

From niche to volume with integrity and trust

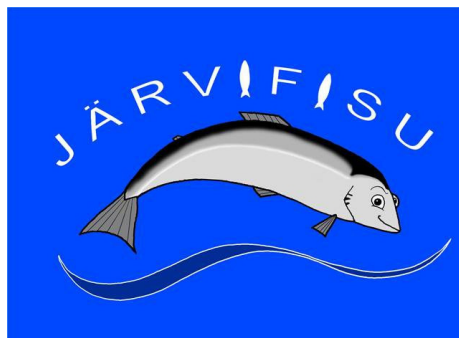
FULL CASE STUDY REPORT

Järvifisu - Finland

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Abstract: Järvifisu (in English: Lake Fish) is a general partnership enterprise with two owners. The core business is fishery and raw material production. The enterprise was founded in 2010 as a response to the realized deficiency of good quality fresh lake fish in a region, where there are abundant lakes with clean waters and with no aquaculture.

The customers are municipalities, local retail stores and restaurants in the region. The values that differentiate the Järvifisu fish from that of other suppliers in the market are the quality, especially the freshness and the local origin of the products. The competitiveness of the business is based on the high demand for fresh lake fish and on the high quality of the Järvifisu products. There is no organic certification for lake fish. The initial product range of Järvifisu was only fillets of a couple lake fish species. Gradually the choice has been expanded to new fish species and, in addition to fillets, also scaled and gutted fish are sold. Today the major item is raw pike mass produced mainly for the municipal customers. Various fish mass products have been kept in the repertoire, although processed fish products are not the main interest.

Järvifisu is a good example of co-operation between a public actor – the municipality - and a local small enterprise. It illustrates the significance of the public customership in providing a protected space for the small enterprises to develop their activity and to improve their competitive position when trying to get foothold on the highly concentrated Finnish food markets. It is also an example of the difficulties the small enterprises have in establishing customership with the market leaders.

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Most local organic market chains have inherent problems in moving from niche to volume, and mainstream large-scale market chains have inherent difficulties in securing and advancing organic values. The project “Healthy Growth: from niche to volume with integrity and trust” investigated a range of successful mid-scale organic value chains in order to learn how they are able to combine volume and values, and to use this knowledge to support the further development of organic businesses, networks and initiatives. Research teams from ten European countries contributed with 20 case studies. More information and documentation can be found at: www.healthygrowth.eu

1 Introduction

Järvifisu (in English Lake Fish) is a fishery enterprise focusing on raw material production. It is located in the Northern Savonia region in the municipality of Kiuruvesi (see Figure 1.).

Kiuruvesi has profiled itself as the ecological capital of Finland, and a lot emphasis is put on ecology, ethics and sustainable development in life style and in production. An important part of this brand is the determined endeavor to promote the use of local and organic food (LOF) in municipal catering. The LOF strategy has brought about new entrepreneurial activity, and small scale processing has been developed in view of the needs of the municipal catering. This aspect is looked more closely with the present case study of the Järvifisu company, which is the supplier of fresh lake fish and fish mass for the municipality.

The Järvifisu case is an example on co-operation between the municipality and a local small enterprise. The case also illustrates the difficulties of the small enterprises when trying to get foothold on the distorted Finnish food markets. Järvifisu is, thus, interesting in view of the HealthyGrowth aims, because it allows evaluate the impact of the public catering on the development of the enterprises and on co-operation among them and with the catering sector. Vice versa, the case also illustrates how the growth of an enterprise influences the public catering.

The LOF concept is important especially in view of the regional economy. In Kiuruvesi the LOF strategy has brought about new entrepreneurial activity. The municipality is an important purchaser of the LOF products, among them local lake fish supplied by Järvifisu. The customership of the municipality is very important for the company, and at the start the role of the municipal customership was crucial. As other municipal suppliers, Järvifisu has developed small scale processing in view of the needs of the municipal catering. The mutual interplay features, thus, co-production and the relationship has developed from mere supplier-purchaser relation towards strategic partnership. Through the positive experiences from own municipality, the company has gradually gained footing as supplier also in other municipalities in the region. At the same time, the reputation of their products has spread. The volumes sold via retail have increased, and today there is more demand for the company's products than the company can supply.

2 Case study approach, materials and methods

The information on the Järvifisu company was obtained mainly from the interview with one of the company's two owners. This information was complemented with the group interview carried out with the head of the catering service, Helena Laitinen, municipal authorities and the representatives of the customers of the public catering service (Table 1). The group interview represents the customer's i.e. the Kiuruvesi municipal catering service, and the end consumers' – the pupils'- representation. It was helpful especially in capturing the role of the municipality and its purchases for emergence and evolution of the Järvifisu company. Outsider representation is captured also from a couple newspaper articles. The compilation of the results from the case study of Kiuruvesi municipal catering service is given as a separate report (www.healthygrowth.eu).

The group interview with the representatives of the municipality and the interview with the Järvifisu representative took place as two separate occasions May 25, 2014. The interviews were tape recorded. In order to improve the outcome of the interviews, the questions were sent about a week in advance to the head of the catering service and to the Järvifisu partners

together with a short summary of the data compiled from other sources by that time. This allowed the interviewees to become acquainted with the topics to be discussed in the interview occasion and, eventually to complement and correct the information. The interviews followed by and large the same order as the questions in the template designed for the HealthyGrowth case studies. In the interviews, free association was encouraged and consequently, the same topics were brought up repeatedly. The interview material was therefore analyzed with qualitative data software (Atlas.ti) looking for references to development history, organization, strategy, communication, benefits, problems, producers, processors, future perspectives, constraints, conflicts, and coding the material accordingly.

Table 1. The interviews carried out with the actors of Kiuruvesi municipal catering and Järvifisu, the fish supplier.

| Participant | Role | Date Duration, h Age & gender | I-1 | I-2 | I-3 | I-3 |
|------------------|---------------------------------|-------------------------------------|------------------|------------------|------------------|----------------|
| | | | 23.3.2014 0.5 | 20.5.2014 2.5 | 20.5.2014 0.5 | 20.5.2014 2 |
| Helena Laitinen | Head of the Kiuruvesi catering | 45, F | X | X | X | |
| Tapio Knuutinen | Chair of the board of education | 60, M | | X | | |
| Sari Tikkanen | Chair of the municipal council | 45, F | | X | | |
| Jarmo Muiniekka | Municipal manger | 60, M | | X | | |
| | Customer representatives | 15-18, F,F,F,M | | X | | |
| Pekka Jauhiainen | Järvifisu partner | 40, M | | | | X |

Relevant information and numeric data on the fishery company was scanty on the enterprise's web page and in the Finnish register of the enterprises. Data on development of the turnover was obtained directly from the company.

3 Finland, Kiuruvesi municipality, Järvifisu - national context

3.1 Local and organic food

Increasing the use of local and organic food (LOF) and stressing the seasonality of the food items as means to sustainabilise food production and consumption are among the principles of the Finnish food policy. In this connection, "local food" refers to genuinely short supply chains, i.e. production, processing and consumption are geographically close to each other. In addition, the focus of is on basic food items of local origins. These are to be distinguished from "locality food" or the pricy special products that are marketed as representing a certain region or certain traditional production mode (Marsden et al. 2000). The customers of such products may be very far away from the site of production.

