



## **Assessment Study**

### **Wholesale distribution of women's processed food products**

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## SUMMARY

Kosovo households have a long-standing tradition of conserving foods derived from horticultural crops for year-round home consumption. This tradition grew out of necessity, as local produce was unavailable during long harsh winters. Households came to rely on their own pickled vegetables and preserved fruits during the winter months. As a result of this tradition, the population developed a specific taste for these “homemade processed foods.”<sup>1</sup> Since the 1999 war ended, however, Kosovo households have done less of their own pickling and preserving and been purchasing more commercial products. The local market has become dominated by industrially produced foods, which satisfy a demand for quantity but not for quality and taste. Nostalgia for the taste of homemade processed foods has generated a niche demand in the local market and encouraged groups of women to start producing and selling their own homemade products.

As the number of women producing homemade processed foods has increased, so too have opportunities for marketing and distributing these products. Ola Sylja, the manager of the women’s association “Drita e Krushes,” recognized a business opportunity and began encouraging women who made pickled peppers (also called “pickles”) and ajvar relish at home to sell these items on the local market. Ola began by selling small quantities until her business grew to direct retail sales of approximately 6 tonnes annually by the 2007/08 season.<sup>2</sup> A new business model, supported by HPK-Intercooperation (hereinafter HPK)<sup>3</sup>, which involved establishing a sales point emphasising wholesale marketing, was set up in time for the 2008/09 season, during which Ola sold around 30 tonnes<sup>4</sup> of pickles and ajvar. Sales for the current 2009/10 season are expected to reach 45 tonnes<sup>5</sup> of pickles and ajvar.

“Ola Enterprise” has distinguished itself from industry competitors by following a differentiation marketing strategy, that is, by securing a special sales location and offering specially designed products that remind consumers of their grandmothers’ recipes. The strategy follows best marketing practices, with emphasis on excellent customer service, a broad selection of quality inventory, and exceptional sales service. It also involves a plan to move gradually from retail to wholesale, which will have the added benefit of improving the economic prospects of the rural women who produce these homemade foods.

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<sup>1</sup> The term “homemade processed foods” in this report refers mainly to pickled peppers, ajvar, and preserved fruits, but includes other foods such as cheese, honey, and beans.

<sup>2</sup> A season lasts from September of one year through August of the following year, from harvesting and processing of fruits and vegetables to sales of the processed foods.

<sup>3</sup> Horticultural Promotion in Kosovo (HPK), a project which promotes the development of the horticultural sector in Kosovo, is financed by the Swiss and Danish governments and managed by Intercooperation, a Swiss not-for-profit foundation for development and international cooperation.

<sup>4</sup> 30 tonnes were sold by Ola Enterprise, while around 15 tonnes were sold by the involved women processors directly to consumers.

<sup>5</sup> 45 tonnes are expected to be sold by Ola Enterprise, while an additional 20 tonnes are expected to be sold by women processors directly to consumers.

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## 1. Introduction

Women in Kosovo households have traditionally conserved a wide range of fresh fruits and vegetables for home consumption. Homemade pickles and preserves are mainly prepared in autumn (usually in September) and consumed through May of the following year. Pickled vegetable products are particularly well known to consumers in Kosovo and are used widely in Kosovo cuisine. The commercial demand for processed vegetables, however, is met by imported industrial production rather than local household production.

Women from the village Krusha e Madhe<sup>6</sup> organised and became the first group of women to sell homemade processed foods. These women inspired other groups of women to sell their own homemade processed foods, enhancing their quality of life as they earned their own incomes. Despite the commercial marketing barrier these women experienced, their access to the market improved their economic and social status inside and outside of their homes.

The women's association "Drita e Krushes"<sup>7</sup>, led by Ola Syla, has been making and selling homemade pickled vegetables, ajvar relish, fruit preserves, and other products since 2003. Ola managed to organise women and sell their homemade processed products to different retail and wholesale outlets via direct marketing. Gradually, women from other regions of Kosovo became interested in selling homemade processed foods. Ola Syla has trained over 200 women in the preparation of commercially marketable homemade products and her work has resulted in considerable profits for the women who produce and sell these goods as well as a wide network of loyal customers.

Despite Ola's assistance, however, the business acumen of these women processors remains weak. They continue to rely on Ola for basic supplies like jars and labels, and have not developed their own business skills. To address this problem, HPK decided to establish and promote a homemade processed foods business that could serve as a model for the groups of women who sell these products locally. HPK aimed to address the difficulties these women were facing in expanding their sales and establishing profitable businesses that did not rely on Ola's, or other donor's, contributions. HPK planned to focus on establishing a respected brand by improving product quality and consistency while introducing new product varieties.

After a competitive selection process, HPK chose to set up the model business with Ola Syla, and subsequently helped her develop a business plan. The plan addressed factors such as the number of potential women and women's groups needed to supply the wholesale outlet, potential products and potential volume of products over a five-year period, and the size and characteristics of the existing retail sales of the products under consideration. The first priority was to increase awareness about the products and motivate consumers to try them.

In August 2008, HPK helped Ola Syla start an enterprise for marketing homemade processed foods based on the business model it developed. HPK offered Ola co-financing, contributing

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<sup>6</sup> 80% of women from Krusha e Madhe were widowed during the 1999 war.

<sup>7</sup> Registered in 2001, the association was initially engaged in non-for-profit initiatives aimed at empowering women.

mainly to equipment and development costs, such as training. HPK contributed €13,172.00, while Ola financed the operational costs with €10,720.00. This marketing outlet, called “Ola Enterprise,” was located in Pristina and dealt exclusively in homemade processed foods, mainly pickled peppers and ajvar, made by a network of women from different regions of Kosovo. Its competitors were local and regional processing companies; “Ola Enterprise,” however, had an exclusive product.

The purpose of this study was to assess the performance to date of “Ola Enterprise” and to recommend future steps. The main task was to analyze how the enterprise worked in practice, as compared to the business model HPK developed in 2008. In addition, the assessment examined the roles played by the “women processors” themselves, including the extent to which they expanded their small-scale processing industry, their patterns of decision-making and income control, and their interaction with outside actors. Thus, the study also provides information about the overall situation of women involved in domestic food processing.

Specifically, the assessment’s goals were to:

- Measure the degree of success of the business model in practise;
- Determine any constraints on marketing women’s homemade processed foods in Kosovo;
- Describe the relationship between Ola’s wholesale centre and the home-based women processors;
- Estimate possible expansion by comparing the current profit/loss statement with the factors needed to expand sales (i.e. if more women are involved, new products are introduced, quality is improved, etc.), possibly to more supermarkets;
- Review the market assessment previously done by Ola (including consumers’ preferences in the existing products for sale);
- Propose alternate options for further development of the business;
- Review the investment and marketing plan for the recommended options;
- Make suggestions for future development of small/medium scale processing industry and expansion based on financial assessment

## 2. Impact on the Women Involved in Processing

Homemade processed foods have sold well on the local market, which has seen an increased demand and a better relationship between suppliers and sellers. Women processors have benefited not only by selling through “Ola Enterprise,” but also by selling directly to consumers. The different Kosovo women’s groups involved in processing are as below:

**Table 1-2. List of women’s groups involved in homemade processing (pickles and ajvar)**

	Organization/ Women’s groups	Place	Representative	No. of women	Initial Year of involvement
1	Drita e Krushes	Krusha e Madhe	Vaxhide Dina	75	2003
3	Grate fermere	Krusha e Vogel	Kimete Hoti	30	2007
4	Ruka Ruci	Uglare - Fushe Kosove	Snezana Stanojevic	20	2008
5	Luna	Prilluzhe - Vushtri	Lavorka Slavic	18	2008
6	Kalabria	Prishtine	Sevdije Rukovci	12	2009
7	Violete	Barileva	Bedrije Shala	9	2009
8	Freskia	Babaj i Bokes - Gjakove	Shkurte Rrustemi	5	2007
	Total:			169	

The information in the table above was compiled from several sources. Much came from Ola Sylva herself. Some of the above groups were present at the organised round tables, while others were verified by group representatives or representatives from donor agencies. The table shows that more groups of women have become involved in homemade processed food production since 2003, when only the “Drita e Krushes” group was operational.

