

## Lesson 1

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#### **Certification of local products, food protection and promotion systems in the national and European system**

##### **Product Identification**

Production, protection and promotion of high-quality food, play a significant role in the European Union. One of the basic ways of implementing Quality Policy in the Community is distinguishing yourself with certificates confirming the high quality of agri-food products from specific regions, as well as those characterized by the traditional production method.

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The system of protection and promotion of regional and traditional products, is one of the most important factors affecting the sustainable development of rural areas and the implementation of the assumptions of the second pillar of the Common Agricultural Policy. It contributes to the diversification of employment in rural areas by creating non-agricultural sources of subsistence in the countryside and increases the income of agricultural producers.

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The system of protection and promotion of regional and traditional products prevents depopulation of these areas. The cultural heritage of the village is also protected, which largely contributes to increasing the attractiveness of rural areas and the development of agro-tourism and rural tourism.

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The quality policy implemented in the European Union also gives consumers confidence that they are buying very high quality food, which is also characterized by a unique, traditional production method. Buyers expect full information on the quality and origin of the agricultural product or foodstuff. Identification and selection of individual products is facilitated by geographical indications, designations of origin and certificates confirming the special nature.

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##### **Protection**

The registered names are subject to very broad protection:

The protected name (registered as Protected Designation of Origin or Protected Geographical Indication) may not be used even when using the expressions "in style", "type", "method", "imitation". Any practices that could mislead the consumer as to the origin, name or unique features of the product are also prohibited.

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Only products, which names have been registered, have the right to use the symbol of Protected Designation of Origin, Protected Geographical Indication or Traditional Specialty Guaranteed and may bear these logos. These trademarks not only protect producers against unfair competition, but also increase the credibility of products in the eyes of consumers.

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### Promotion

Protected Designation of Origin, Protected Geographical Indication and Traditional Specialty Guaranteed symbols are seen in the European Union as a guarantee of tradition and quality. Surveys confirm that European consumers, when buying products bearing the characteristic EU symbolism, are willing to pay more than for goods of the same category, but without a special marking.

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### EU regulations and goals of their functioning

Issues related to the protection of regional products and products produced by traditional methods are set out in European Union law in Council Regulation (EC) No 509/2006 of 20 March on agricultural products and foodstuffs that are traditional specialties guaranteed, and in Council Regulation (EC) No 510 / 2006 of 20 March on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

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### Labeling of regional and traditional products



1. **Protected Designation of Origin** means that the name of a product originates in a specific region, place or country. The quality or characteristics of this product are the result of the geographical environment, which includes both natural and human factors. The protected designation of origin refers to the geographical area in which all stages of the production of the product take place.

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**2. Protected Geographical Indication** means that the name of a product, originates in a specific region, place or country, which quality, reputation or other characteristics are the result of a given geographical origin. Protected Geographical Indication refers to a geographical area in which at least one of the production stages of a given product takes place.

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**Traditional Specialty Guaranteed** means that a product has a specific character distinguishing it from similar products belonging to the same category and documented at least twenty-five years of tradition and history of its manufacture. The product name should be specific in itself or refer to specific product characteristics.

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Sample visualization of products registered on the Traditional Products List:

On December 28, 2005 it was entered in the category of Honeys: **Lipiec białowieski** (Podlasie Voivodeship).



Forest honey from nectar and pollen of lime flowers, produced in the Białowieża Forest, described in 1882.

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On July 20, 2005, it was entered in the category of “Ready meals and dishes”: **Pierekaczewnik** (Podlasie Voivodeship).



Pierekaczewnik is a traditional Tatar product, which derives its name from the areas of the former borderlands of the Commonwealth of Poland, which had long been inhabited by Tatars.

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**Parma ham** (Prosciutto di Parma) - a type of Italian, raw, pre-dried ham made from whole pork legs with bone by traditional methods in a specific climate in the province of Parma, in the region of Emilia-Romagna. It is characterized by a lower salt content compared to other hams of this type, which gives it a characteristic mild, relatively sweet taste.



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**Queijo de Nisa** is a semi-hard sheep's milk cheese from the municipality of Nisa, in the Alto Alentejo subregion in Portugal. It is made from raw milk, which is coagulated and then curdled with a thistle infusion. It is yellowish white, with a strong taste and a slightly acid finish. **Queijo de Nisa** has a protected geographical status since 1996. It is registered and has a protected designation of origin by the European Commission. It was honored by Wine Spectator magazine as one of the 100 best in the world in a cheese edition.



