RESTRUCTURE OF WVFDTA

REPORT FOR THE BOARD OF THE ASSOCIATION

APRIL 2014
CONTENTS

1. INTRODUCTION........................................................................................................ 3
2. THE PURPOSE OF THE ASSOCIATION......................................................... 5
3. THE ASSOCIATION’S ACTIVITIES ............................................................... 6
4. ORGANISATIONAL MODEL.............................................................................. 11
5. FINANCIAL IMPLICATIONS ............................................................................. 19
6. SIGNIFICANT RISKS ......................................................................................... 23
7. PROFIT AND LOSS ACCOUNT PROJECTIONS........................................ 24
8. TRANSITION ACTIONS ...................................................................................... 28
9. APPENDIX............................................................................................................ 30
1. INTRODUCTION

The Wye Valley and Forest of Dean Tourism Association (WVFDTA) is an independent body, constituted as a company limited by guarantee. It is governed by a Board of Directors elected by its membership of around 350 businesses. WVFDTA provides support to these businesses primarily through the voluntary work of members together with a small number of paid, part-time staff.

The membership and activities of the Association have grown over several years, increasing the pressure of work on the voluntary officers. At the same time the local authorities, Monmouthshire County Council and the Forest of Dean District Council, are increasingly unable to provide dedicated direct support for their local tourism industry. Both Councils are seeking ways to transfer the role they have historically taken in promoting their areas as tourism destinations to outside organisations, with WVFDTA being one of the natural choices. However the Association lacks resources to take on those responsibilities fully.

In that context the Board has sought advice on the restructuring of the Association with a view to it becoming a more professional, semi-commercial organisation, capable of delivering effective support to its members. Through the brief for this review it is seeking

- An analysis of the way the organisation currently operates and associated costs, plus an assessment of the additional workload associated with taking on the Local Authorities’ tourism support activities.
- A proposal for a new, more professional, way of operating to accommodate current and future needs (including recommendations for process re-engineering, efficiency savings, outsourcing and any other improvements)
- A business plan and forecast to cover the transition, including proposals for realising any additional income required.

REVIEW PROCESS

The Board has commissioned Blue Sail to undertake this review. The process we have followed has included

- Consultation with Board members, staff, local authorities and external organisations
Comparators – investigation of the operation of similar associations elsewhere
Survey of members of WVFDTA, undertaken online and generating 115 responses – about a third of the membership
Examination of the income and expenditure records of the Association
A workshop with the Board at which all the major issues were considered
Board meetings at which the draft report was considered and further input from officers of the Association.

In essence there are four pillars to be established on which the future plan for the Association will be built.

1. The purpose of the Association
2. The shape and scale of its future programme
3. The resources and organisational model to implement the programme
4. A map of how the Association will make the transition
2. THE PURPOSE OF THE ASSOCIATION

It is important to be clear about what the purpose of the Association will be as it moves forward. Taking the Board members’ responses at the workshop together with the comments of members in the survey, we can state the purpose in the following terms:

- To be a trade association, enabling businesses to work together
- To represent the local tourism industry at local and national level
- To promote and raise the profile of the Wye Valley and Forest of Dean as a visitor destination
- To support tourism businesses to improve and market their offer and enhance the quality of the visitor experience in the destination

The Association aims to promote the interests of its members’ businesses but it recognises the broader challenge to develop and promote the destination as a whole. For individual businesses to succeed the area needs to raise its game. It needs to be much better known as a destination and the quality and competitiveness of the offer must continue to rise.

This is a broad agenda which supposes that businesses can work together and that there will be proactive marketing of the destination. The Association can’t do all this on its own; it will need to work with its partners especially in the local authorities, the AONB and the national tourism bodies. The challenge is all the greater because public sector resources continue to be squeeze and because the Association works with public bodies in two countries and three counties.

The following analysis of the Association’s activities sets a context for these objectives and for the future structure of the Association.
3. THE ASSOCIATION’S ACTIVITIES

CURRENT ACTIVITY

The principal activity of WVFDTA is marketing for its members, largely by a website and print. It is not generally involved with proactive PR and advertising of the destination. Some limited destination marketing is done by Forest of Dean Council (FoDC) and Monmouthshire County Council (MCC). WVFDTA’s marketing activity and members’ views as expressed in the survey are as follows:

Destination website
Recently refreshed with funding support from FoDC, the site provides a free listing for members with options to pay for enhanced entries (income £9.7K), banner and other adverts (income £2.1K). FoDC provides £2.5K a year for the website as part of its service level agreement. Total income is currently £14.6K against direct costs of web maintenance and development of £4.7k. So the website is a net income generator though there are ‘hidden’ costs of work by the Association’s Administration Assistant to manage the site and its content. Free entry on the website stands out as the most important offer of the Association and there is solid support for premium/ enhanced entries, a facility to show accommodation availability and to show special offers. The main criticism and request for improvements relates to the online availability and reservation system especially for self-catering properties.

‘Attractions, Activities and Shopping’ and ‘Eating out Guide’
28 page DL leaflets. Free listings for members and options to pay for larger space. Costs £16.7k to produce and distribute, generating £15.1k and so a marginal deficit before staff time in sales and administration and distribution. Income was significantly down in 2013 compared with 2012 (£20.2k in 2012). Members are generally positive about these publications– 38% say they are very important, 15% important – but also 28% say very unimportant.

The Visitor Guide
The Association makes a contribution of £7000 a year to FoDC towards the Visitor Guide publication thereby securing free listings for Association members and discounted rates on enhanced entries. Production of the Guide and sales of advertising is contracted out to an agency. It costs FoDC £47K for a 44,000 print run including distribution and generates £41K in revenue – much of which presumably comes from Association member businesses. (Costs do not include staff costs in proofing and managing the out-sourced contract). Requests for
the printed guide are decreasing but there are increasing downloads of the electronic version from the website. Members are generally positive about the Guide with 51% saying that the free listing is very important and 33% saying that the discounted advertising is very important. But also c 20% say the Guide is very unimportant.

