

2016 GENERAL SERVICE CONFERENCE (GSC) FEASIBILITY STUDY

SAN DIEGO-IMPERIAL AREA ASSEMBLY

SUBCOMMITTEE ON OUR FUTURE SUSTAINABILITY

Update as of July 31, 2016

What began as the trustees' Committee on Finance's **Feasibility Study Subcommittee** is now transitioning and will change its name to "**Subcommittee on Our Future Sustainability.**" The name change

be explored and brought back to the GSB for its consideration to decide whether the board should act upon it or forward the idea to the 67th GSC for consideration.

Here are summaries of the

is to be more consistent with the positive direction that these efforts are now pursuing. The subcommittee's membership will be determined by the General Service Board (GSB) Chair.

The subcommittee did prepare a summary of ideas gathered at the 2016 GSC Feasibility Study sessions that are worth examining. The subcommittee will not make any decisions on any idea. Their decisions are only that an idea

key points from each of the four feasibility topics discussed at the 2016 GSC: Communications, Increase Revenue, Decrease Expenses, and Organizational Structure:

Communications

- Explore the feasibility of a media and communications audit to better understand what and how we communicate.
- Explore how to better utilize the FNV database (this is the group

GSC FEASIBILITY STUDY BRAINSTORMING TOPICS

COMMUNICATIONS

- INDIVIDUAL MEMBERS
- GROUPS
- DISTRICTS
- AREAS

INCREASE REVENUE

- EBOOKS
- IMPROVE ONLINE EXPERIENCE
- SIMPLIFY THE NEW LITERATURE CREATION PROCESS

DECREASE EXPENSES

- COMMUNICATE TO THE FELLOWSHIP RE: GSO SERVICES AND CONTRIBUTIONS TO SUPPORT THOSE SERVICES

ORGANIZATIONAL STRUCTURE

- REMOVE THE BOARDS' "SILOS OF SERVICE" IN COMMUNICATION AND STRUCTURE
- HAVE THE BOARDS WORK SIDE-BY-SIDE BY INTEGRATING THEIR GOALS

information database used by Area Registrars) for more efficient net bundling and distribution of information and resources.

- Explore what it means to communicate directly with all Groups for the specific purpose of determining why they either contribute or do not contribute to GSO. If a group does not contribute, GSO will ask what they need to do differently to get those noncontributing groups to contribute.

Increase Revenue

- Explore the creation of new literature opportunities (both print and audio) by utilizing the materials in the AAW S Archives and how these

materials may or may not be affected by the concept of "Conference Approved Literature". (AAW S has begun to explore the idea of new literature projects and has a few possibilities in the initial stages of planning.)

- Explore new sources of GV/LV sales and revenue, such as direct sales to treatment facilities.

Decrease Expenses

- Explore the structure of the GSC, such as always holding the GSC outside of New York City proper, and reducing its duration by reconfiguring the agenda.
- Definitely state that the idea of holding the GSC every other year is an

idea that will not be considered at this time unless the GSB would hear an expressed desire from the Fellowship.

Organizational Structure

- Explore the combining of back office functions, such as finance, information technology, to promote efficiency, and save costs.
- Definitely state that combining the two service entities (AAW S and GV) is an idea that will not be considered at this time, unless the GSB would hear an expressed desire from the Fellowship.

WHY A FEASIBILITY STUDY?

Background

The finance report presented at the 67th General Service Conference (GSC) informed the Fellowship on a trend toward a net loss that would increase each year – **if nothing changes**. The key factors signaling the need for the study are: The Fellowship's membership numbers have flat lined for the past 20 years. Contributions have plateaued at \$7 million for the past several years and have usually provided about 1/3 of annual revenue. Worldwide, the

publication industry shows a downward trend in printed sales and ebook sales are not indicating they will make up the difference. AAW S, Inc. is not likely to print "new" literature. Operating expenses continue an upward trend despite the process improvement efforts engaged in by the staff and boards. For those of you who want more detail, here are the financial descriptions of each, AAW S, Inc., A.A. Grapevine, Inc. and LaViña from pages 2-3 of the

2016 GSB Report from Subcommittee on Feasibility Study:

A.A. WORLD SERVICES, INC. (AAW S)

AAW S' current annual operating expenses are approximately \$18 million per year. Assuming an annual inflationary increase of 2% in operating expenses per year, this will result in adding approximately \$350,000 of additional expenses each year. Every three years will see

operating expenses grow by \$1 million. To offset this increase, either Seventh Tradition self-support contributions would need to grow over this same period by \$1 million, or 5% per year, or literature prices would need to increase by 10% every third year (e.g., Big Book would go from the current \$9.50 to \$10.50 per copy during this same three-year period).

A.A. GRAPEVINE, INC. (GV)

Both GV and LaViña (LV) provide a unique communication platform within the Fellowship. GV is known for its editorial integrity and independence, as well as being a vital link among A.A. groups and members. LV does the same for A.A.'s Spanish speaking members. The following trends are noted:

The long-term downward decline in GV magazine subscriptions mirrors circulation declines throughout the print industry and is not likely to abate without new approaches. As a result of the financial difficulties

experienced during the 2008 - 2012 period, GV eliminated over \$500,000 of their expense base to enable GV to reach its current operating expense levels. Further expense reductions of this magnitude will be extremely difficult to produce again, without significant changes in the existing GV business operating model.

The ability to generate new anthologies or collections by repackaging previously published GV materials by topic is an annual Conference approval effort. While this publication activity is not difficult to execute and does increase other publication income, it will not resolve the financial challenges confronting GV. As a result of the above factors, GV is projecting an operating loss in 2016, with these losses increasing in subsequent years. As subscription circulation continues to decline without alternative actions to remediate, it is likely that direct

support from the General Fund (similar to what LV receives) will be required to continue to GV in its current format and business model.

LaViña (LV)

Although current annual subscription levels of 10,500 magazines represent an excellent penetration of the Spanish-speaking A.A. membership, subscription levels would need to grow from the current level of 10,500 per year to nearly 30,000 per year for LV to approach breakeven. This level of growth does not seem foreseeable under the current plan.

To continue to provide LV in its current format will require the General Fund to fund the shortfall between revenues and expenses of \$150,000 or more per year, with no prospects that this will end. It should be remembered that the cash in the General Fund's only occurs when AAWS is profitable.

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