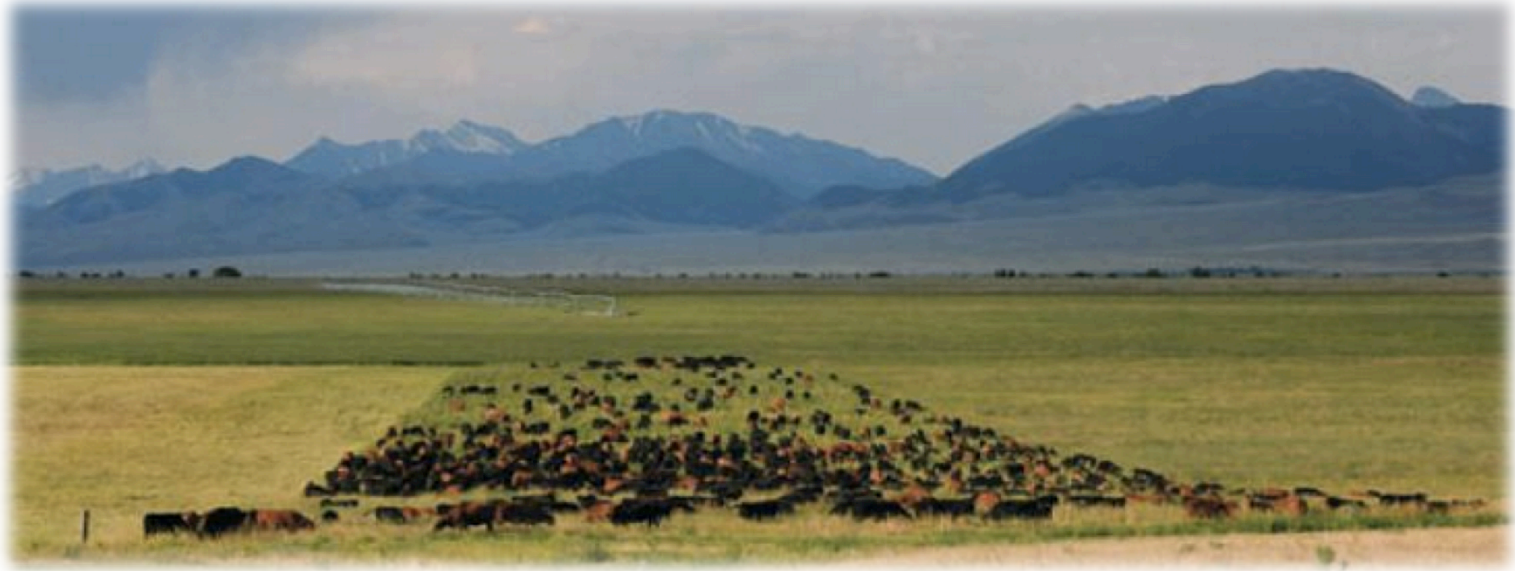


Local Meat Processing in Oregon: Understanding Challenges & Opportunities



Rebecca Thistlethwaite, Program Manager
Niche Meat Processor Assistance Network

What is NMPAN?

