



A CASE FOR DAILY SLAUGHTER IN SMALL MEAT PLANTS

Processing more animals leads to more sales. Additional sales go straight to your bottom line.

Meat processors, like most businesses, work hard to cut costs, hoping to improve their bottom line. But while cost cutting can sometimes improve profits, too often, it doesn't get us very far. Why?

Labor is a big chunk of processor operating costs. Can you really cut your labor bill? Probably not; your people are there because you need them. Cutting labor will probably jeopardize the future of your business and create more headaches. How about cutting your raw material bills? That's difficult too. First, most small plants don't have the volume to demand lower material prices. Second, even if you could, how much would you really save? Would it be worth the time spent haggling with suppliers? Plus, some folks find that when they fight for a better price and get it, their salesperson isn't as responsive when problems arise. The simple fact is that most small meat plants aren't spending money that they don't need to spend. Even if you find ways to cut costs, you don't really get a good return for all the time and headaches involved.

So, if we shouldn't focus on cost cutting, what should we focus on? Mike Willett, a manufacturing extension professional at Iowa State who has worked with small Iowa meat plants, found that increasing throughput (sales less raw materials) was 2.7 times more effective

at raising profits than cost cutting.¹ To maximize the return on your efforts, you should work hard to increase sales and worry less about cutting costs.

That's easy to say but harder to do. Most folks think it's impossible to put any more meat through their plant. Sometimes that's true, but often, small changes are possible that can significantly improve the bottom line.

One successful strategy for small meat plants is moving to daily slaughter. Why? During the busy season, many plant managers and owners struggle with a high-stress environment that requires their employees to work a lot of overtime. Ask yourself: Do I turn away animals during my busy season because I'm too busy? Most plant owners I speak with turn away business because they don't think they have the capacity to take any more.

But adjusting the slaughtering schedule can fix that problem. The owners of a plant in the Upper Midwest thought they were facing an expensive expansion of their cooler to take in any more animals during the busy season. Then they switched to slaughtering every day. It turned out that their problem was not cooler size but slaughtering only two days a week. The cooler got overfilled on slaughter days, limiting the number of animals that could be slaughtered. When carcasses had finished chilling (24 hours for hogs, seven days for beef), they all came out at the same time, which meant very busy processing days. The plant's cooler alternated between full and underfilled. Fabrication, cut and wrap, and the

¹ Willett, M. (2010, February). *Successes and opportunities in process management*. Paper presented at the Iowa Meat Processors Convention, Ames, IA.



sausage kitchen alternated between slow time and overtime. The plant manager was moving people around to take care of problems or expedite orders. The result? Chaos and stress. Sound familiar?

When this plant shifted to daily slaughter, the work was spread out more evenly throughout the week, reducing overtime and stress. Even better, they could process more animals because they significantly reduced downtime. Processing more animals leads to more sales. Additional sales go straight to your bottom line, because you're utilizing the same plant and the same people. For that Upper Midwest processor, moving to daily slaughter increased operating profits 93%, decreased overtime 90%, and decreased operating expenses 23%.

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