

# SOLVING THE MEAT PROCESSING WORKFORCE BOTTLENECK

SUPPORTING LIVESTOCK FARMERS,  
PROCESSORS, & RURAL COMMUNITIES



AUTHORS: DON ARNOSTI, MAYA BENEDICT,  
PAUL SOBOCINSKI, TED SUSS, COURTNEY VANDERMEY



## ABOUT THE AUTHORS

**Paul Sobocinski** is a Redwood County sustainable livestock farmer who raises pigs for Niman Ranch, and cattle for direct and market sale. For 40 years, Paul was a farm organizer for Land Stewardship Project and other organizations.

**Don Arnosti** has been an environmentalist working to support a sustainable local food system as a means to address environmental and social issues for 35 years. Don connects sustainable livestock and vegetable farmers and 200 interested consumers.

**Ted Suss** is a Redwood County small-scale sustainable livestock producer. He has decades of experience in the educational system, serving as a rural school district administrator, as well as the Executive Director of the State Board of Education.

**Maya Benedict** is a graduate student at the University of Minnesota School of Public Health, with a public health policy and rural health focus. She has six years of experience as a butcher and operations manager of a Saint Paul butcher shop specializing in locally-sourced meats.

**Courtney VanderMey** is a grant specialist with the Minnesota Department of Agriculture working with livestock related grants. She is completing her Masters in Agribusiness at Kansas State University. Her thesis is a needs assessment of meat processing businesses in Minnesota with the goal of assisting with business growth and transition.

The authors acknowledge the great deal of time and effort put forth by meat processors across Minnesota by participating in our interview process, as well as the contributions of our reviewers. The views and opinions of the participants interviewed in this report are their own, and quotes used in the report are verbatim. The interpretation of the collective quantitative and qualitative data obtained from interviews, as well as the recommendations set forth in this report are those of the authors.

## REVIEWERS

**Aaron Blyth**, Latino Economic Development Center (LEDC)

**Kathryn Draeger**, University of Minnesota Regional Sustainable Development Partnerships

**Paul Hugunin**, Minnesota Department of Agriculture

**Jane Jewett**, Minnesota Institute for Sustainable Agriculture (MISA)

**Stu Lourey**, Minnesota Farmers Union

**Rob Lorentz**, Minnesota Association of Meat Processors

**Wayne Martin**, University of Minnesota Extension

**Levi Muhl**, Minnesota Department of Agriculture

**Sabrina Portner**, University of Minnesota

**Jim VanderPol**, Pastures A Plenty Farm & Co.

Questions and comments can be directed to:  
[processortrainingproject@gmail.com](mailto:processortrainingproject@gmail.com)

*Pictured from Left: Don Arnosti, Maya Benedict,  
Ted Suss, Paul Sobocinski, and Courtney VanderMey*



# I. EXECUTIVE SUMMARY



Small and medium-sized local livestock growers in Minnesota are facing limited meat processing access due to processor closures and fully-booked processing appointments. Existing processors are experiencing difficulties meeting increases in demand as other facilities have closed permanently. There is a distinct bottleneck in the Minnesota small meat processing industry, exacerbated by COVID-19 and the lack of a skilled workforce. Our project team “Solving the Local Meat Processing Bottleneck” was created with support from multiple community partners to better understand how to address and bolster local meat processing resiliency. We conducted interviews with 57 meat processors across Minnesota to study this issue, which included targeted outreach to underserved communities and input from potential workers and business owners.

We found that processors are navigating high demand and are interested in retaining long-term, reliable employees that could be molded to fit individual businesses. Overall cost (of training, wages, expansion of business, etc.) is also a concern. Processors are very interested in apprenticeships and are willing to teach slaughter and processing knowledge and skills, especially if apprentices stay on to work at the business. Processors believe that business management skills would be best taught in an educational setting. Incentives are important for employee retention from the perspective of processors, and the most popular incentives included health benefits, discounted meat, and free employee processing.

A third of interviewed processors have not started planning for transitions (the sale of their business). In general, successful transitions have involved family members or internally-trained employees, and failed transitions were associated with new owners from outside the industry. While many processors don’t know where to find transition resources, processors followed traditional routes of business guidance for a transition by describing a need for resources such as a lawyer, accountant, or banker.

Many workers in Latino/BIPOC communities are willing and able to work in the industry, and some are interested in ownership. Unique barriers need to be addressed to access this workforce and provide opportunities, including “earning while learning”, language barrier/translation resources, the undocumented status of a significant percentage of workers, and lack of access to capital.

Lastly, we discovered that very little locally-sourced meat from small/medium producers is being sold directly to consumers, local institutions, or to retail meat counters across Minnesota. The widespread use of non-local boxed meat in local meat counters results in a missed value-added opportunity that butcher shops could be providing to nearby farmers and their rural communities.





## Our recommendations based on collected interview data are:

### **Apprenticeships**

- Create a one-year apprenticeship for workers, with hands-on training in slaughter and meat processing. The apprenticeship would have a wage of \$15-18 per hour with state wage assistance of an additional \$3 per hour. Note: there is no wage assistance currently available. While wage assistance would be an excellent incentive, the lack of state incentives is no reason not to proceed with the program.
- Establish a pool of funds for small and medium processors for use for relocation packages, retention bonuses, training programs, etc.
- Pre-screen apprentices for both commitment to a meat processing career and level of comfort with slaughter work to address some issues with retention.
- Business management skills should be taught in a more formal educational environment, in target languages and with cultural sensitivity.

### **Transitions**

- The Minnesota Association of Meat Processors (MAMP) or another trade association should provide resources and information for ownership transitions to their membership.
- Targeted recruitment, training, and support for buyers wanting to take over a meat processing or slaughter business would increase the likelihood of a successful business ownership transition.
- Successful transition of existing businesses to future sustainable ownership must be prioritized by trade associations and associated organizations.

### **Further recommendations and opportunities for research, based on qualitative observations:**

- Existing Equal-To (E2) or US Department of Agriculture (USDA) inspected lockers that stock their retail counters with a high proportion of locally-raised meats should be studied with an eye towards replicating their success.
- MAMP, Minnesota Department of Agriculture (MDA), or other organizations should highlight the added community value of local retail counters selling local meat.
- The appropriate Minnesota state agency should investigate the possibility of a multi-employer health benefit pool for small meat lockers in Minnesota to make health care coverage more affordable for individual lockers to offer.
- Federal and state grant programs should provide further support (expanding eligibility, funding, etc.) to custom plants to support this vital local foods link between local livestock farmers and consumers.
- A “navigator” position should be established within the MDA to assist small and mid-sized processors in locating and accessing assistance of all sorts relevant to the industry.
  - *State financial resources should be made to navigator organizations (such as LEDC) that can assist immigrant apprentices with culturally-sensitive business management training.*





## II. INTRODUCTION

Small processing plants, often known as local meat lockers, are a vital component of the fabric of many rural communities across Minnesota. When the COVID-19 pandemic came to Minnesota, it exposed a lack of resilience in the meat processing industry. Livestock farmers of all sizes were affected. Some hog producers were forced to euthanize their hogs due to large meat processing plant shutdowns (e.g. JBS, Smithfield etc.), while other producers sought alternatives by booking processing reservations at local meat lockers. Small and medium-size livestock farmers who sell animals through direct marketing and local institutions found their processing slots at local lockers occupied by producers that typically process their hogs at larger packing plants. The additional competition for limited slaughter availability contributed to the difficulty faced by small producers attempting to arrange slaughter of their animals. Small and medium livestock farmers not only saw their meat processing opportunities at local lockers disappear overnight but saw reservations for meat processing pushed out a year or more. Existing small processors had a difficult time meeting increases in demand as other facilities closed. This has led to a massive reduction in processing capacity for smaller livestock growers, particularly those who are interested in direct marketing.

Solving the local meat processing bottleneck is vital to the longevity and success of small and medium size livestock and poultry farmers. It is essential to develop a trained and reliable meat processing workforce to support that success. Our food systems are inextricably linked, and solving this issue is vital to the growth of the local food economy. Supporting small local and regional meat lockers and increasing opportunities for meat processing is important for local livestock growers. If we solve the workforce bottleneck but miss the opportunity to support the relationship between local, sustainable farming and the meat processing industry, we have not fully achieved our goal. Throughout this report, the term “local meat” refers to both proximity and farm size - specifically to livestock raised on small and medium sized farms.





### III. METHODOLOGY/PROCESS

Working with support from the University of Minnesota Regional Sustainable Development Partnership (RSDP), the Minnesota Department of Agriculture (MDA), our project team sponsored by Minnesota Farmers Union (MFU) worked with allies that included the Minnesota Association of Meat Processors (MAMP), the Sustainable Farming Association of Minnesota (SFA), and the Minnesota Institute for Sustainable Agriculture (MISA). Our project team initiated and conducted a 24-question interview with 57 small meat processors to hear directly from them and better understand how to address and bolster local meat processing resiliency.

We compiled Minnesota Department of Agriculture (MDA) spreadsheets detailing the meat processing and slaughter facilities across Minnesota and divided them into the Regional Sustainable Development Partnerships (RSDP) regions - this included Northwest, Northeast, Central, Southwest, and Southeast Minnesota. We also included a Metro region. Livestock slaughter operations are categorized by three levels of inspection: USDA, Equal-to (E2), and custom exempt (see Appendix A). There were around 334 of these facilities related to processing and slaughter. Large corporations, restaurants, and food production facilities (e.g., a pizza manufacturer using meat as an ingredient) were not included. This figure still may be elevated given that some facilities have since closed. Each region's list of acceptable processors was randomized. The number of facilities selected for an interview in each region was comparative to the total number of processors in each respective region. Our focus was to create a sample pool that was as representative as possible of Minnesota meat processors while simultaneously sampling an accurate representation of each region, as each region has diverse characteristics and needs. We conducted poultry processor interviews across all six regions of Minnesota (see Appendix B).





