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Sample Questions for Supply Chain Participants¹

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Introduction

The following questions are from the interviews conducted for the beef supply chains in the Minneapolis-St. Paul-Bloomington MSA. Similar interview questions were used in other study locations for other products.

Producer Interview

Tell us about your farm operation.

- Where/how does the beef enterprise fit into your overall operation?
- Do you raise your own young stock?
- What type of animals do you raise and market as beef? Beef breeds? Dairy cows?
- How many animals do you market each year in total? What percent are marketed through the business that is the focus for this case study, direct market, other?
- Do you follow the production protocol from the business that is the focus for this case study for the animals you direct market?
- Would you like to expand your direct market enterprise? Sales to the business that is the focus for this case study?
- How many acres of pasture do you have? What are your grazing practices?
- Do you also raise crops? If so what and on how many acres?
- Do you produce your own hay for winter? If so, on how many acres? If not, tell us about how you buy and store hay.
- How many FT, PT positions does your beef enterprise support? What are their jobs? Are there any volunteers or Interns?

¹ This document provides background on study design and methods for a coordinated set of case studies on local food supply chains that was funded by the USDA's Economic Research Service. The study report – *Comparing the Structure, Size, and Performance of Local and Mainstream Food Supply Chains*, USDA, Economic Research Service, ERR-99 – is available at <http://www.ers.usda.gov/Publications/ERR99/>. Longer versions of the case studies presented in that report are available at http://foodindustrycenter.umn.edu/Local_Food_Case_Studies.html.

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- How many hours/what percent of time do you spend on the following for beef that are marketed through the business that is the focus for this case study:
 - Production:
 - Marketing:
 - Transportation/distribution:
- How many hours/what percent of time do you spend on the following for beef that are direct marketed:
 - Production:
 - Marketing:
 - Transportation/distribution:
- What are the seasonal patterns in your beef enterprise?
 - Calving
 - Grazing
 - Age of animals at sale
 - Other

We'd like to learn more about sales to the business that is the focus for this case study.

- How and when did you initiate your marketing relationship with the business that is the focus for this case study?
- Over the course of a typical year, how often are you in contact with the business that is the focus for this case study? How often does someone from the business that is the focus for this case study visit your farm?
- Are some animals identified as not meeting standards of the business that is the focus for this case study? If so, at what age and for what reasons?
- How are dates for delivery to the business that is the focus for this case study determined? How far in advance are they set? Do you ever make adjustments in production practices to speed up or slow down weight gain? What is a typical live weight and hanging weight for animals you sell to the business that is the focus for this case study?
- How soon after delivery to the business that is the focus for this case study do you receive payment?
- Do you ever finish calves or yearlings born off your farm for the business that is the focus for this case study? If so, who selects them? Do you own them, or do you finish them on a contract basis?
- What feedback do you get on the carcass quality of animals you sell to the business that is the focus for this case study?
- Are there annual (or more frequent) gatherings of producers who sell to the business that is the focus for this case study? If so, what are the main benefits from these?

Processor Interview

We'll start with a few background questions.

- Describe the history of your processing facility.
- When did you become the owner/manager?
- What affected your decision to open/purchase the facility?
- Do you live in town?

Now we have some questions about your processing operations.

- Describe your processing capacity. How many animals per week? What percent of processing is devoted to beef?
- Describe your annual processing schedule. Are there seasonal patterns?
- What is the timeline for processing a steer ... slaughter, hanging time, cut-up?
- What do you charge per animal/per pound for processing?
- What is the typical yield on a beef steer?
- Describe your and packaging and labeling. Are you able to do case-ready packaging?
- How many employees do you have? How many hours do they work (FT, PT)? Is this seasonal? Wage rates/salary + benefits? Are employees unionized? What is their average length of employment? Where do most of your employees live?

Now we have some questions about your relationships with customers.

- Describe your customer base. How far do they travel, on average, to reach your facility? Where do they ship their product? Do you retail any product? Do producers who market through an aggregator also process their direct-market animals at your plant?
- What percentage of the total volume for your business is linked to the customer who is the focus of this case study?
- Do you have formal contracts with the customer who is the focus of this case study or with any of your other producer or retail customers? If so, can you describe the contract terms?
- What are the attributes of beef from the customer who is the focus of this case study that consumers value most?
- Who "owns" the byproducts from the slaughter process? If you market and/or dispose of these products, how do you do that?
- Who are your major competitors? Where are they located?
- Do you promote your customers' products within the local community?