Training
A small number of training sessions are offered at no or little cost to members. Opinions of members are mixed; 19% say training is very important and 31% important, but 15% say very unimportant and there were some comments to the survey that this is not where effort should go and that there are other organisations that do this.

Networking and Communications
There are members’ meetings out of the main visitor season; some are held at attractions and some include presentations on matters of interest. These meetings are important to some - nearly 50% saying they are important or very important to them. There is some support for shorter meetings and for occasional summer and weekend meetings. The regular e-digest newsletter is generally appreciated by members.

Representation
There is very strong support for the role of the Association as the voice of the industry, lobbying external and political bodies. Almost three-quarters of members believe this is an important or very important role of the Association.

Social media
FoDC has established a Facebook site which is picking up ‘likes’ and followers. It is sharing links with members’ activities and providing a platform for members’ special offers and photographs. There is also a Twitter feed, a Flickr site and a You Tube channel with videos uploaded by WVFDTA.

Public relations
The Association has been working with an agency to develop communications with the media and with consumers. The 6 month project has been supported financially by Monmouthshire County Council, the Forest of Dean District Council, Capital Region Tourism and the Association. It has generated media interest and visits to the area and has initiated a consumer e-newsletter. The success of the campaign has shown the value of proactive PR and destination promotion which the Association would like to carry forward in future if resources allow.
FUTURE ACTIVITY

The agency commissioned for the public relations activity was also briefed to advise on a three year tactical marketing plan. We are not aware of its conclusions or the budget involved or whether the local authorities will contribute financially to its implementation. Our marketing recommendations below should be reviewed in the light of that plan. We think the Association should focus on the following which are capable both of attracting income from members and of making most impact in the marketplace:

- An excellent web site with copy and images which will inspire visits to the area supported by information on accommodation (for staying visitors) and activities (for staying and day visits). The availability and reservations function should be significantly improved.
- Further development of social media channels – Facebook, Flickr and Twitter (for consumer and media)
- Developing the customer database and CRM (customer relationship management) – regular e-newsletters with information about events, special offers, promotions etc to drive (repeat) visits. This may require website development to capture further email addresses and data-use permissions
- Tactical campaigns – for example a seasonal campaign to drive visits at Easter using e-marketing and social media push, advertorial or advertising, public relations activity, competitions, e-newsletters, special offers sold thro website; we envisage that businesses will participate and buy-in to some of this activity.
- Limited range of in-destination print designed to extend stays and spend – kept under review for its relevance and willingness of members to advertise

The Visitor Guide

We are unconvinced of the long-term value of the Visitor Guide. Partly this is because customers use the internet more and more to find out about destinations, accommodation and attractions, so we believe its effectiveness is diminishing. Partly it is because the Guide has not been covering its costs. The effective subsidy has been £13,000 a year (made up of the £7k contributed by WVFDTA and the £6k shortfall of revenue against costs borne by the Forest of Dean Council). The Council also spends £6000 a year on national tourism advertising designed to generate Visitor Guide requests. Our view is that these resources and public subsidy could be used more effectively in other forms of destination marketing. If the Guide is no longer produced it would release businesses’ current spend on advertising which could be attracted into alternative marketing channels by the Association.
Nonetheless the Visitor Guide has considerable support among members especially for the ‘free’ listings and discounted advertising rates. The Board of the Association has considered this carefully and has decided it will take over the Visitor Guide and continue its publication possibly in a new and less expensive format. Its production including compilation, design, sale of adverts and distribution can be contracted out. There are some demands on time for commissioning and managing the contract, soliciting copy ideas from Association members, writing draft copy, proof-reading etc. currently handled by the Council. This time demand is concentrated at one time of the year and is said to be a manageable part of one part-time member of staff’s duties.

**Destination Marketing**

The reduction in the Councils’ involvement in tourism is a threat to **regional and national marketing of the destination** whose profile certainly needs to be raised. In our projections for 2015 and beyond we have included a sum of money from the Association as a contribution towards **marketing activity** which could include some buy-in to activities by members. We also suggest the creation of a ‘**PR Club’** that would invite additional contributions from businesses specifically for destination PR and promotion. Taken together these initiatives would be a significant effort to take on the destination marketing role from the local authorities. We would hope for a **contribution from the local authorities** to this effort, perhaps on a match funding basis, tapering down over a period; that would provide incentive and breathing space for the Association to grow its capacity and financial resources.

In the financial tables that follow, for the years 2015 and later we have replaced the expenditure lines relating to advertising, shows and marketing with a single line **Marketing Activity** to emphasise the need for a coherent approach to marketing spend. On a broad definition marketing might include support for festivals and events.

**Training**

Small tourism businesses are notoriously reluctant to pay for training while the corporates have their own training regimes. So training is probably not a big income opportunity. But the need for enhanced skills continues. Training priorities identified in the survey are social media, marketing for small businesses and use of the Association’s website. Other suggestions were statutory requirements – fire safety, Health and Safety, food hygiene, regulations generally – the needs of disabled visitors and financial management for small businesses. Some training sessions could be annexed to members’ networking meetings as a ‘free’ benefit. Others could be charged to cover marginal costs.
Networking and Communications
There is some support for shorter meetings and for occasional summer and weekend meetings. Networking plays a positive part in developing collaboration and new product offers, and should be sustained even if by no means all members participate. The regular e-digest newsletter is generally appreciated by members.

Representation and Partnership
The survey suggested the Association could do more to represent the industry and the destination. Resource within the Association is needed to establish it as a professional and authoritative voice for the tourism industry and an active proponent of good destination management.

