

# **Vermont Ground Beef Marketing Study**

## **Final Report**

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**Prepared by**

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The Vermont Ground Beef Marketing Study was funded by a grant made by the Argosy Foundation to the Vermont Housing and Conservation Board, in conjunction with the Vermont Farm Viability Enhancement Program. The purpose of the grant is to encourage innovation and diversity in Vermont agriculture, by developing new markets for high quality, nutritious, locally produced products.

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## Background

The Vermont Ground Beef Marketing Study was funded courtesy of the Vermont Housing and Conservation Board (VHCB). The intent of the study was to determine the market potential of a product-line of "all-Vermont" ground beef patties. The goal of VHCB in funding the study was to foster diversification of Vermont agriculture by identifying a potential new market for a product that can be readily produced on a variety of Vermont farms, from small scale diversified livestock producers to traditional and organic dairy farms that are looking for profit potential outside of the commodity milk market.

The study was to examine the possibility of adding value to boneless, underutilized cuts of beef that are commonly ground and sold at bottom-of-the-market prices, even though the beef itself may be of very high quality. This could include older beef cows, and bulls, as well as younger animals that have been finished on grass.

More specifically, the study would determine whether market potential exists for ground beef patties that are pre-packaged and sold either fresh or frozen for wholesale delivery to restaurants, fast food outlets, and institutional buyers. This product would be differentiated from other products on the market on the basis of premium quality, best fat to lean ratio for taste and healthy eating, and grown and processed in Vermont.

The study would start from four premises: (1) that quality ground beef in significant quantities can be, and already is, produced in Vermont; (2) that a new market benefiting multiple beef producers is one in which someone other than the producer (a processor) does the processing and marketing; (3) that in order for processing capacity to exist, a processor must receive a price that covers processor's cost of production plus a reasonable profit; and (4) that contracts or other pricing mechanisms will target profits above the processor's reasonable margin for return to the farmer.

## Executive Summary

This study was undertaken to determine the viability of a Vermont Ground Beef product, from processing feasibility to market demand and profitability potential for producers and processors.

The study first defined the source material for the finished product. It was decided that cull dairy cows would be ideal for several reasons:

1. There is ample supply. Approximately 30% of all dairy cattle are culled from the herd each year. This translates into an average of 19,000 to 30,000 cows statewide per year.
2. Producers currently dispose of the majority of cull dairy cattle at auction. Pay is determined based on the daily or weekly national supply and demand for beef. Out-of-state processors send trucks and a buyer to purchase the animals. Within the industry, cull dairy cows are commonly used for ground beef. Demand for ground beef peaks in the summer but drops through fall and winter. The value received at auction does not necessarily translate into fair value to the producer.
3. Cull dairy cows in Vermont include both Holsteins and Jerseys. Jerseys by nature, are smaller in stature than Holsteins or other milking breeds. National processors place demerits on cows below a certain weight to offset the overhead expense per cow. This places numerous Vermont dairy producers at a disadvantage when sending cull cows to auction.
4. Cattle raised for meat command premium pricing and would best be served sold as retail cuts.

**Figure 1: Jersey and Holstein Dairy Cows in Randolph, VT**



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Once the product source was settled, processing capacity and processing costs were investigated. At present Vermont has seven USDA certified slaughterhouses and one considering certification. Vermont also has a variety of USDA certified processing-only plants (secondary processors). Two secondary processors have expressed an interest in the project.

Of primary importance for the processors were

1. Consistent, reliable, steady volume
2. Consistent, reliable schedule

Processors in the state currently rely on a highly seasonal business model. The processors are over-stretched from September to January and under-utilized from February through August.

This creates stressors such as

1. trained labor retention
2. irregular cash flow
3. impaired quality of life
4. concern over monthly overhead expenses

Producers would welcome the opportunity to generate stable income from the sale of their animals. In order for the Vermont Ground Beef product to work for the producer the product would need to

1. Provide the producer with a return on investment of equal to or above what they would receive at auction

The goal for the product would be to return to the Producer a fair, stable return on investment for their animal, regardless of the fluctuations in the national marketplace. This may mean that at certain peaks during the year the value will be less than at auction but that on average the producer will be paid above the national selling price.

Retailer and restaurants would utilize and sell a Vermont Ground Beef product if

1. Pricing can remain equal to, or be only slightly higher than, commodity pricing
2. The product definition meets their needs

## **Product Definition**

The study originally anticipated a market for pre-made ground beef patties. It was discovered there is demand for a Vermont Ground Beef product but that it took multiple forms depending on the market.

### ***Institutions***

Institutions almost unanimously preferred a frozen product for liability issues. The favored size is a 5lb bulk, frozen "chub" sold two per box.

The ground beef product with the largest volume was a lean/fat ratio of 80/20 although there was demand for an 85/15.

### ***Restaurants and Fast-Food Outlets***

Within the restaurant and fast-food market, the predominant product again is a 5lb chub that maintains a lean to fat ratio of 80/20. A lean to fat ratio of 85/15 is, however, becoming increasingly popular. It is speculated this is due to pressure from consumer demand as Americans become "health conscious."<sup>1</sup>

The restaurants differ from institutions in that they prefer fresh ground beef.

### ***Country Stores***

While the original study did not include grocery stores, it was noted that a significant volume of ground beef was sold through Vermont country stores. Given that Vermont country stores are often sought out for their unique Vermont specialty items and Vermont country appeal, it stimulated our interest in researching this possible market avenue.

"Country store" retailers fall into three categories, those that

- ◆ grind their own beef
- ◆ use pre-ground beef in prepared deli foods
- ◆ do not sell or use ground beef

Within this framework there are stores already using and retailing local ground beef.

The stores using pre-ground beef for prepared deli foods have a product definition that mirrors the institutions, restaurants, and fast-food outlets.

Interestingly, the product definition for country stores who grind their own differs significantly. However, the differences complement a Vermont Ground Beef product concept:

1. These stores want bulk, primal cuts. This increases processing efficiencies for Vermont Ground Beef because no grinding is required. This may reduce processing fees.

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<sup>1</sup> Phone Conversation with Dick Cartier, Owner, Cartier's Meats, January 25, 2006.

2. These stores prefer a leaner ground beef product. Of the accounts who responded, the low ratio was 80/20 while the high was above 90/10. This works in the Vermont Ground Beef product's favor because the cull dairy cow is anticipated to be extremely lean. Lean to such an extent that some processors expressed a concern the product would require blending to achieve a desirable lean to fat ratio. An interesting comment from Lonnie Lisai of Lisai's Chester Market was that an 85/15-88/12 ground round was preferred by his clientele over 80/20 ground chuck because it does not flare up as much over the grill.<sup>2</sup> 80/20 has been predominantly expressed as the more desirable ratio for grilling because it has less of a tendency to stick.
3. The desire for leaner meat, and the fact that the Vermont Ground Beef product is anticipated to be from fairly lean cows will provide processing efficiencies and cost savings because leaner animals are more efficient to process and because processing expense is calculated per pound. The less the hanging weight, the less the processing expense.
4. Availability of the product in a retail setting enables end-user brand awareness.
5. Working with country stores furthers the study's ideal of creating and supporting a local economy. Many country stores in Vermont are independently owned and operated by Vermonters. The stores serve their communities foremost while also providing an attraction to tourists.

### ***Distributors***

According to Vermont distributors Cartier's Meats, Burlington Food Service and MaCauley's, they buy and resell fresh ground beef. They are not interested in a frozen product.<sup>3</sup>

In keeping with the distributors' preference, the final product suggested will be a fresh product. The distributors can freeze the fresh product and sell it as a frozen product at their own discretion.

#### Final Product for Prepared Food uses

- ◆ 80/20 and/or 85/15
- ◆ 5lb fresh bulk "chubs"
- ◆ 2 chubs per box

#### Final Product for Country Stores

- ◆ Fresh halves or quarters of the most common cuts, such as "primals," heel meat, chuck rolls and shoulder clods

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<sup>2</sup> Phone Conversation, December 1, 2005.

<sup>3</sup> Phone conversations with Dick Cartier, January 25, 2006, Mike Comeau, Meat Buyer, Burlington Food Service, February 3, 2006 and Dewey Dwinell, Meat Buyer, MaCauley's, February 6, 2006.

- ◆ Trimmed as lean as possible
- ◆ 10-20 lb sealed bags of meat parts
- ◆ 4-5 bags per box (60-80lb box)

An interesting note is that distributors and retailers alike agreed that a cull dairy cow product will produce a redder, more attractive meat, which could be leveraged as a sales tool. Additionally, as an educational selling tip, "cryovaced," (vacuum sealed in clear plastic) ground beef will appear blue-ish until the bag is opened. Once the bag is opened and the meat has a chance to oxidize and will turn red.<sup>4</sup>

## **Processing Capacity**

### ***Slaughter***

There are currently seven USDA inspected slaughterhouses in Vermont.

Of these seven slaughterhouses, five expressed a desire to participate in producing a Vermont Ground Beef product and one Vermont inspected slaughterhouse offered to obtain USDA certification if the project is undertaken.

According to all seven USDA certified slaughterhouses, roughly 12,000 cattle are being slaughtered under USDA inspection in Vermont per year.

From the candid responses of the processors interested in participating in the project, it is estimated that an additional 5,400 cattle could be slaughtered per year for a Vermont Ground Beef product.

### **Slaughter Bottleneck**

#### **Cooler Capacity**

A benefit to the slaughterhouses in collaborating on a Vermont Ground Beef product is that it will make use of their kill floor and processing capacity without requiring the ten to fourteen days aging that typical carcasses utilized for retail cuts require in the cooler.

Lack of, or limited, cooler space was the top concern cited within Vermont slaughter-processor facilities. Ground beef, requires no aging, and thus the carcasses will command minimal time in the cooler.

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<sup>4</sup> Phone Conversation with Dewey Dwinell February 6, 2006.

**Slaughterhouses Interested in the Project**

**PT Farms**

336 Main St.  
St. Johnsbury, VT 05819  
(802) 748-8323  
Peter Roy, Owner

**Over the Hill Farm**

502 Stage Rd  
Benson, VT 05731  
(802) 537-2811  
John and Nancy Wing, Owners

**Fresh Farms Beef**

136 Park St.  
Rutland, VT 05702  
(802) 773-3074  
Nick Greeno, Owner

**The Royal Butcher**

888 Route 12A  
Braintree, VT 05060  
(802) 728-9901  
ryanl@sover.net  
Ryan Larocque, Operations Manager

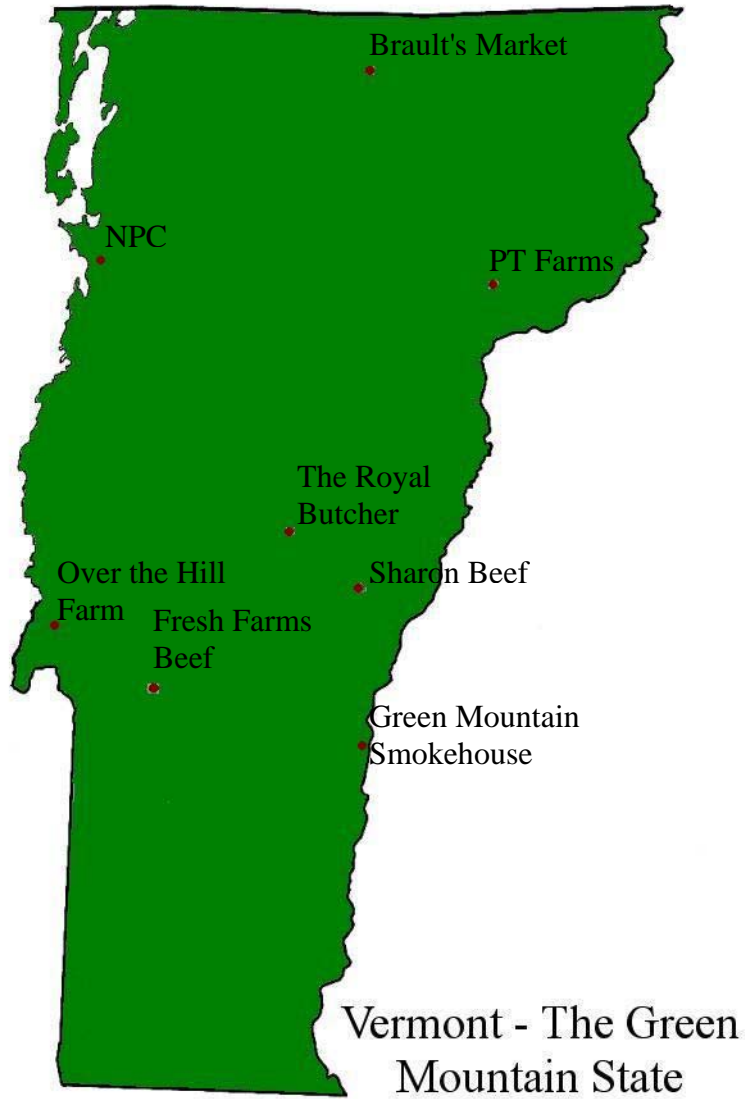
**Sharon Beef**

RR 1, Box 408  
Sharon, VT 05065  
(802) 728-9901  
Brenda and Darryl Potter, Owners

**Brault's Market**

Main Street  
Troy, VT 05868  
(802) 744-2271  
Anthony (Tony) Brault, Owner

Figure 2: Map of the Slaughterhouse and Processor Locations



## ***Processing***

In addition to the six slaughterhouses, two USDA inspected processing facilities expressed an interest in providing processing services for the product.

