

EPISODE 165

[INTRODUCTION]

[0:00:11.1] AV: Hey guys. Okay, so Crowd Cow is a pretty cool new company that is changing the way we purchase our meat by providing high quality beef in a convenient new format. They use an online system where you can put money on a cow, basically becoming a “steak-holder”, get it? You can purchase as much as you want without having to basically split a cow with someone else and then find a place to store it all.

The grass fed beef comes from small, sustainable and independent ranches and I can tell you personally that the quality is awesome. It’s delivered frozen straight to your door, in individual sous vide packaging. The whole process makes getting the best quality beef, the exact cuts you want and the quantities, easier than ever.

So I figured this company is something that paleo listeners or anyone who appreciates a good steak would be interested in. Today we’re talking to Joe Heitzeberg. The CEO of the company about how he came to the idea and we learn a bit more about the process and about the beef and about some of the interesting challenges involved in running a company like this.

Here we go. But first, here’s a word about our sponsor Desert Farms.

[SPONSOR MESSAGE]

[0:01:11.2] AV: Today’s show sponsor is Desert farms. A company offering camel products like milk, meat and fat and even kefir chocolate and soap made from their pasture raised grass fed camels that live on family farms around the US.

Camel milk has lots of calcium and vitamin B1, it’s a good source of protein, potassium and fats and it’s generally easier for most people to digest than cow’s milk and it’s tasty but you don’t have to take my word for it, if you want to find out more about their products and why camel milk is so awesome, check out paleo magazine radio episode 158 where we interview Walid from desert farms and you’ll learn everything you need to know.

You can also check them out and order some camel milk products of your own at desertfarms.com and you'll get 25% off with the coupon code "paleomag".

[INTERVIEW]

[0:02:26.5] AV: Hey Joe, thanks for being here.

[0:02:29.3] JH: Hi, it's my pleasure. Thank you.

[0:02:31.0] AV: Awesome. So I think our listeners and our readers may be a pretty captive audience for you considering the kind of things that we're into and many may already know about you guys but first it would be great if you could tell us a bit about your company and how Crowd Cow works?

[0:02:45.9] JH: Sure, thank you. So we're Crowd Cow and Crowd Cow is an online service that makes it really easy and convenient to purchase high quality beef and know exactly where it came from. We feature independent ranches that we've vetted for quality and we sell the beef of a single animal, one animal at a time worth of beef.

We lay out every single cut, people can choose the exact cuts that they want right down to the number of ounces you want to purchase and everyone kind of, it's a crowd funding model so you claim the cuts that you want with 50 other people, typically, until they're all claimed and we say the cow tips and you become a "steak-holder". Then we end up shipping it out to you, it's dry aged, it's wrapped in sous vide-ready vacuum packs, shipped with dry ice in a box to your door. jJust super convenient.

[0:03:36.7] AV: What made you decide to offer this particular, very specific service and for those of us who aren't as familiar, how different is it really from what's already available out there? I know for example, CSA, which I know aren't exactly the same thing but they've been becoming even more popular over the years, both for produce and for meat.

You obviously taken a step further with the idea of sort of the cow sharing, but making it more customizable, right? Where you can order what you want rather than just getting whatever they send to you. Why did you decide to put this together this way and what kind of niche are you really filling with this?

[0:04:13.7] JH: It started with, we had a friend who was bragging about this incredible beef he gets ever year with he shares with three families and it's like 500 pounds of beef and you have to have a huge meat freezer. But the beef comes from this one specific branch that he found and it tastes amazing and it's raised in a great way and they're environmental stewards of their land and all this wonderful things about it, including that it just taste great you know?

I really wanted that beef and it was like talking to him, it was like, it's too late, they only have availability once a year and you got to get on a list and even if you were, you have to drive a truck out there and you know, 500 pounds at a time, all this stuff. I was like, "That sounds really hard, I want that beef." You go to the grocery store, you say, "What's really different about this?" Well, when you go to the grocery store you really don't know what you've got there.

Typically it's going to be industrial beef world where animals are slaughtered a hundred at a time and they're just squeezing out the pennies and it's really a commodity. So you're walking in the grocery store past the wine and microbrewery down that isle and you see just every manner of variety form styles of beers and wines and regions and local ones and internationally and every price point and all the stories and, you know, it's something that you can really explore and get in to and it's fun and then you hit the meat counter and it's like, "Here you go. These are the three or four different cuts we have and some ground beef. If you want to distinguish between them, this have an organic sticker and these don't."

