



# Conference Report

## World Service Office Board of Directors

With the WSC '96 closing at the start of June this year, the board and the office staff have been faced with a shortened year and time schedule to accomplish all our regular tasks and assignments presented to us at the conference. We are working to ensure the continuation of the timely production and distribution of literature, delivery of fellowship services, along with the provision of the necessary support to the WSC Administration and the World Service Board of Trustees for their responsibilities as well.

With the close of the conference, the board addressed the retirement of Tim Banner, the chairperson for the past two years, as well as Bob McDonough, our treasurer. Their service work and dedication to the WSO BOD was exemplary. They both delivered to the board a high degree of professionalism and conduct. They indeed will be missed.

Our first meeting in August brought to the BOD: Cary Seltzer (USA), Laura Jennison (USA), and Jane Nickels (USA), who were elected to one-year terms. The board choose Bob Feneran (USA), Mitchell Soodak (USA), and Mario Tesoriero (Australia) from the pool to serve a three-year term. The other members of the board currently serving are Janis Edwards (USA), Joe Paumgartten (United Kingdom), Daniel Schuessler (Germany), Susan Chess (USA), Bob MacFarlane (USA), and Rogan Allen (USA).

The new Executive Committee selected by the board were Bob Feneran (chairperson), Rogan Allen (vice chair), Susan Chess (treasurer), and Bob MacFarlane (secretary). This group also serves as the Personnel Committee. Other board members serve on the WSO Sales Policy and Business Plan Committee, participate on the WSO Foundational Development Team, provide WSO-Europe representation, while still others are assigned FIPT responsibilities, such as assignments for insurance-related issues. In addition, several board members act as liaisons or are assigned to other WSC boards and committees such as WCC, WSB, Translations and Interim. Planning ahead for the WSO Board of Directors is of vital importance; accordingly, the board assignments for the coming year have been made with the future in mind. Thus, assignments of board members to BOD committees, as well as WSC liaison activities, both have succession planning and experience as the main criteria for the selection of those assignments.

### WSO-Chatsworth

With the office completing its second year at this new location, all members of NA can be proud of our excellent facility. This new location and its expanded office facility provide

space, resources, and pleasant working conditions for the employees to best serve the fellowship, both for literature distribution as well as fellowship services.

Leaving the WSC '96 Conference, the BOD had, in addition to its other responsibilities, several major issues to be addressed, including the future of the NA Way Magazine, the "WSO Sales Policy," and the "Business Plan." At the board meeting in August, as well as the November meeting, we devoted a large segment of our time to the NA Way Magazine, and we plan to deliver to the 1997 Conference an option for the continuation of this vital communication tool.

The current status of the "WSO Sales Policy" and the future business plans (with its goals and objectives) were the main topics of our WSO/WCC workshop in Denver. The board unanimously agrees that we need to work together with all members of the fellowship to provide the most-cost effective and efficient methods of literature distribution. At the same time, we need to communicate to the fellowship the realities of doing business in an environment of providing the highest quality of fellowship services and meeting the demands for efficient and effective distribution against a background of increasing costs, declining sales, and ever-changing business conditions. We are working diligently to present these issues at WSC '97.

## **WSO Financial Difficulties**

### **The Bad News**

At the 1996 World Service Conference, the World Service Office Board of Directors informed you of the diminishing margin between literature sales income and operating expenses for the World Service Office. In keeping with these warnings, WSO management and the WSO board have, since the end of the first quarter of 1996, been keeping a close eye on the office's literature sales income. It has become clear that we are in a cycle of reduction of literature sales. In fact, sales figures through October indicate a real dollar amount reduction in sales of approximately nine percent or \$329,583. This reduction has resulted in a six percent, or \$148,570, decrease in operating income. *(These figures are based on a comparison between 1996 actual sales income through October and the WSO approved budget as presented in the WSO 1995 Annual Report. In addition, the figure represented as operating income is based on amount of sales minus discounts, minus cost of goods.)* It is plain that this situation is very serious.