Now we have some questions about transportation, distribution, and chain of custody.

- In a typical case for beef from the customer who is the focus for this case study, how do products travel from the farm to your plant?
 - Mode of transport:
 - Fuel efficiency:
 - Distance:
- How do beef products travel from your plant to this customer's storage site?
 - Mode of transport:
 - Fuel efficiency:
 - Distance:

Now we have some questions about food safety.

- Have you ever had a reported food safety incident for beef products from the customer who is the focus for this case study? Other products? What steps are in place in the processing plant to ensure food safety for beef products?
- How do government regulations affect our operations? How much time do you spend on other compliance issues?

We'll conclude with a few questions about linkages to the broader food system and prospects for your business to expand.

- Do you provide feedback/education for customers to improve processing quality? Specifically, what information do you provide to the customer who is the focus of this case study? Does any of this go directly to the producer?
- Do you work with other businesses or organizations to improve the marketing of local meat products?
- Are you operating at full capacity? If not, are there opportunities to do so? What would it take for your facility to expand production; to scale up? Is this feasible? Do you foresee doing so in the future? What other operational changes you might make?
- What is the biggest challenge for you in operating your business?

Aggregator/Wholesaler Interview

We'll start with some background questions about your operation.

- Tell us about the history of your company. Is there historical information you can share about sales, start-up costs, etc.?
- How many FTE staff does your company employ? What are their functions? Volunteers?
- How many beef producers sell to your company? What is a typical number of animals marketed through your company per producer?
- What percentage of animals will a typical producer market through your company each year? Where else do they market their animals?
- Are there seasonal patterns or long term trends in the supply of beef? If so, what factors drive this? Do you work with beef producers to plan for or forecast supply? How do you manage inventories? How do you ensure a year-round supply?
- How do you verify compliance with production standards?
- What steps are in place on farms, in the processing plant, in your company's facility, and in transporting product to ensure food safety for beef products? Have you ever had a reported food safety incident for beef products?
- How do you determine prices paid to producers, fees paid to slaughter plant and other service providers, and wholesale and retail prices charged to customers? Do all retailers charge the same prices for your products?
- Do you have formal contracts with your beef processor? If so, can you describe the contract terms?
- What are your processing costs per animal?

Next we'll ask about distribution, marketing and sales of your product.

- Tell us about your marketing and distribution system. Who are your key partners? Do you use a single distributor or do you deliver to several distribution centers for retail outlets? Do you own and operate any vehicles? If not do you hire transportation services?
- What are the steps in getting an animal from the farm into storage at your company and eventually sold? When and how does ownership change hands? How does the slaughter/processing plant recover its processing costs? When does money change hands?
 - In a typical case for beef, how do products travel from farm to processor – mode of transport, distance, etc.?

- How do beef products travel from the processor to your storage site – mode of transport, distance, etc.?
- In a typical month, how do your products travel from the central site to retail and wholesale customers – mode of transport, distance, time spent by driver, etc.?
- Do you have dedicated storage facilities for fresh and/or frozen meat?
- What percent of sales are fresh vs frozen? What are differences in customer attributes for these two sets of customers? Did you start with frozen direct sales or fresh sales ... or both at same time? Do you foresee staying with both distribution modes? Which segment is growing faster?
- What are your strategies for marketing the whole animal?
- What is the typical pattern of orders for beef products over the course of a month? Do you make deliveries for Internet orders more than once per month? How frequently do your retail and/or wholesale customers place orders?
- What is the lead time for retail orders? Do customers make long term commitments or simply order as needed. How do you manage inventories? What do you do differently to serve institutional customers?
- What is your general promotion strategy? What has been your experience with payments or free product in order to get your product into retail outlets?
- How important has branding been to the development of your markets? Have you participated in other branding programs such as MN GROWN or BUY LOCAL? If YES, what are the pros and cons of doing so?
- What are the attributes of your beef that consumers value most? Have you ever done any formal market research with your customers?
- Have sales met initial expectations? How have you managed growth?
- How have government regulations helped or hindered your company's efforts to market beef?

We'll conclude with a few questions about linkages to the broader food system and prospects for your business to expand.

- What are the greatest challenges faced by your company in terms of start-up, growth and current operation?
- Has your company been involved with other businesses and non-profit organizations to strengthen the local food system? If so, how has your company contributed to and benefited from these efforts?

Retailer Interview

First we'd like to learn a bit about general, company-wide purchasing and merchandising of meat.

