

CEO Update March 2018

The first three months of 2018 have been keeping us busy in Bristol and across the country. We kicked off the year with our two biggest events, World Cup Series Miami and the Sailing Leadership Forum, both of which were well executed and received. Since then our Competitive Services group has been busy with race official seminars and ramping up for certificate issuance. Instructor certification course scheduling is busy, we are seeing significant activity in Safety at Sea seminars and online courses, our youth department has been on the road introducing the youth sailor development model that the Education department is hard at work on, and the Foundation is actively and successfully fund raising. We are also reviewing Customer Connect's impact and working on refinements to the organization and our internal processes to improve efficiencies and productivity.

This month we are presenting the first financials for 2018, along with a new dashboard intended to simplify presentation of our progress and metrics. We would like to thank Russ Lucas and other board members for their input. We have broken the Dashboard into three sections: 1) financial metrics, 2) program metrics and 3) communications and engagement metrics (member engagement statistics will start next month: # mainline phone calls rec'd; # info@ and membership@ emails rec'd and rating; # of chats and rating; key web and membership statistics and will also be included). This will evolve as there are additional elements we will include and others we will refine. We will present this every month, along with the CEO update, financial statements, variance report and membership statistics. Following the end of each quarter, we will present a more comprehensive report that will include progress on our objectives and strategies and departmental updates with detail on the various programs and activities. We expect to continue refining our reporting, and we look forward to ongoing feedback.

In addition to achieving our financial objectives and following the strategic plan, our focus in 2018 is to truly optimize our organization. We have gone through a considerable amount of change over the past several years; this year we need to fine tune all the work we have done. Our key objectives for this year are to:

1. Revitalize our membership activities - acquisition and retention.
2. Dial in and proactively drive our core programs and services - youth, adult, competitive services - that deliver value to our customers and produce critical revenue. These are the heart of our strategic plan.
3. Improve efficiencies - we have consolidated operations, processes and functions, and now we need to refine them, so they run even better.
4. Strengthen communications - continue to improve our messaging effectiveness, continuity and inclusiveness. Requires coordination, listening and teamwork.
5. Build on our progress in customer service. We have made significant strides in quality and responsiveness, but like communications, we must strive for continual improvement.

Each quarter we will update you on our progress against these objectives.

Other updates:

- Marketing position. We have formerly launched the search for a Chief Marketing Officer. Job description is here: <http://www.ussailing.org/about-us/careers/chief-marketing-officer/>. We have assembled a small working group to review applications and participate in the interview and screening process. If you know of any potential candidates, please let them know about the opportunity. Our goal is to have the role filled by the end of June.
- SafeSport. Following from the presentation at the SFL, we have developed and implemented a communications plan to educate and support our members as they implement required and recommended policies. We have notified parties impacted by the new Covered List (those required to take SafeSport training and/or undergo background checks) and are updating related policies and procedures. We have a communication going out to organizations the week of March 25 and will expand communications to our broader member base shortly thereafter. We have also responded to two congressional requests for information, the latest one encompassing over 1,500 pages of documents. We have consulted with our legal committee and outside counsel.
- Strategic plan. Board member Tarasa Davis is working with Lauren Cotta to finalize the Strategic planning documents, complete an implementation plan and develop a review and update process that will ensure we act on elements the filter identified and are monitoring our progress against the plan.
- IT. Our IT department has been busy combating an ever-increasing salvo of hack attempts and compromises. This is not directed specifically at US Sailing, but it is a trend across the globe. We cannot stay ahead of the hackers, but we have to stay ahead of the stragglers. The IT team diligently working to keep our systems up to date and staff educated. Many of you have been recipients of bogus emails; if you have any questions, pick up the phone and call the sender or report it to our IT department. We are continuing to implement protective procedure, including adopting 2-factor authentication, which will add another wall around our systems. Looking ahead, we are homing in on options for the next generation of SailorBase and expect to make that decision this spring.
- World Cup Series Miami. A team is currently reviewing the performance of this important regatta, and the steps we need to take to make it sustainable. While it is a benefit to our sailing team and U.S. athletes, and sailors from around the world enjoy competing in Miami, the current World Sailing requirements and the financial model onerous. Our contract with World Sailing has an exit clause this spring, and we are assessing options for how we continue to ensure the regatta continues.
- Sailing Leadership Forum. The overall feedback and feeling from SLF 2018 was that of a huge success. The keynotes were outstanding and delivered a consistent message throughout the event. The messages resonated with attendees as indicated by the consistent top takeaways of collaboration and taking the lead in change. Attendees

