Western Balkans • Croatia

Eco farm Mavrović: Leading by Example – from Boxing to Organic Food Production Champion

Prepared by • Mislav Ante Omazić
Reviewed by • Aline Kraemer
Sector • Agriculture
Enterprise Class • SME
Executive Summary

Eco Farm Mavrović Ltd. is a small enterprise located in one of most war affected areas in Croatia that started with a clear vision to change the public perception of health through organic food production and consumption. Eco Farm Mavrović is an organic grain and animal farm. It is a crucial part of an integrated business model that includes two complementary but independent entities - Eco Centre Mavrović, a research and educational centre, and Eco Mavrović, a marketing, distribution and sales firm. The whole group employs 51 people and it is by far the biggest local employer.

Mr. Željko Mavrović, ex-boxing champion and a well-known public figure in ex-Yugoslavia and Europe invested his social capital in setting up Eco Farm Mavrović. Drawing from his personal experience as a professional athlete, Mr. Mavrović decided to produce best quality organic food in an environmentally responsible way. His name serves as the brand name.

Today Eco Farm Mavrović is not just a recognized brand and business worth more than US$ 2 million but also by far the biggest organic food producer in the Western Balkan region. Mr. Mavrović started his business in one of the poorest and most underdeveloped areas of Croatia which was also torn apart by civil war - Požega-Slavonia county. In just six years, Eco Farm Mavrović managed to build a sustainable business model around organic food production, distribution, marketing and sales. By contributing to the local economy, Eco Farm Mavrović provides the local people with economic security. In addition, the wages at Eco Farm Mavrović are on average higher compared than the national average for agriculture due to lower costs and price premiums on organic food production. Through different channels, they also offer local farmers and employees targeted knowledge and capacity building in all phases of organic food production free of charge. Eco Farm Mavrović is also a model of social inclusion that provides mental and social rehabilitation to ex-addicts.
Introduction

“I am living my dream on Rudolf Steiner’s heritage,” says Mr. Mavrović, ex-boxing champion and owner of Eco Farm Mavrović. Mr. Mavrović explains how he developed his business model as a sustainable system that tries to accommodate the basic economic, social and environmental needs of the local population while preserving the resources that will enable future generations to flourish. “An entrepreneur always has a dream. Skill, hard work, and a small share of luck turn that dream into a successful business model. Whenever we think how to improve our firm we always think through the prism of resource-conservation, and environmentally sound and socially responsible behavior. We always try to think in terms of sustainable agriculture, sustainable energy, sustainable development and sustainable economics.”

Mr. Mavrović’s role model is the Croatian born Austrian philosopher Rudolf Steiner, who remains perhaps best known for the educational methods he pioneered in his Waldorf schools.1 Lesser known is the fact that he also started the oldest system of “modern” organic agriculture in 1924.2 His theory considers the human being as part of a cosmic equilibrium that has to be understood in order to live in harmony with nature and the environment.3 In Steiner’s view, a farm should be a self-contained ecological entity and apply biodynamic agriculture practices.4 Regarded by some as the first modern ecological farming system, biodynamic farming has much in common with other organic approaches, such as emphasizing the use of manures and composts and excluding the use of artificial chemicals on soil and plants. On the basis of biodynamic agricultural principles, organic food was defined as food produced (grown, stored, processed, packaged and shipped) with the avoidance of most synthetic chemical inputs (such as pesticides, antibiotics, fertilizers, food additives, and similar artificial chemicals), with no genetically modified food organisms, no irradiation, and no use of sewage, rejected food, or other unpalatable products that do not qualify for consumption. Additionally, organic food must use farmland that has been free from chemicals for a number of years (three years in Croatia), and which has been proved to be “clean” soil. Although some Croatian farmers have actually been putting Steiner’s principles into practice since the beginning of the last century, organic farming is not yet a widespread practice in Croatia.

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1 Rudolf Steiner was born on 27th February 1861, in Donji Kraljevec, a small town that was then part of the Austro-Hungarian Empire (now in northern Croatia).
3 Biodynamic Agriculture is part of Rudolf Steiner’s work, which is known as anthroposophy. It has its origin in eight lectures given by him 1924 in Koberwitz near Wroclaw in Silesia. Steiner came up with his description of biodynamics after requests from farmers, who were experiencing an increasing degeneration in seed strains, cultivated plants and animal health. The biodynamic approach considers each farm as a whole living system, as an individual organism. This means, that different organs with different functions work together closely and are not able to live without each other. These organs are for example soil, plants, animals and humans, but also branches like livestock farming, crop production, orcharding or beekeeping. Steiner considered the world and everything living in it as primarily spiritual in nature; the physical and thus chemical or biological processes involved were secondary.
4 Biodynamic agriculture is the first method of organic farming that treats farms as unified and individual organisms, emphasizing balance and a holistic view of development and the interrelationship of the soil, plants and animals as a self-nourishing system without external intervention.
Market Context

After World War II, Croatia became a part of the Socialist Federal Republic of Yugoslavia. From 1945 to 1990, the economy diversified, industry and trade grew rapidly, and tourism developed swiftly. Since Croatia and Slovenia were the most developed of the Yugoslavian republics, profits from their industries were used to develop poorer regions of the Federation. This factor, together with hyper-inflation in the 1980s and austerity programs imposed by the federal government, led to both Croatia and Slovenia declaring independence from the Yugoslav federation at the beginning of the 1990s. Croatia's bid for independence was met with military force by the Yugoslav government, unleashing a war that lasted from 1991 to 1995. The cost of material damage caused by the war was estimated at US$27 billion, more than the country's 2000 GDP of US$ 24.9 billion. The war also brought a substantial reduction in trade and a general economic slowdown.

Nowadays, Croatia is a society in transition on many different socio-economic levels - from socialism to a market based economy, and from nationalism and an authoritarian leadership to democratic governance and European Union accession. The country is located in Southeastern Europe, at the crossroads of Central Europe, the Pannonian Plain, the Balkans, and the Mediterranean Sea. Among 47 European countries, Croatia is the 26th largest with respect to its population, and also ranks 26th with respect to its area.

As of July 2009, Croatia had a total population of around 4.49 million people. Around 47.2% of the Croatian population lives in rural areas. About 1.781 million citizens are in the labour force, out of which 5% work in agriculture, 31.3% in industry and 63.6% in services (2008 est.). The unemployment rate was 14.8% in 2008. In 2004, almost half a million people or about 11% of the Croatian population lived in poverty (Table I). According to the Gini index, which measures income inequality, in 2003, the poorest 10% of the population had 3.4% of the national income, and the richest 10% of population accounted for 24.5% of the national income. The 2008 GDP per capita was US$ 16,100. The composition by sector of GDP is 7% from agriculture, 31.6% from industry and 61.4% from services. The country's major economic sectors are tourism and trade.

The estimates from Table I point to the existence of a considerable gap between urban and rural areas, both in terms of the incidence of poverty (17% headcount rate in rural areas versus 5.7% in urban areas) and its depth (poverty gap of 4.2% versus 1.2%). Almost 75% of the Croatian poor live in rural areas. The population of rural areas is more likely to experience extreme poverty.

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6 By taking into account statistical errors associated with poverty estimates, the headcount poverty rate is in the range from 9.3 to 12.9% at a 95% confidence level.
8 The squared poverty gap is four times higher in rural areas (1.6%) than in urban counterparts (0.4%), pointing to relatively high severity of poverty in rural Croatia.
**Table I: Estimates of Absolute Poverty for Croatia 2004**

<table>
<thead>
<tr>
<th></th>
<th>Croatia</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National absolute poverty line = 3,054.48 €/year/equiv. adult</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headcount ratio (%)</td>
<td>11.1</td>
<td>17.0</td>
<td>5.7</td>
</tr>
<tr>
<td>95% confidence interval</td>
<td>(9.4; 12.8)</td>
<td>(13.9; 20.2)</td>
<td>(4.1; 7.4)</td>
</tr>
<tr>
<td>Poverty gap (%)</td>
<td>2.6</td>
<td>4.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Poverty gap squared (%)</td>
<td>1.0</td>
<td>1.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Number of poor persons</td>
<td>468,170</td>
<td>340,355</td>
<td>127,715</td>
</tr>
<tr>
<td>Relative poverty risk</td>
<td>1.0</td>
<td>1.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

**Background statistics**

<p>| | | | |</p>
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</tr>
</thead>
<tbody>
<tr>
<td>Population share</td>
<td>100</td>
<td>47.2</td>
<td>52.8</td>
</tr>
<tr>
<td>Average expenditure</td>
<td>43,229</td>
<td>36,634</td>
<td>49,035</td>
</tr>
<tr>
<td>Average expenditure of the poor</td>
<td>16,864</td>
<td>16,641</td>
<td>17,453</td>
</tr>
<tr>
<td>Average poverty gap</td>
<td>5,281</td>
<td>5,504</td>
<td>4,692</td>
</tr>
<tr>
<td>Gini index</td>
<td>25.3</td>
<td>24.2</td>
<td>24.1</td>
</tr>
</tbody>
</table>


While Croatia’s international appeal as a touristic and business destination has been recognized in recent years and its accession towards full EU membership is progressing, real progress has been hindered by corruption, a slow judicial system, liquidity concerns, budget deficit, growing debt and political interference on almost all levels of governance from local to state issues.

Croatia is a country rich in natural resources such as unpolluted fertile land, good climatic conditions, natural forest growth, biodiversity and plentitude of water resources. It is characterized by a natural and climatic diversity, which enables a diversified agricultural production.

**Table II: Number of organic producers in Croatia**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of producers</th>
<th>Growth on previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>130</td>
<td>-</td>
</tr>
<tr>
<td>2004</td>
<td>189</td>
<td>45.38%</td>
</tr>
<tr>
<td>2005</td>
<td>269</td>
<td>42.33%</td>
</tr>
<tr>
<td>2006</td>
<td>342</td>
<td>27.13%</td>
</tr>
<tr>
<td>2007</td>
<td>477</td>
<td>39.47%</td>
</tr>
<tr>
<td>2008</td>
<td>632</td>
<td>32.49%</td>
</tr>
</tbody>
</table>

Source: Official documents provided by Croatian Ministry of Agriculture, Fisheries and Rural Development

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Most agricultural land is privately owned, and the majority of the large cooperatives created during the communist era have been privatized and restructured. A major problem is that small farms dominate Croatian agricultural production. The EIU Country Profile for 2000 states that in 1991 almost 70 percent of all farms were 3 hectares or less, and only 5.6 percent were larger than 8 hectares. This situation has not changed much since then.

