



DECIDING TO PROCESS BEEF OR HOGS (OR DEER) IN SMALL MEAT PLANTS

Many meat plant owners I speak with struggle with a big question: “Should I process beef or hogs?”

If you survey small and very small plants, some owners will tell you hogs are the best. Others will say beef. Many will say they aren't sure which is better. This is in part because all plants are different, with different people and different skills. Also, most of the methods to figure out your costs require that you spend a lot of time with spreadsheets or complicated equations. Usually, we don't seem to get much information out of this for the time we spend on it. Plus, even if you could get really great information, sitting in front of a computer for a few hours every night is tough to add to your busy schedule.

How can we decide whether to process beef or hogs?

Focus on speed. When I was a boxer, every workout was centered on improving speed. Big muscles won't get you anywhere in the boxing ring—only speed and endurance. Meat processors, like boxers, need to focus on speed.

Instead of focusing on costs, focus on the speed of each species as it goes through your plant and into your bank account. One plant found that

it could kill and process six hogs for every beef animal. What does that mean for the profitability of each? When we ran the numbers at a few very small meat plants, we learned that hogs made more than two times as much money as beef over approximately the same time in the plant.

How can I estimate profitability per species?

How many hogs can you process for each beef animal you bring in? How many days will each species spend in your plant before you get paid? Take the throughput (sales minus the cost of raw materials) you make on your hogs and the throughput you make on your beef and divide each by the number of days each species spends in your plant. This will tell you which species generates more cash for every day in your plant.

A warning: When you start thinking about your plant in terms of speed, you're probably going to find that hogs generate more cash. However, this improvement is only up to a certain point! If we begin to do more hogs and less beef, you'll have more pork trim in your sausage kitchen and/or smokehouse. Make sure these areas can handle the additional work.

Not ready to give up one or the other? No need. Even just altering the mix can help improve profitability. If hogs are more profitable than beef, try a few more hogs and a little less beef and see what happens. You can always go back to the old way of doing things if it doesn't work.



Author

[Nick McCann](#)

Good Food Fund Value Chain Specialist,
Center for Regional Food Systems (CRFS),
Michigan State University

517-355-6456

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UNIVERSITY

Center for
Regional Food Systems

For General Inquiries

LEARN: foodsystems.msu.edu

EMAIL: CRFS@anr.msu.edu

CALL: 517-353-3535

FOLLOW: @MSUCRFS

Center for Regional Food Systems
Michigan State University
480 Wilson Road
Natural Resources Building
East Lansing, MI, 48824

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