

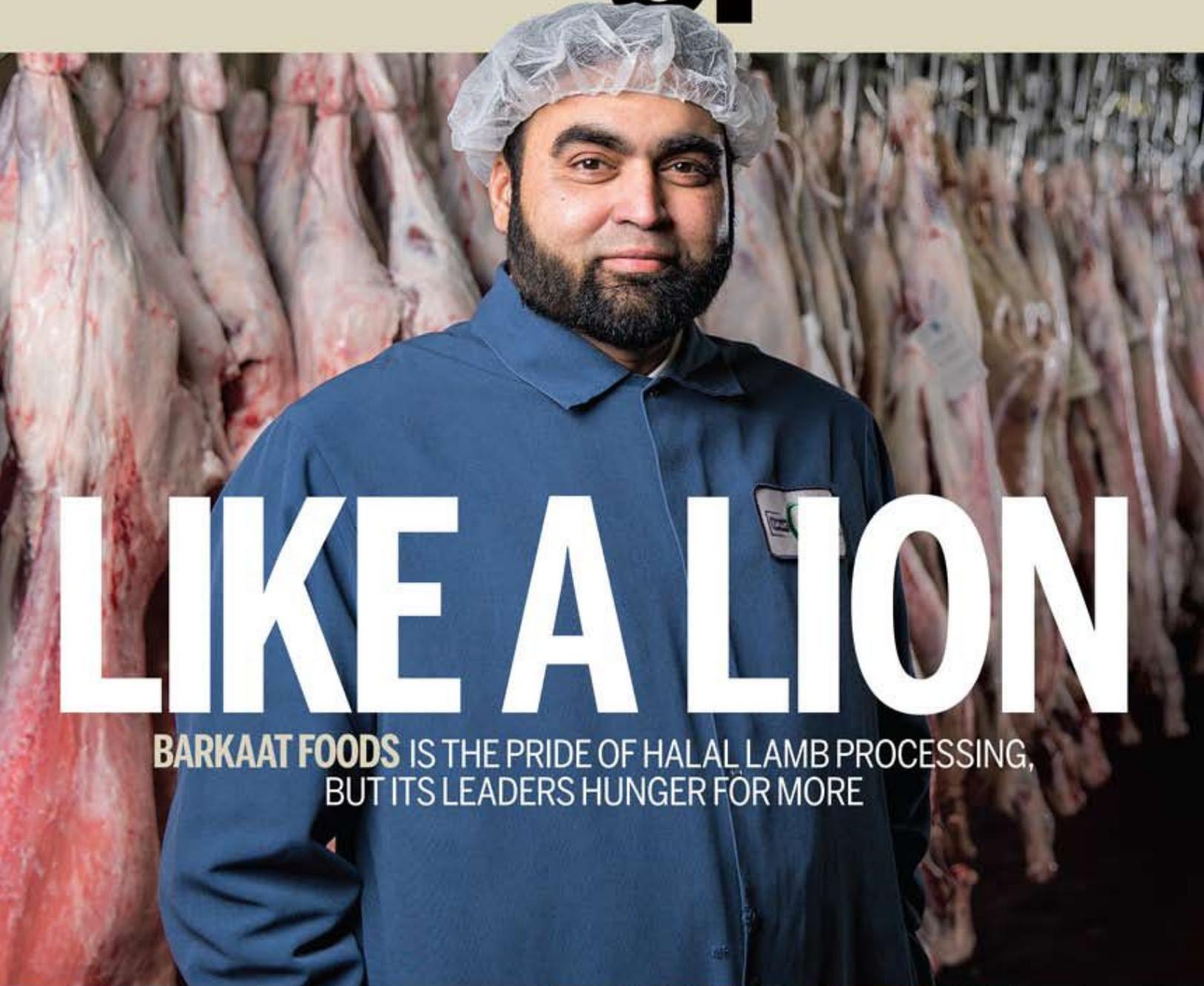
P.26 CITIES SNUB
SLAUGHTERHOUSES

P.35 TOWNSENDS:
RUINED, REINCARNATED

P.52 CDC, INDUSTRY PARTNER
ON FOOD SAFETY

02.15 www.meatingplace.com

meatingplace



LIKE A LION

BARKAAT FOODS IS THE PRIDE OF HALAL LAMB PROCESSING,
BUT ITS LEADERS HUNGER FOR MORE

TOWNSEND
FURTHER PROCESSING

No matter what product you want to make. No matter what process you want to improve. Marel Townsend Further Processing is your best choice. We offer full-line solutions in further processing.