It's just so simple and boring and it's industrial. It really is kind of a — it's all green finished, it's all mass produced economy, usually this days imported from overseas and so forth. If you really want something wholesome and delicious and high and dry aged, et cetera. It's really almost impossible to get that stuff now. You mentioned CSA, which is wonderful if you happen to live in an area near one of those that has one but you're still getting a mystery box of meat. You don't really pick what's going to show up and it kind of depends on what they have going.

In your model, we want people to be in control. If you want to — you're going to open your box and you're going to have the exact cuts that you picked, down to the ounce. If you want a tri-tip, if you know what that is and you know how good it could be, you can click it and buy it and get a recipe for it and so forth. But you're never going to just have a box show up and just have a bunch of stuff in it that you have to go figure out what to do; skirt steak, shank, the flat iron, all these things that if you're not sort of prepared to cook them the right way and enjoy them and it's sort of a burden, we don't want that. We're all about helping you explore those things when you want to but not forcing on you.

For that same reason, we don't have a subscription. We make it really easy to order and to come back and order for more and most of our customers are extremely loyal and we've been in business for a year and a half and we've got many people who have ordered 20 plus times because we make it easy and fun and we let them explore.

We have all kinds of beef I should mention you know, like wine and the grapes, you've got Wagyu. We've got three ranchers that do Wagyu beef, the Japanese breed, Tajima-gyu they call it, from Japan, traced all the way from Japan; 100% DNA, beautifully marbled, incredible, very expensive but you're never going to find that at any store and we have all manner of grass fed beef. We're actually adding some sustainable grain finished beef where you know, it's a fifth generation family and they grow their own grain. There's a different type of meat profile, different taste that some people prefer. So it's exploring the world of beef and letting people be in control.

[0:07:51.6] AV: Very cool. One of the great things you mentioned about this company is that you can get this really high quality meat without having to order so much of it, right? For people like me who live in the city, I definitely don't have space for half a cow.

Is there a limit too? If I wanted to, if I was lucky enough to have my own sort of deep freeze and I wanted to order a quarter or a half of a cow, can you do that too? Is there like a limit to how much you can get at any one time?

[0:08:19.6] JH: There's not a limit, you definitely can order as much. We just had a, for our members, we had a sale event on Monday and it was incredible to watch a very different order behavior pattern, we were seeing people stocking up. You know, we had at least one order that

was like 300 pounds. It was an incredible amount of beef, but we have no limit and we actually have a flat rate shipping so it doesn't really matter. Order as much as you want, it's just going to be one shipping price.

[0:08:45.4] AV: Right, and if you can't order a lot at a time as you're saying, you just want to order a couple of specific things, it's not like it's a big deal or a loss because if you want to order again in a month, you literally just jump on another cow, crowd share, cow share and you do it again. It's easier that way right?

[0:09:03.5] JH: Yeah, so you can plan meals and you don't have to be burdened with like a huge amount of beef that you're like, "I got to work my way through this." We found the average customer orders once every two months on average. It's ordering a good five to 10 pounds of beef so it's like a good month or two worth of beef really.

[0:09:19.4] AV: Right. Where and who as much as you — I'm sure you've got all the statistics, who are your customers, where are they coming from, who are they?

[0:09:27.7] JH: Gosh, I mean, beef is just an enormous market and it's sort of a very American thing. Like you either love beef or you're just a vegetarian. It's a beautiful thing and it's a beautiful protein to have on your plate. It's delicious, when it's grass fed, you're talking about eating those healthy, heart healthy omega three fatty acids, a lot of vitamin k12, it's antioxidants, vitamin E, things like this, which are beneficial but it's also just delicious as a protein source.

So we do have a lot of people and I'd say, a lot of CrossFit people, we definitely have a lot of paleo people. But we also have like empty nesters who have disposable income now with no kids anymore, they don't eat as much as they used to or they're trying to pay attention to their health but when they eat red meat, they want to eat the very best.