Interview questions were developed by our team members, along with a few members of the meat and poultry processing community who offered guidance and input for multiple interview question drafts. The interview process entailed sending a project summary and interview request letter to each processor, following up with each processor via phone call, and then scheduling an interview with the processor. The interviews were carried out via phone call, Zoom video call, or in-person at the meat processing facility.

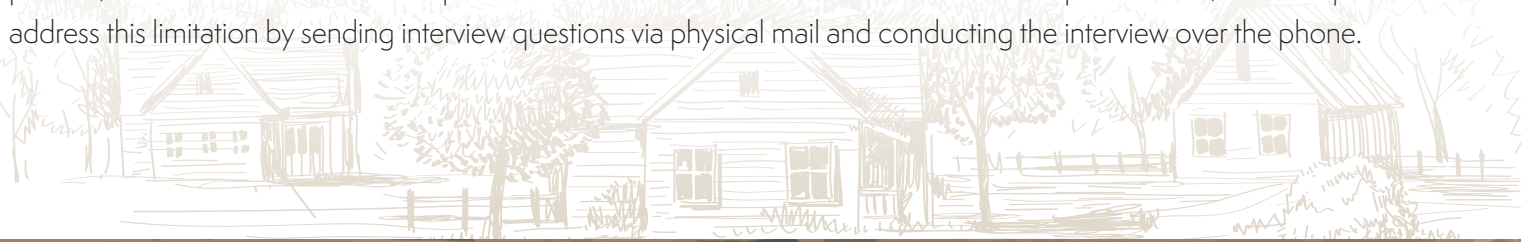


Interview questions covered several areas, including slaughter workforce issues, general questions about employment (desired skill level when hiring, incentive effectiveness, etc.), perceived importance of meat processing and business skills/knowledge, interest in apprenticeships and perceived ability to train an apprentice, and future plans for the business (transition planning, need for resources, perceived importance of business skills/knowledge for future owners).

Within our process, we targeted outreach to underserved communities and sought input from potential workforces, which included conducting focus groups with the Latino Economic Development Center (LEDC). Two formal focus groups were held with Latino participants in St. Paul and Long Prairie, and one informal focus group was held with East and West African participants. The focus groups were conducted to learn about the unique barriers to joining the meat processing industry faced by these communities, as well as what actions and support may be required to bring them into the workforce. Information was also collected to learn about how training and support may be provided to allow movement into management and ownership positions.

Both qualitative and numerical data were collected from our interview process, which will be presented in the following sections. The numerical results were initially assessed by comparing the number of responses for the ratings on the corresponding Likert scale of 1 through 5 in each category pertaining to a question. The means and standard deviations were further tabulated to measure the average response and variation in responses. Qualitative data from interview recording transcriptions and textual notes were collected and coded to identify common themes, differences, and other observations, allowing interview content to supplement numerical results.

Limitations of this report include the lack of poultry processors who were able and willing to participate in the interview process, and that some plant owners have limited internet access/no email address for correspondence. During the interview selection process, if we were able to contact a processor who did not have an email address or computer access, we attempted to address this limitation by sending interview questions via physical mail and conducting the interview over the phone.



## IV. INTERVIEW RESULTS

### *Slaughter*

Meat and poultry processor owners were asked two separate sets of questions regarding slaughter based on whether or not they were offering slaughter services at the time. Interview questions were asked to determine whether the workforce shortage in slaughter for their business was severe, whether hiring and retaining employees to perform slaughter has impacted operations, and to gauge the level of interest in a USDA-approved mobile slaughter unit working with their facility. These questions were on a Likert scale of one through five, one being “very interested”, three being “somewhat interested”, and five being “not interested at all”.

### *Slaughter Workforce*

Overall, we found that most **meat processors were not interested in using a USDA-approved slaughter service to meet their slaughter needs**, with an average response of 3.53. Most processors would not change plans for continued operation or expansion of current operations given the option of adding a USDA-approved slaughter service to their operation, with an average response of 3.58. A USDA-approved mobile unit would generally not be of greater interest or value to most processors, with an average response of 3.81. Most would not be interested in a cost-share program to install rails/other equipment for slaughter offsite. During the interviews, processors noted a few common issues that prompted hesitation about adding additional slaughtering to their business, including:

**Volume:** Many processors described satisfaction with their current volume of business, or an inability to increase volume of business - sometimes in the context of satisfaction with current inspection level.

**“ [The owner] is the only one [in the business] who can cut and slaughter, which means they are limited in how much more [slaughter] they can do. He can slaughter 12 steer per day but can process only four. He’s at capacity for what he can do in a day... if the business hired another butcher, he would maybe be interested in a mobile unit. Otherwise, not right now. ”**







**Costs:** Processors noted concern regarding costs and finances surrounding slaughter, including long term financial costs, workers' compensation, and the initial cost of hiring.

**Labor:** Processors described worry surrounding not having enough labor capacity, a lack of trained workers, and the specific difficulty in hiring for slaughter operations.

**“We’re really struggling in the skilled labor section of the business - butchering, breaking down, and processing. It’s a very skilled craft.”**

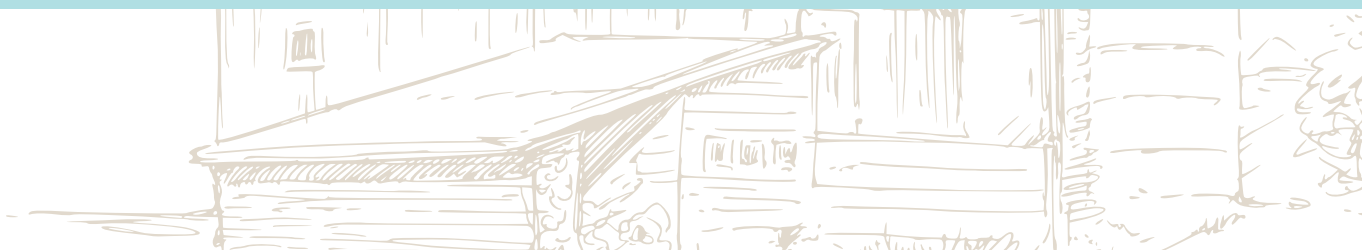
Other processors reported concern about regulations being excessive or difficult to work with, as well as concerns regarding lack of space, retail/custom processing being a priority, and concerns about quality work.

**“We’re concerned about humane handling and slaughter, equipment maintenance, and [maintaining] quality work.”**

**“We might be interested in a slaughter service in terms of increasing capacity, but [we] would be worried about quality.”**

Some processors said increasing slaughter operations or using a USDA-approved mobile slaughter service might be an option in the future, depending on individual factors.

**[Regarding USDA mobile slaughter] “ This will allow me to open a retail meat counter with my own meat, without changing my level of inspection.”**



These concerns point out the **vulnerability** experienced by meat processors in Minnesota when it comes to the possibility of participating in expanded slaughter operations. When considering the option of changing business operations in slaughter, meat processors either expressed interest or disinterest based on several variables that were unique to each plant (volume, labor concerns, relative importance of slaughter to the individual business, etc.) Numerical ratings taken from the interview were highly variable and with relatively high standard deviations for each rating, showing these data were indicative of meat processing plants' individual business circumstances and a wide range of interest. Given that high variability, it is important to note that 7 of 42 processors were very interested in a USDA-approved mobile slaughter option, and 4 of 10 were interested in this option as a way to support local growers. Some processors who engaged in custom processing and USDA retail (using USDA boxed meats sourced from outside the local processing plant) were very interested in this service, but said they were "too busy" to add another component to their business.

Out of the four poultry processors we interviewed, the three who were currently in business rated the general poultry workforce shortage as "severe", which illustrates the pressure that poultry processors are under.

### ***Training***

The second section of the interview addressed meat processing workforce characteristics, including desired levels of training for new hires, ranked importance for meat processing knowledge and skills, pay ranges offered by the business, and incentives offered by the business. Knowledge/skill items and incentives were rated on the same Likert scale (1 = most important, 3 = somewhat important, 5 = not important at all), and processors offered their thoughts on pay, training preferences, and incentives through open-ended question format. For all these questions, processors described a few themes that were consistent across the board, including a strong need for employee retention and worries about the cost of hiring.

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**“ [We] would prefer fully or partially trained, but are fine with no formal training. There’s generally not enough labor. ”**

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**“ [We] like hiring a partially trained person over a fully trained person, so that means the employee leans on him [the owner] for direction and is not too set in [their] ways. ”**

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**“ Work ethic is the key characteristic we are looking for in an employee. All levels of training we are willing to work with. ”**

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## Knowledge & Skills

The interview offered a list of eleven knowledge items and eleven skill items related to working in a meat processing facility, and respondents were asked to rate each on the Likert one-to-five scale of importance for their facility (1 = very important, 3 = somewhat important, 5 = not important). (See Appendix C).

**Mean:** the average, or the sum of all values divided by the number of values that exist.

**Standard Deviation:** a measure of variability - a high standard deviation means the values have a large spread (answers were very different), and a low standard deviation means the values are close together (answers were very similar).

For our numerical data, an extremely low standard deviation would be less than one, a low standard deviation would be between 1 and 1.5, and a higher standard deviation would be greater than 1.5.

