

2001
Economic Impact of
Directly Marketed Livestock in Iowa

Prepared for:

Iowa Department of Agriculture and Land Stewardship

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Contents

I.	Executive Summary	1
II.	Review of Project Objectives and Activities	2
	Objectives	2
	Activities	2
III.	Summary of Data	4
	Processing Facility Licensing and Custom Processing	4
	Economic Impact	6
	Characteristics of Custom Processors	10
	Changes in Custom Processing Business	13
	Organic Certification	17
 Appendices		
	Appendix A – June 24 written survey and cover letter	21
	Appendix B – July 15 written survey and cover letter	26
	Appendix C – Phone survey	31
 Tables		
	Table 1 – Processing Facility Licensing and Custom Processing	4
	Table 2 – Custom Processors’ Gross Income	6
	Table 3 – Processing Revenue	6
	Table 4 – Livestock Sales	7
	Table 5 – Number of years in business	10
	Table 6 – Number of farmers	10
	Table 7 – Percentage of processing (sell to consumers)	11
	Table 8 – Percentage of processing (farmers’ personal use)	11
	Table 9 – Changes in overall meat processing business past five years	13
	Table 10 – Changes in custom processing portion of business in past five years	14
	Table 11 – Processing facilities that are organically certified	17
	Table 12 – Number of processing facilities that have received requests that plant become organically certified	17
	Table 13 – Number of customers that requested that the processing facility become organically certified	17
	Table 14 – Interested in becoming organically certified if received assistance	20

I. Executive Summary

During the summer of 2002, Cooperative Development Services (CDS) conducted a mail and phone survey of licensed meat processors in Iowa. The primary objective of the survey was to analyze the scale and economic impact of livestock directly marketed in Iowa. This includes both live animals and processed meat products sold by farmers directly to consumers. Secondary objectives included: identifying the processing facilities that work with farmers who directly market livestock; identifying barriers that prevent or limit the sale of directly marketed livestock; and determining the level of interest in organic certification of processing plants and the barriers to organic certification. Mail and phone surveys were conducted with 283 meat processors.

Based only on data provided by processors willing to respond to written and phone surveys, we have identified that approximately \$34.9 million in sales and processing fees were generated from directly marketed livestock in 2001. The estimated revenue received by farmers from livestock sales directly to consumers was over \$27 million and revenue received by processors was over \$6 million. It is important to note that these figures are substantially understated because 66 processors were unable to be reached or unwilling to provide the relevant information. This represents 47% of the survey group of 139 processors who stated they worked with farmers who directly market livestock. The remaining 79 processing facilities that CDS contacted stated they did not do custom work for farmers who directly market livestock.

Based on very conservative estimates of sales from plants which were known to work directly with farmers, but who chose not to provide species or value data, we estimate that the actual total of direct market meat sales in Iowa exceeds \$53 million annually.

The top three livestock types sold to consumers were beef (\$23 million), hogs (\$9 million), and chickens (\$1.8 million). It is known that at least 20,000 head of beef and 32,000 hogs were sold directly to consumers; it is reasonable to estimate that total sales of beef and hogs were actually over 33,000 and 58,000 head respectively in 2001.

II. Review of Project Objectives and Activities

Objectives

The Direct Marketing Livestock Survey was conducted by Cooperative Development Services (CDS), with survey assistance from Practical Farmers of Iowa. CDS's work was done under a contract with the Iowa Dept. of Agriculture and Land Stewardship, who had received the USDA –AMS Federal State Market Improvement Program (FSMIP). The primary objective of the survey was to analyze the economic impact of livestock directly marketed in Iowa. This includes both live animals and processed meat products sold by farmers directly to consumers. Four specific questions were addressed by the survey.

1. What is the economic impact of livestock directly marketed in Iowa?
 - Estimate the total dollar value
 - Estimate the total number of animals (by species)
2. Identify the processing facilities that custom process for farmers who directly market their livestock.
3. Identify the challenges that exist for the expansion of direct marketing livestock.
4. Determine the level of interest in organic certification and the barriers that exist for organic certification.

