



FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

BOARD OF DIRECTORS MEETING

MINUTES

**August 24th & 25th, 2012
Paris Las Vegas Resort and Casino
Las Vegas, NV, USA**

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In Attendance

Officers

*Mr. Ian Hopper, FCSI
President
(MTD (Qld) Pty.Ltd.)*

*Mr. Gérard Wolbert, FCSI
Secretary/Treasurer
(Kloosterhuis Adviseurs)*

*Mr. John Radchenko, FCSI
Immediate Past President
(Van Velzen + Radchenko Design)*

Staff

*Mr. Scott D. Legge
FCSI Executive Director*

*Mr. Nick Vaccaro
FCSI Executive Administrator*

*Ms. Sabine Wagner
Executive Director, FCSI EAME*

*Mr. Wade Koehler
Executive Director, FCSI – The Americas*

*Mr. Greg Jewell
AEC Management Resources*

Directors

*Mr. Martin Rahmann, FCSI
(Agere. Beratung für nachhaltigen Erfolg)*

*Mr. Jonathan Doughty, FCSI
(Coverpoint Consultancy)*

*Mrs. Clara Pi, FCSI
(PYNEH, HK Hospital Authority)*

*Mr. Edwin Norman, FCSI
(MVP Services Group, Inc.)*

*Mr. William Taunton, FCSI
(gastrotec foodservice design & MAS
consultants)*

*Allied Representatives (Non-Voting)
Greg O'Connell
(Moffat)*

*Mr. Rod Collins
(Rod Collins & Associates)*

*Publishing Contractor (Saturday only)
Mr. Dan Davey, Managing Director
Progressive Customer Publishing*

*Mr. Michael Jones, Group Editor
Progressive Customer Publishing*

*Ms. Natalie Brighty, Account Manager
Progressive Customer Publishing*

FCSI's Vision

“FCSI is the global leader in foodservice and hospitality consulting”

FCSI's Mission

“To promote professionalism in foodservice and hospitality consulting while returning maximum benefits to all members”

Brand Slogan

“We Share, We Support, We Inspire”

Friday August 24th, 2012

1. Call to Order and Opening Remarks:

The meeting was called to order 8:38 a.m. local time at which time President Ian Hopper FCSI (IH) welcomed everyone to Las Vegas and noted the presence of a quorum. It was noted that the meeting was being recorded on a digital voice recorder for the purpose of assisting with the preparation of minutes after which the recording will be erased. There were no objections.

Ian welcomed Rod Collins, new Allied Guest from FCSI TAD and from AEC Management Resources President Greg Jewell (GJ) and Nick Vaccaro (NV), FCSI's new Executive Administrator. Ian also welcomed Sabine Wagner (SW), Executive Director of FCSI EAME, and Wade Koehler (WK), Executive Director of FCSI TAD.

Ian noted that, following an extensive, formal RFP process AEC have been awarded a new management contract. Effective September 1 AEC's offices in Louisville, KY will formally become FCSI's worldwide headquarters.

2. Management Transition Process – status report:

Greg Jewell expressed his gratitude to the board for selecting AEC Management Resources to provide association management services. AEC is a boutique association management company with offices in Louisville, Kentucky. Greg established AEC 12 years ago. Nick has been with the company for 3.5 years. FCSI WW and the FCSI Educational Foundation represent AEC client numbers 7 and 8 respectively. A small staff provides services to all client associations. The company believes that all they have to sell is customer service, and every touch-point with AEC must be a positive experience.

Greg wanted to be very clear that AEC is not a replacement for Scott. AEC is a new management option for FCSI and has some ideas as to how they may provide services differently in the future. Nick will be the primary point of contact for FCSI WW as Executive Administrator. Greg will fill the primary position for the FCSI Educational Foundation.

