

## FINLAND

# Improving competitiveness

### Location

Isokyrö

### Programming period

2014 – 2020

### Priority

P2 – Competitiveness

### Measure

M4 – Investments in physical assets

### Funding (EUR)

Total budget 1 284 315

EAFRD 107 882

National/Regional 148 980

Private 1 027 452

### Project duration

2016 – 2018

### Project promoter

Rye Rye Oy SME

### Contact

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### Website

[www.kyrodistillery.com](http://www.kyrodistillery.com)

A company producing rye gin and whisky used RDP support to increase its production capacity to meet the demand of national and international markets.

## Summary

Kyrö Distillery, based in rural Finland, is a good example of a small artisanal enterprise which evolved into a major exporter while remaining strongly committed to its local community. In order to meet the demand from national and international markets, the company implemented a project to significantly increase its distillery's production capacity.



A new, separate production line for gin was put in place to allow for the parallel production of both gin and whisky. The distillery also increased its bottling capacity, renovated its facilities and improved its logistics. In addition, it set up a heat recovery system to utilise heat and steam from the production line. The project promoter is Rye Rye Oy, a Finnish SME.

## Results

The total production capacity of both gin and whisky increased by 400%, and a five million EUR increase in annual turnover is expected.

The increased production capacity created nine new jobs, four of which are held by women under the age of 29.

The company maintains a reduced carbon footprint by using local services and raw materials as much as possible.

The distillery attracts an increased number of visitors, this has a significant and positive impact on local businesses.

## Lessons & Recommendations

- ❑ A bold, global vision can overcome outdated urban vs. rural thinking and create a world-class consumer brand in a traditional agricultural area.
- ❑ By using all the attributes of any chosen raw material – taste, quality, safety, history and national significance – it becomes possible to significantly increase the economic value-added of the raw material.
- ❑ Combining the deep-rooted values of the company founding team with a social mission allows a brand to create trust and value all the way from its raw material producers to its distributors, business partners and consumers.
- ❑ EAFRD funding helped to develop the business faster than using only private funding.

## Context

The story of the Kyrö Distillery is a real-life Cinderella tale of how a small business turned into huge rural development success. It started as an idea to set up an artisanal whisky production facility and has since grown into a global business that remains committed to its local history, culture and community.

RDP funding was used by the distillery in the past and helped it to increase its profitability over the years. Starting from a micro-distillery, it evolved into a company that now employs 30 people. Its successful showroom/restaurant receives over 14 000 visitors every year.

Recently, in order to meet national and international demand for rye whisky and gin, another investment was required to increase the distillery's production capacity. The company also wanted to go back to its origins as a whisky producer, because in recent years it had focused on its very successful gin production and now needed to diversify its offer.

In this context, the company planned a project to separate gin and whisky production so that they could both run simultaneously. The project also provided for a significant increase in the company's bottling and barrel storage capacities. The investment not only helped the company to increase its production capacity, but also to launch new products.

Finally, the distillery had been attracting increasing numbers of visitors and it was necessary to make its facilities more engaging and accessible for these guests.

## Objectives

The objective of this project was to increase the company's competitiveness in the global market by diversifying and increasing its production capacity.

## Activities

The project financed the following activities:

- Built and furnished a new section to distil gin and increase the production capacity of whisky.
- Constructed a new bottling facility. Relocated the bottling line to the new space and increased its capacity from 1 700 to 4 500 bottles per day.
- Renovated the existing barrel storage facility to meet the legislative requirements to store whisky.



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- Built new office spaces and improved the logistics for managing material in the distillery.
- Refurbished laboratory facilities, and constructed a storage space for dry goods.
- Set up a heat recovery system to utilise heat and steam from the production line.
- Repaired the elevator and improved the external surrounding space of the distillery.

## Main Results

### Economic benefits:

- The total production capacity of both gin and whisky increased by 400%.
- The increased production capacity created nine new jobs, four of which are held by women under the age of 29.
- Several million in increased revenues and a five million EUR overall increase in annual turnover is expected.
- The project itself was committed to maximising the use of local vendors and contractors. The company makes use of every available local ingredient and service that it can source.
- The increased numbers of visitors has had a significant and positive impact on local businesses.
- The investment allows the company to be more flexible in testing and creating new products.

## Environmental / Climate action benefits:

The company focuses on energy efficiency solutions by using a heat recovery system at its production line. This cuts both energy consumption and energy loss and thus lowers the carbon footprint of the company.

The company also reduces its carbon footprint by using local services and raw materials, as much as possible. For example, most of the rye used for whisky is produced in Isokyrö. This local rye meets 80% of the whisky production requirements and the remaining 20% is brought in from other areas of Finland. The gin is produced with 100% Finnish rye, but none of it is locally-sourced since the whisky production process absorbs all the local supply. The company is working with local farmers to increase rye production in the area to eventually meet 100% of the company's needs. The company also uses locally collected herbs in its gin production.

## Social benefits:

The company is very much committed to the local community and its partnerships with local businesses have a positive impact on the municipality as a whole. Visitors and events also increase the livelihood of the whole community.

## Networking value:

A significant investment in networking was made by the company and the trickle-down effects of this have a positive impact on the small rural community to which the company is strongly committed.

## Transferability:

- This example could be transferred to other contexts, but as it is a business model, that transferability would depend on the specificities of each individual case.
- The company's commitment to the local community is something that should in any case be copied everywhere. Using local ingredients and raw materials and contracting suppliers and services on the local level when ever possible serves multiple objectives, both for the community and also the environment.

## Synergies with other EU policies:

The company is a SME relying heavily on innovation, which is fully in line with the EUROPE 2020 strategy for smart, sustainable and inclusive growth. In addition, the project has a strong climate action value, contributing to the objectives of the EU Climate & Energy Package to 2020 in the promotion of energy efficiency solutions and the reduction of industrial CO2 emissions.



*“Using EAFRD funding has helped us develop our business faster than we could have using only private funding. As a company we created our values first, and the brand around them. Now we are building our growth and our future, on these same values.”*

Miko Heinilä, CEO, Kyrö Distillery Company

## Additional sources of information

[www.youtube.com/channel/UCPYmiztbv6z6o0etuQCmScA](http://www.youtube.com/channel/UCPYmiztbv6z6o0etuQCmScA)

\*This project has been categorised under ‘Improving Competitiveness’ by the nominating National Rural Network