

July 2008

TO THE BOARD OF DIRECTORS, RI
From : Ed Futa, General Secretary

SUBJECT: ACTIVITY UPDATE FOR THE QUARTER ENDED
30 June 2008

Dear Fellow Rotarians:

I am pleased to bring you up-to-date on some of the major projects and accomplishments of RI during the fourth quarter of 2007-08. All divisions in RI have their routine tasks, those every day responsibilities that keep the Secretariat running smoothly.

Corporate Services

Corporate Services staff supported the June and “July” Board meetings, prepared the advance memoranda, arranged meetings logistics, and managed follow-through to Board decisions. Official Suggestion Forms for RI director, along with the list of 2008-09 Director Nominating Committee members, were sent to the clubs in zones 3, 8B, 10, 12, 16, 26, 31, and 34. Staff sent materials to all members of the 2008-09 RI and TRF committees, including the terms of reference, a list of members, information on the functioning of each committee, and expense report forms.

Human Resources.

In addition to providing soft skills and new hire orientation training, the Learning & Organization Development department graduated 24 RI employees in a Management Development Certificate Program, established a best practices manual for RI internships, and debuted a new certificate program in critical thinking.

Legal Services

2010 Council representative certification forms from approximately 68% of districts were received at the Secretariat this quarter. To help facilitate the distribution of information to Council representatives, staff began development of a Council representative extranet site. Staff again reminded representatives and 2008-09 governors of the new 31 December 2008 deadline to submit legislation to the 2010 Council. Approximately 70 items of legislation received to date.

The Trustees have approved a new associate foundation for Japan and work continues toward its establishment. Similarly, the Trustees have approved a new associate foundation in Germany to supplement the existing associate foundation there. The new entity will be structured in a more typical manner than the existing one to allow for the establishment of a permanent fund structure.

Strategic Planning

Staff supported the Strategic Planning Committee meeting, prepared plan materials for distribution at the Los Angeles convention, provided support to the Vocational Service Committee, and prepared information for the Board retreat. The division spent most of its time preparing for and presenting the recommendations of the Future Vision Committee to the Trustees and Board, including the plan's concepts, criteria, and detailed implementation plans.

RITS

RITS completed a comprehensive bid of the travel management account vendors and global payment program providers. Proposals were submitted by three global travel agencies as well as three credit card payment system providers. In both cases, after extensive evaluations, RI selected the existing vendors, Diners Club and American Express, for having the most competitive cost structure combined with innovative products and services. RI signed a three year agreement with Diners Club. A three year American Express agreement will be signed in the first quarter.

Staff completed work on the selection of those airlines that will offer Rotarians a discount for travel to the Birmingham convention. These discounts will be posted on the official convention Web site. Staff focused on keeping organization-wide airfare costs within budget despite higher airfare costs. As the quarter closed, based on preliminary numbers, organization-wide airfare expenditures are expected to be between approximately 2–3% below budget.

Affinity Credit Card

Focus continued on growing existing programs in the US, Mexico, and Canada. Positive discussions were held with ICICI Bank in India to replace the program with Standard Charter Bank that was closed in the third quarter. A new program may be delayed as a result of the weak credit market worldwide. Despite this weakness and overall slowdown in economic activity, RI card programs continued to perform well and our card issuing partners reported that the performance of the RI card portfolio is among the best of their groups.

ADMINISTRATIVE SUPPORT SERVICES

Information Services

IS staff continued work on the membership system re-write, which is focused on “phase 1” functionality. This includes moving all Rotarian and organizational structure information (club & district information) to a new application called netForum. RI purchased the software at the end of April and the vendor Avector's consultants joined the project team in May.. Additionally, during the first week of April, staff successfully completed the PeopleSoft (Oracle) Financials upgrade.

Operationally, the Data Center project to upgrade the cooling capacity was completed. This enables RI to grow with no infrastructure constraints in the Data Center for the next 10 years.. Staff also worked to improve infrastructure upgrades for better internet connectivity and quality at all the international offices.

Data Services has also begun a major initiative to clean up “bad data” before converting to the new system, by reviewing detailed member information country by country and correcting

errors. Data Services hopes to work through most of the 1.2 million records before the new system is completed.

COMMUNICATION SERVICES

Communications

Communications staff provided extensive support to the 2008 convention, including interpretation, speechwriting, promotion, videos, photography, and on-site printing. Daily convention coverage appeared on rotary.org, including five videos of convention events and attendees that portrayed the convention as an exciting, “don’t miss” experience. Page views on rotary.org reached new records during the convention week.