were pleased with the venue, most embracing the eclectic hotel. We could not have asked for better weather for the demo day activities and those sponsors who participated were thrilled with the activity and engagement on the waterfront. The Awards Celebration was a hit and Dave Perry did a fantastic job as our MC. Moving forward we need to continue to tweak the format making sure the impactful stories from the Community Sailing Awards are not diminished due to lack of time. The multimedia coverage, both videography and photography, was a huge improvement over years past and as the statistics show, very powerful resources. This is a must-do moving forward. Overall the event is considered a huge success.

- Net Promoter Score. This is a management tool that can be used to gauge the loyalty of a company's customer relationships. It serves as an alternative to traditional customer satisfaction research and is thought to be correlated with revenue growth. The Net Promoter Score is a simple question that asks, "On a scale of 1-10, how likely are you to recommend the company (or organization) to a friend or colleague?" Customers that give you a 6 or below are **Detractors**, a score of 7 or 8 are called **Passives**, and a 9 or 10 are **Promoters**. To calculate your Net Promoter Score, the percentage of Detractors is subtracted from the percentage of the Promoters. In 2017, US Sailing's Net Promoter Score was 10. This was calculated by taking the percentage of Promoters (40%) and subtracting the percentage of Detractors (30%), giving US Sailing a final score of 10. In the 2018 survey, we saw the percentage of "Detractors" decrease by almost 5.5% and the percentage of "Promoters" increase by over 5.5%, while the percentage of "Passives" stayed relatively the same, only increasing by less than half a percent. For 2018, the total percentage of "Promoters" was just over 45% while the total percentage of "Detractors" was just over 24%, giving US Sailing a final 2018 Net Promoter Score of 21. This represents an 11-point jump in Net Promoter Score, increasing our 2017 Net Promoter Score by 110%. See attached report for more detail.
- Offshore. The SAP Universal Certificate System is now producing both ORR and ORC certificates. We expect to test IRC certificates capabilities in the next week and have that feature up and running shortly. The Offshore office delivered 124 ORR certificates in the first 24 hours the 2018 rule was available. We are continuing to work with SAP to update and extend the partnership agreement. We do not foresee any problems, just coordinating schedules on both sides to complete the documents; the SAP engineers are continuing to work on projects.
- Club Managers Association of America Annual Conference. In early March I was invited to speak to the yacht club contingency of the CMAA conference at the St Francis Yacht Club. Managers and a few flag officers from approximately 40 clubs across the country attended. I shared with them the US Sailing perspective on the state of the sport (flat, going sideways) and many of the themes from the SLF: the need to embrace change and disruption/the anti-establishment; take risks and be comfortable with the uncomfortable; focus on youth; simplify access; think inclusion, diversity, accessibility; and keep in mind it is about the experience people have. We need to translate the DNA of sailing to the younger generations. I also encouraged the clubs to get their "heads

out of the boat” and think beyond their organizations. Think beyond their gates, beyond their parking lot, beyond their docks. Think about how they can work together with their fellow leaders and organizations, their neighbors to help grow the sport. A major strength of sailing is Community, which is embedded in its DNA. We need to translate this and be comfortable with disruption. Think Uber, Airbnb, Spotify, Amazon, and Alexa, and Tesla. They are changing our world and people’s expectations and behaviors. We have to keep up. I also shared with them our strategies and priorities and provided a list of resources that we have available to support them. The member engagement team followed up with a communication to all the attendees with program information, links to resources, contacts, etc. It was a productive visit, and this is a receptive and collaborative group we need to engage more actively.

Thank you to our Board and all our dedicated volunteers for the countless hours you contribute to making the sport of sailing safer, more fun, fairer and more accessible. Kudos as well to our terrific staff that has done a phenomenal job executing terrific events, while keeping our programs humming and a laser focus on customer service.

Cheers,

Jack and the US Sailing Staff.