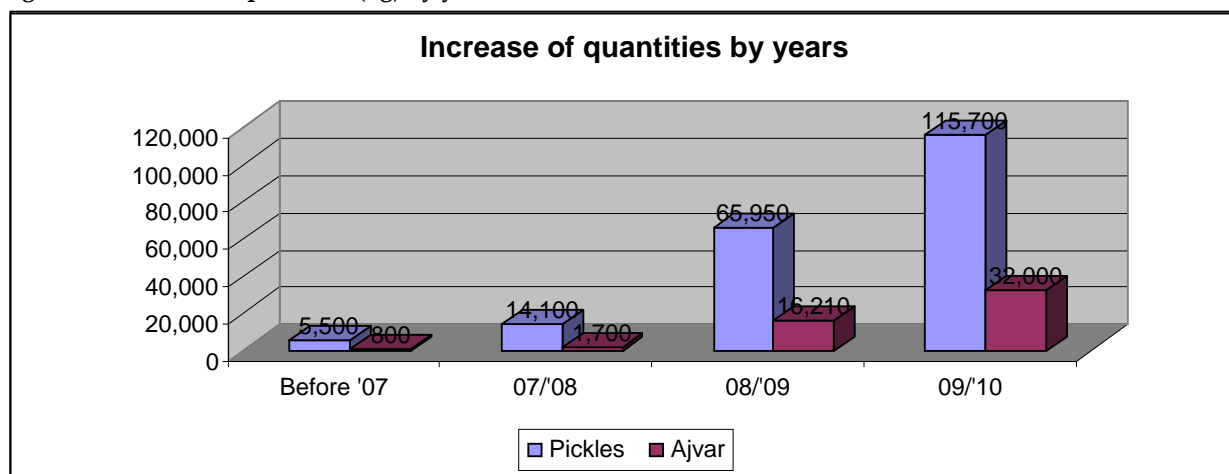
The numbers of women-produced homemade processed foods in the local market have increased continuously since 2007. The increasing coefficient is calculated at 4.67 for pickles and 9.53 for ajvar over the last two seasons (2007/08 – 2008/09). The table below shows the increases in production over those two seasons for each of the groups of women listed above. The numbers include those products sold through “Ola Enterprise” as well as those sold to consumers directly by the women (i.e. at their farm gate). The types of products sold were mainly pickled peppers and ajvar. The largest producer, the “Drita e Krushes” group, produced 41,100 kg of pickles in 2008, of which 27,100 kg (or 66%) were sold through Ola Enterprise.

**Table 2-2 Annual production quantities (in kg)**

Group	Item	Highest annual qty before '07/'08	Qty '07/'08	Qty '08/'09	Planned Qty '09/'10
Drita e Krushes	Pickles	5,500	8,500	41,100	60,000
	Ajvar	800	1,500	3,100	4,500
Grate fermere	Pickles	0	800	10,000	20,000
	Ajvar	0	200	8,000	16,000
Ruka Ruci	Pickles	0	0	4,000	8,000
	Ajvar	0	0	2,000	4,000
Luna	Pickles	0	0	300	600
	Ajvar	0	0	1,500	3,000
Kalabria	Pickles	0	0	1,050	1,100
	Ajvar	0	0	500	2,000
Violete	Pickles	0	0	3,500	18,000
	Ajvar	0	0	1,100	2,500
Freskia	Pickles	0	4,000	6,000	8,000
	Ajvar	0	0	0	0

The increase in production quantities for pickles and ajvar for the last two seasons (2007/08 – 2008/09) reflects planning for the next season (2009/10), for which a sales increase of approximately 57% is expected for these products.

**Figure 1-2 Increase of quantities (kg) by years**



Given that all of the available homemade processed food products were sold in the 2008/09 season, it is clear that local market demand was not met. This was due to the limited production capacity of the women processors. The sales success motivated the women processors to produce a larger supply for 2009/10 season. This applies not only to the “Drita e Krushes” group, which had the advantage of more experience and better-known products, but also to the other women processors who entered into the market later. These women also decided to double, or even triple, their supply for 2009/10. The Pristina wholesale point contributed to

increased sales overall, not just with sales from the Pristina site itself, but also with increased direct sales from processing points.

### **3. Business Model in Practice**

The degree of success of the business model is due in large part to the management practices of “Ola Enterprise,” which was responsible for identifying, anticipating, and satisfying customer demands. “Ola Enterprise” also played a significant role in both the marketing and quality control of homemade products. HPK supported this start-up business in order to give domestic processing a better position in the market. The plan was to sell homemade products exclusively through a Pristina wholesale outlet. In reality, however, the balance of wholesale to retail sales for the first year was 25%:75%. “Ola Enterprise” ended up being a combination wholesale and retail store.

Overall, the business model HPK developed for “Ola Enterprise” succeeded in:

- Establishing a profitable business for both “Ola Enterprise” and the women processors;
- Added value to homemade products;
- Increasing the number of women who have access to the market;
- Training women in commercial processing;
- Expanding the customer base for homemade food products in Kosovo; and
- Facilitating further development for marketable products;

“Ola Enterprise” still experienced some problems with:

- Price competition with imported products;
- Food safety and quality control;
- Product standardisation and uniformity; and
- Increasing overall supply to the market;

#### **3.1 Building the Supplier Base**

“Ola Enterprise” started with significant assets: trusted social connections and expertise in homemade preserving practices (particularly with respect to pickled peppers and ajvar relish). In September 2008, “Ola Enterprise” began establishing direct links with processors (groups of women and individual women processors). Ola has been providing training in processing, storing, and packaging to all of the women suppliers. For the “Drita e Krushes” group, Ola also contributed the necessary jars and labels, deducting the cost from the women’s profits.

The “Drita e Krushes” women’s group was the core supplier for “Ola Enterprise” and accounted for 89% of sales. Production from this group increased as a result of the new business model. In addition, the group started to specialise in one product, pickles (turshi).



The other women processors supplied Ola with various types of products. The product portfolio offered by the various women contained 34 products from fourteen groups from both the Albanian and Serbian communities. Of all the goods sold, the most significant products were pickled peppers and ajvar, which made up 86% of total sales for the September 2008 – August 2009 period. “Ola Enterprise” also sold other products, including jams, honey, cheese, fresh onions, garlic, and red chilli peppers, in order to maintain and further develop the client base.

“Ola Enterprise’s” purchases (from suppliers) and sales (to customers) are shown in the table below (Table 1.3). Here the usefulness of the business model is evident. The gross profit of “Ola Enterprise” was €25,749.00, for the September 2008 – August 2009 period. The women suppliers achieved a turnover of €47,685.00 with a net profit of €15,895.00, while “Ola enterprise” achieved a turnover of €73,434.00 with a net profit of €4,515.00.

**Table 1-3. Purchases and sales of "Ola Enterprise" for the period from September 2008 to August 2009**

PURCHASES AND SALES - "Ola Enterprise" September 2008 - August 2009										
No	Item	Type	Unit	Qty	Price purchased (€)	Total purchased (€)	Price/sold (€)	Total sold (€)	Gross profit (€)	Supplier
1	Pickles	Peppers with milk	3kg	1550	4.00	6,200.00	6.00	9,300.00	3,100.00	Krushe
2	Pickles	Peppers with milk	10 kg	330	14.00	4,620.00	20.00	6,600.00	1,980.00	Krushe
3	Pickles	Pepper in water	3kg	5000	3.00	15,000.00	5.00	25,000.00	10,000.00	Krushe
4	Pickles	Pepper in water	10 kg	200	10.00	2,000.00	16.00	3,200.00	1,200.00	Krushe
5	Pickles	Pepper in water	30 kg	50	30.00	1,500.00	40.00	2,000.00	500.00	Krushe
6	Pickles	Pepper in water	100 kg	20	100.00	2,000.00	120.00	2,400.00	400.00	Krushe
7	Pickles	Cabbage	kg	1000	0.50	500.00	1.00	1,000.00	500.00	Krushe
8	Pickles	Grape leaves	0.8 kg	200	1.00	200.00	2.00	400.00	200.00	Krushe e vogel
9	Ajvar	Peeled	3 kg	670	11.00	7,370.00	15.00	10,050.00	2,680.00	Krusha
10	Jam	0.5 kg	pcs	100	1.00	100.00	1.90	190.00	90.00	Freskia - Babaj Bokes
11	Jam	0.8 kg	pcs	200	1.00	200.00	2.50	500.00	300.00	Krusha e vogel
12	Jam	0.8 kg	pcs	180	1.00	180.00	2.80	504.00	324.00	Krusha e vogel
13	Honey	5 types	kg	200	8.00	1,600.00	10.00	2,000.00	400.00	Istog
14	Tea (tubes)	10 types	tube	300	0.50	150.00	1.00	300.00	150.00	Dubrave
15	Tea (bags)	100 gr	pack	100	0.40	40.00	0.80	80.00	40.00	Dubrave
16	Culinary herbs	100 gr	pack	200	0.25	50.00	0.50	100.00	50.00	Dubrave
17	Onion	splice	pcs	200	0.90	180.00	2.00	400.00	220.00	Rahovec

