

2013 NORTH DAKOTA BEEF COMMISSION Annual Report



Fellow Beef Producers,

2013 has been full of excitement for the beef industry. Cattle prices are dramatically high, in part due to increasing consumer demand for our beef, both here and abroad. The ND Beef Commission (NDBC) is also proudly celebrating its 40th anniversary. Since our beginning in 1973, 73 beef producers have served the beef producers of our state.

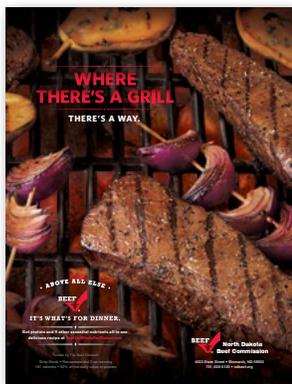
With excitement, there is also never a shortage of challenges. We continue to deal with issues like animal welfare, beta agonists, animal care, activist agendas, defining sustainability, food safety, nutrition research and more.

Fortunately, your checkoff dollars are invested in cutting-edge research at our land grant institutions and in tremendous national partnerships that allow us to work together for the benefit of all producers. In the international market alone, your beef checkoff is helping to increase the value of underutilized beef products - adding over \$283 per head to every calf.

I would encourage you to read our annual report in its entirety. You will see how your NDBC directors, staff, and national and international partners have used your Beef Checkoff dollars to promote your product.

Thank you for allowing me to serve you as your chairman.

Clark Price, Chairman



Providing today's consumer with a reason to purchase beef is the ultimate goal of every beef promotion activity the NDBC undertakes. From grilling season to holidays, TV to newspapers, and food & wine events to cooking shows, the best beef nutrition and cookery information is available to North Dakota consumers.

40 YEARS OF BEEF PROMOTION

Before state law authorized the ND Beef Commission (NDBC) in 1973, a group of dedicated ND beef producers felt their product needed to be promoted. They willingly invested in a voluntary beef checkoff program administered by a group called the ND Beef Council. Their intent was to gather funds that could be pooled with other states at the national level to fight anti-beef and anti-red meat rhetoric and promote beef to consumers in big cities. They soon realized a statewide program where everyone participated would be more effective.

In 1971, beef producers helped pass a bill that authorized the NDBC, but it was vetoed by Governor Bill Guy. Producers returned to the Legislature in 1973 and after addressing his concerns, the NDBC was authorized. At that time, fifty percent of the 10-cent-per-head collection was designated to fund national programs developed by the National Live Stock & Meat Board's Beef Industry Council (BIC). Another 25% of the original 10-cents-per-head went to research and the remainder was used for beef promotion in the North Dakota.

From 1973 to 1983, the checkoff rate increased from 10 to 25 cents and then to 50 cents per head. In October of 1986, producers implemented the national beef checkoff program at a rate of \$1 per head.

Today, NDBC producer representatives remain committed to beef promotion, research and education programs at the state and national level, directing 50% of each dollar to national programs coordinated by the Cattlemen's Beef Board. The NDBC also works with the Federation of State Beef Councils (the checkoff arm of the National Cattlemen's Beef Assoc.) to promote beef in urban centers and abroad through coordinated efforts of the US Meat Export Federation, which the NDBC has supported for 32 of the past 40 years.

CELEBRATING A 40-YEAR MILESTONE

Since the beginning of the ND Beef Commission in 1973, 73 beef producers from across the state have played a role in decisions affecting beef promotion, research and



education programs of the Commission. To celebrate this milestone, they were all invited to join in a 40th anniversary celebration in September. Two of the original founding board members, Jack Dahl of

Gackle (above) and Raymond Schnell of Dickinson, were able to join the festivities, along with close to 50 other past and current board members and guests. Dahl recapped some of the early years and highlighted other significant beef checkoff milestones including the beginning of the national beef checkoff program in 1986.

BEEF EXPORTS IMPORTANT TO ND

For 32 years, the NDBC has supported beef promotion efforts in foreign countries. With 96% of the world's potential beef consumers



living outside the borders of the US, it has been a worthwhile investment.

The US Meat Export Federation conducts these market development efforts and John Hinners of their international staff was able to assist in spreading the story of their success in ND. Through the combined efforts of the NDBC and USMEF, 2013 saw a great partnership develop with the ND Corn Utilization Council. Realizing the importance of the beef industry to corn producers, the ND Corn Council approved a \$50,000 investment in the programs of the USMEF.

