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GUIDE #12

Boosting business along the fisheries value chain

European Commission

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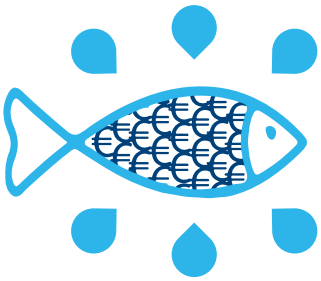
Introduction

In the context of fisheries and aquaculture, the value chain refers to "*all the activities and services – from input supply to production (capture fisheries and aquaculture farming), processing, wholesale and finally, retail*"[1]. Each species, including from each boat or fish farm, will have a specific value chain depending on the production method, the qualities of the product (including the size), the marketing channels established and the "middle-men" involved. Some fish will be sold fresh, directly in the local community; other products may be traded, stored, processed and shipped to consumers the other side of the world.

Flows of fisheries and aquaculture products depend on many factors, ranging from consumer preferences in different places, to the capacity and competitiveness of a given fisheries area to catch or produce, handle, process, distribute and market its products. The path that each fish will take to market will, in turn, determine the added value generated by that fish and who retains the greatest proportion of this value.

The small-scale fisheries sector, in particular, faces a series of challenges ranging from the irregular nature – and sometimes small volumes – of fish landed by smaller operators, the limited shelf life of seafood and high demand for a narrow range of species. Tough competition from better organised and highly specialised fisheries businesses, including from abroad, is a reality of many fisheries businesses around Europe.



This guide aims to provide tools for Fisheries Local Action Groups (FLAGs) aiming to strengthen the value chains in their area and ensure that local businesses, and especially fishermen and local aquaculture producers, capture as big a portion of that value as possible. A key consideration is for the local community to benefit from its fisheries resource, thanks to the presence of dynamic, profitable and sustainable economic activities in the area. Supporting such activities may involve increasing the flow of local fish into the community through better organisation of local sales, or strengthening activities such as processing, allowing local products to reach new markets.

Under the European Maritime and Fisheries Fund (EMFF), FLAGs have the opportunity to support "*adding value, creating jobs, attracting young people and innovation at all stages of the supply chain of fishery and aquaculture products*"[2]. The following chapters offer inspiration and methods to do so, by helping fisheries businesses to access the knowledge, networks and funding necessary to undertake new activities and imagine new ways of working, thus contributing to a dynamic and resilient fisheries and aquaculture sector at local level.

1 **http://www.cftdi.edu.tt/pdf/Value_chain_approaches_in_fisheries_planning_CRFM_2014.pdf**

2 Article 63 (1a) of the EMFF (Regulation (EU) No 508/2014).

1. Understanding local value chains

1.1. Why map your local fisheries industry and value chains?

Investing time and resources to fully understand the local fisheries industry is essential if a FLAG is to be able to **target its support** at those stages of the value chain where it can make the biggest difference. Indeed, most FLAG budgets are relatively modest and a strategic approach to investments can ensure that the results and impacts of FLAG support are maximized.

An in-depth analysis of the local fisheries sector should be part of any FLAG strategy which aims to strengthen the competitiveness of its local products and the sustainability of the sector in general. The knowledge gained from information collection and analysis will help provide a **solid overview of the context** in which the different fisheries-related businesses are operating, revealing key weaknesses in the different local supply chains as well as opportunities to improve the area's capacity to generate more value from its fisheries and/or aquaculture products.

This information will be fundamental to **providing strategic direction** to FLAG investments and will mean that FLAGs can take decisions based on identified facts rather than anecdotal information, or simply on an ad hoc basis, in response to the project applications they may receive. In other words, it will allow FLAGs to take a proactive approach to addressing certain weaknesses in the local fisheries supply chains.

Finally, by undertaking a meaningful study of the local fisheries sector and the related supply chains, FLAGs can develop their **credibility and recognition** as a valuable partner to local fisheries businesses; a partner which not only understands their operating context and constraints, but also sees the broader picture and can therefore help spot potential solutions.

1.2. What should FLAGs be mapping?

First and foremost, FLAGs must ensure they have a good understanding of the fisheries industry in their area. By fisheries industry we mean fishing activities, aquaculture production and processing. Some questions any FLAG should be able to answer when describing the key characteristics of their local fisheries sector include:

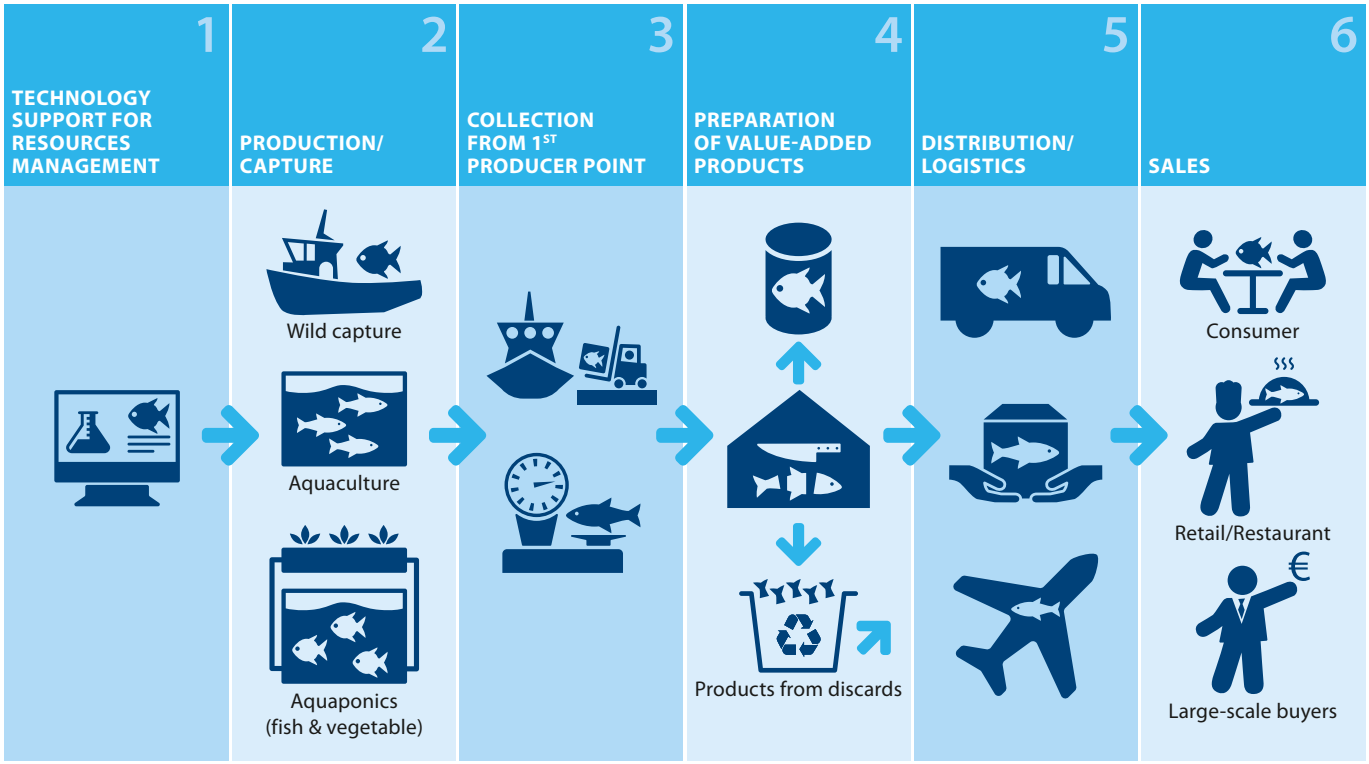
- ✔ Main catch or production methods
- ✔ Main species
- ✔ Number, type and size of vessels
- ✔ Number and type of aquaculture farms present
- ✔ Processing facilities
- ✔ Number of businesses making up the fisheries sector
- ✔ Volumes and value of local fish
- ✔ Different fisheries products making it to market

This kind of overview should ideally be developed **at the stage of preparing the FLAG's local development strategy**, though FLAGs should stay attuned to new developments throughout the programming period.

Moreover, beyond this broad overview of the fisheries sector, it is also important to understand in more detail how the different fisheries value chains of the area work.

A general illustration of a fisheries value chain can be found in Figure 1. As we can see, this starts with input, such as technology support for **resource management,** a vital element of ensuring **production or capture**. The production phase includes: wild capture of fish and/or shellfish; aquaculture, in other words the farming of specific species of fish or other aquatic creatures; and aquaponics, the combination of fish farming with the production of vegetables whereby waste from the fish farm supplies the nutrients for plants grown hydroponically, which in turn purify the water.

Figure 1: The fisheries value chain



© Manta Consulting Inc., 2013/Kaligram

These products are landed and generally weighed and sorted before being **collected** from a first producer point, be it an auction or directly from a boat or aquaculture farm through contract or direct sales. Products are then **processed**, a key stage for adding value to local fisheries products which might include simply gutting, freezing or filleting, or more elaborate forms of processing, ranging from smoking and canning, right through to ready-made meals. Products from discards and fish waste may also undergo a process of adding value at this stage, such as producing fish meal from discards or leather from fish skin.

Products are then packaged in small, medium or large quantities and **distributed** (shipped, trucked or flown) to their final destinations. Here, they are **sold**, either directly to the final consumer, or through retail outlets and restaurants, or to large-scale buyers, who will in turn sell them on.

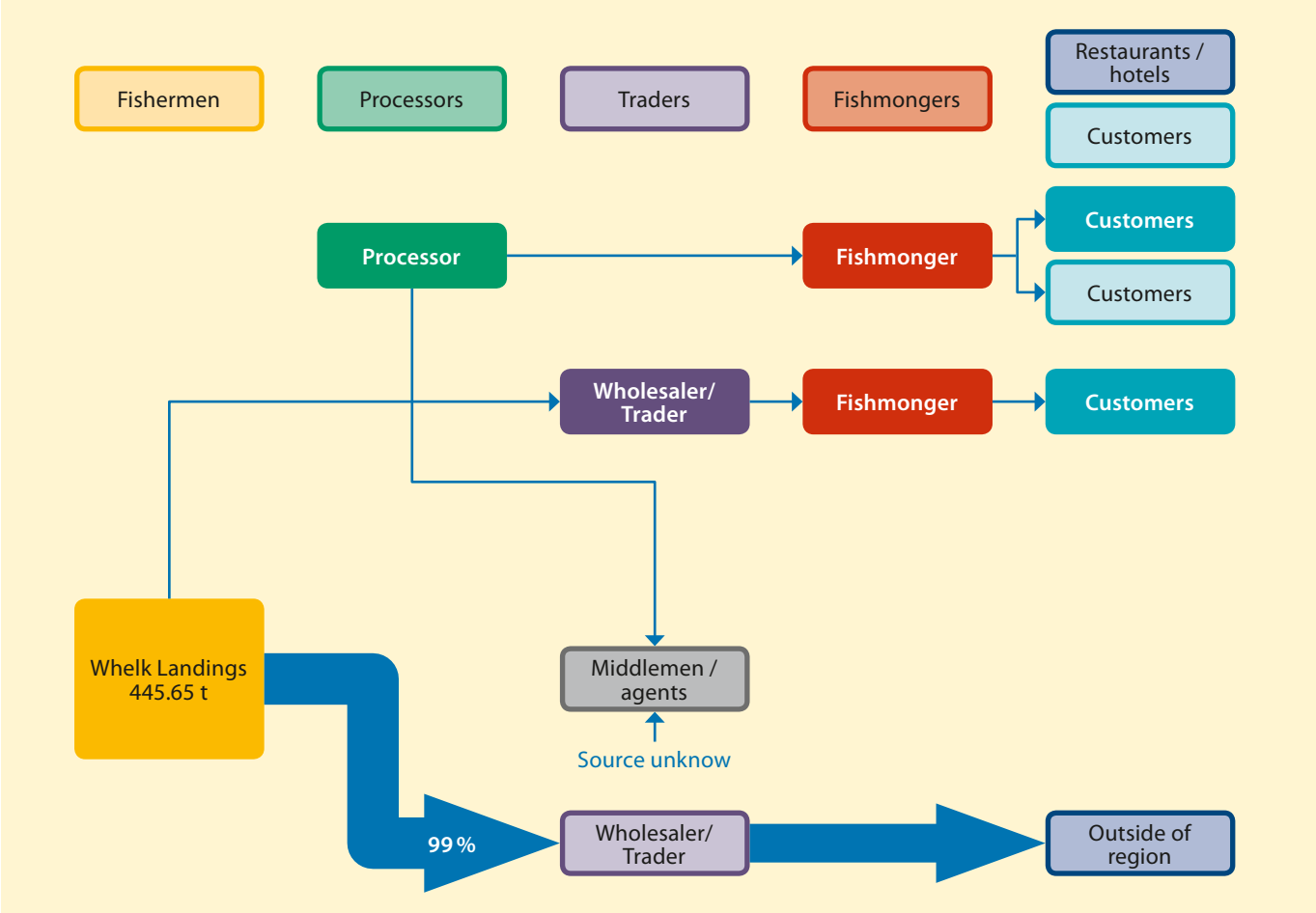
The ability of an area to **store** its fisheries products at different stages of the supply chain (e.g. live, vacuum packed or frozen) is also extremely important if it is to control supply (volumes and timing) and thus maximize value from its local products. **Maintaining the cold chain** is also a fundamental logistical consideration for ensuring quality, not to mention food safety requirements, and therefore the viability of the product.