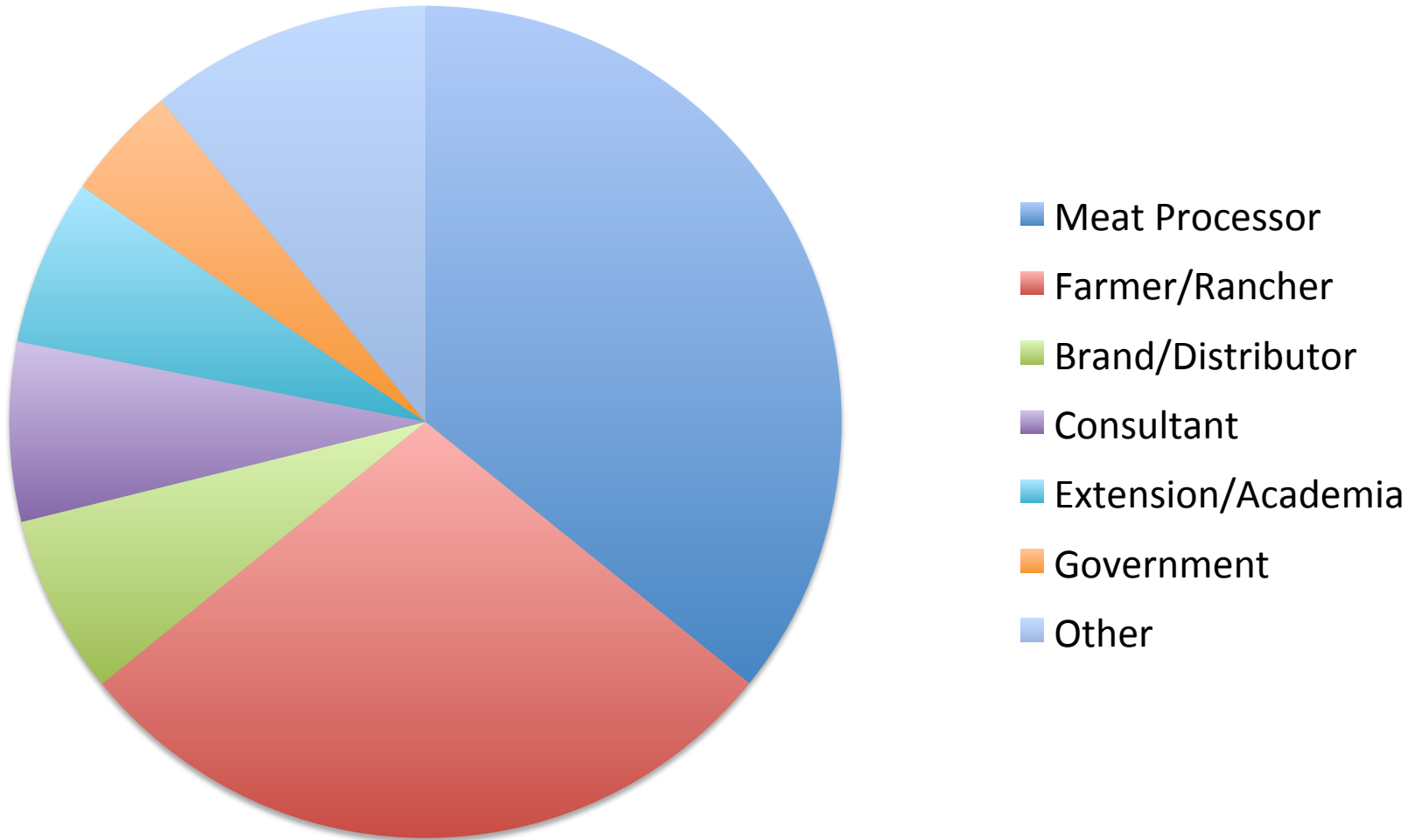
The Niche Meat Processor Assistance Network is an eXtension community of practice that began in 2008. Housed at OSU, NMPAN has 2 staff, an advisory board of 12 industry experts, and a network of over 1,300 people working in the niche meat supply chain- farmers, processors, consultants, suppliers, academia, regulators, and more. Our services and expertise are used across the country and often other countries such as Canada, Australia, New Zealand, and South Africa.

NMPAN Vision

Our vision is a stable base of profitable and nimble small and mid-sized processors that are essential to bringing sustainably- and humanely-raised meat and poultry to local and regional markets.

No Local Processors, No Local Meat

Makeup of NMPAN



What does NMPAN offer?

- Peer to Peer Network (listserv)
- Robust website with consistent new content
- Webinars and videos
- Case Studies and planning templates
- State affiliates
- Original research and research library
- Presentations and workshops
- Policy engagement & education
- Subsidized peer consulting

Our Impacts

- Our listserv and monthly newsletter have 1,300 subscribers;
- Our newsletter has a 60% open rate, over double the industry standard;
- Our website receives 20,000-26,000 hits a month
- Our YouTube channel has 580 subscribers and 40 videos so far. Some videos have tens of thousands of views, while newer ones range in the hundreds.

“Too often, very small processors feel like they’re alone out there; like no one else understands or lives our challenges. It’s a rough business to make work...NMPAN matters because it shows that together we do have a voice. It shows us that other people are living the same thing.”

