APRIL 2025

The Importance of Key Performance Indicators for Meat Processors

Three Case Studies

Presented in collaboration with Niche Meat Processor Assistance Network & Good Roots

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Introduction

This case study provides a deep dive into how small to mid scale meat processors successfully track and utilize **Key Performance Indicators, or KPIs,** to understand, sustain, and grow their business. This case study focuses on actual meat processors, and the KPI they use on a daily basis to make informed decisions for their operations.

If you're running a processing business, you already track a lot—production, labor, food safety, financial data. KPIs are simply a way to make sure you're watching the right numbers and using them to catch problems early, make better decisions, and stay profitable. The businesses in this report show how that works in real life.

This case study was done in collaboration with the **Niche Meat Processor Assistance Network (NMPAN)** and **Good Roots**. NMPAN is housed at Oregon State University and is an extension-based community of people and organizations helping small meat processors thrive by growing the network of shared wealth of information and innovation. NMPAN offers tools and technical assistance for processors, farmers, marketers, and meat buyers who are all part of the meat processing ecosystem. Good Roots works directly with farmers and food entrepreneurs through accounting, consulting, and marketing services, helping business owners build successful businesses that thrive for generations. This study is useful for meat processors who are interested in improving their understanding of KPIs for their business and are looking for additional resources.

Three case studies are highlighted in this report, and they have been kept anonymous due to the sensitive nature of some of the information shared. Businesses were compensated for their participation and we thank them for allowing us to deep dive into their business operations and their generosity in sharing with you.

Summary

This report, prepared by Good Roots in collaboration with the Niche Meat Processor Assistance Network (NMPAN), presents key findings on the use of Key Performance Indicators (KPIs) in small to mid-sized meat processing facilities across the United States. **It aims to illustrate how three distinct meat processors have leveraged KPIs to enhance their particular financial performance, operational efficiency, and business decision-making.**

Across each processor interviewed and analyzed for this report, three particular areas repeatedly surfaced as being most critical for profitability: **Scheduling & throughput, labor, and yields.**

1. **Scheduling and Throughput**: Meat Processing Plant A prioritized slaughter floor scheduling, targeting a minimum of 34 animals processed weekly to cover payroll costs. Meat Processing Plant C established that they need to have 350 processing slots filled every week for their processing plant to be profitable.

2. **Labor:** Meat Processing Plant B controls their labor cost by targeting revenue that is 3x their kill and processing floor labor cost, which is fundamental to their overall profitability. All meat processors interviewed highlighted the importance of proactively managing their labor costs.

3. **Finished Meat Yields:** Meat Processing Plant A strives for a 60% yield on every animal processed, which is essential to their quality control and customer satisfaction. Additionally, Meat Processing Plant C monitors their yields and cut sheets closely to ensure they achieve a 10% gross margin on their wholesale finished meat sales.

The study underscores the importance of aligning KPIs with specific business objectives, continuously monitoring progress, and ultimately making better decisions for the business based on this data. While the KPI and financials from this report are taken directly from these businesses, it is important to note that all businesses are different and the precise numbers may not apply to your business. **All meat processing businesses should develop their own KPIs to manage their businesses for efficiency, quality, and ultimately stronger profitability.**

How to Use KPIs in Meat Processing

The ultimate goal of using KPIs is to make informed business decisions backed by data and to measure progress towards goals. The first step in developing KPIs is to reflect on your performance and identify the key decisions you're trying to make.

For example:

- *Am I spending too much or too little on labor?*
- *Is my plant operating at full capacity?*
- *Is this revenue stream actually profitable?*
- *How efficient is the new team of butchers?*

Once you've identified the questions you're asking about your business, you can select KPIs that help you evaluate those specific areas. These metrics will provide the data you need to make well-supported decisions.

If you're looking for somewhere to start, consider what data you're already tracking for your business. By measuring these data points consistently and comparing them over time, you can begin to develop meaningful KPIs that deepen your understanding of your business performance.

Useful KPIs for Meat Processing

Based on the types of questions you are asking about your business, there are three types of KPIs you might consider incorporating for your meat processing business: **Financial KPIs, Production KPIs, and Labor Efficiency KPIs.** Each will be outlined in the sections below.

Financial KPIs

Financial KPIs are used to track and analyze a company's financial performance. Production and Labor efficiency KPIs would also be expressed in the financials. Below is a simplified sample Profit and Loss to highlight the key formulas to recognize with Financial KPIs.

Example Farm Profit & Loss Statement	YEAR 1		
Total Income	**55,000**		Total Product Income
Total Cost of Goods Sold	**8,000**		COGS = direct costs to produce your product
Gross Profit	**47,000**	85%	Gross Profit = Total Income - COGS
Expenses			% of Sales calculations:
LABOR	30,000	55%	% of Sales = Labor Total / Total Sales
OPERATING EXPENSES	5,000	9%	% of Sales = Opex Total / Total Sales
GENERAL & ADMIN EXPENSES	1,000	2%	% of Sales = G & A Total / Total Sales
FIXED EXPENSES	4,000	7%	% of Sales = Fixed Total / Total Sales
Total Expenses	**40,000**	73%	sum of expenses
Net Operating Income	**7,000**	13%	Net Operating Income = Gross Profit - Total Expenses

Key Formulas to Recognize with Financial KPIs

Cost of Goods Sold (COGS)	These are direct, variable costs related to generating income. This consists largely of direct labor and supplies (ingredients, packaging).
Gross Profit ($)	Total Income (minus) Cost of Goods Sold. This is a dollar figure ($).
Expenses as % of Income	Overhead expenses can be split into Fixed Expenses, Operating Expenses, General & Admin, and Indirect Labor. This allows the business to see what types of expenses comprise their total overhead expenses.
Net Operating Income ($)	Gross Profit (minus) Total Expenses, and is a key metric for operational profitability. This shows how profitable core operations of each enterprise actually are.
Net Operating Margin	Net Operating Profit (divided by) Income. This is a measure of how efficiently the business turns income into profit after accounting for regular business expenses, but before considering any extraordinary or one-time items. It helps indicate the profitability of core operations. A higher percentage signals a more profitable and efficient enterprise.
Other Income & Other Expenses	These are extraordinary income and expenses that are irregular. Examples of this would be: grant income or cash used for capital expenses.
Net Profit	Net Operating Income (minus) Other Income & Other Expenses. The “bottom line”. This is ultimately how much profit is left in the business.
Net Profit Margin	Net Profit (divided by) Income. This is the most comprehensive profitability metric. It accounts for all revenue, all expenses, and tells you what portion of every dollar of income is actual profit. A higher net profit margin means more of your income is retained as profit.

Production KPIs

Production KPIs help measure how efficiently your plant is operating by tracking the volume and throughput of product. These KPIs typically focus on metrics such as:

Head Processed Per Day or Per Week	This can help identify capacity constraints and scheduling bottlenecks. For example, if your goal is to process 40 head per week to break even, then falling behind on this would suggest a need to recruit additional customers or cut your labor costs, improve training programs for increased efficiency, or seek additional efficiencies.
Pounds Processed Per Day	Measures total hangweight processed, which is especially important when processing multiple species because it helps standardize across the multispecies enterprises and demonstrates your labor efficiency.
Yield Percentage	Total Packaged Weight ➗Hanging Weight. This indicates how efficiently animals are being processed and could highlight quality control issues or potential areas where customers are likely to complain. This could also point out issues in the breeding program from the producer or feed program of the live animal. You can transparently share this information directly with customers to build trust and quantify your quality assurance.

