

TOUR COMPLETION REPORT

Marshall Plan (MTM) Study Tour

Fruit and Vegetable Processing Industry

for

Kharkiv, Ukraine

September 04 - 24, 2000

USAID Grant #121-G-00-99-00728-00

Center for Economic Initiatives (CEI)

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Fruit and Vegetable Processing Industry Study Tour

Executive Overview

This Management, Technology and Marketing (MTM) Productivity Study Tour program for Kharkiv, Ukraine consists of five study tours. This report describes Tour #5 for the fruit and vegetable processing industry subsector.

The purpose of the program is to give rise to a rapid and visible increase in living standards for the Ukrainian population as a whole by introducing key Ukrainian managers in key industrial subsectors to modern management, technology and marketing methods in the U.S. The Center for Economic Initiatives (CEI) selected three food processing subsectors (Bakery; Meat and Dairy; Fruit and Vegetable) and two other subsectors (Food Processing Equipment; Building and Construction) in order to introduce the benefits of this Marshall Plan type technical assistance program to Ukraine. All of these subsectors produce products that are basic to the needs of the Ukrainian population.

The major achievements of the program for the Ukrainian companies were:

1. New and modified products were identified that can easily be added to existing lines without significant investment;
2. An awareness and appreciation of new management techniques;
3. Many productivity changes were learned that will increase product shelf life and reduce costs;
15. A greater appreciation of the role of advertising, marketing, merchandising and distribution;
16. New products and equipment they can purchase from the U.S.
17. A greater openness and awareness of changes they can make in their own firms and industries.

The study tour group included 15 high-level industry participants and one government official. Under the direction of the Tour Director, the group of 16 visited 23 organizations over a three-state area. The size of the group was economically most efficient. It would have been difficult to arrange visits for a group of 20 or more, while a smaller group would have increased the cost per participant. The tour area was restricted to Ohio, Kentucky and New York which was quite adequate for fruit and vegetable processing industry subsector.

The sites visited were carefully selected to meet the diverse needs of the group. Since the tour group represented different sizes of businesses and profiles, each participant visited some plants that were within their area of interest. Moreover, there was much to be learned on every visit since management, marketing and distribution were common to all.

The host company determined the length of each visit. In almost all cases, the visits were scheduled to last three hours and were planned for the morning or afternoon. At each site there was a short introduction by management followed by a tour of the facilities. A question and answer period followed. In almost all cases, this was an extremely lively session and extended far beyond the initial schedule. The U.S. hosts were extremely generous with their time and information. Were it not for the need to maintain schedules, many visits would have been significantly longer. The enthusiasm of the participants rubbed off on the host companies and many offered to host future programs.

During their stay in the U.S., the group visited 3 food processing equipment manufacturers; 2 sauerkraut and tomato canning plant, 1 large vegetable processing farm, 1 salad processing and packaging facility, 1 large national condiment plant, 1 international food outlet, 1 giant produce distribution facility, 2 orchards, 1 animal farm, 3 fruits and vegetable processing plant, 1 mushroom manufacturing and packaging operation, 1 jam and jelly manufacturing operation, 1 wine producing and bottling facility, 1 fruit juice packaging operation, 1 potato chips manufacturing facility, and 1 merchandising solution provider. In addition, they heard lectures from experts on various subjects. A description of the individual host organizations is included in this report. As a result, the participants were able to get a very broad view of their industry.

The length of the tour, 20 days, appeared to be just about right. Time was needed for the new concepts to be fully understood and appreciated. Few participants would have been able to be away for a longer period of time.

Just as previous tours, when the group first arrived in the U.S., they had various fixed ideas about conducting their business. Although the participants were looking for new ideas, they were not necessarily open to new ideas. By the end of the tour, this attitude had completely changed. Most were eager to return and try out new ideas and products. The evolution in thinking was remarkable.

One of the frequently asked questions was “How do the Americans make the products at such a low cost?” Almost every host company discussed the importance of increased volume to drive down costs. This implied a greater need for effective marketing and for specialization. Both were exactly the opposite of the business thinking in Ukraine where there is little advertising and each firm struggles to diversify into as many different product lines and even different industries.

A surprising degree of bonding took place between the tour members. At the conclusion of the tour most agreed to meet again and possibly to form an association. Several were exploring business arrangements, not only among themselves, but with the U.S. companies they visited.

Some of the participants expressed serious interest in American products and reproducing similar equipment back home. The Tour Consultant has agreed to facilitate communications between Ukraine and the American companies.

At the conclusion of the study tour the group was interviewed in depth to record what they had learned and to measure the potential impact of the tour on their individual firms. CEI was pleased to learn that all had concrete plans to introduce productivity improvements to reduce their costs of production, add new products to their lines and institute management changes. These findings are recorded in the Evaluation by Tour Members included in this report.

This Marshall Plan type equipment study tour was deemed a great success by all the participants and by CEI. Only by seeing for themselves were these industry leaders able to learn new techniques and discover new products they could apply or reproduce back in their firms without the need of large new investments.

Fruit and Vegetable Processing Industry Study Tour Program Narrative

2.0 INTRODUCTION

2.1 Overview

During the period of September 04 - 24, a group of 16 participants (9 men, 7 women) belonging to 16 different organizations related to fruit and vegetable processing industries from the Kharkiv region visited Cincinnati, Ohio and other cities in Ohio, Kentucky and New York as a part of a 20 day study tour of their related industry. Oleksandra Voloshchuk was designated as leader of the tour group. USAID Grant #121-G-99-00728-00 to CEI financed the tour. This was the last of five tours financed under this grant.

The tour was under the overall direction and leadership of Leland M. Cole, CEI's President. CEI appointed Tour Director Dr. Belal U. Siddique who worked out the detailed program with host enterprises, selection arrangements, implementation and accompanying the group to various sites. Everyone felt the program was a great success.

2.2 Background

After W.W.II, America helped rebuild Western Europe through the Marshall Plan Program. European economies had been damaged and destroyed, the productivity of industry was low, and standards of living had plummeted. Through the Marshall Plan Program, not only did the US provide grain, steel and other essential raw materials, but also provided technical assistance on a large scale. More than 24,000 Europeans visited the US to learn about the modern ways in which industry operated.

The former Soviet Union (FSU), including Ukraine, today suffers from a scarcity of cost-oriented management and marketing capabilities. Managers focus on production and new equipment, rather than on market-oriented tasks. It is essential that Ukrainian management understand that marketing and productivity enhancements are central to the improvement of their living standards and availability of low-cost consumer goods. The Center for Economic Initiatives, (CEI) based in Cincinnati, applied for and received a grant from USAID to bring high level managers from the food processing equipment industry of the Kharkiv region in Ukraine to the US for training. This program is similar to the original Marshall Plan Technical Assistance Program.

The total funded program consisted of five tour groups. The first tour was for the Bread and Bakery subsector. The second tour was for Meat and Dairy, the third was for Food Processing Equipment manufacturing, the fourth for Construction and the fifth for Fruit and Vegetables.

Most participating managers have never been outside the former Soviet Union (FSU) and have virtually no experience with the workings of a market economy. The task was to help them learn new techniques that they could re-apply in Ukraine. Towards that end, CEI arranged a program that took the Ukrainian managers to processing plants, suppliers, government agencies and associations in Ohio, Kentucky and New York. These are agriculturally and industrially developed states with good food processing industries from which to select suitable host organizations.

During their visits to these US organizations, the Ukrainians are able to learn improved techniques in production, marketing, and management. These skills will make the Ukrainian companies more

responsive to the needs of the Ukrainian domestic market, and more attractive for trade and investment with U.S. and other foreign enterprises.

2.3 Program Implementation

The study tour group visited 23 organizations attended 4 seminars and various social functions spread over 20 cities/towns located in 3 states. We could not have been more pleased with the reception and hospitality given by host organizations. High-level U.S. officials made themselves available for extensive discussions and were genuinely interested in providing study tour members with all the information requested. Several had done independent research on Ukraine before arrival of the group.

3.0 SUMMARY EVALUATION OF PARTICIPATING TEAM

Although they came from diversified industry backgrounds, everyone picked up significant positive experiences from the tour. It was an active tour group with a voracious appetite for learning new things. At times, the group was late for the next appointment because question and answer sessions were active and lengthy. Sometimes 2-3 hours per plant visit was not enough time.

In general, tour members were cooperative and positive minded. They participated actively in group discussions and asked a great many good questions not only about the industry but also about the U.S. in general. They took notes, and an enormous amount of photographs and material back home. Initially, we had a few skeptics as usual, but by the end of the tour they were genuinely converted to true optimists. The total experience of seeing American industry and culture close-up over a period of 20 days made a significant difference to many members' thought processes and perception versus what they had earlier heard about America.

4.0 MISCELLANEOUS TOPICS / COMMENTS

- 4.1 The tour group had excellent interaction with the Tour Director and other CEI members. Information was provided to the maximum on all possible topics.
- 4.2 In most of the plants the group visited, technology was better than that used in Ukraine. Major differences were the methodology, management, organization and the culture of running an enterprise.
- 4.3 Participants were shown simple Bug Zappers (Ultra Violet Door Lights) that are used in almost all food related plants to catch bugs. Many were interested to know various methods used in the USA to catch rodents in and around food plants. Many thought Ukrainian food losses to rodents each year were significant.
- 4.4 In a related industry, many members thought their heating costs, energy waste and loss were higher than the U.S. average.
- 4.5 Formal Training Certificates were handed out to all participants upon completion of the tour at the final dinner reception.

- 4.6 The participants were reminded that after their return to Ukraine, CEI would be pleased to answer questions and gather additional information they may request. It was suggested that e-mail would be the best way to communicate between the two countries.
- 4.7 The tour participants brought a number of gifts from Ukraine that they gave to host organizations, consultants and others.

5.0 SUMMARY CONCLUSION / POSITIVE FINDINGS OF THE PROJECT

Judging from the comments of tour participants, the experience was extremely positive and worthwhile. Many new ideas for replication were gained, not only in production, but in marketing, distribution and administration as well. This will, CEI believes, help lift the fortunes of these companies who must operate in a very difficult Ukrainian economic environment. This can only help to increase the living standards of the Ukrainian population.

We were also greatly encouraged by the bonding that took place between tour members who found they could trust one another. There appears to be a genuine interest in working together in the future. They plan to establish an association, and we believe this organization can have a beneficial effect on the entire industry.

A key objective of the program is the dissemination within Ukraine of the information learned. CEI stressed this throughout the tour, and we believe tour participants are truly dedicated to seeing this come about. We will follow-up on this during CEI's post-tour visit to Kharkiv.

6.0 PARTICIPANT SUGGESTED TOUR PROGRAM IMPROVEMENTS

- 6.1 Two or three types of professionals from each industry category should be included: such as technology, marketing, management etc. (Some participants suggested that fewer professionals be included. Others felt the balance was just right.)
- 15.15. To affect any policy level change in the Ukrainian food processing industry, oblast level officials should be exposed to this type of program.
- 6.3 A group consisting of distributors and transportation specialists could be organized.
- 6.4 Internships for management, marketing, and advertising students from Kharkiv University and other Business Schools could be organized.
- 6.5 A program could be undertaken to help develop packaging experts in Ukraine.
- 6.6 Two groups consisting of crop cultivators and animal farms are necessary for inclusion in these type of visits.

7.0 SUMMARY DESCRIPTION OF MAIN PROGRAM ACTIVITIES

The following comments provide additional information on each of the activities and organizations visited.

Wednesday, September 06, 2000

Zaenkert Family Farm, Okeana, OH

The Ukrainian group was mostly a farming related group. Most of the fruit and vegetable processing operations in Ukraine are integrated while in the U.S. they are separated. Hence the group showed deep interest in seeing how small farmers manage their operation in Ohio. The visit was an wonderful experience for the Ukrainians. This experience had multiple implications for the Ukrainian economy. The use of soya feed and soya milk for the calves and the increased rationale for cultivation of soya as an agricultural crop in Ukraine was emphasized.

Zaenkert farm began its operation 26 years ago when Fred and Julie Zaenkert dreamed of owning their own farm. Despite the fact that both were raised in the city with no farm background or experience they purchased the original 243 acre farm and 15 Holstein cows. Since then the farm has grown and expanded to over 400 acres with 85 acres rented and a herd of 150 milk cows and 100 heifers, making it one of the larger dairies in Butler County. The farm is owned by the family members. Farming activity begins at 5:30 am with the morning milking. Each cow's udders are washed before she is milked and afterwards dipped with an iodine solutions to protect against infection. The average Zaenkert cow produces 2,000 gallons of milk per year. After all the cows are milked, which takes approximately 3 hours, the milking parlor is cleaned and the milk cows receive the first of four feedings. Baby calves are fed twice a day as well. The afternoon milking begins at 4:00 pm and the day ends around 7:00 pm with the last feeding and clean-up. The time between these daily chores is used to scrape the cow lot, haul manure, do field work, handle artificial breeding of cows and calf care.

Breeding is a very important part of the management of the Zaenkert herd. The cows are bred primarily through artificial insemination. A bull is kept to "clean-up" or breed any cows that did not breed artificially. The dairy cow is bred to calve once a year, she is milked 305 days and gets a 60 days rest before she calves again. A cow's gestation period is 9 months and 1 week and she is bred again 60 to 90 days after calving.

Baby calves are fed their mother's milk, colostrums, for 3 days and then put on a diet of substitute milk, calf feed, fresh water and hay until it is six weeks old. All heifers or female calves are kept for use in the herd but bull calves are sold at 3 days old. Heifer calves are then grouped according to age in pens of 8 each until they are eight months old. After 8 months they are turned out to pasture where they are fed dairy feed and hay when the pasture gets short. Heifers are bred at 15 months of age so they will have their first calf at two years of age. The average cow will have 4 calves making the average age of a cow 6 years although some cows remain in the herd 12 to 14 years. The herd calves an average of 12 calves per month. This provides for all facilities to be at capacity without overcrowding.

In recent years, artificial breeding and quality feeds have combined to create major advancements in milk production. All feed is grown at the farm and is brought to the cow in the form of silage, hay and ground corn. Each dairy cow receives a daily diet of 60 pounds of silage (made from hay, oats, wheat or corn) and dairy food at a ratio of 3:1 (1 pound of feed for every 3 pounds of milk

produced). This adds up to a yearly total of approximately 3,000 tons of silage, 5,000 bales of hay, 17,000 bushels of corn, 100 tons of commercial feed and 2,000 bales of straw (used for bedding).

Daniel H. McKinney, CEI volunteer, Cincinnati, Ohio

This taxation lecture was an overview of taxation in the USA in terms of the revenues it raises from various classes of taxpayers and encourages private capital development through wealth accumulation of various types. Focus was on political, social and economic policies that drive tax policies and legislative design. Attention was directed to how the system promotes private capital accumulation by exempting certain types of assets and wealth from taxation, with special emphasis on small business capital encouragement through depreciation. He also discussed pending U.S. legislation designed to encourage the accumulation of private wealth to create new economic activity. This wealth would be used to fund private retirement funds for the use of the aging population. He also discussed the political and social tensions between the philosophies of capitalism and socialism.

Bruce Vaillancourt: American Business Practices Talk, Cincinnati, Ohio

This presentation covered many of the basic business practices which the Ukrainians would observe on their visits. It covered such areas as dress codes stressing U.S. government safety requirements on the shop floor. Since company visits would entail a tour around the shop floor, the Ukrainians were instructed that the rules which apply to workers would also apply to them. Employee relations in American businesses was also covered stressing performance linked to pay incentives, and the value of cross-functional teams in meeting productivity goals and problem solving. A typical American business organization chart was presented to all the delegates and stimulated a lot of discussion. It was suggested that the Ukrainian companies request a copy of the organization chart from any company that closely resembled their own as they were on tour to help facilitate a better understanding of management organization. The presentation concluded with a discussion of the proprietary information which companies maintain a high degree of confidentiality over and how some of the companies that would be toured may or may not be willing to share all that data with the tour group.