marel

meatingplace

02.15 CONTENTS

26 CITIES VS. SLAUGHTERHOUSES

meatm.ag/blearth

In towns big and small, urban and rural, the slaughterhouse may be an endangered species.

35 TOWNSENDS REBORN

meatm.ag/omtron1

Ruined by the Great Recession and a failed foreign takeover, Townsends Inc. lives on in the form of new ownership, facilities and markets.

42 LIKE A LION

meatm.ag/haltech

Barkaat Foods has become the largest Muslim-owned halal lamb processor in the nation. For its young, savvy leadership, that's just not enough.

52 PARTNERS IN PATHOGENS

meatm.ag/cDcetal

Tracking foodborne illnesses back to the source and looking for patterns makes Hannah Gould and the Centers for Disease Control and Prevention an industry partner in the fight against pathogens.

61 MEAT TECH: CLEAN LABEL OPPORTUNITIES

meatm.ag/MRclean

It's important to be up front about the practical differences and similarities between products with and without nutritional claims.



COMPANY *profile*



AT A GLANCE

COMPANY
BARKAAT FOODS

FOUNDED
2009

LOCATION
CHICAGO, ILL.

LEADERSHIP
AHMED IRFAN KHAN, CEO
AND FOUNDER; MOHAMMAD
IMRAN KHAN, CHIEF
STRATEGY OFFICER

REVENUES
\$10 MILLION

EMPLOYEES
40

PRODUCTS
HALAL AND KOSHER LAMB,
GOAT AND VEAL

CUSTOMERS
DIRECT-TO-CONSUMER
WHOLESALE, FURTHER
PROCESSORS

Barkaat Foods can process up to 6,000 head weekly in one shift to a Muslim market whose buying power is yet largely untapped.

PHOTOS BY TODD WINTERS



The *Real* **DIEAL**

Five years after reviving slaughter operations in the city once known as the butcher to the world, Barkaat Foods has become the largest Muslim-owned halal lamb processor in the nation. For its young, savvy leadership, that's just not enough.

By Michael Fielding, managing editor of technical content

Until 2009, Ahmed Irfan Khan couldn't distinguish between lamb and goat. Just six years later, this former IT consultant with an MBA is one of the nation's few major halal packers supplying a growing religious slaughter market.

He didn't have to look far to find the often-elusive niche he learned about in business school. The first-generation American to Indian-born parents recalled the often-inconvenient trips to Devon Avenue on Chicago's far North Side, where mom-and-pop kosher storefronts have supplied much of the city's Jewish population for generations. For Muslims, buying kosher was the best they could do.

COMPANY *profile*

Meanwhile, Chicago's last major slaughterhouse, Chiapetti Veal and Lamb, had closed down in 2007, when neighborhood gentrification finally won out. Into the picture stepped Khan, who, financed with family funds, bought Chiapetti's shuttered 20,000-square-foot slaughterhouse just outside the northeast corner of what a century earlier was the meatpacking center of the world: the Union Stockyards on Chicago's South Side.

DEMAND HIGH FOR HALAL

Khan couldn't have picked a better time to launch Chicago-based Barkaat Foods to fill the need for authentically *zabiha* (properly slaughtered) halal meat products, as there's little competition in a still-immature market. "Some competitors are trying, but there are authenticity issues. As consumers become more aware of *zabiha* halal, they're realizing some processors aren't truly halal," he adds.