The entire list of skills and abilities were rated less than two for each item on average, indicating widespread agreement of level of importance. Four skill items had remarkably low standard deviations, meaning most processors were in consensus regarding the perceived high importance of those skills, including:

1. Safe use of knives and other hand tools used in the plant  
**Average rating: 1.18, standard deviation: 0.48**
2. Properly wrap meat in accordance with customer orders  
**Average rating: 1.43, standard deviation: 0.67**
3. Set up, adjust, use, and properly clean each major piece of equipment (such as saws, blenders, slicers, and vacuum packers present in the plant)  
**Average rating: 1.44, standard deviation: 0.81**
4. Efficiently remove meat from bone  
**Average rating: 1.74, standard deviation: 0.96**





Three knowledge items that were highly rated also demonstrated low variability between processors. The overwhelming consensus points to the necessity for each of these knowledge items to be prioritized during the training or teaching process:

1. Necessary sanitation procedures and rules for healthy handling of meat products

**Average rating: 1.24, standard deviation: 0.59**

2. General safety procedures for the slaughtering space and equipment used throughout the plant

**Average rating: 1.44, standard deviation: 0.88**

3. Quality control at each processing step from slaughter to packaging; specifically, how to keep the carcass clean, costs, and other techniques for maximizing the effective processing of meat.

**Average rating 1.33, standard deviation 0.79**

Several processors noted in their interviews that all the knowledge and skill items were equally as important and necessary for working in a meat processing facility.

### ***Worker Pay***

Processor interviewees were asked what range of average starting pay was offered to new employees, and whether that range varied by skill level. The pay offered ranged from as low as \$10 per hour, to as high as \$39 per hour (specifically for a union position).

**Most processors would start an unskilled worker between \$12 and \$15 per hour, with an increase to around \$20 per hour for a skilled worker.** Some processors would offer a wage in the mid-to-upper \$20 an hour range for fully skilled labor, if it were available. A few processors described their willingness to pay employees related to **work ethic** - if an employee exceeded expectations in their performance, were reliable, and demonstrated a desire to stay with the business long-term, processors noted a willingness to pay more in accordance with the work done.

**Employee retention** was a key theme that surfaced in discussions about pay as well as training. **Processors described difficulties reconciling hiring and business needs with the cost of training and hiring new labor** and seemed wary of spending excess money on training and wages for labor that is inconsistent.

**“ It’s hard to get employees to stay. Most people last a year - it’s hard to get commitment. ”**

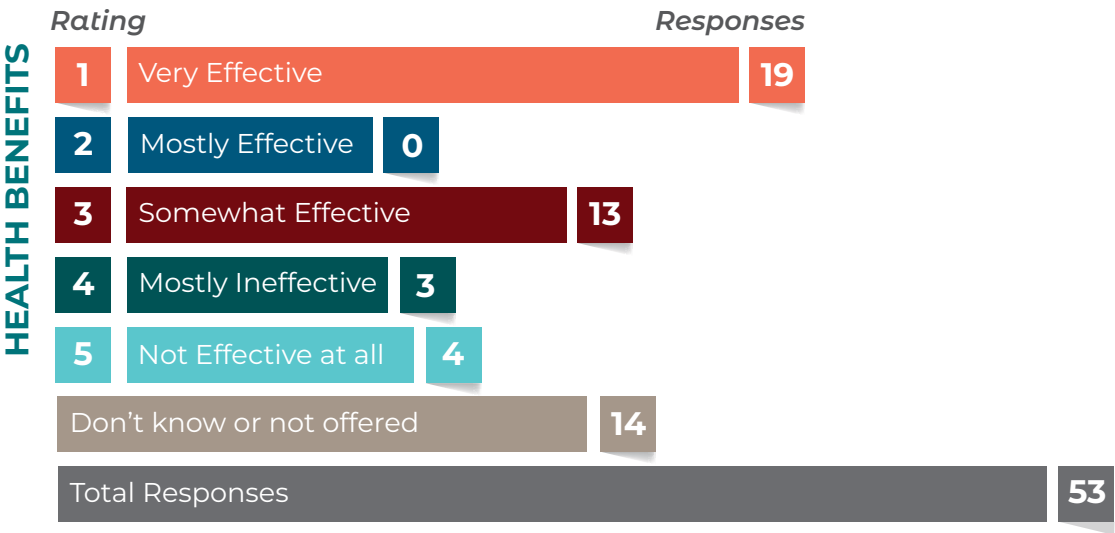


Incentives

Interviewees were also asked whether incentives were effective for employee hiring and retention, along with a prompt to rate a list of incentives (see Appendix D). Both questions were answered on a Likert one-to-five scale (1 = very effective, 3 = somewhat effective, 5 = not effective), along with an opportunity to discuss answers or offer additional thoughts.

A popular desired incentive for employee hiring and retention out of the listed options was the ability to offer health benefits, which was rated an average of 2.31 with a standard deviation of 1.42. (Table 1) This means processors across the board rated health benefits as a very effective potential incentive, with low variability in answers. Most processors were not able to offer health benefits, so this incentive was described in an aspirational sense - it would be very beneficial, but is not currently affordable. While many processors noted an inability to afford incentives at all, several specifically mentioned the desire to offer healthcare to employees in addition to inability to pay in general.

Many of the processors offered “other” incentives outside the listed options. These were rated as the most popular incentive, receiving an average rating of 1.42 and standard deviation of 0.83 - demonstrating extremely low variability in answers and a collective agreement that the “other” incentives are quite effective. These incentives were informal ones, such as offering free processing for employees, discounted meat, or free meals while at work. A few processors mentioned immigration help and retirement benefits as being helpful, though those incentive options were not as popular overall. Regular pay increases were also rated as being effective. The average rating for regular pay increases was 2.27, with a standard deviation of 1.51.





**“ He considers health care a top priority that needs to be addressed even though he can’t afford to offer it now. His wife had to go work at Schwan’s to get healthcare [for the family]. ”**

**“ Incentives are ineffective for hiring because of the [presumably better] options offered by other companies, but they are somewhat effective for employee retention. ”**

A few incentives had high variability in ratings, which was indicative of the differing circumstances and abilities for each individual meat processing plant. Retirement benefits were rated as a three on average, but a standard deviation of 1.77 suggested most answers ranged from very effective to not effective at all.

**The most poorly-rated incentive was a starting bonus**, with an average rating of 4.26 (standard deviation: 1.31) - indicating that starting bonuses are of no interest/ineffective for processors. The ineffectiveness of starting bonuses as an incentive reflects the focus on retention that processors described during the hiring process.

The problem facing processors isn’t just hiring trained labor, it is being able to keep employees at a meat-processing business long-term. **The ability to offer, and pay for, effective incentives such as healthcare and regular pay increases (in addition to informal incentives) will be vital in helping with both recruitment and retention of employees.**

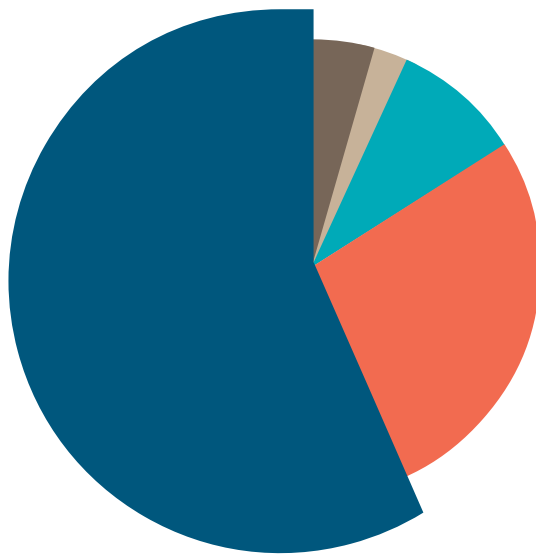


## Apprenticeship

The apprenticeship section of the interview covered general interest in training an apprentice at the interviewees' meat processing plants, willingness and ability to train on meat processing knowledge and skills, the time available to the owner of the plant for training on meat processing knowledge/skill items and business management items, range of potential apprenticeship wages, and preparation needs for conducting an apprenticeship.

**The response was overwhelmingly positive, with 88% of processors at least somewhat interested, and 60% interested/very interested in conducting an apprenticeship.** The average response for interest in an apprenticeship at their business was 2.07, with a standard deviation of 1.39 (1 = very interested, 3 = somewhat interested, 5 = not interested).

### APPRENTICESHIP



**Very Interested - 30**

**Interested - 3**

**Somewhat Interested - 14**

**Mostly Not Interested - 1**

**Not Interested - 6**



## Training

Several processors who were potentially interested in and willing to train an apprentice noted their interest was dependent on circumstances in their business. **Time was cited as the most common influencing factor for willingness** (or lack thereof) - some processors explained that it takes a long time to train someone fully, and that it takes a lot of personal time from the owner that they may not be able to give, depending on day-to-day business.

**Work ethic and retention were again cited as desirable traits and important considerations for potential apprentices.** Many processors mentioned that the apprentice would have to “be the right person” who is interested in the job and wants to stay to work at the business after the apprenticeship has been completed - potentially even to take over the business once the current owner retires. Several owners commented that **the apprenticeship would involve working side-by-side together** with the apprentice until proficiency had been reached, and that an apprentice who is considered “partially trained” would move to a supervised practice phase.

**“ It’s also important that the person learning these items wants responsibility and further training. If someone really wants to learn the business, they [owners] want to train, but lots of people don’t want further responsibility. ”**

**The majority of processors, equally split, responded that they could offer training on meat processing skills and abilities either full-time (around 40 hours per week) or part-time (less than 20 hours per week).** Several mentioned the ability to train an apprentice at half-time (20 hours or more per week). When prompted with a condensed list of meat processing knowledge and skills, a majority of processors responded that they were “very willing and able” to train on all meat processing knowledge and skills listed. All meat processing knowledge and skills scored between one and three (ranging from very willing and able to train to somewhat willing and able to train).