Thursday, September 07, 2000

Club Chef Inc., Cincinnati (AM Hours)

This is a ready to eat salad/vegetable manufacturing operation. The concept of making and selling value-added agricultural products such as ready-to-eat salads is new to Ukraine. The visit gave a broad exposure and new ideas on how U.S. consumers are supplied with a large variety of fresh produce. The group saw all operations, including salad preparation, cleaning, packaging and shipment. Some facts about the operation:

- Serves retail customers in 12 Midwestern States.
- Produces 23 different retail products.
- Produces 125 different food service products
- Largest 3 retail customers: Kroger, Wal-Mart and Super Kmart.
- Packaged salads are currently a billion-dollar business.
- Ready Pac is among the top 3 selling packaged salads in the U.S.
- The "Euroline Technology" was developed in France in the early 1980s.
- Approximately 3 gallons of water are used to wash 1 lb. of lettuce.
- Eleven different products are run on the Euroline.
- Club Chef, Inc. is the pre-cut supplier to Tricon, the World's largest fast food chain.
- Club Chef Midwest has 40,000 sq.ft. of space and has been in operation for 13 years.

- There are 3 lettuce/cabbage processing lines.
- Club Chef Midwest received over 78 million lbs of produce in 1997:
 - Lettuce - 55 million lbs.
 - Onions - 7 million lbs.
 - Cabbage - 9 million lbs.

Castellini Produce Distribution Facility, Wilder, KY.

This is a very large fresh vegetable, produce and fruit whole sale distribution, marketing, storage and processing company. This is one of the largest distribution facilities of fresh fruit and vegetables in the country. The Castellini Group encompasses all major segments of wholesale produce distribution: purchasing, general service wholesaling, direct sales, fresh cut processing, ripening, repackaging and transportation. They have an experienced staff of knowledgeable and informed commodity buyers who procure produce and specialty items from around the world. They have excellent long term relationships in every major growing region. They have 2,500 product lines. Advantages over many other companies include a repackaging and ripening facility and a large inventory of specialty items. They have been in business for 102 years.

It was explained that for every hour a product is exposed to temperatures of 45 degrees and above, one day of shelf life is lost. However, when the product is maintained at the ideal temperature (34-36 degrees F), it can be expected to last beyond the noted shelf life. Vertical stacking/shingling of products allows adequate air circulation and thus reducing temperature, the key factor in maintaining quality and shelf life.

The company has an enormous amount of state of the art storage capacity (140,000 sq.ft) and large cooling equipment. The tour group was fascinated by the cooling compressors, warehouse and a fleet of more than 350 trucks.

Friday, September 08, 2000

Grant County Foods (GCF), Dry Ridge, KY

The plant processes 1 million lbs. of banana, 1/2 million lbs. of onion/week. The sales operation here is around \$30 million with 128 employees. The shelf life of a banana is usually 7 days. Sales from bananas are the highest of any fruit followed by mango. The usual storage temperature for bananas is around 57-64° F. Sales of banana are conducted under several brand names. Ripening of banana by gassing takes place with 1,000 cases (40, 000 lbs) at a time. The rate of ripening is very uniform for this quantity. However, tomato ripening is different and longer - usually 5-10 days. Tomato shelf life is around 2 weeks and the storage temperature is 52 - 70° F. Most of the tomatoes are procured from Florida and California.

The group had a tour of the various facilities at this site, including a banana ripening and large fresh orange packing facility. GCF is a wholesale distribution, marketing, storage, ripening and processing company. During the peak seasons they bring in bulk fruit from around the country and the world and re-pack it into smaller packages, after sorting out product spoiled during transportation.

The group felt the ripening and re-packing concept could be re-applied in Ukraine.

RA Jones, Covington, Kentucky

This company was started in 1905 by a dentist and today provides innovative packaging solutions. They have shipped more than 8,000 machines and 300 systems so far. Their customers are the top 100 consumer products companies in food, beverages, pharmaceutical and personal products, auto parts, communications and electronics. They manufacture high speed packing equipment with 520 employees who speak 15 different languages. The facility covers an area of 33 acres with 233,000 sq.ft. of office and manufacturing space.

The company designs and manufactures several kinds of packaging machinery: pouching, wrapping, cartoning, display packing and palletizing. Their machines are used in the food, beverage, pharmaceutical, personal products, electronics, auto parts and many other industries. Jones has manufactured machines for many of the world's largest companies and has shipped and installed machines throughout the world.

Jones is well known for its quality and long term service support. The company is continually broadening the scope of its products and services to improve the packaging productivity and the competitiveness of its customers. The company offers total packaging solutions based on innovative concepts. They use servo mechanism technology and make extensive use of robotics. They also make high speed carton and packaging equipment. Based on the client's requirements, they can manufacture and custom build any equipment for carton packaging. Their services range from planning and design, to the integration of packaging lines, to after-sale services and technical support. Their plant is very sophisticated with ultra modern laser precision metal cutters.

The company has \$80 million in annual sales and has a 6-8% profit margin.

The group was fascinated by this state of the art machine building plant. However, the cost of buying a new packaging line is rather cost prohibitive for them at this point in time. They hope that when the economy turns around in Ukraine they could perhaps afford this type of equipment.

Saturday, September 09, 2000

Jungle Jim's Marketing Inc., Fairfield, Ohio

The group visited a large international grocery complex with virtually all foods and produce on sale from all over the world. The store also has a large bakery section that makes many types of bread in-house. The experience was very interesting for the fruit and vegetable group watching various small food processing equipment in use.

Monday, September 11, 2000

Cambell's Fresh, Jackson, OH

Recently, the company has been taken over by Money's. The company produces 175 million pounds of mushroom annually. There are 50 farms that belong to the company throughout North America and coast to coast. The quality of the products are excellent. The company here has new state of the art facility with new packaging equipment (e.g. slicers, wrappers, metal detectors). They follow the HACCP food safety programs. They have a full range of fresh products: all species, packaging formats - bulk, pre-packs etc. They also have a full range of value added products: canned, pickled, frozen, chilled, dried wild and exotic, gardenburger (vegeburger). The packaging is done in different formats: various case packs, food service packs and shrink wrap. The company provides many POS materials including recipes, header cards, shelf cards etc. The company is involved in developing promotional merchandise, takes part in trade shows, involves

in cross merchandising (salad dressing, noodles, private labels), advertising (newspaper, magazines), consumer research, category management and cooperates with various produce associations (PMA, CPMA).

Refrigeration and storage is done in porous containers. Humidity is held at 85-90% to prevent dehydration. The product is kept dry to prevent darkening. No other items are allowed to be stacked on top of mushrooms and no pungent items are stored next to mushrooms, as they bruise easily and absorb strong odors. To remove dirt and trim stems, a damp cloth or soft brush can be used. Stems need to be trimmed if they become dried. For volume preparation, the product is rinsed quickly in cool water and drained in a colander. The excess water is removed by gently shaking the container before using. Nutritionally, mushrooms have no fat or cholesterol, are low in calories and high in B vitamins, amino acids, fiber, potassium and other minerals. Mushrooms are ideal for the health conscious consumer. Mushrooms bring trade benefits since they are premium product with an average or longer shelf life. They offer a higher than average profit margin and maximum profit opportunity in the vegetable category. The various mushrooms produced in the plant are described below:

Portabella Mushroom:

Description: The Portabella is an oversize Crimini enlarged by a modified growing technique. Impressive in size (4 to 9 inches in diameter), it has a large, open tan-colored cap, an off-white stem and golden brown exposed gills.

Supply: Cultivated year round. Available pre-packaged (whole or sliced) or in bulk, in a range of unit weights (ex: 6 oz. pre-pack, 5 lbs bulk).

Shelf Life: 7-10 days.

Usage: Long growing cycle gives the Portabella mushroom a dense earthy flavor and meaty texture. Highly versatile, it is often used as a meat substitute. This can be served whole or sliced - grilled, baked or deep fried - as appetizer, side dish or entree or add to stir-fries, sautés and sauces.

Oyster Mushrooms (Pleurotus)

Description: Beige, cream or gray with fluted caps that resemble a fan or oyster shell.

Supply: Cultivated year round. Available pre-packaged whole or in bulk, in a range of unit weights (ex: 3.5 oz. pre-pack, 5 lbs bulk).

Shelf Life: 5-7 days.

Usage: Can be eaten raw in salads, but more often cooked to bring out the delicate flavor and velvety texture. Cooked with chicken, seafood, veal, pork or vegetable dishes. A great addition to soups.

Crimini Mushrooms (Italian Brown)

Description: Similar in size and appearance to the white button mushroom, but with a dark cap that ranges in color from light tan to rich brown.

Supply: Cultivated year round. Available pre-packaged (whole or sliced) or in bulk, in a range of unit weights (ex: 8 oz. pre-pack, 5 lbs bulk).

Shelf Life: 5-7 days.

Usage: Long favored by European cooks, Crimini mushrooms have deep earthy flavor. Can be substituted in any recipe specifying white button mushrooms when a more full-bodied taste is preferred. Can be served with beef, stir-free and vegetable sautés and great for pizza.

Jumbo Mushrooms

Description: Premium sized and white in color, the Jumbo mushroom is a result of a modified growing technique that enables the white button to remain on the growing bed and grow to a larger, firmer size.

Supply: Cultivated year round. Available pre-packaged whole or in bulk, in a range of unit weights (ex: 12 oz. stuffer pre-pack, 5 lbs bulk).

Shelf Life: 5-7 days.

Usage: Highly versatile, Jumbo mushrooms are perfect for stuffing and baking with different mixtures, broiling and barbecuing. The oversize slices really stand out, adding both taste and visual appeal to salads, starters and stir-fries.

Shiitake Mushrooms (Oak, Chinese or Black Forest)

Description: Popularized by their usage in Asian cuisine, Shiitakes range in color from tan to dark brown and are characterized by broad umbrella shaped caps, wide open veils and tan gills.

Supply: Cultivated year round. Available pre-packaged whole or sliced or in bulk, in a range of unit weights (ex: 3.5 oz. stuffer pre-pack, 5 lbs bulk).

Shelf Life: 14 days gives maximum profit opportunity.

Usage: Best if cooked. Adds a rich, full-bodied.

Enoki Mushrooms

Description: Fragile, flower-like Enoki grow in small clusters, are creamy white in color and are characterized by long slender stems and tiny caps.

Supply: Cultivated year round. Available pre-packaged (ex: 3.5 oz.)

Shelf Life: 14 days gives maximum profit opportunity.

Usage: Mild, light and slightly crunchy. Popular in sandwiches and delicate salads. Also used in garnish for oriental dishes and soups.

Fresh Sliced Mushrooms

The company uses a unique machine with a feed system that delivers the fresh mushroom to the blades one by one, automatically positioning each mushroom to be cut consistently in the same direction. Much like hand sliced mushrooms, the cut is extremely smooth and damage does not occur as with the older methods of random slicing. As a result they achieve silhouette slices, fewer bits and pieces, even thickness of either 4 mm or 8 mm, enhanced salad display selection all of which gives the customer a wider selection of mushrooms and meets customer trends for greater demand for packaged fresh cuts.

DNO, Columbus, OH

The company was established 35 years ago. The produce processed here is sold to small independent stores. This is a small size operation with 30-40 employees and \$3 million annual sales. They have 8 coolers which maintain a 90-100% humidity. They also have an apple processing facility.

Tuesday, September 12, 2000

Cooper's Mill, Bucyrus, OH

David and Miriam Cooper started their family business in 1969 with a fresh fruit and vegetable stand in front of their home. About that time, they enjoyed making a kettle of apple butter with their friends. Now their apple butter, as well as other products, are sold in specialty shops and farm markets across the country.

The facility includes Cooper's Cider Mill, Apple Butter and jelly factory. Most visitors can view all the activities of the jelly factory. The products made here are in small batches with all the natural aromas. The company uses home canning jars. Jams and jellies are made throughout the year with a product shelf life of 2 years. The company uses locally produced old style copper beaten kettles of sizes 150, 300, 500 and 1000 gallons for non-sugar apple butter made over a wood fire keeping the wonderful taste intact. The apple butter season starts in September and continues through February. The cider mill uses a 42 inch rack and cloth machine built in 1912. Still in excellent working order, this is one of the largest cider presses in the state of Ohio and is capable of pressing 450 gallon per hour. The pump that runs the press is dated 1867. The busy months for the cider mill are September through November. The company sell 33 different jam products, 2 fruit toppings, 8 pickles, 4 syrups and 8 fruit butter. The apple butter is of German style. The jam produced here contain 65% sugar. Citrus Pectin is used for making jam which is procured from Holland and supplied via a California company. Usually 1 bushel of apple yields 4 gallons of cider.

Buurma Farms Inc., Willard, Ohio

Frank H. Buurma, a Dutch immigrant, founded this farm in 1896. The first farm consisted of only 4 acres and celery was their only crop. The farm has grown to 2460 acres with over 25 vegetables grown and 60 different types of value added products manufactured and sold. Most acreage sees multiple cropping each year. A 1660-acre portion of the land is in Michigan and in 800 acres in Ohio. Out of 500 of the 800 Ohio acres are muck, a black nutrient rich soil, that is 35% to 65% organic matter. The other 300 Ohio acres are upland soil, which is a mixture of muck and clay. At peak season, the Ohio farm has 450 employees and the Michigan farm has 150 employees.

Major facilities are described below:

1. COOLERS - They have two large and three small coolers. The two large coolers are 8531 sq. ft and 6510 sq. ft. All coolers put together have the cooling capacity of 100 truckloads. Coolers are kept at a constant temperature of 36 degrees. Indicator lights are used to show which cooling systems are on and working. Humidifiers add moisture back into the air and keep the product looking wet and fresh.
2. DRY COOLER AND RECEIVING DOCK - The dry cooler is used to store all dry goods and vegetables, including squash, cucumbers, peppers and anything else that doesn't need to be wet. The receiving dock is used to receive produce from neighboring farms and from their Michigan farm.
3. ONION, LETTUCE AND CELERY LINES - The onion line is a very busy and productive line. They average 1500 boxes of onions per day. The roots and tops of the onions are trimmed on the packing line. Buurma engineers designed this line like most others. The onion crew also packs leeks. There may be up to 350 boxes of leeks per week. The lettuce line is used to wash the

dirt off the lettuce when it is excessively dirty. Bib lettuce, Boston lettuce, endive and escarole are packed on this line. The remaining lettuce is packed in the field. The celery line packs two small hearts in each plastic bag.

4. **HYDROCOOLERS** - Hydrocoolers are a necessity at Buurma Farms, both in Ohio and Michigan. They are used to take vegetables from the field that are at ambient temperature and cool them to 36 degrees by pouring water at 36 degrees over them. This process prolongs the shelf life of the product. Buurma Farms has three hydrocoolers. One is a double hydrocooler that is 24 feet long and 10 feet wide. The other two are single hydrocoolers that are 24 feet long and 5 feet wide. It takes about 20 minutes for each skid of vegetables to go through the hydrocooler. From there, the vegetables are taken into a cooler for storage.

5. **ICE LINE/ICE MAKING MACHINE** - The ice machine runs 24 hours a day during the summer, producing 60 tons of ice each day. Each box of produce consumes 10 pounds of ice in the cooling process. The ice machine works by having a coolant run through large tubes, with ice made on both the inside and outside of the tubes. After the ice is made, the coolant stops and heat is run throughout the tube so the ice falls off the tube into a bin. The entire process takes ten minutes, nine to make the ice and one minute to harvest. Every 10 minutes, 800 pounds of ice are made. Slush ice is made in a mixing tank by mixing ice and water in a 50-50 mixture. This mixture is then pumped into boxes of produce to be iced. Like hydrocooling, slush icing adds days to the shelf life of items such as greens, onions, radishes and parsley.

6. **BUNCH RADISH LINE** - Bunch radishes are washed and packed immediately after being pulled from the field. Then they are hydrocooled and slush-iced. At the peak of the season, they pack between 1200 and 1500 boxes of bunch radishes per day. Every year, 2000 acres of radishes are planted. There are two sizes of bunch radishes. One is a small bunch, which has 10-12 radishes per bunch, and the other is a big or double bunch, which has 18-20 radishes per bunch. The radish line also washes and packs greens, such as cilantro and spinach. They can do 700 boxes of spinach a day. All packing lines use fresh well water as a final rinse.

7. **GRADING ROOM** - Radishes and beets are spread onto large conveyor belts (the grader) and carefully inspected by employees. Spots, cracks, marks and other defects are all reasons to reject vegetable. Only the finest produce is selected. At the end of the grader is a sizing machine that separates the extra large radishes from the others. These jumbo radishes, packed in 10, 25, and 40-pound bags, are usually sold to processing plants.

