

Board of Governors Motion – Recruiting Incentive

<p>Subject Matter</p>	<p>Create a minimum incentive (40% of the ACBL membership fee) to related sponsors, teachers, and clubs for new players who sustain membership over 6 years. Establish the ACBL Growth Fund to manage these incentives. Units, Regionals, Sectionals, and Clubs contribute to the Growth Funds annually.</p>
<p>Statement of Issue</p>	<p>Current recruiting practices are creating new members at a slower pace than the League is losing existing members. In order to jump-start recruiting, we need a way to create substantially more identified prospects who are in turn welcomed by a friendly, low risk glide path into the game of bridge. Incentives should be based on number of new ACBL members created who join for more than one year. Guest, provisional, or introductory membership promotions do not apply (but might be useful in any recruiting approach).</p>
<p>Motion</p>	<p>Identify the member sponsor, the teacher (if applicable) and the club program (if applicable) and reward them with cash.</p> <p>Establish a minimum incentive (40% of the new membership fee from year 2 through year 6 (5 years total of their continuous membership). The incentive is allocated 50% for the sponsor, 25% for the teacher and 25% for the Club, with any one or two of the three eligible for the entire award if they did all the related work. When in doubt, fees will go to the first contact defined by the prospect themselves.</p> <p>Units may earn incentives for Unit initiatives that identify, train, and introduce new players to bridge.</p> <p>In order to fund this effort equitably across the bridge ecosystem, without increasing membership fees,</p> <ul style="list-style-type: none"> • Units will contribute their 11% membership rebate, • all NABC and Regional tournaments will contribute an incremental \$3 per table, and • Sectional Tournaments (not STaCs or Progressive sectionals at clubs) will contribute an additional \$1 per table for all games. <p>In addition, the ACBL will create a Membership Growth Fund month for clubs during which all club games will charge \$1 extra, with \$2 per table going to the ACBL Membership Growth Fund. All funds so raised will be used solely to pay toward the recruiting rewards due under this plan.</p> <p>Note – incentives will be set at a minimum 40% of current membership fees until full funding is achieved by year 5 of the program. No incentives will be applied retroactively for past year performance.</p> <p>The exact amount of the award for the year will be determined by the Growth Funds raised in the year from all sources divided by the number of renewing new members. If recruitment fails to achieve at least 12000 new members, the minim 40% will be the incentive for that year.</p> <p>Funds earmarked for the growth fund may not be used for any purpose other than the recruiting incentive. If after a 3-year period the program is not able to sustain itself financially, the Board of Directors can suspend or eliminate the program. Any remaining funds must be used for recruiting new members only.</p> <p>New members who self-associate to the ACBL shall not be included into the incentive program.</p> <p>Only ACBL Members in good standing are eligible for these incentives. Dropping membership ends the incentive.</p>

<p>Material impacts</p>	<p>Recognize that each prospect is an income opportunity for teachers and cubs but not for members. 40% of the current membership fee costs \$1.4MM (5 x \$20 x 14000) for 14000 new members. This can be offset by contributions from</p> <table border="0"> <tr> <td>Eliminate 11% Unit rebate</td> <td>\$904K</td> <td>(11% x 164500 x \$50)</td> </tr> <tr> <td>NABC Tournaments</td> <td>\$99K</td> <td></td> </tr> <tr> <td>Regional Tournaments</td> <td>\$400K</td> <td></td> </tr> <tr> <td>Sectionals</td> <td>\$155K</td> <td></td> </tr> <tr> <td>Membership Growth Fund Month</td> <td colspan="2"><u>\$60K</u> (special games for extra masterpoints).</td> </tr> <tr> <td>SubTotal Funds -</td> <td colspan="2">\$1.52MM per year</td> </tr> <tr> <td>Incremental Members Fees</td> <td colspan="2"><u>\$100K – 200K</u></td> </tr> <tr> <td>Total Funds -</td> <td colspan="2">\$1.62 – 1.72MM/yr on a going basis*</td> </tr> </table> <p>At this level of funding (if achieved) the incentive stipend could be as high as \$23-25 per new member per year (compared to \$20 at 40%) and still break even.</p> <p>See the appendix for more detail.</p>	Eliminate 11% Unit rebate	\$904K	(11% x 164500 x \$50)	NABC Tournaments	\$99K		Regional Tournaments	\$400K		Sectionals	\$155K		Membership Growth Fund Month	<u>\$60K</u> (special games for extra masterpoints).		SubTotal Funds -	\$1.52MM per year		Incremental Members Fees	<u>\$100K – 200K</u>		Total Funds -	\$1.62 – 1.72MM/yr on a going basis*	
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<p>Reasons why Management should adopt the motion</p>	<p>Recent pockets of success abound in the ACBL. For example, Sylvana Morici has built the Sagamore Bridge Club on Long Island NY with Facebook advertising, a well-defined low-cost, low-risk learning glide path for newcomers to the game, and a friendly environment that captures continued attendance over time. We need more of these creative recruiting approaches to identify prospects, capture their contact information for the ecosystem, engage them in their learning journey to emphasize fun and play. We should help teachers and club owners to encourage the curious to explore the world of bridge.</p> <p>Large full service clubs invest heavily in creating new members who are easily poached by low cost games down the street. These games do little or nothing to recruit and retain new members. The current sanction system provides no protection against such competition. There is a systemic disincentive for investing in high quality clubs who are teaching clubs that can deliver a high quality bridge experience. Once they create players, they can only benefit if those players stay and play. This recruiting incentive restores equity in a way that low price competition cannot match.</p> <p>Regional and Sectional Tournaments do nothing to create new bridge players and little to create tournament players except offer flighted games. Regionals and sectionals should pay toward the considerable effort required to find, engage, teach, socialize, and foster new bridge players and ACBL members. The payments propose herein actually raise the income of current regionals at the cost of only \$1 per person.</p> <p>With the current schedule of special club games it begs belief that Membership Growth is not one of the points of emphasis for clubs and the ACBL. There are 8 special game categories and one “other games” - International Fund, Junior Fund, Charity Games, GNT – Club, NAP – Club, Education Foundation, Grass Roots Fund, Alzheimer's Game, All Other Games. That we have no way to raise funds for membership growth is unfathomable. Membership growth is a higher priority than every one of the current special games.</p>																								
<p>Risk if the motion is not approved</p>	<p>Growth will continue to lag membership loss. The current approaches to managing growth are ineffective. The aging demographic makes change imperative. Engaging members self-interest in growth is an important way to broaden reach. Not doing so misses a big opportunity. Incentivizing teachers, clubs, and units for growth is essential if we are to reverse the trends of the past 5 years.</p>																								

