



CASE STUDY

Organic Mushroom Sales Blossom

A small grant helps a company acquire new equipment and increase capacity



Photo: USAID

An employee of *Mushroom*, in Celinac, Bosnia-Herzegovina, shows off one of her company's more impressive harvests.

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Challenge

Milan Zoric and Boran Maglov dreamed of building their own business exporting high-quality organic mushrooms from Bosnia-Herzegovina. They eventually established a small company called *Mushroom* in the town of Celinac, combining Milan's 20 years of experience as a bank credit officer with Boran's many years of experience working with plants. They decided from the beginning to become organically certified through the Institute for Market Ecology in Switzerland, which required that all its mushroom gatherers be certified. Because the company put so much effort into quality, by the end of 2003, the company was receiving more orders than it could fill. To satisfy demand from Switzerland, Austria and Italy, *Mushroom* needed to increase its capacity.

Initiative

Since fresh mushrooms are made up of 90 percent water, they are usually dried for longer life and easier shipping. USAID provided *Mushroom* with a grant that enabled the company to expand its production facility and purchase a new dryer and cooler. Nihad Hodzic and his mother are among the company's most productive mushroom gatherers. Well trained and hard working, the Hodzic family receives a significant portion of its annual income from *Mushroom*. With USAID's support, *Mushroom* was able to supply them with a small drier that they could use at the collection point, which simultaneously adds value to their harvest and reduces their transportation costs.

Results

With these improvements, *Mushroom* was able to increase its sales from 13 tons of dried mushrooms in 2003 to 19 tons in 2004. The company expects its sales to blossom further, to 25-30 tons in 2005. Added processing capacity and increased sales have also increased the number of workers *Mushroom* employs; full-time workers have increased from 3 to 4, part-time workers from 50 to 60 and gatherers from 300 to 400.