8. **BOX ROOM** - The box room is where boxes are made - a simple but essential part of the packing process. The boxes are sent down a shoot into both the packing room and bunch radish lines. There are also boxes for the onion line which are put on rotating hangers. They also have boxes, baskets and crates for the lettuces.

9. **PACKING ROOM** - The packing room consists of all new equipment that was installed in 1996 by their own personnel. These machines have the capacity to bag 13,000 pounds of radishes per hour in either 6 oz. or 8 oz. bags. There are 14 heads on each machine. The computer weighs each head and finds which combination of four or five heads make up the right number of ounces for each bag of radishes. These computerized scales make it possible for each bag to be accurate within the weight of a single radish. In 1997 they installed value added packaging for their consumer packed radishes by way of a re-sealable bag. Case sealing equipment with hot melt glue

closes the boxes. The display boxes are over wrapped with plastic film and heat shrunk. It takes a radish approximately 3 minutes to travel through the grading and packing rooms.

10. **STACKING ROOM** - Once radishes are packaged, they are sent by conveyor to a cooled stacking room. This room needs to be cooled because it is important to minimize the time that radishes are not in a cooled environment.

11. **LOADING DOCK** - The loading dock is the final stage of production. Produce is put into trucks by forklifts and top iced is added to provide adequate moisture during shipping. Over 100 truckloads per week are shipped during the peak of the season. Products are shipped all over the country. Two thirds of the U.S. population is within 24 hours of this farm, guaranteeing the finest fresh vegetables.

Some facts are given below:

- Record seed-to-harvest for radishes is 18 days.
- The farm irrigates from a 75-acre reservoir that hold 385,000,000 gallons of water.
- Each year the farm uses 30 tons of radish seed and 250 tons of lime to control pH.
- Over 1000 tons of fertilizers are used.
- There are over 100 licensed farm vehicles not including 100 farm tractors and wagons.

The experiences gained from this large agricultural operation are very relevant to the growing and marketing of produce and vegetables in Ukraine.

Wednesday, September 13, 2000

The Fremont Co., Fremont, OH.

This company processes cabbage into sauerkraut (Snow Floss Foods), barbecue sauce (Mississippi), etc. Approximately 20,000 tons of cabbage are processed annually. Farmers are supplied with seeds to grow a special type of cabbage in 5 different counties in Ohio. Harvest time is between Aug. 01 - Nov. 15. The harvest yield is around 20-30 tons/acre. Six different varieties of cabbages are grown. They use the firmer and bigger cabbages for sauerkraut processing. Typical waste from harvest to production is around 20-25%. For every 80 tons of cabbage, 200 kg. of salt is used in sauerkraut processing. In general, 3 different recipes are followed: Bavarian, Polish and Regular. Usual fermentation is done in 40 ton fermentation vats for 6 weeks. Then they are heated to 190 ° F to stop the fermentation before packing in cans. Shelf life is around 18 months. There are 5 other similar sized competitors in the market. The regular market is the USA, but over the years some exports have been done to Germany and Canada. The normal price for cabbage is \$10/pack of 24, and grocers on average sell each pack at \$0.65. Marketing is done via wholesalers and directly (Kroger, Meijer). There are 200 employees including 10 managers.

Ukrainians consume a great deal of sauerkraut and this experience was very useful for the group for improved utilization of their cabbage production.

Thursday, September 14, 2000

Chariott Foods, Toledo, Ohio

The company is a family owned business established in 1965. They are a mid sized wholesaler of vegetable products. The company has a total of 48,000 square feet of floor space. Annual sales are \$5-6 million with 55 employees including 1 plant manager and 5 other managers. The

company makes a net profit of 4-5%. This is a 24 hour operation 7 days a week and runs 2 shifts per day. Wages for workers range from \$6 to \$15/hour. They receive vegetable from growers in California, Michigan, Idaho, Wisconsin and Ohio and usually the growers arrange for the transportation. They grow bean sprouts from mung beans to supply various Chinese restaurants. The bean sprouts are grown in stainless steel containers 5 feet high and 4 feet wide. Usually, 120 lbs of mung beans are loaded and they yield up to 1,000 lbs. of bean sprouts in 5-6 days. The bean sprouts will have some bean shells that must be separated. Each day 4,000 lbs. of bean sprouts are harvested and 90% of these are sold to Chinese restaurants in Detroit, Ann Arbor and other locations within a 200-300 mile radius. In total there are 45,000 customers. Most of the sales are done by word of mouth and by telephone.

The company also processes onions and potato. The U.S. Department of Agriculture regularly inspects their water and their products for bacteria and infection.

Hirzel Canning, Toledo, Ohio

Company President Karl Hirzel met the group. This a typical American family owned company. In 75 years, Hirzel Canning Company and Farms has grown from the basement of founder, C.R. Hirzel to three processing plants, a greenhouse operation and extensive farming operations. The founding father started as a beer manufacturer but ended up as a farmer and then went on to be a canner. Hirzel's DEI FRATELLI and STAR CROSS brands of canned tomato products and SILVER FLEECE brand sauerkraut are sold within a 500 mile radius of northwest Ohio. Their full time employment of 95 people includes 19 family members (3rd and 4th generation). Seasonal employment exceeds 250 people. With the additional supply of produce from 30 area contract growers, they process over 72,000 tons of tomatoes, 4,000 tons of cabbage, 400 tons of hot peppers and numerous grain crops. About 50% of the production is sold under private brands and 50% is sold under their own brand. A wide variety of canned products are also produced.

Technologically, this is a unique facility which is completely self sufficient. Most machinery and production lines in the plant were installed by their own people made from used equipment. After their seasonal production is over, the permanent plant staff devotes their time to machine building. This way they keep the cost low for equipment procurement and keep many full time employees engaged for the entire year.

The typical work season is approximately 10 weeks. They use 5 different types of tomatoes. The average salary is \$30,000 per year. Seasonal employees get \$9.50 per hr. Annual sales are \$23 million with an additional \$2 million from farm products. Sales are conducted via wholesalers and chain stores. The typical lead time for a buyer is 2 weeks.

The entire tour group was fascinated by the technical initiatives taken by this family oriented large plant using refurbished equipment to resolve various technical issues. The Ukrainians were very enthusiastic about this plant and thought they might use some of their techniques back home.

Friday, September 15, 2000

Stein Associates, Sandusky, Ohio

Stein Associate's parent company is FMC, a large corporation based in Chicago. In 1999, total sales was \$4.1 billion and income was \$195.1 million. They employed 15,609 people and have 104 production facility in 26 countries.

In 1979, Stein opened its first Food Processing Technology Center to provide processors with a modern facility to test new food products and processing ideas without interfering with the plant production. The newly opened Food Processing Technology Center is a 30,000 sq. foot addition to the current Stein facility. It provides an opportunity for food processors, ingredient suppliers and equipment manufacturers to find solutions to production problems. By combining the efforts of FMC Food Technology subsidiaries like: DSI, Frigoscandia and Stein even the toughest processing challenges can be mastered. Whether portioning, coating, frying, steaming, oven roasting or freezing - the company has the technology to produce new more products profitably. Many of today's convenience foods were at least partially conceived at the Stein Food Processing Technology Center.

Even before products are coated or cooked, there often sliced, marinated, injected, flattened, extruded, tumbled, ground, formed or portioned. A variety of food preparation equipment is available to condition the product prior to processing.

DSI Portioner accurately cuts meat, fish or poultry to size, shape or weight and can trim a specified amount of fat from meat or poultry. Batter and breading is the cornerstone of Stein's business.

Nobody knows more about coating poultry, seafood, meat or vegetables than Stein. Whether some one needs an 8 inch mini-line or a 40 inch triple pass system, Stein can simulate nearly any production application in the laboratory. It doesn't matter whether running flour or J-crumb, conventional batter or tempura, Stein can customize the coating room temperature to match the production environment.

TFF Fryer revolutionized fried food production. This fryer has a vertical fin heat exchanger that heats cooking oil quickly but without scorching. The vertical fins allow loose crumbs to fall through to the sediment removal system to keep the frying oil clean. After production the heat exchanger lifts itself from the fryer for better interior cleaning. Because the thermal fluid heating unit is remotely located, the frying area stays cooler and quieter. The Ukrainian group tasted products using various processes such as: *pre-dust*, *batter*, *bread*, *fry* (Onion Rings, Mushrooms, Cauliflower, Pineapple Chunks, Apple Slices, Banana Slices) and *vacuum tumble marinate/JSO IV oven cook* (Buffalo Wings).

Fireland Winery, Sandusky, Ohio

Fireland Winery has been in existence since 1880 and is located on the south shore of Lake Erie in Sandusky, OH - an area renowned for its rich viticultural history. Most of the company's vineyards are located on an island just north of Sandusky where the temperate effects of the lake and cool spring breezes delay bud break until all danger of frost is past. Well into the fall, the warm water nearby effectively lengthens the growing season which ensures proper ripening. Fireland has taken great strides to establish European Vinifera grape varieties in the Eastern part of United States. In the past decade new plantings of Chardonnay, Pinot Grigio, Cabernet Sauvignon and Riesling have begun to flourish.

Fireland's Winery has been a leader in the emergence and popularity of regional American wines which are a distinctive blend of artistry, technology and uncompromising quality. The company sells its product 20% locally and 80% through distributors. They pay excise duties twice a month and the duties are collected at the time of sales. The company is owned by Paramount Distillery of Cleveland and produces 200,000 gallons/year. Fireland has its own bottling facility.

Saturday, September 16, 2000

Burnham Orchards, Berlin Heights, Ohio

This family owned farm has 1,010 acres of land with 200 acres of apple and 40 acres of peach orchards. The balance of the land is cultivated for corn and soya beans. The 5th generation is now working at the farm. They have an apple pressing machine and pasteurizing facility. The cider filling plant has a capacity of 500 gallons/hour. The farm has apple sorting and packaging machines. Wholesale fruits are marketed by a marketing cooperative. They also have a retail market. Depending on the season, they have 6-40 employees. At harvest time, they employ migrant Mexican workers and have a hostel for the migrant workers. They organize fall festivals, pony rides and hay rides. Annual sales are \$1 million.

Monday, September 18, 2000

Niagara Foods, Middleport, NY

This is a subsidiary of Agvest Inc. headquartered in Cleveland, OH. They own the Quality Brand of products. Annually they process and package apples (15 million lbs), cherries (1/2 million lbs), blue berries (2 million lbs). They also produce frozen dehydro apples and frozen vacuum apples (sliced and diced). They use five processing technologies involving 11 different varieties of apples. They started business in 1929 serving bakers and piemakers in the Cleveland area with fresh sliced apples. At the present time, trucks deliver frozen fruit to food industries within an area of 2,500 miles from their processing operations in Maine and New York. This growth has been possible due to excellent service and consistent quality. Products from the processing plants located at the heart of fruit producing area, as well as other locations, are distributed throughout the USA and the world. With many years of experience in testing and freezing apples, the company packs and processes varieties that are best for muffins and pies.

Processes used for freezing apples:

1. SULPHITED processed apples, processed under continuous quality control are available in seven varieties and packed at the peak of their flavor. When thawed the flavor and color are close to that of a fresh sliced apple and thus are preferred by bakers.

2. SPECIAL PROCESSED VACUUMED apples give the baker apples a golden color, uniformity of bake throughout the year and a savings because of their solid pack which results in increased yield to the baker. No preservatives are used to prevent discoloring. Special varieties of apples are used in this process.
3. HOT WATER BLANCHED processed frozen apples use hot water as the only preservative. Therefore, these apples always have good flavor and color. They are used by many bakers because of their uniform baking qualities. Only special varieties are best suited for this process.
4. DE-HYDRO FROZEN APPLES PROCESS reduces the weight of the slices to one half the normal weight by drying them under low temperature and humidity which reconstitutes them to a fresh appearance and flavor.
5. INDIVIDUALLY QUICK FROZEN (IQF) with or without SO₂. Any of the above processes can be IQF with or without chemical treatment.

While there are many different varieties of apples, the list below describes, the varieties and their traits that have been proven to be best for the freezing process:

TYPE	TEXTURE	FLAVOR
Greenings	Firm	Tart
Ida Red	Firm	Semi-Tart
Spy	Firm	Semi-Tart
Monroe	Firm	Semi-Tart
Jonathans	Crisp	Tart
York	Hard	Tart
Golden Delicious	Hard	Semi-Tart
Crispin	Firm	Semi-Tart
Granny Smith	Hard	Tart
Rome	Firm	Neutral
Empire	Crisp	Semi-Tart

Wednesday, September 20, 2000

Country Pure Foods, Akron, Ohio

This is a fairly large fruit juice operation headquartered in Akron, OH with its three manufacturing plants in Akron, OH; Ellington, CT, and DeLand, FL. Total employment is 400. Country Pure Foods Inc. was formed by the merger of Natural Country Farms of Ellington, CT and Ohio Pure Foods of Akron, OH. The 1998 acquisition of Ardmore Farms of DeLand, Florida and an acquisition in California have further enhanced the resources of the company, its product line and its distribution network. With 150 combined years of experience in the juice industry, the company has emerged as the premier independent juice company in the nation serving the retail and food service industries. Total company wide juice production is estimated at about 40-50 million gallons per year or 14-16 million cases per year. The product mix can be summarized as: 192 products, 34 flavors, 6 packaging alternatives, 11 sizes. The company's total annual sales are \$125 million. The company has a strong sales staff: 2 divisional managers, 7 regional managers and 77 brokers (57 foodservice/20 retail) catering to 275-300 customers.

The Akron facility employs 110 people, has sales of \$35 - \$40 million and produces 15-20 million gallons or 5-6 million cases per year.

The company Foodservice product line of juices, frozen concentrates, aseptic and single-serve portions is the broadest in the industry. The company markets juices through a national network of brokers and distributors to healthcare institutions, schools, sports and recreation camps, correctional institutions, airlines and more.

The rapidly expanding retail segment provides private label products to the grocery and convenience store markets. Additionally, the company markets their own brand Natural Country Nectars to retail customers coast to coast. This innovative product has achieved phenomenal success in its intended niche market and also has strong mainstream appeal.

Contract packaging (Co-pack), the remainder of the business, offers company expertise and capabilities in packaging for major national companies and institutions. Many of the country's best-known juice marketers use co-pack services for their nationally recognized juice brands.

Stringent quality assurance procedures are implemented even before the supplier's product is accepted for processing. After a supplier has been approved, the company continues to do frequent unannounced "Authenticity Testing". Juice is monitored, tested and inspected every step of the way by the most meticulous Quality Assurance teams in the business. The company uses state of the art packaging systems. The company offers: Portion cups, Eco cartons, Aseptic packaging, Pure Pack cartons, K-Pak, Plastic and the popular Resealable Carton with a twist-off cap.

Aseptic packaging locks in the natural flavor and color. The result is a juice with the best possible flavor and color, and without the metallic taste often associated with canned juices. Storage is also more efficient with aseptic packaging. Generally, 25% less storage space is required with aseptic packaging compared to a 46-oz can, freeing up valuable cooler and shelf space. The block shape makes aseptic boxes easy to store and stack and no refrigeration is required until the product is opened. This system eliminates can openers. Aseptic packaging opens easily and re-closes with a snap. Handling is noticeably safer with no sharp edges, and there are no more futile searches for openers. There is no chance for contamination by contact with an unsanitary opener. Packaged with the environment in mind, aseptic packaging creates less solid waste and the cartons are easy to crush. They take up 50% less space in dumpsters than cans and have 60% less packaging by weight than steel cans. Because the cartons are re-closable, there is no need to transfer the product to a different storage container. With a quick click, the container is ready to store - there is no wasted labor, no transfer contamination and no spillage. Innovative new packaging equipment makes it possible to pasteurize, fill and seal the product in a completely sterile environment. Because it isn't necessary to "cook" the juice, it keeps its natural fresh-picked flavor and color and also more of its natural vitamins and minerals, all without the use of preservatives. Obviously, with aseptic packaging, time, money and storage space are all maximized, thus resulting in fresher taste, more nutrient retention, enhanced safety, less cross-contamination and significant labor savings.

