

Below is a compilation of the questions received regarding the proposed changes to the membership dues processing system. A concise answer is provided for each question. These were the questions and answers reviewed on the conference call on January 4, 2014 at 2pm EDT.

Q1. How will savings be passed on to members? (Third paragraph of Proposal)

To survive, the NRHS needs to invest substantial money into developing a profitable business model. This includes the development of new revenue streams to stabilize the organization as well as substantially modernizing NRHS back-office operations. The savings resulting from this proposed business process changes will be reinvested into other aspects of the business allow us to position the NRHS for future success. Another way to look at this is that it will postpone the next dues increase or enable us to make future dues increases smaller.

Q2. Will members receive a dues decrease for enrolling?

No. This business efficiency will push the next dues increase further into the future. If we do not get the savings associated with this change in business process, the NRHS would need to increase dues for the 2015 fiscal year by an additional \$5 (at a minimum). Also note that this is not a program that members will “enrolling” in. All members will follow the same business process for renewing and updating their membership record.

Q3. Who will handle erroneous email addresses on renewals that are returned to sender?

In option A The EBC will be responsible for maintaining records in iMIS as they are now. The key difference between the current and future system is that the EBC will be making the changes online (via a web site) and the changes will be made in real-time – no one from F&F will need to process anything. At-Large members will be responsible for ensuring that their email is correct in their profile.

In option B, the individual members (Chapter or At-Large) are responsible for ensure their profile information is correct. This includes mailing address, family members, passwords and email address. Like most commercial relationships that our members have with other business, if they don't provide the right information to the vendor then they will not receive the item they purchased.

Q4. How will option B affect chapter ability to recruit new members?

National does not foresee this change impacting the ability for Chapters to recruit members. As they do currently, Chapters will have the ability to see who has recently joined the society and solicit them for membership in a Chapter. The only thing that will change is that the new member information will be provided to the Chapter as a self-service report through the web site.

Q5. Does the proposed savings assume 100% changeover to electronic means?

All members will renew electronically under both options.

Q6. If not, what percentage of attrition do you expect from this as non-renewals?

Attrition is difficult to predict. We typically see between 4% and 6% attrition and we don't expect that this change will cause significantly higher or lower numbers – other similar changes have not caused massive attrition. More importantly, we believe that the electronic renewal process will position the business for delivery of future services that will enhance membership.

Q7. Is this attrition accounted for by the “savings” numbers shown? In other words is the loss of members and their dues considered in arriving at the savings estimates? Our savings calculations are based on 9,000 primary members. Note that attrition will result in less saving, however, with less members there will be less cost to start with. Thus as membership drops, the costs and savings will drop proportionally. The impact on the business will be the same....freeing up cash to invest elsewhere in the business.

Q8. What percentage of membership do you estimate will remain non-electronic? - Refuse to share their email address with national?

This was not a factor in our estimates. We do not believe that people will refuse to give us their email address. If they do...

- In option A, the EBC will have to chase down individuals to provide them their renewal notice.
- In option B, the member will have to remember to renew their membership themselves.

There will not be an option for non-electronic renewal without the member paying a fee for manual processing. The fee will be in the \$30 per year range. Manual processing of address changes, etc. will not be permitted. They must be done online.

Q9. Who will do the change over and record maintenance work?

A variety of workstreams will be required to complete the work and maintain the system over time. Each workstream will involve a combination of F&F staff, an iMIS specialist (vendor) and NRHS staff. We are in the process of identifying these workstreams and building an implementation plan. That work will not be complete until sometime in February.

Q10. What will it cost? Has this been factored into the supposed savings?

The high level estimates indicate a cost of \$50,000 - \$70,000 to configure iMIS, modify the web site, etc. This number is still being refined as we get further into implementation planning. The savings published in the report include the upfront costs.

Q11. How long will it take to make the changeover?