Partnership will remain crucial. The Wye Valley Area of Outstanding Natural Beauty (AONB) is the one public body which covers almost the whole geographical area of the WVFDTA. The AONB organises a Tourism Coordination Group on which the Association and other public and voluntary bodies are represented. We believe the Association should strongly support this Group and ensure it successfully coordinates tourism activity such as

- Production of information materials, maps, guides and walks
- Messages and shared stories about the destination
- Support for events and festivals that have the potential to stimulate visits – such as the Wye Valley River Festival and Walking Festivals
- Sustainable management of tourism touching on access, traffic, parking, ground erosion etc

Ideally the partners could draw their aims and programmes together in a Destination Management Plan for the area.
4. ORGANISATIONAL MODEL

We now need to consider what organisational model is needed to deliver the purpose and future programme of the Association. We begin by examining the current structure and how far it is serviceable and how it needs to change.

CURRENT MODEL

The Association operates as a voluntary organisation with most of its work undertaken by members of the Board. As its membership and activities have grown the Association has had to find ways to cope with the increasing management and administrative burden. It employs an Administrative Assistant and a Clerical Assistant on a part-time and flexible basis. One of the Co-Chairs acts in an executive role while the Treasurer provides financial direction. The Association acknowledges the considerable demands on these individuals by an annual honorarium. Other Board members help significantly with projects and advice when needed. Officers of the Forest of Dean District Council provide very welcome assistance which is formalised in a service level agreement.

These arrangements generate stresses and strains that are quite typical of voluntary organisations. The Board is both strategic and operational. Many Board members are owners and managers of busy small businesses and so are used to making all manner of decisions personally. However operational matters of a company are generally not best decided by a Committee. The Board itself has recognised that too much of its precious time is spent on mundane matters while its focus ought to be mostly strategic.

The work of the Co-Chair and Treasurer has been vital to the operation of the Association, but it puts a heavy burden on individuals who are essentially volunteers. That burden is becoming unsustainable. While the officers believe that ‘someone has to get on with the job’, Board members can feel that decisions are made without appropriate consultation. The crux is that there is no agreed definition of the executive functions and of what level of delegation they carry. For the future whoever has executive responsibility must have a clear job description and terms of reference.

Day to day administration is undertaken very capably by the Administrative Assistant. It suits all parties that he is able and willing to work flexibly. There are peaks of demand such as membership renewal time or publication of brochures. It is a positive that he works from a home office as the demands of members can arise at almost any time of day or evening. There would appear to be no advantage in the Association having a conventional office base. It is particularly fortunate that the Administrative Assistant is adept with new technology and the web. He
helps members with their web pages (many members struggling to cope with the system) and liaises with the web developers. It is critical that the Association has a highly effective web presence and many destination organisations have a separate post to deal with these aspects.

We believe the Association’s ‘back-desk’ of general and financial administration and web supervision should continue to be covered in a part-time paid post (or two posts if necessary) reporting to the person with executive management responsibility. Book-keeping might be contracted out. Once the Association is professionally staffed it would be right to make clear the distinction between financial administration and management and financial oversight – the former being the province of the staff and the latter being the responsibility of the Treasurer.

It is time to give notice that all communications between the Association and its membership will be by email or via the website. That would include all invoicing and payment of fees via BACS with businesses given 12 months notice of the change. The 2 or 3 member businesses that do not use email or the internet should perhaps be courteously invited to consider whether the business world is really for them!

A QUESTION OF SCALE AND AMBITION

If the Association’s work is over-stretching its volunteer officers and Board, one solution could be to do less. Many tourism associations remain small - by choice or because their destination is small. Typically they are run by volunteers, hold networking meetings, provide a simple website to promote members’ businesses and perhaps produce leaflets for local distribution. In contrast there are more ambitious, professional and proactive tourism associations which do more, have more resources and charge members more.

WVFDTA with a current turnover of around £60,000 sits rather uncomfortably between the two models. The Board is ambitious to do more for its members and the destination but lacks the resources to do so, creating the current stresses and strains. Here are some examples of small and large associations.
There is a choice to be made; either to remain small and cut back the level of activity or to cross a threshold to become a more professional and ambitious organisation – the latter implying greater expenditure and greater contributions from members. The majority of members think the Association offers good or very good value for money but the survey did not detect much enthusiasm for increased prices for the current level of service. Some are keen for the Association to avoid incurring VAT registration with one commenting ‘reduce what you do and put all effort and finance into the website but I don’t think we need more than that’. Positively there was more support for increased fees if the Association offers more, particularly in more promotion, PR and training. Only 23% in the survey were against increased fees in that event while 40% supported an increase to £120 a year or more for membership.

In our discussions and workshop the Board members did not support a stripped-down, minimum cost Association. The following analysis accordingly considers only the options for the Association to gear up and introduce professional staffing. However the Board will be aware that expansion carries risks and will need the support of the membership. If that is not forthcoming the Board must look at scaling the Association’s activity to a level that can be sustained by a largely voluntary organisation.

<table>
<thead>
<tr>
<th></th>
<th>Tamar</th>
<th>Bodmin</th>
<th>Dartmoor</th>
<th>Shropshire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Fees</td>
<td>£45</td>
<td>£52</td>
<td>£320 basic+web entry</td>
<td>£215</td>
</tr>
<tr>
<td>Turnover</td>
<td>£10,000</td>
<td>£20,000</td>
<td>£200,000</td>
<td>£350,000</td>
</tr>
<tr>
<td>Proactive marketing?</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Professional staff</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
**FUTURE MODEL OPTIONS**

We examined two main options to strengthen the Association’s capacity arising from our discussions and workshops with the Board.

**Option 1: Appointment of a paid Office Manager**

The Office Manager would be given directions by the Board. He or she would be responsible for the general administration of the Association including financial administration, for updating the website and for recruitment of and communication with members. In this option it is envisaged that important aspects of the work, such as PR and marketing, social media and web development would be contracted out.

