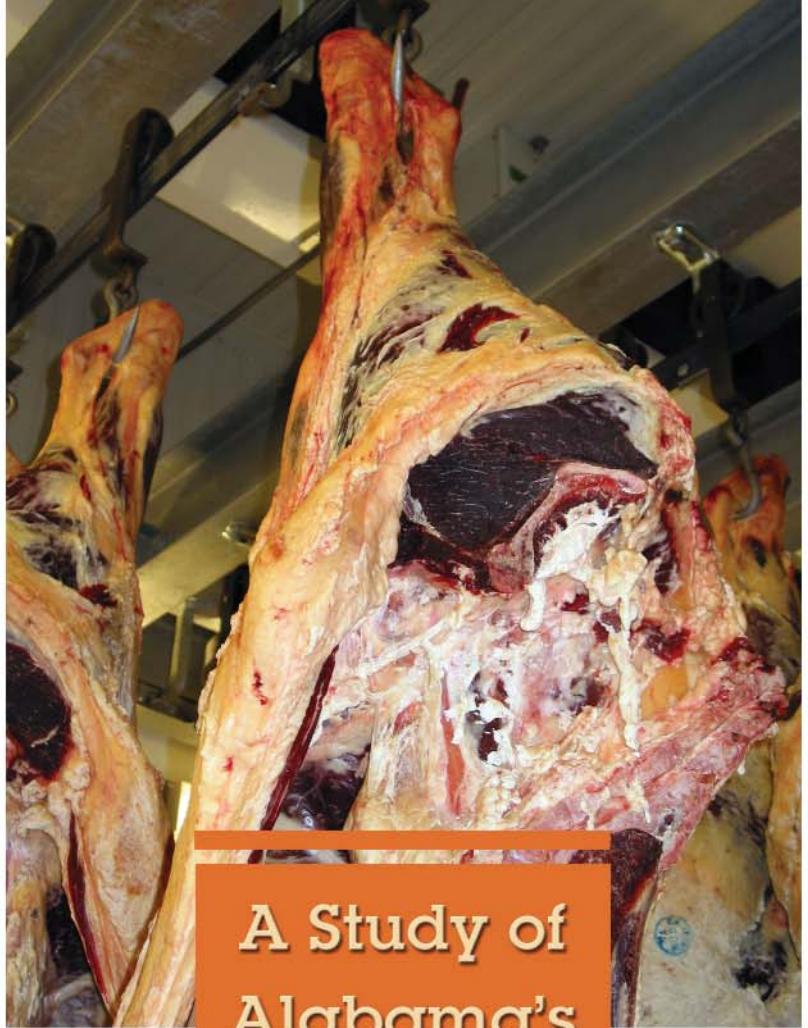
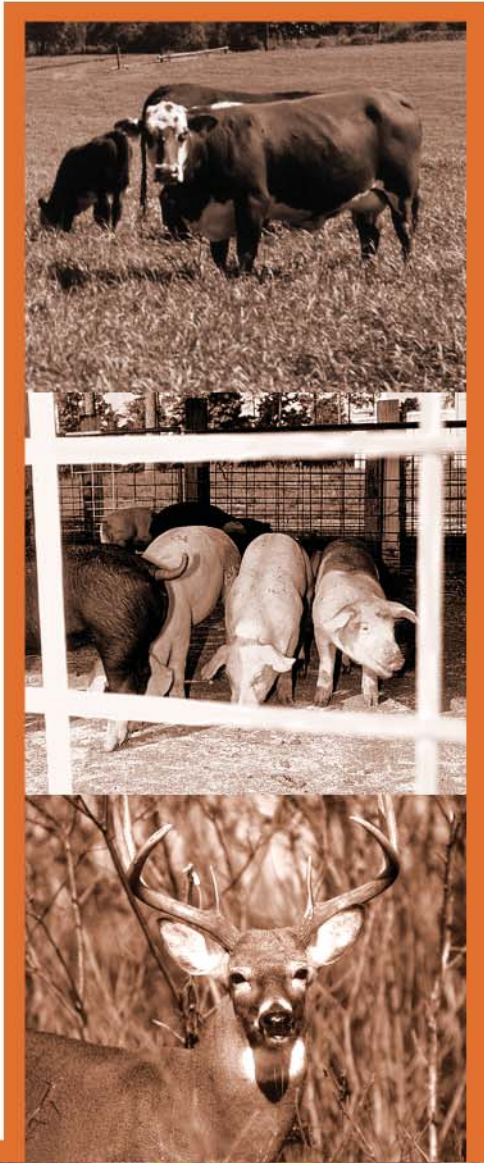


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A Study of Alabama's Livestock Slaughter and Meat Processing Businesses



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Information contained herein is available to all persons without regard to race, color, sex, or national origin.

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A Study of Alabama's Livestock Slaughter and Meat Processing Businesses

Walt Prevatt, Deacue Fields, and Chris Kerth

INTRODUCTION

After refrigeration became commonplace in the 1940s and 1950s, Alabama like most states had many small-to-medium, localized livestock slaughter and meat processing businesses. These businesses typically custom slaughtered and/or processed livestock for individuals while also generating some wholesale and retail sales. Some time during the 1960s and 1970s, two additional factors affected the way meat products would be consumed. First, the emergence of major grocery stores offering a wide variety of meat products to consumers in smaller portions became standard. Second, consumers began to spend more of their income on food prepared away from home. As a result, fewer households had large freezers or desired to purchase a large quantity of meat (an entire carcass or half of a carcass) at one time.

Beginning in the 1980s, consumer preferences gradually began to shift from large cuts of fresh meats to further processed meats (pre-trimmed, pre-cut, portion sized, etc.). Next, consumers voted with their dollars for value-added meats (rubs, marinated, precooked, heat and serve, etc.).

In addition, these livestock slaughter and meat processing businesses witnessed substantial changes in food safety practices that are enforced by regulatory agencies. Increased regulations specifying the use of inputs, best management practices, sanitation inspections, Hazard Analysis Critical Control Point (HACCP) programs, and other regulations further constrained the small-to-medium livestock slaughter and meat processing businesses.