However, the **time availability for the business management aspect of the apprenticeship was significantly limited.** The majority of processors explained they could offer business training for only a few hours per week, indicating a low commitment and ability to train on business management items. Several owners said that it either “depends on the day”, or that they simply don’t have time at all to train the business side of the operation - especially compared to the amount of time available to train on meat processing skills. When prompted with a list of business management skills and abilities, interviewees were willing to train on:

- Customer Relations
- Employee and Business Management
- Employee Health and Safety Regulations
- Legal Items (e.g. business organization and intellectual property)
- Financial Reports (e.g. profit & loss statements, accounting, bookkeeping, etc.)
- Business Strategy Planning

**“ Business management would be good for an apprentice to learn in school, and they could learn hands-on skills during the apprenticeship. ”**

**“ A separate classroom component for business would be worthwhile. ”**



## ***Apprentice Pay***

On average, **most processors said they could pay an apprentice between \$12 and \$18 per hour as a starting wage**, with variability as low as zero compensation, and as high as \$27 per hour (for a union position). Like general employee pay, owners described the pay level as “depending” on several factors, most commonly level of skill, potential for employee retention, and work ethic.

## ***Apprenticeship Length & Owner Needs***

**The desired length of the apprenticeship varied greatly from processor to processor.** This variance can be attributed to each processor answering the question based on their desired degree to which an apprentice would be trained (e.g., suitable for unsupervised tasks, fully trained butcher, etc.), and whether business management was included. The most common recommended length of an apprenticeship was between six and twelve months, with variability in length from two weeks to five years.

**The vast majority of processors cited wage assistance as a major incentive for them to hire an apprentice**, or helpful in the process of being able to support an apprentice in their business.

**“ It would be nice to have [wage] assistance where we could take unskilled people who have an interest and put them through a training program that we don’t have to pay for. That would be awesome. ”**

**“ Most of the time people can’t afford that [to work and go to school simultaneously]. Assistance or tax incentives would be helpful with that. If someone could handle schooling, we could handle the training part. ”**

In discussions surrounding the interest of supporting an apprentice at each interviewee’s place of business, **employee retention was again mentioned as either necessary or valuable** in the apprenticeship process, illustrating the need for consistent and reliable employment.

**“ If we get an employee out of it, we’re happy to support an apprentice. ”**

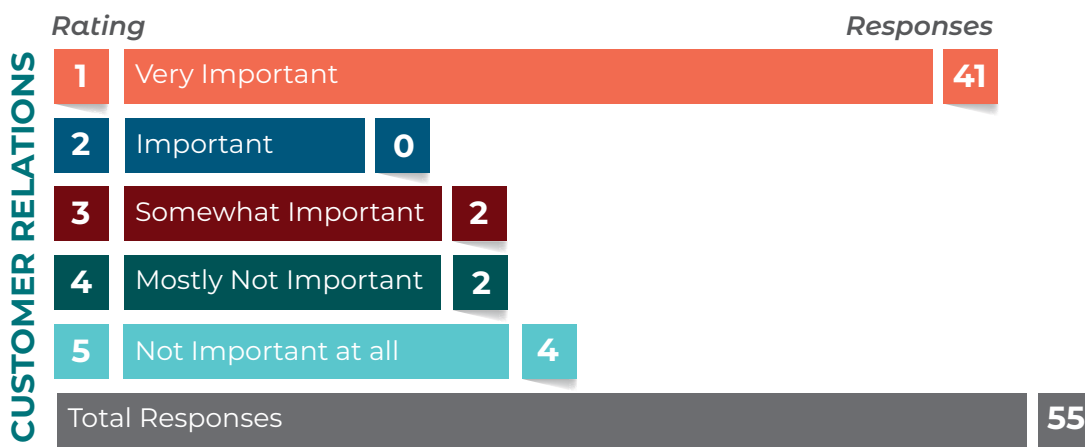


## Ownership

When considering the importance of various business management skills in the context of taking on management or ownership responsibilities in their plant, processors were asked to rate the skills on a Likert one-to-five scale (1 = very important, 3 = somewhat important, 5 = not important). Processors rated the following abilities highly:

- Customer Relations: **1.29 average**
- Employee and Business Management: **1.6 average**
- Government Regulations: **1.71 average**
- Employee Health and Safety Regulations: **1.85 average**
- Business Strategy Planning: **2.02 average**

**Customer relations was the most consistently highly-rated skill chosen by owners**, pointing to the personal relationships and vital role held by local meat processors in their communities. At some point in their interviews, several owners described **a strong sense of social responsibility and high community involvement due to the nature of their business**. These same skills were the highest rated in terms of how qualified owners felt to train future managers/operators/owners, in addition to equipment maintenance. **HACCP plan assistance was specifically brought up as useful** and desired regardless of length of time in the business - during interviews, it was mentioned by interviewees that HACCP plans are difficult to complete and more assistance or training would be useful. Several processors noted that some inspectors are very helpful to new processors in guiding them to complete their HACCP plans.



### What is a HACCP plan?

"HACCP stands for Hazard Analysis and Critical Control Points. The United States Department of Agriculture (USDA) sees the application of HACCP to the meat and poultry industry as a process control system that can be used to prevent hazards to the food supply and a tool in the control, reduction, and prevention of pathogens in meat and poultry."<sup>1</sup>

<sup>1</sup> <https://ask.usda.gov/s/article/What-does-HACCP-mean>





## Transition

The last section of the interview addressed plans for the future of the interviewees' businesses, including current stage of transition planning, sources of business planning assistance, funding opportunities, and transition resources. **A slight plurality (37%) of processors stated they weren't planning for transition, and 33% reported that they had started the process but hadn't yet completed a plan.** 13% of processors say they "need to plan" a transition, and 17% of processors have fully completed a plan. Some processors who are not currently planning for transition explained that they still have many years left in the business. Many of them are **family businesses** or employ family members - a few owners noted that they have not started planning a transition because family circumstances are unknown. For example, some commented that their children are still too young, or haven't expressed interest yet in taking over the business upon retirement.

When asked what resources they would need to transition their business to a new owner, interviewees' top responses included their lawyer (22%), accountant (20%), and banker (11%). These answers reflect traditional routes of business guidance. Business development centers have resources to assist businesses through the transition process. Out of all interviewees, only two mentioned they would utilize a business development center specifically for their transition. This may be due to a lack of understanding of the services available through business development organizations and the notion of costs involved. As we look for solutions in assisting with business transitions, it is necessary to highlight the importance of having a plan regardless of the timeline of your business's transition.

On a similar note, **owners indicated no strong need for additional business management resources for themselves** on average, though financial resources were rated the highest need out of all the options. When interviewees were asked to rate their "need for more information", there was an even distribution between those that believed they would benefit from more information and those who stated they would not benefit from additional resources. This reflects a comfort level with their current business capacity. Alternatively, when asked which resources an industry newcomer would benefit from, there was strong agreement that all listed resources would be beneficial. **The top recommended resources for new owners included government regulations, regulatory considerations, inspection, HACCP (36 "great need" ratings), business strategy planning, business growth, and succession (34 "great need" ratings), and customer relations (34 "great need" ratings).**

### COUNT OF RATING RESPONSES FOR MANAGEMENT OF EMPLOYEE AND BUSINESS RESOURCE NEEDS

Total Responses

53

Number of Responses

40

35

30

25

20

15

10

5

0

Great Need

Need

Somewhat  
of a Need

Mostly  
No Need

No Need  
at all

Owner

New Owner

Owner

New  
Owner

Owner

New  
Owner

Owner

New  
Owner



*Pictured are V & M Locker in a family ownership transition. From Left: Chad Ruiter, Julie Ruiter, Barb Ruiter, and Verlan Ruiter*



A sizable subset of processors found general funding opportunities at their local bank. For business planning assistance, local city economic development authorities were described as especially helpful. However, many owners commented that they “didn’t know” what resources were available to them for transition planning and related issues.

**“ I feel like the person taking over would need more resources than me...  
New owners would probably need financial advisors. ”**

### ***Lessons Learned & Shared from Failed Transitions***

During the interview process, a few processors described their experiences with ownership transition during conversation. While our interview questions specifically addressed transition planning and resources, the information offered allowed us to make additional observations. **Transitions tended to be more successful when they involved either family members, internally trained workers from the business, and/or external assistance from advisors such as regional economic authorities.** Failed transitions, or formerly successful business which subsequently closed after a sale, often involved unplanned sales responding to outside offers. **Failures were associated with new owners from outside the industry enacting drastic business changes, driving away customers, workers, or both - illustrating a strong need for transition information and resources to be available to transitioning owners.** One failed transition involved a sale to an out-of-state buyer from outside the industry, who ended up firing all “expensive” labor along with other “cost-saving” innovations that led the plant to close rather quickly - depriving the area of a dependable, local processor.

