactions. He feels he can easily increase his sales by 100% next year, add 50 more jobs and product lines. Shakti Foods's workforce is 40% female, and he intends to maintain or increase this ratio as it expands its workforce to over 400.

In the next five years, he's aiming to become one of the biggest dairies in Nepal with Martin brand ice cream spread across the country and in India. Maharjan foresees Shakti Foods as a company run by professionals offering equal opportunity and improved benefits to all.

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