To Go or Not to Go Buffalo: Part B

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It was October 2008 and the van Waart brothers were reviewing their books with their consultant and their accountant. To date they had spent just under $1 million Canadian in the past 6 months on the buffalo herd. 100 of the herd had been imported to Canada and 35 were bred expecting to calve in February and another 25 were due to calve in May or June of the next year. The brothers had attempted to obtain some genetics from India where some of the best breeds of River Buffalo have been bred but to no avail. In response the genetics had been imported from Italy where Arend had attended a world Buffalo conference. The only issue of consternation from the conference was that no one had worked out a cost of production. It seemed that no one cared. This did not make sense to the brothers.

There had been a significant amount of learning by the brothers regarding the animals. The herd had been quarantined, brought into Canada under strict import rules that denied them the ability to sell the meat other than through a federally licensed abattoir, of which there were only 8 in Ontario. Initial overtures had been rejected by all federally licensed abattoirs.

The offspring of the imported animals, being local animals, could be processed in one of the dozens of provincially licensed abattoirs. But that issue was not of immediate concern at the moment. On the way home from the Italian conference Arend and Johanna his wife, had visited family in the Netherlands and been introduced to some farmers that had started raising the animals in the Netherlands. They had in their possession a copy of the European Union Processing Procedures for the animal, all 300 pages of the instructions on how to process the meat. This was hoped to help in the future when it was time to slaughter some of the cull cows and bull calves. Feeding regimens were rudimentary as most European farmers fed the buffalo on pasture, a practice not feasible in Canadian winters. They did have some success during the summer as the herd on average had gained 150 pounds (68 kg.) in only six weeks on a diet of grass and alfalfa pasture, something not experienced with the cattle they were used to milking.

The brothers were facing a new dilemma than selling the meat or the breeding stock or other by-products. The new dilemma was in having 9 dairies competing for the buffalo milk. Three were Italian style dairies, three were south-Asian style dairies and the remaining three dairies were artisanal cheese makers looking to produce mozzarella or ricotta cheeses.

The three artisanal cheese makers were reasonably close to the farm and the remaining six processors were located in the Greater Toronto Area (GTA). The brothers kept looking at their notes from the telephone conversation that had just transpired. The Superior Cheese firm of Toronto, an Italian family business, had committed to taking as much milk as the brothers could supply at any price. They wished to make Mozzarella like back home in Italy. Others dairies were also prepared to take the total production and any more that came available. One of the south Asian dairies wanted the milk to make Paneer, a traditional cheese of India. Another wanted to make Indian Sweets from the buffalo milk rather than using bovine milk.

The brothers were out $1,000,000, but no bank was involved as the rest of the farm had carried all the expenses, and the day of their first sale was still not to be expected till likely March. But with the interest in the milk so high some decisions were needed to keep the peace among the family and make sure that there was a future for venture.

1. Who should they sell the milk to?
2. Why should they sell to one dairy over the others?
3. Should they sell to more than one processor?
4. What do they do or can they do in the meantime?
5. What else should they research till calving time?
6. Considering the amount of money invested in the herd, how much should they charge for the milk?