–Producer/Processor

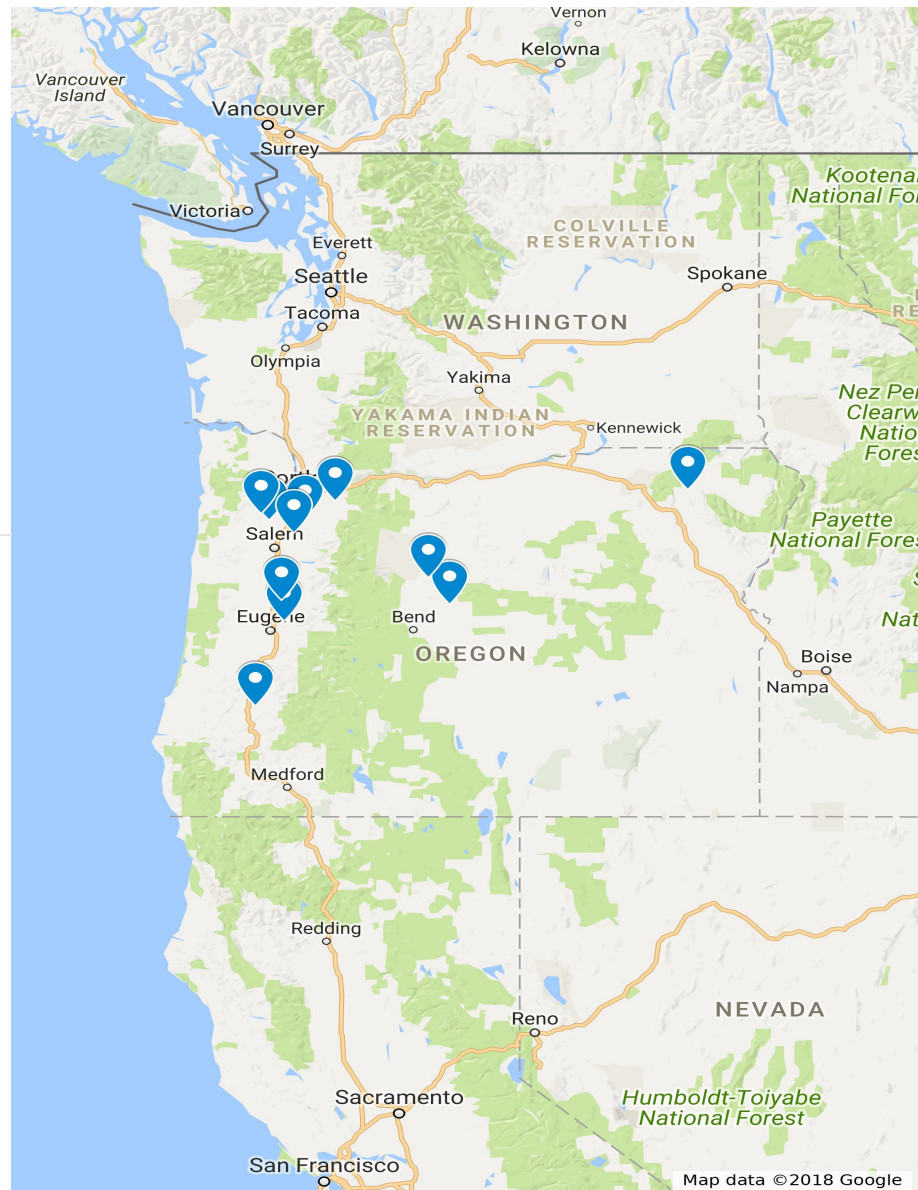
Processors in Oregon

- 13 USDA inspected red meat slaughter/cut & wrap shops, of which 11 will co-pack
- 2 USDA inspected poultry processors, of which 1 will co-pack
- 19 licensed exempt poultry/rabbit slaughterhouses, of which 4-5 will co-pack
- 30+ custom exempt meat processors

USDA Inspected Red Meat Co-packers in Oregon

Untitled layer

- Crystal Creek Meat INC
- Marks Meat Co
- Malco's Buxton Meats
- Butcher Boys
- Oregon Beef Company
- Dayton Natural Meat Co
- Mohawk Valley Meats
- Kalapooia Valley Grass Fed Processing LLC
- Stafford's Custom Meats
- Mt Angel Meat Co
- Carlton Farms