### **Secondary Processing Facilities**

#### **NPC Processing, Inc.**

15 Holmes Rd.  
South Burlington, VT 05403  
(802) 660-0496  
Fax: (802)660-0565  
Danny Desotel, Owner

#### **Green Mountain Smokehouse**

59 Rt.5 S  
Windsor, VT 05089  
(802) 674-6653  
Fax: (802) 674-5603  
Jake Henne, Owner

The slaughterhouse processors interested in participating in producing a Vermont Ground Beef product have a collective capacity of 18,300 pounds of grinding capacity per week.

With the additional volume supplied by the two processing-only plants, processing capacity is not foreseen to be an issue.

A further benefit of potentially using secondary processors to create the final product will be that the product will have a consistent, professional, outward appearance. In a consumer driven society, packaging is critical to a product's success.

On a cautionary note, however, if secondary processors are part of the operation, additional trucking fees must be factored into the equation to cover the cost of transporting the carcasses to their processing destinations.

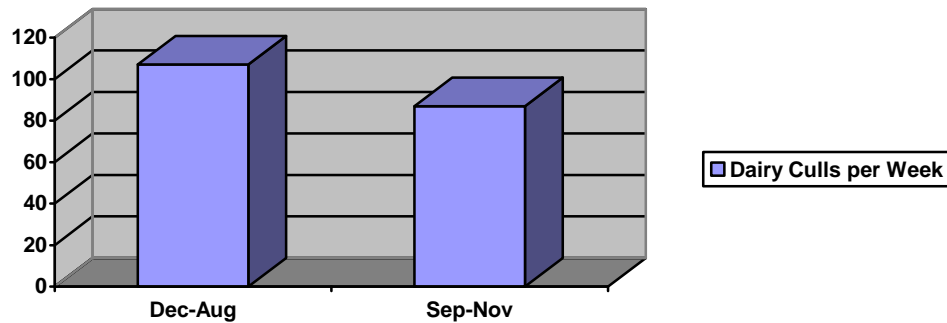
## ***Pattymaking***

Four slaughterhouses have patty-making equipment, however, three stressed that their equipment is antiquated and/or inefficient considering the large volume of product being discussed. Refitting with new machinery is an option but would be extremely expensive. Green Mountain Smokehouse, a secondary processor, does not have pattymaking equipment and has significant reservations regarding installing one. NPC has an efficient pattymaking operation but pattymaking would add to processing expense. The conclusion is that pattymaking poses a risk to both processing expense and turn around time. On a positive note, based on results from market demand, pattymaking is not a component of the final product specifications.

Figure 3: Slaughter and Processing Capacity Available to Accommodate Vermont Ground Beef

Facility	Slaughter	Process	Bulk	Patty
PT Farms	0 cows/week at present PT Farms is considering expanding and is interested in accommodating Vermont Ground Beef needs	0 cows/week at present PT Farms is considering expanding and is interested in accommodating Vermont Ground Beef needs	Yes	1,500lbs/day
Over the Hill Farm	6 cows/week	6 cows/week	Yes	2,000lbs/day
Fresh Farms Beef	0 cows/week at present Fresh Farms, at maximum cooler capacity, is investigating expansion and is interested in accommodating Vermont Ground Beef needs	0 cows/week at present Fresh Farms, at maximum cooler capacity, is investigating expansion and is interested in accommodating Vermont Ground Beef needs	Yes	1,000lbs/day
The Royal Butcher	50 cows/week	20 cows/week	Yes	Yes, load limit untested
Sharon Beef	11 cows/week	11 cows/week	Yes	N/A
Brault's Market	40 cows/week Dec-Aug 20 cows/week Sep-Nov	40 cows/Dec-Aug 20 cows/Sep-Nov	Yes	N/A
NPC	N/A	Unlimited	Yes	Unlimited
Green Mountain Smoke House	N/A	Unlimited	Yes	Willing with reservations

Figure 4: Annual Slaughter Capacity Available for Vermont Ground Beef



## Processor Cost of Production

### Assumptions

Processing expenses include kill fee, processing and in one case a rendering fee.<sup>5</sup>

Processing fees do not include transportation/trucking or distribution expenses.

Processing fees do not include price paid to producer.

Processors have offered to negotiate processing fees if the Vermont Ground Beef product can commit to consistent weekly volume year-round and a dependable schedule.

Given the product source will include a mix of Holsteins and Jerseys the study assumes an average per animal of

- ◆ 1000 lb live weight
- ◆ 500 lb hanging weight
- ◆ 250 lb finished product

The price per lb paid to producers is based on live weight. Live weight is typically fifty percent (50%) of the price a producer would be offered for hanging weight.<sup>6</sup>

The beef will be processed under USDA inspection

<sup>5</sup> Sharon Beef has a rendering fee of \$20/barrel with a maximum fee of \$40. A jersey cow usually requires 1 barrel, a Holstein generally requires 2 barrels.

<sup>6</sup> Phone conversation with Drew Wilkins, Head Buyer, Cargill-Taylor, January 20, 2006.

**Baseline Processor Cost of Production**

**Figure 5: Commercial Processing Fees**

	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>
Flat Rate Kill Fee	\$45	\$35	\$55
Processing Fee	\$0.52/lb	\$0.40/lb	\$0.60/lb
Pattymaking Fee (based on weight of finished product)	\$0.36/lb	\$0.00/lb	\$0.60/lb
Flat Rate Rendering Fee	\$10	\$0	\$20

**Figure 6: Commercial Processing Fees for Vermont Ground Beef based on 500 lbs hanging weight**

	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Best Case Scenario</b>
Flat Rate Kill Fee	\$45	\$35	\$55	<b>\$35</b>
Rendering Fee	\$10	N/A	\$20	<b>\$0</b>
Processing Fee	\$260	\$200	\$300	<b>\$200</b>
Pattymaking Fee	N/A	N/A	N/A	N/A
<b>Total Processing Fees</b>	<b>\$315</b>	<b>\$235</b>	<b>\$375</b>	<b>\$235</b>

**Value Added Cost of Production**

Processors were in agreement that processing a leaner animal, such as a grass fed cow, will reduce processing expenses because a leaner animal will by nature have a lower hanging weight and less fat, thus making it more efficient to process.

**Organic Value Added Cost of Production**

According to both the Royal Butcher and Over the Hill Farm, certified organic processors, they do not charge additional processing fees to process and label a certified organic product.<sup>7</sup>

<sup>7</sup> Phone conversations with John Wing, Owner, Over the Hill Farm and Ryan Larocque, Operations Manager, The Royal Butcher, January 18, 2006.

## Market Demand

In researching market demand, input from institutions, restaurants and fast food outlets, retailers, and distributors was sought.

### *Institutions*

Ten institutional buyers were contacted. The institutional market is intricate because many institutions have contracts with international food service companies. For example, the Vermont State Colleges are serviced by ARAMARK. Global food service companies' foremost considerations are protecting their and their client's interest. The bottom line is they do not want to be sued.<sup>8</sup>

How does this pertain to ground beef?

Using modern day mass-processing facilities, ground beef has gained notoriety as a food item known to be easily tainted with e-coli.<sup>9</sup> As such, it is an item that poses a high risk for liability. The national food service organizations, in turn, have developed extremely restrictive policies with regards to ground beef distribution and usage in order to limit their liability exposure.

Still, however, the study did find some institutions using local beef.

Middlebury College is sourcing sixty-four percent (64%) of its 14,000 pounds of ground beef volume per year from a local Vermont producer. Middlebury's intent is to transition one hundred percent (100%) of its ground beef volume to this local source once the College resolves internal ordering practices within some of their eating establishments.<sup>10</sup>

Dartmouth College, in Hanover, NH, had been ordering ground beef from New England Family Farms until the price rose to \$3.49/lb.<sup>11</sup>

Despite liability concerns, Sodexho, USA, displayed interest in the project. Perhaps this is due to Sodexho being the first company in their industry to endorse the Global Sullivan Principles, "a global framework for social responsibility for companies large and small."<sup>12</sup> As part of Sodexho's commitment to responsible leadership, it "works closely with [its] entire national distribution chain of partners to be able to provide organic, sustainable and locally grown products consistent with [its] clients and customers' needs."<sup>13</sup>

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<sup>8</sup> Phone conversation with Jean Comfort, Regional Operations Support, Sodexho USA, December 13, 2005.

<sup>9</sup> Polan, M., "Power Steer," *The New York Times Company*, 3/21/02; Warrick, J., "Excel (Cargill) Beef Kills A Three Year-Old Girl in Milwaukee--Restaurant Patrons Beware," *Washington Post*, April 9, 2001.

<sup>10</sup> Phone conversation with Charlie Sargent, Middlebury College Buyer/Meat Shop Receiving Support, December 12, 2005.

<sup>11</sup> Phone conversation with Lisa Johnson, Vital Communities Dartmouth Local Food Project, October 18, 2005.

<sup>12</sup> [http://www.sodexhousa.com/corp\\_responsibility.asp](http://www.sodexhousa.com/corp_responsibility.asp).

<sup>13</sup> [http://www.sodexhousa.com/corp\\_agricultural.asp](http://www.sodexhousa.com/corp_agricultural.asp).

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To this end, Mitch Greenburg, the Sodexho Beef Manager based in Maryland, expressed a willingness to work with the project so that Vermont Ground Beef could be utilized in Sodexho's Vermont and eastern NY accounts.<sup>14</sup>

Sodexho's Vermont accounts include UVM, St. Michael's College, and Manchester High School to name a few.

In order to be successful with Sodexho, the Vermont Ground Beef Product entity would be required to

- ◆ sign a legal contract and indemnity agreement
- ◆ provide proof of insurance listing Sodexho as additionally insured for ten million aggregate
- ◆ have Sodexho Quality Assurance technicians visit the processing facilities and conduct product testing
- ◆ have the processors audited by an independent auditor approved by Sodexho
- ◆ have e-coli testing on random samples and traceability of raw materials
- ◆ ship product to Sodexho's distribution center, North Centre Food Service in Maine, once per week
- ◆ be competitive with commodity pricing

In Vermont an innovative initiative known as Vermont Food Education Every Day (VT FEED) is in its sixth year. "VT FEED is a community-based approach to school food system change in a rural state through a collaboration of three Vermont non-profits: Food Works, Northeast Organic Farming Association of Vermont (NOFA-VT), and Shelburne Farms. VT FEED works with schools and communities to raise awareness about healthy food, the role of Vermont farms and farmers, and good nutrition. We act as a catalyst for rebuilding healthy food systems, and to cultivate links between the classrooms, cafeterias, local farms, and communities."<sup>15</sup>

VT FEED is currently working on legislation that would facilitate Vermont producers "selling their products to schools and state government agencies, and participating in the federal food commodities program, including the federal Department of Defense Fresh program."<sup>16</sup>

"Vermont schools are increasingly aware of the importance and benefits of locally raised meat," according to Abbey Nelson of NOFA-VT.<sup>17</sup> However, schools are under tight budgetary pressure to serve meals for \$0.75-1.00 per plate. Each of these plates must include a serving from the five food groups.

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<sup>14</sup> Phone conversation with Mitch Greenburg, December 20, 2005.

<sup>15</sup> <http://www.vtfeed.org/aboutus/index.html>

<sup>16</sup> Draft No. 5-H.456 Amendment proposed by Subcommittee on Farm to School Issues for consideration by House Committee on Education, [http://www.vtfeed.org/tools-resources/H\\_\\_456\\_Dec05.DOC](http://www.vtfeed.org/tools-resources/H__456_Dec05.DOC), December 2, 2005.

<sup>17</sup> Phone conversation, February 21, 2006.

