

Message from the President



Tom Bellamore

A Smaller Board

Late last year, the California Avocado Commission (CAC) began a rigorous review of its long-term strategy for development and positioning of our brand—*California Avocados*. With the help of a produce industry strategist, CAC conducted in-depth interviews with retailers, foodservice operators, dietitians, industry stakeholders and others to gain insights to guide our marketing efforts.

We also convened three “Think Tanks” – all day sessions with growers, packers and board members – where we explored every facet of our strategy and the steps necessary to keep our industry viable. One concept that emerged early in two of the Think Tank discussions was the need to examine the structure of the CAC board to ensure that we are operating as efficiently as possible when it comes to implementing our strategy. Chairman Doug O’Hara lost no time in establishing a Governance Committee to do just that.

Concurrent with board deliberations on CAC’s long-term strategy, the Governance Committee met on several occasions for hours at a time before reaching recommendations for the CAC board to consider. It was the consensus of the commit-

tee that a smaller size board would likely function more efficiently. The current structure of the Commission board is anachronistic, a function of what the industry looked like in 1978 when CAC was formed. Back then, there were cooperatives as well as independent handlers. Accordingly, the Commission board was comprised of one co-op producer and one independent producer for each of the five districts, four handlers, and one public member, for a total of 15 members. Each producer and handler member has an alternate, so when the board convenes, 29 representatives are in the room, but for any absences. Over the years, to varying degrees, each of those 29 people were allowed to have a voice during the deliberative process.

At its May 2015 meeting, the CAC board voted to reduce the number of alternates by half. Doing so requires a change in the California Food and Agricultural Code sections that pertain to the operation of the California Avocado Commission, so a technical amendment must be adopted by the California Legislature. Once done and signed by the Governor, the new provision becomes effective the following January. If all goes as expected, 22 representatives

will be present at board day beginning in 2016.

More controversial was the Governance Committee recommendation to modify the way in which the handlers participate in the operation of the Commission. To a person, each committee member strongly believes that the handlers provide invaluable information in support of CAC’s marketing. Handlers are engaged in selling every day and clearly have their fingers on the pulse of a very dynamic marketplace where import and domestic shipments ebb and flow across the year. CAC’s Marketing Advisory Committee (MAC)—put in place a number of years ago after its predecessor, the Marketing Committee, was mothballed under a prior administration—has proven to be critical to the effective execution of the Commission’s advertising and promotion programs, and this is universally recognized. Opinions vary, however, about the handlers’ role in the CAC boardroom.

To the extent that a vote guarantees a voice, a strong case can be made for the status quo. The handler perspective is unique, and it often informs the most important of conversations about the Commission’s finances, timing of promotions, retail

and foodservice account performance, and competitive volumes. The right to vote confers responsibility that is taken seriously, and on board day, the handlers are present and vocal.

Alternatively, the Governance Committee concluded that the handler voice in the boardroom could be preserved in an ex-officio capacity. The committee envisioned a standing Marketing Committee, with no less than four major handlers, that could only be dismantled by a two-thirds vote of the CAC board, and a non-voting Marketing Committee representative at every board meeting.

When put before the board for a vote, the Governance Committee's proposal did not withstand the rigors of debate. Even a compromise position, which would have reduced the number of voting handler members from four to two, was ultimately re-

jected, although the outcome of that vote was close. For now, the board has opted for the status quo. As with most sensitive matters, incremental change is often more palatable than a radical shift in direction. As one board member put it: *the Commission's demonstrated success in brand building may be attributable, in part, to our structure, so where is the compelling reason to change?*

Regardless of where one comes out on the issue of handler involvement in CAC, discussion on this topic and other, governance-related matters is healthy and welcomed by CAC management. Such debate tells all the world that we are here, we are thinking about the future and that we intend to stay relevant and promote California Avocados for a long time to come. 🥑



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