This is a simplified version of the path products may take to market. However, in reality, the picture is more complex and **each fish species (and even size) from each boat will have its specific value chain.** With this in mind, FLAGs should examine the main fisheries value chains in their areas in detail to identify at which stages of the different supply chains local businesses should be strengthened or new activities might be developed.

PRACTICE

In the 2007-2013 period, the **Northern Devon FLAG**, in the UK, commissioned an in-depth study of the market and supply chain for fish caught and landed in its area, which provided it with the knowledge necessary to target support at different local seafood businesses. This report produced a mapping for the eight most important species for the area. We can see two of these supply chains reproduced below.

Figure 2: Supply chain for whelks in North Devon



© ABP Mer[3]/Kaligram

The mapping of the supply chain for whelks revealed that:

- **99% of these sea snails landed in Northern Devon were leaving the area, sold wholesale with no processing**
- There was a local processor of whelk but it processed very small quantities of the species which it **purchased from a wholesaler outside the area**
- Local **demand for whelks was low** and most of the **production was being sold to Asian markets**

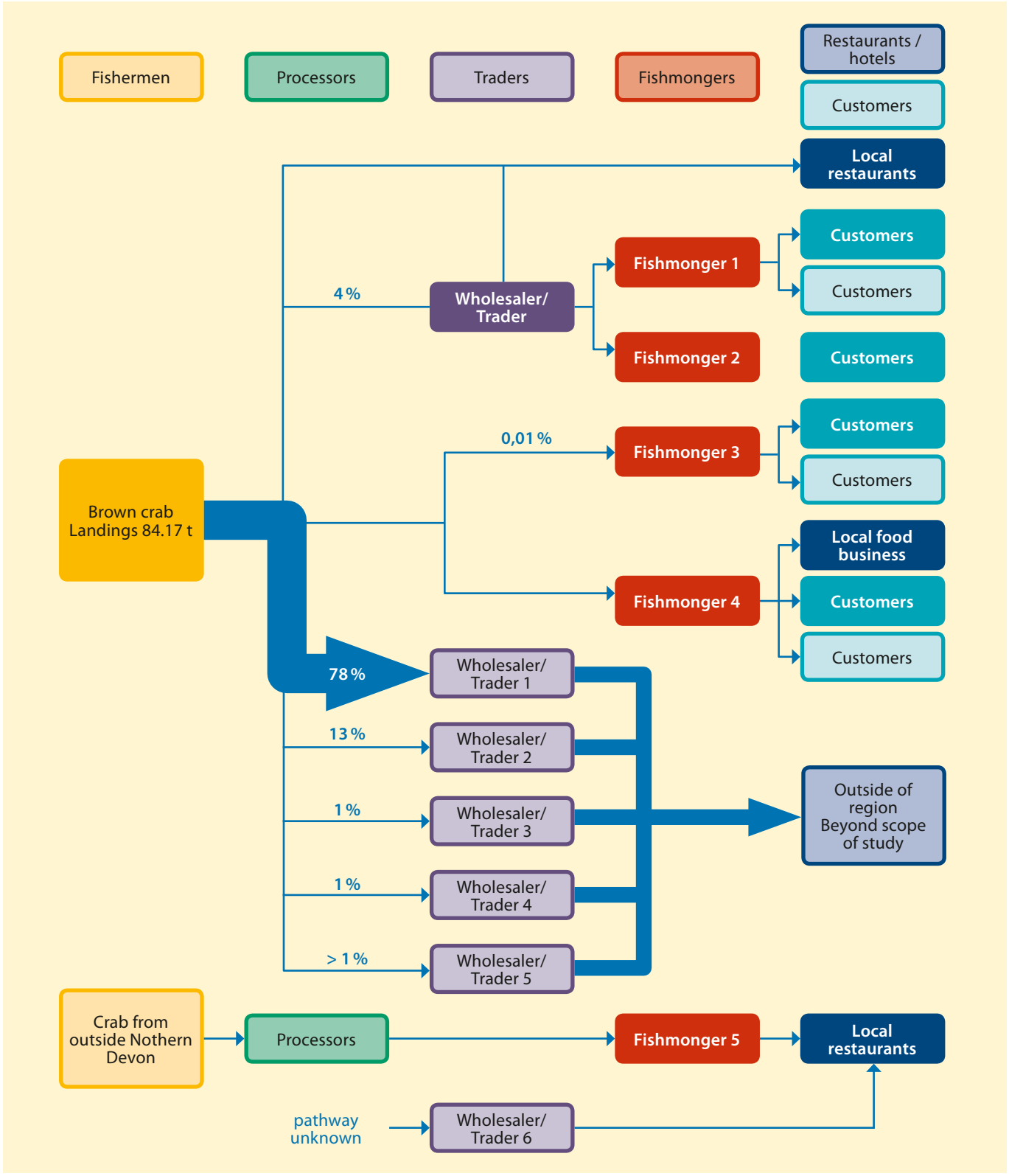
This meant that much of the **added value was being lost to the local community** as very few local businesses had developed an activity around the area's whelk landings.

By analysing such knowledge, a FLAG can examine ways to strengthen the local supply chain; in this case, ideas could include:

- ✔ Work to raise awareness and promote whelks at local level
- ✔ Supporting new uses for whelk meat and more attractive ways of processing the species
- ✔ Fostering links between local fishermen and the local whelk processor
- ✔ Exploring direct links with Asian markets

3 Understanding the Market and Supply Chain for Fish Caught and Landed in North Devon, Report R. 2059, commissioned by the Northern Devon FLAG.

Figure 3: Supply chain for brown crab in North Devon



© ABP Mer[4]/Kaligram

4 Understanding the Market and Supply Chain for Fish Caught and Landed in North Devon, Report R. 2059, commissioned by the Northern Devon FLAG.

Local brown crab, the mapping revealed, was finding its way to more local fishmongers, restaurants, food businesses and final customers than whelk. However:

- **Less than 7% of brown crab landed in the area was being sold through local supply chains**
- Almost 50% of restaurants and one of five fishmongers were **sourcing from outside the area**, evidence of **strong demand for the species**
- Most brown crab landed locally was supplied to restaurants and fishmongers through a **local wholesaler**
- Only 0.01% of brown crab was supplied directly from fishermen to local restaurants
- There was **no local processor** for brown crab

The study identified that the paperwork and time involved in dealing with customers directly was a major barrier to most fishermen. Restaurants, therefore, had **difficulties sourcing brown crab directly from local boats**. Another reason given by restaurants for not sourcing locally was the fact that suppliers outside the area also provided processed products, such as crab meat, which was not offered locally.

In order to address some of these challenges, the FLAG might consider:

- ✔ Providing support to facilitate direct sales of brown crab
- ✔ Studying options to launch a local processing unit
- ✔ Working with the fishmonger and wholesaler who source from outside the area to encourage supplying local brown crab

In the case of supporting a new activity, such as a local processing unit, the FLAG would need to make sure that a potential project promoter had carefully studied the opportunities and risks, and would be able to compete effectively with established processors outside the area (**see Chapter 3 on accessing new markets**).

1.3. Approaches to mapping the different local value chains

How do you go about mapping your area's fisheries sector and main supply chains? Approaches may vary from one area to another but, whatever the method, it is important for FLAGs to be clear about exactly what they are trying to understand. This will determine the research undertaken and the types of questions explored.

FLAGs can start by developing an overview of existing knowledge through **online research** of public statistics as well as information from private companies operating in the sector. This should provide a good insight into many of the basic questions mentioned above: the main species landed, fleet size and type, processing facilities, etc. It should also reveal where there are gaps in knowledge (not all information is available online) and where additional or more specific data would be useful.

Based on this overview, and the time and resources available, FLAGs may consider **commissioning a study** of the main value chains in their area, including, for example, interviews with fishermen, processors, wholesalers and restaurants to identify how they work and the challenges they face. Such a study might look at:

- ✔ The key players in the fisheries supply chain
- ✔ Market supply and demand, including seasonality
- ✔ Price analysis – of first sales versus re-sale and fresh versus different processed forms (Where is the value added to each species? Where are the leakages in the local economy?)
- ✔ The marketing channels that exist
- ✔ How distribution is organised – does it meet the needs of local businesses?
- ✔ Opportunities and barriers to:
  - *increasing the supply of locally landed fish into the area*
  - *accessing other markets*
  - *adding value locally*

And finally, FLAGs should get out into their communities in person, making **direct contact with industry players**. By talking to as many people as possible, FLAGs can develop a deeper understanding of the issues, gain insider knowledge and forge the relationships necessary to encourage change in an established system. Telephone calls and face-to-face meetings are an essential way of starting to understand the industry and getting to know the different stakeholders. Attendance at local group meetings to tap into existing networks can also help in this respect.

Start with more simple species before building up your understanding of other value chains.

Figure 4: Outreach to industry: roadmap example

Stakeholder group	***Potential* challenges to keeping the supply chain local**	***Potential* areas FLAG might choose to support**
Fishermen	Bureaucracy associated with selling directly Individual buyers taking only small quantities, making it very time consuming to sell direct Other costs related to selling directly are too high Large quantities of low value species that cannot be absorbed by the local market ……	Support for direct sales Local scheme to buy directly from fishermen and distribute locally …… ……
Traders	Specific species not available Processed form not available Quantities and variety provided locally are not large enough ……..	Fostering cooperation among fishermen to improve the consistency of supply ……
Processors	Low quantities of certain species and irregularity of supply Lack of "brand identity" of local fish Competition from other processors ……	Fostering cooperation among fishermen to improve the consistency of supply Support for improved storage solutions Branding local fisheries products
Fishmongers	Competition with supermarkets Public find it difficult to buy seafood by the kilo Distribution (lack of specialist equipment for transporting seafood) ……..	Public awareness-raising campaign Direct support to fishmongers ……..
Restaurants	Difficulties to buy directly from local boats Lack of convenient distribution system …….	Direct sales and distribution to local restaurants
Public caterers	Lack of local fish products in an easy to cook format (i.e. filleted, ready-made meals etc.) Too expensive Lack of consistency in supply …….	Market research for accessing this market Support for new processing activities …….
Other	…… ……	……..

Understanding how the different value chains in an area work is the first step to being able to analyse weaknesses and imagine improvements that would make the local fisheries and/or aquaculture businesses more resilient and profitable.

The next steps will be to **identify the types of support** that might be provided to make these possible – be it for setting up new activities, creating new products or accessing new markets – and **foster cooperation with strategic partners** who have the networks, skills and influence to make these new activities a success.

STEPS FOR ACTION

- ✔ Be clear with what you are trying to understand
- ✔ Start with desk research
- ✔ Speak to local fishermen and businesses
- ✔ Consider using experts to conduct professional research
- ✔ Analyse the weaknesses and opportunities
- ✔ Target your actions according to these weakness and opportunities, and the objectives of your local development strategy
- ✔ Set up support for change in your local value chains

2. Direct support to businesses

2.1. Why invest in providing direct support?

The provision of direct support to local businesses is one of the most effective ways of providing would-be entrepreneurs, as well as existing businesses, with the **skills, knowledge and confidence** to embark on a new activity. It is by encouraging businesses to work in new ways and forge new contacts that FLAGs can **stimulate changes** that can strengthen local supply chains.

