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Consultancy Report

**A Report on a Survey of the Private-Sector Meat Processing
Industry in Romania**

**Agribusiness Exchange Project for Central and Eastern Europe
Project Code: 158**

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Executive Summary

Agricultural Cooperative Development International (ACDI) conducted a two-week survey, September 13-22, 1994, to assess the meat processing sector in Romania. The survey team interviewed the owners/managers of 28 private meat processing operations, located in Ialomita, Buzau, Galati, Brasov, Alba and Arges Counties. The survey serves as a vehicle for identifying private companies to participate in a three-part training program and to find common problems and opportunities for the sector and individual producers to develop the technical, business and collaborative skills necessary to increase their sustainability and profitability.

On a policy level, ACDI, in conjunction with AID, plans to play a role in continuing and accelerating the rate of privatization in Romania. Why isn't it going faster?

- a. Resistance to change of current bureaucrats.
- b. Fear of losing their own jobs.
- c. Lack of investor capital.
- d. Overpriced assets will not sell; there is a government reluctance to take losses on their investments.
- e. Lack of understanding the complexities of agriculture.
- f. Failure to recognize that agriculture requires special tax and interest write downs in order for it to be on a level playing field with other businesses.
- g. Current policy and legal framework are not supportive of private enterprise.

There is an aggressive, energetic, dynamic entrepreneurial sector in the meat industry that can be the model for stimulating other private enterprises in agriculture. AID, ACDI and its partners, may support agriculture infrastructure by:

- a. teaching good business practices;
- b. demonstrating sound technology applications;
- c. developing business plans that allow businesses to integrate backwards and have them be the developers of the agriculturally-productive units that support the marketing companies:
 - i. encourage meat companies to own hogs and cattle feedlots--a trend that has started to develop a growing commercial livestock agriculture;
 - ii. conduct seminars on the creation of demand and market development. Production will follow demand.

Agriculture is unique. It requires a different type of credit institution to support its sustainability. In America, we learned that lesson 60 years ago and developed a Farm Credit

Administration. Agriculture needs long-term loans because of its production/marketing time frame.

Illustratively, a meat processor has a cash flow of one week or less; a flour miller 7-10 days; a dairy plant has delayed payment programs. However, a grain farmer has a cash flow of 6-9 months; a hog farmer 9 months to 1 and 1/2 years; a cow/calf operator, 3 years; a cattle feeder in Romania, 1-2 years.

Tailor an institution to fit the wearer. Work with the World Bank, International Finance Corporation, the European Bank for Construction and Development or whomever to develop and fund a cooperative credit bank for agriculture. Let farmers and agriculture business people own, operate and control it. Farmers and agri-business professionals are just as intelligent bankers as there are on Wall Street.

Developing agricultural businesses and credit distribution will be the catalysts and the engines that drive agricultural recovery. Is it worth it? The European Community, in reporting on agriculture in the European economy, points out the importance of agriculture income to their economies.

<u>Eastern Europe</u>	<u>As % of GDP</u>	<u>As % of Employment</u>
Bulgaria	16.0%	19.5%
Czech Rep.	8.5	9.9
Hungary	15.0	10.0
Poland	28.1	7.3
<u>Romania</u>	<u>22.7</u>	<u>29.0</u>
Slovakia	8.3	13.0
European Union Avr:	2.8	5.8

Both as a percentage of GDP and people employed on farms, this agricultural sector is too valuable to ignore. It has to redevelop its position in the domestic market but again regain its prior position as an exporter of surplus commodities and value added products and as an earner of hard currency.

It is ACIDI's intention to contribute to AID's efforts by providing training that allows for the production of quality products that will find a demand in world commerce and facilitate the growth of trading companies and clearing houses that move these products and technologies in global trade.

ACDI, in its training programs with private entrepreneurs, may encourage linkages between the private sector, agricultural technical schools/universities and government ministries and

elected representatives to create a cohesive group dedicated to the enlargement and profitability of agriculture. This bridging needs to be one of the objectives of the meat processors' association or any producer/processor group.

This amalgamation and powerful collective exists in the US and has been instrumental in the success of our production agriculture as well as the processing and marketing sectors of agriculture-related industries. It needs to be duplicated and fostered in Romania and all of Eastern Europe.

Findings

- o **Entrepreneurial Spirit/Number of Businesses:** The survey team found an overwhelming sense of enthusiasm, determination and persistence among the owners to develop their businesses. Many owners worked in the state sector and left to start their own firms, or an entrepreneurial person or miller teamed up with a technician from the state sector.

The figure of 3000 private meat processing firms was mentioned in briefings with organizations and technical experts in Bucharest and in the field; however, this number may include up to 1000-1500 people who raise 1-2 head for slaughter (in their yard or at the state-owned facility for a fee) and either sell the products or use them for family consumption. It's estimated that within 5 years, the market may have sorted itself out to leave 150 larger, modernized, efficient firms that are competitive in the domestic and international markets.

- o **Awakening Industry/Sustainability of Meat Processing:** Some of the start-up operations do not seem to have the qualities to ensure viability in the short or long term; others may function for a time in a local market, but lack quality/production standards to survive in a competitive regional market, much less an international one. Other larger plants, some which have evolved out of state-owned enterprises, are in decline and may go out of business within 5 years.
- o **Human Resources/Economic Patterns:** The question was asked twice of the survey team (two people from completely different operations, regions): "How do you see Romania as compared to Africa and Latin America regarding human resources and potential for growth?" The perception based on the 28 enterprises surveyed and through discussions with agriculture/industry analysts/business development centers/chambers of commerce/news media is that the Romanian economy is on the rise, interest rates are down and there is tremendous talent and potential for success in the sector.
- o **Credit Access/Availability:** Access to credit/capital is seen by several business owners as the main obstacle to the industry's success. This was more of a concern in the East than in the West; owners with strong operations were not concerned about securing credit for adding facilities/new aspects to integrate their business operations.

The fact that the inflation rate has decreased from approximately 350% in 1993 to roughly 70% (or less) in 1994, has a positive impact on the sector.

- o **Government Impact on Sector:** As a general rule, in the East the entrepreneurs found the government sector competing with them and blocking their efforts to succeed; in the West there was more discussion of the demise of state-owned enterprises and opportunities for private firms to buy weakened state operations.

Similarly, some keep a foot in each world, either through having a spouse who maintains a government job or through alliances, both to generate a steady (albeit sometimes meager) income and to maintain relationships which in the short and long term may benefit the private company.

- o **Foreign Investment/Capital Access:** Although some of the owners had positive experiences with foreign investors (Canada, Germany), some had investors back out at critical times or present unfavorable terms (Italian, Spanish). One owner commented, "we want strength not only through foreign investment but with Romanian capital."
- o **Perception of Americans:** Several owners mentioned their expectations of Americans as trade partners/investors. "We've waited 40 years for you to come." "Since I was born I've waited for the Americans to come and do business with us." "40 years ago, the US bombed us twice; last year you came to celebrate the anniversary of the bombing." The Romanian entrepreneurs surveyed are eager to learn from/receive technical assistance and investment from the US now and are interested to know the perception of Romania in the US.
- o **Agricultural Productivity/Impact on Meat Processing Sector:** Conducting the survey at the height of grain harvest accentuated the sense of Romania's agricultural richness (highest yielding black earth--chernozem soil) and technological contrasts. Different centuries are represented by the ox-drawn, covered carts competing for limited road space with 18-wheel trucks. The subsistence agriculture practices (hand-husked corn) provide income and supply, but leave vast productivity untapped. The grain harvest has a direct impact on the quality and availability of livestock meat; concern was expressed about the aging agricultural worker population (average age: 60) and its potential impact on the meat sector and the country's economy.

- o **Pricing Strategy:** Although all business owners/managers were interested in securing a profit, several did not have defined methods for pricing or profit goals (Salbero, in Galati, may be an exception, along with a number of the businesses visited in the West). There is also a sense that processors would rather sell at cost, or at a loss than not move their products (lack of storage facilities, poor cash flow and lack of information as to the industry's prices/quality, may contribute to this practice). A few managers mentioned having different profit margins for different products ("what the market will bear" was a commonly held view).
- o **Survey Financial Data:** The initial investment/start-up costs reflected on the surveys seem completely out of proportion with the credit/capital amounts tapped during the last year or two; rampant devaluation of the lei since these businesses started up after the Revolution must be factored into an analysis of the figures.
- o **Concept of Trade Association:** For many of the entrepreneurs an association holds interest both from the point of view of shared technical and business information and for lobbying efforts with the government and financial institutions. Others had initial concerns about sharing their sausage recipes or other successful/unique aspects of their operations.

For some owners, the idea was new; others knew about associations in other countries or related associations (millers, livestock) in Romania. A few owners mentioned the National Association of the State Enterprise Meat Processors, and while the representatives of this group were interested in bringing private companies into their membership, the owners are not interested.

- o **Agriculture/Business Organizations:** A number of the businesses surveyed had worked with organizations to gain general business or technical assistance and were pleased to hear about ACDI's training programs as a means of increasing their expertise and success. A few owners discussed the general importance of lifelong learning opportunities, also realizing the bottom-line advantages to working with colleagues and specialists from Romania and abroad.

Relevant organizations: Small Business Development Centers (supported by UNIDO and other funding sources), Chambers of Commerce, ARCA: Romanian Private Animal Growers Association, IFDC: International Fertilizer Development

Center, VOCA: Volunteers in Overseas Cooperative Assistance.

- o **Contrast of Market Interests/Targets:** A vast gap exists between some of the small, inexperienced producers who may successfully market only to the local area and more sophisticated entrepreneurs who see the future/value of export possibilities.

Some owners have an almost fatalistic mind set, limiting themselves to meeting local demand, not working to adjust the market interests via consumer education--they think that things may change for their children's generation, but that it's too late for them to make the jump to modern commerce. Others are ready to make that leap, financially and mentally, within a 2-5 year period.

- o **Integrated Operations:** For many of the owners, there is a strong sense of independence and an interest in creating an integrated operation where they will not need to rely on state-owned services for any part of the cycle: feed plants, both raising the crops and processing them (the millers who are starting up meat processing plants have this as part of their grand scheme/business plan); livestock production (some for primary supply, others for backup); slaughtering (Gropig, a pig farm, has drastically increased profits through incorporating a slaughterhouse; for others it's best in the short term to use the state plants because of the prohibitively expensive capital outlay for equipment); sausage/fresh meat production; wholesale/retail markets; and for some, restaurants (TV Rom in Brasov; others supply to restaurants).

This concept is working well for those who have strong cash flow and customer base. For those who lack solid planning and managerial talent, "closing the loop" (as many owners put it) is dangerous, especially when financing is not secured prior to expansion.

