

**FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL**

**EXECUTIVE COMMITTEE MEETING**

**MINUTES**

**January 22<sup>nd</sup> and 23<sup>rd</sup>, 2010  
Las Vegas Nevada**

**In Attendance**

*Officers*

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

*Mr. Ian Hopper, FCSI  
Secretary/Treasurer  
(MTD (Qld) Pty.Ltd.)*

*Mr. Kühnel, FCSI  
Immediate Past President  
(Luxenburger und Partner)*

*Staff*

*Mr. Scott D. Legge  
Executive Director*

**1. Call to Order and Opening Remarks**

The meeting was called to order 9:03 a.m. local time and the President welcomed the EC to Las Vegas.

**2. 2010 Preliminary Budget**

**Dues Revenue**

SL presented preliminary dues revenue figures for FCSI WW noting that an inquiry had been sent to all Div/LU administrators and chairs asking for their estimations for membership in 2010. Those estimates are still coming in and the budget will be updated accordingly prior to presentation of the budget to the full board. 2009 Dues revenue was \$132,000 and we are projecting 2010 Dues revenue to be \$152,000

**Publishing Revenues**

SL presented the EC with the first draft budget indicating a significant reduction in advertising revenue from *The Consultant* magazine. It was known that ad revenues would drop this year with the introduction of *The Americas Quarterly*, but the impact amounts to an estimated reduction of \$245,000 over 2009 actual advertising sales results (approx.\$45,000 per issue) which is more extreme than anyone had expected.

Wade Koehler reports that sales have been impacted by the Americas Division's Founding Sponsor drive which resulted in the collection of \$190,000 for the division in addition to the actual advertising sales for the division's *Quarterly* magazine.

The Consultant needs to make a concerted push to get new advertisers on a global basis including branching out to industry related software/POS systems companies, contract caterers, laundry equipment manufacturers and major food distributors. It was confirmed that, in order to advertise, a company must be a Corporate member of the Society.

Geography and Language have been a problem for *The Consultant*. We have not received much support toward increasing the amount of editorial content from outside North America. We also have not had support from our divisions/local units to increase distribution of *The Consultant* outside North America. Without increased distribution in EAME and APD we will not be able to convince corporate member companies from those regions to advertise in the worldwide magazine.

WK will be encouraged to take a more proactive approach to contact client-based associations in all regions with the intent of adding the membership of those associations to our readership, primarily the electronic version where there is no cost to FCSI. WK will also be encouraged to step up contact with our corporate members in EAME and APD via telephone/Skype rather than relying solely on email communications. The idea of seeking out professional sales support in Europe and Asia/Pacific was also discussed in order to gain greater participation on a more global basis.

### **Other Income**

It is suggested that the FCSI Educational Foundation management fee be raised from \$12,000 to \$15,000 for 2010.

The Diamond Sponsors for the 2010 FCSI Conference were offered a free one-page advertisement in the January 2010 edition of *The Consultant* magazine. This was not previously negotiated with WW. Given that the division is producing the conference and benefiting financially, it is the view of the Executive Committee that the Division should purchase those ad pages from WW. With seven Diamond sponsors, and using the volume discount price per page of \$3,100US, that would amount to \$21,700.

### **Publishing Expenses**

Budget line items for the magazine were reviewed with those reflecting variable expenses scaled back to suit projected advertising revenues and therefore number of pages to be produced in each issue.

It was suggested that the Media Kit be produced in electronic format only this year in order to save money on printing and distribution. We would still have costs of graphic design and coordination but could distribute electronically only to avoid the cost of printing and postage. WK will be consulted for comment on this option.

There was also discussion about eliminating the printed version of the magazine in favour of an electronic version only. It is the opinion of the EC that this option would not be well received by the readership of *The Consultant* and should not be pursued at this time.

### **Administration Expenses**

Legge Executive Group, in negotiations with the Executive Committee, offered a reduction in the management fee for 2010 made possible by the anticipated reduction in programs this year, thus requiring less staff time. The management contract allows for a fee of \$309,000 which is broken down in the financial statements as \$244K in administrative expenses and \$65K under publishing expense. The reduction of \$31,000 is offered for 2010 at this time and will be reassessed for 2011. It was suggested that the invoicing for 2010 remain at the full contract level with LEG donating back a portion (subject to review with LEG's accountant).

