

## Quinta Ribeira de Alpreade–Cheese Factory

### PART A. BUSINESS PROFILE

Quinta Ribeira de Alpreade is an artisanal family business with a long tradition, located in the village of Zebras in Fundão, District of Castelo Branco, Portugal. The business was created in 1995. Initially, the company produced only cheese and sausages, but more recently with the expansion of the business it has started to commercialize olive oil and olives in order to capitalize the 10 hectares of olive groves. Currently, the company organises visits to the farm for Portuguese schools and foreign and national tourists, in order to promote the cultural tradition and demonstrate production using artisanal methods without additives.

The Ribeira de Alpreade cheese factory has a policy of buying the salt from an exclusive supplier in Tavira - Algarve. Although the company has its own milk production, it also buys milk from small producers in the region (from pastures between the Gardunha mountain range and the river Tagus) due to its products being of the highest quality.

Ribeira de Alpreade cheese is produced from raw milk selected and crafted by the skilled hands of the people to whom the empirical knowledge of their forebears has been entrusted. The company has ISO 2000 certification which is essential for the varieties of cheese it produces. The cheese production has several stages:

1. Pasture: pasture is the natural basis for animal feeding.
2. Milking: this process is carried out twice a day and this is when the raw material is obtained.
3. Coagulation: the milk obtained is cooked in special containers and it is extremely important to keep the milk at low temperatures after milking.
4. Salting: this step gives flavour while preventing undesirable microbial growth, so this stage is one of the most important.
5. Addition of the thistle flower: in this step the thistle is added in order to obtain a curd mass.
6. Cutting: from the curd mass the liquid whey is separated.
7. Filling: in this stage the curd mass loses volume and the product is obtained in the final format, then goes to the freezer for the curing process until the product is ready to be sold.

The company has several partnerships with Portuguese public and private entities and Quinta Ribeira de Alpreade's products are sold in B2B (Business to Business) and B2C (Business to Consumer) markets. Its product range consists of: cheeses (cured cheese, yellow cheese, spicy cheese, fresh cheese and creamy cheese), honey, traditional smoked sausages, olive oil and gourmet segment products: special cheese and olive oil.



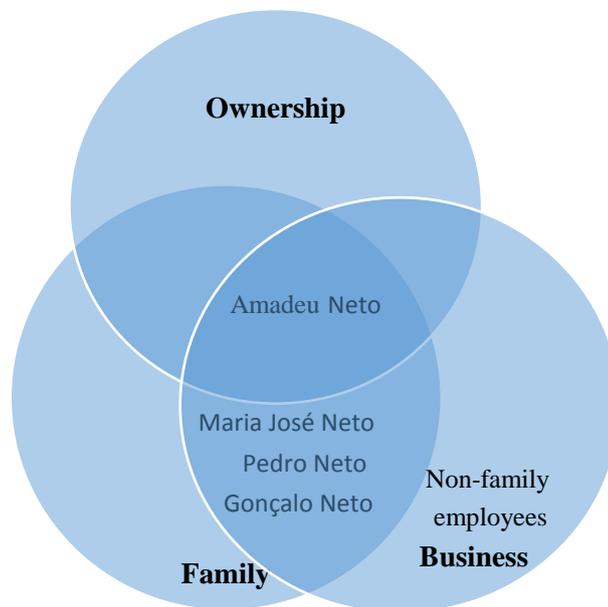


## **PART B. THE FAMILY DIMENSION OF BUSINESS**

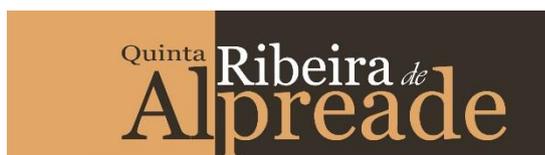
Quinta Ribeira de Alpreade has a history full of successes over three generations. Amadeu Neto's father, Celestino Neto worked in cheese production and when Amadeu Neto finished his studies in Lisbon, he returned to his hometown and began working with his father.