This is definitely a way to get the very best beef and exactly the first name of the person who raised the animal here enjoying. We have a lot of people in different ethnic groups, you know? Where it's like, if you really want kidney to make your stick in kidney pie or you're doing fajitas or you're doing cattle beef ribs for Korean barbeque or Japanese barbeque, we have all those cuts available, which is something that's very difficult to find in the store you know?

I used to buy Kalbi ribs to make Japanese short rib barbeque and I used to go to China town and buy it and it was just always kind of sketchy like, “Where did this come from?” I of course use Crowd Cow Kalbi ribs for that and they’re delicious, they’re dry aged, it’s incredible so we have a lot of that. A lot of people like that and of course, and of course it’s apartment dwellers. I think we all have that friend who has purchased from a farm and has their freezer and it’s like, that’s why we started the company and we’ve met a lot of people who have that same story. Like, “Oh yeah, I have that friend, we’ve always wanted to try that,” but you know, what a pain, I’m not going to — I don’t want to get a meat freezer.

Five to 10 pounds of meat will fit in your existing freezer space, I guarantee that. Just shift things around and it fits. Yeah, keeping it frozen is convenient too because you’re not forced to — there’s not a timer going off like, “I got to eat this, it’s in my fridge, it’s thawed, I got to cook this right away,” you know? You can pull it out of the freezer and cook it directly from frozen actually. We have recipes on how to do that.

[0:11:40.0] AV: Right, what are the most popular cuts generally or does that kind of go in and out of season or whatever.

[0:11:46.5] JH: Yeah, there’s definitely some seasonality, I would say. Like obviously ground beef patties are in the summer time where we saw more of those than we did in the winter. It takes — you’ve got to get out in your barbeque grill outside while it’s raining and you know, wherever in the winter. I have to say something about the ground beef by the way. It’s something that we get feedback on all the time is single animal ground beef which was an animal that was raised to produce steaks and the meat was dry aged before it was ground, creates an incredible burger. It’s delicious.

We get a lot of people that — I would say people come to us for steaks and then they try the ground beef and they write us and they’re like, “Oh my gosh, this ground beef is so good, what the heck?” Definitely seasonality. You know, the most popular things, because I think it’s more than just the country we’re in, you know, America is going to be a New York steaks, your tenderloins.

We definitely have — I should mention one big segment is the, I call them the grilling community, people who have their trader, smokers are out there doing the slow roast for briskets for hours and hours. We have a ton of those people and we have the cuts that they're looking for too. That's a fun segment as well.

[0:12:52.8] AV: Cool, you mentioned, you know, knowing the name of the person who is handling your beef. Can you talk about the quality of the beef and also your relationships with the ranchers? I laughed at your website where it says that your process is like that scene from Portlandia and your listeners know about those.

[0:13:08.8] JH: It really is.

[0:13:09.3] AV: Where the cooks, the restaurant, they need to know way too much about the chicken, the personal life of your chicken. You have great relationships with your ranchers, right? You hear about the life of the animal.

[0:13:19.2] JH: We are those people in that scene. We are walking the fields, stepping over cow patties. I've been almost trampled by Wagyu bulls. You name it, we've been...

[0:13:30.5] AV: It's a good story to tell over dinner.

[0:13:32.7] JH: Yeah. I have a list of ways I might have died in this company. I've been locked in a freezer. No, I was never locked but it could have happened. Yeah, we spend a lot of time with the ranchers. It's obviously the most critical point is like, I say this, grass feed beef, we all know that's a thing and people think, they have this conception that's better or interesting or better for the environment or better for your health, right?

All those things may be true but it's also true that any cow standing in a field could be called grass fed. Right? We're really looking for the producers that are passionate. It's usually multi-generational, family run, independent ranches and they have a great story for practical things like what happened during last year's drought? What did you do to keep that animals well fed? Did you buy supplemental hay, for example? Because if you don't do those kinds of things, you end up with skinny animals that do not taste good and so forth.

Or, you know, you ask them about how they're — if you have a calf that hurts their hoof and it gets infected, how are you treating that, you know? And so forth. So we're looking at all of their practices and we're tasting the beef and we're developing a relationship for the long term. Then we're in touch with them on a biweekly basis and we have to be because we're managing with them the calendar of when they're available, herd is going to be ready for harvest and butchering and so we have to coordinate and help them with all that.