The public actors are to be the path breakers in leading the development (Ministry of the Environment 2009, 2012; MMM 2012VN 2010, 2011, 2013). This is possible because compared to many other countries, the role of the public catering is exceptionally important in Finland. It provides over half of all meals eaten outside homes, and the great majority, 83%, is at the response of the municipalities and the state, the rest being staff canteens run by the private entrepreneurs (A.C. Nielsen 2008). The warm meal which is served free regardless of the

parents' economic status for all children in municipal day care and for all students in primary, secondary general and vocational schools, comprises a significant part of the municipal catering services. The influential potential of the public sector to promote sustainable food consumption is due to both the large purchasing volumes and to the possibility to provide practical example on healthy and environmentally friendly eating habits (Ministry of the Environment 2008, 2009, 2012; VN 2009, VRN 2014).

The food markets in Finland are not very attractive in view of competitive and profitable business. The consumer basis is very small: there are only about 5 million inhabitants in the whole country. With only 17 inhabitants per square km in average the country is also sparsely populated and geographically, the population is unevenly distributed. The transport distances are therefore long, which increases the costs. In addition, the structure of the Finnish food sector is peculiar. The food business is heavily concentrated. Two major actors have 80 % of the markets. As market leaders they have the say which products end up to the shelves of the retail stores and on what price. Without either one of the major actors' consent, the alternative S&M actors have great difficulties in getting their products to the market. The economic situation of the small producers is, therefore insecure, and often very difficult. Their competitive position is weak, and they have difficulties to get their products to the market.

Contracts with institutional customers are, therefore, potentially important. They provide secure income, and the entrepreneurs can shift the focus from marketing to developing their activities. However, usually there is the problem of the availability of large enough volumes of products suitable for the needs of the institutional kitchens. The Kiuruvesi municipal catering case shows how the problems have been gradually overcome by determined development and by committing the stakeholders. It, thus provides an example on the municipality's role in improving the SME:s position in the food markets.

3.2 Kiuruvesi

Kiuruvesi municipality is a rural town located in the central Finland, in the province of North Savo (Figure 1.). With seven inhabitants per square kilometer, the municipality typologically represents sparsely populated rural areas, the other municipal types being core rural areas, urban adjacent rural areas and urban areas (Malinen et al. 2006).

The land area of the Kiuruvesi municipality 1 328 km², with the inland waters included, the total area is 1 423 km². With seven inhabitants per square kilometer, the municipality typologically represents sparsely populated rural areas, the other municipal types being core rural areas, urban adjacent rural areas and urban areas (Malinen et al. 2006).

The population development has been long declining: in 1980 there were about 12 000 inhabitants, today the number is about 8 800. The 59% share of the people in active working age (15-64 years) is less than the average in Finland (64%). The level of education is somewhat lower than the average in Finland, in Kiuruvesi the share of people with only basic education is nearly 40%, whereas in average in Finland the share is 31%. The unemployment rate is about 14% which is somewhat higher than in average in Finland (11%, Statistics Finland 2015).

The economic structure is strongly biased towards primary production. It provides about 26% of the jobs for the inhabitants, the average in Finland being 3.7%. Because of the natural circumstances, the Kiuruvesi region has been for decades among the major agricultural production areas of the country, the climate and soil are especially suited for the dairy

production. Beef cattle is another important production line, nearly 15% of both milk and beef produced in Finland comes from the northern Savonia region, which comprises about 1% of the country’s agricultural land area.



Figure 1. The geographic location of the Kiuruvesi municipality.

An important part of the Kiuruvesi brand of being the ecological capital of Finland is the LOF concept adapted by the municipality in its statutory catering services. The concept is important especially in view of the regional economy. Kiuruvesi has determined developed the use of LOF since the 1990’ies, and it is the path breaker in implementing the LOF concept in the statutory public catering. The strengths lie in the rich regional production structure of agriculture and in the commitment of the municipal authorities to the LOF.

4 Overview of the case

| | |
|--------------------------------------|---|
| <u>Date of foundation:</u> | 2010 |
| <u>Products:</u> | Raw fish mass, fresh lake fish: cleaned round fish, fish fillets, lake fish soup cubes |
| <u>Main actor:</u> | Lead local producer of fresh lake fish |
| <u>Legal form:</u> | General partnership enterprise with two owners |
| <u>Number of employees:</u> | 2 (the owners), one permanent contracting fishermen, up to 20 fishermen during the season |
| <u>Distribution channels:</u> | Municipal catering services, local retailers and hotels & restaurants |
| <u>Google hits:</u> | 3.380 (6 May 2015) |
| <u>Home page:</u> | www.jarvifisu.com |

4.1 Presentation and trajectory

Järvifisu (in English: Lake Fish) is a general partnership enterprise that was founded in 2010. The founders are the two present day owners, Pekka Jauhiainen and Arja Luttinen. Both are professional fishermen in about their 40'ies, one male and one female. They had summer cottages next to each other at the lake Pielavesi, were both were fishing also during their free time. Being professional fishers the haul was well beyond own need. At first, the surplus fish was handed out to the neighbours as part of normal good neighbourliness. Gradually the neighbours started to offer money for the fish.

There appeared to be markets for the fresh lake fish. This was indicated already by the interest of the neighbours. There was and still is not any aquaculture in region, so there is no competition from that kind of supply. The peculiar situation in the Finnish food markets was also a contributing factor. There are two major actors, the S-group and the K-group, which together have over 80% of the domestic food markets. Especially in small places, both have own faithful sympathisers, who hardly ever visit the stores of the other market leader. One local entrepreneur was supplying fish to the S-group, but the K-group only sold fish procured from the wholesale dealer, and the quality of that fish is not very good. This led Pekka and Arja to start to think about fishing from the entrepreneurial point of view.

It was not a fast decision. On the one hand there was clearly demand for the fresh fish, but on the other hand, the business prospects did not look too good: the fish entrepreneur already in the market was about to close down his activity. The crucial question was finding the premises for pre-processing, packaging and for short term storing of the caught fish. Because the existing entrepreneur had other plans, it seemed that his space would become available. Järvifisu was founded, but then it turned out that the other entrepreneur also wanted to continue in the fish business. So the municipality expanded the existing premises in the local business park, and the two enterprises had their activities next to each other, both as tenants of the municipality.

Järvifisu was interested in developing co-operation and partnership with the other entrepreneur. He, however, wanted to keep his enterprise as a separate one-man company, and discussions were unsuccessful. Yet, the two entrepreneurs were not competing with each other. The focus of Järvifisu was on raw material production, and the company sold fish to the local K-group retailers. The other entrepreneur used suppliers, and he sold the products via the S-group. He also had processed products in his repertoire. These had been developed

specifically in view of the need of the Kiuruvesi municipal catering service together with the catering professionals. The Kiuruvesi municipality was an important customer for him.

After a couple years of physical co-existence, the processing entrepreneur closed down his activity in the business park, and Järvifisu hired also his premises in addition to those it already had. The newly hired premises are used for processing, although processing was not initially at all planned to be part of the Järvifisu activity. Processing as well as the municipality's customership were in a way inherited.

The values that differentiate the Järvifisu fish from that of other producers in the market are quality, especially the freshness and the local origin. There is no organic certification for lake fish. Customers are mainly locals, and for them the certification would not make a difference anyway, because they know the lakes, where the fish comes from. For the tourists, the origin is clarified.

The initial product range of Järvifisu was only fillet of a couple lake fish species, mainly zander (*Sander lucioperca*) and vendace (*Coregonus albula*). The repertoire of the fish species has increased and comprises now perch (*Perca fluviatilis*), burbot (*Lota lota*) and pike (*Esox lucius*), which is today the main species. In addition to fillets, also scaled and gutted fish and inexpensive tasty small perch, "frying pan perch", has become the favourite product in retail. The main product today is raw fish mass made out of pike. Processing was accepted reluctantly, but so far various fish mass products and fish soup cubes have been kept in the repertoire. The owners also manufacture fishing equipment, e.g. fyke nets.

