

# NORTH DAKOTA BEEF COMMISSION

## 2006 Annual Report

**BEEF**

### From the Chairman



#### The Future of Our Industry

I would like to challenge every beef producer today to get involved in the future of our industry. I believe the future lies within our nation's children and how we as beef producers work to reach those children. They are the future heads of households and will be influencing their children's eating habits for yet another generation. I bring this to your attention because recent market research the beef industry conducted showed some alarming trends. In 1989 children under the age of 6 ate twice as many servings of beef than chicken. However, in 2005 children under 6 are now eating twice as many servings of chicken than beef. If that doesn't alarm you and convince you to get involved, then I don't know what would!

So where do we go from here? Thankfully, we don't have to scramble to find an answer because your beef checkoff program, including the ND Beef Commission, has been working on solutions to this problem from the time the research data started to show a shift in consumer eating preferences. Currently, much work is being done to develop new, healthy, kid friendly beef products that can compete with our winged rival at fast food and casual dining restaurants. Your own ND Beef Commission producer directors have been at the forefront participating in these decisions through their involvement on national committees at our cattle industry conventions. Additionally, there already have been over 2000 new beef products introduced over the past few years that have contributed heavily to the increase in beef demand recently. So instead of telling consumers they should be eating pot roasts and hamburgers all the time, we have adapted to the changing consumer and given them what they want. This includes microwavable, heat-and-eat beef meals, new cuts including petit tenders and ranch cut steaks – all new and healthy portion controlled products.

I tell you this because producers helped to make this happen. If we hadn't worked together through the beef checkoff and by having all segments of the industry join forces working toward a common goal, we could have been an industry on the verge of extinction. Instead, today we are at the top of our game.

For North Dakota producers in a rural state of 640,000 people and over 1.7 million cattle, the task is not to preach to the choir – that being our beef-eating neighbors. That's why the ND Beef Commission concentrates on major population centers in ND, and when we have reached the point of diminishing returns, the rest of your dollars are partnered with other rural states and together we promote and advertise in the major population centers across the country. In a country as large and diverse as ours, the few beef producers we have left must work together, locally and nationally, to get our product to the ever-changing consumers.

Finally, I ask you to put some thought into what the future holds for our industry. What will the future of the beef checkoff look like? Recently, four recommendations to enhance the checkoff have been circulated throughout the industry. Cattle and farm organizations will be discussing these for many months. Get involved in the process. The future of the beef industry and the future eating habits of children depend on every producer. You have a say in how your check-off dollars are invested.

Let's look forward and join together to make our industry the best it can be. You can be sure that our rivals and competition are united and focused on the future. The question is, "Are we?"

Jason Schmidt  
ND Beef Commission



2005-06 ND Beef Commission members. L to R- Jerry Schaefer, Kim Lees, Jason Schmidt, Larry Schnell, Jerry Effertz, Gladys Woroniecki, Marshall Hermanson. Not Pictured: Shawn Arndorfer, Allan Tellmann, Van Amundson.

### PRODUCERS SEE FIRST HAND



North Dakota's Beef Quality Assurance program continues to reach producers with the latest information on raising the safest, highest quality beef possible by implementing various production techniques. This program is the result of an ongoing partnership between the NDSU Extension Service and the ND Beef Commission. To-date over 2300 producers have gone through the BQA training and certification program representing over 55% of the state's beef herd.

The "petit tender," a new beef value cut developed with checkoff dollars, was anything but petit in flavor and tenderness when it was featured at a ND Stockmen's Association convention luncheon for producers to enjoy.

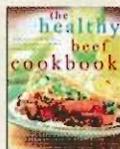
Producers also were amazed to learn about the wide variety of foodservice partnerships their checkoff dollars are invested in when Jeff Huemoller, associate director of national account foodservice marketing for the National Cattlemen's Beef Association, addressed the convention.



### RETAIL AND FOODSERVICE PARTNERSHIPS SUCCEED

At the state and national level, checkoff funds are a catalyst for new products and new ideas in the grocery store and restaurant.

Over 120 meat department staff members from Hugo's grocery stores and the Nash Finch Company in ND and MN learned, questioned and tasted what the beef industry has to offer their customers at a "Beef Training Camp" workshop held in Grand Forks.



Beef was top of mind for over 100 foodservice managers and staff from healthcare facilities as they attended three US Foodservice/GFG Division regional healthcare seminars across ND. Whether they worked in a hospital, nursing home, senior meals program, or other care facilities they learned the latest on beef safety, nutrition and menu ideas. The new Healthy Beef Cookbook was also given to everyone attending and they enjoyed a meal featuring a recipe from the cookbook.