<table>
<thead>
<tr>
<th>PROS</th>
<th>CONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can use specialist contractors with appropriate experience e.g. in PR and marketing, in preparing publications and selling advertisements</td>
<td>Would not bring higher level advice and experience to the Board</td>
</tr>
<tr>
<td>Flexibility of external contracting – short or long-term contracts, with payment for specified outputs and results</td>
<td>Would not be the leader and human face of the Association to the membership and external world</td>
</tr>
<tr>
<td>Avoids the costs and risks in selecting and employing a higher paid employee</td>
<td>The capacity deficit of the Association is not at ‘back-office’ but at executive level such as in policy, up to date tourism marketing knowledge, representation and lobbying.</td>
</tr>
</tbody>
</table>

**Option 2: Appointment of a paid Executive Director**

The Executive Director would advise the Board on strategy and carry delegated responsibility for the performance and operation of the Association, including budgetary control, stakeholder engagement, partnership working with the private, public and community sectors, political lobbying and management of member services. The person should have substantial tourism marketing experience.
**PROS**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Able to provide policy advice to the Board and carry clear</td>
<td>Risks in finding and employing the ‘right’ person, whose abilities and</td>
</tr>
<tr>
<td>responsibility for execution – allowing Board to become more</td>
<td>personality will be crucial to the success of the organisation</td>
</tr>
<tr>
<td>strategic</td>
<td></td>
</tr>
<tr>
<td>Will contribute significant tourism marketing know-how to lead the</td>
<td>High level of reliance on a single person – the Executive Director –</td>
</tr>
<tr>
<td>organisation’s key role</td>
<td>for the future success of the Association; important that the Board</td>
</tr>
<tr>
<td></td>
<td>members continue to assist and support that person.</td>
</tr>
<tr>
<td>Able to commit time to grow and widen the Association’s membership</td>
<td>Costs involved in employing a higher level employee</td>
</tr>
<tr>
<td>Can be the face of the Association and the tourism economy to the</td>
<td>Board members could feel edged-out from the running of the</td>
</tr>
<tr>
<td>wider world</td>
<td>Association which might lose some of their experience and input.</td>
</tr>
</tbody>
</table>

**PREFERRED OPTION**

We firmly prefer the second option – providing the right person can be found at affordable cost. It is at executive level that the capacity of the Association is most challenged and where reliance on voluntary assistance is becoming unsustainable. In our view it is important to have a paid person at this level who has the time and experience to lead the Association’s work, direct its marketing and PR, recruit members and increase their buy-in, and build constructive partnership with external bodies. The person needs to have a clear understanding of how the public sector operates at local to national level to support tourism.

It would remain possible to contract out some functions where that makes sense, in which event the Executive Director would take the client role, ensuring the specification is right and the contract is delivered effectively.

It could suit both the Association and the person taking the job for it to be on a self-employed/ freelance basis. It would reflect the necessary flexibility of working hours and that the person would probably work from home and may combine this with other part-time work or projects. The precise arrangements should be negotiated with the preferred candidate for the post.

The Board will remain in charge of strategy, will make clear the extent of delegations, and will set and monitor targets for performance for the Executive Director. The role of Chair will remain important, providing leadership to the Board as well as support to the Executive Director and
other staff. The Treasurer should continue to have an oversight of financial strategy and monitor the budget but the administration of the finances should be the responsibility of the Executive Director and Administrative Assistant. Individual Board members could take on specific roles, such as helping to recruit members in their locality or business area or developing member training in a particular subject. The Board could appoint a sub-committee to support the Executive Director in exploring some opportunity or business challenge.

**SOME COMPARATORS**

No two tourism associations are identical and circumstances always differ on account of the size of the local industry, the politics and the funding opportunities. The following two comparators nonetheless show associations which have started fairly modestly and have faced the need to strengthen their executive structure.

**Dartmoor Partnership**

Dartmoor Partnership began in a small way as a Tourism Association but had become moribund with about 200 members. The outbreak of Foot and Mouth Disease in 2001 caused a crisis to farming and tourism and was a wake-up call. The organisation raised money from the membership, from the local authorities, the National Park and the Duchy of Cornwall to create the Partnership which became a company limited by guarantee. As the membership and activities increased the Partnership reached a position similar to WVFDTA and agreed to appoint a Project Manager by interview to turn it into a professional organisation. She made a point of contacting each member to explain how the Partnership would develop and that it had to raise membership fees and other income if it was to continue and be effective. Some members left but most stayed on and numbers have subsequently increased to around 300.

Its activities include its web-based promotion, consumer emails to a database of 27,000, PR media activity, support and promotion for events, networking and training. It no longer produces printed brochures. There are special interest groups within the membership which raise money – for instance a marketing group have raised £40,000 for marketing and PR campaigns.

The Partnership now also employs a full-time membership person, 2 full-time marketing people plus admin support. It should be noted that the Partnership receives local authority, European and DEFRA funding.

The membership fee structure is changing. It was on a sliding scale depending on size of business, from £65 to £800ish. It is proposed to go from a basic fee (with no promotion) of £156+VAT, to £320+VAT for basic with web entry, to £598 Silver and £887 Gold for various enhanced marketing, banner ads, emails.
## Brecon Beacons Tourism

Brecon Beacons Tourism (BBT) is the trade association for the Brecon Beacons National Park and the surrounding hinterland. It was established in 2006 by a team of local tourism businesses who wanted to support each other and know better their public sector colleagues who managed tourism in the region. They aimed to see the area developed as a high quality destination, where grassroots needs would be served and represented at a strategic level. BBT’s current 225 members are made up of accommodation businesses, activity providers, retail and some suppliers. It works closely with the Brecon Beacons AONB which coordinates destination management activity.