There are 31 million hectares under organic management worldwide. Croatia still lags far behind other European countries when it comes to organic farming, as only slightly more than 10,000 hectares of land is used for organic farming, and only 632 farms were officially registered as organic in 2008 (Tables II and III). Organic farming accounts for less than 1% of the available farmland (Table III), which is far less than the EU average of 5%. The official strategic plan is to use 10% of agricultural land for organic farming by 2010. However, despite favourable conditions, this objective currently seems rather unrealistic.

Croatia’s natural resources are still relatively unpolluted and there are enough fields that satisfy the requirements for organic food production, as the use of mineral fertilizers and pesticides is much lower in Croatia than in other European countries. Organic legislation specifies that land must be free from chemical inputs for three years prior to production. Since many fields in Croatia have been neglected for years because of land mines, many of them would fulfil that requirement after mine clearance.

Table III: Share of agricultural surfaces in organic production in relation to total arable land

<table>
<thead>
<tr>
<th>Year</th>
<th>Conventional (ha)</th>
<th>Organic (ha)</th>
<th>Share of organic surfaces in total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,109,558.00</td>
<td>7,577.29</td>
<td>0.68</td>
</tr>
<tr>
<td>2008</td>
<td>1,085,919.48</td>
<td>10,010.00</td>
<td>0.92</td>
</tr>
</tbody>
</table>

Source: Croatian Ministry of Agriculture, Fisheries and Rural Development

As Croatia is going to be a part of the EU, organic food producers will need to meet EU standards. In 2002, organic enterprises were registered at the national level in Croatia for the first time. In the same year, the first national organic regulations were enacted following the EU Organic Regulation and international standards from the International Foundation for Organic Agriculture Movements (IFOAM). Six certification bodies have been provided accreditation by the Ministry of Agriculture, Fishers and Rural Development. They inspect production for the domestic market. With the growing organic food market and the extension of international trade, transparency of the production rules and independent control and

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12 Official documents delivered to author of this case study from the Ministry of Agriculture, Fishery and Rural Development.
13 In 1991, the Council of the European Union adopted the regulation on organic production of agricultural products and foodstuffs (EU 2092/91).
certification became more and more important in the EU. Since 1991, EU regulation legally defines the minimum standards for organically produced agricultural products and processed foodstuffs, which are offered on the markets of the EU member states. Foods may only be marked as "organic" if at least 95% of their agricultural ingredients are organic.\textsuperscript{14} The Croatian system, however, does not correspond completely with EU regulations, which means that Croatia is not listed on the third country list yet. This is a huge constraint for Eco Farm Mavrović as well as a clear warning that in the future Croatia will have to meet those standards.\textsuperscript{15} The legal basis for the sector of organic agriculture is the Law on Ecological Agricultural Production and Food Products of 2001 that is compliant with EU Regulation.\textsuperscript{16}

The Ministry of Agriculture, Fishery and Rural Development recognized the importance of organic farming as a global movement, and it supports its development through subsidies, investment in the education of its advisers and selected organic farmers, and by supporting research projects on organic farming. Unlike conventional farming, there are no limits on subsidies for organic production. However, in 2008, only 1437 ha were subsidized.\textsuperscript{17} For the future development of organic production, it is necessary to grow the market for organic products through educating producers, advisers and consumers.

Since the organic Regulation (ECC) N° 2092/91 came into force, only few countries have been included in the third country list (article 11 (1) (EEC) N° 2092/91). The largest part of organic products are imported into the EU, according to article 11 (6) VO (EEC) N° 2092/91, which means that control bodies have to deal with import permissions and have to issue batch-certificates. Articles 32 and 33 of Regulation (EC) No 834/2007 lay down general provisions for import of organic products. With a view to guarantee that these provisions will be applied in a correct and uniform way, detailed rules and procedures for the application of those provisions should be laid down. Argentina, Australia, Costa Rica, India, Israel, and New Zealand are on the list of third countries for equivalency according to Article 33(1) of Regulation (EC) No 834/2007 are fulfilled.

Currently a certain volume of products from third countries imported into the EU is certified by control bodies located within the EU. However, a significant volume of these products is certified by control bodies based in third countries. The Regulation (EEC) N° 2092/91 was developed for countries of the European Union. Therefore, operators in third countries work generally in "equivalence" to this regulation, which means standards equal to those of the EU but adapted to national or regional circumstances, as attested by the European accreditation bodies.

\textsuperscript{17} The challenge is that this support is not systematic and sometimes it lacks transparency. Transparency in developing legislation and regulation is often hampered by an inefficient public administration and a lack of intra-governmental coordination. Croatia has a highly decentralised administrative structure comprised of 20 counties, 120 cities and 420 municipalities. The dispersion of competences between the various administrative levels in Croatia is complicated, and it is often unclear whether a certain administrative function should be undertaken by the national or regional authorities.
From a Dream to an Inclusive Business

The former boxing champion Željko Mavrović is one of the pioneers of organic food production in Croatia.18 Eco Farm Mavrović is located in an underdeveloped rural area in the Požega-Slavonia county (Annex 1), which has a GDP below the Croatian average and a rate of unemployment that is higher than the Croatian average.19 In 2004 its Gini coefficient of 35.7% was also the highest among all the counties. Požega-Slavonia County has an area of 1.815 km² and a population of more than 85,800 citizens, of whom 1.7% are employed in agriculture.20 Požega-Slavonia County abounds with fertile plains, as well as mountains and hills, graced by renowned vineyards and capped by forests.

When he was searching for a place to buy land to start organic food production, Mr. Mavrović searched almost all over Croatia. “I needed to build my Farm on land free of any artificial fertilizers and pesticides. 10 years ago one of my friends showed me one small village that was burnt to the ground during the war for independence from Yugoslavia. [...] I was shocked since there wasn’t a single house with a full roof. [...] I decided to buy the first 100 hectares in the village of Sloboština near Brestovac. I fell in love instantly, rolled up my sleeves and started working to make my dream come true.” Although at the time Mr. Mavrović bought the land in 2001, only two people were living in Sloboština, he was aware that many unemployed young people were living in the surrounding villages.

Mr. Mavrović’s moral values, especially his integrity and self-discipline and his ability to overcome personal limitations, which led him through his boxing career, made him start his enterprise in 2001. “When I started I didn’t know much about farming. I knew that I wanted to build something in accordance with nature but to be honest it seems a crazy idea from today’s perspective. If I had known how complex it would be, maybe I would have thought twice about the whole project. I remember that right after I bought land, I knew I had to buy tractors so I went to Germany to a biggest agricultural fair. When I got there, I was shocked about the variety of possibilities. I didn’t know anything about those machines apart from the fact that I needed some, so I approached two sales representative of John Deere since that

18 Organic agriculture represents a collection of traditional and modern methods that were used to build up a productive system in which agricultural products could be harvested while at the same time keeping and improving the fertility of the soil, the health of plants and the well being of the animals.
19 In 2006 GDP per capita in Požega-Slavonia county was EUR 4.904 which is 50.38% lower than average Croatian GDP (EUR 9.883). It is important to state that year before in 2005 that difference was a bit over 31% and the year before it was 27.8%, so the gap is widening. Unemployment rate in 2006 was 21.7%, in 2007 it was 21.1% and in 2008 it was 19.7%.
was the only brand I knew and asked them for help. Now I realize how honest and decent persons they were, because they sold me two small and one big tractor - the same I would buy today. If I think again about the very beginning of the whole initiative, I think that being a professional boxer helped me to take such a risk and start the whole thing."

Starting his business, Mr. Mavrović perceived a huge risk - he was afraid that entering the Croatian market as a first mover with an eco-related story could be misunderstood by the public. However, he also knew that people appreciated him as an honest person and that his “social capital” as a celebrity could help him in being heard.

Regarding his motivation to start his business, Mr. Mavrović states: “Did you know that if you consumed an average apple you would be eating over 30 pesticides, even after you have washed it? I knew that in the mid 90s and my initial goal was not just to produce organic food but also to make people think and educate them about what they are putting inside their bodies. When I was first introduced to the concept of organic food through the macrobiotic movement, I have to admit that I was worried about my health and the health of my beloved ones. After a while I started noticing a difference between conventionally grown food and organic one, I started noticing how food should be and should taste. After all my greatest love is staying on the farm and walking in the fields, watching the growth of plants.”

(Re)Evolution of the Business Model

Picture 2. In the field

Mr. Mavrović situated his business on purpose in one of the most underdeveloped and poorest areas of Croatia, which had been torn apart by the civil war. He considered those impediments as advantages for his business model, believing that underdevelopment in his case meant less polluted land and other natural resources plus access to a motivated labour force. “One of the few things I knew from the beginning was that I have to build my Farm on land that had to be free of pesticides and fertilizers for at least 3 full years before I start my production, so that immediately I may qualify for organic certification. I knew that I have to play by strict rules, which also prohibit the use of synthetic growth hormones and antibiotics commonly used in non-organic food production and I loved it. Coming from a sport that had its ups and downs due to misusage of some forbidden substances by some people in the past, made me even more rigid in my decision to produce something in accordance with nature,” said Mr. Mavrović.

Visitors to Sloboština can now see the whole estate Mr. Mavrović created - the agricultural fields, cattle farm, mills, laboratories, and the educational centre. Today, Eco Farm Mavrović cultivates 15 different types of cereal and oilseeds from corn, barley, rye and sunflower crops to wheat, millet, oat and spelt spread over 350 hectares. Eco Farm Mavrović owns only 100 hectares. About half the land is leased under a 30-year agreement with the local government,
and the remainder is privately held. The firm recently started with ecological breeding of 1500 pigs and 100 cows, and the sale of meat products such as Kulen (traditional Croatian sausage), ham and lard.

“We were trying to convince him for quite a while to start raising live cattle. This kind of business model, if it is based really on organic agriculture, cannot be sustained without cattle. Sustainability is all about the circle. Manure is the basis of organic agriculture because it stimulates the growth of plants in a sustainable way,” said Hrvoje Sandukčić and Ivan Milićević, pioneers of organic agriculture in Croatia and Mavrović’s advisors. They continue, “Hundreds of people come every day and Željko is unbelievably patient in explaining everything […]. Along with all that, he is taking care of a constantly developing company, making it part of his life. We visited many organic agriculture farms from the Canary Islands to Scandinavia and this one is among the most advanced and tidiest of them all.”

Today Mavrović business model includes three independent entities: Eco Farm Mavrović, an organic grain and animal farm, Eco Centre Mavrović, a research and educational centre, and Eco Mavrović, a marketing, distribution and sales firm. Although each entity is separate, they are complementary and cooperate intensively.