While not all successes are necessarily associated with family members or close employees, it is important to note that **11% of the interviewed meat processors were transitioning ownership to family members, and 25% were interested in doing so in the future.** Meat processors hold a vital role in their communities, and owners are highly invested in both their business and the community. We interviewed a few processors who described previous owners maintaining interest in the success of the transitioned business and offering assistance after the transition had taken place. Other processors expressed a desire to do the same once they are ready to retire. **Thus, successful transitions are more likely with the assurance of investment in the business, investment in the community, and access to both guidance and informational resources.**

**“ If [the owners] end up selling in the future, they would offer their services to help for a while until the new owner was comfortable with the operation. “The last thing I want to do is sell the business to somebody and then watch it go belly up right away. ”**



## Focus Group Findings

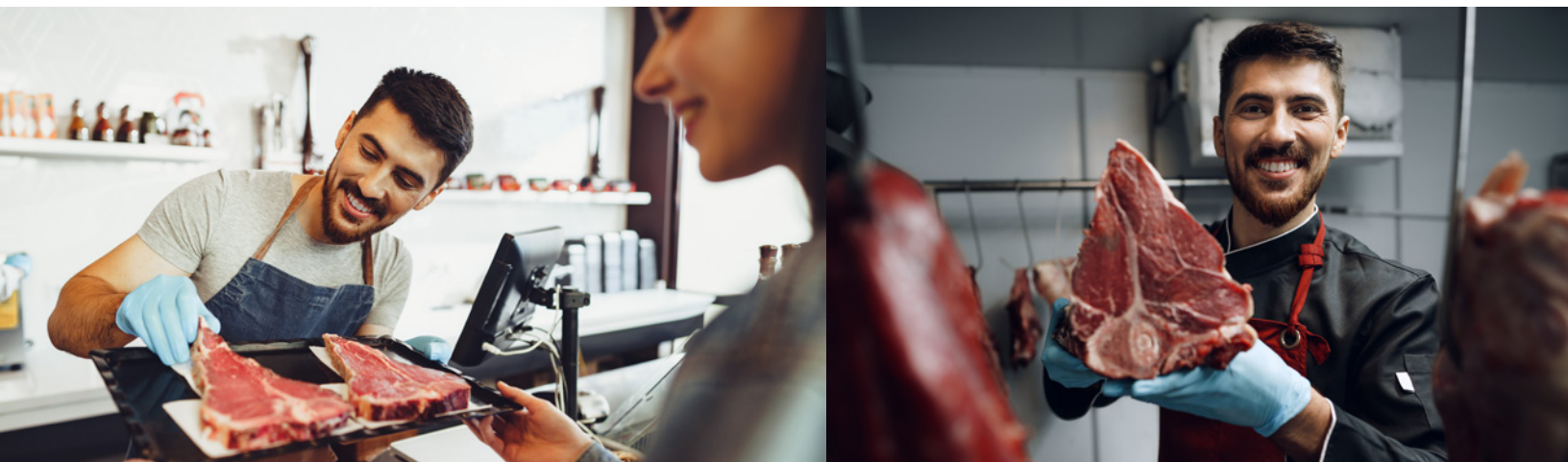
The Latino Economic Development Center (LEDC) partnered with our project team to conduct outreach to Latino and other BIPOC communities living in Greater Minnesota. LEDC has a large Latino network within rural Minnesota and is aware of many potential clients who are ready and willing to be trained in meat processing to run their own business. LEDC interviewed a total of 28 people for the outreach and listening sessions - 22 of them have previously worked or are currently working for the meat industry in Minnesota, and most of the participants worked for large packing plants in rural areas. Eight of the participants worked for small meat processing plants. The following is a summary of the findings written in a short report by LEDC (see Appendix E). Information gathered during the listening sessions includes:

**Current Training:** None of the interviewees had formal training in meat processing. Those who worked at larger plants had limited understanding of all stages of whole animal butchery due to their training for specific jobs on processing assembly lines. Those who worked for small processing plants had “strong foundations” in all areas of meat processing because they were able to be moved through all parts of the butchering process. All the interviewees understood the physical demands of the industry, and two of them had reported serious injuries on-the-job. **Workers can be willing to physically move to where there is “significant and reliable” work, but few interviewees said they were interested in moving long distances for work, and that starting wages would need to be \$18 or higher.**

A consideration noted by LEDC was understanding the workforce pool. Questions did not include immigration status but eight of the interviewees offered that they were undocumented, and that their immigration status affected their ability to look for work. According to the Pew Research Center, 2.2% of the workforce in Minnesota are undocumented. Anecdotally, LEDC knows many of these workers are in the agricultural and meat processing industries. **When addressing the lack of skilled workers overall in the Minnesota meat processing industry, it would be useful to understand immigration process dynamics and, as an industry, advocate for expanded pathways to citizenship or work visas for willing workers.**

## Takeaways

- The starting wage for a worker should be around \$18/hour.
- Workers might be willing to move to where there is a good job. However, high wages, housing, and the ability to go back to another community on weekends may be important factors.
- On-the-job training might be enough for most workers (who do not want to be owners) to continue to develop the skills needed for most jobs in the industry; not all workers want to be owners of a meat processing business. However, on the job training alone may not necessarily be comprehensive enough to develop all skills needed for ownership, including for business management. Thorough training can come from a variety of institutions, including community colleges and other organizations like LEDC.



## ***Owning a Small Meat Processing Business:***

Four of the participants were interested in owning their own processing business. Three of these participants had many years of processing experience and clearly understood the industry and the work that needed to be done. There was demonstrated interest within the Latino and BIPOC community for ownership opportunities. They understood the high cost of purchasing a building and equipment and cited that as a barrier to having their own plant. **All expressed interest in working with a turnkey operation or creating an apprenticeship model that would see them slowly earn ways to create equity in an existing business.** Understanding the process of ownership and getting access to capital is crucial for people to believe they can be owners.

### ***Takeaways:***

- There could be significant interest in being an owner of a small meat processing plant among Latino and other immigrant communities.
- Targeted training on financial management, loan readiness, and licensing requirements will be needed to help interested individuals be prepared for ownership.
- Clear access to capital and potentially access to grants are needed to help purchase and own a processing plant.
- There is interest in apprenticing under another business owner, especially if there is a pathway to ownership.
- Within many of the immigrant communities the customers do not have available funds to pay a premium price for meat and/or specialty cuts. There is a strong chance that immigrant/BIPOC entrepreneurs would need to sell outside of their communities to get higher prices for their meat sales.



### ***Barriers to Taking Over a Processing Business:***

- Language barriers could be significant for creating a good working relationship between owners of existing businesses, and workers who want to apprentice under them.
- There would need to be significant time dedicated to financial management, licensing requirements, and accessing capital to help potential business owners gain those skills. If possible, these trainings should be incorporated into the workweek and be paid time for apprentices.

### ***Training Programs***

The potential of participation in a training or apprenticeship program was discussed in the listening sessions, including both an apprenticeship model and a traditional community college program model. Many participants were concerned that training courses would be costly and time-consuming. Some participants expressed interest in attending training courses but thought it necessary to know what would happen after the training: what job they would have, the wage, and job security. An apprenticeship that included on-the-job training and a paid schedule was most appealing to the interviewees. Spanish language interpreting would be vital for attracting the Latino workforce to a training program or to an apprenticeship.:

- The best time to offer training is weeknights or weekends. However, even Saturdays are often workdays, so evening hours on weekends would be necessary as well.
- Establish a clear understanding of opportunities at the end of training.
- Offer translation for people who wish to attend training courses or effectively apprentice under a business owner. Both the Latino and East African participants were more comfortable in their native languages.
- Create ways for participants to earn money while getting trained on-the-job, which would be more enticing to participants than paying for a training program.
- In the apprenticeship model, find ways to fund a few hours each week where the worker would be able to attend specific training during paid work hours.



## V. GENERAL FINDINGS

- Overall, **16% of processors were interested in a USDA-approved mobile slaughter service.** A number of processors were interested in locally-sourced meats as well. Others were busy enough with retail, custom processing, and a labor shortage that they did not have the time to consider involving the additional USDA inspection currently required for producers who wish to market individual meat packages locally.
- A majority of processors **have a preference for partially-trained hires.**
- Sanitation procedures, safety procedures, and quality control must be prioritized during the training or teaching process.
- Processors are **very interested in apprenticeships** and emphasize **the importance of work ethic and potential for retention** when considering an apprentice. They are very willing to train meat processing knowledge and skills, but business management skills would be most effectively taught and learned in an educational or classroom setting. Wage assistance was a desired resource to support an apprenticeship. Most processors indicated a desired apprenticeship length of at least one year.
- **Health benefits are a desired and highly effective incentive** for employee hiring and retention, but many processors are unable to afford the service. Informal incentives such as discounted meat, free processing, and free meals were also quite popular.
- **Over a third of processors have not started planning for transitions.** Many are family businesses, and owners are waiting for their children to grow older before planning a transition. In general, successful transitions have involved family members or internally trained employees, and failed transitions were associated with new owners from outside the industry. While many processors didn't know where to find transition resources, some processors followed traditional routes of business guidance for a transition by describing a need for resources such as a lawyer, accountant, or banker. General funding opportunities are widely found at local banks.
- Many workers in Latino/BIPOC communities are willing and able to work, with some being interested in ownership. Unique barriers need to be addressed to access this workforce and provide opportunities, including "earning while learning", language barrier/translation resources, the undocumented status of some potential workers, and access to capital.
- **We must note the severe lack of poultry processors in Minnesota - any processing plant closure can have consequences radiate through local food systems.** Growers go to great lengths to process their birds, enduring long wait times, travel distances, etc. For example, the loss of one poultry processor in southeastern Minnesota caused a local grower to truck their poultry to Illinois for cheaper and faster processing. According to the former owner, a facility that closed previously processed 150,000 birds per year, with an average flock size of 150. A different poultry producer in the area stopped producing entirely, as the farmer did not own a truck to access the out-of-state processing.



## BOLSTERING LOCAL FOOD SYSTEMS

A finding we discovered during our interviews was **the lack of locally-sourced meat being sold at retail meat counters across Minnesota, even among USDA or E2 inspected plants.** While our interview questions did not address this topic specifically, it was mentioned repeatedly in qualitative conversations with processors across Minnesota. The widespread use of non-local boxed meat for further processing and sale in local meat counters seriously reduces the value of local butcher shops to local livestock producers, and undermines the goal of sustaining and supporting local, direct-marketing farmers.

