

AlpBioEco

Regional Implementation Guidelines

BM#2: **Herbal Pacifier**

CCIS-CAFE and BC Naklo



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INTRODUCTION

These guidelines are addressed for SMEs and stakeholders such as herb producers, farmers' advisors – specialists in herb production, policy decision makers, students, representatives of research and educational institutions, business support organizations, local action groups (LAGs), medias and other general public interested in innovative and sustainable herb production.

In order to develop these guidelines Regional Advisory Board (RAB) was formed, which specifically focused on the business model #2: Herbal Pacifier. The RAB consisted of experts from different fields (politics, economy, regional development, agriculture, food production, food supply, legal representatives of interests).

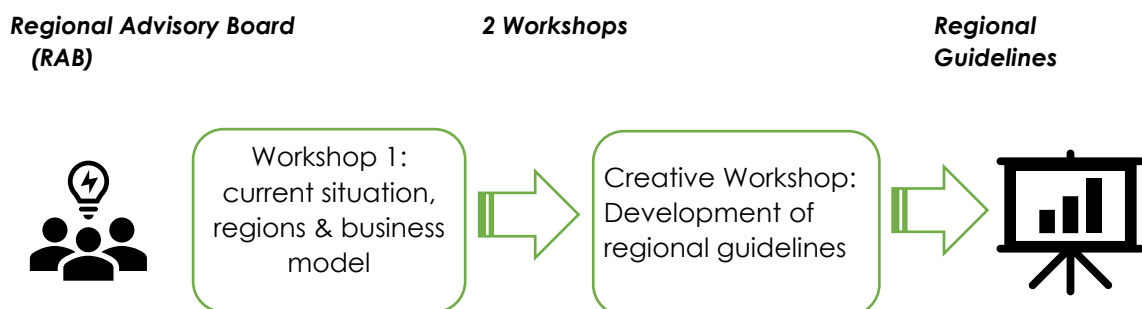
Overview of the Slovenian RAB members

Role	Name	Business/ Organisation	Sector	Network
Chairman	Mr Uroš STRNIŠA	Biotechnical Centre Naklo	R&D, higher education	international
RAB Member	Mrs Mihela ŠPELKO	Biotechnical Centre Naklo	R&D, higher education	international
RAB Member	Mrs Martina KRAMARIČ	Biotechnical Centre Naklo	R&D, higher education	international
RAB Member	Mr Mario PLEŠEJ	Ministry of Agriculture, Forestry and Food	Politics	international
RAB Member	Mrs Polona STRAJNAR	Ministry of Agriculture, Forestry and Food	Politics	international
RAB Member	Mrs Janja KREITMAYER MCKENZIE	Ministry of the Environment and Spatial Planning	Politics	international
RAB Member	Mrs Tatjana ORHINI VALJAVEC	Ministry of the Environment and Spatial Planning	Politics	international
RAB Member	Mrs Jana BERGANT	Bonistra Ltd.	SME representative	international
RAB Member	Dr. Alenka ROŽAJ BRVAR	EEIG-Slovenian Innovation Hub, SRIP Health-Medicine	EEIG, Business support organization	international
RAB Member	Mrs Nina Barbara KRIŽNIK	CCIS-CAFE	Chamber	international
RAB Member	Dr. Vesna MILIČIČ	CCIS-CAFE	Chamber	international

METHODS

All these experts provided their expertise during two on line workshops and together they worked on a successful implementation of the business model and considered specific steps for the future development of the business model. The first kick-off online workshop was held in October 2020. The workshop was organized by CCIS-CAFE which provided the background information on the AlpBioEco project, the selected business model and presented the aim and the expected results in the last working package. The members of RAB discussed about the current situation related to the bioeconomy in the region. At the end the selected Lego Serious Play certified trainer gave all the necessary information about the second creative workshop - Lego Serious Play workshop.





At the second online creative workshop (Lego Serious Play) which was held in November 2020, the members of RAB discussed the possible further development of the selected business model and set the ground for the design of the regional implementation guidelines.

The members of RAB have nominated the chairman who was responsible for presenting and discussing the elaborated recommendations at the Transnational online workshop which was held in December 2020. At this workshop the regional implementation guidelines and project regions were presented as a model regions for others. During the meeting the framework for the development of transnational implementation guidelines was discussed.



DESCRIPTION OF THE BUSINESS MODEL: HERBAL PACIFIER

Herb production and herb processing is a highly promising alternative to existing medical products in order to help to minimize the effects of health issues, such as skin diseases. For the project, we collaborated with a representative of a small Slovenian company that is producing and processing indigenous herbs into natural herbal products, such as essential oils and hydrolates. The aim was to gain deeper knowledge about the possibilities of herb producing and herb processing in Slovenia, in particular in Slovenian Istra, where the natural abilities allow producing the indigenous Mediterranean herbs, such as immortelle or everlasting plant (lat. *Helichrysum italicum*) and lemon balm (lat. *Melissa officinalis*). The essential oils and hydrosols made of indigenous herbs are particularly good for eliminating skin problems, because they act on the connective tissue of the skin and as a disinfectant and mild antiseptic. Growing herbs is one part of the business model. The other part is related to the processing of herbs, that is the steam distillation of herbs and the production of the final products hydrolates and essential oils. The third part is setting up a small distillation centre in Slovenian Istra with a handy laboratory and educational content. Therefore the presented business model combines the production of herbs, with which the typical cultural landscape of Slovenian Istra is maintained and the creation of new job opportunities in the area. Moreover, the distillation of everlasting flower and other herbs also produces waste plant material that can be used further as compost or can be made into pellets fuel.