The Järvifisu fish is caught and sold within a radius of 50 km. In the beginning the main customer were the local K-group retailers, today the major customer is the Kiuruvesi municipal catering service. Products go also to the S-group retail stores and to some hotels and restaurants. The eventual overcapacity is sold to other municipal customers in the region. Because of the time constraints, direct sale from the site is minuscule, there are only a couple regular private customers from before.

The two owners run the business together, and they also make the decisions. They take care of the pre-processing (scaling, gutting, filleting), packing, fish mass production, sales, accountancy, statutory sampling and even of the logistics to the customers. Both owners also still fish, too. In the beginning the company had three permanent contracting fishermen, and during the fishing season, the number of fishermen is manifold, up to 20. The fishermen were found via local professional contacts.

4.2 Basic facts

There are scanty numeric data available on the development of the company. As a general partnership the initiative is not obliged to publish annual financial statement like the limited companies and collectives. The development of the turnover of the company in relation to the year 2010 is presented in Figure 2. Because of the necessary investment in equipment, the net profit was negative first three years.

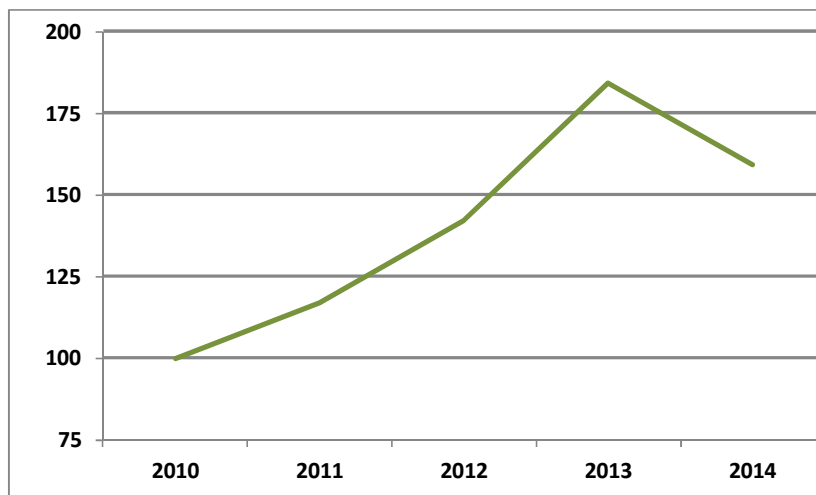


Figure 2. The development of the turnover of Järvifisu in 2010-2014; 2010 = 100.

The producer price of the lake fish has somewhat increased during the four years of the company's existence, but so have the costs, e.g. the rent for the premises was raised by 15% in 2012.

The consumer price has also gone up, and it is the retailer who sets the price. The share of the retailer from the product price has increase by 13-20%, and their margins are 35-45 %. The price, of course depends on the product, zander fillet is expensive, whereas the burbot has been used as the throw-in product and sold with almost no margins.

4.3 Stakeholder network

The simple stakeholder network of Järvifisu is presented in Figure 3.

The owners of the enterprise fish themselves, but they also buy fish from local fishermen. The haul is gutted, scaled, filleted, packaged and stored at the production site in the business park, and delivered from there via own logistics to the customers.

The products are sold to the municipal customers, to hotels & restaurants in the region and to local retailers and also to few private customers directly. The company has had co-operation with a couple local forward contractors, who have bought the eventual overcapacity. The contractors have, however, gone bankrupt, and today the overcapacity is sold to other municipal customers in the region.

The company partners are professional fishermen, and they also manufacture fishing equipments for professional use. In addition, the other owner is the host of the local fishing corporation. Via extension and communication with local free time fisher men and locals in general are part of the stakeholder network.

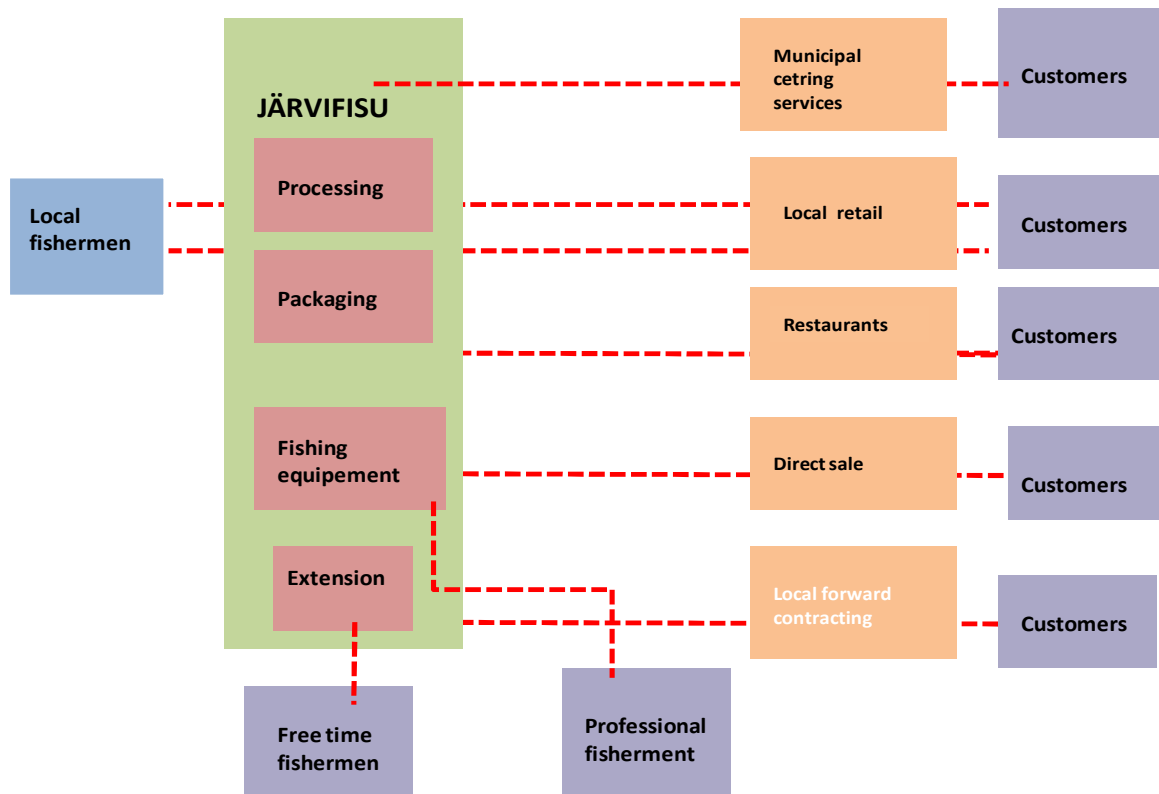


Figure 3. The stakeholder network of Järvifisu.

5 Analytical perspectives

5.1 Organisation and governance

There is no organic certification for lake fish. The main values of the initiative are quality, especially the freshness and the proximity of the origin of the products. A further value is that Järvifisu does not sell fish from the red list i.e. endangered fish species. Proximity also means transparency. The customers appreciate the origin from unpolluted lakes, and a small place people know the producers and the production circumstances. Järvifisu has given face to the fish sold in Kiuruvesi area to such an extent that it is sometimes blamed also for quality deficiencies, which customers have experienced, when they have bought fish that has ended to retail via wholesale.

The two partners of the enterprise are authorized to represent the company and to sign the official documents. They are jointly liable for the partnership's debts. The liability is in the proportion the partners have contributed to the foundation capital, and the profit is also shared in same proportion. No changes have taken place in the formal organization since foundation.