As a result of these many changes, the small-to-medium Alabama livestock slaughter and meat processing businesses were forced to make some tough management decisions and adjustments. Some chose to exit the industry, while others chose to specialize in providing services (such as grinding, curing, smoking, etc.) or to add value to meat products (such as luncheon meats, precooking, retail sales).

This study attempts to characterize the existing livestock slaughter and meat processing businesses in Alabama. The study provides a detailed description of operating size, current practices, inspection status, and capacity of slaughtering and processing businesses in Alabama.

DESCRIPTION OF STUDY

A twelve-page survey was developed to collect information that would help describe Alabama's livestock slaughter and meat processing businesses. A listing of livestock slaughter and meat processing businesses was obtained from the Alabama Department of Agriculture and Industries. The survey instrument was developed, field tested, and distributed to 88 business firms by the College of Agriculture at Auburn University during May and June 2005.

After two mailings of the survey, a total of 39 respondents returned surveys (a 44 percent response rate). While the response was good, care must be taken in extending information from this study to the entire livestock slaughter and meat processing industry of Alabama. Discussions related to specific topics are based solely on the responses received and are not projected for the entire industry.

The survey requested information in the following general areas: general business characteristics and services; physical facilities and economical characteristics; future plans, industry needs, and solutions; and grass-fed beef opportunities. The following discussion will provide more insight about these general areas and the descriptive information collected.

Walt Prevatt is Extension Economist and Professor and Deacue Fields is Extension Economist and Assistant Professor, respectively, in the Department of Agricultural Economics and Rural Sociology, Auburn University. Chris Kerth is a Meat Scientist and Associate Professor in the Animal Science Department, Auburn University.

GENERAL BUSINESS CHARACTERISTICS AND SERVICES

Respondents were asked to describe the nature of their business operation. Based on 39 responses, 15 respondents (38 percent) identified themselves as custom slaughter and meat processor operations, 18 respondents (46 percent) were commercial meat processors, and six respondents (15 percent) were considered to be custom and commercial slaughter and meat processors (Figure 1). This data set suggests that there are slightly more businesses involved in commercial meat processing than in custom slaughter and processing.

Respondents were asked to estimate the percentage of their business income from custom, wholesale, and retail slaughtering and processing. Greater than three-fourths of the respondents for custom and wholesale indicated that their business income was from these activities (Table 1). The respondents that selected retail were almost evenly divided between the five levels of business income.

When asked to estimate the sources of their business income by the type of commodity during the most recent calendar year, respondents identified beef, deer, pork, and poultry as the major commodities, (Table 2). Veal, goat, and lamb represented less than 10 percent of slaughtering and processing income for three or less meat businesses.

Respondents were asked to estimate how long they had been in the livestock slaughter and meat processing business. The responses spanned a wide range from less than 10

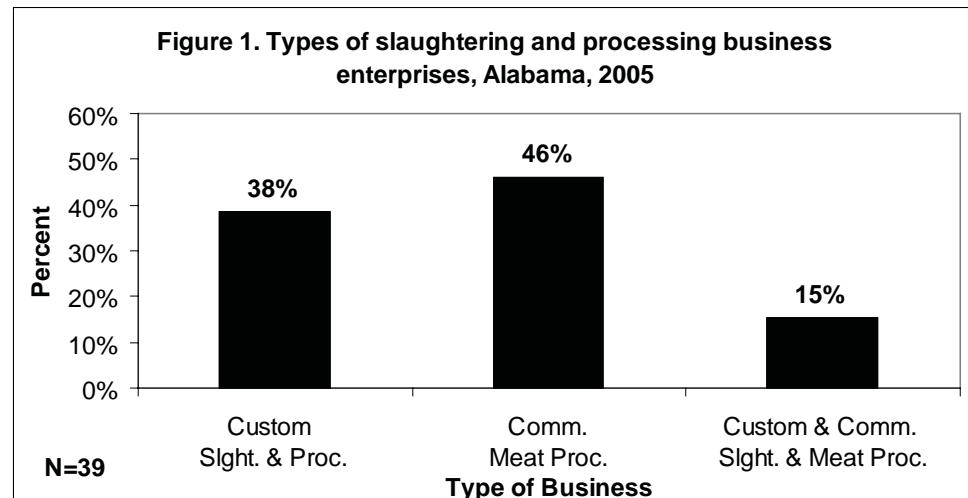
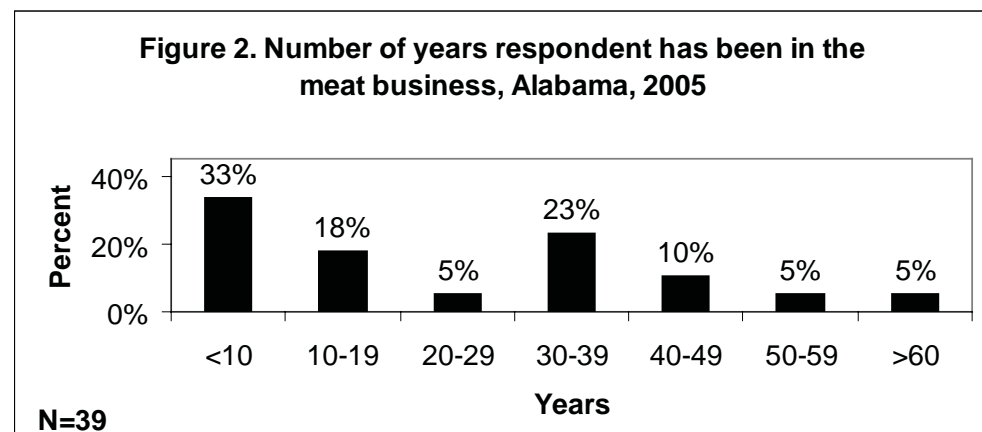


Table 1. Business Income by Activity, Alabama, 2005

Activity	Percent of business income					Number responding
	<10	11-30	31-50	51-70	71-100	
Custom	5	14	—	—	81	21
Wholesale	11	5	5	5	74	19
Retail	20	30	10	20	20	10

Table 2. Business Income Source by Type of Commodity, Alabama, 2005

Type of commodity	Percent of business income					Number responding
	<10	11-30	31-50	51-70	71-100	
Beef	26	14	37	11	11	35
Veal	100	—	—	—	—	2
Deer	25	31	13	6	25	16
Goat	100	—	—	—	—	3
Lamb	100	—	—	—	—	2
Pork	15	24	35	6	21	34
Poultry	22	22	33	11	11	9



years to more than 60 years (Figure 2). Roughly one-third of the respondents had been in business for less than 10 years, while approximately 43 percent had been in business for 30 or more years.