LEG was asked to consider revising financial terms of the management contract with a lower base fee plus incentives to encourage maximization of revenues. This option may be considered further.

Income tax expense will be reduced for 2010 due to the significant drop in proceeds from *The Consultant*.

Legal and Professional fees are expected to be reduced since the Trademark registration process is now nearing completion.

Membership materials and printing have been reduced and office supplies are also expected to be reduced this year due as we continue to reduce our environmental impact.

Staff travel allowance has been reduced to minimal levels and staff training will be eliminated for this year.

#### **Board & Officer Expenses**

Given the tight financial situation it is the view of the EC that the board of directors should meet face-to-face only once this year in Minneapolis. Board work beyond the Minneapolis meeting should be conducted via conference call and email.

#### **CPS WW Expenses**

In light of funding constraints and the lack of significant projects for the CPS this year, it is recommended that the CPS be limited to conducting their work by email and a few conference calls rather than holding their usual two face-to-face meetings.

#### **Special Projects Expenses**

There is no money to progress with branding initiatives in 2010.

The FCSI Academy Task Force received approval from the WW Board during their meeting in Marrakech to proceed with their project in 2010, but it is evident that this will not be able to be funded. The task force should be encouraged to proceed with development via email and conference calls in the hope of being able to proceed in 2011.

A Web Site Standing Committee was initiated in Marrakech, but there will not be funding available to enable a wholesale upgrade of the web site in 2010. The Committee should proceed with conference calls and email communications to determine what improvements should be implemented in the future but work on the site should be limited to maintenance and hosting fees.

#### **Bottom Line**

The preliminary budget, ready to be presented to the full board for review, still indicates a net loss, however the Executive Committee believes that all reasonable efforts have been made to maximize revenues and minimize expenses for the current operating year. It may be necessary for the three divisions to aid WW.

### **3. What are the Long Range Needs of FCSI WW?**

FCSI WW needs to diversify its global advertising client base (corporate member companies), but that needs to be preceded by growing the distribution base to client based groups within EAME and APD – and the full board and staff need to actively engage in achieving this during 2010 and beyond in order to reinstate important programs that need to be held in abeyance this year.

**4. Could /should the Financial Model be Changed?**

It was discussed that perhaps the Society's financial model needs to change such that each division pays the expenses for their representatives to participate on the WW Board, and the WW budget would only account for the cost of the executive committee. This is not a solution that can be implemented during fiscal 2010 but may receive further consideration at a later date.

**5. Management Company Evaluation**

The Executive Committee had a conversation about evaluating the management services being provided by Legge Executive Group Inc. while SL was out of the room. It was agreed that the management company should be evaluated on an annual basis. Criteria need to be as objective as possible. There is a need to prepare a list of expectations against which the management services can be compared. SL will look for resources on the ASAE web site that may help the board in the process and report back prior to the Minneapolis board of directors meeting.

**6. Proposed Policy Manual**

The EC and ED agree that there is a need to develop better resources for all board members and staff that properly spell out the policies under which the society should operate. The starting point needs to be a board orientation package that would include the roles, responsibilities, obligations and expectations of directors, officers and senior staff; an explanation of the role of the board to govern versus the role of staff to administer. There are several pieces of this material in existence but they need to be pulled together into a concise manual.

Development could either be initiated at a staff level or by a subcommittee of the board. The Executive Committee asked SL to begin the development process and the full board will be involved at a later date in the review and approval of the deliverable.

**7. Succession Planning**

The subject of Officer Succession was discussed at length given that current Officer terms should be ending in the fall of 2010. Officer terms have historically been tied to the biannual WW conference schedule which shifted this year to the spring timing. A discussion on when future WW conferences would best be scheduled resulted in a shared view among the EC that WW should maintain a fall conference schedule since the divisions seem to have decided to hold their major annual events in the spring. This needs to be discussed once again with the full board and then a policy written to codify the situation. SL was asked to draft a policy prior to the March BoD meeting for review.

