

AUTHORIZATION REQUEST FOR FY 2011

AR Title: NEW PRODUCT AND CULINARY INITIATIVES

Name of Contractor: National Cattlemen's Beef Association

CBB Budget Component: Promotion

I. OVERVIEW

A. AR Description: Beef innovation has several key roles to play during times of economic uncertainty: (1) continuing to support and improve fresh beef cuts; (2) keeping an eye on the future by developing new beef items and recipes to meet the changing needs of American beef consumers; and, (3) creating insulation against competitive encroachment. This plan addresses the program activities of the Beef Innovations Group and Culinary Innovations Team. These teams work closely together creating new and value-added beef products and culinary applications which increase the profit to producers and the beef industry. The program also serves as a knowledge center for all beef culinary, new product development, and technical needs.

B. Costs Requested from this AR:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 977,500	\$ 977,500	\$
Federation of SBCs (FSBCs)	\$ 144,250	\$ 144,250	\$
Other Sources (<i>describe</i>)	\$	\$	\$
Total Funds Requested	\$ 1,121,750	\$ 1,121,750	\$

C. Disclosure of Implementation Costs Requested in Separate AR:

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 1,514,386
Federation of SBCs (FSBCs)	\$ 223,691
Other Sources (<i>describe</i>)	
Funds Requested in AR P-08-2011	\$ 1,738,076

D. Start date: October 1, 2010

Completion date: September 30, 2011

II. PLANNING INFORMATION FOR THIS AR

A. FY 2011 Priorities Addressed by This AR:

- Educate Influencers on Beef and Beef Production

- Develop and Expand International Markets
- Make Beef an Easy Choice
- Demonstrate Beef's Value
- Capitalize on the Power of Lean

B. Committee That Reviewed This AR: Joint New Product & Culinary Initiatives Committee

C. Committee Recommendations for this AR: The New Products & Culinary Initiatives Committee recommends to the Operating Committee that this AR be approved for funding in FY2011.

III. PROGRAM INFORMATION FOR THIS AR

A. Strategy 1: Product – Strengthen the value proposition of beef in the marketplace.

Strategy 1 Proposed Cost: \$ 1,121,750

Specific Tactic Information:

Tactic 1A: Gaining Increased Value from Beef Fabrication

The goals within this tactic are continuing to drive beef value and industry return on investment through fabrication and muscle application work. The Beef Innovations Group (BIG) has leveraged the foundational work created through Product Enhancement research to identify new market options for the chuck roll, clod and now several of the muscles from the round.

Value Added Exploratory Projects. The industry benefits from the value of newly developed individual muscles. BIG is working on creating new opportunities to increase additional value by looking beyond the current knife cuts (carcass breaks). For example, the *serratus ventralis* muscle (Denver Cut) extends beyond the chuck roll, creating significant opportunities within the forequarter if it is harvested whole. These types of changes are estimated to have the potential of creating an additional \$20 per head of added value. In addition to the opportunities within the forequarter, the updated naming regulation for the knuckle has created new opportunities in the hindquarter.

BIG plans technical work on both the forequarter and hindquarter to identify new opportunities and products for retail, foodservice and for export. BIG will review and identify areas of opportunity in the Beef Alternative Merchandising (BAM) research for future development for other industry applications and/or fabrication educational tools targeting increased awareness and acceptance of the program and the value it offers. The BIG team will also conduct a "Meat Technical Summit" with industry partners to review the total carcass and identify future value added fabrication opportunities for the industry.

Enhancing the Shoulder Clod. BIG will conduct a complete review of the current materials developed for the clod identifying the areas that need additional technical validation. This will include an assessment of the potential issues the industry is experiencing with utilizing the clod and recommendations to overcome these issues.

Information Dissemination. BIG will distribute and present key information on the clod, chuck roll, new round value-added cuts and all technical findings to industry.

▪ **Measurable objectives:**

- Develop an economic model (value-added assessment) validating the feasibility and value impact for the industry if the break on the chuck/rib is changed.
- Develop cutting recommendations for the new sirloin ball tip including guidelines for optimizing industry value and performance.

▪ **Proposed cost:** \$ 507,000

Tactic 1B: Making Beef Convenient

This tactic supports making beef an easy choice. As research has shown, choosing beef is not always easy for consumers, food manufacturers and foodservice chefs. Consumers have relatively little knowledge of beef cuts and beef preparation and they have an increased need for convenience. At the same time food manufacturers and their chefs need to better understand the opportunities beef represents.