Therefore, when a FLAG strategy aims to develop businesses along the fisheries value chain, it is not enough to just allocate part of FLAG funding as grants to entrepreneurs – it is equally important, and sometimes more so, to **ensure that the businesses have access to advice, networks and other forms of support** which will help them develop and implement high quality projects.

In order to do this, the FLAG will need to:

1. Understand the different support needs of those parts of the fisheries value chain which it intends to strengthen (see **Chapter 1** on mapping the value chain)
2. Check what support is already available in, or around, the FLAG area (existing SME advisory services, business incubators etc.) and identify gaps
3. Ensure delivery of tailored support, either through existing structures or by organising specific activities

2.2. Ensuring effective support to fisheries businesses

Depending on the local context, the FLAG may need to focus primarily on **supporting existing companies**, for example, in areas where there are already many local businesses operating along the fisheries value chain but facing tough competition, management issues or market constraints.

Alternatively, FLAGs may have identified gaps in the local supply chain which could be filled by helping **new start-ups** to emerge. This might be the case in areas where a large part of the value chain is handled outside the area and no local businesses currently have the expertise to tap into opportunities for handling and/or adding value to the local catch.

The support needs of existing and start-up businesses can be very different, with start-ups often requiring more intensive, targeted forms of support.

2.2.1. Working with support structures

In most FLAG areas, there are existing organisations that provide training courses or other types of support for business development. FLAGs should build links with these organisations which, in some cases, may be able to provide the sort of support a FLAG beneficiary needs to start or adapt a commercial activity within the fisheries sector**.** In such cases, the FLAG can play a role in **introducing local businesses to the relevant support structures.**

PRACTICE

The **South West FLAG** in Ireland, for example, works with the food training industry to develop more market demand for inshore fisheries in its area; this involves close cooperation with the local Institute of Technology, Tralee. The FLAG also keeps a list of all **available courses in its area** and has been active in referring potential project promoters to agencies specialized in specific areas, for example:

- The **Local Enterprise Office** for direct support on market demands, costing etc.
- A regional organization called **Údarás na Gaeltachta** for help to register a new company, accounting skills and product protection
- The **Sea Fisheries Protection Authority** for matters related to EU and State law requirements
- The national **Seafood Development Agency** (BIM) for fisheries product development

However, general support services provided in the area may not always be adapted to the specific challenges of the fisheries sector and FLAGs might consider it more effective to **identify a local partner** (or partners) willing to work closely with fisheries businesses to customise support.

PRACTICE

This was the case of the **Galați FLAG** from Romania which decided to set up a **technical assistance centre** to **help fishermen develop business ideas** through cooperation with students and researchers of a nearby university and research institute. The training and guidance offered to potential entrepreneurs from the fishing community covers topics such as business planning, project development and potential sources of funding. After its first year of operation, they had already helped to develop 40 new business ideas and eight business plans.

Cornouaille FLAG foresees a space for testing new ideas

Business incubators can also be a valuable tool for providing comprehensive assistance to start-up businesses, including premises and offices, accounting, legal and technical support and joint promotion and marketing opportunities. FLAGs could link up with organisations that have experience in business incubation to see how they can help start-ups along the fisheries supply chain, or where absent in the area, might decide to set one up.

PRACTICE

This is what the **Cornouaille FLAG** in France plans to do by bringing together a local **technology and innovation agency** and **research institute** with an inter-municipal body to enlarge a local **hatchery and set-up an incubator** focusing on aquaculture start-ups and other biotechnology projects linked to the fisheries sector. Local entrepreneurs will be able to take advantage of a space to test new ideas, along with having scientific and technical support from the biotechnology department of the research institute.

2.2.2. Tailored advice and training

Some forms of support combine advice and training in an individualised learning process, adapted to the needs of a given company, for instance **mentoring and coaching** (*coaching* is more focused on support to carry out a specific task, while *mentoring* involves a more long-term learning relationship). These can be particularly suitable for start-up businesses.

PRACTICE

The **Fisterra – Ría Muros – Noia FLAG**, from Spain, for example, launched a support scheme called, **EMPREAMAR**, to offer capacity building and support to 30 local unemployed people to **develop and implement new business initiatives** in the fisheries sector. Fisheries experts associated with the regional universities were contracted to provide training on project development, viability assessment, communication and social media strategies, branding, marketing and grant application procedures. The programme involved contacts with successful businesses in the area and coaching to develop business proposals. A number of the projects went on to receive FLAG funding to implement their business ideas, and during the implementation phase they continued to receive personalised advice and mentoring.

A "mystery shopper" can help fishmongers and other businesses improve customer satisfaction

PRACTICE

Another interesting form of advice which can help businesses, such as fishmongers or restaurants, **improve customer satisfaction** is the "mystery shopper" concept. In the 2007-2013 period, the **Ostend FLAG** from Belgium supported VLAM, an organisation specialised in promoting Flemish food businesses, to develop a **"mystery shopper" service** for fishmongers. These were trained experts who visited the shop, posing as regular customers, and reporting on a range of factors likely to affect customer satisfaction (Were they welcomed upon entering? Was the shop clean and attractive? Were the prices clearly displayed? etc.). The report allowed fishmongers to identify areas for improvement and was accompanied with **user-friendly guidelines** to:

- Building long-term relationships with customers
- Setting up a promotion campaign
- Collecting feedback from customers
- Producing a good newsletter
- What to bear in mind when offering tasters

Some FLAGs have achieved outstanding results in business support by **contracting a dedicated person** whose main task is to work closely with existing and potential businesses. Such a person must have a very good understanding of, and credibility within, the fisheries sector, as well as strong business development skills (see the "Community Seafood Officer" example below).

TIP

The drive and enthusiasm of the individual wishing to put a business idea into practice is fundamental for success

Responding to supply chain weaknesses with a Community Seafood Officer

In 2007-2013, following an in-depth study of the local seafood sector[5] (see **Chapter 1** on Understanding local value chains), the **Northern Devon FLAG** in the UK employed a Community Seafood Officer (full-time for three years) to strengthen the supply of local fish into the area by raising awareness of the local catch and helping new and existing businesses through a range of tailored support initiatives.

Seadog Foods, 2015 winner of UK Street Food Awards

This included **direct advice** to existing companies, such as fishmongers; **mentoring** of new businesses by more experienced ones; facilitating access to professional business advice; and **tailored training courses** to address the identified knowledge gaps such as a general understanding of the local fisheries industry, how to market local seafood as a food business, bringing a new food product to market and how to cook and prepare local fish and shellfish species (e.g. brown crab, lobster, squid).

One of the most powerful ways of supporting businesses was **providing networking support**: introducing them to each other and making connections between businesses at different stages of the supply chain (fishermen, retailers, wholesalers, restaurants, other FLAG projects etc.) so they could build lasting and mutually beneficial working relationships.

The project also **sponsored events** and worked with the **media** to raise the awareness of local consumers and increase the presence of locally-landed fish in the local market. It resulted in a greater visibility of the local seafood sector, better connections between businesses and a number of new and improved companies and products, including:

- A **regular column in the local newspaper,** featuring "good news" stories about the local fishing industry and features on various FLAG supported projects and initiatives (e.g. local marine events, how to get involved in beach cleans, new seafood businesses)
- A **North Devon "Seafood Academy"** to provide practical training courses to local businesses in fish preparation, cooking and marketing (in cooperation with the local college, regional experts and the national seafood and fishing authority, Seafish)
- Improving the operations and **raising the profile of a small fishmonger** owned by a family fishing firm (including new signage and advertising, promoting their sea-to-plate story on their menus and producing branded cool bags to tap into tourist sales)
- A **street food start-up**, called Seadog Foods, which specialises in using North Devon fish in world-inspired dishes, whilst telling the story of the local fishing industry (now overall winner of the 2015 British Street Food Awards)
- The launch of Sunfish Cuisine, **a small business** offering gourmet hampers and barbeque fish boxes to make local fish more accessible to tourists and locals
- A stronger presence at local and national events for a **start-up seafood shack and catering company**, named the "Glorious Oyster", based in a local tourist town

FARNET Good Practice

5 Ibidem.

2.2.3. Bringing businesses together

Networking event for fisheries supply chain businesses in Devon, UK

One of the most important ways to support business development is by **bringing together different entrepreneurs** and stimulating linkages. Companies don't operate in isolation and they need to build relationships of trust along the supply chain. For instance, the catching sector should work together with fishmongers, processors and distributors. There can also be important synergies for joint marketing and promotion.

A relationship of trust can be built if business owners and managers have an opportunity to meet face to face and discuss with their colleagues. It is therefore important that FLAGs organise **networking events**, or facilitate the participation of local companies in events organised by other bodies (e.g. business development agencies, business networks, media companies, food promoters etc.). Such events should offer a lot of scope for building useful contacts and exchanging ideas and news related to the fisheries industry, but also to other sectors important locally.

More information on partnerships between fisheries businesses and other actors can also be found in **Chapter 4 (Innovating with the help of science and research)** *and* **Chapter 5 (Building strategic partnerships)**.

2.2.4. Business plan development and assessment

All companies and entrepreneurs need to plan how they will develop their business. For many funding sources, such a plan is a mandatory part of the application. There are usually various organisations which can help potential beneficiaries develop their business plans and FLAGs should be proactive at referring project promoters to them.

However, there may be cases where a project promoter needs close support from the FLAG itself to develop its business plan; and FLAGs should be able to understand what makes a good business plan when assessing projects presented to the FLAG for funding.

Indeed, the FLAG needs to be able to verify at least the following key points:

Is the project **idea** sufficiently clear?

1 Idea

- *What are the objectives?*
- *What activities are envisaged, by whom and when?*
- *What makes the project unique?*

Is there a **market** for the product/service?

2 Market

- *Who are the customers?*
- *Who are the competitors?*
- *How much can the business hope to sell and at what price?*

Can the business cover all its costs and **generate income**?

3 Viability

- *What are the fixed costs? What are the variable costs?*
- *What is the expected income? Is it realistic?*
- *What is the break-even point?*

Guidance is readily available on developing business plans[6], but the **check-list** provided at the end of this guide can also help FLAGs when supporting or assessing business ideas.

6 e.g. **http: //ec.europa.eu/environment/eco-innovation/files/docs/getting-funds/business_plan_guidelines.pdf, or http: //www.accaglobal.com/content/dam/acca/global/business-finance/business-plan.pdf**

2.2.5. Facilitating access to funding

Beyond providing training, advice and other types of "soft" support, FLAGs can provide initial grant funding to certain local businesses. However, as the companies in the fisheries supply chain grow, this funding will not be able to address all their financial needs. It is, therefore, important that FLAGs are aware of other funding opportunities and can support local businesses to access them.

Public funding

One potential source would be EU funding from **other sections of the EMFF** and other **European Structural and Investment Funds** available at national and regional level. Business development facilities can often be financed from the **ERDF**; certain training needs of the local business sector can be addressed by the **ESF**; and, in rural areas, business development support can usually be funded by the **EAFRD**, including LEADER. SME support and funding for innovative projects is also available **from Horizon 2020** through the **Executive Agency for SMEs** (EASME). Even if a FLAG is not implementing a multi-funded strategy, it may be able to access some of these funds.

FLAGs may find the **European Small Business Portal** useful when proposing additional sources of funding. The website, available in all EU languages, provides advice and information on funding sources available for SMEs both at the EU and national/regional levels, including:

- Loans, guarantees and venture capital funds
- Business grants financed by the ERDF, ESF, EAFRD and EMFF
- A searchable database of all national and regional EU-funded programmes
- Information about tenders and calls for proposals at the EU level
- Contact details of information points for SMEs in Member States

Different **national and regional schemes** may also offer funding opportunities to local businesses, such as the **Flemish Strategic Transformation Scheme** which supports entrepreneurs with a unique idea or skill, or the **Coastal Communities Fund** for economic regeneration in the UK.

