

# Starting A Business



**NATIVE  
LONGGANISA**

# Starting a Business

Among the fresh processed meats, *longganisa* is the most regularly purchased pork product, which is known to be a Filipino version of hotdog. Any part of a pork carcass like ham (*pigue*), shoulder (*kasim*), loin (*lomo*), and others, except the belly (*liempo*), can be made into *longganisa*.

## I. ESTIMATED INVESTMENT COST

### A. Cost of Utensils

Utensils	Cost
Measuring cup/spoon for solid and cup for liquid (plastic or stainless)	P 70.00
Spatula	49.00
Kitchen knife	120.00
Knife sharpener	240.00
Kitchen spoon	89.00
Ladle	52.00
Funnel (stainless)	60.00
Stainless bowl 32"	130.00
Tray, plastic or aluminum (rectangular)	210.00
<b>Subtotal</b>	<b>P 1,020.00</b>

### B. Equipment

	Cost
Weighing scale for spices	P 379.00
Weighing scale for meat	900.00
11 cu. ft Refrigerator	28,000.00
Polysealer (for sealing of plastic bags)	800.00
Styrofoam cooler (for transport of meat products)	305.00
<b>Subtotal</b>	<b>Php 30,384.00</b>

### C. Raw Materials/Ingredients Packaging Material

Item (Raw Materials)	Weight	Price/ kl.
Pork lean, ground coarsely	700 g.	P 112.00
Pork back fat, coarsely	300 g.	24.00
<b>Subtotal</b>		<b>P 136.00</b>

Ingredients (Curing Mix)	Qty.	Cost
Refined salt	¾ tbsp.	P .25
Curing salt	½ tsp.	.25
Phosphate (dissolved in ¼ cup water)	1 tsp.	.75
Vitamin C powder	¼ tsp.	.50
Chilled water (to dissolve the 4 ingredients)	¼ cup	0
<b>Subtotal</b>		<b>P 1.75</b>

Extenders	Cost
In ½ cup water add:	
¼ cup textured vegetable protein (TVP). Hydrate for 3 minutes.	4.50
½ tsp. Carageenan	.75

<b>Seasonings</b>		<b>Cost</b>
Refined sugar		P 1.75
Anisado wine		2.75
Garlic powder		4.00
Black pepper, ground		3.00
Vinegar		0.75
Soy sauce		1.00
Vetsin (Optional)		1.75
<b>Subtotal</b>		<b>P 20.25</b>
<b>Packaging Material</b>		
Natural hog casing (#23 -28)		P 25.00
Cellophane (6" x 12") for ½ kg. Meat product		.50
<b>Subtotal</b>		<b>P25.50</b>
<b>Estimated Total Investment Cost</b>		<b>P 31,587.50</b>

- Based on February 2009 price

## II. PROCEDURE

To make *longganisa*, the curing method is applied. This involves the application of salt, sugar, nitrate, and other chemical preservatives that kill microorganisms or delay microbial action.

1. Select good quality meat.
2. Grind meat and fat coarsely.
3. Measure or weigh all the ingredients.
4. Add meat to the curing mix and mix thoroughly in a bowl, then add extenders and mix again.
5. Add the rest of the ingredients and mix until well blended.
6. Cure at room temperature for 8 to 10 hours or in refrigerator for one day.
7. Stuff cleaned, fresh, natural, or collagen casing, using a funnel.
8. Prick stuffed casing with needle to remove air.
9. Link in desired length, usually 4 inches long.
10. Place *longganisa* in polyethylen plastic bag in ¼ or ½ kg. packages. Remove the trapped air inside the bag and seal immediately.
11. Store in freezer.
12. Double the amount of ingredients for the 2 kls. of *longganisa*.

## III. ESTIMATED COSTING AND PRICING

### A. Product Costing

#### Direct Cost

<b>Particulars</b>	<b>Cost</b>
Raw Material (1 kg. pork meat)	P 136.00
Ingredients used	22.00
Packaging Material	25.50
<b>Total Direct Cost</b>	<b>P 183.50</b>

# NATIVE LONGGANISA

## Indirect Cost

Particulars	Cost
Labor Cost (P382/day min. wage / 85kgs. produced x 2 workers)	P9.00
Transportation Cost (P150 / 85 kgs.)	1.76
Water & Electricity (P600 consumption / 85 kgs.)	7.06
Contingency Cost (10% of Direct cost)	18.35
<b>Total Indirect Cost</b>	<b>P 36.17</b>

*\*Based on 80 kgs. average daily produce*

After mixing all ingredients to the 1 kg. meat, the yield of the finished product would weigh 1.4 kgs.

