
Strategic Plan 2001

Presented to the Board of Directors
8/03/01

AWI Mission Statement:

“The American Watchmakers-Clockmakers Institute is the premier International Organization dedicated to preserving and promoting the highest standards of workmanship in the horological crafts. It is the role of AWI to set the standard of excellence to be applied to the quality of instruction for both the restoration and repair practices that are taught worldwide.”

The Report of the AWI Strategic Planning Committee of May 28, 1998, submitted by Mark Butterworth, Dewey Clark, Jerry Faier, Ray Flood and Roy Hovey set goals and implementation strategies for 1998-2000. The committee identified four goals to be pursued by AWI by the year 2000.

- Provide AWI
 - with an up-to-date record management system.
 - Decrease the reliance on the AWI Perpetuation Fund income for annual operating expenses.
 - Improve the culture of the organization.
 - Reach out to clockmakers.
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Priority #1 – Provide AWI with an up-to-date record management system

The first priority was to "change from a paper-based record system to a computer-based record system." A record management system was needed to determine AWI's membership trends. There was no way to determine categories of membership, membership trends, who attended courses, and how many members were certified. In addition, the committee found that AWI staff was not computer literate and a technical person needed to be part of the staff.

The implementation strategy was the purchase of an association software package (iMIS) that does everything requested by the committee. Technical expertise is now available on the AWI staff. Surveys have been taken for the past two years to document membership and track trends, using iMIS. The AWI dues billing is accomplished through iMIS and the recording of payments. AWI staff can now tell you how many members are certified, when their dues are paid, what each member's survey responses were, which members are clockmakers and which are watchmakers, and much, much more. This year the convention is being run through iMIS and minutes from committee meetings and board meetings will be part of the electronic records. Within the next year, as a staff short-term goal, the final portion of this number one priority item will be complete; the records of course attendance and certification will be maintained in the association database.

Priority #2. Decrease the reliance on the AWI Perpetuation Fund income for annual operating expenses.

"The use of endowment income to cover operating expenses is generally seen as a sign of an unhealthy organization." The committee suggested the following implementation strategies:

- Increase the membership
- Make the Horological Times a "newsstand" magazine
- Improve business operations
(Use of web site)
- Make better use of gifts and donations

When the report was written, the Endowment income provided 50% of AWI's operating income; member dues 25%; educational activities 15%; and advertising in the Horological Times 10%.

In FY2000-01 the Endowment income provided 45% of AWI's operating income, member dues provided 32%; educational activities 3%; and advertising in the Horological Times 12%.

Other observations by the committee included the need for AWI to have a "full-time financial manager on staff." The oversight of spending practices and a modern fiscal management system as recommended by the committee have been implemented.

AWI was directed to do a better job of marketing itself, welcoming new members, creating an Internet presence and regular advertising.

Marketing the Horological Times as a "newsstand magazine" was investigated by the editor of the magazine. Newsstand magazines must have an ISBN and a UPC code. These are minor adjustments that are easy to handle.

In talking with others who have sold their magazine to a targeted audience, however, the editor discovered that it is not cost effective. The extra cost involved in printing enough "newsstand" copies is very high. Each newsstand takes a cut from the magazines sold. The distributor takes a substantial percentage of each copy sold as well. The distribution company sets the sites of distribution. AWI would have no control over the market areas or how many copies are sent to each newsstand. In summary, she was advised that the cost of production and distribution far outweighs the net income.

Dues for FY ended June 30, 1999 were approximately \$213,000. Dues for FY ended June 30, 2000 were approximately \$272,000. Dues for FY ended June 30, 2001, were approximately \$335,700. All totals include life membership dues, which as of June 30 is \$96,000.

HT Income, for FY ended June 30, 2001, was approximately \$132,200.

Far greater effort needs to be made in the area of donations and gift solicitation. The ELM Trust could be put to much greater use in support of AWI activities, but others, particularly outside of AWI, need to be made aware of the Trust. This includes manufacturers not part of the IAB, jewelers, distributors, even mass retailers (battery recycling potential). Trustees should consider enlisting the services of a fundraiser on a commission basis.

Financial management has been greatly improved. We are now on the accrual basis of accounting, which is the recommended basis for organizations like us. We have implemented a proper set of internal controls in the area of receipts and disbursements. Proper audits are now being performed, which can be used when soliciting funds from

other organizations, getting funding, loans, etc. We have our financial records computerized, and can produce reports detailing expense and revenue line items. Departmental reports are available as needed. Quarterly reports comparing budget to actual performance are now disseminated to management and the Board.