Of course, we're the ones handling the fulfillment and logistics, it's a big part of the business. I think you see the website and tipping the cow and that's all fun. But a big part of the business is how do you coordinate 8,000 pounds of dry ice every Monday morning and then packing the right steaks in everybody's box with a T-shirt and a thank you card, and all this. It's a sophisticated operation at this scale already.

[0:15:22.7] AV: Where is like the headquarters based? Where are the ranches? How many ranches are there?

[0:15:28.0] JH: Yeah, to date, we've been in business a year and a half, an idea on a napkin about a year and a half ago and grown rapidly. We're based in Seattle in the Pacific northwest. All of the ranches are in, I want to say — I'm hesitating because we're adding rapidly now. We have about 12 and they're all in Washington State, but we have a bunch coming on in Northern California and we have a lot coming on in the east coast because we're in the verge of opening up a fulfillment center and then operational based on the east coast so we can serve on the Easter Corridor and that should be within a couple of months.

[0:16:00.5] AV: Cool and you touched on some of the logistics challenges to a company like this and it is such a new and quick growing and it is such a unique system to my knowledge that didn't exist before. So can you talk a little bit about some of those growing pains or challenges that you encountered as you were bringing this to the public?

[0:16:20.0] JH: Yeah, one way that I can talk about that is in terms of the benefit to the rancher because a lot of these ranchers are faced with a choice. They are producing these herds of beautiful beast. In many cases they have incredible stories like I talked to a rancher three weeks

ago. He was like, "We have Black Angus. It was developed from a closed-herd," meaning they are not just buying Black Angus and raising them and selling them. It's their herd, they manage the genetics.

It's closed-herd Black Angus but it was originally developed from the original Black Angus herd in the 1850's and they named the original breeder, who in the beef world is famous but I forgot the name, but he developed the Black Angus in the 1850's. Direct descendants of that herd. That's a pretty great story, it's a really good quality beef and he says, "And I auction it off and then it goes to mass slaughter and it mixes in with thousands and thousands of animals from who knows where and different breeds and everything else and out comes prime choice select beef," you know? Just a commodity.

He said, "I would love to sell that beef," he was on the east coast, "I'd love to sell this beef for what it is, these beautiful Black Angus and I'd love to sell it to people in New York City and Boston" and I said, "Why haven't you done that?" and he said, "Because, unlike you, I can't buy five to 10,000 pounds of dry ice every single Monday morning. So when I go to buy dry ice one time only to pack a few orders or whatever, the cost is three or four times what you would pay." I said, "Oh yeah," and getting the cuts into it — they produce an animal which is very difficult work. But to get it butchered and slaughtered and portion-cut and wrapped vacuumed pack and dry aged, I think you need a great butcher partner who could scale with you.

And then to get it packed in 500 different customer orders where everybody gets, like I said, the exact cut they ordered with the thank you card and a T-shirt and to do that perfectly well every time where in a given week we may be shipping to Los Angeles where it's 90 plus degrees outside and that package takes three days, and shipping to Seattle where it's overnight and it's 40 degrees outside unfortunately. So it's like managing the perishable goods so that it arrives at a customer completely frozen and as it should be requires software, and checks the weather reports and understands R-value, heat properties of the packaging and how much dry ice to put in there for how big the box is.

All that stuff has to be managed at a scale every week perfectly. So it requires a lot of software, a lot of coordination, a lot of practice. The ranchers will say, "Let me tell you about my AI program," and my ear kind of says, "Artificial intelligence?" And they're like, "No, no, no artificial

insemination.” But what I’m talking about is their world is every bit as complex and complicated as our world to raise these living creatures and manage the genetics and create a great product, and for us to get that to a customer is equally complicated and it’s hard, I think for any one person, to do both of those things.

So it’s a great partnership and we’re providing a service for them because instead of auctioning it off to the industrial world, they can make more money. Again, they don’t have to justify that higher price by spending all their time dragging it to a farmer’s market every weekend and that’s a lot of personal time to sacrifice that they don’t have to do and they can get online and we can ship it anywhere and so it’s real. You asked about logistics and I answered it in terms of why it’s a great partnership for the ranches but that’s why. That’s the heart of it.