PHYSICAL FACILITIES AND ECONOMICAL CHARACTERISTICS

In reply to questions regarding when meat plants were built and expanded or renovated in Alabama, almost one-third of the respondents (12 out of 38 or 32 percent) indicated their meat plants were built after 1999 (Table 3). In addition, 15 out of 26 respondents (58 percent) expanded or renovated their meat plants after 1999.

The inspection status of Alabama meat businesses revealed 15 firms (39 percent) were federally inspected, 29 firms (74 percent) were state inspected, and 4 firms (10 percent) were inspected by the Alabama Department of Health (Figure 3). State-inspected plants are permitted to transport meat products to be sold within the State, while

Table 3. Years Meat Plants were Built, Expanded, or Renovated, Alabama, 2005

Years	Plants built		Plants expanded or renovated	
	number	percent	number	percent
Before 1960	5	13	—	—
1960-69	—	—	—	—
1970-79	11	29	1	4
1980-89	6	16	3	11
1990-99	4	10	7	27
After 1999	12	32	15	58
Total	38	100	26	100

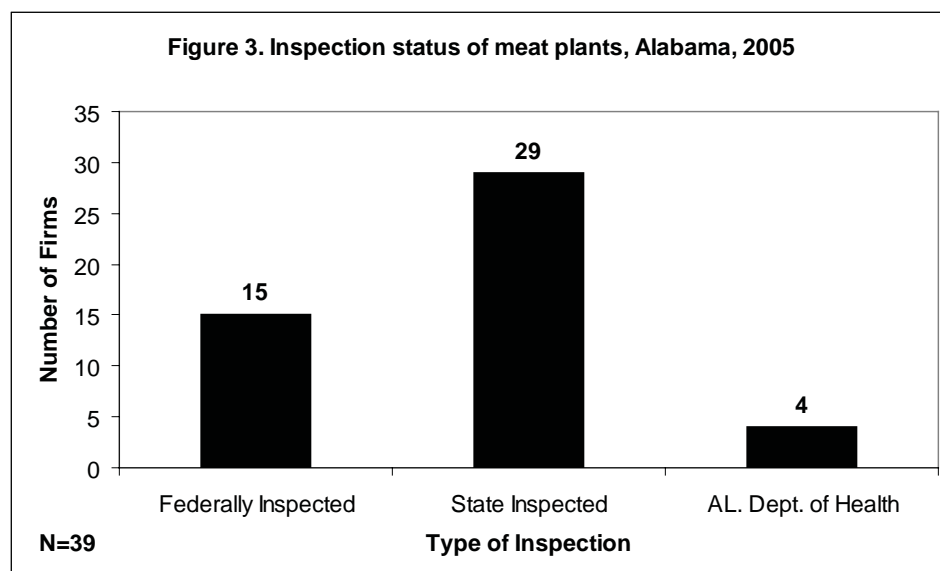


Table 4. Meat Plant and Freezer Locker Space by Size, Alabama, 2005

Square feet	Meat plant		Freezer locker	
	number	percent	number	percent
Less than 1000	4	10.81	24	77.41
1,000-2,999	4	10.81	2	6.44
3,000-4,999	8	21.62	1	3.23
5,000-6,999	6	16.22	1	3.23
7,000-9,999	7	18.92	1	3.23
10,000-14,999	—	—	—	—
15,000-19,999	3	8.11	1	3.23
Greater than 20,000	5	13.51	1	3.23
Total	37	100.00	31	100.00

federally inspected plants are permitted to transport meat products across state lines. The inspection of the Alabama Department of Health permits food preparation and consumption and/or retail sale on the premises. Almost all (92 percent) of the respondents were satisfied with their inspection status.

The size of meat plants in Alabama ranged from small — with less than 1,000 square feet — to medium — with more than 20,000 square feet (Table 4). The majority of the plants (57 percent) ranged in size from 3,000 to 10,000 square feet. The freezer locker space of the meat plants also reported a similar wide range of square footage. However, the majority of the respondents (about three-fourths) indicated their freezer locker space was less than 1,000 square feet.

Respondents were asked to estimate the percent of meat plant capacity used each month. The majority used from 60 to 90 percent of their plant capacity monthly (Table 5). In addition, the percent of meat plant capacity used

between November and January was largest primarily due to deer hunting season. The summer months—July, August, and September—showed the lowest level of meat plant utilization.

Respondents were asked to list the number of operating days per week and operating weeks per year (Tables 6 and 7). Processed deer was the highest average number of days per week (5.8 days per week), while slaughter veal was the lowest (1.5 days per week). Slaughter days per week were similar for goat, sheep, and pork. The average days per week for the processing items were between 3.46 to 4.59 days per week. The operating weeks per year for the slaughter data showed cattle with the highest average operating weeks per year (45 weeks per year) and veal with the lowest (13 weeks

per year). Operating weeks per year were similar for cattle and pork. The average operating weeks per year for the processing items ranged between 49 to 51 weeks per year.