Activities

Ideally, this survey would have been sent to all livestock farmers who sell directly to consumers. However, it would be impossible to locate all of them because farmers who sell livestock from custom processing do not need to be licensed and there is no existing, comprehensive database listing these farmers. The best alternative was to survey all custom meat processors, because all animals must be processed at a licensed facility. Our original survey population of 283 state and federal processing plants was obtained from the Meat and Poultry Bureau at the Iowa Department of Agriculture. The list of processing facilities included the licensing category for each processing facility, but did not include whether that plant custom processes meat for farmers who directly market their livestock to customers.

The questions in the written survey and the phone survey, with the exception of the organic certification questions, replicated the survey questions that were designed and conducted by the Minnesota Department of Agriculture. CDS received permission from the Minnesota Department of Agriculture to replicate the surveys. The organic certification questions were designed with the help of the Practical Farmers of Iowa.

The written survey and cover letter (Appendix A) were mailed out on June 24, 2002 to 283 state and federally-inspected meat processing facilities in Iowa. Each meat processing facility was mailed the survey, cover letter explaining the objectives, and a

stamped self addressed return envelope. Three weeks later on July 15 a second survey and cover letter (Appendix B) were mailed out to all non-respondents. Surveys were received in the mail from 47 respondents.

The final step was to conduct a phone survey (Appendix C) of the remaining non-respondents. Each processor was asked questions 3, 5, 6, 8, 10, 11, 12, 13 and 17 from the written survey. CDS received responses via phone from 171 processors. Sixty-six processors were unable to be reached or were unwilling to participate in the survey. Rick Hartmann and Leigh Adcock of the Practical Farmers of Iowa conducted 40 phone surveys.

A total of 284 surveys were obtained because two processing facilities returned the written survey and crossed out their identification number on the survey so CDS could not identify which two facilities actually returned their survey. During the phone survey one processor stated he returned the survey in the mail. That left one extra survey in which CDS had to double count for one processor who returned the survey in the mail and was contacted by phone.

There were a total of 139 processors who stated they work with farmers who directly market livestock to customers in Iowa.

III. Summary of Data

Processing Facility Licensing and Custom Processing

Processing Facilities that work and do not work with farmers who market livestock directly (Table 1): The processors were asked if their plant does custom processing, i.e. do work for farmers who custom process meat for the purpose of directly marketing it to customers.

Processing Facility License Type	Total # of facilities in Iowa	Number of respondents who custom process	Number of respondents who <i>do not</i> custom process	No response	*Response Rate	# of respondents who provided species slaughter/process data	**Response rate for species slaughter/process data
Custom exempt state red meat slaughter/processing	95	69	4	22	77%	35	51%
Official state red meat slaughter/processing	51	37	0	14	73%	28	76%
Official state red meat processing	46	19	18	9	80%	9	47%
Custom exempt state poultry slaughter/processing	8	5	0	3	63%	4	80%
Federally inspected combination red meat & poultry plant	43	3	30	10	77%	1	33%
Official state poultry slaughter/processing	3	3	0	0	100%	1	33%
Federally inspected red meat plant	33	2	25	6	82%	2	100%
Federally inspected poultry plant	4	1	2	1	75%	1	100%
Totals	283	139	79	65	----	----	----

*Response rate is total number of survey respondents for each license type.

**Response rate is percentage of respondents who custom process and provided slaughter/process data.

Definitions of Processing Facility Licenses:

CDS obtained the list of licensed processing facilities in Iowa from the Iowa Department of Agriculture Meat and Poultry Bureau. There are a total of 8 licensing categories.

According the Meat and Poultry Bureau, the term “‘official’ bears a mark of inspection on carcass or label to show full inspection and is legal for sale.” The following 3 types of licensing have the “official” status:

- Official state meat slaughter/processing (product for sale)
- Official state red meat processing (product for sale)
- Official state poultry slaughter/processing (product for sale)

The meat that is slaughtered and/or processed in any of the above three types of processing facilities may only be sold in the state of Iowa.

According to the Meat and Poultry Bureau, the following 2 licensing categories “refers to custom product that does not receive inspection but is slaughtered and processed for the owner’s of the animal own use only. It is “Not For Sale.” Not available for sale in commerce.”

- Custom State red meat slaughter/processing (product *not* for sale)
- Custom State poultry slaughter/processing (product *not* for sale)

The following three types of licensing are similar to official plants. Federally inspected plants, however, permit meat to be sold outside of Iowa and across state lines. These types of plants are listed below:

- Federally inspected red meat plant
- Federally inspected poultry plant
- Federally inspected combination red meat & poultry plant

Economic Impact

Custom Processors' Gross Income (Table 2): Each processor was asked what the gross income (including sales and processing revenue) of their processing business was in the calendar year 2001. The total gross income of all the respondents was calculated using the midpoints of each category. There were a total of 85 respondents.