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### Food safety issues, introduction to quality systems

#### **Food law - sources of regulations**

In order for food to be safe for human health, it must meet the relevant requirements, i.e. it must comply with the health conditions set out in applicable regulations. The health quality of food depends both on the quality of the raw materials themselves, as well as on the additives used or added to food intentionally during production or processing, and on the impurities contained in it.

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Meeting health conditions is a part of the requirements that are important for food safety. The conditions under which food is processed, produced, stored and sold are also important. Activities undertaken at all stages of production or marketing of food must be carried out in hygienic conditions in such a way as not to cause its deterioration, i.e. going bad or poisoning.

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From January 1, 2006 New food regulations are in force in all EU Member States - creating the so-called "Hygiene Package" including 4 regulations that lay down the principles of food hygiene, as well as the rules of conduct of the competent authorities supervising food sector operators.

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In addition, since May 1, 2004, all EU member states have Regulations of EU legislative bodies in the field of food safety, of which the most important are:

Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority (EFSA), and laying down procedures on food safety.

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#### **Food safety - obligations for producers resulting from legal provisions**

The food producer should pay particular attention to hygiene and sanitary requirements for plants, i.e. buildings, rooms, installations, tools, machinery and equipment, as well as the quality of water intended for food purposes, collection and storage of waste from food production, and requirements for people working on the production of food.

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The food producer is obliged to ensure that the personnel employed in the production of food meet certain health requirements and have appropriate knowledge in the field of compliance with hygiene rules.

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The primary duty of food producers and distributors is the implementation in the plant of effective internal control systems based on the principles of Good Hygienic Practice (GHP), Good Manufacturing Practice (GMP) and the principles of the HACCP system (Hazard Analysis and Critical Control Points).

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The food sector companies, i.e. food producers and distributors, are the most responsible for ensuring food safety. The manufacturer may not use, for human nutrition and for the production of foodstuffs, authorized additives and other food ingredients, products derived from plants, animals or animals that contain residues of chemical or biological contaminants, medicinal products, as well as radioactive contamination, in quantities exceeding maximum levels.

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It is the responsibility of the producer to learn and apply the principles of proper labeling of manufactured products. The manufacturer, while marking his product, may not put false information on the packaging that misleads the consumer, but must provide the information that is relevant to the health or life of the consumer.

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### Good Manufacturing Practice

Good Manufacturing Practice is a very broad concept and can generally be described as a set of principles resulting from experience, the observance of which guarantees that manufactured products will meet established quality requirements. Good manufacturing practice is *"actions that must be taken and conditions that must be met for food to be produced in a manner that ensures that it is of proper health quality, according to its intended use"*.

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In turn, **Good Hygiene Practice (GHP)** includes *"actions that must be taken and hygiene conditions that must be met at all stages of production to ensure food safety."* It is very clear, that Good Hygiene Practice (GHP) refers to one aspect of health quality, and GMP to all its components.

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The GMP / GHP principles are written in the form of codes that are developed and published in relation to food by official government institutions, e.g. the Food and Drug Administration (FDA) in the US, or other organizations such as the Institute of Food Science and Technology in Great Britain. In most countries, GMP / GHP food codes do not have legal force and compliance with the recommendations contained in them is voluntary.

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*Good Hygiene Practice (GHP) requirements are often referred to as Prerequisite Programs. Fig. 1*

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Both of these standards (GMP and GHP) work together. Therefore, the best solution for emerging catering companies or existing establishments that want to operate and work based on the guidelines of Good Practices is their simultaneous implementation. Later on, the GHP standard is more labor-intensive due to the regular and systematic documentation of the state of hygiene of the plant and staff.

*Place of GHP / GMP in the process of activities for food safety. Fig. 2*

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### **Keeping records in relation to Good Hygiene Practice**

Good Hygiene Practice is a must-have tool for maintaining cleanliness and order as well as for plant self-control. It is reasonable to create a Book of Hygiene in every plant.

Sample chapters included in the plant's Book of Hygiene:

1. Plant description
2. Staff hygiene
3. Washing
4. Disinfection
5. Protection of the plant against pests
6. Verification (applies to points 3, 4 and 5)
7. Specification of the measures
8. Equipment specification
9. GHP training



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### Dangers

From the quality management systems standpoint, we refer to microbiological, chemical and physical factors that may threaten the health or life of the consumer, and their presence in the product may be the result of getting them from the raw material or intermediate product.

#### Types of threats:

##### a) biological pollution

Microbial contaminants can have their cause in the occurrence of bacteria, fungi or microorganisms. They can cause infections, toxic infections or intoxications.