We are seeking Board approval in January 2014 for implementation for the 2015 dues cycle. The work will be complete in late summer 2014 in time for the 2015 dues renewal cycle.

Q12. Who will handle file maintenance and what will the cost be?

F&F will continue to be our association management partner and will be responsible for maintaining iMIS. With option A we expect limited if any savings on the operational side of the business. F&F will have to provide roughly the same level of support that they do now. For option B we believe that we can see at least a 50% reduction in the F&F costs associated with membership renewal. This is based on the fact that almost all business functions become self-service done directly by the member (payments, address changes, adding/removing family members, etc.).

Q13. How often will on-line changes be monitored by National and records updated?

Records will be updated in real-time. There will no longer be “processing” of records and information by F&F. The system will be entirely self-service and changes will be reflected in the database immediately upon entry. This is true for option A and B.

Q14. How many bids have been presented with proposed costs? Who were/are they and do the proposed savings reflect the least cost alternative?

This was not put out for bid.

Q15. Under option B when members do their own maintenance how will notification of deceased members be received?

The information will be recorded if it is provided to us. This would be one of the few business functions that would be manually done by F&F as the member will not be able to self-identify that they have died. This is not considered as business critical information from a system or process design perspective. We only receive about 100 death notifications annually. Most of our members drop their membership before they die.

Q16. How will new members be enrolled and reported?

New members who sign up on the web site will be automatically entered into iMIS. Chapters will have the option of contacting members to solicit Chapter membership if they desire. Members who sign up through a Chapter will need to purchase a National membership through nrhs.com (the Chapter can do this for the member if they want to act as a broker and provided they can pay via Paypal or credit card). Chapters will no longer be able to forward dues to National via check.

Q17. Will national provide detailed information to each new member about the NRHS.

New members will receive a welcome packet as they do currently.

Q18. How will a new member enrolled on-line be made aware of a local chapter in his area that he could join. How will the chapter be made aware of this potential new member?

A new member could be made aware of Chapters in three ways:

- NRHS.com has a Chapter listing and information on Chapter membership. That information will remain on the site.
- Members interested in joining a Chapter can reach out directly to the Chapters. Chapters will be provided a mechanism to receive the contact information of new members so they can solicit Chapter membership. The format this information will be provided has not been determined yet.
- The new member welcome packet contains a list of Chapters near the new member.

Q19. How does National keep track of chapter membership? How will chapters be notified of member renewal, or drops for non-renewal?

Members will be asked as part of the renewal process what Chapter(s) they are members of. They will be able to self-identify their primary Chapter as well as additional Chapter memberships. A report of the information provided by members will be provided to the Chapters. The format of the information has not been determined yet.

Q20. Will there be a procedure for a person to change their home chapter designation, and who and how will this be reported to National?

Yes, this information will be part of the members profile in iMIS. The member will be able to update this information through nrhs.com anytime during the year that they desire. We do not plan to reconcile this with data provided by the Chapters.

Q21. Has the National's supposed savings considered the local chapter dues renewal process and the shifted expenses to the chapters? Is there going to be a net savings to members due to shifting costs from national to chapter or simply a shift in cost with little savings?

No, it does not consider this. We do not have enough information to comment on the expense that each individual Chapter will incur in renewing members.

Q22. Option B means a member makes separate payments to each of the national and chapter and under both A and B what if the chapter does not accept credit cards?

In option B, the member will pay National with a credit card, bank transfer or Paypal for only the National portion of the dues. A check payment option may be provided but will require a fee to be paid. Payment forms accepted by the Chapters are up to each individual Chapter.

In option A, the Chapter would collect Chapter and National dues from the member and would be required to pay National by bank transfer (ACH) or by credit card. The Chapters would not be required to accept credit cards as payment. In option B, the Chapter can collect dues in any manner they desire. We are not requiring the Chapters to accept credit cards in this scenario either. National is requiring electronic payment (ACH, paypal or credit card) for the National dues paid directly by the member.

