

Bizon 1: How hunger for success was rewarded

Background



Bizon 1 is a small company born out of an agricultural research institute struggling for finance after the fall of the Soviet Union. While this posed a challenge for research, it also created favorable conditions for some people to develop enterprises based on their innovations and talents. One such person is Suren Harutyunyan – formerly a physicist and now founder and executive manager of Bizon 1.

Initially, Dr Harutyunyan produced valuable products from food and agricultural wastes. Throughout the industry, fruit kernels and other parts are thrown away after being processed. This economic model was based on turning these into valuable products with no or hardly any raw material expenses. Together with colleagues, he hired premises in the research institute and soon set up a production unit in a suburb of Yerevan. The unit used local equipment and chemical solvents were not used.

As a result, the firm has produced a range of products including wild berry extracted powders, fruit kernel and fruit oils. Bizon 1 products then found their way to the local market in pharmacies and some food stores. These include wild rose-hip extract, blends with other berry extracts such as raspberry, hawthorn, blackberry, sea buckthorn, and kernel and fruit oils of sea buckthorn, blackberry, pomegranate, rose-hip, raspberry, apricot and peach.

SME support agencies and projects were crucial for the company to learn of the opportunities the organic market had to offer and convinced the company to go organic. Bizon 1 is now certified as organic and has learned from other operators – even purchasing organic raw material from them. The process has allowed Bizon 1 to comply with organic rules on separation, traceability and liability, better understand consumer needs, boost its marketing skills and build local and international partnerships – with interest in the products growing in the EU and beyond. The company has meanwhile taken part in Biofach every year since 2013. This is “crucial” in order to understand the market for organic products, says Dr Harutyunyan. “The fair allows me to present and offer own products, to improve them, to develop skills of presentation, learn about prices and qualities, and to see the competition,” he attests.

Challenges

Bizon 1 successfully solved several problems throughout the entire value chain, ranging from dirty containers, accidental mixing with uncertified waste materials, and a lack of traceability for raw material. Generally speaking, Dr Harutyunyan calls on other Armenian small and medium-sized firms to “never give up” and recommends the organic market to SMEs that produce good quality and higher-value products. “There are always programmes that offer

SMEs support in marketing and competitiveness,” he notes, calling on producers to “always think of how to add greater value to their products”. Meanwhile, “international professional trade shows and fairs are worth attending to get to know the market,” he adds. In terms of finance “rather than risk high interest rate loans, producers should search for alternative solutions”.

The existence of a local organic certification body is furthermore seen by Dr Harutyunyan as a precondition for organic businesses to be able to meet international requirements of certification offered by ECOGLOBE LLC. “The fact that the organisation speaks Armenian, knows the local conditions and offers competitive prices in local currency make organic certification much more accessible and understandable for local farmers and SMEs,” he notes.

The way ahead

In 2014, first samples of Bizon 1 products made their way to interested companies abroad and first exports began the following year, with demand still growing. The ability to export is “exclusively” due to the company having organic certification, says Harutyunyan. The certification allowed him to meet the special demand in the market for kernel oils - as ingredient for cosmetics and other products - and for extracted fruit and berry powders used as pre-packed fruit teas or as ingredients for other products.

Growing sales will also be helped by the ‘Organic Agriculture Support Initiative in Armenia’ project financed by the European Union and Government of Austria through which Bizon 1 received a grant. This year, Bizon 1 plans to use new equipment to increase productivity and meet new orders from buyers in Europe and beyond. The Bizon 1 executive manager is now confident that the organic market has created new beneficial conditions for companies like his to establish reliable partnerships and be able to grow.