Arrowhead Orchards, Paris, Ohio

This farm started its operation in 1932 and the present owners bought it in 1986. They have 40 acres of apple orchards and 60 acres for beef cattle and farm land. They get an average harvest of

12,000 bushels of apples per year from 25 acres. Thirty different varieties of apples are grown including McIntosh, Jonathan, Granny Smith, Golden Delicious. They spray the orchards 12 times per year. There are 15 part time workers and average hourly salary \$5.50. Business is done at a farmers market (40%) and at wholesale (60%). Annual sales are \$100,000 and they have 35% profit margin on total sales.

Thursday, September 21, 2000

Portion Pac, Mason, Ohio

Karen Manteufel, Sales Manager for Special Markets, met the group. Portion Pac, Inc. (PPI) was founded in 1973 by four entrepreneurs with over 50 years of total experience in the portion control food industry. PPI is the largest supplier of portion control food products in the USA. Heinz bought the company in 1989, but they have their own recipes apart from Heinz. They do contract packing for KFC, Burger King, Wendy's, some large chains, and small restaurants. PPI also has their own brands: Taste Pleasers Gourmet, Madeira Farms, PPI, Chatsworth, Sweet Portion, Pitch'r pak, Salsa Del Sol, etc. Over 20 million packages are made at this facility per day. About 350 types and sizes of food products are packed under PPI-owned labels including: ketchup, mustard and other condiments, sauces, salad dressings, jams and jellies, cheese sauce and dry products such as sugar substitute, salt, pepper and creamer. Products are packaged in various size poly and foil packets and cups. The manufacturing facility has 254,000 square feet, and each plant includes state of the art PPI-designed and built packaging equipment and extensive warehousing and unloading space. The factory works 2 shifts (8 hours each), 5 days a week and the minimum wage is around \$12 per hr. Typical distribution of costs is: packaging material (60%) and product (40%). Annual sales are \$294 million and typical profit is 13% of sales.

This plant was of enormous interest to the entire group. They felt that the items produced here could be reproduced in Ukraine but capital costs seemed prohibitively high at this time. They appreciated the light construction of the warehouse facility and the quality of insulation used.

B&J Machinery, Cincinnati, Ohio

James English, VP Sales and Sandra Gugliotta, Sales Engineer received the group and discussed the company's activities. The company has been in business since 1968 rebuilding old production machines. The company sells packaging machinery, with special focus on filling, capping and labeling. The company is the sole distributor of labeling and filling machines for the Italian company P.E. Labelers in North, Central and South America. They also sell AROL Closure Systems. The company's activities attracted great interest among the group members.

At this time, most of the company's activities are centered on three industries: a) Hot Fill Juice, b) Distilled Spirits, and c) Up-scale labeling (for such products as peaches). The company has a booth at the upcoming P&MMI Trade Show in Chicago. They have supplied some equipment to Russia and negotiation is underway on another large project.

Friday, September 22, 2000

Husman Snack Food Company, Cincinnati, Ohio

Larry Ruschman - Director of Sales met the group at the company gate. Leroy Pennekemp - Plant Manager introduced the group to his company colleagues, and gave a brief presentation on the background and history of the plant. John C. Barlage and others took the group for a plant tour. Husman produces and markets snack foods including: Potato chips, popcorn, cheese curls, cheddar

cheese, barbecue and chili cheese chips for the local Cincinnati area. Husman has strong local brand allegiance, but is a small company that competes against national giants such as Frito-Lay. Some of Husman's products including pretzels and popcorn are contract manufactured by other companies but sold under the Husman brand name.

There were active question and answer sessions involving the tour group and Husman management.

Some facts about the Husman Company:

1. The firm was established by Edna and Harry Husman in 1919.
2. Sales in 1929 were \$29,000. Current sales are \$15 million.
3. After the original owners, the company has been sold twice (in 1958 and 1990). The present owners are from the East Coast.
4. In 1930, the automatic potato fryer could process 20 lb./hour. They now they can process 4,000 lb. per hour. The units now run at 80% capacity.
5. 4 lb. of raw potatoes go to make 1 lb. of potato chips
6. The company employs 55. The management to worker ratio is 1:7
7. Basic potato chip ingredients are: Chipping Potato (Atlantic type), Oil (Cotton Seed) and salt. If the level of sugar is high, the fried potatoes tend to brown quickly.
8. Cost of Packaging: 2.5% of total costs
9. Advertising Costs: 5% (done through Radio, TV, Newspaper, shops etc.)
10. Potatoes are purchased directly or through intermediates from Florida, Iowa, Michigan and other states, depending on the time of harvest.
11. Their frying machinery is 30 years old and was purchased from Macbeth Engineering, Pennsylvania (out of business now). This machinery is very reliable, and should last for a long time.
12. Company Profit Margin: 7-8% after-tax.

The group was shown around all plant production units, including potato unloading, storage, conveyor loading, cleaning, peeling, slicing, washing/de-starching, frying, separation of smaller pieces/sieving, drum mixing of flavors/seasonings, packing and storage.

After the Plant Tour, the marketing of Husman products were explained by Larry Ruschman, who handed out an 11 page marketing fact brochure to the participants.

Hubert Distribution, Harrison, Ohio

This was the last organization the Ukrainians visited. Fortunately, this was the most interesting visit they will remember. This is the largest food product merchandising company in the U.S. with sales close to \$1 billion. The company provides consulting services plus actual solutions to the art and science of merchandising. The show rooms and facilities were huge and the Ukrainians were speechless. The concepts of merchandising are new in Ukraine and seeing this facility they understood why it is so important for them to improve the product placement in a shop. They gained many new ideas from this visit.

The talk was well received by the group.

8.0 PARTICIPANTS

The following Ukrainian fruit and vegetable processing company representatives participated in the study tour.

Sortsemovosch	Oleksandra Voloshchuk, Chairman of the Board (Group Leader)
Skhidny Lan	Inna Berezhko, Marketing & Sales Manager
Dovzhik Ltd	Valentyn Borokh, Head-Vegetable Processing
Nove Zhytya	Igor Buryak, Chairman of the Board
Mayak	Valeriy Bilokudrya, Managing Director
Balakleya Prodtovary	Lyubov Ivanusenko, Director
Kharkiv Oblast Admin.	Volodymyr Kalashnikov, Head Dept. of Food Processing
Kharkiv Vegetable Plant	Iryna Karpenko, Deputy Head
Andreevskiy	Lyudmyla Kryvoshey, Chief Economist
Plodoovosch	Oleksandr Nazarenko, Chairman of the Board
Peremoga	Iryna Orlova, Chairman of the Board
Krasnogradskoe	Sergiy Pyechko, Chairman of the Board
Krasnograd Vegetable Plant	Mykhaylo Ruban, Director
Izyum Prodtovary	Yuriy Sadovyy, Director
Prodex	Yuriy Shapovalov, Director
Komsomolskaya Pravda	Tamara Surovova, Production Manager

9.0 INPUTS PROVIDED BY CEI AND OTHER ADVISORS

Leland Cole, Jim Silberman, and others provided various inputs. These included:

1. A list of possible host organizations to be contacted.
2. A detailed schedule of appointments.
3. Appointment details.
4. Changes to the tour schedule as necessary.
5. Advice to participants during the tours and at evening discussion periods.
6. Organization of seminars.
7. Organization of tours in conformance with budget allocations.

10.0. CRITERIA FOR HOST ENTERPRISE SELECTION

Host enterprises were selected so as to give the participants a broad picture of the U.S. Fruit and Vegetable Processing Industry. Characteristics that were crucial in selecting enterprises were their ability to provide the Ukrainians: exposure to technology, distribution, transportation, marketing, advertising, and packaging, and fostering new ideas for producing and marketing new value-added products in Ukraine. When there were several choices of companies in the same industry, those selected were generally more progressive, offered a clear difference to the Ukrainians, had active management participation, were geographically dispersed, and offered exposure to large/medium/small sized industries.

Although the group was composed of diversified specialists from the same sector industries, and hence the companies had many common aspects, the tour program benefited each participant in one way or the other.

11.0. AMERICAN HOST ENTERPRISES

1) Name of Plant: **Zaenkert Farm**
PO Box 58643
7461 Cincinnati Brookville Road
Okeana, OH 45258-0643

Phone: (513) 738-1350 **Fax:** (513) 232-8917
E-mail:
Name of Contact: **Fred Zaenkert,** **Title of Contact:** President
Julie Zaenkert
Tour Time: September 06, 2000 (9:00 am-11:00am)
Type of Plant: Milk Producing Farming Operation.

What will be viewed at the plant that would be helpful to business in Ukraine?
Usage of soya milk and other agricultural animal food for the cows.

2) Name of Plant: **Club Chef, Inc. (Castellini Facility)**
800 Bank Street
Cincinnati, OH 45214

Phone: (606) 428-1903 **Fax:**
E-mail:
Name of Contact: **Dan Floyd** **Title of Contact:** Senior Manager
John O'Brien (Plant Manager)
Tour Time: September 07, 2000 (9:00 am-11:00 am)
Type of Plant: Fresh cut vegetables, prepared salads and fresh produce.

What will be viewed at the plant that would be helpful to business in Ukraine?
Salad preparation and marketing of fresh produce.

3) Name of Plant: **Castellini Produce Distribution Facility**
2 Plum Street
Wilder, KY 41076

Phone: (606) 428-1903 **Fax:**
E-mail:
Name of Contact: **Dan Floyd** **Title of Contact:** Senior Manager
Joe Klare (Vice President)
Tour Time: September 07, 2000 (2:00 pm-4:00 pm)
Type of Plant: Fresh vegetables, produce and Fruit Distribution.

What will be viewed at the plant that would be helpful to business in Ukraine?
Distribution, wholesale marketing, storage and processing.

4) Name of Plant: **Grant County Foods Inc. (Castellini Facility)**
1125 Dry Ridge Road
Dry Ridge, KY 41035

Phone: (606) 428-1903 **Fax:**
E-mail:
Name of Contact: Dan Floyd, **Title of Contact:** Plant Manager
Tour Time: September 08, 2000 (10:00 am - 12:00 am)
Type of Plant: Fresh fruits, banana ripening, orange packing etc.

What will be viewed at the plant that would be helpful to business in Ukraine?
Distribution, whole sale marketing, storage and processing.

5) Name of Plant: RA Jones, Inc.
2701 Crescent Spring Road
Covington, KY 41017

Phone: (606) 341-0400 **Fax:** (606) 341-0519
E-mail:
Name of Contact: Ms. Paula Holmes, **Title of Contact:** Director (Marketing)
Wilma Johnson
Hosts: John Paselsky
Tour Time: September 08, 2000 (2:00 pm-4:00 pm)
Type of Plant: Food Packaging Machinery Manufacturer/Supplier

What will be viewed at the plant that would be helpful to business in Ukraine?
Sophisticated packaging machinery production.

6) Name of Plant: Jungle Jim's Marketing Inc.
5440 Dixie Hwy
Fairfield, OH 45014

Phone: 829-1919 (224) **Fax:**
E-mail:
Name of Contact: **Title of Contact:**
Tour Time: September 09, 2000 (2:00 pm-4:00 pm). Guided Tour will not be provided.
Type of Plant: International / Multi cultural Giant Food Store.

What will be viewed at the plant that would be helpful to business in Ukraine?
Diversified products, American produce marketing success story.

7) Name of Plant: Cambell's Fresh Inc
16064 Beaver Pike
Jackson, OH 45640

Phone: (740) 286-4128 **Fax:** (740) 286-5428
E-mail: evansbl@vlastic.com
Name of Contact: Bessie Evans, **Title of Contact:** HR Manager
Pedro Ruiz, GM
Tour Time: September 11, 2000 (10:00 am-12:00 am)
Type of Plant: Mushroom production and processing.

What will be viewed at the plant that would be helpful to business in Ukraine?

Processing and marketing.

8) Name of Plant: **DNO Inc.**
4561 East Fifth Avenue
Columbus, OH 43219-1818

Phone: (614) 231-3601 **Fax:** (614) 231-5032
E-mail:
Name of Contact: **Anthony Di Novo** **Title of Contact:** President
Tour Time: September 11, 2000 (3:00 pm 5:00 pm)
Type of Plant: Caramel Apples, Peeled and Processed Vegetables (Potatoes, Carrots, Celery, Onions, broccoli, cauliflower).

What will be viewed at the plant that would be helpful to business in Ukraine?
Fruit and vegetable processing.

9) Name of Plant: **Cooper's Mill**
1414 N Sandusky Avenue
Bucyrus, OH 44820

Phone: (419) 562-4215 **Fax:** (419) 562-2405
E-mail:
Name of Contact: David Cooper **Title of Contact:** Owner
Ms. Miriam Cooper
Tour Time: September 12, 2000 (9:00 am-11:00 am)
Type of Plant: Gourmet fruit jams, jellies and preserves.

What will be viewed at the plant that would be helpful to business in Ukraine?
Small business operation.

10) Name of Plant: **Buurma Farms Inc.**
3909 Kok Road
Willard, OH 44890

Phone: (419) 935-6411 **Fax:** (419) 935-1918
E-mail:
Name of Contact: Loren Buurma, **Title of Contact:** President
Tour Time: September 12, 2000 (2:00 pm- 4:00 pm)
Type of Plant: Canned Fruit, fresh vegetable Processing

What will be viewed at the plant that would be helpful to business in Ukraine?
Canning technology, machinery in use and marketing

11) Name of Plant: **Fremont Company**
802 North Front Street
Fremont, OH 43420

Phone: (419) 334-8995 **Fax:** (419) 334-8120
E-mail:

Name of Contact: Roger Rinebold, **Title of Contact:** President
Dale Alford (Director of Quality Control/Tour Manager)
Tour Time: September 13, 2000 (10:00am-12:00 am)
Type of Plant: Canned sauerkraut, beans and tomato products. Brand: Snow Floss sauerkraut and Frank's tomato products.

What will be viewed at the plant that would be helpful to business in Ukraine?
Vegetable processing, canning and marketing.

12) Name of Plant: **Chariott Foods, Inc.**
130 South Superior
Toledo, OH 43602

Phone: (419) 243-1101 **Fax:** (419) 243-4425
E-mail:
Name of Contact: **Mike Okdie** **Title of Contact:** President
Tour Time: September 14, 2000 (9:00 am-11:00 am)
Type of Plant: Fresh produce, fruit and vegetables

What will be viewed at the plant that would be helpful to business in Ukraine?
Fruit and vegetable processing.

13) Name of Plant: **Hirzel Canning Company**
411 Lemoyne Road
Toledo, OH 43619

Phone: (419) 693-0531 **Fax:** (419) 693-4859/693-0744
E-mail:
Name of Contact: **Karl Hirzel,** **Title of Contact:** President
Joe Pickett (Tour Guide)
Tour Time: September 14, 2000 (2:00 pm-4:00 pm)
Type of Plant: Fresh cut vegetables, prepared salads and fresh produce.

What will be viewed at the plant that would be helpful to business in Ukraine?
Canning technology and marketing.

14) Name of Plant: **Stein Associates (FMC Affiliate)**
1622 First Street
Sandusky, OH 44870

Phone: (419) 626-0304 **Fax:** (419) 626-9560
E-mail: **kim_finley@fmc.com**
Name of Contact: **Carlo Cobian** **Title of Contact:** International Business
Mark Phillips (Director of Sales)
Tour Time: September 15, 2000 (9:00 am-11:00 am)
Type of Plant: Onion Ring and Breaded Mushroom Machines.

What will be viewed at the plant that would be helpful to business in Ukraine?

Vegetable snack machines.

15) Name of Plant: Firelands Wine Co.
917 Bardshar Road
Sandusky, OH 44870

Phone: (419) 625-5474 **Fax:** (419) 625-4887
E-mail: info@firelandswinery.com
Name of Contact: Vicky Rogers, **Title of Contact:** Office Manager
Tour Time: September 15, 2000 (2:00 pm-4:00 pm)
Type of Plant: Grapes and Wine Producing

What will be viewed at the plant that would be helpful to business in Ukraine?
Production and marketing

16) Name of Plant: Burnham Orchards
8019 State Route 113
Berlin Heights, OH 44814

Phone: (419) 588-2138 **Fax:** (419) 588-2138
E-mail:
Name of Contact: Joe Burnham **Title of Contact:** President
Tour Time: September 16, 2000 (9:00 am-11:00 am)
Type of Plant: Variety of apples and peaches.