Eco Farm Mavrović is the principle vehicle of the whole business model of organic food production, which is responsible for growing, manufacturing and processing organic food that is used throughout the business model (Chart I). As a pioneer of the Croatian organic food industry, Eco Farm Mavrović’s aim is to ensure environmental sustainability, bio-diversity and make available a complete range of certified organic products that are tasty, healthy, nutritional and safe to use. It is a limited liability company (Ltd.) with Mr. Mavrović as the sole owner. Eco Farm Mavrović is supported by two other independent entities:

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22 This list covers more than 30 different products and includes different brands from traditional Croatian cookies “Paprenjaci” and “Medanjaci” that are sold for 6-8 US$, to organic grains that are packed and sold on the mass market under the Mavrović brand.
**Eco Mavrović** is a privately owned limited liability company (Ltd.) under joint ownership that is responsible for marketing, distribution and sales of Eco Farm Mavrović’s products. This company leverages the Mavrović name in order to promote the business model and create value. A recently developed branding logo, “Mavrović personal experience,” unites Mavrović’s cluster and represents its core values. It also reminds the consumers that Mavrović has been present among them for nearly 20 years as a sportsperson and a businessperson. “It is interesting to notice,” says Mr. Mavrović, “that one third of our profit comes from the sale of semi products in different stages of the products life cycle such as organic grain that we are selling to end consumers but also to mills and two thirds are coming from the sale of products under the Eco Mavrović brand such as traditional Croatian cookies.”

**Eco Centre Mavrović** is a separate non-profit organization responsible for public education, knowledge transfer of organic food production and research. It is an agricultural cooperative with Mr. Mavrović as the current sole member-owner, but additional member-owners are being sought.

All three firms source from, cooperate with and sell to one another. “The main resource of our endeavor are our employees,” Mr. Mavrović says. “Our motto is that only a happy and content employee can contribute to making a successful business with the products of his labor.” Currently, there are 51 employees working in all three organizations, of which 35 work for Eco Farm Mavrović, 11 work for Eco Mavrović and 5 work for Eco Centre Mavrović. Today, the Mavrović group is by far the biggest local employer in Brestovac.

Chart I: Relationship between three organisations

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24 Ibid.

25 They are not a business group as a formal legal entity but they are called a group here as they are all connected through their co-owner Mr. Željko Mavrović.
Mr. Mavrović is particularly proud of the emphasis his businesses model has placed on workers’ rights. Since the Croatian war for independence, worker morale in the local community in general has been low and unemployment rates have been high. He has invested heavily in order to ensure that his employees are able to rebuild their homes and neighbourhoods for the first time since the War. “Our business model is labour intensive so it is no wonder that our working motto is that only a happy and content employees can contribute to making a successful business with the products of his/her hands.” Through his business model Mr. Mavrović actively promotes equal access to opportunities for women and men (Table IV). Many of his workers, due to the lack of formal qualifications, would otherwise have difficulties finding work. They employ women and men of all ages, as they want to develop context and provide a framework for constant dialogue between different generations of workers to compare personal and professional expectations, achievements and goals. “We believe that knowledge is not coloured by sex or age but with a will to learn and enthusiasm to share. Knowledge sharing is not like sharing a cake, after conversation you do not go away with half a cake each. Knowledge sharing is synergistic. In other words, you each enter into a conversation with a whole cake and each one comes away with an even bigger cake afterwards,” says Mr. Mavrović.

Table IV: Employee structure in Mavrović Group

<table>
<thead>
<tr>
<th>ECO FARM MAVROVIĆ</th>
<th>Gender</th>
<th>Age groups/according to gender</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
<td>19-29</td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>1</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>2</td>
<td>25</td>
<td>1(F)/4(M)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ECO MAVROVIĆ</th>
<th>Gender</th>
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<tr>
<td></td>
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<td>Male</td>
<td>19-29</td>
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<tr>
<td>Year</td>
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</tr>
<tr>
<td>2007</td>
<td>5</td>
<td>3</td>
<td>-</td>
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<td>3</td>
<td>-</td>
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<table>
<thead>
<tr>
<th>ECO CENTRE MAVROVIĆ</th>
<th>Gender</th>
<th>Age groups/according to gender</th>
<th>Education</th>
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<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
<td>19-29</td>
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<tr>
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<td>4</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>2</td>
<td>5</td>
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</tbody>
</table>

Overcoming Constraints

Eco Farm Mavrović faces constraints regarding the regulatory environment. As legislative and national standards do not correspond to EU regulations, Mr. Mavrović got engaged in political dialogue and regulatory framing. There were several reasons for his engagement. Firstly, he wanted to use his social capital and emphasize benefits of organic food production. Secondly, he wanted to sensitize politicians on organic farming issues. Thirdly, he wanted to
lobby for compliance with the EU regulatory framework in order to improve his chances for
the future export of organic products. To advance the practice of chemical-free, sustainable
farming, Mr. Mavrović became the new president of the Croatian farmer's union with 16,000
members. Through his position, he can spread the word about organic farming and lobby for
its cause. His organization speaks out on behalf of the whole Croatian organic food industry.

The second major constraint is the lack of motivated employees. While certain parts of
Croatia are recovering faster than others, in general Croatia’s economy was ravaged during
the War and has yet to recover. This has made it difficult for Mr. Mavrović to find
enthusiastic employees who are capable of sharing his vision. “It is still a problem but at the
beginning it was really challenging to find motivated workers among the people who after the
war lost the sense of life,” he says. “It was also challenging to find people with certain
competences in larger urban centers and bring them into an area where life is very simple
and the consequences of the War are still very present. I knew from the day I bought land
here that only with building a strong local community I have a chance to survive. A strong
local community is of vital importance to the sustainability of my business model.”

The third major constraint of Eco Farm Mavrović is the lack of familiarity with
organic farming practices that require considerably more skills than conventional
farming. To overcome this constraint, Eco Centre Mavrović, a spin-off in-house research,
educational and tourist center, was created. Besides promoting a healthy lifestyle and
sustainable rural tourism, it aims to build capacities among workers and local farmers to
produce products according to rigid organic standards and spread organic farming philosophy
amongst the wider public. In order to realize those goals, Mr. Mavrović employed a
psychiatrist, psychologist and a defectologist, along with two assistants.26 “The six of us make
a really good team together. At the moment I have land to produce more than enough grains,
cereals and oilseeds to satisfy the needs of my current business model but I want to spread the
word and help local farmers so that in the future we can help each other. I do not keep exact
statistics on how many local farmers were trained here but it is more than a couple of dozens.
When I will move to another product line I think that there is a chance to source fruits and
vegetables from them in the near future,” said Mr. Mavrović.

Targeted trainings for farmers include business
development, counseling and marketing.
Through the trainings, current and future
organic farmers learn how to tweak their
farming system to solve problems according to
organic farming practices. Providing training to
farmers that have previously been engaged in
conventional farming practices helps overcome
the so-called conversion period, which is the

26 This profession is typical in an eastern European medical school. In UK this profession is called SEN
educationalist.
most problematic. “It takes time to build a healthy farm ecosystem that copes well without synthetic crutches and it takes time for soil to heal,” says Mr. Mavrović.

A fourth constraint for the business is the lack of knowledge amongst consumers about the benefits of organic products. The emerging organic agricultural industry and the related market for organic products in Croatia are only beginning to develop, and currently only enjoy a marginal importance at the national level. According to the independent research agency GfK, only 9% of Croatian citizens regularly buy ecologically produced food. Most consumers think organic products are something exotic and very expensive and often perceive them as remedies.27

Nonetheless, consumers are increasingly concerned about the nutrition, health, and quality of food they eat.28 However, they are often not very familiar with the ecologically grown products in the market. Education and promotional activities for organic products, especially about available distribution channels, are of prime importance in order to grow the Croatian organic market.29

To address these knowledge gaps, Eco Centre Mavrović provides education through different daylong seminars and open-day events that cover topics such as ecology, health, psychology, meditation, healing, work/life balance and others. While some of these are free, the centre charges a minimal fee for others. They also organize mass events such as “Pumpkin days” where they promote local culture as well as organic food in general, which include 40 other organic and local food vendors from around Croatia. These educational activities of Eco Centre Mavrović are mostly funded by Eco Farm Mavrović. However, a business plan is currently being developed to make Eco Centre Mavrović self-sustainable. This will be implemented through offering longer seminars and life-long learning programs, and team-building seminars for businesspeople as well as agro tourism.

The fifth major constraint came from within. Starting an entrepreneurial journey in a highly competitive market such as organic food was a major career shift for Mr. Željko Mavrović and was a steep learning curve. But drawing from his previous life as a professional athlete, he was able to focus on what he needed to master quickly. “I needed to learn a lot of technology that was new to me. After I picked knowledge about producing organic grain, I had to consume a tremendous amount of knowledge related to management and organization, in specific about organizational processes, project management, sales, branding, marketing and everything else necessary for a successful business. To be honest I am still learning and I think that this process never ends. But, my heritage in sports and epistemology of being able to do anything with a lot of enthusiasm, hard work, training, dedication, courage and self-motivation helped me to overcome the challenges”. Despite challenges, Mr. Mavrović has shown how even in a very tough, war affected environment, an integrated business model focused tightly on a fast growing market niche can succeed. His social capital secured him some media attention and allowed him to become a familiar brand and establish consumer trust. But he also developed they key element of his business strategy - to create three

“Originally,” says Mr. Željko, “I only planned to grow organic grains. I educated myself about agriculture by talking to people who had practical experience. Soon I realized that a farmer and raw milk producer benefits the least and gets the smallest piece of the pie. I needed a value-added product. Since bread is the daily food found on the table of every Croatian family, making organic bread, rolls, and cookies was the logical step forward and I couldn’t do it without my partners.”

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ECO MAVROVIĆ KLARA – A LEARNING EXPERIENCE

In 2004, Eco Mavrović Klara was created. This joint firm is a result of prior successful cooperation between Eco Mavrović and Klara, the biggest chain of bakeries in Croatia. At the peak of its success in 2007, Eco Mavrović Klara employed around 70 people and produced 30,000 pieces of bread, pastry and similar products daily according to Eco Farm Mavrović’s original recipes. For Klara, the main motivation for this joint initiative was co-branding and raising public awareness of its other products. For Eco Farm Mavrović, it was a perfect way to gain knowledge about the production of bread and other complementary products. All the firm’s products were 100% natural and most were certified as organic. Instead of grinding dry grains into flour to make bread and other products, they invented a proprietary sprouting process to make bread without flour using sprouted whole organic grains.