The example below shows how the **Kainuu-Koillismaa FLAG** in Finland levered in funding from Axis 2 of the EFF to make a significant difference to the local supply chain; and a FLAG project from Belgium (**see section 4.3.5**) managed to extend the lifespan of fresh shrimp by building on research that was funded with Axis 3 of the EFF.

FLAG uses Axis 2 to develop a €2.7 million fish handling centre in Kuusamo

The local fisheries sector in the Kainuu-Koillismaa area in Finland could not ensure a reliable supply of fish to the market due to the seasonality of local lake fishing. A lack of infrastructure to address this problem and little cooperation among fishermen and fish farmers were additional barriers.

A project to pool the production of local fishermen and fish farmers and develop a large logistics centre in Kuusamo where fish could be frozen, stored and processed offered a solution to this situation.

A new fish handling centre in Kuusamo, Finland

The **Kainuu-Koillismaa FLAG** financed preliminary surveys and a feasibility study and, based on the positive results, supported cooperation among local fishermen, fish farmers, fish processors and the local municipality. In addition to around €1 million of private investment and local public funding, the FLAG also **helped the municipality to apply for funding from Axis 2 of the EFF**, securing a grant of €759 488 towards the overall costs of the centre.

The fish handling centre is now providing excellent opportunities for local actors to develop their business operations, add value to their local catch and secure contracts in new markets. Moreover, six new jobs were created in fisheries companies and two new jobs in processing.

FARNET Good Practice and **Project Video**

Private financing

In addition to grant funding, local businesses will be expected to bring private investment to any new or improved commercial activity and **access to credit** is repeatedly identified as a major barrier to business creation. This is particularly true for small fisheries companies and is often highlighted by fishermen's wives wishing to set up a small business.

FLAGs can, therefore, look at the opportunities offered by different financial instruments which might be beneficial to local businesses. In particular, they should seek to establish a good working relationship with local financial institutions such as **banks, credit unions or special loan funds**.

For many FLAGs the best contact might be the local cooperative bank, which is usually owned by members of the local community and can have simpler and quicker decision-making procedures to support small local businesses than branches of large national or multi-national financial intermediaries.

Meeting between regional bank and project promoter, organised by the Cuxhaven FLAG

PRACTICE

In Germany, the **Cuxhaven FLAG** has established regular **cooperation with the regional bank** of Lower Saxony, NBank, which is invited to visit the FLAG's office every two months for meetings with potential project promoters. Here, they discuss the proposed ideas and offer business advice, including an assessment of whether potential projects might be eligible for a loan from NBank or a grant from other financial instruments, such as the ERDF or ESF. When assessing applicants from the FLAG area, the bank takes into account their credit history but also the opinion of the Cuxhaven FLAG.

PRACTICE

Another alternative can be to take a more direct approach to facilitating credit to small fisheries businesses. This is what the **East Sardinia FLAG** in Italy has done by working with a private credit institution which has to set up a **rotating fund** to make **micro-credit accessible to local fisheries enterprises** which would otherwise face difficulties in receiving loans. The fund, which provides loans of up to €25 000, allows small businesses to launch projects considerably faster than normal thanks to reduced bureaucracy as well as providing a tailored support service.

FLAGs should keep in mind that fisheries businesses usually need **more than one type of support:** training, mentoring, tailored advice, business and technical support, along with connections to other businesses and funding are all important. FLAGs will need to look at the full range of needs of businesses in their local supply chains and, in collaboration with those organisations who provide relevant services and funds, develop **tailored packages** of support that can best address these.

STEPS FOR ACTION

- ✔ Before launching a business support activity, check if a relevant service is already available
- ✔ Ensure that any support funded by the FLAG is tailored to the specific needs of the businesses you are targeting
- ✔ Ensure beneficiaries receive an integrated package of support: training, advice, funding…
- ✔ Don't let your businesses work alone! Make sure they are well integrated into the relevant networks of your area

3. Accessing new markets

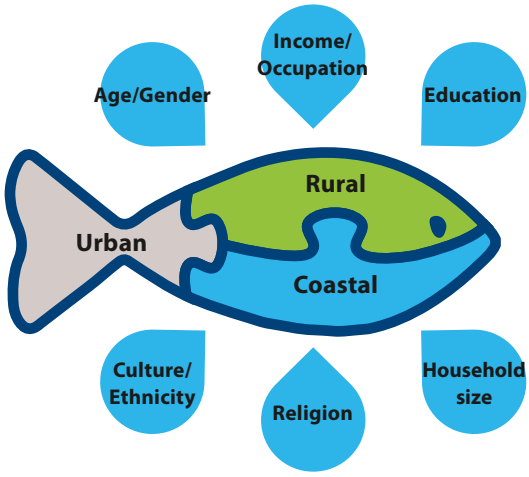
3.1. Why seek out new markets?

A key area where FLAGs can support local businesses – both existing ones and new start-ups – is helping them to **tap into markets which they do not currently sell to.**

These can be geographically based, for example nearby urban centres with large populations or inland rural areas where the potential appetite for local fish may yet be under-exploited. Alternatively, opportunities may be found in specific customer segments or niche markets: the tourist market, specific ethnic minorities, public institutions, local farmers' markets etc. Accessing new markets can offer the potential to **increase sales and revenue**.

A changing world is also offering opportunities for more direct connections between producers and consumers and, if organised effectively, can result in the **local community retaining a higher proportion of the value** of its fisheries resource.

At the same time, innovations (in production, processing or packaging, for example) or increased supply of certain fish species may also allow – or necessitate – the development of new markets in order to **maximise sales of local production, and avoid waste**.



3.2. Understanding local food development: which markets for fisheries products?

Over the past century, the model for purchasing our daily supplies has moved away from smaller specialists such as greengrocers, butchers and fishmongers, towards larger format stores, such as supermarkets. This has led to a situation in many countries where a small number of **larger players dominate the retail market**.

However, where there has been the greatest concentration of larger players in the market, there has also been a **re-emergence of the smaller, specialist outlets,** farmers' markets and local food in retail and hotel and catering markets. This has been driven by a desire for variety and an interest in where our food comes from – the provenance – and has accompanied growing consumer awareness of the importance of a **healthy diet** and **sustainable production**.

A push for sustainability in food production, whether in the way fish is produced or caught, or in the packaging format, energy use or waste generated, means greater demand for clear **information on how, where and, especially, *when* our fish was caught**. To help enhance consumer confidence, FLAGs can support local businesses to respond to this trend by using clearer labelling or packaging or by selling directly from the producer or fisherman.

Finally, the ability to move food products across international markets has also been mirrored by our own ability to travel globally, leading to consumers having **more knowledge of food specialities from around the world**. This can result in an increased desire for foods that consumers have tried when travelling, or certain communities looking for food varieties that were more readily available in their countries of origin.

FLAGs and local fisheries businesses should stay attuned to the different markets, in and near their areas, which offer strong potential for their local fisheries and aquaculture products. Below, we offer a few examples of some of these different markets.

3.2.1. Urban markets

Urban areas provide a **larger and generally more consistent target audience** for local food producers. Targeting the opportunities in these markets may start with considering:

1. *Where* consumers are (in the FLAG area, in nearby urban centres or residential neighbourhoods)?
2. *How* they prefer to access higher-value products, such as fish (supermarkets, producer markets, direct delivery)?

This means careful research, particularly relating to the **distribution channels** used and how these can be utilised without adding substantial costs. The use of existing distribution outlets offers a number of advantages in terms of lower costs, greater certainty of reaching established groups of consumers etc.

Delivering fish baskets to a nearby town

The "Cabaz do Peixe" (Fish Basket) project was supported by the **Além Tejo FLAG**, in Portugal, and took advantage of the large urban market of the nearby capital city in order to sell locally caught fish, including less well-known species. It was initiated by the association of artisanal fishermen based in Sesimbra, using delivery points in Lisbon and its suburbs.

The project links in with the popular PROVE project (for fruit and vegetable baskets), using the same delivery points, and offers a combination of popular local fish alongside lesser-known species, which make up one third of each basket.

Retired and injured fishermen help clean the fish and prepare the baskets. Each basket costs €20 and contains 3kg of fish (at least three different species from a list of 22). Customers can make a choice depending on seasonality, and can indicate up to three species that they would prefer not to have in their basket.

"Cabaz do Peixe" delivering fresh fish to Lisbon

Orders are placed **online** or by phone, and deliveries take place once every week or two weeks, depending on the delivery point. After 15 months, the scheme was selling 90-100 baskets per week.

www.cabazdopeixe.pt

Urban areas may also have **specialist retail outlets or restaurants** worth targeting by those businesses able to add value to local fish through further processing, preparation or packaging. For fast turnover companies serving a large and demanding population, **convenience** can be an important factor, so the following issues are vital to consider:

- ✔ Ease of use
- ✔ Portion size needed
- ✔ Skill level of those preparing it
- ✔ Knowledge of variety of local species
- ✔ Availability of species

The specialist sector in urban areas may also extend to **specific consumer groups**. This might include minority groups with strong demand linked to products present in their traditional cuisine.

Blue crab: a new product for Europe's Asian market

The Blue Crab Company was set up in 2012 in Chalastra, Greece, to market a product traditionally discarded as by-catch: live blue crab. Originally an invasive species in the area, the Blue Crab Company identified a strong demand among local Asian communities for blue crab and set about developing a product adapted to this niche market.

Blue crab is now a sought after product among Asian communities in Greece and beyond

Online market research followed by direct visits to potential customers, allowed the company to identify strong demand for blue crab among Asian communities. In the early stages, one of the key methods for generating interest was using the crab itself as a 'business card' when meeting potential customers, as seeing the actual product helped transcend language barriers. In response, the company developed a supply of live blue crab and, subsequently, a range of processed products for this customer segment.

The company now works with around 25 local fishermen, who catch blue crab as well as other fish and shellfish species, and supply to Asian communities in seven different European countries. The product is sold to intermediaries as well as directly to consumers, and employs five people.

FARNET Good Practice

3.2.2. Regional and rural markets

The ability to source food locally can also create a **point of difference for regional food retailers and restaurants**. The value of using fresh, local and seasonal produce has been identified by many high-profile chefs and led to some higher-value restaurants recognising the need to deal directly with suppliers and the value of highlighting local sourcing on their own menus. Tourists, and even visitors from urban areas, increasingly look for local food when they are visiting other regions or countries, including local specialities and products with geographical protection.

FLAGs can help fishermen and aquaculture producers make these links with restaurants and relevant food retailers. They can also help them link in with established networks of rural food producers. Certainly, many rural areas have a longer tradition of promoting fresh, local and seasonal produce, and local fish can be a welcome complement to the agricultural offer. Indeed, building **links between agricultural and fisheries supply chains** can allow local businesses to take advantage of critical mass and other synergies for distributing and promoting local produce.

Some local businesses have extended the concept of local sourcing to include the experience of 'creating' the product, where the **experience** has as much value to the visitor as the taste. The creation of food trails is an example of how FLAGs might help highlight and promote local production. This can then create links with restaurants, hotels and other local outlets, thereby strengthening the supply chain as a whole (see in **Chapter 5** how the East of Scotland Seafood Trail connected local producers and outlets to promote their local fisheries products).

3.2.3. Events, fairs and concerts

Concerts and other events as profitable market opportunities

New opportunities continue to emerge, but there is still often a tendency for producers to target existing markets, such as retail, which can be highly competitive. Recent examples have shown that preparing **products for immediate consumption** can offer profitable opportunities, for example at events or fairs with a large audience. Such opportunities are often no longer limited to large cities, thanks to an increase in the number of regional festivals and fairs. This includes specific food- and drink-related events as well as cultural or sporting events, which can extend over several days.

Many organisers of such events have realised that the nature of the people attending the events means that they will look for the same criteria of health, sustainability and provenance as in traditional retail outlets. In Scotland, for example, a number of festivals in traditional fishing ports such as **Portsoy** or **Crail** celebrate and showcase the local catch, while regional groups such as **Argyll Food Producers** provide a range of fish and seafood at major pop and rock concerts.