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Because of these budgetary constraints, meat and cheese, whose prices on the open market can be beyond the schools ability to match, tend to be the commodities most often bought through the USDA Food Distribution Program. "Through the Food Distribution Program, USDA purchases foods through direct appropriations from Congress, and under surplus-removal and price-support activities. The foods are distributed to State agencies for use by eligible local outlets, including schools. Schools participating in the National School Lunch Program and the School Breakfast Program may receive USDA commodity meats, vegetables, fruits, grains, and dairy products."<sup>18</sup>

In order to fully participate in the VT FEED program, it would be instrumental for Vermont Ground Beef to be approved into the commodity stream, either in the form of a mixed product with current commodity ground beef or as a sole product.

If Vermont Ground Beef is available via a distributor such as Burlington Food Service, who has the food distribution contract with many schools in Vermont, the product would also be of interest to schools outside of their commodity budget as a special occasion item or to be blended with their commodity beef.

The limiting factors in supplying the institutional market will be

- ◆ overcoming liability concerns
- ◆ becoming approved within the USDA commodity stream
- ◆ overcoming institutional budgetary constraints or maintaining profitability while selling at commodity pricing
- ◆ product definition- in general the product desired is 80/20 bulk frozen ground beef. Depending on the institution, its kitchen facilities and food preparation practices, however, the finished product may take several forms. Some dining halls within an institution even, differ in product demand. Examples of some difference include, a preference for 85/15, a requirement for pre-cooked meat, pre-shaped patties, meat pre-seasoned with "Taco" spices, pre-shaped, spiced and packaged as "swiss" or "pepper" steaks, etc.<sup>19</sup> Even with all these nuances, it is believed that given the volume of demand within the institutional market the Vermont Ground Beef product could spend one hundred percent (100%) of its efforts simply meeting the need for bulk, frozen 80/20.<sup>20</sup>

### ***Restaurants/Fast Food Outlets***

Twenty-nine restaurants and fast food outlets were contacted. Of these twelve responded.

- ◆ 92% of the restaurants who responded are interested in a Vermont Ground Beef product.

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<sup>18</sup> <http://dpi.wi.gov/fns/fooddist.html>

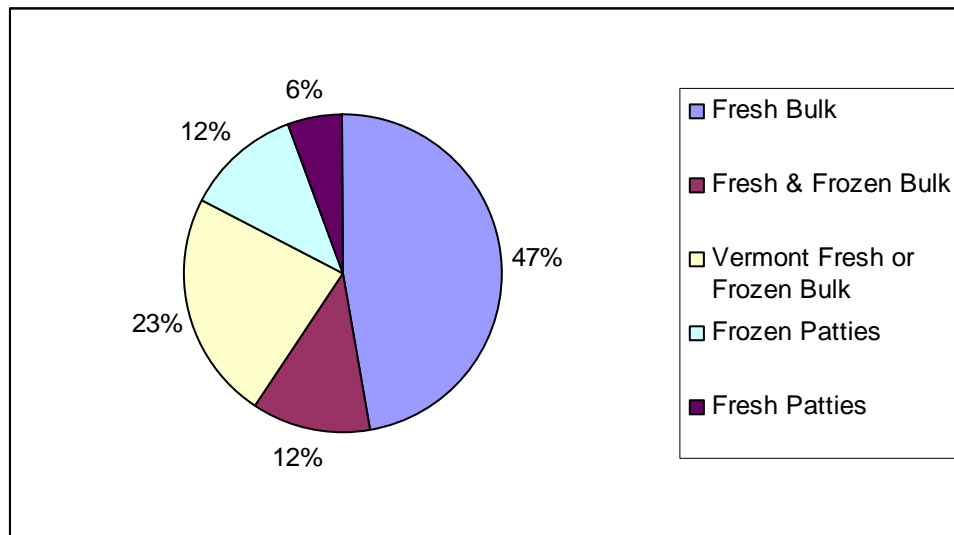
<sup>19</sup> Phone conversation with Lisa Johnson, Vital Communities Dartmouth Local Food Project, October 18, 2005, and phone conversation with Abbey Nelson, NOFA-VT, February 21, 2006.

<sup>20</sup> Phone conversation with Mitch Greenburg, December 20, 2005.

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- ◆ 33% of the respondents use fresh or frozen bulk Vermont ground beef
- ◆ 67% use solely fresh ground beef
- ◆ 17% use both fresh and frozen bulk ground beef
- ◆ 17% use exclusively frozen patties
- ◆ 8% use exclusively fresh patties

**Figure 6: Restaurant/Fast Food Outlets Ground Beef Product Usage**



Of the twelve respondents, the only restaurant who did immediately support the product concept was the Ground Round, a national, franchised chain restaurant. The Ground Round is exclusively serviced by Maines Paper & Food Service, Inc. Maines is under contract for all Ground Rounds in New England. It is purported that Maines also services Chili's, Applebee's, and Ponderosa.<sup>21</sup> Maines also has agreements with Wendy's and Burger King.<sup>22</sup> Any discussion regarding ground beef product sourcing would need to be discussed with Maines.

According to Bill Bissonette, owner of Al's French Frys, the idea of a Vermont Ground Beef product is a great idea. He would support it and could "philosophically raise his prices but he couldn't go way beyond what he is currently paying."<sup>23</sup>

Todd Flint, of Fire & Ice, commented, "Anything that says Vermont on it is worth paying a few more cents per pound."<sup>24</sup>

<sup>21</sup> Phone conversation with Bob Scott, Manager, The Ground Round, South Burlington, VT, December 13, 2005.

<sup>22</sup> [http://www.maines.net/PressReleases/index\\_main.html](http://www.maines.net/PressReleases/index_main.html)

<sup>23</sup> Phone conversation, December 29, 2005.

<sup>24</sup> Phone conversation, December 7, 2005.

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Juniper's at the Wildflower Inn in Lyndonville, Vermont utilizes 90/10 grass fed, organic ground beef from Meadow View Farm. A frequent customer comment is "that's the best burger I've ever had."<sup>25</sup>

An avenue to approach within the restaurant market segment is becoming a member of, and marketing to members in, Vermont Fresh Network (VFN). VFN is an organization that "builds innovative partnerships among farmers, chefs and consumers to strengthen Vermont's agriculture."<sup>26</sup> VFN currently has one hundred and fifty four restaurant members. "VFN benefits farmers and food producers because chefs are consistent, knowledgeable and enthusiastic bulk buyers. Becoming a member of VFN formalizes your partnership with participating chefs. The handshake agreement acts as the chefs' commitment to buy your product consistently throughout the season. This provides you with a predictable outlet for your product and because partner chefs are encouraged to acknowledge their farm partners on their menus you receive exposure to interested consumers."<sup>27</sup>

### **Country Stores**

Twenty two out of twenty six retailers sought for comment responded.

Although, researching retailers was not originally part of the scope of this study, market research conducted during the study unveiled the country stores as a robust market segment for a Vermont Ground Beef product.

Vermont's country stores are symbolic of Vermont. They serve local residents and visitors alike. Country stores provide a sense of community and are typically located in the center of our small villages surrounded by our rural, agricultural landscape. Patrons of the local country stores include producers, themselves. The country store offers everything one needs, as the famous Dan & Whit's slogan indicates, "If we don't have it, you don't need it."<sup>28</sup> Many of our country stores boast a busy meat counter and promote Vermont-made products.

In researching the country stores it became evident there were three varieties:

- ◆ Country stores with a meat counter
- ◆ Country stores with a prepared deli section
- ◆ Country stores with neither a meat counter or a prepared deli food section

Of the twenty one stores that responded

- ◆ 32% grind their own beef
- ◆ 18% use or sell fresh bulk ground beef
- ◆ 5% use or sell frozen bulk ground beef
- ◆ 5% use or sell fresh Vermont bulk ground beef

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<sup>25</sup> Phone conversation with front desk receptionist, December 7, 2005.

<sup>26</sup> <http://www.vermontfresh.net/>

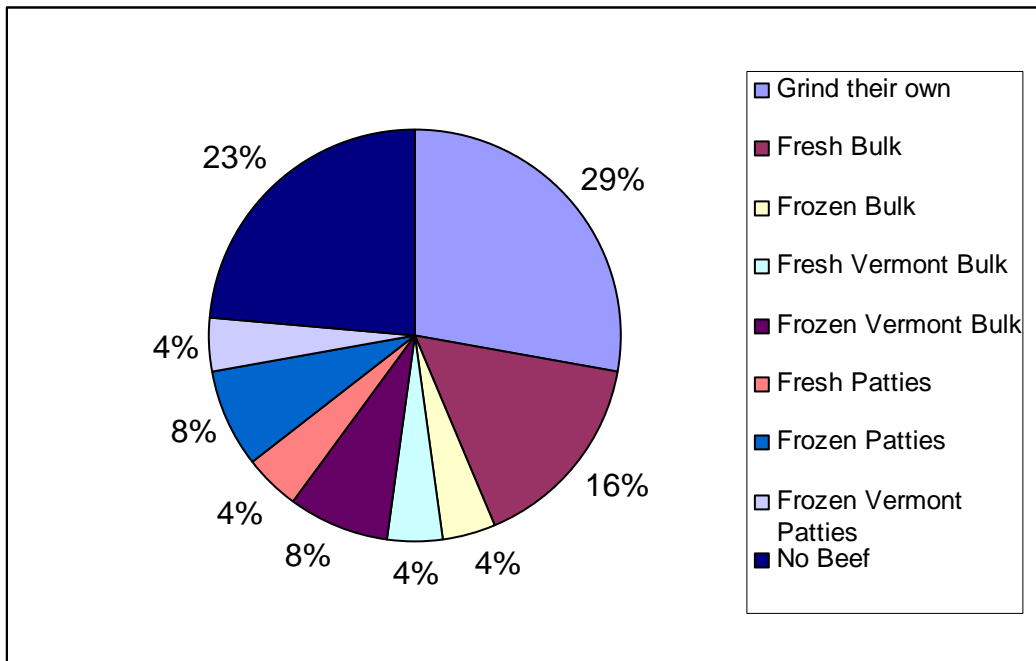
<sup>27</sup> <http://www.vermontfresh.net/join/join.php>

<sup>28</sup> Dan & Whit's, Norwich, Vermont.

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- ◆ 9% use or sell frozen Vermont bulk ground beef
- ◆ 5% use and sell fresh patties
- ◆ 9% use frozen patties
- ◆ 5% sell frozen Vermont patties
- ◆ 27% do not use or sell ground beef
- ◆ 78% of the stores who use or sell pre-ground beef are interested in a Vermont Ground Beef product
- ◆ 71% of stores who grind their own are interested in a Vermont Ground Beef product

**Figure 7: Country Stores Ground Beef Product Usage**



A marketing opportunity to explore within the country store market segment is partnering with the Vermont Alliance of Independent Country Stores (VAICS). VAICS "is a nonprofit organization whose mission is to promote and enhance country stores, while preserving their unique heritage and contributions to their communities."<sup>29</sup> VAICS currently has sixty-one member stores. VAICS is launching a private label line of food products, "Vermont Village Foods." The three requirements to be approved as a Vermont Village Food are that

- ◆ the product be from Vermont
- ◆ the product carry the Vermont Village Foods logo or integrate it into the product label
- ◆ the entity responsible for the product maintain responsibility for developing a distribution mechanism. In the case of Vermont Ground Beef, this would be a combination of the distributors chosen to distribute the product with an emphasis on Associated Grocers of New England for distribution of the non-ground product.

<sup>29</sup> <http://vaics.org/>

## **Distributors**

Four out of seven distributors contacted responded. All four were receptive to the product concept.

### **Distributors Interested in the Project**

#### **Burlington Food Service Company**

784 Hercules Drive - PO Box 31

Colchester, VT 05446-0031

(800) 272-5302, ext. 307

(802) 655-7595, ext. 307

Fax: (802) 655-5655

Mike Comeau, Meat Muyer

#### **Cartier's Meats**

229 N Main St # B

Rutland, VT 05701

(802) 775-3391

Dick Cartier, Owner

#### **Roger MaCauley Wholesale Meats**

P. O. Box 708

So. Barre, VT 05670

(802) 479-0519

Fax: 802-479-5514

Dewey Dwinell, Meat Buyer

#### **Associated Grocers of New England**

725 Gold Street

P.O. Box 5200

Manchester, NH 03108

(603) 669-3250

Fax: 603-669-5423

Robin Plamondon, Meat Buyer

- ◆ Burlington Food Service, Cartier's Meats and MaCauley's are all independently owned, Vermont businesses
- ◆ Associated Grocers is the predominant distributor to Vermont country stores who grind their own meat. According to Robin Plamondon, AG meat buyer, AG will order the product if the country stores call and request it.<sup>30</sup>

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<sup>30</sup> Phone conversation, January 25, 2006.