No	Item	Type	Unit	Qty	Price/ Purchased (€)	Total Purchased (€)	Price/ Sold (€)	Total sold (€)	Gross profit (€)	Supplier
18	Garlic	splice	pcs	100	1.20	120.00	2.50	250.00	130.00	Rahovec
19	Dried chilli peppers	splice	pcs	70	1.00	70.00	2.50	175.00	105.00	Krushe
20	Cheese	Sharri	3kg	50	9.00	450.00	12.00	600.00	150.00	Krushe
21	Cheese	Soft	kg	200	3.00	600.00	4.80	960.00	360.00	Krushe
22	Beans	Mulliqi	kg	1000	1.70	1,700.00	2.50	2,500.00	800.00	Krushe
23	Flour	Maize	kg	250	0.40	100.00	0.80	200.00	100.00	Radavc i Pejes prej mullirit te gurit
24	Flour	Rye	kg	100	0.50	50.00	1.00	100.00	50.00	Radavc i Pejes prej mullirit te gurit
25	Flour	Wheat-black	kg	150	0.50	75.00	1.00	150.00	75.00	Radavc i Pejes prej mullirit te gurit
26	Pickles	Peppers with oil	2.5 kg	150	4.00	600.00	7.50	1,125.00	525.00	Uglare
27	Pickles	Peppers with oil	2.5 kg	50	4.00	200.00	7.50	375.00	175.00	Prilluzhe
28	Pickles	Mixed salad	0.8 kg	100	1.00	100.00	2.00	200.00	100.00	Prilluzhe
29	Pickles	Grape leaves	0.8 kg	100	1.00	100.00	2.00	200.00	100.00	Uglare
30	Tomato salad	Bottle	1 lit	100	1.00	100.00	3.00	300.00	200.00	Uglare
31	Ajvar	un-peeled	0.8 kg	150	2.50	375.00	3.50	525.00	150.00	Uglare
32	Ajvar	un-peeled	0.8 kg	50	2.50	125.00	3.50	175.00	50.00	Prilluzhe
33	Dried chilli peppers	splice	pcs	30	1.00	30.00	2.50	75.00	45.00	Prilluzhe
34	Bedding plants	different	lump sum	1	1000.00	1,000.00	1,500.00	1,500.00	500.00	Different
	<b>TOTAL</b>					<b>47,685.00</b>		<b>73,434.00</b>	<b>25,749.00</b>	

### 3.2 Main Capabilities and Value Configuration

Although it was difficult to coordinate the market supply and demand for “Ola Enterprise,” it is worth noting that customers remained interested in the products and regularly bought what was offered for sale. Prior to the existence of “Ola Enterprise,” Ola was forced to rely on what her suppliers had to offer, but with “Ola Enterprise” she was able to define and set standards with respect to quantity, quality, and price. Special attention was paid to developing uniform standards for quality and hygiene. These new standards resulted in increased trust amongst customers and, in turn, increased demand.

The quality issue still needs further refinement. To this end, “Ola Enterprise” has developed clear standards for the 2009/10 season, known as “Ola’s Standards,” which suppliers are obliged to abide. All potential suppliers have been informed that their products must meet these standards in order to remain on the shelves. “Ola Enterprise” will only purchase the best products made by each group. The products “Ola Enterprise” chooses to purchase will depend on the skill of the processors and the quality of the products, which Ola herself will test. In this way, “Ola Enterprise” will expand its network, increase its profit, and in turn increase profits for the women processors.

### 3.3 Customer Base Development

“Ola Enterprise” is a marketing-oriented enterprise; the needs of the customers drive its production and marketing activities. For homemade processed products, the assumption is that customers are not necessarily driven by price but are instead looking for a product that best fits their needs. “Ola Enterprise,” therefore, has worked to define those needs and then develop and offer products that meet them. Its philosophy is simply to match products and services to customers needs. Despite problems with consistency and quality, Ola managed to sell every product in the outlet. Demand is increasing still and, by Ola’s estimation, will double next year.

Ola obviously considers her customers vital to the continued success of the enterprise. Therefore, Ola worked to locate customers, find out what they wanted, and deliver the products to them. “Ola Enterprise’s” main customers are individuals and families with high disposable incomes and no time to spend preparing their own pickles and preserves. Other key customers are restaurants and qebaptors (kebab restaurants).

The idea behind “Ola Enterprise” was that it would operate as wholesale centre, but in fact, most sales were to individual customers. Only 25% of the products sold in the 2008/09 season were sold to restaurants. The table below shows the types of customers to which “Ola Enterprise” sold and indicates a trend in the wholesale direction.

**Table 2-3 Customers types and volumes (in kg)**

No	Customers	Type	Qty (2007/08)	Qty (2008/09)	Trends (2009/10)
1	Toskana	Wholesale	300	1,000	1,800
2	Edi I	Wholesale	400	800	1,500
3	Edi II	Wholesale	300	700	1,300
4	Ariu	Wholesale	300	700	1,300
5	Tiffany	Wholesale	0	800	1,500
6	De Rada	Wholesale	0	500	1,000
7	Roni	Wholesale	0	400	1,000
8	Cafe 7	Wholesale	0	400	1,000
9	Qebaptore	Wholesale	1200	1,500	2,100
10	Individuals	Retail	6,000	20,300	24,000
	<b>Proportion</b>	<b>Wholesale:Retail</b>	<b>30 : 70</b>	<b>25 : 75</b>	<b>35 : 65</b>

During the first year of operation, September 2008 – August 2009, “Ola Enterprise” focused mainly on Pristina as a primary market. Although there is demand in other regions of Kosovo, “Ola Enterprise” could not address this demand with its distribution limitations. In the future, Ola will open a wholesale centre at the production site of the Krusha e Madhe group in order to supply other areas of Kosovo.

### 3.4 Customer Relationship

Ola Syla brings a strong background and intimate understanding of marketing, merchandising, and creative design for homemade products presented in the selling centres. “Ola Enterprise” also offered a delivery service, taking orders by phone and e-mail and delivering products to homes and restaurants. The majority of customers were satisfied with products and service offered, and became repeat customers, indicating potential for future expansion of this business.

Although quality and supply might not have been consistent, customers liked the homemade taste of the products and did not complain about inconsistency, understanding that this sometimes comes with homemade products. Customers realized that for home processors, consistency is difficult to achieve, because they do not always work under the same conditions and with the same quality of vegetables and fruits.

### 3.5 Competitors

There is an obvious difference in price and taste between Ola’s homemade products and similar commercial products sold in Kosovo. Ola’s products cost more, but are made from fresh ingredients and have a homemade aroma and flavor. Homemade processed foods generate a nostalgic experience for the customer, and in this respect, “Ola Enterprise” is unique. However, similar products are sold by industrial producers like Abi-Elif (ajvar, pickles, preserves, cheese), Podravka from Croatia and Vitaminka from Macedonia (ajvar, pickles, preserves), and Vipro from Macedonia (which sells a premium quality ajvar). Annex 3 lists average retail prices for these competitors.<sup>8</sup>

<sup>8</sup> While these commercial competitors offer similar products, a differentiation strategy has been developed to distinguish “Ola Enterprise” products from suppliers of imported products, who follow a low cost strategy.