<i>Gross Income Category</i>	<i># of Respondents</i>	<i>% of Respondents</i>
\$1-25,000	6	7.1%
\$25,001-50,000	3	3.5%
\$50,001-75,000	4	4.7%
\$75,001-100,000	9	10.6%
\$100,001-200,000	26	30.6%
\$200,001-300,000	12	14.1%
\$300,001-400,000	9	10.6%
\$400,001-700,000	6	7.1%
\$700,001-1,000,000	5	5.9%
\$1,000,001-2,000,000	1	1.2%
\$2,000,001-4,000,000	1	1.2%
\$4,000,001 or more	0	0%
Total	85	100.0%

2001 Total Gross Income = \$23,325,000

Processing Revenue (Table 3): Each custom processor was asked to estimate the total gross revenue from their processing of directly marketed livestock during 2001. The midpoints of each category were used to calculate the 2001 processing revenue. There were a total of 66 respondents.

<i>Revenue Category</i>	<i># of Respondents</i>	<i>% of Respondents</i>
\$0	0	0%
\$1-15,000	12	18.2%
\$15,001-30,000	7	10.6%
\$30,001-50,000	10	15.2%
\$50,001-75,000	11	16.7%
\$75,001-100,000	13	19.7%
\$100,001-200,000	10	15.2%
\$200,001-300,000	1	1.5%
\$300,001-400,000	0	0%
\$400,001-500,000	1	1.5%
\$500,001-600,000	0	0%
\$600,001 or more	1	1.5%
Total	66	100.0%

2001 Total Processing Revenue = \$5,960,011

Livestock Sales (Table 4): The number of animals processed for direct sales and the average live weight for each animal (information gathered from the survey) were used to estimate the total number of pounds and the value of directly marketing livestock sales in 2001.

<i>Animal</i>	<i># of responses</i>	<i>Quantity</i>	<i>Average Live Weight (lbs.)</i>	<i>Total Pounds (lbs.)</i>	<i>Retail Price/Pound (\$/lb.)*</i>
Beef	74	20,358	1,146	23,330,268	\$1.52
Hogs	71	32,333	256	8,277,248	\$1.72
Bison	15	317	1,333	422,561	\$2.90
Lambs	42	1,252	109	136,468	\$2.00
Farm Raised Deer	0	0	No data	No data	No data
Farm Raised Elk	8	125	756	94,500	\$3.00
Turkeys	5	14,385	19	273,315	\$1.10
Chickens	8	242,980	6	1,457,880	\$1.25
Geese	1	175	8	1,400	\$1.73 (live weight)
Pheasants	1	200	3	600	\$4.50 (live weight)
Ostrich	1	100	No data	No data	No data
Ducks	1	400	6	2,400	\$1.10 (live weight)
Emu	2	104	No data	No data	No data
Rabbits	1	20	2	40	\$3.00
Goats	6	70	No data	No data	No data
Total Sales					

*The retail price/pound for beef, hogs, lamb, turkey and chicken was determined by a small survey of processors and farmers in Iowa. Values for bison, elk and rabbits were obtained from Mike Lorentz of Lorentz Meats in Cannon Falls, Minnesota. The price per pound for geese, pheasants and ducks were taken from the Minnesota Department of Agriculture's report, *1997 Economic Impact of Directly Marketed Livestock in Minnesota*.

Estimated Value of Direct Marketing

Estimating the value of direct farm marketing of livestock products: Of the 283 licensed plants in Iowa, 218 responded at least in part to either mail or phone surveys; of the 218, 139 establishments work with farmers directly. However, of those 139, only 81 provided competitively sensitive information on number of animals killed, prices, processing fees, etc. Thus there is need for reasonable interpretation of the data that was

provided in order to get a clear picture on a statewide basis. There are several methods that can be used to identify the aggregated value of directly marketed livestock in Iowa. We will outline two approaches that will establish a conservative minimum value, and a reasonable extrapolation of an upper value.

