

Business Plan

Livestock Producer Cooperative - Good and Local MPU

Ohio Mobile Harvest Unit for Red Meat Protein



94 Columbus Rd. Athens, Ohio 45701

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Table of Contents

Section I: Executive Summary	Page 3
Section II: Management	Page 15
Section III: Marketing	Page 25
Section IV: Money	Page 30
Section V: Milestones & Measures	Page 33

Section I: Executive Summary

A. Company Overview

1. What is the Business Name?
 - a. Good and Local - Mobile Processing Unit (MPU)
2. How does Good and Local MPU help livestock producers?
 - a. By offering services for livestock producers in Southeastern Ohio to access slaughter services for cattle, pork, sheep, and goats resulting in the creation of hanging sides and primals that can be used to produce value-added meat products with higher gross revenue than sides and primals.
3. How will Good and Local MPU be owned?
 - a. Through a Nonprofit Cooperative Ownership structure composed of regional livestock producers is the anticipated legal structure and composition of owners will be formatted.
4. What industry will this business operate in?
 - a. This business will operate within the agricultural processing and manufacturing sector. This business will perform livestock slaughter services, oversee the creation of sides of livestock and value-added processing.
5. How big is the trailer and how much can it harvest on average?
 - a. Good and Local MPU will be a small mobile processor with 2 full time employees. The MPU possesses 306 SQ FT within the unit itself and the potential to harvest 12,000 lbs of hanging sides on a production day.
6. What's the current regulatory and market like for this business?
 - a. Prior to the pandemic there were warning signs that the level of consolidation in the meat industry was too high, and that local producers were struggling to access these facilities. Throughout the pandemic, and following it, there have been supply-chain disruptions and high fuel costs impacting every industry. Food is still a vital commodity and within the Southeastern region there is \$89 million dollars of economic activity annually related to red-meat protein. The state of Ohio was the first state in the nation to enter into agreement with FSIS to ship meat products across state lines and this business builds upon that entrepreneurial spirit. Protein shortages in retail settings and long wait times for slaughter

services spurred the development of this business to serve livestock producers and shorten gaps in the meat processing infrastructure of southeastern Ohio. Despite Ohio's hospitable regulatory environment for entrepreneurialism, there have been limited movements to create mobile processing options for livestock producers within the state of Ohio. In Spring of 2022 it is anticipated that the first red-meat protein MPU will begin processing in Western Ohio.

7. *Mission*

- a. Good and Local - MPU exists to serve livestock producers by facilitating mobile harvest, or slaughter, services conducted under USDA FSIS inspection to enable products crafted from those animals to be sold across state lines to maximize the value that livestock producers receive.

8. *Vision*

- a. Good and Local - MPU will serve livestock producers in southeastern Ohio with the potential to expand to serve other regions depending on needs of producers, creating opportunities for livestock owners to flexibly scale their livestock production without brick and mortar constraints.
- b. *Good and Local MPU envisions communities of agricultural producers with access to the means they require to sustain their businesses and provide healthy, nutritious, and local food products.*

As profits emerge from Good and Local MPU, the Livestock Producer Cooperative will have collective or individual streams of revenue to direct into additional improvement for their agricultural businesses.

9. Who are the beneficiaries of this company?

- a. Good and Local - MPU benefits consumers who eat meat, livestock producers, and livestock processing establishments. The business provides slaughter services to livestock producers within Southeastern Ohio, expanding an in-demand and required business service resulting in the creation of retailable meat products. Consumer market segments that would value Good and Local meat products are currently an underserved consumer segment within Southeastern Ohio. These consumers are seeking

locally created meat products with particular attention to the carbon footprint of products purchased, humane livestock handling, organic products, the local food movement, and regional brand pride. This information was learned through the meat stakeholder survey that the working group conducted. Through the sale of the processing services and ultimate meat products, the ownership cooperative will derive profit from this cooperative business activity which will enable them to invest into their agricultural businesses. Through processing livestock within the region, additional livestock producers who engage in holistic livestock raising practices will be recruited to join the Livestock Producer Cooperative to consistently enter their livestock into the processing and value-added processing pipelines to help increase the level of production of holistically managed meat products containing claims consumers value and are seeking. Livestock processing establishments that currently exist, but who experience bottlenecks in their productions could also benefit from Good and Local MPU through contracting the MPU to assist with busy periods of the year.

B. Nature of the Business

1. What product and/or service do you sell?

Good and Local MPU is a mobile livestock processing unit that can perform slaughter, or harvesting, services for livestock owners. Products arising from this processing activity will include sides and primals. With value-added processing, additional meat products can be created for sale into retail, restaurants, direct to consumer, and institutional environments.

- a. Service - Livestock slaughter under inspection offered locally, either on-farm, at a county fair site, or at another agreed upon harvest collection site.
- b. Products - Inspected hanging sides of beef, pork, lamb, goat and value-added meat products. Additional opportunities exist to create products from Good and Local MPU's waste stream locally, which includes natural hide tanning, artisanal dog food, bone jewelry, and bio-char as tertiary products.

2. For what need/problem/opportunity? (Benefit(s) to buyer?)

Throughout southeastern Ohio, many livestock producers struggle to transport their livestock to slaughter facilities. Additionally from the working group survey, there have been reported long wait times and bottlenecks at the processing establishments, resulting in livestock producers not being able to secure livestock slaughter services when the animals are prepared. This also has resulted in livestock producers needing to schedule slaughter for livestock that haven't been born yet. This is an unmitigated liability for livestock producers due to on-farm needs to shift production timelines, on-farm injuries possibly occurring to livestock, and failure to achieve the desired weight resulting in less profit per head. Additionally, as processing establishments are booked within the region, financial consequences could begin to manifest for livestock producers who do not bring as many heads as scheduled to livestock processors. Good and Local - MPU will travel to agreed upon harvest sites to slaughter livestock, which will reduce livestock producer expense to transport livestock, reduce stress on animals prior to harvest, and contribute additional slaughter capacity for the region to create meat products. Consumers in Southeastern Ohio indicated that their purchases of meat products were done to support local farmers and local economies. Within the respondents there was preference for pasture-raised, non-GMO feed, as well as grass-fed and finished growing practices

3. *For what market area and target audience (market potential)*

The market focus of this business is livestock producers for the service of slaughtering livestock throughout southeastern Ohio. Counties that have been identified for service by the MPU are: Athens, Guernsey, Gallia, Hocking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Vinton, Washington.