### 3.6 Problems and Limitations

Limited supply is the primary constraint faced by Ola Enterprise. The observed problems and limitations are described below under two different headings, those affecting (i) women in processing in general and those affecting (ii) "Ola Enterprise" specifically. There is much crossover in these two sections, however, as many of the constraints faced by "Ola Enterprise" affect women in processing in general.

#### **(i) Women in processing**

- Insufficient production of homemade processed products to fulfil market demand;
- The limited production period of only 3 months does not ensure sustainable incomes for women processors, even if the profit within this period is high;
- Off-season processing increases the cost of production about 40% for pickles and 35% for ajvar. The price of peppers out of season increases up to €0.50 compared to €0.20 in the harvest season;
- Lack of consistent quality and uniformity of homemade products which often depend on consistent use of a recipe by different women working in different locations, with different weather, different working conditions, and varying qualities of fruits and vegetables.
- Lack of record-keeping by women processors. If women involved in processing keep records for purchases and sales, they will have a better understanding of price structure, and be better managers of their home businesses;
- Lack of business-oriented mentality among groups. Most of the women rely on donor support, as noted during the round tables in Pristina and Krusha e Madhe.

#### **(ii) "Ola Enterprise"**

- Short duration of business activities, limited to the period from September to the end of April of the following year. Most homemade processed food products have been sold by the end of April. From May to July, therefore, Ola Enterprise worked only with flowers and bedding plants to keep the operation open, making a profit of €1,500 during this time period. The enterprise was closed for one month from August to September;
- Lack of product uniformity obliges Ola to account for changes to her customers;
- Lack of contracting behaviour, a common problem for new start-up businesses. The use of contracts would enable "Ola Enterprise" to rely on its business partners for a definite period of time.

#### **4. Organizational Structure (“Ola Enterprise” and the Women Processors)**

“Ola Enterprise” consists of Ola and one worker (Ola’s husband). Ola Sylva has over seven years of experience in developing and selling homemade processed products, much of which was gained through her work with various women’s not-for-profit organizations.

“Ola Enterprise” worked closely with different groups of women, including the women from Krusha e Madhe with whom Ola already had several years of experience. The group in Krusha e Madhe consisted of women from different families. Ola also worked with other women processors, although none of these women are as well organized as Krusha e Madhe group. Most of these other groups consisted of women from various women’s associations. “Ola Enterprise” did not supply jars and labels to these women, but it did transport their products from their various processing locations to the wholesale centre.

##### **4.1 Use of different processing options**

The majority of women involved in homemade processing possess their own raw materials, such as peppers grown on their farms. There are also a small number of women who buy vegetables for processing. Within the products offered by “Ola Enterprise,” those that are produced from home-grown vegetables make up about 86%. For this reason, more attention has been paid to the different options for cost and price calculations for these products.

##### **4.2 Usefulness of Planned Options**

The initial business model presented three options for processing, packaging, and transportation of products. Different groups used different options. The first option was used only by the “Drita e Krushes” group: “Processors do the pickling and packing in 3 kg jars, while the Enterprise responsibility was to buy packing and etiquettes and provide transport from processing unit to the selling point.” The other groups used the third option: “Processors purchased the jars, do the pickling and packing, and provide the transport at the selling point, while the Enterprise purchases the final product from processor and conducts the quality control (hygiene).” The second option, which was initially thought to be the most useful, ended up being inappropriate for the enterprise: “Processors supposed to do the pickling in 200 kg containers, while the Enterprise buys packaging and executes packing, etiquette and provide transport from processing units to the selling point.”

For ajvar production, “Ola Enterprise” used the first option (3 kg jars) with the women from Krusha e Madhe (670 jars with a total price of €7,370) and the third option (0.8kg jars) with the Serbian women from Uglare and Prilluzhe (200 jars with a total price of €500).

#### **5. Cost of Production and Comparisons**

The tables below show the women processors’ profit with the different options.

The costs of production are analysed below for all three options for pickles and for two options for ajvar. The scale of 1,000 kg peppers is used as a measure for pickles, while the scale of 3,000 kg peppers is used as a measure for ajvar.

Please refer to Annex 1 and 2 for detailed calculations on the different options for processing the pickles and ajvar products.

### 5.1 Pickled peppers – production costs

Qty for processing (net)	1,000	kg
Total product (gross)	1,400	kg
Total pickles in jars 3 kg	467	jars

- (I) The cost of production for pickles, including packaging (jars and labels) for women who grow their own peppers is €930.60, while the cost of production for women who purchase peppers for pickling is €1,020.60.

Pickles with own peppers		Pickles with purchased peppers	
Total cost / 1,000 kg	930.60	Total cost / 1,000 kg	1,020.60
Production cost /jar 3kg	1.99	Production cost /jar 3kg	2.19
Margin (50%)	1.01	Margin (37%)	0.81
Selling price per jar 3 kg	3.00	Selling price per jar 3 kg	3.00
Total turnover	1,400.00	Total turnover	1,400.00
<b>Profit</b>	<b>469.40</b>	<b>Profit</b>	<b>379.40</b>

- (II) The cost of production for pickles, excluding the cost of packaging, which was provided by Ola, but including the cost of filling jars and affixing labels, for women who grow peppers is calculated at €697.10, while for women who purchase peppers is at €787.10

Pickles with own peppers		Pickles with purchased peppers	
Total cost / 1,000 kg	697.10	Total cost / 1,000 kg	787.10
Production cost /jar 3kg	1.49	Production cost /jar 3kg	1.69
Margin (101%)	1.51	Margin (78%)	1.31
Selling price per jar 3 kg	3.00	Selling price per jar 3 kg	3.00
Total turnover	1,400.00	Total turnover	1,400.00
<b>Profit</b>	<b>702.90</b>	<b>Profit</b>	<b>612.90</b>

- (III) The cost of production for the pickles in containers (200kg) is calculated at €597.10 (own peppers) and at €687.10 (purchased peppers). These pickles were kept for fermentation at the processing sites and afterwards were transported by “Ola Enterprise” to the selling centre.



Pickles with own peppers		Pickles with purchased peppers	
Total cost / 1,000 kg	597.10	Total cost / 1,000 kg	687.10
Production cost	85.30	Production cost	98.16
Margin (76%)	64.70	Margin (53%)	51.84
Selling price per jar 3 kg	150.00	Selling price per jar 3 kg	150.00
Total turnover	1,050.00	Total turnover	1,050.00
<b>Profit</b>	<b>452.90</b>	<b>Profit</b>	<b>362.90</b>

## 5.2 Ajvar - production costs

- (I) The cost of production for ajvar (0.8 kg jars) for women who use their own peppers is €2,501.00, while with cost for women who purchase peppers is €2,771.00

Qty for processing (neto)	3,000	kg
Total product (bruto)	1,200	kg
Total ajvar in jars 0.8 kg	1,500	jars

Ajvar processed with own peppers		Ajvar processed with purchased peppers	
Total cost / 3,000 kg	2,501.00	Total cost / 3,000 kg	2,771.00
Production cost / jar / 0.8kg	1.67	Production cost / jar / 0.8kg	1.85
Margin (50%)	0.83	Margin (35%)	0.65
Selling price per jar	<b>2.50</b>	Selling price per jar	<b>2.50</b>
Total turnover	3,750.00	Total turnover	3,750.00
<b>Profit</b>	<b>1,249.00</b>	<b>Profit</b>	<b>979.00</b>

Margin (80%)	1.33	Margin (62%)	1.15
Selling price per jar	<b>3.00</b>	Selling price per jar	<b>3.00</b>
Total turnover	4,500.00	Total turnover	4,500.00
<b>Profit</b>	<b>1,999.00</b>	<b>Profit</b>	<b>1,729.00</b>

Margin (110%)	1.83	Margin (89%)	1.65
Selling price per jar	<b>3.50</b>	Selling price per jar	<b>3.50</b>
Total turnover	5,250.00	Total turnover	5,250.00
<b>Profit</b>	<b>2,749.00</b>	<b>Profit</b>	<b>2,479.00</b>

- (II) The cost of production for ajvar (3 kg jars) made with the women's own peppers is calculated at €2,461.00, while with the cost of ajvar made with purchased peppers is €2,731.00. When the jars are provided by Ola, the costs of production decreases, and profit likewise increases.

