

**Local Food Promotion Program (LFPP)  
Final Performance Report**

The final performance report summarizes the outcome of your LFPP award objectives. As stated in the LFPP Terms and Conditions, you will not be eligible for future LFPP or Farmers Market Promotion Program grant funding unless all close-out procedures are completed, including satisfactory submission of this final performance report.

This final report will be made available to the public once it is approved by LFPP staff. Write the report in a way that promotes your project's accomplishments, as this document will serve as not only a learning tool, but a promotional tool to support local and regional food programs. Particularly, recipients are expected to provide both qualitative and quantitative results to convey the activities and accomplishments of the work.

The report is limited to 10 pages and is due **within 90 days** of the project's performance period end date, or sooner if the project is complete. Provide answers to each question, or answer "not applicable" where necessary. It is recommended that you email or fax your completed performance report to your assigned grant specialist to avoid delays:

LFPP Phone: 202-720-2731; Email: [USDALFPPQuestions@ams.usda.gov](mailto:USDALFPPQuestions@ams.usda.gov); Fax: 202-720-0300

Should you need to mail your documents via hard copy, contact LFPP staff to obtain mailing instructions.

<b>Report Date Range:</b> <i>(e.g. September 30, 20XX-September 29, 20XX)</i>	April 1, 2016 to September 30, 2016	
<b>Authorized Representative Name:</b>	Adam O Moody	
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<b>Authorized Representative Email:</b>	amoody@moodymeats.com	
<b>Recipient Organization Name:</b>	Meat the Rabbit, LLC	
<b>Project Title as Stated on Grant Agreement:</b>	Indiana Processors Alliance	
<b>Grant Agreement Number:</b> <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15LFPPIN0070	
<b>Year Grant was Awarded:</b>	2015	
<b>Project City/State:</b>	Indianapolis, IN	
<b>Total Awarded Budget:</b>	21,765.00	

LFPP staff may contact you to follow up for long-term success stories. Who may we contact?

Same Authorized Representative listed above (check if applicable).

Different individual: Name: \_\_\_\_\_; Email: \_\_\_\_\_; Phone: \_\_\_\_\_

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1. State the goals/objectives of your project as outlined in the grant narrative and/or approved by LFPP staff. If the goals/objectives from the narrative have changed from the grant narrative, please highlight those changes (e.g. “new objective”, “new contact”, “new consultant”, etc.). You may add additional goals/objectives if necessary. For each item below, qualitatively discuss the progress made and indicate the impact on the community, if any.

- i. **Goal/Objective 1:** *Find a network of farms that could adequately supply a grocery chain’s demand.*

- a. **Progress Made:** We have successfully found the requisite network of farms to supply a large chain with local meat. We began by mailing a voluntary survey to the 94 state-inspected processors in the state of Indiana. Only 14 responded. Among other things, this survey asked for specifics about the plant’s own supply networks—including contracted farms, and dedicated growers in their own local area. Based on estimates of the livestock production potential from these local meat processors, we were able to determine that small farms around the state can, indeed, produce the volume of beef and pork to meet our needs.

- b. **Impact on Community:** If this planning grant were implemented, the impact on the community surrounding each of the 14 processors around the state would be significant. While it was determined that many of the farms have the capacity to produce the livestock required, without a market for them, many small farms are under-producing, or are selling their livestock at low margins through sale barns. Using estimates from a regional grocery chain supporting this planning grant research, they could use 80 hogs per week, or 4,000 hogs per year. If the average small farm in Indiana finishes 50 hogs per year using non-confinement, sustainable practices, this single market alone creates significant income potential for 80 farms.

- ii. **Goal/Objective 2:** *Determine if a network of local state-inspected plants could be used to dispatch and process the animals that a Regional Grocery Chain requires, and what the maximum capacity could be of such a network.*

- a. **Progress Made:** We have successfully found the requisite network to supply a large chain with local meat. Through the aforementioned survey, we not only asked about animal sourcing, but this survey asked for specifics about the plant’s capacity so that we could determine if there was enough capacity to process enough meat at these smaller plants to meet a large chain’s need. Next, we commenced with on-site visits to verify the capacity claims that the owner/operators made in their surveys. Through those visits, we have developed and verified a network of the processors sufficient to meet demand estimates from Indiana’s largest regional grocery chain.