Minimum estimate: A very conservative approach would be to only use the data on species and value actually provided by the 81 plants, and use that as a baseline minimum estimate. To get a retail value, one might take the number of animals sold times the average live weight, multiply by an industry standard processing yield percentage to get hanging weight, and then multiply by an average price/lb selling price to get an estimate of retail value for each species. Though there are some other processes that could be used, we have adopted this method. The data in Table 4 provide the basic information required for these computations. The yield percentages we used for each species were as follows: beef- 65%, hogs- 60%, bison- 63%, lamb- 65%, elk- 70%. In the case of poultry, the listed weights are final weights after processing. Typical retail prices paid by consumers were determined by a small survey of processors and farmers in Iowa, augmented by information from the Minnesota Department of Agriculture; we believe the prices used are consistent with typical prices actually observed in the marketplace.

Using this process, a very conservative estimate of direct meat marketing in Iowa shows a retail value of \$34,869,000. It would be surprising to most in agriculture that the volume of beef and hogs marketed directly to consumers would be so substantial: over 20,000 head of beef and 32,000 hogs were reported sold by the 81 reporting plants in 2001. The retail estimate is the total price paid by consumers; this total is shared by farmers and processors. As seen in Table 3, reported processing revenue is likely somewhere between \$6-7 million dollars, as reported by 66 processors. (Of the 81 processors who reported species and processing data, only 66 provided processing data, making direct comparisons impossible. But the information provided does provide a good basis for getting a sense of magnitude within the industry). Thus one can reasonably estimate that the farmer share of this market was, at a minimum, over \$27 million in 2001 from the sale of directly marketed livestock.

Extrapolated data: Obviously, incomplete survey response requires that certain assumptions be made if a more complete picture of the industry is to be provided. For the purpose of this report, we will focus on estimating the numbers of beef and hogs slaughtered and processed in two license categories: custom exempt state red meat slaughter/processing plants, and official state red meat slaughter/processing plants. We will disregard the estimation of other species in all licensed plants, and beef and hogs in all other licensed facilities except the two categories identified. Certainly there are substantial numbers of livestock processed and sold through these other establishments, however their net contribution to the overall estimate are likely to be small relative to the estimation of beef and hogs in these two license types. To further be conservative in our approach, we will make estimates only for plants in each license category that were known to work directly with farmers, and disregard those plants that failed to participate in either the phone or mail surveys.

Custom exempt state red meat slaughter/processing plants: There are 95 such licensed plants in Iowa; of these 4 reported they do not work directly with farmers. (They may restrict their efforts to the slaughter and process of deer during the fall season, for example). Of the remaining, 35 plants provided economic data on species killed, 34 reported that they work directly with farmers but did not provide data, and 22 plants did not participate at all. We will make an estimate based only on the 34 plants that reported working with farmers, and disregard the 22 that did not participate in any survey response. Of the 35 custom exempt plants that did report data, the average number of beef and hogs processed in 2001 were 286 and 300 respectively. Assuming that the non-reporting 34 plants have processing patterns that are similar to the 35 that did report data, this would imply that an additional 9,724 head of cattle and 10,200 hogs were processed in these custom exempt red meat plants. Using the same retail value formula described previously, this would add \$11,082,413 in beef sales and \$2,694,758 in pork sales annually.

Official state red meat slaughter and process plants: There are 51 licensed plants in this category; 37 responded to the survey, and all of these plants reported that they worked directly with farmers. This is not surprising. Of the 37 plants, 28 provided species and value data, leaving 9 plants known to work with farmers but for whom data was not gathered. An additional 14 plants are known to be licensed and presumed to work with farmers directly, but these 14 will not be considered for the purposes of this projection. Of the 28 plants that did report data, the average head of beef and hogs processed annually were 322 and 640 respectively. Extrapolating these numbers to the 9 non-reporting plants suggests that an additional 2898 head of beef and 5760 hogs were processed in these plants, with retail sales of \$3,281,254 and \$1,521,746 respectively.

A very conservative case can thus be made that the total number of head of beef sold directly to consumers in Iowa through all plants was over 33,000 head in 2001, with a retail value of \$37,413,971; the total number of hogs exceeded 58,293, with retail value in excess of \$12,758,623.

Thus total retail value of meat of all species sold directly to consumers can be conservatively estimated at over \$53,449,000 annually.

Characteristics of Custom Processors

The tables in this section are based on responses from the written survey. This was not asked in the phone survey.

Number of years in business (Table 5): The number of years respondents have been operating/owned the meat processing facility.

