

# the beef exchange

**The worlds most  
unique and low-  
cost way to buy  
beef!!!!**

Pay wholesale prices – enjoy the convenience of retail

Why Does Your Families Beef Cost So Much?

Find out why and how to lower costs.

# The Beef Exchange

A program for people who love beef  
But hate paying high prices.

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# Troubled by the high price of beef?

Don't pay for your  
families beef  
to stay at a  
'luxury'  
'resort-style'  
supermarket.

Lower the price you pay for beef.

Eliminate the waste of costly displays.

## Join The Beef Exchange

beat the high cost of beef.

(membership is free.

Pay only for the cost of product)

## INTRODUCTION

The Beef Exchange beats the high cost of beef.

The Beef Exchange is absolutely the most efficient way to buy beef.

The program you will learn about is adaptable to almost any product or service. Even if you are not in the market for cheaper beef you can use what you learn to provide yourself with other products and services for less cost than retail. Call or write for further assistance if required.

The Beef Exchange is the cheapest way to put beef on your table because it is the most simple and direct way. Anyone can join. The Beef Exchange does not require special skills to implement or operate, anyone can do it. The consumer does not need to change his or her buying habits to make use of the program. The Beef Exchange is efficient because it is adaptable to the needs of real people.

The more people who join the more money you can save. The best part of the program is inviting others to share in saving money on their beef purchases.

Everyone who eats beef is a potential member.

**The Beef Exchange is a  
program  
developed for consumers  
who want to beat  
the high cost of beef.**

**The Beef Exchange is the cheapest way to supply beef ...**

**Discover the program that provides your family with the beef, your family craves.**

**Enjoy the opportunity to not only save money but make money.**

## How The Program Works

Each person purchases one membership. The price of a membership represents one equal portion of the initial cost of setting up the program. The specific cost of participation is estimated based upon the wholesale cost of purchase and processing the first order. The program is sustainable meaning that the program once begun pays for itself.

The initial cost is determined by the cost of a side or quarter of beef and making it customer ready, that is weighed and wrapped in family sized portions divided by the number of Partners. The more Partners in the program the lower the initial cost.

Each member pays an equal portion of the total set up cost and each member is paid for any contribution in time, skills or other assets they bring to the program. Members are paid according to a set rate agreed upon at the initiation of the program. The rate is determined by the program participants or by officers who have been assigned this responsibility.

The more work done by members the more money members save. The more work done by members the more credits they can put towards the purchase of product. The program works best when members provide the equipment, space and skills useful to the program.

A steer or side or quarter is purchased according to the size and needs of the group and made customer ready either by the supplier or by the participants. If there is a butcher within the group he with some helpers may do the processing. This can be done at the slaughterhouse or at a local store if space can be obtained for a few hours.

The Beef Exchange pays for all work done using vouchers as a form of currency. Vouchers are redeemed for beef during the sale. All up-front costs are estimated

and divided by the total number in the program and this determines the cost of membership in the program.

If a side processed may be had for \$800.00 and twenty people are in the program then the cost per person to join is  $\$800. / 20 = \$40$ . A side weighs about 360 pounds dressed so this gives each member about 17 pounds of meat. This is an approximation.

A list of cuts available and the quantity of each is given to each participant upon joining. This information is provided in the booklet.

A silent auction may be held to sell the product. A book with bids recorded can be provided at a physical location or the auction can be held on-line. Each participant bids on the cuts they wish to purchase. Each cut is packaged and weighed and numbered for reference. Unless proper display cases and packaging is available product should remain sealed and refrigerated. Each package is properly identified so it can be matched with the buyer. Pictures of the product can be used to assist in the selling if display of the product is not an option.

Highest bid wins but if a case of default occurs the next highest bid is contacted.

Every part of the carcass is packaged and sold. Zero bids are permitted. If a buyer wishes to purchase an item for zero cost the potential purchaser makes a zero bid. Fat and bones and other parts may be sold in this way. The more of the carcass sold the lower the over-all cost.

