

**Status Report**  
**NRHS Website Upgrade Project**  
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I have recommended, and the NRHS officers have concurred, that the Society move forward with a major website upgrade project structured in sequential phases. Our efforts for the short term will be focused on Phase 1. The Society must make some decisions on long-term direction before we can launch the subsequent phases.

**Phase 1**

The first phase of the project will have three objectives:

1. Attract new members to our current products and services through upgrading our Internet image.

We will create an updated marketing website for the NRHS. This includes new branding to update the Society's often stodgy image to the outside world. It will help us to attract new members by providing a more modern look and feel to **nrhs.com**, with an easier navigation system and updated content that better markets the Society.

2. Provide the capability to make administrative improvements that streamline internal workflow.

We will allow the automation of a number of administrative tasks such as renewing members, processing changes of address and updating chapter information. Most of these functions are currently performed by Fernley & Fernley in a semi-manual process involving spreadsheets and e-mail. One of the first steps in Phase 1 will be to build more detailed requirements for these functions.

3. Provide a website structure that will allow for future functionality to be integrated into our website infrastructure. These could include information repositories, photographic archives and many other services. In Phase 1, we are not designing those systems or even deciding what those systems will be. Most of all of these functions will be structured as separate stand-alone systems that will be integrated with the NRHS websites for access. Therefore, we don't need to know all the details of these functions now, only to build the capacity to access them in the future.

Although we recognize that many people would like to be moving into the creation of new products and services, there are two important reasons that we are limiting the first phase to the three steps above.

- We have limited resources, both people and money, and NRHS management wants to start with smaller projects that will be achievable in reasonable time with our current resources.
- The NRHS has to make some basic business decisions about the direction of future services and how they will be supported. Some of these issues are discussed in the section below.

As the next step, I will be working with the officers to develop the plan for how we are going to execute the Phase 1 work. This will include budgets, timelines and contracting strategy. Frankly, this short-term work has been going slower than we had initially intended. The website and software development business is in a somewhat unsettled state because of corporate acquisitions, shifting currency valuations and business disruptions caused by the current economic downturn, which is not impacting all economies to the same degree. Because of these developments, we have had to step back from releasing design work with some contractors we had initially hoped to use.

Although we have had to drop back and consider additional execution options in some areas, we do expect to start contracting design work before the next Board meeting. During this period, we will be more than happy to allow other technical resources to review and provide input to the plans and strategies. However, we will need to keep those efforts focused on the Phase 1 work while others work on the business plans for Phases 2 and beyond.

### **Planning for Later Phases**

While our implementation efforts are focused on Phase 1, it is not too early to start developing options for consideration in later phases of the project. NRHS management encourages interested members to work together to begin this process. We note, however, that the NRHS and its Board of Directors need to make some fundamental decisions regarding our **business model** before we can begin to implement additional phases. We also need to consider several **business and legal issues** for each proposal in addition to the technical issues.

### **Business Model**

The Society needs to determine the overall business purpose for additional website products. Since the total portfolio of products offered will probably include elements of multiple business purposes, we must make the same decision for each proposed component. These decisions will drive a number of technical, commercial and legal decisions. The Phase 1 project, by the way, is directed primarily toward models 1 and 2.

The primary question is why we propose to offer additional web products.

#### **1. For the enjoyment of our current members.**

In this model, the focus is on specific products and subjects that appeal primarily to current members. This is the primary motivation for many railway preservation projects today, and it is also the reason that many experts predict that there will be a massive contraction in rail history organizations, publications and museums in the not-too-distant future as the general population has less and less family history and regular interaction with the railway industry. Since this model is directed toward those already in the organization, it has limited potential to attract new members, unless there is evidence that there is a large pool of people with identical interests who otherwise would not join. Primary funding for such projects must be internal, provided by the current membership.

Administrative services improvements to ease the burden on chapters and individual members also fall under this model.

#### **2. For attracting new members.**

In this model, the focus is on attracting people not currently in the organization. In practical terms, it means increased emphasis on topics that may not be the primary interest of the majority of current members. Since the purpose is to attract new members, there must be tight access controls to keep the “good stuff” accessible only to paid members, except for a small amount of attractive “teaser” material open to the general public. Initial funding must come from the current membership, with the intention that additional material can be funded from expanded membership in the future.

#### **3. For earning a profit (or at least to be commercially self-supporting).**

In this model, the emphasis is on offering products that the members and the public want to purchase, either on a product-by-product basis or through premium membership levels. The emphasis is on access control, collecting payment and product delivery. Content is determined by what the most people want to purchase and what is both unique and controllable. Financial support

comes primarily from business profits after initial seed money is provided internally, possibly as a loan. This model is not inconsistent with not-for-profit tax status as long as the earnings are used for the purposes of the organization and do not flow back to the stockholders (members).

#### **4. For the good of the community.**

This is the classic charity model. In this model, products and content are offered free to the public. Financing comes primarily from donations and grants. The content is free of commercial considerations, but may be influenced by the ability to attract grants and donations for particular subjects. This business model is the most consistent with 501 (c) (3) tax-exempt status, but it requires a significantly higher emphasis on fundraising. To date, the members of the NRHS have demonstrated a distinct lack of interest in planning or managing fundraising campaigns.

### **Business and Legal Issues**

In addition to the overall business model and the technical means of delivery, any proposed new website service must consider several other business and legal issues. These include:

**Staffing Support:** Most products require a significant amount of effort, not only to gather and produce content, but also for verification, quality control and ongoing maintenance. Most products require a continuous replenishment with fresh or updated material. Staffing planning needs to go beyond “We’ll find a volunteer for that” and consider how we will obtain and pay for services in the event that we can’t find volunteers with sufficient time and technical expertise to reliably do the job. Business models that include significant fee-for-service or payment-for-product transactions require much higher levels of effort for accounting and fulfillment than those that are built around a flat annual fee.

**Physical Space Requirements:** Distribution of physical products, assembly and scanning of source material, and ongoing support workspace all require physical space and good communications systems.

**Sources of Material:** Sufficient material must be identified and secured for starting up a new service, and a plan must be in place to attract additional material and prioritize its use.

**Ownership and Copyright:** Material distributed on the web must be handled legally. For material generated by others, NRHS must have clear legal rights to use and distribute the material. For material generated and/or owned by NRHS, we need to assure that the Society has copyright and legal protections consistent with our business model(s).