

BETA VERSION 1.1

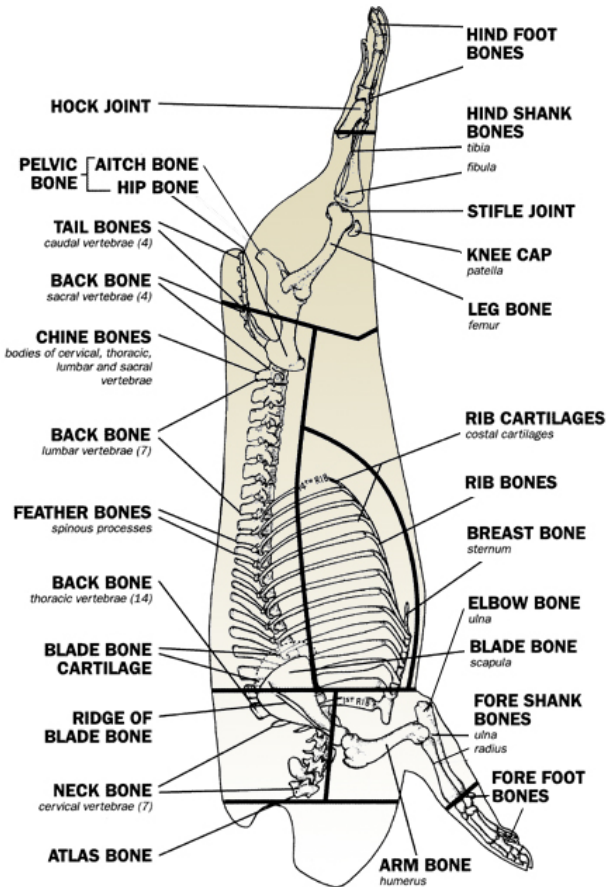
SUSTAINABLE SOLUTIONS

DISCOVERING OPERATIONAL EXPENSE OF BUTCHERY

PORK FOR ADDED VALUE PRODUCTS

CARCASS BREAKDOWN AND OVERALL COST ANALYSIS

OVERVIEW



The true cost of operating an added value program can be daunting.

Many times we as craftsmen lose sight of the forest for the trees and either underestimate the cost of doing business, or leave money on the table for not structuring production in an efficient manner.

Always begin with a plan or Vision.



WHAT KIND OF BUSINESS ARE YOU RUNNING?



WHAT KIND OF PRODUCTS DO YOU WANT TO MAKE/USE?



COOKED

RTE

FRESH

SHELF STABLE



DESCRIBE YOUR RAW MATERIALS?

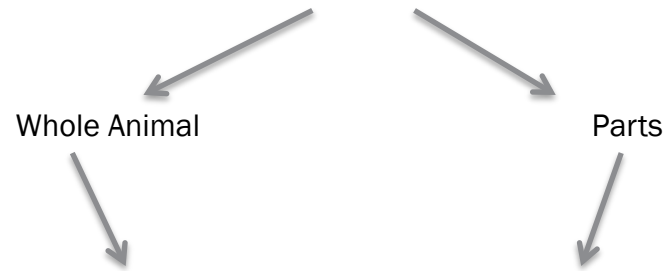


PRODUCT LINE

NO MATTER THE STYLE OR PRODUCT, or the SOURCE or SHAPE of the raw material. Begin with the best product you can find.



*Quality Raw Materials (*Good/Clean/Fair)*



1. Usable Product for Primary and By-Product Yield

2. Labor and Time Management

3. Marketable Price Structure



WHOLE ANIMAL YIELD – STEP 1.

1. Purchase of Raw Materials.
 - Nothing changes this number
 - Original Purchase price is always your baseline.
2. This yielding will change in every different form of processing.
 - However, every form loses weight to the room, the table or the trash.
3. Connect your processing style to the kind of finished product you want to produce..
 - Cooked*
 - RTE (Ready to Eat)*
 - Fresh*
 - Shelf Stable*
4. This decision will then produce your total usable Yield per Animal and the average cost per pound for those items.

