

Bread checkoff effort suspended after ABA intercedes



Source: Adobe Stock

09.16.2020

By

[Josh Sosland \(/authors/7-josh-sosland\)](#)

WASHINGTON – More than a year and a half after a checkoff steering committee of the Grain Foods Foundation agreed to submit a draft Order to the US Department of Agriculture for the establishment of a breadbasket checkoff program, the GFF has requested the withdrawal of publication of the Order. Christine Cochran, executive director of the GFF, said the steering committee has agreed to modify the program making inclusion of products for foodservice voluntary and intends to submit a new draft order.

While the changes are expected to delay approval of a checkoff program perhaps by a year, Ms. Cochran said the checkoff steering committee remains “unwavering” in its commitment to seeing through a program broadly supported in the industry as crucial to boosting the long-term demand prospects for bread in the United States.

The Order had been awaiting publication in the *Federal Register*

by the USDA when the withdrawal request was submitted Sept. 9. The decision followed a conference call between members of the American Bakers Association Executive Committee and the GFF Steering Committee after the ABA sent the GFF a letter formally requesting the withdrawal.

A number of foodservice bakers have been outspoken critics of the prospective checkoff program and shared their concerns at a town hall discussion in the spring of 2019 during the American Bakers Association annual meeting. Opposition from these and other bakers stiffened in recent weeks

because of the tremendous toll the COVID-19 pandemic has taken on businesses that rely on foodservice customers. Still, the checkoff steering committee remained confident throughout the process that the requisite baking industry support to meet USDA thresholds was still intact.

While disappointed about the delay, Ms. Cochran said the “commitment to the campaign is not wavering.” In coming weeks, the GFF will be working to revise its application and exploring the launch of a marketing campaign already conceived in anticipation of the checkoff program.

Even as the foundation works to move forward rapidly with the revisions, Ms. Cochran said the program is now unlikely to gain approval in the next year. Once a revised Order is drafted, a process likely to take about two months, negotiations will resume with the Agricultural Marketing Service of the USDA and then the Department’s Office of the General Counsel. After the proposal has cleared these two hurdles, discussions will begin with the Office of Management and Budget. The entire process likely will be slowed because of the approaching elections, Ms. Cochran said. She said about 18 months elapsed between when the draft Order was first submitted and the Department finally certified the program as in compliance with the checkoff statute.

The GFF has spent \$2 million over the past two fiscal years to advance the checkoff process with direct expenses associated with the program ranging from legal fees to travel by GFF staff members to discuss the program with members of the baking and allied industries. Ms. Cochran said it was too early to estimate how much will be spent trying to draft and move forward the program update.

While support for the program remains strong, Ms. Cochran said the impending elimination of participation of certain foodservice bakers may prompt the USDA to require a lowering of the *de minimis*

level triggering mandatory participation. While dropping the requirement for foodservice companies to participate will eliminate a vocal group of checkoff program opponents (and not all foodservice suppliers oppose the program), Ms. Cochran said there is no guarantee opposition will not emerge from smaller bakers added to the program if the *de minimis* level is dropped.

In parallel with its regulatory work to keep the checkoff process moving forward, Ms. Cochran said the GFF will be looking for ways to initiate marketing campaign for the industry even before the checkoff program is formally launched.

“We have the framework for a fabulous campaign,” she said.

The prospective campaign was developed by O’Keefe Reinhard & Paul, LLC, a Chicago advertising firm. OKRP has been working with the GFF since September 2019. The agency was recommended to the GFF steering committee after a consumer marketing taskforce vetted three agencies. The agency has not yet been formally engaged but has crafted a marketing campaign based on a theme of “Love, Bread.” The campaign will remind consumers of the reasons they love bread while also reminding them that bread is good for them, Ms. Cochran said.

Robb MacKie, president and chief executive officer of the ABA, said the group's executive committee responded when it was not clear the program had sufficient support from the industry to move forward with the USDA.

"ABA's executive committee was very concerned about the industry being divided at a time we should be building off the momentum of being reengaged with consumers as well as a very uncertain political environment," Mr. MacKie said.

