

This series of informative fiches aim to present, in summary, examples of practices and approaches that EU Member States and Regions have put in place in order to implement their Rural Development Programmes in the current period. These examples want to contribute to the understanding of what has worked well and less well in the delivery of the 2007-2013 RDPs and as far as possible, draw lessons in the view of future improvement of the programmes.

Relocation and Modernisation of a Honey-Making Company in Attica



BACKGROUND AND SCOPE OF THE PROJECT

The “Attiki Honey Making” company was established as a small family business in 1928 and it has grown over time to become the largest Greek business in the sector with the most modern honey producing and packaging facilities and quality control laboratories. The owners have always devoted sustained effort to provide a genuine, high quality product at an affordable price. This approach has contributed to the transformation of the business into today's modern and dynamic company that strives for excellence through continuous modernisation and adaptation to market needs and trends. After almost 60 years of being located in the same place, there was a clear need for relocation due to the lack of space for storage, processing and packaging of the products, to install new and

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Specific Location: Kryoneri, East Attika Prefecture

Main beneficiary/ies: Attiki Honey Making Company - Alexandros Pittas.

(Αττική Μελισσοκομική Εταιρεία - Αλέξανδρος Πίττας)

RDP Measure(s): Measure 123: Adding Value to Agricultural and Forestry Products

Funds Allocated: Total cost: €3 200 000

EAFRD: €1 429 750

Private contribution: €1 695 000

National Contribution: €75 250

Implementation Period: 01/12/2009- 31/05/2014

more modern equipment as well as to move out of a residential area, preferably into an industrial park. These needs were identified by the owners and shared with all the employees of the company. A key consideration was to choose a new location without jeopardising any employment posts due to distance (i.e. allowing employees to travel easily to the new location). The main objectives of the relocation project comprise: a) the provision of a high quality, healthy and nutritious product packaged by a company whose main concern is to care for the health of the consumer; b) more efficient quality control of the honey supplied by beekeepers; c) the protection of the environment and safeguarding health & safety.

The expected benefits are:

- ◆ Improved productivity through concentration of all stages of production and more up-to-date machinery.
- ◆ More efficient management of company resources by concentrating all stages in one location, with a consequent reduction in costs and waiting times.
- ◆ Improved quality of products through the use of more modern machinery for selecting and blending with precision the appropriate varieties of honey to produce the final product.
- ◆ More effective quality control of the raw material and final products through the modernisation of the laboratory.
- ◆ Environmental benefits from energy efficiency of the new equipment and the installation of waste treatment facilities in the business premises.



DEVELOPMENT AND PLANNING

The project beneficiary prepared a feasibility study which took into account the long-term experience and knowledge of the beneficiary in honey production, processing and packaging, while it also analysed market trends to assess the best option for the relocation and investments in the company.



A detailed project plan was also developed comprising the following:

- ◆ The proposed new location of the company outside Athens and outside any urban area.
- ◆ The exact construction works that needed to take place in the new location (adaptation of existing buildings in the new location, extension works, creation and adaptation of spaces).
- ◆ The new equipment and machinery to be installed in the new location, including laboratory equipment.
- ◆ The human resources required for the construction works.
- ◆ A detailed cost plan for every investment element and for equipment/machinery purchases.
- ◆ A timetable for the proposed works.

It was evident from the early stages that the main risks were related to administration bottlenecks and weaknesses in the legislation. More specifically, in relation to the public administration:

- ◆ Obtaining permits for investments is a very time consuming process in Greece.
- ◆ Payment procedures are very slow (the first payment was received one year after approval of the first stage of the project).
- ◆ Changes in the composition of the project selection committee resulted in long delays in project evaluation and selection.

Legal constraints resulted in further delays in starting the works:

- ◆ There is a shortage of legally established industrial areas in Greece which made it very difficult to identify the appropriate location and the company was relocated to an existing piece of land that already included two warehouses, outside Athens.
- ◆ According to the existing legislation, the company had to obtain permits from the Forestry Department of the Ministry although the new location was not designated as woodland.

In order to ensure effective quality control throughout implementation, the beneficiary assigned a project manager supported by the Production Director of the company and the Board Members. They were charged with continuous follow-up of the works and updates to the implementation plan, if necessary. In addition, the two Managing Directors were following up closely and giving advice where needed. Finally, a key component of quality control was the input from key members of staff (e.g. the head of the packaging unit, the head of storage, the head of the laboratory, etc.) on each stage of the works that concerned the relevant unit.



IMPLEMENTATION OF THE PROJECT

The relocation of the production plant comprised the following activities:

- ⇒ Investments in building modernisation in order to adapt and expand existing buildings in the new location outside Athens. This includes the creation of two floors in existing large warehouses, internal divisions, panels, lighting and heating, insulation of ceilings and proofing of roofs, etc.
- ⇒ Landscaping to adapt the surrounding spaces for the access of transportation vehicles, loading and unloading.
- ⇒ Landscaping for the installation of the waste treatment equipment.
- ⇒ Purchase and installation of mechanical and other equipment for the processing of raw materials and the production, packaging and labelling of honey as well as laboratory equipment.

