

AWCI Conference Call 10/29/08

Present:

- Joe Juaira, President
- Tamara Houk, Vice-President (IAB Director)
- Jack Kurdzionak, Treasurer
- Doug Thompson, Secretary
- Ron Iverson, Director
- Lloyd Lehn, Director
- Doug Stuart, Director
- Manuel Yazijian, Director
- Jim Zimmerman, Director
- Mike Gainey, Affiliate Chapter Director
- Hermann Mayer, REC Director
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- Dennis Warner, Past President
- Paul Wadsworth, Parliamentarian
- Terry Kurdzionak (joined the conference later)
- **Staff:**
- James Lubic, Executive Director
- Tom Pack, Finance Director

Absent with notice: Glenn Gardner

Juaira: Call to Order 7:05PM CDT

Budget

Juaira asked Pack to comment on the budget reports sent out that morning (10/29).

Pack mentioned the different reports he'd sent out and the notes that accompanied those reports.

August was a high expense month due to the annual meeting and low revenue (before dues notices went out). Two revenue items worth note: Certification = \$34K and the Academy = \$47,400.

Stuart wondered how the budgeted \$18,300 revenue turned into revenue of \$47,400.

Pack stated that money came in sooner than expected for classes and examinations.

Lubic said there's normally not much activity in July and August, but from mid-August to the middle of November, AWCI has something scheduled in the classrooms almost continually.

Treasurer Kurdzionak said he was embarrassed and distressed because he had just received the report and hadn't had any time to look it over for comment (for fiscal 7/1/08 to 8/31/08).

Lubic said they'll do better next time

Stuart asked Lubic what the goal is for turn around time on reports.

Lubic explained that for the 1st bimonthly report (July/August) they usually have a month to gather information, pay expenses and the report should be out by the end of September.

Pack stated the next report should be out quicker, that this one was slowed due to a busy schedule and software issues. The September/October report should be out by November 21st, 2008, roughly 3 weeks after the end of the report period.

Investments/Perpetuation Fund

Pack noted that stock market fluctuations have impacted the portfolio: Net result is the value has gone down. One account is strictly a Ginny Mae fund and the other account has other assets.

Perpetuation fund trustees have online access to all available reports on the fund. The sole Ginny Mae fund was valued at approximately \$1,477,000 on 9/31/08 (a slight drop in value). The rest of the

portfolio is valued at \$4,605,300, for total portfolio value of \$6,082,332 as of September 30, 2008. The account managers are weighing investment opportunities.

**At this point communication was lost with Juaire.*

Kurdzionak asked for the floor no objections. He noted that current portfolio value (10/29/08) is \$5.6M, down 14% from last summer overall.

Stuart felt the board should communicate with the members about the situation and how the board is handling the Perpetuation Fund (probably through a column in the HT). He asked other board members how they felt about it.

Zimmerman felt the board as a whole should be kept up to date on the situation

Gainey wondered what the board was prepared to do at the extreme: Cash out?

Juaire rejoined the call at this moment and was updated on the discussion. Juaire suggested having Dale Coates (Johnson Investments fund manager) post in the HT explaining the situation (general consensus). He then asked Pack to contact Coates and make that happen.

Building Bonds

Juaire quickly brought Directors up to date on the bond interest rate situation and the fluctuations in the LIBOR and gave the floor to Kurdzionak.

Kurdzionak noted interest had reset on the LOBOR to 6.25% (10/29/08) down from 10% 5 weeks ago (still higher than budgeted). He noted the Finance Committee and Executive Committee meeting decision to sit tight and wait to see what would happen after government action: The rate has come down. AWCI will continue this course of strategy.

Pack noted that as the federal money works its way through the system, rates should go down. Federal Interbank rate was cut rate to 1%, but that would have little impact on our situation.

Gainey asked why a fixed rate was never locked in.

Pack said it would be too expensive. Over the history of the 2 bonds interest has averaged 3.25%. A fixed rate would likely have been over 6%, and even if some other arrangement was available today, it would be 45 days until it could happen, due to the current bond agreement. In the spring the Perpetuation Fund trustees and AWCI banks will reexamine the situation for possible changes. Stuart asked about scenarios discussed during the Finance and Executive Committee meeting and wondered where those were at.

Pack said he is working on it and would be able to put something together now that the bimonthly report was finished.