- o **Business Plans:** A written business plan did not necessarily indicate a clear notion of financial and technical standing. A few of the businesses had written business plans and strong management/healthy cash flow. Several of the firms had no written business plan (some only for banking/credit purposes) but the managers/owners had clearly thought through the growth, development and daily management practices (and are thriving operations). A few had written plans without having a sense of financial management and were in serious trouble. (The last processor of the survey summed it up, "Some people just put money into a business

without understanding how the business works or what has to be put into it.")

- o **Start-up Strategies:** Many of the start-ups have not adequately planned for financing their operations. It was disturbing to see lei poured into finished--in some cases beautiful--structures without planning the production flow or practical matters (drainage, power supply, etc.). In some cases the buildings cannot be used as meat plants for lack of equipment. Other entrepreneurs do not have the diversification necessary to earn cash/access credit/develop backup strategies during renovation or significant business growth/change.
- o **Operational/Labor Productivity:** For the purposes of interpreting the survey data and for the training course curriculum, it is important to note that only a few businesses track standards or measure yields and/or shrinkages (although almost all businesses gave the team data, some of it is questionable).
- o **Livestock Production:** Before the survey team visited cattle and hog production facilities, it was clear that feed quality was inadequate given the poor quality of meat found in a number of the plants. Discussions with livestock producers covered the conversion rates (amount of feed needed to produce additional weight--in many cases extremely out of step with the rest of the global market), use of high-protein feed supplements and the value of producing soybeans to support increased quality and profit in the industry.

A controlled experiment to track growth in relation to feed was recommended as a means of convincing local producers of the positive, cost-effective means of having an impact on the feed, and in the longer term, genetic benefits of adjusted/improved feed practices.

- o **Livestock Supply:** In Romania, according to the businesses surveyed, supply is only a problem for those who have cash flow issues. This is one of the surprises of the survey findings (especially when compared with the findings in Bulgaria in 1993). One of the reasons for the adequate supply is the strong grain harvest of 1993.

A related finding: the majority of the hog supply is produced through large state farms in the East; most of the cattle is raised by private companies in the West. Mutton is raised in the West and tends to be exported (Greece,

Turkey, Iraq, Iran), except for Easter, when a Romanian market exists.

- o **Slaughtering Operations:** Electric stunning was only found in one business visited (the employees had invented the machine); information will be provided in the course to instruct on the international laws pertaining to animal treatment. One of the more successful and progressive managers has added a slaughterhouse to increase his profit margin; however, he is concerned about the psychological effects on his workers and rotates the job. The majority of the businesses visited slaughter on a rail (instead of on the floor). Technical points: room for improvement on flow and movement of carcasses; introduce electric splitting saws to increase efficiency (1 business had one). Related product: hides are salted, dried and sold.
- o **Sausage Production:** There is significant room for improvement in the sausage industry in both equipment and processing methods (using extenders is not necessary in an economy where livestock is readily accessible). Most of the sausages are a beef/pork combination contained in local sheep casings or artificial casings (German and Italian imports were seen in the better products).

Although few businesses have an ice machine to ensure quality sausage production, most of the owners know it is a key piece of equipment to secure as soon as the budget allows. The course will include discussions of the chemistry of meat and how upgraded equipment (ice machine, vacuum stuffers) will produce a higher quality, more profitable product.

- o **Sausage Making/Deboning Equipment:** Some of the equipment seen is 70-80 years old, but has been kept in reasonable functioning order throughout the years. As a general pattern, the successful businesses have started small and increased their earnings and upgraded their equipment. Areas for improvement: ice machines for higher-quality sausage production; freezers for appropriate storage; better refrigeration equipment for storage and refrigerated deboning rooms; vacuum sausage stuffers; use of saws instead of/in addition to hatchets/cleavers (1 business had a hand saw).
- o **Refrigeration:** As a general rule all businesses showed a lack of adequate refrigeration, usually because of the high cost of energy and equipment. No business surveyed has a refrigerated deboning room. (Salbero, in Galati, had a

partially refrigerated room.) Only one business had a freezer for storage (but was not used productively); perhaps, in the short-term, there is no need to have a freezer, because the vast majority of the businesses are selling all of their products the same day they are produced.

Also, nearly all the businesses are not cooling carcasses long enough in a location that is cold enough to inhibit bacterial growth. Related issue: working rooms frequently have high temperatures due to too many or poorly glazed windows or lack of insulation. (Note: the survey question regarding the amount of time it takes to completely cool a carcass should usually be taken with a grain of salt.)

- o **Veterinary Control/Health Concerns/Sanitation:** The topic of veterinary control was not explicitly covered in the survey, but it was mentioned that the service is free (a few people independent of the survey thought there was a practice of bribing inspectors, who potentially have the authority to close a plant for weeks at a time); we spoke with one about trichinosis (only 4 cases found in 2 years in his area).

One producer mentioned his concerns about smoked product procedures and the dangers of carcinogens (liquid smoke may be the solution).

Although it is a sensitive topic, sanitation standards will be discussed in the course. Most frequent problems: meat often stored on floors; inadequate worker changing/cleaning facilities; slippery, flooded floors, inadequate drainage; cigarette smoking; flies.

- o **Waste Products/Rendering Plants:** While a number of owners are already rendering the inedible waste products and using them for feed/protein source, others stand to gain from the advantages of recycling; for some the resulting products are another source of profit/barter. Many plants said they dispose properly of sewage; few recycle/properly dispose of blood; some tried and found blood collection was messy and not cost effective.

Processed and Fresh Products

Sausages:	relatively limited selection, most are smoked, all are cooked; types: large bologna, salami (several varieties, not dry), wieners
Casings:	sheep and artificial (imported German and Italian)
Spices:	garlic, salt, pepper, paprika, onion
Pork:	brine cured/smoked pork ribs, rolled roast, smoked pork loin, dry cured ham, smoked cured backfat
Beef:	boned for sausage, fresh cuts
Edible Offals:	tripe, hearts, livers, tongues, hog heads, brain, pigs feet
Inedible Offals:	sent to rendering plants or cooked and fed to dogs or livestock

Surveyed businesses requested that the following topics be covered in the course:

- o Sausage production: new recipes, spices.
- o Marketing (although few business owners articulated specific areas; helpful for the course to identify marketing's components).
- o How to have better access to funding sources: local, national (Romania banks), international (World Bank, International Finance Corporation).
- o Technical information on meat processing (no information available in Romania, through government); want course to have lowest common denominator and the most sophisticated technical information; want to grow from basic knowledge to state-of-the-art techniques.
- o Quality control.
- o Standards (for domestic market, create industry standards; compliance with EC and USDA to prepare for export market).
- o Production flow (need to look at a variety of models to learn concept and create efficiencies; includes developing criteria for effective/useful plans for building/remodeling).
- o Information on future trends.
- o Cutting techniques (have Romanians butcher and then Americans--Ion Ionescu, Urziceni will donate a carcass); concept of maximum economic advantage, cutting to highest value.
- o Request for technical trainers to stay a few days after course to follow up with some processors (especially start-ups).

In response to the survey/needs assessment and to address pertinent business and technical aspects of the meat processing industry, the following training topics will be taught/discussed:

Course #1:

- o Livestock Procurement
- o Pricing
- o Production Issues Affecting Meat Processor Profitability
- o Marketing

Course #2:

- o Slaughterhouse Practices and Technology
- o Meat Microbiology and Sanitation
- o Processing and Manufacturing Products
- o Meat Properties and Value
- o Business Planning

Course #3:

- o Equipment Technology and Plant Layout
- o Productivity Measurements
- o Product Costing
- o Financial Management Issues

US-Based Training:

For a few training participants, a US-based training program will provide an overview of the US meat industry, including a variety of site visits to small- and large-scale operations, exposure to best technical and business practices and association/professional development institutions and their function in a free enterprise system.

**Interview Summaries
September 13-22, 1994**

September 13
Bucharest

1. MICROFAZ SRL, Owner: Horeanga Fanel

General Information

- o Horeanga Fanel owns a diversified business which includes a farm, shop and meat processing plant. The 100-hectare farm is located near the neurological research hospital on the outskirts of Bucharest, while the shop, office and processing plant are adjacent to an open-air fruit and vegetable market on the western edge of Bucharest. He was a policeman prior to starting his business.
- o He started his business in 1990, with 100,000 lei, financed by savings and, since 1992, has borrowed a total of 60 million lei from banks.
- o Microfaz employs 48 people who bone 1.2 tons of meat per day; produce fresh, smoked sausage; and sell 75% of production as fresh meat and 25% processed.
- o Fanel has 5 accountants; quarterly profit and loss statements and daily production records are kept.
- o Technology: fax machine, computer, pager.

Livestock Procurement

- o Not having a slaughterhouse operation, Fanel relies on both state-owned and private companies to procure livestock carcasses and pays the market price based on dressed carcass weight; supply is not a problem.

Boning Operation

- o 4 cattle and 50 hogs are boned/person/day, and sold as fresh or processed cuts.
- o Refrigeration is inadequate: poor quality compressors, not enough insulation, temperature too high.
- o Cut yields are tracked by average production per day; carcasses are inefficiently cut; no relation of costs to particular operations.

Sausage Making

- o Owned equipment: grinder, sausage stuffer, smoker, cooker.
- o Although he did not ask about additional seasonings and recipes, his sausage was substandard; extenders are not generally used but occasionally soy flour is added.
- o 2 ton of sausage is produced per day per worker.
- o A maximum of 48 hours transpire between processing and sale of fresh cuts and sausages.

Marketing

- o 100% of the product is marketed/sold in the back door shop. He sells everything he produces; in order to sell more he would need to open a second store.
- o Mr. Horeanga does not need to advertise. His location, adjacent to an open market, and word of mouth have given him a strong customer base. He is the sole meat supplier to the marketplace. As of now Microfaz does not have a logo or brand label.
- o Pricing is determined by cost and competition; he knows how much it costs to produce each product that he sells through his record keeping system.

Business Planning

- o Although he has no written business plan, he has clearly thought through the operational and growth aspects of his overall business. He has a long-term goal of having an integrated operation that would include a slaughterhouse and dairy production to "close the circle" on covering all related aspects of the meat processing business.
- o Employees have a written instruction sheet.
- o He and his colleagues have started discussions about the benefits of a business association regarding plans to standardize wages (currently labor shifts between employers too quickly). In addition, they could help each other solve common problems.
- o Although there are significant technical problems (flow, sanitation, storage were among the worst seen in the survey) with this small-scale operation, Mr. Horeanga has made good decisions in planning his

operation around the constraints of his facility.