This, as the trial for Jalel Aosse and his brother Yahya Nasser (William) Aosse is set to begin this month in a case of allegedly mislabeled halal beef products sold by Cedar Rapids, Iowa-based halal food supplier Midamar Corp. Owner William Aosse, Jr., who faces 19 counts of misbranding beef products, wire fraud, money laundering and falsifying export documents, is scheduled for trial in March.

Barkaat is now a \$10 million company. In the city's only slaughterhouse, the slaughter itself is a 3,000-year-old method that is much more complex than it seems on its face. A combination of technology and technique — a proper restraining system and proper cutting method, in addition to the ritual prayer — has a mystical quality that turns the complex endeavor of *zabiha* halal slaughter into one that has implications way beyond the typical Muslim consumer.

"Halal' has almost

UP/DOWN



The company's online retail site has gained **6,000 customers in three years**. The local niche market — delivering fresh, customized orders to customers within 200 miles — is expected to more than double in the next three years.



Slaughtering 2,500 head of lamb, 300 head of goats and 500 head of cattle five days a week in the 20,000-square-foot facility, Barkaat Foods is **one of the largest such providers of halal and kosher lamb** in the nation.



Small- to mid-sized Muslim companies have limited options for *tayyib* (pure) financing. With **most major financial institutions leery about getting into shariah-compliant lending**, Barkaat's relationship with investors is crucial to its expansion plans.



Record-high beef prices will put the squeeze on consumers who are already paying a premium for high-quality products.

become synonymous with 'organic,'" explains Mohammad Imran Khan (no relation), chief strategy officer. Non-Muslim consumers increasingly perceive ritually slaughtered meat as healthier. For one thing, the animals typically — though not always — are raised without antibiotics, and, theoretically at least, toxins and pathogens are more efficiently removed through the draining of the blood. And many consumers feel the prayerful slaughter process is more respectful of the animal's life.

"There aren't that many slaughterhouses that want to do this kind of slaughter. There are lots of requirements" for properly performing religious slaughter such as halal or kosher, which Barkaat also does; "you have to be motivated," says Bob Feinberg, chief financial officer of Dallas-based Rosenblatt Meats, which performs kosher slaughter on up to 1,000 lambs each week at Barkaat's facility.

COMPANY *profile*

Barkaath is one of just two major kosher lamb slaughterhouses in the United States. From Chicago, the kosher lamb carcasses are sent northward to Franklin, Wis.-based Strauss Brands for further processing and packaging.

“Chicago works for us because it’s such a great hub to ship all over the country,” Feinberg says.

He, along with Yaakov Rosenblatt, offers Glatt kosher meats certified by the Orthodox Union and the Chicago Rabbinical Council to major markets in New York, Los Angeles and Miami.



CULTURAL DIFFERENCES

Most major urban areas will have at least a few small halal meat operations.

Barkaath’s executives say it beats that local competition in both cleanliness and quality, but beyond that,

the processor’s ability to offer value-added options is what will drive growth beyond those mom-and-pop

shops, Ahmed Khan believes.

“The younger generation in the United States is much

For Perfect Chopping And Emulsion Textures

COZZINI PRIMEEdge
CUTTING EDGES AND SHARPENING SOLUTIONS

PRIMEEdge Bowl Chopper Blades

- Manufactured from Highest Quality Materials at Our PRIMEEdge Plants in Germany
- Available For All Popular Bowl Choppers
- Precision Ground To Exact Bevels
- Complete Sharpening and Balancing Service

Toll Free: 877-322-EDGE (3343) • Phone: 224-265-6600
Email: sales@primedge.com • www.primedge.com



COMPANY *profile*



In the U.S. alone, the increasingly diverse Muslim population is expected to double over the next 20 years.

more adherent to halal standards, but they want cuts their parents never ate” such as T-bones and filets, Ahmed says.

“When we go to India, those of us from here are referred to as ‘burger boys,’” Mohammad Khan explains. “We don’t want meat swimming in curry. I’m an American. I was born here. It is my culture.”

