

Starting A Business



SMOKED SAUSAGE

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Sausage is one of the oldest forms of processed food, and is also called by names: frankfurters, frank, weenie, wienie, wiener, dog, and red hot. A cooked sausage consists of a combination of beef and pork or all beef, which is cured, smoked, and cooked. Seasoning may include coriander, garlic, ground mustard, nutmeg, salt, sugar, and white pepper. They are fully cooked but are usually served hot. Sizes range from big dinner frankfurters to tiny cocktail size.

I. ESTIMATED INVESTMENT COST

A. Cost of Utensils

| Utensils | Cost |
|---|---------------------|
| Measuring cup/spoon for solid & cup for liquid (made of plastic or stainless steel) | 70.00 |
| Spatula | 49.00 |
| Kitchen knife | 120.00 |
| Knife sharpener | 240.00 |
| Kitchen spoon | 89.00 |
| Ladle | 52.00 |
| Funnel (stainless steel) | 60.00 |
| Stainless steel bowl "32 | 130.00 |
| Tray, plastic of aluminum (rectangular) | 210.00 |
| Subtotal | Php 1,020.00 |

B. Equipment

| Equipment | Cost |
|---|-------------------|
| Weighing scale for spices (0-1 kgs) | 379.00 |
| Weighing scale for meat (1-10 kgs.) | 900.00 |
| 11 cu. ft Refrigerator (can cure 40 kgs. meat) | 28,000.00 |
| Polysealer (for sealing of plastic bags) | 800.00 |
| Styrofoam cooler (for transport of meat products) | 305.00 |
| Subtotal | P30,384.00 |

C. Raw Materials/Ingredients/Packaging Material

| Item | Kg. | Price/ kg. |
|-------------------------------|-------|----------------|
| Raw Materials | | |
| Beef lean, ground coarsely | 700 g | P196.00 |
| Pork backfat, ground coarsely | 300 g | 15.00 |
| Subtotal | | P211.00 |

Ingredients

| | | |
|---|--------|--------------|
| Curing Mix | | |
| Refined salt | 9 g | P1.80 |
| Curing salt | 2 g | .16 |
| Phosphate (dissolved in ¼ cup water) | 3 g | .48 |
| Vitamin C powder (sodium erythorbate) | .5 g | .40 |
| Chilled water (to dissolve the 4 ingredients) | 62.5 g | 0 |
| Subtotal | | P2.84 |

Extenders (optional)

| | | |
|----------------------------------|--------|--------------|
| Isolated soy protein (ISP) | 5 g | P1.50 |
| Textured vegetable protein (TVP) | 18 g | 1.44 |
| Hydrate for 3 minutes. | | |
| Carageenan | 1.25 g | .50 |
| Subtotal | | P3.44 |

- In ½ cup water add Textured Vegetable Protein (TVP), hydrate for 3 mins.

| Seasonings | Kg. | Price / Kg. |
|----------------------|-------|----------------|
| Refined sugar | 40 g | P14.50 |
| Anisado wine | 30 ml | 30.00 |
| Garlic powder | 24 g | 6.00 |
| Black pepper, ground | 5 g | 2.00 |
| Vinegar | 10 ml | 22.50 |
| Soy sauce | 20 ml | 22.50 |
| Meat enhancer | 1 g | .25 |
| Vetsin (Optional) | 1.5 g | .15 |
| Smoked Flavor | | 22.50 |
| Subtotal | | P120.40 |

Packaging Material

| | |
|---|--------|
| Natural hog casing (#23 -28) | P36.25 |
| Polyethylene bags (6" x 10") for 1 kg. meat product | 1.00 |

| | |
|------------------|----------------|
| Sub total | P 37.25 |
|------------------|----------------|

| | |
|--|-------------------|
| Estimated Total Investment Cost | P31,775.49 |
|--|-------------------|

- Based on February 2009 prices

II. PROCEDURE

1. Select good quality raw materials.
2. Grind chilled meat using, 3.0 mm hole plate.
3. Chop beef and pork at low speed. Add hydrate ISP.
4. Add curing ingredients, except sodium erythorbate.
5. Add half of ice required.
6. Add all the rest of the fillers and extenders.
7. Shift to a high speed.
8. Add all the spices/seasonings.
9. Add ground pork backfat.
10. Add the remaining ice.
11. Continue cutting for thorough blending 5-7 minutes cutting time, 11-15° C emulsion temperature.
12. Add sodium erythorbate in last minute of cutting time.
13. Run through stuffer.
14. Link to desired length.
15. Drape in smoke and hang to dry (30 minutes - 1 hour at room temperature).
16. Smoke for 30 minutes at 55° C.
17. Increase heat to 65° C for 15 minutes.
18. Heat clean, tap water to 75° C. if desired, add allura red #40 to the water for color.
19. Transfer smoked sausages to the pre-heated water.
20. Cook for 10-15 minutes.
21. Shower with cool, tap water and chill.
22. Pack in polyethylene bags.
23. Store in chiller or freezer.