Due to conflicting visions about how to further develop their model, they broke their partnership in 2008 and continued building their brands separately. Eco Farm Mavrović employed around 15 out of the 70 employees, while Klara employed the rest. “Klara couldn’t really keep up with our concept and ideas and the fact is that nobody is mentioning Klara in the media and all they talk about is Mavrović. It’s always hard to see that somebody else is getting more than you are, from the same thing you’re doing. They even told me directly that they would rather earn 1€ but do it themselves than 3€ by doing something together with somebody. [...] However, it was a valuable experience and I’ve learned a lot from it. [...] I know now that in order to make the whole business model more sustainable I need to cover as much phases of the value creation process as possible on one side, and on the other side, I know exactly what I want from my future partners,” says Mr. Mavrović and continues: “Now I work with Mlinar and I am sure that they know exactly what I want from them.”

MLINAR, BABIC AND AGROBIV – PARTNERS FOR QUALITY PRODUCTS

The quality of organic grain and oilseeds can be improved by implementation of the latest research on agronomic modifications of genotypes, crop management, crop rotation and soil fertility. The milling and baking processes are also key factors in producing bread of high baking quality, nutritional value, taste and flavour. Mlinar, Babic Bakeries and Agrobiv are three local companies whose core businesses are milling, bakery and distribution. Eco Farm Mavrović joined efforts with those companies in order to benefit from the companies’ potential value growth, knowledge transfer, potential savings from distribution to certain markets and easier access to financial resources. While trying to target potential partners in the milling industry, Eco Mavrović knew that it needed a partner who had the latest technology available in order to increase the fibre content in flour. The milling technique has a critical effect on both baking performance and nutritional value. An optimisation of the fermentation step with acidification process allows improvement in both the bioavailability of minerals and the sensory attributes of the resulting bread. Babic Bakeries and Agrobiv bake Mavrović’s products according to its special recipe. Eco Farm Mavrović sells them through Eco Mavrović grains and flour. Each of them produces 10-12 different types of bread, 10

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31 Source: Interview conducted with Mr. Željko Mavrović on 22nd Nov 2009 in Slobostina.
different types of pastries and 2-4 types of biscuits. Some 40% of daily production is of bread, another 57% is of pastries and 3% is all sorts of biscuits.33

Eco Mavrović has divided distribution and sales in the Croatian market between the northern-central part and southern part. Eco Mavrović used to have three different partners for the southern part of Croatian market. Now, Babic Bakeries controls the distribution in the southern and middle Adriatic coast, while Agrobiv covers distribution in the Primorsko-Goranska and Istrian counties. They also sell these products in the local retail chains such as Diona, Konzum, Merkator and some smaller local shops. Mlinar distributes the products it produces mainly through the Konzum retail chain.

**AGROKOR/KONZUM – PROVIDING ACCESS TO ORGANIC PRODUCTS FOR ALL CONSUMERS**

Mlinar is owned by the biggest food conglomerate Agrokor, whose core businesses are the production and distribution of food and drinks, as well as retail. Agrokor is the single owner of Konzum, the largest Croatian retail chain with a market share of more than 20%. Although Mavrović’s products are present in almost every bigger Croatian retail chain, more than 50% of its revenue is gained through Konzum’s stores.

**ZAGREBACKA BANK – A STRATEGIC PARTNERSHIP**

Eco Farm Mavrović has strong links with the biggest Croatian private bank Zagrebacka Bank. The bank even used Mr. Mavrović’s face and personality in a series of TV commercials through which it wanted to attract other entrepreneurs. Both partners benefit in this strategic partnership - Eco Farm Mavrović obtains access to credit on favorable terms and Zagrebacka bank benefits from using Mr. Mavrović for its promotional activities and as a role model for similar projects. That kind of co-operation and strategic alliance is an exception in Croatia. The strategic financial partnership resulted in credit lines under favorable conditions with a total amount of almost 1.5 million EUR over the last 5 years. Zagrebacka Bank sponsored and donated €275,862 to Eco Centre Mavrović for the development and implementation of educational programs such as eco-educational center, eco-gardening replication, eco-seeds saving bank and an animal zoo. Partially as a result of that cooperation, Zagrebacka Bank was inspired to set-up a special loans program for projects in environment protection, energy efficiency and renewable energy resources that stretched also to eco food production projects.

**Zagrebacka Bank – A Strategic Partnership**

Eco Farm Mavrović needs to borrow less money than conventional farmers for three reasons:

- Organic farmers need to buy less inputs such as fertilizers and pesticides
- Costs and income are more evenly distributed throughout the year
- Organic crops have higher pest and disease resistance, so there is no need to buy the same quantities of grain every year.

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33 During the year (from September to May) Agrobiv produces on average some 6,000-7,000 pieces during the week. During summer, its production can rise to 16,000 pieces daily. It sells these products in retail chains such as Pldine, Brodokomerc, Billa, Diona, Konzum, Merkator and some local smaller shops. During the year (from September to May) Babic bakeries produce on average some 2,500 pieces, and during summer its production can rise to 3,500 pieces daily.
The partnership with Eco Farm Mavrović is a perfect learning experience for Zagrebacka Bank, as they have learnt how to adjust their products for similar medium entrepreneurs, especially the ones from the farming sector.

Results Created by the Business

Table IV: Potential benefits of organic food production

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Potential benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Increased diversity, long-term soil fertility, high food quality, reduced pest/disease, self-reliant production system, stable production</td>
</tr>
<tr>
<td>Environment</td>
<td>Reduced pollution, reduced dependence on non-renewable resources, negligible soil erosion, wildlife protection, resilient agro-ecosystem, compatibility of production with environment</td>
</tr>
<tr>
<td>Social conditions</td>
<td>Improved health, better education, stronger community, reduced rural migration, gender equality, increased employment, good quality work</td>
</tr>
<tr>
<td>Economic conditions</td>
<td>Stronger local economy, income security, higher wages, increased returns, reduced cash investment, lower risk</td>
</tr>
</tbody>
</table>


ENVIRONMENTAL RESULTS

Global warming is creating increasingly unpredictable weather patterns. Eco Farm Mavrović is aware that conventional intensive modern farming methods erode soil, destroy ancient hedgerows and decimate wild life. They are also aware that organic farms have higher yields than conventional crops under stress caused by drought, heat, excessive rain or unseasonably-cold-or-hot weather. Organic farms ban artificial pesticides. Any pesticides or fertilizers used on organic food are made of natural materials. Eco Farm Mavrović uses advanced agricultural practices such as crop rotation, compost usage, weed chopping, crop substitution, soil conservation and integrated pest management.

Commerically grown vegetables are usually chemically treated while still in the ground, exposing the soil to a chemical cocktail that forever changes its properties and possibly seeps into our water supply. These chemicals are harmful to consumers’ health. Furthermore, these harmful chemicals also kill many organisms and animals, significantly affecting natural ecosystems and their biodiversity. Organic farming methods replace herbicides with mechanical cultivation and other soil management practices that provide weed control.

Due to fact that Eco Farm Mavrović does not use any of these chemicals, pollution, damage to the soil and water as well as harm to animals and insects are thus minimized. Due to its importance in closing the natural loop of organic farming, the modern fertilisation system was one of first big investments made by Eco Farm Mavrović. Nutrient losses in the form of ammonia, nitrate or phosphorus from farmyard manure tend to be higher than from mineral fertilisers.34 Spreading organic fertilisers has a clear positive effect on a range of soil quality indicators such as organic matter content, aggregate stability, microbial biomass and activity.

as well as earthworm biomass. Higher positive environmental impacts in organic fertilizers are often found for global warming potential, ozone formation, eutrophication and acidification compared to industrial fertilizers.\textsuperscript{35}

Different synthetic inputs upon which commercial agriculture is so dependent are resource intensive to produce. Today the embodied energy of commercial agriculture uses up to 9 calories for every calorie of food that it produces.\textsuperscript{36} Energy consumption in organic farming is much smaller than the one used by commercial agriculture. Organic agriculture, which has low input needs, produces less greenhouse gas emissions and is considerably more climate friendly. Eco Farm Mavrović uses around 30\% less fossil energy than comparable modern commercial farmers and also produces less waste.\textsuperscript{37} While buying new equipment for Eco Farm Mavrović, one of the principle criteria is energy efficiency. The company is also aware that its water use is well below that of commercial agriculture per kilogram of food produced. The philosophy of Eco Farm Mavrović is that the human body is still more efficient than any machine when it comes to certain phases of organic agriculture, so it employs local people whenever it can.

**SOCIAL RESULTS**

Employees who work on organic farms such as Eco Farm Mavrović are better off than those who work on commercial farms, as they are less exposed to harmful chemicals. Chemical pesticides that are used on commercial farms end up not only in the atmosphere, but also on the bodies of farm workers. Due to a lack of other opportunities, the local people in the area around Sloboština used to get involved in these kinds of activities and such exposure caused them short-term illnesses including abdominal pains, dizziness, headaches and skin problems as well as long-term diseases including cancer and respiratory problems. At Eco Farm Mavrović workers are not exposed to any sort of chemicals.

Moreover, employees have much better working conditions. “I have been working here for the last three years and I learn something new every day. After I finished with the secondary school I thought of going to live and work in some bigger city […]. [At] Eco Farm Mavrović […] I earn a fair wage and, most importantly, it comes every month on the same date. The company is paying for my retirement plan, I have health insurance, paid sick leave, paid vacation, bonus if I get child and paid paternity. Due to all of that I am thinking of building my family here and one day start with organic farming myself. I have one small piece of land that is my families’ heritage where I could start and Mr. Mavrović promised to help if I ever do it. Above everything I work here because I hope my life will have some small impact on the lives of others,” said one of the workers, Mr. Milan Ivanović, who was born in a village nearby Sloboština.


However, an obstacle to greater inclusion is the fact that the productivity of organic food production is substantially lower (especially at the beginning) than of commercial agriculture. Proponents of industrialized, commercial agriculture point to its potential to satisfy the hunger of many. However, in the long run, commercial agriculture’s advantages may dwindle. According to a report from the Directorate-General for Agriculture of the European Commission, productivity gains attributed to GM crops are usually negligible when growing conditions, farmer experience and soil types are factored in, and are often in fact negative. The main advantages relate to convenience because crops are engineered to tolerate herbicides or resist pests. In fact, the characteristics of organic farming work to the benefit of socially under-privileged groups, since it requires greater interaction between a farmer and his crop for observation, timely intervention and weed control. It is inherently more labour intensive than commercial chemical/mechanical agriculture.

