

Division of Marketing
Agricultural Development and Diversification (ADD) Program
1997 Grant Final Report

Grant Number 12042

Grant Title Value-Added Lamb

Amount Awarded \$27,000.00

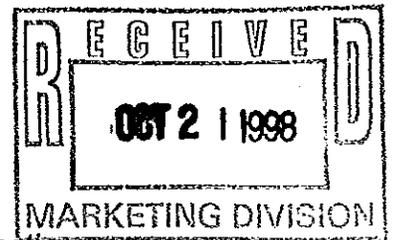
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Cover Page

Department of Agriculture, Trade and Consumer Protection
Division of Marketing
Agricultural Development and Diversification

1997 Grant Final Report

Contract #: 12042

Project Title: Value-Added Lamb

Beginning Date: July 1, 1997 Ending date: October 31, 1998 (extended)

Amount of Funding Awarded: \$27,000

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Date: October 31, 1998

Value Added Lamb Final Report

Project Summary:

The purpose of the project was to increase the price lamb producers receive by producing value-added lamb meat products. Bayfield County based lamb producers joined together to form this project and were the direct beneficiaries of the work including research on products, actual product development, product sales and creation of a business organization. The business organization formed was a "new generation" agricultural cooperative, incorporated in the State of Wisconsin, and positioned to sell both dividend paying preferred (non-voting) stock to the public and common (voting) stock to producer members of the cooperative. The Bayfield Lamb Cooperative, Inc. was formed in April, 1998.

Product focus and development originally was intended to be done by Dr. Dennis Buege of the Meat Science Department of the University of WI-Madison. It was soon determined that a better source of assistance would come from Mr. Hal Koller at Pennington Market in Amery (also an ADD grant recipient) so the product development component of the work was adjusted early in the project with mutual consent of Dennis Buege and Hal Koller.

The over all project consisted of three stages. 1) A feasibility study conducted by Cooperative Development Services, Madison. This consisted of a market analysis to evaluate the current mid-west market of lamb meat products, cost of producing targeted products, target markets and sales methodologies, start up costing projection and an organizational structure evaluation with initial preference on a traditional agricultural cooperative. 2) Product development including creation of a series of prototype lamb meat and other lamb products as well as consideration of a facility for producing the products locally or within a reasonable distance of Bayfield County. Product focus and developmental efforts never waivered and were based on the CDS feasibility study including a lamb roll, kabob meat, various sausages, gyros, dried meat products including spiced sticks and jerky. Added spices, natural sweeteners and fruits were used in a number of the products -- such as harvest mint sausage, apple sausage and maple-walnut sausage as well as dried blueberries in lamb pemmican. 3) The business development and planning stage is still ongoing and shall continue past the completion of this grant funded project. The Bayfield Lamb Cooperative, Inc. is functioning and has created a mechanism for retail outlet sales, public event sales and direct product sales to consumers to generate cash flow. Three public events were used to test product sales and judge consumer acceptance. A Taste of Bayfield, June, 1998, a private wedding, August, 1998 and Bayfield Applefest, October, 1998. All three events were highly successful with the three day Applefest sales totaling over \$3,500 -- of just two products, the kabob meat gyro and the lamb roll (traditional) gyro. At this time, Mr. Craig Schowalter of Business Plans, Etc., Washburn is under contract for continuation of product development, marketing services and finalization of the business plan.

Work Conducted:

Lamb producers of Wisconsin (Bayfield County) traditionally have sold lambs at the South St. Paul, MN stock yards with predictably low prices paid (.60 - .80/lbs.) and increasing high costs of transportation. Other issues producers contend with include costs to raise lambs, costs per

ewe at different levels of production and the prolificacy rate of ewes all compared to what the market is paying.

Direct farm-to-consumer sales by the producers of lamb or lamb meat products is one means for farm based producers to establish a higher and more consistent return. Unfortunately, most producers are not retailers, marketers or advertisers -- most simply desire to focus on being good shepherds and good farmers. In addition, if more than one producer operates in a single market area (Bayfield County), the inherent risk is that the competition will cull out the individual not adept in all aspects of direct marketing.

Lamb meat products currently occupy a low profile, low volume segment in the retail market place so the underlying purpose of this project was to develop products utilizing "naturally raised" lamb from Bayfield County that evolved into "exotic" foods that meet the growing consumer trend for products new, different and exciting.

The Cooperative Development Services feasibility and market research study (see Appendix A) supported this position and strategy. Consumer trends and demands indicate --

- 1) A desire for meals that require little preparation time.
- 2) Little Knowledge of and skills for cooking.
- 3) Concern about health and nutrition when buying meat. In addition product trends indicate products should be case-ready in pre-sized packages, the products should be consumer-ready with preparation suggestions, pre-marinated or spiced and ready to cook and sold as home meal replacements for consumers to take out (home) to eat.

Product lines identified in the CDS study addressed the above and were the products developed at the Pennington Market processing facility for the Bayfield Lamb Cooperative, Inc. Products will utilize fresh lambs from Bayfield and are muscle meat and trim based. All (except as noted) can be sold fresh or frozen.

- * The lamb roll (Lamb Roulleau) is a boned roll of muscle meat, seasoned for two products: the gyro and sliced for American style.
- * The lamb kabob featuring muscle meat, cut into bite-size cubes with marination.
- * Breakfast sausages with different flavorings including original spiced, harvest mint, honey walnut, maple walnut and autumn apple.
- * Classic sausages including Italian, Chorizo and bratwurst.
- * Trim meats will be used to produce Shepherd stix, a cased, shelf stable snack item; a jerky with four flavors (spiced, Greek, Mexican and hot; a pemmican with added dried blueberries that resembles jerky and is also dried to be shelf stable. (See Appendix B)

Hal Koller and the Pennington Market of Amery produced three batches of the above products with varying levels of success. Transportation costs of carrying live lambs to Amery from Bayfield County are a concern but seemingly balanced by its unique position, equipment and experience. This is a USDA and DATCP approved slaughter and processing plant. This provides the opportunity to market products both within Wisconsin and out of the state. The

Amery facility has a smoker, is readily available and is positioned to dispose of offal -- an important factor in selection of the processor.

Markets and Marketing Options:

During the grant period, three public events were selected for sales of prepared lamb meat products. The Taste of Bayfield sponsored by the Chamber of Commerce, June; a private wedding in August and the 37th Annual Bayfield Applefest held in October. These three events were opportunities for the Bayfield Lamb Cooperative to present their prepared products and gain immediate public reactions. The Taste of Bayfield was the first event and a consumer reaction/evaluation survey (written) was conducted to receive consumer feedback on: satisfaction with products presented, interest level in future purchase of the products, other lamb products desired, identification of retail outlets and ways consumers could obtain Bayfield lamb products.

The CDS study also identified retail outlets that could sell/distribute lamb meat products. To date, the retail distribution of the product line is not in place but will be considered as the project and the products continue to evolve and prosper.

Challenges faced and future activities --

Value-added lamb meats were overwhelmingly successful based on volumes of sales and consumer feedback at the three public events above. The three day Bayfield Applefest sales exceeded \$3500. Feedback from the visitors and other retailers to the Bayfield Chamber of Commerce and to individual Bayfield Lamb Cooperative members was that the "lamb gyros" were the Best of the Show!

Public Outreach:

As described above, the three public events where Bayfield Lamb Cooperative, Inc. lamb meat products were available turned out most successfully. Attached is an initial informational pamphlet on "Bayfield Gourmet Lamb" including the logo developed for the future product label.

The October issue of the Wisconsin Rural Electric Cooperatives News magazine featured an excellent article on this project (see Appendix C) depicting the history of the group, formation of a new generation cooperative, receipt and support from the DATCP-ADD grant program, cooperation and services provided from CDS and the Pri-Ru-Ta RC&D Council as well as from Hal Koller.

Final Results:

The combination of research, product development, public events for product distribution and consumer reactions, formation of a new-generation agricultural cooperative and continued support and focus of the producers all contributed to a highly successful project conclusion. The three major components of the project -

- 1) Feasibility and market analysis study
 - Organizational structure
 - Financial analysis

- Market analysis
- 2) Product development
 - Development of value-added lamb meat products
 - Test marketing of products
 - Identification and utilization of a facility to produce value-added lamb meat products
- 3) Business planning and marketing
 - Market strategy for product sales
 - Clarification of financial needs
 - Creation of a business organization

All these objectives were met and will provide the foundation for long-term opportunities for growth, expansion and higher prices paid to producers of lamb production in northern Wisconsin.

The Bayfield Lamb Cooperative, Inc. has entered into a business relationship with Mr. Craig Schowalter of Business Plans, Etc., Washburn to carry out the financial and marketing strategies of the CDS report. A continuing producer-processing relationship is being established with the Pennington Market of Amery for long-term product development and refinement.

For additional information on the project or on the Bayfield Lamb Cooperative, Inc. contact Mr. Dale Baggerley, Big Rock Farm, Rt. 3, Box 3575, Washburn, WI 54891 (715-373-5122).

Thanks and appreciation are extended to the Wisconsin Department of Agriculture, Trade and consumer Protection, Agricultural and Diversification Program -- specifically to Mr. Erwin A. "Bud" Sholts, Director and to Mr. Michael Bandli, Agricultural Marketing Consultant.

--DRAFT--

Market Analysis
and
Financial Analysis
for
Bayfield Lamb Cooperative

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APPENDIX A

Executive Summary

Cooperative Development Services (CDS) was contracted by PRI-RU-TA Resource Conservation and Development Council (PRI-RU-TA) to work with a group of five lamb producers in the Bayfield, Wisconsin area seeking to develop value-added lamb products.

CDS worked with the Bayfield lamb group (after April 1998 incorporated as the Bayfield Lamb Cooperative) from December 1997 through May 1998 to conduct a market analysis and a financial analysis for marketing of value-added products.

A review of the domestic market profile of lamb suggests that lamb sales and the public's interest in lamb are low. A further disadvantage is the loss of a lamb checkoff which eliminated a source of funds previously designated for promotion of domestic lamb products at the national level.

An analysis of current trends in meat marketing nationally reveals that new meat products which are successful emphasize three features:

1. Little preparation time required of consumer;
2. Limited cooking knowledge and skills required of consumer; and
3. Offer consumers healthful, low-fat options.