### **The Not-So-Bad Bad News**

Fortunately, however, the WSO has been actively engaged in the process of developing a business plan which anticipates such eventualities. "The WSO Business Plan" calls for the implementation of a set of specific emergency procedures, should we experience a seven-and-a-half percent or higher decrease in income less discounts. Although we formulated these emergency procedures as part of the overall effort associated with the development of a comprehensive business plan, we must inform you that it may become necessary to consider such emergency action at the February meeting of the BOD, as they examine the 1997 budget.

## **Not Much Fat to Trim**

**In our budget preparation for next year, we will be factoring this unfortunate reality into our overall budgeting strategy, and will be making every possible adjustment to reduce WSO operating expenses. However, because we have been seeking and implementing expense reductions on an ongoing basis since 1990, identifying possible additional reductions will be difficult. Based upon our previous experiences with a similar decrease in income during 1990 and 1991, we know that we must maintain our operating capacity during this present crunch. When we experienced the two years of shortfall in 1990 and 1991, we were forced to reduce operations and cannibalize our operating capital (which included inventory, number of available staff, and credit accounts with our major suppliers). The cumulative effect of this continuous depletion of our resources included reduced inventory and long backorders, a significant increase in stress-related illness of WSO staff, weakened relationships with our major suppliers, and the necessity to operate in constant crisis mode for the WSO board and WSO staff. We know from that experience that it is essential for us to attempt to maintain our present operating capacity during the present situation. Not to do so will be detrimental both to the office, as well as to our "customers"-you, our members.**

## **Literature Sales Not Enough**

**It has become increasingly apparent to us that the continued reliance upon literature sales to fund our fellowship's provision of services is not a sound philosophy for the long haul. It has thus become more important than ever that we begin to address the issue of where funding for our services ought to come from. If we truly hope to reconfigure our structure in a way that best meets our overall service needs, then we must begin to engage in fruitful, cooperative discussion about how we can, together, create such a new structure. While, in the past, we have often shied away from discussions of money and business-related issues, we can no longer afford the luxury of ignoring our ongoing reality: If we are to meet the challenges associated with carrying the message to addicts worldwide, then adequate resources to do so are a must. In the meantime, your WSO and WSO board will continue to plan for any additional difficulties which arise from our present financial situation. We will inform you as expediently as possible about any and all future developments in this area.**

## **Denver Workshop**

**The World Service Office, in conjunction with the WSO Board of Directors and the World Convention Corporation, conducted a workshop on offices and conventions during the weekend of 27-29 September 1996. At that meeting, the office staff distributed the first draft of a document titled *A Financial History of the World Service Office of NA* (referenced in this summary, and available from the WSO). Significant input was received from the RSO representatives present, and has been compiled in a complete summary of the weekend's activities by WSO staff. The following is an abbreviated summary of the WSO staff and Board of Director presentations.**

## **Overview Presentation**

**The first presentation was made by two members of the WSO board, who gave a general overview of the WSO's mission statement. The presentation included a bit of WSO history surrounding the years 1990 and 1991, when the WSO experienced serious financial hardship as a result of declining Basic Text sales. The directors explained that studying these experiences helped the BOD to formulate the mission statement and goals for the World Service Office.**

### **Pricing Policy Background Presentation**

**The next presentation concerned the history of the WSO's literature pricing policy (which consists of inflating the price of literature to offset expenses associated with providing services). The conclusion which was presented follows: The WSO executive management team, along with the Board of Directors, have recognized that the WSO, and world services in general, will not, eventually, be able to continue to provide their present level of services to our international fellowship on current income and donation levels.**

### **"Sales Policy" History Presentation**

**The next presentation on the history of the "WSO Sales Policy" included information about the discount structure, the credit policy, and licensing agreements.**