Järvifisu buys all fish the contracting fishermen catch. During the fishing season, there are plenty of other fishermen who sell their haul to Järvifisu. For the fishermen, Järvifisu is a convenient distribution channel, because the company has committed to accept all that comes in, and pays a reasonably fair price. The prices in selling out to the customers are given on the company's web page. With the municipal customers the price is based on the competitive bidding of the offers, and the contracts are written for one to two years. With some municipal customers the orders are agreed upon by phone, and it usually has worked that way, too.

Regarding the entrepreneurial customers, the company tried to apply *the same price for all* – principle. In case of the S-group retailers this turned out to be economically non-profitable. The S-group has own price policy according to which there is only one, nationally defined price for all suppliers of the same product. As the market leader, S-group was not willing to negotiate. If Järvifisu had accepted this price, it would have meant 3-4% economic loss in each delivery lot. The situation was discussed back and forth, but the local S-retailers could not do anything about the national policy. Järvifisu stopped the supplies to S-group retailers for few months, and the S-group customers had to content themselves with “the whole-sale fish, which is what it is”. Because the S-group has not only stores, but also supermarkets, hotels, cafeterias and restaurants, this caused a lot of problems for the local S-group actors. Naturally it was the end customers who suffered most from the situation. Both the local S-group actors and the customers directly pleaded with Järvifisu to continue with its supply, and finally Järvifisu gave in and backed down on its *same-price-for-all* principle. Today there are two price lists, one with higher prices for the S-group to compensate the extra costs of the market leader, and another price list for the other customers.

Besides the contractual forms of coordination with business partners, Järvifisu has also more informal interaction with the stakeholders. In the region, there is a yearly trolling¹ competition which attracts a lot of participants. These kinds of competitions are important PR occasions for the fishery sector. Fishing is a very popular hobby any way in Finland, and 80 % of the fish caught from inland waters is from free time fishing. It has been agreed with the trolling competition organizers that Järvifisu can have all the fish that the competitors themselves do not want. This means a couple of tons of pike in just over a few days. It is a lot of work and also considerable amount of costs for the fish obtained apparently free of charge, because the caught haul needs degutted immediately and it needs refrigeration both on spot and in transports.

The other Järvifisu partner is the host of the local fishing corporation. In that position he has personal contacts to the fishermen in the region. He mediates information between the fishermen and the officials of the regional Centre of Economic Development, Transport and Environment. Järvifisu partners are involved also in grass root activity, and they organize various kinds of public occasions, ice fishing and angling competitions as well as lectures and courses in manufacturing of fishery equipment.

From the Järvifisu point of view the municipal customers are very important. The municipalities comprise one guaranteed customer group and they form the basis for the Järvifisu’s activity. The trend has been growing towards them, and today 85 % of the product sales go to the municipal customers. The long-term contracts stabilise the demand and gives possibility to plan the work in the longer sight so as to allow some free time also for the owners.

However, with the municipal customership there are difficulties, too. The volumes written into the contracts are based on the previous year’s consumption, and the volumes are to some extent only approximate. This is because there may be changes in the menus of the catering services. There may be also sudden changes because of unexpected reasons of any kind (illness of the personnel, flu epidemics among customers, problems in functioning of the kitchen equipment). The professional kitchens do not have extra storage room for eventual surplus of food items. The products cannot be stored endlessly in the Järvifisu’s premises, either. Besides even few hundred kilos changes in the pre-ordered volumes make an economic difference for an enterprise with small turnover.

¹ trolling means fishing with a bait on very long line drawn behind row boat

The company has participated with several other food entrepreneurs in the region in a R&D project. The project was managed by the Savonia High School of Applied Sciences, and it focussed on product development, marketing, quality differentiation and environment. Interesting products have been developed, but being expensive artisan products Järvifisu has not seen very much business opportunities that would be relevant for the company:

“Whatever innovations there are, there is only 24 hours a day”.

The influence of the public policies is mainly through the food legislation. There are strict regulation regarding cold storage and transports of fish. There is also a minimum size for the caught fish regulated by the Ministry of Agriculture and Forestry. This is necessary in order to ensure viable fish stocks. The food health authorities also have directives on how often lake fish can be eaten because of the risk of accumulating eco-toxins.

5.2 Business and management logics: the process behind ensuring bigger economic performance and efficiency in mid-scale food value chains

Järvifisu is cautious in regard of expansion. The company does not have growth aims in terms of personnel or further processing of the products. Rather the company is prepared to give up the processing, except for the raw pike mass, which is the main product, if an interested serious entrepreneur is found. This would also allow increasing the raw material production, which is a feasible option, because there is a continuous and growing demand and interest for fresh lake fish:

“There are markets as much as the hand can bear”.

With the cautious attitude towards growth the strategy of Järvifisu could be described as a stabilization strategy (degrowth concept). There are also personal values behind the business logic:

“We also want to have also free time”.

Price is important to run the business, but so is the quality of the company’s products:

“Quality is not compromised; we do not use wholesalers”.

The two company partners take care of the pre-processing (scaling, gutting, filleting), packing, fish mass production, sales, accountancy, statutory sampling and even of the logistics to the customers. Both owners also still fish, too. The company has co-operated with the municipality’s catering professionals in view of product development. With co-production the relationship with the Kiuruvesi municipality has developed from mere supplier-purchaser relationship towards that of strategic partnership. With other customers, there is no common strategic planning along the supply chain. The relations are pure business relations, and the products are sold on demand.

The owners plan to run business by themselves also in future. There have been discouraging examples on the expansive fishery enterprises in the region. Quite recently, two forward contracting enterprises with a number of employed workers run into trouble and finally went bankrupt. This is because in the markets every now and then large orders are withdrawn, and in such a situation the in-bought fish is not moving on as it should. With fresh fish delays

cannot be tolerated. On the other hand, the previous entrepreneur with the municipality as the customer, kept the business just as a one-man-enterprise, and could not supply the demand.

The Järvifisu company is quite young, founded in 2010. The first three years were not profitable because of the necessary investments in equipment. Today the sales revenue covers the costs, the costs naturally comprising also owners' own salaries. The future of the business could be anticipated only from result of the year 2013. The mild drop in turnover in 2013-2014 (Figure 2) is because of the price twist with the local S-group retailers. Obviously, the perspectives looked good, as the owners have decided to keep the business going.

The prerequisite for the success are the good and functioning relations with the local and regional authorities. The municipality is an important actor in encouraging entrepreneurship within its area. The production hall is situated in the municipality's business park, and Järvifisu is the tenant. The municipality also expanded the production hall for Järvifisu's needs in the beginning, and granted rent subsidy during the first three years for the company. Small entrepreneurial subsidies for equipment and marketing have been received also from the regional Centre of Economic Development, Transport and Environment. This support has been important to start the business.

Internal personnel issues are not among the key concerns. There are only two partners, who know each other from long. The working conditions are the same for both and the liabilities are clearly stated. Both partners are also needed to run the business, both because of the formal requirements of the partnership, but before all because the two run the business without employed workers.

The company's interest in social issues stems from the viewpoint of the supplying fishermen and from that of the municipal catering service via the customers' access to good food. Employer retention in terms of contracting fishermen is the key question for the company's survival. The profession is not popular among the young, and with aging of the practicing professionals the number of active fishermen is decreasing. During the first years there were three contracting fishermen, but two of these have recently died. Now there is only one left, and it has been difficult to find new.

The environment ranks high in the company's goals, because the state of the lakes is the fundamental precondition for the existence of the business:

“We do not look forward to Talvivaara² in this area”.

A written business plan is not available. According to the corporate charter, the field of business of the enterprise has been classified as “processing and conserving fish, shellfish and mollusca”. The guiding principle is high quality, fresh lake fish, the motto being “from local to local”. The business goals and their ranking as given by the interviewee are listed in Table 2.