BUSINESS AND MARKETING OPPORTUNITIES

Natural herb products made of locally grown indigenous herbs have excellent business and marketing opportunities at the local as well as national level in Slovenia, as the country's origin is an important decision factor for consumers while buying these products. Moreover, a great opportunity lies in selling these products via internet (international distribution), pharmacies and specialized local

stores. Another excellent business opportunity lies in setting up a small distillation centre with a small-scale laboratory and educational content, such as demonstration units, lectures and practical workshops, all related to herb production and herb processing with the aim to connect local herb producers and experts at the same place and to enable the transfer of knowledge and practical expertise in this topic. In terms of sustainability and green economy in the herb processing industry the post-distillation fresh plant material can be used as compost or as a raw material to produce pellets for heating. This represents additional business and marketing opportunity for the local herb producers and for the local the development of local economy.

ADDITIONAL INFORMATION AND CONTACTS

You can find additional information about the Herbal Pacifier business model here.

If you want to get more information about this business model or on our related research activities, you can contact the following AlpBioEco project partner:

- Slovenia/CCIS-CAFE/ Dr.ⁱⁿ Vesna Miličič/email: zivilska.ind@gzs.si | https://www.gzs.si/zbornica_kmetijskih_in_zivilskih_podjetij
- Slovenia/BC Naklo/Uroš Strniša/email: uros.strnisa@bc-naklo.si/ <http://www.bc-naklo.si/>

For the development of this business model, we have worked with the following organisation:

Slovenia/Bonistra Ltd /Jana Bergant/email: jana@bonistra.si /<https://www.bonistra.si/>

STATUS QUO

BIO-ECONOMY STRATEGY

Slovenia does not have a dedicated national bioeconomy strategy. At this point the bioeconomy topic in Slovenia is fragmented and it is covered by different ministries and is not yet centralized and led by one governmental institution. Currently this topic is partially covered by the Ministry of Agriculture, Forestry and Food, Ministry of the Environment and Spatial Planning, Ministry of Education, Science and Sport and Government Office for Development and European Cohesion Policy. There are several strategies and initiatives that are related to the circular economy and bioeconomy. These strategies and initiatives are:

- the **BIOEAST initiative**, which was set up in 2014 and which mission is the development of knowledge and cooperation based circular bioeconomies to enhance inclusive growth in the BIOEAST countries and to create new value-added jobs especially in rural areas, maintaining or even strengthening environmental sustainability. Link: <https://bioeast.eu/>
- **BIOEASTSUP project (H2020)** which was funded by the H2020 RUR-2019-1 in 2019 and which brings together different government stakeholders within the 11 CEE accenting their respective national governments agendas, the agri-food sector, and support for the national bioeconomic strategies. In order to achieve the EU Circularity and Sustainability goal under the auspice of bioeconomy, project develops an open and inclusive platform which is community driven. A platform aimed at reaching a wider array of the community at the Member states level. Link: <https://bioeast.eu/bioeastsup/>
- **Circular Change** is a private non-profit organisation with a strong international network serving as the best entry point for circular economy projects across Europe. It was established in 2015 and it is nourishing dialogue between different stakeholders, promoting new narratives, orchestrating interests, exchanging knowledge and enabling innovation in the field of green and circular economy. Link: <https://www.circularchange.com/about>
- the **Roadmap towards the circular economy in Slovenia** that was published in Apr 2018 by the Government of the Republic of Slovenia and the Ministry of Spatial Planning and Environment. The strategy encompasses different focus areas such as Green jobs, green



public procurement, promoting investments in circular business models, incorporation of the circular economy throughout the entire educational vertical and economic diplomacy. One of the commitments is to establish a national circular hub. Link: https://circulareconomy.europa.eu/platform/sites/default/files/roadmap_towards_the_circular_economy_in_slovenia.pdf