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- ◆ Mike Comeau, of Burlington Food Service (BFS), noted there is a niche for a Vermont Ground Beef product. Rather than cannibalize their current products and volume, BFS would utilize the product to develop new business.<sup>31</sup>

While this is encouraging information, it is advisable to explore additional distributors who service Vermont, especially some of the specialty focused distributors such as Dole & Baileys, Black River Produce and Squash Valley Produce. Questions to consider include

- ◆ What is their service territory?
- ◆ Who are their target markets?
- ◆ Would Vermont Ground Beef fit within their product portfolio?
- ◆ Could they command a premium for it?
- ◆ What volume projections might they foresee?

Contrary to other business models, in which a monopoly is considered desirable, Dewey Dwinell, stated that as a distributor he would expect a product to utilize at least two to three distributors.<sup>32</sup>

With regard to demand Dwinell also commented that, "There is definitely an interest in a Vermont product. Folks are always looking for the highest quality they can get and the Vermont name."<sup>33</sup>

### ***Value Added & Organic Meat***

John Cleary, speaking on behalf of NOFA-Vermont, noted that most organic beef farms are direct marketing their meat, and organic dairy culls are being processed and sold as conventional meat because there is no commodity organic market in New England. This is primarily because meat is a newer product within the organic line-up and because of confusing labeling. The USDA Food Safety and Inspection Service (FSIS) defines natural as "a product containing no artificial ingredient or added color and is only minimally processed (a process which does not fundamentally alter the raw product)... The label must explain the use of the term natural (such as - no added colorings or artificial ingredients; minimally processed.)"<sup>34</sup> Meanwhile, ranchers and natural beef marketers tout "natural" as beef that is raised without antibiotics or growth hormones.<sup>35</sup> Consumers are hard pressed to differentiate between meat labeled "natural" by the FSIS, promoted as natural by producers, or meat labeled "organic." For milk there is no label for "natural" milk, it is either conventional or organic- a much simpler point of differentiation. More consumer education will be required before the organic meat market is established. Meanwhile, Cleary noted that he is seeing approximately 15% growth per year in organic meat consumption.<sup>36</sup>

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<sup>31</sup> Phone conversation, February 3, 2006.

<sup>32</sup> Phone conversation, February 6, 2006.

<sup>33</sup> Phone conversation, February 6, 2006.

<sup>34</sup> <http://www.fsis.usda.gov/oa/pubs/lablterm.htm>

<sup>35</sup> Associated Press, "Mad cow boosts natural beef sales," *CNN.com*, October 13, 2005.

<sup>36</sup> Phone conversation November 3, 2005.

*The Natural Farmer* points out that the Organic Trade Association says demand for organic beef is growing at 30% per year.<sup>37</sup>

An article on *CNN.com* noted that since the mad cow scare in 2003 an Oregon-based antibiotic- and hormone-free beef co-operative's production has more than doubled with a 73% increase from 2004 to 2005. It cited the market for "natural," which the article defines as raised without antibiotics or growth hormones, and organic beef as growing at about 20% annually while overall beef production was found to have decreased since 1995.<sup>38</sup>

Meanwhile, Organic Valley, originally established as an organic dairy cooperative recently launched, Organic Prairie, a line of organic meat. The product line is listed as being available at Hannaford's and Shaws locations in Vermont.<sup>39</sup>

## Demand Fluctuation

Demand for ground beef follows three volume cycles: Summer, Fall-Winter, and Early Spring. At peak volume in the summer, Al's French Frys, an independent fast food outlet, can sell up to 750lbs/week and Lisai's Chester Market, a country store, can sell over 900lbs/week.<sup>40</sup> Institutional demand however, appears to maintain more consistent volume over the course of the year.

From the sample data collected during the study, a maximum, minimum and average weekly usage was determined for institutions, restaurants, country stores and for distribution from the distributors interviewed. The information is detailed in the tables below.

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<sup>37</sup> "Demand Soars for Organic Beef, Poultry, Fish and Eggs," *The Natural Farmer*, Winter, 2004-05.

<sup>38</sup> Associated Press, "Mad cow boosts natural beef sales," *CNN.com*, October 13, 2005.

<sup>39</sup> <http://www.organicprairie.com/stores.html>

<sup>40</sup> Phone conversations with Bill Bissonette, owner, Al's French Frys, December 29, 2005, and Lonnie Lisai, owner, Lisai's Chester Market, December 1, 2005.

Figure 8: Average Volume of Ground Beef Utilized on an Individual Account Basis in Pounds per Week

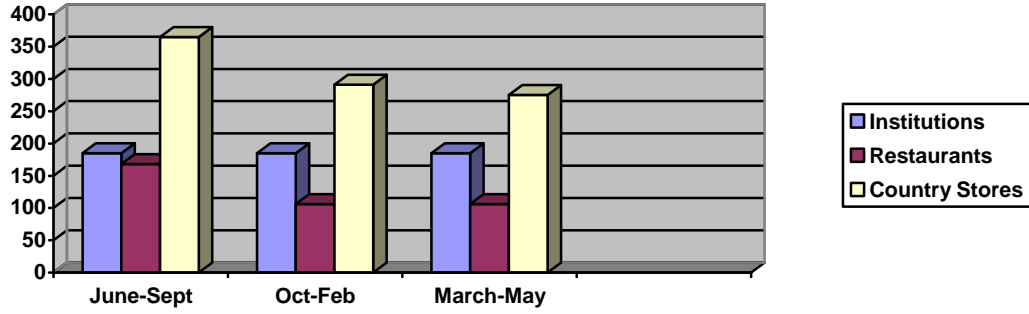


Figure 9: Average Distribution from MaCauley's, Cartier's Meats, and Burlington Food Service in Pounds per Week

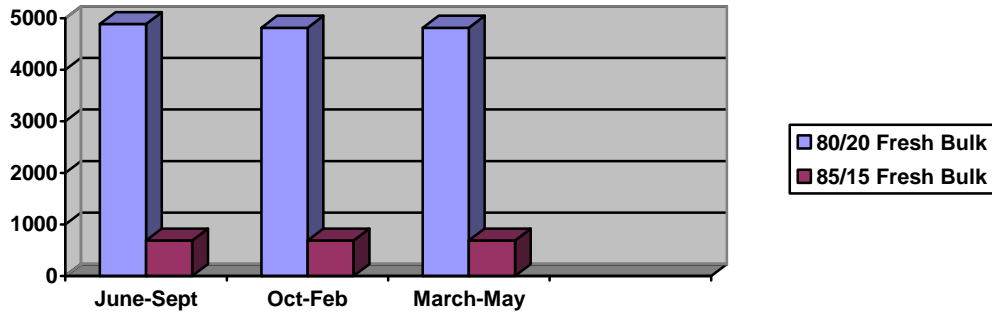
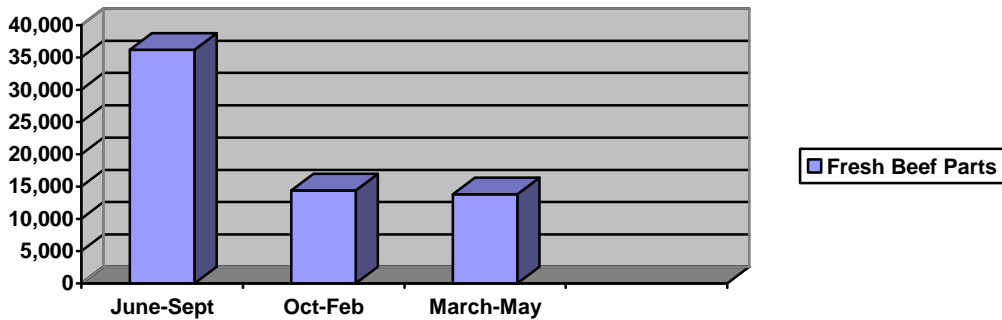


Figure 10: Average Distribution to Vermont from Associated Grocers of New England in Pounds per Week



## Supply Balancing

### *Supply*

Historically, supply for cull dairy cows and bull calves fluctuated with highs in the spring and fall. In the fall, producers using tie stall barns had no room to accommodate cull cows over the winter months and sent them off to auction. As spring rounded the corner, "mother nature" prevailed and calves were in abundance. Although bull calves sent to auction still reach seasonal highs in spring, cull dairy cow numbers are stabilizing as more farmers are moving to free stall barns.<sup>41</sup>

Roland Soulière, formerly operating as Orleans Commission Sales, retrieves and sends a consistent weekly volume of fifteen to twenty (15-20) dairy culls to auction per week, an average of nine hundred and ten (910) dairy cull per year. Soulière also retrieves and sells bull calves which are in demand for heifer raising, feed lots and veal programs.<sup>42</sup> Soulière often retrieves the dairy culls and calves and then sends them to different destinations. This may prove beneficial to Vermont Ground Beef as Soulière would be able to eliminate any issues that were to arise from producers desiring to send dairy culls to Vermont Ground Beef yet also sell their calves. Soulière has expressed an interest in working with Vermont Ground Beef.

Addison County Commission Sale has on average one hundred dairy cull per auction. With an auction twice per week this equates to 10,400 dairy cull per year.

The given processing capacity for the Vermont Ground Beef product will have a dip in the fall which coincides with a dip in demand. The processing capacity fall would drop to eighty seven dairy cull per week. It would remain constant at one hundred and seven dairy cull per week throughout the rest of the year. This translates into a maximum output of 21, 750 pounds of ground beef per week in the fall and 26, 750 pounds per week the remainder of the year.

### *Supply & Demand Scenarios*

Understanding that not all accounts within each market segment will adopt the Vermont Ground Beef Product, nor should one expect it to replace current ground beef sales, the following are volume projections for best, average and worse case scenarios. The scenarios assume the following:

- ◆ Distribution using solely the four distributors interviewed
- ◆ Product is fresh, bulk ground beef in 80/20 and 85/15, and fresh beef parts

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<sup>41</sup> Phone conversation with Roland Souliere, February 21, 2006.

<sup>42</sup> Phone conversation with Peggy McCracken, January 27, 2006.

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**Best Case Scenario**

Vermont Ground Beef supplies 50% of distributor needs

**Figure 11: Best Case Scenario Demand Volume in Pounds Per Week**

	80/20	85/15	Fresh Beef Parts	<b>Total Demand</b>
June-Sept	2444	346	18,100	<b>20,890</b>
Oct-Feb	2408	346	7,200	<b>9,954</b>
Mar-May	2408	346	6,900	<b>9,654</b>

**Figure 12: Best Case Scenario Supply Volume in Dairy Culls per Week**

June-Sept	<b>84</b>
Oct-Feb	<b>40</b>
Mar-May	<b>40</b>

**Average Case Scenario**

Vermont Ground Beef supplies 25% of distributor needs.

**Figure 13: Average Case Scenario Demand Volume in Pounds Per Week**

Volume Required per Week	80/20	85/15	Fresh Beef Parts	<b>Total</b>
June-Sept	1,222	173	9,050	<b>10,445</b>
Oct-Feb	1,204	173	3,600	<b>4,977</b>
Mar-May	1,204	173	3,450	<b>4,827</b>

**Figure 14: Average Case Scenario Supply Volume in Dairy Culls per Week**

June-Sept	<b>42</b>
Oct-Feb	<b>20</b>
Mar-May	<b>20</b>

**Worst Case Scenario**

Vermont Ground Beef supplies 10% of distributor needs

**Figure 15: Worst Case Scenario Demand Volume in Pounds Per Week**

Volume Required per Week	80/20	85/15	Fresh Beef Parts	Total
June-Sept	489	69	3,620	<b>4,178</b>
Oct-Feb	482	69	1,440	<b>1,991</b>
Mar-May	482	69	1,380	<b>1,931</b>

**Figure 16: Worst Case Scenario Supply Volume in Dairy Culls per Week**

June-Sept	<b>17</b>
Oct-Feb	<b>8</b>
Mar-May	<b>8</b>

## Market Price

### *Institutions*

#### **Food Service**

The price food service companies pay for ground beef is typically determined by a formula derived from the USDA's daily beef 90's and 50's listings. The USDA's daily beef 90's and 50's listings is a nationally published daily value of 90% lean and 50% lean trimmings.

The calculation is based on the percentage of 90% and 50% trimming required to make up the desired fat to lean ratio of the end product. In addition to the percentage of 90's and 50's, the companies add an "overance above ingredient cost"<sup>43</sup> to allow for processing and freight. These fees are approximately \$0.15/lb and \$0.03-0.05/lb respectively.<sup>44</sup>

As an example, an 80/20 finished product requires seventy-five percent 90% trimmings and twenty-five percent 50% trimmings.