Dependence on the Perpetuation Fund will exist until AWI changes its program price structure. Courses provided by AWI for watchmakers and clockmakers have continued to cost far more than the income generated. For a one-day technical course, the American Society of Association Executives said the average rate charged is \$187.50. For the ASAE annual meeting they charge \$555 for members and \$655 for nonmembers. For one day of the ASAE convention, the rate is \$255/member and \$355/nonmembers. The method ASAE uses to set rates is to conduct a break-even analysis based on fixed costs, what the market will bear and competition. AWI has clearly provided low-cost services to its members but has failed to recover its costs.

No mention was made in the initial report of an operating reserve being established. This should be done, and should be made part of our long-range goals. This would be separate from the Perpetuation Fund, the purpose being to act as a "rainy day" fund. It could be tapped as needed for everyday expenses, capital purchases, funding book publishing, etc. It would eliminate the need for lines of credit. It is admittedly a lofty and difficult goal to achieve. Documentation from other associations demonstrates how poorly we stack up in this area. Operating reserve funds able to cover two or even three years worth of operating expenses are not uncommon. That should be our target. Freeing up Perpetuation Fund income would be an ideal way to build up this reserve. That can only happen if we reduce our reliance on it.

Under "Resources Available to AWI," the Strategic Planning Committee recommended a web site to improve communications and it is operational at www.awi-net.org. The web site is currently used to sell products, including books published, and videos produced by AWI, as well as to check out library books. The web site announces classes and upcoming events. A survey on locations and types of bench courses was conducted via the web site and the Horological Times. Registration for events can be printed from the web site and faxed or mailed to AWI, but, as yet, no credit card transactions can occur on-line. AWI wants its members to have on-line accessibility for membership renewal and editing. Implementing educational opportunities via the web site is also the intention of AWI.

Under the direction of the membership committee, AWI has reviewed the following options to retain and increase membership.

The AWI Membership Committee, during its April 24th meeting, asked the staff of AWI to include a membership drive proposal along with the meeting minutes. The proposal was reviewed and action taken by the committee. Staff now proposes the following measures to the board of directors:

- Making telephone calls to members who have not renewed, inviting them to renew and asking why they did not. This will help determine what needs to be done to retain members. The Membership Committee should develop a script to be used by the committee and board members in telephone calls to members who have not renewed. The names and telephone numbers of non-renewals in specific regions will be given to the committee and board after the second dues billing
- Sending letters to members who renew reminding them of AWI benefits, explaining how dues are prorated, and thanking them for their support. A membership application should be enclosed for them to give to a friend.
- Printing a well-done membership brochure including a membership application to send to prospective members.
- Billing renewal forms show a Retired membership category for \$35.
- The \$15 coupon approved by the board will be included in the membership renewal packets along with an explanation of how it can be used.
- An Industry Directory on CD will be given to each member of AWI at the time of 2001 renewals or before. This will be a membership recruitment tool.

Priority #3. Improve the Culture of the Organization

"AWI is currently seen as a fractious organization dominated by a few contentious groups." To overcome this image and implement this goal, the committee suggested improving the functioning of the board through education of board members and new member orientation. This has been done. "A true annual convention attended by a large segment of the membership should be created." The Executive Director was also asked to prepare a report for distribution at the annual meeting. "The effectiveness of the committee structure should be increased...increase member involvement...identify and mentor future leaders." The executive director will continue his report to the membership at the annual meeting and in the Horological Times.

The annual meeting is an opportunity to become better acquainted with the membership, mentor future leaders and portray a united leadership. Prior to this year's convention, 500 letters were

sent to manufacturers asking them to become a member of the Industry Advisory Board, and/or exhibit at, or donate to, the annual meeting. Nonmembers are not invited to the convention but a price could be set that is more than the member's price and convention notices sent to some of the 5000 prospects and former members in the AWI database. A reduced price on the convention registration could be instituted for those who attend the convention and also join AWI. Close attention should be given to what the marketing firm discovers the membership wants and then it should be provided.

Priority #4. Reach Out to Clockmakers

"Membership growth could be more readily achieved by attracting clockmakers," the committee said. Suggested implementation strategies were to create instruction and certification in clockmaking; promote AWI services and benefits; and establish a new name for the organization.

AWI provided nine bench courses in FY 2000-01; five of them were for clockmakers. At the AWI Institute ten courses were conducted; five of them were for clockmakers. Of the continuing education courses, 11 of the 20 were clock courses.

