

Pauline's purpose:

feeding Kenyan school children with nutritious yoghurts



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Milk and dairy products are affordable sources of key nutrients for the vulnerable and can help solve Kenya's nutritional needs, especially those of the country's children. To encourage greater consumption of these products, Pauline Njine Mugendi founded dairy-based brand LactoLife, which has been targeting schoolchildren with nutritious flavoured yoghurts. Pauline, a member of the Scaling Up Nutrition Business Network (SBN), is using her products to address the critical nutrition situation among Kenyan children.

Despite being ranked 34th globally in milk production, with an annual capacity of 5.2 billion litres, an estimated 85% of Kenya's milk is sold raw and unpasteurised through informal market channels. Research shows this kind of milk is 150 times more likely to make consumers sick than pasteurised dairy products. Poor quality, lack of compliance with dairy sector standards, and low farmgate prices have given rise to unhealthy market practices, including milk hawking, the informal selling of raw milk from home to home.

Nevertheless, milk and dairy products are seen as affordable sources of nutrients for the vulnerable, including children, with [one study](#) indicating that schools in Nairobi County that offer milk to schoolchildren have seen an increase in enrolment rates of 55%.

Focusing on fortification

Inspired by the need to streamline milk distribution, processing, and value addition to meet the needs of school children, Pauline Njine Mugendi set up LactoLife Dairy Limited in 2017. The company's primary focus is the production of fortified dairy products through its flagship initiative, the Yoghurt-4-School Programme. This initiative provides children aged 3 to 14 years with nutrient-enhanced yoghurts and tackles milk surplus by buying directly from farmers and cooperatives.

"We are constantly looking at new and innovative ways of fortifying our yoghurts to meet consumer demand."

Pauline Njine Mugendi,
founder, LactoLife Dairy Limited

While working with agricultural cooperatives as a management consultant, Pauline was inspired to start her company after noticing numerous problems in the collection of milk from farmers and other cooperative suppliers and processors. Despite the huge demand for processed milk, poor infrastructure and systems resulted in delays in collection and payments.

Pauline saw an opportunity and decided to seize it. Starting small, she would collect milk from suppliers, take it to processors for pasteurisation (as she did not have the processing machines), and then distribute it locally by targeting operators of milk dispensing machines, known as 'Milk ATMs', which are common in many Nairobi suburbs and retail stores.

On days when she could not sell all the processed milk, she had to take it home as she was unable to send it back to the processors due to their lack of storage. This inspired her to explore ways to add value to the milk through processing. Pauline invested in a freezer and a modest yoghurt maker that produced 50 litres a day, then approached a neighbouring school and sold them the idea of supplying yoghurt for the children.

Measuring success

In 2019, LactoLife moved into full-time yoghurt making, supplying different varieties to 3,000 school-aged children at eight primary schools. The company has scaled operations to employ

seven staff – five men and two women – and invested in modern equipment, including machines that process 1,000 litres of yoghurt per day. Pauline attributes the success of the business to finding a niche in nutrient-enriched yoghurts and cultivating partnerships.

The same year, LactoLife began exploring ways of boosting the nutrient content of the yoghurt. It received technical support from the SBN Kenya partner, the Global Alliance for Improved Nutrition (GAIN), who reviewed the yoghurt's ingredients and evaluated the production processes to identify gaps and recommend areas of improvement through the support of a Kenyan food specialist. GAIN connected the company to an international manufacturer of nutrition products, Royal DSM, which supplied yoghurt recipes and vitamin premix to enable the fortification of the yoghurt with micronutrients. As a result, in 2020 LactoLife was able to launch the YooMix NUTRI yoghurt range, which includes vitamin- and mineral-enriched yoghurts, probiotic yoghurts, and fruit yoghurts.

The YooMix NUTRI vitamin- and mineral-enriched yoghurt contains vitamins, iron, and zinc, which are vital for growth and development and therefore critical for the target market – children. The probiotic yoghurts also contain a blend of probiotic strains that are beneficial for the immune system, digestion, and gut health, while YooMix NUTRI fruit yoghurts contain real fruit and come in mango, pineapple, and tropical fruit mix flavours.

Lactolife has also received training on business planning and market development strategy from GAIN, which enabled the company to draft a five-year business plan focusing on scaling through increasing the number of pasteurising and processing machines and targeting more markets.

“The partnership [with GAIN] pointed us to a unique business strategy of adding value to our yoghurt and introducing more niche products



to our target market of schools. As a result of having different varieties and types of yoghurt, we have seen orders from schools grow as children now have numerous choices, which has translated into more sales. We are also constantly looking at new and innovative ways of fortifying our yoghurts to meet consumer demand,” Pauline adds.

The resilience journey

However, the development of the business has not all been smooth sailing. Following the outbreak of COVID-19 in early 2020 and the subsequent closure of schools, LactoLife had to close. Pauline recalls that these closures happened days before they could deliver huge orders that had been placed.

Having started the business with her savings, Pauline has also struggled to access additional finance, and prohibitive requirements by financial institutions, such as collateral and having an established profitable business, put the brakes on her expansion plans. To overcome this, she is looking at other funding sources, including the government-sponsored Women Enterprise Fund and investors.

Pauline also cites compliance with government requirements, such as taxation and sector regulations, as a major challenge, with requirements from numerous regulatory bodies – including the Kenya Bureau of Standards, Kenya Dairy Board, Kenya Revenue Authority, and the County Government – taking a toll on her business. This challenge exists for many start-ups due to the long processes and financing involved in achieving compliance. Although small- and medium-sized enterprises (SMEs) in Kenya constitute over 90% of all registered businesses, create 80% of total employment, and contribute 30% of the country's GDP, they continue to face numerous challenges – including lack of credit, poor infrastructure and markets, and punitive policies. These difficult conditions contribute to the closure of 46% of small businesses within the first year of launching.

Pauline highlights the power of networks as a resource she has come to value in overcoming these odds. She belongs to many member organisations, including SBN Kenya, the Kenya Association of Manufacturers, and the Kenya Private Sector Alliance, which she says have exposed her to important lessons and information on running her business – such as alternative ways of accessing financing through loans from women's groups and saving schemes that do not have strict credit requirements.

"I believe in the power of creating relationships, something I have learnt in the business. When

COVID struck and we had to halt operations, I reached out to networks I had built and learned from them on how to move forward. The invaluable lessons I have learnt, like diversifying my products, inspired me to rethink my business strategy and increase my clientele base while expanding my business offerings. I have also learnt to connect to regulators, and they have been helpful in guiding my business on compliance," adds Pauline.

She advises other female entrepreneurs to work on understanding their businesses, remaining true to their customers, and learning to adapt to challenging times while remaining resilient and assertive, especially in male-dominated industries.

Striding into the future

With the school programme having recovered well after the pandemic-induced decline, Pauline wants to scale the project to other schools across the country. She also intends to introduce her safe, affordable, and nutritious yoghurts to low-income populations that remain underserved with nutritious foods.

As demand for milk processing services from traders and small cooperatives grows due to the lack of processing equipment, LactoLife is also set to start offering the service on a contractual basis and has already begun a pilot project with three cooperatives.



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