When asked to explain the choice to sell non-local boxed meat rather than local meat in retail counters, processors described a few **limiting factors:**

- **Cost:** local meat is more expensive to source than boxed meat. Selling roasts or other less popular cuts at a discount by grinding it into ground beef, pork, etc. is not an effective way to capture the full value of the whole animal.
- **Byproducts:** capturing value from offal and byproducts (hides, tails, organs, blood, etc.) is difficult to do in a small market and depends on local community preferences. Properly processing/packaging each of these items for retail requires time and skilled labor that the business may not have.
- **Lack of Market:** processors described not having enough of a market in their areas to engage in whole animal butchery and sell all the parts. It is easier and cheaper to order the exact cuts local customers prefer. The types of cuts that sell vary according to the customers of the individual businesses. Offal or other parts of an animal that are discarded in one business can sell for a premium to customers of another.

Our vision of locally-sourced meat being sold at retail counters at a successful facility is possible. We interviewed a thriving business in Minnesota that has accomplished this goal, while simultaneously paying high wages (low \$20s per hour to start) and offering retirement benefits and other incentives. Their focus is on local animals - the owner noted that over 80% of their retail counter consisted of local products. We are briefly highlighting this business to illustrate that this model can be successful, though further research and exploration on the topic is needed.





## VI. RECOMMENDATIONS

Based on our collected interview data, we recommend the following:

### *Apprenticeships*

**Apprenticeships are ideally suited for training slaughter and meat processing knowledge and skills.**

- An apprentice should start with a minimum wage of \$15 to \$18 per hour, with state/federal wage assistance adding \$3 per hour in addition to the baseline wage. We note there is no wage assistance currently available. While wage assistance would be an excellent incentive, the lack of a state incentive is no reason not to proceed with the program.
- We support the provision of a pool of funds for small and medium processors for use as relocation packages, retention bonuses, training programs, etc., first proposed by the MDA as a budget recommendation.<sup>3</sup>
- The apprenticeship should be one year in length.
- The apprenticeship program should be registered as a National Apprenticeship with the U.S. Department of Labor - Employment and Training Administration or the Minnesota Department of Labor and Industry.

**A pre-screening for both commitment to a meat processing career and level of comfort with slaughter work would help address retention problems related to unfamiliarity with day-to-day slaughter and meat-cutting processes and tasks.**

- However, it is important to note that employee retention is also strongly related to employees' need to provide for themselves or their families with their wages, in addition to the existence of important benefits like health insurance. It will be increasingly difficult to hire and retain employees in the industry as long as wages are low and benefits are minimal to non-existent.

**Business management skills would be best taught in a more formal educational environment (online or in-person), with an exception for when a business owner is personally training a future buyer of their business.**

<sup>3</sup>[https://www.revisor.mn.gov/bills/text.php?number=HF4366&version=0&session=ls92&session\\_year=2022&session\\_number=0](https://www.revisor.mn.gov/bills/text.php?number=HF4366&version=0&session=ls92&session_year=2022&session_number=0)



## *Transitions*

**Increased involvement from a trade association such as the Minnesota Association of Meat Processors (MAMP) would be helpful for providing information and resources for transition.**

- Bringing in a local Economic Development Authority (EDA) expert to the MAMP convention as a potential resource would be beneficial.
- We support the provision of a pool of funds for small and medium processors for use as relocation packages, retention bonuses, training programs, etc., first proposed by the MDA as a budget recommendation.
- Currently, the Agricultural Utilization Research Institute (AURI) is in the process of creating a resource map database that will include some transition resources.

**Target recruitment, training, and support for buyers wanting to take over a meat processing or slaughter business.**

- Our team's next phase of RSDP-funded work with LEDC will implement this recommendation as a model for transition improvement and support.

**Successful transition of existing businesses to future sustainable ownership must be prioritized by trade associations and associated organizations.**

- We must have better publicity of thoughtful transition processes and assistance available to current meat processors.
- We suggest that MAMP plays a larger role in publicizing businesses for sale and holding workshops on transition, in addition to guidance on successful transitions if the owner is not working with a family member.

### *Further recommendations and opportunities for research based on qualitative observations:*

**Existing Equal-To or USDA inspected lockers who stock their retail counters with a high proportion of locally-raised meats should be studied with an eye towards replicating their success.**

- MAMP, MDA, or other partners could highlight the added community value of local retail counters selling local meat.
- An economic analysis of the contribution of local meats, similar to the MDA report "Status of Organic Agriculture in Minnesota" 2015 would be useful for this effort.





**Health insurance provision to processors and their employees is vital to the success and longevity of the Minnesota meat-processing industry.**

- We recommend the appropriate Minnesota state agency should investigate the possibility of a multi-employer benefit pool for small meat lockers in Minnesota to reduce risk and cost for each individual locker, potentially using an association health plan (AHP) model. This may enable small lockers to provide health insurance to their employees at lower cost.

**Inspectors are trained to act as a resource as well as a regulator, and we heard from several processors how helpful their inspectors were in this regard. It has been beneficial for both new and existing meat processors. We suggest that all inspectors receive the training and encouragement to act as such a resource.**

- Adding a certification navigator position to the MDA to support meat and poultry processors in: (1) developing sanitation standard operating procedures, hazard analysis, and critical control points (HACCP) plans; and (2) navigating the certification and inspection process..
- Processors noted the time constraints and complexity in the process of applying for grant funds. A navigator, in this capacity, would benefit the industry by reducing barriers by providing technical assistance to small processors at any level of inspection.

**Custom plants provide an important link between local livestock farmers and consumers buying their animals directly from them. We propose the development of new grant programs or modifications to current federal and state grant programs directed at small meat processors.**

- Federal and state grant programs should continue to support custom plants for the crucial services they provide.
- Federal and state grant programs should provide further support (expanding eligibility, funding, etc.) to custom plants to support this vital local foods link between local livestock farmers and consumers.



## VII. OPPORTUNITIES FOR FURTHER RESEARCH

Economic and policy research on local meat counters and their relationship to local livestock producers would be highly beneficial for addressing the disconnect between local institutions selling non-local boxed meat, and livestock growers looking to provide meat locally. To increase benefits to farmers and rural communities, strategies are needed to change the system so locally produced meat is increasingly present in retail counters and local institutions. The means by which processors can make the change to local meats must be simple and straightforward. Ease of process could be assisted by the creation of a specific grant tier through the MDA grant program that specifically addressed transition to selling locally-produced meats.

## VIII. CONCLUSION

Local meat lockers provide a vital link between small and mid-sized livestock farmers and their customers. Such farmers meet the surging demand for healthy, local meats raised in a manner that supports farmers with above-market returns and regenerates the land. A shortage of trained and willing workers, and people ready to successfully take over ownership of existing lockers from retiring owners means that locker capacity in Minnesota is often unable to meet demand. Many farmers and their direct-market customers are scrambling to find butchers that allow them to complete their transactions.

With a mismatch between local retail demand and all the cuts from whole animals, most retail meat counters in local lockers (even those with inspections compatible for retail sales) do not sell locally-raised meats, and most local institutions do not source locally-raised meats. This reduces their value to small and mid-sized livestock farmers in the area, who miss out on serving the local retail and institutional markets.

Many Latinos and other local BIPOC communities are ready and willing to work in local meat processing, so long as their distinct barriers are addressed. Navigator organizations can play an outsized role in business training, outreach, and guiding immigrant participants through the apprenticeship. Providing apprenticeships to allow “earning while learning”, combined with online or in-person training for specific identified knowledge and skills, can help address the shortage of workers and future owners who will successfully maintain and expand local lockers to benefit farmers, rural communities, and consumers throughout the state who are increasingly seeking local meats.





## IX. ACKNOWLEDGMENTS

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RSDP Regional Directors:

**Molly Zins**, Executive Director, Central RSDP

**David Abazs**, Executive Director, Northeast RSDP

**Shannon Stassen**, Executive Director, Northwest RSDP

**Andi Sutton**, Executive Director, Southeast RSDP

**Anne Dybsetter**, Executive Director, Southwest RSDP

**Anna Peterson**, Executive Administrative Assistant

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**Jordan Juckel**, Executive Director

**Brian Schatz**, Board President

**Rob Lorentz**, Past President

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**Thom Peterson**, Commissioner

**Paul Hugunin**, Director of Ag Marketing & Development Division

**Levi Muhl**, Program Manager, Dairy & Meat Inspection Division

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**Gary Wertish**, President

**Stu Lourey**, Government Relations Director

**Carol Anderson**, Executive Committee Chair

**Jo Ellen Schwake**, Accountant

MFU Let's Meat! Group

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**Sabrina Portner**, Animal Science Graduate Research Assistant, University of Minnesota

Sustainable Farming Association of Minnesota (SFA)

**Theresa Keaveny**, Former Executive Director of SFA

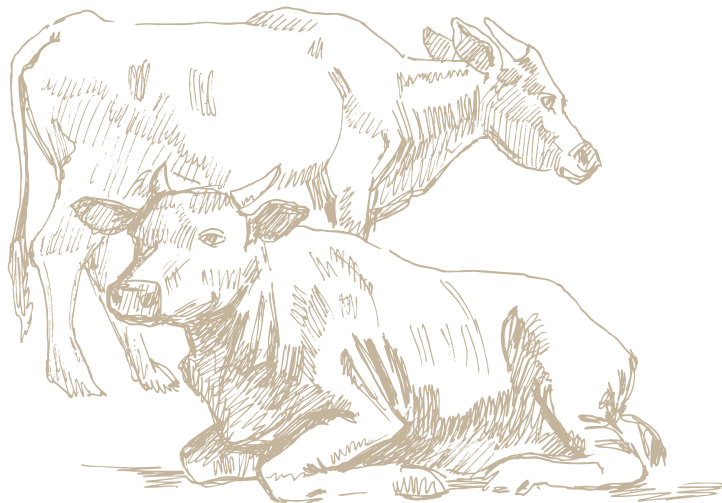
School Sisters of Notre Dame

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**Sister Mary Mark Tachney**

