



Mighty Fine Poultry Ann Arbor, MI

Two consecutive planning grants help entrepreneur lay the foundation for a new poultry and red meat processing facility with a retail component.

AMS GRANTS AWARDED

Local Food Promotion Program (LFPP) 2015, Planning grant for \$24,895

Local Food Promotion Program (LFPP) 2016, Planning grant for \$100,000

Project types: General Market Analysis, General Business Planning, Enterprise Planning, Facility Design Assistance

HISTORY OF BUSINESS OR PROJECT

In 2015, Wendy Banka, a University of Michigan researcher, founded Mighty Fine Poultry Processing, LLC to work towards establishing a USDA-inspected poultry processing facility in South East Michigan, that would benefit both farmers and consumers. This region currently has only one such facility that serves small independent farmers, and it only processes 50,000 birds per year. Thus, the genesis of this business was to develop additional processing infrastructure to support the growth of locally grown poultry production and consumption in Michigan.

Ms. Banka applied for and received her first LFPP planning grant to conduct a feasibility study for a new USDA-inspected poultry processing facility, near Ann Arbor, Michigan. After the research demonstrated

that this model was unlikely to be financially feasible, the project director applied for and was awarded a second grant to generate facility and business plans for a plant that would slaughter and process poultry, butcher red meat, as well as have value-added meat processing, distribution, and a retail space with a butcher counter and cafe. That plan is now complete and Ms. Banka has proceeded to purchase a parcel of land and is preparing plans and funding for eventual construction.

WHY THEY CHOSE TO APPLY FOR AN AMS GRANT/WHAT AN AMS GRANT MEANT FOR THEIR BUSINESS/ORGANIZATION?

Even though the processing facility is still a year or two away from construction, Banka shares: "It is clear that without the USDA LFPP opportunity, I would not have been able to embark on this path and would have had to give up long ago. Those two grants were critical to all the progress that has been made, even though they funded only a fraction of the work. And if this business eventually opens and is successful, it will be because those grants offered enough support for me to keep moving forward, and to find solutions to other problems along the way. I am endlessly grateful to that program, and am doing my best to make sure their investment in this project is a success."

KEY IMPACTS OF THE GRANT, SHORT-TERM AND LONGER-TERM

One of the most important achievements of the project is that it highlighted the fact that the original model of a fee-for-service poultry processing facility for independent producers was very unlikely to work. This is because it has a single revenue stream that doesn't earn enough to cover the costs of running the business. There are only a few dozen small-scale USDA-inspected poultry processors in the entire country that will process for farmers, and the financial realities are probably a good reason why there are so few. The findings from the first planning grant helped point the Project Director in a new direction and prevented her from needlessly pursuing and investing in a facility that was unfeasible.

Other work conducted as part of the 2015 grant helped Ms. Banka understand other aspects of the problem, and to rethink what a reasonable solution to the processing gap might look like. That grant included a survey of small poultry producers, for example, which revealed that 60% of the small farmers she surveyed did not market their birds beyond just family, friends, neighbors, and by word of mouth (many of the producers were doing exempt on-farm processing, which means they could not wholesale). In retrospect, this makes sense, because there is no infrastructure, such as established distribution channels, that could help small farmers bring their meat products to market in Michigan. On the other side, when Ms. Banka surveyed distributors she learned that there was demand for local poultry that was not currently being met.

Similarly, there did not exist any organization or aggregation of poultry products from multiple small farmers to ensure consistent production and availability, and little or no ability to access value-added products such as boneless-skinless chicken breasts or ground chicken. Thus, the surveys she did of poultry producers and distributors suggested that instead of a stand-alone processing facility that does the one job of processing poultry and returning it to the farmer, a better model might be one in which

the facility takes on the additional role of making value-added products and doing the distribution, to benefit both farmers and buyers. Mighty Fine would actually buy some of the poultry that it processes from the producers, process it into multiple products, and wholesale or retail the end products. From a poultry processing business perspective, this has the important added benefit of creating additional revenue streams, which—if strong enough—might be able to make the overall goal of establishing a poultry processing facility feasible.

As part of the 2015 grant, Ms. Banka had also proposed to identify 3 possible parcels where the stand-alone processing facility could be built. To her delight, the least expensive property identified was a 2-acre parcel in Ann Arbor, which happened to be the last industrially-zoned lot on the street, and which sits near some residential neighborhoods. This parcel helped her see the opportunity of creating a poultry processing facility with added distribution channels, in which one of those distribution channels is an on-site retail store. Additionally, the southeast Ann Arbor neighborhoods are lacking access to fresh local food, which made it easy to envision not just a meat market, but a market that also sells fresh produce and regionally produced cheeses, baked goods, milk and other staples. Since this site not only fronted neighborhoods but also businesses, it seemed likely that a small café could also be included that could make chicken tacos, chicken pot pies, or other chicken-centric meals with the fresh local poultry produced at the facility. It could also be an appealing lunch option to the thousands of people who work in the area. From a business perspective, this market and café would create additional revenue streams to stabilize the original idea of building a poultry processing facility to serve independent farmers in the region. A cannery will also be included to extract more value from the chicken carcasses and provide unique broth and stock products.

Based on the first feasibility study, in 2016, Ms. Banka applied for and won a second planning grant, this time for the drawing up of architectural plans for a combined processing, aggregation, storage and

distribution facility which would include an on-site retail space. This is a much more complex business than she originally envisioned. However, based on this research she has strong confidence that if this facility can be built, it will be financially stable in the long term. It would also process both poultry and red meat species. The facility would not conduct the slaughter of red meat animals, but would complete processing of the meat. This would allow for a diverse offering of meats and attract more customers as a sort of “one-stop-shop” for meats and local products.

WHERE THEY WOULD LIKE TO GO NEXT

In 2018, a 2-acre industrial property just outside of Ann Arbor was purchased, and Mighty Fine was awarded \$10,000 from the Michigan Good Food Fund to cover costs of site plan work required for the permitting process. Ms. Banka and her partners have also been taking required food safety courses in preparation for eventually opening a facility. She anticipates obtaining a construction loan in the next 12 months to begin construction of the facility.

REFERENCES/LINKS

<https://www.mightyfinepoultry.com/>

https://www.nichemeatprocessing.org/wp-content/uploads/2019/07/MightyFineFeasibility-Study2015-2016_3.pdf

<http://www.nichemeatprocessing.org/wp-content/uploads/2019/07/Final-MFPP-Report.pdf>

<http://migoodfoodfund.org/press-release/100000-awarded-to-ten-michigan-food-enterprises-by-the-michigan-good-food-fund/>

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This case study was created in fulfillment of a cooperative research agreement between the Marketing Services Division of the Agricultural Marketing Service of the United States Department of Agriculture (USDA AMS) and Oregon State University's Niche Meat Processor Assistance Network (NMPAN).

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