Labor Efficiency KPIs

Since labor is the largest and most variable expense in your facility, these KPIs help you track how effectively your workforce is contributing to throughput and revenue, allowing you to evaluate staffing levels and productivity.

Total Labor Cost ($)	The total dollar amount spent on all labor, including wages, payroll taxes, and benefits. This serves as a baseline figure for evaluating trends in labor spending over time.
Labor-to-Sales Ratio (%)	Total Labor Cost ➗ Total Sales. Measures what percentage of revenue is spent on labor. This ratio helps determine if labor costs are in line with sales performance. For example, a high ratio may indicate inefficiencies, overstaffing, or underperforming revenue streams.
Income per Staff Hour	Total Revenue ➗ Total Staff Hours. Calculates income generated per employee or per hour worked. This is a key indicator of workforce efficiency and can highlight opportunities for training, restructuring, or role specialization. This can be done on a daily, weekly, or monthly basis.
Overtime Percentage (%)	Total Overtime Hours ➗ Total Labor Hours. The proportion of total labor hours that are paid at an overtime rate. High overtime percentages may point to scheduling issues, understaffing, or increased operational stress. Managing this metric can help reduce burnout and control payroll costs.

Comparable KPIs from NMPAN Cohort Data

This portion of this report presents KPIs for a specific cohort of small and mid-sized meat processing facilities across the United States. The data was collected from 14 anonymous participants in the 2023 Niche Meat Processor Assistance Network (NMPAN) Meat Processor Academy Mastermind, representing a range of facility sizes and business models. **The goal is to provide high-level benchmarks that help processors evaluate financial health, efficiency, and operational performance.**

These are compiled from self-reported financials, production metrics, and labor data from participating meat processors in the meat school. Facilities were categorized into two groups based on total revenue from 2023:

- Mid-sized ($5M – $12M in annual revenue) includes five meat processors
- Small (< $5M in annual revenue) includes seven meat processors

How to use this data

These benchmarks can help meat processors identify areas for improvement and compare their performance against industry peers. Businesses can use this data to make informed decisions on pricing, efficiency strategies, and investment in labor or infrastructure.

**Given the small sample size, results may not be statistically significant and should be used as general reference points rather than absolute benchmarks. Variability in business models, regional differences, and self-reported data limitations should be considered when applying these insights. Additionally, physical plant design, scale, equipment, and levels of automation can have significant impacts on KPI performance.*

Financial KPIs

- *Total Sales:* The sum of all revenue streams, including processing, retail, and other income sources which includes grant income
- *Revenue Breakdown:* Shows the percentage of income from processing, retail, and other sources, which can include grant income and other enterprises
- *Net Income:* Shows the amount of profits left over after all expenses have been deducted from revenue. Generally, we found that mid-sized meat processors were more profitable than smaller meat processors. This is likely due to the average labor to sales ratios for these mid-sized meat processors (40%) being considerably lower than small meat processors (58%), in addition to a variety of other factors.

Revenue KPIs				
	Between $5- $12M		Less than $5M	
Total Revenue (Avg $)	$8,060,000	*% sales*	$1,370,000	*% sales*
Total Processing Sales (Avg $)	$4,100,000	57%	$730,000	62%
Total Retail Sales (Avg $)	$3,830,000	41%	$310,000	17%
Total Other Sales (Avg $) *Includes Grant Income & Other Enterprises*	$130,000	2%	$330,000	21%

Profitability KPIs		
	Between $5- $12M	Less than $5M[1]
$ Net Income (Avg)	$579,552	-$9,332
Net Margin (Avg)	7%	-1%

[1] Of the seven processors in the less than $5 million range, 4 are profitable and 3 are not profitable.

Labor Efficiency KPIs		
	Between $5- $12M	Less than $5M
Total Labor, $	$2,642,001	$486,193
Labor to Sales Ratio *(Does not include other income)*	40%	58%
Full-Time Equivalent Employees *(All Enterprises)*	43	11
Income per FTE	$193,345	$122,608
Income per Staff Hour	$93	$59
Overtime %	4%	2%

Case Study #1: Scheduling, Lbs. Per Day, & Yield Tracking

CASE STUDY

About this Meat Processor
Meat Processing Plant A was established in 1971 and has since evolved from a run-down small-scale meat processing operation to a multi-enterprise operation for the region. This processing plant was acquired in 2018 by the current owners, and the company has expanded its services and locations while staying true to its mission of providing high-quality meat processing for local producers.

Based in a rural county in the Appalachian region, this processor primarily serves local producers, small farms, and local meat handlers in the region. This meat processor plays a critical role in the community in supporting farmers with limited local processing options for producers of their size. The team is 15 Full-Time Equivalent (FTE) spanning processing, butchery, and retail enterprises, though this study is only focused on their meat processing operations.

This facility offers:

- USDA inspected slaughter and processing services
- Two retail storefronts offering fresh cuts
- Value-added processing, including custom cuts, smoking, and further processing
- Species processed include: Cattle, Hogs, Lamb, Goats, and Deer (seasonally)

The business is co-owned by a husband and wife team who have backgrounds in cooperative extension and education, which have been surprisingly helpful backgrounds as they entered the meat processing world. Their philosophy for plant management is based on fostering educated customers through transparency.

> **"We realized that if this processor closes, not only our farm, but this whole area goes down. The next closest processor is about 1.5 hours away. We're spoiled in not realizing how much people travel to get to meat plants since we've always grown up with meat plants around us."** *-Owner/Operator Plant A*

When they learned that their local processor was closing, this immediately sparked an interest. To test the waters, they spent one day vacuum-packaging meat and were hooked. They immediately bought the processor and got to work. That is not to say that it was all smooth sailing - the early days were grueling. The couple stepped into an industry known for its complexity, regulations, and thin margins. Despite their backgrounds, the owners found themselves in unfamiliar territory, learning the language of meat processing, understanding the financials, and navigating regulations.

In 2020, the couple experienced a large increase in demand as food systems were disrupted throughout the COVID pandemic.

While the usual customer travels one hour to this processor, they started traveling three hours away from areas that do not have access to a USDA-inspected facility. During this time they were able to secure a $315,000 grant on equipment that allowed them to double their capacity, from 20 head of beef a week to 50. The owners dedication to securing grants has allowed the facility to grow without any long term debt.

When you walk onto the processing floor, you are going to hear music and laughter; the special sauce may be intangible, but this place is certainly special. In interviewing the owner, it was difficult to narrow down the one specific thing that was the key to this plant's success, but a handful of things stuck out. First, the importance of treating their staff well. They offer health care, retirement, sick leave, PTO, and all the benefits the workforce has come to expect.

They also openly discuss and take accountability for mistakes. The owners have built in small incentives for consecutive days without mistakes. It's clear that the strong foundation in education was going to allow them to build a strong relationship with their team members and continually provide educational opportunities for their customers.

Meat Processing Plant A: Enterprise Overview

While Meat Processing Plant A operates multiple enterprises (value-added, retail, and meat processing), the following profit and loss statement is only for the processing side of their business.

While sales increased 16% from 2023 to 2024, cost of goods sold increased 43% which decreased the Gross Margin. While general & administrative costs and operating costs remained relatively constant, labor and fixed expenses increased 32% and 37% respectively. This contributed to an overall decrease in net operating income for 2024. Other income and expenses include grant funding and grant expenses.

This processor is opening a new retail store in 2025 and many of the capital expenditures are included in the processing P&L for 2024, also affecting the profitability of this enterprise.

