Thursday

#1 - Overview & Background
• Context
• Business Model
• Early History
• Customers & Value Proposition
• Products
• Team
• Suppliers
• Processors & Carriers
• Funding & Financials

#2 – Issues & Strategies
• Producer Relationships
• Production Standards
• Meat Quality Improvement Program
• Processing Issues
• Whole Animal Utilization Strategies
• Marketing Strategies
• Management Systems
Context: Demographics
North Carolina
• Surface Area: 145,746 km
• Population: 10.3M
• Density: 72 people/km
• Farm Operations: 46,400
• Acres in Farming: 8.4M
• Hogs: 9.2M
• Restaurants: 19,504
• Household Income: $53,000
• $ on Groceries Per Person: 3,400

Iowa
• Surface Area: 139,391 km
• Population: 3.1M
• Density: 22 people/km
• Farm Operations: 86,000
• Acres in Farming: 30M
• Hogs: 23.6M
• Restaurants: 6,285
• Household Income: $58,000
• $ on Groceries Per Person: 3,400
Independent Livestock Producers

- Small-Scale Meat Slaughter & Processing Businesses
- Institutional Food Service
- Butcher Shops, Specialty Retailers & Mobile Markets
- Retail Grocers

Consumers

Animals
Revenues
Customers
Products

(M)eat Local Box Program
Early History: Not About the Meat
Incubation Period - Pilot

Funding & mentorship were key to our early success
Launch: Farmhand Foods (?) Sausage Wagon
Restaurants (started in 2011)

Value Proposition
• Local
• Fresh
• Convenient
• No minimums
• Never-Ever Claims
• Pasture-Raised / NOT Grass-fed
• Convenient & Professional
• Transparency
• Customizable (came later)
Institutional (started in 2013)

- Value Proposition
  - Local
  - Humane
  - Never-Ever Claims
  - $5M Liability Insurance
  - Food Safety Audit
  - Bulk-Buy Pricing (came later)
Retail & Specialty Grocers (started in 2015)

• Value Proposition
  • Branded !!!!!!!
  • Local
  • Fresh
  • Never-Ever Claims
  • Pasture-Raised / Not Confinement
  • Cut to Order/No Minimums
  • Wholesale pricing
Mobile Home Delivery (started in 2016)

• Value Proposition
  • Branded
    – product photography
  • Local
  • Frozen
  • Never-Ever Claims
  • Consistent fabrication
Direct to Consumer (started in 2011)
Percent of Sales by Channel

- Independent Restaurants: 64%
- Institutional Food Service: 10%
- Butcher Shops, Specialty Retailers & Mobile Markets: 25%
- Retail Grocers: 25%
- (M)eat Local Box Program: 1%
Products
Producer Network
Carriers
Funding

$1.465M

• **Incubation** (2009-2010)
  • W.K. Kellogg Foundation

• “**Pilot**” (2011-2012)
  • NC Rural Foundation
  • NC Tobacco Reinvestment Fund

• **Commercialization** (2013-2016)
  • USDA Small Business Innovation Research Program (Phase I & II)

• **Marketing** (2016 – 2019)
  • USDA Local Foods Promotion Program
Financials

Growth (Revenues Over Time)