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##### b) chemical pollution

Chemical hazards are any substance not intentionally added to food and which presence is the result of production, animal husbandry, veterinary medicine, processing, preparation, treatment and packaging, transport, storage or environmental pollution.

##### c) physical pollution

Physical hazards may get into the food from the raw material or during production - when GMP principles are not observed with due care.

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### Food safety issues, introduction to quality systems cont.

#### Quality system – HACCP

HACCP (Hazard Analysis and Critical Control Points) is a system of organizing activities in companies dealing with food, that ensures the health safety of this food. The HACCP system is recognized as the most effective tool to ensure that food is not contaminated and is safe for the consumer.

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The application of the HACCP system is based on the belief that potential threats and anomalies in the process will be identified before or during the manufacturing process, so as to minimize the risk of threat. The system is used to eliminate the risk associated with food contamination and should regulate the parameters of the production process that determine the safety of the food process. It applies to the entire technological process - from obtaining the raw material through its storage, to processing and later on, to the finished product. It is developed separately for each product and one production line.

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The below-mentioned tasks, i.e. standards of Good Practices - Hygienic, Production, Catering, etc., constitute the preliminary program for the implementation and functioning of the HACCP system. These standards are guidelines to ensure proper working and production conditions.

#### **Seven principles (stages of operation) within the HACCP system:**

Stage 1. Conducting a threat analysis

Stage 2 Determining critical control points

Stage 3. Determining the optimal and critical limits for each of the checkpoints

Stage 4. Establishing procedures for monitoring critical control points

Stage 5. Determining corrective actions

Stage 6. Establishing system of verification procedures

Stage 7. Preparation of documentation.

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### Stage 1. Conducting a threat analysis

It consists of analyzing and identifying potential hazards associated with food production, from obtaining the raw material, through processing, to the consumption stage and assessing the probability of these hazards.

sub-steps:

- 1.1: Establish a HACCP team.
- 1.2: Describe the product.
- 1.3: Specify the purpose of the product.
- 1.4: Make a process diagram.
- 1.5: Practically verify the process diagram.
- 1.6: Make a list of the hazards at each stage and a list of the means of measurement.

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### Stage 2. Determining critical control points

It is based on determining critical control points on the basis of the conducted threat analysis - places, stages, treatments or unit operations that should be controlled in order to eliminate, prevent or minimize the risk to a safe level. CCP identification is based on the logical sequence of questions and answers regarding the possibility of eliminating or reducing the risk at the considered stage of production.

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### Stage 3. Determining the optimum and critical limits for each of the checkpoints

It consists of determining the optimum, i.e. the ideal parameter, which will ensure that the designated threat is effectively reduced or eliminated at a given stage. In addition, a safety margin should be set within which, the product can be considered free of designated hazards

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### Stage 4. Establishing procedures for monitoring critical control points

It consists of establishing CCP monitoring systems so that production can be monitored on an ongoing basis and defective products can be prevented. It covers and specifies: the frequency of measurement or observation, indicates the person responsible, gives the method of recording and documenting and storing data until the product is worn out. Appropriate monitoring procedures should be selected so that loss of control and deviation from the limit can be identified. Monitoring should be carried out on a continuous basis, otherwise the measurement frequency should be set, necessary to guarantee full CCP control

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### Stage 5. Determining corrective actions

Pursuant to this principle, it is envisaged to establish for each CCP the appropriate corrective actions that must be taken when monitoring reveals a deviation from critical limits, which in turn means that the CCPs concerned are not under control.

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### Stage 6. Establishing system verification procedures

It consists of developing the verification procedures to confirm whether the system functions in accordance with the established HACCP plan, and whether it is effective and efficient in ensuring adequate food health safety. For this purpose, various types of methods can be used - audit, tests, analyzes, etc.

The verification process allows to assess whether: the production process covered by the system is under control, the identified threats are eliminated or minimized to a safe level, the product does not pose a threat to the life or health of the consumer, the CCP system works properly. Verification applies to: raw material, production process, production machinery and equipment, washing and disinfection programs, packaging, storage or distribution.

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### Stage 7. Preparation of documentation

It involves developing a way of keeping, collecting and storing documentation containing all HACCP plans, procedures and records appropriate to the principles and their application. The collected documentation should be available and made available for the control of the officials, as well as clients - domestic and foreign contractors.

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### Auditing and certification of food safety management systems

#### Audit of food safety management system

Internal audits of food safety management systems are aimed at assessing the operation of the implemented system by the organization in which the system operates. Obtained results from audits, allow for its improvement.