Purchases are paid for at time of sale. Profits from the sale are shared equally amongst the programs participants or can be put towards the next round. It is not a condition of the program that anyone purchase product. Profits are distributed whether the individual purchased product or not. The capital can be paid back to stakeholders or used to purchase the next side of beef.

An alternative is to hold a Dutch Auction. The auction starts out with the highest bid. The winner takes whatever

product he or she wishes, then the bidding starts to decrease until the next bidder comes in. He or she likewise takes whatever product he or she wishes for the price bid. The sale continues in this manner until all product is sold.

It is possible for a member to earn more than they spent depending on the bids made and total earned.

No one is required to purchase a set amount of product or any amount at all. The paid-up shares pay for the carcass and the cost is recouped in the sale. Profits or losses are divided equally amongst all program participants.

Less desirable cuts may be had at a very low cost or free if Demand is low.

Matching bids are filled first come first served. Subsequent bids need not be lower. Each buyer makes a bid with highest bid being filled first but if two bids are the same, the auction increases bids until only one bidder remains. The high bid is given first purchase option followed by the next highest bidder.

\$0.00 bids are allowed. Bones and other less desirable products can be purchased at zero cost.

### **The Auction System:**

The meat is made consumer ready that is packaged in reasonable amounts by weight.

Product is sold to the highest bidder in a silent auction or alternatively a Dutch Auction. A book can be used listing the packages and weights or an online bidding system can be established. The meat can be displayed or kept in a refrigerated state until sold.

Profits are shared amongst members after all costs have been accounted for.

### **Processing:**

The animal can be processed and purchased at the local abattoir for a fee or hanging sides can be purchased depending on the group's preference. If an animal is purchased and custom killed the entire animal should be saved so that the guts etc can be processed into pet food. A

person familiar with this process will be required and if none of the members are familiar with the work of processing beef the work is best done on site by the seller or other professional. Processing meat is not a job for amateurs except in the role of helpers.

**Buyers:**

The fewer restriction placed on bids the better the auction will work. Each person bids what he or she chooses for all they choose to bid on. If one person wishes to pay \$30.00 a pound for tenderloin and bids this amount on every package available for sale then as the highest bidder he or she wins the bidding. In this respect, the member is a customer. Those who are willing to pay high get the meat they wish those who prefer to pay less earn more compared to the profits distributed. This makes the program a win/win situation. A member can buy what they want and if they do not get what they want they earn income on the purchase made by the higher bidder.

**Work:**

Those who work deserve to get paid. Everything done to make the program work whether in the purchase, preparation or distribution of the product has value and is paid for out of the initial set up costs otherwise the group will not persist. Jobs should be allocated to save program money though a base rate should be agreed to at the start of the program with additional monies paid if this is required. If everyone is paid \$15.00 per hour for the work they do on the program then the only difference between what people earn will be how many hours are worked.

A person who thinks someone is being paid too much for the work done has the option of bidding to do the job cheaper. If everyone is unwilling to do the job at the posted rate then either it is contracted out or someone can offer to do it at a higher rate.

An executive to oversee the program is voted in at the programs start up and paid at an agreed upon rate. He or

she will have final authority to implement decisions voted on and carried by the majority.

**Money:**

Because beef will probably have to be purchased with conventional forms of money for the time being and other expenses paid for in domestic currency the initial program participation fee will need to be paid for at least partially in cash. To the extent that conventional forms of money are required to operate the program sales also will need to be in units of the domestic currency. Membership fees need to be set at a level where the fund is liquid at the time of sale. That is total costs to prepare the beef for sale must be established then divided between members so each member pays an equal share to participate in the program.

**Promotion:**

This booklet can be used for promotional uses and instruction. It explains everything you want and need to know about beef and how to save the most amount of money by means of the Exchange program.