Respondents were asked to list the meat plant slaughter number on a typical day and the meat plant slaughter number at maximum capacity. The major-

Table 5. Meat Plant Capacity Used by Month, Alabama, 2005

Month	Percent of plant capacity used					Number responding	Overall average
	<20	20-39	40-59	60-79	80-100		
	Number of firms						—%—
January	2	2	2	9	23	38	80
February	3	4	1	8	20	36	73
March	4	2	2	11	17	36	71
April	4	2	4	10	16	36	68
May	4	3	5	11	13	36	66
June	6	—	8	10	12	36	64
July	7	2	7	10	10	36	59
August	4	5	5	13	9	36	60
September	3	5	6	11	11	36	62
October	3	3	7	11	14	38	66
November	2	3	2	7	24	38	79
December	2	2	2	6	26	38	81

Table 6. Meat Plant Operating Days per Week by Processing Activity, Alabama, 2005

Processing activity	Operating days per week							Number responding	Average
	1	2	3	4	5	6	7		
	Percent								
Slaughter cattle	20	20	10	10	30	5	5	20	3.45
Slaughter veal	50	50	—	—	—	—	—	2	1.50
Processed deer	—	—	—	13	20	40	27	15	5.80
Slaughter goat	40	20	—	—	40	—	—	5	2.80
Slaughter sheep	50	25	—	—	25	—	—	4	2.25
Slaughter pork	33	28	—	—	28	—	11	18	3.06
Slaughter rabbits	—	—	—	—	100	—	—	1	5.00
Fresh grinding	14	—	50	14	52	14	—	22	4.33
Cut and wrap	5	—	9	14	64	9	—	22	4.59
Cure, cook, and smoke	23	15	15	46	—	—	—	13	3.46
Further processing	10	—	10	20	60	—	—	10	4.15

Table 7. Meat Plant Operating Weeks per Year by Processing Activity, Alabama, 2005

Processing activity	Operating weeks per year					Number responding	Average
	<12	12-23	24-35	36-47	48+		
	Percent						
Slaughter cattle	5	11	—	—	84	19	45
Slaughter veal	33	67	—	—	—	3	13
Processed deer	31	54	—	—	15	13	20
Slaughter goat	40	—	—	—	60	5	32
Slaughter sheep	50	—	—	—	50	4	28
Slaughter pork	6	12	—	—	82	17	44
Slaughter rabbits	—	—	—	—	100	1	49
Fresh grinding	5	—	—	—	95	19	49
Cut and wrap	5	—	—	—	95	20	49
Cure, cook, and smoke	—	—	—	—	100	12	51
Further processing	—	10	—	—	90	10	49

ity of slaughter numbers on a typical day were less than 10 head with the exception of slaughter rabbits (Tables 8 and 9).

The meat plant slaughter number at maximum capacity showed significant increases for cattle, deer, goat, sheep, and pork. For instance, the average slaughter cattle increased from an average of 5.36 head per typical day to 11.44 head at maximum capacity, a net gain of 6.08 head per day (113 percent). Similar gains were realized for other commodities, with the exception of slaughter rabbits which showed a gain of 400 head per day (+57 percent).

In addition, respondents were asked to list the meat plant processing pounds on a typical day and the meat plant processing pounds at maximum capacity (Tables 10 and 11). The majority of respondents indicated the meat plant processing pounds on a typical day were less than 1,000 pounds per day, while the majority of respondents also indicated the meat plant processing at maximum capacity was less than 1,000 pounds except for cut and wrap. The average estimates of each item for meat plant processing at maximum capacity were almost double the average of meat plant processing on a typical day.

Table 8. Meat Plant Slaughter Number on a Typical Day by Animal Type, Alabama, 2005

Animal type	Head per day (typical)							Number responding	Average no./day	
	<4	5-10	11-15	16-20	21-30	31-40	41-50			>50
	Percent									
Slaughter cattle	42	50	7	—	—	—	—	—	14	5.36
Slaughter veal	100	—	—	—	—	—	—	—	1	2.00
Process deer	—	27	18	18	27	—	9	—	11	21.55
Slaughter goat	50	20	—	—	—	—	20	—	5	12.20
Slaughter sheep	67	33	—	—	—	—	—	—	3	4.33
Slaughter pork	36	36	14	—	14	—	—	—	14	9.14
Slaughter rabbits	—	—	—	—	—	—	—	100	1	700.00

Table 9. Meat Plant Slaughter Number at Maximum Capacity by Animal Type, Alabama, 2005

Animal type	Head per day (maximum)							Number responding	Average no./day	
	<4	5-10	11-15	16-20	21-30	31-40	41-50			>50
	Percent									
Slaughter cattle	13	38	25	25	—	—	—	—	16	11.44
Slaughter veal	—	100	—	—	—	—	—	—	1	5.00
Process deer	—	—	—	17	17	17	8	42	12	112.08
Slaughter goat	25	25	—	—	—	—	—	50	4	48.00
Slaughter sheep	33	33	—	—	33	—	—	—	3	14.00
Slaughter pork	—	27	13	33	13	13	—	—	15	18.33
Slaughter rabbits	—	—	—	—	—	—	—	100	1	1100.00

Table 10. Pounds of Meat Processed on a Typical Day by Processing Activity, Alabama, 2005

Processing activity	Pounds per day (typical)				Number responding	Average
	<1000	1001-2000	2001-3000	3001-4000		
	Percent					
Fresh grinding	81	10	5	—	5	1,212
Cut and wrap	60	20	20	—	—	1,193
Cure, cook, and smoke	91	9	—	—	—	375
Further processing	66	—	—	—	34	1,888

Table 11. Pounds of Meat Processed at Maximum Capacity by Processing Activity, Alabama, 2005

Processing activity	Pounds per day (maximum)					Number responding	Average
	<1000	1001-2000	2001-3000	3001-4000	>4000		
	Percent						
Fresh grinding	69	5	5	5	16	19	2,334
Cut and wrap	44	11	6	11	28	18	2,911
Cure, cook, and smoke	80	10	10	—	—	10	856
Further processing	75	—	—	—	25	4	3,013

The majority of respondents indicated they had between one and two employees for each activity except further processing (Table 12). The average number of employees ranged from 1.51 to 4.60 employees for the various work activities listed.