[0:19:47.1] AV: So much more going on behind the scenes than we think. Those of us sitting in our apartments just waiting for it to show up, we take a lot of these things for granted. So it’s very good to learn the behind the scenes.

[0:19:58.8] JH: Yeah and that’s just the start of it because as soon as the box hits the FedEx or UPS truck, the customer wants a text message and they want to be able to reply to that and ask a question and get a recipe and join a community and share and so forth. So that is a big part of it as well for us.

[0:20:14.3] AV: We are needy people, I’ll tell you.

[0:20:16.2] JH: It’s the fun part. It’s really the fun part and the ranchers love it too because we haven’t done much to connect that but I can imagine “ask me anything” sessions with the ranchers, they would love it because they don’t really love people coming to the ranch. Because they’re like, “This is my family, this is where I live,” it’s a work to do and be a tour guide. I’ve got a ranch to run and they are very lean operations in terms of the numbers of people but I think they would love to have a virtual version of that because it is a lot more manageable and scalable.

[0:20:42.8] AV: Right, and you talk about community and I know on your website you do offer a ton of information and resources and recipes and stuff like that. Is that part of your goal too, is to create this security online where people can learn more?

[0:20:57.2] JH: Yeah, absolutely. We've got the recipes now every single cut profiled with multiple recipes per cut and then we'll layer in the seasonality. We're going to layer in the community, we're going to be layering in when your order shows up you'll have a dynamic just-in-time printed specific set of recipes for this just as cuts, which you already can get from the website but to have it in the box for convenience. All that stuff is a big part of division for sure.

[0:21:21.4] AV: And just one more question about the logistics because it was making me dizzy trying to figure these things out. I just want to know what's going on. So you have not only relationships with the ranchers and then you have all of these administrative shipping stuff going on but then you have individual relationships with butchers too?

[0:21:39.6] JH: Yes and today we only work with USDA butchers, who are certified with the USDA. So it's high quality, stringent requirements there and we have today four different ones. We work with to serve the western states and that's a function of just scale and capacity plus the local convenience of transport and freight getting it there and delivering it to us. So it's a hub and spoke model.

[0:22:04.6] AV: Okay. So I have tried some of your, stuff which is amazing by the way. The ground beef I can attest that it's good as you're saying. I have some beef bones waiting to be turned into broth but I was really impressed with the packaging too because the sous vide bags they are super convenient. It's a lot less messy than traditional packaging and details like that matter especially when you are paying for top quality stuff. So I guess that was part of the plan too like, every detail doing the best you can.

[0:22:34.7] JH: Yeah, for sure. We start with the very high end bespoke like the Wagyu, there's 20,000 animals in the US that meet the definition of a purebred or full blood Wagyu. That's a 100% DNA traced to Japan managed, this is a rare beef. Its breed stock that they use for the cross breed. When you see a Wagyu burger or you see a Kobe, American Kobe it's never full blood or purebred Wagyu ever. Never, it's just not because that's breed stock.

We go and buy that and sell it so just to give you an idea, we're starting with the high end and then we have grass fed-grass finished which also is rarely found in the store and you go to Whole Foods they say it's grass fed, it's grain finished. More expensive, more difficult to achieve a grass finished different operation, smaller scale. It doesn't interface well with the Whole Foods they also say "kale". It's more healthy and all of this and so we are starting with that stuff that you can't get it sourced.

Its better, it's distinct and that's a way to enter in the market. I think that overtime as we grow we'll have press advantage stuff and mixed in and the vision is a place to come and join and explore all of these things and we're going to go beyond beef too. I talked to a guy who's a Wall Street banker drop out who bought a boat and he's in Alaska and he does salmon and a boat can do 20,000 pounds of salmon, which means pretty big.

He has five days of far offshore first run king salmon and he can fillet and flash freeze on the boat. I'm like, "That would be wonderful, I like that." I know many of our customers would love that salmon because the salmon at Costco has orange food coloring in it. I mean I have no idea where it came, I don't want to know the name of the guy, why did he drop out of Wall Street and buy a boat? What was his passion, what's the story there? What does it mean to have the first five days of king salmon? And to have it that freshly frozen on the boat, filleted and shipped direct to your door, that position, that's how food should be. That's the food I want to serve my family that I want to eat.