What will be viewed at the plant that would be helpful to business in Ukraine?
Variety of apples, peaches production and marketing

17) Name of Plant: Niagara Foods
10 Kelly Avenue
Middleport, NY 14105

Phone: (716) 735-7722 **Fax:** (716) 735-9076
E-mail: bas.niagara@juno.com
Name of Contact: Bary Schneider **Title of Contact:** President
Mary Moss (Executive Assistant)
Tour Time: September 18, 2000 (9:00 am-11:00 am)
Type of Plant: Frozen Fruit Processing.

What will be viewed at the plant that would be helpful to business in Ukraine?
Fruit processing technology.

18) Name of Plant: Country Pure Foods Inc.
681 W. Waterloo Road
Akron, OH 44314-1587

Phone: (330) 706-3209/753-2293 **Fax:** (330) 745-7838
E-mail:

What will be viewed at the plant that would be helpful to business in Ukraine?

Reasonably priced food processing machinery

Has the company done business internationally? Where ? Yes, Russia

22) Name of Plant: Husman Snack Foods Company

1621 Moore Street
Cincinnati, OH 45210

Phone: (513) 621-5614 (ext. 17) **Fax:** (513) 621-1478

E-mail:

Name of Contact: John Barlage, **Title of Contact:** Quality Assurance

Tour Time: September 22, 2000 (09:00 am-11:00 am)

Type of Plant: Potato chips, popcorn, cheese curls, cheddar cheese, barbecue and chili cheese chips.

What will be viewed at the plant that would be helpful to business in Ukraine?

Usage of potatoes and preparation of snack foods

23) Name of Plant: Hubert Distribution

9555 Dry Fork Road
Harrison, OH 45030

Phone: (513) 367-8600/241-4385 **Fax:** (513) 367-8748

E-mail:

Name of Contact: Bert Kohler **Title of Contact:** President
Carlin Stamm (VP Sales), Ed Hubert (Owner), Sharon Hubert (Owner)

Tour Time: September 22, 2000 (2:00 pm-4:00 pm)

Type of Plant: Merchandising solutions to the Food Industry.

What will be viewed at the plant that would be helpful to business in Ukraine ?

Merchandising solutions.

12.0 LECTURES/SEMINARS

- 12.1 Sept 05, 2000 Dan McKinney, Topic: Taxation in USA.
- 12.2 Sept 05, 2000 Bruce Vaillancourt, Topic: Corporate Taxation/Business Practices in USA.
- 12.3 Sept 06, 2000 Ted Watson, Topic: Marketing in the competitive market place.
- 12.4 Sept 06, 2000 Lee Cole, Topic: Volume discount pricing.

13.0 OTHER VISITS

- 13.1 Sept 05, 2000 Kroger Supermarket in Corryville, Cincinnati, OH
- 13.3 Sept 07, 2000 Value City, Cincinnati.
- 13.4 Sept 21, 2000 Meijer Supermarket, Forest Fair

14.0 PROBLEMS ENCOUNTERED/CORRECTIVE MEASURES TAKEN

- 14.1 Two-way radio walkie-talkies were not used this time for plant visit, because the food plants did not allow them. During the early plant tours, members were very interested in different aspects of the plant and it was rather difficult to keep the group together. To avoid this problem in subsequent plant visits, CEI members helped keep the group together.
- 14.2 Timeliness and punctuality were repetitive problems with this group. They needed to be reminded occasionally about this issue in order to maintain appointments and the time schedule.
- 14.3 The group deposited their air tickets and passports at Vernon Manor Hotel safe to avoid any loss.
- 14.4 Fatigue, and some illness, was evidenced by the end of the tour. Food, culture, language, time zone, frequent exposure to chilled warehouses and sheer travel sickness caught some members off guard. However, everyone was able to attend all sessions and events.
- 14.5 Some tour representatives wanted to have separate programs, custom built for themselves such as visits to a plant specializing in agricultural crops. This was beyond the scope of the budgeted tour program.
- 14.6 Because of exhaustive and hectic travel programs to various towns and cities spread over three states, regular group discussions with the group leader and other members could not always be done in motel or hotel settings but rather on the run and on the buses. The active participation of the Group Leader helped resolve critical problem solving, issues, and in generally organizing the group. Eventually, tour members were delegated definite tasks for collecting and compiling information.

15.0 EVALUATION BY TOUR MEMBERS

Leland Cole and Belal Siddique held post-tour individual interviews with each of the participants. Each was asked to comment on his or her impressions of the tour and on benefits they estimate could result through increased productivity and/or increased sales from the addition of new products. During the half-hour interviews, each participant was able to describe those points he or she felt were particularly significant for their company. In addition, each of the participants took the opportunity to express their sincere thanks to CEI and USAID for offering this program, which was not only informative but enjoyable as well.

15.1. Inna Berezhko - Skhidny Lan, Marketing and Sales Manager



Employ: 33

She found it very interesting to see how business was done in the U.S. She has training in U.S. business principles. She follows the same marketing principles in Ukraine. It has confirmed her decisions and recommendations. It takes time to overcome stereotypes. Hubert Distribution was impressive with its telemarketing, direct mail and Internet marketing.

She was impressed with the automation, the high productivity and the low labor costs. She thinks one of the great problems in Ukraine is the lack of professionalism and people get promotion without the necessary capabilities.

The company organization structure is very important. In Ukraine, nothing is very well defined. People are not hired by their skill level.

Husman has a very good relationship with their distributors. This trust is missing in Ukraine.

15.2. Valeriy Bilokudrya - Mayak, Managing Director



Employ: 560

Before the tour he had thought they really did not need packaging. However, 60-70% of his product rots. If he had a packaging line this problem would be minimized and would pay off the line in four years. At Castellini they cool to just 34 degrees F with a minimum of cost. In Ukraine they deep process at a much higher energy cost.

They are planning to expand their market into Kharkiv.

There was a full "Revolution" in my mind regarding packaging. He was impressed with the sauerkraut production at Fremont but the fermentation process in Ukraine does not need to be as long. Next year they will plant enough cabbage to make sauerkraut and will purchase a low cost slicer.

He also plans to package his products into smaller packages where there is a higher value added and a higher margin.

They can make use of a blow molding line that was formerly used for bottled water, but the line is now inactive. They can use this line for packaged milk for schoolchildren.

15.3. Valentyn Borokh - Dovzhik Ltd., Head, Vegetable processing



Employ: 60 in plant, 320 on farm

It is very hard to give his impressions. He has a technical background so was much more interested in that side. His plant does no marketing. In Ukraine they just produce the food and then sell all they produce. In the U.S. they determine the market and then make the product. In Ukraine, the products may take a year to sell. Thus the major problem in Ukraine is marketing and he will start to work on this. They don't have time of money to advertise in Ukraine. At Husman's

snack Foods, 10% of sales go to advertising.

In Ukraine there is a great deal of manual labor so human error is always possible. Thus managers have it easier in the U.S.

Every plant he saw was very clean. If the floor is wavy you get puddles and this can create a health problem.

He wants to get 2-3 people in a sales department. This is less expensive than new equipment.

Packaging equipment like what he saw in the U.S. would really be great - but it is not realistic. However, he will work on one line at a time and improve it. Then, after the working season he will make larger changes.

15.4. Igor Buryak - Nove Zhytya, Chairman of the Board



Employ: 100 full time and 100 seasonal

There were many positive impressions and he found these to be good people. He was really impressed with the roads and the transportation system. The distribution chain is shorter and less expensive in the U.S.

He plans to work cooperatively with four of the others on the tour.

He found the food and clothing relatively inexpensive in the U.S. People know how to relax and have fun. This shows a lack of social

tension. People are very friendly.

He was impressed with the packaging and packaging equipment. He was also impressed with the tenacity of the smaller producers who carry on against the large firms. They also form cooperatives and associations. He received confirmation that in Ukraine they need to integrate the smaller farms. To survive they need excellent marketing, good packaging, etc.

There is no reason why they cannot make potato chips. It might be interesting for a small investment in Ukraine to produce products such as potato flour. He also thought the participants would benefit from time spent working on a production line.

15.5. Lyubov Ivanusenko - Balakleya Prodtovary, Director



Employ 150

She was very impressed with the mushroom production and small packaging. She really liked Husman potato chips. She has nine departments in her company and almost everything was of interest. This ranges from meat products, sunflower seed oil, vegetables, fruit, etc. They sell in some of their produce larger bags and fruits and vegetables in 3 liter jars since they ran out of smaller jars. She will try to package her products in smaller packages She is also interested in recipes for brown sugar and gingerbread.

In Ukraine they need to get a permit to sell their products in another Oblast, especially if the product is scarce.

The demand for canned fruits and vegetables is low due to low incomes and the fact that many people grow their own products. The best market for these products is in the north, including Russia. To sell in these areas she will need to switch to the twist top lids or “Euro package”. These jars are made by 3 plants in Ukraine and the lids cost 10 kopeks more than the traditional Ukrainian pry top lid.

The main idea she is taking back is the importance of smaller packaging. These offer a higher profit margin as they reflect a higher value added. Examples are ½ kg, 1 kg, etc. packages.

They are members of the Kharkiv Prodtovary Association which has 17 members. There are also National and Rayon Associations.

15.6. Volodymyr Kalashnikov - Kharkiv Oblast Administration, Head, Dept. Dev. of Food Processing



He has been involved in business for the last 10 years. He was also on the Kharkiv City Council. He has been involved in foreign economic activities, expanding contacts with other countries. In 1997 he was responsible for the catalog and CD-ROM. He has worked for the airport restructuring, sugar plants, trash incinerators, food processing companies, etc. He is now Director of Oblast Department responsible for the food processing industry, including meat and dairy, liquor, bakery, fruit and vegetable and other agricultural products. He also has responsibility for food services and for other services including tailors, hair dressers, saunas, electrical appliances service, etc. He gained an impression in all these areas while in the U.S. The food processing industry is growing faster than the machinery building. In the year 2000 it has had a 30% growth. He wants to see the tour members implement the ideas they have learned.

Ukraine needs investments. Phillip Morris has a great growth rate despite their high priced products. He is sure the participants will start pre-packaged sauerkraut. There is a market for smaller juice packages for children. There is another trend towards smaller packages such as the ones they saw at Portion Pac. Another examples is caramel apples.

The equipment at Stein Associates (FMC) was amazing. They were deep frying bread products, poultry, etc. In May they had a representative from FMC visit Kharkiv for 3 days. They signed an agreement to make tomatoes for school breakfasts and other inexpensive equipment and \$1 million for pasta equipment. They also discussed the Kharkiv economic zone.

Mayor Pilipchuk and Governor Durman are looking for large investments and would like CEI to expand into food processing equipment in Kharkiv with a joint venture or a 100% foreign ownership. He also wants to see smaller packaging and potato ships.

Volodymyr suggests that on future tours there be discussions on the tax differences between the U.S. and Ukraine. He would also liked to have seen an equipment review at the beginning of the tour. He was assured that CEI was most willing to help where it could.

He felt that the tour members were well selected and the tour was a great success. CEI personnel were very generous of their time.

15.7. Iryna Karpenko - Kharkiv Vegetable Factory, Deputy Head



Employ: 50 in cannery

“I could not sleep for 2 days after visiting some companies since they visited me so much. I was a zombie.” The great level of culture was most impressive. Shock!! Marketing: 97% of her customers are too poor.

Salad dressings are starting to be accepted and used in Ukraine. She will make ketchup and recommend twist top caps. She wants to be the first company in Kharkiv to make sauces and ketchup (tomato based).

Three plants make the glass jars for twist top lids: Kiev and two

others. The lids come from Odessa, Czech Republic and Sweden. This will be expensive but it is possible. She will need one used packaging machine but fortunately they can start manually.

It takes 1 year to get a formula such as ketchup approved and the cost is \$1,000.

She will need to make smaller packages for jams and jellies since she now uses 40 kg packages. A machine for sealing may cost \$40,000. For this she will talk with one of her larger wealthy customers. She may also advertise on TV. Her company currently does not have a price list.

She was most impressed by Stein Associates in Sandusky.

15.8. Lyudmyla Kryvoshey - Andreevskiy, Chief Economist (Comptroller)



Employ 220

It was a very impressive trip and she saw a lot. Most impressive were the orchards. Her farm is not planting trees and she will recommend to her management that they use the “no-till” method since it does not disturb the roots. In Ukraine they plow between the trees.

She was impressed with the chain. Some companies grow, processed and distributed the product as for example Arrowhead. They also sell to farmers markets. She also gained new ideas. Her company makes dried fruit and she thought the potato drying methods at

Husman’s would apply to dried fruits as well. Another new idea was “Caramelized Apples” that use apples that are too small to be sold.

She also liked Stein Associates (FMC) in Sandusky, Ohio and their multi-facility production lines. She also liked Portion Pac and the small packages that are currently used by school children. She liked the way they recycled the waste (packaging and materials). It was impressive the way labor is used efficiently and kept to a minimum.

Chariot Foods in Toledo are a small plant selling to Chinese restaurants and they have diversified by selling other products to these restaurants. She was also impressed with the private labeling and discount pricing. She was impressed with the advertising strategy depending on the financial resources available to them. For example, large companies advertise on TV and smaller companies in local newspapers. Hubert Distribution was also very impressive. Training is offered to employees at larger companies.

She took extensive videos so as to record the details of the program.

There was a general feeling of friendliness everywhere - at companies and elsewhere.

15.9. Oleksandr Nazarenko - Plodoovosch, Chairman of the Board



Employ: 30

He has divided his impressions into cultural and business. He was interested in the distribution network since that is his business. This was pretty much the same in the U.S. and Ukraine. However, he learned useful aspects of shipping and transportation. In Kharkiv, only the large distributors survive. The smaller ones unite to survive. In Ukraine, they need to install a computer network.

In Ukraine he makes sauerkraut, but it needs a different look or approach than in the U.S. In Ukraine, sauerkraut is sold from wooden

barrels.

Potatoes are grown in Kharkiv and to the west in Poltava, Chernivitsi, Sumy, etc. He has been thinking of how to process the potatoes. There is an opportunity to clean and package them. There were three potato flour plants in Ukraine, but they all are now closed and Ukraine has to import flour. It is possible to use the flour in soups.

15.10. Iryna Orlova - Peremoga, Chairman of the Board



Employ: 30

She felt the tour was absolutely superb and professionally done. She saw many new ideas that confirmed her previous ideas about management and marketing that were not to be seen in Ukraine.

She was most impressed at Hirzel. The owner adapted equipment to his own needs. Now that can be done at her company. She believes she can achieve this in her company.

There was one very important thing she learned about apple orchards that will apply back in Ukraine. There are 27 cooperative farms in her association. In the U.S. they do not plant or plow between the trees. This is a very expensive operation - especially in tractor fuel. She believes she can save \$10,000 per year on this operation.

She was very impressed with Castellini and their storage facilities. She was also impressed with the marketing and advertising she saw. It was very professional. This is really essential and she will work on this.

15.11. Sergiy Pyechko - Krasnogradskoye, Chairman of the Board



Employ 120 full time, 180 seasonal

“I was absolutely shocked by the tomato lines at Hirzel and the deep frying and the use of high water pressure to cut meat without waste at Stein Associates”. The juice lines at Country Pure Foods were also impressive and it was easy to see when the line was not operating and to point out problem areas.

Coopers Mill impressed me. People were doing their job and were not distracted by the tour. At his firm he will be able to make jams and jellies like those at Coopers Mill. He will also be able to make apple butter and other products. He loved Arrowhead Orchard where the manager knew all the workers. He would have liked to have seen a dried fruit operation.

His firm needs to diversify. For example, they make dried apples so they should consider other fruits.

Products and marketing should target the customers and make sure he is happy. Door to door transportation is very important. In Ukraine they reload the truck many times. For example, when apples go without reloading it saves loss and damage.

He was impressed that people knew so much about business in general. This he realized at Buurma Farms. People are very polite and friendly. People appear to be low key but professional.

In the U.S., every cent is counted. For example, calves nurse from the mother only 3 days before going on artificial milk (Soya).

He noted that warehouses were of light construction. That meant they were fast to build and low cost.

As a result of the tour he plans to make jams. He will also package fruit juices into small packages.

He observed that in the U.S., replacement apple trees are planted after one year. In Ukraine they wait three years. Also, in the U.S. they only fertilize a tree the first year or two after it is planted. In Ukraine they unnecessarily fertilize every year.

