

Dedicated to National Security

Executive Committee Meeting

Friday, December 16, 2016 ❖ 10:00 a.m.

Conference Call

Attendance

Present

Mike Blount (Pres)	Sal Nodjomian (Pres Elect)	Marvin Fisher (VP)	Joseph Schroedel (XD)
Jane Penny (Past Pres)	Matt Altman	Brian Balukonis	Siokey Gastelum-Galvez
Bill Haight	Rich Khalil (non-voting)	Cindy Lincicome	Scott Prosuch
Hal Rosen (non-voting)	Bob Sidoti	Rodney Worden	

SAME Staff (non-voting)

Nicholas Desport	Allison Ingram	Stephen Karl
Ann McLeod		

Not Present

Kurt Ubbelohde (VP)

Call To Order & Welcome

The Executive Director ('XD'), BG Joseph Schroedel, USA (Ret.), called the meeting to order at 10:00 am. The President, Capt. Michael Blount, USN (Ret.) welcomed attendees and noted that there were enough participants for a quorum.

The XD then noted 2017 represented the second year in a row that the SAME national budget was being presented prior to the close out of the fiscal year, so the national staff was asking for the XC's approval of the budget with the caveat that the staff would confirm the assumptions in the budget once the fiscal year was closed out in February.

Agenda and Discussion

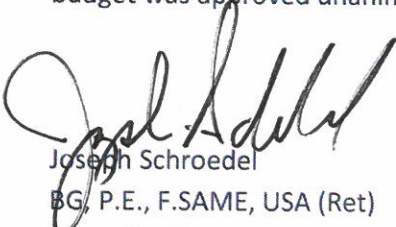
Attached to these minutes is the presentation provided to the Executive Committee ("XC"). The presentation includes the agenda and the Board discussion topics.

Prior to the presentation, the XD reminded the XC that for the second year in a row, SAME would have an approved budget prior to the start of the year. Additionally, he described that bottom up approach that was used to build the budget and the constant reference to the Strategic Plan ensuring initiatives are consistent with the plan.

At the conclusion of the presentation, the XD opened the floor for questions or comments.

Scott Prosuch asked if STEM spending was built into the budget. It was confirmed that there were resources available to support STEM spending, particularly in the Camps Budget.

Hearing no other questions, President Blount called for a vote on approving the 2017 SAME operating budget. The budget was approved unanimously.



Joseph Schroedel
BG, P.E., F.SAME, USA (Ret)
Executive Director

2 Enclosures:
SAME National Office 2017 Budget Presentation
Consolidated SAME Budget



SAME National Office FY 2017 Budget Proposal

**Executive Committee Meeting
10:00 (EST), 16 December 2016**



Agenda

- Briefing Purpose
- Strategic Plan 2020 Mission Essential Tasks
- National Office Organization
- FY 2016 Budget Execution
- FY 2017 Budget Summary
- Revenue (Objective 1)
- Expenses (Objective 2)
- Investments (Objective 3)
- Risk Management (Objective 4)
- Summary



Briefing Purpose

- **Update** the Executive Committee on the execution of the FY 2016 SAME National Office Budget.
- **Obtain** Executive Committee approval of the SAME National Office FY 2017 Balanced Budget.



Strategic Plan 2020 Mission Essential Tasks

“Gaining Momentum in 2017”

Recruit Military and Government Members.

Increase Member Participation.