**Points To Remember:**

- No experience required to start or use the program
- No selling required
- No labor required
- No training required
- No work required
- Earn money
- Save money
- No set up fee
- No franchise fees
- The information is free
- Quit at any time
- No inventory required
- No individual bulk buying required.
- Buy no more than you wish at any one time.
- No need for long term storage

- Eliminate risk of 'freezer burn'
- Buy at wholesale get the convenience of retail
- No limit on amounts purchased.
- No need to buy any product
- No previous experience is required.
- You do not need to learn anything about the meat industry
- Rational Exchange provides all the information you need.
- Business experience not required.
- You don't need to know bookkeeping.
- The plan markets itself - no need to sell.
- No work required - the Beef Exchange is just a better program.
- If you have any questions concerning this program please contact your program coordinator or contact Rational Exchange directly. We are always glad to help.

## WHAT MAKES THE BEEF EXCHANGE “THE BETTER WAY”

The Beef Exchange is a program designed to provide local beef buyers with the cheapest possible high-quality beef.

The Beef Exchange is a way for families to ensure themselves a supply fresh local beef without creating waste. Exchanges reduce shipping costs and the expense of middleman as well as the waste associated with buying retail.

Using the Exchange program gives members the convenience and freshness guarantees associated with the best and most modern processing plants but eliminates the costs of opening and running a physical plant and retail store.

Saving money is about working smart.

Saving money is about better organization not working harder. Members also have the option of sharing in the work and earning money towards their purchases. Either way members will save substantial sums over buying beef from supermarkets and other retail outlets. Plus! Because the members own The Beef Exchange it is the members who share the profits.

Retail outlets have high lease rates that must be recouped through higher prices. Meat suppliers pay relatively high wages rates, plus benefits and taxes. Because of these and other marketing costs the average store (2000 figures) will buy beef wholesale for \$1.80 a pound and sell it for \$3.95 a pound on average a mark-up of \$2.15 a pound.

In 2014 the average price of beef is closer to \$6.00 a pound but the best cuts are often priced at \$30.00 a kilo or more. It is now 2016 and the price of beef has increased substantially but the wholesale price of a side is still only about \$4.00. Theoretically this is the average price you will pay for beef

Members are owners. Who makes a better customer than an owner?

## WHY IS BEEF SO EXPENSIVE?

It is not difficult to understand why once the process of marketing beef is described. The number of cuts that a producer gets from a steer coupled with the variety of grades of beef and the fact that it is a perishable product much of it with seasonal appeal and the amount of waste associated with the process drives the price up. As the weight of the primal cut as a percentage of the rest of the carcass declines and Demand increases the price charged increases.

Every piece that spoils or must be sold below cost ultimately increases the average price of the cuts sold. Portions less in demand are stockpiled in freezers in the off-season. Much of this may need to be discarded, meat in freezers are subject to freezer burn. Even the best freezers only store beef for a year before it becomes damaged and dumped.

The key to cheap beef is immediate and total consumption. This is only possible by means of the Exchange program.

### BEEF FACTS:

- The average steer weighs about 1200 pounds.
- Processed, the weight drops to about 750 pounds.
- HCW<sup>1</sup> is a carcass after hide, head, feet and gut are removed
- Hot Carcass Weight (HCW) represents about 59-63 percent of live weight (dressing percent).
- HCW is affected by the length of time an animal is away from feed and water, amount of muscling, distance transported, and amount of finish.
- Hot Carcass Weight does not include the tongue, liver, or oxtail since they are removed from the carcass during the harvesting process.
- Carcass sides are nearly equal in weight and they each represent approximately 50% of the HCW.
- A carcass weighed after chilling is 2% lower than HCW due to moisture loss.
- Within the first 48 hours following harvest, carcasses typically shrink 1 to 2 percent. The decrease in weight is

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<sup>1</sup> Hot Carcass Weight

due to moisture loss and can be affected by amount of fat cover on the carcass, as well as cooler temperature and humidity fat being of higher moisture content than muscle.