3.2.4. The public food market

One of the markets that has been more difficult to access in recent times has been the public food sector: schools, hospitals and other public canteens under local authority control. This segment has continually shown interest in local supply but has been challenged by major impediments to supplying on a smaller scale, including the **large wholesaling contracts for supply**, the focus on **price competitiveness** and the **skills required** in public kitchens to prepare food from basic ingredients, rather than just reheating ready-made dishes.

Efforts to address these difficulties are emerging as municipalities and regional authorities recognise the benefits of promoting a healthy and sustainable production system to their customers (school children, hospital patients, government employees and even armed forces personnel or prison inmates…) and to local businesses.

The solution to this has been to look to **change the system of procurement**, or at least to consider how this has been interpreted. This means looking at health, freshness and seasonality more closely in the requirements, and in some cases adjusting the budgets accordingly. There have also been changes in the way contracts are implemented, with some larger contracts broken down into smaller bundles to enable smaller scale businesses to supply this market.

Businesses themselves have also recognised the need to organise themselves for this market sector, and this includes **regional and sectoral cooperation**, often vital for consistency of supply, particularly where large volumes are sought. Cooperation can help to facilitate joint marketing, supply and shared costs, including distribution.

Supplying school canteens with local fish fillets

Following a detailed feasibility study for processing and marketing the area's fisheries products, the inter-municipal body, the *Agglomération Sud Pays Basque* in France, identified strong demand from schools and other contract caterers for local, "ready to cook" seafood. The results of this FLAG-funded study led to a series of reflections by industry players and public authorities on how to capitalise on this demand.

School canteens can benefit from "ready to cook" seafood

Exchange and cooperation among local partners, resulted in the piloting of a cooperative processing plant to supply school, hospital and other canteens with ready-to-cook fillets of local fish. Technical and financial difficulties interrupted the processing plant's operations, however the momentum it generated has developed a shared will at county level to ensure local sourcing.

The county council has subsequently developed guidelines for secondary schools, retirement homes and disability care homes for sourcing local fish and there are now three certified wholesalers in the county. Initiatives to actively promote this approach to procuring local fish for public canteens are ongoing.

For further information contact the **Côte Basque FLAG**

3.3. Accessing new markets in practice

As we have seen above, there is a wide range of possibilities for fisheries and aquaculture businesses to reduce their reliance on traditional routes to market, such as retailers or wholesalers. As well as offering possibilities to increase sales, this can also reduce the impact of price fluctuations and risks, such as supplier switching.

However, in attempting to access these alternative markets, there is a need to determine the **scale and scope of the markets available**, meaning that significant precision is needed to effectively target market opportunities.

Smaller businesses may have a strong understanding of their own sector, based on direct contact with, and feedback from, customers. However, they may not have the means to conduct the in-depth research necessary to identify and access new markets. FLAGs can support businesses in this area by funding professional **market research** to aid local businesses that are motivated and capable of taking up this challenge. In this case, specific questions should always start with the market:

- Where is the opportunity?
- What products are being sought?
- What is required to deliver such products?
- What is the format in which the product should be supplied?

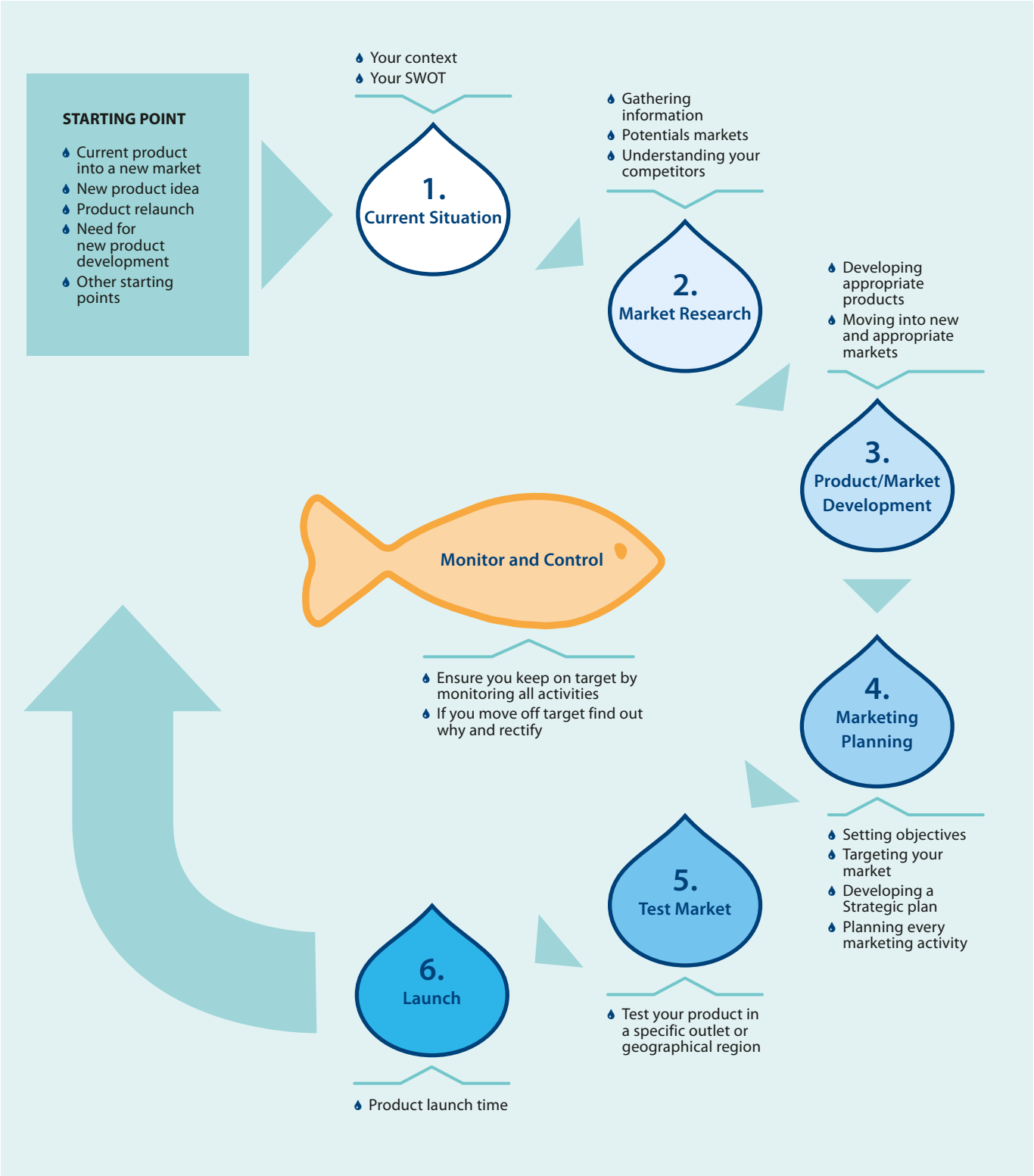
Knowing these requirements can help to understand and, more importantly, to **quantify the opportunity** available. In some instances, these markets may already be well supplied. In many small-scale markets, for example, there may be limited opportunities for fresh fish if other producers are already supplying the market directly and have built a loyal customer base. This does not mean that there is no scope to broaden the market, but that specific targeting is needed, along with the identification of market gaps and opportunities.

Thanks to the availability of data nowadays, particularly through **online research** and **market reports**, producers can research many opportunities directly, as well as taking into consideration their **own information and market understanding** at a local level. Whatever the source, it is important that local businesses have access to any key market information and data to fully understand the market potential and expectations of customers before developing a strategy to access a given market.

Indeed, whether it is to introduce a new product idea, a current product into a new market or a product relaunch, there are a series of steps to work through.

Make sure the Unique Selling Point (USP) of the business is clear – and protected in case other businesses follow suit.

Figure 5: Marketing activity sequence



© SAC Consulting Food & Drink/ Kaligram

Marketing activity sequence: the case of "Jean sur Mer" fish batter

1. Current Situation

"Jean sur Mer" is one of the pioneers in the food truck sector, serving seasonal fish dishes from independent food trucks since 2010. One of their most popular dishes is "Kibbeling", bite-sized pieces of white fish served with a crispy batter coating.

2. Market Research

Customers often asked for the uncooked product to take away, to cook it themselves at a time of their choice. That's how the idea grew to launch a product that people could make at home. Analysing the market, "Jean sur Mer" found out that the batter to make "Kibbeling" wasn't yet available as a product in Belgium.

3. Product/Market Development

At first, the idea was to bring a full DIY product to market, including the fresh fish, the batter and the tartare sauce. However, food safety restrictions made it difficult to combine a processed product (the tartare sauce) with raw fish and the batter mix, all in one pack. So, the decision was made to bring only the batter to market. This also meant less risk to "Jean sur Mer", as there was no fresh product involved.

To develop and manufacture the product, "Jean sur Mer" teamed up with Evlier, an experienced food producer. It took a while to find the perfect recipe (a light and crispy batter), but the result has been very successful.

4. Marketing Planning

Objectives and targets were set out for the following years in parallel with the other food truck activities.

The fact that the batter's shelf life is up to 18 months was used as a selling point as it meant a reduced risk also for retailers.

5. Test Market

To test the market, "Jean sur Mer" and Evlier each sought feedback from their own customers.

The product was also tested in the food truck.

6. Launch

Finally, the product was brought to market, taking advantage of the existing food truck brand of "Jean sur Mer" and the existing distribution channels of Evlier. With the launch coinciding with the new spring season (April 2016), the product gained broad coverage across a range of media channels (cooking magazines, food blogs…), with features encouraging their foodie audiences to try something new.

Based on the product's popularity, "Jean sur Mer" went on to develop a professional line of the product (3 kg packs) to supply to restaurants and bars for commercial use, working through a similar marketing activity sequence.

www.jeansurmer.be

Customer expectations will often be related to the consistency of supply, quality and price. However, determining the opportunity will also relate to how the product will be delivered, and the preparation required to bring it to the customer. This may require additional costs or effort but may also be an opportunity to add value, where this increases convenience, knowledge, time or satisfaction for the customer.

In order to understand the value of a product it is important to consider carefully if the outcome of any new activity will improve the business, by scaling up, mitigating risk and ultimately increasing its return.

CHECK LIST

- ✔ Has the market research, including competitors, been fully undertaken?
- ✔ How much will the business need to adapt – skills, knowledge, language, marketing?
- ✔ What are the challenges? Supply, distribution, processing, marketing?
- ✔ How much experience does the business have and what support does it need?
- ✔ What will the end result be for the business – new markets, greater value returned, diversified risk?
- ✔ Is there scope for cooperation with other businesses?
- ✔ Are there further opportunities that the business has not explored?

4. Innovating with the help of science and research

4.1. Five reasons to link fisheries businesses with science and research

Small-scale business operators tend to focus on their core activities and a busy schedule can often prevent them from connecting with the rest of the supply chain, or with other sectors. Whether it's a fisherman, a local fishmonger, a small-scale processing company, or a fish & chip shop, the general tendency is to stick to what one knows and does best. However, stepping outside the comfort zone of day-to-day business and using science and research effectively can lead to **innovations** and **new sources of revenue**. Once a new idea is born, research may be necessary to **develop an idea into a viable business** and collaboration with scientists or technical experts can help.

Opportunities arise at each stage of the value chain, starting with the catching sub-sector where changing working methods may require new skills, new equipment or even vessels, and sometimes significant investment. But external factors, such as changing policy contexts, market demands or rising fuel prices, are challenging fishermen and aquaculture producers to adopt **new production methods or catching techniques**. Changes in gear can reduce fuel consumption and/or improve selectivity, reducing by-catch for example. Better knowledge of reproduction cycles of a given species can also lead to better yields in aquaculture, to cite just a few examples.

Measures can also be taken to **improve resource management** and therefore the sustainability of the fisheries activity. Cooperation between fishermen and scientists is essential for gathering information on fish stocks and monitoring the impacts of fisheries and other relevant activities or influences. The development of traceability tools can also help better understand stocks and secure certification of sustainability and origin, which can help open up new, higher-value markets.

Once fish is caught or harvested, many initiatives can be taken to **optimise the handling and processing.** Proper handling and storage on board, for example, can raise the quality of a product significantly. Higher quality often means a longer shelf-life, allowing access to new (and more remote) markets, or allowing extra handling on land, thereby adding value within the fisheries area. Whether it is on board or on land, optimisation of handling and processing, such as gutting, stripping, filleting, portioning, boiling, cooling, freezing or packaging (e.g. modified atmosphere), is often preceded by technical support and research.