The target audience for this business is livestock producers who desire opportunities to process livestock, reducing stress on animals and transportation costs. Due to the limited number of inspected

slaughter-providing establishments servicing Southeastern Ohio's livestock producers, there are livestock producers who are seeking alternative harvesting opportunities or who would if they were accessible and affordable. As a premium service, MPU visits could be coordinated with individual counties fairs to arrive following the fair to process livestock on-site and coordinate with the owner what meat products are desired. Good and Local MPU could also assist with regional Community Supported Agriculture (CSA) programs by offering a red-meat protein to include in the distributions, resulting in pounds of meat being sold some of which is entering new homes, exposing new shares of the market to Good and Local MPU products.

The end consumers of the products created through Good and Local MPU are community members of Southeastern Ohio who desire more locally created products. The consumer market of Southeastern Ohio values locally sourced, environmentally conscious, and human practices related to the creation of meat products.

4. *What are the alternatives to your product/service? (competitive advantage)*

Current establishments in southeastern Ohio are far away from some communities. The only FSIS inspected facilities are in Gallapolis or Bidwell to the south/southwest, Zanesville to the north, and Marietta to the east presenting a limit on who can access that facility due to the cost of transporting livestock that distance and limited availability of processors to accept slaughter appointments. From a recent interview with one of the FSIS inspected facilities, R&C in Bidwell, the owner indicated that they slaughter around 100 head of beef a week, or 5,200 head of beef annually, against the regional population of around 150,000 head of cattle. This represents approximately 3.5% of the region's cattle inventory. Through offering a flexible livestock processing service within these communities, we expect to receive livestock producers as customers who

have limited experience having their livestock processed through a USDA FSIS inspected facility, and who may not have experience accessing the profits associated with value-added processing. For these producers, the opportunities to have their meat sold into regional and national food supply chains will produce more on-farm income to support livestock producers and enable them to invest into their agricultural businesses.

Within Southeastern Ohio there are many processing establishments that can service Good and Local MPU's need to create value-added meat products. These establishments could serve as a workshop for Good and Local MPU part-time staff to complete value-added processing activities within an inspected facility, which would result in an additional invoice for Good and Local MPU, but the income derived from value-added processing is superior to other forms of income budgeted in Good and Local MPU's financial documents. For that purpose ACEnet is acting as an incubator for this effort due to the access to an inspected value-added processing facility and real estate that could host the modular freezer.

C. Key Characteristics of the Industry

Brief Summary of the Size of the Industry, Types of Businesses, History, Trends, Critical Issues and Your Business "Fit" in the Industry.

Meat processing can be a difficult industry for new entrepreneurs to enter. Within SE Ohio there are many custom and state inspected establishments, but few offering slaughter services. Additionally, the seasonality of the industry sees increases in slaughter within Ohio over the summer months when agricultural production is at a peak across the state of Ohio. This also coincides with county fair season in Ohio, when each of Ohio's 88 counties host county fairs and livestock showings. Livestock processors and producers have indicated that the county fair season is a busy period for their production lines, and it drives a busy period of the year.

The livestock producer on-farm sales receipts from cattle, pork, goat, and lamb in southeastern Ohio was \$89 million dollars based upon information

Business Plan

collected with the 2017 USDA Agricultural Census. For all of Appalachian Ohio counties, the total value of agricultural goods produced was \$1.5 billion, averaging out to around \$53,000 in cash receipts to each farm - unfortunately this aggregate number fails to communicate the diversity in farm earnings within Southeastern Ohio and the poverty that some agricultural producers must overcome to keep their agricultural operation running. For example, Athens county has 687 farms listed with the average per farm cash receipt of \$16,640. For these producers to access livestock processing establishments their livestock must be transported, a cost which is prohibitive due to the distance, to an inspected facility where additional products can be created, but at cost to the livestock producer. Through Good and Local MPU the livestock producer will have the opportunity to engage in value-added processing if they desire through ACEnet, or by taking their sides to another value-added processor in the region. If desired the products could also be processed by Good and Local MPU and entered into the retail supply chains and accounts that are formed. The livestock producers who also are a part of the MPU ownership group have the opportunity to derive income to support themselves from the business, helping to support agricultural businesses.

With respect to livestock supply, or livestock inventory, the following livestock headcounts were recorded for the counties identified in the service region in the 2017 USDA Agricultural Census:

157,022 - cattle and calves

48,419 - hogs

9,410 - goats

18,448 - sheep and lambs

That maximum harvest potential of the MPU is 12,000 lbs of meat or using average hot carcass weights approximately 15 head of cattle, 62 head of pork, 177 head of sheep, or 437 head of goat. The target MPU efficiency is 1 head of beef every hour when in production, 1 head of pork every 30 minutes, or 1 head of goat/sheep every 30 minutes.

Business Plan

Within the counties that have been identified there are 2 USDA FSIS inspected livestock processing establishments that can slaughter. There are also 27 processing establishments inspected by the Ohio Department of Agriculture offering a range of processing services, but all of the establishments servicing the needs in this remote market are brick and mortar facilities and subject to the same long wait times, advance scheduling of livestock, and workforce capacity limits within these establishments.

A survey of consumers, producers, and processors have found that producers are experiencing long wait times for appointments paired with long distances to transport livestock for processing. Processors within the same survey have indicated that they are working at full capacity currently and they are unable to expand their level of service, partially due to challenges growing their workforce.