REC Report

Mayer reported on a new curriculum developed for use at the four Rolex sponsored schools in the US: A wider and more comprehensive curriculum in scope, in order to address the needs at the retail level. It consolidates instruction proficiencies required for the AWCI CW certification and the WOSTEP certification and is called SAWTA (Swiss American Watchmakers Training Alliance). SAWTA will have an advisory board consisting of Rolex, AWCI, WOSTEP and the four schools involved. That board would oversee the curriculum and certification. It will have one all inclusive final examination with proficiencies based on WOSTEP, AWCI, SAWTA and the individual school proficiencies, instead of separate examinations. This represents a shift from curriculum focused on industry watchmaking, to retail watchmaking and would eliminate some intermediate examinations in the schools.

Juaire noted that this would bring the AWCI CW to an international level. Being able to align AWCI with this program, which is going to become the new standard for training watchmakers in the US, with the elevated PR, is very positive.

Lehn asked if current CW holders would be impacted.

Mayer stated that it would involve what was taught at the schools only and there would be no impact on the current CW holders.

Yazijian asked if it would be extended to non-WOSTEP schools.

Mayer said there would be no exclusions, that any school that wanted to teach the proficiencies could do so. Lititz and OK have already implemented the curriculum. The other two Rolex sponsored schools may do so as they wish.

Stuart asked when was the decision made to involve AWCI and by whom.

Mayer said the decision is made by the school when it decides to provide training for students to pass the AWCI CW.

Prolonged discussion ensued with Lubic, Stuart and Juairé resulting in the following:

The only AWCI involvement is the CW examination, the benefit is to the students only having to take one exam to receive the two certifications. The difference is the Swiss recognition of the AWCI CW21. AWCI participation in this board (SAWTA) is to insure that AWCI standards are maintained. WOSTEP's participation is to insure that their standards are maintained. The schools and their curriculum developers have to answer to those two accrediting bodies in order to insure the standards are maintained. For AWCI there's the opportunity of revenues that the CW examinations generate, but it was not a business decision. It's a philosophical decision that WOSTEP and the industry decided on in order to support AWCI certification. Industry is accepting our certification process as the standard. There's no change in the AWCI examination, the change is on the WOSTEP side. AWCI is not involved in the curriculum design, it is only providing a certification level.

Impact on Harrison

Yazijian asked how the programs at Harrison would be affected.

Mayer noted that the academy does continuing education and doesn't train watchmakers from beginning to end as the schools do, so it does not impact the situation in Harrison.

Stuart noted that in the past one way AWCI was going to build revenue was to create a series of training programs to prepare watchmakers to take the CW21, how does this not affect that?

Juairé pointed out the programs in Harrison are professional development programs, they are designed for already practicing watchmakers.

Mayer said SAWTA is for schools that offer comprehensive training: From basic to complete watchmaker. Students would have already received escapement and lathe courses in the schools, so there would be no need for them to go to Harrison for further training, the same as it is now.

WOSTEP

Kurdzionak was enthused about the program and noted this is along the lines of what the Education and Certification committees were thinking several years ago. He asked what would happen with the WOSTEP exam.

Mayer explained that that examination would be put aside. He felt that once WOSTEP observes and is satisfied with the AWCI testing procedure, they will probably discontinue exam observation, due to the great expense involved in doing so. The WOSTEP director, coming to an AWCI exam and maybe somebody from the industry who serves as an assessor for both AWCI and WOSTEP, (there are many people), would assure us that the testing of the proficiencies on the WOSTEP side as well as the AWCI side are identical. There is confirmed alignment of AWCI and WOSTEP standards by the schools.

Reasoning

Stuart thought that anything that increases the industry recognition of the CW21 is wonderful, but he was concerned that the Board was just hearing about it.

Mayer noted that it sounds like a lot, but that theoretically, the whole thing could be run and AWCI wouldn't even notice it. AWCI would show up in the same way they have before and would charge the same amount. AWCI might notice the lack of people taking the examination with the WOSTEP discount.

A Swiss company (Rolex) wants to push and promote full-fledged watchmaking. If they want people for their service center, they can train them themselves, but they want to elevate the whole profession. Their product does not need to be serviced in a factory center, a good watchmaker can do a perfect service on it and that's the reason why they believe so strongly in building up a healthy, solid, watchmaking professional community. It is why they're involved in the CW.

We have convinced the Swiss that we, with our certification, have a very solid product and that they can rely on it. They can put their name, their reputation into our product, because it is so solid. This is huge PR for AWCI and displays a huge amount of trust that has been placed on the quality of the AWCI CW certification process.