- the **Framework programme for Transition to a Green Economy, SLOVENIA**, was adopted in 2015 by the Slovenian Government. Along with this an interdepartmental working group, which supervises the implementation of the set measures was established. To implement the framework, the government also formed the Partnership for Slovenia's green economy with interested parties from the economy, non-governmental organizations, and local communities. The framework is particularly related to agriculture, buildings and construction, education, energy, forestry, waste and water (traditional sectors). Link: https://www.oneplanetnetwork.org/sites/default/files/transition_to_a_green_economy_in_slovenia.pdf
- [Resolution on the National Program on Strategic Directions for the Development of Slovenian Agriculture and Food "Our Food, Rural and Natural Resources from 2021"](#), was adopted at the end of January 2020 by the Ministry of Agriculture, Forestry and Food. One of the goals is also the development of sustainable and circular bioeconomy in agricultural and food sector. This represents a great opportunity for rural development with a key role for sectors that recognize and provide biomass as an important input. These concepts lead to a more environmentally and economically efficient cycle of substances in the Slovenian rural area. At the same time, a special attention to reducing food waste in the entire food supply chain must be considered as well.
- [Slovenian development strategy 2030](#), was adopted by the Government of the Republic of Slovenia on 7 December 2017. It includes sustainable development goals in order to implement the global development plan set out in the UN's 2030 Sustainable Development Agenda (2030 Agenda). It is urgently necessary to significantly increase interdependence and coordination between sectoral policies and development stakeholders at various levels, promote inclusive dialogue, establish close links between measures and create a supportive environment for the effective implementation of the Strategy. Amongst many goals it addresses the transition to a low-carbon circular economy that will also create new jobs on the labour market. Therefore it will be crucial to acquire new knowledge and skills in order to bolster the innovativeness, productivity and competitiveness of the economy, which will create the conditions for higher incomes, higher-quality jobs and a more inclusive society.

The opinion of the members of regional advisory board on the bioeconomy is that is necessary in order to achieve the sufficient green transformation at the national level. Although the country's available resources, specialization, and social development are essential factors in order to achieve that. However, Slovenia does not have a dedicated bioeconomy strategy but is moving in a similar direction with their various intentions. In all strategies, knowledge is considered as a key driver towards a sustainable bioeconomy. Knowledge is the basis for research, innovation, and development, which is needed for implementing and optimizing the bio-based value chains in a collaborative way and therefore also key for a successful development of bioeconomy.

RAW MATERIALS

According to the business representative and the member of the regional advisory board there is not enough raw material in order to produce large quantities of herb products and the products deriving from the herbal side-streams, such as pellets for heating. At this point, if the production of bio-based innovative products is to be enlarged, the raw material needs to be imported from other regions nearby. One of the goals of the herb producer involved in AlpBioEco project is to connect local herb producers in one local herb cooperative and eventually to connect in one big regional cooperative with the aim to be more sustainable and competitive on the market and to obtain enough raw material for the production of herb products. Some of the small local herb producers

are already interested in providing the raw material for herb processing, although the business representative has established networks with herb producers in neighbouring country. In the long term national and cross national cooperations are essential in order to achieve market and business success.

ASSESSMENT OF MARKET AND CONSUMER BEHAVIOUR

Nowadays the awareness of the consumers about the local and bio based products is at rise. Consumers are looking for high quality products that are made of local ingredients and that they are affordable. The consumers will demand customized products, addressing solely their specific problem. In order to achieve good market position of these products, personalized marketing, based on a good "story telling" approach is one of the solutions. The second very important aspect is, that the products are more trustworthy if they are supported by a scientific research results. The consumers are more willing to buy the products made of herbs, if their effects of use are supported by the outcomes of serious scientific research.

RESEARCH AND DEVELOPMENT

The business representative and the member of regional advisory board is already successfully collaborating with two Slovenian universities, the University of Ljubljana-Faculty of pharmacy and the University of Primorska. Together they are working on the characterization of immortelle and its effects on certain health parameters on the individuals involved in the study. The added value of the project will be scientifically-defined and characterized immortelle products, mainly in terms of antioxidant potential and anti-inflammatory mechanism. In addition, a new product of immortelle (herbal tea) would be developed during the study, and its effects on the health of the individual would also be investigated.

The information about the collaboration between the company and research institutions is available to the public on line on the faculty and company's website.

1. <https://www.famnit.upr.si/sl/izobrazevanje/projekti/projekti17-20/smilj/#heading1>
2. <https://www.histriabotanica.si/?p=253>

The business representative expressed the willingness to collaborate with the National Institute of Chemistry and the Jožef Stefan Institute in the future. There are many options open for the collaboration in terms of exploring the use of herbs in herb production and the analysis of herb compounds

FUNDINGS AND LEGAL FRAMEWORK

The bio based and innovative solutions can be funded via various financial sources, such as:

- Rural Development Programme 2014-2020 (Ministry of Agriculture, Forestry and Food) (<https://program-podezelja.si/en/rural-development-programme-2014-2020>)
- Financial support to Strategic Development and Innovation Partnerships (SRIP) in priority areas of Smart Specialization" (Ministry of Economic Development and Technology)
- Structural and Investment Funds (Government Office for Development and European Cohesion Policy)
- SID Bank funds for SMEs (<https://www.sid.si/en/financing/financing>)
- Slovene Enterprise Fund (<https://podjetniskisklad.si/en>)
- Slovenian Regional Development Fund (<http://www.regionalnisklad.si/>)
- Eco Fund (<https://ekosklad.si/public/english>)
- Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia (<https://www.srips-rs.si/en>)
- Private Investments (angel capital)



ADDITIONAL INFORMATION AND INTERESTING FACTS FORM THE ONLINE WORKSHOP WITH THE REGIONAL ADVISORY BOARD

Through individual & group work at the online Lego Serious Play (LSP) workshop, we looked for opportunities & benefits, as well as challenges, obstacles or missed opportunities in the selected business model for herbal pacifier.