Figure 1: Meat Processing Plant A, Profit and Loss

Profit and Loss		
	Jan - Dec 2023	Jan - Dec 2024
Total Income	**1,154,769**	**1,338,700**
Total Cost of Goods Sold	**150,426**	**214,766**
Gross Profit	**1,004,342**	**1,123,934**
Gross Margin	*87%*	*84%*
Expenses		
Total Labor Expense	**632,544**	**840,493**
Labor as % of Sales	*55%*	*63%*
Fixed Expenses	**155,966**	**214,714**
Fixed Expenses as % of Sales	*14%*	*16%*
Total General & Administrative Expense	**70,940**	**72,008**
General & Administrative Expenses as % of Sales	*6%*	*5%*
Total Operations Expenses	**41,512**	**42,468**
Operations Expenses as % of Sales	*4%*	*3%*
Total Expenses	**900,962**	**1,169,684**
Net Operating Income	**103,381**	**(45,749)**
Net Operating Margin	*9%*	*-3%*
Total Other Income	**2,676**	**215,803**
Total Other Expenses	**52,977**	**202,252**
Net Other Income	**(50,301)**	**13,550**
Net Income	**53,079**	**(32,199)**
Net Operating Margin	*5%*	*-2%*

KPI 1: Slaughter Floor Scheduling

For Meat Processing Plant A, the number of animals slaughtered each week is the most important metric for financial stability. Hitting this KPI is the difference between making payroll or not on the kill floor. Weekly scheduling is used to manage labor, cooler space, and overall efficiency.

What is the KPI?	Minimum 34 Animals Slaughtered per Week
How do you measure it?	Weekly Scheduling process, tracked by total head processed on slaughter floor by the staff member that manages scheduling.
How frequently do you measure it?	Weekly
Business Decisions Made Out of It	Determines if the business can cover payroll and meet financial obligations, sets weekly operational targets, and drives scheduling priorities and customer booking
Impact of Business Decisions	Ensures financial viability (34 = break even); helps achieve profitability targets (40 = profit); informs labor planning and cooler capacity limits; prevents over-scheduling beyond 50 head; supports decision-making for scaling or operational adjustments

Key Targets:

- 34 animals/week = Break-even (covers kill floor payroll and expenses)
- 36–37 animals/week = Small profit
- 40 animals/week = Clear profitability ("If we make 40, we're in the clear.")
- 50 animals/week = Maximum cooler capacity

The following table highlights the kill floor profitability improvement from 34 animals to 50 animals processed per week. This ensures that the kill floor is financially viable, and also sets up other downstream portions of the business (processing, retail) for financial success. Gross Margin is simply Total Revenue (minus) Labor Cost. Gross Margin is Gross Profit ➗Total Revenue.

Total Head Slaughtered Per Week (Slaughter Floor)				
Head Count	34	37	40	50
Slaughter Fee (Fixed Rate for Animals between 600-900 lbs HCW)	$90	$90	$90	$90
Total Revenue	$3,060	$3,330	$3,600	$4,500
Slaughter Floor Labor				
Total Labor (3 People, $1000 per week)	$3,000	$3,000	$3,000	$3,000
Gross Profit & Margin				
Gross Profit	$60	$330	$600	$1,500
Gross Margin	2%	10%	17%	33%

KPI 2: Pounds Processed per Day

Meat Processing Plant A processes a minimum of 34 carcasses through the plant each week, and it also focuses on the pounds processed daily as a measure of increased efficiency in the processing class of the business.

What is the KPI?	4,500 lbs hang weight processed daily to reach profitability
How do you measure it?	Total pounds processed per workday.
How frequently do you measure it?	Daily
Business Decisions Made Out of It	Guides production goals, labor allocation, and decisions for purchasing equipment and improving workflow.
Impact of Business Decisions	1) By simply focusing on this KPI, Meat Processing Plant A increased throughput by an additional 500 lbs per day. 2)By increasing the pounds processed per day without a proportional increase in labor hours, Meat Processing Plant A has decreased its labor-to-sales ratio, improving overall efficiency and profitability.

Looking at historical financial data for Meat Processing Plant A, we can see that this increase has had a direct impact on revenue, profitability, and overall operational efficiency.

Lbs. Processed per Day Metric Implications	2022	2023	2024	2024 @ 4,000 lbs. per day	2024 @ 4,500 lbs per Day
Annual Processing Revenue	$1,066,708	$1,154,769	$1,338,700	$1,372,082	$1,543,592
Weekly Processing Revenue	$20,514	$22,207	$25,744	$26,386	$29,684
Lbs. Processed per Year	1,054,814	1,210,185	1,217,637	1,248,000	1,404,000
Lbs. Processed per Week	20,285	23,273	23,416	24,000	27,000
Lbs. per Work Day	4,057	4,655	3,903	4,000	4,500
Total Labor Cost	$694,540	$632,544	$840,493	$840,493	$840,493
Labor to Sales Ratio	65%	55%	63%	61%	54%

The Labor to Sales Ratio (Total Labor Cost ➗ Total Revenue) is a key driver of meat processing profitability. The columns labeled 2022 - 2024 are what actually occurred in the business for those years. For the last two columns, we've changed the lbs processed per day to 4,000 and 4,500 respectively and can see the labor to sales ratio decrease accordingly. If employees are able to process more lbs per day, revenue increases and the labor to sales ratio decreases. This means the business has more profits to spend on other aspects of the business.

KPI 3: Yield Tracking

In 2023, Meat Processing Plant A introduced yield sheets which show take-home pounds and percentages for each customer. These yield sheets measure the final product weight to show customers exactly how much they are getting from their animals.

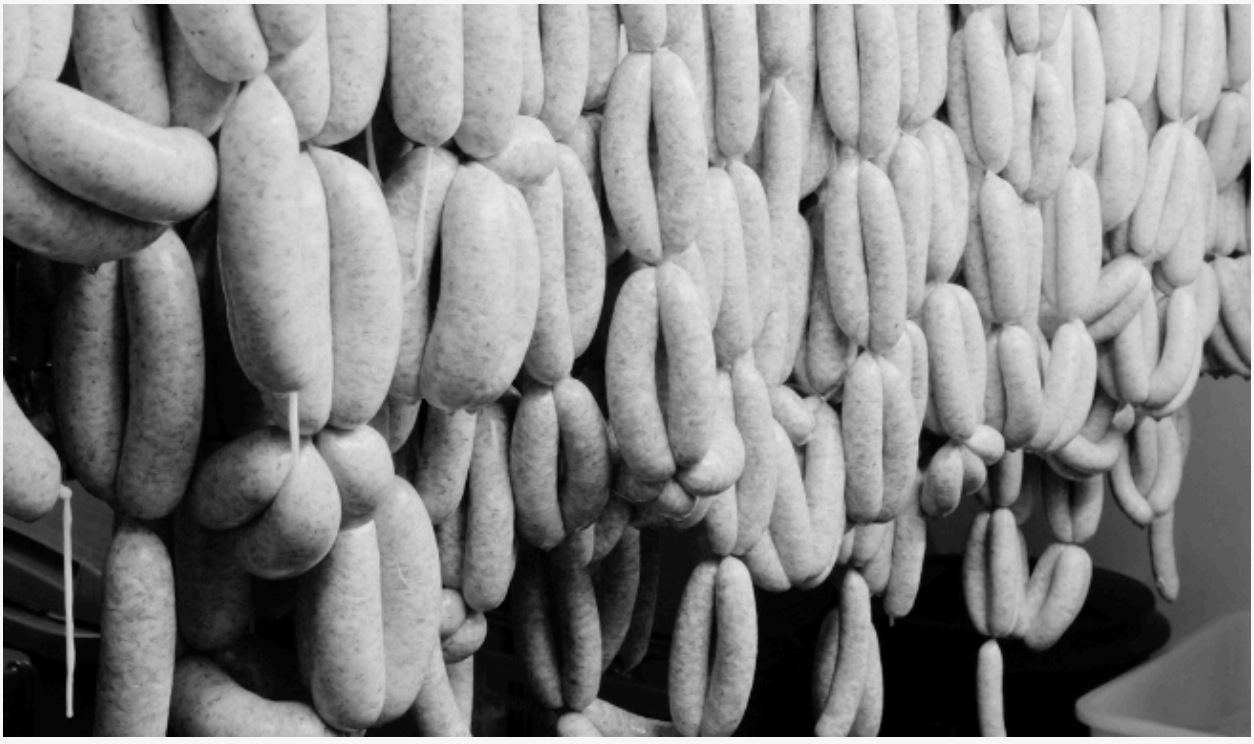
What is the KPI?	Target yield for beef: 58–62% (final packaged weight as % of hanging weight)
How do you measure it?	Track hanging weight vs. final packaged weight using yield tracking sheets for each carcass
How frequently do you measure it?	Tracked per order by processing floor staff, and reviewed weekly by Owner for quality control and trends
Business Decisions Made Out of It	Informs staff training and accountability, improves customer transparency, and identifies operational improvements in cutting and packaging processes.
Impact of Business Decisions	1) Staff members feel empowered, understanding how their work affects efficiency. Internal quality control becomes proactive rather than reactive and allows for staff to take accountability for their mistakes. 2) Builds customer trust and loyalty and supports growth in average order value (+8%) and total sales (+5%), and positions business as transparent and quality-driven.