<i>Years</i>	<i># of Respondents</i>
0 to 5	12
6 to 10	4
11 to 20	3
21 to 30	7
31 to 40	2
41 to 50	8
51 to 60	6
61+	3
Total	45

The response rate in the *0 to 5 years* category was the highest because 4 respondents said they recently took over or bought the business in the year 2002.

Number of farmers (Table 6): Results from the question asking respondents, “In the calendar year 2001, how many farmers who sell their livestock directly to consumers had them processed at your facility?”

<i>Number of Farmers</i>	<i># of Respondents</i>
1 to 10	5
11 to 20	4
21 to 40	9
41 to 60	2
61 to 80	2
81 to 100	2
101 to 120	0
121 to 140	0
141 to 160	0
161 to 180	1
181+	4
Total	29

Percentage of processing (Table 7): Each processor estimated the percentage of their processing that is for “processing of animals or meat for farmers to sell to consumers.”

<i>% of Processing</i>	<i># of Respondents</i>
0*	11
1 to 5	5
6 to 10	3
11 to 20	7
21 to 30	6
31 to 40	2
41 to 50	3
51+	2
Total	39

*Some processors claimed they were not sure if the farmer sold the processed meat to consumers. 0% is included in this section because while they said 0% was not sold to consumers, they did state a certain percentage went back to the farmer for his/her own personal use. It is possible that a percentage of the personal use of processed meat was actually sold to consumers.

Percentage of processing (Table 8): Each processor estimated the percentage of their processing that is for “processing for farmer’s personal use (animals farmers do not sell).”

<i>% of Processing</i>	<i># of Respondents</i>
1 to 5	1
6 to 10	2
11 to 20	8
21 to 30	8
31 to 40	7
41 to 50	5
51+	6
Total	37

Barriers to Expansion: Responses to the question, “What barriers do farmers and meat processors encounter in selling livestock and processed meat products directly to the consumer?” The responses to this question are placed under the appropriate category.

Regulations: (*14 responses*)

- USDA inspection
- The numbers that you ask for above are somewhat of a guess because in a custom plant the poultry are brought in by the farmer then his orders are put on his customers names. Because the law reads that he can not sell an

already processed chicken from a custom plant so they buy them live then processes them.

- Over regulated by government.
- Meat inspection.
- State plants can't do interstate shipments.
- Bureaucrats and all their rules and regulations.
- They need to be slaughtered under inspection to sell them thru health food stores.
- There is no barrier for the farmer; though it does add to my work load (inspection & labeling).
- Inspection.
- Farmers - none. Processors - official status.
- USDA regulations.
- Too many regulations.
- USDA over regulations. Paperwork burden too heavy.
- I find that some of the laws distinguishing a custom plant from an official plant need to be updated.

Educate & Market to Consumers: (6 responses)

- Educating consumers, advantages of buying direct from farmers. Getting this information to all consumers.
- In other reports I have filled out some how we need central location for consumers and farmers together to get together and buy product then advertise.
- People not knowing who to get in contact with. The fast food age. Not informed enough to know the benefits of buying 1/4s and 1/2s. Example: cutting down # of times to store thus cutting down impulse buying, etc.
- Consumers don't know what they can get.
- Marketing.
- Getting farmer & consumer together.

Competition: (3 responses)

- Large retail corporate chains.
- Convenience of grocery store.
- Grocery stores sell cheap meat.

Miscellaneous: (7 responses)

- Adequate communication.
- Cash.
- Consistent product.
- None except self-inflicted: 1) perceived need for price; 2) work ethic (or lack thereof).
- The farmer gets greedy and he wants much more than he would get selling it otherwise.
- Very hard to compete. Finding a processor who is big enough to meet their needs but not too big that they are interested in doing it.

- Farmers try to use our facility for a storage facility, a bank, and an advertising agency. We don't have that much capacity.

Changes in Custom Processing Business

Changes in overall meat processing business past five years (Table 9):

Custom meat processors were asked if they had observed an increase or decrease in their overall meat processing business in the past 5 years. The respondents' explanations are located below the table. Each response is verbatim.