After the presentation of the created LEGO® models and additional exchange of opinions within the group, we identified **4 key elements** of the business model:

- Growing & processing of herbs
- Education & Entrepreneurship
- Tourism & industry events & health-therapeutic activity
- Strategic business model management



Figure 1: Lego image of the Slovenian business model, that was prepared before the LSP workshop by the LSP trainer based on the BM description and the outcomes of first on line meeting with the members of RAB.

In the final challenge, we looked for the concrete ideas and measures that could be realized by each participant in the 4 key areas of the business model identified (growing & processing of herbs; education & entrepreneurship; tourism & event industry & health-therapeutic activity; strategic management of the business model) in the next 3 - 6 months.

FIRST GROUP - GROWING AND PROCESSING OF HERBS

OPPORTUNITIES, ADVANTAGES TODAY	CHALLENGES, IDEAS FOR THE FUTURE
Indigenous types of herbs	National targeted research projects for the purpose of connecting researchers and farmers
Research, similar to that for olives	Rural development, including through LAGs (local action groups)
Establish a system for tracking the origin of seedlings (track & trace)	
Investments in processing	
Herb cooperative (as a redemption station)	
New distillery for surrounding local farmers	
Connecting and exchanging knowledge between herb growers and processors	

SECOND GROUP - CONNECTING EDUCATION AND ENTREPRENEURSHIP

OPPORTUNITIES, ADVANTAGES TODAY	CHALLENGES, IDEAS FOR THE FUTURE
National professional qualification for herbs growing/processing	More and more effective communication between all stakeholders
Development of innovative products	More dialogue and networking
Dissemination of knowledge among young people	Establishment of demonstration centers
Reactivation of business centers in biotechnical educational institutions	Examine the opportunities of educational farms (although they did not come to life as a measure)
Connecting educational, research and state institutions (ministries)	

THIRD GROUP - TOURISM & EVENT INDUSTRY & HEALTH AND THERAPEUTIC ACTIVITY

OPPORTUNITIES, ADVANTAGES TODAY	CHALLENGES, IDEAS FOR THE FUTURE
Tourism in terms of preserving Istria as green, indigenous touristic destination	
Connecting with other local providers	
Maintaining the heart of this activity where people are at the forefront	
Business Relaxation Center (green, smart)	
Therapeutic centers for health purposes	

FOURTH GROUP - STRATEGIC MANAGEMENT OF THE BUSINESS MODEL

OPPORTUNITIES, ADVANTAGES TODAY	CHALLENGES, IDEAS FOR THE FUTURE
It is essential to formulate a long-term strategy and assess the reality of feasibility	Establish a vision, strategy, identify partners, funding sources and a schedule / implementation plan
The Slovenian Strategic Development Innovation Partnership <i>Health & Medicine</i> can offer professional help and advice / as well as other professional institutions	Ensure the connection of the right subjects in the vision and strategy (ministries, educational, research institutions ...)
The strategy should be based on difference, uniqueness, boutique (treasury of knowledge for everyone in Istria / cultivated, green Istria)	Take advantage of existing Strategic Research & Innovation Partnerships

SOME INTERESTING STATEMENTS OF THE RAB MEMBERS DURING THE 1ST ONLINE WORKSHOP IN OCTOBER 2020

»What do you associate with the term Bio-economy?«	
Business Association representative 1	"I associate the term Bio-economy with innovation, green, new business models and, of course, finance. The bioeconomy is primarily interdisciplinary and connects agriculture, the environment, finance and the economy. And therefore, it is urgent to find synergies between all these sectors and beyond."
Business Association representative 2	"I associate the term Bio-economy with the development opportunity for new jobs, especially in terms of zero waste and the use of biomaterials."
Representative 1 of EEIG	"I associate the term Bio-economy with bio-products and other products or raw materials that we have in Slovenia and could be better used for their processing in a sustainable way. And the better use of raw materials that are indigenous

