

## Notes from Strategy Session 7: Investing in Niche Meat, Poultry and Other Food Processing Infrastructure

### 1) Issue Presentation

- investments in sector
- appropriate gov in Michigan
- 3000 food processors-broad base
  - o -partnering with people/what's available
- things happening around Michigan
  - o Meat sector
  - o Cattle at MSU
- Grow into supply chain/value chain
- Northwest Michigan-what's working?
- Regional Economic Mindset
- Life and Lifestyle value
- Challenges
  - o Workforce-small staff/age
  - o getting next cohort

### 2) Community college programs-food processing (work on appeal)

- Partnering
  - o -Super region around the state
  - o -Regional approach
  - o -Investments with business owners-local
- Infrastructure
  - o -Not just physical-market size
  - o -USDA value added grant (Michigan has under leveraged)

### Questions

Meat vs Produce

- Very different
- Meat is much more complex (reinvest)
- Produce: packing and cooling facilities (season extension)

3000 processors

- put into context ( 1 percent of food we eat in Michigan)
- 80% comes from 200 in the U.S
- 3 for 90% meat- not sustainable
- Food Security

BUT...can invest/grow the 3000 we have

### Potential strategies (Goal 3)

#### 1) Expand the Pure Michigan program to promote Michigan fresh and processed ag products

- Greatest frustration-no grant-not highest propriety
- No reason it can't happen-but did not spend time

- concerned: larger firms against
  - standards: labor/nutritional
- How to prevent someone using grant (need definitions)
  - Consensus-move on

#### **4) Earmark a Percentage of the 21<sup>st</sup> Century Jobs fund for ag processing**

- Use money state use inspection, not a high priority, use funds-other initiatives

#### **2) Adapt the ag sector alliance model in NW Mich in other regions in order to develop workforce with skill for food processing industry**

##### **Barriers to success:**

- food production and food use
- Provides umbrella
  - Identify barriers and solutions/ opportunities
  - Favorable policies large scale
- Good model to get stakeholders together
- not equally distributed across state (Can train in community but need jobs)
- Transferable skills
  - Asses across state: identify food processors
- Possibility of linking to #4
- This work being done-not special attention
- What are the obstacles and resources?
  - need to identify first/ can put metrics on goods
- A lot already happening in Michigan

#### **3) Provide tech assistance and business planning expertise to current and potential meat production facilities and incentives for existing small mid-tier meat proc to upgrade and update**

- Supply chain: aggregation
- difficulty getting information
- meat processor (not licensed and worried will get closed down/ educate and encourage)
- F/V processors (scale up)
- Hybrid of #3 and #5
- Granting process (business plan)- Assist groups
- Access to processors
- #3 and #5 may be ahead of the game
- Identify first/ then categorize- geographical ( who is out there)

#### **5) Partner with county or regional economic development agencies to establish loan or other financing**

- Funding/financing 2<sup>nd</sup>/3<sup>rd</sup> tier-Support 1<sup>st</sup> tier
- People already invested/ aggregation/ #5 will fall in after #3

#### **Possible Measure #3 Strategy**

Increase more institutional buyers, # have many approved and financed plans, increase niche markets, employment, upgrade plants, increase capacity and volume of sales, increase number of inspected

processors, fair return on investments, number new, number of small to mid-growth, amount \$ invested, amount sales, percentage of meat processed locally, amount of inv gained, tech assistance (hrs. counseling), percentage of produced and sold per region, sampling and new ownership of business

### *Selected Strategy*

- 1) Provide tech assistance and business planning expertise to current and potential meat production facilities and incentive for existing small and mid-tier meat production to upgrade and update plants

### *Strategy Context*

- MSU-> cattle, growing into supply chain
- USDA value added grant-underleveraged in Michigan
- Meat-> much more complex-need to reinvest
- Increase age of those in industry

### *Measuring Success*

- Increase capacity and volume of sales
- Increase in number of federally inspected processors
- Fair return on investments
- Increase in employment

### *Next Steps*

- Identify convener
- "Big industry" does not need help
- Focus on small, local, niche, products, specialty
- Animal Science at MSU (center for Regional food systems)
- Local involvement, Leadership (MSU extension, local coop, etc)
- Contact Center and see if they can convene (then develop list of people to work with)
- Re-examine land grant
- Find those interested in niche meat- those already working and interested
- Take compiled strategy to MSU task force (Craig/Matt/ Dan)
- Bring back group and bring response
- Reach out to growers not engaged yet
- MSU task force needs support of food council
- We know market is there but need support (Need to think through plan)
- Need a customer (school/Coop)
- Processors having access to larger market
- Email system

### **Farm to School Problems:**

- 9 months pas growing season
- What can school do to process (beyond freezing?)
- Bigger than just processors (legal criteria)
- #3 State-wide-specific meat processor vs #2 Regional

- Prime issue= Funding (To then do the technical training)