On 12/14/05, the USDA report daily price was

\$163.45/100lbs for 90% trimmings

\$52.71/100lbs for 50% trimmings

Assuming 500lb hanging weight the equation is

$(5 \cdot .75 \cdot 163.45) + (5 \cdot .25 \cdot 52.71) + (5 \cdot 0.15) + (5 \cdot 0.03) / 500$  which translates into \$1.36 per pound.

The food service companies then act as distributors, reselling the meat to their clients.

**Figure 17: A sampling of Prices Paid by Institutions for Ground Beef<sup>45</sup>**

<b>Product</b>	<b>Price Paid</b>
Frozen Bulk 80/20	\$1.80-2.04/lb
Frozen Vermont Bulk 80/20	\$2.10/lb

### **Restaurants/Fast Food Outlets**

**Figure 18: A sampling of Prices Paid by Restaurants for Ground Beef<sup>46</sup>**

<b>Product</b>	<b>Price to Account</b>
Fresh Bulk 80/20	\$1.50-2.19/lb
Certified Black Angus	\$2.35/lb

<sup>43</sup> Phone conversation with Mitch Greenburg, Sodexho USA, December 20, 2005.

<sup>44</sup> Prices estimations in effect for December 2005.

<sup>45</sup> Prices in effect December 2005.

<sup>46</sup> Prices in effect December 2005.

Fresh Vermont Bulk 90/10	\$4-5/lb
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### Vermont Country Stores

Figure 19: A Sampling of Prices Paid by Retailers for Ground Beef<sup>47</sup>

Product	Price to Retailer	Price to Consumer
Fresh Beef Parts <sup>48</sup>	\$1.50-2.89/lb	\$2.19-3.00+/lb
Frozen & Fresh Bulk 80/20	\$1.28-2.30/lb	N/A
Frozen Vermont Bulk	\$2.68-3.75/lb	\$3.49-4.75/lb

For country stores who grind their own, the primary concern is "shrinkage." "In retailing, shrinkage (sometimes truncated to shrink) is the loss rate of products between point of manufacture and point of sale. Sometimes shrinkage may be as high as 15% to 20% of total volume, having a major negative impact on profits. The average shrink percentage in the retail industry is about 2% of sales. Shrinkage is often considered a cost of doing business in retail."<sup>49</sup> With only one product offering, shrinkage is minimal.

Entering choice into the equation may elevate shrinkage, negatively impacting the store's bottom line. Thus the majority of stores expressed a preference for exclusively offering the Vermont Ground Beef if the product can be offered at a price within reason to commodity beef. "It would be ideal if [we] could just carry the [Vermont Ground Beef]. But depending on the price [we'd] have to think about offering both, and then the concern arises about any going bad. If it's \$0.75 to \$1.00 more you'll find it much harder for it to sell."<sup>50</sup>

Bill Gaucher suggested that packaging the Vermont Ground Beef in smaller quantities would minimize shrinkage concerns for stores offering a commodity option. Gaucher felt that if marketed and promoted as a Vermont product, Vermont Ground Beef could command a premium. He is willing to pay up to \$2.60-2.65/lb for a Vermont Ground Beef product, grind it into 85/15-90/10 and resell it for \$3.69-3.99 alongside his commodity 85/15-90/10 priced at \$2.79/lb.<sup>51</sup>

<sup>47</sup> Prices in effect November 2005.

<sup>48</sup> Most common meat parts described were heel meat, chuck rolls, shoulder clods and trimmings.

<sup>49</sup> <http://en.wikipedia.org/wiki/Shrinkage>

<sup>50</sup> In person interview with Melvin Coburn, owner, Coburn's General Store, November 15, 2005.

<sup>51</sup> In person interview with Bill Gaucher, owner, BG's Market, November 17, 2005.

## ***Distributors***

**Figure 20: A Sampling of Prices Paid by Distributor<sup>52</sup>**

<b>Product</b>	<b>Price Paid</b>	<b>Price to Retailer</b>
Fresh & Frozen Bulk 80/20	\$1.36-1.74/lb	\$1.71-2.19/lb
Fresh Bulk 85/15	\$1.84-1.99/lb	\$2.10-2.34/lb
Fresh Beef Parts	N/A	\$1.50-2.89/lb

Product mark up ranged from a low of seven percent (7%) to a high of twenty-six percent (26%).

## ***Value Added/Organic***

Dick Cartier of Cartier's Meats, does not see a premium for organic meat, but he does see a growing trend in placing a premium on leaner and leaner meats.<sup>53</sup> Mike Comeau of Burlington Food Service corroborated this, saying that every five percent increase in lean to fat ratio translate into ten cents added value per pound.<sup>54</sup> This is reflected in the price variations documented for 80/20 and 85/15.

Conversely, Michael Boland, professor of agricultural economics at Kansas State University notes that "while it's easy to get as much as 70 percent premium for [antibiotic and hormone free] steaks, it is tough to get any more for the end meats -- briskets, chuck and rounds."<sup>55</sup>

<sup>52</sup> Pricing in effect during January 2006.

<sup>53</sup> Phone conversation, January 25, 2006.

<sup>54</sup> Phone conversation, February 3, 2006.

<sup>55</sup> Associated Press, "Mad cow boosts natural beef sales," *CNN.com*, October 13, 2005.

## **Purchase Contracts**

Within nationally operated organizations such as such as food service providers and franchised chain restaurants written purchase contracts are standard in the industry and often exclusive. Similarly, elementary and secondary schools are required by USDA to bid out their food supplier contracts every three years.

For independent retailers and restaurants purchase contracts are not standard nor are they desirable. The independent retailers prefer to maintain autonomy and avail themselves of a variety of sources for product procurement. This also reduces the opportunity for large, national commodity providers to monopolize independent merchants and restaurant establishments.

## **Frozen versus Fresh**

Depending on which market segment one is interested in, both frozen and fresh offer market potential.

Institutions, food service organizations, and regional/national chain restaurants are generally limited to frozen product for liability reasons.

Country stores and independent restaurants prefer offering their clientele a fresh product.

It is possible for the Vermont Ground Beef product to service both needs by creating a fresh bulk product that the distributors could freeze if necessary.

## Producer Costs

### Conventional

A Benchmark study conducted in 1998 for the "100 Cow Conventional Dairy Farm" found the average operating expense per cow to be \$2,100.<sup>56</sup>

A case study, written for the North Central Initiative for Small Farm Profitability found that the average operating expense per cow for large scale confinement dairy operations was \$2,785.02<sup>57</sup>

### Value Added

Conversely, the study for the North Central Initiative for Small Farm Profitability noted that operating costs per cow in a 90 herd, managed grazing dairy operation averaged \$1,080.26.<sup>58</sup>

Meanwhile, for beef operations, the expense of raising grass fed steer is almost double the cost of raising animals in confinement. This is because it takes twice as long to finish steer on grass in Vermont than it does on grain. Because of the higher expense, grass-fed beef farmers in Vermont are finding it more sustainable to direct market their products than to compete in the commodity market.<sup>59</sup>

In the article entitled "Mad cow boosts natural beef sales," *CNN.com 10/13/05*, Michael Boland, professor of agricultural economics at Kansas State University estimates consumers are paying approximately twenty percent (20%) more for naturally raised animals, however, the premium paid is eaten up by the higher costs of raising the animals.

### Organic

Organic practices appear to be the most expensive from the information studied. The average annual expense per organic cow on a Maine or Vermont organic dairy farm in 2004 was \$3,114.92.<sup>60</sup>

Because Vermont organic dairy culls are largely being sold as conventional meat, John Cleary of NOFA-VT believes the organic dairy farms would be interested in participating in the Vermont Ground Beef product if the return on investment is equal to or better than what they receive at

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<sup>56</sup> Polson, J., Shoemaker, D., "Benchmarks for the 100 Cow Conventional Dairy Farm," *2000 NCR Extension Specialist Triennial Workshop: "Food Animal Production Systems: Issues and Challenges,"* Michigan State University, May 10-12, 2000.

<sup>57</sup> Kleinschmit, M., Kilde, R., "Can Smaller Be Better? A Comparison of Grass-Based and Conventional Dairy Farming," North Central Initiative for Small Farm Profitability.

<sup>58</sup> Kleinschmit, M., Kilde, R., "Can Smaller Be Better? A Comparison of Grass-Based and Conventional Dairy Farming," North Central Initiative for Small Farm Profitability.

<sup>59</sup> Hennessey, B., "Raising Grass Fed Meat," *The Natural Farmer*, Winter, 2004-05.

<sup>60</sup> Dalton, T., Bragg, L., Kergsbergen, R., Parsons, R., Rogers, G., Kauppila, D., Wang, Q., "Cost and Returns to Organic Dairy Farming in Maine and Vermont for 2004," Staff Paper #555, University of Maine Department of Resource Economics and Policy, November 23, 2005.

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auction. Cleary is optimistic that eventually as demand increases for organic beef, the Vermont Ground Beef product could introduce an organic line that would command a premium, enabling the product to provide a more equitable return on investment to organic producers.<sup>61</sup>

Following are tables reflecting some current options for producers selling their cull dairy animals in Vermont. The first shows Addison Commission Sales utilizing Addison's hired trucking. The second shows Addison Commission Sales using an independent trucker. The third shows former Orleans Commission Sales, Roland Soulière, now operating as a small, non-auction commission-based service. McCracken was also contacted however information regarding return on investment options for producers was not available.

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<sup>61</sup> Phone conversation, November 3, 2005.

## Current Return on Investment to Producer

Figure 21-23: Return on Investment (ROI) to Producer based on 1,000 pound live weight<sup>62</sup>

<b>Addison Commission Sales with Addison Trucker</b>				
	Average	Minimum	Maximum	Best ROI
Buyer Price	0.45/lb	0.37/lb	0.55/lb	<b>0.55/lb</b>
Addison Commission Sale	5%	\$16	5%	<b>\$27.50</b>
Addison Trucking Charge	\$25	\$25	\$25	<b>\$25</b>
<b>Total Return to Producer</b>	<b>\$402.50</b>	<b>\$329.00</b>	<b>\$497.50</b>	<b>\$497.50</b>

<b>Addison Commission Sales with Independent Trucker</b>				
	Average	Minimum	Maximum	Best ROI
Buyer Price	0.45/lb	0.37/lb	0.55/lb	<b>0.55/lb</b>
Addison Commission Sale	5%	\$16	5%	<b>\$27.50</b>
Independent Trucking Charge	\$30	\$30	\$30	<b>\$30</b>
<b>Total Return to Producer</b>	<b>\$397.50</b>	<b>\$324.00</b>	<b>\$492.50</b>	<b>\$492.50</b>

<b>Roland Soulière with Trucking Included</b>				
	Average	Minimum	Maximum	Best ROI
Buyer Price	\$0.45/lb	\$0.37/lb	\$0.55/lb	<b>\$0.55/lb</b>
Soulière Commission	\$17.00	\$17.00	\$17.00	<b>\$17.00</b>
Trucking Charge	\$25.00	\$30.00	\$20.00	<b>\$20.00</b>
<b>Total Return to Producer</b>	<b>\$408.00</b>	<b>\$323.00</b>	<b>\$513.00</b>	<b>\$513.00</b>

<sup>62</sup> Information current as of January 31, 2006.

## Potential for Improved Return on Investment to Producer

The ability to provide a better return on investment to the producer is possible if two elements become reality

1. That the year-round volume of Vermont Ground Beef is of enough consequence that processors are willing to negotiate a lower cost of processing in exchange for year-round income.
2. That the distributors believe in the product and identify a niche in which it can command a premium price while selling enough volume to at a minimum meet the worst case scenario projection.

Developing distributor relationships

*A product will only be as successful as its distributors. Managing distributor relationships is critical.*

- a. In order for a product distributed through a third party to become successful, it needs buy-in from its distributors.
- b. Develop relationships with the distributors such that they feel a sense of ownership and commitment to the product.
  - ◆ Listen to your distributors, ask their advice- they are the ones out in the field every day.
  - ◆ Offer samples of the product
  - ◆ Maximize the lines of communication- over versus under-communicate, be it on pricing, product supply, issues, or to offer support and congratulations on a job well done.
  - ◆ Assist in the field and with sales- schedule ride-alongs for participating producers and processors to ride with sales reps on scheduled days throughout the year- it establishes rapport with the distributor while also enabling the producers and processors to interact directly with the customer and for the customer to develop a direct relationship with the product and organization.
  - ◆ Develop clear, concise marketing materials to educate the sales force on the product and the organization's mission. The more they are connected to the product the more they will be likely to talk it up to their accounts.
  - ◆ Help the distributors identify, understand and convey the product's selling points, as Mike Comeau, Burlington Food Service, comments, "we don't sell meat, we sell the sizzle."<sup>63</sup>
  - ◆ Leverage packaging, even in the wholesale to retail market product differentiation, especially if the product is to command a premium, is essential. Develop a colorful, eye-catching logo, and use it repetitively- on the chubs, on the boxes they come in, on the marketing materials. A rule of thumb is that it takes five instances of exposure to generate an impression. An initial point of differentiation can take shape in a

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<sup>63</sup> Phone conversation February 3, 2006.