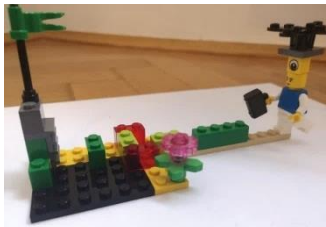







	<i>such as herbs, apples, walnuts, processed in a more sustainable way and that can also be sold outside Slovenia."</i>
Representative 2 of EEIG	<i>"Awareness of the population is improving, and we are more proud of local products and we are more often buying homemade products. We don't just buy foreign products. And I think that is a good incentive for our farmers. They earn much less while cultivating conventional crops, than they would while cultivating herbs or some other crops with higher added value and processing it into new products. I see a great opportunity for Slovenia in this field."</i>
Representative 1 of the Ministry for the environment and spatial planning	<i>"I associate the term Bio-economy with the efficient closure of material flows. In Slovenia, we have quite a few opportunities that could be used in this way and therefore we can efficiently reduce the pressure on the environment and natural resources."</i>
Representative 2 of the Ministry for the environment and spatial planning	<i>"I wish to see the transformation of the conventional agricultural practices, which would be good to change, or for which the Ministry of Agriculture, Forestry and Food is also trying to change slowly. I associate the term Bio-economy with the circular economy, because it is one of the important parts to connect all areas in the circular economy where we can use our natural resources wisely and create economic products in a sustainable way."</i>
Representative 1 of the Ministry of agriculture, forestry and food	<i>"I associate the term Bio-economy with an environmentally friendly economy that should contribute to nature conservation, greater biodiversity and innovative ideas in the long run, which is essential."</i>
Representative 2 of the Ministry of agriculture, forestry and food	<i>"I associate the term Bio-economy primarily with the opportunity to change our entire paradigm of how we operate and live. I associate the term Bio-economy with the invention of the steam engine or the invention of the Internet, which has greatly changed our society. We are using various terms such as "environmentally friendly", "sustainable", but the concrete actions done so far associated with these terms, were just small steps. In the Bio-economy, however, I see an opportunity to bring about a strong change in existing paradigms."</i>
Business representative	<i>"I associate the term Bio-economy primarily with the design of new innovative products for consumers. The needs and tastes of consumers are constantly changing and this needs to be followed and adapted. The whole business story, the whole production value chain, needs to be completed in a sustainable circular way, in order to be economically interesting."</i>
Bio economy in Slovenia – status quo	
Representative 2 of the Ministry of agriculture, forestry and food	<i>"In the national project within the Targeted Research Programs, which is currently underway, one of the goals is to check the state of the bioeconomy in Slovenia. Otherwise, bioeconomy is included in the Resolution on the National Program on Strategic Directions for the Development of Slovenian Agriculture and Food "Our Food, Rural and Natural Resources from 2021, which is the basic document for the preparation of a new strategic plan for agriculture. The question and challenge of how to transfer the field of bioeconomy to the whole economic chain still remains open."</i>
	<i>"The word "absorption of funds" makes me cringe, because it only refers to the fact that the money is spent, and not how and for what purpose exactly it is spent. I am a little afraid that the money will not be spent on what it should be, that is, on the necessary shift from the old paradigms, but on that what can be done the fastest way, and these are practices business as usual."</i>
Representative 2 of EEIG	<i>"It's all about loans, people don't dare to take risks and then they're less successful than they otherwise could be if they took the risk without worry. It would be wise to connect and make recommendations to the Government for various topics and not just for the topic of high technology."</i>
Representative 2 of the Ministry for the environment and spatial planning	<i>"Yet the field of the bioeconomy is somehow isolated. In this case, the Ministry of Education, Science and Sport, which supports innovation, should also be included in this debate. In Slovenia, innovations are not related to the industry. In connection with the bioeconomy in Slovenia, there is a lack of systemic integration and support for innovation in connection with the industry."</i>

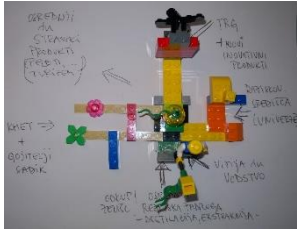
Business representative	<i>"Raising funds is really difficult. In any case, the ideas I want to realize will require some other networking and obtaining funds or co-investors."</i>
Market situation – status quo	
Business representative	<i>"I notice that farmers know how to grow, but they do not have enough knowledge on how to sell their own products. Here I recognized an opportunity in networking and a joint appearance under a single brand. Lavender and immortelle are becoming very commercially interesting. Especially for those farmers who are already growing something, e.g. olives, vines and herbs present a complementary activity. People buy natural cosmetics when they see that some serious scientific study is in the background. My goal is to establish a third pillar in Slovenian Istria, in addition to the production of olives and wine, i.e. production / processing of herbs, which can be very nicely connected with the development of sustainable tourism in the region."</i>
Representative 2 of EEIG	<i>"We need big stories. If everything is fragmented by smaller projects and by regions then you are not getting anywhere. However, if we have one big umbrella story, we can achieve significantly more."</i>
Research and development – status quo	
Business representative	<i>"I work very successfully with the University of Primorska as well as with the University of Ljubljana. I also see the Institute of Chemistry and the Jožef Štefan Institute as potential institutions for cooperation in the future. I find that plant waste material is most often used for compost. It can also be processed into pellets, which requires more material. In principle, it could also be used in the paper industry."</i>
Representative 2 of EEIG	<i>"It is likely that waste plant material could be used to produce nanocellulose, which can be used as a building insulation material as a sound or noise protection."</i>
	<i>"SRIP Health Medicine is a platform which connects producers and consumers together. There an interdisciplinary approach is available. It is important to know what are the market needs or what the market will need. And in this way, we can also focus R&D in order to focus on forming a value chain and getting to the market."</i>
Representative 2 of the Ministry for the environment and spatial planning	<i>"The biggest obstacle to the introduction of innovations in the field of bioplastics for companies engaged in the manufacture of plastic products are long-term contracts with suppliers of plastic materials. In fact, horizontal and vertical connections should be established. And, of course, at the same time the provision of sufficient quantities of waste materials for the industry."</i>
Financing and funding – status quo	
Representative 2 of the Ministry for the environment and spatial planning	<i>"Under the COVID-19 Financial Fund for Reconstruction and Development, it has been discussed that a significant part of the funds should be earmarked for the green economy and that priority should be given to the projects that have a good impact on the environment. There will be plenty of funding opportunities here."</i>
	<i>"Anyone who has any idea should look at different Funding Funds. Regional development agencies, which certainly have more information and are also better channels to reach ministries, could also help. Last but not least, development regions must be involved in programming."</i>



