

The American Radio Relay League

Report of the Administration and Finance Committee

2005 Annual Meeting

Committee Members: Director Coy Day, N5OK, Chairman; Vice President Kay Craigie, N3KN; Directors Frank Butler, W4RH, Tom Frenaye, K1KI, Bernie Fuller, N3EFN, and Jim Weaver, K8JE; Executive Vice President and CEO Dave Sumner, K1ZZ; CDO Mary Hobart, K1MMH, Secretary; CFO Barry Shelley, N1VXY; Treasurer Jim McCobb, W1LLU; and President Jim Haynie, W5JBP (ex-officio).

Introduction

This has been a challenging year for the ARRL with our continuing fight against Broadband Over Power Lines and other threats. Significant funds are being raised and expended in our continuing fight against these pressing issues. In fulfilling our responsibility to oversee the financial aspects of the ARRL, the A&F Committee has been closely watching revenues and expenses. We will meet the objective of returning the organization to a better than break-even financial result although the gain may not be as large as was originally planned. We can credit this result as much to under spending the original budgets and the excellent results from the sale of the new edition of the ARRL Handbook than anything else. Revenue trends for the coming year continue to be a major concern and we will need to reduce spending even more if we are to produce another positive bottom line in 2005. Regardless of external pressures we must not lose focus. We must work toward realizing the goals identified in our Strategic Plan.

Initiatives

ARRL Affinity Credit Card Proposal

The CFO has proposed a new revenue possibility encompassing an affinity credit card sponsored by US Bank. Staff is currently reviewing their proposals for structure of this agreement and is in the process of negotiating an agreement.

Fully Allocated Cost Reporting

Allocated cost reporting provides another perspective of looking at expenses that will more accurately reflect support and fixed costs to programs and departments. The initial analysis was prepared mostly by spreadsheet rather than automatically through the general ledger system. Staff is looking for ways to automate more of the process if possible to reduce the time required for preparation of the report.

Membership Promotion Video

This video is intended to show members what the ARRL does for them. President Haynie is working with Alan Kaul and Dave Bell to finalize the script. Walter Cronkite

has agreed to narrate the video. Because of that the video will not be available until February.

Improving Member Relationships

The committee has expressed a need for customer service training. Initially we are focusing on the importance of telephone training. Staff is to insure the training of key staff personnel and then develop a plan to train all those that interface with the membership by telephone. We also encouraged staff to implement training in e-mail correspondence.

Document Retention

The committee has recommended to staff that a comprehensive documentation retention plan be developed that is customized for ARRL needs. The plan is to be distributed and responsibilities assigned.

Ongoing Financial Issues

2005-2006 Budget Plan

Overall, the financial trends we've seen in the past several years are expected to continue into the coming year. This means continuing pressures on revenues, including membership, which will have a negative impact on our revenues. And we do not see any indication, short of an influx of new Radio Amateurs that might be seen with the implementation of restructuring, of an upward trend in membership. The Plan also relies on increasing revenues from voluntary contributions to fund a larger portion of our operations to help balance the overall financial budget. Two positive operational items from the Plan are the proposed implementation of the mentoring program and impact of the new public relations manager.

The Kainen Estate

The Leonard Kainen estate has been settled after a year-long challenge by the sole heir. Although the estate distribution was contested, we were able to achieve a favorable resolution through our participation in the mediation process. We have received the final payment with a total amount received of slightly more than \$88,000. The A&F Committee determined the bequest would be applied to the unrestricted portion of the ARRL endowment and the money was transferred to the Treasurer for investment.

Long Term Member Awards Program

This program which as it was initially proposed was to cut costs. However, it may possibly end up being an additional expense. In the long term it is considered as a source for possible development revenue.

Siebel System E-commerce Capability

The objective of the e-commerce capability is to move information from the current store into the back office software seamlessly. Staff is currently investigating the best technology solution to accomplish this and will report to the A&F at the coming meeting.

Personnel Issues

COO Search

A committee consisting of Director Frenaye and Treasurer McCobb were appointed in conjunction with Greene & Co of Sherborn, MA to assist Mr. Sumner in his search effort. Mr. Sumner will report the results of their efforts at the 20 January A&F meeting and plans introduce the new COO at the annual board meeting.

Accrued Leave Policy

Mr. Sumner has proposed a solution to the liability of excessive accrued vacation and comp time. The committee has requested that he implement the policy and to keep the committee informed on what the associated costs are. Vacation time carry over is to be limited to 6 weeks and comp time is not to be carried over.

Conclusion

These are increasingly challenging times for the Board. We have tasked ourselves with meeting certain objectives in consonance with our Strategic Plan. Our primary concern is to make certain that we are financially secure and stable to advance and advocate amateur radio. One of our greatest challenges is to stop the loss of members. We must find a way to turn this around. This loss has a cumulative effect over time and will have serious consequences down the road if not curbed or better yet, reversed. The A&F committee is making this a top priority. In addition, lower than expected advertising revenues and lower program fees continue to be a problem. The latter is particularly troublesome in that it represents member activity. It is essential that we make the tough decisions necessary to get these times behind us.

Coy Day, N5OK
Chairman
January 21, 2005