BBT is currently advertising for a paid Executive Director to manage the organisation. Up to this point the roles of Executive Director and Chairman have been combined in one person, but the Board felt this was unsustainable and confusing to members. It has decided to split the roles and make a new executive appointment. The paid team will then be:

- Executive Director - around 3-4 days a week plus additional time on a project basis.
- Business Development Manager - 2 days per week – tasked with recruiting members, networking activities, communications to members, developing additional income streams
- Finance & Administration - 1-2 days per week

The Board of 12 has 3 key officers – Chair, Treasurer and Secretary.

The Board puts emphasis on the need for partnership working with external bodies and has good relations with Visit Wales and Capital Region Tourism and receives some core funding support from local authorities, though it anticipates that may cease within 12 months. The broad Mission of the organisation is:

- To harness and focus the energy for tourism in the Brecon Beacons to encourage delivery of a high quality visitor experience
- To be the 'voice for tourism' in the Brecon Beacons
- To facilitate effective marketing and management of tourism in the Brecon Beacons
- To influence the long-term marketing and development of the Brecon Beacons as a destination.
- To support and assist the development of tourism businesses.
- To represent our members and liaise with a range of organisations to encourage positive change, development and provide coordination
- To support and consult our members on an ongoing basis

To deliver that mission and to safeguard against possible public sector funding cuts the organisation has increased fees for 2014 to a basic membership fee of £50 plus a varying advertising fee (depending on the type of business) ranging from £100 to £200. The Vice Chair claims that only a few members have dropped away once they had communicated the need to replace public funding, the greater flexibility and independence that self-funding will bring, the enhanced range of benefits and the added profile that businesses will gain from the destination website, new branding and successful PR.
Diagram: Suggested organisational structure for WVFDTA

- **Board of Directors**
  - Chair (or Co-Chairs)
  - Treasurer

- **Executive Director**
  - Advice to Board
  - Management of Association
  - External Partnerships

- **Clerical Assistant**
  - Board minutes etc.

- **Admin Assistant**
  - Financial administration
  - Web administration
  - Members’ enquiries and services

- **Outsourced services**
  - e.g. Book-keeping, aspects of marketing, web development,
5. FINANCIAL IMPLICATIONS

ASSUMPTIONS

If the Association is to professionalise, with a paid staff, its expenditure will rise. With no assurance of external funding in the future that inevitably means that members will be asked to contribute more in one way or another. An added complication is that the Association’s turnover is soon likely to exceed the VAT threshold (£79,000 for 2014-15) and it will then be obliged to add 20% to its charges. The VAT imposition will only impact on business members who are not VAT registered – around half the total.

Current membership and advertising rates for WVFDTA are quite low in comparison to charges by comparable destination organisations. Nonetheless some businesses are likely to drop out in face of higher fees and VAT imposition. The smaller businesses are the most likely to find the increases a burden. They arguably contribute less than others, both financially and to the visitor offer and their loss may not be critical to the Association. Provided the website, publications and publicity remain the leading route to market for this area the case for belonging will be strong and the loss of membership limited.

We have modelled an assumed loss of members in the first instance from 350 to 300 with a subsequent recovery to 350 and year on year increases of 7% to reflect the remit of the Executive Director to recruit and retain members. It is thought that fewer than half of the tourism industry businesses in the area are currently members – so it is realistic to aim for an increase in membership.

Should a ‘worst case’ occur in which the membership drops lower still, say to 250 in the first instance, it will reduce both membership income and other advertising income. To remain solvent the Association would have to reduce expenditure significantly, perhaps reducing the hours of the Executive Director with reductions also in discretionary spend including marketing budgets. This would be very much a survival model from which recovery might follow; but is questionable whether the Association could achieve anything very effective while operating at this level. It is clearly imperative that the Association retains and ultimately increases the number of members.

The outlook for external funding is very uncertain. The local authorities’ resources for discretionary activity are increasingly squeezed and cannot be relied upon for core funding in the future. In our model we have assumed that the Service Level Agreement with the Forest of Dean Council (£2500 a year plus advice and support of officers) will cease at March 2015. We have not assumed further local authority funding but we understand that the Forest of Dean Council is prepared to consider a financial contribution to enable the Association to take forward at
least some of the Council’s tourism support activity. Such a contribution would greatly enhance the Association’s ability to promote and develop the destination.

**STRATEGY**

We suggest the financial strategy for the Association should be built on the following actions:

- Continue to keep tight control on expenditure so that all charges remain cost-effective for member businesses
- Keep the base-level membership to a reasonable cost (while at least covering costs) by structuring prices to fall more on charges for premium entries and adverts etc than on membership fees, in keeping with the preference of members in the survey
- Offer tiered membership levels that encourage members to take-up higher value packages (see Membership Packages below); with sustained effort to ‘upsell’ benefits to members with performance indicator for Executive Director
- Push to recruit more members especially from the Wye Valley and South Herefordshire; hold members meetings in those areas, email Visit Herefordshire members with face to face follow-up. Increase incentives for members to enlist other members. Introduce a performance indicator for the Executive Director relating to membership numbers
- Develop additional paid-for member services and marketing opportunities
- Consolidate existing advertising and marketing budgets and designate and enhance them as a budget for implementation of the new marketing strategy; seek local authority and other external funding to match these private sector contributions
- Establish a ‘PR Club’ - see below - seeking financial contributions from leading businesses for targeted programmes of PR and marketing;
- Communicate effectively to the membership the need for change and benefits of a stronger, better resourced Association
SUGGESTED MEMBERSHIP PACKAGES

Officers of the Association have considered carefully the contents of the membership packages in consultation with Board members. A possible model for the Essential, Premium and Gold packages and charges is set out in the Appendix to this report, and the model has been used to estimate income and to demonstrate that the Association could be viable without external funding. However we await a decision of the Forest of Dean Council on support which could significantly strengthen the Association’s financial position. This together with consultation with member businesses may mean that the shape and charges for packages will be revised before their introduction in 2015.

