

**RePro
Project**

Real-Life Business Projects in
Multicultural Student Centered Learning



RePro Case



Rönnvik's Winery

Finnish wineries

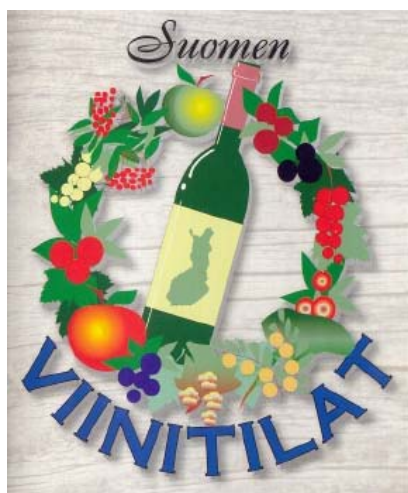
Wine making started commercially in Finland in 1995, when our legislation enabled this kind of operation. The first wineries were set up right after the permission had been granted, and the number of wineries has grown annually ever since. In 2005, there are 37 active wineries operating in Finland. In addition to wine making, most wineries provide restaurant and wine shop services as well.

The wines made in Finnish wineries use domestic berries and fruits in their production and alcohol content is less than 13%. The wines are made without artificial colour or flavouring ingredients and this is why the flavour of raw materials comes out in the genuine and pure way.

In 2004, about 400 000 litres of winery wines were sold in Finland. This was only a marginal share of the total sales of wines, i.e. of 31 million litres. Winery wines are sold both in wineries and at Alko.

Several wineries also make strong wines, liqueurs and tisslers. These strong beverages can only be purchased at Alko or taken at restaurants.

Finnish wineries are small family businesses. Some larger wineries employ only a few local workers outside the family. (www.viinitilat.net)



Picture 1. Finnish wineries, logo.

Rönnvik's Winery

Rönnvik's winery is located at Laitikkala, Pälkäne alongside the Hämeenlinna - Pälkäne road. It is possible to get there by boat; it is only a couple of hundred metres from the winery's quay on the lakeshore of the open water of Ilmoila.



Picture 2. The wine shop.

In addition to the winery, the village of Laitikkala has various kinds of countryside business operations not to mention traditional farming. The village has two shops, two fuel distribution outlets, a cheesery, a farm house accommodation business, a meat processing business, a machine contractor, a hairdresser, a software provider, a berry and strawberry farm, a lama farm and a bus entrepreneur. The village has been awarded a Pro-Countryside prize. (2002)

The village has 180 houses with permanent residents and about the same number of summer residents. Approximately 90% of the permanent residents work in the village.

(www.ronnvik.com, www.laitikkalanet.fi)

Entrepreneurs and Growth of Business



Rönnvik is a limited company. It is owned by Eila and Jouni Rönni (40% + 40%) and their sons Jussi and Kalle Rönni (10% + 10%).

The winery operates as a separate enterprise on the Rönni's farm renting its buildings and land and buying a majority of its raw materials from it. The farm is a family farm with its old buildings: in addition to the main building decorated by climbing plants, the yard is surrounded by an old cow barn - today a modern wine fermentation and bottling place, a former pig house - today a wine shop as well as a former stall - converted to a restaurant and a coffee house. Over the past years, buildings have been expanded respecting the old farm environment.

Picture 3. Eila and Jouni Rönni.



Picture 4. The winery's yard.

Eila and Jouni Rönni bought out the farm in 1983. They gave up their own professions and started to cultivate the family farm. Jouni Rönni is a soldier, major by profession and has been on several UN missions.

Eila Rönni worked in the insurance business. They both have strong peasant roots, so they knew what they were doing.

The farm in 1983 was a typical medium-sized farm at that time, and the main production was focused on corn and meat cattle. The additional support pillar was forest, which was used as an extra income when needed. From the very beginning, it was clear that the owners couldn't manage with the old production but they had to come up with some new business ideas.

They started to look for new alternatives at a fast pace, e.g. contract cultivation of currants and open land vegetable production. In 1987 they got an opportunity to start broiler breeding when Saarioinen Oy offered a breeding contract with them. At the turn of the 1990s they started to screen unprofitable parts of production.



Picture 5. The restaurant.



Picture 6. The wine shop.

Broiler and berry production were expanded then further. In 1995 they started to reprocess their own berry production, when the law allowed setting up Finnish wineries.



Picture 7. The assembly room.

At present, Rönnavik is a versatile rural business, which is open to outsiders, too. About 20 000 guests visit the winery yearly. They are introduced to specialized farming as part of the countryside with various production lines as their sub-areas.

The old buildings of the farmstead have been renovated strongly preserving the old appearance and atmosphere, though. Besides the proper production facilities, the farm has a wine shop, coffee house, restaurant and assembly rooms. The EU has granted a substantial financial support for the building of new premises.

Rönnvik's Services

The winery's restaurant offers groups of visitors Finnish à la carte dishes with modern grip. You can also stop in the coffee house called Pikku-Valakka to enjoy the farm's delicacies. The banqueting and assembly rooms for 200 persons make it possible to organise family occasions, meetings and seminars.

One third of Rönnvik's wine is bought by excursion groups, one third is bought as business gifts for companies whose image is suitable for high-quality domestic products and the rest is bought by passers-by and local regular customers.

Excursion groups are especially, important customers, often the coach full of people who have already planned in advance to make purchases. Also seminar and workshop customers do their shopping at the wine shop. As Rönnvik is located outside the town plan, the wine shop is allowed to be open on Sundays, too.