Qty for processing (neto)	3,000	kg
Total product (bruto)	1,200	kg
Total ajvar in jars 3 kg	400	jars

Ajvar processed with own peppers		Ajvar processed with purchased peppers	
Total cost / 3,000 kg	2,461.00	Total cost / 3,000 kg	2,731.00
Production cost / jar / 3kg	6.15	Production cost / jar / 3kg	6.83
Margin (79%)	4.85	Margin (61%)	4.17
Selling price per jar	<b>11.00</b>	Selling price per jar	<b>11.00</b>
Total turnover	4,400.00	Total turnover	4,400.00
<b>Profit</b>	<b>1,939.00</b>	<b>Profit</b>	<b>1,669.00</b>

Ajvar / own peppers / jars by Ola		Ajvar / purchased peppers / jars by Ola	
Total cost / 3,000 kg	2,261.00	Total cost / 3,000 kg	2,531.00
Production cost / jar / 3kg	5.65	Production cost / jar / 3kg	6.33
Margin (95%)	5.35	Margin (74%)	4.67
Selling price per jar	<b>11.00</b>	Selling price per jar	<b>11.00</b>
Total turnover	4,400.00	Total turnover	4,400.00
<b>Profit</b>	<b>2,139.00</b>	<b>Profit</b>	<b>1,869.00</b>

The above mentioned options give a clear picture of the women's profit from domestic processing. Because "Ola Enterprise" was not the only sales outlet for the women processors, the total profit was difficult to calculate, as the women did not keep accurate records of the sales they made independent of the centre. Profit could only be approximated based on an estimate of the quantity of processed peppers, with the minimum quantity for a group of women being around 600 kg (pickles and ajvar), and the maximum, achieved by a family from Krusha e Madhe being about 8,000 kg (5,000 kg of pickles and 3,000 kg of ajvar). The approximate profit from the cooperation with "Ola Enterprise" (only from pickles from peppers and ajvar) was calculated as follows:

- Total turnover was €40,090.00
- Average margin is calculated at 55%, giving a net profit of € 14,225.00

The approximate profit from the cooperation with "Ola Enterprise" in total, taking an average margin of 50% is as follows:

- Total turnover was €47,685.00
- Net profit (average margin of 50%) was €15,895.00

## 6. Financial Statements

Table 1-6. Profit & Loss Statement - "Ola Enterprise" (in €)

<b>"Ola Enterprise" - Profit &amp; Loss Statement (September 2008 - August 2009)</b>		
<b>I.</b>	<b>Sales</b>	<b>73,434.00</b>
	<b>Total sales</b>	<b>73,434.00</b>
<b>II.</b>	<b>Cost of goods sold</b>	
	Purchases	47,685.00
	Jars and labels	4,392.00
	<b>Total Cost of Goods Sold</b>	<b>52,077.00</b>
	<b>GROSS PROFIT</b>	<b>21,357.00</b>
<b>III.</b>	<b>EXPENSES</b>	
	<b>Development costs</b>	
	<b>Travelling expenses</b>	
<b>1</b>	Group identification	378.00
<b>2</b>	Preparation for production	504.00
<b>3</b>	Guiding the production	630.00
<b>4</b>	Workshops	100.00
	sub-total	1,612.00
	<b>Training costs</b>	
<b>5</b>	Business management	500.00
	sub-total	500.00
	<b>Operational costs</b>	
<b>6</b>	Salaries	6,300.00
<b>7</b>	Legal, Business Registration, License & Permits	180.00
<b>8</b>	Quality control	180.00
<b>9</b>	Rent	1,800.00
<b>10</b>	Office supplies	360.00
<b>11</b>	Transport	900.00
<b>12</b>	Car maintenance	350.00
<b>13</b>	Internet	180.00
<b>14</b>	Telephone	360.00
<b>15</b>	Electricity and heating	360.00
<b>16</b>	Adaption of the location (toilet)	1,500.00
<b>17</b>	Other	936.00
	sub-total	13,406.00
<b>18</b>	Depreciation	1,324.00
	sub-total	1,324.00
	<b>TOTAL EXPENSES</b>	<b>16,842.00</b>
	<b>Net profit</b>	<b>4,515.00</b>

Table 2-6. Balance Sheet – “Ola Enterprise” – August 31, 2009 (in €)

<b>Balance Sheet – 31.08.2009</b>	
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	12,343.00
<b>Total Current Assets</b>	<b>12,343.00</b>
<b>Fixed Assets</b>	
Display advertisement	166.00
Fridges	1,276.00
Digital scale	250.00
Shelves	184.00
Washbasin	111.00
Cabinets	221.00
Computer	340.00
Telephone machine	58.00
Vehicle	4,200.00
<b>Total Fixed Assets</b>	<b>6,806.00</b>
<b>TOTAL ASSETS</b>	<b>19,149.00</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>	
<b>Current Liabilities</b>	
<b>Short Term Liabilities</b>	
HPK grant	13,172.00
<b>Total Short Term Liabilities</b>	<b>13,172.00</b>
<b>Total Current Liabilities</b>	<b>13,172.00</b>
<b>Owner's Equity</b>	
Owner's capital	1,462.00
Non-distributed profit	4,515.00
<b>Total Owner's Equity</b>	<b>5,977.00</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>19,149.00</b>

Table 3-6. Depreciation - "Ola Enterprise" (September 2008 - August 2009)

<b>"Ola Enterprise" - Depreciation</b>						
<b>No</b>	<b>Item</b>	<b>Price</b>	<b>Residual value</b>	<b>Expected life</b>	<b>Yearly depreciation value (Aug 09)</b>	<b>Remained value (Aug 09)</b>
1	Display advertisement	200.00 €	30.00 €	5	34.00 €	166.00 €
2	Fridges	1,520.00 €	300.00 €	5	244.00 €	1,276.00 €
3	Digital scale	300.00 €	50.00 €	5	50.00 €	250.00 €
4	Shelves	200.00 €	40.00 €	10	16.00 €	184.00 €
5	Washbasin	120.00 €	30.00 €	10	9.00 €	111.00 €
6	Cabinets	240.00 €	50.00 €	10	19.00 €	221.00 €
7	Computer	480.00 €	60.00 €	3	140.00 €	340.00 €
8	Telephone machine	70.00 €	10.00 €	5	12.00 €	58.00 €
9	Vehicle	5,000.00 €	1,000.00 €	5	800.00 €	4,200.00 €
		<b>8,130.00 €</b>	<b>1,570.00 €</b>		<b>1,324.00 €</b>	<b>6,806.00 €</b>

As the profit & loss statement shows, "Ola Enterprise" had a net profit of €4,515.00 in its first year. The sales potential for the next period, September 2009 - August 2010, is estimated to be double that of the previous period, September 2008 - August 2009. This potential exceeds the available product, given the current number of women processors. "Ola Enterprise" therefore plans to expand its cooperation with women processors in order to secure enough supply to increase its sales by 40%. "Ola Enterprise" forecasts a profit for the coming season as shown in the profit & loss statement below.