The MPU identified in this business plan may also assist in developing a workforce supply for the region. Currently there are no institutions producing credentials for Butchers and Meat Cutters within southeastern Ohio and through an articulation agreement with an institution of Higher Education the MPU could be leveraged to provide a working-laboratory for students while performing valuable services for livestock owners. In April of 2022, we learned that the University of Rio Grande and Rio Grande Community College would be offering an Associates Degree in Meat Sciences to begin accepting students in Fall of 2022. This new development will support Good and Local MPU through producing a skilled workforce that would be ideal employees of Good and Local MPU as well as affording an opportunity to offer internships and other developmental activities in conjunction with MPU while processing. Additionally, if idle periods are identified, beyond being rented to existing processing facilities to increase their slaughter potential, Good and Local MPU could also be rented to Rio Grande Community College for use with their Meat Science students bringing

Business Plan

the field trip to the students and exposing them to contemporary processing infrastructure.

D. Brief Financial Highlights

For the feasibility study, the financial plan was assembled to demonstrate impact and revenue, but to still be flexible enough to respond to the needs and desires of the Livestock Producer Cooperative ownership group. The financial information was composed using ACEnet staff experience operating a very small meat processing facility, Ohio State University Extension workbooks, regional slaughter services pricing, USDA livestock pricing, and USDA livestock slaughter records.

To maximize opportunities for income, and due to the species present in Southeastern Ohio, multi-species processing has been identified as an opportunity to diversify income by processing the species that are available from livestock producers. Due to the proximity in Southeastern Ohio to counties with high volumes of sheep and goat production, it makes sense to retain the opportunity to process those species until livestock producers have had the opportunity to evaluate service.

Given the financial model, beef processing is both the most physically demanding and also results in the most pounds of meat harvested, with the highest retail value and profit opportunity of any of the species. Livestock slaughtering services do not return the highest profit when compared to the potential available through value-added processing for each species.

Good and Local MPU anticipates an average monthly throughput rate on the unit of:

80 head of cattle

40 head of pork

30 head of goat

30 head of sheep

This workload represents 40 hours processing beef, 20 hours processing pork, 15 hours processing goat, and 15 hours processing sheep each month.

Business Plan

With 360 hours of full-time processing employee coverage each month, this workload is sufficient to complete livestock harvesting, the required regulatory forms, and sanitization of the processing unit. The remaining hours allotted to the month are opportunities to complete value-added meat processing at an inspected establishment to increase the retail income opportunities for Good and Local MPU. The best income opportunities result from working meat primals and sides into value added products, so the two part time staff members listed in the budget would be flexible to be able to prepare and produce value-added meat products with the harvested sides and primals.

Livestock slaughter services are not the driver of income for Good and Local MPU. The creation and sale of value-added meat products is the income driver for Good and Local MPU, far surpassing income received from the slaughter of any livestock species with the exception of goat and sheep value-added products due to the smaller volume of meat that can be harvested from those species. Value-added beef processing is the highest income activity available, and with half of slaughtered livestock being processed by Good and Local MPU a line of income totaling around \$90,000 monthly can be achieved through that single species. Maximizing efforts to secure cattle to process into value-added products is a key step to growing and supporting Good and Local MPU.

E. Strategic Management

1. Good and Local MPU is leveraging the regional livestock producer network to provide livestock slaughter services to enable livestock producers to access livestock slaughter services. Despite the rural setting in Southeastern Ohio, a mobile processing unit will be able to work with livestock producers to schedule the deployment of the MPU to meet the needs of livestock producers. The initial external threat is lacking livestock inventory to process, which is why the initial ownership group should be composed of livestock producers with enough livestock inventory to process a quarter of a year and recruitment of additional owners or service

users is a key activity. Additionally, helping expose consumers and producers to Good and Local MPU products, to evaluate the consistency and quality, will help with onboarding the correct volume of livestock. The external opportunities of the slow-food and local movements are anticipated to be captured by this business, since Good and Local MPU exists to highlight and serve local producers. The internal strength of Good and Local MPU is its ability to leverage the livestock producer cooperative to solicit additional users of the MPU.

Additionally, if livestock inventory at launch is not sufficient perform several months of work, other opportunities exist to increase the throughput of the MPU ranging from working with county fairground sites to offer livestock processing following the county fair on the fairgrounds or renting the MPU to an existing slaughter facility to decrease the impact of the regional bottleneck that occurs in summer months. Finally, with the development of the Meat Science program at Rio grande Community College there are opportunities to rent the MPU to Rio Grande Community College for experiential learning opportunities with students.

2. The short range and long range goals of the MPU are:
 - a. Short - demonstrate the economic impact to livestock producers of a Cooperatively Owned MPU
 - b. Short - develop operational relationship with livestock processing establishment for meat locker services, summer month MPU contract work, and value-added processing services for primals harvested through the MPU
 - c. Short - identification of markets, with potential for growth, for retail cuts and value-added meat products
 - i. Retail markets
 - ii. Restaurants
 - iii. Institution buyers
 - iv. CSA supplements

- d. Long - develop a regional branding campaign surrounding local meat products, the economic impacts, and the environmental benefits of purchasing and consuming local-foods.
 - e. Long - generate residual income for Good and Local MPU Cooperative ownership through providing livestock slaughter services and value-added retail products.
 - f. Long - expand service into new markets or spur the creation of additional MPU capacity.
3. Key measurable drivers that impact cost, revenue, and business goals are:
- a. Livestock throughput of MPU
 - i. Monthly livestock targets from financial model
 - 1. Cattle - 80
 - 2. Pork - 40
 - 3. Sheep and Goats - 60
 - ii. Efficiency of MPU and staff to achieve monthly targets
 - iii. Retail/value-added opportunities associated with processing are the highest income line items - so maximizing opportunities for those sales is a direct driver of income for Good and Local MPU.
 - iv. Rental of MPU to livestock processors to increase their pace of livestock harvest, which would decrease the length of any livestock bottlenecks that occur within the region.