The only FCSI event currently scheduled in the fall is the Australia New Zealand Chapter event in Melbourne, Australia in September. This is a possible location to conduct the official passing of the gavel from John Radchenko to the next president of the Society.

**8. Draft Minutes of Marrakech BoD meeting**

A request is in hand that the portion of the Marrakech BoD meeting concerning the Americas Division be classified as having taken place in Executive Session. SL was directed to revise the draft minutes of that meeting accordingly with only the outcome reported.

**9. Current Board Structure – is it working?**

Currently there are eight members of the board, if all board members vote on a particular motion the President never needs to vote because a tie never happens, unless one Director/Officer abstains.

Currently two of the divisions have two representatives on the WW Board. Is this appropriate given tight financial constraints? Would the same representation be achieved if TAD and EAME had two votes, cast by a single representative? The EC believe it is good to ask these questions on an ongoing basis to ensure that the board structure continues to serve its purpose. The EC believes that the current structure remains appropriate for the society. The full board will be asked for input at the next opportunity.

The EC discussed the current arrangements for having each of the division allied trustees joining the WW board as guests over the past year. It was agreed that input from the full board would be helpful in assessing the relative benefit. As the practice of having one or more allied guest(s) attend board meetings has historically been a decision of the president, the question of whether this practice will continue or change will be up to the next President of the Society.

**10. Corporate Member Structure – EAME TF progress report**

GK discussed progress made by the task force established by EAME last year. A spreadsheet has been developed that indicates the funding model as it stands today. Alternative possibilities have been considered but very few of the TF members are commenting. Obviously each level of the society structure wants to maintain their funding level. GK will discuss the findings of the TF in early February with Tony Galvin in conjunction with the EAME BoT meeting in Majorca.

GK believes that the subject matter needs to be referred to a WW TF in order to gain a more global perspective. The solution needs to incorporate the relative rights and privileges of the corporate and individual membership categories as well. This is a very complex problem and all concerned parties need to be involved in a solution that is equitable. Suggested participants on the proposed Presidential TF would include Michael Pantano, FFCSI (PP), Michael Colburn (former Allied guest of the WW Board), Greg O'Connell, Gerhard Kühnel, FCSI and Scott Legge. JR will ask EAME Chair Tony Galvin for a report from the EAME perspective resulting from the work of their task force which will be beneficial to the WW TF.

## 11. Strategic Planning

It is evident that we do not have funds available to conduct the previously anticipated strategic planning session this year despite everyone's agreement that such an effort is vital to the long term vision of the Society. SL noted his belief that the board needs to undertake some team building and visioning exercises prior to tackling strategic planning. It might also be appropriate to conduct another needs assessment to gain member input to strategic planning.

It is a recommendation that the board spend some time, late this year, starting to define its roles, responsibilities, obligations and competencies – with the assistance of a professional facilitator knowledgeable about associations in order to move toward a strategic planning outcome. There are a lot of key questions for which we need to find answers:

- What is the role of WW compared to the divisions?
- Is the current structure still appropriate?
- What should the relationship be between WW and the divisions?
- Where should the Society go between now and 2015 or 2020?
- Should FCSI be a trade association or a professional society?
- What are we trying to achieve with our branding efforts?
- What can we do to make FCSI more recognizable in the industry?
- What are we trying to achieve with our presence on the internet?
- How can we provide greater value to our members?
- Is our mission statement still appropriate?
- Is our vision statement still appropriate?
- Are our branding slogans still appropriate?
- How can we encourage the membership to embrace a common vision for the Society?

Ideally the personnel sitting on the board should remain as consistent as possible throughout such a process – so the divisions should be asked to name their representatives to the WW Board beginning in the fall of 2010 (in line with the next Officer terms) for a 2 year period while this project runs its course. The majority of costs associated with this project would be carried in the 2011 budget.

## 12. Future Board Meetings

It is the opinion of the EC that the WW Board should meet in January 2011, rather than meeting in conjunction with the NAFEM Show and Americas Division event planned in Orlando in February 2011. Possible locations and specific dates were not discussed.

Meeting minutes recorded by S. Legge