Rönnvik's Wines

Rönnvik's winery has 17 different wines, developed on their own farm, a few liqueurs as well as tisslers. (www.ronnvik.com) There is a bakery in connection with the winery making islands bread and Kyllö's rusks.

Rönnvik's wines have found their names in the native region, e.g. Kostia's call made from red and black currants was named from Kostia stream in Pälkäne and sweet strawberry-currant wine, Kyllö's call was named from the river of their own home village.

From 30 000 to 50 000 litres of wines are sold annually through direct sale on the farm. Making and selling winery wines in Finnish conditions is not very profitable, though taxes and other costs are high. Before one single bottle has been sold, the winery has to pay 5000 - 8000 euros per year to the public treasury in terms of various payments. Further, more than a half of the sales price per bottle goes to the public treasury. Rönnevik's entrepreneurs get a majority of their income from berry cultivating and broiler breeding on the farm.



Picture 8. A wine bottle label.

Berries Lay the Foundation on All Business

The cultivation of berries is the basic condition for wine making. At least half of the raw materials used by Finnish wineries have to be obtained from the entrepreneurs' own farms.

There are 100 000 currant bushes growing on Rönnevik's farm in the area of 23 hectares scattered in various patches of the farm. The farm uses 30% of the berries for its own production. The rest of the berries are delivered to the freezing industry.

Rönnevik has made an 8-10-year delivery contract with Saarioinen Oy, which defines the annual berry deliveries in terms of kilos. The prices are justified yearly during the contract period. It is the berry producers' advisory board that negotiates the prices with the industry. The similar procedure applies to broiler production.

The farm has about 4000 berry bushes per hectare. Young bushes cost 0.5 Euro, the total initial costs of the currant yard amount to 8 300 euros per hectare. A new bush starts to yield crop in the third summer after planting, and the full crop in five years' time from planting. In order to secure good productivity the bushes have to be renewed every 10 years.

The annual crop is 2000 - 8000 kilos of berries per hectare, on average 5000 kilos. The price level of the berries to be sold to the industry is determined mainly by the price level in Central Europe. Owing to free competition, the price difference between Finland and Central Europe can only be the sum of freight costs and reasonable domestic added value.

At Rönnavik, the required red, black, white and green currants are obtained from its own farm. According to the regulations, at least half of the winery's raw materials have to be produced domestically on the entrepreneurs' own farm.

Raspberries and rhubarbs needed for production are obtained from other Laitikkala-based producers, cloudberry from Lapland and apples from the apple farmers in the Turku region.

The August harvesting at Rönnavik is done mechanically with two berry threshers. The operating principle of the machines is simple. The berry thresher runs over the line of bushes and the machine shakes the berries off. The berry thresher costs about 100 000 euros. The thresher's life cycle is about 15 years. In addition to the farm's own berry harvesting, the threshers contract to outsiders.



Picture 9. The berry thresher.

Wine Making

The crop is transported to the Saarioinen processed food factory at Huittinen. The contract for growing crops between the companies enables to rent the factories' juice rendering and freezing equipment. Saarioinen also makes a microbiological analysis on juice.

At the winery, wine is made from fresh extracted juice, bottled and stored. Some water is added to juice to dilute its acid content. The water is obtained from the farm's own 202-metre-deep drill well. At this stage, the amount of extra sugar is cut down so as to make the ready-made wine dry in quality. The sweet wines of the selection are made by after-sweetening. Wine fermentation in metal tubs takes from 6 to 8 weeks. The wines ready for sale have been obtained by mixing several base wines.



Picture 10. The production room

Rönnvik's Folk

In a small enterprise like Rönnvik, the personnel have to be prepared to do many kinds of jobs flexibly according to the season, although the main responsibilities for the jobs have been defined.

Eila Rönni is in charge of the shop, meeting and restaurant operations, introduction of the farm and bookkeeping. Jouni Rönni is in charge of wine making and bottling.

Apart from the owner-family, the winery employs one permanent outside worker. In addition, the permanent personnel also consist of a married couple from Petroskoi, Russia, who have a winery entrepreneur's diploma and who take turns both in the winery and on the farm.

During the summers and peak seasons the winery employs two seasonal workers. The shopkeeper of the bakery also participates in the jobs at the winery when needed.

Valuable Networking

Rönnvik's winery does versatile cooperation with the enterprises of its own village as well as with those in the nearby areas.

On Rönnvik's neighbouring farm, there is Pirkko Heikkilä's cheesery and farm house accommodation. The Heikkilä farm's cheeses are made by hand from its own farm's cow milk. Heikkilä's cheesery and Rönnvik's winery have developed a common product called "Juusto- and viinipruuvinki". It means that the participants taste and evaluate various cheeses and wines as well as their taste combinations.

A lot of dishes that the buffet table offers at the restaurant come from their own village of Laitikkala - the regular delicacies on the menu consist of the wines from the winery, broilers and berry dishes as well as its neighbours' delicacies from Heikkilä's cheesery, and the products of Katajan liha (meat)

and from Suttinen's berry and vegetable farm and the mushrooms from Rekola's mushroomry.

Rönnvik's winery is a member of Kangasalan Matkailurengas Oy, which strengthens corporate cooperation and a supply of services in the nearby area. A cruiser on the route Valkeakoski - Visavuori - Rönnvik brings visitors to Rönnvik's farm during the summer months for a couple of hours and MS Vuolle from Hauho stops at Rönnvik's quay on its landscape cruise.

Further sources of information:

www.viinitilat.net

www.ronnvik.com

www.laitikkalanet.fi

www.laitikkalanet.fi/juustola

www.laitikkalanet.fi/katajan.htm

www.laitikkalanet.fi/suttinen/index.html



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