Sea Cucumber Feasibility Study and Business Plan

Introduction

In 2011, the Fisheries Technology and New Opportunities Program (FTNOP) provided assistance to the Fogo Island Co-operative Society Ltd. (FIC) to conduct a technical feasibility study and prepare a business plan for added-value processing of Atlantic sea cucumber.

Background

Sea cucumber is an emerging fishery, and the FIC is currently the only company involved in development activities. Since 2005, FIC has been developing its sea cucumber operation in Fogo. During this time, it has processed and marketed the sea cucumber-related products to Asia in several forms including salted, dried muscle meat, frozen muscle meat, and frozen skins. During this development period, FIC gained knowledge about the Atlantic sea cucumber (cucumaria frondosa) fishery, regarding the processing challenges and market expectations. The FIC's continued involvement in this fishery is dependent on its ability to process and market finished products profitably.

Since the sea cucumber fishery is still in its early stages of development, extensive feasibility research into best processing technology, product development, human resources and market study was necessary. Prior to expanding their operation, the FIC contracted the Business Development Bank of Canada (BDC) to conduct an independent analysis of its sea cucumber business, its existing product line, and new opportunities. In addition to completing a feasibility study, the BDC developed a three-year business plan for further commercialization development.

Methodology

The BDC researched the continuum of sea cucumbers including biology, fishing activity and competitive products. Sea cucumber products currently processed at the Fogo plant and proposed secondary and tertiary products were reviewed, as well as equipment and infrastructure necessary for production. A financial assessment was conducted relating to product costing, and a multi-year profitability analysis was completed.
Results

The BDC feasibility and financial study provided an analysis of the sea cucumber business from a local perspective. The analysis also provided a strong business case for continued development and investment in the sea cucumber fishery.

Conclusion

As part of the financial analysis of the potential for commercializing sea cucumber in Fogo, a new product trial to ensure validity and generate product samples was recommended. Using the feasibility study as a guide, the FIC can determine which sea cucumber products are in highest demand and are best suited for the company’s production capabilities.

The three-year business plan mapped out a business-wise, progressive approach to commercializing sea cucumber production while minimizing risks associated with new development.