Recognizing those differences has helped build the Barkaat brand. The businessmen are keen to point out the differences within the Muslim communities living in the U.S.: Southeast Asians prefer baby goats and little fat,

for example, while Muslims hailing from the Middle East like to prepare larger, fattier chunks of meat for their dishes and prefer lamb over goat.

Mining the differences from culture to culture as well as the younger generation’s preference for Americanized halal foods, Barkaat Foods is on track to expand its consumer-oriented online retail business nationwide.

The direct-to-consumer sales portal Taaza2u.com was launched in 2011, when Ahmed Khan had the idea to tap into the same type of market served by new York-based

Dynamic • Long-Life • Economical-*INSECA*[®]

COZZINI PRIME Edge
CUTTING EDGES AND SHARPENING SOLUTIONS

INSECA[®] Bowl Chopper Blades

- Patented Fluted Bevel Allows Faster Emulsification
- Optimized Cutting Edge Profile For Improved Feed And Smoother Operation
- Shortened Chopping Times
- Complete Sharpening and Balancing Service



Toll Free: 877-322-EDGE (3343) • Phone: 224-265-6600
Email: sales@primedge.com • www.primedge.com

COMPANY *profile*

Fresh Direct, which provides kosher products door-to-door in Manhattan. Now operating out of a single facility just down the road from the slaughterhouse, Barkaat employs 12 and operates three trucks that serve a 200-mile radius.

Ahmed Khan plans to open distribution centers in 20 major Muslim markets by 2020.

America's 5.7 million Muslims have a disposable income of \$98 billion (\$12.5 billion in food and food services), according to a 2011 study from growth strategy

research and advisory firm Dinar Standard and the American Muslim Consumer Consortium. Most respondents (93 percent) in the study stated that they



For technical insights into halal processing, visit meatm.ag/haltech

purchase halal food products to eat at home — and among them, just 66 percent have the market resources available to adhere to the full requirement of *zabiha* halal.

SHARIAH FINANCING

The world's Muslim population is expected to increase by 35 percent in the next 20 years — almost double the

growth rates projected for non-Muslims, according to the Pew Research Center. Barkaat has targeted this rapidly growing and underserved market for authentic halal cuisine.

The company expects to double its revenue with the addition of beef slaughter, which also will boost the plant's operating shifts to five days a week. Ahmed Khan hopes to increase beef slaughter to two or three days weekly, although as of Jan. 1 he was slaughtering just 200 head of beef cattle a week. He's expecting a jump to 1,000 weekly by May.

The expansion to beef slaughter wouldn't have been possible without *shariah*-compliant credit; *shariah* prohibition on the payment of interest introduces unique challenges for a company that wants to secure financing. Chicago-based Sikich Investment Banking facilitated a solution known as murabaha financing by structuring a partnership between FirstMerit, a \$25 billion diversified financial services company, and Prairie Street Capital, a Chicago boutique investment firm.

"When you do this stuff for 20, 30 years you've seen

everything you can, but this opportunity came up and was interesting. The challenge was how do we help these guys [in] their growth effort?" explains Christopher Geier, the partner-in-charge of Sikich LLP's investment banking practice. "Interest is off-limits. We had to come up with a capital product that had interest imputed, so that to them it wasn't interest. It was the cost of the transaction, not necessarily the cost of the capital."

For Barkaat's plans to double its operation in the next four years, Khan and his partners will need more *shariah*-compliant

Increase Efficiency-Decrease Operating Costs

COZZINI PRIMEEdge
CUTTING EDGES AND SHARPENING SOLUTIONS

PERFEdge Bowl Chopper Blades
PERFORATED BOWL CHOPPER BLADES

- Manufactured from Highest Quality Materials at Our PRIMEEdge Plants in Germany
- Superior Cutting Results
- Reduced Processing Times
- Complete Sharpening and Balancing Services

Toll Free: 877-322-EDGE (3343) • Phone: 224-265-6600
Email: sales@primedge.com • www.primedge.com

