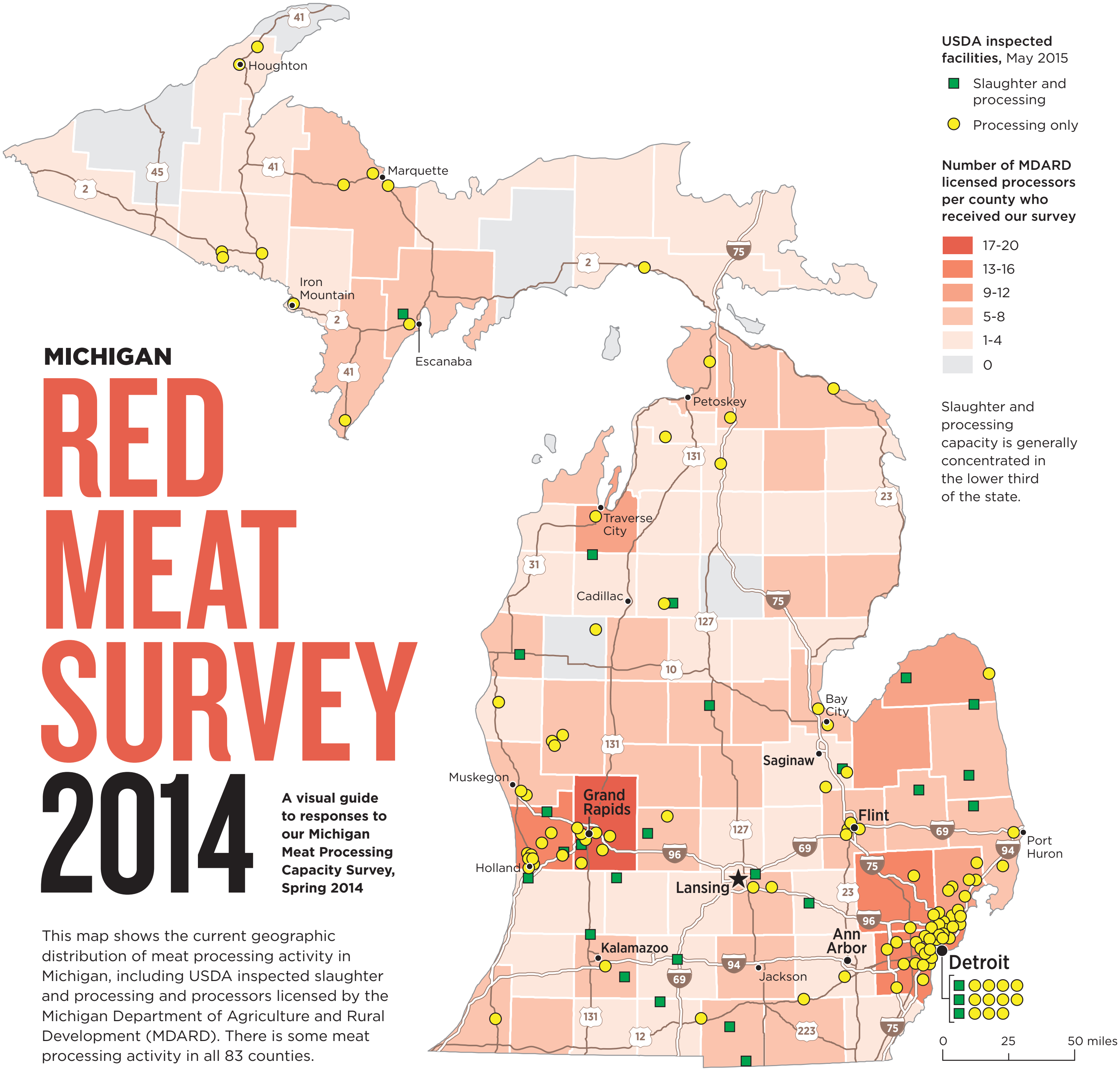
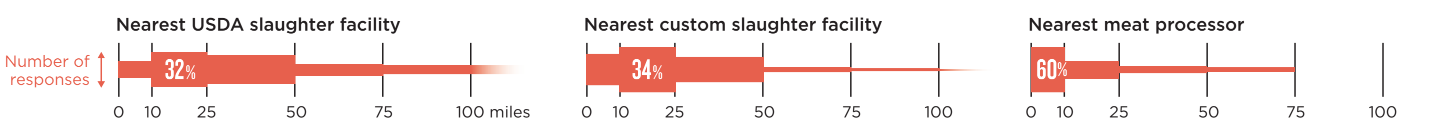
MICHIGAN RED MEAT SURVEY 2014

A visual guide to responses to our Michigan Meat Processing Capacity Survey, Spring 2014

This map shows the current geographic distribution of meat processing activity in Michigan, including USDA inspected slaughter and processing and processors licensed by the Michigan Department of Agriculture and Rural Development (MDARD). There is some meat processing activity in all 83 counties.