A sample yield sheet is shown below which exceeds the KPI for Meat Processing Plant A.

Sample Yield Sheet (Half Beef)	
Total Hanging Weight (Lbs):	284
Total Package Weight:	182.16
Percent Yield:	64.14%

Cut	Number of Packages	Total Package Weight	Percent Hanging Weight (Total)
Hamburger	71	68.98	24%
Hamburger Patties	16	15.05	5%
Ribeye	8	9.45	3%
New York	8	4.77	2%
Flank Steak	7	2.97	1%
All Other Cuts	48	80.94	29%
Total	171	182.16	64.14%

Providing customers with yield sheets made them more engaged and educated about each aspect of their carcass and the respective yields. This also helped customers make better decisions about their own cut sheets for the future.



The following **sales by customer report** shows the total number of customers as down, the average annual order is up 8% over the past 2 years and the total sales is up 1%. While there are likely many variables impacting these trends, the Owner suggested that the yield sheet service increased customer satisfaction, which contributed to these increases.

Sales by Customer 2023-2024	Jan - Dec 2023	Jan - Dec 2024	Year Over Year Change
Total Customers	476	444	-7%
Average Annual Revenue per Customer	$2,542	$2,742	8%
Total Sales	$1,210,185	$1,217,637	1%

By introducing yield sheets, customers could now see exactly what they were getting from their animals based on the cut sheets they provided to the staff. This built trust with the customer. It also improved quality control, streamlined communication with staff, and provided invaluable data for refining operations.

What's Next for Meat Processor A

Meat Processing Plant A is focused on a major project, building an expansion to the processing facility. This project is being made possible through $3.6 million in grants. This is a testament to the owners' ongoing dedication to seeking grant support that enables growth without taking on long-term debt. The expansion will enhance their capacity to meet increasing demand while preserving the high standards of customer service and transparency that have been fundamental to their success.

Case Study #2:
Productivity, Quality Assurance, & Margins

CASE STUDY

About Meat Processor B

In 2009, Meat Processor B acquired an existing meat processing facility after a career in farming poultry, pastured pork, and dairy. Shortly after acquiring the facility, a fire destroyed the facility and was rebuilt in 2011. Quickly sales reached around $1.8 million but plateaued before the COVID-19 pandemic. The pandemic provided an unexpected opportunity to add a second USDA-inspected shift which doubled processing capacity without an additional infrastructure investment. Additionally, a reimbursement grant for overtime wages supported profitability. Since the pandemic, business has softened but they remain resilient. Their expanded capacity and dedicated customer base provide a solid foundation, even in an evolving market landscape.

A key driver of this business's financial success has been its approach to securing grant funding. Early support from the Value-Added Producer Grant (VAPG) and Small Business Innovation Grant enabled the company to scale operations without accumulating significant debt. In addition, it allowed them to focus on grants that supported the entire farming community, not just their business.

"Processing was never a 'let's do this' but like so many other young and naive folks, if I can't get my animals done the way I want, I'm going to do it myself."

-Owner/Operator Plant B

By 2024, the business has grown to $3.6 million in revenue and employs 33 full-time equivalents (FTEs).

Meat Processing Plant B offers:

- USDA inspected slaughter, processing, and value-added services
- Processes Beef, Pork, and Lamb
- Operates two retail butcher shops at separate locations from the processing facility

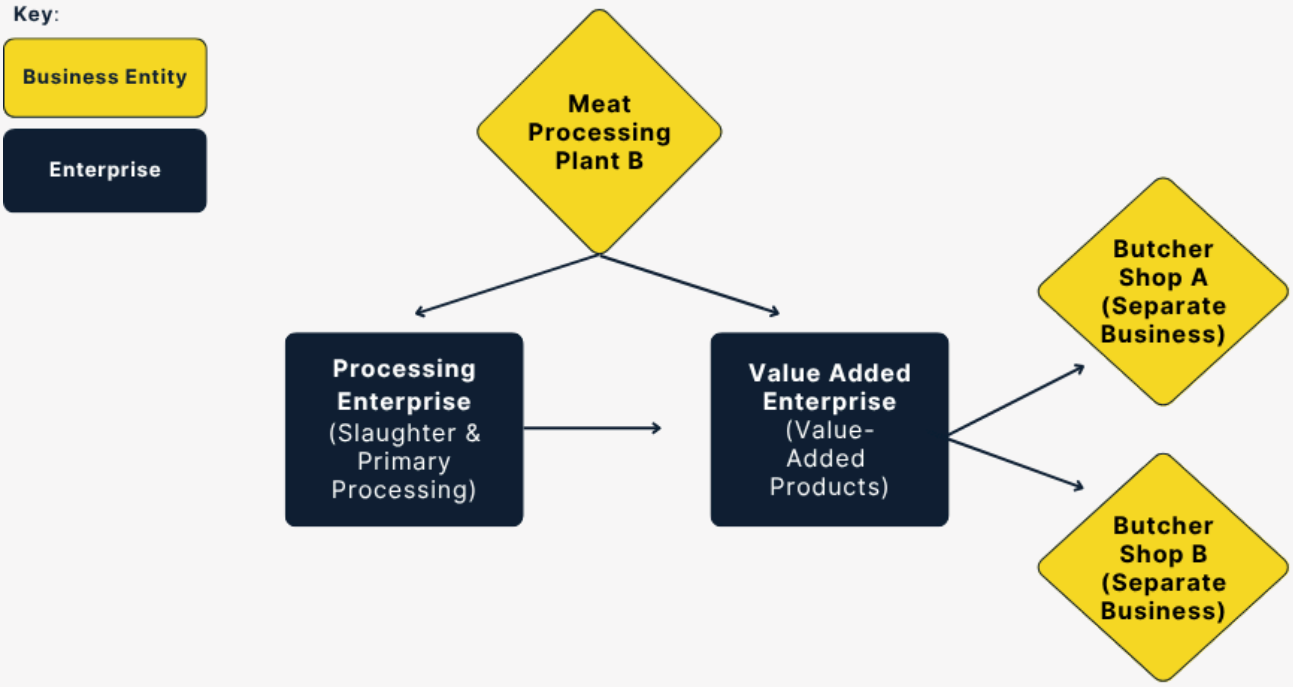
The company's customer base consists of niche regional producers, many of whom start at a minimum of 25 head annually. They maintain 60 key clients, contributing to 80% of their revenue, with a total of 300 producers utilizing their services annually. Their clients are mission-aligned and value the company's commitment to helping them scale their own businesses.