University of Minnesota Extension

**Wayne Martin**, Assistant Extension Director, Center for Agriculture, Food, & Natural Resources



# APPENDIX A

## Levels of Inspection

**Custom-Exempt:** the plant only processes meat for the owner of the animal. It does not require continuous inspection because the meat is not being sold, and is for consumption only by “the owner, the owner’s immediate family, and non-paying guests”. Inspections of the plant facility occur, but they are less frequent than the other inspection levels. Animals coming into the plant are not routinely inspected

**Equal-To (E2):** This level is considered “at least equal to” the federal meat and poultry inspection program (USDA), which requires continuous inspection: daily inspection of plant facility and operations, and pre-slaughter and post slaughter inspection of every animal. Processors that want to sell their products to other retail outlets must be continuously inspected. With E2, facilities can slaughter and process meat products to be sold to any entity within the state of Minnesota. This inspection program allows smaller slaughter and processing plants to expand their reach, “work with smaller businesses within their community, and provide a service to the farmers in their area.” MDA notes that E2 helps in “strengthening and diversifying local food systems, local economic development, and helping consumers learn to know their local farmers”.

**USDA:** The requirements of this inspection level are similar to the E2, but also allow the meat produced to be sold in states other than Minnesota or exported internationally. Inspections must be conducted by the United States Department of Agriculture (USDA) Food Safety and Inspection Service (FSIS). USDA-inspected processors “may slaughter their own animals or purchase their products from other FSIS/USDA inspected sources and further process these products under continuous inspection.”<sup>4</sup>

<sup>4</sup> Starting a Meat and Poultry Processing Business | Minnesota Department of Agriculture. [n.d.]. Retrieved May 17, 2022, from <https://www.mda.state.mn.us/food-feed/starting-meat-poultry-processing-business>





# APPENDIX B

## Interview Participants and Contributors:

**Al Ousley** - Al's Butchers Blend, Perham

**Alan Hjelmberg** - Lake Haven Custom Meat Processing, LLC, Sturgeon Lake

**Brent Peterson** - Brent's Butchering, McGrath

**Brent Syverson** - Syverson's Meat Market, Karlstad

**Brian Holmer** - Michael's Meats, Thief River Falls

**Brian Ortloff** - Orty's Custom Meats, Deer River

**Briard Whitman** - Mills Locker Plant, New York Mills

**Caleb Thomas & Danny Thomas** - Kenyon Meats, Kenyon

**Chad & Julie Ruiter** - V & M Locker, Leota

**Chad Ruprecht** - Ruprecht's Meat Market, Wabasso

**Dan Lewer** - Neighbors, New Richland

**Daniel Van Derostyne & Chuck Moberg**

- Canby Meat Center

**David Dauer & Austin Schumacker**

- P-Star Meats, Clements

**Dave & Karen Ledebuhr** - formerly Ledebuhr's Meats, Goodview & Winona

**Dean & Sherry Braegelman** - Braegelman Meats, Richmond

**Ed Zupancich** - Zups Market, Babbitt

**Eric Klein** - Dover Meat Processing, Dover

**Erik Jensen** - Minnewaska Meat Processing, Glenwood

**Greg Wierschke** - Clean Chickens & Co., Elk River

**Greg Endres** - Greg's Meats, Hampden

**Harvey Pfannenstien** - St. Joseph's Meat Market, St. Joseph

**Jamie Mesker** - Ole's Up North Meats and Processing, Henning

**Jane McCormick** - Everett's Foods, Minneapolis

**Jason Hoffman** - Milleville Valley Meats, Milleville

**Jessica Thielen** - Thielen Meats, Little Falls

**Jim Huettl** - Huettl's Locker and Dressing Plant, Lake City

**Joanne Burt** - Burt's Meat & Poultry, Eyota

**Katy Nelson** - Midwest Meat, LLC New York Mills MN

**Kim Mackenthun** - Mackenthun's, Waconia

**Kip Stender** - Dawson Meats, Dawson

**Klinton Van Heuveln** - K & S Poultry, Kerkhoven

**Lance Jensen** - Hancock Quality Meats, Hancock

**Lawrence Fox** - Fox Farm Pork & Processing, Browerville

**Lee Henning** - Lee's Meats, Lismore

**Leo Lutz** - Lutz Cuts, Hugo

**Lindsay Fulton** - Blondies Butcher Shop, Wanamingo

**Logan Schweiss** - Schweiss Meat Market, Sleepy Eye

**Luke Alsleben** - Alsleben Meats LLC, Glencoe

**Luke Strom** - Highwater Creek Meat Market LLC, Jeffers

**Mark Miller** - Custom Cuts Meat Processing Inc., Greenbush

**Mary Tessmer** - Tessmer Meats, Richmond

**Michal Jasek** - Floodwood Custom Meats, Floodwood

**Michele Bulau** - Egan's Market, Adrian

**Mike Holt** - Airway Lockers, Sacred Heart

**Mike Phillips** - Red Table Meat Co., Minneapolis

**Pat Thiner** - La Salle Meats, La Salle

**Philip Schelhaas** - Buffalo Ridge Lockers, Ruthton

**Randy Odenthal** - Odenthal's Meats, Heidelberg

**Roger (Butch) & Chandler Cole** - Lakes Country Meats, Alexandria

**Roger Crane** - Crane's Meat Market, Conville

**Rob Lorentz** - Lorentz Meats, Cannon Falls

**Ron Nelson** - Nelson Shine, Brainerd

**Ryan Schmidt & Brian Schatz** - Schmidt Meat Market, Nicollet

**Steve Schneider** - Schneider Custom Meats, Askov

**Steve Sweene** - Perham Locker, Perham

**Thad Erickson** - Full Circle Meats, Kerkhoven

**Tim Mikish** - Hickory Shop, Browerville

**Tom & Bob Petty** - Petty Brothers Meats, Annandale

**Vanessa & Michael Aggen** - Oak Meadows Meats, Harmony

## APPENDIX C

### Meat Processing Knowledge Items

- The primary cuts of meat and their location on a carcass of all species processed by the plant
- Final cuts and how they are broken down from primary cuts for maximum yield of the most valued customer cuts
- A meat goods inventory and control system including order taking, process scheduling, and ownership tracking
- Necessary sanitation procedures and rules for healthy handling of meat products
- Machines and tools, including their designs, uses, repair, and maintenance
- Proper aging times by species
- Quality control at each processing step from slaughter to packaging specifically to keep the carcass clean, costs, and other techniques for maximizing the effective processing of meat
- General food production and processing
- General safety procedures for the slaughtering space and equipment use throughout the plant
- Recipes and technical processing steps for specialty meat products
- Meat processing regulations

## APPENDIX D

### Incentives

- Starting bonus
- Retention Bonus
- Regular pay increases
- Health Benefits
- Retirement Benefits
- Ownership Equity
- Immigration Status Assistance
- Other





# APPENDIX E

## Background of LEDC Report:

*LEDC was contacted in November of 2022 to help conduct outreach to the Latino and other BIPOC communities living in Greater Minnesota. As an economic development center, LEDC has over 20 years of experience in business development and providing technical assistance to Latino and BIPOC entrepreneurs. LEDC has developed a comprehensive support program that includes classroom and one-on-one training, access to financing, business planning, support in obtaining permits and licensing, and building in regular linkages to other community resources such as USDA, MDA, and other partnering organizations. As a CDFI, LEDC has a loan fund of over \$5 million to provide start-up capital to new businesses and regularly leverages its loan money to secure additional loan funds for its clients.*

*Over the last 4 years, LEDC has developed a livestock farming program for its clients. There are currently 12 farms that are a part of LEDC's network of livestock producers, and the program participation is growing annually. Currently, most of these farmers are selling their animals at auction or as live animals to individual customers. To obtain a better price for their product and to sell at larger volumes, these producers need access to local small-scale meat processors in their communities that are willing to work with them. LEDC has a large Latino network within rural Minnesota and knows there are many potential clients who are ready and willing to be trained in meat processing to run their own business. Our strongest connections are in communities along the I-94 corridor from St. Cloud to Fargo, such as Long Prairie, Wilmar, and Morris. We also have strong connections in Owatonna, Albert Lea, and Austin in southern Minnesota. In December 2021, LEDC conducted informal interviews with 5 Latino leaders in the rural and farming communities.*

*These interviews were to help gauge the interest and potential of creating a program for Meat Processing Entrepreneurship in Minnesota. In February and March of 2022, LEDC staff conducted two listening sessions for Latino who work in the meat industry. The first of these sessions was held on February 4th in St. Paul, MN and was attended by 14 Latinos who had some connection/interest to the meat industry. The second was held on February 19th in Long Prairie, MN and was attended by 8 Latinos. In addition to the two listening sessions, LEDC staff met with a Somali-owned USDA certified Meat Processor in Hutchinson, MN. This meeting was also attended by a Liberian man who has been butchering goats and sheep for his community for the last two years.*

*Lastly, LEDC staff met with 3 Latino meat processing workers at Blondies Butcher Shop in Wanamingo, MN on May 4th. LEDC staff have sat down and reviewed the notes of the various meeting and listening sessions and have tried to put together a clear report of how the Latino and BIPOC community may be engaged to continue to fulfill high quality meat processing jobs and to create entrepreneurship opportunities for these communities. This report is not a quantitative analysis of the BIPOC communities' interest in pursuing jobs and businesses within the small meat packing industry. This is our attempt to document the information that we gathered in our conversations and add them to our general knowledge of the Latino community in Rural Minnesota.*



### Experience in the industry:

LEDC interviewed 28 people in outreach and listening sessions. Twenty-two of 28 are working or have worked in the meat industry in Minnesota. Most had worked for large meat packing plants in rural Minnesota such as Pilgrim's Pride and Long Prairie Meats. Eight of the 28 had worked for small meat processing centers on a scale that would be of interest to our project. Amount of time working in the industry ranged from 2 years up to 17 years. Six of the people that we interviewed had experience running their own business or had significant business management experience while working for someone else. 3 people had experience with marketing their own meat products to their communities. The marketing they did was all word of mouth, through their own network within their cultural community.