As its business grew, Eco Farm Mavrović simultaneously developed pro-poor policies, providing local farmers and its employees with knowledge transfer and capacity building opportunities in all phases of organic food production. This was done free of charge through Eco Centre Mavrović. In order to promote awareness of organic farming among participants, information and teaching materials adapted to the relevant educational levels were developed and tried out through workshops, focus groups and seminars. A number of specific topics, such as business plan development, marketing and labelling for organic products, site-specific fertilizing and sowing process, yield mapping in grain production, different aspects of technology usage, business life cycle management, legal aspects of organic farming, effective communication and conflict management techniques were covered. One of the important objectives of this programme is to provide awareness amongst farmers about financial performance and the manner in which it relates to the achievement of personal and business objectives. In the past, farmers did not pay much attention to different business life cycles and the financial performance of their models, so they faced serious problems when the markets underwent a downturn, especially during the recent global economic crisis that begun in 2008. All this resulted in higher labour efficiency and further employment generation for local farmers, as well as better working conditions for Eco Farm Mavrović’s employees. The education of fellow farmers is particularly important to Mr. Mavrović. “Together, Eco Farm and Eco-Center generate the experience and knowledge needed to help family farms transition to organic agriculture on the one hand, and on the other, they provide examples of how following the principles of organic agriculture can help the agricultural industry to be successful and competitive in the international market.”

In 2009, Eco Centre Mavrović started a new project that is based on a rehabilitation process for addicts in combination with organic food production. In the future, drug, alcohol and gambling addicts will get a chance to start over and learn something new through working for Eco Farm Mavrović. For Saša from Zagreb, Sloboština has been his home for the past 8 months and he enjoys working there. Only a couple of years ago, he was changing jobs frequently and was addicted to drugs. “I really hit the bottom and I almost spent all the

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money I had earned and my family had but I had luck,” said Saša. “[…] I heard about Mr. Mavrović and what he tries to do here. I’ve been learning a lot from Mr Mavrović, he’s a true visionary. I feel much better since I’ve been staying here and now I dream of starting something small by myself connected to organic farming on that small piece of land I’ve inherited from my parents.”  

Eco Centre Mavrović started this project for social reintegration of rehabilitated addicts together with the non-for-profit organization Net+. The project is based on the social farming model. Social farming in Europe integrates people recovering from different addictions, psychiatric, mental or physical diseases, handicaps, the poor and the long-term unemployed. Their goal is to enrol six users in the program and prepare them for a new life. They will live together with Saša, who will be in charge of this small community. Former addicts will not have to pay for accommodation and will get an allowance of around US$ 200 every month. When the experts estimate that they are well enough, they will be able to leave the community (after around 6 months to a year) and try to start their own business venture based on organic farming.

**ECONOMIC RESULTS**

Many farmers who adopted organic farming methods were motivated by reasons related to the health and safety of their families and consumers and by idealistic convictions about soil and land stewardship. However, several comparisons show that organic farming equals or exceeds conventional farming in its economic performance. In general, expenses are lower and the income is greater due to a price premium (on average around 30%). In addition, established organic farmers are less vulnerable to natural and economic risks than conventional farmers because their systems are more diversified.

Eco Farm Mavrović diversified their business by growing several crops at one time, and they have livestock from which they recently started producing several products. Diversity of crops on organic farms provides some protection from adverse price changes in a single commodity. Diversified farming also provides a better seasonal distribution of inputs. Crop rotation also reduces risk by growing several crops at the same time and the farm’s income is buffered from both price fluctuations and crop failure. With a wider variety of products being grown, including livestock on some farms, the risks of market fluctuations and weather are minimized.

The land’s designation as a “War Affected Area” allowed Mr. Mavrović to emerge as a local leader in the area’s economic recovery process. Eco Farm Mavrović not only makes the local economy stronger, but also provides the local people with a reason to stay in the area, as it provides them with income security. In addition, the wages at Eco Farm Mavrović are on average higher compared to the national average for agriculture (Table VI). Due to the  

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40 Source: Interview conducted with Mr. Željko Mavrović on 22nd November 2009 in Slobostina.
economic crisis, a small decline in 2008 was observed, but Eco Farm Mavrović’s management is confident of reversing that.

Table V: Wages in Eco Farm Mavrović and national average

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco Farm Mavrović</td>
<td>799.98</td>
<td>842.21</td>
<td>794.06</td>
</tr>
<tr>
<td>National Average</td>
<td>682.55</td>
<td>707.86</td>
<td>780.82</td>
</tr>
<tr>
<td>Difference</td>
<td>+ 17.2%</td>
<td>+ 18.97%</td>
<td>+ 1.70%</td>
</tr>
</tbody>
</table>

**Progress and Future Plans**

In just six years (from 2001 to 2007) Mr. Mavrović managed to build a sustainable business model around organic food production. He believes that our resources are limited and that they must be preserved for future generations, instead of being exploited to exhaustion. In 2008, Mr. Mavrović rejected an initial public offering deal, explaining that he wants to share his vision with other people who are interested in wellbeing in a broader sense, not just financial gain. Leading by example, Eco Farm Mavrović is now a leader of the Genetically Modified Organisms (GMO)-free movement and organic food production in Croatia. At the moment Eco Farm Mavrović is slowly expanding into new products, such as organic meat and dairy production. “We are perfectly aware,” Mr. Mavrović says, “that the speed and dynamic at which we adjust to meet the constantly changing market and business situations is crucial. In the modern economy there is no status quo and you have to constantly move in order to compete.”

In early 2009, Eco Farm’s predominant focus on grain production expanded to include cattle breeding and pig farming. While the animals provide additional products and income sources, Mavrović’s main interest was “closing the natural cycle of fertilization and food in the agricultural part of our work.” In the future, Eco Farm Mavrović aims to be engaged in the whole value chain from seed to shelves, meaning that the company wants to control the distribution and sales of its products to a greater degree. “It is not the same thing if people you pay and people that believe in your product are people who are selling it. I want people that are selling my products not to be just people that have sales as their principle motive, but education. [...] I see a huge opportunity in the fact that organic products are imported mostly from EU countries. I also know that if I manage to fight other products here in our domestic market, I can fight with them anywhere.”

At Eco Mavrović, the employees and managers are also aware that in order to get a higher market share they have to create awareness amongst consumers, especially on the nutritional value of organic produce. They are also aware that the major constraints for increasing consumption of organic products are the higher prices relative to other similar products and still rather poor availability in mass distribution. Thus, they plan to promote better availability.

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of their products in all major retail chains. Eco Mavrović is even thinking about developing a chain of their stores. They started with one small point of sale in the biggest shopping centre in Zagreb, which turned into a real store in November 2009. Consumers can buy all products produced under the brand Eco Mavrović, from meat to dairy and bread at this store. Eco Mavrović also bought an old bakery in Nova Gradiska, around 30 km from Sloboština, to try to regain the market share it lost due to the dissolution of its partnership with Klara. Its production target is 10,000 pieces.

“*It is true that at the beginning I didn’t know what exactly I wanted and as my business model grew I got a better and better picture of what exactly I want. Now I know that my priorities are connected to strengthening sincere communication among all parties involved, better organization of organic agriculture, sustainable relationships with final buyers and education for all - especially buyers and my colleague farmers. Farmers shouldn’t be stubborn and grow plum trees because ones father and grandfather did it, if nobody wants to buy those plums. One has to discover what the world wants, adapt and change what one does. […] My goal is to bring that faith back to farmers,”* says Mr. Željko.

Eco Mavrović is aware of the fact that the worldwide organic grain shortage is critical. In the future, experts in the field expect the problem to get worse, as demand for organic grain increases in more countries around the globe with population growth. Furthermore, there is a probability of higher frequency of crop failures due to environmental changes including droughts and global warming. One of the disadvantages of organic farming, however, is its availability in general. Consuming organic products can limit people’s options. However, due to the rise in demand for organic products and the willingness of some customers to pay a premium, organic farming seems to be a sustainable income opportunity with future potential for farmers.

“*When it comes to my business, it is clear that I’m trying to encourage constant growth, because agriculture is a complicated mechanism that functions better if you're creative,”* says Mr. Mavrović. After cereal, oilseeds and cattle, Eco Farm Mavrović will try to enter the fruits and vegetables business. “*I’m not afraid to present my ideas because I'm already three steps ahead from what you see here and now. It's vital in entrepreneurship as it is in doing sports. If you can do that, then you have no real competition because when other people accomplish what you have accomplished, you’re already far ahead of them.”*

With regards to whether he wants to continue with day-to-day management or if he thinks that it is time to engage professional managers so that he can devote more time to the company's core ideas, Mr. Mavrović says, “*At the end I want to emphasize that I am aware that there is still a lot to do, but when I look backwards on the road we’ve passed I feel only pride. Recently I have started to think about leaving certain parts of my business model to professionals and concentrate myself on two things - farming and education. […] I may be naïve, but I believe that what I do day in and day out does make a difference.”*
References

- Personal interviews with Mr. Željko Mavrović, September 2009 – February 2010
- Personal interviews and conversations with employees of Eco Mavrović, November 2009
- Personal conversations with other stakeholders, September-November 2009

INTERNET SOURCES

Annexes

ANNEX 1: QUICK FACTS ABOUT CROATIA

Croatian national flag

Area: Land: 55,974 sq km
Water: 620 sq km
Total: 56,594 sq km
Total: 34,80 sq mi

Population: 4,489,409 million

Religion: Roman Catholic 87.8%, Orthodox 4.4%, other Christian 0.4%, Muslim 1.3%, other and unspecified 0.9%, none 5.2%

Official currency: Kuna (HRK)
Languages: Croatian (official language)
Capital City: Zagreb (779,145)
Ethnic Groups: Croat 89.6%, Serb 4.5%, other 5.9% (including Bosniak, Hungarian, Slovene, Czech, Roma and other minorities)
Government: Presidential/parliamentary democracy
GDP: $61.72 billion (2009 est.) USD
GDP per capita: $17,600 (2009 est.)