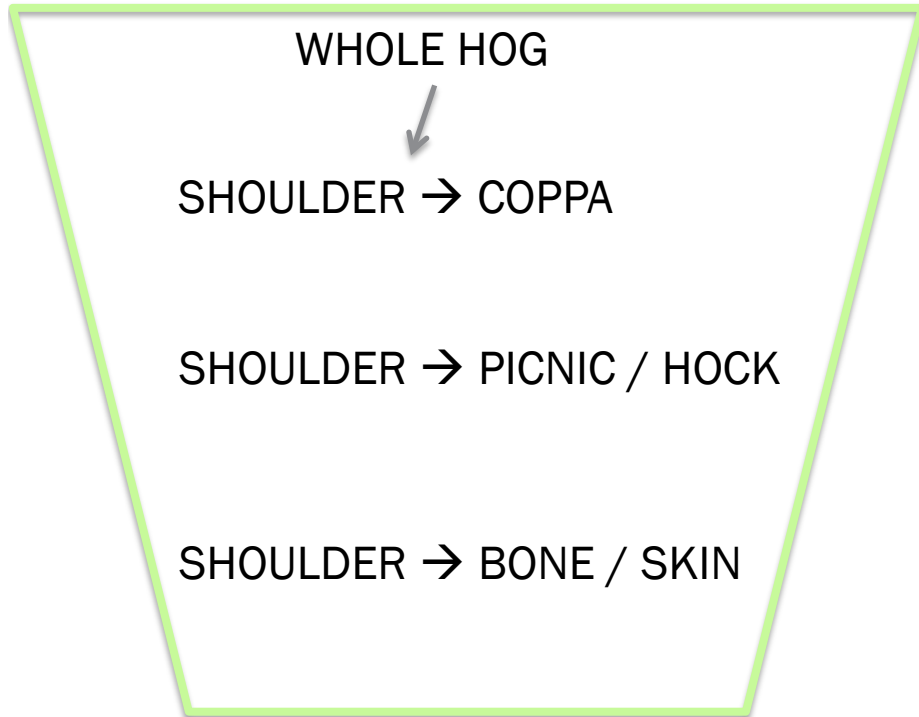
POTENTIAL MASTER BREAKDOWN	
STEP 1	
220.00	HANGING WEIGHT OF HOG (LBS)
3.87	PURGE LOSS (LBS)
98.24%	STARTING YIELD - (*LOSS OF WATER EVAP)
\$ 3.00	PURCHASE PRICE / LBS
\$ 660.00	TOTAL COST OF ANIMAL* (WEIGHT UPON DELIVERY)
STEP 2	
\$ 3.05	RAW COST/LBS (STARTING YIELD COST)
75.59%	TOTAL USABLE YIELD PER CARCASS ** (PROTEIN)
163.37	TOTAL USABLE YIELD PER CARCASS (LBS)
\$ 4.04	TOTAL USABLE YIELD PER CARCASS PRODUCTION COST



HOW OFTEN DO YOU YIELD TEST?



UNDERSTANDING USABLE PRODUCT



What is a Yield

Usages - Primary / Secondary / Tertiary / Waste

Purge / Water Evaporation

↓
Base Line Costing



BASE LINE COSTING

- Cost of raw material will grow in cost each and every moment.
- Final yielding against raw starting cost will provide the same result
 - Knowing how to manage your systems will help you grow your business.

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FOLLOWING INCREASES IN COST

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Knowing that we have chosen a particular product mix to create, the TOTAL USABLE YIELD PER CARCASS gives way to my new base-line production cost.



STEP 2 – THE PRODUCTION INCREASE IN BASE COST OF PRIMARY PRODUCT

We select the part of the animal we want to use, and the purpose for which it is chosen

Based on our yields, this represents the % of the Entire Animal

Our total usable protein gives us a Yielded Cost Baseline, from there we understand the value of this product. This number plus our ingredients will give us a batch. (Yellow cells mean you can change this data)

The yield of the final product is based on your own recipe and style or product. When manipulating the spreadsheet, be aware that these cells can greatly affect the COGS.

Yielded Raw Cost/LBS is our finished product cost. This coupled with the MSRP and the Cost analysis can give the manager a true sense of the businesses potential.

SHOULDER	% of Whole Animal	Raw Weight	Raw Cost (From Yielded Cost)	Ingredients	Total Raw Cost	Yield	Yielded Raw Cost/LBS	MSRP	COGS	PROJ. REV
coppa	5.98%	12.92	\$ 52.21	\$ 1.20	\$ 53.41	70%	\$ 5.77	\$ 13.00	44%	\$ 117.61
flaps	2.75%	5.94	24.01	1.25	25.26	75%	5.39	18.00	30%	80.24
cushion	1.76%	3.80	15.37	1.25	16.62	75%	5.39	18.00	30%	51.35
Pork II	8.73%	18.87	76.22	1.25	77.47	75%	5.39	18.00	30%	254.72
50/50	2.45%	5.30	21.39	1.25	22.64	75%	5.39	18.00	30%	71.48
butt fat	5.20%	11.24	45.40	1.25	46.65	75%	5.39	18.00	30%	151.72



QUESTIONS & ANSWERS



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