- b. **Impact on Community:** If this planning grant were implemented, there would be job creation in each of the communities where the processing plants exist—all of them in rural communities where job creation is difficult. Based on the survey estimates and our site visits, we estimate that if these 14 processors were networked together to supply the 4,000 hogs per year that the regional grocery chain requires, we would create an estimated 18 new FTE positions around Indiana.

iii. **Goal/Objective 3:** *Determine if a price structure could be reached that is competitive or even economically advantageous over using out-of-state large-scale processors.*

a. **Progress Made:** Our original hypothesis was that the cost-savings afforded by staying local, reducing transit costs, would provide an economic advantage to the customers. That hypothesis was ultimately proven false, as the cost savings from transit are offset by the costs of operational inefficiency of the smaller processing plants. For that reason, the local meats that are produced through an alliance of processors and local farms would go to market at a price-neutral or slightly premium price over alternative suppliers from out-of-state processors. When buyers at a regional grocery chain and two regional meat distributors were presented with the price for the local product, they agreed that proper marketing could build enough value in the consumer's mind to warrant the price. In other words, the premium is not so far above market standard to be prohibitive.

b. **Impact on Community:** The findings from this hypothesis have two impacts on the community. First, on the job creation and opportunity for farms that a 4,000 hogs-per-year market would produce for Indiana may be slowed or decreased. The estimate of hog volume from the regional grocery chain was based on an economically advantageous product, not equal to premium products. So, volume may be smaller to begin with until more retail chains participate. Second, the impact on the community of consumers is significant because it means that access to locally-produced food is attainable to average households, but will remain unattainable to low-income households.

iv. **Goal/Objective 4:** *Determine what, if any, added infrastructure would be required to expand existing facilities and manage the logistics of having a disparate processing network, and what volume of local meat sales would be required to justify that infrastructure investment.*

a. **Progress Made:** We explored two possible approaches to this goal. First, the original hypothesis set out in the grant proposal was the construction and equipping of a new meat processing facility, centrally located among the slaughter facilities, and convenient to the distribution points for the end customer. The new facility would be used to complete any final processing (trimming, grinding, portioning) of the primal meats and then packaging those meats with one uniform procedure and materials.

This first hypothesis proved to be cost-prohibitive and not a viable business venture. Using the volume estimates from the regional grocery chain and the preliminary construction and equipment estimates that we received, we calculated the rate of return on capital at less than 1% for an investment in such a facility.

Next, we decided to examine a second option: a strategic partnership with an existing meat fabricator or distributor where build-out costs would be minimal. We approached two potential partners about subletting space in their existing

facility, and the symbiotic benefits of having our local meat supply “in-house” for their business. This option proved a viable one worthy of investment.

b. **Impact on Community:** Building infrastructure, whether it is refurbishing an old facility or building a new one, adds indirect jobs in construction labor as well as improving otherwise blighted or under-utilized real estate. Unlike the network of slaughter facilities, which are located in rural areas near to the farms, this processing infrastructure would be situated in Indianapolis, and most likely in an area that has seen a decline in manufacturing jobs over the past two decades, with the real estate blight that comes with it.

2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date (the start of the award performance period, September 30, 20\_\_). Include further explanation if necessary.
  - i. Number of direct jobs created: 0
  - ii. Number of jobs retained: 0
  - iii. Number of indirect jobs created: 0
  - iv. Number of markets expanded: 0
  - v. Number of new markets established: 0
  - vi. Market sales increased by \$0 and increased by 0%.
  - vii. Number of farmers/producers that have benefited from the project: 0
    - a. Percent Increase: 0
3. Did you expand your customer base by reaching new populations such as new ethnic groups, additional low income/low access populations, new businesses, etc.? If so, how? *No, we have merely done research/planning to-date. We have not added any customers.*
4. Discuss your community partnerships.
  - i. Who are your community partners? *The Indiana Board of Animal Health has been integral in our research and planning. The Indy Food Council’s Food Access Committee has also helped.*
  - ii. How have they contributed to the results you’ve already achieved? *The Indiana Board of Animal Health provided us a complete list of State-Inspected processors to begin our research. The Indy Food Council’s Food Access Committee has helped us to identify a key area of Indianapolis where the proposed processing facility could be located with a high-impact on local jobs, suggested building locations, and possible funding sources.*
  - iii. How will they contribute to future results? *Indiana BOAH will be required to inspect the proposed/planned facility that we will build. The Indy Food Council can provide funding opportunities for grants or tax abatements in the event that we proceed with a building site in the blighted Indianapolis neighborhood that they suggest.*
5. did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project? *No.*
6. Have you publicized any results yet?\*
- i. If yes, how did you publicize the results?

Because this planning grant was focused on determining the viability of a business venture that would aggregate and sell meat, we chose to compile our findings into a “business case” report, complete with an executive summary and proforma financials that validate the business concept.

- ii. To whom did you publicize the results?  
The Business Case (attached) was sent to contacts at the Indiana Board of Animal Health, the Indiana Department of Agriculture, Indiana Farm Bureau, the Indy Food Council, the Indiana Economic Development Board with encouragement to share with any parties that they felt would be interested in the project.
- iii. How many stakeholders (i.e. people, entities) did you reach? 5

\*Send any publicity information (brochures, announcements, newsletters, etc.) electronically along with this report. Non-electronic promotional items should be digitally photographed and emailed with this report (do not send the actual item).