OUTREACH TO PRODUCERS

As an original sponsor of the ND Beef Quality Assurance program, the NDBC is proud of its 14-year partnership with the NDSU Extension Service bringing this education program to producers. The NDBC also works with several producer organizations in an effort to bring current information and results of beef checkoff programs to producers.



MILITARY EVENTS BRING SMILES!

When you bring beef, beef producers and military families together, it's a great event! Over 1600 military members and their families enjoyed a great beef lunch at the ND State Fair. As families ate delicious beef sandwiches, close to 75 smiling beef producer volunteers helped serve the meal and say "thank you" to the military. The beef industry also participated in the 'Summer Bash' at the Grand Forks Air Force Base by sponsoring a beef picnic and a fun "Beef Iron Chef" grilling competition.

DEAR FELLOW BEEF PRODUCERS,

Is the Federation of State Beef Councils still relevant after 50 years? In my opinion, it is. Beef producers today want as much input as possible into how their dollars are spent.

Thanks to forward-thinking producer leaders almost three decades ago, the mandatory Beef Checkoff Program had as part of its framework then-existing and to-be-created beef councils at the state level, which would collect the \$1-per-head mandatory checkoff and help populate important direction-establishing and funding committees.

Many of those states had already joined together as a Federation to share expenses for common needs, such as Information Technology, design services, planning guidance and communications. By not duplicating costs from state to state, and joining in a common vision and message, councils extend checkoff programs in the state and assure that producers throughout the country are getting the most for their checkoff dollar.

Relevant? Absolutely. The Federation of State Beef Councils is a mechanism for grassroots input and influence.

Yours truly,



Richard Gebhart, Chair
Federation of State Beef Councils
Beef Producer, Claremore, Okla.



FRESH STRATEGIES FOR A CHANGING BEEF LANDSCAPE

Because of grassroots producer leadership, the beef industry is positioned to capitalize on future changes in the beef marketplace. Committee restructuring, which parallels the industry's Long Range Plan, was completed this past year to provide the Cattlemen's Beef Board and the Federation of State Beef Councils a better focus on industry goals.

Following are some national and international beef checkoff efforts that reflect that plan:

SOLVING THE MILLENNIAL DILEMMA

Through checkoff-funded research, we know consumers born in the 1980s and 1990s – sometimes called millennials – enjoy beef. But they have some concerns about preparation, nutrition and convenience. Now the question becomes, just how do we turn them into long term beef lovers?

Through a new checkoff-funded retail campaign, with additional support from the Federation and individual state beef councils, that question is being addressed.

The checkoff-funded Convenient Fresh Beef project explores a way to develop an easy-to-prepare fresh beef product at retail stores, make it appealing and create the education and training to make it successful.

Convenient Fresh Beef products include the beef, seasonings and instructions in an attractive sleeve-wrapped tray, prepared in the meat department at the grocery store

or brought in as a case ready product. A photo of the finished dish is on the front of the sleeve; from 1-3 recipes are printed on the back.

The items are convenient and provide shoppers options. They address a millennial's lack

of cooking skills and desire for a restaurant experience, and meet the needs of families looking for shortcuts on busy week nights. In addition, they meet mature consumers' desire for easy home-made foods that feed two and provide leftovers.

The test program is being conducted in the Midwest at Price Cutter stores, which have the in-store capabilities to produce the kits and have provided significant support for testing. Additional support for implementation has been provided by individual state beef councils.

Consumer research, post implementation to document interest and sell the programs to other stores, as well as point-of-sale materials, demonstrations and training, and initial spice inventory were made possible through national beef checkoff funds.



CAMPAIGN SIZZLES WITH NEW VOICE

New "Beef. It's What's For Dinner." consumer advertising premiered in 2013, bringing the recognizable tagline to both older millennials and Gen-Xers. It features sizzling beef recipes, juicy details about essential nutrients and the voice of one of Hollywood's most promising new talents. The new "Above All Else" campaign reaches out to those who care about food and nutrition.

While keeping many brand mainstays, such as Aaron Copeland's "Rodeo" music, the new beef campaign uses Garrett Hedlund's voice in radio spots. Garrett personally represents healthful living, and his strong, warm voice is perfect for provoking a new understanding about beef.

Research has shown that 45 percent of the target demographic said they would choose beef more often if they knew about how its nutrients compared to chicken. The new



campaign helps set the record straight about beef's essential nutrients in an engaging and educational way.