#### **Parking Lot:**

- Take advantage of RFID: ear tag cattle (can follow cattle)
- #of animals processing/ underutilization? / More animals?
- Local purchase: harvest of the month
- Advertizing/ there is no branding for meat-develop?
- New farmers- training

#### *Implementation Steps*

- Overall: Redefine and redirect; don't reinvent
- Identify convener, lead person or organization – hopefully MSU Center for Regional Food Systems Livestock Work Group
- Define “niche” meat processing to establish general boundaries for this effort
- Establish a leadership/advisory committee to guide the effort and to review staff recommendations
- Determine organizational makeup and how to secure paid staff
- See suggestions of key players for establishing leadership and organization
- Determine what data is needed
  - o Identify skill sets required by niche livestock processors – possibly engage a sample of processors in a DACUM (Developing a Curriculum) process to do this
  - o Identify all Michigan processors
  - o Use GIS to identify locations of processors, animals
  - o Whether or not processors have a succession plan
  - o Processor interest in business planning
- Conduct a needs assessment
  - o Collect and organize secondary data
  - o Survey or interview at least a sample of processors and other key players
  - o Develop accurate and complete database of existing Michigan meat processors
  - o Regional analysis of needs and issues
- Develop a two-year plan based on needs assessment results and available/potential resources
  - o Revisit metrics to assess progress
  - o Establish regular communication plan, milestones
- Identify and develop potential funding sources
  - o Develop process to recruit local investors, both individual and institutional
  - o Partner with investors
  - o USDA Value-Added grants may have potential
- Identify experts, consultants
  - o Regulatory & other
  - o Look at successes in other states
  - o Investigate potential for dedicated meat counselor at MSU Product Center
  - o Demystifying certification by engaging USDA regulators; perhaps retired inspectors can work with new people

- Find successful entrepreneurs and get them to share their business models
- Determine content for training and technical assistance for owners, workers
  - Business planning (needs to deeply explore validity and ability to replicate best practice models)
  - USDA inspection & certification process & requirements
  - Marketing strategies
  - Social media
  - Animal husbandry
  - Meat cutting (MSU Meat Lab training available)
  - Scheduling for processing
- Determine research needed
  - Develop pasture systems appropriate for land
  - Develop and test demonstration herds
  - Develop alternative harvesting systems located close to farms
  - Develop marketing systems
- Determine best ways to provide training and technical assistance
  - Conduct training of trainers – MSU Product Center, SBTDC, MEDC, others
  - Provide statewide workshops, meetings and courses
  - Develop web resources for processors
  - Provide processing packaging and branding facilities for niche processors
  - Find funding for processing and testing all meats to increase sales and production
  - Create mentor programs to facilitate succession of facilities from older owners to younger
    - Recruit new owners to transition viable processors from one ownership to the next
    - Develop transition process to assist processors with transfer of ownership
    - Develop a network of meat processors and mentors
- Determine and provide support needed for industry beyond education and technical assistance
  - Develop sort of a MIFMA for meat processors to help develop expertise, provide planning models, etc.
  - Develop a marketing website for local meat – especially new businesses, newly certified facilities
  - Connect processors with retailers
  - Incent processors to enter business with technical assistance, tax advantages, site location/remediation, process development
  - Develop Michigan State certified meat system – policy and funding
  - RLFs for doing feasibility analysis (MSU Product Center)
  - Assistance in testing sites to push more local sales
  - Enhance processing plants for healthy processing of cattle, lambs, sheep, goats

### *Recap from Session Facilitator*

Here's where I think we ended up.

We selected this strategy option:

Provide technical assistance and business planning expertise to current and potential meat processing facilities and incentives for existing small and mid-tier meat processors to upgrade and update plants. There was a strong feeling that elements of strategy option #5 be included as well -- partnering with county or regional economic development agencies for financing.

Our strategy quite directly supports the Good Food Charter Goal #3: Michigan will generate new agri-food businesses at a rate that enables 20 percent of food purchased in Michigan to come from Michigan.

We came up with ideas for measuring our progress and success. We left those ideas on a flip chart, so they should be captured centrally for our further review and prioritization.

The draft that I'm sending you captures our ideas for implementation steps and people/organizations to be involved. I have not yet edited or organized those lists, but hope to do so in order to make them a bit more user-friendly. I hope that I captured accurately what you wrote.

We decided that the key next step was for three members of our strategy group -- Craig Harris, Mat Haan and Don Coe -- to take our ideas to the MSU Center for Regional Food Systems Livestock Working Group. We are hoping that group could support and provide a home for our work.

We identified email -- perhaps a listserv -- as an appropriate communication tool for the time being. Thank you for your willingness to work through the process that we experienced last week. I believe that our strategy could make a significant impact by 2014, and I would like very much to continue working with each of you to make it a reality.

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*Food Processing Infrastructure Facilitator*