	<i># of Responses</i>
Increase	23
Decrease	12
No Change	5
Total	40

Lead to Increase in Business: (18 responses)

- More people need more food- popularity of organics/farmers' markets.
- More farmers are direct marketing their animals, and consumers want a high quality product.
- Built new locker in 1998. Three times larger than old locker.
- Cheap hogs in past. More people buying from farmers. If I knew more it would be easy.
- We do a good job and make good products.
- Plants closing.
- Better service.
- Less farmers raising livestock in our area.
- Poor grade of "factory" chickens available at the store.
- Expanded territory. Involved with farmers doing direct marketing.
- Good reputation in our business plus fewer lockers are in business.
- Fewer processing plants.
- Other lockers closing or not doing a good job for customers.
- The consumer is looking for quality meat.
- Other processing plants closing due to regulations by USDA and it is labor intensive work.
- We're good! And fewer lockers.
- Fewer plants.
- Increased quality of work here.

Lead to Decrease in Business: (12 responses)

- Corporate hog producers.
- dime hogs
- Small farm places or farmers that quit and just like fresh chicken. 4H has also went back to poultry in their livestock buildings.

- Fewer plants in my area.
- Small farmers are gradually going out of business and many are selling to market.
- All the small hog producers have quit the hog business.
- Costs and what they can get.
- Lot of older people no longer raise poultry. Young people buy ready to eat meals by putting in microwave.
- Lack of livestock.
- More large hog confinements and less family owned operators.
- 1. Bad press.2. Large superstores3. uneducated consumers.4. Economic downturns in our area.
- It seems that government and big business want to eliminate the small producers - which is where our business comes from. But maybe that is the long term goal - to eliminate the small slaughtering plants too.

No Change in Business: (*0 responses*)

Changes in custom processing portion of business in past five years

(Table 10): Custom meat processors were asked if they had observed an increase or decrease in their custom processing portion of their business in the past 5 years. The respondents' explanations are located below the table. Each response is verbatim.

	<i># of Responses</i>
Increase	21
Decrease	14
No Change	3
Total	38

Lead to Increase in Business: (*19 responses*)

- 1) Increased interest in farm production from small farmer2) No small USDA plants in WI!
- High quality processing procedures.
- Being a startup company we are in a growing phase.
- Better communication.
- Fewer processing plants around. I feel there are fewer customers though due to people not wanting to lay out that much money.
- There seems to be a need for people to teach their children about the farm we have a lot of people who have their children raise their poultry.
- We do good work.
- We do a good job and make good products.
- Less plants.
- Plants closing.
- Better service.

- Poor quality of supermarket chicken.
- 2 local lockers closed.
- If you count the direct marketing animals as custom – Increase
- People like home grown meat.
- Fewer processing plants.
- Other lockers closing or not doing a good job for customers.
- Quality and safe meat.
- Other processing plants closing due to regulations by USDA and it is labor intensive.

Lead to Decrease in Business: (*13 responses*)

- Corporate hog producers.
- Dime hogs.
- Fewer farmers.
- All the small hog producers have quit the hog business.
- Cost and what they can get.
- Ready to eat meals.
- Custom processing without direct marketing - Decrease.
- No family farms.
- Small hog farmers are out of business.
- Most farmers find it more convenient to sell truckloads vs. selling on an individual basis.
- Fewer farm families.
- Look at the numbers - we are losing more and more small farms each year. Because of the unfair hog marketing systems that are in place - there are very few small hog farmers anymore. Will this trend branch off into cattle in the future.
- Fewer farmers.

No Change in Business: (*0 responses*)

Estimated Changes in the Next 5 years: The question in the survey asks, “How do you see your business changing in the next 5 years?” The responses to the question are verbatim and are placed under the appropriate category.

Custom Processing Increases: (*8 responses*)

- Will expand on direct marketing. Will work with local farmers.
- Would like to expand. But very risky.
- Steady growth.
- Steady increase in business. Increase in government laws making it MORE difficult.
- Gradual increase.
- More direct marketing groups.
- Increasing in processing.
- Growing.

Custom Processing Decreases: (*6 responses*)

- Custom processing, as an industry, will not survive.
- Yes, I think there will be additional decrease.
- We will do less custom processing and more wild game processing. Wild game processing has increased 10% every year.
- Less.
- Decrease.
- Possible decrease due to less livestock.

No Change: (*4 responses*)

- No change.
- About the same unless people are educated better.
- No change planned, but I do see a slow down in hogs.
- Not much.

