

DRAFT MINUTES
Joint Producer Communications Committee Meeting
Phoenix Convention Center
Convention Center Room 229B North
Friday, Jan. 30, 2009

1. Call to Order

Chairman Richard Nielson called the meeting to order at 9:38 a.m. and explained the purpose of the meeting – to review the status of current producer communications programs; review new producer attitude research; and evaluate the current strategy and set priorities for creating a Fiscal 2010 plan of work for checkoff-funded producer communications.

2. Introductions

Chairman Nielson asked members and guests to introduce themselves.

Members Present

- Chairman Richard Nielson, CBB
- Vice Chairman Chuck Adami, Federation
- Max Bozeman, CBB
- Virginia Davis, CBB
- Mike Dee, Federation
- Bob Drake, CBB
- Charles Hull, CBB
- Larry Jefcoat, Federation
- Lin Jeffres, Federation
- Chuck Kiker, CBB
- Dick Nock, CBB
- Bill Oliver, CBB
- Buddy Smith, Federation
- Linda Joy Stovall, Federation
- State Beef Council staff (non-voting): Carol Gillis, New York Beef Industry Council; and Richard Wortham, Texas Beef Council

Members Absent

- Chris Burris, Federation
- Brad Ethridge, Federation
- Kathleen Hawkins, Michigan Beef Industry Commission staff
- Maralee Johnson, Illinois Beef Association staff

Guests Present

- Scharee Atchison, National Livestock Producers Association staff
- Valerie Bass, Tennessee Beef Council staff
- Lisa Brass, Nebraska Beef Council staff
- John Freitag, Wisconsin Beef Council staff
- Tom Jones, CBB member
- Misty Martin, Texas Beef Council staff
- Hank Maxey, CBB member
- Paul Slayton, Pennsylvania Beef Council staff
- Scott Stuart, National Livestock Producers Association staff

- Burk Tedchant, Utah
- Lucinda Williams, CBB vice chairman

Staff Present

- CBB: Lynn Heinze, staff liaison to committee; Diane Henderson, Melissa Slagle
- NCBA: Barb Wilkinson
- McCormick Company: Suzi Sutton-Vermuelen, Kathy Cornett

3. Approval of Minutes

Linda Joy Stovall moved and Max Bozeman seconded to approve the minutes of the July 18, 2008 meeting as presented in the meeting book. Motion passed unanimously.

4. Program Updates

- CBB Executive Director of Communications Lynn Heinze gave an overview of the Fiscal 2009 producer communications program, noting the change in budget from the \$2.16 recommended by this committee in July 2008 to a \$1.9 million budget approved by the Beef Promotion Operating Committee in September 2008. This reduction included the removal of the Beefmobile project FY09, along with one of two planned producer attitude surveys and \$50,000 from the State Share program. Ahead of the annual meeting, the Operating Committee asked that the Joint Producer Communications Committee cut another 5.2 percent from its FY09 budget due to decreased checkoff revenues. Heinze reported on the paid media effort to date.
- CBB Communications Manager Diane Henderson and Trade Media Manager Melissa Slagle reported on direct communications and beef and dairy trade media efforts during the first half of the year, handed out sample materials, and answered committee questions. Written program updates also were mailed to all committee members prior to the meeting as part of the committee book.
- Barb Wilkinson, director of Federation Services at National Cattlemen's Beef Association, provided an update about state services. She said she is excited about the opportunity and partnership Federation Services has with CBB's producer communications team, particularly in terms of being able to take existing materials developed through McCormick Company and CBB and customize and distribute those on behalf of state beef councils. Since the new producer communications ads came out, she said Federation Services has customized about 15 beef versions and a couple of dairy ones for states. Wilkinson said states also seem to "love" the resource guide provided by CBB for ad and banner development.

5. QSBC-SHARE Program Results

Chairman Nielson noted that this year was the pilot for the first QSBC-SHARE program and thanked the Joint Producer Communication Committee and Federation Advisory Group members who responded to the request to review and rate the state applications for FY09 SHARE projects.

