



► **Above:** In Montana there is a growing demand for local beef.

## A USDA-inspected packing plant in one small Montana town is worth saving, but partner owners want to return to full-time ag careers.

*Story & photos by Ed Haag*

**T**here are no long journeys back East for the animals Darold Tomscheck doesn't sell to commercial and seedstock operators. Most of the animals that don't muster as bulls and replacement heifers end up on dinner plates in North Central Montana.

"We sell packaged beef directly to local residents as well as grocery stores and restaurants in the area," says the Shelby, Mont., seedstock producer. "Knowing that I have a decent market for the cattle I send to slaughter allows me to make the kinds of decisions that really benefit the genetics in my seedstock herd."

What allows Tomscheck and other beef producers in his community to sell directly to the public, both in state and out of state, is a U.S. Department of Agriculture (USDA)-inspected harvest and packing facility that has been continuously operating on the outskirts of Shelby for more than 60 years.

Like other areas of the country, central Montana has seen a consolidation and a significant decline in the number of small, federally inspected packing plants. So when the last remaining USDA-inspected harvesting facility within 100 miles, the Marias Packing Co., was faced with closure three years ago, Darold, with his brothers Terry and Rex, stepped in to purchase a majority position in the operation.

"The plant butchers livestock for four different fairs," Darold says. "Without a local place for carcass judging, it would have been a real blow to the community."

In addition to processing Darold's animals and the ones generated by the fairs, other small, value-added meat businesses rely on Marias to process their product. "We have a lot of customers who wholesale their own

CONTINUED ON PAGE 154

## The Beef Stops Here CONTINUED FROM PAGE 153

meat,” he says. “Because we are USDA-inspected, we can process and package it for them, and then they can legally sell it.”

Darold’s wife, Lorna, notes that there are a growing number of beef producers raising natural, grass-fed and organic beef in the area, and the Marias packing plant offers

these ranchers an opportunity to sell federally inspected beef across state lines. She sees these emerging niche markets as win-win arrangements between local ranchers and those who purchase their beef.

“The customers are getting exactly the kind of beef they want, and the producers are able to sell direct and receive a premium for their product,” she says.

The packing plant also cuts and wraps game for local and out-of-state hunters.

“There is no shortage of work,” Darold says. “If anything, there is a shortage of plants like Marias.”

But, in spite of keeping the plant busy, Darold and his brothers have real concerns about the plant’s profitability and future. These concerns revolve around the fact that all three major partners already have full-time occupations outside of the packing plant. Darold has his 400-head seedstock operation, and Terry and Rex are full-time farmers.

“We have to rely on employees to run the plant,” Darold says. “That really pushes up our overhead.”

He notes that most small packing plants that survive in Montana are family operations. “If there was a family who owned and did the work, it would probably be better,” Darold says. “To hire everything done in that kind of business just doesn’t work on a small scale.”

### Community asset at risk

The Marias packing plant itself is an example of the sustainability of the family business model. For more than three generations one family operated the packing plant, earning enough income to support each consecutive generation. It is likely the same family would be operating the plant today if tragedy hadn’t struck.

While on a two-week visit to his daughter’s home in Pennsylvania, the owner-operator of the packing plant was in a fatal car accident. He had left the plant in the care of his youngest son.

“The boy had been given a single sheet of lined paper with handwritten instructions on what to do each day,” Darold says. “To his credit, that kid ran the business for two years off that piece of paper.”

The son, who wanted to go back to school, had little interest at that point in time in making meat cutting his career. “He always had plans to go back to school,” Lorna says. “Finally he said ‘Someone will have to buy it, or I will close it down.’”

Lorna and Darold were well aware of the consequences of closure. “Once a plant closes down and loses its certification, it is hard to start back up,” she says. “The closest USDA-inspected plant besides Marias is in Great Falls, 120 miles away.”

Several local businesses relied on the plant for local meat, including a restaurant in Sweetgrass operated by Darold and Lorna’s sister-in-law, Khandi. “If we didn’t have Marias, we would be looking at a 200-mile round trip to get our meat,” Khandi says.