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colorful, eye-catching logo placed both on the bulk chubs and the boxes they are packed in.

**Break Even Scenario**

Given current commercial processing fees, transportation and overhead, offering the average auction price to producer and minimum processing, commission and trucking expenses, the break even scenario for a 1,000 pound live weight dairy cull would be as follows

<u>Expense</u>	
Price to Producer	\$403
Commission Fee to Coordinator	\$17
Trucking Fee to Processor	\$20
Kill Fee	\$35
Boning/Grinding/Packaging Fee	<u>\$200</u>
<b><u>Total Expense</u></b>	<b><u>\$675</u></b>

<u>Revenue</u>	
250 lbs ground beef @ \$2.70/lb	\$675
<b><u>Total Revenue</u></b>	<b><u>\$675</u></b>

Distributor cost to Retail assuming	
26% mark-up	\$3.39/lb
7% mark-up	\$2.89/lb
Retail cost to Consumer assuming	
26% mark-up on \$3.39	\$4.27/lb
7% mark-up on \$2.89	\$3.09/lb

Note: this does not include trucking expense to the distributor.

## Summary

To review, the goal for the business is three-fold

1. To return to the Producer a fair, stable return on investment for their animal, regardless of the fluctuations in the national marketplace. This may mean that at certain peaks during the year the value will be less than at auction but that on average the producer will be paid above the national selling price.
2. To provide year-round stability, and coverage for overhead for our small, Vermont certified USDA processing plants.
3. To offer Vermont raised and processed ground beef to the Vermont public.

There is significant interest among processors, distributors, institutions, restaurants/fast food outlets and country stores in a Vermont Ground Beef product.

The most common products desired are

- ◆ 80/20 and/or 85/15
- ◆ 5lb fresh bulk "chubs"
- ◆ 2 chubs per box

and

- ◆ Fresh halves or quarters of the most common cuts, such as "primals," heel meat, chuck rolls and shoulder clods
- ◆ Trimmed as lean as possible
- ◆ 10-20 lb sealed bags of meat parts
- ◆ 4-5 bags per box (60-80lb box)

There are opportunities to work within the established commission sales driven system to derive a source of Vermont cull dairy cows for a Vermont Ground Beef product.

There is a potential for the product to command a premium above commodity pricing for ground beef. What remains to be determined is whether the pricing the product commands can transcend processing and transportation expenses.

Current maximum processing capacity available for the Vermont Ground Beef product is  
21, 750 pounds per week September -November  
26, 750 pounds per week December-August

Maximum processing capacity would more than cover the demand needs for best case scenario. Best case scenario peak volume is projected at 20,890 pounds per week during June through September.

## **Potential Business Models**

A self-contained model, in which the dairy culls are delivered directly to the processors, the processors are able to kill, process and produce the final product, and the product is picked up via distributors at the processors' locations would be the most cost-effective mechanism.

However, utilizing the professional expertise of NPC to produce a visually appealing and consistent final product is important to consider. Additionally, collaborating with NPC would enable Vermont Ground Beef to leverage NPC's long-established relationships with distributors such as Burlington Food Service and Cartier's Meats, and NPC's relationships with potential accounts such as Al's French Frys.

Lastly, utilizing a dairy cull coordinator such as Roland Soulière, who can provide Vermont Ground Beef with dairy culls while also taking care of producers' bull calves may prove valuable despite the additional expense.

## Next steps

PT Farms currently offers a small scale, self-contained model of the Vermont Ground Beef product. PT Farms purchases high quality cull meat from local producers, paying them a fair value for their animals. PT Farms takes responsibility for trucking expenses and coordination, processing, and distribution of the final ground beef product to regional wholesale accounts.

### Phase One

- ◆ Because PT Farms is already established and has a standardized Vermont Dairy Cull ground beef product already in distribution, it would appear logical to work with PT Farms to produce a sample Vermont Ground Beef product. It would also be advisable to develop samples of an 80/20, 85/15, and 90/10 to conduct taste testing/product strategy with the potential distributors (see below).
- ◆ See Appendix A for additional potential funding sources.
- ◆ Organize meeting with Mike Comeau, Burlington Food Service, Dewey Dwinell, MaCauley's and Dick Cartier, Cartier's Meats, to review the study, taste test the sample product and discuss their ideas and opinions on potential to obtain a premium for the product and project product volume, to identify how to proceed. Discuss potential production mechanisms- identify their preference- would they support the product coming from multiple individual processors, or prefer it all come from NPC? Would they be able to co-op on transportation costs to get product to them?
- ◆ Develop a strategy for communicating the project with dairy farmers throughout the state and hold a producer meeting to discuss potential mechanism for obtaining source animals: Do they have their own truckers? Would they prefer Vermont Ground Beef have its own trucking? What are their needs and concerns? Discuss grading systems and payment terms- grading hanging weight would be safer and more practical for Vermont Ground Beef.
- ◆ Based on input from distributors and producers, develop weekly volume projections per slaughterhouse. Organize a meeting with the processors to discuss and develop a standardized processing fee structure for the Vermont Ground Beef operation.
- ◆ Create business plan.
- ◆ Create business entity.
- ◆ Develop community support- Involve the community in the product packaging and product concept. For example, work with the state school system and VT FEED to have a competition in which all twelfth graders submit artwork for the logo. This will build brand awareness, and generate community support and public relations opportunities through-out the state. Furthermore, it will provide a logo at minimum charge.
- ◆ Leverage the VT Seal of Quality logos and marketing materials which are complimentary if the product meets VT Seal of Quality specifications.
- ◆ Secure additional product sample- organize meeting with distributor sales staff. Present product concept, marketing materials- label, and product samples.

***Phase Two***

- ◆ Develop sample of fresh beef parts for country store market. Identify and recruit one or two interested country stores to test market the product.
- ◆ Develop processing cost and cost to distributor.
- ◆ Develop marketing material and sell sheet.
- ◆ Distribute information to country stores, invite/request they call AG to carry the product.
- ◆ Investigate VAICS Village Foods private label opportunity.

***Phase Three***

- ◆ Initiate market outreach- establish "ride alongs" for producers and processors to ride with distributor sales representatives and meet current and potential accounts.
- ◆ Work with VT FEED on education in the classroom.
- ◆ Conduct marketing outreach to VT Fresh Network.

## **Appendix A- Cursory Listing of Potential Sources for Further Funding**

### ***USDA Rural Development***

#### **Value-Added Producer Grant Program**

"The Value-Added Producer Grant program is designed to help eligible farmers, farmer groups, and farmer or rancher cooperatives develop feasibility studies, business plans and marketing plans pertaining to the establishment of a value-added marketing opportunity for an agricultural product. Funds are also available to pay certain working capital expenses related to operating a viable value-added business venture."

Applications are due at the end of March each year.

#### **Rural Business Enterprise Grants**

The purpose of the Rural Business Enterprise Grants program is to promote sustainable economic development in rural communities with exceptional needs. This is accomplished by making grants to pay costs of providing economic planning for rural communities, technical assistance for rural businesses, or training for rural entrepreneurs or economic development officials.

USDA Rural Development  
Third Floor City Center  
89 Main Street  
Montpelier, VT 05602  
(802) 828-6069  
lyn.millhiser@vt.usda.gov  
Lynn Millhiser, Business Programs Specialist

### ***Grant Programs of Northeast SARE***

"Agriculture in the Northeast will be diversified and profitable, providing healthful products to its customers. It will be conducted by farmers who manage resources wisely, who are satisfied with their lifestyles, and who have a positive influence on their communities and the environment."

Grants include Farmer/Grower Grants; Partnership Grants; Professional Development Grants; Research and Education Grants.

Applications are due in November/December of each year.

Northeast SARE  
Hills Building  
105 Carrigan Drive  
University of Vermont

Burlington, VT 05405-0082  
(802) 656-0471  
www.uvm.edu/~nesare/

***Northern Vermont Resource Conservation & Development Area***

"Helping people develop, care for & appreciate their natural resources in a way that will enrich their community and better their lives. We serve our clients by coordinating and facilitating technical and financial assistance for local communities and others who initiate, sponsor, plan and implement projects."

Northern Vermont RC&D  
617 Comstock Road, Suite 2  
Berlin, VT 05602-8927  
(802) 828-4595

***The Vermont Community Foundation  
Sustainable Future Fund***

" The purpose of The Sustainable Future Fund is to encourage ecological understanding, organic agriculture, wilderness protection and sustainable economic practices. The fund supports projects that help people and communities think creatively and critically about the challenges of building a sustainable society. It also encourages the development of models of sound ecological practice and the design of methods to increase community awareness of ecological issues. While innovative ideas and solutions are of interest, the advisors of the fund may also support more traditional community efforts to build public awareness such as town or regional meetings and discussions."

Applications due February 1 and August 1 of every year.

***The Walter Cerf Community Fund***

"The Walter Cerf Community Fund (WCCF) makes grants to address charitable needs in the State of Vermont. Priority interests are the arts, education, historic preservation, and social services, reflecting the pattern of giving established by Mr. Cerf over many years. The WCCF prefers proposals that encourage cooperation, collaboration and community building. We highly value the input of the Preservation Trust and strongly encourage grantseekers for historic preservation projects to consult with the Preservation Trust before submitting an application."

The Vermont Community Foundation  
Three Court Street  
P.O. Box 30  
Middlebury, VT 05753  
sgreene@vermontcf.org  
www.vermontcf.org  
(802) 388-3355 ext. 221  
Stacie Greene, Community Grantmaking Associate

### ***The Cedar Tree Foundation***

"The Cedar Tree Foundation is a small family fund created by the late pediatrician and entrepreneur, Dr. David H. Smith. Dr. Smith believed in the power of individuals and organizations to make significant changes in our world, and that view is reflected in our grant making. The Cedar Tree Foundation's grant making focuses on the following areas of concern:

Sustainable Agriculture

Environmental Education

Environmental Health

We will give particular considerations to proposals demonstrating strong elements of environmental justice, and conservation."

Cedar Tree Foundation  
10 Milk Street, Suite 401  
Boston, MA 02108  
(617) 695-6767

### ***Jane's Trust***

Jane's Trust will make grants to address important issues in the Trust's fields of interest and areas of geographical focus described below. The Trustees are interested particularly in organizations and projects which primarily benefit underserved populations and disadvantaged communities. The Trust supports collaborations among nonprofit organizations and welcomes collaborative applications. The Trustees understand that grant requests and collaborations may from time to time bridge two or more areas of interest.

#### **Geographical Focus**

Jane's Trust will make grants in the states of Florida and Massachusetts, and in the northern New England states of Maine, New Hampshire and Vermont. Preference will be given to organizations located in those states for projects which will primarily provide benefits within those states.

#### **Environmental Interest**

The Trust aims to protect and enhance the natural environment and to conserve natural resources in its geographical areas of interest. Grants for the environment will be made to support a variety of objectives, including:

- Meaningful and innovative contributions to protection of critical or historically significant rural and urban natural resources;
- Efforts that have a beneficial impact on the quality of life for underserved populations.

For general information and to submit concept papers, please contact:

Hemenway & Barnes  
60 State Street  
Boston, MA 02109  
(617) 227-7940 x775

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sfish@hembar.com

www.hembar.com

Susan M. Fish, Grants Administrator, Select Client Services

For Environment Interest specific enquiries contact:

(617) 557-9777

gperugini@hembar.com

Gioia Perugini, Program Officer

### ***The Windham Foundation***

"The Windham Foundation is an exempt foundation whose general purpose is to undertake and support historic restoration and preservation, primarily focusing its activities in Grafton, Vermont. The Foundation is deeply committed to preserving the unique nature and vitality of all of Vermont's rural communities. One significant way to support this commitment is through the Foundation's grant program which will concentrate all future funding activities on programs with significant value to the social, economic, and cultural quality of Vermont life... Through its grant making, the Windham Foundation seeks to assist Vermont organizations concerned with the needs and quality of life in Vermont, its citizens, and its communities. Those organizations include, but are not limited to, those dealing with: agriculture, disadvantaged youth, ecology and the natural world, education in the broadest sense, public policy issues, and the promotion of the arts. Grants are not made to individuals. The Foundation is particularly interested in innovative ideas that can be sustained over time or that can be replicated in other parts of the state. Collaborative efforts, demonstrating broad community support and the ability to positively impact the quality of life within a community are highly encouraged. The types of support the Foundation will fund are wide ranging and include special initiatives, seed money for pilot projects or new organizations, capital funds, matching and challenge grants. Ongoing support for operations is not normally funded.