7. Have you collected any feedback from your community and additional stakeholders about your work?

- i. If so, how did you collect the information? *We sent surveys to 94 state-inspected slaughter facilities around the state. Each survey included 4 questions related to that facility’s owners’ own level of interest in the project.*

*We also sent our final report to 5 key stakeholders in the Indiana local food economy, and presented in person to 2.*

- ii. What feedback have you collected thus far (specific comments)? *Given that only 14 decided to participate at all, we can surmise that the percentage of interest among owners of slaughter facilities in Indiana in a program that would increase local production is low. However, the fervor of interest among those respondents was high. On a scale of 1 to 5, the average score was over 4 for questions both, “How important do you think local food is?” and also, “How interested are you in participating in a network of processors to provide local food?”*

“If you don’t move ahead with this business, I hope someone does.” – Bob White, Indiana Farm Bureau.

“If an alliance like this actually formed, it would make the brand of ‘Indiana Grown’ much more trusted on meat products. I actually fear the day when a customer asks which Indiana farm grew the meat in the package, and we don’t have an answer to give.” – Suzi Spahr, Indiana Grown (Indiana State Department of Agriculture)

8. Budget Summary:

- i. As part of the LFPP closeout procedures, you are required to submit the SF-425 (Final Federal Financial Report). Check here if you have completed the SF-425 and are submitting it with this report:
- ii. Did the project generate any income? No

## 9. Lessons Learned:

- i. Summarize any lessons learned. Draw from positive experiences (e.g. good ideas that improved project efficiency or saved money) and negative experiences (e.g. what did not go well and what needs to be changed).

Collaboration among different private businesses went surprisingly well. We initially feared that the owners of slaughter facilities would distrust any notion of an “alliance” in light of potential competition. On the contrary, the 14 respondents that opted into the study were actually very open to collaborating, and understood the need to do so. Site surveys were actually performed by Adam Moody and Mike Roark, who operate their own state-inspected facility that could be perceived as competitive. Even so, they were welcomed on-site with open arms and little reservations. Moreover, when the original hypothesis of building a new processing facility for packaging proved untenable, the openness of a regional meat distributor to form a strategic partnership was very surprising and encouraging.

Negatively, the involvement of the regional grocery chain over the term of this project was disappointing. The staff who initially expressed interest in the study, and even requested that we find a way to meet their requirements for local food, eventually changed their focus and lost interest in the project. It seems that the pressure placed on buyers and category managers in the grocery industry are intense, and long-term initiatives such as a 9-month long study are not easily sustained. At the project’s conclusion, this chain’s interest in even purchasing local product seems to have waned as if the idea was a compulsion from the beginning and did not survive the next “shiny object” that came across the buyer’s desk. In the future, I would seek a firmer commitment with expectations set, as well as get multiple non-competitive (grocery, foodservice, and institutional) buyers together rather than working with just one.

- ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:

Our outcomes were achieved, but with a couple deviations from original hypothesis. I think that it is important for research grants especially that the team be willing to explore alternatives when one or more major hypothesis of the grant narrative is disproven early on.

- iii. Describe any lessons learned in the administration of the project that might be helpful for others who would want to implement a similar project:

Do not expect to start your project on the first day that it is awarded. We fell behind our intended timelines because we set our project timelines in the narrative as though we would be prepared and ready to begin on October 1<sup>st</sup>. As a result, our first interim report was disappointing. Allow a period in the beginning of the grant work for team meetings, planning, and scheduling.

## 10. Future Work:

- i. How will you continue the work of this project beyond the performance period? In other words, how will you parlay the results of your project's work to benefit future community goals and initiatives? Include information about community impact and outreach, anticipated increases in markets and/or sales, estimated number of jobs retained/created, and any other information you'd like to share about the future of your project.

It saddens me to report that I will not be continuing this planning grant into implementation. Circumstances arose over the course of this grant work that have made me no longer available to spearhead and lead the project that I just proved to be viable. That makes my outreach all the more valuable as I have implored the 5 stakeholders with whom I have shared the results to identify an entrepreneurial candidate (or group) who may want to implement the business plan that was explored in this grant.

- ii. Do you have any recommendations for future activities and, if applicable, an outline of next steps or additional research that might advance the project goals?

Now that the validation of a supply network has been completed through this planning grant, the next steps would be to secure a purchase agreement from a grocery chain before proceeding with the build-outs and aggregating inventory.

With a purchase order in hand, and perhaps a letter of intent to purchase for a fixed period in the future, an entrepreneur can reasonably make the investments required to build-out space at a suitable distributor's facility. That construction could be completed in under 60 days, which means that the process of sourcing pork should commence immediately upon the start of construction in order to have meat ready for purchase as soon as the facility is ready to package it.

NOTE: download the executive summary of the business case that we prepared from this research at

<http://www.carterandcompanyllc.com/hostedsites/meatthefarm/BusinessCase.pdf>