There will still be options for members to buy advertising separately, in addition to the entitlements of their package. So a business in base level Membership could purchase display advertisements separately – though it will generally be cheaper to buy advertising as part of a package.

PR CLUB

A small number of businesses will belong to the Club; their contributions will be ring-fenced and put to PR and marketing activity agreed by the Club members and designed to profile the members as well as to raise the profile of the Wye Valley and Forest of Dean. A suggested target is for the PR Club to raise £12000 a year – ideally from say 12 businesses contributing £1000, but it could be from 20 businesses contributing £600. (We have not included either income or expenditure of the PR Club in the financial model for now as it will take time to set up).

BASIS OF FINANCIAL ESTIMATES

The financial estimates below have been compiled jointly by the Treasurer of the Association and Blue Sail. They build on the outcome of the past financial year (2013) and the Income and Expenditure budget for 2014. They reflect the recommendations of this report. For 2014 the main change from the original budget is provision for employment of an Executive Director (with on-costs of National Insurance and a 5% contribution to a pension) for a four month period, i.e. from September 2014 onwards.
The estimates project a deficit of £10,621 in 2014 and a deficit of £11140 in 2015. The deficit is set against the Association’s accumulated assets of about £24,000 and is tolerable for a transitional period provided the Association achieves a breakeven and better in subsequent years – which in our projections it does by 2016.
### 6. SIGNIFICANT RISKS

<table>
<thead>
<tr>
<th>RISK</th>
<th>IMPACT</th>
<th>MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of membership numbers; fee income less than anticipated</td>
<td>Calls into question the viability of the new business model and employment of staff</td>
<td>Clear communication to members (at AGM and generally) of the unsustainability of the current model, the need for staff, the proposed fee levels and activities. Incentivise members to recruit new entrants. Task and incentivise the Exec Director to increase membership, including from South Herefordshire.</td>
</tr>
<tr>
<td>Loss of local authority funding</td>
<td>Limits capacity and effectiveness of Association. Likely to reduce attractiveness of membership</td>
<td>Encourage local authorities to match Association contributions to new marketing strategy, at least for a transitional period. Plan a core of activity that can continue without external financial support.</td>
</tr>
<tr>
<td>Failure to find/recruit an appropriate person as Executive Director</td>
<td>Running of Association continues to fall on voluntary officers; expansion or development of activities impeded. May need to reduce range of activity</td>
<td>Effective advertising of the post; realistic salary, flexibility about terms of employment. Possible Plan B approach to employ at lower level with consultant support.</td>
</tr>
</tbody>
</table>
7. PROFIT AND LOSS ACCOUNT PROJECTIONS

Assumptions about numbers and categories of members and on charges are at the right hand of the table, in the green shaded area.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>budget</td>
<td>estimate</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>Members</td>
<td>Members</td>
</tr>
<tr>
<td>Members Subs - Acc + Att + Eat</td>
<td>£29,000.00</td>
<td>23520</td>
<td>26880</td>
<td>30000</td>
<td>120</td>
<td>196</td>
<td>224</td>
</tr>
<tr>
<td>Members Subs - Buss+Food Sup+Wed</td>
<td>1300</td>
<td>1500</td>
<td>1750</td>
<td>50</td>
<td>26</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Member subs PREMIUM - Acc + Att</td>
<td>£9,500.00</td>
<td>13800</td>
<td>16800</td>
<td>20100</td>
<td>300</td>
<td>46</td>
<td>56</td>
</tr>
<tr>
<td>Member subs GOLD - Acc + Att</td>
<td>9000</td>
<td>11250</td>
<td>13500</td>
<td>450</td>
<td>20</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>Member subs PREMIUM - Eat</td>
<td>1840</td>
<td>2300</td>
<td>2760</td>
<td>230</td>
<td>8</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Member subs GOLD - Eat</td>
<td>1200</td>
<td>1500</td>
<td>1800</td>
<td>300</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Total Members</td>
<td>8400</td>
<td>9000</td>
<td>9600</td>
<td>60</td>
<td>140</td>
<td>150</td>
<td>160</td>
</tr>
<tr>
<td>Joining Fee</td>
<td>200</td>
<td>1200</td>
<td>1200</td>
<td>20</td>
<td>10</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Total membership Fees</td>
<td>£38,500.00</td>
<td>59260</td>
<td>70430</td>
<td>80710</td>
<td>300</td>
<td>350</td>
<td>375</td>
</tr>
<tr>
<td>Income from Banner ads</td>
<td>£2,000.00</td>
<td>1500</td>
<td>5000</td>
<td>6000</td>
<td>60</td>
<td>140</td>
<td>150</td>
</tr>
<tr>
<td>Income from Banner ads external</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
<td>10</td>
<td>60</td>
</tr>
<tr>
<td>Income from Activity Guide</td>
<td>£11,500.00</td>
<td>11700</td>
<td>11700</td>
<td>11700</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Eating Out Guide</td>
<td>£5,000.00</td>
<td>5380</td>
<td>5030</td>
<td>4680</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Activity member buy-in</td>
<td>£0.00</td>
<td>0</td>
<td>1000</td>
<td>1500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>--------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Facebook/Social Media ads</td>
<td>£0.00</td>
<td>0</td>
<td>1500</td>
<td>2000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other paid services</td>
<td>£0.00</td>
<td>0</td>
<td>1000</td>
<td>1000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Councils, CRT &amp; Sponsors</td>
<td>£0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FODDC SLA Web support</td>
<td>£2,500.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Walking Guides</td>
<td>£100.00</td>
<td>300</td>
<td>350</td>
<td>400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authority for PR and marketing</td>
<td>£0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR Club - business contributions</td>
<td>£0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>£59,600.00</strong></td>
<td><strong>78140</strong></td>
<td><strong>97010</strong></td>
<td><strong>109490</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Current VAT threshold*

