

Report of the Administration and Finance Committee for the July 2007 meeting of the ARRL Board

At the Annual Meeting, management's plan for 2007-08 was recommended by the A&F Committee and adopted by the Board. An oral report of the A&F meeting in Newington on January 18, 2007 was given by Mr. Frenaye. Minutes of the meeting were distributed on February 4, 2007 [arrl-odv:15206].

The A&F Committee met in Newington on April 14, 2007. Minutes for the meeting were distributed to the Board on April 30, 2007 [arrl-odv:15511].

A summary of the April meeting activity:

- 1) We continued our discussion about the ARRL Pension plan, including the need to review future costs, the plan design and vendors for plan services. The Pension Review subcommittee recommended that the ARRL engage the Bostonian Group for \$20,000 for these purposes as well as on-going pension plan advice. The Committee voted to approve that recommendation.
- 2) Mr. Kramer reported on three strategies for future revenue being pursued as a result of the work of the Future Revenue subcommittee. The areas involve the ARRL Lab, publications and plaques and other gifts. Each will require some level of outside consulting and expertise, and that expense will come out of \$25,000 previously approved for publications consulting.
- 3) First quarter results were excellent, mostly as a result of the FCC's elimination of Morse code as a licensing requirement. Sales of training materials led the way, as well as strong fee receipts from the Volunteer Exam office.
- 4) Treasurer McCobb reported that the total investment portfolio was now over \$13m and that there was been no need to transfer any income to operations for the last two years.
- 5) A compensation subcommittee will be established to work on ways to make sure CEO performance evaluations and compensation reviews are handled on a timely basis.
- 6) Business Service Manager Deb Jahnke gave a presentation on advertising revenues and challenges.
- 7) Ms Hobart presented a proposal on using a consultant to analyze existing membership and donor information for possible use in future fund raising activities. An initial review and report for \$6000 was approved.
- 8) Mr Kramer presented figures on the initial round of upgrades and new licensees seen after the FCC rules changes on February 23rd. After hours telephone calls are now being handled by an outside service with good results. About 200 calls per week are now being answered, with most responses being made the following day.
- 9) Mr Kramer reported on four major web/IT projects in the queue – Logbook, Web/Siebel integration, local/department web updates, and web automation of existing functions. New hardware for the Logbook of the World has been installed and the switchover to the new server (and some software) should follow. Significant work on the integration of the web sales and Siebel back office software has been accomplished with a team from several departments. This was more complex than originally expected, but has led to some significant improvements in the use credit cards and shipping vendors.

Mid-April to mid-July

In May, COO Kramer indicated that despite considerable effort, he believed it not possible to find a new Ad Sales person at the time. There were a couple of qualified candidates but they did not work out in the end. For this year, the pursuit of candidates has been halted. In June, after internal discussions about marketing issues, Mr. Kramer

requested a replacement position, for a Product Marketing Sales Specialist. He noted, "One of the preliminary results of this study is that both consultants, working independently, came to the conclusion that in order to sell more products, we need more marketing effort, particularly in the direct marketing area. They believe that we are undersold and in our own markets and that we need to expand into other markets including wholesale and on-line publication distribution." This is currently an open position at about the same salary as the previous Ad Sales position.

In June, some problems were discovered with the drainage basins in the parking lot and driveway in front of the building. The wear and tear since the original building construction in 1963 (44 years of use) finally created some problems that had to be repaired (\$7k).

In preparation for the Diamond Terrace project to upgrade the entrance to the building and support ARRL activities, painting of the front of the building and replacement of the concrete walkways was completed. Board members will be able to see the changes when they arrive in Newington.

Haggett Longobardi, ARRL's auditors since 2002, has now merged with J.H.Cohen LLP. J.H.Cohn is a larger firm, established in 1919, and located in the New York City area. The combination will create the largest regional accounting firm in the Northeast and roughly the 16th largest firm in the country. For now, H-L keeps its name and is a division of J.H. Cohn. They say we should see no change in the service provided to ARRL.

Upcoming items

The Committee will be meeting again on July 19th, the day before the Board meeting, and we will provide the Board with at least a verbal update of the items covered during our report to the Board. The Committee's Future Revenue subcommittee is spearheading an effort to identify and stimulate new business opportunities. We will be hearing from Haggett Longobardi, our auditors, William Dunkerley, our publications consultant, and the Bostonian Group, our pension consultants.



A&F Committee

Tom Frenaye, K1KI, chairman
Dennis Bodson, W4PWF
Bill Edgar, N3LLR
Henry Leggette, WD4Q
Bill Sawders, K7ZM
Bob Vallio, W6RGG
Jim McCobb, K1LU

plus

Dave Sumner, K1ZZ, CEO
Barry Shelley, N1VXY, CFO
Mary Hobart, K1MMH, CDO
Harold Kramer, WJ1B, COO

14 July 2007