SOME INTERESTING STATEMENTS OF THE RAB MEMBERS DURING THE ONLINE LEGO SERIOUS PLAY WORKSHOP IN NOVEMBER 2020

FIRST PART: The description of individual LEGO models	
Business Association representative 1	<p><i>"The business model can also target the development a relaxation centre for business people. Tourism will also go in a new direction, especially in the direction of green tourism, man tailored tourism. I see the role of the Chamber of Commerce and Industry of Slovenia in the context of further networking, not only at the national level, but also at the European and global level."</i></p> 
Business Association representative 2	<p><i>"The role of the Chamber of Commerce and Industry of Slovenia is primarily to help Mrs. Jana in opening new marketing channels, possibly also to promote her business activities, to include her in our various projects and to help her with serial performances and similar activities that are important in the field of business."</i></p> 
Representative 2 of EEIG	<p><i>"This business model also represents a potential solution to address the growing problem of burnout. Working in the nature, with the soil can help a lot in these cases. Aromatherapy, however, is an added bonus if the patients work with herbs and medicinal plants. From this point of view, some kind of program could be formed and co-financed. Farmers could on one side get cheaper labour and on the other side burnout patients, however, would directly benefit from the work in nature."</i></p> <p><i>"Within the SRIP Health Medicine, we can set a strategy and then propose it to the state. I think that in a relatively short time we could prepare an appropriate strategy in which we would connect all the actors in the country. From ministries, to school centres and herb producers, and of course also including the market."</i></p> 

<p>Representative 1 of the Ministry for the environment and spatial planning</p>	<p><i>"My hands just made a heart out of Lego bricks, because I think it's important that this stays a heart activity and not a big industry. I put Mrs. Jana at the centre of the Lego model, because I see her as a potential for learning and spreading the knowledge. I see a great opportunity in connecting with other herb producers in the region."</i></p> 
<p>Representative 1 of the Ministry of agriculture, forestry and food</p>	<p><i>"From the ministry point of view, I see that a strong bridge or connection must also be established with institutions in the field of research and education. I also see a connection with breeding programs. The Ministry should also promote such activities through the RDP measure that supports complementary activities. I also see great opportunity in European Innovation Partnership projects."</i></p> 
<p>Representative of R&D, Higher Education institution</p>	<p><i>"It is important that human remains at the centre. Institutional frameworks and organizations need to be brought together. Today, in this complex world and in the development of such products and business models, literally all institutions must be involved. Above all, it is essential that school and development institutions work together directly. And that calls are specifically designed for pilot projects to promote pilot production and product testing at the consumer level."</i></p> 
<p>LSP Trainer</p>	<p><i>"The skill of listening is often neglected and too often overlooked."</i></p>

<p>Business representative</p>	<p>"My opinion is that we need to build on local stories, local indigenous plants, do more research and see where our specialties are in herb production. Just like we did on olive trees, where we are already world-famous for the quality of Istrian olives and olive oil. We need to build our business stories on the uniqueness."</p> <p>"It is necessary to work on professionalism and connection with research centres. Farmers must be encouraged in the direction of the production of indigenous herbs."</p> <p>"If one such regional distillation centre is established, then we have all this waste plant material in one location and therefore we have the option of making pellets for heating. But this takes investment, so I can't do it alone. This business model, which has the distillation centre in its core, can be extended to other regions in Slovenia."</p> <p>"The time we are in now, shows us that herbs are also very important for ensuring human well-being. I therefore see a great opportunity for this segment now and in the future."</p> 
<p>SECOND PART: Thinking of concrete steps forward</p>	
<p>Representative 2 of EEIG</p>	<p>"We should not only talk about 3 or 6 months, for example, the SRIP Medicine Health is being prepared for the next 3 years. We urgently need to distinguish between the terms "strategy" and "vision". A vision is something we want to achieve, but we don't know how we're going to achieve it, whilst the strategy is a concrete plan for how we're going to achieve it."</p> <p>"All stakeholders would say what they could contribute and then agree on what can be done in a short term and what in the long term."</p>
<p>Representative 1 of the Ministry for the environment and spatial planning</p>	<p>"Within 3 to 6 months, it seems to me that there is nothing where we, as a ministry, could actively participate. However, I think it is good that concrete steps are being taken within the framework of the SRIP and that things are already functioning somehow and are already underway."</p>
<p>Representative 1 of the Ministry of agriculture, forestry and food</p>	<p>"In 3-6 months, it will be difficult for our ministry to move forward. A new strategic plan is currently being prepared, where the integration and transfer of knowledge is also crucial, and demonstration farms are expected to be the key issue in this regard."</p>
<p>Representative 2 of the Ministry of agriculture, forestry and food</p>	<p>"The need for collaboration between researchers and farmers is urgent. This need is well addressed by Targeted Research Programs that are launched every two years. And there, researchers have the opportunity to execute scientifically study and propose solutions to a very concrete problem that arises in agricultural practice. There are also measures under the RDP to promote cooperation (i.e. EIP projects). then there are LAGs and LEADER measure."</p>



