



BRING GRASS TO LIFE™
U.S. SOD INDUSTRY CHECKOFF

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By Kiersten Schroeder and Casey Reynolds, PhD

Chances are most Americans come in contact with the work of a checkoff program every day without even knowing it. Whether it's buying a new pair of jeans, enjoying a thick steak or pork chop, or even riding in a car with Goodyear tires—all of these things are possible in part because of national checkoffs.

Checkoffs All Around

The majority of national checkoffs are for agricultural commodity products like soybeans, dairy, beef, pork, and almonds, but checkoffs have expanded into other industries, such as concrete masonry and propane. Regardless of the product, most checkoffs are started for the same reason: driving new demand, whether through research, marketing, or promotion.

“In almost every case, checkoffs are the brainchild of a small group of producers who can see the enormous potential of working together as an industry,” said Ladonna Lee, 5280 Strategy. “It may be because of declining markets or the opportunity to build a new market or even improve the production of a product. At the end of the day, checkoffs work because all producers support at an equal rate and all producers benefit from the work of the checkoff.”

The path to a national checkoff is purposely long with a number of checks and balances. Once an industry has determined interest in establishing a program, they submit their case for formation to a federal agency. Getting to that point can take months, if not years, of time and dedication by producer volunteers working with other producers, state and regional associations, and related industry organizations. For industries outside of agriculture, the next milestone is an actual act of Congress to establish the framework of the checkoff. For agricultural products like sod, Congress passed the Commodity Promotion, Research and Information Act in 1996, giving the U.S. Department of Agriculture (USDA) the authority to establish a checkoff without congressional approval.

The next major milestone is a draft Order, crafted in partnership between producers and the federal agency providing oversight. Producers and the general public have the opportunity to comment on the draft Order before it is finalized and then it becomes what producers actually vote on in a referendum. If a majority of producers (and in some cases, representing a majority of production) vote yes, a checkoff is then officially approved and established.

Once a checkoff board is up and running and collections have begun, volunteer producer leaders create the strategic priorities and begin funding programs. Every program funded needs to have the same objective: to increase product demand and/or expand markets. And every checkoff is led and governed by a group of volunteer producers representing their industry.

The Impact of Checkoffs

Any of the 21 national agricultural checkoffs is proof of the positive impacts a checkoff can have. When the soy checkoff was created and approved by U.S. soybean farmers in 1991, there was an oversupply of soybean oil, driving prices down. Checkoff leaders began funding research to find new ways to use soybean oil, including in industrial applications. One of those efforts was plastic polyols made with soybean oil, replacing petroleum as a primary ingredient. The checkoff remained involved in this technology, eventually connecting researchers and fabricators with end users. Today, the polyol technology funded by the checkoff can be found in countless products, including Ford vehicles, John Deere tractors, and Goodyear tires.

In 2008, Americans ate just two pounds of mangos a year. That same year, the national mango checkoff was established, and leaders began to invest in programs that researched the nutritional benefit of mangos. Research results were then used in a national advertising campaign that enticed consumers with chef-inspired recipes, health facts and inspirational images of mangos. Fast forward to 2019 and consumers now eat nearly six pounds of mangos a year, an almost threefold jump.



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Softwood lumber producers established their checkoff in 2012 after two decades of market share erosion. Many of the programs funded initially were focused on promotion, including a campaign to expand softwood lumber into commercial and multi-family construction, targeting architects, developers, engineers, and contractors. After eight years of checkoff investments, the industry has experienced 6.3 billion board feet of new demand and an incremental \$2.4 billion of revenue.

What Would a Sod Checkoff Look Like?

Beginning as early as 2017 and at the request of the sod industry, representatives from the sod production industry reached out to other checkoff boards, the American Farm Bureau Federation, and the USDA to learn more about how checkoffs get created and how they work. In 2020, a group of sod producers founded a Sod Checkoff Draft Formation Committee to begin exploring and writing the terms for a potential U.S. sod checkoff program. The Draft Formation Committee worked over several months to write a simple, effective, draft Order that would be desirable and impactful. This draft Order outlines the details of the key points needed for an efficient, successful checkoff program that would pass in an upcoming referendum of U.S. sod producers. The Draft Formation Committee and support team submitted this draft Order to the USDA in November of 2020 and will spend the coming months working with them to approve the program. Once approved, the draft Order will be published in the U.S. Federal Register for everyone to see and provide comments on prior to a referendum on its passage. The key details of the program follow.