They always had an entrepreneurial spirit and Amadeu Neto's wife, Maria José Neto is part of the company. Currently, Amadeu Neto controls all management issues; his wife works with the seven employees in the production of various types of cheese; his son, Pedro Neto, is responsible for all marketing activities, branding and applications for investment projects (internationalization). The other son, Gonçalo Neto contributes to the company's strategic development and accompanies the distribution of products to MARL - the supply market for the Lisbon region.

Amadeu Neto has great confidence in his family and considers they are able to identify strategies to diversify and consolidate the company by finding new market niches: olive preserves, own production of olive oil, opening a new butcher's shop and opening a unit for artisanal and traditional smokehouse production. Figure 1 shows the 3-circle diagram of the Quinta Ribeira de Alpreade.



**Figure 1 – Quinta Ribeira de Alpreade 3-circle diagram**



## **PART C. CHALLENGES & OPPORTUNITIES OF BUSINESS GROWTH & SUCCESSION**

The region where the Quinta Ribeira de Alpreade is established is an ageing and depopulated territory. Enormous structural problems and a lack of infrastructure constrain the process of economic and social development. In addition, the location is hard to reach/locate for most visitors from outside the region.

Here the dynamics of the business sector suffer from the same constraints as in other inland regions of the country: low population density (reduced market), high specialisation in labour-intensive industry (with low levels of added value), and difficulty in absorbing young people with academic qualifications, which could bring new ideas to the sector. These are some of the obstacles for businesses in the region, preventing them from being more competitive.

These constraints also affect Quinta Ribeira de Alpreade, and the owners have several challenges to deal with, such as: renewing the current workforce (at the moment 80% of the workers are over 50), maintaining the quality of the product using the same artisanal production, and gaining market share by consolidating sales in international markets, always focusing on niches that value and appreciate the final product.

At the same time, Mr. Neto and his family wish to expand the premises where the cheese is produced and extend production to other products made from the endogenous resources available in the region and on their own property; for instance, olive oil and the production of homemade sausages and meats (creating synergies with the butcheries owned by the family). The idea is to keep the same philosophy – artisanal and traditional products, of high quality, that could be commercialised through the same channels already used and known by the family.

In fact, this could be a great business opportunity since there is a growth in the market for handmade products, with consumers tending to appreciate authentic and natural flavours. The focus should be mainly on the international market, where consumers are willing to pay a higher price for these products (e.g. the Nordic countries and Portuguese emigrants spread around the world).

For the future, there is also another project on the horizon for the family, which will probably be carried out by the second generation: recovering a property in a rural area to transform it into rural tourist accommodation, which would allow the products and production methods to be presented to visitors. The idea would be to show the whole process; for instance, in the case of the cheese, from grazing, to milking, to the production of artisanal cheese and culminating in the curing process.



## **PART D. THE ENTREPRENEURIAL DIMENSION**

Quinta Ribeira de Alpreade is a business with a high growth potential and has interesting entrepreneurial characteristics. The founder always had in mind to assimilate new knowledge brought in by his children. With their academic qualifications he could develop new forms of business, and implement a new organizational policy in terms of strategy, marketing and finance, making the family's business more competitive.

The company's entrepreneurial orientation is clearly visible when we look at the various growth opportunities (and risks) of business and innovations which are possible due to the family business's entrepreneurial vision:

- **Diversification of products** (the production of curd was successful).
- Investment in a project allowing the company to acquire new equipment for the production sector (in particular for the curd).
- **New markets:** To produce small quantities of curd in order to reach new markets (for instance: selling in commercial centres), a product that was very quickly depleted.
- **Development of partnerships** with local companies (e.g. *Sabores da Gardunha*) aiming to develop a joint product, that is, selling a portion of Quinta Ribeira de Alpreade's curd together with a portion of Sabores da Gardunha's jelly in one package.

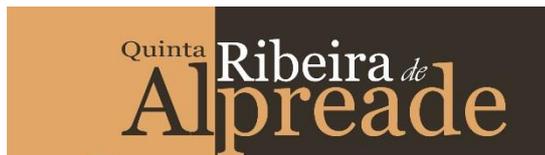
Two entrepreneurial actions are of particular relevance in this context:

- i) **Development of the new product** - curd was considered a residual product until now. After thinking of a solution to transform this into a market opportunity, the acquisition of specialized equipment allowed it to be produced and sold;
- ii) **Wastewater:** A research project was developed in partnership with the University of Beira Interior, to allow the transformation of waste water into gas, providing a solution for the business.