Respondents were asked to give the hours worked per day per employee by work activity (Table 13). The majority of respondents worked eight hours or less for each of the work activities. The highest hours worked per day per employee were estimated for management and slaughtering at 7.73 and 7.27 hours respectively. The lowest hours worked per day per employee were in hide curing at an average of 1.33 hours per day.

The majority of respondents reported an average wage of \$5.16 to \$10.00 per hour with the exception of office and management job types (Table 14). The average wage reported for management was \$15.25 per hour, while the lowest average wage paid was \$7.25 per hour for rendering.

Table 12. Numbers of Employees at Meat Plants by Activity, Alabama, 2005

Activity/job type	Number of employees							Number responding	Average	Total employees
	1-2	3-4	5-6	7-8	9-10	11-15	>15			
	Percent									
Slaughtering	76	19	6	—	—	—	—	16	2.00	32
Hide curing	86	14	—	—	—	—	—	7	1.57	11
Cut, grind, and wrap	50	27	8	8	4	—	4	26	4.60	120
Cure, cook, smoke	70	10	—	—	—	—	20	9	4.56	116
Further processing	27	27	18	—	9	9	9	10	4.40	146
Clean up	88	8	—	—	—	4	—	26	2.09	54
Office	89	11	—	—	—	—	—	18	1.51	27
Retail	75	17	—	—	8	—	—	12	2.17	26
Management	88	—	6	6	—	—	—	16	2.06	33

Table 13. Hours Worked per Day per Employee by Activity, Alabama, 2005

Activity/job type	Hours worked per day					Number responding	Average
	<4	5-6	7-8	9-10	>11		
	Percent						
Slaughtering	16	15	54	16	—	13	7.27
Hide curing	100	—	—	—	—	6	1.33
Cut, grind, and wrap	16	16	60	—	—	25	6.94
Cure, cook, smoke	30	20	30	10	10	10	5.85
Further processing	27	18	45	9	—	11	6.27
Clean up	72	—	16	11	—	25	3.86
Office	48	6	29	12	6	17	5.18
Retail	40	—	40	20	—	10	5.65
Management	26	—	20	40	14	15	7.73

Table 14. Average Wage Paid by Job Type, Alabama, 2005

Activity/job type	Wage (\$/hour)						Number responding	Average
	\$5.15	\$5.16-7.00	\$7.01-8.00	\$8.01-9.00	\$9.01-10.00	>\$10.00		
	Percent							
Slaughter	6	13	19	13	31	12	15	\$9.01
Hide curing	—	40	60	—	—	—	5	\$7.40
Cut, grind, and wrap	4	27	18	19	19	15	22	\$8.49
Cure, cook, smoke	—	25	25	42	8	—	12	\$8.13
Further processing	—	9	27	45	9	9	11	\$9.05
Rendering	—	50	50	—	—	—	2	\$7.25
Clean up	9	34	30	17	13	13	23	\$8.32
Office	—	9	18	9	18	45	11	\$11.27
Retail	—	30	60	—	10	—	10	\$7.70
Management	—	8	23	—	15	56	13	\$15.25

Respondents were asked to report a custom price for various slaughtering services (Table 15). The majority of respondents reported receiving between \$16.00 and \$25.00 per head. The average custom price received for slaughtering cattle, veal, and hogs was similar (about \$21.00 to \$23.00 per head). The custom price received for slaughtering goats and sheep was also similar at \$28.00 to \$30.00 per head. The highest average slaughtering price was for processing deer at \$38.81 per head.

Table 15. Custom Price Received for Various Slaughtering Services, Alabama, 2005

Slaughter service	—Price per head (\$/head)—				Number responding	\$/head average
	\$11-15	\$16-20	\$21-25	>\$25		
	Percent					
Slaughter cattle	11	53	37	—	19	\$21.11
Slaughter veal	—	67	33	—	3	\$21.67
Process deer	23	8	—	69	13	\$38.81
Slaughter goats	—	50	17	34	6	\$30.00
Slaughter sheep	—	25	50	25	4	\$28.75
Slaughter hogs	15	61	22	6	18	\$22.83

Table 16. Prices Received for Various Processing Services, Alabama, 2005

Processing service	—Price per pound (\$/pound)—					Number responding	\$/pound average
	<\$0.30	\$0.31-0.40	\$0.41-0.60	\$0.61-1.00	>\$1.00		
	Percent						
Cut, wrap, freeze—beef	27	59	14	—	—	22	\$0.36
Cut, wrap, freeze—pork	26	63	11	—	—	19	\$0.35
Cut, wrap, freeze—lamb	33	67	—	—	—	3	\$0.28
Cut, wrap, freeze—deer	—	25	38	38	—	8	\$0.59
Further processing	25	25	—	25	25	4	\$1.16
Cure, cook, smoke	33	—	—	—	67	6	\$2.14

Table 17. Value of Capital Assets and Annual Gross Sales in Meat Plants, Alabama, 2005

Value range	—Value of capital assets—		—Annual gross sales—	
	number	percent	number	percent
<\$50,000	4	11	4	11
\$50,000-\$99,999	8	22	5	14
\$100,000-\$249,999	12	32	12	33
\$250,000-\$499,999	4	11	3	8
\$500,000-\$999,999	5	14	—	—
\$1,000,000-\$4,999,999	3	8	7	19
\$5,000,000-\$9,999,999	—	—	2	6
\$10,000,000+	1	3	3	9
Total	37	100	36	100

Table 18. Methods Used to Determine Custom Service Charges and Prices for Wholesale and Retail Products by Meat Plants, Alabama, 2005

Method	—Custom charges—		—Wholesale and retail prices—	
	number	percent	number	percent
Cost of production	11	41	5	19
Cost of production Plus X% profit	5	—	10	—
Cost of production Plus \$X profit	—	19	—	38
Competition rate	8	—	8	—
	—	30	—	31
	3	11	3	12
Total	27	100	26	100

Respondents were asked about the prices received for various processing services (Table 16). The majority of prices for process services were less than \$0.40 per pound except for cut, wrap, freeze deer, further processing, and cure, cook, and smoke. The highest average price paid for processing services was \$2.14 per pound to cure, cook, and smoke. The lowest price received for processing services was cut, wrap, freeze lamb at \$0.28 per pound.