F. Compelling, Market-Driven Reason Why This Business Will

30 Second "Commercial" (elevator statement)

Livestock producers in Southeastern Ohio need additional resources to support the growth of their sector and their ability to participate in the regional economy related to red meat protein, and the additional slaughter potential Good and Local MPU represents is a missing element in the region's economic infrastructure.. Good and Local MPU affords livestock

producers with the opportunity to join the cooperative, be a regional leader in livestock processing, and expand the level of service beyond the cooperative to derive cooperative ownership income from the provision of slaughter services.

Section II: Management

Human Resources

A. Owner, Manager/s

Ownership of the MPU will be composed of livestock producers who join the cooperative. Once the Livestock Owner Cooperative is formed, the founding members will have the ability to add additional owners and further refine the business activities of Good and Local MPU to meet their needs. It is recommended that as livestock producers seek to join or form a cooperative, that a buy-in is established. To fully fund the project, assuming that 20% of the project cost is required, it would require \$238,400.00 to be raised. This could be accomplished with 25 participants investing \$9,536.00. As the MPU operates and achieves targets, the ownership is initially scheduled to receive \$1,200 annually per member but could increase or decrease based on operations and attainment of objectives.

Within the ownership group, a managing member should be identified to ensure efficient scheduling of MPU, staff adherence to policy, procedure, financials, SSOPs, and HACCP. Additionally, a separate managing member should be identified to advertise the MPU within livestock producer networks and to interface with retail, restaurant, and institutional buyers of meat products.

B. Employees

At this time, within Southeastern Ohio there is no existing supply of new meat processing employees. This information was collected from Ohio Means Jobs Workforce Supply Tool, and throughout the state of Ohio there is limited information about the meat cutter and butcher workforce. In

Business Plan

May of 2022, The University of Rio Grande and Rio Grande Community College announced a new program of study, an Associates degree in Meath Sciences offered in collaboration with The Ohio State University to begin accepting students in the Fall of 2022. This new pipeline of employees for livestock processing establishments will be a windfall, and can function to support the growth and development of Good and Local MPU. An ideal arrangement would be to partner with The University of Rio Grande to offer Good and Local's MPU to serve as a training laboratory for Meat Science students, to familiarize them with livestock processing and also to familiarize them with working in a MPU environment during idle periods of the year.

To launch Good and Local MPU two full-time and two part-time employees would be required. The two full-time employees of Good and Local MPU are the butchers and meat cutters who would be the primary drivers of the business for livestock harvesting. A budget has been created for two part-time assistant butchers to assist in the harvesting, cleaning, and sanitization of the processing unit. The part-time assistant butchers would also be responsible for completing value-added product creation on days where assistance on-site is not required. A second part-time role has also been budgeted to drive the MPU to and from harvest sites. There are opportunities to reduce the number of employees needed for this effort if one of the full-time butchers is able to drive the MPU or if one of the part-time assistant butchers is able to drive the MPU. Due to regulations in Ohio, the empty MPU (25,000 lbs) is 1,000 lbs under the Ohio Revised Code regulation related to Commercial Driving Licensure, but would require a driver with a CDL in Ohio to move the MPU when loaded with potable water (500 gallon water tank) and harvested primals (12,000 lbs of hanging cooler space).

The owner-operators and staff of Good and Local MPU will receive technical assistance from ACEnet to ensure proper food handling, sanitary control measures, record keeping, and business administration.

C. Consultants & Advisors

ACEnet will advise and provide technical assistance for the MPU. Friesla HACCP and SSOP documents will be provided by the MPU manufacturer to ensure federal, state, and local compliance with regulators. Insurance will be purchased through a local provider with experience working with food processing businesses. A local accounting firm will be used by Good and Local MPU to ensure compliance with all taxation, compensation for all employees, and to process Livestock Owner Cooperative profit share payments. An attorney will be maintained on retainer for this business venture.

D. Organizational Structure/Communications

The two butchers will be responsible for the operations of the MPU once it is on-site. They will complete the pre-production checklists and inspections. They will perform all of the livestock processing steps, record all CCP temperatures and conditions, and be the primary interface for regulators monitoring Good and Local MPU. The butchers will report directly to the Livestock Owner Cooperative or their designee.

The assistant butchers and/or driver will report to the full time butchers for work tasks, schedules, training, and other duties as required. Assistant butchers may be scheduled to an inspected establishment for creation of value-added meat products, under the correct level of inspection for the end market. The assistant butchers and driver may also be used to deliver marketing information about the MPU and the meat products available, as

well as delivering finished products to retail, restaurant, institutional, and aggregate purchases.

E. Individual & Organizational Development

The Livestock Owner Cooperative will be the primary drivers of this business venture. As owner-operators, they will need to grow their collective knowledge of how to operate a cooperative enterprise serving livestock producers and trainings are recommended through the Niche Meat Processing Assistance Network. As members of the target demographic, the cooperative members have superior knowledge related to processing market segments from their experience taking livestock previously, as well as the structural constraints that they encountered seeking to access processing services. ACEnet will continue to assist the owner-operators in growing their organization, skills, and abilities.

F. Management Strategies

Good and Local MPU will aspire to recruit individuals who are passionate about local food and local food processing. With the new supply of workforce stemming from The University of Rio Grande and Rio Grande Community College offering a Meat Science Associates Degree starting in Fall 2022, new opportunities to attract skilled meat industry workers should increase into the future.

Ideal candidates will possess knowledge of rural agriculture, livestock, and rural communities. While there are many technical elements that can be trained, a passion for working with rural community members will be key. Family owned livestock producing businesses may possess suitable workforce to launch this business venture, and efforts will be made to hire local candidates for positions with Good and Local MPU.

Annual performance appraisals will be completed for all employees of Good and Local MPU. Appraisals will be a composite document drawing information from production documents, processing schedule, livestock

Business Plan

owner production satisfaction surveys, peer feedback, organizational goals, individual goals, and self-reflection.