Beyond processing services, this business fosters producer development through unique programs. They conduct quarterly site visits, facilitate relationships among processors, and host monthly networking breakfasts. These initiatives are largely grant-funded, providing structured business support that no other processor in the region currently offers. These services strengthen the whole supply chain, professionalize the farmer clients, and help them grow their businesses which in turn grows the processing business. A processor's business is only as strong as those of the farmer/marketers who use their business.

Meat Processing Plant B: Enterprise Overview

Meat Processing Plant B has three enterprises: meat processing, value-added, and retail. The processing and value-added enterprises are housed in a single entity, while the retail enterprises are held in their own entities. This is critical for Meat Processor B to clearly see each enterprise's performance, and clearly segment these different lines of business.

Figure 2: Enterprise Overview for Meat Processing Plant B



There are two main enterprises within the meat processing business entity:

- **Processing Enterprise**
  - This involves breakdown of the carcass into primal and standard cuts.
- **Value-added Enterprise**
  - This class takes the primal and standard cuts from the processing class and breaks them into specialty products, including grinding, curing, smoking, and making sausages. This class increases margins by adding value but also increases labor and equipment costs.
- **Retail Entities**
  - Finished products are sold from processing enterprises to the butcher shops that they also own. These are entirely separate entities, although ownership is the same.

The Profit & Loss statement below is only for the meat processing and value-added enterprises.

From 2023-2024, the processing department had lower sales by 10% and the value added retail sales increased by 35%, leading to total lower revenue in 2024 by 5%. This can be attributed to lower demand for processing services. While processing income was down 10%, the processing COGS remained the same, leading to a decrease in gross margin. In addition, total expenses were up 13% due to increased employee benefits and adding more labor in the processing class.

Figure 3: Meat Processing Plant B, Profit and Loss

Profit and Loss

	Jan - Dec 2023	Jan - Dec 2024
Income		
Total Processing Income	3,385,947	3,051,308
Total Value Added Retail Sales	443,310	597,488
Total Income	3,829,257	3,648,796
Total Cost of Goods Sold	709,089	832,561
Total Discount	17,195	(1,591)
Total Payroll	997,532	893,422
Total Cost of Goods Sold	1,723,816	1,724,392
Gross Profit	2,105,441	1,924,404
Gross Margin	*55%*	*53%*
Expenses		
Total Fixed Expense	274,814	333,071
Fixed Expense as % of Sales	*7%*	*9%*
Total General and Administration Exp	79,856	83,870
General and Administration Exp as % of Sales	*2%*	*2%*
Total Operational Expense	183,512	241,668
Operational Expense as % of Sales	*5%*	*7%*
Total Payroll Expenses / Employee Exp	1,068,608	1,159,859
Payroll Expense as % of Sales	*28%*	*32%*
Total Expenses	1,606,790	1,818,468
Net Operating Income	498,651	105,936
Net Operating Margin	*13%*	*3%*
Total Other Income	459,062	257,413
Total Other Expenses	60,693	74,531
Net Other Income	398,369	182,882
Net Income	897,020	288,818
Net Margin	*23%*	*8%*

KPI 1: Labor to Sales Ratio

Each department, slaughter, processing, and value-added, is responsible for billing three times their labor costs, excluding overhead labor, which is one of the primary performance metrics guiding financial sustainability. Achieving this metric corresponds to an 3% - 13% Net Operating Margin, as indicated in the Profit & Loss above.

What is the KPI?	3x Labor to Sales Ratio for all Departments. Each department (slaughter, processing, value-added) is expected to have revenue in excess of 3x their labor costs. (This does not include senior management or administrative staff costs)
How do you measure it?	Calculate total labor cost and compare to billed revenue to ensure it is at least 3x labor cost
How frequently do you measure it?	Weekly
Business Decisions Made Out of It	If the metric is below 3x, then the manager of the department is responsible for reporting the KPI out to the leadership team and working with them on a plan towards improvement, which helps identify underperforming departments early. This also helps boost accountability for each department.
Impact of Business Decisions	This is a key driver of financial profitability for all departments; ensures operational efficiency for the labor department; allows staff to focus on billing rates and not pounds processed which can vary depending on the custom orders.

The following example walks through the processing department's weekly goals for labor costs and revenue.

3x Labor Revenue Calculations	
Average Labor Rate (Processing)	$22.00
Full-Time Equivalents (FTE)	15
Average Labor Costs per Week	$13,200
3x Labor = Expected Revenue	$39,600

From 2023 to 2024, we see improvement towards this metric in all departments, as indicated in the table below. The goal is for labor as a percent of sales to be 33% or lower. Factors that would affect this are sufficient throughput and demand from customers, labor efficiency and scheduling, overtime, and pricing, among others.

Figure 4: Labor-to-Sales Ratio for 2023 and 2024 (All Departments)

	Jan - Dec 2023	% Sales	Jan - Dec 2024	% Sales
Income				
Processing Department Income	1,916,873		1,761,830	
Slaughter Department Income	519,413		532,109	
Value Added Department Income	284,398		263,956	
Total Income	**2,757,548**		**2,591,776**	
Labor				
Processing Department Labor	715,318	37%	639,086	36%
Slaughter Department Labor	180,539	35%	177,738	33%
Value Added Department Labor	101,675	36%	76,599	29%
Total Labor	**1,011,288**	**37%**	**905,713**	**35%**

Of the metrics we reviewed for this report, this is one of the most powerful in determining a positive net profit. It's a clear way for management to communicate to staff what their goal is. It's also simple to audit projected labor costs against the Profit & Loss, as shown above, with the goal for percent of sales being 33% or less. By checking this metric weekly, accountability and corrective measures can be acted upon quickly.

KPI 2: Daily Order Audit

Meat Processing Plant B doesn't want to lose any quality control while they try to meet their labor productivity goals. Therefore, they also have goals for the team associated with how many pounds have been affected by quality assurance issues. This is led by the QA manager who is in charge of customer service and customer satisfaction. In addition, there is a QA testing lead and manages NR's and daily product audits.

What is the KPI?	Conduct a daily internal quality assurance audit of 10% of all processing and value-added orders to monitor product errors.
How do you measure it?	Randomly audit 10% of orders at different production stages; track errors (miscuts, mislabels, mispackaging) and calculate potential pounds affected.
How frequently do you measure it?	Daily
Business Decisions Made Out of It	This process allows the quality control team to determine the biggest areas for improvement and work towards continuous improvement of the internal process. This prioritizes areas for staff training, process improvements and supports proactive management of customer satisfaction issues.
Impact of Business Decisions	Strengthens internal quality control processes; improves product quality for customers; reduces customer complaints; supports continuous improvement without relying solely on food safety audits

The following table highlights the amount of product that has been affected by the random quality assurance audits in 2023 and 2024.

Quality Assurance		
	Percent of picked up orders without QA issues	Percent of labeled orders without QA issues
2023	83.51%	87.71%
2024	84.10%	84.91%

"Picked Up Orders" refers to orders that were packed for external customers. "Labeled Orders" refers to branded meat to be sold at the meat processor's retail outlets. We are not able to determine a healthy percentage, but this internal metric allows this processor to determine, internally, if they are improving on this KPI.