² Talvivaara is a nickel mine that has caused tremendous environmental problems in eastern Finland and has also made several of the lakes in its vicinity unusable for fishing and recreation.

Table 2. The business goals of Järvifisu and their importance ranked from 1 to 5. Ranking scale: 1= high priority objective... 2, 3, 4, 5= little importance

| Goals | Ranking |
|---|----------------|
| Profitability | 1 |
| Employee retention | 1 |
| Growth | 3 |
| Maintain a solid financial base | 1 |
| Altruistic objectives: | |
| o Ensuring fishermen's existence | 3 |
| o Contribution to income and employment in the region (strengthening the rural economy) | 2 |
| o Protection of the natural environment (water, soil, ecosystems, landscape, climate) | 2 |
| o Animal welfare | not applicable |
| o Realising the "organic idea" | not applicable |
| o Social care | 4 |

Although the producer price is important to run the business, the quality is not compromised. The competitiveness of the business is based on the high demand for fresh lake fish and on the superior quality of the Järvifisu products.

"Some of our customers do not buy fish unless they know it is from us".

With the municipal customers the price is settled in the process of competitive bidding. For other customers, the retail, the restaurants and private consumers, an updated price list is given at the company's web page. In fact, the company has two price lists, one for the S-group retailers and one for the other customers (see section 4.1).

Fairness along the chain has been discussed especially regarding the producer price. The retailers set their price for the end consumers independently of the rest of the chain. Occasionally, the end customers blame Järvifisu partners about the high prices in the retail, although the price setting is solely on the retailers' judgement. The increase in producer price has been very much less than the 13-20% increase in the retailers' share from the product price. Being fishermen themselves, the Järvifisu partners are well aware of the situation of the fishermen. The price paid for them is negotiated so that it is in relation to that the company receives from its customers.

The key strategic foci are high quality products, customer service, regional production basis, traceability, trust-based long-term business relations and environmental performance. Product differentiation is about responding to the customer needs by increasing the choice of raw fish products. This means a variety of different fish species in different sizes, and their pre-processing for various purposes. Product innovation in terms of ready-to-use products is not considered among the key concerns:

"Our customers ask for basic products and those we sell to them".

Neither are new marketing channels considered as being very important. With the present high demand and with the established relationship with the municipality, there are no problems in selling the products:

“There is no need for more visibility, because the municipality is our main customer”.

The strategic focii and the interviewee’s ranking of them are listed in Table 3.

Table 3. The strategic focii and their importance ranked from 1 to 5 in management of Järvifisu
Ranking scale: 1= high priority objective... 2, 3, 4, 5= little importance

| Business/management strategies | Ranking |
|--|----------------|
| ○ Supplying a particularly high product | 1 |
| ○ Good customer service | 1 |
| ○ Maintaining good and trust-based long-term business relationships | 1 |
| ○ Product differentiation | 2 |
| ○ Building on a better understanding of consumer trends | 2 |
| ○ New/alternative marketing channels | 3 |
| ○ Maintaining local/regional production base | 1 |
| ○ Reduction of transports | 1 |
| ○ Ensuring transparency/traceability | 1 |
| ○ Professionalization of management | 1 |
| ○ Maintaining of social standards | 2 |
| ○ Collaboration along chain and with market partners, developing business partnerships | 2 |
| ○ Promotion of innovation | 3 |
| ○ Networking | 2 |
| ○ Environmental performance | 1 |
| ○ Preparing the business/initiative for growth | 4 |
| ○ Creating a dynamic organization that is prepared to meet the challenge | 3 |

Because the two owners are going to run the business also in future by themselves, promotion of innovation and preparing the company for future challenges were not ranked high. Rather, the interviewee appeared to be satisfied with the present situation. He did not see any problems regarding the markets for their products, so developing the organization is not among the key concerns. The Järvifisu partners would like to be able to concentrate entirely on raw material production. Expansion in terms of employed labour force is not in plans. They are, however, willing to co-operate with some outsider entrepreneur who would focus on developing processed fish products.

The management instruments and the interviewee’s ranking of them are listed in Table 4. In the two-owner enterprise, where both owners work side by side in the same premises, several of the management instruments are build in within the internal every day practicalities. All of them are of primary importance to run the business. These are marked as internal in the table. Some of them are relevant also in view of the chain partners.

Table 4. The management instruments of Järvifisu and their importance ranked from 1 to 5. Ranking scale: 1= high priority objective... 2, 3, 4, 5= little importance.

| Management instruments | Ranking |
|--|----------------|
| ○ Quality assurance systems | 4 |
| ○ Quality testing | 5 |
| ○ Regular negotiation of 'fair' prices | 2 |
| ○ Top-up of consumer price transmitted to local producer | 2 |
| ○ Competition analysis to better understand where the products rank in the marketplace | 4 |
| ○ Preference for local chain partners | 1 |
| ○ Transparency of product origin | 1 |
| ○ Forward contracting of supply volumes | 5 |
| ○ Payment within a few days | 2 |
| ○ Supply up to needs of chain partner (quality, quantity, in time) | 1 |
| ○ Control of social standards | 4 |
| ○ Joint marketing | 5 |
| ○ Chain partner meetings and cultural or regional events | 2 |
| ○ Knowledge transfer - internal | 1 |
| ○ Qualification measures- internal | 3 |
| ○ Sharing stalls at a fair, joined organisation | 3 |
| ○ Animal welfare standards, definition, control, communication | not applicable |
| ○ Open communication within the organisation- internal | 1 |
| ○ Flat hierarchies - internal | 1 |
| ○ Clear responsibilities on each level - internal | 1 |
| ○ Definition of social standards plus controls - internal | 1 |
| ○ Family friendly - internal | 1 |
| ○ Informative attitude - internal | 1 |
| ○ Profiting from own production- internal | 1 |
| ○ Annual team building events - internal | 1 |
| ○ Regular sponsoring of events/projects in the community | 5 |

The flat hierarchy is built in into the company structure; the two partners have equal rights and responsibilities and communication with the fishermen is straightforward. Social aspects refer both to the circumstances of the two owners and to the fairness towards the supplying fishermen. The interviewee appreciates owners' social standards regarding well-being at work and own free time. Much focus is therefore put on teambuilding. Being fishermen themselves, the owners know the working conditions of the fishermen and consider it important to pay attention to safety, working hours etc.

The strategy of Järvifisu is based on the present situation. There is a high demand for fresh lake fish, no marketing efforts nor new distribution channels or product differentiation are therefore considered as necessary. In addition to local origin of fresh fish from pure lakes there is no need to highlight any other values or other marketing extras. As long as the quality remains excellent, there is no reason to worry. The company would have capacity to increase the supply of the raw fish products. The increase is constrained by the limited time. According to the interviewee today too much time is used for product processing.

The price paid by the Kiuruvesi municipality is based on competitive bidding. There has not been true competition, so the negotiation position of the company has been good. On the other hand, because of the lack of suppliers, the last contract was made only for one year in order to allow entrance of new potential suppliers. With the retailers the price is negotiated,

but the market leaders are not an easy party to negotiate with. The distribution of the economic performance along the chain is not considered as fair.

There has been one big collision, which was settled, and the chain partners are now more or less satisfied with the present arrangements. Problems are also caused by the sudden changes in the municipal customers' needs. E.g. because of some epidemic in schools, and the kitchen cannot use the amount fish that has been ordered. The kitchen does not have storage room and they have to postpone/cancel their order. This is a real problem for the company, because fish cannot be stored long. One possible solution would be to expand the sales towards private customers in order to stabilise these kinds of fluctuations.