Good and Local MPU aspires to be the regional mobile butcher for rural communities in Southeastern Ohio, with limited, or no access to the meat industry infrastructure.

Operations

A. Location & Equipment

Good and Local - MPU will service livestock producers in Athens, Guernsey, Gallia, Hocking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Vinton, Washington with the potential to service producers outside of those counties in the future. This region has a significant share of livestock within the state of Ohio and limited access to full-service meat processing establishments due to existing processors full schedules and long drives to transport livestock to these establishments.

The initial equipment to launch this venture include: MPU trailer, truck to haul, initial load of equipment, meat processing implements, a freezer with rails, and approved sites to harvest/slaughter are essential for this business venture.

Additionally, 3 months of work should be identified for livestock slaughter with commitments from livestock owners for the timeline of harvest.

The Ohio Department of Agriculture, Division of Meat Inspection has confirmed that Mobile Processing is permissible in the state of Ohio. The intended level of inspection for this venture is the USDA's Food Safety and Inspection Service to permit interstate shipping of meat harvested through the unit. This also expands the size of the market that this MPU can access through preparation of meat products

This cooperative is being assisted by ACEnet, and would have access to ACEnet's established meat processing facility in Nelsonville Ohio for value-added processing. ACEnet's facility is equipped with a meat bandsaw for additional processing of large primals. If a modular freezer unit is acquired related to Good and Local MPU, ACEnet's Nelsonville Business Center possess suitable areas

Business Plan

where the unit could be installed. This campus also possesses a meat processing facility, and would be an acceptable location for value-added meat processing activities to occur.

One of the innovative value propositions of Good and Local MPU is the ability to service livestock producers in a range of environments from on-farm to novel harvest sites. While on-farm may be a preference, and if the infrastructure supports their location a real possibility, alternative harvesting locations have been identified that reduce the transportation time and costs for livestock producers in each of Ohio's 88 counties through using County Fair sites. These sites are already familiar to livestock producers, in the summer county fair activities drive the processing bottleneck and this MPU could help to alleviate portions of that bottleneck. One disadvantage of this mode of operation is each county may have a different rental rate for the days following the fair, as well as different utility rates which may result in use of on-board electricity and water. Additionally, opportunities exist to rent the MPU to livestock processors to increase their pace of livestock slaughter and to end any bottlenecks that may occur.

B. Hours of Operation

When does your business operate? (regular business hours, seasonal/special events)

Good and Local - MPU will operate year round with a focus on maximizing processing days in the spring through the fall but will work year-round as livestock producers need processing services. When deployed to a community, Good and Local MPU will work to attract other livestock producers to explore service and how it could work for their operation. Marketing sheets outlining the true savings in fuel, time, and feed would be prepared as financial information comparing the difference is made available by Good and Local MPU customers.

During Ohio's County Fair season, the MPU could be contracted to harvest livestock on fairground property reducing the need for producers

to transport livestock to already busy processing plants. When the MPU's docking site is at capacity, the MPU cannot harvest additional primals and could be rented to Rio Grande Community College or a livestock processor. During any down time, or lags in MPU harvest days, value-added processing will be necessary to remove sides from the freezer and fabricate value-added products.

C. How do you Design, Source, Purchase, Produce and Distribute?

The MPU is being acquired from a highly recommended manufacturer in Washington state. The MPU is compliant with all USDA FSIS regulations for slaughter and processing.

Livestock producers will be recruited to participate in the Livestock Producer Cooperative Business Structure to access the MPU initially.

Once the Livestock Producer Cooperative is formed, the founders may decide to expand Good and Local MPU service to community members or retain it as a service available to cooperative owners.

Hanging sides of slaughtered livestock will need to be unloaded for aging into a facility with a rail system. Regional processors may be an option for this service and a modular rail freezer has been built into the operating budget for this venture until a permanent collaborative cold storage facility can be identified or established.

Once the hanging sides are processed into retail cuts, ground chuck, and other value-added products the meat products can be sold directly to end consumers through the Livestock Producer Cooperative or sold via wholesale into the regional retail supply chains.

There are also opportunities to enter products into the local institutional supply chain serving K-12 schools, colleges and universities, and healthcare settings.

Additionally, with the vibrant community supported agriculture programs throughout Southeastern Ohio there are additional opportunities to sell units of meat products through existing CSA programs which would

expose additional members of the consumer market to Good and Local MPU products.

D. Data Management

Good and Local - MPU will use email for most forms of communication with prospective livestock producers. All records will be retained for a period consistent with local, state, and federal regulations on communications related to food production. A cell phone will be utilized to coordinate with livestock owners, regulators, inspectors, and for emergency situations.

Recordkeeping will be managed by the HACCP Coordinator of the MPU. ACEnet staff could serve in this role until a Livestock Producer Cooperative representative is identified and trained. Paper forms will be retained in accordance with all local, state, and federal regulations for auditing purposes.

Good and Local - MPU will utilize an accredited CPA in the state of Ohio to ensure timely and accurate financial reports as well as compliance with all taxation obligations.

E. Intellectual Property

The MPU manufacturer's intellectual property will be respected over the course of this venture and no information about their production process will be disclosed to the public.

Food formulations will be disclosed to the regulatory agencies with oversight of food safety (USDA FSIS and Ohio Department of Agriculture, Division of Meat Inspection).

F. Risk Management

Risks will be managed by Good and Local - MPU through adherence to the HACCP and SSOPs for the MPU. These documents will be delivered with the MPU and reviewed with the operational team by the manufacturer to ensure understanding and compliance.

Business Plan

Staff working in the MPU will be trained on the HACCP and SSOPs for the MPU to ensure that food products created downstream from slaughter are able to be used in the creation of meat products.

Site selection for harvests will be reviewed on a case-by-case basis to ensure that all minimum requirements are met and regulatory authorities have no issues with proposed locations.