Stuart, "That's great. I appreciate that explanation, Herman. Thank you very much."

2009 Annual Convention

Lubic stated that Providence, RI has been chosen as the meeting place for the 2009 annual convention. Bonnie Scepkowski (the event planner) and Terry Kurdzionak are traveling to Providence, RI within the next two or three weeks to check these hotels out. There are two hotels that are in the running and one of them is extending a very, very good deal.

Terry Kurdzionak said she's going to the Renaissance Hotel in Providence on Nov. 16th. They're staying over that evening and on the 17th, they will be viewing the meeting rooms. In the afternoon they're going to the other hotel, The Biltmore, a totally renovated older hotel. Both hotels have offered a price of \$129/night and once we see the meeting rooms of the second hotel, we're going to check out various venues we might be able to use for the ELM Trust dinner. Scepkowski will stay the following night to experience the second hotel and the services they provide.

Lubic was excited about Providence and awaiting the report.

(Terry Kurdzionak left the conference)

Lubic had also been talking about a venue for the 50th Anniversary with Scepkowski. They've decided that once the 2009 convention is decided upon, they'll start exploring possibilities for the 50th Anniversary the following year.

Strategic Action Plan/Survey

Juaire noted previous discussion about a SAP and surveying the members. One of the options available to us is a company called Survey Monkey which is a web-based survey tool that we can use.

Pack noted Survey Monkey.com is fairly well known in the business community for having a reliable web site with surveys available, a lot of big name companies use them, and they have some very sophisticated options with their surveys. The price (they have unlimited surveys with unlimited questions and unlimited responses) is \$200/year. An option for \$100 additional to have the surveys conducted on a secure site which we believe is an important trust issue for some of our members in order to participate. So the cost is going to be \$300/year for an annual subscription.

Stuart thought this was a great idea. He noted that SurveyMonkey.com appears to be a vehicle for delivering a survey. He wondered if they address any of the survey design issues.

Pack said they help you design surveys. They're not going to build the survey for you, but there is some help and some suggestions on how to do that. The first survey we would want to send out would be a one question survey and the question is going to be, "How often would you tolerate having surveys sent to you by AWC?" We would have a half dozen or so choices and based on the responses to that, forward the results to the committee and hope we come up with some reasonable questions. They'll have a time frame they can work with as far as how often they can send a survey out.

Juaire thought that SAC would develop a series of questions based on responses from the BOD as to their ideas on strategic goals for the future of our organization. Then allow the SAC to formulate that survey and distill that information from the membership.

Stuart suggested that it be appropriate for the board to have the opportunity to review any survey before it's disseminated to the members.

Juaire agreed.

Yazijian wanted to know what has been the past experience with using a survey company

Pack said typically the opportunity is to survey the members once a year with the dues renewal.

There was an in depth survey a few years ago. A firm was hired to take care of it and they called several members. Feedback we got from that was that we had a very, very interested group of members. They had not really experienced an association or group that they had been hired to work for that had wanted to talk so much about what they were doing.

Yazijian stated he was all for it, but wondered if any provisions for those who don't have computers were being made.

Lubic didn't see a reason to so, due to the large number of members with internet access. Pack said that was a question on a previous survey. "Do you have a computer and do you have internet access?", and six, seven or more years ago we had a very, very high percentage of our members that had both of those. Lubic stated we could publish the link to the survey in the magazine and anybody that doesn't have regular internet access could take that to the library and possibly participate that way.

Pack said the links to the surveys are very long complex links with a lot of strange characters. Stuart thought we might use "Tiny URL" to shorten the link.

Pack noted the good response levels AWCI members typically give.

Yazijian suggested creating a survey link on the AWCI homepage.

Stuart agreed.

Lehn thought too much in resources would be spent by going this route. He felt more time planning and evaluating should be done before proceeding with any type of survey.

Juaire felt the sooner the process was underway for the amount of resources consumed was well justified.

Much discussion between Juaire and Lehn on this point (1,000 words) resulting in the two parties agreeing to disagree.

Lehn suggested using AWImatters for the survey, but only 500 members versus 2000 could be reached that way.

Lubic thought the survey could be fit into the budget without a board vote.

Yazijian wondered who would be using it.

Lubic thought the office would direct staff to input approved SAC and Board material for a survey.

Access would be limited, no need for people outside of the office to have access.