CDS's overall recommendations for the cooperative include the following:

- Market Bayfield Lamb as a natural product with health and environmental advantages to the consumer and with a Bayfield identity.
- Offer consumers products and additional information that minimize the need for preparation time and previously-acquired cooking skills.
- The cooperative should concentrate its efforts on sales to restaurants. In attempting marketing arrangements with retail stores, the cooperative should consider the sale of fresh meat products.
- The cooperative should assess willingness of members and the potential financial returns of the sale of pelts.
- Comply with all state regulations for processing and marketing meats.

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I. INTRODUCTION

A. Purpose of the Organization

A group of five Bayfield areas lamb producers initiated discussions among themselves with the intent of cooperatively marketing their lamb products. In 1997, in cooperation with PRI-RU-TA Resource Conservation and Development Council (PRI-RU-TA) and Cooperative Development Services (CDS), the group applied for and received a grant from the State of Wisconsin's Agricultural Development and Diversification Program for the development of value-added lamb products (and other activities with which CDS was not involved).

B. Background on the Bayfield Lamb Producers

All of the producers were raising sheep and lambs at the time the study was initiated in December 1997. Most expressed interest in increasing the size of their flocks in the coming years.

Processing had been a bottleneck for some of them. Not all processing facilities are willing to handle lamb. The nearest processor, Pierce's Sausage Kitchen in Ashland, is willing to slaughter and process lamb, but has a small facility and limited availability. Producers reported that Pierce's required them to make an appointment for processing with a year's advanced notice. The producers wanted to identify processing opportunities with greater flexibility to accommodate their needs.

Some of the Bayfield lamb producers had been marketing lamb meat directly to consumers; others sold their animals at the conventional market in south St. Paul. Most agreed that marketing was tough for them, and that marketing was the part of their businesses that they liked the least.

Producers decided to organize to form a connection between themselves and markets; many of them said that they preferred to concentrate their efforts on production rather than on marketing, and wanted to see if some form of cooperative arrangement among themselves could handle marketing of their value-added products. In that way, the cooperative could hire or delegate someone who could be dedicated to making that connection between the cooperative and the market. They also expressed an interest in using the group as a means to discuss issues and methods of production.

There was a clear desire to maintain control of the product--from production right through to the consumer--to assure a quality value-added lamb product that stood out in the marketplace. The group had a consensus opinion that emphasized sustainable production methods. Most were raising animals using organic principles although none of their farms were certified organic. They also expressed a preference for marketing products which were minimally processed and used few or limited chemicals in processing the meat.

Larger goals of the group embraced their desire to provide a reliable source of income for their small, family farms. At least one producer felt it was important to contribute to a sector of the economy that was not related to tourism in the Bayfield area.

C. Objectives of the Market Analysis and Financial Analysis

PRI-RU-TA entered into an agreement with CDS on behalf of a group of five lamb producers in the Bayfield, Wisconsin area in December 1997 to conduct Phase I of a Feasibility Analysis. The overriding goal and long-range purpose of the overall Feasibility Analysis is to identify the means to increase the price that lamb raisers receive for their products by developing value-added lamb products.

There are three major objectives of the entire Feasibility Analysis:

- 1) To determine whether or not it is feasible to proceed with the development of one or more prototype lamb meat products;
- 2) To advise and inform the development of those products; and
- 3) To guide the group in the development of a marketing association or cooperative to bring such products to market.

CDS's responsibility was limited to carrying out a portion of the Feasibility Analysis which consisted of only points 1) and 2) above, the Market Analysis and Financial Analysis for the first year of operation (1998). The components of the Market Analysis and Financial Analysis for which CDS took the lead are outlined below.

CDS had no role in guiding the development of the group as a cooperative or other form of association in bringing products to market.

D. Components of the Market Analysis

The market analysis to be carried out by CDS in cooperation with the Bayfield lamb group and PRI-RU-TA consists of the following tasks:

Examine options for a Value-Added Product Line

- Conduct basic literature search summarizing national trends for lamb marketing.
- Work with UW meat science laboratory staff to identify at least one recipe.

Examine options for Meat Processing

- Assess Pierce's Sausage Kitchen (Ashland) as an option.
- Examine anticipated plant in Duluth as a future option.
- Identify options for a transitional processing facility.

Examine options for Marketing Selected Products

- Conduct consumer interviews (or focus groups) to assess market.
- Assess options and feasibility of Event with Bayfield Chamber of Commerce.
- Assess options and feasibility of Applefest.
- Assess options and feasibility of other Bayfield area options.

E. Components of the Financial Analysis (For 1998-99)

The financial analysis to be carried out by CDS in cooperation with the Bayfield lamb group and PRI-RU-TA consists of the following tasks:

- Analysis of start-up costs of proposed organization.
- Analysis of operational costs associated with marketing products identified above.
- One year (1998) financial projections, including income statement and balance sheet.

II. MARKET RESEARCH

A. General Domestic Market Profile

1998 Lamb Price Assessment. An assessment of lamb meat prices by the American Sheep Industry Association for March of 1998 found that prices for the month were at a pre-1996 level. The American Sheep Industry Association report identifies four factors that contribute to this low price: cold storage, imports, pelt price risk, and competing meats.

Cold storage holdings of U.S. lamb began to build in early 1997, reaching a record high in March 1998 (before Easter).

Imports of lamb (and mutton) to the U.S. continue to grow each year, and this trend shows no sign of ending. While in 1993 lamb imports represented 7% of the lamb consumed in the U.S., by 1998, lamb imports accounted for more than 20% of U.S. lamb consumption (American Sheep Industry Association 1998).

Lamb pelt prices on the global market have taken a recent dive—at least in part due to a dramatic reduction in the number of hides purchased by Korea. Although this drop in price has not yet been felt in the U.S., the American Sheep Industry Association sees global pelt prices as a potential area of serious concern. If the global situation does not improve, pelt prices in the U.S. could decline dramatically, cutting \$2.50 to \$6.00 per cwt. (hundredweight) from slaughter lamb prices.

While U.S. meat production is expected to reach a record high in 1998, lamb is enjoying few of the benefits. The lamb meat industry has been steadily decreasing in the U.S. since the early 1970s (Livestock Slaughter and Meat Production 1926-1996, 1997 Meat and Poultry Facts).

Average weekly expenditures on meats by consumers totals \$4.38 for beef, \$3.00 for pork, and \$2.65 for poultry while consumers spend an average of only \$0.23 per week on lamb (U.S. Department of Labor, Bureau of Labor Statistics, 1995 Consumer Expenditure Survey). To summarize, lamb is currently not an important meat for U.S. consumers.

While demand for lamb appears to be diminishing, there is little help for promoting the domestic lamb industry. The loss of the sheep industry “check-off” (a fee included in lamb sales intended to fund educational and promotional activities of the American Sheep Industry Association until 1996) leaves few resources for national promotion. To compound the problem, hog production has been on the increase in the U.S., driving down wholesale prices, making pork a very attractive meat for both retailers and consumers. Another disadvantage for the lamb industry over other meats is that consumers perceive lamb as a fatty protein source, further diminishing its attraction in a social climate of growing concern over health and nutrition.

Thus lamb prices for 1998 are not likely to increase over a year ago. While low production may result in drying up the cold storage availability of meat and thus increasing prices somewhat, problems with declining pelt prices on the global market will likely represent some loss, and may result in zero-gain on lamb prices.

In Wisconsin and the Midwest generally, lamb prices tend to follow national trends. With respect to production, the American Meat Institute reported a total of 69,000 sheep and lambs on farms in Wisconsin in early 1997 (1997 Meat and Poultry Facts). The average size of a flock in Wisconsin is eight head, and the majority of producers are small-scale hobbyists, rather than producers devoted to commercial production (UW-Extension). Wisconsin is not a significant producer of sheep in the national or regional market.

The Role of Imported Lamb. Steve Raftopoulos of the American Sheep Industry Association testified before the U.S. House Agriculture Committee's subcommittee on livestock, dairy, and poultry on February 26, 1998 claiming that the dramatic increases in lamb imports in recent years have been damaging to the U.S. lamb industry. In addressing the problem, Raftopoulos called for investigation of trade, tariff, and quota measures to offer better trade opportunities for U.S. sheep growers. He also called for mandatory labeling of imported lamb and lamb products to better notify the U.S. public of the origin of lamb meat they see and purchase at retail stores. In 1997, New Zealand exported 31 million pounds of lamb to the U.S., representing about 10% of U.S. lamb consumption (American Sheep Industry Association 1998).

B. Relevant Consumer Trends

Consumer Perceptions of Lamb. Little consumer research has been directed specifically at lamb consumption. One study, directed by Clement Ward, an agricultural economist specializing in lamb marketing at Oklahoma State University, looks at consumer preferences in relation to seven meats (beef, chicken, fish, pork, lamb, turkey, and veal). Of the 600 households in Tulsa, Oklahoma participating in the study, 55% were lamb consumers. Of the lamb consumers, three times as many of them had last consumed lamb in a restaurant (as compared with eating it at home). The study also reported that lamb rated lowest for taste, economic value, convenience, and overall preference among the seven meats being assessed by consumers. Lamb was also rated by consumers as highest among red meats (beef, pork, and lamb) for fat and cholesterol levels.

Ward and colleagues concluded that lamb has a consumer image problem. They emphasize the need to target promotional resources at the food service sector, particularly restaurants. They feel that restaurants need to be supplied with high quality, uniform lamb products, and that restaurant patrons need to be offered high quality lamb which is correctly prepared.

Trends in Meat Consumption and Marketing. There are numerous new trends in meat marketing which are relevant to the interests of this cooperative of lamb producers. In general,

there are three consumer preferences today which are driving major changes in the meat industry (and the food industry generally). The major new trends are being driven by consumers' demands for:

- Meals that require little preparation time: Population and labor trends are driving this preference. An unprecedented number of women are in the work force today. There is an increasing number of single adult households in the U.S., and of those, the number of single parent, female-headed households is increasing, resulting in even more limited time available than ever before for meal preparation within U.S. households.

A Yankelovich poll (reported by the American Meat Institute) claims that half of all Americans spend less than 45 minutes cooking an evening meal compared to the two-hour meal preparation typical in American households 30 years ago. People simply have a limited amount of time and don't want to spend it cooking. Add to this the fact that at 4:00 p.m., 60% of Americans do not know what they will eat for dinner. The implications are that the meat marketing industry has a whole new challenge for capturing consumer palates and dollars.