**BEEF**

**NORTH DAKOTA BEEF COMMISSION**

4023 State Street • Bismarck, ND 58503 • 701.328.5120

## ND BEEF PROMOTION HIGHLIGHTS



With over 1100 ND military members and their families enjoying beef, the third Beef Industry Military Appreciation event held during the ND State Fair in Minot was a big success. The ND Beef Commission, ND Stockmen's Association and ND CattleWomen joined forces to host the event on behalf of the state's beef industry.

Over 1000 burgers were grilled up at "Burgerfest 2006" by KBMR Radio Farm Director Al Gustin, Beef Commission Executive Director, Nancy Jo Bateman, and other radio personalities. This event was a partnership between the Beef Commission, KBMR Radio and CashWise Foods. Those enjoying the burgers could also make a free-will donation to benefit the Home On The Range at Sentinel Butte.



Delicious beef recipes are featured during the early news every Thursday statewide on the KX Television network and have generated over 2 million consumer impressions.

Seasonal promotions to kick off grilling season and the Christmas holiday featured beef in daily newspapers statewide, radio and selected women's magazines. Beef Gift Certificates are also featured as the perfect gift for any occasion.



If a picture is worth a thousand words, the beef industry gets its moneys worth by providing high quality recipes with photos to various statewide magazines. These magazines include Area Woman, Inspire and ND Living.

## EDUCATION & PR PROGRAMS REACHING CONSUMERS

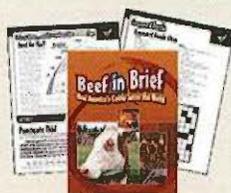
Consumers continue to be exposed to new beef products and great new recipe ideas through food events, fairs, displays, ND CattleWomen programs and large events including the Women's Showcase, Working Women's Summit and Senator Dorgan's Women's Health, Women's Lives conference.

Over 125 people tasted and learned about preparing various beef cuts during a beef cookery program at the ND Farmers Union convention. An additional 100 daycare providers in eastern North Dakota also participated in a two-hour beef cookery presentation highlighting "kid-friendly" beef ideas.



New School Wellness education kits were a hit as schools began implementing wellness programs nationwide for the 2006-07 school year. Over 500 kits were provided to the ND Department of Public Instruction to distribute through their extensive school nutrition and wellness training program.

As children and teachers get farther removed from agriculture roots, high quality education materials about the business of producing beef become more important. BEEF IN BRIEF, a new education kit for middle schools, was given to over 400 middle school teachers in ND through an extensive mail campaign, courtesy of the state's beef producers through the beef checkoff.



Education programs and materials touch students, from preschool to college. Over 100 Family & Consumer Science teachers participate annually in the Beef Mini Grant program, receiving \$30 for beef for classroom use and free nutrition handouts and recipes. Living Agriculture Classroom events in Fargo, Minot and Bismarck also reach over 5000 4th graders annually. NDSU students also receive scholarships for Meats Judging. The ND CattleWomen receive funding for events like the Beef Ambassador contest and Beef Challenge.



## NUTRITION RESEARCH AND PARTNERSHIPS

Tens of thousands of consumers were reached with healthy beef information through partnerships, programs and sponsorship opportunities with the American Heart Association, North Dakota Nutrition Council, ND Academy of Family Physicians, NDSU Extension Service nutrition educators, ND Dietetics Association, Senator Dorgan's Women's Health-Women's Lives program, and others.



The new Healthy Beef Cookbook made its first TV appearance in ND when the Beef Commission partnered with the ND Dietetics Association. Dietetics Association spokesperson, Deb Strand, discussed healthy beef with the media and they enjoyed tasting a recipe from the new cookbook.



The ND Beef Commission also partnered with the NDSU Cooperative Extension Service as a sponsor of the "Eat Smart. Play Hard. Together" campaign reaching over 44,000 elementary students across North Dakota. This program emphasized combining healthy eating and physical activity by using NDSU Bison athletes and healthy foods on program materials.

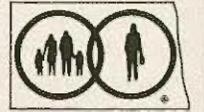


American Heart Association  
Learn and Live...