- Do you purchase meat centrally, or does each store place orders to a distributor? If central purchasing, how does that work – i.e., how do store orders get aggregated and what are the benefits of central purchasing?
- What meat cutting operations do you do in-store? Does this vary across stores? Do you have a central facility (perhaps at a larger store) where more meat cutting is done?
- We plan to focus our case study on a specific store. In subsequent questions, we'll call this the "focal" store.
- What % of your sales for the focal store are from meat? What percent of meat sales are from beef? What are gross sales (annual or weekly) for the focal store?

- How many people are employed in the meat department in the focal store (full time and part time)? How many employees are there for the entire store? What is the square footage for the store and the meat department?
- Are wages in the meat department higher than for other departments in the store? Are there differences in union membership for meat department employees?
- What steps do you have in place to ensure food safety for your meat products? Have you ever had a reported food safety incident for meat?
- Do you formally plan for or forecast beef sales? If so, is this at the store level or the company level?
- How do you manage beef orders? (eg Collaborative Forecasting, Vendor Managed Inventory)

We'd like to find out about purchasing practices for "local" beef as well as the "mainstream" beef you sell. We'll ask first about the "local" beef.

"Local" Beef

- How often do you place orders to for local beef? How do you place orders – fax, phone, electronic system? Does each store place orders, or are they aggregated by corporate?
- What is the time between placing an order and receiving delivery? Does the local supplier deliver to each of your stores?
- What is the process for receiving deliveries in the focal store? How (and how quickly) is payment made to the local supplier? Do you pay transportation costs separately, or does the price you pay for "local" beef include the cost of delivery? Is this the common practice for DSD products?
- Does the focal store order both primal cuts and case ready beef from the local supplier? If so, which products typically come in each form?
- How closely does the mix of the local supplier's products sold match up with the cut-out from a typical animal?
- What are the attributes of "local" beef that customers value most?
- How did you decide to carry "local" beef? What information did you request from the local supplier and/or from their processor before deciding to carry "local" products? Do you require any kind of certification or other quality assurance?
- Do you get periodic in-person visits/sales calls from the local supplier? If so, how often?
- Do you have a contract with the local supplier? If so, can you describe the contract terms?

"Mainstream" Beef

- Who is the supplier for your "mainstream" beef? How do you place orders – fax, phone, electronic system? Does each store place orders, or are they aggregated by corporate?
- How are "mainstream" beef products delivered to stores? Do they go through a distribution center? How often does the focal store receive "mainstream" beef deliveries?
- What is the process for receiving deliveries in the focal store? How (and how quickly) is payment made and to whom is it made? Do you pay separate delivery charges?
- Does the focal store order both primal cuts and case ready beef for "mainstream" beef? If so, which products typically come in each form?
- How closely does the mix of "mainstream" beef products sold match up with the cut-out from a typical animal?
- What are the attributes of your "mainstream" beef that customers value most?

- How did you select a vendor for “mainstream” beef? What information did you request from them? Do you require any kind of certification or other quality assurance?
- Does the “mainstream” beef always come from the same slaughter/packing plant? Does it always come from the same feedlot?
- Do you get periodic in-person visits/sales calls from your “mainstream” beef vendor? If so, how often?
- Do you have a contract with your “mainstream” beef vendor? If so, can you describe the contract terms?

Now we'd like to get some information on sales volumes, pricing practices, and margins. We know this is sensitive information, but getting a general idea of how this works is very important for our study.

- Of total beef sales in the focal store, what percent come from “local” products? Does the remainder come from “mainstream” beef products?
- What is a typical marketing margin – (Price – Cost of Goods Sold)/Price – for “local” products?
- Do you vary prices for “local” products? If so, who initiates and bears the cost for promotions?
- What is a typical marketing margin – (Price – Cost of Goods Sold)/Price – for “mainstream” beef products?
- Do you vary prices for “mainstream” beef products? If so, who initiates and bears the cost for promotions?

We'll close with a few more general questions.

How do your customers define “local”?

Does your local supplier do in-store tasting for customers? If so, is this effective? Who “represents” the local supplier for these events?

How important is branding for meats? We note that you “brand” much of the meat you sell with your company name. Is this likely to continue in the future?

Have government regulations helped or hindered your beef sales?

What are the greatest challenges faced by your company now and in the next five years?

Has your company been involved with other businesses and non-profit organizations to strengthen the local food system? If so, how have you contributed to and benefited from these efforts?