- Little knowledge of and skills for cooking. Studies report that many consumers feel that their knowledge about cooking and skills for meal preparation are more limited than those of their parents and grandparents. Furthermore, the American Meat Institute reports that many American consumers find meat preparation to be challenging. Implications for meat marketing are that meats are becoming increasingly available as meal-ready or with minimal preparation.
- Concern about health and nutrition when buying meat. The Food Marketing Institute claims that nearly 80% of Americans want to eat healthier food, and that 42% are willing to pay more for low-fat versions of commonly-consumed products. While consumers have been demanding lower fat products across the board, the impact has affected the meat industry as well, confirmed by the same Yankelovich poll (cited above and by the American Meat Institute). In the lunch meat and hot dog markets, a record 50% of products offered today are items with reduced or low fat.

Consumers are demanding changes from the meat industry, and the industry is responding with numerous options and innovations at all levels in: production, processing and packaging, at point of sale in retail stores, and for the consumer at home. Among the trends worth highlighting here are:

- Case-Ready Meat: These are value-added fresh meat products which the supermarket purchases in pre-cut packages. They tend to have a longer shelf life

than conventional products, using new technologies for packaging. Often hermetically-sealed, they offer customers trimmed, individually-wrapped portions. Case-ready meats eliminate extra steps in handling for retailers and consumers alike.

- Consumer-Ready Products: These products go a step beyond the case-ready meat products by including preparation tips and instructions, perhaps meat which is already marinated or with a spice packet included. Portions are indicated on the package. Consumer-ready products include items such as marinated meats, stuffed chops, kabobs, and seasoned steaks and roasts which are ready to take home and pop into the oven or microwave, or place on the grill.
- Home Meal Replacement: These are fully prepared products which remove the responsibility for meal preparation from the consumer. They often come packed and portioned as entrees with options to purchase separately a variety of side dishes or extras. Also known as TOTE—or “take out to eat”, these “dinners-in-a-bag” are the way in which supermarkets and grocery stores are competing with restaurants to gain business from Americans who choose not to prepare their own meals.

In order to meet these demands from consumers and from the meat industry, some producers are purposely selecting genetic varieties of livestock which result in lower-fat carcasses, and processors are identifying a diverse set of products that address these increased demands for convenience and attention to health. A related trend is that processors, as they develop unique, value-added, consumer-preferred products, are increasingly putting their own labels on meats.

III. PRODUCT LINE OPTIONS

The basic objective of this portion of the market analysis was to identify at least one recipe for value-added lamb product, taking advantage of what we know about the meat industry from market research.

A. Methods

This objective was accomplished through meetings and discussions with numerous parties. Members of the Bayfield lamb group met with staff of CDS on three occasions in person, and multiple occasions by telephone to discuss their preferences, interests, and views of product options. In telephone conversations, one member of the cooperative took responsibility for communication with CDS.

CDS staff met with staff members of the University of Wisconsin Meat Science and Muscle Biology Laboratory and PRI-RU-TA to discuss market trends, options for product lines, and product development.

Once identified, CDS staff made one visit to Shepherd's Purse in Amery, Wisconsin to meet with the owners, Hal and Cindy Koller, tour the plant, and discuss options for product lines and product development. CDS staff took samples of lamb products from Shepherd's Purse to a meeting of the Bayfield lamb group to test and comment on already developed products. CDS, PRI-RU-TA and the producers met with Hal Koller at the plant for a tour of the facility. A tentative product line was decided on and costs of processing and transport were discussed.

The producers, incorporated officially in the State of Wisconsin as the Bayfield Lamb Cooperative on April 23, 1998, contracted with Shepherd's Purse to slaughter and process six lambs for delivery on May 15 and four additional lambs in the middle of June. Simultaneously, the cooperative contracted with Janelle Ryan of Two Girls' Catering in Bayfield, Wisconsin to further develop recipes for some products and to prepare them for marketing events.

Further tastings by the producers and interaction with Hal Koller at Shepherd's Purse resulted in various lines of newly-developed products for the market.

B. Product Lines Identified

The products to be marketed in the first year (1988) of the cooperative's operation include two products from muscle meat and two using trim. (This combination of muscle and trim products assures maximum use of the lamb carcass.) All products, with the exception of the Shepherd Stix, will be sold frozen.

The Lamb Roll (or "Lamb Rouleau(x)") is a boned roll of muscle meat which will be seasoned differently for two separate products: the Gyro, and American style.

Some form of Kabobs will be the second product featuring exclusively muscle meat. The exact seasoning and combination of ingredients on the kabob are not determined as of this writing.

Trim will be used to produce a variety of different flavored breakfast sausages: Plain/Lamb, Apple/Lamb, Honey/Walnut/lamb, Harvest Mint Lamb. Some of these were products which had previously been produced by Shepherd's Purse; others were new.

Additional trim will be used to produce Shepherd Stix , a jerky formed from trim, in four flavor varieties: Plain, Gyro, Mexican, and Hot. Shepherd's purse also had previous experience in producing Shepherd Stix.

While considerable time and resources were invested in research and discussion of a gyro product that is similar in form to gyro products currently marketed, the cooperative decided to develop the less conventional, gyro-seasoned Shepherd Stix. Some of the contacts, articles, and sources of information on traditional gyro products are outlined in Appendix F--in case the Bayfield Lamb Cooperative should ever decide to pursue this avenue in the future.

C. Costs of production of Major Value-Added Product Lines

The costs of production of the major value-added products are calculated assuming that the cooperative is able to sell these products and that consumers find the products to be of good value. Also assumed is an average salable meat of 40 lb from a 100 lb lamb.

The estimated costs of production for the cooperative are outlined in Section VI-A. The costs of production for the cooperative include: purchase of the animal, transport to processor, slaughter, offal disposal, processing, assembly (with kabobs only), and packaging. Thus the total costs to the cooperative of producing these products is:

TOTAL COST TO CO-OP

<i>Product</i>	<i>Price/lb 100 lb carcass</i>
Sausage	\$4.13
Shepard Stix	\$4.97
Lamb Rolls	\$3.08
Kabobs	\$3.98

IV. PROCESSING OPTIONS

A. Identification of Potential Processing Facilities

The methodology used for identifying potential processing facilities was:

- 1) Obtain nominations from expert sources;
- 2) Check the map of processing facilities in the state with Dennis Buege of the University of Wisconsin Meat Science Laboratory;
- 3) Obtain the list of processors in the state, from DATCP, for contact information; and
- 4) Conduct telephone interviews with plants which were identified through the above process.

B. Issues Addressed with Each Facility

The following issues were used as discussion points for assessing each of the processing facilities and their potential for meeting the needs of the Bayfield Lamb Cooperative:

USDA versus State Inspection

Processing meat in a State of Wisconsin-inspected facility eliminates the possibility of marketing the resulting meat products outside of the state. Since early marketing of the Bayfield Lamb Cooperative's products is likely to be in the Bayfield area, the restrictions on interstate commercial sale of meats may not be a problem in the first year. But in subsequent years, with increased production and sales, the cooperative will want to have its livestock processed at a USDA-inspected facility to allow for interstate commercial sale of meat.

Obtaining access to services at a processing facility with USDA inspection can be extremely difficult without ample volume of meat. Furthermore, many USDA plants would prefer to work with beef and pork than with lamb because higher weight per animal slaughtered of cattle and hogs than with lambs is more attractive to processors. Disposal of lamb offal can also be a problem for processors (see discussion in Section V.-C. for a full explanation).

Geographic Location

Geographic location in relation to the Bayfield area was an important consideration in order to minimize transportation costs to and from the processing facility.

Facilities and Services of the Plant

The specific services available at a given plant have to be considered because not all plants offer every needed service. Some specialize in slaughter only requiring producers to transport the carcasses to yet another facility for further processing.

Not all facilities make all products. Not all plants have smokers. Few are willing to take the time to work with producers to improve products by assessing carcass data or experimenting with processing methods.

Availability of the facility is another consideration. Custom processors, who are the likely facilities to accept work from the cooperative in its early years before volume increases, often are booked for months in advance. Many slaughter or offer inspection on limited days during the week.

Willingness to Process Lamb/Natural Products

While many facilities are capable of processing lamb, numerous are unwilling to do so. Volume output per animal slaughtered is so much greater with other species of livestock that many processors simply refuse to slaughter lamb.

Another factor in the willingness of processors to handle lamb is the problem of offal disposal. (This issue is discussed in detail below in Section V.-C. And will not be repeated here.)

C. Results

The following list of facilities was identified through the methodology described above:

***Pierce's Sausage Kitchen; Ashland, WI**

A meeting with Bill Pierce clarified his interest in and willingness to slaughter and process lamb, but his facility is very small and he limits slaughter to one day of the week. His existing work and the commitments he currently has make it difficult for him to fit in new jobs. Pierce suggested that the Bayfield Cooperative go elsewhere to fulfill their processing needs.

***Duluth option (Superior Meats)**

While there were plans to build a new processing facility with USDA inspection in Duluth, a phone call clarified that this project is still at the stage of discussion. This could be an option for future years, and the cooperative should keep abreast of these plans.

O'dorero and Flesia; Mellen, WI.

A telephone interview was conducted with Monica Vitek, an owner of the plant. This plant slaughters with inspection on Wednesdays only. The charge is \$25 per lamb for the slaughter. The animal is cut to specifications indicated by the customer, for the same price. The plant does no further processing (eg. they do not make sausage).

The producers must take the hides—she finds it difficult to dispose of them. The plant takes care of burying lamb viscera. They do not have a large number of lambs going through the plant, so the plant does not mind handling offal disposal on their own at this time.

Jim's Market; Iron River, WI

Jim's Market processes primarily venison. He has no interest in working with lamb.

Shepherd's Purse; Amery, WI

Dr. Dennis Buege at the University of Wisconsin's Meat Science Laboratory recommended that the cooperative involve Hal Koller, owner of Shepherd's Purse in the development of value-added lamb products, and that his processing facility be considered as an option for the group. Hal and his wife have been raising lamb for many years. In 1996 they purchased a processing plant in Amery, and have developed various value-added lamb products which they market through a delicatessen located at the facility.

An interview with Hal Koller and a tour of his facility by CDS staff revealed that he was able and willing to work with the cooperative on processing and on product development, if the cooperative desired. He was also willing to work on developing a gyro product and other products with which he had not previously worked, should the cooperative be interested in doing so.

Hal Koller was also a good source of information on a variety of related issues and future options including: a product he referred to as a lamb roll, marketing to kosher and Muslim market sectors, trademark concerns, labeling, standardization of production for improving meat products, etc.

[* Indicates the two facilities identified by the lamb producers in the CDS meeting with them in December 1997. Additional facilities were identified By CDS. Dennis Buege (at UW's Meat Science Laboratory) reviewed the list and nominated Shepherd's Purse.]