KPI 3: Butcher Shop Gross Margin

While our previous KPIs have focused on the processing business, the next KPI focuses on the butcher shops which are two separate enterprises. Butcher Shop A was started three years ago and in the right demographics for retail sales. Butcher Shop B was a business that was purchased from a customer that was mostly doing wholesale business and is struggling with profitability.

The butcher shops purchase products directly from the processing and value-added classes from Meat Processing Plant B. Their goal is to place a 100% markup on these products, which is a 50% product gross margin. This should allow the butcher shop to remain profitable and cover its overhead expenses.

What is the KPI?	Maintain a 50% product gross margin (100% markup) on all products sold in the butcher shops.
How do you measure it?	Information is captured in the Profit & Loss. Income (minus) Cost of Goods Sold = Gross Profit Gross Profit ÷ Income = Gross Margin
How frequently do you measure it?	Monthly during financial reviews. Managed daily when determining sales prices.
Business Decisions Made Out of It	Guides pricing strategies, inventory management, and purchasing decisions; helps assess need for product mix adjustments; identifies areas where re-pricing or SKU rationalization is necessary
Impact of Business Decisions	Achieving the 50% product gross margin is a key driver of overall profitability. Improves net margins, covers fixed costs, and strengthens the retail arm of the business; failure to meet margin targets highlights risk areas for financial loss.

The following example of their finances highlights the importance of this margin on the products.

Figure 5: Profit and Loss for Butcher Shop A and Butcher Shop B, 2023 & 2024

	Butcher Shop - A		Butcher Shop - B	
	Jan - Dec 2023	Jan - Dec 2024	Jan - Dec 2023	Jan - Dec 2024
Total Income	440,826	540,483	384,870	406,861
Cost of Goods Sold				
Total Butcher Shop Labor	92,833	80,595	82,917	76,294
Total Supplies	19,621	16,758	17,287	9,089
Total Products Purchased	195,856	310,535	273,691	262,200
Product Margin	56%	43%	29%	36%
Total Cost of Goods Sold	308,361	407,888	373,895	347,583
Total Cost of Goods Sold	308,361	407,951	373,895	347,583
Gross Profit	132,465	132,532	10,974	59,278
Gross Margin	30%	25%	3%	15%
Expenses				
Total Expenses	113,393	129,538	74,347	90,666
Net Operating Income	19,072	2,994	(63,373)	(31,388)
Net Margin	4%	1%	-16%	-8%

Product Margin includes only the cost of the products purchased from the Meat Processing enterprise. The overall Gross Margin also includes the cost of direct staff (registers, floor workers), and does not include indirect labor (management). The Butcher Shops are targeting a 50% product gross margin, not including direct staff.

Had this KPI been achieved, the gross margin and net margin would have improved for the butcher shops as shown in the example below. While the gross margin is improving from 2023 to 2024, it would have improved significantly with the 50% product margin.

Butcher Shop B has much weaker profitability due to their sales channels. This shop sells more product through wholesale channels, which has a lower price point and is reducing the overall gross margin.

Figure 6: Profit and Loss for Butcher Shop A and Butcher Shop B, 2023 & 2024, if product margin goals had been achieved in 2024. Purple denotes a manual change to the financials for modeling purposes.

	Butcher Shop - A		Butcher Shop - B	
	Jan - Dec 2023	Jan - Dec 2024	Jan - Dec 2023	Jan - Dec 2024
Total Income	440,826	621,171	384,870	524,399
Cost of Goods Sold				
Total Butcher Shop Labor	92,833	80,595	82,917	76,294
Total Supplies	19,621	16,758	17,287	9,089
Total Cost of Goods Sold	195,856	310,535	273,691	262,200
Product Margin	56%	50%	29%	50%
Total Cost of Goods Sold	308,361	407,951	373,895	347,583
Gross Profit	132,465	213,220	10,974	176,817
Gross Margin	30%	34%	3%	34%
Expenses				
Total Expenses	113,393	129,538	74,347	90,666
Net Operating Income	19,072	83,683	(63,373)	86,151
Net Margin	4%	13%	-16%	16%

It is important to note that this 50% product gross margin KPI may not fit all businesses that focus on the sale of finished meat. Some may focus entirely on wholesale and have a much lower product gross margin, but have been built to support that lower margin and maintain profitability (case study #3 is an example of this). The above KPI are what works for *this* particular business.

What's Next for Meat Processing Plant B?

Meat Processing Plant B is focusing on scaling operations strategically while maintaining quality, profitability, and customer relationships. Meat Processing Plant B is working towards profitability in all classes and has a goal of 8% net margin for all classes. Their next chapter is about thoughtful, data-informed growth. By investing in people, process, and infrastructure—and staying rooted in their mission of transparency and producer support—they are setting the stage for long-term resilience in a changing meat processing landscape. To this end, they are exploring doubling the capacity of their facility through a large capital project, which is currently pending grant funding and financing.

Case Study #3: Scheduling, Yields, & Profitability

CASE STUDY

About this Meat Processor

Located in the Midwest, Meat Processing Plant C, is a family-owned and operated USDA-certified meat processing plant. The facility was originally purchased in the mid-1990s by the family. The plant was acquired out of both necessity and opportunity - the local processing facility needed new ownership, and the family saw an opening to support small-scale farmers in their community.

The family's deep-rooted passion for sustainable, high-quality meat products drove them to establish a niche in custom processing. In its early years, the plant operated at a capacity of 10 beef and 10 hogs per week, which met local demand. However, in 2002, a fire forced the family to rebuild, leading to a new facility in 2003 with a slight increase in the production capabilities. Ten years later, the business knew it was at a critical point. Demand for high-quality, locally sourced meat was growing, and this allowed the business to approach a strategic expansion and a leadership transition to the next generation. The eldest son stepped into a leadership role, and led the remodel that doubled production capacity. The operations have grown since and today the business processes up to 350 animals per week, a huge leap from its original scale.

Meat Processing Plant C runs a processing facility that offers slaughter, processing, and value-added services 4 to 5 days per week. They process beef, pork, lamb and goat. It processes 190-195 hogs weekly for an anchor client, 20-50 hogs per week for local farmers and its retail store, and 15-30 beef per week under private label and custom processing. The company also produces award-winning smoked, heat-and-eat products, including hams and sausages. In addition, they have a retail meat store on site that sells their branded products. Both the processing facility and the retail store specialize in pork products due to a strong relationship between a heritage pork client and the processor. One of the pivotal drivers of this processor's growth was the plant's strategic partnership with the heritage pork movement and the creation of a strong anchor client, which positioned them as a key player in the premium meat supply chain. By fostering relationships in urban markets, they created a direct farm-to-table connection that not only elevated the plant's brand but also reinforced its mission of supporting small farmers.