SL and NV summarized the status of various key transition elements:

- Transfer of FCSI's electronic files was completed August 23rd when SL hand delivered a 500GB USB drive to GJ & NV containing all FCSI files from the server at Legge Executive Group.
- Transfer of archives/historical documents has largely been completed with 26 banker's boxes of contents having been shipped to AEC's offices. Several boxes of records no longer required to be maintained have been shredded and disposed of.
- AEC has established a dedicated telephone line for FCSI which will be made active September 1st. NV will also change the staff contact details on the web site as of that date.
- NV has documentation to be signed by FCSI's signing officers for submission to 5th/3rd Bank which are to be signed by IH and GW while onsite this weekend. There will not be a change of banks as AEC also deal with 5th/3rd Bank in Louisville.
- The transfer of financial records in their electronic form will take place following close of business August 31st.
- The transfer of financial records in hard copy will be shipped – timing will depend on where the interim audit will take place.
- NV confirmed that he will personally be handling the book keeping for FCSI as Executive Administrator.
- Access to the administration side of YourMembership.com has been provided for NV and Amy West.
- AEC has not previously utilized YourMembership.com as an AMS solution, but NV has taken some time to familiarize himself with how the system works. There is no anticipation of downtime. WK offered his staff's assistance to AEC.
- The board confirmed that AEC will be responsible to provide AMS/web site support to the 3 divisional offices, but the division offices will be responsible to support local unit questions/requests for assistance.
- Details for administration of email accounts through Network Solutions have been provided by SL to NV as well as Twitter® and HootSuite® accounts. The FaceBook® account has not yet been transferred.
- SL has made email introductions of Nick to FCSI legal counsel Paula Goedert, Deirdre Flynn and Charlie Souhrada at NAFEM, Alison Cody at MAFSI, plus Amelia Levin, Scott Gilbertson, Heather Jobe, and 5th/3rd Bank so that they might reach out to make contact with the new administration team.
- The board asked whether it would make sense to seek a change in legal counsel, but GJ recommended remaining with Barnes & Thornburg (Paula Goedert) as she is highly knowledgeable and has a long history with FCSI.
- NV mentioned that a press release has been prepared by AEC, ready for electronic issue to the membership and a separate press release is ready for issue to the industry press (utilizing the extensive press contacts in the member database). AEC was asked to provide the draft press releases to the board prior to distribution. SL noted that the news should also be posted on the FCSI

FaceBook® page, and via Twitter®. AEC were asked to issue the releases on Wednesday August 29th. IH needs to review the documents prior to issue.

2. Interim Audit:

It was generally agreed that an interim audit should be conducted at the point of transition. This is best practice in association management and has been recommended by both LEG and AEC. The quotation received from Curtis-Villar Professional Services, who have been the auditors for the past 3 years, have quoted \$3,000 to \$3,500CDN to conduct this audit if approved by the board. It was speculated that this process would not reduce the cost of the year-end audit if that were completed by a different firm in the Louisville area.

GJ was asked to seek a quotation from an accounting firm in Louisville for both interim and year-end audits. The quote received estimated \$3,900USD for the interim audit, and an additional \$3,900USD for the year-end audit, both using GAAP. GJ felt he could negotiate a more advantageous price with Compton Kottke.

It was moved to authorize an interim audit by Compton Kottke and Associates PSC of Louisville, KY of the financial statements for the first 8 months of 2012. AEC will negotiate a package price for both Interim and Year End Audits. Legge Executive Group Inc. will forward all relevant documentation, electronic and hard copy, to Compton Kottke after close of business 31 August 2012 to enable that audit to take place. The motion was seconded and when put to a vote passed unanimously.

3. The Consultant Magazine – 4th and 5th Issues 2012:

The 4th and 5th issues of The Consultant will need to be completed by AEC, however their scope of services requires a review of the magazine for brand standards but AEC is not in a position to review the editorial content to ensure it is appropriate for the audience, as SL has done previously. IH advised that he has made arrangements for an editorial review of the 5th issue. SL noted that the proof review of the 4th issue has been completed and the issue is proceeding to the print process today.

Approximately \$60,000 in advertising space has been sold so far for the 5th issue. AEC will invoice for advertisements and collect the related receivables and provide a mailing list for the 5th issue. The 5th issue will be edited by Amelia Levin, layout work will be completed by Scott Gilbertson, and OSP are now aware that the 5th issue will be the last that they will be printing and distributing. AEC will need to collect ad artwork and coordinate that with Scott Gilbertson and Heather Jobe at OSP (printers).