Business representative	<i>"In 3-6 months, we could find the potential partners that we need in order to implement the business model as well as the sources of funding and check the feasibility of the business model. This strategic plan can be imaginary, but it can also already indicate possible realizations in business practice."</i>
Representative of R&D, Higher Education institution	<i>"From the point of view of education, I would like to draw your attention to the institute of educational (demonstration) farms, which we set ourselves in Slovenia years ago, but unfortunately never fully realized."</i>
LSP Trainer	<i>"In Slovenia, the 4-year project "Podjetno nad izzive" has been re-launched through the Cohesion Service. In 8 regions across Slovenia, business incubators received funds for the implementation of business programs within this project."</i>

SUMMARY TABLE

This table is together completed by the RAB members based on their experiences, assessments and level of knowledge. Since this advisory board is made up of people from different disciplines with perspectives from many directions, this table will provide a good overview of the current situation in the region with regard to the selected and discussed business model.

The term **"excessive / unproblematic"** defines that these areas are available to such an extent that the BM implementer only has to select without a lot of work in the search or that the framework conditions are in such a way that they no longer need to be changed to ensure implementation of the BM.

The term **"too less / problematic"** includes all those areas in which changes have to be made so that the BM can be implemented.

	excessive/ unproblematic	sufficient	middle	Too less/ problematic
Raw material in the region		2 answers	1 answer	2 answers
Raw material producers in the region		2 answers	1 answer	2 answers
Market and consumer		1 answer	3 answers	1 answer
Competing products	1 answer		4 answers	
Dealer and Trader		3 answers		2 answers
Interested project partner			3 answers	2 answers
Possible processors and implementers of the BM		2 answers	2 answers	1 answer
Research institutions in the area of the BM	1 answer	2 answers	2 answers	
National research / nationale experts	1 answer	1 answer	2 answers	1 answer
International research / International experts	2 answers		3 answers	
Legal framework		3 answers		2 answers
Promoter of the business idea (stakeholders / areas / people)		1 answer	1 answer	3 answers
Regional funding			1 answer	3 answers
National funding		1 answer	1 answer	3 answers
International funding	2 answers		2 answers	1 answer
Research funding		2 answers	2 answers	1 answer
Project development funding		2 answers	1 answer	2 answers
Market maturity / marketing promotion		1 answer	3 answers	1 answer
Additional financing possibilities		1 answer		3 answers



GUIDELINES FOR STAKEHOLDER

These guidelines are addressed to SMEs, herb producers, farmers' advisors – specialists in herb production, policy decision makers, students, representatives of research and educational institutions, business support organizations, local action groups (LAGs), medias and other general public interested in innovative and sustainable herb production.

STRENGTHS OF THE REGION

One of the region's strengths for the herb production are climate and soil conditions. Slovenia's territory is recognisable by its diversified terrain, rich cultural heritage, and abundant and diverse valuable natural features. Almost 90 per cent of its territory lies 300 metres or more above sea level, while plain areas in the form of closed valleys and basins account for less than 20 per cent of the territory. Less favoured areas (LFA) account for 86.3 per cent of the territory of the country, of which 72.4 per cent are mountain areas. The Slovenian countryside is highly heterogenous, distinguished by various natural conditions and obstacles, and diversified demographic, economic, and social structures. Slovenia's location between the Alps, the Dinaric mountains, the Adriatic Sea and the Pannonian Plain is the reason for the country's diverse climate: there is a continental climate in central Slovenia, an Alpine climate in the northwest, and a sub-Mediterranean climate in the coastal area and its hinterlands. Consequently, landscapes and agricultural production conditions are also diverse, as are the cultural identities of individual rural areas. Rural areas in Slovenia are increasingly important as centers of energy production, from biomass and other renewable sources such as water resources and have rich biodiversity and highly varied natural environments. They are also important from an economic aspect since new economic sectors are now developing in rural areas, such as rural tourism and other activities linked to their natural and cultural asset.