HOW FAR DO YOU NEED TO DRIVE?



MICHIGAN STATE UNIVERSITY | Extension + Center for Regional Food Systems

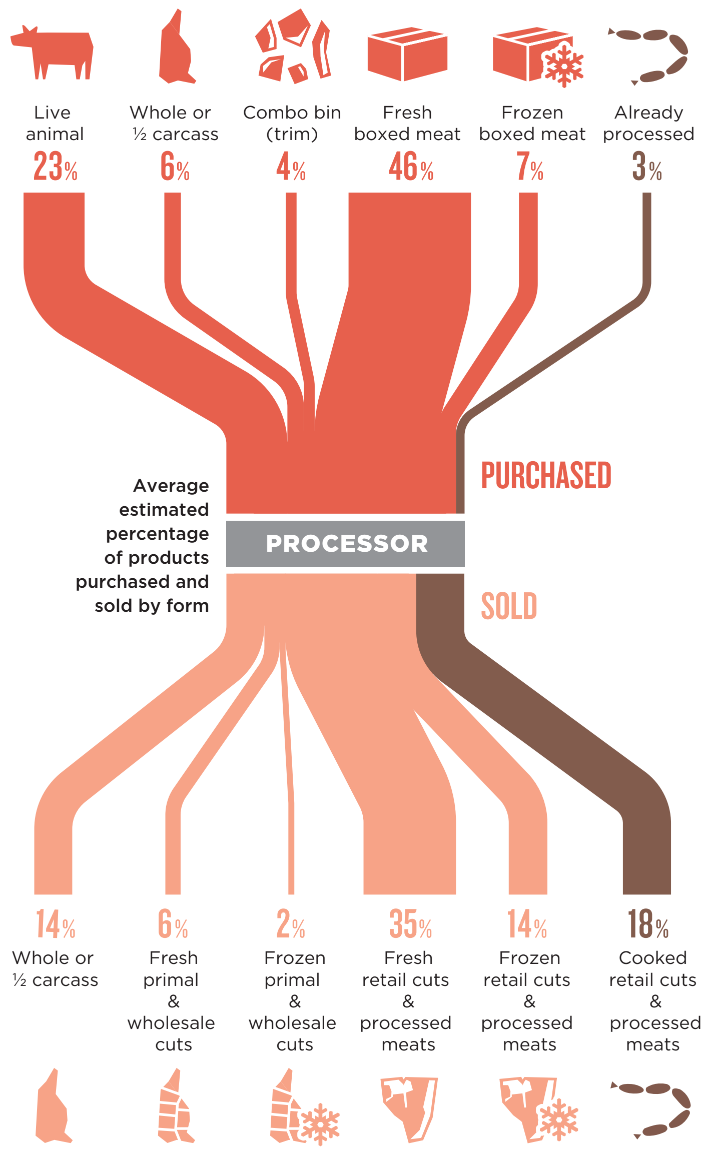
This survey was developed to capture the state of the meat industry in Michigan, excluding poultry. Surveys were distributed via mail or email to 402 known meat processors throughout Michigan including meat packers, wholesalers, retail markets, and butchers. 111 surveys were returned and analyzed (28% response rate). This data visualization does not represent the Michigan meat industry as a whole, but rather illustrates a snapshot of survey respondents.

Survey results indicate that meat processing operations in Michigan are diverse in size, age, business structure, and capacity. Michigan meat products flow through a variety of value chains with meat processors connecting livestock producers to end markets. The term "value chains" refers to a business model in which producers and buyers form collaborative partnerships with other supply chain actors to enhance financial returns through product differentiation, such as "local" or "pastured" meats. While survey respondents indicated that fresh boxed meat was the most common method of purchasing raw materials, nearly half (41%) said they slaughter livestock. Of these, fewer participate in specialty slaughter including certified organic (11%), Halal (6%), and Kosher harvest (5%). The survey shows that 94% of respondents produced cooked or heat-treated products; only 6% did not. The proportion of Michigan-sourced meat and livestock sourced by processors, and the amount of meat products sold in Michigan markets, demonstrates the importance of small and mid-sized meat processors to the viability of Michigan's meat and livestock value chains.

