



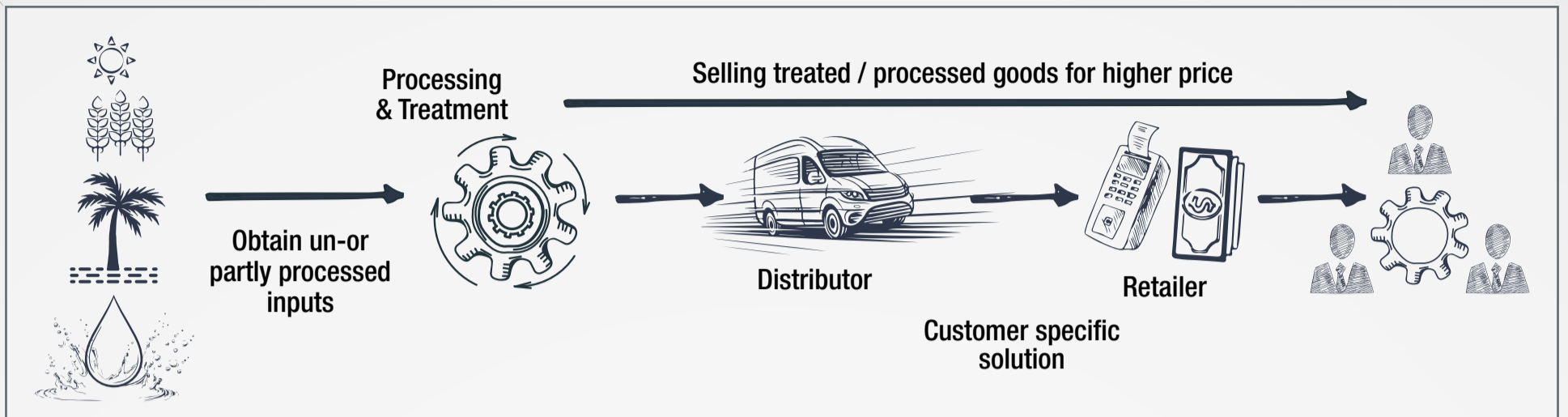
# PROCESSING & TREATMENT BUSINESS MODEL



Shared Prosperity Dignified Life



## VALUE CREATION PROCESS



## HERE ARE FEW THINGS TO CONSIDER WHEN DEFINING YOUR PROCESSING & TREATMENT BUSINESS MODEL



### OFFERING

- Using DIAR or other technologies to upgrade basic inputs like agricultural produce, water or organic waste and increase their value by making them more durable, safer for consumption, easier to transport and store or even converting them into a new product.
- If you sell your end product directly to customers it is key to know your customer preferences.
- If you sell your end product to retailers and distributors you can make your offer more attractive by selling larger quantities (in bulk)
- Note that if you are dealing with retailers that sell processed food to high-end markets you are likely to have to comply with food safety standards. You might also need to provide traceability for your product.
- The treatment & processing model can also add value to farmers by increasing sales of larger shares of their harvest, reducing food waste and increasing their income.



### CUSTOMERS

- Typically three customer segments: final consumers, retailers & distributors or farmers (as cooperatives).
- If selling to final consumers think of where your processed products will typically be accessed (farmers market, delicatessen shop...). It might even make more sense to open up your own shop in order to better reach your customers.
- If selling to retailers you will need to conform to their specific requirements and standards. These might include packaging, quantity. Note that specific requirements and price of your products will be conditioned to market fluctuations and demands as well as your own negotiation skills.
- Selling processed products to farmers and acting as their cooperative can offer more flexibility and less packaging requirements. Farmers will have their customers and you will be the cooperative that processes food.



### OPERATIONS

- To process or treat e.g. crops, you first need to source these inputs. It is imperative to maintain good working relationships with your input supplier and to effectively manage your supply chain. Depending on your input source you might need further investments such as abstraction permit and water source protection in the case of water treatment.
- In this model you create value by using technologies to refine your inputs and to upgrade them. This process must be managed efficiently to run smoothly and include maintenance of the technical equipment
- Deciding how you will sell your products and what channels and quantities you will use will depend on several factors including your customers, context, market sector etc. You should compare distributor / retailer conditions with costs for mounting your own marketing, logistics and sales systems to end-consumers.



### FINANCIALS

- Two ways of generating a net profit with this business model: **1)** Through converting raw materials or untreated inputs into an upgraded product that has a higher value in the market, **2)** By taking advantage of prolonged shelf life or better portability allows you to sell off season or in other markets, where the treated agricultural products will yield a higher price.
- You need to establish which products can yield a sufficiently high profit margin after you upgraded them.
- The value creation needs to outweigh the costs of the business model. As the price of products tends to increase with each step in the value chain, you can increase profit margins, if you cover several steps in the chain.
- Another important factor to take into account is the logistics of your value chain, especially since food production takes place predominantly in rural areas and markets for processed food often located in urban areas.



## KEY SUCCESS FACTORS



## APPLICABLE BUSINESS MODELS