When developing **new food products**, reliance on research and technical support is a reality. Unless a business has its own R&D department, it must rely on external expertise and infrastructure to put ideas into practice. Introducing a lesser-known species to the market, for example, should be preceded not only by a viability study but also a thorough analysis of characteristics such as consistency, taste and the look of the product. Most probably, there will be a need for support from a food lab to select good conservation methods and to design packaging that fits the market.

Finally, components such as omega-3, fatty acids, palmitoleic and collagen can be extracted from the residues of fish and supplied to the **emerging "non-food" market** (e.g. animal feed, pharmaceuticals, cosmetics etc.). Research is required to identify and analyse such components as well as whether sufficient volume exists for a viable enterprise. See the **FARNET Good Practice** in which the **Oeste FLAG** supported the Polytechnic Institute of Leiria to develop an extraction process for chitin from the pilado crab.

Fish burgers and other new foods from by-products

Instead of simply throwing away fisheries by-products, commercial fisheries and the fish processing industry are looking for ways to add value. A multi-disciplinary consortium, based in Belgium, has explored the possibilities, opportunities and barriers. Processing options were investigated by analysing the various by-products, identifying any valuable components, developing and testing different applications on a small-scale, and conducting a socio-economic analysis. Advice on the marketing of fisheries by-products was also provided.[7]

Fish burgers from by-catch

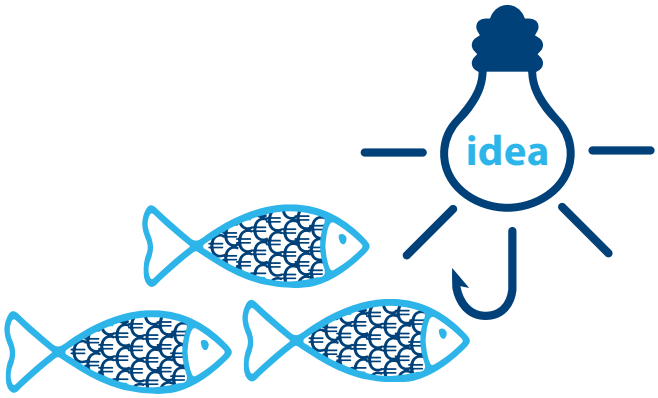
One of the suggestions that emerged from this research was the development of other food products, such as "croquettes". This idea is now the subject of a new "action lab", part of a programme to develop the innovation potential of the agri-food industry by supporting practical projects proposed by the industry.

The action lab, "Fish Labs", aims to create a fish burger from fisheries by-catch. Several supply chain players, such as auctions, wholesalers, catering schools and research institutes, are cooperating to bring a gurnard and pout fish burger to market.

www.facebook.com/effkescompany

4.2. Linking up with science and research

Some effort might be needed to develop working relationships with scientists and researchers. However, FLAGs should be proactive in doing so and in exploring the possibilities to leverage the potential science can offer to help build a **more innovative and forward-looking fisheries sector**.



4.2.1. Making contact

A good starting point is to identify the different universities, technological institutes and business schools in the region, as well as any relevant spin-offs. Many FLAG areas have a marine institute or other research organisation nearby which is well placed to support innovation in the local fisheries sector. Some countries even have a dedicated platform for bringing together the fisheries sector and the scientific and research community (e.g. **PTEPA** in Spain, the national technological platform for fisheries and aquaculture). FLAGs must be proactive in engaging with these.

7 VALOREVIS project **http://www.pomwvl.be/sites/default/files/uploads/ondernemerschap_en_bedrijfsinfrastructuur/doc/FvTVoeding/P_valorevis_6_vives.pdf**)

Just as FLAGs can map their local fisheries chains, they can also map the different research bodies which could support innovation in the fisheries sector. The following steps offer inspiration for getting started:

- Start with your close network and **speak to the innovators within your network**, finding out who they collaborated with in the past
- Map the remaining research outfits in the area and any **relevant research** – planned, ongoing or completed (potentially available for up-take)
- Map **ongoing projects** and see if you can still tap into these
- Find and **meet the *right people*** in the target organisations; you might need different contacts in different departments
- Ask what type of **equipment they have for testing** new ideas or products
- Check the **availability of students** in different disciplines
- Find out about **existing research funding programmes**, especially those where businesses can draw on research services
- Add all **contact persons to your database**, along with their specialisation, and involve them in FLAG activities

Once the landscape of researchers and scientists is clear and contact has been made, FLAGs can start exploring practical ways to engage with this network.

4.2.2. Involving research institutes in FLAG activities

Involving research organisations in the FLAG partnership and in development of the FLAG's strategy can be an effective way of building a more innovative plan for a competitive and forward-thinking sector. This can be a win-win situation for both partners, and for the local community. Research organisations can bring their experience, skills and ideas to challenges and opportunities related to the local fisheries supply chains and FLAGs can offer funding for specific research projects, as well as **keeping research relevant for the community**.

Beyond the initial work at the partnership and strategy development phase to link up with research, **ongoing involvement** should be sought where possible. For this, FLAGs should ensure that the relevant people receive the **FLAG newsletter**, and they should ask to receive the newsletters sent out by any potential research partners. They can also invite research bodies to **FLAG events** to make sure they are aware of strategic priorities and **share information** on relevant research possibilities.

Research institutes often have internal procedures for communicating ongoing topics from different disciplines and **cross-departmental meetings**, for example, can be a good platform to present the FLAG's activities (see box below on the Sea Technology Platform). Again, tapping into the communication channels of **existing networks,** such as Interreg, Horizon 2020 or national programmes that support scientific research, can also help link the FLAG to a number of relevant organisations with relatively little effort.

The Sea Technology Platform

The Sea Technology Platform was set up by the University of Aveiro, Portugal, and brings together representatives from the disciplines of Biology, Planning and Geology. The platform meets every two weeks and representatives from other departments are invited whenever the discussions concern other fields of interest. The platform's mission is to identify researchers with the skills that best fit the scientific needs of the projects being considered. These projects can be internal projects from the university, as well as projects proposed by external partners, such as SMEs or associations.

The platform supports ideas from the initial brainstorming stage to the submission of project proposals to funding agencies. In this way, it assists SMEs and associations with bureaucratic procedures that could otherwise act as a barrier, making it a perfect partner for a FLAG.

www.cesam.ua.pt

4.3. Putting science and business into action

Fishermen and other businessmen are often reluctant to partner with scientists, or lack the time or contacts to do so. However, scientists can support novel ideas by working in close collaboration with the initiator, providing guidance, follow-up, testing and sometimes equipment.

4.3.1. Matchmaking activities

Once FLAGs have built contacts with local research institutes, they can focus on organising **matchmaking activities between local businesses and the relevant research partners**. There are a range of activities that FLAGs can undertake, including:

- Small **focus groups** on specific themes
- More informative-type **events with networking** activities
- **Bilateral meetings** especially in the early phases where a potential project promoter prefers to keep their ideas confidential

Regardless of how ideas are generated, FLAGs also have an important role to play in ensuring that ideas progress to a project proposal and once potential partners decide to work together, it is vital to ensure that all involved have a **clear understanding of the objectives**. Whether the idea comes from a fisherman, a Producer Organisation or another local business, the FLAG should try to **involve the right people** from the start, be they those with the right expertise, testing equipment or funds.

4.3.2. Communication

Open and ongoing communication throughout the project life cycle is extremely important to ensure that all partners understand the developments – including when these produce a negative result. This is necessary both to **ensure expectations remain realistic** but also so that decisions can be taken to adapt, if necessary.

Developing an active community around a research project is key to developing ownership and ensuring that research responds effectively to industry needs – and therefore maximises its potential to lead to market up-take.

Another key activity for FLAGs is to ensure that successful research receives the **visibility** it needs (be it at local events, in the FLAG newsletter or in the local press) in order to **drive market up-take** and **motivate others to innovate** too.

Manage expectations and ensure a constructive attitude to risk and failure

From science to new production and business opportunities

At the initiative of the Fishermen's Organisation of San José de Cangas, the Spanish Institute of Oceanography and the University of Vigo were asked to investigate the possibility to cultivate queen scallops. Specific questions needed to be addressed, such as:

- What does the reproductive cycle look like?
- What techniques exist for cultivating the species?
- What conditions are needed to ensure production (survival and growth)?
- How should the scallops be handled when growing and when ready for harvest?

Linking up with science made it possible to cultivate queen scallops

This cooperation, and the step-by-step participative process involved, led to the development of a method for local fishermen to successfully cultivate queen scallops. The project also involved work around new ways of processing and marketing the scallops, including detailed market research. This led to the queen scallops being introduced to the marketplace both as a fresh product and a washed and vacuum-packed product of higher value.

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4.3.3. Viability versus risk-taking

It is crucial to integrate a first **viability check** when developing a project proposal; an original idea is not always a viable idea. FLAGs can support this by questioning whether all essential steps and costs have been considered: **see Chapter 2** for an overview of key questions on the project idea, the market and the financial plan; and **Chapter 3** for bringing the product to market.

Nevertheless, it is also important to **accept failure**. As Elon Musk, CEO of Tesla Motors, states: *"Failure is an option. If things are not failing, you are not innovating enough."* The key here is the lessons learnt. Exploring the reasons for failure can be an important driver of success in the future. This is a challenge for FLAGs who are managing public funds but is extremely important to bear in mind if FLAGs are really going to foster innovation along fisheries and aquaculture supply chains.

4.3.4. Involving civil society: open-innovation

Another step FLAGs can take to stimulate the generation and realisation of new ideas is to link up with open-innovation initiatives. Open-innovation is based on a series of approaches such as **co-creation, open-source knowledge** and **crowd-sourcing processes**.

Using these open and participative processes, industry can involve skilled and enthusiastic citizens, students and developers when mounting projects. Engaging in open-innovation environments can enable a bottom-up development of technologies, services and applications that address the real needs of consumers[8].

FLAGs can connect potential project promoters with the open-innovation community in their areas. These are usually found easily online and include:

- FABLABs
- Hackerspaces
- Makerspaces
- Co-working spaces
- Living labs
- Creative hubs etc.

Crowdfunding Annan Harbour

The Annan Harbour Action Group, in Scotland, has successfully used 'crowdfunding' to raise vital private sector match funding for a FLAG supported restoration project. The FLAG used web-based crowdfunding as an innovative way of raising money from a wide range of private individuals, known as the 'crowd'. It works by asking for small donations in return for 'rewards'. This approach also helped to demonstrate the wide community support for the project and encouraged the FLAG to think creatively about how to communicate and engage locally.

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4.3.5. Funding fisheries-related research

FLAGs may choose to make part of their **local development strategy budget** available for funding certain research projects or scientific testing. A number of examples exist where FLAGs have done so, ranging from the development and trialling of new fisheries gear to the development and testing of new fisheries products. However, FLAGs can also help project promoters access **other relevant funds**.

- At EU level, FLAGs should stay abreast of funding opportunities from other strands of the EMFF, as well as from funds such as **LIFE** and **Horizon 2020** through **EASME**, the European Commission's Executive Agency for SMEs (**see section 2.2.5 for further details**)
- At national, regional and local level, FLAGs can also be proactive at researching funding opportunities, as well as working with academic institutions in their areas to **keep the fisheries and aquaculture sector on the research agenda** and ensure its needs are given priority

Science and research can help turn ideas into profitable businesses

Regular communication with relevant research actors can also help FLAGs ensure they are aware of any **emerging research results**, which can then be used to address issues that have been identified. This was the case in the project example below.

8 **VertigoLab**

Market up-take of research funded by EFF Axis 3

During the previous programming period, the **Belgian FLAG** supported a project which brought together the Flemish Fisheries Association (VVV) and a local SME, Brevisco BVBA, to develop an improved boiling and cooling system for brown shrimps.

The new system was based on research carried out by the Flemish Institute for Agricultural and Fisheries Research (ILVO), and funded under Axis 3 of the EFF.