Sales Revenues
Growth Rate

$2,500,000.00
$2,000,000.00
$1,500,000.00
$1,000,000.00
$500,000.00


$500,000.00 $1,000,000.00 $1,500,000.00 $2,000,000.00 $2,500,000.00

-20.0% 0.0% 20.0% 40.0% 60.0% 80.0% 100.0% 120.0% 140.0%

-20.0% 20.0% 40.0% 60.0% 80.0% 100.0% 120.0% 140.0%
Gross Margins Over Time

- 0.0%
- 5.0%
- 10.0%
- 15.0%
- 20.0%
- 25.0%


Big Levers:
Whole Animal Utilization
Cut Sheet Decisions
Pricing
<table>
<thead>
<tr>
<th>Species</th>
<th>Gross Margin</th>
<th>% of Overall Sales</th>
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</thead>
<tbody>
<tr>
<td>Beef</td>
<td>18.2%</td>
<td>49.8</td>
</tr>
<tr>
<td>Pork</td>
<td>28.9%</td>
<td>44.7</td>
</tr>
<tr>
<td>Lamb</td>
<td>12.6%</td>
<td>5.5</td>
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<tr>
<td>Early Successes</td>
<td>Early Pain Points</td>
<td></td>
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<tr>
<td>-----------------------------------------</td>
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<td></td>
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<tr>
<td>Step-wise approach with focus on</td>
<td>Skepticism</td>
<td></td>
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<tr>
<td>financial profitability from the get-go</td>
<td></td>
<td></td>
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<tr>
<td>Avoided encroaching on farmers’</td>
<td>Poor perception of</td>
<td></td>
</tr>
<tr>
<td>territory</td>
<td>“grass-fed” beef</td>
<td></td>
</tr>
<tr>
<td>Investment in branding</td>
<td>Smithfield trademark distraction</td>
<td></td>
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<tr>
<td>Partner wherever possible</td>
<td>Whole animal utilization</td>
<td></td>
</tr>
<tr>
<td>Not trying to be everything to everyone</td>
<td></td>
<td></td>
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<tr>
<td>Lean team – low overhead</td>
<td>Product packaging – always and</td>
<td></td>
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<tr>
<td></td>
<td>forever</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inconsistent Meat Quality</td>
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</tbody>
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(m)eat local
QUESTIONS
Beef Production: Context & Standards

Cow/Calf State....Toxic Fescue....Minimal Finishing...Droughts...
Producer Engagement: Beef

- Letters of Engagement
- Pricing
- Premiums
- Specialized Supplement
- Quality Feedback
- Annual meeting
- 2 visits per year + phone calls
- Invoicing & Traceability forms
Beef Quality Improvement

• In-House Ribeye Grading
• Tech Assistance
• Premiums for Quality
Pork: Context & Standards

OUR PORK STANDARDS

- local
- HUMANE
- certified non-gmo
- NO HORMONAL
- IMPLANTS
- no animal by-products
- traceability
- CONTINUOUS
- IMPROVEMENT
- BREED
- SELECTION
- no antibiotics
Lamb: Context & Standards

OUR LAMB STANDARDS

local HUMANE
no antibiotics
no hormonal implants
PASTURE-RAISED no animal by-products
traceability
BREED SELECTION
CONTINUOUS IMPROVEMENT
nutrition
Processing Issues

- Communication
- Busted seals - shrink
- Fabrication errors/standards
- Legal agreements
- Labor!
- Aging Owners
- Cost (vs. other regions/competitors)
- Hides, tongues, cheeks, etc...
- Portion Cutting
Marketing & Sales Strategies - Retail

• Promotions – help them run sales
• In-store sampling
• Brand the case
• Staff training – vegan produce managers
Marketing & Sales Strategies – Restaurants

- Weekly newsletter
  - Pricing
  - Supplier info
- Special events
- Social media – help build their brand
  - Tour de Pork
- Donations
  - help them serve the community
- Boots on the ground – face time, nimble fingers = texting!
Overall Brand Building

Website – full transparency
- blog

Social Media
- farmers
- customers
- products
- company & core values

Public Speaking
2x Annual Freezer Sale
Management Systems

• Operations
  • Quickbooks
  • Excel
  • Vista Trac Inventory Management System
  • Microsoft “To – Do”

• Marketing
  • Mailchimp
  • Wordpress
  • Highrise – customer management
  • Social Media platforms

• Leadership – EOS
  • Meetings & Quarterly Conversations
  • Data & Performance Metrics
  • Vision
  • Accountability & Clarity of Roles
  • Working on vs. Working in the biz
<table>
<thead>
<tr>
<th>Later Successes</th>
<th>Current Pain Points</th>
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<tbody>
<tr>
<td>Vista-Trac</td>
<td>Whole animal utilization</td>
</tr>
<tr>
<td>Team!</td>
<td>Consistent meat quality</td>
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<tr>
<td>Retail case branding</td>
<td>A/R</td>
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<tr>
<td>Product development – merguez, lard, C. bacon</td>
<td>High costs of processing</td>
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<tr>
<td>Plenty of supply</td>
<td>Limited distribution partnerships</td>
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<td>Brand Integrity &amp; Recognition</td>
<td>Not yet profitable</td>
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Exploring our next move!

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