Enhance Industry-Government Engagement

2020



National Office Priorities

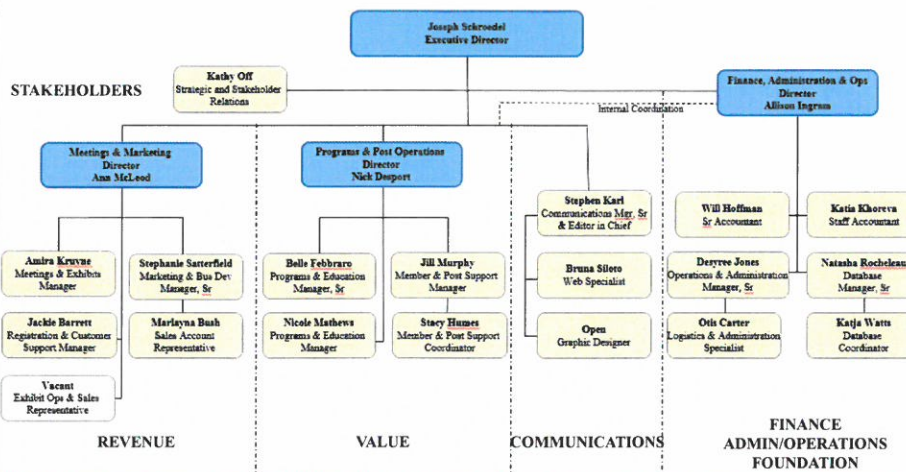
Support Posts.

Support the National Direction (Strategic Plan 2020).

Enhance SAME's National Reputation.



National Office Organization



FY 2016 Budget Execution

Statement of Activities (no Functional Expense Allocation)
Actual Expenses through October 31, 2016 and Projections for November and December

	Actuals		Projection		Total	Budget	Projection to Budget Variance
	Year to Date	November	December				
REVENUE							
Conferences and Meetings	1,842,852 \$	1,583,000 \$	-	3,425,852	\$	3,610,166	(184,314)
Dues	1,677,099 \$	191,750 \$	181,750	2,060,599	\$	2,901,000	(840,401)
Advertising and Publications	511,637 \$	80,375 \$	1,375	615,507	\$	594,500	19,007
Continuing Education	53,798 \$	15,150 \$	-	68,948	\$	141,725	(72,777)
Post Operations	85,800 \$	833 \$	833	87,466	\$	117,500	(30,234)
Education and Mentoring Fund	3,823 \$	1,667 \$	1,667	7,157	\$	52,100	(44,885)
Other Income	763 \$	623 \$	623	1,993	\$	7,500	(5,507)
TOTAL REVENUE	\$ 4,185,810	\$ 1,883,400	\$ 196,250	\$ 6,265,460	\$	\$ 6,824,481	\$ (559,021)
EXPENSES							
Program Services:							
Conferences and Meetings	1,422,217 \$	857,880 \$	350	2,380,447	\$	2,906,009	\$ 5,562
Membership Activities	25,118 \$	5,275 \$	5,275	32,668	\$	46,500	\$ 13,832
Society Publications and Communications	246,819 \$	41,342 \$	5,942	294,103	\$	934,500	\$ 60,397
Continuing Education	43,660 \$	10,877 \$	4,770	59,307	\$	136,201	\$ 76,894
Post Operations	549,176 \$	8,708 \$	85,187	643,071	\$	647,000	\$ 4,008
Education and Mentoring Fund	87,887 \$	17,375 \$	-	105,262	\$	66,050	\$ 1,088
Total Program Services	\$ 2,384,867	\$ 1,040,688	\$ 100,124	\$ 3,484,780	\$	\$ 5,685,840	\$ 161,518
Supporting Services:							
Management and General	2,388,620 \$	256,292 \$	287,292	2,932,204	\$	3,191,507	\$ 287,303
Fundraising	2,285,430	252,292	287,292	2,835,204	\$	3,191,507	\$ 297,303
Total Supporting Services	\$ 4,674,050	\$ 508,584	\$ 574,584	\$ 5,767,408	\$	\$ 6,383,014	\$ 616,302
TOTAL EXPENSES	\$ 7,058,917	\$ 1,549,272	\$ 674,708	\$ 9,302,893	\$	\$ 12,268,895	\$ 2,966,002
CHANGE IN NET ASSETS FROM OPERATIONS	\$ (2,873,107)	\$ (665,872)	\$ (478,458)	\$ (3,817,437)	\$	\$ 54,645	\$ (3,872,082)
Change in Value of Investments	\$ 334,339	\$ 8,187	\$ 8,187	\$ 350,713	\$	\$ 110,000	\$ 242,733
NET CHANGE IN NETS ASSETS	\$ (2,538,768)	\$ (657,685)	\$ (470,271)	\$ (3,467,728)	\$	\$ 164,645	\$ (3,632,373)