Public relations staff organized a press conference with Trustee Chair Bob Scott, World Health Organization Director-General Dr. Margaret Chan, UNICEF Executive Director Ann Veneman, and Director of the US Centers for Disease Control and Prevention Dr. Julie Gerberding that resulted in articles on Rotary’s new fundraising drive to eradicate polio and WHO’s declaration of polio eradication as its top operational priority in *USA Today* and the *Canadian Press*, among other media.

Through a partnership with the convention's Wide World of Books project, the *Los Angeles Times* ran three full pages of donated ads about RI and the convention. Also, a full-page ad about RI’s effort to end polio ran in *USA Today*.

Sales of RI publications, photos, and videos totaled US\$44,460, almost US\$10,000 higher than the previous year, thanks in large part to increased marketing efforts. Convention workshops on public relations and RI communications resources drew near-capacity participation.

The June “Rotary in Pictures” edition of *The Rotarian* featured excellent photography, many from staff photographers. The July cover story featured incoming RI President D.K. Lee. An RI team of writers, photographers, and videographers traveled to Korea with the president-elect to get content for the magazine story and for future Broadcast Media projects. Advertising sales totaled US\$162,172 for the three issues, down 3.7% from last year. Sales totals through 11 issues are at US\$687,262, down 3.1% from last year. The downturn can be attributed to the U.S. economy and the fact that *The Rotarian* discontinued running the controversial ads for “male enhancement” products.

This quarter showed increases in traffic on the Web site, in particular in the News section (including RVM, RI News, and *The Rotarian*). The Web Department is also working to refine the Download Library so that the most used documents are instantly accessible. Total page views in the fourth quarter were 12,855,497.

In addition to convention-related videos, Broadcast Media staff completed an edition of RVM, a Peace and Conflict Studies promo video, a Peace is Possible DVD in language versions, a membership video set, videos on Rotary’s US\$100 Million Challenge, Rotary and the International Community, and the Foundation Future Vision Plan. Staff photographers covered

polio eradication in India and Nepal, the RI convention, and other events, and produced the Year in Pictures CD package.

Public Relations

During the convention, Rotary television spots were placed on United Airlines in-flight programming; Rotary signs were displayed throughout the Los Angeles International Airport, on city bus shelters, and on a billboard along busy Century Boulevard; and the Rotary television PSA was played in more than 100 movie theatres across the country.

Staff obtained an interview for President-nominee Kenny in Scotland's *Sunday*, in which he delivered Rotary's advocacy message in advance of the G8 summit. In North America, the *Windsor Star*, *Canadian Press*, and CBC national public radio covered the Presidential Peace Conference in Windsor, Ontario. ABC-TV in Detroit interviewed Rotarian Pat Olson, a Myanmar cyclone Shelterbox volunteer. *The Toronto Star* profiled past RI President Wilkinson, and Radio Korea in Los Angeles aired a story on the convention and on D.K. Lee becoming RI president. *The Korea Times and Korea Daily* published stories related to Rotary, incoming President D.K. Lee, and the LA convention. YTN-TV in South Korea aired a feature story about President-elect D.K. Lee and the LA convention. *The Economist* published a story on the Myanmar cyclone recovery and mentioned Rotary in connection with Shelterbox. The *Sunday Post* in Scotland mentioned Rotary in two articles about the Myanmar cyclone recovery. *German World* published two news briefs on the convention and book drive on its Web site. In Latin America, *Telemundo* broadcast live from the convention book drive and aired live interviews with Mexican Rotarians.

Rotary's Humanity in motion PSAs aired on 1,700 television and 5,500 radio stations throughout North America. External Relations staff coordinated Rotary's participation at key international events, including UNESCO Executive Board Meeting, U.S. State Department award reception, World Bank spring meeting, US Agency for International Development (USAID), US Department of Agriculture International Food Aid Conference, UN Food and Agriculture Organization Regional Conferences and Summit, UNICEF Executive Board Annual Session, World Economic Forum on Africa, and the UN Foundation Anniversary Reception. In addition, RI Representatives, delegates, or staff presented or exhibited at several key international meetings. RI received NGO observer status for the UN International Fund for Agricultural Development. With a 22% increase in applications from 2007-08, RI granted 163 Best Cooperative Projects Awards to clubs from 83 districts.