Heinze explained that CBB invited states to come up with innovative new ways to communicate with producers, and ask them to apply online to receive CBB Producer Communications funding of up to 60 percent of direct costs associated with such projects. He explained that CBB set aside \$180,000 for the pilot, and received six proposals involving 16 states for a total CBB SHARE cost of about \$70,000. Chairman Nielson asked that states presenting proposals each be given an opportunity to summarize their proposals and answer questions about them. *Valerie Bass*, executive director of the Tennessee Beef Industry Council; *Misty Martin*, ag communications manager for the Texas Beef Council; *Paul Slayton*, executive director of the Pennsylvania Beef Council; *Kevin Thielen*, director of industry relations for the Kansas Beef Council; and *John Freitag*, executive director of the Wisconsin Beef Council presented their program proposals.

Chairman Nielson opened the floor for committee discussion or motions concerning the State SHARE proposals. Chuck Kiker said he was a little concerned about funding producer communications programs for states unless they had no other budget to carry out the program themselves. Chairman Nielson reminded that one of the Critical Success Factors for producer communications in 2009 is to coordinate with states on producer communications.

Heinze explained that the total requested for the six proposals was \$74,270, leaving \$105,730 from the total \$180,000 earmarked for the program during the current fiscal year.

Virginia Davis moved and Charles Hull seconded for approval of all six proposals at the funding levels requested.

Linda Joy Stovall asked if all of the states receiving the SHARE dollars would be required to come back to the committee to show where they actually spend the money and provide an evaluation of what they did and whether it was successful. Chairman Nielson reminded that an evaluation is required to receive the reimbursement and that because the checkoff operates on a cost-recovery only basis, the expenses would have to be in accordance with the approved proposal or would not be reimbursed.

With no further comments, Chairman Nielson requested a vote on the motion, which was approved unanimously.

6. Lunch Break

Chairman Neilson called for a lunch break at 11:39 a.m. and requested that all committee members be ready to reconvene by 12:30 p.m.

Chairman Nielson called the meeting back to order at 12:42 p.m.

7. January 2009 Producer Attitude Survey Topline Results

Heinze reviewed results of the January 2009 Producer Attitude Survey. The survey was conducted via random telephone interviews of 1,200 beef and dairy producers nationwide between Dec. 16, 2008 and Jan. 2, 2009 and has a statistical margin of error of 2.8 percent. Among the topline findings Heinze reported was a 68 percent checkoff approval level among producers, down from 72 percent in June 2008. But the makeup of those people who approved, Heinze explained, were primarily informed, had seen checkoff ads, belong to one or more beef organization, have cow-calf, seedstock and/or stocker operations, own 100-150 head of cattle, and would vote to continue the checkoff if an election were held "today." On the other hand, the 14 percent who said they disapprove of the checkoff were generally not as informed, had not seen the checkoff ads, do not belong to industry organizations, own less than 20 or more than 500 head of cattle, and would vote to eliminate the checkoff if a referendum were held.

In other findings, Heinze reported, 80 percent of producers said they believe that the checkoff is there to help them in times of crisis, up significantly from 71 percent in June 2008; 80 percent said they believe the checkoff has value even in a weak economy; 67 percent said they believe the checkoff allows their views to be represented; 72 percent of producers who had seen the My Beef Checkoff Can ads said they "like" them; Internet access is growing quickly, with 60 percent saying they have access to the Internet – a full 19 points ahead of results from January 2008; and 81 percent said they would vote to continue the checkoff if a referendum were held today.

Chairman Nielson asked how many states "heaved up" to get concentrated producer attitude results in their states. Heinze said that only one state – Texas – had done so this time around and that those results were expected during the first week of February. In addition, the national survey would include a heavy-up of beef importers, and those results were expected in about the second week of February.

8. Planning and Prioritization

A. FY2008 Program Evaluation

CBB Director of Evaluation Rich Otley addressed evaluation of the national Producer Communications program, noting that it was difficult to evaluate the 2008 Authorization Request because the Producer Attitude Survey, which provides many of the benchmarks for evaluation, was not available until the evaluation period ended. But Otley said he speaks with all state beef council executive directors during his annual evaluation, and the “vast majority” of them said they are “very pleased” with the changes they’ve seen in producer communications since the Beef Board took the program back in-house a year earlier – including the new MyBeefCheckoff.com Web site, the new agency for paid media assistance (McCormick Company), and the general efficiency of the program operation.