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FY 2016 Budget Execution "Behind the numbers"

- Continued increasing Support to Posts
 - Increased operational support by 10% over prior year.
 - Increased attendance at Post Leaders Workshop (50 over budgeted) – 170), consolidated spring and fall workshops (concern – posts use what taught).
 - Supported Japan Post with \$10,000 (unbudgeted).
- Continued Investing in major events - Value
 - Hired consultant to help assess JETC and sell booths.
 - Implemented JETC table top exercise – finalizing 2017 concept.
 - Continued to invest in high quality key note speakers (eg: Kelly, McNichol, Jackson, LTG Lynch – avg. cost \$25,000).
 - Continued increasing program quality and education (execution costs).
- JETC
 - JETC net revenue was approximately \$165K lower than 2015, 2016 budget.
 - Need to reimagine JETC to build on Table Top Exercise – capabilities focus, leverage coalition of military societies, enhance support to veterans.
 - JETC and SBC add unique value for industry, military and government.

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FY 2016 Budget Execution "Behind the numbers" - (Continued)

- Operationalized the Investment Committee
 - Investment Policy guidance revised to match investing goals
 - Transferred Merrill Lynch assets to Orion Investment Advisors resulting in lower fees and increased foundation investing expertise.
- SAME Foundation Established
 - Founding Board approved governance (bylaws, etc); Rolled Out at JETC.
 - **TAX EXEMPT STATUS RECEIVED 10 NOV 2016 (no clarifying questions from IRS).**
 - Full Board (14) approved by SAME Board membership and Chair (John Mogge) at the November Board meeting.
 - Foundation Board meets January 2017 (fund raising, post support, professional development scholarships to support recruiting).
- Continued Quarterly Management Review and Analysis (QMR)
 - Financial Statements have been redesigned to enhance understanding.
 - Reporting to national leadership on budget execution is routine.
 - Enabled identification of system issues and hidden expenses.
 - Quarterly Management Review was key to managing risk.

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FY 2016 Budget Execution "Behind the numbers" - (Continued)

- Continued Controlling Expenses
 - Disciplined approach continues – creative initiatives.
 - Reduced Overhead (IT expenses reduced by 30K, personnel expenses reduced).
 - Realizing efficiencies from System Integration Initiative (increased productivity through matrix teams).
- Created Sales Function (part commission)
 - Full Time Employee was added to target new companies and opportunities.
 - Concept was successful and will be further expanded and refined in 2017.
- Membership Dues continues decreasing trend
 - Sustaining Members reducing numbers of memberships in posts.
- Advertising reversed the 2015 trend through aggressive and creative sales
- SBC Far Exceeded High Revenue and Value Expectations

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Status of 2016 Revenue Growth Initiatives

Initiative	Results
New Sales Person	Concept was successful. Certain elements required refining, but overall the sales person contributed to positive revenue growth
Fellow Investiture, Golf Tournament and Conclave	The success of this initiative was more strategic than financial. Progress in engaging Fellows was achieved.
CEO Roundtable	While the roundtable didn't create significant changes towards revenue growth the relationship value was immeasurable.
SBC and JETC Revenue Growth	SBC exceeded budget. JETC was below budget. Overall, when combined, the meetings came in about budget, which was a revenue growth success.
Partnership Program	Last year there were 12 partners and \$892K. In 2017, there are currently 14 partners at \$912K.

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Status of 2016 Revenue Growth Initiatives (continued)

Initiative	Results
Vietnam Issue of TME	The Vietnam issue generated approximately \$35k additional advertising revenue. Additional copies are still available for sale for future revenue potential
Engineering Capabilities Workshop	This initiative was put on hold in 2016, however, the pause allowed the concept to be refined and developed for 2017.