Grant Application Deadline dates for Fiscal Year 2006: November 4, 2005 - March 3, 2006 - May 5, 2006 - August 4, 2006.

The Windham Foundation, Inc.

225 Townshend Road

Post Office Box 70

Grafton, Vermont 05146

(802) 843-2211

winfound@sover.net

Tuula Ingerson, Grants Administrator

### ***The New England Grassroots Environment Fund***

"The New England Grassroots Environment Fund (NEGEF) is a small grants program designed to foster and give voice to grassroots environmental initiatives in Connecticut, Maine, Massachusetts, New

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Hampshire, Rhode Island, and Vermont. It provides grants of up to \$2,500 to fuel civic engagement, local activism, and social change.

NEGEF funds community involvement in projects that address a wide range of environmental issues including: agriculture, air quality, alternative energy, aquifer protection, biotechnology, community gardens, environmental justice, energy conservation, forestry, global warming, land trusts, marine environment, public health, sprawl, sustainable communities, toxics and hazardous waste, trails, water quality, watershed management, wetlands, wildlife, and youth-organized environmental work."

New England Grassroots Environment Fund

PO Box 1057

Montpelier, VT 05601

(802) 223-4622

Website: [www.grassrootsfund.org](http://www.grassrootsfund.org)

[callan@grassrootsfund.org](mailto:callan@grassrootsfund.org)

Ginny Callan, Program Officer; MA, NH, VT Grant Reviewer

### ***Northeastern Vermont Development Association***

NVDA publicizes grant opportunities and assists municipalities and organizations in researching, applying for, and administering grants. We offer this service due to the complexity of many of the state and federally funded grants. The staff at NVDA has the expertise and experience to interpret and ensure conformance with the requirements of these grants.

NVDA

36 Eastern Avenue, Suite 1

PO Box 630

St. Johnsbury, VT 05819

(802) 748-5181

[info@nvda.net](mailto:info@nvda.net)

## Appendix B- Sources of Information

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### **Internet Resources**

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<http://www.organicprairie.com>

<http://www.sodexhousa.com>

<http://www.aramark.com/>

<http://www.maines.net>

<http://www.vermontfresh.net>

<http://vaics.org/>

<http://www.fsis.usda.gov/oa/pubs/lablterm.htm>

<http://www.vtfeed.org>

<http://www.cabotwholesale.com/distList.tpl>

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<http://www.ams.usda.gov/lsg/>

<http://www.ams.usda.gov/lsmnpubs/cssd.htm>

<http://www.state.vt.us/educ.htm>

<http://hoovers.com/>

<http://www.vermontbeefproducers.org>

<http://www.farmandfood.org>

<http://www.vlra.com>

## Appendix C- List of Persons Consulted

### ***Processors***

Green Mountain Smokehouse  
59 Route 5 South  
Windsor, VT 05089  
(802) 674-6653  
Jake Henne, Owner

PT Farms  
336 Main St.  
St. Johnsbury, VT 05819  
(802) 748-8323  
Peter Roy, Owner

Over the Hill Farm  
502 Stage Rd  
Benson, VT 05731  
(802) 537-2811  
John and Nancy Wing, Owners

Clark's Slaughterhouse  
76 Depot Rd.  
Ferrisburg, VT 05456  
(802) 877-3421  
Bob & Janette Clark, Owners

Fresh Farms Beef  
136 Park St.  
Rutland, VT 05702  
(802) 773-3074  
Nick Greeno, Owner

Harrington & Son's Packing  
674 St. George Rd.  
Williston, VT 05495  
(802) 879-4000  
Craig Harrington, Owner

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The Royal Butcher  
888 Route 12A  
Braintree, VT 05060  
(802) 728-9901  
ryanl@sover.net  
Ryan Larocque, Operations Manager

Sharon Beef  
RR 1, Box 408  
Sharon, VT 05065  
(802) 728-9901  
Brenda and Darryl Potter, Owners

Brault's Market  
Main Street  
Troy, VT 05868  
(802) 744-2271  
Anthony (Tony) Brault, Owner

NPC Processing, Inc.  
15 Holmes Rd.  
South Burlington, VT 05403  
(802) 660-0496  
Danny Desotel, Owner

### ***Restaurants***

Norwich Inn  
Main St.  
Norwich, VT 05055  
(802) 649-1143  
Tim Wilson, Co-owner

Windsor Station  
27 Depot Avenue  
Windsor, VT 05089  
(802) 674-2052  
Mark Aldighieri, Owner

Windsor Pizza Chef  
Main St.  
Windsor, VT 05089  
(802) 674-6861  
Gus Tampasis, Owner

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Dan's Diner  
Main St.  
Windsor, VT 05089  
(802) 674-5555  
Fred Borcuk, Owner

Thetford Village Pizza  
Route 5  
East Thetford, VT 05075  
(802) 785-4147  
Nancy and Steve Nanopoulos, Owners

Fire and Ice Restaurant  
26 Seymour Street  
Middlebury, VT 05753  
(802) 388-7166 or (800) 367-7166  
Email: fireandicevt@adelphia.net  
Website: www.fireandicerestaurant.com  
Todd Flint, Manager

The Eastside Restaurant & Pub  
25 Lake Street  
Newport, VT 05855-1315  
(802) 334-2340  
Matt, Manager

Brown Cow Restaurant  
900 East Main Street  
Newport, VT 05855  
(802) 334-7887

Derby Cow Palace Steakhouse & Lounge  
Main Street  
Derby, VT 05829  
(802) 766-4724  
Missy Nelson, Manager

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Juniper's at The Wildflower Inn  
Darling Hill Road  
Lyndonville, VT 05851  
(800) 627-8310 or (802) 626-8310  
Email: wldflwrinn@aol.com  
Website: www.wildflowerinn.com

Bessie's Diner  
PO Box 265  
Main Street  
Canaan, VT 05903  
(802) 266-3310  
Email: bessies@together.net  
<http://www.northcountrychamber.org/BessiesDiner.html>  
Bonnie, Owner

Highland Lodge & Restaurant  
RR 1 Box 1290  
Greensboro, VT 05841  
(802) 533-2647  
Email: highland.lodge@verizon.net  
Website: www.highlandlodge.com

Rosie's Restaurant, Middlebury, VT and Taco Bell, Burlington, VT  
P.O. Box 29  
Route 7 South  
Middlebury, VT 05753  
(802) 388-7052 Rosie's  
(802) 388-2148 Office  
Ron, Owner

Inglennook Lodge & Restaurant  
3866 Route 242  
Jay, VT 05859  
(802) 988-2880  
Email: skilodge@together.net  
Website: www.inglennookvermont.com

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Middlebury Inn  
14 Courthouse Square  
P.O. Box 798  
Middlebury, VT 05753  
(802) 388-4961  
Email: [midinnvt@sover.net](mailto:midinnvt@sover.net)  
Website: [www.middleburyinn.com](http://www.middleburyinn.com)  
Sean Buchanan, Head Chef

Al's French Frys  
1251 Williston Road  
South Burlington, VT 05403  
(802) 862-9203  
Cell: (802) 343-5495  
Email: [frys@alsfrenchfrys.com](mailto:frys@alsfrenchfrys.com)  
[www.alsfrenchfrys.com](http://www.alsfrenchfrys.com)  
Bill Bissonette, Owner

Inn at Baldwin Creek and Mary's Restaurant  
1868 North Route 116  
Bristol, VT 05443  
(802) 453-2432 or (888) 424-2432  
Email: [info@innatbaldwincreek.com](mailto:info@innatbaldwincreek.com)  
Web: [www.innatbaldwincreek.com](http://www.innatbaldwincreek.com)  
Douglas Mack, Owner/Chef

Starry Night Cafe  
5467 Rt. 7  
Ferrisburg, VT 05456  
(802) 877-6316  
Email: [crumpitz@aol.com](mailto:crumpitz@aol.com)  
Website: [www.starrynightcafe.com](http://www.starrynightcafe.com)

Two Brother's Tavern  
PO Box 691  
Middlebury, VT 05753  
(802) 388-0002  
Office: (802) 388-0169  
email: [info@twobrotherstavern.com](mailto:info@twobrotherstavern.com)  
[www.twobrotherstavern.com](http://www.twobrotherstavern.com)

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Tully's & Maries, Inc.  
Seven Bakery Lane  
Middlebury, VT 05753  
(802) 388-4182  
email: tullys@tullyandmaries.com  
www.tullyandmaries.com

Waybury Inn  
PO Box 27  
East Middlebury, VT 05740-0027  
(802) 388-4015  
Email: thefolks@wayburyinn.com  
Website: www.wayburyinn.com  
Donna Seibert, Executive Chef

Smokejacks  
156 Church Street  
Burlington, Vermont 05401  
(802) 658-1119  
smkjacks@sover.net  
Owner/Visionary: Leslie Myers

Butler's at the Inn at Essex  
70 Essex Way  
Essex Junction, VT 05452  
(802) 764-1413  
David, Head Chef

The Tavern at the Inn at Essex  
70 Essex Way  
Essex Junction, VT 05452  
(802) 764-1489  
David, Head Chef

Chef's Table  
118 Main Street  
Montpelier, VT 05602  
(802) 229-9202

Main Street Grill & Bar  
118 Main Street  
Montpelier, VT 05602  
(802) 223-3188

The Ground Round  
1633 Williston Rd.  
South Burlington, VT 05403  
(802) 862-1122  
bsmith@nineplatt.com  
Bob Scott, Manager  
Bob Smith, Owner

The Ground Round  
Smithfield Blvd  
Plattsburgh, NY 12901  
(518) 561-2897  
Bob Smith, Owner

Sirloin Saloon of Manchester  
(802) 362-2600  
Corporate office (972) 220-0200  
Seth, Local manager

***Institutions***

Sodexo USA  
(781) 544-0410 or (781) 545-8995  
Jean.Comfort@sodexoUSA.com  
Jean Comfort, Regional Operation Support

Sodexo USA  
(301) 987-4615  
Mitch.Greenberg@sodexoUSA.com  
Mitch Greenburg, Beef Manager, based in Maryland

Maines Paper & Food Service, Inc.  
101 Broome Corporate Parkway  
Conklin, NY 13748  
607 779-1200  
Purchasing@maines.net  
Matt Dean, Purchasing

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Vermont Department of Education  
120 State Street  
Montpelier, VT 05620-2501  
(802) 828-5154  
jobusha@education.state.vt.us  
Jo Busha, State Director of Children Nutrition Programs

Food Service Directors Association  
(802) 864-8416  
Doug Davis, Burlington School District

Food Service Directors Association  
(802) 879-5544  
Bob Clifford, Essex Junction School District

Bennington College  
One College Drive  
Bennington, VT 05201-6003  
(802) 442-5401  
Art Amuso, Purchasing Manager

Green Mountain College  
One College Circle  
Poultney, VT 05764  
(800) 776-6675  
Food Service Management Company: Chartwell's  
Chartwell Meat Supplier: PFG  
Green Mountain Contact: Cindy

Middlebury College  
Middlebury, VT 05753  
(802) 443-5333  
sargent@middlebury.edu  
Charlie Sargent, Buyer/Meat Shop Receiving Support

University of Vermont  
University Dining Services  
Robinson Hall, Redstone Campus  
406 South Prospect Street  
Burlington, VT 05405  
(802) 656-3131  
mzelazny@uvm.edu  
Melissa Zelazny, General Manager

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Johnson State College  
337 College Hill  
Johnson, VT 05656  
(802) 635-2356  
James Constantino, Food Production Manager

Vital Communities  
Valley Food & Farm  
104 Railroad Row  
White River Junction, VT 05001  
(802) 291-9100 x 103  
Lisa Johnson, Program Coordinator

***Retail***

Sharon Trading Post  
P.O. Box 70  
Sharon, VT 05065  
(802) 763-7404  
Rob Romeo, Owner

Coburn's General Store  
Rt.132  
South Strafford, VT 05070  
Melvin Coburn, Owner

