

## NATIONAL HONEY BOARD

### MEETING MINUTES

**PRESIDING:** BUDDY ASHURST, CHAIR

**LOCATION:** Denver, Colorado

**DATE:** October 22-24, 2009

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**National Honey Board Members Present:** Buddy Ashurst, Nancy Gamber-Olcott, Steven Smith, Bob Coyle, Charles Kocot, Hans Boedeker, Mark Mammen, Clint Walker and George Hansen.

**National Honey Board Members Absent:** Zac Browning.

**National Honey Board Alternates Present:** Bonnie Woodworth, Dave Ellingson, Ilene Miller, Jim Phillips, Brent Barkman, Gregory Olsen,

**National Honey Board Staff Present:** Bruce Boynton, Bruce Wolk, Catherine Perez, Sam Butler, Andrea Brening, David Fenske, Marlys Fallon.

**Others Present:** Kathie Notoro (AMS), Jerry Probst, Troy Fore, Jeff Gross, Mary Anne Davitt (transcriber).

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**THURSDAY, OCTOBER 22, 2009**

#### CALL TO ORDER

The October 2009 meeting of the National Honey Board was called to order by Chairman Buddy Ashurst at 8:05 a.m. Andrea Brening called the roll.

#### ACTION ITEM I SEATING OF ALTERNATE

Motion by Hans Boedeker, seconded by Bob Coyle and carried to seat Dave Ellingson, Alternate, in Zac Browning's place.

#### ACTION ITEM II AGENDA

Motion by Dave Ellingson, seconded by Bob Coyle and carried to approve the agenda.

#### SECRETARY-TREASURER'S REPORT

Nancy Gamber-Olcott asked for comments on, or approval of, the minutes to the National Honey Board's April meeting and July telephone conference call.

## ACTION ITEM III APRIL 23-24 FINANCE MINUTES

Motion by Clint Walker, seconded by Mark Mammen and carried to approve the minutes of the April 23-24, 2009 National Honey Board meeting.

## ACTION ITEM IV JULY 1 TELECONFERENCE MINUTES

Motion by Clint Walker, seconded by George Hansen and carried to approve the minutes of the July 1, 2009 National Honey Board telephone conference call.

Sam Butler presented the Financial Report, briefly reviewing the September financial reports. He provided a compliance update, summarized the results of compliance audits so far, and provided a status of reviews scheduled the rest of the year.

Butler reviewed the proposed 2010 Budget and budget assumptions. He referred to a page showing assessment revenue history over several years and projections for 2009. In response to a question about compliance costs covered in the 2010 budget, Butler said the 2010 budget for administrative travel allows for about 12 audits, or one per month. There was a general discussion of compliance issues, related costs, and the importance that compliance is taken seriously. Butler noted that further discussion and action on the proposed budget would take place on Saturday, after the Board had a chance to hear other presentations.

## AMS REPORT

Kathie Notoro reported that Edward Avalos was to be appointed soon as Undersecretary for Marketing and Regulatory Programs. She stated that the Department of Agriculture is looking very closely at diversity, and revisiting policies pertaining to submission of nominations packages.

## MARKETING

Attitude and Usage Study. Bruce Wolk introduced Jeffrey Gross, author of the Honey Board's 2009 Attitude and Usage Study. Mr. Gross presented a detailed report and slide show on the Study's results.

Marketing Budget. Catherine Perez gave a brief overview of the proposed 2010 Marketing budget, and Wolk explained the changes from the 2009 budget. More in-house programs are planned in order to take advantage of cost efficiencies. Minor League baseball and Hispanic promotions will be scaled back, and the budget for Foodservice will be significantly decreased. These changes are needed to allow a reasonable budget for general consumer public relations.

General Consumer Public Relations. Bruce Wolk presented a year-to-date recap of the Honey Board's 2009 general consumer public relations programs, including media outreach results, major programs completed and upcoming programs. Programs included addressing honey purity to influencers through editorial deskside visits and a new Honey Simplified brochure; educating editors at chef dinners; reaching families with

a new kids honey recipe brochure and matte releases with emphasis on pure and natural; a satellite media tour with Christopher Watt; a beauty brochure; spokesperson Mitzi Dulan promoting honey purity; minor league baseball support; and new food recipes and photography.

Minor League Baseball. Catherine Perez presented a recap of this year's Minor League Baseball promotions positioning honey as the official natural energy booster for several teams. She reviewed the key program elements including in-stadium signage, fan perception surveys, honey facts messaging on the video boards, dedicated Honey Nights, honey sampling, and more. Promotions were supported by Internet exposure, in-house programs, and our public relations agencies. Clips of radio and television interviews with Mitzi Dulan were shown. Wolk discussed on-site survey research findings, including differences in consumer perceptions of honey purchased in a supermarket compared to honey purchased at a farmers market. Criteria for team options in 2010 were presented and seven potential teams were listed. Possible 2010 program elements were also listed.