### **Recent Sales Figures from the WSO**

**This portion of the presentations concluded by stating that the growing trend of ever-dwindling resources in the face of an ever-increasing demand for services is a phenomenon being experienced by the entire non-profit industry. And certainly the WSO is suffering from that same trend.**

### **Licensing Agreements and Credit Policy Presentation**

**The presenter then talked about the licensing agreements which had been negotiated between the WSO and the NA communities in Ireland, the United Kingdom, Australia, and Germany. A full examination of the history of those agreements can be found in the Financial History document.**

**He then discussed the WSO's credit policy, emphasizing the office's difficulty with enforcing these policies with fellowship customers. It is true that the WSO's leniency on these policies has caused financial difficulties; however, given our mission, it has been difficult to justify taking a hard-line approach when such an approach threatens the ability of addicts to get our literature. However, the WSO has reached a point in its own financial responsibilities where it can no longer take such latitude with the credit policy. WSO staff then notified all participants that, beginning 1 November 1996, the WSO would, without exception, be strictly enforcing the credit policy for all purchasers.**

### **"Business Plan" Presentation**

Members from the WSO board then gave a presentation on the development of the "Business Plan." The presenter stated that the board has understood the need for a business plan since 1989, but due to the financial crisis of 1990 and 1991, and then the continuing priority of the world services inventory project, the BOD has only recently been able to develop such a plan.

## **WSO Goals Presentation**

The next presentation covered the goals for the WSO, as developed and adopted by the WSO Board of Directors and WSO management. Those goals were completely stated in the last issue of the Newline, and are available in the Financial History document as well.

## **What Happens Next?**

Staff stated that, within the next two weeks, the RSOs could expect a letter requesting information regarding their office's operation. Some questions that the RSOs could anticipate included such issues as how much of the literature discounts to their office was actually reinvested locally in the form of providing local services. They could also expect a question regarding their local shipping arrangements, so as to perhaps assist the WSO developing a stronger position from which to negotiate national shipping arrangements. These surveys will be followed-up by telephone interviews. He stressed that the WSO would need appropriate contact information to be able to gather as much information as possible. Staff thanked the participants for their candor and input, and promised that a compilation of the weekend's activities would be developed and sent to them within thirty days.

## ***The NA Way Magazine***

At the 1996 World Service Conference, the WSO Board of Directors raised the subject of eliminating the *NA Way Magazine*, due primarily to an apparently decreasing fellowship interest (based on dwindling subscriptions). Another major cause for concern was the fact that the magazine was running at an annual deficit of approximately \$150,000. At that conference, the following motions were committed to the WSO board for review and consideration:

**Motion #20: "To make the *NA Way* a special periodical with conference-approved status."**

**Motion #21: "To create a book using selected articles from the first ten years of the *NA Way*." Motion #34 "That the cost of publication of the *NA Way* be reduced by dispensing with the graphic designs and the high-quality paper used on the front and back cover, and that the subscription cost be increased 75%."**

**Motion #49: "To continue publication and distribution of the *NA Way Magazine*."**

**Motion #95: "That the WSO continue publication of the *NA Way* with the provision that: 1) the price be raised, and 2) subscription drives utilizing the current subscriber list be undertaken."**

During the past year, the board has honored Motion #49: as you know, the WSO has continued to publish the magazine. Additionally, after the 1996 World Service Conference, the WSO board charged WSO staff with the responsibility of undertaking a thorough investigation of alternatives to producing the *NA Way* at its present deficit. The directors

also requested that the above motions be considered in any and all options under examination.

### **The New *NA Way***

Based on all of the problems associated with the current version of the magazine, and in view of an increasingly severe financial situation which exists at the WSO (along with the relative value of the services that the currently substantial *NA Way* allocation actually provides to the worldwide fellowship), the BOD decided, at their meeting this past weekend, to approve for consideration at the 1997 WSC a new configuration of the *NA Way Magazine*.