Table 4-6. Profit & Loss Statement - Forecast (September 2009 - August 2010)

<b>"Ola Enterprise" - Profit &amp; Loss Statement (Forecast Sep '09 - Aug '10)</b>		
<b>I.</b>	<b>Sales</b>	<b>103,000.00</b>
	<b>Total sales</b>	<b>103,000.00</b>
<b>II.</b>	<b>Cost of goods sold</b>	
	Purchases	67,000.00
	Jars and labels	6,200.00
	<b>Total Cost of Goods Sold</b>	<b>73,200.00</b>
	<b>GROSS PROFIT</b>	<b>29,800.00</b>
<b>III.</b>	<b>EXPENSES</b>	
	<b>Training costs</b>	
<b>1</b>	Business management	500.00
	sub-total	500.00
	<b>Operational costs</b>	
<b>2</b>	Salaries	7,200.00
<b>3</b>	Quality control	180.00
<b>4</b>	Rent	2,400.00
<b>5</b>	Office supplies	360.00
<b>6</b>	Transport	1,200.00
<b>7</b>	Car maintenance	450.00
<b>8</b>	Internet	180.00
<b>9</b>	Telephone	360.00
<b>10</b>	Electricity and heating	360.00
<b>11</b>	Other	936.00
	sub-total	13,626.00
<b>12</b>	Depreciation	1,324.00
	sub-total	1,324.00
	<b>TOTAL EXPENSES</b>	<b>15,450.00</b>
	<b>Net profit</b>	<b>14,350.00</b>

From the table above, it can be observed that the turnover of women processors from the cooperation with "Ola Enterprise" will be €67,000.00, which means a net profit of €22,300.00. However, "Ola Enterprise" will carefully follow the situation of women processors and will try to support them in producing greater quantities of homemade products, which means an increased profit for both "Ola Enterprise" and the women processors.

## 7. Observations and Recommendations

As previously mentioned, "Ola Enterprise's" primary constraint is limited supply. The increases in sales over two consecutive seasons demonstrates the business's potential for growth. Sales for the 2009/10 season are estimated to be more than 40% those of the previous season. Demand, however, exceeds supply, which is limited by the very thing that makes the products popular, their homemade nature. Two general suggestions to help the business meet its potential are: (i) increasing the number of women groups involved in processing and (ii) opening another sales location in a different region in Kosovo. The following recommendations are suggested.

### Products

"Ola Enterprise's" most important products will remain pickles and ajvar, as well as the other products it has been selling. Additional products have been identified which have the potential for success in "Ola Enterprise," and will be tested next season:

- Frozen vegetables (properly packed)
- Frozen peppers that are used in the popular domestic dish "dolma" (peppers filled with meat)
- Frozen baked and shelled red peppers
- Dried fruits

### Standardisation of products

- The processed products should be divided into 3 different categories with different prices according to quality
- The women processing groups should work with "Ola Enterprise" to form a degustation group, which would taste and rank the products
- The best-selling products should be identified and their recipes promoted so that groups with poorer selling products can adopt the successful recipes

### Improvement of marketing

- Introduce common packaging (jars), specific for these domestic products, which will look different from packaging used in industrial food products
- Introduce sample labels describing the homemade processed products
- Explore the possibility of opening another sales centre
- Move towards wholesale through establishment of a wholesale centre near the biggest production site - Krusha e Madhe

### Business management trainings

- Ola needs support in upgrading her business management skills in order to further develop the wholesale side of her business
- Women should learn and understand business concepts; training for women processors in basic business management is needed
- Women should be taught basic accounting skills to manage income and expenses
- Women should be taught about the basics of marketing in order to understand the functioning of the market and its trends

### Increasing production capacities

- Women processors should rely not only on the vegetables and fruits they grow themselves, but should consider purchasing vegetables to meet demand for more products, because while profit on the latter products is lower, increased overall sales will increase profit
- The possibility of setting up a mini-factory should be explored, so women can increase production, product uniformity, and consistency supply in the market, by using the same homemade processing recipes and standards.

**Note:** Ola is evaluating the best possible options for opening a wholesale centre/mini factory in Krusha e Madhe (with a donation from PTK).

#### **Considerations (possible constraints):**

- √ How to achieve an extended of life cycle of vegetables and fruits (bulk buying in peak season, freezing and processing all year round)
- √ How to achieve consistent production during the entire year
- √ Where the factory (or factories) should be set up
- √ Whether the women are ready to contribute (cash or in kind) to set up a factory



## Annex 1 - Cost calculation for pickles made from peppers

<b>Production cost - pickles with purchased peppers</b>				
Qty for processing (neto)	1,000	kg		
Total product (bruto)	1,400	kg		
Total pickles in jars 3 kg	467	jars		
<b>Production cost for processors</b>				
<b>Materials</b>	<b>Total costs (€)</b>	<b>Quantity</b>	<b>Persons involved</b>	<b>€/Unit</b>
1 Peppers (kg)	200.00	1,000		0.20
2 Vinegar (L)	24.00	30		0.80
3 Salt (kg)	2.10	7		0.30
4 Sugar (kg)	1.00	2		0.50
5 Jars 3kg	233.50	467		0.50
6 Containers (200 kg) (re-use 4 yrs)	35.00	7		20.00
sub-total	495.60			
<b>Labour</b>		<b>Working days</b>	<b>Persons involved</b>	<b>€/Unit</b>
7 Cleaning, drying	225.00	3	6	12.50
8 Pickling (filling the containers)	75.00	1	6	12.50
9 Fermentation (storing for 1 month)	100.00	4	2	12.50
10 Packing in jars and labelling	100.00	4	2	12.50
11 Other work	25.00	1	2	12.50
sub-total	525.00	13		12.50
Total cost / 1,000 kg	1,020.60			
Production cost /jar 3kg	2.19			
Margin	0.81	37%		
Selling price per jar 3 kg	3.00			
Total turnover	1,400.00			
Profit	<b>379.40</b>			

**Production cost - pickles with own peppers**

Qty for processing (neto)	1,000	kg
Total product (bruto)	1,400	kg
Total pickles in jars 3 kg	467	jars

**Production cost for processors**

<b>Materials</b>		<b>Total costs (€)</b>	<b>Quantity</b>	<b>Persons involved</b>	<b>€/Unit</b>
1	Peppers (kg)	110.00	1,000		0.11
2	Vinegar (L)	24.00	30		0.80
3	Salt (kg)	2.10	7		0.30
4	Sugar (kg)	1.00	2		0.50
5	Jars 3kg	233.50	467		0.50
6	Containers (200 kg) (re-use 4 yrs)	35.00	7		20.00
	sub-total	405.60			
<b>Labour</b>			<b>Working days</b>	<b>Persons involved</b>	<b>€/Unit</b>
7	Cleaning, drying	225.00	3	6	12.50
8	Pickling (filling the containers)	75.00	1	6	12.50
9	Fermentation (storing for 1 month)	100.00	4	2	12.50
10	Packing in jars and labelling	100.00	4	2	12.50
11	Other work	25.00	1	2	12.50
	sub-total	525.00	13		12.50
	Total cost / 1,000 kg	930.60			
	Production cost /jar 3kg	1.99			
	Margin	1.01	50%		
	Selling price per jar 3 kg	3.00			
	Total turnover	1,400.00			
	Profit	<b>469.40</b>			

**Production cost - pickles with purchased peppers - without jars**

Qty for processing (neto)	1,000	kg
Total product (bruto)	1,400	kg
Total pickles in jars 3 kg	467	jars

**Production cost for processors**

<b>Materials</b>		Total costs (€)	Quantity		€/Unit
1	Peppers (kg)	200.00	1,000		0.20
2	Vinegar (L)	24.00	30		0.80
3	Salt (kg)	2.10	7		0.30
4	Sugar (kg)	1.00	2		0.50
5	Containers (200 kg) (re-use 4 yrs)	35.00	7		20.00
	sub-total	262.10			
<b>Labour</b>			Working days	Persons involved	€/Unit
6	Cleaning, drying	225.00	3	6	12.50
7	Pickling (filling the containers)	75.00	1	6	12.50
8	Fermentation (storing for 1 month)	100.00	4	2	12.50
9	Packing in jars and labelling	100.00	4	2	12.50
10	Other work	25.00	1	2	12.50
	sub-total	525.00	13		12.50
	Total cost / 1,000 kg	787.10			
	Production cost /jar 3kg	1.69			
	Margin	1.31	78%		
	Selling price per jar 3 kg	3.00			
	Total turnover	1,400.00			
	Profit	<b>612.90</b>			

**Production cost - pickles with own peppers - without jars**

Qty for processing (neto)	1,000	kg
Total product (bruto)	1,400	kg
Total pickles in jars 3 kg	467	jars