He is a talented, driven entrepreneur whose management strengths were evident in: a) sizing, he knows how many animals to process for the scale of his operation; b) business growth--he has converted the meat processing operation from an open warehouse to a mixed use facility that has separate rooms for storage, boning and sausage making and a store; c) a few kilometers away, at his farm, an impressive operation of corn/grain, wheat, alfalfa, plums and pinot grigio and pinot noir varieties and a new facility to house his workers; d) the third site we visited includes a small-scale vegetable garden and a storage and processing area for canned fruits and vegetables to support the workers.

At the last site we saw his state-of-the-art refrigeration truck and met his daughter, Sorana, soon to be a management and marketing student at the university. As the discussion continued, he brought out the importance of having his daughters understand modern business practices to bring the family's diversified operations the business skills necessary to be competitive.

September 14

Urziceni, Ialomita County

2. GALAXIA SRL, Owner/Manager: Vasile Radu

Vasile, a participant in ACDI's millers' training program, coordinated today's meetings. He serves as the mentor and colleague of the other two entrepreneurs we met in Urziceni. All of the men shared the same zeal and acumen for business growth; all are in financial/planning situations where they have invested significantly in physical plants, hoping and working towards securing credit/capital through World Bank loans and other sources to complete their operations.

General Information

- o Vasile has been in business since 1990. His first business was a beverage bottling company which he abandoned after Pepsi and Coca-Cola came to Romania. His bakery has allowed him to raise the capital necessary to add a mill and a meat processing plant to his operations.

- o He has an investment of 500 million lei in the new buildings (located just outside of town), but the three-story processing facility is not yet equipped (the first floor is currently being rented to a clothing distributor to generate some income). Vasile's Spanish partner who was meant to finance his equipment costs has backed out of their venture. He has state-of-the-art German equipment ordered (which includes training of 6 workers in Germany) and is waiting for a World Bank loan to come through to cover his 318,000 mark costs. He can no longer get credit from Romanian banks, with 4 billion lei invested in the different operations of his companies.
- o He purchased the 1.5 acres of land where the new mill and processing plant are located, for its proximity to the town where his bakery/home are located as well as the access to markets afforded by the train and highway to Bucharest.
- o Although it is not directly related to the purposes of this report, Vasile learned a great deal from his ACIDI training program, especially the US segment and has incorporated the new technical knowledge into the design and construction of his mill. The new mill is still in test mode, but he produces all the flour needed for the bakery (6 ton), has a production capacity of 24 ton/day, and has plans to sell the rest of the flour commercially as soon as the equipment/employees are at full capacity production.
- o Technology: fax machine, mobile phone.

Proposed Meat Processing Plant

- o Vasile plans to buy carcasses, rather than building a slaughterhouse. The overview of his operation was carefully thought out from a work flow point of view and while the building is impressive from construction and aesthetic points of view, his proposed refrigeration and drainage/sanitation system will be inadequate as planned (impractical window usage, drain placement). He has included important elements not seen in some of the other facilities: dormitories/apartments for workers; changing rooms; bathroom facilities, kitchen; office.
- o For sausage and smoked meats production and storage he has ordered: grinder, bowl cutter, sausage stuffer, smoker, cooker, freezer.

- o Vasile has a business plan which he is using to secure the World Bank funding.
- o He and the other 2 colleagues we met with are enthusiastic about starting a business association.
- o Although Vasile's situation with the meat processing plant is somewhat precarious, his overall operation is healthy and producing capital (thriving bakery business with retail and wholesale outlets; marketing ties throughout the local area and Bucharest). He has also shown resilience in the past regarding changing original schemes to meet market needs and financial reality.

3. DUO ORBIS SRL, Owner: Florea Sandu

General Information

- o Florea Sandu is a livestock producer who is interested in the ACDI training course because he and his colleagues see a value in integrating the services they provide to cut costs and increase profits.
- o He currently owns 10 Holstein milk cows and 5 hogs, but he hopes to have up to 50 head; his milk cows produce 15 liters/day. He also has male calves which are sold to his colleague, Ion Ionescu, who slaughters and sells them. The calf killing weight of 350-400 kilos takes from 20-24 months to achieve. His feed is a combination of corn, alfalfa and high-protein supplement.
- o He hopes to expand to include dairy production and has a possible joint venture with Alpina, a Swiss company, to provide the cheese processing equipment.
- o He started his farming business in 1992 and needs to sell his current crop so that he can buy new seeds to continue supporting his new livestock business through farming profits. Unfortunately, he does not yet have credit since his business is in its first year of operation.

Business Planning

- o He has no written business plan but has thought through his goals and worked on feasible ideas with his colleagues.

- o Mr. Sandu is interested in the advantages a business association would provide. He is the president of a farmers association that leases 700 hectares of land, 5 of which belong to him.

4. CARMAN SRL, Owners: Ionescu Ion, Sava Constantin, Gheorghe Frangulea

General Information

- o Ion Ionescu, a prosecutor, owns and operates a slaughterhouse and meat processing plant. The name of his company comes from the Romanian word for meat processing, "Carmangerie".

His associate, Gheorghe Frangulea, was a technician in a state-owned plant, who brought his expertise as a sausage maker and a Food Science Degree from the University of Galati (the top agriculture institute in Romania) to the business. Mr. Ionescu's friends convinced him that between their skills and savings they could run a successful venture. (Since he is a registered prosecutor his mother is the registered owner of Carman.)

- o He invested 100 million lei in September of 1992, and had his operation running by early 1993, funding the start-up with a combination of 10% savings and 90% credit.
- o Carman employs 48 workers who produce fresh and smoked beef and pork sausages.
- o The accountant prepares a monthly profit and loss statement, a monthly net worth report and daily production records.

Livestock Procurement

- o Carman buys livestock from the private sector, including calves that are raised by Florea Sandu of Duo Orbis. He pays market price for live cattle.

Boning Operation

- o 1 head of cattle and 6 to 8 hogs are boned/worker/day. Most of the meat in this operation is sold as carcasses, but some is boned for sausage use.
- o The only refrigeration unit stores carcasses.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker; an ice machine is a priority when affordable.
- o He uses garlic as a seasoning and would like to learn new recipes in the training course.
- o Sausage production rate: 100 kg/day/worker.
- o Sausages are made and sold each day.

Marketing

- o 10% of the product is marketed/sold in his retail shop and 90% to wholesalers in Bucharest.
- o He does not advertise but has one of the most colorful brand labels--green and white with pink pigs--seen during the survey (only 3 of 28 had eye-catching label designs).
- o Pricing is determined by the market.

Business Planning

- o Although he has no written business plan, he has a clear sense of his growth needs and costs. He does have a short-term business plan that he uses with the World Bank and the Romanian Development Bank (BARD).
- o Carman has an employee manual that is based on the state-owned industry's training material.
- o Mr. Ionescu has the business and legal expertise as well as the interest in starting and leading a meat processors association and the support of Vasile Radu and Florea Sandu. In some ways, in addition to having the concept of an independent, integrated livestock/processing/sales-unit between the 3 of them, they also are providing a small-scale association function among themselves.

September 15

Buzau, Buzau County

The site visits in Buzau were coordinated by the Small Business Development Center staff: Cornelia Bar, Marga Palaloga, Elena Perianu, Maria Russo, Gibson Smith (Peace Corps volunteer). One of 15 in the Romania (up to 20 in 1995), the Center (Foundation for the Promotion of Private Small and Medium Enterprises) has

UNIDO sponsorship and Chamber of Commerce support to stimulate the private sector by assisting owners in writing business plans and feasibility studies to approach funding sources and start new enterprises.

In addition to interviewing business owners, we visited the second annual Buzau Agribusiness Trade Show, meeting the organizer, Iacob Nicolae, president of the Chamber of Commerce. Food and equipment products from the region and some other areas of Romania were represented. The survey team was interviewed by the local television news person; products were sampled; potential new contact companies were identified.

5. CARMCOM SRL, Owner: Leonard Stratone

General Information

- o Leonard Stratone owns a slaughterhouse and meat processing plant in a picturesque, wine-producing area called Merei on the outskirts of Buzau. He used to be a manager in a state-owned company.
- o He began operations in 1992, financed by savings and credit (80%) totalling 45 million lei.
- o 25 employees slaughter 50 hogs and 15 cattle per day, bone 25 carcasses per day and produce 1.5 ton of sausage daily. 50% of production is sold as fresh meat and 50% is processed.
- o An accountant is on staff and production records are kept.

Livestock Procurement

- o Mr. Stratone was the first person on the survey who mentioned having some problems with livestock procurement. In most cases, the difficulty stems from the need to have adequate cash flow to conduct transactions for live animals or carcasses. He buys from private livestock farms.
- o The central/posted price he quoted: hogs 1500 lei/kg; cattle 1100 lei/kg. Others have said that there was central pricing in spring 1994 but not now. He pays for livestock based on live weight.

Livestock Slaughter

- o 5 hogs and 2 cattle are slaughtered/person/hour, on a crib, and either skinned or dehaired. Carcasses are refrigerated to 0-4 degrees centigrade.

- o Inedible parts are delivered to a recycling service; blood goes into the water system. Sewage waste is taken away by truck; hot water and detergent are the daily sanitation methods.

Boning Operation

- o 2 cattle and 3 hogs are boned/worker/day, producing by-products.
- o The boning room is not refrigerated.
- o Cutting yields are tracked daily.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker.
- o He would like to learn about additional seasonings and recipes, does not use extenders and produces 51 kg of sausage/person/day.
- o 12-24 hours transpire between processing and sale of fresh cuts and sausages.

Marketing

- o His products are sold in his shop in town, at the plant and to wholesalers.
- o He does not advertise but has a brand label.
- o He said that he knows his production costs but did not have a formula for pricing.

Business Planning

- o He has a written business plan and a short-term plan for banking discussions.
- o There is an employee manual.
- o He is interested in a business association to exchange business and product information and thinks a trading company would improve sales.

6. CARMA 92 SRL, Owners: Stefan Diaconu and Marin Cacinnchi

General Information

- o Carma began operations (as their name indicates) in October of 1992. Stefan Diaconu is an economist and

his brother-in-law Marin Cacinnchi is a food science engineer who worked with a state-owned plant. Marin's wife, who is the accountant, is also a food science engineer who may eventually quit her day job to join the business.

At the beginning of the meeting Mrs. Cacinnchi was serving drinks and staying in the kitchen; by the end of the discussion she was sitting next to her husband and participating. This is pertinent to the survey in that while only 1 of the 28 said they have a family operation, several of the businesses have significant family involvement. Her sister, Stefan's wife, is a loan officer at the bank.

- o They invested 500,000 lei and borrowed 15% on credit.
- o They employ 15 workers and produce fresh and cooked, smoked sausage.
- o Mrs. Cacinnchi, the accountant, prepares monthly profit and loss statements, a yearly balance sheet and production records.