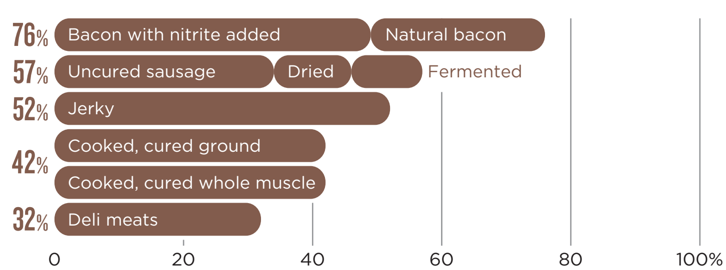
When sourcing meat and livestock for their operations, survey respondents said that 38% of livestock and 24% of purchased boxed meat come from known Michigan-raised sources. This indicates a significant role in the local food system.

ON AVERAGE, 90% OF PRODUCT MADE IS SOLD WITHIN THE STATE OF MICHIGAN.

MADE IN MICHIGAN



Percentage of respondents who produce the following heat-treated products



WHAT DOES A MICHIGAN MEAT BUSINESS LOOK LIKE?

Average age of owner

54

Gender of owner

57% Male

35% Partnership

8% Female

Succession plan?

52%	48%
Yes	No

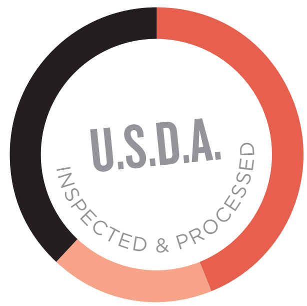
Average year built	Avg. year renovated
1975	2005

The majority of meat processors in Michigan are small or very small, and retail exempt operations are the most common. Retail exempt status allows shops and restaurants to trim, cut, grind, cure, and otherwise process and sell retail meats without daily Federal inspection. Custom exempt operations may slaughter and process livestock without USDA inspection, but the product can only be consumed by the owner of the live animal, their family, and non-paying guests. Federal USDA inspection allows processors to sell meat through a variety of channels including retail, wholesale, and export markets. Michigan is one of 23 states that do not operate a state inspection program.

