

THESIS

Ekaterina Kurzakova

2023

SUMMARY

The master's thesis is devoted to the creation and development of a business plan for a snail farm, which will be located in Hungary.

Small enterprises are an important component of a market economy. Snail farming is a new and profitable business. This industry is practically not developed in the country due to the lack of local demand. On the other hand, in some European countries there is a need that is not covered by current supplies. This defines the relevance of the chosen topic.

The work was aimed at the development and justification of the economic feasibility of implementing a business project of a snail farm for growing snails, producing four tons per year and their further sale on the external and internal markets. After having finalized the thesis work, we can conclude that the aim of the work is accomplished successfully.

Additionally, according to the objectives presented in the Introduction part, we can draw the following conclusions:

1. Business plans are well known to investors, entrepreneurs and students. The business plan describes the vision and goals of the business, as well as the strategy and tactics that will be used to achieve them. The plan can also serve as the basis for operational budgets, objectives, procedures and management controls. The logic behind a business plan is to try to predict the future of a company through specific marketing, strategy, financial research, and planning tools. In fact, while spending time and money, entrepreneurs who want to increase their chances of success must plan their business and test it against several scenarios.

The nature of startups arises, and the uncertainty and risks that can be associated with attracting enterprises, make it difficult to create a startup business plan compared to the emergence of a business plan. However, a well-thought-out start-up business plan is critical to funding, managing business operations, and achieving success in the intended future.

2. The breeding of snails, otherwise known as helix breeding, is a profitable practice widespread throughout the world. Snails are sold on meat and used in popular snail dishes. To start and maintain a healthy snail farm, one needs to make sure that the right types of snails are used, a favorable habitat and care for the health of snails have been created. Having

shown patience and devotion to the cause, one can turn a snail farm from a personal hobby into a profitable business enterprise.

3. To reach the aim of the work, cover the topic, and estimate the results achieved, we have used the following materials and methods: Business Model Canvas, Startup Business Plan, Porter's Five Forces analysis, the Risk analysis, PESTEL analysis of the project, SWOT analysis of the project, Project implementation schedule, Breakeven point. As a result, we have concluded that, despite all the risks and external conditions, the right management and proactive actions will transform the snail farm into a successful business.

4. In 2023, starting a business in Hungary seems to be profitable. Since the state is a member of the EU, businesses can access the market there. The nation has a sophisticated infrastructure and is situated in the middle of Europe. Production, logistics, and the service industry are all strongly established in this area. The registration of a general partnership, a limited partnership and a limited liability company is free of statutory fees. With some restrictions, the company can start business activities as from the filing. On average, it may take up to 15 days to start a company in Hungary. This covers the time required for all legal processes, such as consulting with a lawyer and going to the registration court.

There are many laws and regulations that one needs to know about, and consequently abide by, when opening a farm. It is recommended that one consults a lawyer or snail farming expert in Hungary to ensure compliance with all legal requirements and obtain all necessary permits and licenses for the particular snail farming project.

5. The growing demand for snails, especially in Europe, has created market conditions that guarantee the sale of the quantity produced. With over 80% market share, the most commonly consumed snail species is *Helix Aspersa*. It is well known as an excellent and highly regarded gastronomic product due to the quality of its meat and slime. The climatic conditions of the Mediterranean countries fully satisfy all the conditions for the reproduction of this species of snails. In 2022, the total global snail consumption market reached \$156 million. In France, there was a significant shortage of 7,000 tons of snails in 2021 due to their high consumption. Based on the above information, it is expected that the need for snails will not be satisfied even in the next 10 years.

6. Based on the information provided in the chapter 4, the Osterwalder and Pigneur business model template was filled out. It consists of 9 blocks that allow you to simply and visually present the activities of the organization. The developed simulation economic model

allows to provide multivariate alternative calculations to obtain objective assessments of the possible development of the project in a specific economic situation. The BMC was used as an analytical tool to create the framework to start up a small Snail Farm business in Hungary.

7. In the last chapter, the financial analysis of the proposed business is implemented and the key financial indicators of the project are estimated. The payback period of the project is a bit higher than three years (3.26 years) with the proposed volumes of production and prices. The return on investment for this project is 100.35%, which means that the cash flows of the project covers the related cash outflows doubly. The internal rate of return (IRR) is 54.08% (which is significantly higher than the proposed discount rate of 15%). It means also that all sources of financing, the cost of attracting which is less than 54.08%, are potentially able to ensure the profitability of the project. The break-even point of the project implementation in the first year arises at the sales level of 3.45 tons. Taking into account the proposed sales volume of 4 tons (which is 14% higher than the break-even point value), we can expect profit from the project implementation.

It is possible to achieve such results, first of all, due to low initial investments and rather low prices for raw materials with significantly higher prices for the finished product. This project can be considered cost effective.

Thus, as a result of evaluating the economic effectiveness of the investment project of a snail farm, it can be concluded that it is advisable to implement it in Hungary. Additionally, the thesis work is concluded with a number of recommendations that can be better planned and achieved in the future (such as to increase production volumes, to open new markets, including local ones, to promote Cleaner Production Policies and ecofriendly production).

Key words: Snail Farm, Business Planning, Business Development, Business Model Canvas, Small Business, Agriculture