

Organizational Readiness



Tom Bellamore

In 1994, when I was hired by the California Avocado Commission (CAC), the organization had already been marketing California avocados for 16 years. About 6,500 growers were producing avocados on 61,000 acres; some packed with cooperatives and others with independent packers, so half of the producer seats on the Commission's 29-member board were allocated to one category and the remainder to the other. There was much work to be done on the marketing front with annual U.S. per capita consumption of avocados at a meager 1.25 pounds. Competition was limited to exports from Chile, which were chiefly counter-seasonal. Prospects for the entry of avocados from Mexico loomed large as the U.S. Department of Agriculture issued an Advance Notice of Proposed Rulemaking that year, commencing a rule-making process that would not conclude until some 22 years later.

Fast forward to today, in which

we have 4,000 growers producing California avocados on about 44,000 acres, a total area just slightly larger than the acreage base in 1978 when the Commission was created by statutory enactment. The last cooperative dissolved many years ago and the Commission has since dropped the co-op/independent grower distinction, but not until recently did the organization fully reshape itself to reflect structural changes in the industry. Now, following a series of legislative changes to the sections of the California Food and Agricultural Code that govern Commission operations, the organization is poised to begin anew. This streamlined version of the organization will be challenged, like never before, with keeping the California avocado brand relevant and meaningful in a burgeoning market, which could see total U.S. avocado consumption in excess of four billion pounds by 2025.

Not all growers have made the

journey thus far, and some are struggling — victims of regulation, drought, high water prices, labor shortages and urban encroachment. Of the 4,000 remaining growers in California, it is estimated that about half have less than 10,000 pounds of production annually. Beginning November 1, 2017, these growers will be exempt from payment of the CAC assessment. “Commercial” growers will be defined as those whose annual production — using a three-year rolling average ending with the prior marketing year — meets or exceeds 10,000 pounds. Bear with us as this change is implemented at the packer level for there are apt to be a few hiccups. And remember that the federal assessment levied by the Hass Avocado Board will still be collected at first point of sale when growers deliver their fruit to packinghouses, regardless of a grower's total production.

Also in November 2017, the newly-seated Commission board will consist of 19 members: two producer members from each of five districts, one alternate producer member from each district, two handler members and one alternate handler member, and one public member. Expectations are running high and many in the industry will be watching to see if the new, smaller



Board of Directors

District 1

Member/John Burr
Member/Jessica Hunter
Alternate/Ryan Rochefort

District 2

Member/Kellen Newhouse-**Vice Chair**
Member/ Leo McGuire
Alternate/Ohannes Karaoghlanian

District 3

Member/Art Bliss-**Treasurer**
Member/ John Lamb
Alternate/Robert Grether

District 4

Member/Jason Cole-**Secretary**
Member/Ed McFadden
Alternate/Bryce Bannatyne

District 5

Member/ Tyler Cobb
Member/ Rick Shade-**Chairman**
Alternate/Bradley Miles

Handlers

Member/Steve Taft
Member/Gary Caloroso
Alternate/Gary Clevenger
Member/Egidio "Gene" Carbone
Member/Robb Bertels
Alternate/Donny Lucy

Public Member

Nina Ames

To contact a CAC representative, please visit:
CaliforniaAvocadoGrowers.com/Commission/your-representatives



board operates more efficiently and focuses with precision on the challenges presented by a dynamic marketplace.

It is no understatement to say that our competitors have been our curse and our salvation. Fueled by ample domestic and imported supplies, the U.S. avocado market will soon approach 10 pounds per capita consumption annually. California, on its best day, falls far short of meeting this phenomenal demand – demand which would not be there but for the presence of offshore fruit. The price we pay for increased market size is the volatility that accompanies diversification in supply. Simply put, the more suppliers in the deal, the greater the potential for a misstep that affects everyone. To date, the Commission has carved out a secure place in the market, even in small crop years when retail and foodservice customers might be tempted to see our volume as being of little consequence. Instead, we command a premium. Our competitive advantages continue to set us apart, but this is not a given. The new board must ensure that we never slip into “commodity” status.

The new board also must contend with finite resources, as did their predecessors. The difference is, the market-

ing challenge becomes more acute as California’s share of the total avocado market declines, and the board may no longer have the luxury of pursuing interests that have a questionable return on investment. Every dollar spent must advance the mission of the organization and improve grower returns. Decision-making should be facilitated by the new, smaller board size, but the stakes remain high and members will be under even more pressure to deliver results. In the coming years, each Commission program will be weighed in the balance and some tough decisions will have to be made.

Your board and management are already well down this path. Since 2009, efforts have been underway to stabilize the assessment rate, closely evaluate programs and maximize the marketing spend. When viewed on a graph, as the board did at its August meeting, the shift of resources over time from non-marketing activities to marketing, was unmistakably evident. If the California brand is to remain prominent in the years ahead, the trend must continue. The modernized Commission that takes its first breath in November offers the California avocado grower the best chance of success in the decades ahead. 🥑