Livestock Procurement

- o They pay for livestock based on dressed carcass weight; supply is sometimes a problem for them, again, because of cash flow issues.

Boning Operation

- o They bone 3 cattle/day, selling special cuts in plastic bags.
- o They keep an average of cut yields.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker.
- o They produce sausage at a rate of 1.5 ton/worker/day.
- o A maximum of 24 hours transpire between processing and sale of fresh cuts and sausages.

Marketing

- o 100% of the product is marketed/sold to wholesalers.
- o They do not advertise but have brand labels.

Business Planning

- o They have a short-term business plan for banking purposes and an employee manual.
- o A business association or trading company were not of interest. Their strength seems to be in their pooled family expertise and their balance of working in the private sector with a pragmatic eye towards a Romanian-style capitalism.

7. CONS SIMION SRL, Owners: Octavian, Auric and Maria Simion, Neluion Leu

General Information

- o In October of 1991, Mr. and Mrs. Simion and partners bought out a large-scale, government-owned slaughter and processing operation that they financed with 570,000 lei, 49% of it borrowed, and an initial investment of 150,000 lei.
- o The 25 employees slaughter 10 hogs, 5 cattle/day, bone 5/day and produce 1.5 ton of fresh, cooked, smoked sausage/day (85% of their business).
- o The accountant prepares a monthly profit and loss statement (unless one is needed more often).

Livestock Procurement

- o They buy livestock (live and dressed carcasses) from private companies (80%) and state enterprises (20%).
- o They bargain with suppliers to determine price.

Livestock Slaughter

- o 2 hogs and 2 cattle are slaughtered/person/hour, outside on the floor, skinned, then brought to the indoor operation via rail. They said the carcasses can be brought to 2-4 degrees centigrade within 2 to 4 hours (questionable).
- o Inedible parts and blood are sold to reprocessing/rendering companies. Sewage waste goes into the city system; disinfectants are used to sanitize the plant.

Boning Operation

- o 1 head of cattle and 4 hogs are boned/worker/day, producing edible offals (liver, heart, etc.).

- o They were the first business surveyed that told us they recognized the need for more refrigeration units to adequately cool their carcasses.
- o They track cut yields daily and plan to increase their cut carcass value by starting a canning operation.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker.
- o They use local seasonings and recipes to respond to their market.
- o Each worker produces 250 kg/day.
- o 8 hours transpire between processing and sale of fresh cuts and sausages.

Marketing

- o 80% of the product is marketed/sold to wholesalers and the rest via the back door shop; they, as a number of the other processors supply a local restaurant.
- o They advertise in the newspaper, have a logo and brand label.

Business Planning

- o They have a written business plan that includes data to help them secure loans.
- o They do not have an employee manual.
- o A trade association or trading company are of interest to learn more about export, packaging and sales.
- o The Simions have a small scale, but clean and efficient operation with fairly good flow. On the livestock production side, they have a few head, and understand the importance of the feed issues; they are using sunflower meal as a protein source.
- o They would like to upgrade their equipment and flow processes and plan to expand by adding a canning operation, producing pork and beans, sausage and beans, meat and liver paste, to market to the Romanian military and for export.

8. MADRAS SNC, Owners: Cornel and Adriana Gurau

General Information/Proposed Meat Processing Operation

- o Cornel Gurau is an economist and livestock farmer who has been in business since 1992, working a section of property that was a state-owned farm. In November of 1993, the person who owned the slaughter/processing aspects of the operation went out of business. Mr. Gurau bought him out, has renovated the buildings and plans to begin operating as soon as his loan is approved so that he can purchase more livestock.
- o He started his business with 300,000 lei, financed 100% on credit.
- o He employs 11 people. His business plan proposes: slaughter 20 hogs and 15 cattle per week, bone 55 head per week and produce 1.5 ton of sausage/week, selling 30% fresh meat and 70% processed.
- o He has hired a trained sausage maker (educated in Galati) and an accountant; profit and loss statements are prepared monthly and balance sheets, quarterly.

Livestock Procurement

- o Hogs are available through the state sector and cattle through private businesses; he pays market price for live cattle and pork carcasses.

Livestock Slaughter

- o Mr. Gurau plans to slaughter 15 cattle/person/day, on a rail, to be skinned. Carcasses are refrigerated to 0-4 degrees centigrade in 4 hours (unlikely).
- o Inedible parts are ground as food for the dogs, other waste, sold to recycling companies; water and detergent are the daily sanitation methods.

Boning Operation

- o He plans to bone 3 cattle and 4 hogs per day, producing special cuts; he hopes to buy vacuum packaging equipment.
- o He has refrigeration equipment for storage but not for the deboning operation.
- o Cut yields will be tracked based on average/day.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer. His equipment was perhaps the oldest seen on the survey, but the quality and size was appropriate to the operation he plans to have.
- o He has seasonings and recipes.
- o Planned sausage production level: 150 kg/day/person.
- o He plans to sell fresh products the day they are made.

Marketing

- o 50% of the product is to be marketed/sold in his retail shop, 50% to wholesalers.
- o He plans to advertise in the newspaper.
- o Pricing is determined by factoring costs; through record keeping he plans to know the cost/product amounts.

Business Planning

- o He has a complete written business plan, short/long-term plans to present with loan applications and employee manuals.
- o A business association would serve to give him more marketing and exporting information. He is also interested in the trading company concept.

9. HALIMATEX SRL, Owner: Speranta Danulescu
(No site visit; we met her at the Chamber of Commerce-sponsored Agribusiness Trade Show in Buzau.)

General Information

- o Mrs. Danulescu has a background in food science, experience in the bakery/milling business and an interest in starting a livestock and meat processing business. Prior to buying her mill/bakery in 1991 she managed a state-owned mill and had a position in the Ministry of Agriculture.
- o She has enough land for her business ideas and would like to join the course to give her enough technical knowledge to produce a quality product efficiently.
- o She will complete a survey and fax it to ACDI, Bucharest.

10. MIRCOS, SRL, Owner: Mircea Lefter

General Information

- o Mircea Lefter, who has a textile background and no knowledge of the meat industry, purchased a three-story building and plans to use the ground floor as a meat processing site. He has been working with the Buzau Small Business Development Center to develop his business plan. His market assessment is that this popular residential and increasingly recreational area does not have a meat supplier, although there are some available slaughtering facilities located nearby.
- o He is interested in the course, but also wanted on-site guidance/planning assistance to design the product flow in the building which is partially under renovation. The 4-room area is walled and tiled, has some finishes, but no equipment, energy supply or sanitation facilities for workers. The top floor is a bar, the central floor is a disco, and while he may need part or all of the disco space for his processing, he would like to continue the other businesses.
- o His business concept is to share a slaughterhouse facility (located approximately 1/4 mile away, across the county road) with Marius Vintila, a colleague with industry experience (see next profile). Mr. Lefter has a refrigeration truck for carcass transportation.
- o He plans to slaughter 100 hogs and 100 cattle per week (questionable statistic) and debone/process 10 hogs and 2 cattle/day. Although his space is too small for the operation he envisions, some suggestions were given to him, to begin to flesh out the pattern/flow of his operation.

11. Birea Vintila, Product 93, Owners: Marius Vintila and Nicolae Birea

General Information

- o Marius and Mircea Lefter (see above) have been renting and using the nearby slaughterhouse to sell carcasses. Marius has applied for a loan to buy the previously state-owned operation which has gone out of business and is up for auction (he may have top priority since he has some investment in the property through rental).
- o Marius has strong industry experience and was one of

the first people in the county to take steps towards privatization in 1990. He knows the legal and economic aspects of the transition.

- o In addition to providing some on-site technical assistance for Mr. Lefter's processing operation, it was suggested that the men consider forming a limited partnership or 2 businesses and 1 operating company: to conserve their labor, cash flow and maximize their strengths. They plan to have 2 independent companies knowing that they may complement each other or combine efforts at a later time.
- o Mr. Vintila, a livestock engineer, started his business in 1990, with 320,000 lei. The source of his capital is credit.
- o He employs 24 people who slaughter 100 hogs and 20 cattle per week. He has hired a sausage maker, trained at the university in Bucharest, but he is selling carcasses and not making any sausage at this point.
- o The accountant prepares a monthly profit and loss statement, a quarterly balance sheet and production records.

Livestock Procurement

- o Livestock is purchased from private companies; price is negotiated; he pays for livestock based on live weight; supply is not a problem.

Livestock Slaughter

- o 2 hogs and 1 head of cattle are slaughtered/person/hour and dehaired. Carcasses are refrigerated to 0-4 degrees centigrade within 3 hours (not likely).
- o Inedible parts are sold to a rendering plant. Sewage waste is transported. The plant is cleaned daily.

Marketing

- o 100% of the product is marketed/sold wholesale.
- o They do not advertise but have a logo and brand label.

Business Planning

- o The written business plan contains information on raw materials, financial resources and the market.
- o They have instruction sheets for employees.

- o More information on a business association and a trading company are of interest.

September 16

Tecuci, Galati County

The appointments in Tecuci and Galati were facilitated by Gene Upton, a Peace Corps volunteer, working for a second year with the Small Business Development Center (Centre for Promotion of Small and Medium Private Enterprises) in Galati. The general secretary of the Chamber of Commerce, Victor Dobre, (the president, Dan Gogoncea was on vacation) and director of the Center, Radu Pirlog also met with the survey team to discuss the meat industry and small business development in Galati.

12. DARY TEC SRL, Owner/Manager: Octavian Mircea Pop; co-owners, Fancia and Darius Pop, Marian Chiriac, Vasile Diaconu

General Information

- o Mircea Pop, a veterinarian, started operations in 1993. He bought a section of a state-owned processing business with an initial investment of 100,000 lei. The source of the capital is credit. He has recently bought another section of the government building and is in the process of renovating it to expand his operations.
- o This is one of the cleanest, most efficient businesses seen during the survey. Similarly, it is one of the top contenders for reaching international standards and having realistic export possibilities, from both technical and management perspectives.
- o Dr. Pop has brought two young associates into the ownership to teach them the business. His wife and adult children are also involved. (His wife was up until 5 a.m. the day that we met her, preparing a special rush order for a Bucharest account.)
- o At Dary Tec, 50 employees bone 300 carcasses per week (cows and hogs) and produce 3-4 tons of smoked, cooked sausage per day.
- o The accountant prepares monthly (or more often if necessary) profit and loss statements, quarterly balance sheets; the system is computerized.

Livestock Procurement

- o Supply is not a problem; Dary Tec purchases from private and state-owned operations at negotiated prices. He buys the livestock live and slaughters at the state facility.