It was agreed that future issues of the electronic version of the magazine should be broadcast not only to electronic subscribers, but also to the membership, to promote greater awareness.

4. Structural/Governance Changes:

IH asked the board to comment on whether they wish to revisit any of the steps taken over the past year and a half in terms of the Strategic Plan of January 2011, the structural changes agreed during the 2012 Amsterdam board meeting, comments received from members while the proposed changes have been available for discussion in the online discussion forums. SL clarified that there are many aspects of the changes being implemented by the board of directors that DO NOT impact the Society's bylaws, and do not require a member vote. The primary issues that DO affect the Bylaws and do require a member vote are related to the configuration of the WW Board.

There were comments received relative to the idea of making Allied representatives to the WW Board directors, with full voting rights. That issue raised some concerns among some members and in retrospect may not be appropriate at this time. Input was sought from the two allied members present for this meeting. All present expressed their belief that the allied guests of the board provide valuable insight and advice, but that there is not necessarily a need for those individuals to participate in any formal votes that are required, especially since the board typically seeks consensus anyway.

SL offered an historical perspective of allied involvement on the WW board, including the fact that Rod Collins was the first allied representative to sit with the board, beginning in the late 1990's at which time his position was as a full voting director. Rod was followed by Mike Colburn who also was a voting director. As Keith Carpenter assumed the position it became non-voting because it was felt that the allied representatives at division level held voting positions, so it was not necessary at the WW board table. Keith lobbied throughout his term on the board to return the allied seat to a voting position. It was noted that as of today only the TAD Allied Trustee position currently holds a vote, which is not the case in AP and EAME divisions.

SL recalled a comment from Sandi Humphrey, the association management consultant who worked with the board in 2011, where she indicated that the association management industry seems to be moving toward all classifications having voting rights. JG noted that none of the other associations that AEC manages have boards that include voting allied members.

It was moved that the portion of the proposed bylaw amendments which would have conferred voting rights to the allied representatives on the WW board be withdrawn in light of member comment since the original posting of the proposed amendments. The motion was seconded and following discussion passed unanimously.

5. Proposed Amendments to the FCSI Bylaws and Related Approval Process:

The board reviewed the proposed amendments as previously posted for member comment in their entirety, and removed the references to allied members having voting rights – they will remain active participants as guests of the board, but will not vote on official resolutions.

WK questioned the removal of an annual general meeting from the bylaws. It was agreed that it is now impossible to gather a representative group of members in any one place, at any one time, however it is believed that the issuance of an annual report, with a follow up webinar, conference call, or some other form of electronic exchange that would allow members to ask questions of the board or make comments would be appropriate. If a formal meeting is held, a quorum would be required. SL will verify with legal counsel prior to issuing the proposed amendments for final member review.

The board confirmed that only the board may determine the necessity for and frequency of board meetings in order to fulfill their legal fiduciary obligation as directors of this Society.

It was moved to approve the proposed bylaw amendments as reviewed and edited during the course of this meeting. The motion was seconded and following discussion passed unanimously.

A preliminary 2013 WW operating budget will be sent out with the update on Bylaw amendments – that budget is to be discussed prior to the end of this meeting, and when agreed will be issued for information to support the Bylaw amendments. The membership is not being asked to approve the preliminary budget.

The board established a timeline for placing the proposed amendments in front of the voting membership for approval:

- Simplify documentation to be issued for consideration ASAP (SL)
- Incorporate a prelim 2013 WW budget showing the impact of the changes (SL)
- Issue revised amendments to the voting membership August 31st (SL)
- 30 day review period to end September 30th
- 14 day voting period to end October 14th
- Report results of vote to WW BoD – 15 October (NV)
- Report results of vote to the membership – by 19 October (NV)

If the divisions choose to translate the documentation related to the Bylaw Amendment vote into additional languages, they may do so at their own expense, to follow up the official notification.

The divisional boards are encouraged to promote the bylaw amendment process to their memberships – by encouraging their professional and senior associate members to vote, and to recommend that they vote in favor of forward-moving change for the Society.

