

# Healthy growth of values-based organic food chains

## Managing major challenges of expansion: Business strategies and instruments ensuring the maintenance of core organic values and consumers' trust

Workshop organised by the HealthyGrowth team of HNEE Eberswalde

Biofach Science Forum, Wednesday, 11.02.2015, Room Prag, 14.00 - 15.30h

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# Overview



- 1) Business strategies and instruments – first results from HealthyGrowth case studies  
CoreOrganic II project  
“HealthyGrowth – From Niche to Volume with Integrity and Trust”
- 2) Presentation of organic businesses and cooperatives
- 3) Panel discussion
- 4) Conclusion and outlook

# Speakers and panellists



- Anna Maria Häring: HealthyGrowth team ,Business logic‘, Eberswalde University for Sustainable Development, Policy and Markets for the Agri-Food-Sector, Germany
- Johan Ununger: Organic mill and bakery, Saltå Kvarn AB, Schweden
- Gyula Németh: Organic fruit production, processing and export, Organic Kingdom Ltd, Hungary (unavailable)
- Björn Rasmus: Alpine organic food production and marketing, marketing label „BioVomBerg“, BioAlpin eGen, Austria
- Klaus Lorenzen, Producer-Consumer-Community with local label Regional!, Landwege e.G., Germany
- Hosted by Susanne von Münchhausen, HNEE, Germany



# Introduction: Managing growth



- **Typical for businesses and initiatives: Strategy** development during growth process – with sometimes changes/adjustments of strategies over time
- Management **instruments** – maintaining distinct values adapted to the chain and the type of product
- **Volumes** of high-quality organic products require: differentiation, niche-markets, pricing policy
- Always of high relevance:
  - information, transparency, **communication (internally and between chain partners)**
  - Know-how, knowledge exchange, training, **learning**
  - **Cooperation** between chain partners - trust

# Speakers key topics

- Anna Häring gave a brief introduction into the topic. She presented first results from an international research project. This quick overview was based on the case studies of the Core Organic II “HealthyGrowth – From Niche to Volume with Integrity and Trust” (see extra document)
- In preparation of the workshop, the team discussed specific management areas which are of particular interest for each business. All speakers focused on one wider area. That does not mean the other management areas or development issues were not important.
- Gyula Nemeth did not participate. He would have been the representative of a small farmer and organic pioneer in his rural area or eastern Hungary. His farm and fruit business grew significantly over the last years. The business has build a variety of facilities (delivery, storage, processing) and plans to further invest and expand. Many small fruit growers turned into organic and supply to Organic Kingdom. The family business became a “role model in the area and encouraged many small farmers to produce organic fruit.

# Speakers contd.

The three managers from organic food businesses present briefly their cooperatives and companies:

- Salta Kvarn is a processor – an intermediate in the food chain between grain farmers and retailers. The mill and bakery is facing a very typical challenge: in a sandwich position between farmers and very strong business customers.
- BioVomBerg is a label, a regional brand. Around 100 products are sold under this alpine brand, so there must be on-going dynamic with good-seller, weaker products, new ideas, new products, new partners etc. The cooperative BioAlpin manages to define together with farmers and the retailer the ‘right’ products for the particular niche in the market.
- Landwege has an own brand as well. Local products come from around the city of Lübeck and are sold in 5 Landwege supermarkets. Staffing and personnel management always was a challenge during expansion. However, Landwege manages to maintain the know-how about organic production and about Landwege ideas and values with training schemes and an excellent internal communication?



Photo: Ulla Bertelsen, ICROFS, DK

# Discussion

Communication internally and between producers, processors and wholesalers and retail businesses – is a core issue for all presented businesses. All managed the communication of quality, local production, old varieties, traditional recipes etc. by a close connection to primary producers at the one side and retail partners on the other side.

- Salto Kvarn: “We have a long term relationship with the retailer. He likes our products and our brand because they represent a certain image. However, we always have to argue during price negotiations. We as organic enterprise have to always be a bit better and think more ahead than mainstream food producers and wholesalers.”
- BioVomBerg: “We need to connect with so many partners upstream and downstream. Each product is different and the requirements of involved producers or sales businesses vary. It’s an ongoing trial-and-error. We have failure too. I don’t have a problem to talk about it. That’s normal, we learn from it.”
- Landwege: “We try to keep in contact with our consumers members and try to explain why organic products might be different from other fruit or vegetables. That is not always easy. Farmers and consumers not always speak the same language but we offer opportunities to get in contact with each other.”



# Discussion with the audience

- All three panellists were interested in having institutional customers. They already have them, and they are very hard trying to get more. The price focused attitude of the institutional customers appears to be the main hindrance (not availability, large enough volumes and choice of suitable products like in Finland)
- Björn pointed out that the policy sector is very slow and reluctant to proactively promote the organic sector. The change towards more sustainable consumption requires a lot from the actors of organic sector, consumers are also rather price-conscious.
- Johan was worried about losing the identity with the expected rush of “the big organic” into the markets via large retail chains.

# Outlook of panellists

- In the last round, everybody had the opportunity to step back for a moment and reflect on “what might be coming in the future”. What are the major challenges?
- Johann: “Many things became easier than in the past, we hope that the marketing of organic food will be even better in the future with more understanding from the business partners”
- Klaus: “Involving the younger generation – as employees and as consumers – some things might change with the next generation.”
- Björn: “Combining the needs of small-scale mountain farming with the requirements of retailers and consumers is a constant flow of trial-and-error. However, we realise the wish to maintain traditional alpine food production – so we are hoping the best for the future.”

# Outlook for HealthyGrowth project



- 17.-19.3.2015 Wissenschaftstagung ökologischer Landbau, Eberswalde, Germany
- International conferences such as FAO Workshop at AGRIMBA Network Congress, Porec, Croatia, 17/06/2015-18/06/2015; European Rural Sociology ESRS Conference, Aberdeen, UK, 18/08/2015-21/08/2015
- Organic fairs, autumn 2015: Departement Drome (France), Malmo (Sweden)
- Final conferences: Berlin, Brussels (winter 2015/2016)

# HealthyGrowth Project



For more information:  
[www.coreorganic2/healthygrowth](http://www.coreorganic2/healthygrowth)