Boning Operation

- o 500 kg are deboned/shift (8-hr day).
- o Refrigeration is inadequate.
- o Cut yields are tracked by totals.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker.
- o They have necessary seasonings and recipes.
- o 100 kg of sausage is produced per worker per day.

Marketing

- o 30% of the product is marketed/sold at their 4 retail shops and 70% to wholesalers.
- o They do not advertise, but they have a brand label.

Business Planning

- o Mr. Pop has a 1-year written business plan.
- o Each employee is trained by a more experienced worker to do a particular job.
- o Mr. Pop thinks a business association would be valuable.

Galati, Galati County

13. ABGAL SA, General Manager: Ioan Crintea

General Information

- o The survey team met with Nicolina Papadopol, technical director, and Ianos Viorel, economic director. Abgal is a large-scale slaughter and processing operation that was built in 1971 as a state-owned plant. On December 1, 1993, it was privatized and purchased by its employees: 30% vouchers, 21% state loan fund (40%

of this has already been repaid), 49% credit.

- o There are 152 employees who slaughter 80 hogs and 10 cattle per week, bone 50 carcasses (40 hogs are sold as carcasses) and make 2 ton of fresh and cooked/smoked sausage each day. 70% of production is sold as fresh meat and 30% processed.
- o After some discussion, it was mentioned that the employee ownership of the plant has become an obstacle to quality and level of production. Employees want the best of both worlds: to have the protected free-time that existed for them under the state system and to gain the monetary advantages of the private sector. The team observed that Ms. Papadopol needed to be with the employees to make sure that operations were running somewhat smoothly.
- o The accountant prepares monthly profit and loss statements and quarterly balance sheets.

Livestock Procurement

- o Procurement is not a problem; price is negotiated; hogs are purchased from the state companies and cattle from private (40%) and state-owned companies (60%).

Livestock Slaughter

- o 14 hogs and 8-10 cattle are slaughtered/person/8-hour shift (hogs on the rail, cattle on the floor). Carcasses are refrigerated to 2-4 degrees centigrade within 16-24 hours.
- o Inedible parts are sold to recycling companies. They used to sell blood to a recycling company, but it was not cost-effective and labor intensive. Now the blood goes into the water drains. Sewage waste is recycled. They said that the plant is cleaned daily.
- o This was one of the least clean plants seen on the survey (flooded floors, cobwebs/dust on the equipment, etc.).

Boning Operation

- o They did not have any data about labor productivity, but the managers know it's important; Ms. Papadopol would like to learn more about this in the course.
- o They only have enough refrigeration for storage, although the manager has placed the deboning room

between two refrigeration units, to benefit from the cooling effects.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker (their sausage would be much better with a vacuum stuffer).
- o They have adequate seasonings and recipes.
- o 400 kg of sausage is produced per day per worker.
- o Fresh cuts and sausages are sold on the same day that they are prepared.

Marketing

- o 20-30% of the product is marketed/sold at their 4 retail stores, 70-80% to retailers.
- o They advertise on the radio and in newspapers; they have a logo and brand labels.
- o Pricing is determined by adding profit (target 5-10%; in 1993, 1%) to cost. Their main motivation is to sell the product; some products will move with a profit, others are sold at cost.

Business Planning

- o They do not have a written business plan.
- o They do not have an employee manual, but they have individual job descriptions/instruction sheets for each position.
- o They were unclear on the advantages of a business association or trading company.
- o Because of the quality and employee productivity problems, it is the opinion of the survey team that Abgal may be out of business within 5 years if the status quo continues. There is significant management talent represented in Nicolina Papadopol, but not enough to surmount the technical and management difficulties she faces.

14. SALBERO, Owner/Manager: Constantin Bezman

General Information

- o We spoke with Ms. Ionescu, the technical manager, about

this efficient, successful business, the most efficient and productive of all surveyed to this point (and the first with an ice machine for sausage processing). An indoor and terrace restaurant and a small, but attractive and busy store-front shop are other aspects of Mr. Bezman's business.

- o Salbero started operating in a small space in a different location in 1990.
- o Salbero employs 40 people who produce 5 ton of meat per day. 1% of production is sold as fresh meat (special cuts) and 99% as processed meat.
- o The accountant prepares monthly profit and loss statements and production records every three weeks.
- o They have a quality control lab in the business office.

Livestock Procurement

- o Livestock procurement is not a problem.

Boning Operation

- o 3 cattle and 15 hogs are boned/worker/8-hour shift, producing special pork cuts.
- o Cut yields are not tracked.
- o Refrigeration is inadequate in the boning room, and they do not have a freezer; however, the quality of the meat is high, sanitation is excellent and productivity is at the top end of the businesses surveyed.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker, ice machine (the first one seen in any of the operations surveyed in Romania).
- o They have enough seasonings and recipes.
- o 250 kg of sausage is produced per day per worker.
- o Their products move as soon as they are produced.

Marketing

- o 20% of the product is marketed/sold in the back door shop and 80% at their 5 retail shops. They advertised on the radio last year but do not need to any more. They have both a logo and a brand label.

- o Pricing is determined by cost plus profit--this information was not divulged.
- o This is the first business of the survey that has a vacuum packaging machine.

Business Planning

- o They have a written business plan.
- o Employee instruction sheets are used. They have good facilities for their employees--changing room/showers, a dining room with free meal privileges.
- o They are interested in both a business association and a trading company.
- o Ms. Ionescu is a talented technical and business professional who represents the "next generation" of "modern managers" in Romania. Salbero is one of the top businesses surveyed, from operations, sausage/product quality and management/leadership strength.

September 17

Braila

15. PORTIC SA, Manager: Virgil Ciocan

General Information

- o Virgil Ciocan is a pig livestock producer who manages a private co-op with a feeding capacity of 65,000 hogs that is valued at 25 billion lei.
- o Of 140 large-scale hog farms in Romania (state-owned in the past), Portic is one of the only 30 remaining; of these, only 4 are still large operations. His facility has been one of the strongest over time, bringing \$1/kg.
- o Among the 200 employees, there are mechanical engineers, veterinarians and sanitation workers.
- o Dr. Ciocan's main concern is financial: of the 3 billion lei his operation has received in credit, he is only paying off the interest and not making any progress on the principal. He wishes it would be possible to have longer-term loans rather than the 8-12 month terms he has.

- o His cash flow has become a serious problem. Although he has received some training/assistance from International Fertilizer Development Center (IFDC), he is frustrated by not being able to receive more financial assistance, from either the Romanian or American governments. He sees the state-owned enterprises being supported by the state and hopes for someone with cash to help solve some of his feed/sanitation problems.
- o We did not see the operation because there are veterinary problems: salmonella, respiratory ailments, nutritional deficiencies.

Hog Production

- o Dr. Ciocan, a veterinarian, has 400 brood hogs (hybrid Hampshire, Duroc, Landrace) for production, which are cross-bred with hybrids (Great English Whites and Landrace) to produce a quality product with minimal backfat.
- o 600,000 live ton are sold per year (650,000 when feed is optimal). It takes 10-11 months to produce a 105 kg hog--8 when he has the correct feed (5 months would be optimal). His conversion rate (feed needed to produce 1 kg of weight gain) is 7.5, quite high, because he does not use high protein supplement or soy. The feed mix consists of corn, wheat, barley, calcium and salt. To purchase 250 ton/month of soy would add to his costs by 130 million lei/month. His current grain cost is 170 lei/kg; supply is not an issue, but cost is; he buys from local farmers.
- o He is grateful to IFDC for giving him high protein concentrate so that his operation could continue. He appreciates Don Waganer's (of IFDC) expertise in hog farming and fertilizer production.
- o In terms of survival rate, he loses 24.5% of the hogs across the life cycle. On average, 19 piglets are born/sow; he yields 12-14 surviving piglets/litter. He was not very interested in this figure but more concerned with the meat sold/animal.

Marketing

- o Regarding ACDI's training course, Dr. Ciocan is especially interested in learning more about marketing to begin to improve Portic's situation.

16. GROPIG SA, Manager: Constantin Ciupala

General Information

- o Just down the road from the precarious situation at Portig, we met Constantin Ciupala who manages Gropig, an impressive hog production facility by any country's standards. Mr. Ciupala demonstrates sound financial and technical management skills as well as a progressive style of training staff and competing in his field through innovative strategies. The plant was built in 1971; he has been there for 15 years.
- o In order to deal with cash flow/financial stability, Portic is in a joint venture arrangement with the government which holds 28-30% of the company; the rest is held by private shareholders. Eventually they hope to buy out the government shares.
- o Another strategy that has greatly improved the operation's viability has been the addition of a slaughterhouse and techniques to compete with the competition and improved methods for sales/marketing. He attributes many of his skills to a training session conducted by IFDC. In the 1 and 1/2 months since he took the course and added the slaughterhouse, cash flow has increased from 10 to 40 million lei.
- o Since his business is located the farthest away from Braila, he found that he needed to give buyers a reason to travel the extra distance for pork. His rate of return for slaughtered hogs is higher than what he was earning for live hogs.
- o He has also worked on the genetic aspects and tailored the hogs to customers' interests (using more Landrace and hybrids and fewer Great English White, which yields less back fat).
- o 130 employees have been trained to do a variety of jobs at Gropig. Mr. Ciupala proudly showed us the conference/training room (complete with framed satirical co-op, livestock production, marketing in agriculture drawings decorating the wall and a large blackboard), where weekly meetings are held. Mr. Ciupala was invited to an IFDC training session; he brought back his materials and copied them for all staff.

- o Work sometimes goes on all weekend to complete the new construction and business adjustments. In December, the holidays provide a market for increased sales, so his target is to be ready to meet the demand.
- o Mr. Ciupala prepares profit and loss statements, and he keeps production records. Although his system is not computerized, he keeps copious, accurate records.

Hog Production

- o The farm has a 30,000 head feeding capacity, with a maximum of 34,000; 2,000 sows currently produce 15.3 piglets/sow (improvements may yield 23.5/sow).
- o The conversion rate for feed consumed/kg of body weight gain is now 6.5 kg. Selling weight for the hogs is from 100-130 kg.
- o Mr. Ciupala subscribes to *Pig International* and has been experimenting with piglet pellet feed programs. The mix of fish/soybean meals, skim milk, vitamins and antibiotics were effective in weight gain and, he said, "the piglets enjoyed the taste."
- o The next addition to his operation is to add a feed mill; he owns the land on which the feed mill adjacent to the farm is located and hopes to buy it. This will allow him to control the content of the feed recipes and tailor them to the different pig life stages.
- o Mr. Ciupala recycles the waste to sell it to farmers for fertilizer and the farmers repay him with grain. ARCA and IFDC are helping Gropig with its waste recycling.
- o Because adding soybeans to the pigs' diet would greatly enhance their diet and decrease the conversion rate, Gropig is in discussion with the cooperative farm bordering them to plant soybeans; Gropig will exchange fertilizer for soybean supply.