Inspection status

30% Custom exempt M.D.A.R.D INSPECTED

58% Retail exempt M.D.A.R.D INSPECTED



44% Not at all interested or haven't seriously considered it

19% Considering it

37% Already inspected

Median number of employees by season

Full-time: 5

Part-time: +2 Slow season; +5 Busy season

Business focus

37% Products for my own shop

22% Custom processing

12% Recreational game processing

9% Supplying retail markets

6% Other

4% Supplying local restaurants

3% Producing for people who do their own direct marketing

2% Selling at farmers' markets

TOP CHALLENGES

Labor regulations

Current market conditions

Marketing

Financing growth

Planning for future demand

Equipment costs

Interaction with inspectors

Facility management

Finding qualified workers*

Limitations due to inspection status

Taxes

Waste water processing

Debt

Cost of commodities

Environmental regulations

Food safety regulations

Access to quality raw materials

Developing a succession plan

Seasonality of demand for product

Time off regular job

Cost of labor, insurance, health plan

Shelf-life and storage

Keeping pace with technology

Getting ready for variance

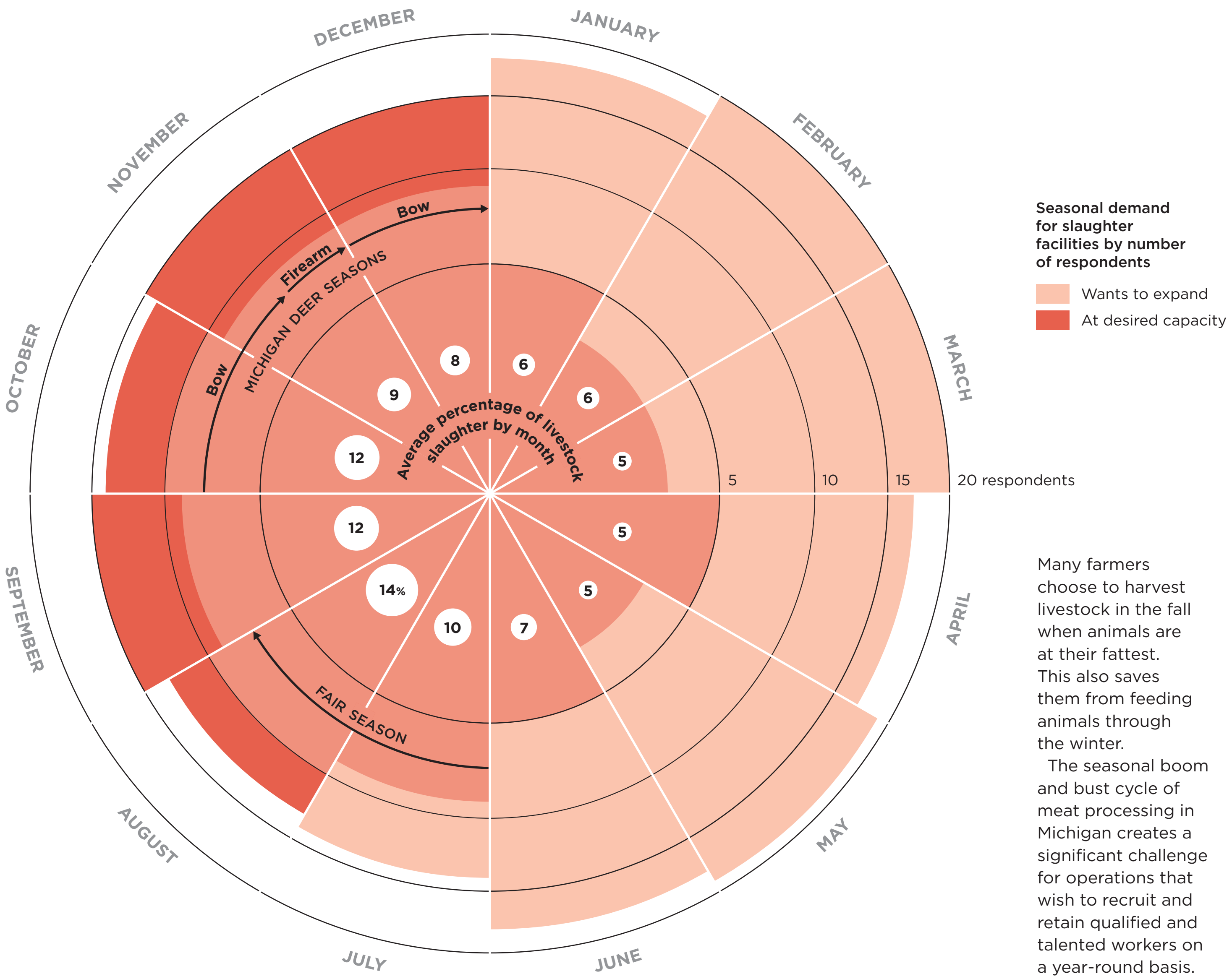
Cost of utilities

Inconsistent supply of livestock

Managing current growth

Responses are sized by frequency; those in black were cited only once.

*77% OF EMPLOYEES AND 88% OF OWNERS LEARNED THEIR SKILLS ON THE JOB WITHOUT ANY FORMAL TRAINING



Many farmers choose to harvest livestock in the fall when animals are at their fattest. This also saves them from feeding animals through the winter.

The seasonal boom and bust cycle of meat processing in Michigan creates a significant challenge for operations that wish to recruit and retain qualified and talented workers on a year-round basis.

SEASONAL CYCLE

Michigan's meat processing industry is greatly impacted by seasonality. Livestock harvest peaks in September and lulls January through June. County fairs and the opening of white-tailed deer season may also increase lead time for scheduling livestock slaughter. The survey shows that most operations employ less than five individuals and must hire additional help during the peak processing time from late summer through fall. Despite challenges, survey respondents reflect an optimistic outlook for their businesses with potential for growth in Michigan's meat industry.

ONLY 12% OF FACILITIES EXPERIENCED DECREASED PRODUCTION IN THE PAST YEAR, WHILE 51% GREW.

Thanks to the authors of this survey: Jeannine Schweihofer, Sarah Wells, Steve Miller, and Rich Pirog. The survey was made possible with financial assistance from the Michigan Department of Agricultural and Rural Development and the Michigan State University Center for Regional Food Systems Livestock Workgroup. Special thanks are expressed to the Michigan meat processors who completed this survey. To view the entire survey report visit: http://foodsystems.msu.edu/resources/mi-meat-processing-report