15.12. Mykhaylo Ruban - Krasnograd Vegetable Factory, Director



Employ: 160

He has a tremendous impression of the progress of science, engineering, etc. In the U.S. the engineering thought is unrestrained. People can come out with innovation without restraint. Every visit gave him some new ideas. He enjoyed the visit to the orchard at Coopers Mill where they used copper vessels. He liked the retail store which was very high quality.

He liked the refrigerated transport. The loading is very quick. He doesn't use shrink wrap.

Americans are very friendly and polite. People were very open and professional. Stainless steel is used just about everywhere.

There are several things he will do when he returns to Ukraine. First he will move the cooling units to the ceiling. He will go to smaller packages for jams and jellies and will shrink wrap for larger loads. He currently packages in 250 g jars with traditional lids. Jars are now a problem since the manufacturers have debt problems and the supply is low.

His products are: wheat, barley, cereals, sunflower seeds, fruits and vegetables from greenhouses. His major focus will be to grow and process the year round.

15.13. Yuriy Sadovyy - Izyum Prodtovary, Director



Employ: 80

Impressive. “I was pleasantly amazed with this program. I would have missed quite a lot if I had not come.” This was thanks to Belal and Sasha. I have many impressions. “My head now swells.” I was impressed with the manufacturing, production and labor culture. It is in such sharp contrast to what we were taught. It is unrealistic to think of getting the equipment we saw here. Now he has seen a role model for his operation - Hirzel Canning. There were many useful ideas in production, layout, etc. The attitude towards work in Ukraine is not really the same as in the U.S. This trip turns our attitude towards business and work inside-out. People really need to see it in practice, not just on TV.

He saw a lot of bureaucracy in the U.S.

He was shocked by what he saw at Hubert Distribution. He could not believe that operation which was so successful and profitable.

He was impressed with the distribution company. In the U.S. the system is stable, but in Ukraine firms come and go. Much of what they saw in the U.S. is not applicable in Ukraine - but the attitudes are the most important differences.

15.14. Yuriy Shapovalov - Prodex, Director



Employ: 8

His impression of the trip has been very positive. He liked Hirzel where they had special lines for different ethnic groups. At Fremont they saw sauerkraut which is sold to the Germans. At Coopers Mill they use traditional European technology. Portion Pac also targets their market.

Private labeling is a good idea for subcontracting. Co-labeling (selling someone else’s brand is also a good idea. Chariott Foods is very small but very efficient. They are open 24 hours per day and fill orders in hours. They provide Mung bean sprouts for Chinese restaurants. They emphasized the “trust factor” between the suppliers and the company.

He learned about advertising to target markets by using different music. He also liked Castellini and Club Chef where he was impressed with the slogans on the wall which described the relationship between management and workers and which put a stress on quality.

He liked the cleanliness and orderliness at many companies including the company uniform. He will implement these ideas and will introduce products for special holidays.

15.15. Tamara Surovova - Komsomolskaya Pravda, Production Manager



Employment: 200

The trip was tremendous and very impressive. She got something from each company they visited. At Stein Associates (FMC) in Sandusky, Ohio she was really impressed with the equipment. She liked the way they made jam in copper kettles at Coopers Mill since it was done with a minimum energy cost.

One of the most unexpected results was the realization that their

situation in Ukraine was not hopeless. They should also be looking for alternative solutions. For example, one U.S. company was in the cabbage business and found that it had to go into the sauerkraut business. She remarked: “Always look for an opportunity. There is no hopeless situation.” When one crop fails, they should try something else.

She found it very interesting that the U.S. companies treasure their history and traditions. This is not done in Ukrainian companies. She also found that the life of a woman is easier in the U.S. She can work and then get food at the supermarket.

She learned that companies and managers should not spread themselves too thin and try to do everything. They should specialize.

Her company processes apples and makes apple pure. She really liked the farmers market. She would like CEI to provide a list of companies who can adjust their packaging lines. Possibly they can convert her existing lines to meet new needs.

She also liked the visit to Castellini where she saw the washing, grading and packaging of fruit and vegetables.

She liked the idea of growing mushrooms. They have the space and this can be a year-round business.

15.16. Olekandra Voloshchuk - Sortsemovosch, Chairman of the Board



Employment: 30

This is the best tour she could have thought of. She really liked most of the firms. The best were Castellini in Cincinnati and Country Pure Foods in Akron. She loved Hubert Distribution and there is nothing like it in Ukraine. She benefited most from the companies that grew mushrooms since she is interested in starting a mushroom business. Many mushrooms are picked in Ukrainian forests but many people die every year. There are few grown commercially in Ukraine and most are imported from Poland. She will consider two varieties and they require compost materials such as sunflower seed husks.

Portion Pac was very impressive in that they produced 26 million food packets per day. She would like to make packages such as these, but in a smaller quantities. In this regard she would like to talk with Fasma from the first Fruit and Vegetable tour.

Her company is in the seed business. She found that many US farms grow their own seeds but they did not see a seed farm. In Ukraine, most seeds are imported.

Information Dissemination

Inna Berezhko

She will try to report on the tour on radio.

Valeriy Bilokudrya

He is the President of the Growers Association and will give a series of seminars. He will also make two videos - one for the business side and one for the cultural side. He will show these to the leaders in the Rayon and in the Rayon Administration. He estimates he will talk to a minimum of 250 people.

Valentyn Borokh

He will talk to many people in the Rayon. He estimates that he will talk to about 100 people about the tour.

Igor Buryak

He will speak to about 500 people in his Rayon and in his company.

Lyubov Ivanusenko

She will edit a video of the tour and show it to her association. She thinks 500 will see it in her Rayon and Oblast as well as 150 in her company.

Volodymyr Kalashnikov

He suggested several ideas. One was to have a TV round table with CEI, Oblast officials and a few participants.

Iryna Karpenko

She will write an article and talk with her 50 employees.

Lyudmyla Kryvoshey

She will first discuss the tour with her General Manager. Then she expects to speak to 300 people at a company meeting. There is an Orchard and Wineries Association which has 17 founding members. Four members of this association are included on this program. The Association helps to get money from the Ukrainian government to help agricultural companies. This money comes from a percentage of alcohol sales and is used to install new seeds and to purchase new insecticides. She hopes to show the information at the national level - in contrast to Ivanusenko's association that works at the Oblast level. Here the information will be seen by over 300. At the Rayon level there is another association and here she would talk to more than 100.

Oleksandr Nazarenko

He will discuss the tour with the owners and with the Association of Growers. He estimates this will amount to 50 people.

Iryna Orlova

She has contacts with the Oblast Administration and the Orchards Association. She will also talk to the 17 specialists in her own company. In the Rayon she will talk on TV and in a seminar to the 27 managers on the council. She will prepare an abbreviated report to the people. The total number of people she will talk to will be approximately 300. She will also be interviewed on TV since they will come to her farm. She will also be featured on the local farm radio station that is very popular in the region.

Sergiy Pyechko

He will talk to about 300 people at the Association and Rayon level. He also plans to write an article.

Mykhaylo Ruban

He will talk to his employees and the managers in the other leaders in the Rayon government, where he is an elected member, and to people at the Oblast Council. He hopes to get on TV and into the newspapers so he will be heard by possibly 30,000 people. He will also talk to his constituents.

Yuriy Sadovyy

He will show his video on TV in 3 Rayons. He will speak to about 80 people.

Yuriy Shapovalov

He will talk to the industry through the Regional Business Assistance Center. He will also talk to the Association of bean producers of which he is President. He supplies seeds to others and gets crops in payment. In all, he expects to talk to 300 people.

Tamara Surovova

She took a video of the equipment to show how to adapt their equipment. She will talk to her top management and advise them to increase the marketing department and to improve the packaging. There is a new newspaper in Kharkiv, with a circulation of 100,000, targeted towards the rural population. She is a representative from her Rayon and will be able to write an article about the program. Another channel is TV and she will contact them. She will also contact her Institute and pass the tapes and photos on to them.

Olekandra Voloshchuk

She is a Board member of the association in Kiev and will talk with up to 500 of its members who grow and/or sell seeds in Ukraine. There are also a few members in Russia and Belarus. She will also talk with her 30 customers in Ukraine. She suggests that we work with the Oblast to arrange a press conference.

16.0 RECOMMENDED SHORT TERM MEASURES FOR DEEPER TOUR IMPACT

Tour members benefited enormously from this visit, as can be seen in the exit interviews. Many members were interested in getting follow-up information from the various plants visited, and in exploring technology and financial cooperation with U.S. organizations. They would like to have active CEI participation in one form or the other. A proposal seeking approval for funding a Productivity Center helping Ukrainians is necessary to take full advantage of the tour program.

- 16.1 CEI should publish a listing of the companies and persons who have participated in the study tour program and distribute it to all the study tour companies. They all have this experience in common and this will provide a way for them to network.
- 16.2 CEI should develop a pricing presentation.

17.0 LOGISTICS

17.1 Hotel Accommodations

During week ends and dates the study tour program was scheduled for Cincinnati area firms, the tour group stayed at the Vernon Manor Hotel in Cincinnati. This hotel was selected because of the many overall benefits it provided. When the tour traveled outside Cincinnati, accommodations were made as appropriate in various motels. All participants were given double rooms with two beds without gender mixing. All rooms were blocked from making long distance phone calls, and charging food or drinks. Participants were able to make these purchases separately on their own account. Overseas phone calls were generally made by purchasing pre-paid phone cards.

17.2 Meals

- a. While in Cincinnati, breakfast was provided at the Hotel Vernon Manor. On many mornings CEI representatives (Dan McKinney, John Kuhn and Lee Cole) were available for interpretation or other assistance. To avoid menu translation and schedule delays, buffet meals were preferred over waitress services, when available.
- b. In general, participants received \$10 stipends for breakfast, \$10 for lunch and \$15 for dinner unless meals were provided by CEI. In this way, participants had full control over their meals and CEI kept costs within budget. Weekly meal allowances were given to tour members.
- c. CEI provided meals on four occasions: arrival dinner, lunch on the group's first orientation arrival day at the Vernon Manor Hotel; at a CEI picnic and the concluding dinner and certificate presentation at the University Club.

17.3 Bus Transportation

The Vernon Manor shuttle bus transported the guests from and to the airport. This service was also available for transporting guests to downtown and other nearby shopping areas. Transportation to tour sites was done with a rented 45-passenger coach from J & J Tours.

17.4 Shopping/Sightseeing

All participants were anxious to shop for friends and family at home. On weekends, many spent their free time shopping. The hotel shuttle bus driver was very accommodating and took them to discount stores in the area. On some occasions (time permitting), the regular tour bus driver would stop for shopping or sight seeing, such as the Dayton Air Force Museum/Imax Theater. Some CEI members helped by shuttling to local attractions like the Cincinnati Zoo and Covington Aquarium. In Sandusky, the group visited Cedar Point Theme Park, in Niagara Falls the group took boat ride, took a walk around the waterfall area and park. These visits in all cases were paid for by tour members, and had a deep impact on their perception of America.

18.0 PARTICIPATING CEI and OTHER ADVISORS

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Activity: Plant Selection, Interpretation.

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Activity: Interpretation

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19.0 PARTICIPATING SPEAKERS FROM VARIOUS ORGANIZATIONS.

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APPENDICES

A DETAILED PROGRAM SCHEDULE

[All times are local times]

Transport provided by J&J Tours of Cincinnati except as noted.

Monday, September 04:

19:10 **Group arrives Cincinnati (Delta 87) from Frankfurt (Vernon Manor will provide Transport to Hotel)**
21:30 Dinner: Vernon Manor

Tuesday, September 05:

0700-08:30 Breakfast at Hotel Vernon Manor
08:30-08:45 **Welcome and Introduction (Lee Cole)**
08:45-09:30 **Study tour overview (Belal Siddique)**
09:30-10:15 **Tour objectives and Post-Tour Reports and Responsibilities (Jim Silberman)**
10:15-10:30 Break
10:30-11:00 **Orientation to City of Cincinnati**
11:00-12:00 **Tour Logistics (Lee Cole and Belal Siddique)**
12:30-14:00 LUNCH at Vernon Manor
14:00 - 16:00 Tour of the **Downtown (Shuttle Bus)**
19:00-20:00 Dinner

Wednesday, September 06:

08:30 Bus Departs hotel Vernon Manor
09:00-11:00 **Zaenkert Farm, Okeana, OH**
12:00-13:00 Lunch
14:00-16:00 Seminar and Talks

Thursday, September 07:

08:30 Bus Departs hotel Vernon Manor
09:00-11:00 **Club Chef, Cincinnati**
12:00-13:00 Lunch
14:00 - 16:00 **Castellini Facility, Wilder, KY.**

Friday, September 08:

08:00 Bus Departs hotel
9:00-11:00 **Grant County Foods, Dry Ridge, KY**
12:00-13:00 Lunch
14:00 - 16:00 **RA Jones, Covington, KY**

Saturday, September 09:

13:30 Bus Departs Vernon Manor
14:00-16:00 **Jungle Jim, Cincinnati**
17:00-21:00 Dinner (McKinney)

Sunday, September 10: FREE DAY

Monday, September 11:

07:30 Bus Departs Hotel

10:00-12:00 **Cambell's Fresh**, Jackson, OH
12:00-13:00 Lunch
15:00-17:00 **DNO Inc**, Columbus, OH
18:00-19:00 Drive Off to Willard
20:30 Dinner at Marion, OH (**Stay the night in Marion**)

Tuesday, September 12:

08:30 Bus Departs Hotel
09:00-11:00 **Cooper's Mill**, Bucyrus, OH
12:00-13:00 Lunch
14:00-16:00 **Buurma Farms**, Willard, OH
16:30 Drive Off to Fremont, OH
20:30-21:30 Dinner (**Stay the night in Fremont**)

Wednesday, September 13:

09:00 Bus Departs Hotel
10:00-12:00 **Fremont Company**, Fremont, OH
12:00-13:00 Lunch
13:30 Drive Off to Toledo
20:30-21:30 Dinner (**Stay the night in Toledo/Perrysburg**)

Thursday, September 14:

08:00 Bus Depart Hotel.
09:00 11:00 **Chariott Foods**, Toledo, OH
12:00-13:00 Lunch
14:00-16:00 **Hirzel Canning Co.**, Toledo, OH
16:30 Drive off to Sandusky, OH
19:00-20:00 Dinner (**Stay the night in Sandusky**)

Friday, September 15:

08:00 Bus Depart Hotel
09:00-11:00 **Stein Associates**, Sandusky, OH
12:00-13:00 Lunch
14:00-16:00 **Firelands Wine Co.**, Sandusky, OH
19:00-20:00 Dinner (**Stay the night in Sandusky**)

Saturday, September 16:

08:30 Bus Depart Hotel
09:00-11:00 **Burnham Orchards**, Berlin Heights, OH
11:30-18:00 FREE TIME

Sunday, September 17:

10:30-14:00 FREE TIME
14:30 Bus Depart for Buffalo/Niagara Falls, NY
19:00-20:00 Dinner (**Stay the night in Buffalo/Niagara Falls, NY**)

Monday, September 18:

08:00 Bus Departs Hotel
09:00-11:00 **Niagara Foods.**, Middleport, NY
12:00-13:00 Lunch
13:00-:17:00 **Visit Niagara Falls**
17:30 Drive off to Cleveland, OH
22:00 Dinner (**Stay the night in Cleveland, OH**)

Tuesday, September 19:

09:00-11:00 Visit to Hall of Rock n Roll Music/Lake Front

12:00-13:00 Lunch
13:30 Bus Departs
16:30 Drive off to Akron, OH
19:00-20:00 Dinner (**Stay the night in Akron**)

Wednesday, September 20:

08:30 Bus Departs Hotel
09:00-11:00 **Country Pure Foods**, Akron, OH.
12:00-13:00 Lunch
14:00-16:00 **Arrowhead Orchards**, Paris, OH
16:30 Depart for Cincinnati

Thursday, September 21:

08:30 Bus Departs Vernon Manor Hotel
09:00-11:00 **Portion Pac**, Mason, OH
12:00-13:00 Lunch
13:00-14:00 **B&J Machinery**, Cincinnati

Friday, September 22:

08:30 Bus Departs hotel Vernon Manor
9:00-11:00 **Husman's Snacks**, Cincinnati
12:00-13:00 Lunch
14:00-16:00 **Hubert Distribution**, Cincinnati
18:30-21:30 Farewell Dinner/Graduation

Saturday, September 23:

08:00-13:00 **Exit Interview**

Sunday, September 24:

18:00 **Group Flies Back to Ukraine**

B. BRIEF DESCRIPTION OF THE FRUIT AND VEGETABLE PROCESSING COMPANIES

1. Andreevskiy

The Andreevsky Joint Stock Company was founded in 1918 as a state-non- agricultural enterprise and it was specializing in pig-breeding, sugar beet growing until 1953 when it started to grow and process fruit. In 1999 the state-run enterprise was turned into a JSC with 75% - 1 share belong to its 339 stock-holders and 25%+1 share to the State property Fund.