### Current Training:

Of all the people interviewed for this project, none had any formal training in meat processing outside of on-the-job training. Those who worked in the larger meat-packing plants were only trained in specific jobs on large assembly line operations. Some reported to have only limited understanding of butchering whole animals because of their lack of experience in multi-stages of the process. Many people leave jobs in the large meat processors after only a few months. However, the workers who stayed for several years at one plant did report being trained in all areas of the slaughterhouse floor. These individuals believed they had a strong understanding of the whole meat processing process.

The eight individuals that worked in the small meat processing plants, reported having a strong foundation in all areas of meat processing. Most reported to not be involved in the slaughtering of the animals but in the hanging and butchering of the meat. The small businesses often moved people through the entire process due to the size of the operation and number of employees. One individual was able to train into most positions at Long Prairie Meats because he had family in a management role there. He worked at Long Prairie for over 2 years and then moved into specialty meat cutting with another corporation. He had over 14 years in the industry and had a strong understanding of how to train people in all aspects of meat processing. He was interested in starting his own business.





## Factors to Success:

### Working in small meat processing:

*We heard a few things in our conversations about key factors for wanting to work within the small meat processing industry. Everyone interviewed understood how physically demanding the job is. They had all worked in the industry. Two of the 28 interviewed reported significant injuries during work hours. It was clear that most people do not get into meat processing work out of a love for the job. The workers we talked to could easily be divided into those with legal immigration status and those without documentation. A large pool of workers in the meat processing industry are undocumented and need a job. One factor to success in finding high quality skilled workers for small meat processors is understanding the reality of the workforce. Undocumented workers can be motivated to work and to move to where there is significant and reliable work. We did not specifically ask participants about their immigration status. However, 8 of the 28 participants volunteered that they were undocumented, and their immigration status affected their ability to look for work. In addressing the lack of skilled workers within the small meat processing industry, it would be useful to understand the dynamics of the immigration process and advocate, as an industry, for pathways to citizenship or work visas for willing workers here in Minnesota.*

*Regardless of documentation status, few of the 28 participants expressed their interest in moving a long distance for a job. Two participants said they would be willing to drive many hours to commute to a job for a week and return home for the weekend. They said that the job would need to be within two hours and would need to have housing available during the work week. They expressed that starting wages would need to be \$18/hr or higher. A worker at Blondies' Butcher Shop with 17 years in the butchering business had recently made as little as \$12/hr in a job he left due to the overt racism and xenophobia of the owner. This worker expressed surprise when he overheard the owner of the business talking so disrespectfully of immigrants. He left his job at that plant soon after.*

### Takeaways –

- Understanding reality of undocumented workers in Meat industry is important.
- Starting wage for a worker should be around \$18/hr if possible.
- Workers might be willing to move to where there is a good job. However, high wages, housing, and the ability to go back to another community on weekends may be important factors.
- On-the-job training might be enough for most workers (who do not want to be owners) to continue to develop the skills needed for most jobs in the industry.



## Owning a Small Meat Processing Plant:

Four of the 28 participants said they would be interested in owning their own processing businesses. Three of them were Latino and one was Liberian. Of the three Latinos, one was a farmer who was interested in processing their own animals on their farm. The other two Latinos interested in ownership had over 31 years of experience between them working in meat processing or meat cutting. Both individuals demonstrated a strong knowledge of the industry and clear work ethic and drive. One of these individuals was undocumented and was surprised to learn that he may be able to legally run a business in the United States. Both individuals expressed the need for understanding business management and needing access to capital to start a business. Both individuals seemed excited to hear that there could be turnkey operations available or could maybe work their way into ownership.

The Liberian man was very motivated to run his own business. He has been butchering around 300 sheep/goats plus a few cows each year for over two years. He said he had a strong customer base in Rochester and in Minneapolis. His business was completely under the table. He would work with a few members of his community to organize groups of people to buy animals. He then works with Amish farmers in his region. He arranges to have the correct number of animals on an Amish farm. He then kills the animal and processes the meat. He sells much of the meat as Halal to his customers. He does not have a cooler and customers come to farm and pick up the meat the same day that the animal is killed. He expressed interest in wanting to do things legally and that he would be interested in USDA certification of his meat and a full processing plant. He understood that he would need to charge more money for his meat if he did things legally and certified. He expressed concern that he would not be able to charge a high price to his current customers and would need to find customers willing to pay for the certified meat. We interviewed the Liberian man while visiting a Somali-owned USDA-certified processing plant. The owner of the plant has been in business for five years. He received FSA funding to both buy his land and to build his processing center. At the height of his business, he was butchering up to 30 sheep/goats per day. He would do two days of USDA-certified processing of animals to sell primarily into the Somali markets and restaurants in Minneapolis and St. Paul. He would also do 1-2 days of custom orders for a list of customers. His business model is to buy sheep and goats at auction and then butcher and sell them to customers who have pre-ordered. His original idea was raising his own animals on his farm, but he was unable to do both the raising and the butchering well enough to make a profit. He is currently only butchering animals one day a week for USDA-Certified and one day of custom butchering. He expressed that a huge limitation for him is good skilled workers. He and the Liberian man discussed options to work together. They discussed being able to rent the operation one day a week to the Liberian man. However, the owner of the plant was too worried about liability. The owner was interested in having the Liberian man work for him a day or two a week but it was decided that the four hours between where he lived and the processing plant was too long a distance.



## Takeaways –

- There is interest within the Latino and BIPOC community for ownership opportunities.
- Understanding the process of ownership and getting access to capital is crucial for people to believe they can be owners.
- Targeted training on financial management, loan readiness, and licensing requirements will be needed to help interested individuals be prepared for ownership.
- Clear access to capital and, if possible, grants to help purchase and own a processing plant.
- There is interest in apprenticing under another business owner, especially if there is a pathway to ownership.
- Within many of the immigrant communities the customers do not have available funds to pay a premium price for meat and/or specialty cuts. There is strong chance that Immigrant/BIPOC entrepreneurs would need to sell outside of their communities to get higher prices for their meat sales.



## Barriers in a Training Program:

We discussed the idea of attending a training program/apprenticeship program with participants. Both a traditional community college program and a created apprenticeship model were discussed. In general, people were hesitant to imagine going to a community college course for meat packing due to the costs and the amount of time it may take to complete the training. However, a few participants expressed interest in attending training courses if they were available. It would be key to know exactly what the training would get someone; what job would be waiting, what would be the wage, and how could the person feel secure that they would have a job. The idea of an apprenticeship that included on-the-job training and a paid schedule was more appealing to participants. It was discussed a few times across the meetings that workers in meat packing currently or who would be interested in these jobs, work long hours over six or seven days a week often. If they were to attend trainings, the best hours

would be in the evening hours after 6:00 or on Saturday or Sunday. Even on Saturdays, many people work until 4:00 or 5:00. It was also discussed that many workers work overtime but their paychecks only reflect a 40-hour work week at a higher wage than they are receiving. This means they must work the longer hours to keep receiving the same amount of money they are used to receiving. Language would also be a barrier to a training program or apprenticeship. More than  $\frac{3}{4}$  of the participants we talked with spoke a language other than English. Spanish language interpreting would be vital for attracting the Latino workforce to a training program or to an apprenticeship.

## Takeaways –

- Best time to offer trainings is weeknights or weekends. However, even Saturdays are often workdays.
- Clear understanding of opportunities at the end of attending trainings will be important to communicate..
- Language will likely be a barrier to getting people to attend training courses or effectively apprentice under a business owner. Both the Latino and East African participants were more comfortable in their native languages.
- Creating ways to earn money while getting trained on-the-job would be more enticing to participants than paying for a training program.
- There is interest in apprenticing under another business owner, especially if there is a pathway to ownership.
- In the apprenticeship model, finding ways to fund a few hours each week where the worker would be able to attend specific trainings during paid work hours would be helpful.



## Barriers in taking over a Meat Processing Business:

In discussing the ability to start a meat processing business, four of the 28 participants expressed interest in having their own business. Three of these participants had many years of working with meat packing and clearly understood the industry and the work that needed to be done. They understood the high cost of purchasing a building and equipment and cited that as a barrier to having their own plant. All expressed interest in working with a turnkey operation or creating an apprenticeship model that would see them slowly earn ways to create equity in an existing business.

## Takeaways –

- There could be significant interest in being an owner of a small meat processing plant among the Latino and other immigrant communities.
- Language barriers could be significant for creating a good working relationship between owners of existing businesses and workers who want to apprentice under them.
- There would need to be significant time dedicated to financial management, licensing requirements, and accessing capital to help potential business owners gain those skills. If possible, these trainings should be incorporated into the workweek and be paid time for apprentices.