D. Recommendations for Selecting a Meat Processing Facility

Based on the opportunities available, CDS recommended working with Shepherd's Purse and Hal Koller. Koller's availability and willingness, and his experience with value-added lamb product development offer the cooperative an opportunity not available elsewhere.

While the location in Amery will result in transportation costs higher than many producers pay, CDS and Dennis Buege agree that the advantages Koller offers the cooperative in saving time and resources on product development will outweigh the disadvantageous transportation costs.

V. MARKETING OPTIONS

A. Introduction

Numerous marketing options are available to the cooperative. Many of the possibilities were discussed with the members of the cooperative at a meeting with CDS on December 6, 1997. From that list, it was agreed that CDS would take responsibility for examining the following options for marketing selected products:

- Conduct consumer interviews (or focus groups) to assess market.
- Assess options and feasibility of Event with Bayfield Chamber of Commerce.
- Assess options and feasibility of Applefest.

Use of a processing facility with state inspection limits distribution of meat to points of sale within the State of Wisconsin. For the first year, while the cooperative consolidates and begins to establish a name, the group agreed that pursuing market opportunities in the Bayfield area is most practical.

Since CDS is at long distance from the Bayfield area, the costs of CDS identifying marketing opportunities for the cooperative in the Bayfield area would be prohibitively expensive. The cooperative took responsibility for identifying marketing options in the Bayfield area, and at a meeting on February 14, 1998 in Bayfield, the cooperative named one member who takes primary responsibility for marketing activities.

B. Markets Identified for Bayfield Lamb Meat (by the Cooperative)

The three market opportunities identified by the cooperative are sales of prepared food at two public events: the Chambers of Commerce tasting in June and the Bayfield Applefest in the fall. Orders will be accepted at both events and sale from a freezer will be attempted at the Applefest.

The third market opportunity identified by the cooperative in the Bayfield area is through Bodin's Fisheries. Bodin's offers two marketing opportunities to the cooperative. One is through a retail fish market which will be opened in the summer and will be centrally located in Bayfield. The second is the possibility of distributing meat through Bodin's network during their regular weekly deliveries of fish throughout the state to retail stores, restaurants, and distributors.

Each of these three marketing opportunities is discussed below. The two events are described briefly since they have been discussed in detail with members of the cooperative from the first meeting with CDS in December 1997. The Bodin's option is described in greater detail

since it has been examined by CDS subsequent to meeting with the cooperative. Other marketing options were discussed with CDS, but were not identified by the cooperative as ones which they wish to pursue at this time.

1. June 1998 Chambers' Event

This event, sponsored by the Bayfield Chamber of Commerce and the Chambers of surrounding communities, is an opportunity for the Bayfield Lamb Cooperative and other local producers to present their wares and meet with the public. The public will have the opportunity to taste lamb products and offer their reactions to them.

The idea for the event developed out of a meeting in February where the cooperative, CDS, and the Bayfield Chamber of Commerce met to look at opportunities for the cooperative to market its products.

The cooperative plans to offer its various lines of products, prepared by Janelle Ryan of Two Girls Catering in Bayfield, for tasting by the public. The Chamber anticipates about 150 participants and numerous other producer groups and products.

The event will be used by the cooperative for two major purposes. It is seen as an opportunity to present products to the public which can be tasted and commented upon. Secondly, informal interviews will be conducted with participants tasting lamb products. CDS will provide the cooperative with questions which will help provide consumer feedback on: satisfaction with products presented, interest in future purchase of these products, other lamb products and forms of presentation of lamb products desired by participants, identification of retail stores and restaurants which could sell/and or feature Bayfield Lamb. Orders for products will be accepted at the event.

2. Bayfield Applefest

This annual event in Bayfield will be used as another forum to offer Bayfield Lamb to the public. Products which can be grasped with one hand and eaten readily while standing and walking around the event will be emphasized. Cooperative members will incur the labor costs for preparation and sales of food for this event. A freezer with Bayfield Lamb products and Shepherd Stix will be available for purchase. There has been some discussion of the possibility of featuring other lamb products at the event—such as lamb's wool or pelts. No evaluative component is planned for the Applefest as of this writing.

3. Bodin's Fish Market and/or Distribution Network

Sale of Lamb Meat in Bodin's Fish Market, Bayfield. This opportunity has numerous advantages which include:

- Taking advantage of an existing retail sales outlet. The store is on the main street in Bayfield. Bodin's is a well-established name in the Bayfield area and beyond. This option offers the potential for piggy-backing on an existing reputable name and avoiding the necessity to establish infrastructure (for which the cooperative would be responsible) to market their goods within Bayfield.
- Bodin's is willing to explore effective marketing strategies. Beta Bodin has expressed willingness to discuss the possible ways in which this business arrangement could be negotiated to benefit both her business and the cooperative. She has also expressed willingness to explore marketing strategies which could improve lamb sales. She would most likely purchase the lamb product(s) outright rather than selling them in the store on consignment.
- Potential Outlet for Shepherd Stix. The fish market could be a good outlet for sales of the cooperative's Shepherd Stix which require neither refrigeration or freezing. The packaging would avoid any potential problems with mixing of fish and lamb smells. Sales of Shepherd Stix would be relatively easy and could provide good visibility for the cooperative in a central setting in Bayfield. They can be bought in town and taken anywhere by consumers without concern for refrigeration.

There are some disadvantages to this opportunity or obstacles which would need to be overcome, including:

- The store may not have space on the sales floor for lamb. Bodin's currently has no plans to have a freezer on the sales floor. Since lamb meat will be frozen, it may need to be kept in the back room in a freezer. This could seriously limit sales.
- Marketing of frozen meat is a challenge in a retail setting. Very few retail stores are willing to work with frozen meats because they do not sell well when consumers cannot see or test the fresh cuts. Perhaps an alternative presentation option could be negotiated with Bodin's. One possibly effective marketing plan could include a sign out on the sales floor indicating that locally-grown lamb meat is available in frozen packages--combined with regular sampling of lamb products.

- Are the fish and lamb smells compatible? Some marketing specialists (and consumers) may not recommend marketing lamb meat in a store dominated by the smell of fresh fish. (Similarly, marketing fish in a place with lamb smells may not be recommended either.)
- Package size(s). The transient crowd on vacation is likely to want small packages of meat for individual meals. Local folks and even some vacationers may want larger packages of meat to take home. Will there be packing options available for consumers in the store or somewhere nearby?

Distribution of meat through Bodin's network. Bodin's delivers four days each week to area grocery stores and restaurants. They also deliver to other fish markets and local distributors in larger cities (not on the scale of Byerly's, Copps Food Stores, Dominick's).

There are obvious advantages of cooperating with Bodin's on distribution. Among the potential advantages are:

- Established sales and distribution network.
- Bodin's willingness to cooperate.
- Transportation and facilities costs shared.

Among the issues and possible disadvantages which would have to be overcome and/or negotiated with Bodin's are the following:

- Ownership of product. Would product be sold to Bodin's or merely distributed by them?
- Marketing and paperwork. Who would make the marketing contacts, handle ordering and associated paperwork?
- Type of vehicle. Bodin's freight vehicle is a refrigerator truck, not a freezer. The Wisconsin Department of Agriculture, Trade, and Consumer Protection requires that frozen meat be transported in a receptacle which maintains the meat frozen. (USDA's requirements are similar.) Under some circumstances of delivery distance and ambient temperature (ie. season) this may be possible in a refrigerator truck. Under other circumstances of greater travel distance and/or hot summer ambient temperatures, the meat may not be maintained frozen. It may be possible to pack meat in dry ice to maintain it frozen.

- Packaging. Bodin's fish products and the lamb products would have to be maintained separately. Paper wrapping of lamb meat would probably not insure that the fish odor would not penetrate the lamb meat. Lamb meat may need to be kryovac-packed or packaged by other means to assure the integrity of the lamb meat.
- Federal Stamp Requirement? Will buyers and distributors with whom Bodin's currently deals buy meat from a state-inspected facility? Will distributors work with state-inspected meats? While Shepherd's Purse has USDA inspection in process, it is not yet available.
- Bodin's Impact on Profit Margin. Based on the price Bodin's is willing to pay for the volume of product it will purchase from the cooperative, can the cooperative make a profit adequate to justify the arrangement?

4. Other Marketing Options

A few other marketing options were raised by producers, by CDS, and by others. Among those which the cooperative may wish to consider in the future are:

- Restaurants. Restaurants are a very good marketing opportunity for lamb for multiple reasons. Research tells us that consumers may be much more likely to consume lamb in a restaurant than at home. Consumer research also indicates that food trends tend to begin in restaurants. Thirdly, chefs are far more likely to know how to prepare lamb meat or be willing to experiment with it than the average consumer.
- Mail order. Tourists visit the Bayfield area from many parts of the region and outside. Many of them want to have some memory or taste of Bayfield once they return home. There is some potential for marketing of lamb by long distance through catalog or Internet sales.

According to DATCP officials, lamb which has been processed in a state-inspected facility can be shipped to individual customers outside of the state IF IT IS NOT INTENDED FOR RESALE. The meat and/or the receipt must state: "Not intended for resale."

C. Market for Lamb By-Products

There are two major by-products worth discussing for purposes of increasing value of each lamb for the cooperative: the offal and the pelt.

Most other potential by-products of lamb processing with market value (eg. tallow, lanolin, bone, hooves, intestine, etc.) are marketable on much larger scales than those which the cooperative is anticipating for either 1998 or 1999.

Offal.

At this point in time the lamb offal is actually more of a liability than a marketable item. The outbreak of mad cow disease in Britain is generally attributed to having fed cows protein from sheep offal of animals infected with scrapie. Since sheep scrapie currently exists in the U.S., the federal government has placed a ban on the feeding of ruminant offal to ruminants. This ban has made it very difficult to get animal renderers to accept sheep offal. In fact, even those who buy cow offal still do not accept sheep offal despite the fact that both species have to be rendered for non-ruminant consumption at this time.

The very largest of processing plants for sheep and lamb actually have their own facilities for handling lamb offal. For small-scale producers, most are expected to handle their own offal waste. Most custom (small) processors require that producers collect sheep and lamb offal and bury it. A few processors will handle offal disposal themselves.

Pelts.

A discussion of national and international trends related to pelt prices is included in this report in the section on Market Research, Section IIA.

Even in years of good prices for lamb pelts, it is difficult to market them (according to Dave Thomas, Sheep Specialist for the State of Wisconsin) in a way that is cost effective. Thomas further suggests that without sale of pelts, most conventional lamb producers cannot compete effectively since they have to raise the cost of their meat products to cover the losses from the pelt.