6. Impact of WW Bylaw Amendments on Divisional Governing Documents:

In order to fully implement the governance and operational changes at the Worldwide level of the Society, there will be changes necessary at Divisional level to sync with WW, to achieve the “New FCSI” envisioned in Amsterdam. Those changes at Divisional level should include alignment of officer term lengths (2 years) for Divisional Chairs and Immediate Past Chairs as well as shifting the start of officer terms to align with the calendar year. The current WW representatives of the three Divisions need to work with their boards and administration teams to effect the necessary changes to their Division governing documents in concert with the WW Bylaw amendments being presented to the membership during the next few weeks.

7. Change Management

There were a number of issues raised for discussion in regard to the current changes taking place in the Society.

- It is not anticipated that the reduction in administration at WW HQ will require additional staffing at the divisional level.
- The effort by all parties, toward the launch of the new FCSI magazine will set the tone for 2013 and beyond – the more everyone puts in, the greater the outcome.
- AEC’s role is considerably pared-down when compared to that of Legge Executive Group Inc. The scope of services is based on administration rather than management services.
- The divisions should be coordinating and sharing through the new WW HQ, whereas support for local units/chapters will now come from the division offices.
- The board will need to determine what they wish to do in terms of WW awards programs – but this will be deferred until early 2013.
- AEC reports to, and takes direction from the WW Board of Directors.
- The board will need to revisit the standing policy that the Executive Director would visit each of the divisions during the course of each operating year.
- It is vitally important that the board manage expectations of their new administration team by the WW BoD, divisional Administrators, divisional leadership and the general membership. Communication will be the key. AEC will forward their scope of services to the full board, followed by all FCSI administrators globally. AEC will also log queries and disconnects over the first several months and share that with the board.
- It is advised that AEC monitor the member database to ensure that all parties are entering member information are using a common format to ensure the searchability of that data – and communicate issues with the divisional EDs.
- SL advised CP that APD will now need to enter CEUs in the database for the division, which had previously been done by WW HQ.
- Ideally there should be regular communication between the divisional EDs.
- Wade reminded the BoD that the role of the board is to dream about the future, determine the goals, and then leave the staff to work to achieve those goals.

8. Governance Policy Update Due to Structural Changes:

The board reviewed proposed amendments to the Governance Policy Manual recommended by SL, in light of the structural changes being implemented. The changes were found primarily to be a result of title changes for the chief staff officer of FCSI WW.

It was moved to approve the amendments proposed to the Governance Policy documents as reviewed and edited during the course of this meeting. The motion was seconded and following discussion passed unanimously.

9. Succession Planning:

IH recalled that a decision was made at the previous meeting that the positions on the 2013 Board should be filled from current members of the board in order to ensure continuity while undergoing this significant structural change. It would be difficult to achieve the reconfiguration of the board and transition management teams, while maintaining operations, if there were a number of new participants.

Current Status of EAME: Jonathan's term as Chair of EAME is supposed to run for one more year, ending in the fall of 2013. Currently there is a vacancy in the seat of EAME Immediate Past Chair.

Current Status of TAD: Currently the TAD Bylaws prevent the divisional chair from serving on the WW Board, and the TAD Officer positions have 1 year terms. Ed's term as Immediate Past Chair is currently slated to come to an end in April 2013 when Jim Petersen completes his term as Chair. Bill Taunton is scheduled to become the new Chair at that time. To align with the other two divisions the current TAD Officers would need to have their terms extended to the end of 2013, and the incoming Officers would need to serve 2 year terms.

Current Status of APD: Clara's second 2-year term as Chair of APD will come to an end December 31st 2012, unless re-elected for an additional term. Ideally, to align with the new WW model the current APD officers should extend their terms until the end of 2013.

It was noted that the new structure assumes that the Chair and Immediate Past Chair positions at division level should no longer allow for multiple terms as that would result in little chance for turn-over of the Officer positions at worldwide with the reduction in board size.

In order to take a more proactive approach to succession planning the current members of the board should predominantly remain the same through the transition year, 2013 and divisional officer terms should be extended where necessary in order to align with new Chairs as of 01 January 2014.