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Highlights of the Proposed Sod Checkoff Program

- U.S. Sod Checkoff board members will be nominated by sod producers.
- The Board will be composed of 13 members who are all sod producers serving 3-year voluntary terms and shall be established as follows:
 - 4 members from the Northern U.S. where cool-season grasses are primarily grown;
 - 5 members from the Southern U.S. where warm-season grasses are grown;
 - 4 members from the Transition Zone region and California where both cool- and warm-season grasses are grown.
- The proposed assessment rate is 1/10th of one penny per square foot of sod sold annually.
- The proposed assessments will be submitted quarterly to the U.S. Sod Checkoff Board.
- The U.S. Sod Checkoff Board will propose and submit an annual budget for how all funds are to be used for research, marketing and promotion, developing new markets, etc.
- All U.S. sod farms will contribute.
- The Order will not become effective unless approved by a simple majority (50 percent + one vote) of sod producers voting in the initial referendum that are engaged in the production and sale of natural grass sod products in the U.S.

What's Next for Sod Producers?

Over the next several months, sod producers will have the opportunity to comment on the draft Order and learn more about why a checkoff could be the next best thing for sod. Producers can also expect several opportunities at regional and state meetings and checkoff town hall forums to learn more and address questions.

“One of the most important things to happen in the months leading up to a referendum is for producers to hear directly from other producers why a checkoff is needed, how it will impact their industry and how it will impact their own operation,” said Lee. “And once a checkoff is passed, that communication remains just as important so producers understand exactly where their checkoff dollars are going and the impact the checkoff is making.”



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U.S. SOD INDUSTRY CHECKOFF

The final milestone to a sod checkoff program will be the actual referendum, expected sometime in late 2021. That is when producers will decide whether or not to establish a checkoff.

Sod producers from around the U.S. have expressed their opinions on why the Sod Checkoff Program is so important to the future of the natural grass sod industry. A few of their comments are shared below.

“Increased pressure to remove or plant less natural grass makes a Sod Checkoff Program that would educate the public about the benefits of sod essential to our survival.”

“With no real funding to educate the public as to the benefits of natural grass, a Sod Checkoff Program would allow for such an effort—plus provide a great opportunity to fund research to increase the environmental sustainability of our product.”

“Natural grass is threatened every day by ill-informed do-gooders. We need a permanent funding mechanism like a Sod Checkoff Program to educate the public about the benefits of natural grass while supporting research to increase the reduction of inputs necessary for healthy stands of grass.”

SOD INDUSTRY CHECKOFF TEAM

Recently the Sod Industry Checkoff Formation Committee contracted with a diverse team to lead and implement a Vote Yes campaign for the upcoming referendum. The team includes Watkinson Miller, a Washington D.C.-based law firm that has been involved in multiple commodity checkoff programs; CLUTCH and Summit 5280, led by checkoff and marketing pros Ladonna Lee and Kiersten Schroeder; and G&S Business Communications, an integrated marketing communications firm.

Watkinson Miller

A Washington D.C.-based law firm, Watkinson Miller specializes in the areas of agricultural commodity promotion and research programs (aka checkoffs), agribusiness, and agriculture law. For over 35 years, Watkinson Miller attorneys have been delivering top quality, cost-effective legal services to over half of the commodity checkoff boards and have served as primary legal advisor for commodity task forces in the process of establishing new checkoff programs.

Wayne Watkinson devotes the majority of his practice to corporations and associations involved in agriculture and agribusiness, with an expertise in commodity promotion and marketing issues. Wayne has worked with several industries to establish and provide ongoing counsel to their commodity checkoff programs, including dairy, beef, soybeans, honey, mushrooms, fluid milk, watermelon, and peanuts. He is also in the midst of assisting the concrete masonry industry in establishing a national checkoff. In addition to domestic marketing activities, Wayne serves as counsel to organizations such as the U.S. Dairy Export Council that operates programs to enhance exports of agricultural commodities.