This new publication being proposed, based upon recommendations from both an independent consultant and a two-year in-house study completed by WSO staff, will be comprised of all of the information currently published in the *NA Way*, the *WSO Newslines*, *H&I News*, *PI News*, and the *Conference Digest*. It will be a two-color publication, approximately twenty pages long, translated into four languages in addition to English, and will be distributed freely to a mailing list of approximately 24,000 addresses internationally each quarter.

This proposed publication will save the WSO and the WSC a combined expense of approximately \$40,000 a year, and, perhaps as significantly, will eliminate a minimum of thirteen to fifteen percent of publication-related staff time, which can then be allocated toward the completion of other projects.

### **1997 Conference Agenda Report--*NA Way* Motion**

In keeping with these ideas, the WSO board has approved the reconfiguration of the new *NA Way Magazine*. Accordingly, the fellowship can expect to see a motion in the *Conference Agenda Report* from the board requesting the fellowship's approval of the new *NA Way*. The magazine will include a features section, a service section, a sharing section, the fellowship calendar, and a brief entertainment section.

### **Motions Committed from the 1996 WSC**

The WSO Board of Directors has previously reported on the disposition of most of the motions that were committed to the WSO at the 1996 World Service Conference. We have considered all of the motions regarding the *NA Way Magazine*, and all of the issues that we intend to act on associated with the magazine were addressed above. Additionally, the section of this report that deals with the Denver workshop also addresses the board's intent and direction with regard to the "Sales Policy" and the "Business Plan." All of the committed motions that dealt with literature sales, discounts, or the "Sales Policy" itself have been consolidated into the Denver workshop portion of this report as well. We intend to resolve some of these discussions on the floor of the upcoming WSC.

Regarding the motion to produce the soft-cover Spanish Basic Text, we have produced this item, and it is currently available. The motion to have the WSO create an operating reserve to be phased in over five years actually conforms to one of the goals specifically addressed

in the "WSO Business Plan." However, given the present financial condition of the World Service Office, it is not currently possible to implement such a goal. We intend to have further discussion about the goal of establishing a WSO prudent reserve at our upcoming meeting in February. We have also undertaken a process by which to evaluate revising our PSAs. However, we have decided at this time simply to complete the work associated with creating some ten-second PSAs.

Finally, regarding committed motions, a motion left over from WSC '95 but not dealt with at last year's conference, requested that twenty percent of all WSO gross receipts be directed to developing communities outside of the US for a period of five years. The WSO board has taken this motion, as well as its intent, into consideration while developing the current business plan, and hopes that such consideration will satisfy conference participants, at least until such time as the WSO is on firmer financial footing and can better afford such a reallocation of its operating resources.

## **FIPT**

As part of our regularly scheduled BOD meetings, our responsibilities include a segment devoted exclusively to our duties surrounding the Fellowship Intellectual Properties Trust. This year the board has needed to consider such issues as the impact of Motion #4 from WSC '96 relative to the Twelve Concepts, the updating of the cover of *It Works*, the impact of the Internet on the fellowship's intellectual property, vendor approval for use of the trademarks and related issues, the creation of a conflict resolution policy for infringements occurring outside the fellowship, and an audio tape project of *It Works*.

## **Group and Liability Insurance**

We are currently working on a draft letter to the fellowship with information on group and liability insurance. Members of the WSO BOD and the WSO are working together to provide us with information on this vital issue. A proposal will eventually be submitted to the Executive Committee and, when approved, will be distributed to the fellowship.

## **Executive Management Development**

As part of their commitment to the development of WSO staff and resources, the personnel committee of the board has encouraged and will continue to encourage the executive codirectors to pursue continued education and executive skills development. Accordingly, our current codirectors have been attending courses to enhance their leadership, business, marketing, management, and human resource skills. The board strongly feels that this type of direction will provide good leadership and executive decision-making as we move forward with the ongoing development of the WSO and its staff.

*Bob Feneran, chairperson*

*Rogan Allen, vice chairperson*