Livestock Slaughter

- o This new operation slaughters 30 hogs per day and, as of November the level may be up to 100. Desired capacity: 12/person/shift, slaughtered and skinned. Since methane is one of the by-products produced by the operation, scalding the hog carcasses may be another technique to consider; some customers prefer this product in the winter.

- o Hog legs are heads are another by-product he would like to process and sell, but additional dehairing machinery is needed.
- o Refrigeration is minimal at this point, but new facilities are under construction.
- o Mr. Ciupala is concerned about the effects the slaughter operation has on his workers, and as a result, it is a rotating responsibility. He would like some technical assistance (and may get some from a European group) in using an electric stunner before slaughtering, mechanizing their methods and using a rail system.

Marketing

- o The majority of the product is marketed/sold at the farm, but 2 spaces were recently purchased in town to accommodate carcasses and some fresh cuts. Purchasing a refrigeration truck is a priority.
- o He receives 1800 lei/kg of pork--5.8% profit per carcass, income from the other edible and inedible products and sells the glands to a pharmaceutical company.
- o He is interested in getting more information/samples of logos.
- o As previously mentioned, this livestock operation is impressive by international standards. There are some technical improvements to be made, but the vision and management/labor capabilities seen bode well for their future in supplying the local, regional and perhaps international markets.

September 19

Brasov, Brasov County

17. LUCA SRL, Owner: Ilie Luca

General Information

- o Ilie Luca started his business in May of 1990 with 5 hogs in his back yard. He spent 14 months in a very small space and then upgraded, an effort financed by 1 million lei in credit (100 million lei by 1994 standards).

- o As of September 1994, he has strong cash flow and no longer requires funding, unless he builds a new mill for his bakery business. He also has retail stores.
- o 83 employees bone 5-7 ton of meat per day; selling 60-70% of production as fresh meat and 30-40% processed.
- o The accountant prepares profit and loss statements when requested; production and accounting records are kept on a spreadsheet program.
- o Technology: computer, radio dispatch service between plant, stores and cars.

Livestock Procurement

- o Hogs (state supply) and cattle (private and state) are purchased at a negotiated price, based on live weight; supply is not a problem. Slaughtering is done at the state-owned operation.

Boning Operation

- o .5 ton of cattle and 1 ton of hogs are boned/worker/8-hour shift, producing special cuts.
- o Refrigeration is present for storage but inadequate in the boning room.
- o Cut yields are tracked.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker and ice machine, although Mr. Luca thought it was an inferior model.
- o Enough seasonings and recipes are found for sausage production.
- o 200 kg of sausage is produced per worker per day.
- o Products sell as soon as they are made.

Marketing

- o 90% of the product is marketed/sold at their retail stores and 10% wholesale. (He has a good contract with a nearby auto part manufacturer, to supply their cafeteria.)
- o They do not advertise; a logo and brand label have

been developed and used.

- o Pricing is determined by cost plus profit. Mr. Luca explained, "I'm not devoted only to the profit; if I focus only on that, I lose sight of other important aspects."

Business Planning

- o He does not have a written business plan, but flow, marketing, growth and finance/production/human resources are well handled and progressively managed.
- o Employee manual: employees are cross-trained.
- o Mr. Luca is enthusiastic about a business association and a trading company. He recognizes that he would need to upgrade his operations to meet EC standards in order to export, but given the success of his venture, his strong cash flow and savings and good credit, continued growth seems assured. He also brought his son into the meeting, an engineer who recently graduated from the Polytechnical Institute with a degree in computers and automation. Mr. Luca showed one of the strongest integrated businesses seen in the surveyed companies.

18. TV ROM INTERNATIONAL, Executive Manager: Gheorghe Stanciu

General Information

- o Rodica Tiriac (wife of tennis star Ion Tiriac) and Teofan Trapcea own TV Rom (tourism manager is listed as a previous occupation). Gheorghe Stanciu is the executive manager; Mihaela Ivan of the production staff spoke with us as we saw some of the different aspects of the company. At the meat processing plant we met the unit manager (a woman) and a technician.
- o The business was started in 1992, with 48,000,000 lei. 50% of the funding is credit and the other half is private capital; there is a connection to Germany through the owners, but it is not technically a joint venture. It is a diversified business, dealing in canned products, cheese, baking and food wholesale transactions.
- o 15 people are employed in the meat processing section of the company, but the overall company is a large-scale diversified operation. 10 hogs and 3 cattle are boned per day, producing 3 ton of sausages (fresh,

smoked, cooked).

- o The accountant prepares a monthly profit and loss statement and daily production records and annual balance sheets.

Livestock Procurement

- o Livestock procurement is only a problem if the prices are too high. It is purchased for a negotiated price (live weight) at state and private enterprises.

Livestock Slaughter

- o Although their slaughterhouse operation is not being used at the present time, they gave these responses to the survey: .5 hogs and .25 cattle are slaughtered/person/hour, on the floor and either skinned or dehaired. Carcasses are refrigerated to 0-4 degrees centigrade.
- o Inedible parts are sold to rendering companies; sewage is taken away by truck; hot water and detergent are the daily sanitation methods.

Boning Operation

- o 400 kg of cattle and 250 kg hogs are boned/worker/day, producing special cuts of cattle.
- o Products are packaged in plastic bags and vacuum packed in the retail stores. Refrigeration was better in this plant than most, but the deboning room was still not up to EC/international standards.
- o Cut yields are tracked; this was the only businesses where we saw, instead of hatchets and knives, saws being used.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker.
- o Adequate seasonings and recipes are available.
- o 70 kg of sausage is produced per day per worker.
- o A maximum of 48 hours transpire between processing and sale of fresh cuts and sausages.

Marketing

- o The product is marketed/sold in the "back door shop" (a

huge, modern plant, (complete with a number of refrigerated trucks and security passes for visitors), wholesale and in the 7 retail shops and a high-end "fast food" concept cafeteria-style restaurant, Timpa Fast Food (located directly across the street from one of Mr. Luca's stores in the heart of historic Brasov).

- o They advertise, have a logo, brand label and marketing packet--complete with pocket calendar, banner and city map).
- o The question on pricing was not answered but the presentation of the retail product was the most modern and appealing (by American standards) of any operation surveyed in Romania--vacuum package and frozen product.

Business Planning

- o TV Rom has a written business plan which contains: company history, marketing, financial resources, etc.
- o Employees have instruction sheets.
- o A business association would be helpful to learn better marketing and increase profit.

19. PANFIL SRL, Owners: Emil and Sorin Panfil, Manuela Stoas

General Information

- o The Panfil Family (father, son, daughter) own this small meat processing plant/retail store, located just outside the historical center/old town section of Brasov. They have a bar/coffee shop on the property and apartments are being built above the operations to generate additional income.
- o Emil Panfil was working with fruit and vegetable sales and canned products before the meat processing business. Manuela, 31, his daughter is the accountant; Sorin, 27, studied engineering at the university and learned the family business during school vacations.
- o They started the business in 1991, with 100,000 lei, financed by savings and a 100 million lei loan (interest rates went from 70 to 130% and are decreasing now).
- o They have 15 employees who bone 3 ton of meat per day, produce 1.5 ton of sausage/day (fresh, cooked, smoked) and sell 50% of production as fresh meat.

- o Manuela, the accountant, accesses daily cash flow information from the bank, uses a computer program to prepare monthly profit and loss statements, a monthly balance sheet and monitor production records.

Livestock Procurement

- o Procurement of cattle (private and state) and hogs (state supply from Eastern Romania) is not a problem. Price is negotiated. They pay for livestock based on live weight--"cheap and good quality".

Boning Operation

- o The deboning technique was more efficient than most at Panfil because they begin the process while the carcass is still on the rail. 700 kg/day, 150 kg beef and 550 kg pork are boned/worker/day, producing special hog cuts.
- o Refrigeration for storage is available but not for the deboning area.
- o Cut yields are tracked.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker.
- o Seasonings and recipes are available.
- o 250-280 kg of sausage is produced per day per worker.
- o All the product is purchased each day that it is made; they operate 6 days a week; Manuela quipped, "It isn't a state enterprise."

Marketing

- o 50% of the product is marketed/sold in the back door shop, 10% to their retail store and the difference to wholesalers.
- o They advertise, have a logo and brand label.
- o Pricing is determined by cost plus profit (20-25% wholesale, 30-35% retail).

Business Planning

- o They do not have a written business plan, but they have a strong sense of their current finances/production and seem to be mapping out future expansion in a written

form in their loan documentation.

- o They have instruction sheets for employee training.
- o They are interested in a business association and a trading company.
- o Panfil is a small, clean facility that makes a good product. The Brasov market has a number of meat processors and more who are starting up, but the talent and market-focused aspects of the management should help Panfil remain competitive.

20. CARMOLIMP SRL, Owner: Soneriu Olimpiu

VOCA volunteer Tom Donelan has been assigned to a 3-week technical assistance stay with the company and shared his perspective with the survey team during our site visit.

General Information

- o Soneriu Olimpiu owns a new slaughterhouse/meat processing plant, located in a small village far from the town centers that have slaughtering and processing services (Sibiu is 60 miles away). He is an economist who worked as a furniture design engineer prior to starting his business. (He designed one of Ikea's, a Swedish furniture company, most successful lines.)
- o He started his business in 1993, with 80 million lei of savings and a 30 million lei loan. He bought the buildings from a co-op farm, and renovated them. They are located on land that his wife, Carmen, owns. She is also involved with the day-to-day aspects of the operation.
- o 48 employees slaughter 80 hogs and 20 cattle/day, bone 6 ton of meat per day and produce 3-4 ton of sausage/day; 10% of production is sold as fresh meat and 90% processed.
- o The accounting system is computerized and generates reports on an as-needed basis.

Livestock Procurement

- o The operation relies on state companies to procure live hogs and private and state sources to buy cattle. Price is negotiated (300 lei/kg for hogs and 100 lei/kg for milking cows).

Livestock Slaughter

- o 10 hogs and 2 cattle are slaughtered/person/day, on a rail and skinned (automatic hide puller for hogs, manual from cattle). Carcasses are refrigerated to 0-2 degrees centigrade in 6 hours.
- o Inedible parts are sold to a rendering plant; sewage waste is taken to a plant; hot water and disinfectants are the daily sanitation methods.
- o Carmolimp would benefit from improved slaughtering methods, including an electric stunner.