Q23. If we go paperless for electronic renewals, how will a member obtain a membership card for the discount program at museums, tourist rides, etc?

We are exploring several options. One option is a print-at-home membership card that can be downloaded from the website. We are also considering distributing a membership card that is valid for multiple years. This will reduce – but not eliminate – mailing costs. Currently we are leaning toward a print-at-home membership card.

Q24. Under Option A will EBC's be able to make changes daily in multiple on-line sessions? In option A the EBC will be able to make changes anytime of the day they like – aside from some regularly schedule maintenance windows for iMIS. They will be able to make changes as many times a day as they like. All changes will be real-time within iMIS.

Q24. How does chapter EBC know the members iMIS ID number?

In option A, there will be a variety of searching and sorting options to find members. Knowing their membership number will not be required. In option B, each member will establish an account on nrhs.com by selecting a unique user name and password. The account creation process will require the member to enter two or three pieces of information to locate their membership record in iMIS. It has not been determine yet if one of those bits of data will be the membership number.

Q25. What safeguards will be in place for individual email security? What guarantees will members have that their addresses will not be sold or otherwise furnished to outside parties?

The new system will conform to all federal laws regarding protecting the confidentiality of email addresses. CAN SPAM laws will be applied to member communications and marketing communications. Members will have the option of opting out of non-NRHS communications – as they do now - for those that don't want their email provided to other companies. Any member who has opted-out in the current system will be opted-out in the new system.

Q26. Under Option B is the plan to totally eliminate the need for EBC's?

In option A, the EBC role would still be critical to business operations. The difference is that the EBC will be interacting with iMIS through a web site in real-time instead of spreadsheets that are batch processed monthly. Option B would eliminate the need for EBC from National's perspective, however, the EBC role could be helpful in helping less technically savvy Chapter members to use the new self-service system.

Q27. Do we know how many at-large members are expected to renew on-line?

We expect that nearly 100% of At-Large members will renew online in the future. This is consistent with current member behavior – most At-Large members currently pay by credit card on the website. In the new system – option A or B - if they choose to send in a check a processing fee will apply. The processing fee will likely be in the \$30 range.

Q28. What is the current cost to mail dues renewals?

About \$110K. Roughly \$80K is labor by the team at F&F to process the Chapter spreadsheet, handle issues, cash checks, generate reports, etc. Roughly \$30K is for printing and postage costs paid to external vendors.

Q29. The proposal states that renewals are "the single largest expense," the expense is not directly quantified nor analyzed, nor are any other expenses. I find it hard to believe that the portion which affects Chapters approaches the expense of the Bulletin, or the Newsletter. As a Chapter contact, I'm interested mostly in the portion which **does** affect Chapters, and in insulating our members from more change than necessary. What is the total annual cost of renewals, and what is the annual cost of the next largest expense (probably the Bulletin)?

See answer to Q28.

The Bulletin is the second largest expense at about \$100K. The NRHS News is significantly less at about \$40K. When the Convention is run by National, that is the largest expense with membership renewal second and the Bulletin third.

Q30. What are the costs (either absolute, or as percentage of the total) of the individual pieces of renewal processing (please add any important ones that I have missed)?

- i. mail renewal notices
- ii. process Chapter reports
- iii. processes Chapter payments
- iv. process At-Large payments

See Q28 for the breakdown of current costs. NRHS doesn't track effort based on the criteria in this question.

Q31. As a matter of curiosity only, to what extent is the processing of Chapter payments currently automated? That is, is the email received and processed directly by a program, or is it received by a human and then submitted for automatic entry, or is it re-entered by a human (in which case the spreadsheet servers primarily to enforce consistent Chapter reporting style)?

There are a number of ways that renewals and new memberships are received.