Sara Ford Burstein focuses her practice representing national commodity boards, nonprofit organizations, and small businesses on a range of corporate and commercial law matters. She regularly advises clients on corporate/organizational formation and strategy and contract matters, as well as intellectual property matters related to trademarks and domain name disputes. Sara also assists clients that are experiencing critical leadership transitions by coordinating executive search services.

CLUTCH/5280 Strategy

CLUTCH is a hybrid marketing and consultancy firm, focused solely on B2B issues in agriculture, construction, and food and works with several commodity checkoffs. The CLUTCH team includes agronomists and former food and ag company decision makers who are grounded in the business of agriculture. 5280 Strategy is an issues and campaign-based firm with significant experience in checkoff issues and political campaigns and strategic communications.



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Ladonna Lee brings decades of experience in strategic communications counsel. She has worked on countless local, state, and federal issues campaigns. She has designed and overseen the implementation for multiple checkoffs (including soybeans, beef, propane, and concrete block). Ladonna has also led multiple right-to-build projects and World Cup bids, as well as U.S. presidential campaigns.

Kiersten Schroeder brings more than 20 years of experience working with checkoffs and Fortune 500 companies. Her work has created results for start-ups, regional and multi-national brands, and producer-funded organizations. Kiersten’s unique blend of strategy and execution and her ability to develop relationships has helped her consistently deliver for several Fortune 500 companies, as well as state and national checkoff organizations ranging from soybeans to strawberries and concrete masonry to propane.

G&S Business Communications is a communications firm with more than 50 years of experience in agribusiness. Within the turf industry specifically, G&S has experience promoting companies and products within the golf, lawn care, and sod segments. The G&S team includes market researchers, media strategists, creatives, and engagement experts.

Steve Halsey is a proven senior strategist known for challenging conventional wisdom, helping brands break through the clutter, and building demand and business value. He believes the keys to growth are focus, clarity, integration, and inspiration. Steve has spent over 20 years at G&S, spearheading the development of the agency’s proprietary messaging and brand strategy services and helping to lead the creation and build-out of G&S’ digital, social and insights teams. He is actively engaged in the communications industry as a member of the International Association of Business Communicators and the Public Relations Society of America and as an elected member of the Operating Committee of Page Society’s Page Up organization.

Lyndsey Newnam brings more than a decade of direct expertise in the turfgrass industry, working with producers, superintendents, researchers, media, marketers and more. Her fourteen-year tenure with G&S has resulted in continual business growth and award-winning campaigns for her clients, including several top industry awards for campaigns focused on communications in turfgrass. Lyndsey draws on deep industry expertise to shape integrated, targeted campaigns including media relations, writing, event planning, and strategic development, that resonate with customers and help meet client business goals.

Chris Martin is an award-winning creative known for compelling story-based experiences and finding engaging points-of-view in home and lifestyle markets. Chris has directed award-winning campaigns supporting the HGTV Dream Home Giveaway franchise, supporting sales and marketing at The Home Depot and co-creating the sports journalism brand, CNN Sports Illustrated. He strives to share brand-specific stories about how things work and make life better, while giving voice to technical features and performance data.

CHECKOFFS CAN GENERATE GREAT ROI

A common method checkoffs use to measure the return on investment for producers is through an economic-impact study. In most cases a Return-on-Investment (ROI) study is mandated and conducted on a regular basis by an independent, third-party economist who analyzes all supply- and demand-enhancing programs. Following is a list of recent ROIs from a variety of checkoff programs which shows the return on every \$1 checkoff investment.

Almonds—\$6.20	Eggs—\$9.04
Beef—\$11.91	Mangos—\$11.51
Cotton—\$4.00	Pork—\$25.00
Dairy—\$4.78	Soybeans—\$12.40

Kiersten Schroeder is vice president, Reputation+Relevance, with CLUTCH, an agriculture marketing and consulting firm that works with several commodity checkoffs. Casey Reynolds, PhD, is executive director of Turfgrass Producers International.