Boning Operation

- o 800-1000 kg of cattle and hogs are boned/worker/day, producing special cuts and carcasses (some customers prefer to do their own butchering).
- o Refrigeration is adequate but not present in their deboning room; there was a discussion about the most logical way to expand the deboning room which the operation has outgrown.
- o Cut yields are tracked daily.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker.
- o They have ample seasonings and recipes.
- o 300-400 kg of sausage is produced per day per worker.
- o The products are sold as soon as they are made. There were customers lined up outside the plant at 5:30 p.m.

Marketing

- o 70% of the product is marketed/sold wholesale, 30% in their retail shop.
- o They do not advertise but they have a colorful logo (which was printed in Germany) and brand label.
- o Pricing is determined by cost plus profit.

Business Planning

- o They do not have a written business plan but do have loan documentation.

- o Employees have instruction sheets.
- o They are interested in a business association that would provide general information and lobbying power. While they would be interested in a trading company at some point, they are currently so swamped with the local market, that they are focusing on expanding services to meet the great demand.

September 20

Alba Iulia, Alba County

21. JUPITER IMPE, Owner: Ion Sonea

General Information

- o Ion Sonea, in conjunction with 5 partners, owns a very small but efficient slaughterhouse and meat processing plant in Alba Iulia. He is also a manager at a state-owned plant and has a livestock farm located out of town.
- o He brought us to briefly visit the state operation, which was in keeping with the mid-level of businesses seen throughout the survey. However, it was the only slaughterhouse in Romania that we saw that had a electric stunner for use prior to slaughter. The machine was invented by some of the technicians who work there, and was well made and reasonable safe.
- o He started his business in 1994, with 8 million lei of private capital and borrowed 30 million lei.
- o He employs 2 people for his operation who slaughter 25 hogs and 3 cattle per week, bone 4 carcasses daily, and produce 25 kg of sausage/day (fresh, smoked). 80% of production is sold as fresh meat and 20% processed. He hired a trained sausage producer from the state processing plant.
- o The accountant prepares daily profit and loss statements, quarterly balance sheets and keeps production records.

Livestock Procurement

- o He relies on his own private farm and the private sector for livestock; procurement is somewhat of a problem because he does not raise very many head. Price is negotiated. He pays for livestock based on live weight.

Livestock Slaughter

- o 5 hogs and 1 head of cattle are slaughtered/person/day, on a rail and are skinned or dehaired. Carcasses are refrigerated to 0-4 degrees centigrade.
- o Inedible parts are sold to a rendering plant; blood goes into the water drains. Sewage waste is brought by truck to a sewage plant; the plant is cleaned daily.

Boning Operation

- o 2 cattle and 5 hogs are boned/worker/day, producing special hog cuts.
- o The cuts are packaged in plastic bags once they are brought to the store. He has a vacuum packaging machine, but customers prefer seeing the meat with either no packaging or in loose plastic bags.
- o Refrigeration is inadequate.
- o Cut yields are tracked by recording the cuts.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker. All of his equipment and the entire deboning/slaughter/sausage operation are extremely small scale, but the flow and conditions are quite good.
- o Adequate seasonings and recipes are available.
- o 12-15 kg of sausage is produced per day per worker.
- o The products are sold the same day they are made.

Marketing

- o 100% of the product is marketed/sold to wholesalers.
- o He advertises but has no logo or brand label.
- o Pricing is determined by cost plus profit.

Business Planning

- o He has a written business plan that contains information on production, marketing and cash flow.
- o He is interested in both a business association and a trading company.

22. AD & AD PROAG COMPANY, Owner: Florica Dinculescu

General Information

- o Mrs. Dinculescu is a miller who attended ACDI's training. She is expanding her business to include a meat processing business and hopes to attend the course.
- o To give some historical perspective, her family owned 2000 hectares of farmland in the region; she has scraped and scratched to get 27 arable hectares and 3 forest hectares of the original property back; the original family house was still standing (barely) and is being renovated.
- o She is raising hogs and will raise cattle. She has buildings under construction (a new mill, complete with Italian equipment that should be completed soon) and renovation, crops that will support the livestock operation (alfalfa and corn; she will only need to purchase supplement), and a new building she hopes to construct by December to house the meat operation.
- o In addition to her agriculture/milling operations, she plans to renovate the oldest house on the property to be used as a guest house to promote tourism in the area.
- o The survey team also met her banker, Cristian Ilisiu, Romanian Bank for Development, and spoke with him about ACDI's survey, the upcoming training program and credit concerns found with some of the meat processors represented in the survey as well as general agricultural issues.
- o Although Mrs. Dinculescu has assets in her operations, her most valuable asset is her determined will to succeed, a quality that's obvious to anyone in her presence. Even though her start-up operations are in a similar stage as some of the other entrepreneurs visited, it is clear that strong credit, leveraging and sheer will see her through as she adds to her business ventures.

23. ALBA DARIA SA, Manager: Gheorghe Ignat

General Information

- o Alba Daria is a joint venture between Canada (51%) and Romania (49%). It was started in April of 1993, with 1

million lei (70% production, 30% investment) by a Romanian entrepreneur who lives in Canada who, after Shell (and before Coca-Cola) in the greatest investor in Romania (\$24 million). The diversified business includes food production and packaging, agricultural equipment, 2 dairy farms, 2 mills, 14 retail stores, and 4 bakeries.

- o Gheorghe Ignat is the manager and was trained as an economist and architect. He brought us to see: their bakery/retail food store (the bakery manager attended ACDI's miller's program) that carries dairy and some meat products (sausages); an ice cream parlor that sells some bread and cheese; and the meat processing unit.
- o He apologized profusely before taking us to the processing unit, as it is functioning at a much less sophisticated level than the other aspects of the company.
- o The state slaughterhouse prepares 30 hogs and 4 cattle for the operation each week. 4 employees work in the meat processing section, producing 2 ton of sausage per week (fresh, smoked, cooked). 40% of production is sold as fresh meat and 60% is processed.
- o An accountant prepares monthly profit and loss statements, and production records are kept.

Livestock Procurement

- o Livestock is procured from the state and private sector and a farm owned by the company. Price is negotiated on a live weight basis.
- o They recently leased 600 hectares to produce grain and bought a 20,000 head hog farm (capacity or 60,000) to supply the meat processing operation.

Boning Operation

- o Labor productivity is not measured. Special pork cuts are sold; the fresh meats are vacuum packaged.
- o Refrigeration is not adequate.
- o Cut yields are not tracked.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage

stuffer, smoker, cooker.

- o Seasonings and recipes are available.
- o Sausage production numbers were not available.
- o A maximum of 48 hours transpire between processing and sale of fresh cuts and sausages.

Marketing

- o 100% of the product is marketed/sold at retail stores.
- o They advertise, have a logo and brand label and a glossy, 6 page copy, 8 1/2 x 11 brochure.
- o Pricing is determined by cost plus profit.

Business Planning

- o They have a written business plan.
- o They have an employee manual, but Mr. Ignat thinks it should be improved.
- o He was unsure about the benefits of a business association and trade company.

24. HOLOGRAF SRL, Owner: Ion Hada

General Information

- o There's an irony in the name Mr. Hada has chosen for his start-up business: the equipment he has on site does not yet belong to him and although he has constructed an architecturally beautiful facility, it seems an illusion that he will have a processing plant as the situation now stands.
- o Mr. Hada owns a livestock operation and decided that a 40,000 person area in a neighboring village without slaughtering services would benefit from a new, private, state-of-the-art facility, located nearby.
- o The slaughterhouse has the highest quality waste recycling and rendering systems and employee changing rooms/shower seen during the survey; however, the production flow is almost completely unworkable (rails for slaughter and moving carcasses to different sections of the plant are unreachably high for workers, storage and deboning rooms are not adjacent to each other, etc.).

Sausage Making

- o Perhaps the most fundamental problem faced by Mr. Hada is his equipment situation. He is meant to have a joint venture with an Italian company who will provide the: grinder, bowl cutter, sausage stuffer (all of which are too small for the proposed operation, but are located on site). He would also need a combined smoker/cooker to operate a meat processing operation. The terms of the agreement only give him 6% of the profit.

Livestock Operation

- o Mr. Hada currently has 100 milk cows and 60 calves (in a village 15 km from the proposed meat processing plant), netting 9-15 liters/cow, manual milking (he plans to have mechanical milking in place by the winter). His goal is to have 260 head of cattle.
- o The feed consists of alfalfa, silage, grain and high-protein supplement 3 times/day.
- o His plan is to get the cattle to a weight of 150-320 kg and export them live to the Italians (who will probably sell them in the former Yugoslavia).

Business Planning

- o He has a written business plan and has been working locally with the Business Development Center.
- o A business association and trading company are of interest.
- o In some ways, Mr. Hada's situation is the most disturbing case of the survey. It has potential, but his financial situation, given the information he presented, is extremely tenuous. While some of the other companies have similar buildings that stand empty waiting for finances to support equipment purchase and operations, all of the others have other means of generating capital. Mr. Hada's dairy and livestock operations do not appear to be very successful. In spite of his written business plan and some good ideas, he appears to be in serious trouble.

September 21

Ramnicu-Valcea

The program was coordinated by the Chamber of Commerce. Valentin Cismaru, the president attended the morning meetings along with a

local news crew that filmed the discussions with the businesses and interviewed the survey team for a television program that covers economic trends and showcases local business activities. Mr. Cismaru and the journalists were enthusiastic about the meat processing survey findings and ACIDI's training program.

25. SUPCA, Owners: Constantin Popescu, Virgil Ungureanu, Mirela Spalatlu

General Information

- o Supca's 3 co-owners have expertise in veterinary medicine, economics and accounting. They own a slaughterhouse and meat processing operation which is a renovated poultry processing plant. (They still raise some live poultry.) When the poultry business was not profitable any longer, they regrouped and started slaughtering hogs and making sausage. The operation is not too large, but the plans for expansion will allow them to continue production during construction. They will renovate existing buildings for a larger, more efficient and profitable plant.
- o They started the business in September of 1993, with 2 million lei of savings.
- o The 11 employees slaughter 6 hogs and 1 head of cattle/day, bone 7 carcasses/day and produce 170 kg of sausage. 20% of production is sold as fresh meat and 80% processed.
- o They have an accountant who provides monthly profit and loss statements, quarterly balance sheets and daily production records.

Livestock Procurement

- o Livestock is purchased based on live weight and a negotiated price; supply is not a problem. Cattle is purchased through the private sector and hogs through the state sector.

Livestock Slaughter

- o .5 hogs and .4 cattle are slaughtered/person/hour (8-12/day), on a rail and are dehaired. Carcasses are refrigerated to 0-4 degrees centigrade.
- o Inedible parts are sold to rendering companies, but blood goes into the water drains. Sewage waste is transported to sewage facilities; hot water and detergent are used for daily sanitation.