MEMBERSHIP SERVICES

RI Programs

In the fourth quarter, there were 177 new Interact clubs, 192 new Rotaract clubs, and 120 new Rotary Community Corps registered (for a total of 11,605; 7,396; and 6,357 respectively). This represents a 5% increase for Rotaract clubs and a 4% increase for Interact clubs in 2007-08. Staff processed a record-breaking 12,300 presidential citations, 900 Rotaract citations, 500 Interact Citations, and 80 district governor citations. Programs staff also awarded more than 800 Four Avenues of Service citations, 120 Public Relations awards, and 118 Significant Achievement awards. In support for the World Community Service program, there were 56 new projects

posted seeking assistance on ProjectLINK, and RI processed donations of US\$18,265 for projects posted there. Staff registered 83 new Rotary Volunteers for a total of 560 Rotarians interested in serving abroad. Programs staff provided support for training in Evanston of the Health & Hunger; Literacy; Water; and Youth Services Resource Groups' leadership, and also supported training for the Child Mortality senior coordinating team appointed to facilitate President Lee's 2008-09 emphasis.

Club and District Support

RI processed the admission of 392 new Rotary clubs in the fourth quarter, 11% more than the same quarter last year. Also, staff processed 185 executive decisions, including four district incorporations (73 district incorporations to date), and nine club mergers. Staff processed 140 responses on behalf of the president and the general secretary, plus 341 *Memo of Club Visit* forms, 451 governors reports, and 267 expense reports (a 156% increase over the number of reports processed last year).

Leadership Education and Training

Staff supported the May meeting of the 2009 International Assembly committee. The committee developed a draft program and approved the final list of RI training leaders and invitations were mailed to all 40 training leaders. The two seminar trainers have been confirmed.

Staff revised the *GETS Leaders' Guide* and mailed it to the GETS training team members. The *District Governor's Training Manual* and the *District Conference Manual* were also revised and sent to production this quarter.

Staff worked on several initiatives to expand the training and information provided on the importance of financial management. The new *District Governor's Training Manual*, for example, includes expanded information about financial management; the club treasurer section of the *Club Secretary's Manual* has been posted to rotary.org in all nine languages; and staff researched content for a *Club Treasurer's Manual*, to be available for 2010-11 club treasurers. Financial management is one of the six recommended topics for new governor-nominee training, which is being developed in 2008-09 for distribution in July 2009.

E-learning was a priority for the Leadership Education and Training division staff in the fourth quarter, with staff developing several e-learning initiatives, including Web conferences for GETS, online case studies, formal modules for the Rotary E-Learning Center, and online video messages.

Membership Development

End of year membership numbers are not yet finalized as RI is still receiving paperwork for new clubs organized during 2007-08. Membership staff developed support materials for twelve presidential membership conferences to be held throughout the Rotary world during 2008-09. Staff attending the Los Angeles convention conducted membership-related focus groups—one appealing to younger professionals and another to women professionals. RI made agreements with external vendors in Australia, Argentina, and South Africa to conduct focus groups of non-Rotarian women professionals and professionals between 35 and 50 years old. These will be

conducted immediately before or after the presidential membership conferences taking place in these regions. RI began a new membership-focused ad campaign for 2009-10.

International Meetings

Preparations for the Los Angeles convention consumed most of International Meetings' time in the fourth quarter. Preliminary final paid attendance registrants totaled 18,702. Staff is still processing all required payments so the final financial statement is still pending. RI has contracted the 2009-2011 International Assemblies at the Manchester Grand Hyatt, San Diego. RI requested the hotel to provide a proposal for the 2012-2014 International Assemblies by mid July. Requests for proposal for the 2013 and 2016 Councils on Legislation have been sent to six hotels in the Chicago area.

FINANCIAL SERVICES

During 2007-08, senior Rotary staff and Rotary's insurance broker conducted an organization-wide risk assessment. The assessment did not uncover any risks that management was not already addressing. Cyber/data protection liability was identified as a significant risk and staff began procuring an insurance policy for it.

With the financial markets sharply down in June, the gains in April and May were reversed. Based on preliminary market returns, RI's General Fund is projected to report a loss of approximately 5% for the fiscal year ending 30 June 2008. The actual results will depend on how Rotary's investment managers performed relative to their benchmarks.

The external auditors have completed their 2007-08 interim audit procedures for RI's annual audit. The 2008-09 fiscal agents have been appointed or reappointed as required.

With all best wishes,

Ed Futa
General Secretary