Of the plans to revise the program, Mr. MacKie said the ABA supports an effort to find a path forward, which allows the association to return to neutrality.

"We hope this will be seen as an opportunity for the Grain Foods Foundation to reengage with the entire industry," he added. "We are looking for broader consensus. There is a real opportunity to benefit the industry if we get it right."

While hopeful the revisions will ultimately lead to a successful launch of a checkoff program, Tony Martin, executive vice president of Martin's Famous Pastry Shoppe, Chambersburg, Pa., expressed frustration over the delay.

"I still think the checkoff is the right thing for the industry," said Mr. Martin, a member of the GFF steering committee. "I think the right time is now."

While several opponents of the checkoff were from the foodservice side of baking, Mr. Martin said many bakers supporting the program have foodservice customers.

"It's a growing part of our business," he said. "From the foodservice side, we've all been battling the Wheat Belly, the Atkins diets and all these grand exposés of why you shouldn't have grain in your diet. The cooks and chefs are influenced I think far more than consumers are. Now we have an opportunity to get good literature and science to them."

Mr. Martin took issue with the decision to effect change by requesting a publication withdrawal rather than using a required public comment period after publication of all checkoff proposals. The withdrawal drags out the process unnecessarily, he said.

While Martin's has enjoyed rapid growth in recent years, concern about the overall health of the baking industry prompted his decision to support the checkoff.

"If it helps grow the industry, I was willing to do it," he said. "Doing nothing is not acceptable. We're growing. We're thankful for that. The industry has been down steadily, year after year. It's hard to grow a business over time when the whole industry is shrinking. When the supermarkets see they aren't making as much money in the space, what do they do? They shrink it further. It doesn't have to be that way."

At the 2019 townhall discussion, Lawrence L. Marcucci, CEO of Alpha Baking Co., Chicago, was among a group of baking executives who spoke out against the checkoff. Eighteen months later, his opposition is undiminished. While he said he did not receive definitive word about whether Alpha would have been among the companies large enough to be assessed under the checkoff, he expressed

concerns both that smaller competitors would not be subject to paying into the checkoff and that the marketing campaign expected to be part of the checkoff program would not be beneficial to his company.

“In Chicago, there are a number of smaller companies that Alpha Baking competes with that would not have had to contribute to that threshold,” he said. “I was potentially going to have to contribute to the funding money that other bakers would not have to spend. I think that was a big bone of contention.

“From an Alpha standpoint, we are largely foodservice. My business model is such that I don’t spend money for a great amount of advertising. Consequently, most of my money goes to research and development for products for my foodservice customers.”

While a number of independent bakers have been outspoken supporters of the checkoff program, Mr. Marcucci said others are skeptical of the value of a broad, industry marketing campaign.

“A lot of independent regional bakers have personal connections to their communities and/or their customers, sometimes decades long with the cities or towns where their facilities are located or where their customer base us,” he said. “Many of those people felt very strongly about how they advertise their particular brand. A lot of people work really hard to develop that or feel they have a particular niche they appeal to. They didn’t want to contribute to a nebulous checkoff program. I think there are a lot of questions out there about whether checkoff programs actually really do anything or not.”

Elevated record keeping requirements to determine payment of funds into the program and a plan to operate the checkoff for three years before taking a vote also did not appeal to Mr. Marcucci.

“You would have to pay for three years to find out whether it was working or not,” he said. “To me, from an Alpha Baking standpoint, there aren’t many things I pay three years for to see whether it will be any good or not.

“I understand a rising tide lifts all boats, but sometimes the tide doesn’t come in the way you want it.”

[Associations/Agencies \(/topics/835-associations-agencies\)](/topics/835-associations-agencies)

[American Bakers Association \(/topics/978-american-bakers-association\)](/topics/978-american-bakers-association)

[Companies \(/topics/822-companies\)](/topics/822-companies)

Sign up for our free newsletters

From breaking news to R&D insights, we’ll send you the top stories affecting the industry.

Subscribe (https://sos.dragonforms.com/SOS108_BBN_profile?pk=ArticleLink)