> **"Whatever it's going to be, it's going to be complicated. I wish things were more simple, but in this business, it's always going to be complicated."** *-Owner/Operator Plant C*

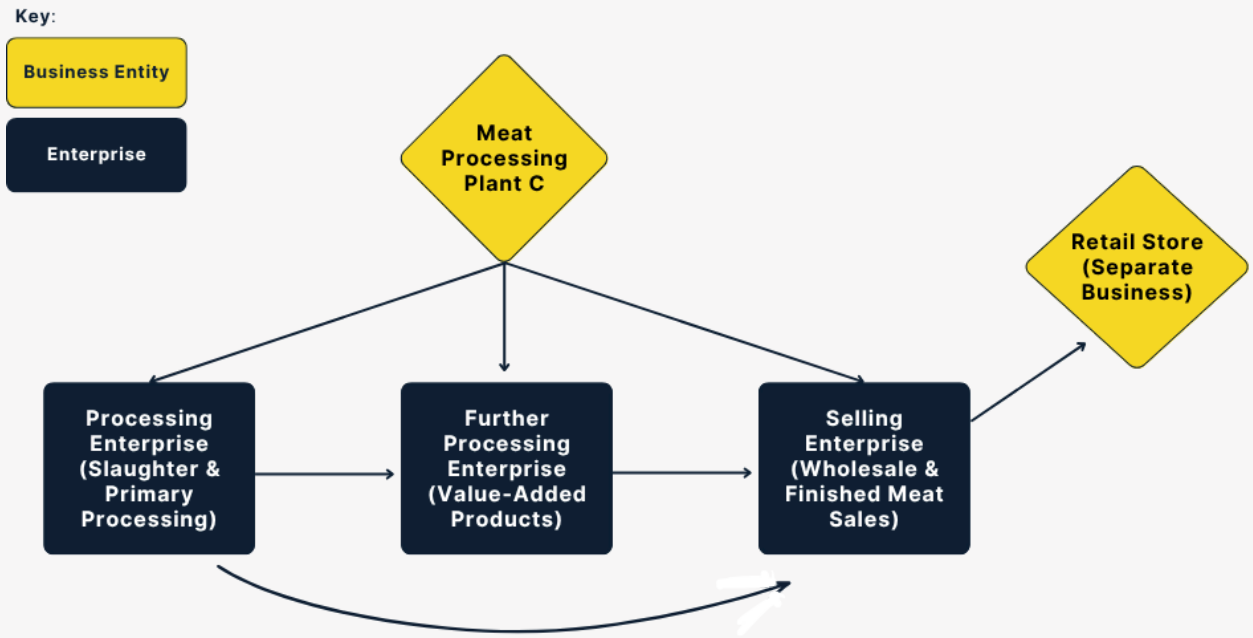
Day-to-day operations are now led by the two sons of the owners. The current CEO oversees operations, profitability, sales, marketing, purchasing, and research & development. Each enterprise of the business has a Lead. The on-site retail store generates $800K in annual sales. The business currently employs over 54 full time equivalents, processing 350-400 local animals weekly.

Meat Processing Plant C's success is built on more than just numbers. It's about family legacy and high-quality products. The family remains committed to honoring their heritage, maintaining family ownership, and ensuring that their work remains meaningful. Their journey illustrates how a clear vision, strategic partnerships, and operational resilience can transform a small business into a strong regional business.

Meat Processing Plant C: Enterprise Overview

This Meat Processing Business has multiple enterprises which include processing, further processing, and selling. In addition, they have a separate business entity that sells retail meat under their brand.

Figure 7: Enterprise Overview for Meat Processing Plant C



Their three enterprises are:

- **Processing Enterprise (Core Processing)**
  - This involves the initial purchase of the animal and transformation into carcass and primal cuts. This business generates revenue through kill, slaughter, and basic processing services.
- **Further Processing Enterprise (Value-added Products)**
  - This enterprise accounts for any meat that has ingredients added to it, or heat is applied. Ie. specialty products, additional grinding, curing, smoking, and sausages.
- **Selling Enterprise (Wholesale & Retail Finished Meat Sales)**
  - This class involves selling finished meat to their customers or to their own retail store. Further discussion of the profit margins in this class is discussed in KPI 2.

Meat Processor C has implemented an accounting system that allows for quick and transparent tracking of individual profit centers through enterprise accounting. Each enterprise, as illustrated above, is accounted for separately using classes in Quickbooks Desktop.

Figure 8: Meat Processor C Profit & Loss Statement

	PROCESSING CLASS	FURTHER PROC. CLASS	SELLING CLASS	TOTAL
Total Income	3,526,689	1,423,348	2,359,938	6,353,504
Total COGS	1,387,902	787,163	2,284,068	3,502,662
Gross Profit	2,138,787	636,185	75,870	2,850,842
Gross Margin	**61%**	**45%**	**3%**	**45%**
Expense				
Total Fixed	156,496	60,007	12,918	229,421
Total Operating Expense	384,578	234,163	25,298	644,039
Total General and Admin.	200,749	84,966	15,580	301,294
Total Indirect Labor Expense	850,588	484,709	58,733	1,394,030
Depreciation expense	65,111	27,905	-	93,015
Total Expense	1,657,521	891,749	112,528	2,661,798
Net Ordinary Income	481,266	(255,564)	(36,658)	189,044
Net Ordinary Margin	**14%**	**-18%**	**-2%**	**3%**
Other Income/Expense				
Total Other Income	102,234	56,809	54,369	213,411
Total Other Expense	65,112	27,771	140,466	233,350
Net Other Income	37,122	29,038	(86,098)	(19,938)
Net Income	**518,388**	**(226,526)**	**(122,756)**	**169,106**
Net Margin	**15%**	**-16%**	**-5%**	**3%**

The above Summary Profit & Loss report clearly shows the profitability of each class. The Financial KPIs and Key Ratios to consider are covered in the introduction.

By separating enterprises clearly in their accounting system, Meat Processor C can see that the Processing enterprise is generating all the profits in the business, while the Further Processing enterprise and Selling enterprise are losing significant profits. This is critical to strategic and management decisions and has allowed this processor to focus their attention on the areas of their business that need the most attention.

Each enterprise has a different cost structure, revenue stream, and profit margin goal. By separating the business into three enterprises, the business can track financials separately to understand which parts are most profitable. Evaluating the financials this way highlights

inefficiencies in each class. Overhead costs (such as utilities, labor, and operational expenses) can be allocated accurately to each enterprise based on usage. Other Income/Expenses includes grant income, cash used for capital expenses, and depreciation. Finally, this structure allows the management of each aspect of the business to have full ownership of their financial performance and make strategic decisions accordingly.

KPI 1: Slot Utilization

Meat Processing Plant C's operational strategy starts with the utilization of its 350 weekly processing slots. Maximizing throughput while maintaining profitability requires careful scheduling, workforce management, and a strategic balance between flexibility and stability. The plant's leadership tracks processing slot allocation to optimize production, control risk, and manage labor costs.

What is the KPI?	Maximize the use of 350 available processing slots
How do you measure it?	Processing Manager tracks scheduled vs. available processing slots weekly. Google Calendar is used to track this.
How frequently do you measure it?	Weekly
Business Decisions Made Out of It	Guides customer booking priorities, labor scheduling, and resource allocation; helps balance species mix and customer types; supports evaluation of anchor client contracts and scheduling flexibility
Impact of Business Decisions	Ensuring a full schedule is critical to the financial success of the Processing Enterprise. Ideally, this processor has a waitlist of eager customers awaiting slot openings to ensure a full pipeline. Scheduling and customers create revenue for the Processing Enterprise, which impacts the ability to fully utilize labor and facility capacity, which is critical to profitability.

An example of their schedule for 2025 is shown below.

Weekly Schedule in 2025

Monday	Tuesday	Wednesday	Thursday	Friday
80-90 Pigs	80-90 Pigs	80-90 Pigs	80-90 Pigs/Lamb/Goat	15 Beef
Anchor Client	Anchor Client	Other Customers	Other Customers	Other Customers

KPI 2: Anchor Clients and Customer Mix

A major driver of Meat Processing Plant C's scheduling approach is the plant's anchor client, which accounts for over 45% of total revenue. With 190 of 350 weekly processing slots dedicated to the anchor client, the plant benefits from predictable demand but also faces risk if anything happens to this client.

