

HUNGARY

Diversification & job creation

Location
Csabacsúd

Programming period
2014 – 2020

Priority
P6 – Social inclusion & local development

Measure
M19 – LEADER/CLLD

Funding (EUR)
Total budget 10 000
EAFRD 4 444
National/Regional 1 111
Private 4 445

Project duration
2019 – 2020

Project promoter
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A young farmer used support from the Hungarian Rural Development Programme (RDP) to expand the production capacity of his farm and respond to the increasing market demand for his pork products.

Summary

Attila Xavér András established his pig farm in 2016. His entrepreneurial skills enabled him to expand his farm and diversify his production model.

The business grew fast, and demand for his pork meat products increased, so he decided to invest in high-capacity processing machines.

Xavér received a support grant for a complex capacity expansion investment. He used the RDP, Leader funds to purchase a high-capacity hydraulic sausage filler and an air conditioning unit. A cold storage area was set up which doubled the farm's storage capacity.



Results

The focus of the farm switched from sow breeding to pig fattening with capacity doubling to 200kg of processed pig meat products per week. One more worker was hired to work at the pig farm, increasing the total number of employees to seven.

The farm now has 150-200 pigs fed on natural, additive- and GMO-free feed. The revenue of the business increased and higher production has stabilised the sales network as the farm can now respond to the growing demand for its products.

Lessons & Recommendations

- ❑ In just five years, Xavér built a successful business with seven employees. A key success factor was that he quickly took advantage of emerging market opportunities.
- ❑ Applying and pre-financing RDP investment support is difficult for many small businesses. However, if these challenges can be overcome, real business growth can be achieved.

Context

András Xavér's farm is in Csabacsúd, within the territory of the LAG Kőrösök-Völgye, in south-eastern Hungary. In the former socialist era, Xavér's father and grandparents used to work as managers in a state-owned pig farm. After 1989, Xavér's father bought land and started cultivating fodder plants and breeding cattle and pigs. After graduating from university, Xavér worked for a company breeding pigs and often travelled for business in Europe. What he saw and heard during these business trips inspired him to start his own farm and produce pork meat products.

Xavér launched his own business in 2015 with the support of a young farmer start-up grant. He used the start-up support to buy his farm, animals, and fodder. At first, he started building his business in tandem with his existing employment, but he soon realised that he would be able to grow his own business much faster if he gave it his full time and attention. Xavér started with ten breeding sows and by 2018, he increased them to 25. He also started making sausages, salami, liver pate, bacon, and other processed pork meat products, which he sells through his own shop and to small shops and restaurants in the area.

Objectives

This LEADER financed project aimed at:

- increasing the competitiveness of the business.
- increasing the quality and quantity of production.
- responding to the growing demand for products.

Activities

In 2018, Xavér applied for a support grant from the Kőrösök-Völgye LAG. The application was successful and the LEADER measure funds were used for:

- purchasing a high-capacity hydraulic sausage filler and an air conditioning unit.
- building a cold storage area to double the farm's storage capacity.
- installing a security camera and a new business sign.

Additionally, using his own funds, Xavér bought and renovated a 170 m² house in Csabacsúd, turning it into a small processing plant and a butcher shop



Main results

The focus of the farm switched from sow breeding to pig fattening with production capacity doubling from 100 to 200kg of processed pig meat products per week. One more worker was hired to work at the pig farm, increasing the total number of employees to seven.

The farm now has 150-200 pigs fed on natural, additive- and GMO-free feed.

The revenue of the business increased and higher production has stabilised the sales network as the farm can now respond to the growing demand for its products.

Key lessons

In just five years, Xavér built a successful business with seven employees. A key success factor was that he reacted fast to market signals. He noticed that sow breeding was not profitable and switched to fattening pigs. He identified a gap in the market for a local butcher shop in Csabacsúd and opened his own shop. Also, as demand for the farm's products grew, he made the necessary investments to meet that demand.

Applying for RDP support is time consuming; pre-financing investment is burdensome and; finding the necessary matching finance is difficult for many small businesses. However, if these challenges can be overcome, real business growth can be achieved.

Additional sources of information

www.facebook.com/andrasgazdasag

www.instagram.com/andrasgazdasag/?hl=en