- During the 14-day dry-aging process (carcasses hanging in the cooler before cutting and packaging), the carcass will shrink a total of 4 to 6 percent from the original HCW. Additional moisture and trimming losses can be expected as carcasses are broken down into retail cuts and ground beef. Specific cutting instructions (boneless vs. bone-in; 90 vs. 80% lean ground beef; roasts vs. ground beef; use of flank steaks and brisket vs. ground beef; etc.) will affect both the amount of beef product (retail yield) and type of cuts placed into packages.

## YEILDS

A general rule of thumb for carcass beef is

- 25% bone and trim loss,
- 25% steaks,
- 25% roasts,
- 25% ground beef.

The packaged beef take home weight is approximately 40 percent of the animal's live weight, or 75 percent of the HCW.

The forequarter represents approximately 55% of HCW.

The hindquarter represents approximately 45%.

A 1300-pound Grade 3 steer yields an 806 pound carcass and 638 pounds of retail cuts (79%)

Of the 638 pounds of retail cuts:

- 59% are roasts and steaks
- 41% is ground beef and stew meat

## A LIST OF CUTS AND PERCENTAGES

Prime cut	Subprimal	weight	percent
Round or hip		177.3 lbs/	22%
	Tip (Knuckle	20.6	
	Top Round	44.2	
	Bottom Round	32.1	
	Rump	10.7	
	Stew/Ground/Trim	33.3	
	Sub Total	140.9	
	Fat/Bone Loss	36.4	
Loin		129 lbs	16%)
	Butt Tender	5.7	
	Peeled Tenderloin	11.9	
	Strip Loin	24.9	
	Top Butt, Cap Off	17.0	
	Top Butt, Cap	3.8	
	Ball Tip	5.0	
	Tri-Tip	8.8	
	Bottom Sirloin Flap	8.0	
	Stew/Ground/Trim	14.4	
	Sub Total	99.5	
	Fat/Bone Loss	29.5	
Chuck		233.6	29%
	Chuck Roll 2x2	37.9	
	Chuck Eye	7.0	
	Chuck Short Ribs	2.8	
	Chuck Tender	6.3	
	Clod Top Blade	10.3	
	Clod Heart	14.7	



## THE SAVINGS ARE REAL.

The Exchange program for supplying meat cannot be beaten on price or efficiency unless you raise and butcher your own animal.

Exchanges do not sell low quality products nor do they cut corners on service, convenience or sell anything less than the best quality meat at the lowest possible price because the consumer runs the program.

We believe members have a right to know why the Beef Exchange is the guaranteed lowest cost way to supply meat – so that you can compare what the Exchange program offers to what the competition has provided you to date.

The test is about which method gets the best beef onto your family's dinner table with the least cost.

Supermarkets do not raise or slaughter cattle. Supermarkets and the Beef Exchange purchase beef from slaughterhouses and factory outlets that specialize in preparing dressed meats for retail outlets.

The Beef Exchange does not generally purchase primal cuts in bulk. The savings you will enjoy comes from the purchase of full sides or even whole carcasses because the purchase of a full side, rather than primal cuts, means the most consistent savings and the widest range of options for members.

Supermarkets generally purchase primal cuts because they cater to a specific clientele whose tastes change with the season. This usually translates into substantially higher costs depending on what cuts are left unsold at the supplier.

The Beef Exchange buys product after it is sold to the end consumer. Exchanges eliminate the problems and costs associated with spoilage.

When Supermarkets purchase primal cuts, they risk being exposed to lower than projected Demand and unsold product. Unless beef is in the freezer it has a short shelf life and unsold units may need to be discarded. Dumping old stock is the only way Supermarkets can deal with spoilage. Who wants to

purchase a spoiled piece of meat? Eliminating over-stock can add substantially to their overhead.