An existing processor choosing to operate an MPU would be a challenging risk for this venture to overcome. The existing processor would have greater access to a trained workforce and internal infrastructure to enable them to unload the MPU directly into their processing production line.

I. Licenses & Permits

Good and Local - MPU will be an LLC owned by the Livestock Producer Cooperative legal structure. Filing fees to submit the Cooperative filings (\$99) and nonprofit LLC (\$99) for Good and Local MPU will need to be conducted as a first step.

A grant of inspection will need to be sought from the USDA within the region (USDA FSIS District 50) where we are planning operations. To submit the filing through the state of Ohio Department of Agriculture, Division of Meat Inspection it will cost \$200 to file.

Compliance with local health ordinances will be subject to the county where a harvest location is in development. Issues with wastewater and the disposal and holding of that liquid is variable between counties, so anywhere a harvest site is being considered will result in a pre-production day consultation with the local health inspectors to ensure that the site and intended production steps meets the acceptable criteria established by that county.

If or when a collaborative cold storage facility is identified or created, it will need to be inspected by the local health department, the Ohio Department of Agriculture, and the USDA FSIS to ensure compliance with all aspects of food safety.

J. Business Cycles

Livestock production in Ohio typically peaks in the summer months as calves are most often born in Ohio between February and April. These animals are usually processed within 3 years of their birth, typically in summer months based on processor availability. Good and Local MPU aims to supplement the regional meat processing potential of the region by providing slaughter services for livestock producers. The most economically viable activity stemming from livestock processing is value-added processing, and identifying opportunities to sell the products generated to a wider market. With several ACEnet clients using the Nelsonville Business Center as their food product warehouse and distribution center. There are already working models for how a facility like ACEnet's Nelsonville Business Center could be applied to new markets with similar infrastructure to support sales.

The County Fair season is an opportunity for Good and Local - MPU to showcase the MPU and facilitate livestock slaughtering at fair sites once the fair has concluded. This will help livestock buyers to receive their meat without the transportation issues and backlog in processing establishments. This convenience could help to garner more livestock producers to explore Good and Local MPU for livestock slaughtering services.

If livestock producers are unsure of this business and the MPU is idle, an opportunity to rent the MPU to existing processing establishments to increase the pace of livestock harvest could be a secondary way to derive income from the MPU for the livestock owner cooperative.

K. Operational Strategies

As a mobile processing unit, the biggest strength of this business concept is its flexibility to reach locations that currently have to transport livestock away from farms. The opportunity to also derive income from renting the MPU to

Business Plan

livestock processors and educational institutions should not be discounted, and could be a good opportunity to diversify Good and Local MPU income streams. Being an MPU owned by a Livestock Producer Cooperative is an advantage of the MPU due to the ownership's access to livestock and need for slaughter services. The initial supply of livestock for production will come from the Livestock Producer Cooperative, and during recruitment of cooperative members scheduling of slaughter services will be asked to balance the schedule. As gaps are identified in the production schedule, opportunities will emerge to add additional sites and livestock producers to the schedule.

Through working with county fair sites, there is the potential to have several weeks of processing work developed in the summer months from outside of the Livestock Producer Cooperative. These slaughters may present an opportunity for premium fees due to the convenience to the customer of not having to manage the logistics of transportation for the animal.

Section III: Marketing

A. Business, Industry & Situation Overview

Good and Local MPU is a livestock processing business servicing the needs of livestock producers in Athens, Guernsey, Gallia, Hocking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Vinton, Washington Counties in Ohio.

Prior to the pandemic, the meat industry has seen consolidation of production and processing establishments into very large centralized facilities. While these facilities are state of the art they carry with them several disadvantages for livestock producers in Southeast Ohio. One of the first hurdles to accessing these facilities is securing slaughter appointments for livestock, and due to long wait times at slaughter, this has resulted in livestock producers scheduling livestock for slaughter prior to being born. The second hurdle becomes transporting livestock to these establishments, and due to the distances between Southeastern Ohio livestock producers and processing establishments this hurdle can be too high a bar for some livestock producers to overcome, resulting

Business Plan

in their livestock being processed at establishments that have availability but may lack services or the desired level of inspection to enable the meat products to enter the highest paying markets.

Good and Local MPU seeks to disrupt the pattern of meat industry consolidation by making on-site harvests an option for livestock producers in Southeastern Ohio. Through seeking the federal mark of inspection, products created through the MPU can be sold into CIS-participating state's food supply chains. This increases the possibility of regional livestock producers being able to respond to consumer demands in a flexible and scalable fashion.

C. Target Market & Trade Area

The target market for service is livestock producers in Athens, Guernsey, Gallia, Hocking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Vinton, Washington counties in Ohio.

The target market for products are individual consumers, restaurants, institutional buyers, and community supported agricultural programs within the identified region.

D. Products/Services

Good and Local MPU provides the service of on-site livestock slaughter. From the provision of the slaughter services, edible meat products will be created. The minimum level of processing will result in a primal. With additional processing, new and greater income opportunities emerge through the creation of value-added meat products, which could be an enhanced source of income for Livestock Producer Cooperative Owner Members.

E. Competitive Advantage

The competitive advantage Good and Local MPU possesses is its mobility, flexibility in harvest location, and value to the livestock producer. Additionally, from interviewing livestock processors, the county fair season is a driver of the regional bottlenecks at slaughter establishments, which Good and Local MPU could help to alleviate. Specifically, by partnering with County Fair Boards opportunities emerge to process livestock directly on the fairgrounds. As other

livestock owners learn of this opportunity, it has the potential to centralize in-county processing to fairground sites - locations that livestock producers are familiar with, the sites possess the basic requirements for livestock handling, and also may offer utilities to keep the cost of operating the MPU low. Given that existing livestock processors did not see the introduction of an MPU as a threat to their business and they believe that it would alleviate the regional processing bottleneck, there is reason to believe that the MPU could also be rented out to livestock processors to increase the pace of their harvest.