Developing New Beef Convenience Products. The new product development process varies in length depending on the product and the company manufacturing it; therefore the BIG team continues to keep new product ideas and protocepts continually in the pipeline to ensure 2-3 new beef products are launched each year.

BIG will work with 6-8 food manufacturers to ensure beef is a key ingredient in the manufacturer's new product development efforts; BIG will develop and consumer test 8-12 new product protocepts (the new product idea in product form); and, will provide technical and consulting support and assistance to food manufacturers as they develop and/or launch new beef items.

▪ **Measurable objectives:**

- By September 2011 have assisted food manufacturers in launching 2-3 new beef convenience items in the retail or foodservice channels.
- By September 2011 have developed 2-4 additional new beef convenience products ready for production and selling into the channels in FY 2012.

▪ **Proposed cost:** \$194,000

Tactic 1C: Dissemination of Knowledge and Information

It is critical that the checkoff-funded beef innovative work and culinary information is distributed to industry partners and consumers. This is paramount to utilizing the checkoff's investments because it puts the research and new findings into action — and action means new beef products are launched, new value-added fabrication techniques are implemented and easy to use and current beef recipes are used repeatedly by consumers.

Information transfer and education will occur:

- by leading the “New Products Exchange;” where one major beef company is hosted to showcase their new beef innovation — developed in part with information developed by The Beef Checkoff — and to gain channel distribution of new beef items with the help of the State Beef Councils;
 - by sponsoring the Research Chefs Association conference, including one educational breakout session (if accepted) and showcasing a new beef product at the chef’s tradeshow; and,
 - by participating in or attending at least 10 industry meetings, state beef council meetings and/or industry conferences.
- **Measurable objectives:**
 - Semi-annually execute an industry informational e-newsletter with the goals of educating industry stakeholders about innovations in beef and increasing the number of visits directly to the BIG website by 5-10%.
 - By December 2011 the 2010 Innovative Beef Symposium, which presents new beef research to industry members, will have been evaluated for key learnings and improvements. By September 2011, BIG will have objectives and an outline developed along with potential key participants identified to grow the 2012 symposium attendance by 10%, which will result in additional funds being put back into the checkoff program.
 - In order to leverage checkoff-funded research and information developed in the US for global use, by September 2011 complete the transfer of the new value-added round cuts knowledge to USMEF for their use to employ in international markets.
 - **Proposed cost:** \$ 210,750

Tactic 1D: Excellence in Beef Culinary

For consumers to continue to enjoy and include beef in their family meals, beef must have a consistent eating experience and be easy to select, purchase and prepare.

Modernizing Beef Cookery. The Culinary Innovations Team (CIT) will conduct cookery testing on beef cuts for pan broiling and oven roasting to

ensure consumers and product developers have the most up-to-date information on preparing beef and that the eating experience is always consistent and terrific. This updated information will be incorporated into communication materials used by Food Communications such as the website BIWFD.com with over 60,000 weekly consumers reached and the Beef So Simple newsletter with 30,000 subscribers; by BIG in new product culinary applications; and by the Retail and Foodservice programs in their marketing materials for the channels.

Beef Recipe Development. The CIT will perform recipe development and manage food photography to build the resource library available to state beef councils (SBC), industry partners and internal staff for use in all types of consumer communications tools. Recipes will be utilized internally via Food Communications on Facebook (27,000 fans), Twitter (1,500 followers), Beef So Simple (30,000 subscribers), BIWFD.com (over 60,000 weekly reach) and in a variety of consumer publications; by Retail on 200 million beef labels in the meat case; and, by State Beef Councils.

Culinary Education and Outreach. The team will participate in at least 15 key industry events with industry partners by providing event assistance, educational opportunities, product demonstrations, seminars, and/or other services that provide beef culinary information along with a positive message about the opportunities with beef. The team will showcase at least 10 new beef recipes this year and take every opportunity at these events to become more knowledgeable about industry needs and trends.

▪ **Measurable objectives:**

- By September 2011 update all cooking charts and beef databases with cookery information for pan broiling and roasting. Eight pan-broiling cuts and 6 oven-roasting cuts will be researched and tested.
- By September 2011 develop up to 60 new recipes requested by a variety of checkoff-funded programs such as Retail, Veal, and Food Communications and complete development, testing, and photography of 10-15 general use (not program specific) recipes.
- In 2011 benchmark the value of the Culinary Innovations Team at industry events by conducting post-event surveys with meeting organizers and determine the effectiveness and value of the team's work.