44 CIA’s World Factbook on Croatia, https://www.cia.gov/
ANNEX 2: MAP OF CROATIA

Source: CIA – The World Factbook

### ANNEX 3: ORGANIC FOOD PRODUCTION IN CROATIA

#### Table IV.1: Surface areas under organic agriculture

<table>
<thead>
<tr>
<th>Year/Surface (ha)</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tbody>
<tr>
<td>Fields</td>
<td>49,497</td>
<td>2,494</td>
<td>2,386</td>
<td>2,214</td>
<td>2,957,92</td>
<td>2,915,69</td>
<td>2,800</td>
</tr>
<tr>
<td>Orchards</td>
<td>-</td>
<td>27</td>
<td>34</td>
<td>84</td>
<td>200,93</td>
<td>574,72</td>
<td>729</td>
</tr>
<tr>
<td>Vineyards</td>
<td>-</td>
<td>43</td>
<td>30</td>
<td>30</td>
<td>31,93</td>
<td>74,84</td>
<td>212</td>
</tr>
<tr>
<td>Olive farms</td>
<td>-</td>
<td>2</td>
<td>3</td>
<td>26</td>
<td>36,98</td>
<td>82,83</td>
<td>100</td>
</tr>
<tr>
<td>Meadows and pastures</td>
<td>-</td>
<td>940</td>
<td>146</td>
<td>740</td>
<td>2,620,10</td>
<td>3,495,81</td>
<td>5,603</td>
</tr>
<tr>
<td>Fallow land</td>
<td>2,2883</td>
<td>-</td>
<td>3</td>
<td>27</td>
<td>101,80</td>
<td>40,15</td>
<td>400</td>
</tr>
<tr>
<td>Forests</td>
<td>-</td>
<td>-</td>
<td>52</td>
<td>60</td>
<td>58,58</td>
<td>86,94</td>
<td>82</td>
</tr>
<tr>
<td>Vegetables</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>92,17</td>
<td>95</td>
</tr>
<tr>
<td>Medicinal herbs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>214,14</td>
<td>226</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>51,78</td>
<td>3,506</td>
<td>2,654</td>
<td>3,184</td>
<td>6,008,24</td>
<td>7,577,29</td>
<td>10,010</td>
</tr>
</tbody>
</table>

#### Table IV.2: Total surface area under agricultural production by counties for 2008

<table>
<thead>
<tr>
<th>County</th>
<th>Surface (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Zagreb</td>
<td>26,6281</td>
</tr>
<tr>
<td>Zagrebačka</td>
<td>880,23063</td>
</tr>
<tr>
<td>Splitsko-dalmatinska</td>
<td>195,0891</td>
</tr>
<tr>
<td>Osječko-baranjska</td>
<td>2,337,3366</td>
</tr>
<tr>
<td>Istarska</td>
<td>98,4827</td>
</tr>
<tr>
<td>Požeško-slavonska</td>
<td>1,019,028</td>
</tr>
<tr>
<td>Šibensko-krninska</td>
<td>139,5002</td>
</tr>
<tr>
<td>Koprivničko-križevacka</td>
<td>66,2351</td>
</tr>
<tr>
<td>Bjelovarsko-bilogorska</td>
<td>201,7772</td>
</tr>
<tr>
<td>Međimurska</td>
<td>67,2603</td>
</tr>
<tr>
<td>Karlovačka</td>
<td>365,8178</td>
</tr>
<tr>
<td>Vukovarsko-srijemska</td>
<td>212,4309</td>
</tr>
<tr>
<td>Varaždinska</td>
<td>79,94012</td>
</tr>
<tr>
<td>Ličko-senjska</td>
<td>283,8505</td>
</tr>
<tr>
<td>Brosako-posavska</td>
<td>860,6771</td>
</tr>
<tr>
<td>Virovitichko-podravska</td>
<td>305,2724</td>
</tr>
<tr>
<td>Sisačko-moslavačka</td>
<td>2,401,7599</td>
</tr>
<tr>
<td>Zadarska</td>
<td>356,6569</td>
</tr>
<tr>
<td>Krapinsko-zagorska</td>
<td>11,5375</td>
</tr>
<tr>
<td>Dubrovačka</td>
<td>5,29</td>
</tr>
<tr>
<td>Primorsko-goranska</td>
<td>96,0503</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>10,010,85</td>
</tr>
</tbody>
</table>

#### Table IV.3: Number of organic producers by counties for 2008

<table>
<thead>
<tr>
<th>County</th>
<th>Number of producers</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Zagreb</td>
<td>44</td>
</tr>
<tr>
<td>Zagrebačka</td>
<td>61</td>
</tr>
<tr>
<td>Splitsko-dalmatinska</td>
<td>17</td>
</tr>
<tr>
<td>Osječko-baranjska</td>
<td>89</td>
</tr>
<tr>
<td>Istarska</td>
<td>18</td>
</tr>
<tr>
<td>Požeško-slavonska</td>
<td>27</td>
</tr>
<tr>
<td>Šibensko-krninska</td>
<td>10</td>
</tr>
<tr>
<td>Koprivničko-križevacka</td>
<td>17</td>
</tr>
<tr>
<td>Bjelovarsko-bilogorska</td>
<td>46</td>
</tr>
<tr>
<td>Međimurska</td>
<td>13</td>
</tr>
</tbody>
</table>

---

All provided by Croatian Ministry of Agriculture, Fisheries and Rural Development
<table>
<thead>
<tr>
<th>Region</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karlovačka</td>
<td>23</td>
</tr>
<tr>
<td>Vukovarsko-srijemska</td>
<td>28</td>
</tr>
<tr>
<td>Varaždinska</td>
<td>14</td>
</tr>
<tr>
<td>Ličko-senjska</td>
<td>9</td>
</tr>
<tr>
<td>Brosaco-posavska</td>
<td>39</td>
</tr>
<tr>
<td>Virovitčko-podravska</td>
<td>23</td>
</tr>
<tr>
<td>Sisačko-moslavačka</td>
<td>94</td>
</tr>
<tr>
<td>Zadarska</td>
<td>28</td>
</tr>
<tr>
<td>Krapinsko-zagorska</td>
<td>9</td>
</tr>
<tr>
<td>Dubrovačka</td>
<td>5</td>
</tr>
<tr>
<td>Primorsko-goranska</td>
<td>18</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>632</strong></td>
</tr>
</tbody>
</table>
ANNEX 4: Balance Sheets of Eco Farm Mavrović 2005-2007

### Assets

<table>
<thead>
<tr>
<th>No.</th>
<th>Position</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.A</td>
<td>Receivables for Issued but Not Paid Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.B</td>
<td>Long-Term Assets (3+4+5+6)</td>
<td>487,189.33 $</td>
<td>549,616.33 $</td>
<td>785,915.90 $</td>
</tr>
<tr>
<td>3.I</td>
<td>Intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4.II</td>
<td>Tangible assets</td>
<td>487,189.33 $</td>
<td>549,616.33 $</td>
<td>785,915.90 $</td>
</tr>
<tr>
<td>5.III</td>
<td>Financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6.IV</td>
<td>Receivables</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7.C</td>
<td>Circulating Assets (8+9+11)</td>
<td>1,121,190.42 $</td>
<td>1,476,306.67 $</td>
<td>1,370,200.40 $</td>
</tr>
<tr>
<td>8.I</td>
<td>Inventory</td>
<td>342,536.02 $</td>
<td>290,295.72 $</td>
<td>447,882.97 $</td>
</tr>
<tr>
<td>9.II</td>
<td>Receivables</td>
<td>607,777.09 $</td>
<td>756,346.16 $</td>
<td>727,248.36 $</td>
</tr>
<tr>
<td>10.III</td>
<td>Financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11.IV</td>
<td>Money in the account and in the counter</td>
<td>170,877.31 $</td>
<td>429,664.79 $</td>
<td>195,071.07 $</td>
</tr>
<tr>
<td>12.D</td>
<td>Future-Period Paid Costs and Collection of Non-Maturity Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>13.F</td>
<td>Total Assets (1+2+7+12+13)</td>
<td>1,608,379.75 $</td>
<td>2,025,923.00 $</td>
<td>2,156,118.30 $</td>
</tr>
</tbody>
</table>

All numbers shown are in US dollars (1 $=5.39 HRK)

### Liabilities and Stockholders' Equity

<table>
<thead>
<tr>
<th>No.</th>
<th>Position</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.A</td>
<td>Capital and Reserves (17+18+19+20+21-22+23-24)</td>
<td>1,315,306.79 $</td>
<td>1,752,403.00 $</td>
<td>1,940,163.39 $</td>
</tr>
<tr>
<td>17.I</td>
<td>Issued capital</td>
<td>632,653.06 $</td>
<td>632,653.06 $</td>
<td>632,653.06 $</td>
</tr>
<tr>
<td>18.II</td>
<td>Issued shares premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>19.IV</td>
<td>Reserves</td>
<td>210,022.76 $</td>
<td>210,022.76 $</td>
<td>210,022.76 $</td>
</tr>
<tr>
<td>20.V.a</td>
<td>Retained earnings</td>
<td>-</td>
<td>272,653.70 $</td>
<td>512,809.76 $</td>
</tr>
<tr>
<td>21.V.b</td>
<td>Accumulated losses</td>
<td>16,654.82 $</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>22.VI.a</td>
<td>Current year profit</td>
<td>455,976.15 $</td>
<td>637,073.48 $</td>
<td>584,677.81 $</td>
</tr>
<tr>
<td>23.VI.b</td>
<td>Current year loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>24.B</td>
<td>Long-Term Reservation for Risks and Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>25.C</td>
<td>Long-Term Obligation</td>
<td>-</td>
<td>79,131.89 $</td>
<td>70,100.40 $</td>
</tr>
<tr>
<td>26.D</td>
<td>Short-Term Obligations</td>
<td>326,391.61 $</td>
<td>194,455.42 $</td>
<td>196,186.49 $</td>
</tr>
<tr>
<td>27.E</td>
<td>Deferred Cost Payment and Future Period Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>28.F</td>
<td>Total Liabilities and Stockholders Equity</td>
<td>1,641,698.40 $</td>
<td>2,025,990.31 $</td>
<td>2,206,450.28 $</td>
</tr>
</tbody>
</table>

All numbers shown are in US dollars (1 $=5.39 HRK)
ANNEX 5: INTERVIEWS

1st INTERVIEW

Date: 22nd September 2009

Place: Zagreb, Croatia

Participants: Mr. Mislav Ante Omazić; Mr. Željko Mavrović (owner of Eco Farm Mavrović)

Mr. Omazić: First of all I wanted to thank you for accepting to meet me. Can you please tell me more about your business model? How you started it and how the story goes from there?

Mr. Mavrović: The idea about starting an agricultural business came first. When I started I didn’t know much about farming. I knew that I wanted to build something in accordance with nature but to be honest it seems a crazy idea from today’s perspective. If I had known how complex it would be, maybe I would have thought twice about the whole project. I remember that right after I bought land, I knew I had to buy tractors so I went to Germany to a biggest agricultural fair. When I got there, I was shocked about the variety of possibilities. I didn’t know anything about those machines apart from the fact that I needed some, so I approached two sales representative of John Deere since that was the only brand I knew and asked them for help. Now I realize how honest and decent persons they were, because they sold me two small and one big tractor - the same I would buy today. If I think again about the very beginning of the whole initiative, I think that being a professional boxer helped me to take such a risk and start the whole thing. Now I am living my dream on Rudolf Steiner’s heritage.

Mr. Omazić: And what was the dream?

Mr. Mavrović: An entrepreneur always has a dream. Skill, hard work, and a small share of luck turn that dream into a successful business model. Whenever we think how to improve our firm we always think through the prism of resource-conservation, and environmentally sound and socially responsible behavior. We always try to think in terms of sustainable agriculture, sustainable energy, sustainable development and sustainable economics.

