

## 2019 AWA PRESIDENT'S PROGRESS REPORT - Pete Eshelman

### INTRODUCTION

Congratulations! 2020 will be the 30th anniversary of the AWA and our future is bright!

Looking back, 2019 was a defining year for the AWA. We made great progress in driving the AWA forward for the benefit of members and the Wagyu breed. At a high level, this year can be broken down into three phases:



**Change! Change! Change!** By the end of 2018, AWA members demanded change. Your voices were loud and you were very specific about changes. Your new President, newly elected Officers, and new Directors made necessary changes. I will outline these changes in this report.

**Progress! Progress! Progress!** Once changes were made, we immediately focused on solving problems, and initiating new services culminating in a very successful Annual Meeting in Nashville. I will outline progress made.

**Confidence! Confidence! Confidence!** With the foundation laid, we adopted a 5-year strategic plan (2020-2025) which is a confident road map for our future success.

### 2019 PROGRESS REPORT

**New Culture** - Once new Officers were elected in our first Board meeting on January 11, 2019, we changed the AWA culture in a nanosecond - “members first.” This meant that member issues and requests would be handled expeditiously and thoroughly. We’ve lived up to this promise and will continue to do so.

**Leadership Changes** – At the beginning of 2019 the “members first” culture change was not accepted by all. As a result, three Directors resigned, three new Directors joined the Board, we bolstered the office staff, retained consultants, and hired Robert Williams our new Executive Director. During this year, we have had over 40 Board meetings by conference call which is a testament to this volunteer Board’s commitment to the AWA’s success.

The 2020 Board will include: Pete Eshelman, Ralph Valdez, Clem Kuns, John Hall, Phil Bowman, Jenny Tweedy, Desi Cicale, Kyle Journey, new board member Sheila Patinkin and non-voting member, Robert Williams. Mike Kerby is leaving the board after fulfilling his three-year term and we thank Mike for his dedication and service to the AWA.

This Board and Staff know how to work together and make things happen. 2020 will be a big year for the AWA with this Board’s leadership.

**Member Needs** - Member needs fell into 3 categories:

1. Digital Beef and CAR - In January, the pressing need was to improve Digital Beef and CAR. The membership wanted choices and not just one size fits all. We immediately designed and in February implanted two herd classification options: Verified - the ability to register animals only, and Standard - the ability to register and participate in the complete animal reporting program (CAR.)

2. International Commerce - Members requested the AWA's assistance in expediting International Commerce with registrations and the sale of genetics. The Board committed to implementing an International SNP Sharing Policy at the September Annual Meeting and after extensive work with Staff, Board Members and Counsel, this policy was officially approved on December 16, 2019 by the AWA Board of Directors and released to the Membership.

3. Member Grievances - The AWA is the registry for Wagyu in the U.S. and is bound to enforce rules established by the membership and Board of Directors. At times member grievances come to the AWA's attention. Each of these instances has been handled carefully and thoughtfully in conjunction with advice from the AWA's counsel.

**Financial Integrity** - This Board committed to a plan to manage the Association's finances professionally and with absolute integrity. We retained a new CPA accounting consultant who oversees the financial activities and prepares our financial statements for review and audit by our auditing CPA. Annual audited financial statements are posted on the AWA website. We will continue this professional approach to ensure financial integrity.

Consistent with our commitment to financial integrity and transparency, we note that the AWA has experienced a significant increase in budgeted legal expenses for this fiscal year as a result of responding to subpoenas received in legal cases to which the AWA is not a party. Immediately after the Annual Convention, on September 30, 2019, the AWA received and subsequently responded to a document subpoena in connection with the case styled *HeartBrand Holdings, Inc. and American Akaushi Association, Inc. v. Grant Whitmer III d/b/a WagyuRanch.com and Grant Whitmer II d/b/a Whitmer Cattle Co.*, Civil Action No. SA-19-cv-358, pending in the United States District Court for the Western District of Texas – San Antonio Division. On October 22, 2019, the AWA received and is currently actively engaged in responding to a document and deposition subpoena in connection with the case styled *Twinwood Cattle Company, Inc. v. American Akaushi Association, Inc., HeartBrand Holdings, Inc. and Ronald Beeman v. Jose Antonio Elias Calles*, Cause No. 18-DCV-250789, pending in the 458th District Court of Fort Bend County, Texas.

**Breed Improvement Program** - The AWA Board recognizes that a customized well-thought out breed improvement program is essential to advancing the Wagyu breed in America and the World. Our current enhanced Digital Beef and CAR operating platform provides a solid foundation to implement our breed improvement program. In the first quarter of 2020 we anticipate receiving the first review of calving and weaning data and will share this information with the membership. We are in discussions with multiple sources including the USDA to create the best way to define and capture carcass data. Our move to the 50K chip is another critical step in capitalizing on the science of genomics in breed improvement. Completing our breed improvement architecture and data collection system is a high priority in 2020.

**Promotion** - Our results in promotion of the AWA in 2019 is a mixed bag. We know areas in which we excelled and we know areas that we need to work on. Our Annual Meeting was world class and our 2020 Annual Meeting in Fort Collins, CO promises to be world class as well. We are making arrangements for our Annual Meeting in New Orleans, LA in 2021. We can do a better job in promoting our shows. We will establish committees to focus on each individual show to gain optimum value for members that participate and for the promotion of the Wagyu breed. Our website needs updating and enhancements as this is our principle source of information for members and the world. We are evaluating proposals from marketing companies to choose the one that will best serve the AWA. We recognize we have budgetary restraints and will maximize value. Regional territories have been developed and are in continued development. In 2020 we plan to further develop regional territories to maximize marketing value. South Africa will be hosting the Wagyu World Congress in August 2020. The AWA will be participating and we will be advising members of the details of this conference as details become available.

**AWA Strategic Plan** - The AWA's 2020-2025 Strategic Plan was created in August 2019 and adopted in September and released to the membership at the September Annual Meeting. It is now published on the AWA Website. 2020 will be the first year for the implementation of this plan which will be critical to the AWA's success. This plan calls for committees which will present many opportunities for members to participate in the business of the AWA.

### **2020 MOVING FORWARD**

The new AWA Board will be meeting in Denver on January 11 to elect new officers and implement the agenda for 2020. You will be advised of the results of this meeting soon thereafter. We are now in the "Confidence Phase" of the AWA.

## **CONCLUSION**

This “Confidence Phase” of the AWA is critical and harder than the Change and Progress phases of last year. Those phases required action and decisive decision making. The Confidence Phase will require action, decisive decision making and, most importantly, thinking. Thinking is the intellectual exercise of pro-actively positioning for the future and developing success strategies. When you have confidence in your plan, you win. Confidence drives success. A sports team must have confidence to win. Investors must have confidence in the economy and the stock market to invest. AWA members must have confidence in the strength and stability of the AWA to continue investing in the breed. New members will be attracted to join a strong AWA. And, most importantly, the increased value of Wagyu in America will require confidence by consumers and breeders that the Wagyu breed is the most valuable breed in the world. Capitalizing on confidence requires the team effort of this dedicated Board, Staff and Membership pulling together to **“win.”**

2020, the 30th anniversary of the AWA, will be the defining year. Your Board and Staff already have our sleeves rolled up and are on a “dead run” to drive the AWA forward as we work to realize the economic potential of Wagyu in America and the World.

On behalf of your Board and Staff, have a great holiday season. See you in Denver!

Pete