Boning Operation

- o .5 cattle and .5 hogs are boned/worker/day, producing special hog cuts.
- o Refrigeration is inadequate, but they are aware that they need to upgrade in this area.
- o Cut yields are tracked by analytical record keeping.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker.
- o They have ample seasonings and recipes.
- o They were unsure about the sausage production rate.
- o Their products sell as soon as they are made.

Marketing

- o They supply 15 retail and wholesale operations and cannot currently produce as much product as their market demands.
- o They spend 110,000 lei for radio advertising, but do not have a logo or brand label; however, Mirela is an artist who has painted larger-than-life satirical poultry scenes at the entrance to the business and has not yet had time to update their corporate identity.
- o Pricing is determined by adding profit to cost.

Business Planning

- o They do not have a written business plan, but have clear thinking and financing for their current operations and future expansion. The blueprints/architectural plans indicate a good flow-- they consulted a technical designer--but they were appreciative of technical suggestions, especially since they can still fine tune the construction and equipment.
- o They do not have an employee manual.
- o The concepts of a business association and trading company are new to them, but they are interested in the possibilities. They are focusing on the local market at a small-scale, but their planning and cash flow skills are impressive. They are a young, talented

team.

26. DUNCON SRL

General Information

- o Two weeks ago the young entrepreneur who manages Duncon was enthusiastic about ACDI's training program for meat processors, but during the interim, he has closed the doors to the facility.
- o He plans to sell the business, reinvesting the lei into his alcohol bottling business (meant to be a quick profit producing enterprise; the owner had a new Nissan 4x4 parked in front of the business and high-end computer and mobile telephone equipment in the office).
- o He explained that after he lost his government subsidies for the plant, he began to have cash flow problems, which led to his inability to buy livestock and pay the energy bills for refrigeration.
- o This is the first private business the survey team encountered that had closed within a year.

27. GENERAL CARNE SA, Owner: Dumitru Gavra and 5 partners

General Information

- o Mrs. Gavra's son, a military officer who sometimes helps out at the plant, and one of the technical managers showed us the facility, a combination slaughterhouse/meat processing plant. The plant has a locked gate and more security dogs than any other operation we saw during the survey.
- o The business was purchased from a government enterprise in 1992; Mr. Gavra did not know the financial details.
- o 25 hogs and 5 cattle are slaughtered each day, boning 30 carcasses/day and producing sausage at the rate of 2 ton/day. 10% of production is sold as fresh meat and 90% is processed.
- o There are 52 employees, including an accountant.

Livestock Procurement

- o They said that cattle is difficult to find at times, but that hogs are readily available. They buy live

cattle by the head and hogs by weight, for a negotiated price.

Livestock Slaughter

- o 25 hogs and 5 cattle are slaughtered/person/5-hour shift, on a rail and skinned. Carcasses are refrigerated to 5 degrees centigrade.
- o Inedible parts are sold to rendering companies; blood goes into the water drains. They said they cleaned the plant daily, but the team found this to be, by far, the dirtiest plant we have seen in the survey. Mr. Gavra mentioned that they spray for flies.

Boning Operation

- o 5 cattle are boned/worker/5-hour shift (2 shifts/day), producing special hog cuts.
- o Refrigeration in the boning room is inadequate and although they are the first company we found to have a freezer, the contents were poorly stored and in very bad condition.
- o Cut yields are tracked.

Sausage Making

- o The equipment included the standard grinder, bowl cutter, sausage stuffer, smcker, cooker and only the third ice machine found in the survey; however, the state of the equipment and poor quality of the process negated the advantages of having an ice machine. Some equipment that was not in use, and several decades old--covered in dust--was alongside the production equipment that is now in use.
- o Seasonings and recipes are available.
- o 300 kg/day of sausage is produced per worker.
- o They said that the fresh meats and sausages are sold each day.

Marketing

- o 50% of the product is marketed/sold in their retail shops and the rest to wholesale dealers.
- o They have a company logo and brand labels.

Business Planning

- o They do not have a written business plan.
- o Unless significant changes are made, competition will probably force this operation out of the market.

September 22

Pitesti, Arges County

28. RONA SRL, Owners: Iulian Preda, Georgica Preda

General Information

- o Iulian and Georgica Preda own an impressive operation which includes a slaughterhouse, meat processing plant, livestock farm and 2 retail stores. They both worked in a state enterprise for 17 years and left (at the same time) to start their own business.
- o They started the business in July of 1993, with 40 million lei of their own capital; 15 million lei has been borrowed to support their operation.
- o 40 employees (2 shifts) slaughter either 15 hogs or 10 cattle per day; bone 2 ton of meat per day, produce 2 ton of sausage. 20% of production is sold as fresh meat and 80% is processed.
- o The accountant provides monthly profit and loss statements, quarterly balance sheets and daily production records.

Livestock Procurement

- o They purchase cattle from private firms (supply is sometimes a problem) and hogs from state firms, based on live weight at a negotiated price (they have a top-end limit and a good sense of what they will pay prior to making the transaction).

Livestock Slaughter

- o 2 hogs or 2 cattle are slaughtered/person/hour, on a rail and skinned. Refrigeration was inadequate, but conditions are extremely clean and good in this operation. Carcasses are refrigerated to 4 degrees centigrade over a 24-hour period.
- o Inedible parts are sold to rendering companies; blood goes into the water supply. Sewage waste is brought to the plant; disinfectants are used for daily cleaning.

Boning Operation

- o 600 kg of carcasses are boned/worker/day, producing special hog cuts.
- o There is no refrigeration in the boning room.
- o Cut yields are tracked per product per day.

Sausage Making

- o Owned equipment: grinder, bowl cutter, sausage stuffer, smoker, cooker. They do not have a commercial ice machine, but they produce ice in the freezer and use it for sausage production. This is the only company where we saw high quality bologna sausage and wieners (with a good snap to them).
- o They have enough seasonings and recipes.
- o 150-200 kg of sausage is produced per day per worker.
- o The products move daily.

Marketing

- o 10% of the product is marketed/sold at their retail store and 90% to wholesalers.
- o They advertise on local television, are in the process of designing a logo and have a brand label.
- o Pricing is determined by cost plus 10% (maximum) profit.

Business Planning

- o Although they do not have a written business plan, the Preda brothers have a clear sense of their cash flow, assets and future business development. They wrote a plan for their last loan and will write another one when they are ready for further expansion.
- o They have instruction sheets for employee training.
- o They were very enthusiastic about developing a business association and trading company.
- o This is one of the top businesses surveyed in all areas: sanitation, product quality (the only bologna sausage and the cleanest pigs feet seen in Romania), flow, management, livestock/meat quality, potential for growth. As contrasted to the business seen the

previous day, the Preda brothers have a completely open facility. Customers often stop by the plant when they need additional product.

Purpose and Objectives of the Evaluation: Study of Roumania's Meat Processing Industry and Determining Possible Needed Courses of Study.

Name:

Address:

Telephone No.

Fax No. (if pertinent).

General Questions:

1. When did you begin operations?
2. Is this a family operation? Who are the owners?
3. How much money did you invest in the business to get it started?
4. What was the source or sources of the capital?
What percentage is borrowed money?
5. What is your daily or weekly slaughter of hogs____, cattle____, sheep____,
Daily or weekly numbers boned____. Daily or weekly sausage production____.
What types of sausages do you produce?_____
What percent of your production is sold as fresh meats?_____
What percent of your production is sold as processed meats?_____
How many people do you employ?_____
6. What type of work did you do before you went into the meat business?
7. Did you hire a trained sausage maker?____Where did he acquire his skills?_____
8. Do you employ a trained accountant?____How often do you receive a profit or loss statement?____A balance sheet or net worth statement of your operation?____Do you keep records on the daily production of your plant and your employees?_____

Livestock Procurement.

1. Is it a problem?_____ If so, why? BEST AVAILABLE DOCUMENT
2. Where and how do you buy your livestock?
3. How do you determine how much you can pay for livestock?
4. Is there a central price posting of livestock prices you can use for a guide?_____ If so, what is it?
5. Do you pay for livestock on the basis of live weight, or by dressed carcass weight?_____

Livestock Slaughter.

1. How many hogs?_____,cattle_____ can each man slaughter in one hour?
2. Do you slaughter on the rail, or on a crib on the floor?
3. Do you skin the hogs, or dehair them?
4. What do you do with the inedibles such as horns, hooves, bones, inedible trimmings?_____ Blood?_____
5. How do you treat the sewage waste from your plant?
6. How do you clean up and sanitize your plant daily?
7. After slaughter, to what degrees of temperature do you refrigerate your carcasses, and how fast?

Boning Operation.

1. What is your labor productivity? How many cattle_____, hogs_____ do you expect a skilled boner to debone, in an hour?
2. What cuts from the hogs do you sell as fresh cuts?_____ What cuts from the cattle do you sell as fresh cuts?_____
3. How do you package your fresh meats for sale?
4. Do you have sufficient refrigeration to cool your carcasses to 1 degree C temp., and to keep your boning room at 8 - 9 degree C?
5. How do you keep track of yields of each cut from both your hogs and cattle?

What are some of the things you do to cut carcasses to the highest value?

Sausage Making.

BEST AVAILABLE DOCUMENT

1. What pieces of equipment do you currently have in your processing room? grinder---, bowl cutter____, sausage stuffer____, ice machine____, smoker____, cooker_____.
2. Do you have the necessary seasonings and spices for your operations?_____
3. Do you add any meat extenders to your sausage products such as collagen, cereal grains, soy flour?_____ If so, what are they?_____
4. How many kilos of sausage do you produce per individual in your sausage room per day or per week? (Divide the number of kilos produced by number of people engaged in making sausage.)_____

5. From the time of processing to time of sale of your fresh meats and sausages how much time has expired?

Marketing.

1. Where do you market your production? Back door _____,
Retail shops of your own _____, to wholesalers _____,
retailers _____, other _____.
2. Do you do any advertising? _____ If so, how much _____
Where do you advertise and how _____
3. Do you have your own company logo or brand label?
4. Do you use any special packaging? If so, what kind.
5. How do you determine how much you can price your products at?
6. Do you know how much it costs you to produce each product that you sell?

Business Planning.

1. Do you have a written business plan?
2. If so, what does it contain?
3. Do you have an employee training manual or instruction sheet which tells each employee as to what his or her job is and what is expected of them?
4. Do you have a long term and short term business plan that you discuss with your bankers?
5. How might a trade association of meat processors like yourself benefit you?
6. How might a trading company made up of meat processors benefit you?

BEST AVAILABLE DOCUMENT