The company has 1,067 hectares of land where it grows mainly fruit and berries and a small quantity of grain and vegetables.

The main products are:

- apples /various brands - summer, winter, etc.
- cherries
- plums
- black and red currants
- raspberries
- black rowan berries

The company has a refrigerator to store 700 tons of fresh fruit and berries, facilities for temporary storage of its products and a processing plant.

Most of the fruits and berries are sold fresh or processed into juice or dried fruits at the fruit processing plant that has two divisions. One processes fruit into juice and the other to processes fruit and berries into dried fruits.

The volume of sales for the last three years:

1997

- fruit and berries - 2868 tons
- apple juice - 266 conventional jars
- dried fruits - 17 tons

1998

- fruit and berries - 2511 tons
- apple juice - 979 conventional jars
- dried fruits - 33 tons

1999

- fruit and berries - 818 tons (poor harvest)
- apple juice - 348 conventional jars
- dried fruits - 25 tons

Most of the products are sold in Ukraine (Kharkiv, Lugansk, Donetsk, Sumy) and in Russia (the Volga area, the Urals, Siberia).

Potential new products.

At present, the company is working at developing new products: apple juice, stewed fruit, applesauce, and fruit glucose powder.

Their products are natural without any preservatives, high quality, and are certified by state sanitary inspection.

Enterprise goals: a wider assortment of products, higher quality, reasonable prices, new types of packaging.

Contact:

Lyudmyla Kryvoshey

Andreevskiy

Village of Sadovod, Velikoburluksky District,
Kharkiv Region, 62643, Ukraine

Phones: (380-252) 5-24-78; 79-2-23; 79-2-45

2. Dovzhik Ltd

Dovzhanskiy state owned farm, now Dovzhik Ltd was established in 1964. The collective agricultural enterprise Dovzhanskoye was created in 1996, and in March 10, 2000 it was privatized into Dovzhik Ltd.

The total land area is 4,134 hectares, including 2,960 hectares of arable land.

Dovzhik Ltd is a diversified enterprise, involved in plant-growing, vegetable growing, (cucumbers, egg-plants, tomatoes, potato, carrots, red beet, cabbage, pepper, water melons, etc.), cattle breeding and also processing, storing and marketing.

At the beginning of its activity the state farm was involved exclusively in growing selected vegetables and cattle breeding. Total sales volume amounted 200,000 rubles and this had grown until in 1999 it was 3,384,000 hryvna.

The company has increased considerably the assortment of products due to its own processing. It includes macaroni products, ground grain, sunflower oil, butter, flour, cream, cottage cheese, canned vegetables and fruits, buckwheat, and canned beef. In 1997 a fruit and vegetable canning facility was built. It already had a vegetable storage facility, milk processing facility, own flour mill, and sunflower oil processing facility. All products grown at the company are processed there. Other agricultural companies located in this district also use the company's processing facilities for their processing.

In 2000 at the meeting of the Board of Directors of the collective agricultural enterprise Dovzhanskoye, a decision was made to create a private limited company. Currently the enterprise has 5 founders headed by the director.

“Dovzhik” Ltd is located in the Kharkov oblast, in the Zolochevskiy district, 30 km from Kharkiv, within 15 km. of the town of Zolochev.

In 1999 the company employed 336 people (185 men and 151 women). The market share of “Dovzhik” Ltd totals 12%.

Sales volume in 1997 amounted to 1,835,000 hryvna, in 1998- 2,272,000 hryvna, in 1999- 2,576,800 hryvna. The forecasted sales volume in 2000 is – 2,963,320 hryvna.

The company doesn't have well-established connections with distributors, because it either sells directly to the consumers or through intermediaries.

The company's competitors are Kharkiv vegetable processing plant, Zmiyev vegetable processing plant, Pervomaysk vegetable processing plant (for the production of canned fruits and vegetables).

The competitive advantages the company offers:

- Availability of the own labor resources;
- Availability of own raw materials;
- Favorable location in relation to the raw materials suppliers

Company's mission: "We would like to provide food products to the public which are ecologically clean, rich in vitamins and minerals and affordable".

Contact:

Valentyn Borokh

Dovzhik, Zolochivskiy district, Kharkov Oblast, Ukraine

Phone: (380-5764) 99-23-2

Fax: (380-5764) 5-10-94

3. Kharkiv Vegetable Plant

The Kharkiv vegetable processing plant was founded in 1966 as the state farm "Kharkiv vegetable processing plant" on the arable-farm and lands of the state farm "Krasny Partizan". The number of employees is: Male: 900 Female: 348. Mergers of land to the plant from 1976 to 1995 were:

- 1976 lands of agricultural school of the village Pokotilovka
- 1989 lands of the state farm Bezlyudovka
- 1992 lands of the state farm "Partkomuna"
- 1995 lands of the state farm "Mirny" of Barvenkovskiy

During the period 1966 to 2000 the amount of land increased from 870 to 4,050 hectares.

For the same period, vegetable yield increased from 3 to 12 thousand tons, fruit from 990 to 3500 tons. In some years, the vegetable harvest amounted to 15-17 thousand tons and fruit up to 4 thousand tons.

The production of canned vegetables in 1966 was 1,600 jars and in 1981 it was 4,800 thousand jars. Before 1998 there was a decrease in canned vegetables production. In 1999, 2,000 jars of vegetables were produced. The plan for the year 2000 is 3,113 jars.

Currently the canning facility is producing the following products:

- Garnish carrots - in glass containers: 1 liter, 3 liter;
- Pickled beet - in glass containers: 1 liter, 3 liter;
- Canned cucumbers - in glass containers: 1 liter, 3 liter;
- Pickled cucumbers - in glass containers: 1 liter, 3 liter;
- Pickled vegetable marrow - in glass containers: 1 liter, 3 liter;
- Canned vegetable marrow - in glass containers: 1 liter, 3 liter;
- Vegetable marrow paste - in glass containers: 1 liter, 3 liter;
- Tomato juice - in glass containers: 1 liter, 3 liter;

- Apple juice - in glass containers: 1 liter, 3 liter;
- Tomato-paste - in glass containers: 1 liter, 3 liter;
- Apple jam - in glass containers: 1 liter, 3 liter;
- Pumpkin jam - in glass containers: 1 liter, 3 liter;
- Snack salad - in glass containers: 1 liter, 3 liter;
- Canned sorrel - in glass containers: 1 liter, 3 liter;
- Georgian sauce - in glass containers: 1 liter, 3 liter;
- Krasnodar sauce - in glass containers: 1 liter, 3 liter;
- Sauerkraut
- Apple sauce

The company has a collective form of ownership. It is located in the city of Kharkiv. The market share of the company is 70% and the canning plant's market share is 60 %.

The sales volume for 1997-1999 was 8.4 million to 9.2 million hryvna. The canning facility volume was 800,000 to 900,000 hryvna.

The planned sales volume for the year 2000 is 10 million hryvna including 2.3 million hryvna from the canning operation.

The major competitions are: Balakleya canning plant, canning plant of Dovzhanskiy, canning plant Proletariy Kharkovshiny, and canning plant of Krasnograd vegetable processing plant

The company has the following competitive advantages:

- Own raw materials;
- Favorable location-in the city of Kharkiv;
- Availability of 3 company's owned stores in Kharkiv;
- Broad assortment of products
- The quantity of the canned vegetables in 1999 was 7.5 times more than "Dovzhnskiy", 5 times more than Krasnograd vegetable plant, 4.5 more than "Proletariy Kharkovshiny".
- The canned products are natural without any preservatives, high quality, and are certified by the state sanitary inspection.

Enterprise goals: a wide assortment of products, high quality, reasonable prices.

Contact:

Iryna Karpenko

Kharkiv Vegetable Plant

Gagarina Ave. 348 b, Kharkov 310031, Ukraine

Phone: (380-572) 51-51-39

4. Komsomolskaya Pravda

Komsomolskaya Pravda Open JSC, is an agricultural gardening enterprise, involved in:

- Fruit and berry production, including vegetable growing and cattle breeding (mainly for internal needs);
- Processing and storing of fruit and vegetable produce;
- Other types of activities.

The enterprise is located 110 km to the south-east of Kharkiv, 15 km. from the town of Pervomayskiy. It is located near major highways and rail roads. The fruit bearing gardens occupy the territory of 700 hectares.

The company was established in 1930. After World War II the enterprise became involved in gardening. At the end of 60s the enterprise was renamed to the state farm “Komsomolskaya Pravda” and became a member of the association “Ukrsadvinprom”.

The major type of activity was the production of wine. In 1982, the enterprise processed 3,000 tons of apples, produced 178,746 liters of apple juice, processed 1,370 kg. of apple seeds for its nursery, 1,240,000 liters of dry wine materials and 450,000 liters of ferment. After reconstruction of a plant and installation of the steam generator the enterprise switched to the production of apple juice concentrate. In 1995, together with the Interfruit company, the wine making facility was reconstructed into a juice production facility. This juice was packed in Tetra Pac. In 1998 the enterprise changed the form of ownership into a collective one and an open joint stock company was established. Currently the company employs 275 people: 101 men, 134 women.

The main types of products are:

- Fresh fruits and berries;
- Natural apple juice;
- Apple concentrated juice;
- Apple jam

Company's market share on apple concentrate production is:

In Eastern Ukraine-	1996	80%
	1998	97%

all of Ukraine- about 12 - 15%

In 2000 the company is planning to produce:

Apples- 5000 tons (3-4,000 for processing);
Fresh juice-1,000 tons;
Concentrate- 2,000 tons;
Apple jam- 500 tons;

The company's competitors are fruit and berry companies of Kharkiv oblast, which are united in the corporation Kharkovsadvinprom. The total number of such companies is 9. The major competitor is collective agricultural enterprise Moskovskiy, which has a good processing facility (pick 2-4 thousand tons of apples in a season) although Moskovskiy hasn't produced concentrated juice for the last 3 years. That is why OJSC “Komsomolskaya Pravda” has a monopolistic position in apple concentrated juice production.

The competitive advantages the company offers:

- High product quality;
- High demand for the apple concentrate in the external market (due to the high level of acidity);
- Availability of a constant consumer of the fresh and concentrated juice (Interfruit Co.), which is located on the territory of the company;
- Gardening areas are preserved and partially rejuvenated in spite of the overall tendency of the decline of gardening farms
- Processing facilities are preserved and kept operational

The company's goal is to increase their production volumes of high quality, ecologically clean fruit and berries by 7.5 times in 2000.

Contact:

Tamara Surovova

Komsomolskaya Pravda

Kharkov oblast, Pervomayskiy district, Pravda vil., Gagarina Str.,

Phone: (380-5748) 70-2-36

5. Krasnograd Vegetable Plant

The Krasnograd vegetable plant was founded in 1981 as state farm Krasnograd vegetable processing plant and later it became a collective agricultural enterprise. The Plant has 1,050 hectares of arable lands and is specializing in growing and processing vegetables. It has 510 hectares of land that can be irrigated and 4 hectares of greenhouses where tomatoes, cucumbers are grown throughout the year. Besides, the plant grows its own seedlings of various vegetables that are later planted into the open air soil. At present, 2 more hectares of greenhouses are being prepared. Number of employees: Male: 80 Female: 70.

The plant grows:

- tomatoes
- cucumbers
- carrots
- potatoes
- egg-plants
- peppers
- marrow vegetables
- pumpkins
- beet roots
- water melons

Besides, the plant grows sunflower seeds (100-200 hectares), barley and millet (140 hectares) 30% of the vegetable harvest (fresh) is sold in Kharkiv, Poltava, Dnepropetrovsk and 70 % is canned, stored and sold throughout the year. The Enterprise has its own processing plant with the capability of 3 million conventional jars per year.

Currently the canning facility is producing the following products:

- Garnish carrots - in glass containers: 1 liter, 3 liter;
- Pickled beet - in glass containers: 1 liter, 3 liter;
- Canned cucumbers - in glass containers: 1 liter, 3 liter;
- Pickled cucumbers - in glass containers: 1 liter, 3 liter;
- Pickled vegetable marrow - in glass containers: 1 liter, 3 liter;
- Canned vegetable marrow - in glass containers: 1 liter, 3 liter;
- Vegetable marrow paste - in glass containers: 1 liter, 3 liter;
- Tomato juice - in glass containers: 1 liter, 3 liter;
- Pickled tomatoes - in glass containers: 1 liter; 3 liters
- Apple juice - in glass containers: 1 liter, 3 liter;
- Tomato-paste - in glass containers: 1 liter, 3 liter;
- Apple jam in - glass containers: 1 liter, 3 liter;

- Pumpkin jam - in glass containers: 1 liter, 3 liter;
- Snack salad - in glass containers: 1 liter, 3 liter;
- Canned sorrel - in glass containers: 1 liter, 3 liter;
- Georgian sauce - in glass containers: 1 liter, 3 liter;
- Krasnodar sauce - in glass containers: 1 liter, 3 liter;
- Sauerkraut
- Pickled water melons, etc.

It also grows and sells fresh potatoes using the Dutch seeds and techniques. The sales volume for 1998 was 596,000 hryvna, for 1999 it was 980,000 hryvna. The plant's canned products are natural without any preservatives, high quality, and are certified by the state sanitary inspection.

Since there are not enough fruits and vegetables to use the plant's capabilities all the year round, the plant also makes meat products including stewed meat (beef and pork) with buckwheat porridge.

The enterprise goals are to provide a wide assortment of products, high quality and at reasonable prices.

Contact:

Mykhaylo Ruban

Krasnograd Vegetable Plant

Village of Natalyino, Sovetskaya St.# 39a, Krasnograd District, Kharkiv Region, Ukraine

Phone: (244) 7-29-62; 7-25-88; 7-32-30

6. Mayak

The company was established in 1971. It has a collective form of ownership. It employs 560 people: Male: 310 and Female: 250. Since the foundation of the company there have been some changes related to the assortment of products. The company started growing rape, making bakery products and beverages. That's why Mayak Ltd is currently producing 1.5 times more than when it was established.

Mayak agricultural enterprise is located in Kharkiv oblast, Balakleya rayon, Savintsy village. The enterprise is a diversified company, involved in plant-growing, vegetable-growing, cattle breeding, agricultural products processing, as well their storage and selling. Production volume in 1999 in comparison with 1998 increased by 2.2 times with the simultaneous cost reduction by 2.4 times. It is planned to increase production volumes by 2 times in 2000 in comparison with 1999 (by expert estimation).

The sales volume of the company's products in 1997 totaled 5,253,000 hryvna. In 1998 it totaled 4,093,000 hryvna and in 1999-5,705,000 hryvna. It is forecasted that the sales volume in the year of 2000 will amount 6,000,000 hryvna.

The market share of the company's products in the Balakleya district totals 11%. There is a possibility of increasing it to 20%. Distribution is the company's weakness right now.

Both agricultural producers and agricultural products processors are considered their competition. The demand for agricultural products, which exceeds the capacities of the agricultural enterprises, gives good grounds for the development of this sector as well as for the company itself.

The company offers the following competitive advantages:

- Good material and technical base
- Experience in production;
- Availability of trained personnel;
- Own transportation means.

Company's goals are to make high quality products, search for new sales markets, improve its Marketing Department's activity and to increase its market share.

Contact:

Valeriy Bilokudrya

Mayak

Savintsy vil., Lenina str.,49, Balakleya rayon, Kharkov oblast 64270, Ukraine.

Phone: (380-5749) 2-03-95

Fax: (380-5749) 2-03-95

7. Nove Zhytya

Number of employees: 200 + 30 seasonal (part-time workers): Male: 140 and Female: 60.