Appendix

Growth Revenue Management With Recruiting Incentive

At current membership rates, a 40% reward would amount to a rebate totaling \$20 per renewing new player per year. If we can envision 14,000 new members each year (up from 10,000) then the outlay will be \$280,000 times 5 years or \$1.4MM on a going basis. (The lifetime of the incentive is for 5 contiguous years of the renewing members membership).

How might we fund growth?

Unit Subsidy (11% of the membership fee)

11% x \$50/yr x 164,500 Members = \$904,750

Using EoY 2018 Tournament Table Counts (Hawaii)

(Note: Memphis Reports to the BoG did not include tournament table counts)

Tournament	Tables	Fee	Funds
2018 NABCs	27,670	x \$3/Table =	\$ 82,860 (<i>\$99,000+ going is a better estimate</i>)
2018 Regionals	133,003	x \$3/Table =	\$399,009
2018 Sectionals	115,517	x \$1/Table =	\$155,517
2018 STaCs	85,813		

Club Games

Regular 1,551,974

Special 381,749

Expected Growth Fund Δ: 30,000 x \$2/Table = \$ 60,000

Sub Total Growth Funds \$1,602,136

New Member Incremental Fees

2,000 – 4000 New Members \$100K – 200K

Total Growth Funds \$1.7-1.8 MM/Yr

These funds apply to 5 years of new members. If we assume 14000 new members per year, then the payout is \$23-25 per recruit.

Note: The Cost to the infrastructure for this incentive is 5 x \$25 or \$125 per person. This compares to the value of that person to the stakeholders over the 5 years:

Incremental Membership Income

If growth rewards are to work, we must see recruiting raise new membership above today's rates importantly. If we assume a 10,000 per year new member rate today, then a 14,000 new member rate under the new reward approach will deliver 4000 incremental memberships per year. Δ +4000 new members/yr x \$50/yr = \$200,000/yr or \$1MM incremental over 5 years.

Remember that there is a five year life time for these incentives. So that means we are always paying incentives for 5 years of members (5x14,000) every year on a going plan. New member totals and funding totals will vary over time. So therefor must the awards.

Item	Sessions	Cost	% Share of Benefit	Comment
Membership	5 years	\$250	14% - 5% 3% - 1%	40% increase in recruits
Classes	4 - 12	\$400 - \$1200	22% - 23% 4% - 6%	\$100 per series
Club	50 – 100	\$500-1500 / \$8,250 - \$16,500	27% - 28% 86% - 81%	\$3 and \$33 table fees.
Sectionals	30	\$300	16% - 6% 3% - 1.5%	\$10 per session
Regionals	20-60	\$300 – 900	16% - 17% 3% - 4%	\$15 per session
NABCs	4 - 60	\$80 - \$1200	4% - 22% 0.7% - 6%	\$20 per NABC
TOTAL		\$1830 – 5350 / 9,585 – 20,350		Range of ranges

A \$125 5-year spend on incentives can return between \$1580 and \$31750 or **12.6 to 254 times the investment to the ecosystem.**