In addition to traditional print placements, the campaign appears across a wide range of digital platforms, such as 22 tablet versions, online radio stations (e.g., Pandora), video websites (e.g., Hulu), social networking sites (e.g., Facebook) and popular recipe websites (e.g., AllRecipes.com).

State Beef Councils are extending the campaign through print, radio, digital, in-person promotions, sporting events, outdoor advertising and more.

BOOSTING BEEF INTERNATIONALLY

The Beef Checkoff Program assisted as U.S. beef and beef variety meat exports performed very well in 2013. Through July, exports were 9 percent ahead of last year's record pace in terms of value, at \$3.45 billion. This translates into great returns for producers, as



export value equated to nearly \$235 per head of fed slaughter – an increase of 11 percent over last year.

Through international marketing programs conducted by the U.S. Meat Export Federation, the Beef Checkoff Program is working aggressively to increase export opportunities for U.S. beef. For instance, with recently expanded access in Japan the checkoff helped attract new buyers to U.S. beef and expanded the range of cuts available, allowing Japan to reclaim its position as the No. 1 destination for U.S. beef exports. Other Asian markets performing well included Hong Kong and Taiwan. Exports are also significantly higher to Central and South America, as the checkoff helped the U.S. beef industry capitalize on recently implemented free trade agreements.

PROGRAM BUILDS NUTRITION RELATIONSHIPS

With their local and state focus, state beef councils are instrumental in building relationships with state professional organizations dedicated to improving the health of Americans. The national Beef Checkoff Program is assisting those councils in strengthening those ties.

The Nutrition Seminar Program (NSP), coordinated by NCBA, a Beef Checkoff contractor, provides an opportunity for state beef councils to get closer to their state chapters of health professional groups by providing a nationally recognized expert to speak on a nutrition topic at that organization's annual meeting. The Beef Checkoff also provides free client education resource materials to all session attendees.

State councils coordinate and execute the NSP session, while the national Beef Checkoff covers the honoraria and travel expenses for each speaker. This past year, 36 speaking engagements were coordinated by numerous councils.

There are 40 different speakers for states to choose from, covering 148 session topics.

PARTNERS IN TIME



Throughout its 50-year history, the Federation of State Beef Councils has provided a platform for state beef council representation at the national level, while offering services needed by states to conduct their in-state promotion, education and research programs. The partnership is made possible three ways: through the 1985 Beef Promotion Act; by deliberate collaboration with national programs funded through the

Beef Checkoff Program; and by voluntary contributions to the Federation by state beef council boards.

The voluntary investments by cattle-rich states helps make sure greater emphasis is placed on programs where the majority of consumers live and buy beef. It supports the teamwork necessary for building a successful state and national Beef Checkoff Program.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2013 EXPENDITURES

FINANCIALS

Administration	\$1,536,829	
USDA Oversight	\$279,075	
Program Development	\$179,088	
Program Evaluation	\$179,590	
Producer Communications	\$1,529,824	
Foreign Marketing	\$6,036,724	
Industry Information	\$3,492,377	
Consumer Information	\$3,390,267	
Research	\$6,036,100	
Promotion	\$15,528,767	
Total expenses	\$38,188,641	

*audited numbers

STRATEGIC PARTNERSHIPS AND PLANNING

When cattle numbers shrink and dollars don't go as far as they used to, planning and partnering become increasingly important. The NDBC annually develops marketing plans, but took a deeper look at programs in 2013. With the assistance of research and development staff from our 40-year partner, the Federation of State Beef Councils, NDBC members and staff examined programs to ensure the state focus was in line with the Beef Industry Long Range Plan. As a result, some programs were refined, others refocused and others removed. The intent is to keep a sharp focus on programs that best increase demand for beef and increase profit opportunities for producers.



WINNING ON BEEF IN THE DIET!

For decades the NDBC has taken an active role with the North Dakota Academy of Nutrition and Dietetics (formerly the ND Dietetics Association), the ND Nutrition Council, the ND Academy of Family Physicians and more recently, with the Upper Plains Cardio Pulmonary Rehab Association (UPCRA). These long-term partnerships and sponsorships help build trust in

our organization and our product. The highly respected research that continues to show the benefits of beef in the diet has also made the NDBC a respected source of credible nutrition information. This year, two speakers were featured on programs of these organizations. Dr. Tia Rains discussed satiety and weight management with UPCRA cardio pulmonary rehab specialists and had them understanding the importance of red meat in meal plans. ND Nutrition Council members heard from Shelly Asplin, MA, RD. She discussed Celiac disease emphasizing the importance of the nutrition bundle beef offers to those who live on gluten-free diets.