10. Officer Elections for 2013:

Following a formal election process the board elected Edwin Norman, FCSI as the next President, and re-elected Gérard Wolbert FCSI as Secretary/Treasurer, both for the term 01 January 2013 to 31 December 2013. The Directors shall be Clara Pi, Ian Hopper, John Radchenko, Jonathan Doughty, Martin Rahmann and either Jim Petersen or William Taunton.

11. Management Contract:

Following formal authorization by the Board, FCSI President Hopper and AEC President Greg Jewell signed a management agreement for FCSI worldwide administration for the next three years.

12. Preliminary WW Budget for 2013:

JD presented a preliminary FCSI WW operating budget for 2013 based on new management arrangements, new publishing arrangements and the revised structure that is to be implemented in 2013. The budget was approached from a conservative position in terms of revenues and expenses. The board and staff present felt that the numbers look realistic and appropriate given current information and the new vision for the future. The budget indicates a surplus which will be shared among the divisions – although the basis for that sharing has not yet been determined and agreed. All present agree that it is vitally important that all three divisions support and promote the new publication as the success of the magazine will immediately impact the bottom line.

SL will ensure that current draft financial statements (income statement and balance sheet) are issued to the full board as of the end of August ASAP during the first week of September.

The meeting was recessed at 4:30pm PST

The meeting resumed Saturday August 25th – 08:20am

13. Magazine Publishing 2013:

Dan Davey spoke about preparations for the launch of the new FCSI magazine. Progressive Customer Publishing (PCP) need to understand what the board is looking for in order to ensure the wants and needs of the Society in terms of its global publishing efforts and related communications strategies.

PCP is an expert in communication but are not experts in the foodservice and hospitality industry. There is a need for open dialogue in the partnership between FCSI and PCP.

Progressive is a communications group with 20 office locations on four continents, 12 of which have 200+ employees present. The group specializes in customer publishing, trade magazines, specialist web sites and digital marketing, conferences, events and executive forums, market research/analysis, high value business reports, data and

insight. PCP is a boutique agency within an international business group offering multi-platform full service offerings with a bespoke, forward thinking, transparent partnership approach (all costs visible to the client). The company is partially owned by its employees.

PCP will be able to utilize intelligence, resources and contacts from various group member companies that are focused on various aspects of the foodservice industry in their work for FCSI.

PCP feels strongly that print publishing must be partnered with digital publishing, and that print will not disappear any time soon. The digital publishing world includes web sites, smart phone apps, tablet apps, etc. PCP bring benefits to FCSI in cross platform solutions, international reach, specialist expertise, group buying power and added media value.

Creative Philosophy:

- Strong, relevant and targeted content, coupled with best practice design, will always be effective, engaging and valued.
- Detailed, analytical content need not be treated any differently to lighter, less complex content... inaccessible creative will simply be deemed too much effort to read.
- A client-agency relationship that encourages 'collaborative challenge' will yield the strongest results.

There is a need to create a magazine that will appeal to our intended audience and ensure that they feel the content is targeted, relevant and authoritative to them.

The identified core objectives include:

- To meld together worldwide and local content (3 divisions)
- Enhance member value (strengthen the magazine so it offers more value for members).
- Extend reach (broaden awareness of the FCSI and its members to relevant key audiences)

Creative Ideas - Format, Title and Local Content

- Recommend a new size – smaller than the current A4
- Paper quality needs to invoke a quality impression (not disposable)
- Possible titles include: "The FCSI Consultant", or "The Foodservice Consultant"
- Produce 3 versions of each edition, tailored for each division of FCSI.

Editorial Thoughts

- Flatplan flow and content
- Localized content / sections (32 pages Americas/EAME/APD, 48 pages WW – plus cover)
- Commissioning external features/profiles
- Broader editorial feature range – to engage a wider audience
- Best practice editorial techniques/page furniture

- Digital channels (digi-mag, e-newsletter, website)

The PCP Team:

- Dan Davey, Managing Director
- Mike Jones, Group Editor
- Helen Roxbury, Online Editor
- Ewan Buck, Design Director
- Linda Louis, Group Account Director
- Natalie Brighty, Account Manager
- Stuart Charlton, PCP Sales Director
- Angela Derbyshire, Production Director

Overall the plan is for PCP to allocate 676 days of time over the course of the first year among departments.