Overall, operational revenue increased by approximately \$500K, or 10% ...

Adopt same aggressive approach for 2017 ...

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FY 2017 Budget Goals

The SAME National Office FY 2017 Budget will contribute to Strategic Plan 2020 by accomplishing two overall goals:

- ***DELIVER RESULTS*** that add value to the entire society and industry to support the Strategic Plan.
- ***INVEST in SAME*** in order to set the stage for the future without incurring undue short term risk.

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FY2017 Budget Objectives

"Gaining Momentum in 2017"

- ***Revenue:*** Continue to diversify and strengthen the short and long term stability of revenue streams; establish clear business lines and sales initiatives to support.
- ***Expenses:*** Align expenses to Strategic Plan 2020.
- ***Society Investments:*** Fuel long term growth and unity of effort of the One Society to achieve the letter and intent of Strategic Plan 2020 and the SAME Foundation.
- ***Risk Management:*** *Manage risk continuously; aggressively attack shortfall areas (e.g. membership); implement multipronged risk mitigation strategies.*

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FY2017 Budget Overview

	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015	Projected 2016	Proposed 2017 Budget	Variance	
							16 Proj. vs. 17 Budget \$	%
Revenue:								
Membership				\$ 2,029,000	\$ 2,060,600	\$ 2,336,800	\$ 276,200	14%
Publications and Advertising				587,000	613,600	695,000	81,400	14%
Conferences and Meetings				2,916,000	3,425,800	3,433,500	7,700	0%
Post Operations				96,000	87,300	77,500	(9,800)	-10%
Continuing Education/Programs				92,000	69,000	48,600	(20,400)	-22%
Other Income				37,000	9,200	-	(9,200)	-25%
Interest and Dividends				229,000	149,100	110,000	(39,100)	-17%
Total Revenue	\$ 7,687,000	\$ 6,463,000	\$ 6,179,500	\$ 5,988,000	\$ 6,414,600	\$ 6,701,400	\$ 286,800	5%
Expenses:								
Membership				\$ 17,000	\$ 32,900	\$ 105,000	\$ 72,100	424%
Publications and Advertising				223,000	294,100	295,300	1,200	1%
Conferences and Meetings				1,913,000	2,380,400	2,500,300	119,900	6%
Post Operations				612,000	643,000	594,400	(48,600)	-8%
Continuing Education/Programs				132,000	59,300	42,900	(16,400)	-12%
Education and Mentoring Fund				55,000	85,000	-	(85,000)	-155%
General and Administrative				2,792,000	2,834,200	3,163,500	329,300	12%
Total Expenses	\$ 7,177,000	\$ 6,343,000	\$ 5,913,000	\$ 5,744,000	\$ 6,328,900	\$ 6,701,400	\$ 372,500	6%
Change in Net Assets from Operation	\$ 510,000	\$ 120,000	\$ 266,500	\$ 242,000	\$ 85,700	\$ -	\$ (65,700)	

Revenue by Source

SOURCES OF REVENUE

2016 Budget \$6,789,800



- Conferences and Meetings 51.0%
- Membership 33.9%
- Publications and Advertising 8.2%
- Continuing Education 2.1%
- Post Operations 1.7%
- Other income 0.9%
- Investment Income 1.6%

2016 Projected \$6,414,600



- Conferences and Meetings 53.4%
- Membership 32.1%
- Publications and Advertising 9.6%
- Continuing Education 1.1%
- Post Operations 1.4%
- Other income 0.1%
- Investment Income 2.3%

2017 Budget \$6,701,400



- Conferences and Meetings 51.2%
- Membership 34.9%
- Publications and Advertising 10.4%
- Continuing Education 0.7%
- Post Operations 1.2%
- Other income 0.0%
- Investment Income 1.6%

Revenue

Objective 1: Continue to diversify and strengthen the short and long term stability of revenue streams; establish clear business lines and sales initiatives to support.