Mr. Omazić: So you’ve based your whole business model on sustainability. Can you describe me how you grew?

Mr. Mavrović: In the beginning it was learning experience and I had to invest lot of energy to start up an estate, starting an environment friendly production, proving that you can survive on the market by offering organic food to buyers.
Organic agriculture is not so accepted and understood by the public but my opinion is that it's the only sustainable way to go in the future. I started with 100 acres; today we're producing organic food at 400 acres. Right now we're sitting at the Educational Centre. We set it up a year or two after starting with the whole agricultural production because I think education is single most important thing. We do research in organic agriculture here. It's nothing pretentious though. We do research about plants, which are important and usual for this geographical area and for our production. People who are interested in this often come here to visit and we take them around, show them the research results, machinery, compost bin etc. It's a way of educating my co-workers and others who are interested in this. There are so many people coming here, from kids, teenagers, and students to farmers and businessmen.

Mr. Omazić: You are often in media presented as symbol of eco movement in Croatia. Does organic food production has its future unless more farmers start doing it? If so, are you afraid to lose your competitive edge?

Mr. Mavrović: I'm not afraid to put out my ideas in the open because I'm already three steps ahead from what you see here and now. It's vital in business like it is in doing sports. If you can do that, then you have no real competition because when other people accomplish what you have accomplished, you're already far ahead of them. Only if you're completely honest and open you can find people similar to you and you will be able to enjoy your development together. I believe that knowledge is not coloured by sex or age but with a will to learn and enthusiasm to share. Knowledge sharing is not like sharing a cake, after conversation you do not go away with half a cake each. Knowledge sharing is synergistic. In other words, you each enter into a conversation with a whole cake and each one comes away with an even bigger cake afterwards. The world is wrong in hiding and patenting things that can be of general well being. This is why I like to visit European fairs where people who produce similar things share their ideas without hiding anything. Ecology is the relation between humans and nature but it descends from humans. How can you give back something to the environment if you can't even share it with the man standing next to you? I think that production has changed in many ways and Croatian producers weren't keeping track with the changes arising.

Mr. Omazić: And what about legal framework?

Mr. Mavrović: Our laws ban the import of genetically modified organisms. While I am the president of the farmers' union, I'll give my best that things stay the way they are now.

Mr. Omazić: And what about future?
Mr. Mavrović: As it takes time to build a healthy farm ecosystem that copes well without synthetic crutches and as it takes time for soil to heal it also takes a while for business system to adjust. We are perfectly aware that the speed and dynamic at which we adjust to meet the constantly changing market and business situations is crucial. In modern economy there is no status quo and you have to constantly move in order to compete.

Mr. Omazić: Do you think the world will really destroy itself through its stomach?

Mr. Mavrović: It depends on how people will continue to act, not knowing their possibilities and not caring about harming themselves or not. That is why people should learn things they have forgotten again. Along with all the knowledge the modern humanity has, I bet most of the people would die in a forest being surrounded by food.

2nd INTERVIEW

Date: 11th November 2009
Place: Sloboština, Croatia
Participants: Mr. Mislav Ante Omazić; Mr. Željko Mavrović (owner of Eco Farm Mavrović)

Mr. Mavrović: How are you doing? Was it hard to find us?

Mr. Omazić: No, it wasn't at all especially the last part as I think your Farm is almost everything there is in Slobostina. By the way I'm doing great. Let's talk about the thing we're here for. I prepared some questions for you so we can start with this. You can also show me around so I see how everything looks like and meet your co-workers. Do you provide accommodation for visitors?

Mr. Mavrović: No problem I will show you around after we finish our interview and I’ll ask some of my co-workers to help you on information. I have to warn you that they are a bit shy but I’ll try to encourage them.

No we do not provide accommodation. Visitors usually come in the morning and leave in the evening. But we're planning to do something about it and provide accommodation in the near future. Nothing too fancy though.

Mr. Omazić: So Eco Mavrović is the distributor and sales representative for everything produced here?
Mr. Mavrović: Yes, that's right. The company Eco Mavrović mainly produces, processes and distributes its products. It includes meat products and sales.

Mr. Omazić: When it comes to sales, can you please tell me some details about the sales of your products?

Mr. Mavrović: When it comes to the bakery business, we produce bread, bagels and cookies. Meat products include pork in about 10 forms (kulen, bacon, sausages etc.). We had great results in sales of all our products in the past few years. This year was not so good though but I think it's not because of the crisis. I had to shut down the Mavrović Eco Klara Company so it cut down our profits by half. But we're not doing that bad though. I also have a few loans that I have to pay back; I bought my first bakery shop etc.

Mr. Omazić: You were saying something about how you want your companies to cover all parts of the production chain in this business. Are you planning to start a chain of your own stores?

Mr. Mavrović: We are planning to do something like a chain of our stores. We had one little point of sale in the City Centre mall in Zagreb, which was just a stand at first, but it turned into a real store this week. You can buy a lot of things there, meat, dairy, bread etc.

Mr. Omazić: Yes, I certainly think there's demand on the market for such a store. What was the reason for shutting down the Mavrović Eco Klara Company?

Mr. Mavrović: There's a lot of ego in this story. Klara Company couldn't really keep up with our concept and ideas and the fact that nobody is mentioning Klara in the media and all they talk about is Mavrović. It's always hard to see that somebody else is getting more than you are from the same thing you're doing. They'd rather earn 1 kuna but do it themselves than 3 kunas by doing something together with somebody. But that's life.

Mr. Omazić: I can tell you 2 things. The first reason in the world to acquire anything is ego and the second reason is exactly what you said. My opinion is that it's the whole story behind equity funds too.

Mr. Mavrović: I think it all comes down to freedom; people often think they won't be free if they have a partner in their business. It's all about psychology.
Mr. Omazić: One of my ex students got a job in Klara. He says the same thing you're saying. All they do is business as usual. If he has something to add or wants to change something, they tell him that this is how they have been doing it for 50 year and they won't change it now. They don't even see that that is their problem in fact. Every system and organism has to develop; you have to change things along the way.

Mr. Mavrović: Well I forgive everything to them. I was planning to do something with Mlinar as Agrokor acquired them and I'm functioning really well with Agrokor. But then Agrokor decided to sell Mlinar and now I'm at the start again.

Mr. Omazić: How much do you produce per day?

Mr. Mavrović: Sometimes it goes up to 30 000 pieces of bread loafs and bagel per day. Right now we produce from 13000 to 15000 per day. Konzum is our main distributor but Mercator, Billa and some small stores are our good partners too.

Mr. Omazić: Do you advertise your products somehow at the points of sale?

Mr. Mavrović: No, unfortunately nothing much. There's a label with our logo but nothing more and I know we should but at the moment we are focused on some other things.

Mr. Omazić: They don't let you do more or?

Mr. Mavrović: It's a bit of that but I think there's no point in doing more either.

Mr. Omazić: You were saying how educating the public is really important for you. Have you ever thought about some kind of flyers or something?

Mr. Mavrović: We already give out flyers about our company and organic agriculture.

Mr. Omazić: What about Mavrović Group?

Mr. Mavrović: I'm the owner of Eco Farm and partially of Eco Mavrović. Eco Centre is registered as an agricultural cooperative and I'm not registered as an owner or anything there. 3 women are employed there, a psychiatrist, psychologist and defectologist. The 4 of us make
a really good team together. There's also the Eco association and we often apply for various projects together with other organizations and it's a way of being socially responsible too.

Mr. Omazić: How many employees do you have right now?

Mr. Mavrović: About 50 and I can’t tell precise number due to two reasons. One is that they are constantly shifting between organizations and second is that we keep on employing new people so I just lost track. The main resource of our project is our employees. Our business model is labour intensive so it is no wonder that our working motto is that only a happy and content employees can contribute to making a successful business with the products of his/hers hands.

Mr. Omazić: I’ve read that you had 51 employee in 2007. Is there exact data about where they're employed?

Mr. Mavrović: About 10 people work in Eco Mavrović and about 30 in Eco Farm plus people in Eco Centre. As I said sometimes they switch from one company to another.

Mr. Omazić: Do you have any data about the effect of organic agriculture at the environment?

Mr. Mavrović: It's the basis of sustainable development. Did you know that if you consumed an average apple you would be eating over 30 pesticides, even after you have washed it? I knew that in the mid 90s and my initial goal was not just to produce organic food but also to make people think and educate them about what they are putting inside their bodies. When I was first introduced to the concept of organic food through the macrobiotic movement, I have to admit that I was worried about my health and the health of my beloved ones. After a while I started noticing a difference between conventionally grown food and organic one, I started noticing how food should be and should taste. After all my greatest love is staying on the farm and walking in the fields, watching the growth of plants.

Mr. Omazić: I read somewhere that non-organic production uses up to 9 times more energy than organic production does.

Mr. Mavrović: The story goes like this. Non-organic farming makes the earth very poor. Chemical substances turn the earth into a desert in fact. On the other hand, organic farming makes the ground more fertile.
One of the few things I knew from the beginning was that I have to build my Farm on land that had to be free of pesticides and fertilizers for at least 3 full years before I start my production, so that immediately I may qualify for organic certification. I knew that I have to play by strict rules, which also prohibit the use of synthetic growth hormones and antibiotics commonly used in non-organic food production and I loved it. Coming from a sport that had its ups and downs due to misusing of some forbidden substances by some people in the past, made me even more rigid in my decision to produce something in accordance with nature.

**Mr. Omazić:** What's the difference between organic and ecological farming or agriculture?

**Mr. Mavrović:** It's all the same.

**Mr. Omazić:** What about including the poor?

**Mr. Mavrović:** I needed to build my Farm on land free of any artificial fertilizers and pesticides. It takes time to build a healthy farm ecosystem that copes well without synthetic crutches and it takes time for soil to heal. 10 years ago one of my friends showed me one small village that was burnt to the ground during the war for independence from Yugoslavia. This area was heavily hit during the war. I was shocked since there wasn’t a single house with a full roof. Almost everything was destroyed and it shook me a lot. After I overcame initial shock I decided to buy the first 100 hectares in the village of Sloboština near Brestovac. I fell in love instantly, rolled up my sleeves and started working to make my dream come true. The village at the moment had only 2 people living there. Now this little village has only 10 inhabitants. But it had 100 more. It's mainly really poor people who came back after the war. It's really hard to find workers but it's going well. But for example the director of the Eco Centre lives in a village nearby. I'm building a house for re-integrating of ex addicts back to the society.

It is still a problem but at the begging it was really challenging to find motivated workers among the people who after the war lost the sense of life. It was also challenging to find people with certain competences in larger urban centres, and bring them into an area where life is very simple and the consequences of the War are still very present. I knew from the day I bought land here that only with strong local community I have chance to survive. Strong local community is of vital importance to sustainability of my business model.