Using the results of this research, which were publicly available, a land-based pilot plant was built with a grant from the FLAG, to optimise the temperature control, duration and salinity of the cooking process and eliminate any bacterial contamination. This new process significantly increased the shelf life of fresh local shrimp without the use of preservatives, making them more competitive in the marketplace.

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FLAGs have an important challenge to link up with the scientific and research potential of their areas but is a fundamental area of work. By capitalising on their unique position to bring different actors together to address area-wide and sectoral challenges, FLAGs can help to foster and test new ideas which can contribute to a more sustainable, innovative and profitable sector.

STEPS FOR ACTION

- Develop a thorough overview of scientific and research resources in the FLAG area
- Involve the research community in developing the FLAG strategy and associate them with the partnership
- Organise activities to link fisheries businesses with the relevant people
- Provide the necessary support, including for viability checks
- Encourage ongoing communication to ensure research is understood and perceived as relevant by the local community
- Keep research market driven – and ending with market uptake

5. Building strategic partnerships

5.1. Why work in partnership?

Strong demand for fish and seafood presents an important opportunity for local producers. However, this **market is also increasingly complex**, with consumers becoming increasingly sophisticated in terms of their desire for food that is healthy, of high quality standards, preferably sustainable (both in social and environmental terms) and yet remains affordable[9]. The challenge of satisfying such demands can sometimes appear daunting to local producers.

When trying to improve their position in the supply chain, local producers invariably encounter constraints that can limit their ability to claim a larger share of their products' added value. Accessing new markets, developing new products, exploring new marketing opportunities and **developing links** with scientific and research institutes are all worthwhile initiatives, but they also require a considerable investment of time and money. This is often beyond the means of local producers, who typically operate with limited manpower and financial resources.

One way to **minimise the investment** required, and therefore the risks involved, is to develop partnerships with other actors. By working together, partners not only share the costs involved (time and money), but can also **pool their knowledge and expertise**. Indeed, the learning curve associated with the setting-up of new ventures is often underestimated and developing the right partnership can help to **avoid costly mistakes**.

Different types of partnerships are possible, depending on the objectives and ambitions of the project. Here, we distinguish between three different types:

1. Partnerships between primary producers
2. Partnerships of producers with other actors along the fisheries supply chain
3. Partnerships with actors from other sectors

5.2. Cooperation among producers

Cooperation among producers can happen in different ways. It often starts on an informal basis between individual producers, who decide to **pool certain resources** (ice machines, forklifts…). This sharing of facilities or equipment will eventually require some degree of organisation. How are maintenance costs paid? Who can use what and when? These are the types of questions that are usually better dealt with in an organised manner, helping to avoid conflict.

Other more complex projects, such as **joint marketing** platforms or **collective brands**, where producers pool their resources to market their products, require a much higher degree of formalisation.

In practice, these cooperation or partnership agreements can be formalised through contracts between individuals or companies, but often the setting-up of a shared administrative structure can help the process.

By working together, fishermen can capture a larger portion of their product's value

9 See **EUMOFA Report**: EU Consumer Habits Regarding Fishery and Aquaculture Products

5.2.1. Cooperatives

One of the best-known forms of primary producer organisation is the cooperative. A cooperative can be defined as "an autonomous association of persons united to meet **common economic, social, and cultural goals**"[10]. Cooperatives have the advantage of being recognised as a legal form of organisation, but this also implies certain responsibilities and obligations. Most Member States have their own legal definition of a cooperative, but regarding their functioning, certain common features can be observed. In general, cooperatives should:

- ✔ Be open and voluntary
- ✔ Have a democratic structure with each member having one vote
- ✔ Be equitable and fair, proposing a just distribution of economic results according to the volume of operations made through the cooperative[11]

A cooperative to secure fishing quotas for the local community

In Thorupstrand, a village in northwest Denmark, local fishermen decided to set up the "Guild of Thorupstrand Coastal Fishermen", a cooperative which aims to secure fishing quotas for the local community. Fishermen pool their quotas together in the cooperative, which then leases them back to the members. The revenue generated by the cooperative is used to repay loans used to buy additional fishing quotas for its members. Each member of the cooperative has one vote, no matter how much of the common quota they are leasing. This has helped Thorupstrand to keep fishing rights within the community, and hence to ensure the future of its local fishery[12].

In Thorupstrand, fishermen set up a cooperative to secure fishing quotas

The cooperative has also helped to retain a higher share of the added value locally by investing in processing facilities and joint marketing activities. It received support from Axis 4 of the EFF to convert a decommissioned fishing boat into a floating fish shop, which is moored in the center of Copenhagen, providing access to this affluent urban market.

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10 **https://ec.europa.eu/growth/sectors/social-economy/cooperatives_en**

11 Ibid.

12 Højup T., 2011, **The need for common goods for coastal communities**, University of Copenhagen.

5.2.2. Shared marketing platforms and schemes

FLAGs can be instrumental in fostering cooperation among producers, even without a formal structure, such as a cooperative.

This has been the case in Galicia, where the **Ria de Pontevedra FLAG** initiated a collaboration between the seven local *cofradías* and was subsequently mandated by these fishermen's associations to lead on the **development of a joint online auction** to promote and sell local seafood from the artisanal fleet. Once developed, the platform was handed over to the *cofradías*, which are now responsible for its operation. Fishermen send information on their daily catch via their mobile phones, and potential customers can place orders to buy the fish directly from the local auction[13]. A brand, "Pescado Artesanal", which is now used by ten local restaurants and 20 fishmongers, was also developed to promote certified fresh fish from the local auction.

Community Supported Fisheries (CSF) or **fish basket schemes** are other examples of cooperation among producers and aim to create a special link between consumers and producers, whereby consumers commit to buying a fixed quantity of fish on a regular basis, at a set price. In order to do this, producers need to work together in order guarantee supply and ensure the delivery of fresh, locally-caught fish to designated places. Many different types of partnerships exist for these schemes, which have been described in the FARNET Guide, **Marketing the Local Catch**.

5.2.3. Producer Organisations

A common vehicle for cooperation in the fisheries sector in the EU are Producer Organisations (PO). These are groupings of producers that **organise their production and marketing activities collectively**. To be officially recognised, a PO must respect a number of conditions pertaining to their composition, mandate, functioning, activities and representativeness[14]. Official recognition also opens up the possibility of financial support from the EMFF. PO's are typically active in:

- The management of catching opportunities in their fisheries
- The marketing of their members' products
- Reducing, as far as possible, unwanted catch and, where necessary, making the best use of it without creating a market for those that are below the minimum conservation reference size
- Fighting against Illegal, Unreported and Unregulated fishing (IUU)
- Stabilising markets

The reform of the common organisation of the market for fisheries and aquaculture products[15] has also foreseen the **creation of POs in the aquaculture sector**. The Polish **Opolszczyzna FLAG** area represents around 10% of the national carp production and its members are therefore, with the help of the FLAG, taking the lead on motivating other carp producers in neighbouring areas to set up an aquaculture PO. In this case, the support of the FLAG is mostly informal but it provides the members with a platform to reach out to producers in other areas.

13 Due to the national legislation all fish caught by Spanish vessels has to be sold through auctions.

14 These conditions are stated in Regulation (EU) N° 1379/2013 on the common organisation of the markets in fishery and aquaculture products.

15 **https://ec.europa.eu/fisheries/cfp/market_en**

ENGAGING WITH SMALL-SCALE FISHERIES

Fishermen have a reputation for being independent and may be reluctant to depart from long-standing working methods and traditions. Those trying to engage with the sector will have to overcome these potential barriers and might want to bear in mind the following tips:

- While fishermen may like to go out fishing, many do not like the associated tasks of running a fishing business (administration, selling etc.). Other **family members** often assist with these activities and may be more accessible than the fishermen themselves.
- **Timing** is crucial; avoid busy periods and find quieter times of the year to approach local fishermen (e.g. rough weather conditions, spring tides…).

FLAGs need to approach, and engage with, small-scale fisheries

- In many fishing communities, there are certain times in the year when people come together for specific **events** (blessing of the boats, religious celebrations…). These can be useful opportunities to speak to fishermen and other community members.
- **Presenting in a clear way** the benefits of doing business differently, and avoiding jargon, will also help in the engagement process. Highlighting **examples of projects** that have been successful in other fishing communities can also convey a powerful message.

5.3. Cooperation along the seafood supply chain

As consumer demand and technology have evolved, fisheries value chains have become increasingly complex and globalised. While they play an essential role in such value chains, **primary producers do not always benefit from a large part of the value generated further along the chain**. In many cases, other local businesses, such as processors or restaurants, are not capitalising on this local resource either, as it is bought wholesale and shipped directly to far off markets.

FLAGs, therefore, have an important role to play in **helping local businesses generate added value** from fish landed or produced locally. As discussed above[16], fishermen may be supported to extend their role beyond production, to sales and distribution. This may be in the form of direct sales to consumers or local restaurants which often face difficulties in sourcing local fish.

However, many fishermen will not have the desire, time or expertise to become more involved in the marketing of their own fish, in which case **FLAGs can help ensure that producers are better linked with local businesses who can add value** to their product, helping to ensure that the value stays in and benefits the local community. Fostering relationships between producers, processors, fishmongers and other stakeholders in the area, including local traders, can help ensure that a maximum amount of the catch is sold locally, including for less popular species.

However, creating links with other businesses along the local fisheries value chain is not always easy as **the chain is made up of very different actors, each with different needs, different roles and representing different spheres of influence**. Each tends to focus on their own specificity, and finding time to look beyond daily activities does not often come naturally.

16 See also FARNET guides **Adding value to local fisheries and aquaculture products** and **Marketing the local catch**

FLAGs can support a series of activities to better connect the different parts of the local supply chain, including:

- **Industry events with networking activities** for local supply chain actors
- **Bilateral meetings** between different stakeholders
- **Supplier visits**
- The development of a **retail and supplier contact list**
- **Signposting industry agencies** who could supply useful information, resources or additional support to the businesses[17].

PRACTICE

In central Finland, the **Kainuu-Koillismaa FLAG** formalised the **vertical integration of its local supply chain** by bringing local fishermen, fish farmers and processors together through the setting-up of a **shared processing unit**. This has inspired new thinking among those involved, leading to improvements in the way local fish is stored, transported and processed, and to an increase in the local added value. The success of the project motivated the partners to also work together on improving the marketing of their product (a small Finnish fish called **Kitkan Viisas**), which culminated in a successful application for a Protected Designation of Origin (PDO).

FLAGs can help connect different businesses from along the fisheries supply chain

5.4. Linking with other sectors

The fisheries supply chain does not exist in isolation to other supply chains and sectors, and to strengthen fisheries-related businesses, FLAGs will also need to look beyond fisheries. Building **cross-sectoral linkages** and, in particular, seeking out **strategic partners** from other sectors can be fundamental to developing new products and innovations, accessing new markets and enhancing promotion.

5.4.1. The public sector

Good relationships with local public authorities are important for a number of reasons when aiming to support local fisheries businesses. They may make public money available to **promote local businesses** (see example below of East of Scotland Seafood Trail). They may also contribute to improving necessary local infrastructure. Local municipalities are usually key members within the FLAG and/or project promoters, and encouraging them to contribute to **improving the operating conditions for fisheries businesses** is an effective way of achieving change.

Public authorities also play an influential role in **decision-making** which can directly affect the fisheries sector. Permits related to accessing waterfront space, including harbours, and the use of marine space are usually managed by public authorities, and a positive attitude by the relevant public officials can make a big difference to **protecting and facilitating business**. Activities such as piloting new types of fishing gear or conducting direct sales, can also be very dependent on securing permits from the relevant public bodies.

Finally, as mentioned in **section 3.2.4**, public sector canteens, for example in hospitals, schools, care homes, prisons etc., can be a valuable market for fisheries products. **Public procurement rules and contracts** can heavily influence the type of food production supported, and work to encourage these to incentivise the use of local and seasonal fisheries can go a long way to supporting local fishing businesses.

17 See FARNET **Good Practice, Supporting Seafood Businesses**, as an example

5.4.2. Tourism

Connecting the tourism and seafood supply chains presents enormous potential. Tourism is one of the main economic sectors in many coastal areas with an expected growth rate of 2-3% by 2020[18]. The **tourist market is an important consumer segment** for seafood and other fisheries products and, conversely, the presence of a local fishing fleet and traditional seafood cuisine can be strong pull factors to attract tourists to the area.