- Continuation of sales person to increase revenue in membership/sponsorship/exhibits.
- Repperio provided a list of over 65,000 new targets. Budgeted to gain .5% of the companies as new members.
- Continuation of Partnership Program to guarantee revenue and cash flow across departments (currently 14 partners and \$912,500 revenue).
- Hiring new position for Exhibit Operations and Sales Manager to increase event revenue.
- Budgeted increase in advertising revenue based on newly developed opportunities such as the job board and website, and expanded TME advertising.



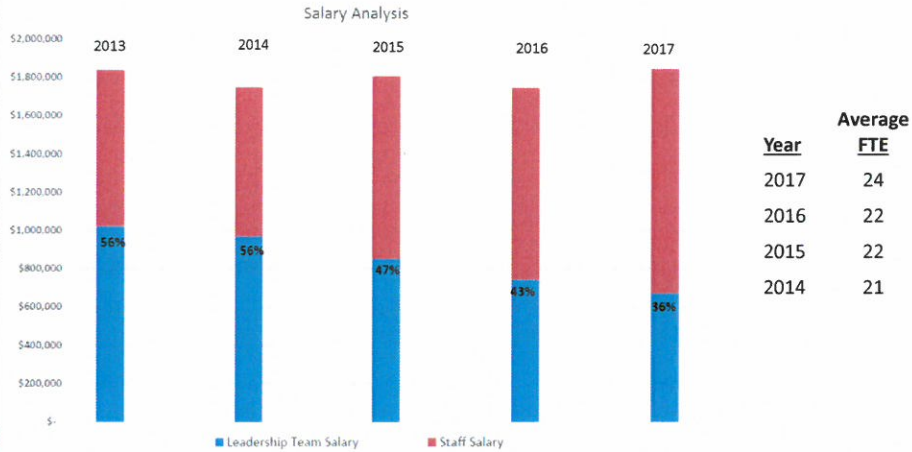
Expenses

Objective 2: Align expenses to Strategic Plan 2020.

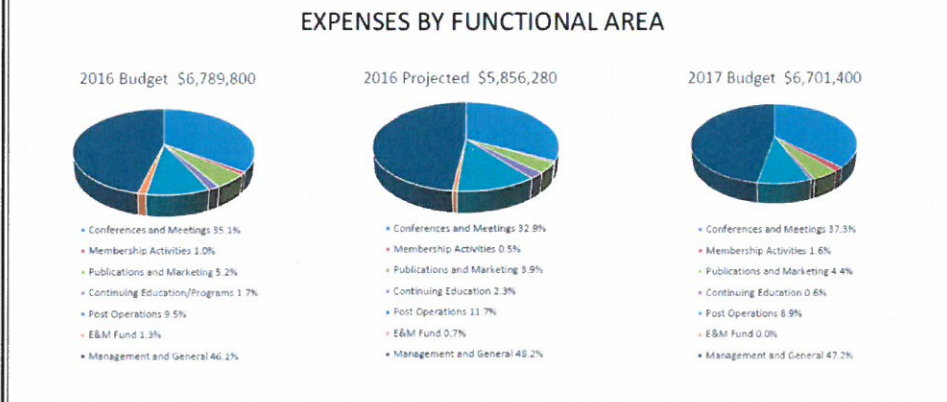
- **Several Programs were scaled back while they are strategically reviewed including:**
 - Student Leader Workshop (SLW) – integrate into PLW?
 - Critical Infrastructure Symposium (CIS) – Resilience Committee workshop
 - Emerging Leaders Alliance (ELA) – YM TF – SAME sponsored Leader Training Course?
 - Market research firm – utility?
- **Overhead Expenses:**
 - IT costs continue to be closely monitored while hardware risks have been transferred to IT vendor.
 - IT capabilities have increased, with limited to no additional financial outlay.
 - Short term disability was added halfway through 2016.
 - No additional personnel benefit costs were added in the 2017 budget.
 - Professional Association employee affiliations reduced to only value added memberships.