The interviewee is aware that the sales and revenue could be increased by providing further processed products to the markets. Because of the time constraints and of the cautious attitude towards growth, the partners themselves are not seeking expansion to that direction. Rather, they would – except for the raw pike mass - give up the present processing of the products too, if there was somebody to take over. The owners are also open to co-operate with processing entrepreneurs, when/if such appear. With the short supply chain it would be possible to develop the cooperation in many ways. In any case, even in future, Järvifisu is going to focus on fishery and raw material production, and other partners would be responsible for further processing of the products.

5.3 The balance between quality differentiation, volume and economic performance

Järvifisu is a fishery company, and the main items are fresh lake fish, raw fish mass and fish mass products for different purposes. There is no organic labelling for the wild lake fish. The core value of the company is the quality the fresh fish caught from the lakes in the immediate vicinity and delivered directly to the customers, the slogan is from “from local to local”. The quality is superior compared to the fish that is imported to the region from elsewhere and mediated via wholesale. A further value is the reliance on local resources and the positive contribution it has to regional economy. Focus on local customership secures the freshness of the products. The short supply chain also reduces the costs of the transports, and the costs can be further reduced by carefully planning the delivery routes.

The shared value of all entrepreneurs providing LOF items to the municipality is in supporting local livelihoods and regional economy. Regarding specifically fish the additional value that is emphasized is the short and quick supply chain to secure the quality of fresh fish.

The environment ranks high in the company's values, as the unpolluted lakes and viable fish stocks are the fundamental precondition for the business' existence. The local people know that the fish caught from the region originates from pure lake waters. Environmental arguments are necessary mainly, when the products are sold for the visitors in the region.

This orientation is the basis of the Järvifisu activity. Price is important to run the business, but so is the quality. The freshness of the products is not compromised by looking customers beyond the region.

“Our fish is sold within the radius of 50 kilometres”.

In general, there is competition in the fish markets, because a lot of fish is imported from abroad, and the imported fish is cheap compared to the Järvifisu products. Local retailers also order domestic lake fish that comes from elsewhere in Finland via wholesale. The quality of

both foreign and domestic imported fish suffers from the delay before the fish reaches the end customers.

The price of in-bought and out-sold fish is agreed with the fishermen and customers independently. The price paid by the municipal customers is based on the competitive bidding, and with the retailers the price is negotiated. There has been a serious twist about the price with the representatives of the S-group, and Järvifisu stopped selling the products to their local retailers for few months, but finally a solution was found. Järvifisu cannot influence the price paid by the end customers, because the entrepreneurial customers set the end price themselves. From the Järvifisu's point of view, the retailers' price setting is not satisfactory, because fairness regarding economic performance among the chain partners is not considered among the important issues of the market leaders.

The two Järvifisu partners are cautious in regard of growth, and the company is not seeking expansion in terms of personnel. There have been discouraging examples on the expansive fishery enterprises in the region. Quite recently, two forward contracting enterprises with a number of employed workers run into trouble and finally went bankrupt. The cautious attitude towards growth is also because the Järvifisu partners appreciate own free time, and possibility to this has been brought about by the established business relations to the municipal customers.

The production capacity of the company would allow increasing the raw material production, and the present high demand suggests that there is no serious risk in this kind of growth. Growth in raw material production is possible, but it would require, that Järvifisu could focus on its core business, and another independent entrepreneur would be needed take over the present processing and to focus on developing new processed fish products.

The company has faith in continuous demand of fresh lake fish, despite the fact that from the business point of view the food markets in general are not very attractive in Finland. The unattractiveness stems from the small consumer basis and from the long transport distances in the sparsely populated country, which increase the costs. In addition, the food business is heavily concentrated in Finland. Two major actors have about 80% of the markets. Both of these two actors have own wholesales, own trademarks and own distribution systems. With the dominating market position, they have the say which products end up to the shelves of the retail stores and on what price. Therefore, there is little room for alternative products from outside the two chains. Without agreements with either one of the market leaders it is very difficult to get new products into the market. The economic situation of the small producers is therefore often insecure and difficult. However, fresh lake fish appears to be an exception. Järvifisu has agreements with local retailers of both market leaders, and the company, thus, has gained good foothold.

The success of Järvifisu in the local markets stems from the superior quality of fresh fish originating from the unpolluted lakes of the region. The municipal customers are very important. Today they comprise 85% of the turnover, and the contracts with the municipalities stabilize the yearly demand over the more quiescent periods.

5.4 Communication of values and qualities among the members of the food chain

The communication of the Järvifisu partners with the customers is frequent, direct and personal. Usually it takes place via telephone or in face-to face dialogues. Written contracts

form the basis for the customership in case of the municipal customers and the retail. There are also customers without longer term contracts on supply; they just call and make their orders, when they need fish. The customers inform about their weekly needs usually by phone. This communication deals with volumes, packaging sizes and schedules and other practicalities.

With the municipal customer, price negotiations are built in into the process of competitive bidding. There are a number of criteria that the municipality expresses in the tender calls, and the potential suppliers are well informed about these needs. For other customers, Järvifisu has two price lists, one for the S-group retailers and the other for the rest of the customers. These prices have been agreed upon, when the contracts have been made.

Communication with the local fishermen is frequent and informal. Being professionals themselves, the Järvifisu partners know the circumstances of the fishermen and they have mutual language with them. Järvifisu has promised to accept all fish the contracting fishermen catch, so the communication is mainly information if something unexpected happens. The price paid for the fishermen is negotiated with them, and it is settled in relation to what Järvifisu gets from its customers. The fishermen are satisfied with the arrangement, because they are not left with unsold haul, and Järvifisu saves them from preparing the fish for the customers' needs and from going to the customers themselves. The fishermen might get a better price, if they sold fish directly, but it would be more troublesome and time-consuming.

Although Järvifisu mainly has municipal and entrepreneurial customers, there is also direct communication with the end customers, i.e. with those who eat the fish. This is direct feedback about the customers' experiences on the fresh fish they have bought from the retail stores. The customers give their feedback directly face to face to the Järvifisu owners, if they have something to say. Feedback is given in passing in different occasions, in stores, street, and when meeting in professional, hobby and community occasions. In retail, the origin of the fish is not always clearly communicated to the customers. Sometimes Järvifisu is wrongly blamed for high price or unsatisfactory quality. According to the interviewee, this kind of comments is because people think all fish in retail from Järvifisu, although the retailers also have fish via wholesale, and the quality of which is not as good as that of the Järvifisu's fish. So Järvifisu is accused, although the products are not theirs. The price setting, on the other hand is decided by the retailers, and the Järvifisu partners have no influence on it. However, in a small place direct communication is natural and easy, and the mistakes are quickly corrected. This sort of communication is informal and occasional, when meeting and when the customers have recent (bad) experiences. Besides regarding the Järvifisu products, the interviewee appears to rely on the positive experiences being spread by the jungle radio.

In the retail, there is clearly a need to improve the knowledge among the customers on the origin of the products. So far very much very has not been done about the situation. The Järvifisu persons may mention about the misconceptions to the retailer, but it is up to the retailers to make the effort to improve the knowledge among the customers on the origin of the products.

In addition to the coordination based on contracts with the municipal customer, Järvifisu has also other formal and informal interaction with the stakeholders. The other Järvifisu partner is the host of the local fishing corporation. The water areas located within the village borders are private owned, and the members of the corporation are the owners of waters and also the land owners of that area. These water areas comprise the regional fishing areas, and the task of the corporation is to organize fishing as well as the management and administration in that

regional fishing area. The responsibilities of the corporation are regulated by the fishing law, the adherence to which is ultimately surveyed by the Ministry of Agriculture and Forestry.