The Beef Exchange does not engage in large advertising campaigns. Our program is spread primarily through word of mouth and small group activities.

Supermarkets are well known for their large full-page ads usually consisting of several pages of coloured graphics and costing tens of thousands of dollars. The consumer ultimately absorbs the cost of these ads.

The Beef Exchange is organizationally flat. The Beef Exchange does not have the management expenses that are unavoidable with a Supermarket or chain store.

The Beef Exchange avoids much of the storage and display costs of supermarkets. Since the Beef Exchange buys only what has been sold it does not have the need for large display areas nor do we experience the same level of storage expenses.

The Beef Exchange is owned and operated by its members so it escapes the common business problem and expense of training new employees and keeping the skilled ones.

The Beef Exchange does not have the inefficiencies of a regular business that must rely on less than inspired employees. Those who work in The Beef Exchange are the owners and have an equal stake in the success of the enterprise. Motivation is never the problem in The Beef Exchange as in conventional businesses.

Other savings are achieved because The Beef Exchange has eliminated the cost of leasing retail space. Most of our processing, including the cutting and packing of orders is done on-site, at the wholesaler's. Other options may exist as each Exchange is operated by members and will have unique options available to it.

But the main reason why the Beef Exchange can sell first class beef so cheaply is that there is no uncertainty associated with the way The Beef Exchange does business. All risk is incorporated into the Beef Exchange. There are no unforeseeable costs that necessitate the making of excessive profits. What

profits are made are shared between the members so if too much money is made it is reimbursed as a ROI.

Conventional businesses must always try to balance Supply and Demand but this is never possible in a conventional business. The Exchange knows what the Demand for their product is so The Beef Exchange can supply beef without the waste associated with conventional business methods. For more details contact Rational Exchange.

If no Beef Exchange is operating in your community feel free to start one up. Rational Exchange can help. There are no franchise fees and no monetary cost to you.

## GRADES:

Canadians have access to two types of beef: American and Canadian. All Canadian Beef is graded. The only grades that Canadian consumers need understand is the **A** brands (**A AA AAA**).

Grading refers to eating quality. Eating quality is determined by marbling and aging.

The more marbled the more tender the beef. **A** is the least marbled, the leanest and therefore the least tender.

**AA** and **AAA** types are more marbled and therefore are a higher quality product.

Aging defines the time between when a steer is killed and when it is consumed. In ages past most aging was done by hanging the beef now beef is killed and packed in a matter of days in airtight plastic to ensure freshness, reduce spoilage and the loss of weight that moisture loss brings.

The main factor determining a piece of beef's desirability is the tenderness of the cut and the season.

## FAT

The amount and risk that the fat in beef represents has always been over-exaggerated and often fails to take into account other possibly more relevant factors such as physical activity.

For beef to be edible fat is a must. Good beef is always marbled. This refers to the flecks and strands of white found throughout the lean portion. Zero fat in beef makes for a very tough piece of meat and in fact for most consumer uses fatless beef is inedible.

The yield classification, which is used in conjunction with the Grade stamp, indicates the ratio of fat and bone to lean.

An **A1** side will yield more lean meat than an **A2** or **A3**. An **AA1** will have less waste than an **AA2** or **AA3**.

## LIST OF PRIMALS

The main retail cuts obtained from a side of beef are, in decreasing cost and tenderness (approximates only):

- Tenderloin
- Strip Loin Steak
- Wing Steak
- T-Bone Steak
- Rib Eye Steak
- Prime Rib Roast
- Sirloin Steak
- Rump Roast
- Inside Round Roast And Steak
- Eye Of Round
- Sirloin Tip Roast And Steak
- Outside Round Roast And Steak
- Shoulder Pot Roast
- Short Rib Roast
- Boneless Blasé Roast
- Boneless Blade Steak
- Cross Rib Roast Short Rib
- Brisket Point
- Flank Steak
- Stew
- Ground Beef

## PRIMAL CUTS

Primal Cuts are the larger portions into which a side or quarter are cut. Buying a primal will give you more of the type of meat you prefer. There is a down side to this in that selection can be expensive especially if in season and it limits the variety of cooking available to you. One might not desire to eat strip loin every day even though it is a treat when eaten occasionally. However, if you have limited storage space and have a favorite cut of beef, this might be an option to consider.