- Chapter renewals are processed by a script from the spreadsheets sent in by the EBC's, however, it requires a lot of manual effort especially if there are problems with the data. Payment processing is manual – typically checks - and must be reconciled against the spreadsheet. It is semi-automated at best.
- New Chapter members are entered manually based on the data provided in spreadsheets from the EBCs. Payments – typically checks - are processed manually.
- New members received through the web site (mostly At-Large) are captured in email and manually entered into iMIS by a human. The payment processing is completely automated.

- Renewals received through the web (mostly At-Large) are captured in an email and manually processed by a human in iMIS. The payment processing is completely automated.

Q33. In the "common" section and in Proposal B, the document calls electronic entry or payment a "requirement" and then offers a non-automatic option for a fee. That is inconsistent. (My opinion is that electronic/automatic processing is not practical for somewhere between 5% to 20% of our members, and hope that National (or a Chapter) can process these manual items.) Please resolve the inconsistency by removing "requirement" or "required" in those cases where manual/paper is available (at additional cost).

The language is inconsistent and possibly confusing. There will be a fee to manually process a renewal. The fee will reflect the actual cost of the labor required to process a renewal. We expect that fee to be around \$30. If a member does not choose to pay that fee then payment by credit card or Paypal will be required.

Q34. The current form by which Chapters may provide Credit Card info to National is insecure; the CC information sent in an unencrypted emailed attachment. Will the new system provide a secure CC payment method? (If not, Credit Card is not an option.)

The new system will use the same payment processing system that we currently use on nrhs.com and for convention ticket sales. The payment processing will be through Paypal and is a PCI compliant system. Credit card information should never be transmitted in email (now or in the future).

Q35. Our bank (Chase) offers ACH payment capability starting at \$25/month. Is that the ACH you had in mind, or is there an option whereby the recipient (NRHS) would pay that \$25/month fee?

We don't have enough information to comment on specific Chapters or bank products. In option A, an electronic payment of some sort will be required (credit card, bank transfer, paypal transfer). National will not pay for Chapter banking fees. In option B, the member is paying National directly so this won't be an issue for the Chapter.

Q36. If 7000 the NRHS members renew through a Chapter, the credit card fees (2.5% typically) on \$350,000 would be \$8,750 per year. Is that cost included in the projected savings for Processes A and B?

We did not explicitly consider credit card fees in the cost analysis, largely because credit card fees are captured elsewhere in the budget. In option A it would be hard to predict since we don't have any way of estimating how many Chapters will pay by credit card. In Option B our fees are somewhere between 1.5% and 3.3% depending on what type of card is used. The \$6K-\$8K of fees per year don't impact the cost analysis significantly. Option B still allows a significant cost savings for the society when compared to option A or the current scenario.

Q37. In Process B, the phrase "Members who choose to affiliate with National" is unclear. Does it mean At-Large members?

This would be any member who pays National dues (Chapter or At-Large).

Q38. Does Process B intend that National and Chapters produce separate billings?

Yes, in option B National would bill members separate from Chapters.

Q39. If Process B does require separate billings (and payment processing), what is the rationale for dropping the combined billing? Doesn't it make the dues renewal more complex for our members?

Option B is a back-office business process change that allows a significant efficiency in processing renewals. It allows us to remove \$30K of printing and distribution costs annually. It also reduces the amount of labor we need to purchase from F&F annually as covered elsewhere in this Q&A. For members it means they have to perform two transactions instead of one.

Q40. For Process B, why should electronic payment through PayPal or Credit card require a separate NRHS "account," in addition to the PayPal or Credit Card account?

You will need to have an account on nrhs.com so that the payments and renewal information can be processed entirely in a self-service system. This requires you to have an account so that no one else can access your personal information and to ensure that we track member information accurately. It also ensures that we have the information needed to correspond with members through email.

Q41. For Process B, will the Credit Card payment method be secure (using HTTPS)?

The login feature on nrhs.com and everything behind the login will be over HTTPS including the eCommerce elements. The payment system will be PCI compliant.