Stuart thought telling the members what they told us is valuable, letting everybody see what members think about a question.

Lubic agreed.

Juaire stated that the board has control of the information stream outgoing and incoming. The board should also have approval before it goes out to the members and the board should have data information as soon as it's available.

Thompson thought the membership should be given a heads up in the HT before the survey goes out, in order to educate them on the process, so that they're expecting it.

Lubic agreed. He wanted to know if he should wait for the next HT to mention the survey or start the survey process and then elaborate afterwards.

Group consensus was to proceed without a vote and allow the office to start the first email survey question before HT notification. Then subsequent surveys would be approved by the board before being sent out.

WT

Lubic visited PTRC, Inc. (previously a watch service department associated with Toledo Jewelers/Time Service companies) which has undergone a name change. Member Jon Horton is the manager of that service center. Lubic was invited to observe and participate in some "WT style" training that PTRC gives to store and kiosk managers located within contracted areas of department stores that are located around the country. He found it an interesting experience. He hopes that through this sharing of knowledge, it will help develop the AWCI WT program and move that forward.

Mayer asked if it was promising in curriculum design or certification.

Lubic felt it was content of the training involved in relation to the environment and the success of that training in that particular situation.

Mayer wondered if it was possible for Lubic to evaluate the performance of those that have had this training.

Lubic stated that the only way for that to happen would be if he stayed in contact with Jon Horton. It was only the 4th session they have operated and the first that Horton had participated in, so it is still in a somewhat developmental stage. The training is tailored to PTRC's unique situation. He noted that there would have to be a lot more input for the WT before it could be offered for certification.

Mayer then asked if Lubic would be able to collect information and disseminate it to the WT certification committee.

Lubic said he would.

Mayer asked on what level the training is involved: Case refinishing, movement exchanges, etc.

Lubic noted that they divide repair into 5 levels. Certain locations would only be allowed to work on lower level pieces, while the highest levels would have to be returned to the main service center in Toledo for service.

Stuart went on record stating his position that no monies should be spent on the WT until a business case has been formulated outlining how this program will profit AWCI (especially in the current economic environment).

Battery Book

Lubic said that since the time Yazijian had been employed by AWCI, an effort had been underway to update the AWCI battery book, primarily the inclusion of the Energizer multi-drain watch cells. Through negotiations, Eveready/Energizer has offered to print 4,000 to 6,000 of the battery books. AWCI would realize a small profit from this venture and renewing dues paying members would receive one booklet for free, beginning in January 2009. Some booklets would be available for sale at \$5 each.

Yazijian felt that the booklet should be \$10, as this would better reflect the time and effort that staff had put into the project, as well the fact that \$5 is what had been charged for the old booklet, many years ago.

Lubic said the office would take that suggestion under advisement.

Stuart noted it was great to see an updated version and congratulated those responsible.

ELM Trust

Lubic stated Patrick Bracken from Star Refining (an HT advertiser) approached him at the St. Louis vendor fair about revitalizing the battery recycling program that had been discontinued a few years ago. Discussions involved the pros and cons of the old system and how a new system might be able to generate revenue again for the ELM Trust. The Trust has recently been informed of the detailed offer and has not had a chance to respond. Star has offered to pay for the shipping of batteries or any other precious refined material that an AWCI member would send in for recycling; 24 hours later a notice of the shipment value would be sent to the member; a check for the materials would be sent to AWCI and a letter of acknowledgement would be sent to the member from AWCI. The old program would generate between \$7 and \$10k annually to the ELM Trust. After 9/11 the program was discontinued. Either faxing Star Refining or phoning (fax preferred) would enable the member to set up a shipment so that it could be sent to the refiner. The member doesn't have pay for the shipping and still gets a tax deduction. As soon as the ELM Trust approves this, a notice would appear in the HT announcing the program. The member should be able to designate percentages of the shipment value for personal or charitable use.

Yazijian noted that in the past this program took a great amount of effort by AWCI and this program would minimize that.

Kurdzionak suggested copying the Trust email to the BOD for their perusal.

Lubic said that about 80% of what would appear in the HT is in the email and that he would send it out.

Thompson asked for approval of the September 18th, 2008 CC minutes

Motion # 30, Made by Lloyd Lehn, 2nd by Mike Gainey.

To approve the September 18th, 2008 conference call minutes as submitted.

Voice vote: Unanimously passed

Adjourned 8:45 CDT