It was suggested that the work still not received from William Murray be focused on helping the launch of the new Foodservice Consultant magazine from a PR perspective.

Financial estimates have been made conservatively in relation to potential advertising revenues. It is incumbent on the board, the divisional boards, and PCP to maximize revenue for the entire society. It is vital that the FCSI leadership and administration team assist PCP in generating leads and contacts for the PCP sales team to target.

Rod advised that it is important to get the allied membership onboard for the new magazine right now. Rod suggested organizing a webinar so that PCP can present the opportunity to as many corporate members globally as possible... it will also allow PCP to show that FCSI is growing and embracing the new technologies and touch-point opportunities. Dan would prefer to send out copies of the mock-up magazine, media kit, eNewsletter, digi-mag link, etc. in preparation for such a webinar.

It is recognized that currently there is a policy in place that only corporate member companies may participate as sponsors and advertisers. It is suggested that the board consider adopting a new policy that would permit two-tier ad rates such that members would have access to much more attractive rates than non-members, as an alternative way of providing value for corporate membership.

The rate card needs to be established very intelligently to account for premium positions as well as to compensate for a company that only wishes to advertise in one of the divisional versions – who would pay more than another company wishing to have their ad included in all three versions. Some companies may wish to advertise only in the digi-mag, and not the printed version.

FCSI will be able to be involved in the editorial process from start to finish, with the FCSI Editorial Advisory Board participating with PCP personnel to develop the editorial intent for each issue, participation in the sourcing of articles, and then review of finished/edited articles prior to going to print. The creative process for each issue is approximately a 10-week process.

The board considered the rate card in relation to current rates for The Consultant and the Americas Quarterly.

PCP recommended that the board agree to name the new publication “The Foodservice Consultant”, to ensure a tie with the past but more accurately depict the content to those who may not be familiar with FCSI’s previous magazines.

It was moved to name the new FCSI publication “The Foodservice Consultant”. The motion was seconded and when put to a vote passed with one abstention.

14. Publishing Contract:

Following formal authorization by the Board, FCSI President Ian Hopper FCSI and PCP Managing Director Dan Davey signed the new publishing agreement for FCSI worldwide administration.

WK asked whether the publishing contract would prevent the FCSI divisions from producing another publication based on the model of FCSI UK & Ireland’s *Aspire?* Dan Davey and Jonathan Doughty confirmed that there would be no such restriction.

15. Editorial Advisory Board:

SL previously asked each member of the current FCSI Editorial Advisory Board whether they wish to continue on in that role for the new magazine. Josef Meringer, Tim Smallwood and Gary Rupp have indicated their wish to continue to serve on the EAB. JD will work with the division chairs to fill out the advisory board with members and ensure that the role/responsibilities of the group is known to all involved.

16. Unfinished Business

EN confirmed that Gill-Ashton Publishing has been served notice of termination for The Americas Quarterly – as such there will not be any overlap between The Consultant/The Quarterly, both producing final issues in November 2012, and the new FCSI publication which will be launched in time for NAFEM 2013.

Under the transitional board structure, in order to balance the votes among the three divisions, each division will carry two votes.

The Secretary/Treasurer will work with NV to prepare a recommendation for financial arrangements for 2013 in terms of dues sharing, the cost of board travel, and who pays for what during the transition year. They will also work together to produce a cash flow projection for the remainder of 2012 through to the end of 2013.

Matters that will require the board's attention in 2013 include Dues Sharing, Corporate Member Dues Structure and the overall Global Financial Model.

16. New Business

Wade noted that TAD has a separate contract with YM to be able to use the financial facilities on YM. Their contract with YM is up for renewal at the end of September but as WW is not using the facility, TAD would prefer to be able to link their merchant account and save \$4,000. WK will work with NV to make it happen.

17. Next Meeting

With the shift of the EAME conference in 2013 to September or October, it was agreed that the next WW Board meeting will be held in conjunction with the Asia Pacific event at Hotelex in Shanghai. The board will need to arrive on or before Thursday, March 28th so that the meeting may be held on March 29th and 30th, 2013.

Meeting adjourned at 3:37 p.m. - Meeting minutes recorded by S. Legge