► **Above:** Access to a USDA-inspected packing facility opens options for direct marketing that otherwise would not be available to Shelby, Mont., ranchers.

► **Right:** Montana has seen a major decline in small, federally inspected packing plants.

► **Below:** Cut and wrapped beef sells for \$200 a carcass more than if it were sold by the quarter, according to Darold Tomscheck’s calculations.



Her parents, who owned a grocery store and a restaurant in the neighboring town of Sunburst, faced a similar situation. “People loved the product,” Khandi says. “They knew where it was from. They knew it was homegrown, natural beef. They didn’t have to be told. They could taste the difference.”

For local merchants like Khandi and her parents, keeping the Marias plant open was an essential part of preserving a truly local economy that consumed the products it produced. “On one hand, we had a lot of people [who] wanted to buy their meat from a local source,” Khandi says. “Then we had local beef producers who needed the Marias plant to do the processing.”

She adds that there were a number of people in the area who were relieved when Darold stepped in with Terry and Rex (Khandi’s husband) to buy the plant before it closed down.

### **Initially, a nice fit**

Darold saw the purchase of the USDA-inspected meatpacking plant as a necessity if he were to continue with his wholesale and retail beef marketing program. “We were developing a real following for our natural-raised beef, and we didn’t want to give that up,” he says. “If Marias shut down, it was questionable whether or not we could find another plant to do our processing.”

At the time, Darold was butchering and processing some 70 steers through Marias.

In addition, the small feedlot Darold owned, where he finishes his steers with barley and other feeds grown by Terry and Rex, would also be affected by the loss of the local plant.

For Darold there was also the very real advantage of assessing the quality of his animals through processing. “Having the plant there has given me more incentive to raise the right kind of genetics in [the] cow herd,” he says. “Anything that we don’t sell as bulls or bred heifers we market as beef.”

He adds that this has also encouraged him to use the kind of bulls that allow him to produce high-quality carcasses that generate a premium in the marketplace. “In the packing plant you can really see what works and what doesn’t,” Darold says. “It very definitely points you in the right direction.”

By also incorporating embryo transfer into his breeding program, Darold has emerged with a powerful set of bull-development tools that are being utilized by

a growing client base. “We have customers that want certain genetics, and I will raise those genetics for them,” he says.

He cites, as an example, a client who buys 20 bulls a year. “He picks a cow out of my herd and we will set her aside and flush her for a whole year,” he says. “We will implant those eggs and get full brothers for him.”

Darold views the arrangement as a classic win-win situation. “We get to sell in volume,” he says. “And our customer gets identical bulls with exactly the kind of genetics he wants for a lot less than what he would have to pay at an auction.”

### **The right person**

Meanwhile, with each brother having his own full-time career, the demands of the Marias plant are beginning to take their toll on the Tomschecks. The loss of one full-time meat cutter has forced them to reduce the number of animals they butcher at the plant. “We can see lots of inefficiencies in the plant, but we really don’t have the time to iron them out,” Darold says.

While he wants to continue to use Marias’ services as a packing plant, Darold and his brothers are looking for a purchaser whose primary interest is operating and expanding the business.

“We need someone with experience in the business to run the plant,” he says. “What would be best for business is a full-time owner-manager who can whip it into shape.”

Rex agrees with Darold’s assessment. “It is tough trying to run a business when you can’t be there,” he says.

Darold is confident that the community generates enough work to keep the plant operational full time. “There is just so much work to do it is unbelievable,” he says. “Between our animals, the fairs, and the custom work that is coming from other producers, a guy would be hard-pressed to get any time off,” he says.

As for financial compensation, he says that with the consolidation of packing plants in the area and the growing demand for prepackaged meat products, a properly operated family operation could generate a healthy income.

“You can’t believe the amount of money people spend for the sake of convenience,” he says. “When we sell a butchered carcass a piece at a time, we get \$200 more for that animal than we would if we sell it a quarter at a time. That is a pretty decent margin for a family-run business.”