What is the KPI?	Maintain anchor client sales at less than 50% of total processing revenue to balance financial stability and risk
How do you measure it?	Track sales by customer and calculate anchor client sales as a percentage of total sales
How frequently do you measure it?	Monthly and Annually; Compare to Prior Year
Business Decisions Made Out of It	If anchor client dependency grows too high, then triggers diversification efforts. Informs customer acquisition strategy and shapes marketing and capacity planning to attract new clients
Impact of Business Decisions	Reduced financial risk with over-reliance on a single customer; stabilizes revenue streams; strengthens business resilience in case of anchor client loss or reduction in volume

A Sales by Customer Report below shows the top five customers from 2023 and 2024, illustrating over 45% of their sales dedicated to their anchor client, while 70% of their sales come from their top 5 customers. The top client receives volume pricing and the other top customers are a priority for the owner due to their high volume of orders. The owner is comfortable with this level of customer concentration, but is monitoring it closely, as they are close to being overly reliant on their anchor customer.

Sales by Customer				
	2023	% Total Sales	2024	% Total Sales
Customer A	2,729,843	49%	2,653,718	47%
Customer B (Retail Store)	589,222	15%	498,412	9%
Customer C	378,018	10%	289,464	5%
Customer D	257,775	6%	256,066	5%
Customer E	12,048	0%	239,433	4%
All Other Customers	1,642,743	29%	1,672,556	30%

KPI 3: Wholesale Finished Meat Gross Margin

The third KPI for this processor is achieving a 10% gross margin on all wholesale finished meat sales. They use a yield sheet with total weights per cut for each batch of animals to audit and measure this. This allows for understanding the margin between the costs per lb and the sales price per lb for wholesale finished meats. This KPI serves two critical purposes: to provide the Processing enterprise with visibility into processing efficiency and product quality per batch, and second, to measure the profitability of product sales within the Selling Class. By tracking yields and costs at the batch level, the business can better manage margins, identify operational improvements, and ensure financial sustainability across both enterprises.

What is the KPI?	Each batch of animals achieves a 10% gross margin when sold wholesale as finished meat.
How do you measure it?	Calculate total batch costs (animal purchase and processing cost) and compare against total revenue generated from selling processed cuts; derive gross profit and gross margin
How frequently do you measure it?	Per batch, daily.
Business Decisions Made Out of It	Informs pricing adjustments, product mix decisions, and identifies inefficiencies in cutting, processing, and sales; triggers operational reviews when gross margins fall below target
Impact of Business Decisions	Improves financial visibility across Processing and Selling enterprises; supports profitability goals; prevents losses from inefficient processing; if 10% gross margin is met consistently, enables the Selling Class to reach positive net margins

Determining the impact of this KPI is illustrated through the example below:

1. Determine Animal Batch Costs

For every batch of animals that runs through the facility, the Selling enterprise calculates the direct costs to process the animals from live to finished product. This example is an actual batch of hogs.

Batch Costs	Example Batch
Number of Animals	38
Total Hang Weight	9,310
Animal Cost / Lb	$1.15
Processing Cost / Lb	$0.85
Total Animal Costs	$10,707
Total Processing Costs	$7,914
Total Costs	$18,621

2. Determine Sales Value of Meat
For each batch, the processor details how many pounds of each cut were processed and the total costs and retail price for each cut.

NAME OF CUT	FINISHED WEIGHT	% YIELD	COST/LB	SALES PRICE/LB	TOTAL COST/LB	TOTAL SALES PRICE/LB
TRIM 72%	1,599	17.17%	$1.35	$1.55	$2,158	$2,478
TEN RIB RACK	868	9.33%	$5.22	$6.00	$4,533	$5,210
PORK BNLS PICNIC	579	6.22%	$2.61	$3.00	$1,511	$1,736
ALL OTHER CUTS (AVG COST/LB & PRICE/LB)	3,958	42.51%	$2.79	$3.21	$10,419	$12,117
TOTAL	7,004	75.23%	$2.71	$3.08	$18,621	$21,541

3. Understand the Gross Margin of Animal Batch
The Total Revenue and Total Costs from the above cut sheet are evaluated to determine the gross margin per batch.

Gross Margin per Batch	
Total Batch Revenue	$21,541
Total Batch Costs	$18,621
Gross Profit	$2,921
Gross Margin	14%

The key metric here is a 10% gross margin on the yield sheet. This batch example shows this KPI being met. However, reviewing the P&L for 2024 highlights that this metric was not met annually (shown in the table below.)

The selling class did not meet this in 2024 because their wholesale prices were not high enough. We can see a direct impact of this in the financials. If the selling class increased their prices to achieve a 10% gross margin, they would have been profitable at the net margin level, as shown in the sample table below.

Selling Enterprise: Impact of KPIs		
	2024 Actuals	Net Profit Impact if KPI Goals Had Been Met
Wholesale Sales	2,359,788	2,529,788
Wholesale Cogs	2,283,918	2,283,918
Gross Profit	75,870	245,870
Gross Margin	3%	10%
Total Expenses	112,528	112,528
Net Income	-36,658	133,342
Net Margin	-2%	5%

What's Next for Meat Processing Plant C

This processor has set an ambitious goal for 2025: $8 million in sales across processing class, further processing class, selling class, and the retail store, with an 8% overall net operating margin. In order to achieve this, they will need to scale up their Further Processing Class while increasing margins. To maintain profitability, not just increase throughput, they will need to evaluate pricing, labor management, and workforce efficiency continually.

This has been a consistent theme for the processor; as they grow in scale and profitability, they must carefully manage labor ratios and margins to protect their bottom line. Finally, securing additional customer relationships and partnerships in 2025 will be essential to maintaining a full processing schedule year-round and reducing the risk of having one customer be 49% of their business.

Conclusion

KPIs can create tangible changes for the future of your business. Success is not just about processing more animals or increasing revenue - *it's about making sustainable, data-driven decisions that improve profitability.* The KPIs that have been most impactful across these case studies include slot utilization, labor ratios, and yield sheets, which have helped identify inefficiencies and enabled strategic adjustments in these operations.

The specific KPIs outlined in this report are what these three particular meat processors are using on-the-ground, day in and day out, to manage their businesses. *It's important to emphasize that these KPIs are specific to these businesses, and are not universally applicable to every small - mid scale meat processor*. That is to say, these metrics should serve as inspiration for your meat processing endeavours, but will likely not exactly mirror your own internal metrics that you develop.

To develop your own KPI, consider the following:

1. **Determine what key questions you are looking to answer that will have the biggest impact on your success. For example:**
    a. Am I spending too much or too little on labor?
    b. Is my plant operating at full capacity?
    c. Is a particular revenue stream actually profitable?
    d. How efficient is the new team of butchers?

2. **Determine what data you already have on hand.**
    a. Production records (scheduling, head counts, production by species)
    b. Yield records (hang weights, finished weights)
    c. Financial records (your accounting system, Profit & Loss, Balance Sheet, sales by customer, sales by services, etc.)
    d. Labor records (payroll reports, hours worked, staffing schedules)

3. **Determine what data you are not capturing that needs to be captured, and start recording that information.**

5 Guidelines for Developing KPIs

As you develop your KPI, keep these guiding principles in mind.

1	**Simple**	*Keep it simple, and don't track too many.*
2	**Do it!**	*Be consistent about tracking KPI, and do it on a regular cadence (daily, weekly, monthly)*
3	**Post It**	*Post your KPI for you and your team to see.*
4	**Good/Bad**	*Compare your KPI to something so you know how it's performing. Compare against your budget, to yesterday, to last week, to last month, to last year (not all, but some of these)*
5	**Change It**	*If your KPI are not providing the insights you're looking for, change them! Talk to your team, and figure out how to adjust them to make them relevant.*

Questions about this report or want to learn more? Reach out.

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