

Green Entrepreneurship

Successful business cases of Green Entrepreneurs in the Mediterranean



Gaea Products: Greek food products with organic, low footprint innovations

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Project Name: Gaea Products S.A.
City, country: Athens, Greece
Name of entrepreneur/ founder: Mr Aris Kefalogiannis founded the company with two others

Description: A manufacturing and distribution company of authentic, high quality traditional Greek products with a vision of being the leading Greek brand promoting Greek cuisine and lifestyles internationally. The main products are olive oil, spreads, vinegar, olives and other ingredients needed to produce a “mezze”. 100% of products are produced and packed in Greece. Distribution is mainly international to the UK, China, US and other European countries with a small amount of distribution in Greece.

Investment: *Start up capital:* 100,000€ start up capital and other investors later on, currently 10% of the venture capital is from US and Russia
Rate of return on investment: Return on Equity before tax 40%
Sources of funding: 18% Greek, 82% international, majority Europe (with Germany, UK, Scandinavia markets representing 65% of turnover)
There are currently 25 shareholders, Gaea has always relied on outside investors, rare in Greece where most companies are family owned. The option was chosen to be able to grow fast, keeping a smaller part of the company but ensuring steady growth on solid foundations.

Stakeholders: A consultant in the UK who had the initial idea, the company's first investor (a company listed in Athens stock exchange), the first client a supermarket chain – Waitrose, family (helped financially), branding team London Design Partnership, the first distributor (a UK distributor).

Employment generation: 50 people in total, 28 factory workers and 22 admin/skills management. The company has an ethical working standard, SMETA.

Timeline:
1994 initial idea, design and branding
1995 started trading in the UK, first investment, first olive packaging plant
1998 started first olive oil factory
2000 started selling in Greece (previously abroad), institutional investor bought 1/3 of the company
2003 created current factory with 3 production lines, (currently there are 4)
2009 launched carbon neutral olive oil – started the environmental policy
2010 launched innovative brand of snacking olive with no liquid, low salinity, 12 months of life outside the fridge, no preservatives
2011 study for first carbon neutral olive, water footprint study (shortly to be announced)

Feasibility study: The main analysis was to identify the reasons why Greek products were not on the shelves in the UK (branding and presentation reasons as well as lack of consistency in quality and supply). Once these reasons were addressed the core business was envisioned to fill these gaps.

Geo-social-economic setting:	The main markets are in developing countries (UK, Scandinavia, Germany), as the product is premium, a smaller market has opened in Greece.
Key features:	Quality, authenticity, innovation, sustainability.
Overall rationale and motivation:	To become the leading Greek brand promoting Greek cuisine and lifestyles internationally.
Strengths:	Open minded and innovative, investing in research and innovation (no other Greek company does so), authentic in being Greek in terms of marketing, taste and quality, and Northern European in terms of work ethic, organization and delivery.
Challenges and constraints:	Operating out of Greece where there is a lot of bureaucracy and the market is not very business friendly. The current financial situation and banking sector in Greece is also unfavourable to business.
Direct activities and impacts:	<i>Social:</i> All suppliers have a long term contracts, the company has a standard in ethical working practice. Joint venture with agricultural cooperative in Crete. <i>Environmental:</i> 22% of products are organic, world's first carbon neutral olive oil launched, ongoing innovations in reducing carbon and water footprints. Various prizes awarded for environmental innovation. <i>Economic:</i> 2010 turnover €11,1m – growing on 15-20% p.a., the company has been profitable since 2007. Awarded various prizes for olives and olive oil.
Use of innovative technologies:	Life cycle analysis of products to understand where the greatest carbon impact is of different products and then intervene to reduce this impact. In the case of olive oil and olives the highest carbon impact is in the production of fertilizers and pesticides so use of these products has been reduced. Olive oil product emissions are offset with “myclimate”. Currently working on a new water footprinting analysis for olive oils to identify where the greatest consumption occurs with a vision of being the leading Greek brand promoting Greek cuisine and lifestyles internationally.
Evidence of a holistic approach/world view:	An open minded company, constantly changing and challenging current means of production to achieve higher quality and lower environmental impact.
Scale of benefits:	€11,1m annual turnover, 50 staff and international distribution.
Policies, incentives and regulations needed:	Introduce investor angels to Greece, where the banking sector only invests in assets and does not finance business plans it is very difficult for new companies to grow. Small scale, seed funding/venture capital is needed for social entrepreneurs. More research and development to challenge the traditional business models are needed.
Lessons and recommendations:	A strong vision and a sound concept are more important than a business plan – with these two elements you will be able to withstand difficulties. Have patience and passion; the entrepreneurial phase requires both these and once the business is launched you need to apply sound management principles.
References:	www.gaea.gr http://mediathek.daserste.de/daserste/servlet/content/6120308?pagelD=&moduleId=314636&categoryId=&goto=&show=