**Production cost for processors**

<b>Materials</b>		<b>Total costs (€)</b>	<b>Quantity</b>	<b>Persons involved</b>	<b>€/Unit</b>
1	Peppers (kg)	110.00	1,000		0.11
2	Vinegar (L)	24.00	30		0.80
3	Salt (kg)	2.10	7		0.30
4	Sugar (kg)	1.00	2		0.50
5	Containers (200 kg) (re-use 4 yrs)	35.00	7		20.00
	sub-total	172.10			
<b>Labour</b>			<b>Working days</b>	<b>Persons involved</b>	<b>€/Unit</b>
6	Cleaning, drying	225.00	3	6	12.50
7	Pickling (filling the containers)	75.00	1	6	12.50
8	Fermentation (storing for 1 month)	100.00	4	2	12.50
9	Packing in jars and labelling	100.00	4	2	12.50
10	Other work	25.00	1	2	12.50
	sub-total	525.00	13		12.50
	Total cost / 1,000 kg	697.10			
	Production cost /jar 3kg	1.49			
	Margin	1.51	101%		
	Selling price per jar 3 kg	3.00			
	Total turnover	1,400.00			
	Profit	<b>702.90</b>			

**Production cost - pickles with purchased peppers - containers 200 kg**

Qty for processing (neto)	1,000	kg
Total product (bruto)	1,400	kg
Total pickles in containers	7	containers

**Production cost for processors**

<b>Materials</b>		Total costs (€)	Quantity	Persons involved	€/Unit
1	Peppers (kg)	200.00	1,000		0.20
2	Vinegar (L)	24.00	30		0.80
3	Salt (kg)	2.10	7		0.30
4	Sugar (kg)	1.00	2		0.50
5	Containers (200 kg) (re-use 4 yrs)	35.00	7		20.00
	sub-total	262.10			
<b>Labour</b>			Working days	Persons involved	€/Unit
6	Cleaning, drying	225.00	3	6	12.50
7	Pickling (filling the containers)	75.00	1	6	12.50
8	Fermentation (storing for 1 month)	100.00	4	2	12.50
9	Other work	25.00	1	2	12.50
	sub-total	425.00	9		12.50
	Total cost / 1,000 kg	687.10			
	Production cost / container	98.16			
	Margin (53%)	51.84	53%		
	Selling price per container	150.00			
	Total turnover	1,050.00			
	Profit	<b>362.90</b>			

Production cost - pickles with own peppers - containers 200 kg						
	Qty for processing (neto)	1,000	kg			
	Total product (bruto)	1,400	kg			
	Total pickles in jars 3 kg	7	containers			
	<b>Production cost for processors</b>					
	<b>Materials</b>	Total costs (€)	Quantity	Persons involved	€/Unit	
1	Peppers (kg)	110.00	1,000		0.11	
2	Vinegar (L)	24.00	30		0.80	
3	Salt (kg)	2.10	7		0.30	
4	Sugar (kg)	1.00	2		0.50	
5	Containers (200 kg) (re-use 4 yrs)	35.00	7		20.00	
	sub-total	172.10				
	<b>Labour</b>		Working days	Persons involved	€/Unit	
6	Cleaning, drying	225.00	3	6	12.50	
7	Pickling (filling the containers)	75.00	1	6	12.50	
8	Fermentation (storing for 1 month)	100.00	4	2	12.50	
9	Other work	25.00	1	2	12.50	
	sub-total	425.00	9		12.50	
	Total cost / 1,000 kg	597.10				
	Production cost / container	85.30				
	Margin (76%)	64.70	76%			
	Selling price per container	150.00				
	Total turnover	1,050.00				
	Profit	<b>452.90</b>				

## Annex 2 – Cost calculations for ajvar

### Ajvar processed with purchased peppers 3 price options

Qty for processing (neto)	3,000	kg
Total product (bruto)	1,200	kg
Total ajvar in jars 0.8 kg	1,500	jars

#### Production cost for processors

	Materials	Total costs (€)	Quantity	Persons involved	€/Unit
1	Peppers (kg)	600.00	3,000		0.20
2	Oil (L)	96.00	120		0.80
3	Salt (kg)	18.00	60		0.30
4	Sugar (kg)	7.50	15		0.50
5	Gas tanks	42.00	6		7.00
6	Jars	240.00	1,200		0.20
7	Containers (200 kg) (re-use 4 yrs)	30.00	6		20.00
	sub-total	1,033.50			
	Labour		Working days		€/Unit
8	Cleaning, drying	225.00	3	6	12.50
9	Baking	450.00	12	3	12.50
10	Cleaning the skin	450.00	12	3	12.50
11	Milling	37.50	1	3	12.50
12	Cooking	300.00	12	2	12.50
13	Filling the jars	200.00	8	2	12.50
14	Storing	37.50	1	3	12.50
15	Other work	37.50	1	3	12.50
	sub-total	1,737.50			
	Total cost / 3,000 kg	2,771.00			
	Production cost / jar / 0.8kg	1.85			
	Margin	0.65	35%		
	Selling price per jar	<b>2.50</b>			
	Total turnover	3,750.00			
	<b>Profit</b>	<b>979.00</b>			
	Total cost / 3,000 kg	2,771.00			
	Production cost / jar/ 0.8kg	1.85			
	Margin	1.15	62%		
	Selling price per jar	<b>3.00</b>			
	Total turnover	4,500.00			
	<b>Profit</b>	<b>1,729.00</b>			
	Total cost / 3,000 kg	2,771.00			
	Production cost / jar/ 0.8kg	1.85			
	Margin	1.65	89%		
	Selling price per jar	<b>3.50</b>			
	Total turnover	5,250.00			
	<b>Profit</b>	<b>2,479.00</b>			

### Ajvar produced with own peppers - 3 price options

Qty for processing (neto)	3,000	kg
Total product (bruto)	1,200	kg
Total ajvar in jars 0.8 kg	1,500	jars

#### Production cost for processors

	Materials	Total costs (€)	Quantity	Persons involved	€/Unit
1	Peppers (kg)	330.00	3,000		0.11
2	Oil (L)	96.00	120		0.80
3	Salt (kg)	18.00	60		0.30
4	Sugar (kg)	7.50	15		0.50
5	Gas tanks	42.00	6		7.00
6	Jars	240.00	1,200		0.20
7	Containers (200 kg) (re-use 4 yrs)	30.00	6		20.00
	sub-total	763.50			
	<b>Labour</b>		<b>Working days</b>		<b>€/Unit</b>
8	Cleaning, drying	225.00	3	6	12.50
9	Baking	450.00	12	3	12.50
10	Cleaning the skin	450.00	12	3	12.50
11	Milling	37.50	1	3	12.50
12	Cooking	300.00	12	2	12.50
13	Filling the jars	200.00	8	2	12.50
14	Storing	37.50	1	3	12.50
15	Other work	37.50	1	3	12.50
	sub-total	1,737.50			
	Total cost / 3,000 kg	2,501.00			
	Production cost / jar / 0.8kg	1.67			
	Margin	0.83	50%		
	Selling price per jar	<b>2.50</b>			
	Total turnover	3,750.00			
	<b>Profit</b>	<b>1,249.00</b>			
	Total cost / 3,000 kg	2,501.00			
	Production cost / jar/ 0.8kg	1.67			
	Margin	1.33	80%		
	Selling price per jar	<b>3.00</b>			
	Total turnover	4,500.00			
	<b>Profit</b>	<b>1,999.00</b>			
	Total cost / 3,000 kg	2,501.00			
	Production cost / jar/ 0.8kg	1.67			
	Margin	1.83	110%		
	Selling price per jar	<b>3.50</b>			
	Total turnover	5,250.00			
	<b>Profit</b>	<b>2,749.00</b>			



### Ajvar processed with purchased peppers - 3kg jars - 2 price options

Qty for processing (neto)	3,000	kg
Total product (bruto)	1,200	kg
Total ajvar in jars 3 kg	400	jars

