

WE MAKE QUALITY FOR THREE GENERATIONS  
**Lorentz**



*—A Fine Meats Packaged In The Cannon River Valley—*

# **Lorentz Meats**

## **A Community Food Enterprise**

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*Five Meats Packed In The Cannon River Valley*

## Some Basics

- Cannon Falls, MN
- Family business sold to sons in 1997
  - Increased size of processing plant in 2000 (to 10,000 sq. ft.)
  - Sold off retail outlet in 2005
- Now
  - 60 employees
  - \$4.8 million in revenue
  - Ship meat all across the country
  - Certified: USDA, Organic & E.U.

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# A Different Kind of Meat Processor

- We process meat at a much slower rate
  - More humane
    - To the animals
    - To our employees
  - Cleaner
  - More of what the customer wants in the package

*Different products, a higher standard*

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## Our Customers

- We are primarily a fee for service co-packer
- Because no retail outlet, customers are:
  - Farmers
    - Our focus: very small ranches, though only 20% of business (300-400 local farmers in direct sales)
    - Larger: We provide quality; allows us to “hedge our bets”
  - Resellers / Aggregators
    - Interested in the niches we can offer: high-quality process, certified

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## Size Matters

(particularly in meat)

- Too small:
  - Can't meet compliance obligations
  - Food system is too large for exclusively “boutique” or “artisanal” processors
- Too big:
  - Must compromise on quality
    - ... but that is our differentiator
  - Can't work with small farmers and ranchers
  - More difficult to process multiple species

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# Size Effects Pricing Opportunities

- Large “box stores”
  - 15-18% margin
- Specialty meat sellers
  - 35-50% margin
- Our continual challenge:
  - Big enough to deal with the large, but small enough not to get “caught in the middle”



~A Fine Meats Packaged In The Cannon River Valley~

# Retail and Finance Use Percent Margin

## PERCENT MARGIN (HERE, 50%)

- Commodity
  - \$2 cost
  - \$4 price to consumer
  - **Retail profit = \$2**
- Niche / Specialty
  - \$4 cost
  - **\$8 price to consumer**
  - **Retail profit = \$4**

## INCOME PER TRANSACTION

- Commodity
  - \$2 cost
  - \$4 price to consumer
  - **Retail profit = \$2**
- Niche / Specialty
  - \$4 cost
  - **\$6.25 price to consumer**
  - **Retail profit = \$2.25**



## Some Lessons

- Local ≠ Small
  - Even with a single plant we have “scale up” relationships
- Local business ...
  - but operate within local & non-local context
- Don't be too righteous
  - We process for anyone (corn-fed, non-organic, as well as more “sustainable”)
  - Our treatment is always humane

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## Final Word

There's no reason you can't do well  
while doing good.