Direct marketing of a small number of pelts is about the best available option. It should also be noted that the actual price of the pelt received may be dependent on the variety of lamb.

Tanning of Hides: Stern Tanning Company, of Sheboygan Falls, Wisconsin, is one of a very limited number of custom tanning operations in the U.S.

Their prices for tanning are as follows:

3" wool or longer	\$32/skin
< 3" wool - 1 skin	\$25/skin
< 3" wool - more than skin	\$22/skin

Skins require certain preparation before being sent or delivered to Stern's. As much meat as possible should be removed from the skin—taking care not to cut the skin. The skin should be cooled from the animal's body heat. Five lbs. of granulated salt is rubbed into the skin. The skin

should be folded in half and left in a dry place for 4-5 days. The skin can then be rolled (with the salt), placed in a plastic bag, and shipped or delivered to Stern's (with a name and address included inside the box). Skins can be shipped by UPS and are returned, once tanned, by C.O.D. Tanning generally takes 12-14 weeks. Customers can be billed during the process or can pay in advance (to avoid the \$4.00-5.00 cost/skin for C.O. D.).

Stern Tanning Company
334 Broadway
Sheboygan Falls, Wisconsin 53085

Telephone: (920) 467-8615

D. Summary of Market Strengths and Weaknesses

Strengths

There is still a sector of the U.S. meat market devoted to lamb. According to limited available research, this sector is three times more likely to consume lamb in a restaurant than at home.

There is also considerable growth in the market for meats that address three basic consumer demands: meat products which require limited or no preparation time, those which require that consumers have few cooking skills, and products which have low or reduced fat content.

Furthermore, there is a growing market sector interested in meats with a "natural" label, particularly those which consumers perceive to address any number of priorities (flavor, environmental concerns, support of small family farms).

There are three major strengths of the Bayfield Lamb Cooperative's product lines relative to market demands. These are the emphasis on meat products which:

1. Carry a regional label;
2. Emphasize "natural" production and processing methods; and
3. Are seasoned, ready-to-cook, and require minimal preparation time.

Additional strengths of the cooperative's market opportunities point to the potential represented by the tourist sector in the Bayfield area. While the hope is to appeal to year-round residents of northern Wisconsin, the seasonal tourist population offers a population for potential growth of production and sales without having to incur additional costs of long-distance marketing and transportation.

Weaknesses

While other meats are enjoying an increase in sales over time, lamb sales are stagnating or declining. The relative importance of lamb in consumer expenditures is minimal.

Furthermore, the loss of the lamb check-off has resulted in a diminished infrastructure, nationally, for lamb promotion and marketing. Without some organized promotion with significant capital investment, the challenges will be great for attaining a larger share of consumer meat spending.

There is also a continued increase in imports of lamb (primarily from Australia and New Zealand) capturing an increasing percentage of the U.S. market with time.

A further limitation of lamb is its perceived high fat content by consumers. According to meat industry data, the trends are clearly in the direction of offering healthier (ie. lower fat) meat options to consumers.

For the Bayfield Cooperative, distance from a large market may increase the challenge to turn a profit in the first years of the cooperative's operations. In later years, when they anticipate both higher production capacity and USDA inspection, greater volume of sales will offset transportation costs.

Sale of frozen meat products has limited opportunities in retail stores.

E. Recommendations for Marketing Bayfield Lamb

In addition to conducting sales and promotional activities as planned at the two Bayfield events in 1998, CDS would like to make additional recommendations. These are not intended to be in any particular order.

- Concentrate on marketing to restaurants. Available data on lamb consumers indicates that they are three times more likely to consume lamb in a restaurant than at home. Furthermore, meat marketing experts tell us that restaurants are where new food trends are initiated, and then spread more broadly through retail sales into home use. Thus an important market sector that can help this group to reach existing lamb consumers (in the absence of national leadership for lamb promotions) is restaurants.
- Work with chefs for lamb promotion. Offer tastings and promotional activities that take advantage of the expertise and credibility of local and regional chefs. Chefs Collaborative 2000 is a national organization that promotes the use of local produce by chefs in restaurants. Identify chefs who are willing to work with producers to prepare meats that will give greater visibility to lamb and the cooperative.

- Consider offering fresh meat to retail stores. While 1998 may be too soon to offer this product, it is likely that this will be a necessity in the future. Lamb sales are likely to be attractive to an upscale market (particularly the all-muscle product lines being offered currently). Upscale retail stores often emphasize the visual presentation of meats to increase sales. Opportunities for attractive visual presentation of frozen meats are limited.
- Include cooking information with meat products. Available consumer research tells us that simplifying and shortening the preparation time of meals in general, and of meats in particular, is what consumers are demanding. Any instructions or advice to assure a positive outcome will improve future interest in the product(s).
- Promote Bayfield lamb as "natural". "Natural" as a meat label is currently a code word for consumers that signifies a number of issues which are important to them. These issues include assumptions about health aspects of the meat for consumption and a positive concern for the earth's environment--both of which are important to consumers. "Natural" is the closest label available to producers for communicating to consumers that the production and processing of a particular product limits chemical inputs and avoids excessive processing ("organic" is currently not a legal label for meat sales.)
- Consider sale of pelts. Pelts could be sold through direct marketing at events where the group sells meat. A full estimate of costs should be conducted once it clear what volume the members are willing to consider marketing.
- Consider nutritional labeling. While the research to support nutritional labeling can be expensive, if a reduced-fat product truly can be offered to the consumer, it would be critical to provide that evidence through the legitimacy of a label.
- Assure that the membership complies with state regulations for meat marketing. For the protection of the cooperative as a whole, all members and all actions should comply with state standards for meat processing and sale. This means that all cooperative members and any relevant parties should be licensed to store and transport any meats that are marketed through the cooperative. Any infraction of relevant state regulations could not only reflect badly on the cooperative, but could potentially result in legal action taken against the cooperative.

Appendix A of this report--Summary of Regulations for Direct Marketing of Meat; Mr. Neal Sanders, Chief of the Compliance Section of the Bureau of Food Safety and Inspection, Division of Food Safety, Wisconsin

Department of Agriculture, Trade and Consumer Protection (DATCP)—outlines the minimal standards for compliance for direct marketing of meat products in Wisconsin.

For retail marketing, a separate set of regulations apply. These regulations should be requested from DATCP.

The cooperative should also become informed of labeling procedures and regulations as overseen by DATCP. **Appendix B: Label Information from the Wisconsin Department of Agriculture, Trade, and Consumer Protection** outlines the features of a label as regulated by the state. While the cooperative is not required to consult DATCP on the content and layout of its meat labels, it is highly recommended. If published labels do not comply, DATCP can force a producer (or a cooperative) to recall his/her/their label(s) resulting, potentially, in the unnecessary expense of reprinting labels.

VI. Financial Analysis

A. Explanatory Notes

Following are the assumptions used to create the income statement and balance sheet. The income statement and Balance Sheet reflect a preliminary review of the Bayfield Lamb Cooperative. **Cooperative Development Services recommends a detailed business and financial plan before the producers proceed with the cooperative.**

The operating expenses are based on estimates, cost of sales are based on current prices and sales price are based on 50% markup of the cost of the sales.

Year 1

- Board of Directors assumes the role of management
- the Start-up Costs are optional but recommended to proceed with the co-op
- the co-op will participate in the June Chambers of Commerce Producers dinner and Applefest (see detail sheets on June Chamber of Commerce and Applefest)
- the number of members is estimated to increase to 10 by the end of Year 1

Year 2

- assumes a break-even scenario based on the estimate of expenses
- the membership is estimated to increase to 20
- the co-op would have to sell the product of over 1000 lambs to break-even based on the estimated expenses
- the co-op will hire a General Manager

Lamb Products

The projections assume the following products and lb's from one 100 lb lamb

	<i>lb's</i>
<i>Sausage</i>	5
<i>Shepherd Stix</i>	5
<i>Lamb Rolls</i>	20
<i>Kabobs</i>	10

Value Added Products

One of the co-op's major advantages is the ability to develop and sell value-added lamb products. The value-added products are breakfast sausages, shepherd stix, lamb rolls and kabobs. This assumes, of course, that the co-op is able to sell the value-added products and consumers find them to be a good value.

Net Sales

Sales are based on an average salable meat of 40 lbs from one 100 lb lamb. The products and approximate number of lb's sold are:

<i>Year One</i>	<i>Lb's Sold</i>
<i>Sausage</i>	<i>45</i>
<i>Shepherd Stix</i>	<i>45</i>
<i>Lamb Rolls</i>	<i>128</i>
<i>Kabobs</i>	<i>128</i>

Year Two

Based on a break-even scenario using the estimated expenses

<i>Sausage</i>	<i>5075</i>
<i>Shepherd Stix</i>	<i>4225</i>
<i>Lamb Rolls</i>	<i>27,225</i>
<i>Kabobs</i>	<i>10,535</i>

Prices

Prices at which the products are sold are based on a 50% markup of the combined costs of the Fair Market Value of the lamb purchased by the co-op, transportation to the processor, slaughter, offal disposal and processing. The current study does not indicate whether the consumer will pay this price. The chart below shows the prices per pound the income statement used to calculate sales for the co-op.

<i>Type</i>	<i>Price per lb.</i>	<i>Value per lamb</i>
<i>Sausage</i>	<i>\$6.20</i>	<i>\$31.00</i>
<i>Shepherd Stix</i>	<i>\$7.45</i>	<i>\$37.25</i>
<i>Lamb Rolls</i>	<i>\$4.62</i>	<i>\$92.40</i>
<i>Kabobs</i>	<i>\$5.97</i>	<i>\$59.70</i>
TOTAL VALUE PER LAMB		\$220.35

Cost of Sales

1. Product Cost: The co-op pays the producer \$.715 per lb (\$71.50 per lamb) based on the average weight of 100 lb lamb with 40 lbs of salable product.