Many FLAGs have worked to tap into this potential for increasing the value of their local catch, be it through better promoting local fish in the area's restaurants, organising seafood events, creating fisheries trails or linking leisure fishing with professional fishing and its products. However, the tourism sector in many areas is highly organised, and taking full advantage of its potential will require close collaboration with professionals from the sector.

Tourist boards can be key partners in terms of connecting with the local tourism sector and individual operators. They can also play an effective role in promoting an area's fisheries resources if made aware of the qualities they have to offer. Once linkages are made with potential partners in the tourist sector, FLAGs may also choose to organise specific activities to foster cooperation between them and the fisheries sector.

PRACTICE

In Puglia, Italy, the **Mare degli Ulivi FLAG** organised an innovative **speed dating event for tourist and fisheries operators** which allowed for short meetings between businesses to explore the scope for further collaboration. This led to the development of **11 tourist packages** in which local fisheries and seafood featured prominently.

Linking up with tourism and the public sector to promote local seafood

Visitors are encourgaged to enjoy local seafood along Scotland's eastern coastline

The East of Scotland Seafood Trail was initiated in 2014, connecting producers along the North Sea coast of Scotland. FLAG staff were involved in providing information from their areas, however funding came from local authorities and the Scottish Government's Community Food Fund scheme.

The trail was designed to promote the coast's contemporary and historic links with seafood. This includes easy access to information on where to eat, try and buy the best local seafood, with the overall aim of helping to increase consumption by visitors. This trail built on existing food tourism initiatives in Scotland, including a long-established 'Whisky Trail', and more recent initiatives connecting artisan chocolatiers (the Chocolate Trail), cheese producers and the west coast of Scotland seafood trail. Links were made with Scotland's tourism promotion body, Visit Scotland, to help promote the scheme.

The trail and website were launched at the end of 2014, ready for the 2015 Year of Food and Drink and the seafood-focussed month of October, entitled 'Sustainable Shores'.

www.eastofscotlandseafood.com

18 ECORYS, 2013, **Study in support of policy measures for maritime and coastal tourism at EU level**, DG MARE.

5.4.3. Agriculture and other innovative sectors

There are many other sectors which FLAGs may want to connect with their local fisheries – and many reasons for doing so. This final section encourages FLAGs to look beyond fisheries, both for **inspiration** and **support to innovate** along their fisheries value chains.

Support might be obtained from linking up with the world of science. **Science and research** can help improve business performance at all stages of the supply chain from better production techniques to the development of new processed products or marketing formats (see **Chapter 4**).

Other innovations might already exist, and could be **transferred from other sectors**. This is the case for many ideas that have been developed along other food value chains facing similar issues in terms of traceability, food safety and logistics.

The **agriculture value chain** has, for example, generated many innovations in terms of food products, packaging and marketing. FLAGs should keep an eye on how other food chains are organised with a view to encouraging uptake of successful practices within the fisheries sector. Linking up with nearby **LEADER groups** might be a good entrance into the world of innovations within the agriculture value chain.

Food assemblies

Fish can be a welcome complement to food assemblies and farmers' markets

The "community supported" and "basket" schemes, explained above, originally started with agricultural products, and fish producers have been able to benefit from these existing innovations to connect producers with final consumers.

These schemes are now evolving further, integrating many different supply chains, as seen in the new system developed by the "**Food assemblies**"[19], whereby instead of receiving a fixed quantity of a specific product every week, customers place their orders for a whole range of available products (vegetables, fruit, bread, cheese, beer etc.) a few days before collecting their baskets at a set place and date.

This gives the consumer more flexibility in terms of product variety, quantity and timing. "Food assemblies" are most active in urban neighbourhoods, allowing local producers to tap into markets that are otherwise difficult to reach.

19 These schemes originated in France under the name "La Ruche qui dit oui" or "the Beehive that says yes"

Finally, building partnerships with different sectors can also generate innovations and synergies in **communications** – for example, through **co-branding**, as products can benefit from each other's image or from a regional brand. "Surf and turf" type initiatives, which link the agricultural and fisheries products, for example, are becoming increasingly popular, as exemplified by the fish and meat grill restaurant, "Lest & Lammas" ("Plaice and Lamb"), opened by a local fisherman with the support of the **Hiiukala FLAG**, in Estonia[20].

As a fundamental element of the CLLD methodology, the **drive for cooperation and partnership building should be built into the operating methods of each FLAG**. This can generate value for all those involved, helping to mobilise the full potential of the area to boost businesses along the fisheries value chain.

STEPS FOR ACTION

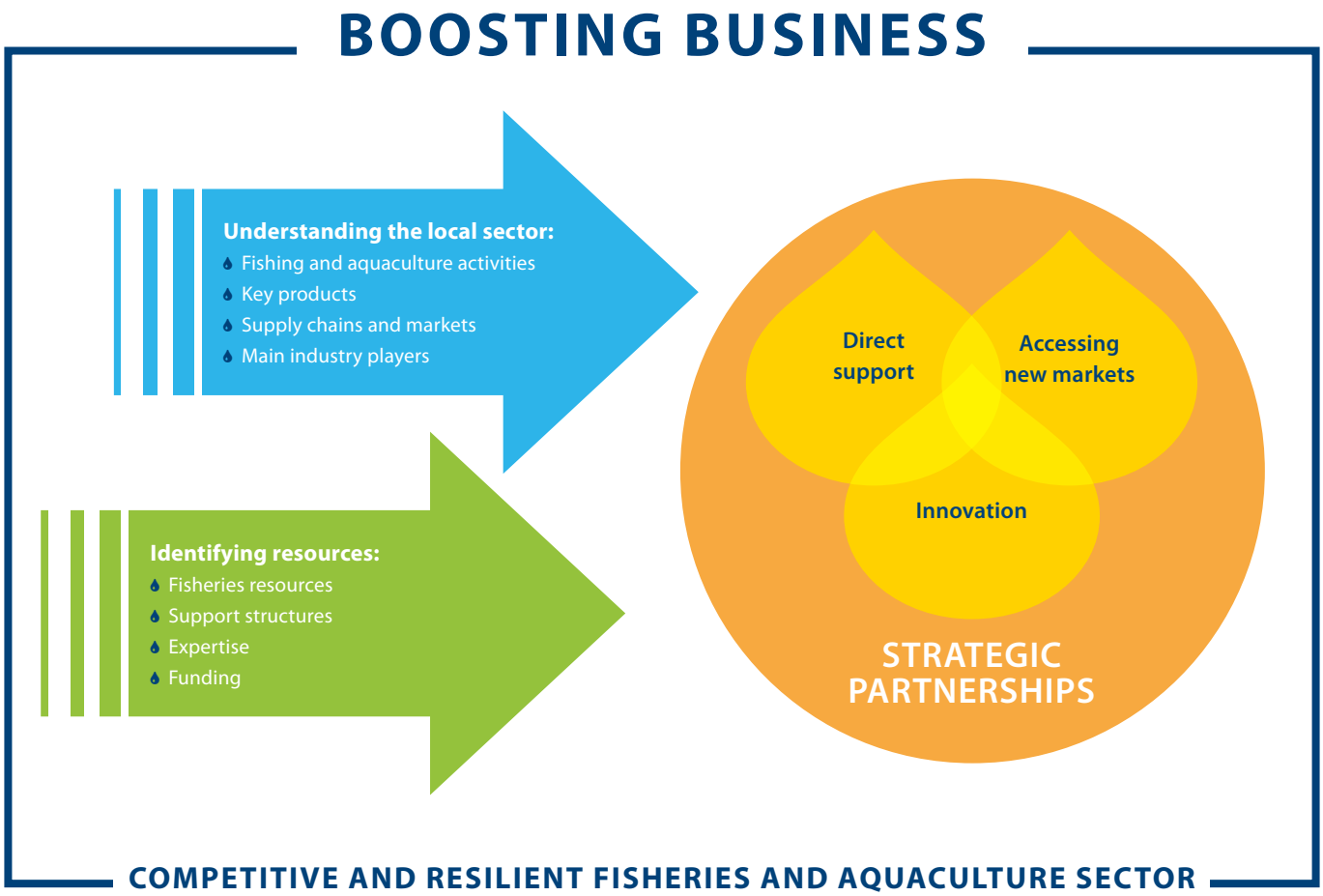
- ✔ Dedicate time to engaging with local fishermen and aquaculture producers
- ✔ Promote cooperation among producers for economies of scale
- ✔ Encourage distribution channels that preserve the link between producers and consumers
- ✔ Support linkages between primary producers and the other parts of the supply chain
- ✔ Help create linkages between different value chains and sectors in order to capitalise on positive dynamics in other sectors

20 See p.25 of **FARNET Magazine N°11** for more information on this project.

Conclusions

FLAGs can play an important role in boosting local businesses at different stages of the fisheries and aquaculture value chain. To get started, a good understanding of the area and its local fisheries and aquaculture value chains is essential. On the one hand, this knowledge is key to identifying and analyzing the weaknesses that need strengthening and the opportunities that can bring added value. On the other, it allows FLAGs to promote solutions by bringing together the different resources, be they natural, human/intellectual or financial.

Community animation and direct support can ensure local businesses access the knowledge and expertise they need to improve existing activities or launch new ones. By ensuring this support and encouragement is available to adapt catching or production techniques, optimize handling or processing and enhance distribution and marketing, FLAGs can help their areas build more innovative, forward-looking and resilient fisheries businesses. Success will depend on the extent to which they can keep pace with changing market demands, capitalize on new knowledge and technology and effectively access relevant markets with products that respond to these needs and possibilities. Finally, FLAGs will need to lever in the full potential of cooperation within the fisheries and aquaculture sector as well as with strategic partners from other sectors in order to maximise the impacts of their efforts.



Business Plan Checklist

THE PROJECT IDEA

- **What are your objectives?**

Business objectives, financial objectives? Short-term, long-term?

- **What is the project going to do?**

- **What makes your product/service unique?**

Your Unique Selling Proposition (USP)

- **Who will carry out the activity?**

Management and staff involved

- **When will it be done?**

When will the activity start? When will it end? What is the expected lifetime of the business?

- **What resources are necessary to make this happen?**

Financial resources

Skills

Space, equipment…

- **How will you measure success?**

- **How will your project impact the environment?**

Other questions:

- .....

- .....

THE MARKET

- **What is your product unit?**

e.g. kg of fish, can/jar of fish pâté, person-night in accomodation…

- **Who are your potential customers? How many are they?**

- **What similar products are available on the (local) market? Who offers them?**

- **How is your product different?**

Compare the price, availability, quality, reputation, innovative elements with each competitor

- **Why do you think customers will buy your product?**

Mention any market studies, if relevant, but also informal information, e.g. from discussions with potential buyers

- **How much of your product/service do you expect to sell (per month, season, year…)?**

- **What is the maximum amount that you can produce?**

Other questions:

- .....

- .....

THE FINANCIAL PLAN

A business plan typically requires different types of financial information. However, the most important is to understand if the income can cover the cost (including repayment of any loans, if relevant).

- **What are your fixed costs?**
  Fixed costs are those business costs which are incurred irrespective of the volume of activity. Typically these include:

	Year 1	Year 2	Year 3	….	Total
Salaries & other personnel costs					
Office rent					
Equipment maintenance					
Loan repayments					
Promotion					
…….					

- **What are your variable costs?**
  Variable costs are those which depend on the volume of activity (e.g. when you produce more fish pâté, you'll have to buy more fish and other ingredients), for instance:

	Year 1	Year 2	Year 3	….	Total
Purchase of raw material					
Packaging					
Consumables, e.g. fuel etc.					
Tax					
…….					

- **What is your expected income?**

Amount of units sold	Price per unit	Income
X	Y	X * Y

- **What is your break even point? When do you expect to reach it?**
  The break even point comes when revenue from sales covers all fixed and variable costs. Any amount sold beyond this amount brings profit.
- **What is the minimum amount you need to sell to cover your costs?**
  Is this amount realistic, taking into account all potential risks?
- **How does the business propose to cover its costs until it reaches the break even point?**

Other questions:

- ……
- ……
- ……