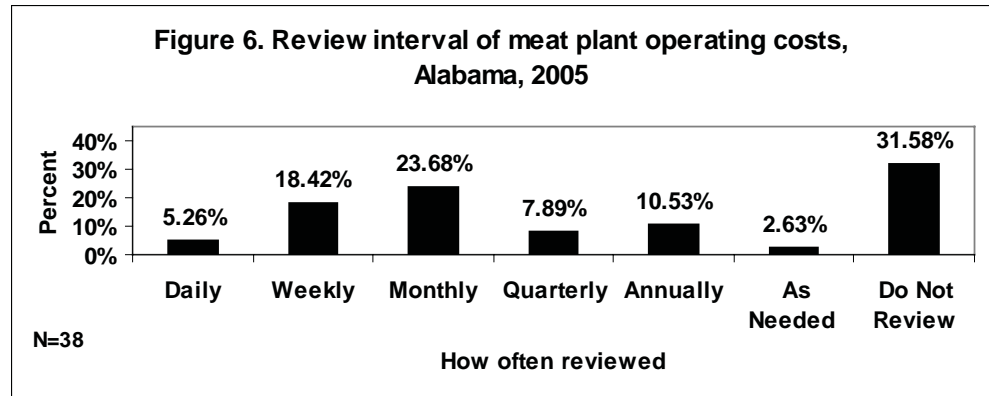
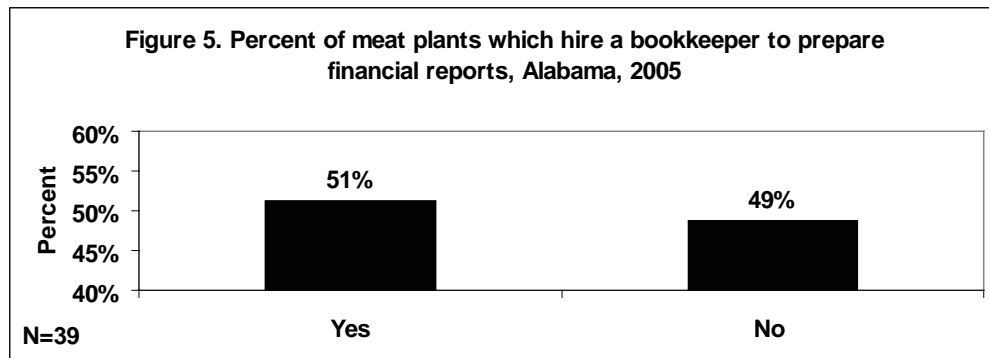
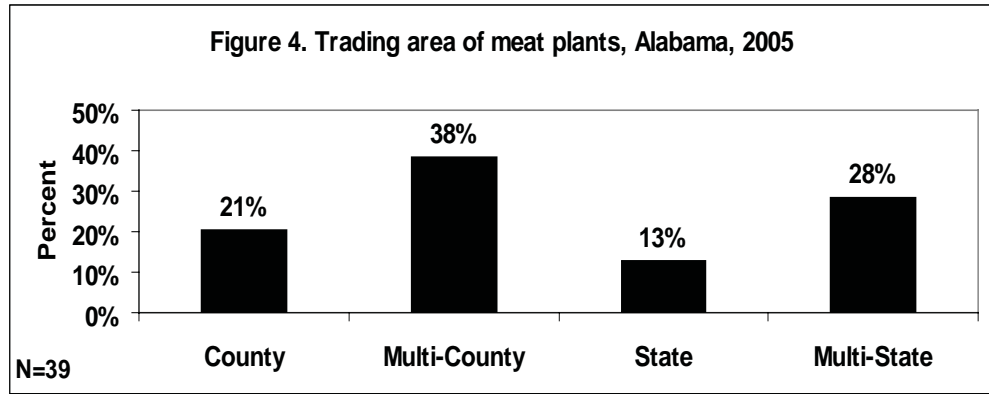
Respondents were asked to estimate the meat plant value of the capital assets and their annual gross sales (Table 17). The majority of respondents indicated the value of assets of their meat plant was between \$50,000 and \$249,999 while their annual gross sales was between \$50,000 and \$499,999.

Respondents were asked to describe the methods to determine custom service charges and prices for wholesale and retail products (Table 18). Cost of production was identified as the preferred method to determine a custom service charge by the largest number of respondents, while cost of

production plus X-percent profit was selected as the preferred method to determine wholesale and retail prices.

Respondents were asked to identify the trading area for their business. Figure 4 shows 21 percent of the respondents consider their trading area to be within a county, 38 percent in a multi-county area, 13 percent within the state, and 28 percent in a multi-state area.

Respondents were asked to indicate whether they hired a bookkeeper to prepare financial reports and if they reviewed their operating costs periodically (Figures 5 and 6). Fifty-one percent of the respondents indicated they hired a bookkeeper to prepare their financial reports. About half of the respondents indicated they reviewed their operating costs either weekly, monthly, or quarterly. Almost one-third (31.58 percent) indicated they do not review their operating costs.



FUTURE PLANS, INDUSTRY NEEDS, AND SOLUTIONS

Respondents were asked to describe the future plans of their meat plant business in the next five years (Table 19). The largest number of respondents indicated they either plan to add services, expand the plant size, or increase plant utilization. Seven respondents indicated they plan to sell the meat plant. One respondent indicated an interest in changing the inspection status of the plant.

The respondents were asked to indicate the trade associations of which they were members (Table 20). The largest proportion of respondents (18 respondents or 58 percent) indicated they did not belong to trade associations. The largest membership indicated was the Alabama Cattleman's Association (8 respondents or 26 percent).