The reason for choosing the herb value chain was in the identification of huge potentials for the herb production and processing. Especially in terms of organic agriculture and organic herb production. As well as good market opportunities for herbal products. In 2016, 262 agricultural holdings were producing herbs on 98.3 ha of arable land. Between 2006 and 2016, the number of agricultural holdings producing herbs increased by 205 holdings, while the area of land increased by 86.13 ha. Despite the fact that the natural geographical conditions for the cultivation of herbs in Slovenia are favourable (they enable the production of two thirds of the herbs we otherwise import), but the total area on which herbs are grown is still low. Nevertheless, the total volume of herb production in Slovenia, even compared to the Balkan countries, is still extremely low.

In Obalno-Kraška statistical region, where we conducted Business Visit in June 2020, there are areas that are rich in natural habitats of medicinal plants, so probably many herbs are also collected in the natural environment. Even though there are good conditions for the professional herb production. At the same time in this region, many farms have registered herbal production as a supplementary farm activity. The higher density of these farms is mainly in the coastal part, which is probably also related to the proximity of important tourist centres (e.g. Piran, Koper, Portorož).

Recently, the increased demand for herbal products, literature, various workshops, education, training, and an increasing number of candidates wishing to obtain the National Professional Qualification for herb producers were identified. Knowledge is extremely important, as it is the basis for successful operation and development of rural areas in the context of herb production and processing and business models of herb producers in various forms, and at the same time knowledge transfer is becoming one of the services offered by herb producers or other stakeholders in their business models.



RECOMMENDATIONS FOR THE STAKEHOLDERS ON THE IMPLEMENTATION OF THE BUSINESS MODEL

Although the herbal business landscape in Slovenia is currently very dynamic and entrepreneurs with very innovative business models are constantly entering it, the concern for the further development of the herbal business landscape is justified. Most of the current active herb producers-entrepreneurs do not have help (they perform all the tasks and stages of work themselves), are over 45 years old and have no intended successor. In this case the state will also have to play its role, as the field of herb production and processing is far from being systematically regulated. An additional challenge for the herbal business landscape will also be the connection between herb producers-entrepreneurs. Important steps will also need to be taken in the field of greater integration of herb production with the cuisine and tourism sector, where some herb producers-entrepreneurs are already recognizing many business opportunities. Herb producers-entrepreneurs often lack knowledge in the field of entrepreneurship (legislation, marketing, business management), so it would make sense to pay more attention to these topics in the future. Educational institutions, especially organizers of informal educational courses for adults, are key in connection with conservation, transfer and development of herb production knowledge. In the herbal industry such institutions function as components which network knowledge, experts from different fields, people with different views, educational levels, ambitions and from different age groups. Besides, the knowledge transfer to younger generations of herb producers and peer-to-peer learning would need to be enhanced.

In addition, we have identified that herb production and processing represent a good opportunity in the use of post-distillation fresh plant material that can be used as compost or as a raw material to produce pellets for heating. This is especially important in terms of closing the loops in herb production and following the principles of circular economy / bioeconomy.

GUIDELINES FOR SMALL AND MEDIUM ENTERPRISES

The following graphic (roadmap for the implementation of the business model) shows all areas for the implementation of the business model (BM). Some of the BM are still at the very beginning and therefore need all stages. Other BMs are already more advanced and are somewhere in the middle of the roadmap. The graphic is kept in a general mode that the individual modules can be adopted for each BM without having to change the wording. This results in roadmaps that are identical in wording but have different lengths. These roadmaps can be compared with one another. In the next section the individual blocks of the roadmap will be discussed in more detail and thus specifically related to the selected BM.



DESCRIPTION OF THE ROADMAP FOR THE BUSINESS MODEL #2: HERBAL PACIFIER

1. The roadmap **starts** with selecting a business model – for our case a herbal pacifier business model. Establish a vision for your business model and continue with building a strategy.
2. **The second step** is planning. Environmental and market research should be done, as well as research on raw material. Conduct research which herbs or herbal extracts, are best to use for the pacifier. Connecting and exchanging knowledge between herb growers and processors can be helpful for your research. Environmental analysis should include the legal framework in your country, possible networks and cooperative you can be a part of and competing companies. Market research should include researching different producers, quality of their product and quantity they are able to produce. Start connecting with different stakeholders. Ensure the connection of the right subjects in your vision and strategy (political framework, educational sector, research institutions...)
3. **The third step** includes funding. Consider finding sponsors and/or investors. Research possibilities for founding for R&D and product development. Apply for government funding for your R&D and product development.
4. **The fourth step** includes finding cooperation and implementation partners. Looking for partners for R&D and partners for product development. Take advantage of existing Strategic Research& Innovation Partnerships.
5. **The fifth step** includes product development. You need to establish hygiene and food technology requirements for the product. Your market analysis should include design studies and market and customer requirements. You should establish a target group for the herbal pacifier for targeted marketing. Register property right and pattern for the product
6. **The sixth step** includes funding for market launch. Determine the target costs of your launch.
7. **The seventh step** includes market maturity. You should start promoting your product. Take advantage of social media. Direct your promotion to your target group. Look for influencers with a high following of your target group to promote your product. Look for businesses that are interested in selling your product.
8. **Final step** includes starting the production and sales of your product. Have an established quality control system. It is vital to have consistent quality of your product.







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