

## **AUTHORIZATION REQUEST FOR FY 2020**

CBB Budget Category: **Industry Information**

Name of Contractor: **National Cattlemen's Beef Association**

Name of Organization Subcontracting:

Start Date: **10/1/2019**

End Date: **9/30/2020**

### **AR OVERVIEW**

#### **AR Description:**

This AR supports a coordinated, quick and effective beef industry response to a crisis that could significantly damage the industry's image or consumer confidence if not managed at a high level and with resources exceeding those available through the industry's standing issues management program. In essence, this AR protects the checkoff's investment in advertising, promotion, research, consumer information and foreign marketing programs that support the 2016-2020 Long Range Plan core strategies to: Drive Growth in Beef Exports, Protect and Enhance the Business and Political Climate for Beef, Grow Consumer Trust in Beef and Beef Production, Promote and Strengthen Beef's Value Proposition.

The funds requested to support crisis response will come from unallocated funds from FROEs that are returned. Funding will be requested only if a situation occurs that requires resources outside the available budgets of existing programs.

Motion unanimously approved by the Joint Budget Committee on November 1, 2000: It was moved and seconded that an ongoing Authorization Request (AR), to be presented at the first meeting of the Operating Committee each year, be established to provide for crisis management and be funded by FROEs that are returned. The AR will be capped at \$1 million and be subject to the approval of the Beef Board Executive Committee.

Motion by the Beef Promotion Operating Committee on March 11, 2004: Jay O'Brien moved and Lowell Hobbs seconded approval of II-07-2004 Issues Management Crisis Reserve #2 – NCBA with maximum funding in the amount of \$2,000,000 contingent on CBB Executive Committee approval. Discussion, motion passed.

The funds requested are up to, and capped at, \$2,000,000. This is a contingency request and no funds can be expended without the approval of the Cattlemen's Beef Board's Executive Committee.

**Total Cost of this AR:**

CBB/BPOC Funding Request:	Direct Costs	Implementation	Total
Beef Board/BPOC	\$ 2,000,000	-	\$ 2,000,000

Other Potential Funding	Direct Costs	Implementation	Total
Federation of SBCs Pledges: (Informational Only)	\$0	\$0	\$0
Other Funding: (Informational Only)	\$0	\$0	\$0

**Long Range Plan Core Strategies Addressed by this AR** *(Check all that apply)*

Grow Beef Exports	Consumer Trust	Protect & Enhance	Beef's Value Proposition
■	■	■	■

**PROGRAM INFORMATION FOR THIS AR****Tactic A****Tactic Name:** Beef Industry Crisis Reserve**Tactic Description:**

If a beef industry crisis occurs, the co-chairs of the Beef's Image Committee will make a specific funding request to the Beef Board Executive Committee. Funding may be requested to establish crisis response programs going forward and/or to replenish current year program funds expended in dealing with a crisis when the situation required resources outside the available budgets of existing programs. Upon approval by Executive Committee, the funds may be provided.

Activation of the crisis reserve may be requested to deal with the following and similar events that represent threats to the industry's marketing and business climate, profitability and image:

- Diagnosis of a case or cases of variant CJD in the United States in a resident or residents who have never been to a country with endemic Bovine Spongiform Encephalopathy (BSE)
- An outbreak of Foot and Mouth Disease in the U.S.
- Large and severe and/or high-profile outbreak of foodborne illness traced to beef.
- Identification of a new and virulent type of foodborne illness traced to beef.
- Acts or claims of beef product tampering and sabotage.
- Acts or claims of bio-terrorism against the U.S. cattle herd.

- Activist group legal complaint filed with the Federal Trade Commission or with a State Attorney General against beef industry promotions and communications programs.
- International or national reports or guidance that tell people to eat less beef for their health and/or the health of the planet.
- National decisions or guidance that questions or confuses the identity of beef with meat substitutes.
- Any other event with negative potential for beef’s image that creates extremely high visibility.

**Measurable objectives:**

Consumer perceptions of beef and of the beef industry remain positive in the face of a crisis situation.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef’s Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input type="checkbox"/> Increase market access <input type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input checked="" type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef’s image <input type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input checked="" type="checkbox"/> Ensure beef’s inclusion in dietary recommendations <input type="checkbox"/> Motivate producers & stakeholders to engage in issues <input checked="" type="checkbox"/> Develop crises management plans <input checked="" type="checkbox"/> Defend beef’s product identity	<input type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve sustainability <input checked="" type="checkbox"/> Research & communicate beef’s nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SUPPLEMENTAL INFORMATION FOR THIS AR****1. Will all work detailed in this AR be completed by the end of the fiscal year?**

No

***If not, please provide an explanation.***

This is a contingency AR.

**2. Please explain changes from FY 2019 approved AR:**

None.

**3. List any proposed subcontractor/agencies that will be used to complete the work in this AR.**

Subcontractors currently involved in the beef industry issues management and public relations programs will be used in a crisis situation based on demonstrated expertise and proficiency.

**4. Will all work with subcontractors be competitively bid?**

No

***If not, why not?***

Subcontractors currently involved in the beef industry issues management and public relations programs will be used in a crisis situation based on demonstrated expertise and proficiency.

**5. Please list any relationships between this AR and projects previously funded by the Operating Committee:**

The Beef Promotion and Operating Committee (BPOC) previously funded the crisis reserve in the early 1990's. In FY2000, the BPOC funded a Nutrition Legal Defense Crisis Reserve Fund to provide resources in the event the beef industry's nutrition advertising and promotions were attacked by activist groups. In FY2004, the crisis reserve was activated to deal with the BSE crisis.