NATIONAL HONORS FOR NORTH DAKOTA

Selected the very Best of the Best across the nation, 2013 brought national recognition to two deserving North Dakotans during the national cattle industry convention held in Florida.



Larry Schnell, (above, second from left) owner of Stockmen's Livestock in Dickinson, received the National Beef Quality Assurance Livestock Marketer of the Year award for his leadership role in innovative livestock handling and training specific for livestock market employees.

Dale and Melodie Zimmerman, owners of Bismarck's Peacock Alley American Grill and Bar, were awarded the National Beef Backer Foodservice Innovator of the Year award presented to one restaurant in the entire country that does the best job of new and innovative menuing of beef. Zimmerman and executive chef, Dusty Swenningson (above, third and fourth from left) accepted the award and are proud of their creative beef menu and the best, high quality beef possible which they credit to the state's terrific beef producers.

EDUCATORS ARE VALUABLE PARTNERS

Whether it's over 120 Family & Consumer Science teachers participating in the Beef Mini-Grant program, 4000 fourth-grade students attending Living Ag Classroom events in Fargo, Bismarck and Minot, thousands of 4-H and FFA members across the state active in beef-related projects, or Extension Agents promoting "Eat Smart. Play Hard." events and the value of beef in a healthy diet, these teachers are key to the success of beef education programs and the NDBC is supporting these efforts.



The NDSU BBQ BOOT CAMP program continues to reach consumers in their own communities. When the BOOT CAMP team rolls into town the message is clear. Red Meat is on the menu and you are going to know everything you ever wanted to know about grilling, seasoning, selecting cuts, smoking and more. The NDBC has partnered with the talented NDSU Animal Science Department staff and the NDSU Extension Service to keep this program rolling since its beginning five years ago.



NDSU's BBQ Boot Camp team and beef industry volunteers pose for group photo after serving over 1,600 at a successful Beef Industry Military Appreciation Picnic at the ND State Fair.



The 2013 North Dakota Beef Commission included (Seated, L to R) Dale Kuhn, Kathy Tokach, Jerry Effertz, and Janna Leedahl; (Standing, L to R) Nancy Jo Bateman, Merle Jost, Gabe Brown, Clark Price, Jeff Dahl, Jim Bitz, and Joan Hoovestol. Not pictured-Jocelyn Carlson, Larry Schnell & Raymond Erbele

DIRECTORS & STAFF

OFFICERS

Clark PriceChairman
Gabe Thompson, Jr.Vice Chairman
Kathy Tokach Secretary

BEEF PRODUCERS

Janna LeedahlLeonard
Gabe Thompson, Jr.Antler
Kathy TokachSt. Anthony

BEEF PRODUCER MEMBERS AT-LARGE

Jocelyn CarlsonKilldeer
Jeff DahlGackle
Merle JostGrassy Butte

CATTLE FEEDER

Clark PriceHensler

DAIRY PRODUCER

Dale KuhnTownner

LIVESTOCK MARKET

James BitzNapoleon

EX-OFFICIO

Jerry EffertzVelva
Raymond ErbeleStreeter
Larry SchnellDickinson

FEDERATION OF STATE BEEF COUNCILS NATIONAL DIRECTORS

Jerry EffertzVelva
Clark PriceHensler
Kathy TokachSt. Anthony

STAFF

Nancy Jo BatemanExecutive Director
Joan Hoovestol

CATTLEMEN'S BEEF BOARD DIRECTORS

Elwood "Woody" BarthSolen
Pat BeckerSelfridge

NORTH DAKOTA BEEF COMMISSION

COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
JULY 1, 2012 – JUNE 30, 2013

Revenue:	
Checkoff Assessments	\$1,140,774
Less Remittance to States of Origin	(29,734)
Less Remittance to Cattlemen's Beef Board	(555,887)
Net Assessments	555,153
Other revenue- interest & receipts	8,699
Other revenue- Beef Gift Certificate sales	16,510
Net In-State Revenue	\$ 580,362
Expenditures:	
International promotion	22,750
Promotion	33,016
Industry Information	200
Research	18,125
Consumer Information	128,030
National program development	158,660
Beef gift certificates	16,510
Administration	167,502
Operations	54,835
Total Expenses	\$ 599,628
Revenues over (under) expenses	\$ (19,266)
Fund Balance, July 1, 2012	\$ 213,438
Fund Balance, June 30, 2013	\$ 194,172