

# **Feasibility of Operating a Small Scale Kill Floor, Specialty Butcher Shop, and Freezer and Cold Storage In Northern New Mexico**

by

Constance L. Falk  
Assistant Professor

Department of Agricultural Economics and Agricultural Business  
New Mexico State University

This project will assess the feasibility of operating a small-scale organic lamb kill floor, butcher shop, and cold storage and freezer facility in southern New Mexico for Ganados del Valle, a non-profit economic development organization that works with low-income Hispanic and Native Americans. Specifically, the research is focusing on identifying a feasible facility size and estimating investment and operating costs. A management information system (MIS) is also being designed.

Ganados markets lamb direct to consumers and gourmet upscale restaurants in Taos, Santa Fe, and Albuquerque. Three breeds of lamb are marketed in a variety of gourmet cuts and specialty sausages, as well as carcasses. One breed is the rare 400-year-old Churro breed, which produces a distinctive flavored meat and long fiber wool that Ganados uses in a successful weaving project. The USDA recently certified inspection and marketing of the Churro breed, and the lamb is certified organic by the Organic Crop Improvement Association. Another breed is the Middle Eastern Karakul.

This USDA-AMS funded project is needed because Ganados has had quality control problems with the slaughtering/processing plants that have contracted to do the work the past two years. In addition, high marketing costs result from transporting the animals to be processed (from Los

Ojos to Farmington or El Rito), to where the meat is stored (Albuquerque) and to the markets (Santa Fe and Taos). The travel time and coordination challenges of the current organization have resulted in high marketing costs, limited production and inconsistent quality.

One of the biggest challenges facing Ganados is seasonality of lamb production. Like most western lamb producers, Ganados has lambs ready for sale primarily in the fall. Operating a lamb facility implies year round access to lambs or other animals to keep the plant in operation.

The MIS system will allow Ganados to associate revenues and quality characteristics of individual animals to the owners. The model will improve the link between revenues earned in the market and incentives paid to producers. Part of Ganados's function is to train producers in modern breeding and management practices and to reward top performers with market-based incentives. In addition, the system will enable Ganados to take orders early in the season; estimate how many animals will be needed to fill those orders; estimate profitability of different market segments and customers; bill the customers; and compare budgeted with actual financial performance. This model should also be helpful to other lamb marketing cooperatives that are trying to bypass conventional marketing systems in eastern states such as Virginia, New York, and Vermont.