Personnel Expense Analysis



Expenses by Functional Area





Society Investments

Objective 3: Fuel long term growth and unity of effort of the One Society to achieve the letter and intent of Strategic Plan 2020 and the SAME Foundation.

Government/Military Membership

- Targeted Membership and Post support in Japan and Europe (\$20k).
- Overall new membership materials and campaign (\$10K).
- New programmatic offerings in Europe (ECW).
- Develop strategic partnerships that benefit members.
- Travel/Recruiting: Military Schools (Fort Leonard, etc.).

Industry/Government Engagement

- CEO Roundtable twice a year.
- Partnership Agreements.
- Enhanced relationships with other peer organizations and governmental agencies.
- Additional advocacy endeavors (PPP).
- Army-Navy Club Socials (Chiefs, XD's, CEO/Presidents).

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Society Investments (continued)

Foundation Establishment

- Net assets will be transferred to the Foundation in January 2017.
- Foundation management assumed by SAME National staff, with no reimbursement by Foundation.
- Revenue and expense previously associated with E&M Fund will be transferred to the Foundation.

JETC and SBC

- Increased educational sessions to increase value to participants
- High profile speakers enhancing value to attendees (2017: Galloway, Collins; 2018: Gary Sinise)
- Reimagine JETC.

Member Participation

- Include two tracks at PLW to further the education of prior attendees.
- Continue increase in post spending, including making funds available to the international posts.
- Develop the Best Practice System.

Communications and Marketing

- Develop and implement strategy

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Society Investments (Continued)

Systems Integration Status

- Systems successfully integrated:
 - eShow pulling membership data from Clear Vantage (improves member experience)
 - All CV financial transactions are now being imported directly into Dynamics (Financial management system.)
 - Payroll and Expense reporting are being automatically imported into Dynamics.
 - Partner Program will be automated in 2017, rather than manually tracked.
 - Approximately **32 staff hours** per month saved as a result of the integration.
- Open Integration Items:
 - eShow transactions and updates need to be pushed back to CV to be imported into Dynamics.

Investment Amount as approved by Executive Committee	\$43,000
Amount Spent	<u>\$26,200</u>
Remaining Balance	\$16,800



Risk Management

Objective 4: Manage risk continuously; aggressively attack shortfall areas (e.g. membership); implement multipronged risk mitigation strategies.

National Staff Management:

- Continue proactively managing discretionary funds.
- Accountability: continue developing ownership of *outcomes, creativity, agility*.
- Teamwork: continue building teamwork, positive service attitude.
- Personnel costs conservatively budgeted (full 401k match, full health care burden, HRA maxed out).
- New TPO HR consultant – great fit with national office team!

2020 SAME Strategic Plan Implementation:

- Mission Essential Task Focus: Industry-Engagement; Mil/Gov membership; Member Participation.
- National Staff focus: 5 January Implementation assessment and planning workshop.
- Written Annual Report (synch post reports, streamers, Ops manual revision, etc).



Risk Management (continued)

Membership:

- New SM targets from Repperio list.
- Increased engagement and support to overseas Posts.
- New campaign specific aimed at recruiting military and government members.

Event Planning:

- Sustain conservative revenue budgeting approach.
- Establish early national calendar coordination (internal and external).
- Manage vendor risk.
- Continue improving event quality (program, speakers).
- Further develop Facilities Management Workshop as third major national event.

Advertising:

- Advertising revenue budgeted based on 2016 experience and growth based on new targets. Partnership Program serves as solid base of revenue for advertising.



Summary

- **The SAME National Office FY2017 budget is a balanced budget that will:**
 - ***DELIVER RESULTS*** that add value to the entire society and support the 2020 SAME Strategic Plan.
 - ***INVEST in SAME*** in order to set the stage for the future without incurring undue short term risk.
- **Strongly Recommend XC Approval of the SAME National Office FY2017 Budget**
 - *Verify after Year End Close Out in January*
 - *Adjust if necessary and report to XC*
 - *2017 salary adjustments – 1 April (allow close of FY, audit, performance system close out and panel)*