Meet the Meat Processor

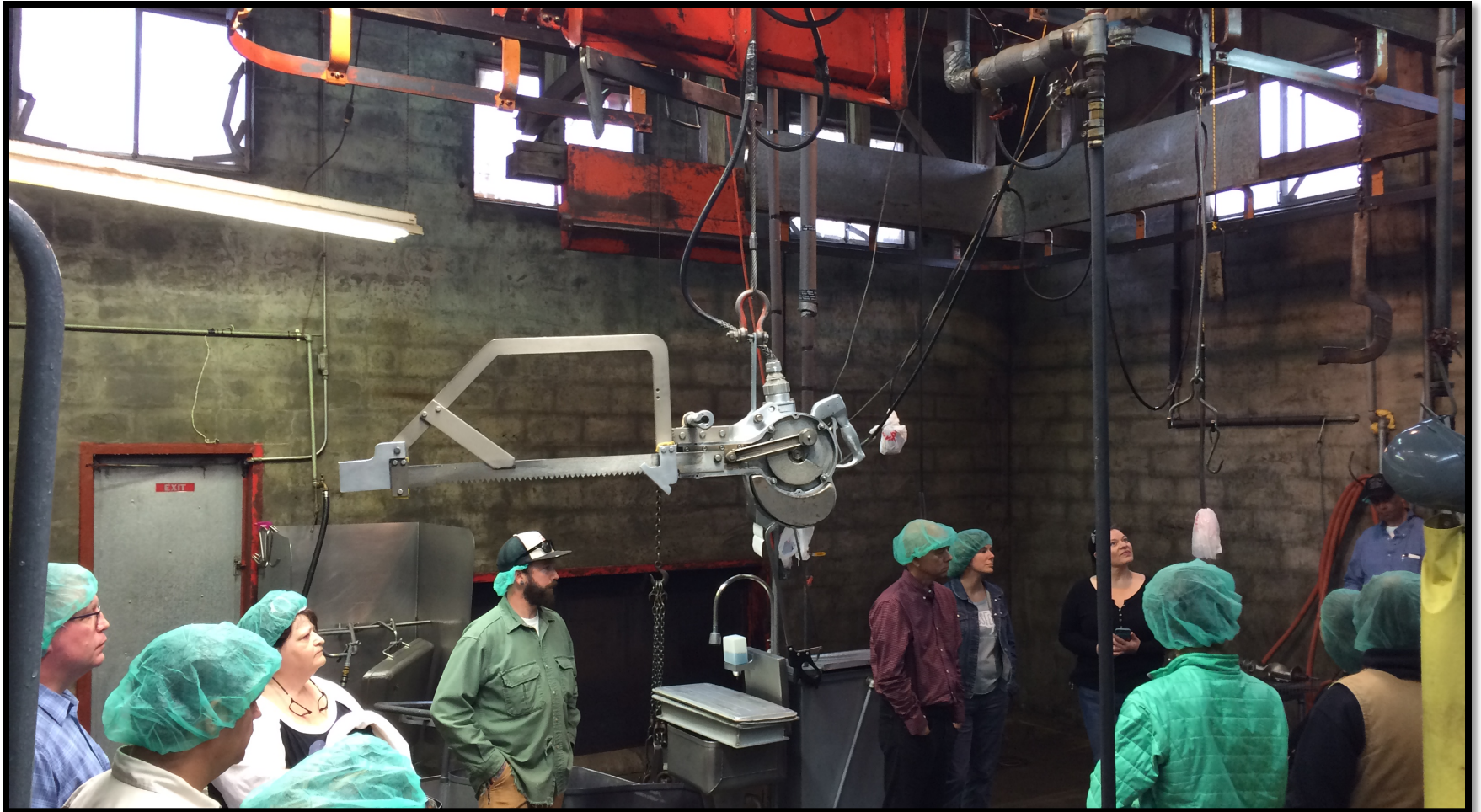
[Tracy Smarciaz of Heritage Meats, USDA cut & wrap](#)

Part of a 10 part video series funded by
Western SARE

What is meat processing?

- Slaughter
- Cut & wrap
- Further processing/Value-added processing
- Retail cutting/butchering

Revel Meat Co- Canby, OR



What is local processing?

Locally-raised livestock and poultry are slaughtered and butchered for local and regional sales. Sometimes the farmer direct markets that meat, sometimes they use intermediaries such as restaurants or retailers.

Types:

- Direct to consumer
- Some direct, some wholesale
- All wholesale

Market Channel Options

- Freezer sales/Bulk sales
- Farmers Markets/Farm Stands
- Buying Club or CSA
- Internet and/or Mail-order
- Broker/Distributor
- Small Retailer or Butcher Shop
- Restaurant or Catering Company
- Institution (college, hospital, etc.)
- Brand/Contracted Buyer
- Auction and/or feedlot

What are the rules?