In-House Programs. Perez presented a recap of the 2009 in-house marketing program activities and ideas for 2010. The 2009 activities included the Colorado Crossroads volleyball tournament, IDEA Fitness Convention and radio remotes to support the Minor League Baseball promotion. The proposed 2010 activities include Colorado Crossroads volleyball tournament, IDEA Fitness Convention, Boston Marathon, 10 City Media Tour with Mitzi Dulan and a new "Honey and Energy" brochure.

Hispanic PR Programs. Perez and Wolk reviewed several programs within the 2009 Hispanic public relations campaign and media results. Several activities supported and tied in with Minor League Baseball promotions. Ideas for 2010 include honey as a beauty essential, vegetarian delights with honey, honey trip to Latin America, and Dulces de Halloween (Halloween Candies).

## **INDUSTRY SERVICES/FULFILLMENT**

Bruce Boynton presented the Industry Services proposed budget for 2010. Materials planned for reprinting and replenishment were distributed by Andrea Brening. Boynton asked for comments regarding NHB representation at various industry organizations. Following comments, Chairman Ashurst asked for a straw vote. There was a consensus in support of Honey Board representation at the two national beekeeping association meetings in January, plus WHPDA and NHPDA. In response to a question about Fulfillment Overhead, Sam Butler explained how Fulfillment Overhead is calculated.

**Lunch 12:00 – 1:30**

## **MARKETING, continued**

Foodservice Program. Wolk presented a year-to-date recap of the 2009 Foodservice program including promotions and advertising, culinary competitions, events and

publicity. The plan for next year is to reduce involvement in regional events and concentrate on national events to more effectively focus time and resources.

Ingredient/Baking Industry PR. Wolk presented a recap of 2009 ingredient/baking industry public relations efforts. The program set out to establish a baking-specific identity for the NHB in the baking industry and pursued a campaign focused on informing bakers about the form, functional and marketing benefits of honey. A 12-page brochure detailing the benefits of honey was produced, a new Web site was launched for baking with honey, ads were created for placement in several baking industry magazines, and the NHB was represented at two trade shows. Wolk also introduced ideas for 2010 plans.

New Product Development. Bruce Wolk presented four new product concepts developed by Premier Culinary Consulting Group, LLC. Wolk explained that the goal is to develop products with high honey usage.

Web Site. David Fenske provided an update on staff's efforts to revamp the honey.com Website. He reviewed the goals of the revision, steps taken to tackle the project, and showed actual on-line pages of the new Website. He expects the site to be ready for launch in three to four weeks.

New Tagline Plans for 2010. Bruce Wolk said a press release could be released to the industry to kick off the new tagline. The tagline could be used on all emails, brochures and official correspondence, business cards, letterhead, and the NHB tradeshow booth.

## **AGENCY REVIEW ORIENTATION**

Mark Mammen presented background information on the request for proposals (RFP's) and the agency review process. He reviewed the assignments given to the agencies and steps taken by staff and the Marketing Committee to narrow the selections. Catherine Perez reviewed the summary sheet on the finalists. The structure for Friday's presentations was explained.

## **EXPORT PROGRAM**

Bruce Boynton presented an overview of Honey Board's 2009 marketing activities in the Middle East, including pictures of in-store promotions and culinary workshops conducted by our agency in the region. Various statistics on U.S. honey exports were presented. In 2008 approximately 10 million pounds were exported, representing six percent of U.S. production. Boynton showed the primary destination countries for exported bulk and retail U.S. honey. Exports to the Middle East accounted for a little over 1 percent of U.S. production.

Boynton mentioned the recently completed market research in Israel to determine if opportunities existed in that country for increasing retail exports. While some opportunities may exist, the report pointed out that we could expect considerable resistance across Israeli government and industry stakeholders to provide U.S. suppliers with ongoing opportunities in retail sales.

The Board was asked to compare our expenditures on export marketing to the amount we spend on the baking/ingredient and foodservice segment, which together account for more than 50% of U.S. honey consumption. The future of the Export Program was discussed, with Boynton presenting options of 1) business as usual, use 2010 allocation as best possible and apply for 2011 funds, 2) use 2010 allocation but do not apply for 2011 funds, or 3) exit the export program. Boynton recommended the second or third option in order to concentrate resources on domestic issues and messaging. He noted that if the Board terminated its MAP Export Program, restarting it later could be difficult. There was discussion with further action deferred to Saturday.