The respondents were asked to rate their major concerns associated with the meat business from most important to least important (Table 21). The top five major concerns expressed as being important by the respondents

were as follows: insurance rates, energy costs, increased record keeping, building and equipment costs, and availability of competent and reliable labor.

Table 19. Future Plans of Meat Plant Businesses for Next Five Years, Alabama, 2005

Future plans	Number responding	Percent
Expand the plant size	10	37
Reduce the plant size	—	—
Add services	14	52
Delete services	1	4
Increase plant utilization	8	30
Change inspection status of plant	1	4
Sell the plant	7	26
Other plans (retire, renovate, etc.)	7	26

Table 20. Membership in Trade Associations, Alabama, 2005

Association	Number responding	Percent
Alabama Cattleman's Association	8	26
Alabama Farmer's Federation	3	10
American Meat Institute (AMI)	3	10
Southeastern Meat Assoc. (SEMA)	2	6
American Assoc. of Meat Processors (AAMP)	3	10
National Meat Association (NMA)	—	—
Alabama Restaurant Assoc.	—	—
American Meat Science Assoc. (AMSA)	1	3
Do not belong to trade associations	18	58

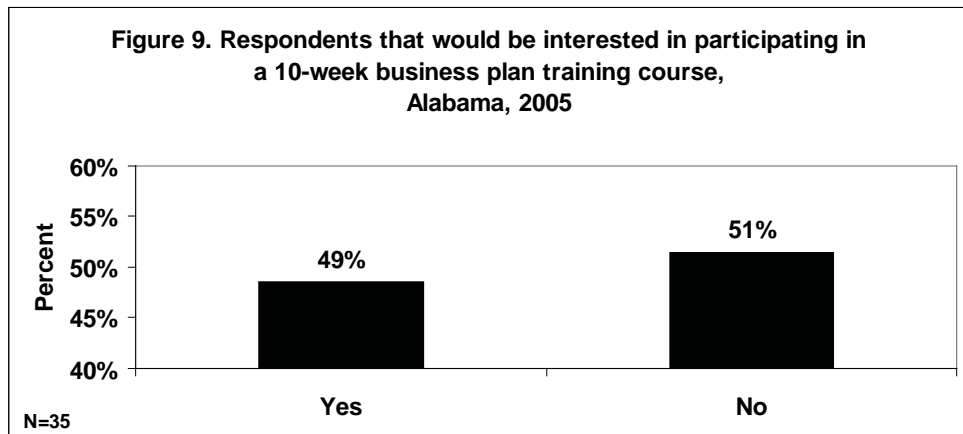
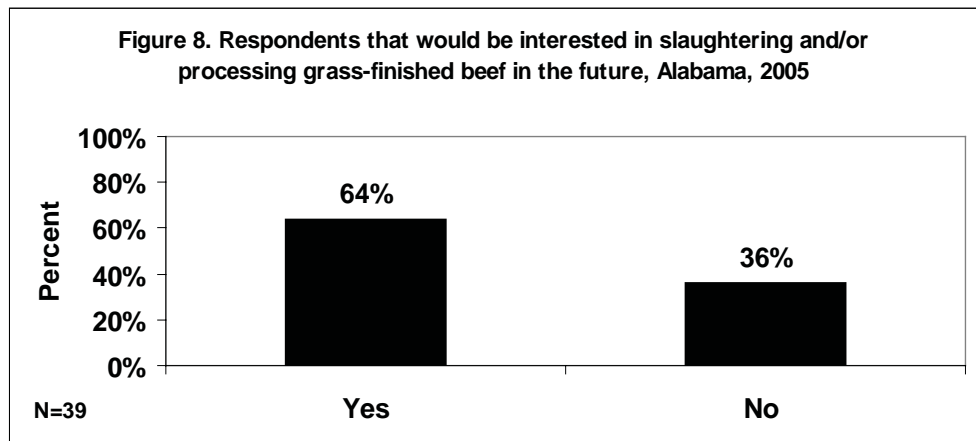
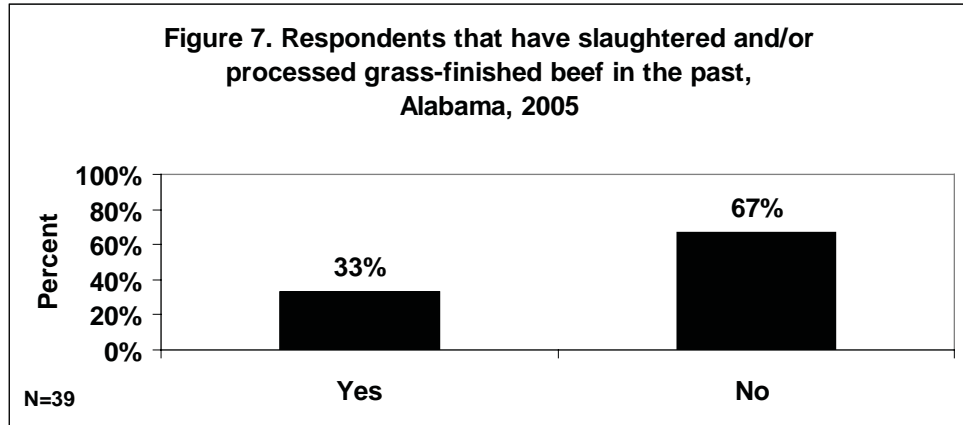
Table 21. Major Concerns for Alabama Meat Businesses, Alabama, 2005

Concerns	Ranking
Insurance rates	1
Energy costs	2
Increased record keeping	3
Building and equipment costs	4
Availability of competent and reliable labor	5
Repairs and maintenance costs	6
Compliance w/ government regulations	7
Compliance w/ HACCP regulations	8
Labor costs	9
Declining wholesale business	10
Transportation costs	11
Environmental regulations	12
Declining custom business	13
Slow or non payment of customers	14
Inspection service	15
Interest rates	16
Increase concentration among large packers	17
Declining retail business	18
Movement toward case ready products	19
Market information	20
Technical information	21

GRASS-FED BEEF OPPORTUNITIES

The respondents were asked if they had slaughtered and/or processed grass-finished beef in the past. Thirty-three percent indicated they had slaughtered and/or processed grass-finished beef (Figure 7). The respondents were also asked if they would be interested in slaughtering and/or processing grass finished beef. Sixty-four percent of the respondents indicated they would be interested in slaughtering and/or processing grass-finished beef (Figure 8).