F. Marketing Strategies

The primary mode of marketing will be to begin with the Livestock Producer Cooperative members, to solicit membership in the cooperative until the scheduled livestock aligns with the MPU processing availability.

With the initial start-up processing, Good and Local MPU should produce a species-specific estimate on the retail value for livestock producers to consider while planning for the next slaughters. This value-sheet should be distributed throughout the livestock producer network with a link where producers can request slaughter service for the species and head-count that they possess, identifying an ideal week to have them harvested. This will enable Good and Local MPU to schedule the harvest to include as many producers within that region as can be scheduled.

Finished products sold by Good and Local MPU will be marketed to restaurants, retail outlets, individual consumers, and through CSA programs. Retail outlets are a primary vehicle for value-added product sales, and within the retail space many Southeastern Ohio grocers have been asked by their customers to increase the presence of local meat products. Additionally, the restaurant landscape in Southeastern Ohio values local ingredients, fewer miles between where a commodity was produced, and consumers value locally sourced branding on menus. A relationship with a CSA would enable Good and Local MPU to have a temporary volume contract, which would introduce new community members to Good and Local MPU's products as well as securing a

consistent end-user of meat products during the growing months when CSA programs are operating.

G. Sales Forecasts and Assumptions

The financial documents for Good and Local MPU were created using the Meat Processing Business Toolkit developed by The Ohio State University College of Food, Agricultural, and Environmental Sciences. Additionally, information from livestock processors and ACEnet's experience operating a meat processing facility helped to inform the financial model for the MPU.

The budget assumes 60 cattle, 40 pigs, and 60 sheep or goats will be slaughtered each month. Using average weights, pricing, and cutouts the average head of cattle processed will result in \$130 being paid by the livestock producer to have the animal slaughtered. This results in an annual projected revenue of \$93,600.00. The livestock producer can take their sides or primals and sell them directly to the end consumer or enter them into a pipeline of additional processing. If Good and Local does the value-added processing, the livestock owner would be compensated \$1.00 /lb for the weight of the live animal and the sides would be worked into value-added products. Additional costs for spices, seasoning, ingredients, food grade packaging, and labels have been included in the variable cost per unit of beef retail. Value-added beef processing has the strongest potential for financial stability of Good and Local MPU. The budget assumes half of the slaughtered livestock will be processed by Good and Local MPU into value added products. On average, each head of beef will yield \$1,845 of income in value-added beef products. With 30 head a month entering into the value-added processing, this results in an average annual projected revenue of \$1,228,500.00 for retail beef.

Pork, goat, and sheep processing are similar in that the slaughter service generates income for the business while meeting a producer's needs, but it is not the most profitable activity available. A head of pork would be slaughtered for \$90.00 and with 40 head a month it would give an annual projected revenue of \$43,200.00. Pork value-added processing, with an average of 30 head a month

Business Plan

being processed, would result in an annual projected revenue of \$215,280.00 annually. A head of goat or sheep would be slaughtered for \$220.00 assuming 60 heads are slaughtered a month for a gross margin of \$158,400.00. If 30 heads of sheep or goat are processed into value-added products, the annual projected revenue of that activity is \$120,960.00.

For the financing of Good and Local MPU, the cost of the MPU and modular freezer have been included in the start-up financing, assuming a standard market rate of interest and repayment terms. Due to all of the grant funding, state funding, and guaranteed loans available for meat businesses, it is believed that the rates and terms listed in the financial documents are higher than the ones that are attainable as of Spring 2022, but for the purposes of showing proof of concept for this business they have been used. Wherever possible, costs for this business have been maximized within the range of cost informed by established processing organizations and the experience ACEnet possesses from operating a meat processing establishment.

The length of time to process is another forecasted assumption gained from reviewing existing processor and out-of-region mobile processor information totaling 1 hour per head of cattle and 30 minutes for pork, sheep, and goats for slaughtering. The period of time to age, or rest hanging sides, to increase meat quality and value has not been accounted for within this business plan, however a modular freezer was included to account for the volume of hanging sides that could ultimately be created. Related to the modular freezer system, many processing establishments within Southeastern Ohio provide a period of storage that is included in the cost of processing and penalty fees accumulate for storage beyond the initial period. This practice has not been included in the budget as a stream of income but it is believed that income will matriculate under this line item as processing occurs and the freezer becomes full. This will necessitate motivating producers to remove their finished hanging products within 1-2 business days of being notified, or entering the sides into value-added processing with Good and Local MPU or another livestock processor.

Livestock weights have also been averaged for this study. A recent USDA Livestock Slaughtering Summary listed several livestock averages: average cattle weight in Ohio as being 1335 lbs, average Ohio commercial hog weighed 282 lbs, and the average Ohio sheep or lamb as 161 lb. In the financial model, it was assumed that the average head of cattle would have a liveweight of 1250 lbs, with pork at 260 lbs, and sheep at 120 lbs. Cut and wrapped this assumption leads to 450 lbs of retail priced beef, 130 lbs of retail priced pork, and 48 lbs of retail priced lamb.

H. Measures of Success

Key measures of success for this business will be the ability to achieve the livestock slaughter targets by species, as well as maximizing opportunities for Good and Local MPU to be the value-added processor where more revenue is available. If livestock inventory is available for the MPU to process, dispatching a part-time butcher to complete value-added processing will be another indicator of successful volume. If less value-added processing occurs, the difference can be reconciled by renting the MPU out to processing facilities and educational institutions.

If Good and Local MPU is successful, livestock producers will invest more into their agricultural operations and an increase in the regional level of livestock production should be observed from USDA reporting periods.