External audits are carried out by external companies. They can be carried out by certified bodies with the authorization to issue certificates confirming the compliance of the implemented system with a given norm, standard or guidelines. In addition, external audits can be carried out by customers, such as suppliers.

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### HACCP system certification

The International Organization for Standardization (ISO) published on June 19, 2018 an update of the international standard ISO 22000: 2005 setting requirements for food safety management systems and covering all organizations of the food production chain - from cultivation and breeding through production to plate (from farm to fork).

The ISO 22000: 2018 standard is a new approach to food and feed safety management (based on the HACCP principles) and has been developed for all organizations involved in the food chain.

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The certified HACCP System allows to increase consumer confidence in the food offered and to provide consumers with evidence of the organization's ability to identify and control hazards affecting food safety, as well as to monitor the conditions of its production, which may have adverse effects.

The priority task in the competitive struggle is to ensure a safe product on time, with a repeatable and expected level of quality, with the lowest possible production costs. This goal is served by food quality and safety management based on the requirements of international and / or national standards, including the certification of an integrated system based on the ISO 22000 standard.

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### Product definition

**A product** in marketing is any object of market exchange and everything that can be offered on the market. A product can be a material good, service, place, organization or idea. The basic function of each product is to meet the needs of the buyer.

**Technological process** - quantitatively and qualitatively ordered set of activities that change physical properties (shape, size), form of occurrence or chemical properties of a given substance (material). The technological process together with auxiliary activities (material movement) constitute the production process as a result of which the product is obtained.

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**Cost** - consumption expressed in terms of value: means of work, objects of work, external services, the work itself.

**The calculation system** classifies costs necessary to calculate the cost of the product.

**Brand**, or trade mark, a brand name: a name or graphic symbol placed on products to protect against imitation or counterfeiting, impersonation, attribution. It is treated as a kind of certificate: the manufacturer is not ashamed of his product, "signing" it, guarantees its quality. Hence the "brand" is synonymous with opinions.

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### Market estimation

**Market** (in economics) - a set of mechanisms enabling producers to contact consumers. The market is the entire purchase and sale transactions and the conditions in which they take place. The price and quantity of goods are determined on the competitive market. It is also a specific group of economic entities interested in buying and selling certain goods, values or services.

Part of the population represents supply (producers) and part of demand (consumers). Opposing supply demand at a specific place and time leads to determining the price of the value traded - this causes sale and sale transactions to take place.

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**Target group** - the group to whom the message, advertisement and the product is directed. Particularly in advertising, it is important to properly identify the target audience. The traditional way of defining a target group is to select people who meet specific socio-demographic criteria.

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**Konkurencja** - proces, w którym podmioty rynkowe współzawodniczą ze sobą w zawieraniu transakcji rynkowych poprzez przedstawianie korzystniejszej od innych podmiotów oferty rynkowej celem realizacji swoich interesów.

Konkurowanie może się odbywać w oparciu o wiele cech oferty rynkowej, takich jak cena, jakość, forma płatności i wiele innych.

**Competition** - a process in which market players compete with each other in concluding market transactions by presenting a market offer more favorable than other entities to pursue their interests. Competing can be based on many features of the market offer, such as price, quality, form of payment and many others.

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**Marketing** has many scientific definitions. Simply put, marketing is an activity aimed at finding, stimulating and meeting the needs of business entities.

Marketing activities are divided into four basic types, the so-called marketing mix. These are: price, product, distribution and promotion.

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**Price** - the amount of money for which the seller is ready to waive his rights to a given good, or the buyer is willing to buy it, to buy the right.

The price may concern, among others, good or service. According to most economic theories, price equals to the value of a given good.

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**Distribution** - one of the instruments of marketing mix. Distribution in marketing is understood as activities aimed at offering the product in the way desired by the manufacturer, in the right place and time. The right distribution not only goes to the right target customer but can also generate product added value.

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**Promotion** is the impact on the recipients of a company's products, consisting of providing them with information that is to increase the knowledge about products or services and the company itself, in order to create market preferences for them.

Promotion is an element of marketing communication. The marketing mix promotion instruments for the 4P concept are: sales promotion, advertising, sales staff, direct marketing, and public relations.

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**Prognoza sprzedaży**, to oczekiwany poziom sprzedaży oferowanych produktów i usług zależny od wybranego planu marketingowego i uwzględnienia warunków otoczenia marketingowego, a głównie możliwego wpływu i siły konkurentów. Prognozowanie jest sztuką przewidywania zachowania się nabywców, przyszłego stanu rynku, relacji podaży i popytu oraz spodziewanej koniunktury gospodarczej na obszarach działania przedsiębiorstwa.