#### Production cost for processors

	Materials	Total costs (€)	Quantity	Persons involved	€/Unit
1	Peppers (kg)	600.00	3,000		0.20
2	Oil (L)	96.00	120		0.80
3	Salt (kg)	18.00	60		0.30
4	Sugar (kg)	7.50	15		0.50
5	Gas tenks	42.00	6		7.00
6	Jars	200.00	400		0.50
7	Containers (200 kg) (re-use 4 yrs)	30.00	6		20.00
	sub-total	993.50			
	<b>Labour</b>		<b>Working days</b>		<b>€/Unit</b>
8	Cleaning, drying	225.00	3	6	12.50
9	Baking	450.00	12	3	12.50
10	Cleaning the skin	450.00	12	3	12.50
11	Milling	37.50	1	3	12.50
12	Cooking	300.00	12	2	12.50
13	Filling the jars	200.00	8	2	12.50
14	Storing	37.50	1	3	12.50
15	Other work	37.50	1	3	12.50
	sub-total	1,737.50			
	Total cost / 3,000 kg	2,731.00			
	Production cost / jar / 3kg	6.83			
	Margin	4.17	61%		
	Selling price per jar	<b>11.00</b>			
	Total turnover	4,400.00			
	<b>Profit</b>	<b>1,669.00</b>			
	Total cost / 3,000 kg	2,731.00			
	Production cost / jar / 3kg	6.83			
	Margin	8.17	119%		
	Selling price per jar	<b>15.00</b>			
	Total turnover	6,000.00			
	<b>Profit</b>	<b>3,269.00</b>			

### Ajvar produced with own peppers - 3kg jars - 2 price options

Qty for processing (neto)	3,000	kg
Total product (bruto)	1,200	kg
Total ajvar in jars 0.8 kg	400	jars

#### Production cost for processors

	Materials	Total costs (€)	Quantity	Persons involved	€/Unit
1	Peppers (kg)	330.00	3,000		0.11
2	Oil (L)	96.00	120		0.80
3	Salt (kg)	18.00	60		0.30
4	Sugar (kg)	7.50	15		0.50
5	Gas tanks	42.00	6		7.00
6	Jars	200.00	400		0.50
7	Containers (200 kg) (re-use 4 yrs)	30.00	6		20.00
	sub-total	723.50			
	<b>Labour</b>		<b>Working days</b>		<b>€/Unit</b>
8	Cleaning, drying	225.00	3	6	12.50
9	Baking	450.00	12	3	12.50
10	Cleaning the skin	450.00	12	3	12.50
11	Milling	37.50	1	3	12.50
12	Cooking	300.00	12	2	12.50
13	Filling the jars	200.00	8	2	12.50
14	Storing	37.50	1	3	12.50
15	Other work	37.50	1	3	12.50
	sub-total	1,737.50			
	Total cost / 3,000 kg	2,461.00			
	Production cost / jar / 3kg	6.15			
	Margin	4.85	79%		
	Selling price per jar	<b>11.00</b>			
	Total turnover	4,400.00			
	<b>Profit</b>	<b>1,939.00</b>			
	Total cost / 3,000 kg	2,461.00			
	Production cost / jar / 3kg	6.15			
	Margin	8.85	144%		
	Selling price per jar	<b>15.00</b>			
	Total turnover	6,000.00			
	<b>Profit</b>	<b>3,539.00</b>			

### Annex 3.

#### Products and prices of competitors in Kosovo market

Product	Brand	Quantity (kg)	Price/unit	Price/kg	Place
Green pepper	Bonum	0.37	€ 0.80	€ 2.16	Macedonia
Green pepper	Bonum	0.72	€ 1.04	€ 1.44	Macedonia
Green pepper	Prima	0.68	€ 1.10	€ 1.62	Macedonia
Green pepper	ECE	2.00	€ 3.99	€ 2.00	Turkey
Green pepper	ECE	2.00	€ 4.00	€ 2.00	Turkey
Green pepper	Abi	2.50	€ 2.70	€ 1.08	Kosovo
Ajvar	Podravka	0.35	€ 1.24	€ 3.54	Croatia
Ajvar	Podravka	0.69	€ 2.10	€ 3.04	Croatia
Ajvar	Vitaminka sweet	0.35	€ 1.05	€ 3.00	Macedonia
Ajvar	Vitaminka sweet	0.70	€ 1.60	€ 2.29	Macedonia
Ajvar	Lutenica	0.38	€ 1.10	€ 2.93	Macedonia
Ajvar	Lutenica	0.72	€ 1.90	€ 2.64	Macedonia
Ajvar	Vitaminka hot	0.35	€ 1.05	€ 3.00	Macedonia
Ajvar	Vitaminka hot	0.70	€ 1.82	€ 2.60	Macedonia
Ajvar	Bonum sweet	0.68	€ 1.35	€ 1.99	Macedonia
Ajvar	Bonum Hot	0.68	€ 1.35	€ 1.99	Macedonia
Ajvar	Abi	1.50	€ 2.45	€ 1.63	Kosovo
Ajvar	Abi	2.50	€ 3.55	€ 1.42	Kosovo
Mix	Bonum	0.67	€ 0.90	€ 1.34	Macedonia
Mix	ECE	5.00	€ 3.93	€ 0.79	Macedonia
Mix	ECE	2.00	€ 2.10	€ 1.05	Macedonia
Mix	Abi	2.50	€ 1.90	€ 0.76	Kosovo
Mix	Abi	3.00	€ 1.85	€ 0.62	Kosovo
Cucumber	Bonum	0.72	€ 0.97	€ 1.35	Macedonia
Cucumber	Abi	0.72	€ 0.97	€ 1.35	Kosovo
Cucumber	Abi	2.50	€ 2.10	€ 0.84	Kosovo
Cucumber	Abi	2.50	€ 2.10	€ 0.84	Kosovo
Red Pepper	Abi	0.72	€ 0.80	€ 1.11	Kosovo
Red Pepper	Abi	2.50	€ 2.20	€ 0.88	Kosovo
White Pepper	Abi	0.72	€ 0.68	€ 0.94	Kosovo
White Pepper	Abi	2.50	€ 2.00	€ 0.80	Kosovo

Product	Brand	Quantity (kg)	Price/unit	Price/kg	Place
Honey	Sebahat	0.45	€ 2.50	€ 5.56	Kosovo
Honey	Medoflor (average price)	0.45	€ 3.10	€ 6.89	Croatia
Honey	Medoflor (average price)	0.90	€ 5.30	€ 5.89	Croatia
Honey	Serdar bal	0.90	€ 6.90	€ 7.67	Kosovo
Honey	Serdar bal	0.45	€ 3.45	€ 7.67	Kosovo
Honey	Mjalte Natyral	0.90	€ 7.00	€ 7.78	Kosovo
Honey	Mjalte Natyral	0.45	€ 4.35	€ 9.67	Kosovo
Honey	Res Kom (average price)	1.00	€ 5.50	€ 5.50	Macedonia
Honey	Res Kom (average price)	0.45	€ 3.00	€ 6.67	Macedonia
Honey	Medex (average price)	0.90	€ 7.80	€ 8.67	Slovenia
Honey	Medex (average price)	0.45	€ 4.45	€ 9.89	Slovenia
Honey	Zloti Panj Akacijev	0.45	€ 5.47	€ 12.16	Slovenia
Honey	Zloti Panj Hojev Med	0.45	€ 5.45	€ 12.11	Slovenia
Jam	Abi Progress Strawberry	0.87	€ 1.45	€ 1.67	Kosovo
Jam	Abi Progress Blackberry	0.87	€ 1.33	€ 1.53	Kosovo
Jam	Abi Cherry	3.00	€ 3.19	€ 1.06	Kosovo
Jam	Schwartan Berry	0.34	€ 2.75	€ 8.09	Germany
Jam	Schwartan Berry	0.34	€ 2.00	€ 5.88	Germany
Jam	Sommer Garten Berry	0.45	€ 1.70	€ 3.78	Germany
Jam	Sommer Garten Berry	0.45	€ 2.50	€ 5.56	Germany
Jam	Metin Berry	0.72	€ 2.42	€ 3.36	Turkey