BG's Market  
P.O. Box 108  
Hartland, VT 05048  
(802) 436-2360  
Bill Gaucher, Owner

Thetford Center Store  
Rt. 113  
Thetford Center, VT 05075  
Beverly & Carol, Managers  
Michael, Owner

Adamant Co-op  
Adamant, VT 05640  
Janet MacLeod, Manager

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Barnard General Store  
PO Box 243  
Barnard, VT 05031-0243  
(802) 234-9688  
barnard@vaics.org  
Kim Furlong, Carolyn DiCicco and Kurt Lessard, Owners

Dente's Market  
406 North Main Street  
Barre, VT 05641  
(802) 476-3764  
barre@vaics.org  
Richard Dente, Owner

Benson Village Store  
Stage Road  
Benson, VT 05731-9999  
benson@vaics.org  
Daniel Jason Britton, Owner

DeBanville's General Store  
47 Vermont Route 105  
Bloomfield, VT 05905-9999  
(802) 962-3311  
bloomfield@vaics.org  
Darlene & Sherry Belknap, Owners

Bliss Village Store & Deli  
PO Box 347  
Bradford, VT 05033-0347  
(802) 222-4617  
Mark Johnson, Owner

Snowsville General Store  
4642 Vermont Route 12  
Braintree, VT 05060  
(802) 728-5252  
snowsville@vaics.org  
Eugene Booska, Owner

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Bridgewater Corners Country Store  
5680 US Route 4  
PO Box 146  
Bridgewater Corners, VT 05035-0146  
(802) 672-6241  
bridgewatercorners@vaics.org  
Robert (Bob), Patricia, and Mike Hammond, Owners

Village Corner Store  
26 Main Street  
Bristol, VT 05443  
(802) 453-2216  
bristol@vaics.org  
Alan & Linda Smith, Owners

Brookfield Valley Store  
6059 VT Rte 14  
Brookfield, VT 05036-9690  
(802) 276-3200  
brookfield@vaics.org  
Douglas & Diane Haggett, Owners

Cambridge Village Market  
113 South Main Street  
Cambridge, VT 05444  
(802) 644-2272  
cambridge@vaics.org  
Bruce Macmillan, Owner

Castleton Village Store  
PO Box 275  
Castleton VT 05735-0275  
(802) 468-2213  
castleton@vaics.org  
John & Pam Rehlen, Owner

Old Brick Store  
290 Ferry Road  
Charlotte, VT 05445  
(802) 425-2421 or (802) 425-5646  
charlotte@vaics.org  
Carolyn Sennhenn, Owner

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Will's Store  
P. O. Box 295  
Chelsea, VT 05038-0295  
(802) 685-3368  
wills@vaics.org  
Will Gilman, Owner

Lisai's Chester Market  
P.O. Box 707  
Chester, VT 05143  
(802) 875-4715  
Lonnie Lisai, Owner

Danby Four Corners Store  
5 Danby Pawlet Rd.  
Danby, VT 05739-9471  
(802) 293-5316  
<http://www.danbyfourcornersstore.com/>  
Linda Ralph, Owner

H. N. Williams Store  
2732 Route 30  
Dorset, VT 05251  
(802) 867-5353  
williams@vaics.org  
Ruth Brownlee, Dennis Brownlee, Billy Brownlee, Owners

Peltier's Market  
PO Box 100  
31 Church St.  
Dorset, VT 05251  
(802) 867-4400  
dorset@vaics.org  
<http://peltiersmarket.com>  
Ellen Stimson & John Rushing, Owners  
Nora, Meat Manager

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East Poultney General Store  
11 on the Green  
PO Box 647  
East Poultney, VT 05741  
(802) 287-4042  
<http://www.eastpoultneygeneralstore.com/>  
[eastpoultney@vaics.org](mailto:eastpoultney@vaics.org)  
Gerard Guillet, Owner and Chef

Elmore Store  
PO Box 1  
Lake Elmore, VT 05657  
(802) 888-2296  
[elmore@vaics.org](mailto:elmore@vaics.org)  
Cathy or Warren Miller

Evansville Trading Post  
645 Evansville Road  
Brownington, VT 05860  
(802) 754-6305  
[evansville@vaics.org](mailto:evansville@vaics.org)  
Ralph & Andrew & Francis Swett, Owners

Wing's Market  
Rt. 5  
Thetford, VT 05075  
Dan, Meat Manager

National Processors  
Cargill-Taylor Packing Co., Inc.  
Route 706  
Wyalusing, PA 18853  
Phone: 570-746-3000  
<http://www.taylorpacking.com>  
Drew Wilkins, Head Buyer

***Commission Sales***

Addison County Commission Sale  
PO Box 214  
Middlebury, VT 05753  
(802) 388-2661 or (802) 388-2639  
Marcy Wisnowski, Co-owner

McCracken (St. Albans Commission Sales)  
RR 2, Box 244  
Saint Albans, VT 05478  
(802) 524-2991  
John and Peggy McCracken, Owners

Roland Soulière, formerly Orleans Commission Sales  
8 Maple St  
Orleans, VT 05860  
(802) 754-8533  
Roland Soulière, Owner

***Distributors***

Associated Grocers of New England  
725 Gold Street  
P.O. Box 5200  
Manchester, NH 03108  
Main office: (603) 669-3250  
Direct line: (603) 223-5371  
Robin Plamondon, Meat Buyer

Capital Candy Co.  
32 Burnham Street  
Barre, VT 05641  
(802) 476-6689, ext.4  
Dennis Swift, Buyer Deli meat, Red meat, Pork & Poultry

Burlington Drug & Dowling  
(802) 893-5111  
Don Atherton

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Cartier's Meats  
229 N Main St # B  
Rutland, VT 05701  
(802) 775-3391  
Dick Cartier, Owner

Burlington Food Service Company  
784 Hercules Drive  
PO Box 31  
Colchester, VT 05446-0031  
(800) 272-5302 ext. 307 or (802) 655-7595 ext. 307  
Mike Comeau, Meat Buyer

Roger MaCauley Wholesale Meats  
P. O. Box 708  
So. Barre, VT 05670  
Tel: 802-479-0519  
Dewey Dwinell, Meat Buyer

***Producers***

Meadow View Farm  
Lyndonville, VT 05851  
(802) 626-1116  
Steve Downing, Producer

Richardson Farm  
18 Richardson Farm Road  
Woodstock, VT 05091  
(802) 436-2246  
Gordon Richardson, Producer

Journey's Hope Farm  
Organic Dairy Farm  
Bridport, VT 05734  
(802) 758-2615  
John & Beverly Rutter, Producers

Pembroke Heritage Farm  
1095 Davis Rd.  
Randolph Center, VT 05061  
(802) 728-5068  
Christine Brown, Producer

***Additional Persons Contacted***

NOFA-VT  
PO Box 697  
Bridge St.  
Richmond, VT 05477  
(802) 434-4122  
John Cleary, Dairy Specialist  
Abbey Nelson, VT FEED

Organic Valley Family of Farms  
CROPP Cooperative  
One Organic Way  
LaFarge, WI 54639  
(888) 444-6455  
sara.tedeschi@organicvalley.coop  
Sara Tedeschi

Organic Valley Family of Farms  
CROPP Cooperative  
PO Box 1161  
Brattleboro, VT 05302  
(612) 801-3506  
peter.miller@organicvalley.coop  
Peter Miller

USDA, AMS  
Livestock & Seed Program  
Livestock & Grain Market News  
210 Walnut Street, Room 767  
Des Moines, IO 50309-2106  
(515) 284-4460  
Bill, Livestock Specialist

New England Family Farms  
(413)229-0276  
bpetrucci@mindspring.com  
Bryan Petrucci

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Vermont Agency of  
Agriculture, Food & Markets  
116 State Street, Drawer 20  
Montpelier, VT 05620-2901  
(802) 828-2416  
diane.bothfeld@agr.state.vt.us  
Diane Bothfeld

Vermont Agency of  
Agriculture, Food & Markets  
116 State Street, Drawer 20  
Montpelier, VT 05620-2901  
(802) 828-2416  
ed.jackson@agr.state.vt.us  
Ed Jackson, Marketing Specialist

Vermont Housing and Conservation Board  
149 State Street  
Montpelier, VT 05602  
(802) 828-0795  
ethan@vhcb.org  
Ethan Parke

## Appendix D - Questionnaire Methodology

### *Processor Questionnaire*

Hi my name is Rosalie Wilson. I'm working on a marketing study for the Vermont Housing and Conservation Board and the Department of Agriculture, would it be possible to speak with someone regarding a Vermont Ground Beef product for a few minutes?

Would you be interested in killing/boning/trimming/grinding into patties a Vermont Ground Beef product?

How much slaughter capacity do you have?

How much processing – grinding/patty-making capacity do you have?

Pricing

Commercial kill fee:

Commercial boning, trimming, grinding fee:

Processing into patty fee:

Who sells the end product? What does it sell for?

What would be most important for this to work for you- volume, standard schedule, other?

What is your current excess capacity?

Do you have a patty making machine?

Would you be willing to install one? If it were subsidized?

If you are short on capacity would you be willing to consider an expansion to accommodate this?  
If it were subsidized?

If not interested in the patty- would you be interested if product took other form- loose pack?

Would processing older cattle be a problem, more expensive? Out of the question?

Would processing/grinding/packaging meat from a single cow be a possibility? What would the issues/costs be?

Is processing certified organic an issue? More expensive?

***Restaurant/Fast Food Questionnaire***

Hi my name is Rosalie Wilson. I'm working on a marketing study for the Vermont Housing and Conservation Board and the Department of Agriculture, would it be possible to speak with someone regarding a Vermont Ground Beef product for a few minutes?

Would you be interested in an all Vermont Ground Beef product?

How much ground beef do you use weekly? Does it vary seasonally?

What type of meat would you prefer (80/20; 85/15; 90/10)?

How do you receive it (bulk/pre-shaped/frozen/fresh/cooked, etc)?

How is the business set-up, do you sign contracts, have a standard ordering day, delivery day turn around time?

What is the cost of the meat you are currently purchasing?

Who is your current supplier?

Would you be willing to replace all or part of your order with an All Vermont Ground Beef product?

***Retail Questionnaire***

Hi my name is Rosalie Wilson. I'm working on a marketing study for the Vermont Housing and Conservation Board and the Department of Agriculture, would it be possible to speak with someone regarding a Vermont Ground Beef product for a few minutes?

Would you be interested in an all Vermont Ground Beef product?

How much ground beef do you use weekly? Does it vary seasonally?

If you grind your own ground beef, what type of meat cuts would you prefer (heel meat, chuck rolls, shoulder clods, etc)?

How is the meat packaged?

What is left for you to do with it?

What do you retail it as (ground beef, ground chuck, ground round- and how does this equate to lean/fat ratio)?

What do you sell it for?

How is the business set-up, do you sign contracts, have a standard ordering day, delivery day turn around time?

What is the cost of the meat you are currently purchasing?

Who is your current supplier?

Would you be willing to replace all or part of your order with an All Vermont Ground Beef product?

What is your delivery/order schedule?

Other

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### Alternate Version

Hi my name is Rose Wilson. I'm working on a ground beef marketing study with the VT Dept. of Agriculture and the Vermont Housing and Conservation Board. I was wondering if it would be possible to speak with the person who makes your meat purchasing decisions?

Do you use ground beef?

How much do you use per week in the winter and in the summer?

Would you be interested in an all Vermont Ground Beef product?

How do you prefer it come packaged- fresh/frozen, bulk, patties, size and weight/box?

How do you prefer order and deliveries?

Understanding that meat prices fluctuate, what is the price range of the ground beef products you purchase?

Who are your meat suppliers?

Do you have signed contracts?

Do you work with more than one?

Would you be willing to replace all or part of your order with an All Vermont Ground Beef product?

Would this be an issue with your current meat vendor- would they refuse to service you if they do not have 100% of your meat order?

Other?

***Institutional Questionnaire***

Hi my name is Rose Wilson. I'm working on a ground beef marketing study with the VT Dept. of Agriculture and the Vermont Housing and Conservation Board. I was wondering if it would be possible to speak with the person who makes your meat purchasing decisions?

Would you be interested in an all Vermont Ground Beef product?

How much do you use per week in the winter and in the summer?

How do you prefer it come packaged- fresh/frozen, bulk, patties, size and weight/box?

How do you prefer order and deliveries?

Understanding that meat prices fluctuate, what is the price range of the ground beef products you purchase?

Who are your meat suppliers?

Would you be willing to replace all or part of your order with an All Vermont Ground Beef product?

Would this be an issue with your current meat vendor- would they refuse to service you if they do not have 100% of your meat order?