As the host of the regional fishing area the interviewee has personal contacts with local fishermen, and via the corporation he is the informative link between the fishermen and the officials of the regional Centre of Economic Development, Transport and Environment, which is the local surveying authority. The information deals with new regulations and experiences on their implementation. The partners have also organised courses in manufacture of fishing equipment. In addition, the partners participate in various grass root activities linked to fishery such as the yearly trolling competition. There are also other festival type happenings that attract a lot of tourists to the region. In these occasions, Järvifisu products are sold in stands. It appears that the festivals are important, because it is quite an effort to put out the stands. According to the interviewee, the local people know the Järvifisu products. The tourists on the other hand do not know, and information about the products and products' origin may therefore attract people specifically to look for fish from Järvifisu and to buy it when visiting the region. This keeps the demand high during the tourist season, which more or less coincides with the high fishing season, and fresh-smoked fish can be sold at good price.

Järvifisu has own web page (only in Finnish: <http://www.jarvifisu.com/>), where there is basic information on the company and on their products and prices as well as some recipes and pictures. The Järvifisu partners have had visitors – mostly school classes - to their production hall. The presentation of the activity is time consuming and the owners are not very eager to do it, especially not in high season. Nowadays they also charge for the visits. So far, social media has not been used, and at the moment it has not been in the agenda, either because there have not been problems in the demand.

Järvifisu is part of a domestic SM producer marketing network - Genuine Tastes - focusing on local and regional products³. The network provides information on small and medium-sized businesses in the food sector. They are designed to help the customers find local food businesses and to find out what products are available in own region, and thus to improve the interface between the customers and producers. This may have some influence in increasing the reputation of the Järvifisu products in view of the tourist sector and other visitors in the region. Järvifisu is not seeking to expand to domestic markets beyond own region, but participation in these kinds of networks is hoped to encourage the visitors in the Kiuruvesi area to look for the Järvifisu products.

A schematic picture on the communication and its frequency among the stakeholders is shown in Figure 4. Generally speaking, knowledge on the ways, frequency and contents of communication is restricted to that between the company and the stakeholders, and little is known what is happening among the other stakeholders. The way of communication indicated in the figure is the one that is most common, but other forms also are used.

³ http://www.aitojamakuja.fi/index_eng.php?lang=eng

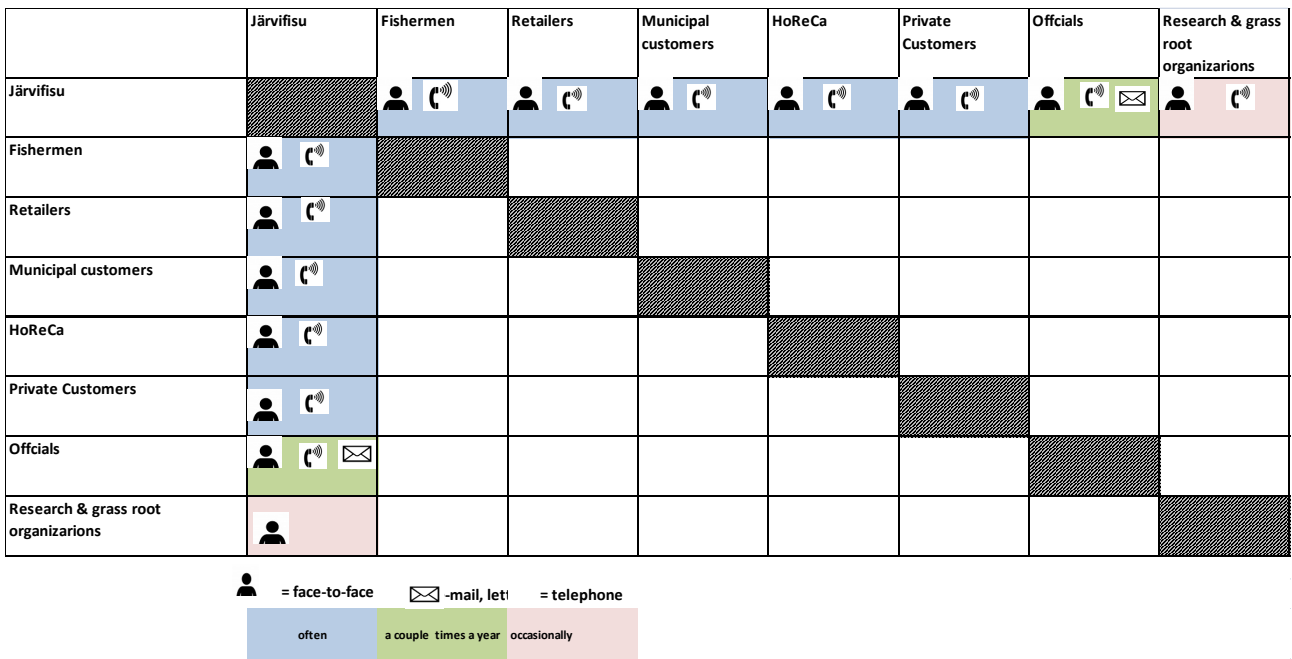


Figure 4. Schematic picture of the communication among the Järvifisu stakeholders.

5.5 Quality dimension of primary production and mediation through the chain

The values of the Järvifisu products are high quality and production relying on local resources. The supply chain of fresh lake fish is very short. This and the origin from unpolluted lakes of the region are the guarantee for the primary quality attribute, i.e. the freshness of the products. No organic labelling is available for the lake fish. With the focus on local markets Järvifisu avoids long distance truck transports, which is one of critical steps in case of fresh fish.

These qualities are mediated to the end customers, who buy the fish from the retail. The retailers need to keep the standard in order to get the products sold. Often the retailers also have lake fish that has been bought into the retail stores via fish wholesale. The difference in the quality is obvious, but it is not always clear to the customers, whose fish they are buying. Sometimes Järvifisu has been wrongly blamed for unsatisfactory quality. Järvifisu is also sometimes blamed for the retailer price of the fish which customers have experienced as being high, although the retailers set the price independently of Järvifisu.

Within the chain, the responsibilities on the product quality are isolated from each other. For all parties continuous demand is the best incitement to keep the quality. This obviously has been successful, because there are no problems in selling the products, and presently the demand is higher than the supply. Järvifisu is well known among the end customers, and it appears that all lake fish sold in the retail stores is perceived as being Järvifisu products. This is not the case, and it would be necessary, that the retailers inform their customers to more clearly about the origin of the fish.

The municipal customers have tender calls, and the price is based on the process of competitive bidding. The explicit criteria used in the tender calls are part of the company's product development. With this kind of co-production the relationship with the municipal

customers has evolved towards strategic partnership. The company's relations with the entrepreneurial customers are mere business relations.

5.6 Resilience of Järvifisu– long term perspective, change and social-ecological links

Järvifisu company was founded in 2010 in response to the realized deficiency of good quality fresh lake fish in a region, where there are abundant lakes with clean waters and with no aquaculture. From the beginning it has been clear that the company aims at satisfying the demand of the local markets. The development history is quite short but, so far the initial idea has not changed. With discouraging examples on the expansive fishery business in the region, the initial idea rather has been strengthened. There has not been any hired staff, nor are there plans for that, the two company partners run the business together and intend to do so also in future.

The main changes compared to the very beginning are the establishing of the customership with the public catering service not only in own municipality (Kiuruvesi), but also in a couple other municipalities in the Northern Savonia region. In addition, in the beginning Järvifisu provided products to the retailers of only one of the two market leaders, but today both are its customers. The customers have been in a way inherited from the entrepreneur who was their previous fish supplier, but who has since then withdrawn from this type of fish business. The customership with the other market leader was not straightforward, but required long discussions and arm-twisting from the Järvifisu's part. When the twist culminated, Järvifisu stopped selling the products to the local S-group retailers for few months (see section 4.1.). The conflict was agreed upon, mainly because the Järvifisu partners realized that it is the local customers, who mostly suffered from the situation. Solving the twist is actually an example on how the feed-back mechanism functions in a small place. Direct contacts and direct communication are extremely important. In general, the customers' feed-back is the demand, and there have so far not been problems on that side, the products sell well, they are actually ripped from the hands.