▪ **Proposed cost:** \$ 210,000

IV. DETAILED BUDGET SUMMARY

Strategy & Tactic	Program Manager	Completion Date	Total FY 2011 Budget	Budget by Funding Source		
				CBB/BPOC	FSBCs	Other
Gaining Increased Value from Beef Fabrication	Ellen Gibson	9/30/11	\$ 507,000	\$ 441,800	\$ 65,200	
Making Beef Convenient	Ellen Gibson	9/30/11	\$ 194,000	\$ 169,050	\$ 24,950	
Dissemination of Knowledge and Information	Ellen Gibson	9/30/11	\$ 210,750	\$ 183,650	\$ 27,100	
Excellence in Beef Culinary	Ellen Gibson	9/30/11	\$ 210,000	\$ 183,000	\$ 27,000	
Product Total			\$ 1,121,750	\$ 977,500	\$ 144,250	
AR Totals			\$ 1,121,750	\$ 977,500	\$ 144,250	

V. SUPPLEMENTAL INFORMATION

A. Changes from FY 2010 Approved AR:

- Presentation and dissemination of new round cut information to industry
- Increased focus on fabrication and ways to add value to the carcass with new cutting methods
- Development of new recipes and photography for industry partners and beef communications to consumers

B. Subcontractor information:

- **Name of proposed subcontractor:** Mata & Associates; Range; Chris Calkins, Ph.D.; Peak's Quality Technical Services; I.Q. Foods; Imaginologie; SWB Consulting, Inc.
- **Will all work with subcontractors be competitively bid? If not, why not?**
Work conducted by current technical consultants and marketing agency is very specialized and their working knowledge of the beef industry and new product and culinary beef checkoff programs is paramount to the success of this AR. Some work is competitively bid, such as research proposals. The consultants and agencies are reviewed annually to ensure we are given the best service and value for our money.

C. Identify any relationships between this AR and projects previously funded by the Operating Committee:

Much of the work in this AR builds on the momentum of the previous program accomplishments and industry relationships built. Further detail includes:

- The work performed by BIG utilizes and leverages the work from Culinary (recipe development and culinary applications for new cuts); Product Enhancement (muscle profiling research); Nutrition (nutritional analysis of new round and chuck cuts); and, Market Research (new product testing with consumers and foodservice operators).

BIG works with Food Communications (PR for new cuts, media interviews on new product work); Foodservice promotion (introducing chefs to the new round and chuck cuts through chef events, advertising); Retail promotion (merchandising the new chuck and round cuts); and, USMEF for creating awareness and promoting the new value-added cuts to domestic and foreign markets.

- The Culinary Innovations Team began updating beef cookery in FY 2010 with the first phase of three – grilling. Roasting (phase 2) and pan broiling (phase 3) are planned to be completed in FY 2011. This team supports the Beef Innovations Group, Retail, Foodservice, Veal, Advertising, Food Communications, Nutrition, Member Services, The National Beef Cook-off and USMEF with recipe development, photography support, beef cookery information and recipe and contest evaluation/judging.

D. Summary of Prior Year AR Budgets and Expenses:

Strategy	FY2010 Approved Budgets			FY2010 Actual Expenses (NCBA's as of 5/31/10)		
	CBB/BPOC	SBC's	Total	CBB/BPOC	SBC's	Total
Product	\$ 1,132,020	\$ 108,950	\$ 1,240,970	\$ 468,602	\$ 45,128	\$ 513,730
AR Totals	\$ 1,132,020	\$ 108,950	\$ 1,240,970	\$ 468,602	\$ 45,128	\$ 513,730

E. Historical Summary of Budgets and Expenses:

	Total Approved Budgets			Total Actual Expenses		
	FY 2009	FY 2008	FY 2007	FY 2009	FY 2008	FY 2007
New Product	\$ 1,072,867	\$ 1,600,000	\$ 1,560,000	\$1,013,919	\$ 1,563,831	\$ 1,409,957
NBCO	\$ 575,392	\$ 325,000	\$ 735,000	\$ 576,842	\$ 325,000	\$ 729,810
AR Totals	\$ 1,648,259	\$ 1,925,000	\$ 2,295,000	\$1,590,761	\$ 1,888,831	\$ 2,139,767