Figure 2 shows the company's business model.

<p><b>Key Partners</b> </p> <ul style="list-style-type: none"> <li>- Suppliers</li> <li>- Accountant</li> <li>- University of Beira Interior</li> <li>- Local companies (e.g. local milk producers)</li> </ul>	<p><b>Key Activities</b> </p> <ul style="list-style-type: none"> <li>- Pasture</li> <li>- Production of milk derivatives (curd)</li> <li>- Production of cheese</li> </ul>	<p><b>Value Propositions</b> </p> <ul style="list-style-type: none"> <li>- High Quality of products</li> <li>- Innovative products (e.g. joint product: curd and jelly in one package)</li> <li>- Differentiating products (e.g. cheeses, honey, traditional smoked sausages, olive oil)</li> </ul>	<p><b>Customer Relationships</b> </p> <p>Strong Inter-personal relationships with business clients (Portugal) and final consumers (Portugal and abroad)</p>	<p><b>Customer Segments</b> </p> <ul style="list-style-type: none"> <li>- Business clients (Portugal)</li> <li>- Final consumers (Portugal and abroad)</li> </ul>
<p><b>Key Resources</b> </p> <ul style="list-style-type: none"> <li>- Human Resources</li> <li>- Sheep breed</li> <li>- Land</li> <li>- Premises</li> </ul>	<p><b>Channels</b> </p> <ul style="list-style-type: none"> <li>- Sales to commercial centres and stores</li> <li>- Participation in international and national events</li> <li>- Social media (e.g. website, Facebook page)</li> </ul>			
<p><b>Cost Structure</b> </p> <p>Raw-materials, suppliers, production, salaries, maintenance, etc.</p>		<p><b>Revenue Streams</b> </p> <p>Sales in Portugal and abroad.</p>		



## **PART E. FAMILY ENTREPRENEURIALISM: LESSONS & CONCLUSIONS**

Quinta Ribeira de Alpreade is a company in the 3rd generation. According to Amadeu Neto, "stubbornness", "persistence" and "passion" are prominent aspects of the entrepreneurial behaviour he has tried maintain over time. He makes efforts to remain entrepreneurial, even in times of crisis, and located in a disadvantaged region in terms of the aging population and local market opportunities.

Quality and food safety issues are becoming more of an issue for the company and have become part of consumers' concerns. For the company, a high standard of quality is increasingly important, as only companies that incorporate in their strategic vision the goal of quality and consumer satisfaction will be prepared to act and remain in the market.

He adds: *"In order to strengthen the protection of human health and the resulting degree of confidence of our customers, several systems / standards related to food quality and safety have been developed and we therefore have a constant concern to give our customers quality products, maintaining a self-control system based on the principles of quality standards in order to guarantee the food safety of the products we work with."*

There are many lessons that other artisan family businesses can take from the illustration of Quinta Ribeira de Alpreade. The following were highlighted:

- Create the necessary conditions for sustainable growth by developing partnerships and networks with other companies and market players in order to consolidate the existing market and conquer new international markets.
- Value the know-how of the preceding generations (the experience of the older generation is decisive for the success of the succession process and for daily management of the company).
- Not to mix family matters with business issues (avoid making emotional decisions).
- Always test an idea or decision, do not force family members to belong to the company, start this process with basic activities/processes. And how? Try to demonstrate to the senior element the advantage of the junior element's contribution and present the advantages of changing any particular process in the company, such as highlighting the advantages of implementing communication activities and advertising the company.

According to Amadeu Neto, the determination to preserve until the present the artisanal nature of cheese manufacture and the intention to continue this in the future is something that he will try to pass on to the coming generations. Transmitting this kind of know-how to the children and younger generations is a lesson that should be taken into account by other entrepreneurs. This is certainly not easy, because according to the founder, there is the so-called "generation gap" which is sometimes difficult to manage, but with dialogue and communication within the family, the best solution always appears, and as he stresses: Forward is the way!