## TYPES OF COOKING:

depending on the cut, beef can be, ...

1. roasted
2. fried
3. broiled
4. barbequed
5. stewed
6. pot roasted
7. brown stewed
8. curried

## STORAGE:

The following are the approximate lengths of time various cuts may be stored in your freezer.

ROASTS: 9-12 months

STEAKS: 6-9 months

STEW BEEF: 3-6 months

GROUND BEEF: 3-4 months

## BULK BUYING

A side of beef gives the buyer all the cuts for a relatively low price, but the buyer receives approximately 300 pounds of beef at one time. Storage and freshness is a consideration.

A front quarter is a cheaper proposal than buying a full side (20 to 40 cents a pound less) but the buyer will get primarily a selection of the cheaper cuts. The rib is a good cut and the chuck can provide good roasting and pot boiling cuts. Expect to get a lot of ground beef and stew however.

A hind quarter gets you the best quality cuts but naturally is more expensive than either a full side or a front quarter. This is especially true during the summer months when demand for steaks capable of being barbequed puts upward pressure on many of the choice selections found in the hind but more especially in the loin.

Prices can go to 90 cents a pound more than you would pay for a full side.

## CUTTING LOSSES:

There is an approximate 27% loss due to cutting and trimming and deboning an A1 or A2 side.

### **CREDITS:**

**This information provided by the:**

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## SUMMARY

The Beef Exchange does not need skilled or extensive administration. There is no need for professional management. The Beef Exchange is a different kind of business from what you are familiar with based on the power of small groups. It is a better way to buy and sell because it is based on the operation of small groups which makes for the most efficient way to eliminate waste in the delivery system.

The Beef Exchange is a program that brings all stakeholders in the supply chain together to help one another to lower the cost of beef. About 20 people are needed to initiate the program though it works with more and less people. Once people understand there is no lower cost way of obtaining beef the program will expand by word of mouth. Printing and distributing copies of this booklet will give participants a simple way of explaining how eliminating waste provides a better way to market beef.

There are numerous costs other businesses pay that The Exchange Program eliminates.

Regular businesses have buildings and salaried workers and office space and supplies and machines and other equipment to pay for. Another expense the Exchange program minimizes is marketing. Marketing is done through word of mouth and through social networking.

Conventional businesses must adjust prices to compensate for Supply and Demand. The product must also be packaged to make it attractive and this increases labour and material costs. There are other costs associated with an over-supply of certain cuts and an under-supply of others. Not even the best run company can predict consumer Demand and the influence weather on consumer preferences. Conventional businesses must always try and influence the consumers purchasing decisions and this is expensive as by definition is runs counter to what the

consumer would otherwise do. An example is trying to sell roasts during a hot and early spring. People want to start Bar-B-Queing steaks.

The Beef Exchange overcomes the consumer bias towards certain cuts simply by letting the consumer set the price and absorb the costs.

If you would like to participate in a program that gives you the cheapest beef prices possible by eliminating waste contact Rational Exchange and we will help you get started.

Get more information on this and other programs at [www.rationalexchange.com](http://www.rationalexchange.com)

THANKS FOR SPENDING THIS TIME  
LEARNING ABOUT A NEW  
WAY TO BUY BEEF.

We hope you have enjoyed

Exploring a new option

In consumer spending

If you have any comments or

Questions please contact

Rational Exchange at

[www.rationalexchange.com](http://www.rationalexchange.com)

or the kind people who provided this

information

Thank you.