<p>| Current VAT threshold | 79000 | 81000 |</p>
<table>
<thead>
<tr>
<th>EXPENDITURE</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exec Director salary 70% x £36k</td>
<td>£8,400.00</td>
<td>25200</td>
<td>27500</td>
<td>30000</td>
</tr>
<tr>
<td>NI employers</td>
<td>£806.00</td>
<td>2420</td>
<td>2640</td>
<td>2880</td>
</tr>
<tr>
<td>pension contribution @5%</td>
<td>£420.00</td>
<td>1260</td>
<td>1375</td>
<td>1500</td>
</tr>
<tr>
<td>Admin, clerical &amp; other exp</td>
<td>£10,000.00</td>
<td>9500</td>
<td>10450</td>
<td>11495</td>
</tr>
<tr>
<td>Recruitment advertising</td>
<td>£1,000.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contribution to Visitor Guide</td>
<td>£7,000.00</td>
<td>7000</td>
<td>7000</td>
<td>7000</td>
</tr>
<tr>
<td>Adverts on Google &amp; online advertising</td>
<td>£3,500.00</td>
<td>4500</td>
<td>5000</td>
<td>5500</td>
</tr>
<tr>
<td>Cost of Activity Guide including dist</td>
<td>£15,000.00</td>
<td>15000</td>
<td>15000</td>
<td>15000</td>
</tr>
<tr>
<td>Cost of EOG Guide including dist</td>
<td>£6,324.52</td>
<td>6500</td>
<td>6500</td>
<td>6500</td>
</tr>
<tr>
<td>Banner ads set up costs</td>
<td>£120.00</td>
<td>200</td>
<td>250</td>
<td>300</td>
</tr>
<tr>
<td>Membership Benefits</td>
<td>£500.00</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Local Distribution</td>
<td>£675.00</td>
<td>700</td>
<td>750</td>
<td>800</td>
</tr>
<tr>
<td>Web Site maintenance</td>
<td>£2,000.00</td>
<td>2500</td>
<td>2750</td>
<td>3000</td>
</tr>
<tr>
<td>Web site development</td>
<td>£5,000.00</td>
<td>5000</td>
<td>5000</td>
<td>5000</td>
</tr>
<tr>
<td>Web and general photography</td>
<td>£0.00</td>
<td>0</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Marketing Activity</td>
<td>£4,500.00</td>
<td>6000</td>
<td>8000</td>
<td>12000</td>
</tr>
<tr>
<td>Training (net of income)</td>
<td>£500.00</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Limited Co Running Costs</td>
<td>£750.00</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Reorganisation of Association</td>
<td>£2,500.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Credit card m/c</td>
<td>£225.00</td>
<td>200</td>
<td>220</td>
<td>240</td>
</tr>
<tr>
<td>Contingency/ misc</td>
<td>£1,000.00</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>PR Club</td>
<td>£0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL EXPENDITURE</td>
<td><strong>67,221</strong></td>
<td><strong>89,280</strong></td>
<td><strong>96,735</strong></td>
<td><strong>£105,515</strong></td>
</tr>
<tr>
<td>BALANCE</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Surplus/ deficit for year</td>
<td>-£10,621</td>
<td>-11140</td>
<td>275</td>
<td>3975</td>
</tr>
<tr>
<td>Balance at year end</td>
<td>£13,420</td>
<td>2280</td>
<td>2555</td>
<td>6530</td>
</tr>
</tbody>
</table>
8. TRANSITION ACTIONS

The Board should move quickly to communicate the proposals and obtain the agreement of the membership. It will be an advantage to have the Executive Director in post before the year-end to galvanise the organisation and support the recruitment and retention of members for 2015 onwards.

<table>
<thead>
<tr>
<th>TASKS</th>
<th>TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation of the proposals and rationale to membership in the AGM, seeking a mandate for the reorganisation and financial implications</td>
<td>Latest date for AGM June 2014</td>
</tr>
<tr>
<td>Communicate the outcome and proposed course of actions to members</td>
<td>Immediately following the AGM</td>
</tr>
<tr>
<td>Communicate also with partner organisations including the local authorities, the AONB, Capital Region Tourism, Visit Wales, Visit England</td>
<td>Immediately following the AGM</td>
</tr>
<tr>
<td>Prepare a job description and person specification for the post of Executive Director; to be agreed by the Board.</td>
<td>Now – ready before the AGM</td>
</tr>
<tr>
<td>Identify and formalise terms of reference for the officers and admin staff of the Association to take effect following appointment of the Exec Director</td>
<td>Before Exec Director post is advertised</td>
</tr>
<tr>
<td>Advertise the post of Executive Director. (There are good value channels to advertise the position through public body procurement sites and the Tourism Management Institute and Tourism Society).</td>
<td>Immediately following the AGM</td>
</tr>
<tr>
<td>Request a financial contribution from Forest of Dean Council, negotiating a Service Level Agreement with specified outputs</td>
<td>June 2014</td>
</tr>
<tr>
<td>Progress arrangements for publication of the Visitor Guide and its transfer from the Forest of Dean Council. Identify ways to reduce the net cost. Select a contractor and agree terms and advertising rates</td>
<td>June 2014</td>
</tr>
<tr>
<td>Task</td>
<td>Completion Date</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Select a sub-group of the Board to oversee appointment of the Executive Director. Shortlist, interview and appoint</td>
<td>July 2014</td>
</tr>
<tr>
<td>Prepare an induction process to ensure the Executive Director is quickly familiarised with the membership, activities, finances and procedures of the Association</td>
<td>Employment begins as soon as possible – 1 September target date</td>
</tr>
<tr>
<td>Finalise membership packages, charges, 2015 budget</td>
<td>October 2014</td>
</tr>
</tbody>
</table>
9. APPENDIX

MEMBERSHIP PACKAGES AND CHARGES

These packages and charges are suggested following careful consideration by officers of the Association and consultation with Board members. They are indicative of the shape of the packages and charges in 2015 but are subject to a decision by the Forest of Dean Council on possible financial support and to review up to the point when the budget for that year is confirmed.