**Mr. Omazić:** Tell me more about the production process?

**Mr. Mavrović:** Eco Farm produces everything. Eco Mavrović processes everything further and then sells it to others.
Mr. Omazić: Are you still working together with Mlinar? If yes, what do they do?

Mr. Mavrović: They bake for us in Zagreb, Šibenik and Dubrovnik.

Mr. Omazić: What about Rijeka?

Mr. Mavrović: The company Agro Bio is our partner there.

Mr. Omazić: What about Osijek?

Mr. Mavrović: There's Škoro in Osijek and Slavonija. We're currently negotiating with them.

Mr. Omazić: What are your plans for the future?

Mr. Mavrović: The story goes on. It depends on how many great people I find to work with me. All this is just something basic and it can be turned into something great. I'm a mentor. I don't want to pump up the profits. My idea is to work more for the society and spend time with my family. I see myself as support and a mentor in the future.

I needed to learn a lot of technology that was new to me. After I picked knowledge about producing organic grain, I had to consume a tremendous amount of knowledge related to management and organization in specific about organizational processes, project management, sales, branding, marketing and everything else necessary for a successful business. To be honest I am still learning and I think that this process never ends. But, my heritage in sports and epistemology of being able to do anything with a lot of enthusiasm, hard work, training, dedication, courage, and self-motivation helped me to overcome the challenges.

Mr. Omazić: So you want to find more people that would share your vision and make this thing work and grow in the future?

Mr. Mavrović: Yes exactly. I think that I don't need an investor; I need exactly that kind of people who understand my values and me.

It is not the same thing if people you pay and people that believe in your product are people who are selling it. I want people that are selling my products not to be just people that have sales as their principle motive, but education. I want to educate my buyer and tell them the story about how one small seed fulfilled its natural dream and became the bread that they are
eating every day. I see a huge opportunity in the fact that organic products are imported mostly from EU countries. I also know that if I manage to fight other products here in our domestic market, I can fight with them anywhere.

Mr. Omazić: What's with the local farmers? Do they come here asking for advice?

Mr. Mavrović: Damir, who was running this estate for 5 years lives and works in a village nearby. He has an organic agriculture company on his own now. I talk to others too and give them advice.

It is true that at the beginning I didn’t know what exactly I wanted and as my business model grew I got a better and better picture about what I want exactly. Now I know that my priorities are connected to strengthening sincere communication among all parties involved, better organization of organic agriculture, sustainable relationships with final buyers and education for all - especially buyers and my colleagues farmers. Farmers shouldn't be stubborn and grow plum trees because ones father and grandfather did it, if nobody wants to buy those plums. One has to discover what the world wants, adapt and change what one does. I have to reshape constantly in order to help others and myself. My goal is to bring that faith back to farmers.

Mr. Omazić: What about your engagement in politics?

Mr. Mavrović: When you reach a certain point in Croatia, you just have to run into institutions. And you have to communicate with them. The Croatian Farmers Union is an association I ran into a while ago. I'm proud of what I'm doing but people can't really see it. People tend to see me just as an athlete. I'm trying so hard for all this to work as a benefit to the society. I don't know where my engagement in politics is going though. I don't think I'll go further, I think I'll step back but always be around.

Mr. Omazić: I notice potential all around me, in all spheres of life but that potential is never used to the fullest. I wish to see that this project succeeds.

Mr. Mavrović: If you don't have great people working together with you, you have nothing. I have a story... We were negotiating about the price of wheat, Mr. Todorić, the Minister and myself. So we arranged it to be 1.10 kunas. We come back to the farmers and they start calling us traitors and thieves. And the price was 0.82 kunas but they're still not satisfied. They will call us names but they'll take anything they're offered though. It's just important to diminish other people's effort and value. This guy Tomislav Pokrovac has a few cows and a few acres of land. He's not even registered as an official producer and he has the nerve to be rude to me all summer long. It's crazy. I've read once that you can't beat evil but you have to
go your way and keep it as far away as possible. Sometimes I feel that evil is so tiny but it can do so many bad things. I'm sorry for talking about philosophy this much.

Mr. Omazić: No, it's fine. I run into these things all the time working at the Faculty. People who do miracles are constantly under fire of some people who want to make them look bad. They get really depressed and feel worthless.

Mr. Mavrović: Things I dream about and things I do are far above the average here in Croatia. Maybe somewhere else it would be easier.

Mr. Omazić: So, Mr. Mavrović, do you have any final thoughts?

Mr. Mavrović: When it comes to my business, it is clear that I'm trying to encourage constant growth because agriculture is a complicated mechanism that functions better if you are creative. I'm not afraid to present my ideas because I'm already three steps ahead from what you see here and now. It's vital in entrepreneurship as it is in sports. If you can do that, than you have no real competition because when other people accomplish what you have accomplished, you're already far ahead of them and it is impossible to catch you. At the end I want to emphasize that I am aware that there is still a lot to do, but when I look backwards on the road we've passed I feel only pride. Recently I start to think about leaving certain parts of my business model to professionals and concentrate myself on two things – farming and education. I think those two things are things I want to build on. I may be naive, but I believe that what I do day in and day out does make a difference.

3rd INTERVIEW

Date: 11th November 2009
Place: Sloboština, Croatia
Participants: Mr. Mislav Ante Omazić; Mr. Saša (ex-addict working on Eco Farm Mavrović)

Mr. Mavrović: Saša, would you be so kind to tell Mr. Omazić a bit about yourself and what you do here. Saša is currently going through the re-socialization process. I've told you a bit about the housing board for treated addicts.

Mr. Saša: I'm in the 2nd phase right now.

Mr. Omazić: So can you tell me more about yourself, your life story, what you're doing here now?
Mr. Saša: I'm a former addict from Zagreb. I went to a commune for the treatment of addicts but it didn't feel good to be there so I moved to Italy for almost 2 years. I had to do it to save myself. Then I came back to Croatia and heard about Mr. Mavrović and his program of reintegration of former addicts back to the society.

Mr. Omazić: You learn a lot here right?

Saša: Yeah, it's true. I'm also planning to start a business by myself in the future. I have a house near Zagreb that I inherited from my parents that I could live in and work there.

Mr. Omazić: It sounds really good. In a year or 2 you'll be able to do it by yourself.

Mr. Saša: I really hit the bottom and I almost have spent all the money I’ve earned and my family had but I had luck. As I said, I went to a commune and even lived in Italy before I came back to Croatia. I’ve heard about Mr. Mavrović and what he tries to do here. I've learnt a lot from Mr. Mavrović, he's a true visionary. I feel much better since I’ve been staying here and now I dream of starting something small by myself connected to organic farming on that small piece of land I’ve inherited from my parents.

Mr. Omazić: So you see yourself as an organic farmer in the future?

Mr. Saša: Yes, something like that. What I learnt is that if you firmly believe in your ideas, there's no chance of failure.

4th INTERVIEW

Date: 11th November 2009
Place: Sloboština, Croatia
Participants: Mr. Mislav Ante Omazić; Mrs. Jelena Tomšić (Head of Sales – Eco Mavrović); Mr. Vedran Marasović (Sales – Eco Mavrović)

Mr. Omazić: Can you please tell me where and what you work?

Mrs. Tomšić: I've started with Eco Mavrović and I worked as the director of sales there. Then we partnered up with Klara and created Klara Eco Mavrović but it didn't work out. Now I'm back with Eco Mavrović.
Željko is a true visionary and the most wonderful thing is that his visions really do come true. All the money he earns is reinvested in production and he created a trustworthy brand. I think that an attitude like that is spotted from everybody who comes here to visit or who buys our products—says Kaluder hopping up and down green fields where corn and wheat will be growing soon.

**Mr. Omazić:** I'll have to talk to you more, there's so much to see and find out about this.

**Mrs. Tomšić:** I should mention that every project is like a little company by itself. Every new project, or we can say product, is aimed at a new market. The person who's in charge of it has to know everything about our business.

**Mr. Omazić:** What's happening with Mlinar now?

**Mrs. Tomšić:** Mlinar is our partner, which bakes for us and sells our products too. In Rijeka our partner is Agro Bio. A lot of products are shipped from Rijeka to Zagreb where the products are sold.

**Mr. Omazić:** I'd like to know more about point of sales and quantities you produce. I know 3 things are produced here—bread, bagels and cookies.

**Mrs. Tomšić:** We just opened a new store in a shopping mall in Zagreb last week. When talking about products, we also sell a few types of flour and we sell them to our partners. It's raw materials in a way. We see tea herbs too. Pasta was produced before. The Eco Centre is in the services business too, like education, planting plans etc.

**Mr. Omazić:** Are there any plans for growth in that sector, like agro tourism?

**Mrs. Tomšić:** Yes, there certainly are plans for that.

**Mr. Omazić:** It would be interesting to continue the story in this way, offering 2 or 3 day seminars. What else, I'd like to know more about your production?

**Mr. Marasović:** I can send you the exact data afterwards.

**Mr. Omazić:** Whom do you sell the flour to?
Mr. Marasović: We sell it to Mlinar, Babić bakery, Dubrovnik and Rijeka bakery. We don't sell wheat itself.

Mr. Omazić: How many of you are working in Zagreb and Rijeka?

Mrs. Tomšić: 7 of us in Zagreb and 1 in Rijeka.

5th INTERVIEW
Date: 11th November 2009
Place: Sloboština, Croatia
Participants: Mr. Mislav Ante Omazić; Mr. Milan Ivanović (worker – Eco Farm Mavrović)

Mr. Omazić: Can you please tell me where and what you work?

Mr. Ivanović: I have been working here for the last three years and I learn something new every day. After I finished with the secondary school I thought of going to live and work in some bigger city. Maybe in Zagreb or Rijeka. Here I earn a fair wage and, most importantly, it comes every month on the same date. Company is paying for my retirement plan, I have health insurance, paid sick leave, paid vacation, bonus if I get child and paid paternity. Due to all that I am thinking of building my family here and one day start with organic farming myself. I have one small piece of land that is my families’ heritage where I could start and Mr. Mavrović promised to help if I ever do it. Above everything I work here because I hope my life will have some small impact on the lives of others
November 2010

The information presented in this case study has been made available to the company in subject to ensure its accuracy and is accurate to the best of the author’s knowledge. The views expressed in the case study are the ones of the author and do not necessarily reflect those of the UN, UNDP or their Member States.

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For more information on Growing Inclusive Markets: www.growinginclusivemarkets.org or gim@undp.org

United Nations Development Programme
Private Sector Division, Partnerships Bureau
One United Nations Plaza, 23rd floor
New York, NY 10017, USA