Diversify Business: (*9 responses*)

- More further processing/cut up, etc.
- Targeting more value added.
- Working more on retail and wholesale.
- I may push the retail a little harder.
- More wholesale and retail sales.
- Getting smaller and more specialized.
- Must continue to diversify.
- I hope that in 5 years I will be able to find enough custom work to stay in business. I will try to diversify as regulations will allow.
- More ready-to-eat products.

Change Licensing Status: (*3 responses*)

- We are going to official processing to help raise sales.
- Looking to go towards federally inspected poultry plant.
- Federally inspected.

Miscellaneous: (*3 responses*)

- Probably quit.
- More regulations.
- Change of ownership.

Organic Certification

The following questions were asked in both the written and phone surveys.

Processing facilities that are organically certified (Table 11): Custom processors were asked if their plant is organically certified.

	<i># of Responses</i>
Yes	2*
No	105
Total	107

*Both processing facilities stated that the certifying agency was the Iowa Department of Agriculture. One plant is licensed as a federally inspected poultry plant and the other is licensed as an official state poultry slaughter/processing plant.

Number of processing facilities that have received requests that the plant become organically certified (Table 12): Custom processors were asked, "If you are not organically certified, have any of your customers requested that you consider it?"

	<i># of Responses</i>
Yes	34
No	70
Total	104

Number of customers that requested that the processing facility become organically certified (Table 13):

<i># of Responses</i>	<i># of Customers</i>	<i>Total Customers</i>
1	5	5
1	7	7
2	1	2
2	15	30
3	12	36
4	6	24
5	3	15
6	2	12
8	4	32
<i>Total # of customer requests:</i>		<i>163</i>

Barriers to organic certification: Each processor was asked what barriers exist for organically certifying their plant. The verbatim responses are listed under the appropriate category.

Lack of processor knowledge & information about organic certification: (31 responses)

- Don't know.
- Don't know.
- Don't know.
- No idea.
- Don't know.
- Don't totally understand why it's important.
- Confusing issue - where do you even begin?
- Don't know qualifications.
- Do not understand what certification is and what it would do for my business.
- Don't know guidelines.
- Don't know.
- Don't know.
- Don't know.
- Don't know about it.
- Don't know.
- Don't know.
- Don't know.
- Don't know parameters.
- Don't know about it.
- Don't know.
- Lack of information.
- Lack of knowledge.
- Lack of knowledge & cost.
- Lack of info
- Lack of info.
- Lack of info
- Lack of knowledge
- Lack of knowledge
- Don't know.
- No knowledge of requirements, certifying agencies or process to certify.
- Lack of info.

Restructure business operations: (11 responses)

- Just obtaining the organic soaps and cleaners.
- Separation requirement in coolers. Order of processing.
- May have to clean and sanitize between organic and regular animals.
- Labeling is a hassle. Too expensive.
- Not big enough to change plant because it's too expensive.
- The state rules & regulations would be different.

- Would just do organic and wouldn't be able to do anything else, like conventional animals.
- Equipment will not work (i.e. the rails) and need to remodel which will cost a lot of money.
- Difficult to segregate organic product in plant from conventional product - lots of costs involved with reorganizing the storage space.
- Cost to update plant and have inspector come.
- We would have to rebuild parts.

Lack of market interest: (*11 responses*)

- Not enough of a market to justify added overhead.
- No market for it.
- No demand for it.
- Not enough demand.
- Not much interest from consumers or farmers.
- No market.
- No market to do it.
- Lack of customer interest
- No requests.
- No demand.
- No demand

Burden of paperwork: (*9 responses*)

- Paperwork.
- We have too much regulatory paperwork already.
- Paperwork.
- More book work.
- Confusing. A lot of record keeping.
- More time & paperwork.
- Too much paperwork
- Regulations & paperwork.
- bookkeeping

Financial Constraints: (*8 responses*)

- Money.
- Cost.
- Costly
- Expensive to do.
- Costly.
- Cost
- Cost
- Cost

Miscellaneous: (*4 responses*)

- Too much bureaucracy.
- Not sure. Just started considering it.

- No clear value in going organic.
- People like things the way they are.

Interested in becoming organically certified if received assistance (Table 14):

Custom processors were asked “If you were offered assistance with paperwork and/or certification costs would you be interested in becoming certified organic?”

	<i># of Responses</i>
Yes	24
No	51
Uncertain	29
Total	104