Established in 1929 Nove Zhytya (A New Life) is a former collective farm that was transformed into a Joint Stock Company in 1999. Its activity is very diversified. The company grows wheat, barley, peas, buckwheat, corn, sunflower seeds, sugar beets, etc. It has cattle which produce milk that is sold to the Kharkiv Khladprom, one of the leading ice-cream manufacturers.

As for the fruit and vegetables the company grows:

- potatoes - 100 tons last year. Dutch seeds and technology were used.
- cabbage - 25 tons
- tomatoes - 5 tons
- cucumbers - 5 tons
- beet roots - small quantity
- carrots - small quantity
- onions - small quantity

The company is planning to increase the variety and the volume of vegetables to be grown. In 2000, the company plans to grow more tomatoes and cucumbers and to start growing mushrooms.

Most of the vegetables are delivered immediately to customers in Kharkiv and adjacent towns and villages. About 30% (mostly potatoes) are stored in storage facilities in a traditional Ukrainian containers of 200-400 kg each. The potatoes and other vegetables are then delivered to customers when required either in containers or in bulk.

Nove Zhytya has its own flour mill with a capacity of 15 tons a day, a sunflower oil plant with a capacity of three tons a day, a mini-dairy that is capable of processing up to 3 tons of milk into cream and butter, a macaroni plant, and two stores in the Valki district

The volume of production is constantly increasing

1998	2,400,000 hryvna.
1999	4,400,000 hryvna.

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Nove Zhytya

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8. Peremoga

The state farm Peremoga was established in 1929. Since 1955, the company has been involved in growing fruits and berries. On October 11, 1999 the company changed the form of ownership into a collective one. It was registered as an open joint stock company. Currently the company employs 251 people: 133 men and 118 women.

Peremoga is located in Kharkiv oblast, Kharkovskiy rayon, Peremoga village. The market share of the company is 18%. The company produces seed fruits, berries, apple juice, wine made from fruit and berries.

Sales volume of the company's products

Product name	Unit of measure	1997	1998	1999	Plan for 2000
Grains	tons	187.8	319.8	107.5	102.0
Sunflower	tons	-	12.3	34.5	60.0
Seed fruits	tons	1609.1	1047.7	39.7	2600.0
Stone-fruits	tons	13.9	6.8	0.4	70.0
Milk	tons	332.6	393.7	350.6	400.0
Meat	tons	57.4	49.5	60.7	28.0
Berries	tons	39.4	6.2	5.1	50.0

The company sells its products directly without any intermediaries. At the market for fruits and berries Peremoga has to face competition from such companies as Moskovskiy, 1- Avgusta, Globovskiy, Komsomolskaya Pravda, Andreyevskiy and KhTZ. All these companies are located in Kharkiv and the Kharkiv oblast.

To compete the company offers the following advantages:

- Favorable location - proximity to Kharkiv, the major sales market for the company's products;

The company's goals are to satisfy demands and needs of the Kharkiv and Kharkiv oblasts citizens for fruits and berries and to increase their market share to 20%.

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9. Plodoovosch

The Open Joint Stock Co. Plodoovosch was established on the basis of Dzerzhinskiy wholesale-retail enterprise of Kharkiv. In 1995, the enterprise changed the form of ownership into collective. After 1998, with the active participation of the commercial bank Mercury, the company recovery started. Number of employees: Male: 16, Female: 14.

The main type of company's activity is:

- Wholesale trade of food products

Last years the company was involved in selling the following groups of food products: fruit, vegetables, ground grain, confectionery products, macaroni products, canned fruits as well as vegetables, wines, cognac, alcoholic beverages, coffee, tea, juice and many other products.

Total sales volume in 1997 amounted to 65,000 hryvna, in 1998-630,000 hryvna, and in 1999 to 1,200,000 hryvna. The forecasted sales volume for the year of 2000 is 4,000,000 hryvna.

Plodoovosch is the founder of the corporation Kharkovsadvinprom and a member of the Ukrainian Association of Manufacturers and Traders of Alcoholic and Tobacco Products. It is actively involved in foreign economic activity and establishes contacts with many foreign companies.

Taking into account the company background, a decision was made to restore the company's activity related to food product production and processing of agricultural raw materials. First and foremost it is planned to install lines for bottling juice and potato processing.

In its activity the company uses distribution channels. The company's major consumers are retail stores, cafes, restaurants, wholesale firms, industrial enterprises not only in Kharkiv, but in other regions of Ukraine.

The company's major partners and competitors are wholesale companies of the city of Kharkiv and large suppliers of food products. The main competitors have a long experience in the food products market, have well developed supply and sales channels, operational equipment, and a convenient location.

Plodoovosch offers the following competitive advantages:

- Location near a big dwelling area;
- Possibility of storing more than 10,000 tons of products at its guarded storage facilities and refrigerating units
- Good team of employees
- Willingness to work
- The market of the wholesale trade is not saturated.

Company's mission:

With reliable partners we will give each person the possibility of forgetting about empty shelves in their refrigerators.

Company goals are:

- Create a system of wholesale trade of food products;
- Produce ecologically pure food products;

- Create an advanced marketing system for product promotion;
- Develop and implement technologies for agricultural products processing, and packaging in order to increase the shelf life of the products, to meet the ecological and hygienic requirements, to preserve and deliver food products fresh, to improve packaging and make it more appealing to customers
- Attract foreign and local investors for development of new technologies for fruit and vegetable processing;
- Develop mutually beneficial economic and scientific cooperation with the organizations involved in developing technologies and finished products for consumers both in Ukraine and abroad.
- Increase sales volumes; increase the market of wholesale and retail customers both in Kharkiv and in other regions; locate new markets both local and foreign.

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10. Prodex

Private company Prodex was established in 1998 by Yuriy Shapovalov who is presently the Director and owner of the company. The company rents 30 hectares of land and has concluded agreements for joint production with some agricultural firms.

The company produces different types of products made from beans and pumpkin. Beans and pumpkin are canned at the Balakleya Prodtovary by agreement.

In 1999 the company sold 20,000 cans of Beans with pork fat in tomato sauce (0.5 liter), 300 kg of pumpkin-apple jam. Sales volume totaled 23,200 hryvna, and 900 hryvna respectively; generated a profit of 6,600 hryvna, and 270 respectively; (40% and 43,1%).

The major customers for the company's products are: retail and wholesale trading organizations located in Kharkiv and in the town of Slavyansk in the Donetsk oblast.

Currently Prodex has 2 competitors: Novo-Vodolazhskiy canning plant and Sumy meat processing facility.

To compete the company offers the following advantages:

- High stable demand for our products;
- High quality of our products;
- Organization of production processes from planting to finished products eliminating middlemen;
- Highly qualified personnel;
- Availability of inexpensive labor resources;

To sell its products, the company mainly uses wholesalers (86%) and retailers as major distribution channels. The company grants 10% discounts for large orders.

The main goals of Prodex are:

- To increase production volume by 7.2 times
- To enlarge the assortment of products by making fresh and canned beans by producing canned meat with beans and pumpkin paste
- To develop new types of products: bean pate, salad from leguminous beans, and other types of canned beans
- To increase profit by 8.2 times to be able to make investments in the further development of production. To conduct scientific research and improve living standards of the company's employees.

Prodex defines its mission as “Supply people with healthy food products”.

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Prodex

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11. Izyum Prodtovary

Established in 1950, collective enterprise Izyum Prodtovary is located in the town of Izyum in Kharkiv oblast. It has broad experience in sunflower seed processing, buckwheat, millet, wheat, vegetable and fruit processing as well as confectionery production. The company has a collective form of ownership.

The company has two locations. The first is situated on Nekrasova 78 and has 1.2 hectares of land. It has the following facilities: confectionery production, canning, kvas making, converter station compressor and one uncompleted building for the fruit processing facility. This location also has its own gas boiler. The company's second location has 1.4 hectares of land, and is situated on Oktyabrskaya Street. It has sunflower oil facility, a ground grain facility, warehouses, a converter station and other auxiliary buildings.

The company works at a maximum production capacity in the summer and autumn. Thus all repair work is done in winter and spring. The main suppliers of raw materials for the company's products are farming units and agricultural cooperatives. The company has the necessary storage facilities and is able to store and preserve in good condition sunflower, millet, buckwheat, fruit and vegetables.

Production Volumes by Categories

Name of the item		1997	1998	1999	2000
1. Sunflower oil	tons	480	520	600	600
2. Buckwheat	tons	260	80	300	300
3. Millet	tons	40	45	140	140
4. Groats	tons	-	-	27	50
5. Confectionery	tons	180	190	200	220

products					
6. Bread kvas	Thousand deci-liters	13	15	17	40
7. Canned products	tons	100	150	220	600

The main consumers for the company's products are institutions (hospital, children houses, schools); retail stores, private businessmen and export (Germany and Russia). The major competitors for the company's products are Izyum Bakery and Karat Ltd

The company offers the following competitive advantages:

- Competitive quality of the products;
- Wide assortment;
- Affordable price;
- Ecologically clean products;
- Demand for products at both local and external market (Russia, Germany)

The main goals of the Izyum Plant Prodtovary are:

- To retain the existing segment of regional market and eventually enlarge it;
- To make mutually beneficial agreements with agricultural producers on supply of agricultural raw materials for its further processing;
- To enhance distribution channels abroad;
- To generate profits aimed at further developing the company.

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Izyum Prodtovary

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12. Balakleya Prodtovary

The collective agricultural firm Balakleya Prodtovary is located in the town of Balakleya in Kharkiv oblast. It was established in 1946 as a food factory for production of canned products and pryaniki.

The company's employees rented the fixed assets from the state in 1990 and in 1994 bought them out. Currently it's a diversified company with a collective form of ownership, having a great production potential for the Balakleya rayon. The company employs 140 people, 90 women and 50 men.

Company's products may be divided into:

- Confectionery products made of flour (pryaniki, biscuits, pastries);
- Bakery products;
- Meat and fruits and vegetable cans;
- Macaroni products;
- Groats (buckwheat, wheat, millet)
- Sunflower oil

Sales Volumes

Name of the item		1997	1998	1999	2000
1. Sales volume	Thousand hryvna	682	816	2315	3500
2. Confectionery products	tons	219	14	7	25
3. Macaroni products	tons	-	71	84	100
4. Bakery products	tons	-	643	558	650
5. Total cans vegetable and fruit		350 263	792 660	734 590	1000 800
6. Sunflower oil	tons	273	359	278	350
7. Groats	tons	385	231	271	310
8. Flour	tons	20	3039	3578	4000

A reduction in the output of canned fruit and vegetable produce occurred due to the poor harvest of fruit and unfavorable weather conditions.

To increase the output of the canned vegetable produce, the enterprise rents some land on which it will grow vegetables.

The market share of the canned products of Balakleya Prodtovary makes up 8% of the total market in Kharkiv oblast. However, there are great possibilities for increasing their market share by covering Lugansk and Donets oblasts as well as some former USSR republics. The major competitor of Balakleya Prodtovary is the agricultural firm Nadiya which started producing vegetable cans since 1997.

The competitive advantages the company offers are:

- Better quality;
- Lower prices

The main goals of the Balakleya Prodtovary are:

- Produce consumer goods to provide people with their main food products;
- Process agricultural products into food products;
- Generate a profit aimed at further development of the enterprise and an improvement of the living conditions of its employees.

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13. Skhidny Lan

Skhidny Lan was established in 1998 and started production in August 1999. The company has a collective form of ownership. It is located in the city of Kharkiv and has 20 employees.

The company's products are chips "Originalnye". Currently it has 6 varieties of these chips with different flavoring additives. Annual production volume is between 30 and 100 tons. The company sells its products in 6 regions of Ukraine but the vast majority of its products (70%) are sold in Kharkiv city and oblast.

To compete the company offers the following advantages:

- Good quality of the products;
- Affordable price;
- Free delivery; (it has its own truck with the company name, logo and contact information on it)
- Attractive promotional materials.
- Regular research of the raw materials market and market of flavoring substances.

The main goals of the company are:

- To develop Ukrainian sector of food production and processing;
- To satisfy customers needs in food products made by the company;
- To increase customers awareness of the company trade mark;
- To further develop business and generate profit.

Current marketing goals:

1. Further research on the sales market, competition, and products;
2. Market segmentation and location of target markets;
3. Detailed forecast of the sales in different regions;
4. Information about sales and current orders;
5. Flexible pricing policy
6. Close public relations;
7. Expansion of the production base,
8. Improvement of the quality system;
9. Enlargement of the assortment;
10. Personnel advanced training
11. Improvement of the organizational structure of the company
12. Search for and usage of new efficient technologies;
13. Products cost reduction;
14. Advertising

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14. Sortsemovosch

Number of employees: Male - 11 Female - 19. The company was established in 1933 as a state owned company. In 1996 it was reorganized into an open joint stock company and changed the form of ownership into a collective one. The company has a favorable geographic location. Both production facility and a company store are located in the city center.

Sortsemovosch's main activity is the production, packing into small packages and selling of vegetable and flower seeds. The company's products are sold in the Kharkiv oblast as well as other Ukrainian oblasts including Sumy, Zaporizhia, Dnepropetrovsk, Lugansk, Donetsk, and Poltava.

Last year sales totaled 23 tons of seeds, including retail sales of 5.5 tons which makes up 24% of the total sales volume. Wholesale sales were 17.5 tons of seeds, which makes up 76% of the total sales volume. The net profit totaled 131,600 hryvna last year.

By the end of the year of 2000 they are planning to increase their sales volumes and sell 30 tons of product.

While selling its products the company uses the following distribution channels:

- Selling products from company warehouses
- Company's owned retail store
- Sales at specialized trade fairs and exhibitions

The major competitors of the company are Kharkov OJSC Sortsemovosch (former oblast state enterprise, involved in centralized supply of agricultural companies with seeds) and private company Agricultural Firm Sortsvetovosch, plus similar companies in other oblasts of Ukraine, and private businessmen selling seeds at the city markets.

To compete the company offers the following advantages:

- Large work experience in this field;
- Good quality products;
- Company's owned store, with the availability of their own seed packaging facility and special storage facilities;
- Practical and colorful packaging;
- Wide range of seeds and varieties;
- Availability of salespersons/consultants and agricultural specialists, able to provide free consultations to the customers;
- Highly qualified management
- Availability of their own logo and promotional materials.

Sortsemovosch's mission is to satisfy the needs of the population and agricultural producers with good quality vegetable and flower seeds.

Company's goals are:

- To establish lowest possible retail and wholesale prices, maintaining the same or better quality;
- To increase the assortment of seeds;
- To increase profit to be able to enlarge and improve the services rendered.

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15. Krasnogradskoye

The state farm Krasnogradskiy of Krasnogradskiy rayon of Kharkiv oblast was established in May 1931. It had 412 hectares of land. From 1931 to 1933 the first gardens were laid out. In 1940 the first apple crop (350 tons) was harvested. In March 1998, the company changed the form of ownership into a collective one and an open joint stock company was established. Krasnogradskoye is located in Kharkov oblast, Krasnogradskiy rayon, Sadovoye village. Currently it employs 117 people.

The company's products are seed crops, grains, stone-berries as well as livestock, milk and honey.

Sales volume

	1997	1998	1999	2000
Seed crops	183.8	61.7	124.0	
Stone fruits	6.7	0.1	-	
Berries	30.6	16.2	20.4	
Grains		33.4	26.7	
Livestock	10.5	54.3	23.3	
Milk	32.2	9.6	11.5	
Honey	1.3	1.0	0.1	

The company sells its products in the Kharkiv oblast, Krasnogradskiy rayon and in the city of Dnepropetrovsk. The market share for company's products is 5-10%

A total of 70-80% of the company's products are sold from the company's storage facility, 20-30% at the markets of Dnepropetrovsk and Kharkiv oblast or processed by processing companies. The company has to face competition from such companies as 1 Avgusta in Valki rayon and Komsomolskaya Pravda in Pervomaysk rayon.

In the year of 2000 the company is planning to produce:

Grain crops, including	316 tons
Winter crops	282 tons
Spring crops	34 tons
Fodder crops	
Corn for silage	800 tons
Fodder root-crops	100 tons
Annual grass crops for hay	102 tons
Annual grass crops for green fodder	144 tons
Seed crops	2 200 tons
Berries	30 tons
Perennial herb for hay	48 tons
Perennial herb for green fodder	90 tons
Milk production	135 tons
Poultry and livestock production	15.4 tons

Dried fruits	5 tons
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