AWI has made an effort to distribute its time and services equally between watch and clock repair members. In fact, the most recent AWI survey showed that 44% of the respondents derived their principal source of income from watch repair and 38% from clock repair. As requests for articles, materials, and courses on clock repair increase, AWI will meet the needs.

The Strategic Plan Report concluded with the following goal management language: "The strategic Planning Committee recommends that the Executive Director and President of the Board of Directors monitor the progress of these initiatives through bi-annual reports. The Executive Director and the President should clearly identify specific individuals charged with the responsibility for accomplishing each goal. The Executive Director should ensure those individuals have whatever resources needed to meet their responsibilities. The President should ensure the chosen individuals are capable and willing to accept their responsibility."

Job descriptions have been written for AWI staff and are constantly monitored and updated. These are available upon request to all board members. Quarterly reports to the board are made by the Executive Director.

In conclusion, the Strategic Planning Committee did an excellent job of analyzing AWI and its services. The proposals in the plan have been implemented to the extent possible. Future plans will be handled by the AWI director and staff.

AWI should concentrate on the membership survey top-rated services; Horological Times, technical bulletins and library, while improving those areas needing modification.

Goals

Short Term (one year)

1. Keep certification records and class attendance on AWI's database using iMIS.
Certification Subcommittee
2. Increase membership. Conduct membership solicitation mailings to the extent they are cost justified. Call members who do not renew for exit interviews as previously outlined. Solicit nonmembers for events and offer membership/registration at a member rate.
Membership Committee
3. Money allocated in budget for marketing will be used to launch an aggressive campaign to increase membership and industry awareness.
Publicity Subcommittee
4. Implement this strategic plan as well as some of the marketing firm suggestions.
Strategic Action Committee.
5. Redesign the web site as a membership marketing tool to sell products, register for classes and the annual meeting, as well as to sell advertising.
Media Committee – Technology.
6. Have a standardized educational curriculum. Continue working with AWA, and JA to improve watchmaking and clockmaking education as well as to increase industry support.
Education Committee/IAB and REC
7. Improve the effectiveness of AWI's committees so that the board can delegate assignments to them, and they can work with staff to accomplish goals and set budgets.
All committees and staff
8. Become less reliant on the Perpetuation Fund while continuing to improve and expand member services.
Finance Committee..

Long Term (five years)

1. Have two classrooms operating: one for clockmaking and one for watchmaking
Education Committee
2. The academy will be fully accredited.
Education Committee
3. Certification and recertification will be universally recognized.
Certification Subcommittee
4. Website class instruction.
Education Committee
5. Price tags placed on services so that costs can be recovered and some profit made.
Finance Committee
6. AWI academy will provide an industry-recognized curriculum with industry support.
Education Committee
7. The AWI Annual Meeting & Convention will be a "true convention" as recommended by the 1998 Strategic Planning Committee and member telephone survey. It will be a major source of income for AWI.
Membership Committee. Publicity Subcommittee.
8. An orientation program for new board members.
Judicial Committee
9. Increase membership by using a marketing plan to determine what members want, providing it, and then actively soliciting new members.
Membership Committee
9. Establish an operating reserve fund.
Finance Committee.
10. Conduct and publish a pricing survey, using price ranges.
Ad hoc committee selected by the board for this purpose.
11. Encourage entry into the field of horology.
Vocations Committee

Note: The 2000 AWI survey, with 1555 respondents, provided the following information and showed the membership's rating of AWI services. Average age of respondents was 61. Responses were based on a scale of one to five (one = low; five = high).

Seventy-seven percent of the respondents have computer access.

The three top-rated services AWI offers were:

Horological Times - 4.5; Technical bulletins – 4.1; AWI Library – 3.7

Other services were rated as follows:

AWI traveling bench courses 3.5; Home study courses 3.2; Support of vocational training for new watch/clockmakers, 3.2; AWI certification, 3.1; Project extend course 2.7; Affiliate chapter meetings, 2.7; AWI material search, 3.5; AWI member services 3.3; Purchase/rent AWI equipment, 3.1; AWI web site, 2.9; Purchasing AWI publication, 2.9; AWI merchandise, 2.4; AWI web site weekly chat session 2.2.

The web site was valued highest by those outside the U.S. and the younger respondents. Fifty-one percent of the respondents were interested in electronic bench courses.

The younger groups were more interested in information on watches and the older group was significantly more interested in information on clocks.
