In December 2013, Taze Kuru Gida Inc. joined the Business Call to Action with a commitment to source from 100 smallholder farmers in Turkey in order to produce high quality, healthy dried foods using environmentally friendly geothermal energy.

Taze Kuru’s goals are to:

- Integrate 100 small-scale local farmers into its value chain by 2018 who will cultivate food crops according to Turkish production standards;
- Make Taze Kuru’s products available in 15 Turkish retail chains and 2 European retail chains by 2015; and
- Establish 10 more production facilities that have 75 per cent women employees in locations where geothermal energy sources as well as fruits and vegetables are available.

Business Model

In 2010, the price of onions in Turkey fell from 3.50 TL per pound in April to 0.10 TL in May. With no demand and rock-bottom market prices, smallholder farmers cut their losses by leaving their produce to rot in the fields since harvesting them was more expensive than selling them. The cost of picking, packing and shipping food to market is often prohibitive for Turkish smallholder farmers. When coupled with inadequate supply-chain management, the result is a lack of storage and transport opportunities, which has led to between 10 and 12 million tons of fruits and vegetables being wasted each year in Turkey alone.

Taze Kuru Gida, which means ‘Fresh and Dried Foods’ in Turkish, is dedicated to enabling people to eat healthy dried fruits and vegetables throughout the year. Founded in 2009, Taze Kuru uses a special technique to produce dried fruits and vegetables without the use of preservatives or sweeteners. The dried food is

How it works

Taze Kuru’s business model is built to be both sustainable and scalable, improving the supply chain of dried fruits from farm gates to distribution and processing centres, and finally to markets.

Sourcing from local smallholder farmers

In 2013, Taze Kuru sourced 300 tons of fresh fruits and vegetables from small-scale farmers in Ankara province. By 2018, Taze Kuru aims to integrate 100 local smallholder farmers into its supply chain; the farmers will cultivate fruits and vegetables according to Turkish production standards. To ensure quality, the company only sources from farmers who participate in a government-supported scheme called ‘Good Farm’, which promotes good farming practices and low chemical use. Taze Kuru then tests the products it buys to confirm that they are free of chemical residues.

Creating more efficient supply chains

To compensate for the lack of processing and storage facilities, and expensive overland transport that leads to significant waste, Taze Kuru builds more efficient supply chains. The key to maximizing value for small farmers is ensuring efficient and low-cost transport from farm gates to distribution centres or processing units. Taze Kuru’s business model is focusing on this challenge to achieve greater scale.

Use of geothermal energy and innovative drying techniques

Taze Kuru has created a new technology in which fruit is dried inside a tunnel where fan-circulated warm air draws moisture from it. This reduces drying time while preserving as much nutrition and flavour as possible. The technology also makes use of the geothermal energy, which is plentiful in the Ankara area. While Turkey ranks among the top five countries in the world for geothermal energy, an estimated 95 per cent of this incredible potential is wasted every year. The use of geothermal energy for production can easily be replicated in other countries with similar energy profiles.

Production facilities

By 2018, Taze Kuru plans to establish 10 more production facilities in addition to its existing plants. Taze Kuru is also committed to empowering women, and aims to employ at least 75 per cent women workers at each site. In addition, the company has invested in building the skills of its employees, consumers and suppliers in order to optimize productivity and performance.

Since 2014, Taze Kuru has successfully managed to source produce from dozens of local smallholder farmers. To date, the company has created 30 jobs, mainly for women. The company plans to add another 20 jobs and to involve 100 smallholder farmers in its business model by the end of the year. The company estimates that it will create 300 jobs in 5 years’ time if current growth continues.

**Business impact**

While the company was only developed in 2009, it already began generating significant revenue in 2014 and is expected to break even in the next year. With a turnover of €192,000 last year, Taze Kuru has gone from 60 buyers for its dried goods to over 100 buyers. The company’s management is confident that the technical innovation they have created will help them to become even more profitable in the future.

**Development impact**

The main beneficiaries of this business model are small, often uneducated farmers with low incomes. The farmers are able to increase their incomes and reduce waste by selling their products to Taze Kuru.

The company currently has 30 employees, most of whom are women; all these employees receive fair wages. Through its current expansion, it will soon employ another 20 workers and in five years, this number is expected to climb to 300. In addition, 125 people are currently receiving training from Taze Kuru.

While a strict code of conduct and high standards are maintained for work conditions, Taze Kuru supports the communities where it works by advocating for public policies that build the domestic private sector and attract foreign investment.

**Innovations**

Through its sourcing and drying practices, Taze Kuru helps to avoid food waste in Turkey. The company can buy fruit when it is in season, and by drying it, avoid its spoilage and make it available all year. Making use of locally available, environmentally friendly geothermal energy in lieu of harmful fossil fuels prevents environmental degradation due to emissions of carbon smoke and depletion of the ozone layer. By developing a patented wind-tunnel drying technology, Taze Kuru is able to make use of Ankara’s previously untapped natural geothermal energy.
Key success factors
Providing viable transportation options for smallholders
“First mile” transport is crucial to the Taze Kuru model. Taze Kuru is working with small-scale transportation holders to meet this need. With viable transportation options for their crops, smallholder farmers are able to connect to the market at a fair price, and Taze Kuru is able to ensure a steady supply of produce for products. This gives both buyers and suppliers an incentive to participate in the model.

Technical innovation in the drying process
The innovation of wind-tunnel drying is considered the backbone of the company’s business model. Sourcing high-quality food from farmers and maintaining that high standard through the drying process sets Taze Kuru apart from its competitors, giving it an edge in the market. In addition, geothermal energy is renewable and less expensive to use than other forms of energy, so the initial investment in technology is sure to pay off.

Using existing government programs to pre-screen for quality
Taze Kuru is able to ensure that its farmers meet minimum criteria for quality by tapping into government schemes that promote environmentally sound food production practices. This helps to cut costs and allows Taze Kuru to identify the best farmers to work with.

Next Steps and Spin Off Effects
One of the larger challenges Taze Kuru will face going forward is marketing. Specifically, how can its products – which are safer than other products and sourced from smallholder farmers – be recognized and valued for these traits by consumers? Increasing consumer demand for healthy products and encouraging regulations banning unhealthy snacks in schools are creating greater demand for the company’s products. The company plans to invest in marketing when they have the funds available.