Do prognozowania w marketingu wykorzystywane są:

- ekstrapolacja trendów sprzedaży,
- analiza czynników kształtujących wielkość popytu i jego kształtowanie,
- analiza statystyczna i ekonometryczna,
- ankietowanie nabywców dla poznania ich zamiarów zakupu (badania rynkowe),
- metoda delficka i inne.

**The sales forecast** is the expected level of sales of the products and services offered depending on the marketing plan chosen and taking into account the conditions of the marketing environment, and mainly the possible impact and strength of competitors. Forecasting is the art of predicting the behavior of buyers, the future state of the market, the relationship between supply and demand and the expected economic situation in the areas of the enterprise.

For forecasting in marketing, we use:

- extrapolation of sales trends,
- analysis of factors shaping the volume of demand

- statistical and econometric analysis,
- surveying buyers to find out their purchase intentions (market research),
- Delphi method and others.

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### Development of a financial plan and assessment of the project's effectiveness

**An investment** is an economic outlay for creating or increasing fixed assets. Expenses of enterprises for goods that can be used to produce other goods and services. This is called "effect of deferred benefits". We divide investments into investments in fixed capital and investments in inventories.

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**Variable costs** are the entrepreneur's expenses directly related to production. Their level depends directly on the size of production. So they are zero when nothing is produced, and they grow as production increases.

**Fixed costs** - outlays that must be incurred by the entrepreneur, regardless of the volume of production. Fixed costs are those costs that do not respond to changes in the volume of production, because they depend, for example, on the passage of time and regardless of the amount of products produced in a given period, most often they remain unchanged, for example: salaries of administrative and management employees, heating and lighting energy, cleanliness etc.

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**Revenue** - the obtained or due earning as part of business operations, Most often the revenue is the total value of net sales of goods and services in the accounting period (day, month or accounting year).

**Income** is a financial measure of benefits derived from various sources. For tax purposes, in the case of individuals, as a rule, the income from the source of income is the surplus of the sum of revenues from this source over the costs of obtaining them in the tax year. If the sum of tax deductible costs of a given source exceeds the sum of revenues obtained from this source, there is a loss.

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**Assets** - controlled by an enterprise with a reliably determined value, arising as a result of past events, which will cause economic benefits to the entity in the future.

**Liabilities** - a source of covering the company's assets.

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**Balance sheet** - it is a synthetic statement prepared for a specific day, e.g. the end of the reporting (accounting) period, showing assets (assets) on one side and capital (liabilities) on the other, i.e. sources of financing assets. The balance sheet total on the assets side and the total liabilities are always equal.



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**Profit** - it is a positive financial result of an enterprise or a specific investment or loan. Its opposite is loss. Profit is an extensive value and does not directly determine the effectiveness of management or investment. Profitability is a value that determines the effectiveness of management and investment.

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**Loss** - it is a negative financial result of an enterprise or a specific investment or loan. Its opposite is profit. Loss does not automatically mean that an enterprise is inefficient. It is often the case that an intensively developing enterprise shows a loss for some time as a result of intensive investment in means of production. On the other hand, a shrinking enterprise may paradoxically show profit if it dumps current assets and other assets quickly enough.

Permanent loss usually results in an increase in debt first, then a loss of liquidity and finally a declaration of bankruptcy.

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**Income statement**, informs you about the effectiveness of individual types of activity and the overall financial result of the enterprise. The profit and loss account shows the company's ability to generate profits and self-financing.

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**Fixed assets** - part of the company's assets with an estimated useful life of more than a year.

**Depreciation** is used to assign the purchase price or production cost of a fixed asset or intangible asset to the entire useful life of these assets.

The sum of depreciation charges is amortization. Depreciation is a non-monetary cost (it does not involve expenses in the current period). It is also a source of financing for restitution investments. With the help of depreciation, expenditures on the purchase or production of a fixed asset are gradually included in the costs of individual periods, which allows to raise funds for the purchase of new fixed assets after full depreciation of the old ones.

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**Dividend** - a part of the net profit intended for distribution among shareholders. The amount of dividend is calculated on the basis of the company's annual financial result. The company's authorities decide on the amount of dividend and the date of its payment.

The dividend may be paid from: net profit, supplementary capital or retained earnings from previous years. The dividend is usually in cash, but it can also be paid in the form of shares.