## **OPEN FORUM ON INDUSTRY ISSUES**

Buddy Ashurst led an open forum on issues impacting the industry, primarily concerning the illegal importing of honey or honey replacements, transshipments, and economic adulteration/honey purity. One packer commented that blending honey with a cheaper sweetener, and selling it as such, was customer driven. Some commented that there has been a loss of business and a potential for shutting down of businesses as a result of competition from illegal transshipments and the introduction of cheap blends.

## **FRIDAY, OCTOBER 23, 2009**

The Friday session of the Board meeting was devoted entirely to presentations by four public relations agencies selected as finalists for 2010 general consumer public relations work, and discussion and evaluation of the presentations.

## **SATURDAY, OCTOBER 24, 2009**

The Saturday session of the Board meeting was convened at 9:15 a.m. by Buddy Ashurst.

### **ACTION ITEM V NEW PUBLIC RELATIONS FIRM**

Motion by Mark Mammen, seconded by Dave Ellingson and carried unanimously to have the Board retain Barkley US Public Relations Firm as its new public relations agency.

## **RESEARCH**

2010 Research Budget. Research Chair Clint Walker led the discussion of the proposed 2010 Research budget. Boynton conducted a line-by-line review and explanation of the budget. In response to a question, it was pointed out that last year's research budget was much higher because it included several projects not in the proposed 2010 budget, including tagline focus group research, use and attitude market research, and others.

## ACTION ITEM VI RESEARCH PROGRAM DEVELOPMENT

Motion by Clint Walker, seconded by Nancy Gamber-Olcott and carried to authorize the CEO to work with the Research Committee to develop a comprehensive honey research program, to be presented to the Board for action at a later date.

### **EXPORT PROGRAM**

Boynton asked if there were any questions or comments as a follow-up to Thursday's presentation about the proposed 2010 budget for export marketing.

## ACTION ITEM VII EXPORT PROGRAM TERMINATION

Motion by Mark Mammen, seconded by Clint Walker and carried to terminate the Export Program, and that the Honey Board would not participate in the Dubai event in January of 2010.

### **2010 BUDGET**

Nancy Gamber-Olcott indicated the need to refigure the proposed 2010 Honey Board budget to include the now freed-up MAP funds. Butler asked for time to make the necessary changes.

## ACTION ITEM VIII EMERGING OPPORTUNITIES

Motion by George Hansen, seconded by Nancy Gamber-Olcott and carried to place the net remainder from the MAP program in Emerging Opportunities after appropriate adjustments have been made to the budget.

Boynton asked if there was agreement and understanding that the budget included funding for two board meetings. There was discussion about the appropriate number of Board meetings per year and Butler answered questions about costs. The consensus was to stay with two Board meeting in the year unless circumstances call for additional meetings. Boynton asked if there were other suggestions for the amount of assessment revenue to use in the proposed 2010 budget. There were none. George Hansen asked if there was something budgeted for OGC assistance with compliance matters. Butler noted that we've not been billed by OGC in recent years but we could add something to the 2010 budget.

## ACTION ITEM IX DRAFT BUDGET REVISION

Motion by George Hansen, seconded by Clint Walker and carried to direct the CEO and the CFO to revise the draft Budget and submit it to the Board in the next week.

### **2010 BOARD MEETINGS**

The Spring 2010 Board meeting was scheduled for Thursday and Friday, March 18-19, 2010 in Kansas City, preferably downtown.

The Fall 2010 Board meeting was scheduled for Thursday and Friday, October 21-22, in Denver, preferably at the Warwick Hotel, with October 14-15 as an alternative date depending on the Warwick's availability.

### **BOARD ELIGIBILITY**

There was a question about the eligibility of Board members to return to the Board after their initial term is up. Kathie Notoro stated that terms ending in 2010 will end on December 31, 2010. She said all Board members are eligible to serve a second term if they are nominated and selected.

### **KIDS' RECIPE BROCHURE**

Catherine Perez asked if there was interest in printing more of the Kids' Recipe Brochure (From Honey Bees to Brain Freeze) and making it available to the industry for \$1.00 per copy, the cost of production. It was noted that the brochure will be available on the web site. It was suggested that a decision on this be deferred until the budget situation has been clarified.

Buddy Ashurst thanked Bruce Wolk, Catherine Perez and Mark Mammen for their work on the PR firm selection process.

### **ACTION ITEM X ADJOURNMENT**

Motion by Charles Kocot, seconded by Dave Ellingson and carried to adjourn.

The meeting was adjourned at 10:20 a.m.