<i>Type</i>	<i>Price per lb.</i>
Sausage (\$71.50/40)	\$1.79
Shepherd Stix (\$71.50/40)	\$1.79
Lamb Rolls (\$71.50/40)	\$1.79
Kabobs (\$71.50/40)	\$1.79

2. Transportation to Processor - is projected to be \$3.50 per lamb.

<i>Type</i>	<i>Price per lb.</i>
Sausage (\$3.50/40)	\$0.09
Shepherd Stix (\$3.50/40)	\$0.09
Lamb Rolls (\$3.50/40)	\$0.09
Kabobs (\$3.50/40)	\$0.09

3. Slaughter - is \$10.00 per lamb

<i>Type</i>	<i>Price per lb.</i>
Sausage (\$10.00/40)	\$0.25
Shepherd Stix (\$10.00/40)	\$0.25
Lamb Rolls (\$10.00/40)	\$0.25
Kabobs (\$10.00/40)	\$0.25

4. Offal Disposal - is \$5.00 per lamb.

<i>Type</i>	<i>Price per lb.</i>
Sausage (\$5.00/40)	\$0.13
Shepherd Stix (\$5.00/40)	\$0.13
Lamb Rolls (\$5.00/40)	\$0.13
Kabobs (\$5.00/40)	\$0.13

Cost of Sales continued

PROCESSING

5. Processing - Cut/Trim & Cooking -

<i>Type</i>	<i>Price per lb.</i>
Sausage	\$1.75
Shepherd Stix	\$1.75
Lamb Rolls	\$0.80
Kabobs	\$0.80

6. Processing - Assembly (only Kabobs) -

<i>Type</i>	<i>Price per lb.</i>
Vegetable (30% for every lb of kabob)	\$.60
Assembly cost	<u>\$.20</u>
Total Assembly of Kabobs	\$0.80

7. Processing - Packaging -

<i>Type</i>	<i>Price per lb.</i>
Sausage	\$0.12
Shepherd Stix	\$0.96
Lamb Rolls	\$0.02
Kabobs	\$0.12

8. TOTAL PROCESSING -

<i>Type</i>	<i>Price per lb.</i>
Sausage	\$1.87
Shepherd Stix	\$2.71
Lamb Rolls	\$0.82
Kabobs	\$1.72

TOTAL COST OF SALES

<i>Type</i>	<i>Price per lb.</i>
Sausage	\$4.13
Shepherd Stix	\$4.97
Lamb Rolls	\$3.08
Kabobs	\$3.98

Operating Expenses

1. Salaries (Year 2 only)
 - a. The co-op manager is paid an annual salary of \$35,000 per year.
 - b. A part time assistant is paid \$12,500 per year.
2. Payroll Taxes and benefits (Year 2 only) - is calculated on 30% of salaries.
3. Rent (Year 2 only) - is projected to be \$300 per month (Ashland). Utilities are included in rental rate.
4. Telephone (Year 2 only) - is \$75 per month.
5. Office Supplies (Year 2 only) - is projected to be \$50 per month.
6. Storage - (Year 2 only) - the cost of a pallet size freezer space is \$25 per month, the Co-op should only need one space in Year 2 for a total cost of \$600.
7. Travel & Transportation (Year 2 only)- the co-op manager is expected to be on the road a great deal of the time marketing and transporting the products. Travel expense includes mileage, lodging and food while on the road. The estimated cost is \$560 per month (300 miles per week @ \$.30 per mile and \$50 per week for lodging and food).
8. Marketing Expenses
 - a. Product Development/marketing: Year 1 - \$2,000
 - b. Product for demos: Year 2 -25lb's of each product * Cost of Sales = \$405.
 - c. Printing costs for brochure are estimated to be \$400 per year
9. Depreciation /Amortization: The co-op depreciates office and computer equipment over a period of 3 years straight line method. Year 1 assumes a half year of depreciation. Organizational Development Costs are amortized over 5 years.
10. Insurance: covers the co-op's liability for personal injury, product liability and Directors and Officers insurance. Estimated costs are \$6500 per year. The product liability would increase with sales.
11. Membership/Dues: Estimated to be \$500 per year.

Balance Sheet

1. Accounts Receivable - is one month of Total Sales (Total Sales/12)
2. Prepaid Expenses - is the cost of the insurance
3. Inventory - is two months of the Cost of Goods Sold (Total Cost of Goods Sold/6)
4. Accounts Payable - is one month of the Cost of Goods Sold (Total Cost of Goods Sold/12)
5. Wages & Salaries Payable - is a half month of Salaries and Payroll Taxes & Benefits expense (Salaries and Payroll Taxes & Benefits/24).
6. The analysis of the Balance Sheet reflects the amount of cash needed to operate based on the estimates.

Start-up	Approximately \$11,000
Year 1	Approximately \$25,000
Year 2	Approximately \$40,000

B. Start-Up Costs

USES	MEMBERS	GRANT	Notes
Land	0	0	no purchase
Building/Construction	0	0	no purchase
Leasehold Improvements	0	0	no purchase
Equipment			
Equipment - Coolers	750		for transporting the products
Equipment - Computer	1,500		optional
Furniture	1,000		optional
Software - General	500		Office package
Software - Accounting	250		ie Quickbooks
subtotal	4,000	0	
Inventory			
Inventory - Processing	477		See Total Cost of Sales
Inventory - Lambs	358		5 lambs
Inventory - Office Supplies	50		5 lambs
subtotal	885	0	
Organizational Development Costs			
Legal (By-Laws/Articles of Inc.)	0		Paid for by Grant
Consultants	0	13,000	Paid for by Grant
Logo Design	0	250	Paid for by Grant
Misc.	0	13,750	Paid for by Grant
subtotal	0	27,000	
Labels	0	0	Paid for by Grant (Included in Misc.)
Insurance			
General Liability	1,500		Amortized over the life of the policy
Product Liability	2,500		General & Product will be one policy
D&O Insurance	2,500		Product Liability increases with sales
subtotal	6,500	0	optional
TOTAL USES	11,385	27,000	
SOURCES			
Local Bank (Debt)	0	0	
Accounts Payable			
Hal Koller	2,477		product Dvlp., processing for inventory
Members for FMV of lambs	358		co-op purchase of lambs from members
Other	8,250		
subtotal	11,085	0	
Common Stock	150	0	Number of members * \$25
Preferred Stock Class	150	0	Number of members * \$25
Grants	0	27,000	
TOTAL SOURCES	11,385	27,000	

C. Balance Sheet

BALANCE SHEET	Beginning	Year 1	Year 2
Assets			
Current Assets			
Cash	0	-25,785	-39,940
Accounts Receivable		0	20,966
Prepaid Expenses	6,500	6,500	6,500
Inventory	885	28,094	28,094
Other			
Total Current Assets	7,385	8,809	15,620
Fixed Assets			
Land	0	0	0
Building	0	0	0
Leasehold Improvements	0	0	0
Equipment	4,000	4,000	4,000
Depreciation	0	667	2,000
Net Fixed Assets	4,000	3,333	2,000
Other Assets			
Organizational Development Costs	0	0	0
Other - Labels	0	0	0
Amortization	0	0	0
Total Other Assets	0	0	0
TOTAL ASSETS	11,385	12,142	17,620
Liabilities			
Current Liabilities			
Accounts Payable	11,085	14,047	14,047
Wages & Salaries Payable		0	2,573
Income Tax Payable		0	0
Loan Payable Current Portion			
Total Current Liabilities	11,085	14,047	16,620
Long Term Liabilities			
Local Bank	0	0	0
Other	0	0	0
Total Long Term Liabilities	0	0	0
Total Liabilities	11,085	14,047	16,620
Equity			
Common Stock - Members	150	250	500
Preferred Stock	150	250	500
Deferred Patronage Refunds			
Retained Earnings		-2,405	0
Total Equity	300	-1,905	1,000
TOTAL LIABILITIES & EQUITY	11,385	12,142	17,620

D. Income Statement

	Beginning	Year 1	Year 2
Revenue			
Sales - Sausage		279	31,449
Sales - Stix		335	31,449
Sales - Lamb Roll		583	125,794
Sales - Kabobs		769	62,897
Total Sales	0	1,966	251,589
Cost of Goods Sold			
Processing - Sausage		186	21,071
Processing - Stix		224	21,071
Processing - Lamb Roll		395	84,282
Processing - Kabobs		511	42,141
Total Cost of Goods Sold	0	1,316	168,565
Gross Margin	0	650	83,024
Operating Expenses			
Salaries		0	47,500
Payroll Taxes & Benefits		0	14,250
Rent		0	3,600
Printing		400	400
Telephone		0	900
Office Supplies		0	600
Travel		0	6,720
Storage		0	300
Product Development/Marketing		2,000	406
Insurance		0	6,500
Membership & Dues		500	515
Depreciation /Amortization		667	1,333
Miscellaneous		290	0
Total Operating Expenses	0	3,857	83,024
Other Income (Expense)			
Interest Income		0	0
Interest expense		0	0
Total Other Income (Expense)	0	0	0
Patronage Refunds	0	0	0
Profit/(Loss) Before Income Taxes	0	-3,206	0
Income Taxes	0	-802	0
PROFIT/(LOSS)	0	-2,405	0

E. 1998 Events

	Year 1 PESSIMISTIC	INTERMEDIATE*	OPTIMISTIC
JUNE CHAMBER OF COMMERCE			
# of People Attending	75.00	100.00	125.00
% of People Placing Orders	0.10	0.20	0.30
# of People Placing Orders	7.50	20.00	37.50
Product lb's ordered per person			
Breakfast Sausage	0.50	1.00	2.00
Shepard Stix	0.50	1.00	2.00
Lamb Roll	0.50	1.00	2.00
Kabobs	0.50	1.00	2.00
Total lb's ordered per Item			
Breakfast Sausage	3.75	20.00	75.00
Shepard Stix	3.75	20.00	75.00
Lamb Roll	3.75	20.00	75.00
Kabobs	3.75	20.00	75.00
Retail Price per Item			
Breakfast Sausage	6.20	6.20	6.20
Shepard Stix	7.45	7.45	7.45
Lamb Roll	4.62	4.62	4.62
Kabobs	5.97	5.97	5.97
Total Sales of Each Product			
Breakfast Sausage	23.25	124.00	465.00
Shepard Stix	27.94	149.00	558.75
Lamb Roll	17.33	92.40	346.50
Kabobs	22.39	119.40	447.75
TOTAL SALES	90.90	484.80	1,818.00
COST OF PRODUCT			
<i>THE COST OF DONATED PRODUCT IS PART OF THE \$2000 DEVELOPMENT/MARKETING COST</i>			
Cost of Goods Sold per Lb			
Breakfast Sausage	4.13	4.13	4.13
Shepard Stix	4.97	4.97	4.97
Lamb Roll	3.08	3.08	3.08
Kabobs	3.98	3.98	3.98
Cost of product Sold			
Breakfast Sausage	15.49	82.60	309.75
Shepard Stix	18.64	99.40	372.75
Lamb Roll	11.55	61.60	231.00
Kabobs	14.93	79.60	298.50
Total cost of Product sold	60.60	323.20	1,212.00
Total Cost of Sales	60.60	323.20	1,212.00
NET MARGIN FROM CHAMBER EVENT	30.30	161.60	606.00