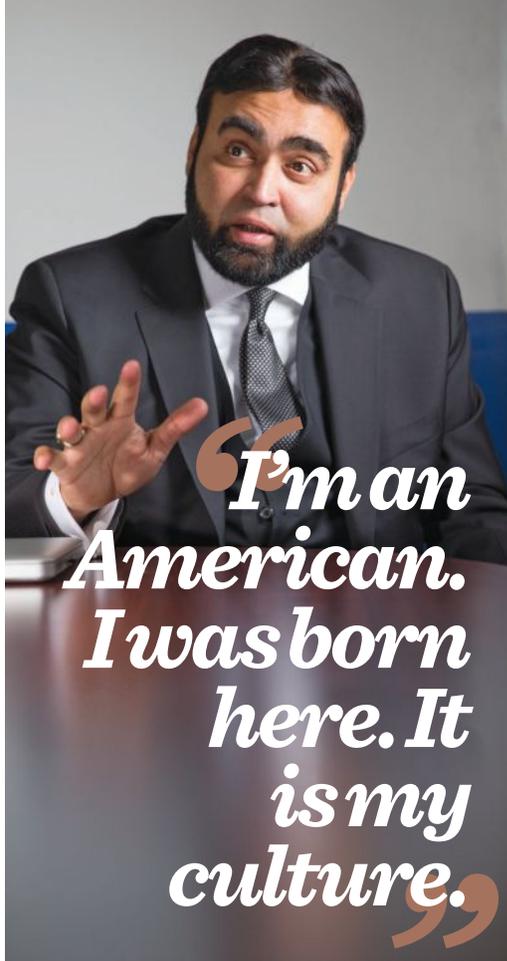


financing – and Sikich is ready. The investment firm has considered the potential fallout.

“Candidly, in the past 15 years this type of work has been viewed somewhat as a political hot potato,” Geier says. “Our business is agnostic. As long as what we do is morally and legally and ethically correct, we will help companies grow.”

TAKEN ON FAITH

The drive for authenticity goes well beyond Barkaat’s end products. “The platform we have built this on is [one of] doing the right thing. It was a matter of faith



for us,” Ahmed Khan says. “Consumers are asking for more authenticity. This is where the bridge to the mainstream is,”

Ahmed says of the company’s expanded offerings such as its three-year-old catering business. Major local employers

in Chicago have contracted with Barkaat to cater their company parties and annual picnics.

“We were booked solid last summer with all three trucks,” Mohammad says.

Meanwhile, its Taaza2u arm, which claims 6,000 customers in the Chicago area, “can easily grow to 15,000.”

THEN THERE'S EID

Marking the end of the Ramadan fast, Eid al-Fitr is an occasion of celebration and sacrifice. Mohammad Khan recalls that as a child his family would head to the meat market, place its order for the lamb to be slaughtered

and offered to the poor, “and the rest was donated into the abyss.”

But in the last few years there’s been a resurgence in interest in some of the event’s older traditions: This year, 3,000 people headed to Barkaat Foods for its third annual Eid event in October in which families slaughter their own livestock.

“Now you have 3,000 people who just walked through the door,” Mohammed Khan says. “If someone is going to claim that we’re not halal, we’ve got 3,000 witnesses.”

If that’s not authentic, nothing is.

Every step of manufacturing and every ingredient 100% made in North America



It's the Safer Paper!

PPI's Patty Paper is packaged in FDA-approved outer wrap which completely encapsulates the patty paper, protecting the stack from outside contaminants. We use no cardboard or paper tape that can touch your food grade paper.

PPI's paper is available in a variety of styles and colors:

- Single, double, octagonal
- Printed, hole, custom
- Vacuum & pin-fed
- Food grade waxed sheets
- Roll paper
- Peach, green or black steak paper



PPI

800-782-1703

Call us for competitive pricing, next or same day delivery, free samples & superior customer satisfaction.

www.pattypaper.com