Section IV: Money

A. Financial Assumptions

1. Assumptions made have been reviewed throughout this business plan and feasibility study are based on information shared by processors and USDA collected data. The headcount of livestock to process monthly has been projected, with the cutout weights based on averages with pricing averages. Recent real data showed around 10 lbs more per animal in liveweight than is anticipated in the budget. An average of \$55 was also used per head of livestock entered into value-added processing to account for the cost of spices, seasoning, ingredients,

packaging, and labeling. With the extensive network of entrepreneurs in the food sector that ACEnet supports, there is retail space dedicated to locally created meat products as well as restaurants seeking to use the locally-sourced branding for their menu items.

- 2. If seeking funding for your project, discuss how much money you are seeking and what that money will be used for. How will the money be repaid? Do your financial worksheets support this?**
3. Funding for this project is anticipated to be derived from federal, state, and local grant opportunities focused on meat production and the meat industry. The Livestock Producer Cooperative will be eligible for additional grants to their legal status, as well as additional support services from The Ohio State University Extension. A Livestock Producer Cooperative buy-in may be another method to decrease external capital needs, but within the service region a significant percentage of the population lives below the poverty line, so it is doubtful that their efforts would be sufficient to raise the capital required. Within the budget, debit service payments have been included assuming a 9% interest rate on the start-up funding.
- 4. Discuss your Break Even Analysis.**
5. On an annual basis, if the headcounts are achieved and the financial assumptions are close to accurate, the MPU will break even within the 7th month of operation. If all targets are met, and cost is controlled, the business is anticipated to break even within the second quarter of the third year of operation, faster if more grant funding is applied to the start-up costs - the largest of which is the MPU and modular freezer unit with rail-system. Without the MPU and modular freezer, the project could not move forward and operate.
- 6. If you are a Start-up, include a Start-up Costs worksheet.**
7. Start-up costs include: the MPU, modular freezer, capital for harvest sites, a vehicle to move the MPU, a quarter of wages, supply budget,

and working capital to compensate livestock producers for value-added processing livestock acquisitions.

8. Describe where needed fund will be obtained and what all funds will be used for. (i.e., personal contribution of 20% used to acquire equipment, loan for building, etc.)

9. The best practice is to have 20% of the project total invested by the Livestock Producer Cooperative, and for this business venture that would total \$238,400.00. With a 25 member livestock producer cooperative this would total \$9,536.00 per member.

B. Bookkeeping, Record-keeping, Accounting System & Process

1. Ratio Analysis (liquidity, leverage, activity, profitability, growth)
 - i. The liquidity ratio as calculated in the financial workbooks is 1.28, with a quick ratio of 0.87 for year one. The business shows profitability as a percentage of sales as 26.51%.
2. Business Financing (personal savings, equity financing - risk & reward, debt financing - can you pay/debt ratio; will you pay/credit score; what if you don't pay/loan to value, other sources of financing)
 - i. The cooperative buy-in will be prohibitive for many regional livestock producers, but it is hoped that through grant funding opportunities may emerge to assist a cooperative through alternative access to capital. This business plan anticipates a loan with 9% interest. Additional opportunities to alternative access capital exist beyond grants through crowdsourcing or impact investment. Start-up working capital will be required to be used until retail sales outlets are identified. At least 10-days of aging time will be required to tenderize beef, so once cattle slaughter begins it will be vital to secure outlets for beef retail sales.
3. Discuss Factors such as Character, Capacity, Capital, Collateral, Credit, Cash flow, Conditions of the industry, market & economy, Confidence/Commitment.

- i. The regional market conditions are favorable due to the presence of a strong regional tourism brand, local food culture, and the presence of large institutional buyers within the region.
Commitment of livestock producers to the cooperative and determining what sources of funding are needed for the group that forms will determine much of the true financial portrait of Good and Local MPU.

C. Financial Worksheets

This [link](#) provides access to view the financials that have been prepared for Good and Local MPU.

Section V: Milestones & Measures

A. Goals

1. SMART Goals for Good and Local MPU
 - a. Livestock Producer Cooperative forms with membership of approximately 25 members.
 - b. Livestock inventory for scheduling is sufficient within the livestock producer cooperative to process at least 3 months. If not, plans to externally market the MPU will be implemented.
 - c. Value-added producer uptake for half of harvested livestock across all species over the first year of operation.
 - d. Establish harvest sites in counties identified in this study where livestock producer cooperative members may not reside, identifying desirable or attainable locations for harvests.
2. In order to achieve these goals, several steps will be taken to ensure timely and successful outcomes. When the Livestock Producer Cooperative is formed, livestock inventory headcounts will be included in the intake paperwork as well as tentative weeks where harvests would be desirable, and if they possess an accessible location for harvest. If federal, state, and local funding opportunities diminish prior to a group forming, a method to decrease capital needs could be to post a buy-in to join the producer cooperative. As the livestock inventory is

- known within the livestock producer ownership group, external marketing efforts can begin to fill in any species or monthly harvesting goals. As livestock are processed, the greatest income generating activity for Good and Local MPU is through value-added processing, and securing sides to process into meat products is a key activity which can be achieved within the livestock producer cooperative, to prepare external marketing documents identifying the income potential for livestock producers in the region. Based on the livestock producer cooperative intake paperwork asking if livestock producer cooperative members believe they have suitable land to harvest. Additional harvest site identification will need to occur if the locations are not distributed throughout the region. Additionally, conversations with county fair boards should be launched within the first few weeks of operation to maximize the opportunity to process county fair livestock, or to have the MPU rented out to an existing processing facility with a bottleneck in their slaughter processing related to county fair season.
3. A portion of the success of this project is the data collection related to the HACCP plan and SSOPs, which when combined with the financial reports completes an operational and financial portrait of Good and Local MPU. Each line item of income will be tracked weekly to determine how operations are aligning with projections, so there is ample time to pivot and still meet targets. The monthly headcounts of cattle are one of the leading indicators of success. Profits can be adjusted with increased production in any of the other species, but it may take time for a regular group of livestock producers to join or schedule these services. Cultivating value-added production is a secondary goal of this business, since value-added processing represents the strongest profit line items but primals must be created first.