	Year 1		
	PESSIMISTIC	INTERMEDIATE*	OPTIMISTIC
APPLEFEST			
SALES OF PREPARED PRODUCTS			
Number of Units sold that are lamb rolls	125.00	250.00	375.00
Number of Units sold that are kabobs	125.00	250.00	375.00
Total Number of Units Sold	250.00	500.00	750.00
Price per unit			
NO Breakfast Sausage Sold	0.00	0.00	0.00
NO Shepard Stix Sold	0.00	0.00	0.00
Lamb Roll (1/3 LB)	1.50	1.50	1.50
Kabobs (1/3 LB)	2.00	2.00	2.00
Sales of lamb Roll sandwiches	187.50	375.00	562.50
Sales of kabobs	250.00	500.00	750.00
TOTAL SALES OF PREPARED PRODUCT	437.50	875.00	1,312.50
ORDERS OF PRODUCTS			
% of People Placing Orders based on Units Sold	0.05	0.10	0.20
# of People Placing Orders	6.25	25.00	75.00
Product lb's ordered per person			
Breakfast Sausage	0.50	1.00	2.00
Shepard Stix	0.50	1.00	2.00
Lamb Roll	0.50	1.00	2.00
Kabobs	0.50	1.00	2.00
Total lb's ordered per Item			
Breakfast Sausage	3.13	25.00	150.00
Shepard Stix	3.13	25.00	150.00
Lamb Roll	3.13	25.00	150.00
Kabobs	3.13	25.00	150.00
Retail Price per Item			
Breakfast Sausage	6.20	6.20	6.20
Shepard Stix	7.45	7.45	7.45
Lamb Roll	4.62	4.62	4.62
Kabobs	5.97	5.97	5.97
Total Sales of Each Product			
Breakfast Sausage	19.38	155.00	930.00
Shepard Stix	23.28	186.25	1,117.50
Lamb Roll	14.44	115.50	693.00
Kabobs	18.66	149.25	895.50
TOTAL SALES OF ORDERED PRODUCTS	75.75	606.00	3,636.00
TOTAL SALES	513.25	1,481.00	4,948.50

	Year 1		
	PESSIMISTIC	INTERMEDIATE*	OPTIMISTIC
APPLEFEST continued			
COST OF PRODUCT			
Cost of Goods Sold per Lb			
Breakfast Sausage	4.13	4.13	4.13
Shepard Stix	4.97	4.97	4.97
Lamb Roll	3.08	3.08	3.08
Kabobs	3.98	3.98	3.98
Number of Lbs Sold (Prepared and Orders)			
Breakfast Sausage	3.13	25.00	150.00
Shepard Stix	3.13	25.00	150.00
Lamb Roll	44.79	108.33	275.00
Kabobs	44.79	108.33	275.00
Cost of product Sold			
Breakfast Sausage	12.91	103.25	619.50
Shepard Stix	15.53	124.25	745.50
Lamb Roll	137.96	333.67	847.00
Kabobs	178.27	431.17	1,094.50
Total cost of Sales	344.67	992.33	3,306.50
NET MARGIN FROM APPLE EVENT	168.58	488.67	1,642.00
MISCELLANEOUS EXPENSES			
Grill Rental (50*2)	100.00	100.00	100.00
Buns (400 Buns *\$.10)	40.00	40.00	40.00
Charcoal	100.00	100.00	100.00
other	50.00	50.00	50.00
TOTAL MISCELLANEOUS EXPENSES	290.00	290.00	290.00
NET PROFIT FROM APPLE EVENT	(121.42)	198.67	1,352.00

* The Income statement uses the Intermediate model

Appendices

A. Wisconsin Regulations for Direct Marketing of Meat;
Mr. Neal Sanders, Chief of the Compliance Section of the Bureau of Food Safety and Inspection, Division of Food Safety, Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP).

B. Label Information from the Wisconsin Department of Agriculture, Trade, and Consumer Protection.

- Features of a Label
- Label Features

C. Recommendations from the Food Marketing Institute: Questions you should be able to answer before approaching a retail store or company to market your product(s).

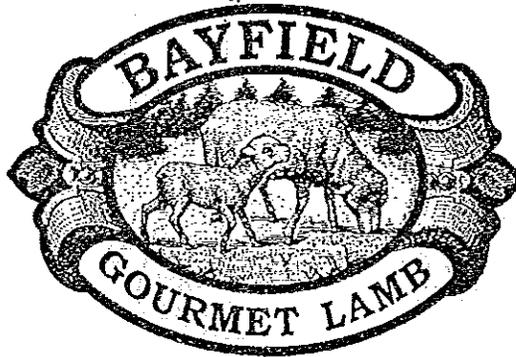
D. Meat dishes and kebabs. A collection of lamb recipes compiled by Mehmet Calicioglu. (Previously distributed to the cooperative.)

E. Various publication relevant to the marketing study. (These have previously been distributed to the members of the cooperative and to PRI-RU-TA.)

- Niche Marketing Opportunities through Lamb Cooperatives, Tamra Kirkpatrick Kazmierczak and James B. Bell, 1992.
- A Niche Marketing Guide for Lamb Cooperatives, Kirkpatrick Kazmierczak and James B. Bell, 1995.
- Marketing Organic Livestock Products, ATTRA, n.d.
- Sustainable Sheep Production, ATTRA, n.d.

F. Gyros-Related Information (Previously distributed to the cooperative.)

- The History of Gyros (from: <http://www.erols.com>).
- Kronos-Central: Products and Price Lists (5 pp.).
- Frozen Beef Cones (from Meat Industry).
- Miscellaneous gyros recipes



A line of Products offered by the
BAYFIELD LAMB COOPERATIVE
Route 3, Box 3575, Washburn, WI 54891 715 / 373 - 5122

APPENDIX B

Bayfield Gourmet Lamb products will be available for purchase during the summer of 1998. We use farm-raised, pasture-fed lambs exclusively.

Lamb Rouleau - Spiced and marinated, this premium and versatile "whole meat" product is our alternative to processed gyros, prime rib, and roast beef. Created through a deboning process, Lamb Rouleau is presented as a wrapped "roast" ranging from three to fifteen pounds.

Lamb Kebob - Packaged in bite-size portions, our Lamb Kebobs are marinated and ready for the skewer and the grille.

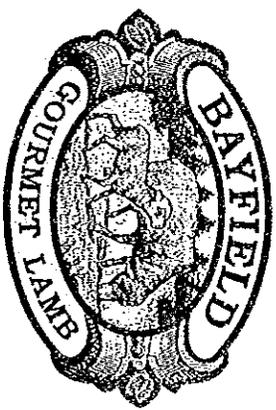
Breakfast Sausages - Prepared with waffles, french toast or pancakes, these lean sausages are also perfect as appetizers. We offer four different breakfast sausages: **Original Spice; Harvest Mint; Honey Walnut; and Autumn Apple.**

Classic Sausages - Using lamb to create three well-known classics, we present smoother more subtle versions of **Italian Sausage, Chorizo, and Bratwurst.**

Snacks - We've created a line of snack products relying on a slower drying process instead of nitrates. Our healthy "dried" products include a hot and a gyro spiced **Shepherd Stix**. In addition, we've recreated the staple of Native Americans and 17th Century Voyageurs in our dried lamb **Pemmican**.

The **Bayfield Lamb Cooperative** is a farmer owned and directed cooperative with the goal of collectively developing and selling specialty lamb products. We are committed to following sustainable agricultural practices with an emphasis on sound conservation and environmental ethics. Our lambs are pasture raised on small, family-owned farms. We do not use antibiotic laced feeds or growth hormones, nor do we use high confinement, feed lot practices. Our animals are raised in a healthy, natural, and cruelty-free environment.

Bayfield County's agriculture tradition, like other areas of the state and country, is threatened through uncertain returns to the producers coupled with loss of agricultural land. What is at risk is more than just the livelihood of the family farm, but also the health of the local economy, the fabric of the communities, and the stewardship of the land. We believe it essential that local producers organize to maintain and reinvigorate the area's agricultural tradition. We are dedicated to maintaining a sustainable community by working together to promote ethical small-scale agriculture that follows sound conservation practices.