[0:24:38.2] AV: Right. Okay that's exciting so maybe we'll be getting some crowd salmon down the line.

[0:24:43.0] JH: Down the line, yeah. In the next few months we're just focused on our national expansion in beef and growing with what we've got and keeping customers happy.

[0:24:50.4] AV: Awesome. So all right, you offer every part of the cow at this point, right? You can get awful, you can get anything you want, right?

[0:24:56.8] JH: Yep, we get everything that we can. You know there is some things that are details. We've got one processor coming on board that can actually give us beef cheeks, which come from the hood and none of the processors can and it's just a matter of the equipment and process sort of getting what you need with the USDA to be able to offer that but we offer everything we can. We've been asked for hooves and we don't do hooves yet but if somebody wanted to make some kind of soup out of them but everything we can we do, we do offer them.

[0:25:25.1] AV: Cool and so this company is very new but obviously it's been well received. You guys have been in the New York Times, you've been on Forbes magazine, how are some of the ways that you are getting out in front of the right people so that folks knew that you guys existed and that you offer this service?

[0:25:40.7] JH: Well at first it was just coming to us and it still does come to us and luckily, we've been profiled in The Guardian which is the UK twice. We're not in the UK but that's cool. Just woke up one morning and there is a feature piece in The Guardian and that's really flattering and exciting. I think it speaks to the trend, I think people do want more connectedness with their food. I think tipping a cow, becoming a sickle is just funny but there is some underlying important thing going on that resonates with people.

I think going forward, we were almost very intel person recently at a two person operation with a lot of customer scale thanks to software and good partners. But now we've got a team that we're doing more productive hours. I think to answer your question directly it would be influencer to everyone, to get closer to our customers and I want to ask them where they hang out and what their interested in and how we could tailor it to their passions and interest and so we can reach people in their community. I think that is the way forward in terms of getting the word out.

[0:26:38.1] AV: Cool, okay. So where can our listeners learn more and follow you guys on social media?

[0:26:44.3] JH: Well if you Google us, Google "Crowd Cow Facebook" or @crowdcow on Twitter or Instagram. We are pretty active on all three of those. Yeah, we would appreciate it. Or just go to crowdcow.com, in the footer we've got links to all of those.

[0:26:56.5] AV: Awesome, cool. Well now that I'm very hungry and all these talk about beef and it's close to lunch time at least on my coast, so I'm going to let you go and get back to your day. But Joe thank you very much for being here and I am looking forward to continuing to follow Crowd Cow and seeing what you guys are up to and thanks for doing what you do.

[0:27:15.0] JH: Yeah, thank you very much for profiling us. I really appreciate it.

[0:27:17.8] AV: All right.

[END OF INTERVIEW]

[0:27:18.8] AV: All right, who wants a steak? I am officially hungry but what else is new? Before I go, a teaser about next week. I am chatting with Jared Toay of Jared's Probiotics. Jared is basically a walking dictionary about probiotics and gut health, which is something I know we're all endlessly interested in. Jared also makes probiotic sodas, a carbonated drink that's sort of like kombucha but literally tastes like soda which is amazing and he makes probiotic granola which I bet you didn't even think was a thing.

I don't understand how you can make a granola probiotic but I'll tell you, I ate the entire sample he sent me in one sitting. So the stuff tastes good, I know that. But we get into the differences between kombucha, kefir, water kefir, the best ways to get your probiotics and other ways to improve and perfect your gut health and that's all next week. So subscribe to Paleo Magazine Radio on iTunes or Stitcher and follow us on all social media @paleomagazine to stay up to date on what's going on.

One more thank you to our sponsor, Desert Farms, and I know this company is a hit at Paleo (f)x in May because they had free camel rides happening outside the convention center and let me tell you, that's one way to get to know your milk. But camel milk can be a good substitute for cow's milk if you want your dairy but you have a hard time with lactose. So learn more about their milk and their related products at desertfarms.com.

[OUTRO]

[0:28:37.9] AV: Paleo Magazine Radio is brought to you by the Paleo Media Group and is produced by We Edit Podcasts. Our show music features the song *Light It Up*, by Morgan Heritage and Jo Mersa Marley, and on behalf of everyone at Paleo Magazine, thank you for listening.

[END]