For the Premium and Gold packages a value is given to the added features of the package, demonstrating that they represent good value and a saving on buying the features separately.

**All quoted charges are exclusive of VAT.** If and when the income of the Association exceeds the VAT threshold its charges will be subject to VAT at the standard rate, currently 20%.

1. ACCOMMODATION PROVIDERS

Membership - Essential Package @ £120 per year

- Full Website entry which includes 3 Special Offers visible on own page only
- Internet exposure via Google adword campaign
- Option to advertise in Destination Visitor Guide
- General Meetings and Networking
- Regular Digital Newsletter
- WebNews newsletter
- Attendance at AGM and voting rights for the Board of Directors
- Opportunity to stand as Board member
- Free entry to participating member Attractions
- Right to display Association Window Sticker
- Low cost training opportunities
Premium Package @ £300 per year

All above benefits of Essential Package + £120
Website –
   Ability to show availability & receive booking requests £ 85
   Exposure on Late Availability chart via Home Page
   3 Special Offers via Home Page button
   Entry always rotating above Essential level members
1/8th pg entry in A5 Visitor Guide £120
+ Free add-ons:
   Feature on Social Media
   Special offers on customer-facing newsletter
   Participation in Media Visits

Total value £325

Gold Package @ £450 per year

As Premium + (£120 + £85) £205
1/4pg entry in A5 Visitor Guide £250
+ Free Add-on
   Option to join PR Club

Total value £455
2. ATTRACTIONS, ACTIVITIES & SPECIALITY SHOPPING

Membership - Essential Package @ £120 per year
Full Website entry which includes 3 Special Offers visible on own page only
Line entry in DL AASS Guide
Option to upgrade your entry in AASS Guide
Option to advertise in Destination Visitor Guide
General Meetings and Networking
Regular Digital Newsletter
WebNews newsletter
Attendance at AGM and voting rights for the Board of Directors
Opportunity to stand as Board member
Free entry to participating member Attractions
Right to display Association Window Sticker
Low cost training opportunities

Premium Package @ £300 per year
All above benefits of Essential Package + £120
Website –
   3 Special Offers via Home Page button
   Entry always rotating above Essential level members £ 40
1/6th pg entry in AASS DL Guide £150
+ Free add-ons:
   Feature on Social Media
   Special offers on customer-facing newsletter
   Participation in Media Visits
   Option to place money-off Voucher in DL Guide

Total value £310
Gold Package @ £450 per year
As Premium + (£120 + £40) £160
1/3rd pg entry in DL AASS Guide £300
Free Add-on
   Option to join PR Club

Total value £460

3. EATERIES

Membership - Essential Package @ £120 per year
Full Website entry which includes 3 Special Offers visible on own page only
Line entry in DL AASS Guide
Option to upgrade your entry in AASS Guide
Option to advertise in Destination Visitor Guide
General Meetings and Networking
Regular Digital Newsletter
WebNews newsletter
Attendance at AGM and voting rights for the Board of Directors
Opportunity to stand as Board member
Free entry to participating member Attractions
Right to display Association Window Sticker
Low cost training opportunities
**Premium Package @ £230 per year**

- All above benefits of Essential Package + £120
- Website –
  - 3 Special Offers via Home Page button
  - Entry always rotating above Essential level members £40
- 1/6th pg entry in AASS DL Guide £80
- + Free add-ons:
  - Feature on Social Media
  - Special offers on customer-facing newsletter
  - Participation in Media Visits
  - Option to place money-off Voucher in DL Guide

**Total value £240**

---

**Gold Package @ £300 per year**

- As Premium + (£120 + £40) £160
- 1/3rd pg entry in DL AASS Guide £150
- Free Add-ons
  - Option to join PR Club

**Total value £310**
4. FOOD PRODUCERS, LOCAL BUSINESSES

Membership Essential Package @ £60 per year
Full Website entry which incl. 3 Special Offers visible on your page only
Low Cost Training
General Meetings and Networking
Regular Digital Newsletter
Web News newsletter
Attendance at AGM and voting rights for the Board of Directors
Opportunity to stand as Board member
Free Entry to participating member Attractions
Right to display Association Window Sticker

NB - There would be no Premium or Gold option for these members. If a member wishes to upgrade, the member would revert to paying the normal full-scale membership fees.

ADDITIONAL CATEGORIES

The ability to advertise secondary businesses at a reduced rate to remain. However, the price to increase to a flat 50% of the regular rate, in whichever category, provided that the primary business must be in a package no lower than the additional category (ie. if the member wishes to have one of their additional categories as a Premium Member, then the main business membership must be at least a Premium member). The actual cost of Premium or Gold packages for an Additional Category is also charged at 50%.

JOINING FEE

It is suggested that the Association reintroduces a joining fee of £20 to cover the set-up costs of all new member categories, except Food Producers and Local Businesses which would be exempt.
Disclaimer: All information and analysis supplied by Blue Sail Consulting Ltd and our sub-contractors is done in good faith and represents our professional judgement based on the information obtained from the client and elsewhere. The achievement of recommendations, forecasts and valuations depend on factors beyond our control. Any projections, financial or otherwise, in this report are only intended to illustrate particular points of argument and do not constitute forecasts of actual performance.