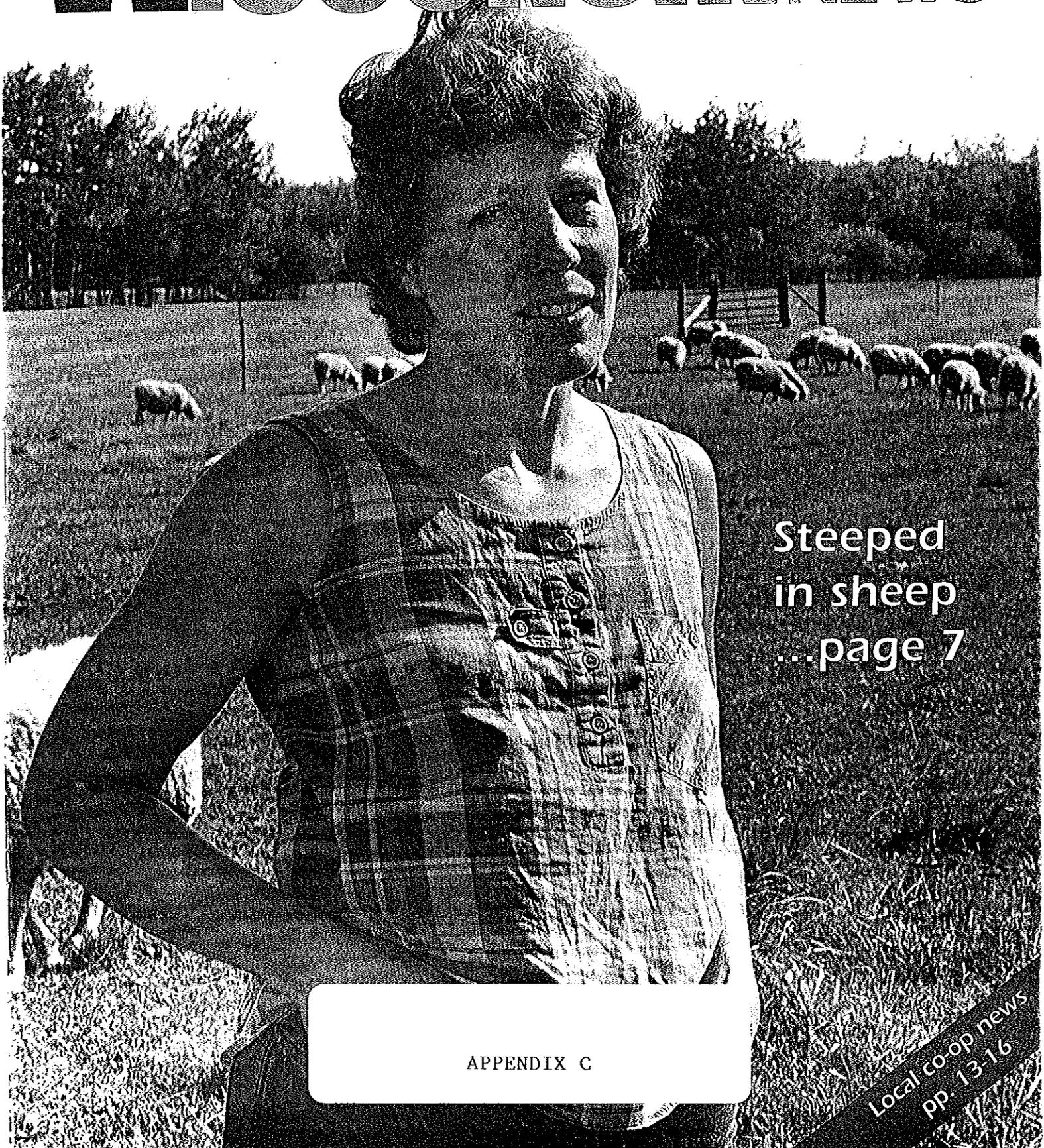




"Taste of Bayfield" June, 1998

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Steeped
in sheep
...page 7

APPENDIX C

Local co-op news
pp. 13-16



Flocking together

Sheep producers pool resources to form Bayfield Lamb Cooperative

When you think "lamb," start thinking way beyond chops. Begin to think pemmican, seasoned kabobs, and Mediterranean lamb rouleau. That's what a small group of lamb producers in Bayfield County came up with when they decided there ought to be a better way to market their lamb.

At the same time, the group decided that their marketing efforts would need a new structure for working together. The result: a brand-new cooperative just beginning to establish its identity as Bayfield Gourmet Lamb.

"We are a 'new-generation' cooperative," explained Dale Baggerley, board chairman of the association. "We are producer-driven, unlike rural electrics and most of the other earlier co-ops, which were organized to benefit consumers."

In creating a new-generation co-op, Baggerley and his fellow members are following the footsteps of many new cooperatives that market "value-added" products in order to maximize their profits. The Pasta Growers in North Dakota are one example of an extremely successful new-generation co-op. Tired of being unable to affect the low prices they were offered for their wheat, they banded together to turn the grain into pasta, which would command higher prices in the marketplace. Here in Wisconsin, the idea of new-generation co-ops is just starting to catch on, though the future of such co-ops is promising.

But it takes time. "It was two and a half years

ago when we first met," Baggerley recalled. "We wanted to generally work together advantageously, but the bottom line was the need to enhance our profit line. Eventually, about three-fourths of the group—five families—decided to

Three board members of a new Bayfield County lamb cooperative proudly display the logo that will distinguish their Bayfield Gourmet Lamb products. The three—Dale Baggerley, Gayle Gonsior, and Larry Fickbohm—are all also members of Bayfield Electric Cooperative.





Bayfield Electric Cooperative Manager Carl Melchior (left) and Fickbohm discuss the merits of the cooperative structure for businesses.

pursue a business arrangement together for making purchasing and marketing plans."

Board member Larry Fickbohm added, "The cooperative seemed to be the best organizational structure for us. The structure worked along with our goals and seemed to be the most flexible type of business for us."

The current members of the tiny new cooperative include several Bayfield Electric members, including Baggerley and his wife, Roberta; Gayle Gonsior and Fickbohm, who farm near Port Wing and who are both board members; and Tom and Connie Cogger, Washburn.

Getting set

Baggerley, who is fairly new at raising lambs but is an old hand at writing grants and proposals—it is his livelihood—started the interested producers on the right foot by leading them to investigate their options and seek financial help. The group submitted a proposal to the Department of Agriculture, Trade and Consumer Protection for a \$27,000 Agriculture Diversification and Development Grant focusing on the development and marketing of value-added lamb products. That grant was received about a year ago.

Meanwhile, the group engaged the help of Cooperative Development Services (CDS), whose Madison-based staff is closely allied with the Wisconsin Federation of Cooperatives. CDS consultant Laurie Greenberg engineered a feasibility study on developing new lamb products and the

processing facilities to produce them. She also developed a marketing plan for the group's first year.

For overall guidance, the group turned to John Witherspoon, an employee of the U.S. Department of Agriculture's PRI-RU-TA Resource Conservation & Development Council. Based in Medford, Witherspoon was tapped to help because of his previous experience with other new cooperatives, such as the Ashland-based Superior Shores Agricultural Cooperative.

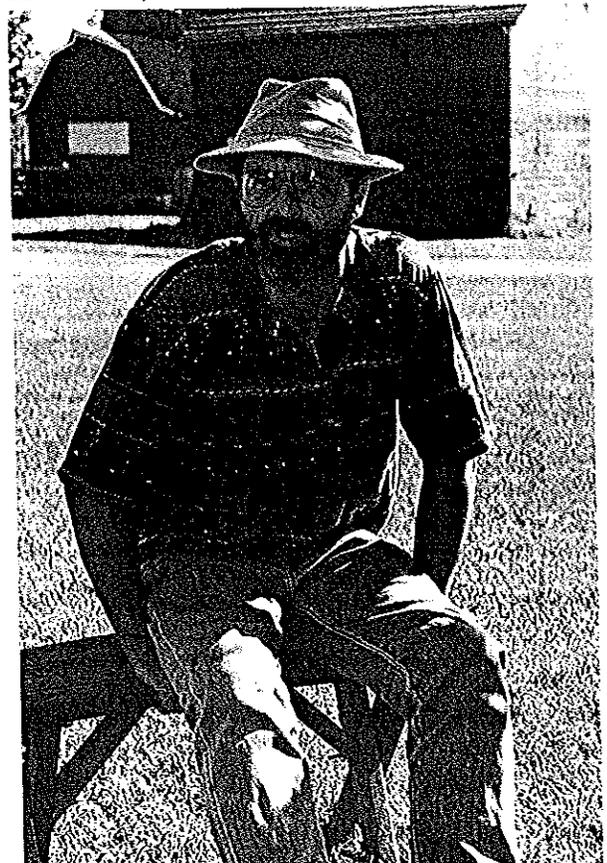
Beyond chops

Finally, the co-op was ready to develop new products. "We were going to work with the University of Wisconsin Meat Lab, but the people there directed us to a processor in Amery named Hal Koller who was willing to help us put the 'added value' into our lamb," said Fickbohm.

"We tried to find somewhat unique products," explained Baggerley. "For instance, we thought about a gyro product. Most of the gyros you buy now are made from these big cones of meat—mostly beef, with some lamb. They are made by a Chicago firm called Kronos, which also manufactures the special cookers to roast the cones of meat."

"But a traditional Mediterranean gyro would be lamb," chimed in Gonsior, "so Koller came up with a lamb rouleau—boned lamb that is then rolled and marinated with secret Mediterranean seasonings. Once it's cooked, you just slice it for

Baggerley discusses the group's plans for various value-added lamb products.



delicious gyros."

Koller is also experimenting with marinated lamb kebabs and sausage-type meats. One that seems promising is a breakfast sausage called harvest mint, combining vegetables and mint. Another is a honey-walnut sausage. "We'd eventually like to make this into a maple-walnut," Baggerley said. A third, an apple sausage, was evaluated at a recent taste-testing event to rave reviews. The rouleau and the lamb kebabs, introduced this past summer at the Bayfield Art Fair, were also well received.

The co-op is also optimistic about its dried meat products. In the experimental stages are Shepherd Stix—like dried beef sticks, only lamb—and pemmican, a type of jerky that the voyageurs and Indians dried along with fruit. "We'll probably do it with blueberries, the fruit of choice here in the Bayfield area," Baggerley said.

Fickbohm added that the pemmican and Shepherd Stix may be available soon because they don't need refrigeration and thus involve less capital expense in the early stages of production. The co-op hopes to introduce both in the winter, then add other products in the spring.

Yet another opportunity for Bayfield Gourmet Lamb products involves the large Middle Eastern population in the Twin Cities. Muslims have created a growing market for lamb that has been slaughtered in the presence of a mullah. This

Reo, the border collie, is first in line when Gonsior and Fickbohm's son, Lucas (left), hauls water to the flock. Bayfield Electric's Carl Melchior looks on.



In an impressive display of skill and enthusiasm, Reo rounds up the ewes in one of the Gonsior-Fickbohm pastures.

ritual slaughter, called *dhakat*, yields the Muslim equivalent of kosher lamb slaughtered in the presence of a rabbi.

Meanwhile, in the pasture...

The co-op members have flocks of varying sizes. Gonsior and Fickbohm have 200 ewes, kept for breeding purposes, at this time of year. From these ewes, they anticipate an annual average of nearly two new lambs per ewe, or a total of 350-400 new lambs a year, swelling the flock to approximately 600 each spring. At the other end of the spectrum, Baggerley has only 40 sheep. "I haven't sold any lambs yet; I'm still in the process of building up my flock," he said.

Gonsior told us that sheep are technically lambs until they are 18 months old. As they age, the meat becomes stronger in flavor; after 18 months, the meat must be sold as mutton. "But our lambs are always sold long before that—usually at six months or so," she said. Then she added, "Some people believe that we kill the cute little newborn lambs, but we don't."

Besides Gonsior, Fickbohm, and their son and daughter, Lucas and Chelsea, three dogs share in the care of their flock. Reo, a border collie, keeps the flock in line and rounds up strays, while the two Maremmas, Justino and José, stay with the sheep at all times to guard them against predators. "One of our neighbors lost 45 lambs to coyotes this spring," said Fickbohm. "But we've never lost a single lamb to predators."

While Reo, Justino, and José keep things quiet in the pasture, there's a definite undercurrent of anticipation among the lamb co-op members. After years of planning and hoping, they are at last nearly ready to market their Bayfield Gourmet Lamb products to the public.

If a market near you offers these new taste treats, don't be sheepish about trying them. They're the "new-generation" way to enjoy flavorful, easy-to-prepare lamb.—Linda Hilton