Chuck Kiker asked about beef demand levels in 2008. Otley reported that beef demand in 2008 fell 3.7 percent, with Dr. James Mintert (who tracks beef demand for the checkoff) pointing to no singular reason but rather a collection of reasons centered around the weak economy. Unfortunately, Otley said, the industry is not likely to see a turnabout in demand in 2009, but it is still 9 percent ahead of the trough it hit in 1997.

B. FY2010 Industry Planning Factors

Chairman Nielson explained that the Beef Promotion Operating Committee met in Phoenix earlier in the week (Jan. 27) to discuss continued shortfalls in checkoff revenue. Because revenues during the first quarter of Fiscal Year 2009 were even lower than expected when budget cuts were made in September 2008, the Operating Committee this week directed all checkoff program areas to cut another 5.2 percent from this year’s budget. Nielson suggested that because state beef councils did not apply for all of the money earmarked for the state SHARE program, that budget area might be a good source for achieving that cut.

Heinze explained that all of the funding for Tactic 1A in the Producer Communications AR has basically all been committed for the year; and Tactic 1B, which includes trade shows, had only about \$10,000 not yet committed. Tactic 1C, on the other hand, includes the money that was set aside for the state SHARE program (with about \$110,000 uncommitted), in addition to some other yet-uncommitted funds for a total across all tactics of \$143,000 uncommitted.

Vice Chairman Chuck Adami said it appears that the 5.2 percent reduction, or \$98,800, could come out of the money remaining in the state SHARE program budget.

Heinze explained that before the Operating Committee announced the need for the latest 5.2 percent in cuts, he had directed McCormick Company to look at some other ways to invest the SHARE dollars to help states with producer communications. In response, McCormick submitted a draft proposal for a CBB/QSBC Web Support Proposal to provide state beef councils with producer communications content and associated technical support for their Web sites. McCormick representative Suzi Sutton Vermeulen summarized the Web Support Proposal, including a maximum estimated cost of \$35,000 plus travel expenses. She explained that the cost could be significantly lower, depending on the participation level of states.

Chuck Kiker moved and Mike Dee seconded to fund the Web Support Proposal.

Virginia Davis cautioned that we might get more cuts and should keep that in mind before committing the dollars.

Linda Joy Stovall asked Carol Gillis and Richard Wortham how they felt about the Web Support Proposal. Richard Wortham said that while the Texas Beef Council has a producer communications Web site that is effectively managed, most state beef councils do not. The proposal from McCormick is

attractive, he said, in that it allows state beef council a “laundry list” of sorts, including things they could choose from to improve their producer content and drive producers to checkoff Web sites with information about their checkoff investments. Wortham said the proposal appears to be about “spending a little money in the short run but saving a lot in the long run.”

Carol Gillis said that the New York Beef Industry Council struggles with the Web site in their state. Their main goal is to drive consumers to beef information, but added that “it would be nice if we could add a producer site.”

The committee voted 13-1 to approve funding for the CBB/QSBC Web Support Proposal as presented, with Lin Jeffres dissenting.

Max Bozeman moved, and Buddy Smith seconded, to cut \$98,000 from the state SHARE program budget to meet the Operating Committee’s requirement to cut another 5.2 percent from FY2009 checkoff program budgets. The motion was approved unanimously.

C. Establish FY2010 Producer Communications Priorities

Chairman reviewed the FY2009 Producer Communications Priorities, which committee members set during their July 18, 2008 meeting in Denver, as follows:

- Highlight checkoff efforts on nutrition, safety, research, promotion, and international marketing; increase understanding of how checkoff works.
- While continuing to inform producers who are knowledgeable about the checkoff, target less informed groups of beef, dairy and veal producers and increase understanding of how checkoff works; explain how the checkoff benefits them and their role as stakeholders through a variety of delivery methods.

Lin Jeffres moved and Virginia Davis seconded to leave the priorities and the Critical Success Factors the same for FY2010 as they are for FY2009. The motion was approved unanimously.

9. Other Business

Chairman Nielson called for an executive session of the committee based on a request from another committee member. Guests and CBB staff left the room. CBB Chairman Lucinda Williams arrived at the meeting moments later and entered the executive session, then reopened the meeting about 10 minutes later.

10. Adjourn

Chuck Kiker moved and Mike Dee seconded to adjourn. The committee adjourned at about 2:45 p.m.