North Dakota Nutrition Council

North Dakota Academy of Family Physicians



NDSU Extension Service

### NORTH DAKOTA BEEF COMMISSION DIRECTORS AND STAFF 7/1/2006

#### OFFICERS

Jason Schmidt, Chairman  
Jerry Schaefer, Vice Chairman  
Gladys Woroniecki, Secretary

#### BEEF PRODUCERS

Kim Lees, Buchanan  
Jerry Schaefer, Des Lacs  
Jason Schuide, Medina

#### BEEF PRODUCERS MEMBERS AT-LARGE

Jerry Effertz, Velva  
Marshall Hermanson, Stanley  
Gladys Woroniecki, Hebron

#### CATTLE FEEDER

Shawn Arndorfer, Hettinger

#### DAIRY PRODUCER

Allan Tellmann, New Salem

#### LIVESTOCK MARKETS

Ray Erbele, Streeter

#### EX-OFFICIO

Van Amundson, Jamestown  
Larry Schnell, Dickinson

#### STAFF

Nancy Jo Bateman, Executive Director  
Sylvia Brown  
Joan Hoovestol

#### CATTLEMEN'S BEEF BOARD DIRECTORS

Jeff Dahl, Gackle  
Margie Hande, Amidon

### NORTH DAKOTA BEEF COMMISSION

Combined statement of revenues, expenditures and changes in fund balances  
JULY 1, 2005 — JUNE 30, 2006

Revenue:	
Checkoff Assessments	\$1,117,353
Less Remittance to States of Origin	(30,807)
Less Remittance to Cattlemen's Beef Board	(543,105)
Net Assessments	543,441
Other revenue- interest & receipts	21,449
Other revenue- Beef Gift Certificate sales	21,140
Net In-State Revenue	\$ 586,030
Expenditures:	
International promotion	19,985
Promotion	55,804
Research	225
Consumer Information	119,595
Industry Information	15,679
National program development	157,532
Beef gift certificates	21,140
Administration	160,020
Operations	52,963
Total Expenses	\$ 602,943
Revenues over (under) expenses	\$ (16,913)
Fund Balance, July 1, 2005	\$ 542,632
Fund Balance, June 30, 2006	\$ 525,719

# YOUR BEEF CHECKOFF

## Fiscal Year 2006 in Review

BEEF

The last year has been historic for the beef industry. As is typical, the industry also saw its share of challenges: rising beef prices, nutrition questions, protein competition, as well as the ongoing challenges with animal health issues.

Despite these challenges, there were many things for cattlemen to celebrate! The checkoff program, which started on Oct. 1, 1986, will celebrate its 20th anniversary. In the last 20 years, producer dollars have helped address critical industry issues. Demand for beef remained solid. *E. coli* 0157:H7 incidences are down 80 percent and new products have added substantial value to the carcass.



Beef checkoff dollars also helped relaunch U.S. beef in markets around the world and were a mainstay in ongoing efforts in countries where U.S. beef is sold. In 2006, state beef councils voluntarily invested \$11.7 million in the Federation. This considerable investment multiplies the reach and impact of national checkoff programs funded by the Cattlemen's Beef Board and materials provided to state beef councils.

Thank you U.S. beef producers! We look forward to another 20 years of achievements.

### ADVERTISING



While "enjoyment" print and radio advertising ran to fuel consumers' passion for beef, nutrition ads worked to set the record straight about beef's great nutrition story.

In a recent tracking study, 73 percent of consumers felt better about eating beef after seeing the nutrition ads. The total campaign, including enjoyment and nutrition, ran from January through Labor Day and reached 96 percent of adults 18 times, at less than half a cent each time.

### RETAIL



Retail marketing executed another impactful Summer Grilling Campaign in 2006. The outreach was a combination of promotional efforts that included development of point-of-sale materials, partnering on freestanding inserts and radio advertising. More than 15,000 point-of-sale pieces, including posters, case dividers, wobblers and iron man signs, were distributed by 22 beef councils. Additionally, 27 retailers

partnered on tagged radio heard on 93 stations in 44 markets. This campaign had a significant impact, as dollar sales increased by more than \$95 million, and pound sales increased by more than 52 million pounds.

### FOODSERVICE

A fully integrated foodservice program has added a new beef product to the menus at Golden Corral restaurants. A robust partnership started with the introduction of the Applewood Sirloin Filet. Golden Corral sold 53 million pounds of beef products last year and expects to increase that figure by more than 5 percent in 2006. In addition, the beef industry recognized Golden Corral through another strong foodservice program, the checkoff-funded Beefbacker award, for the most innovative chain menu.