The main focus of Järvifisu is raw fish mass and fresh fish with minimal pre-processing, not further processed fish products. The municipal customers require processed products, and these had been developed specifically for their needs. Product development had started already with the previous entrepreneur, and has continued when Järvifisu inherited the municipal customer, although processing is not the primary interest of the company. Today the main product is raw pike mass sold to the municipal customers. Other than that the time consuming processing is one of the critical issues. Järvifisu would like to focus on raw material production (inclusive then raw fish mass). The partners are, however, interested in co-operation with independent entrepreneurs, whose main interest would be in processing and product innovations.

The municipal customers form the basis for the business:

“It is true that the municipality is really important for us”.

The long-term contracts allow leeway for the partners to plan their activity, and the regular income has carried the company over the quiescent periods, which are unavoidable in a business that is highly seasonal by nature. However, there are also problems with the municipal customers. The volumes written into the contracts are based on the previous year's consumption, and they are, therefore, to some extent only approximate. The volume of

processed products for the municipalities are made in advance, packaged and deep-frozen as has been agreed in the contracts. The unexpected reductions in the pre-ordered volumes need to be sold within a definite time frame, because the products cannot be stored endlessly. If not sold to other customers, even changes in the orders of few hundred kilos cause significant economic losses for an enterprise with small turnover.

“I don’t really know why, but then you have 800 kilos of fish mass and you cannot store it”.

The situation is of course very difficult for the entrepreneur but, on the other hand, the municipality is an important customer. The problem is finally being seriously discussed with the municipality’s catering staff, who are aware of it and a solution is being sought together.

In the value chain the responsibilities are not shared, each partner takes care of own customers. Primarily the company has full responsibility for the supply and for the quality of the fish. Järvifisu has given face to the fish sold in Kiuruvesi region to such an extent that it is also blamed, if the customers have experienced quality deficiencies, when they have bought fish that has ended to retail via wholesaler. Sometimes the end customers also make remarks to the Järvifisu partners about the high price of the fish they have bought, although the price setting is solely on the retailers’ judgement, and the market leaders are not an easy party to negotiate with.

The interviewee sees sustainability from the business point of view. Sustainable business requires careful planning so there are alternatives in case of unexpected situations.

“One has to plan carefully what to buy, when to buy and who you are going to offer the fish”

He mentions examples on fishery business in the region, where the entrepreneur has started with focus on expansion, but has ended up with large volumes of in-bought fish that he has not been able to sell forwards.

The interviewee stresses the impact of local supply chain on regional economy:

“We have this that we buy from the Kiuruvesi fishermen. The Euros we pay will stay in the region”.

He brought up the environment - lakes with clean water and viable fish stocks - as the fundamental prerequisite for the company’s existence, but did not mention these aspects in connection with sustainability. However, the environment ranks high in the company’s values:

“We want to keep these lakes in such a condition that we can continue with the fishery business and also use the same lakes for own recreation”

The absolutely crucial precondition for viable fisheries is clean waters, and the environmental issues are the major vulnerability concerns. Another concern is the aging of the present active professional fishermen. Nationally the future of the fishery field is already at stake, and Järvifisu has experienced this, too. In 2013 the company had three contracting fishermen, but two of them died within a short time and so far, no new contractors have been found.

Within the five to ten years’ perspective the interviewee would like to see Järvifisu in its core business, the fishery and production of raw material. In that area, there is capacity to increase

the production both in terms of the availability of lake fish and the partners' work inputs. Kiuruvesi area is rich in lakes, so there will be enough fish also in future as long as the water quality in the lakes is maintained. Also the fishery branch is declining so the competition from other fishery enterprises is not considered as a problem. The increase in raw material production could be done with the present company structure. There are no plans to grow in terms of employing labour force, seeking national markets or to expand the activity into processing and product development connected to that. Other entrepreneurs would be needed for that, and Järvifisu is interested to co-operate with such entrepreneurs.

The company has chosen a degrowth strategy. Location in a lake rich area in Finland far from the coast and far from the population centres, are important factors contributing to the success of the company. There is no aqua cultivation in the region, and the company does not need to compete with the fishery in the coastal areas. At the moment, the enterprise is not aiming at becoming a national, not to speak an international supplier. Therefore, the small population basis or transport costs are not an economic restriction. Actually, the long transport distances in Finland have helped the company to get footing within the extremely centralised Finnish food markets. This is because the quality of fresh fish suffers from any delay from fisherman to customer's plate, and with long transports the delay is unavoidable. Usually the market leaders very reluctantly accept alternative products from outside their own supply chains, but fresh domestic fish is an exception, because its availability is restricted.

6 Future orientation of the initiative/business and the value chain

The interviewed Järvifisu partner is confident with the continuous demand of fresh lake fish. Although alternative products of the SME:s usually have great difficulties in getting into the domestic markets, but with fresh lake fish with very short supply chain Järvifisu has found a specific niche, which has proved to be competitive.

The company's strategy is based on short supply chain with the market area within local to regional scale. Organic certification in general is not important in the Kiuruvesi region, where people still live quite close to the nature and use a variety of wild products, mushrooms, fish and berries. For the locals, the origin of the products is more important than organic production as such. As there is no organic certification for the lake fish, the guarantee for the quality is the unpolluted lakes the fish originates.

In future, the Järvifisu partners would like to be able to focus entirely on raw material production. Expansion in terms of employed labour force is not in plans. The vision guiding the activity is unpolluted waters and viable fish stocks, which enable the partners both the fishery business and the recreation on the shores of the same lakes. Järvifisu also has the capacity to expand the raw material production side of their business. They are willing to co-operate with an entrepreneur who would take over the further processing of the fish products. Giving up the present processing would leave more time for the core business. If the emphasis was on fresh unprocessed fish and raw fish mass, more marketing efforts could be directed towards private customers. This would stabilise the shocks caused by sudden changes in the municipal customers' orderings. Despite of the problems the unexpectedly fluctuating volumes of the municipal customers bring about, they are the future focus of the company. The main product is raw pike mass, which is specifically produced in view of the needs of the municipal customers.

The partners are satisfied with the present market area, and there are also potential new customers in the region. The major threat for the fishery business is the fact that among the

young, the interest in professional fishing is low, and the age of the present practitioners is already quite high.

It is recognized that overall demand for fish could be increased, if fresh fish was further processed into different food items and ready-made meals. The demand for these kinds of products is continuously increasing, and therefore there would be true market for this type of entrepreneurship. The Järvifisu partners will, however, even in future focus on primary production, but they are open to co-operation with other entrepreneurs who are willing to focus on processing phase and to develop that part of the supply chain.

7 Verification of the results

The report is largely based on the interview of one person, the managing director of the company, who is one of the two partners of the enterprise. The questions were sent before hand in order to allow him to prepare in advance and to look for relevant documents. The manuscript of the report, together with the leaflets in Finnish and in English, were sent to the Järvifisu partners with the request for commenting and verifying the results. Some complementary information was obtained in this connection.

Background information was retrieved from the group interview with the representatives of the municipality. Numeric data are scanty. Such data are not available from the public register of the enterprises, because the company form of the initiative is general partnership, and these are not obliged to publish annual financial statement like the limited companies and collectives. Data on turnover was provided by the company at the verification stage. It was the explicit wish of the company partners that the actual numbers are not shown, but only the development trend.

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