## Production Cost

Particulars	Cost
Total Direct Cost	P 183.50
Add: Total Indirect Cost	36.17
Total over the 1.4 kgs. yield	219.67 / 1.4kg
<b>Production Cost per Kg.</b>	<b>P 156.91</b>

## B. Product Pricing

Particulars	Cost
Production cost per kg.	P 156.91
Add: 10% mark-up of the Production Cost	15.69
<b>Selling Price per kilogram</b>	<b>P 172.60</b>

Market Price Per kilogram	P 180.00
---------------------------	----------

- The higher the volume of production per day (more than 85kgs.), the lower the production cost, thus increasing the mark-up to more than 10%.
- If price per kilogram is lower compared with the existing market price, increase mark-up to more than 10%.

## IV. REGISTRATION REQUIREMENTS

### 1. Business Name Registration

Department of Trade and Industry (DTI) within NCR

- 2/F, Atrium of Makati Bldg. Makati Avenue  
corner Paseo de Roxas St., Makati City  
Tel. No. (632) 864.0847 / 501.5135
- 2/F Park N' Ride, Lawton, P. Burgos Ave., Dr. Basa  
St. Ermita, Manila  
Tel. No.: 536.7153
- G/F Highway 54 Plaza, EDSA (across SM Megamall)  
Mandaluyong City  
Tel. No.: 706.1767

- d) 5/F Araneta Square Mall  
Monumento Circle, Kaloocan City  
Tel. Nos.: 332.0854/ 332.0829  
DTI Provincial Office where the business is located.
2. **Mayor's Permit/ Residence Certificate and Sanitary Permit**  
Municipality or City where the business is located.
3. **Tax Identification Number (TIN)**  
Bureau of Internal Revenue (BIR)  
BIR National Office Bldg.  
Agham Road, Diliman, Quezon City  
Tel. No.: (632) 981.7000  
BIR Regional or District Office where the business is located.
4. **BFAD Certificate**  
Bureau of Food and Drugs (BFAD) within NCR  
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

1. **GSIS Family Bank**  
AIC Grande Tower, Garnet Road, Ortigas Center  
Pasig City  
Tel. Nos.: (632)706.0487 to 90 loc. 155  
Fax No. 706.0493  
(Direct lending for individual borrower)
2. **National Livelihood Development Corporation (NLDC)**  
4<sup>F</sup>, Hanston Building, F. Ortigas Jr., Road  
Ortigas Center, Pasig City  
Tel. Nos.: (632)914.7290 to 97 or 631.2955/57
3. **Opportunity Microfinance Bank**  
OMB Building, Robinsons Homes East,  
Commercial Arcade-1, Robinsons Homes East,  
Circumferential Road, Barangay San Jose  
Antipolo City  
Tel. No.: 630.0141 local 222/229  
(Direct Lending for individual borrower)
4. **People's Credit and Finance Corporation**  
2F, Accelerando Bldg., 395 Sen. Gil Puyat Avenue  
Makati City  
Tel. No.: (632) 897.8521 / 752.3745 local 130  
Fax No. (632) 325.0448/49  
Email: info@pcfc.ph  
Website: www.pcfc.gov.ph

5. **Philippine Microenterprise Development Foundation (PMDF)**  
G/F Melendres Bldg., F. Manalo St., Pasig City  
Tel. No.: (632)641.2207/ 642.3895  
(Direct Lending for group borrower)
  
6. **Small Business Corporation**  
17<sup>F</sup> and 18<sup>th</sup> /F, Antel Corporation Centre,  
139 Valero Street, Salcedo Village, Makati City  
Tel. No.: (632)751.1888  
Fax Nos. (632) 894.1677 / 813.5726  
(Direct lending for individual borrower with an asset size of P500,000-P1M)

## VI. TECHNICAL INSTITUTION

1. **Department of Trade and Industry – Cottage Industry Technology Center (DTI-CITC)**  
20 Russet St., SSS Village, Marikina City  
Tel. Nos.: (632) 942.3974/ 948.2875/ 941.4516  
Fax : (632) 942.0107  
Email : citc\_dti@yahoo.com
  
2. **Department of Science and Technology – Science and Technology Information Institute (DOST-STII)**  
Gen. Santos Ave., Upper Bicutan, Taguig  
Metro Manila  
Tel. Nos.: (632)837.2191 to 95  
Telefax : (632)837.7520  
www.stii.gov.ph
  
3. **Technology Resource Center (TRC)**  
103 J. Abad Santos St., Little Baguio, San Juan  
Tel. No.: 727-6205 loc. 200  
www.trc.dost.gov.ph
  
4. **Ultima Entrepinoy**  
Nutrition Foundation of the Philippines Bldg.  
107 E. Rodriguez Sr. Avenue, Quezon City  
Tel. Nos.: 742.7866/ 411.1349/ 742.0826