### NEW PRODUCTS

It has been an exciting year for the checkoff-funded Beef Innovations Group. The five major initiatives — the launch of the Savory Steak Sandwich; the shredded beef awareness campaign; new value cuts from the chuck roll being developed; and

consumer testing of youth and handheld (convenient) new beef product concepts — are growing in momentum.

### VEAL

The checkoff 2006 veal program had its largest media event in history.

The event was an Iron Chef Competition between five teams made up of media participants, each captained by a celebrity chef. It was held at the Art Institute of New York City. Each team had to create and prepare two veal recipes using specific cuts of veal. The overall winning team went to Team Chef Alex Guarnaschelli of Butter in NYC.



### CULINARY CENTER



In 2006, things were certainly sizzling at the checkoff-funded Culinary Center. The culinary center reprinted an updated version of "Creating Crave." The center was also busy supporting the launch of *The Healthy Beef Cookbook*, completing applied cookery timings for gas grills and creating recipes for many program areas.

## SAFETY

The beef industry is being recognized by government agencies and consumer groups for effective safety systems and safe products. Much of this success is a result of checkoff-funded beef safety research that has developed interventions, fostered communication among all industry sectors and advanced the knowledge of foodborne pathogens and their prevalence in the beef chain.

## NUTRITION

The checkoff partnered with the American Dietetic Association on the successful launch and marketing of *The Healthy Beef Cookbook* to health professionals, consumers and media. Reaction has been outstanding, with health professionals recommending the cookbook as a resource for a healthy diet. The book has also garnered more than 346 million positive beef nutrition media impressions.

## HEALTH PROFESSIONAL EDUCATION

Thirty-eight checkoff-funded nutrition seminars were conducted across the country in 2006 for a variety of health professionals, including dietitians. More than 7,500 individuals attended these events, where the popular "Live Well" toolkit was utilized and distributed, as were a variety of printed materials about beef as part of a healthy diet.

## ISSUES MANAGEMENT

A public opinion survey in September 2006 found consumer confidence in the safety of beef from "mad cow" disease at the highest level ever – 94 percent. In addition, beef receives the highest marks of all proteins when consumers award grades for food safety. Managing potentially damaging issues such as BSE and foodborne pathogens such as *E. coli* have been integral to beef checkoff investments since the program began.

## PUBLIC RELATIONS

From the "Today Show" to *Bon Appetit*, checkoff-funded public relations generated more than 4.6 billion impressions. More than 667 million media impressions delivered the nutrition messages about lean beef to consumers. Nearly

half of this was a result of activities promoting *The Healthy Beef Cookbook* and included coverage in numerous daily newspapers and TV stations across the country. The program drives positive messages about beef through consumer outreach, including the [www.BeefItsWhatsForDinner.com](http://www.BeefItsWhatsForDinner.com) Web site.

## YOUTH EDUCATION



"Choose Well" is a math and nutrition classroom program funded by a grant from Pfizer Inc. and the beef checkoff program. Through the standard math curriculum, it helps fourth and fifth-grade students develop healthy habits by learning the basics of good eating and the importance of physical activity. Not only is "Choose Well" being promoted to curriculum directors nationwide, it is also being marketed to registered dietitians as an opportunity to provide their local schools with resources addressing the childhood obesity crisis.

## FOREIGN MARKETING

Nearly three years after the first discovery of BSE in the United States, access to some major markets is still slow in coming, exports of



U.S. beef and beef variety meat continued to grow through fiscal year 2006, recovering to nearly half of the record sales levels of 2003. Through July 2006, beef sales amounted to 354,863 metric tons, worth more than \$1 billion. Mexico was the top market and accounted for more than half of total volume in 2006.

## CBB COMMUNICATIONS

CBB communications outreach included production of the *2005 Beef Board Annual Report*, as well as the launch of a Beef Board meeting blog to track activity at checkoff meetings, at [www.beefboardmeeting.com](http://www.beefboardmeeting.com). In addition, these producer communications efforts took a CBB presence and/or sponsorship to seven industry trade shows, and provided CBB members with monthly checkoff update newsletters.

## NATIONAL BEEF COOKOFF®

An exclusive "All about the National Beef Cook-Off®" luncheon focusing on the winning recipes and trends from 2005 was held for nine of New York's food media on Jan. 18 in New York City. Media attendees learned about the best cooking techniques for chuck and round beef cuts, the umami phenomena and beef, today's hottest beef flavor pairings, and what's new in the meat case.

## CATTLEMEN'S BEEF BOARD\*

### Fiscal Year 2006 Expenditures

Does not include State Beef Council investments  
\*unaudited numbers