The respondents were offered an opportunity to participate in a 10-week training course to develop a business plan that would evaluate their potential to incorporate grass-finished beef slaughtering and/or processing in their meat business. Seventeen respondents (44 percent) indicated they would be interested in participating in a 10-week business plan training course (Figure 9).



SUMMARY

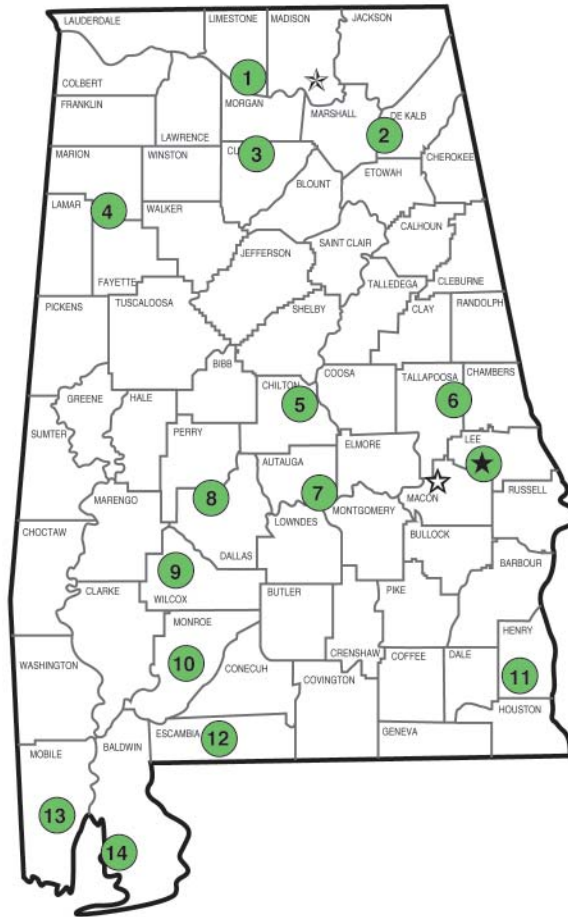
The Alabama livestock slaughter and meat processing business survey revealed some interesting information:

- The majority of respondents were involved in meat processing.
- The largest percent of business income was generated from beef, deer, and pork commodities.
- Forty-three percent of the respondents have been in the meat business more than 30 years.
- Almost one-third (32 percent) of the respondents had built a meat plant after 1999.
- The majority (77 percent) of the respondents were state inspected.
- The size of the meat plant for the majority of the respondents was less than 10,000 square feet.
- The highest use of the meat plants was during November through January.
- The respondents operated their meat plants an average of 3 days per week and 45 weeks per year for cattle and pork.
- The maximum capacity of slaughter cattle (11.44 per day) for the average meat plant was at least twice the slaughter number on a typical day (5.36 head per day).
- The maximum processing capacity at the average meat plant was at least twice the plant processing on a typical day.
- The average number of employees was three.
- The average wage of the meat plants ranged between \$5.16 and \$10 per hour.
- The value of capital assets of the majority of meat plant was between \$50,000 - \$249,999.
- The annual gross sales income of the average meat plants varied widely from less than \$50,000 to more than \$10 million per plant.
- The average custom rate to slaughter cattle was \$21.11 per head. The average custom rate to cut, wrap, and freeze beef was \$0.36 per pound.
- The most common method used to determine custom service charges was cost of production.
- The most common method used to determine price for wholesale and retail meat products was cost of production plus X percent profit.
- Approximately 51 percent of respondents hired a bookkeeper to prepare financial reports.
- More than 30 percent of respondents did not review production costs.
- The most common trading area identified by the respondents was multi-county.
- Approximately one-third of the respondents indicated they plan in the future to expand the plant size, add services, and/or increase plant utilization.
- Almost two-thirds of the respondents were interested in slaughtering and/or processing grass-finished beef.

This study describes the business and physical characteristics associated with 39 (44 percent) of the 88 Alabama meat plant businesses. The discussions related to specific topics in this report are based solely on the responses received and are not projected for the entire Alabama livestock slaughter and meat processing business industry.

Alabama's Agricultural Experiment Station AUBURN UNIVERSITY

With an agricultural research unit in every major soil area, Auburn University serves the needs of field crop, livestock, forestry, and horticultural producers in each region in Alabama. Every citizen of the state has a stake in this research program, since any advantage from new and more economical ways of producing and handling farm products directly benefits the consuming public.



Research Unit Identification

- ★ Main Agricultural Experiment Station, Auburn.
- ☆ Alabama A&M University.
- ☆ E. V. Smith Research Center, Shorter.

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| 1. Tennessee Valley Research and Extension Center, Belle Mina. | 8. Black Belt Research and Extension Center, Marion Junction. |
| 2. Sand Mountain Research and Extension Center, Crossville. | 9. Lower Coastal Plain Substation, Camden. |
| 3. North Alabama Horticulture Research Center, Cullman. | 10. Monroeville Agricultural Research Unit, Monroeville. |
| 4. Upper Coastal Plain Agricultural Research Center, Winfield. | 11. Wiregrass Research and Extension Center, Headland. |
| 5. Chilton Research and Extension Center, Clanton. | 12. Brewton Agricultural Research Unit, Brewton. |
| 6. Piedmont Substation, Camp Hill. | 13. Ornamental Horticulture Research Center, Spring Hill. |
| 7. Prattville Agricultural Research Unit, Prattville. | 14. Gulf Coast Research and Extension Center, Fairhope. |