SMOKED SAUSAGE

III. ESTIMATED COSTING AND PRICING

(for one kilogram of smoked sausage)

A. Product Costing

Direct Cost

| Particulars | Cost |
|---|----------------|
| Raw Material (1 kg. Beef/Pork Meat) | P211.00 |
| Ingredients used for 1 kg | 126.68 |
| Packaging Material | 25.50 |
| Labor Cost (P382/day min. wage / 100kgs. produced x 3 workers) | 11.46 |
| Total Direct Cost | P374.64 |

Indirect Cost

| Particulars | Cost |
|---|----------------|
| Transportation Cost (P150 / 100 kgs.) | 1.50 |
| Water and electricity (P600 consumption / 100 kgs.) | 6.00 |
| Contingency Cost (10% of Direct cost) | 37.46 |
| Total Indirect Cost | P 44.96 |

- Based on 100kgs. average daily produce

After mixing all ingredients to the 1 kg meat, the yield of the finished product would weigh 1.3 kgs.

Production Cost

| Particulars | Cost |
|--|----------------|
| Total Direct Cost | P374.64 |
| Add: Total Indirect Cost | 44.96 |
| Total over the 1.3 kg. yield | 419.60/1.3kg |
| Estimated Production Cost per Kg. | P322.77 |

B. Product Pricing

| Particulars | Cost |
|---|----------------|
| Production cost per kg. | P322.77 |
| Add: 20% mark-up of the Production Cost | 64.55 |
| Estimated Selling Price per kilogram | P387.32 |

Market Price per kilogram **P389.00**

- The higher the volume of production per day (more than 100kgs.), the lower the production cost, thus further increasing the markup to more than 20%. The higher the markup, the higher the profit margin.
- If price per kg. is lower compared with the existing market price, increase mark-up to more than 20%.
- All figures are rounded to the nearest centavo.

IV. REGISTRATION REQUIREMENTS

Business Name Registration

Department of Trade and Industry (DTI)
DTI Provincial Office where the business is located
Website: www.bnrs.dti.gov.ph
Validity: five years

Area 1 Office (Manila, Pasay and Parañaque)
2nd Floor, Park N' Ride Lawton
P. Burgos Ave. cor. Dr. Basa Street
Ermita, Manila
Tel. No.: (632) 536.7153

Area 2 Office (Makati, Las Piñas, Pasig, Muntinlupa,
Pateros and Taguig)
2F, Atrium of Makati Bldg.
Makati Avenue corner Paseo de Roxas St., Makati City
Tel. No.: (632) 501.5135

Area 3 Office (Mandaluyong, Marikina, Quezon City
and San Juan)
Ground Floor, Highway 54 Plaza, EDSA, Mandaluyong City
Tel. No.: (632) 706.1767

Area 4 Office (Kalookan, Malabon, Navotas and Valenzuela)
5th Floor, Araneta Square Mall, Monumento Circle
Kalookan City
Tel. Nos.: (632) 332.0854 / 332.0829

Mayor's Permit

Municipality or city where the business is located
Validity: one year

Tax Identification Number (TIN)

Bureau of Internal Revenue (BIR)
BIR regional or district office where the business is located
Email: contac_us@cctr.bir.gov.ph

BFAD Certificate

Bureau of Food and Drugs (BFAD)
Civic Drive, Filinvest Corporate City, Alabang, Muntinlupa City
Tel. Nos.: (632) 807.0721 / 842.5606
BFAD Regional Office where the business is located

V. FINANCING

National Livelihood Development Corporation (NLDC)

4/F, Hanston Building, F. Ortigas Jr. Road
Ortigas Center, Pasig City
Tel. Nos.: (632) 914.7290 to 97 or 631.2955/57

Opportunity Microfinance Bank (OMB)

OMB Building, Robinsons Homes East
Commercial Arcade-1, Robinsons Homes East
Circumferential Road, Barangay San Jose
Antipolo City
Tel. No.: (632) 630.0141 locals 136 / 224
(Direct Lending for individual borrower)
Microfinance Program

People's Credit and Finance Corporation (PCFC)

2F, Accelerando Bldg., 395 Sen. Gil Puyat Avenue, Makati City
Tel. No.: (632) 897.8521 / 752.3745
Fax No.: (632) 325.0448/49
Email: corcom@pcfc.gov.ph
(Retail Lending is through partner microfinance institutions (MFI))

SME-Financing for Receivables of Suppliers' Transactions
(SME-FIRST)

Small Business Corporation

17th & 18th Flrs., Antel Corporate Centre
139 Valero Street, Salcedo Village, Makati City
Tel. No.: (632) 751.1888
(Direct lending for individual borrower with an asset size of
P500K-100M)

VI. TECHNICAL ASSISTANCE

**Department of Trade and Industry – Cottage Industry
Technology Center (DTI-CITC)**

20 Russet Street, SSS Village, Marikina City
Tel. Nos.: (632) 942.3974 / 948.2875 / 941.4516
Fax : (632) 942-0107
Email : citc_dti@yahoo.com

**Department of Science and Technology
Technology Resource Center (DOST-TRC)**

103 J. Abad Santos Street
Little Baguio, San Juan
Tel. No.: (632) 727.6205 local 200
Website: www.trc.dost.gov.ph

Ultima Entrepinoy

Nutrition Foundation of the Philippines Bldg.
107 E. Rodriguez Sr. Avenue, Quezon City
Tel. Nos.: (632) 742.7866 / 411.1349 / 742.0826



**BUREAU OF MICRO, SMALL AND MEDIUM
ENTERPRISE DEVELOPMENT (BMSMED)**

5/F, Trade and Industry Building
361 Sen. Gil J. Puyat Ave. Makati City
Tel. Nos.: (02) 897.1693 / 897.7596 / 890.4968
Fax No.: (02) 896.7916 ♦ Email: bmsmed@dti.gov.ph
www.dti.gov.ph