- Federal inspection (USDA FSIS)
- State inspection (not an option in most Western states)
- Custom exempt
- Retail exempt (not slaughter, must use inspected meat but butchering & retail sales are not inspected)

Small Plant Economics

Farmers say that meat processors are:

- too few in number
- too far away
- too busy when producers need them
- don't do quality cutting and/or packaging

Processors tell us that farmers:

- don't bring them enough business, year-round, to hire (and keep) skilled workers,
- don't come at their scheduled time or bring fewer or different animals than planned
- don't pick up finished product on time, using up valuable cooler space
- complain about pricing, timing, & services offered

Economics continued

- Costs of infrastructure are high (\$300/sq ft.)
- Minimal access to financing
- Need steady volume to justify investments, have decent ROI, and maintain cash flow
- Need demand for services to justify specialized equipment, HACCP plans, & to train employees
- Need farmers willing to pay the TRUE costs of slaughter, processing, packaging, & cold storage
- Profit margins are slim, making upgrades a challenge

Infrastructure Challenges



Facilities Matrix

Size	Very Small/Custom	Small	Mid-Scale
Average size	2,000 sq ft.	4,000 sq ft.	15,000 sq ft.
# of animal equivalents to breakeven	462	1,130	8,884
# of employees	4	10	60
Cost to operate	\$231,000	\$565,000	\$4,442,000

Alleghany Meats- Monterey, VA



What does it take to build a new plant?

- Do you have commitments from farmers to bring at least 1,000+ head of beef (or equivalent) over the course of the year? Remember, the bigger the plant, or the more services you want, the more livestock you'll need.
- Can they bring livestock every week, year round? You'll need steady cash flow to pay your workers and all the other bills.

Build a New Plant?

- Do those farmers have commitments from buyers to purchase all the meat from those livestock at a high enough price to cover all the costs? Do you trust those commitments? Remember, you sell processing services: there will be no animals for you to process if the producers can't sell the meat.

Build a New Plant?

- If your biggest customer lost 50% of their business, would you be able to weather that storm?
- Do the farmers who bring livestock to your plant have the ability to maintain and grow his or her meat marketing businesses?

Build a New Plant?

- Can you obtain the appropriate zoning and utility connections for your site (3-phase power, water, and sewer)? What will you do with solid waste?

Build a New Plant?

- Do you have, or can you hire, the practical and technical expertise to design a processing facility?
- Do you have the demonstrated expertise to operate a meat processing plant? Or can you hire someone who does? Are you prepared to write and implement your own HACCP plan? Or can you hire someone who will manage that for your plant?

Build a New Plant?

- Do you have appropriate financing that can keep your cost of debt service to below 20% of your gross income (assumes fee-for-service income only)?

Build a New Plant?

- Do you have a pool of available local labor to draw upon, of which at least 25% of year 1 hires have experience with meat (processing, retail, or culinary)?

Build a New Plant?

- Do you have a plan for how your plant would expand its physical facility if needed?

Build a New Plant?

If you cannot clearly answer YES to all of these questions, think carefully about going into the processing business. This is a project that will likely cost over one million dollars and take 30 years to pay back.

Next write a feasibility study, then a business plan, then secure funding.

White Oak Pastures- Bluffton, GA



From Convenience to Commitment

NMPAN concludes that building more established, predictable, and committed relationships between processors and farmers is essential to the resilience and expansion of processing for local meat and poultry. Farmers often ask what their processors can do for them, but the role of farmers in supporting the relationship is equally important.

Other Challenges to be Solved

- Handling/sorting infrastructure on farms
- Transportation to slaughter
- Feed mills & access to feed
- Hatcheries & breeders
- Large animal veterinarians
- Fencing expertise
- Knowing when an animal is finished
- Understanding what impacts meat quality

More Challenges

- Packaging and labeling
- Cold storage
- Inventory management
- Cutting instructions and yields
- Marketing savvy
- Understanding costs of production & pricing
- Regulatory understanding
- Food safety

It's not just the processing!

Now What?

- 1) What questions are you getting in your neck of the woods?
- 2) What do you hear farmers talking about with regards to processing & marketing meat?
- 3) Do you feel more empowered to answer their questions or address their concerns?
- 4) What else do you want to know more about?
- 5) Any other suggestions for strengthening meat supply chain in your region?