There was special emphasis on staff consultations in order to organise and install all new equipment in a way that ensures optimal operation and minimisation of problems related to internal transportation of raw materials and final products. This is crucial in this business as there are specific steps to be followed (from the arrival of honey from producers all around Greece, to the selection of honey varieties, to their accurate mixing, then to their transfer to the packaging equipment according to variety and type of package, then to the labelling unit and finally to the exit room ready for transportation).

Modifications to the initial project planning took place without jeopardising the final results. The management of the company consulted members of staff for improvements and changes in order to create a more functional and efficient work place. Modifications to the initial project plan accommodated staff proposals and the investment was moderately delayed and substantially improved.



RESULTS OF THE PROJECT IMPLEMENTATION

All the expected outcomes were achieved. More concretely, the investment contributed to the concentration of all stages of production, more efficient management of company resources and improved quality of products. The concentration of all stages of production in one location has resulted in reduced costs and waiting times. In the past, transportation from the production unit to the storage unit and vice versa resulted in long waiting times and logistics issues (for instance, requirements for accuracy in transportation times, availability of vehicles to/from each location).

The modernisation of the laboratory ensures more effective quality control of the raw material and final products. More specifically, the laboratory has improved its capacity to analyse the honey received from producers all over Greece and offers them advice and capacity building in relation to quality improvements.

There are also environmental benefits derived from the establishment of waste treatment facilities and the energy efficiency of new equipment.

An unexpected outcome was the achievement of stable honey quality: the quality of honey can vary according to the ventilation conditions and the investment includes the installation of equipment that controls ventilation. This has resulted in stable quality and time savings in mixing the correct proportion of different honey varieties to produce the final product.



LESSONS LEARNT

Factors that contributed to the success of the project:

- ⇒ Long-term experience of the company management in managing this business and ensuring the production of a product that has become an international brand.
- ⇒ Vision and commitment to quality and continuous improvement, expressed through the personal involvement of the company management.
- ⇒ Possibly the overarching success factor was the close follow-up and monitoring of progress of the investments at all stages by a dedicated team (a project manager who ensured that all problems were resolved immediately and on the spot, the Production Director of the company, the Managing Directors of the company). Responsibilities were distributed according to expertise (senior engineer, industrial engineer, technical staff

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and support staff).

- ⇒ Creation of an effective communication network amongst all of the above.
- ⇒ Engagement of the company staff in the project (approximately 70 people work in the new location). Members of staff in each business unit (reception of raw material, storage, processing, packaging, storage for distribution to clients, including exports) were consulted about the efficiency of the proposed buildings works and the optimal installation of equipment and machinery. This provided a sense of collective ownership to the project and guaranteed a positive and efficient working environment.

Factors that impeded the success of the project:

The project is considered a success and has delivered the expected results. There were no problems on the technical implementation. Weaknesses are related to administrative and legal issues reported above, namely, administrative bottlenecks related to long processes for obtaining permits and approving payments.

Resolution of problems/difficulties:

The only way to overcome the above administrative and legal issues has been persistence. At the same time, the financial robustness of the company enabled it to proceed with part of the investments while waiting for the completion of administrative procedures.



WHAT'S NEXT?

The project is viable after its completion date. The new investments and equipment enable the company to become more efficient, competitive, continue to provide high quality honey and maintain its key position in the market. The prospects are only good due to the determination of the company management towards quality, the improvement in processes throughout the stages of production and a working environment which empowers staff and makes the business a good place to work.

The project is financially sustainable due to reduced costs and time savings, which, together with the dedication to quality, will allow the company to maintain and/or increase its market share both at national and international level.

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SUMMARY

A leading company in the production of honey has relocated and modernised its buildings and equipment and thus enhanced the efficiency of its operations, optimised productivity and storage needs while increasing the quality of the final product.

Tips/lessons related to the beneficiary:

At the project inception phase:

- ⇒ A clear vision of where the company wants to be.
- ⇒ A well substantiated identification of needs. In this case, the location of an expanding honey processing and packaging business in an urban area was no longer sustainable due to the lack of space and the need for improved conditions for the installation of more modern equipment and machinery.

At the project planning and development phase:

- ⇒ A thorough business plan, including detailed activities, cost, realistic timetable and resources allocated to each task.
- ⇒ Designation of a dedicated project management team, preferably from people within the company to ensure ownership of project results and commitment to success.

At the project implementation phase:

- ⇒ Close monitoring and follow-up of all implementation works by a dedicated project management team (this is a paramount success factor).
- ⇒ Involvement of company staff in implementation to obtain advice and suggestions on the optimal distribution of investments or the optimal installation of equipment/machinery.

Tips/lessons related to Managing Authorities, LAGs and other public sector actors:

- ⇒ Future programmes could foresee some financial allocation to inform and train civil servants involved in rural development policy (within managing authorities, implementing authorities) on rural development thematic aspects and the EU institutional framework. This could be done at Member State level through the relevant implementing authority.
- ⇒ Targeting of future measures could consider different criteria for experienced and non-experienced beneficiaries.