



AMERICAN SOCIETY OF
SAFETY PROFESSIONALS

Leader Update & Talking points

For more than 100 years, we have supported OSH professionals in their efforts to prevent workplace injuries, illnesses and fatalities. And that is what we will continue to do. The COVID-19 pandemic has had a dramatic impact on ASSP's operations.

For fiscal year 2021 (April 1, 2020 – March 31, 2021), ASSP has been forced to cancel Safety 2020 in Orlando, shifting to a virtual conference; cancel or change numerous face-to-face education seminars; and revise plans for SafetyFOCUS 2021 to become a virtual offering.

For the first time in ASSP's history, we are projecting a decline across all product lines and membership.

To remain competitive and emerge strong from the pandemic, focusing our mission and value delivery for safety professionals, ASSP has identified three goals we believe will support business realignment and long-term success:

1. Meet plan/Manage cash
2. Grow and expand products
3. Governance for a nimble organization

A brief outline for each of the three goals is listed below to provide you with the information and messaging you will need as a leader of the organization.

This information aims to help you inform members/communicate what we know today. However, as we all know, the current environment presents a great deal of uncertainty and there are some questions for which we don't currently have answers.

Meet Plan/Manage Cash

- The Board of Directors, guided by the Finance Committee and professional staff, approved the FY21 revised budget.
 - Revenue \$11.6 million
 - Expense \$13.8 million
 - Operating Loss \$2.3 million
 - The FY21 budget, which takes us through March 31, 2021, represents a revenue contraction of about 40% from last year.
 - The expenses and operating loss figures do not account for the recent reduction in staff.
- ASSP has a healthy reserve fund and a line of credit that will be used to manage this deficit, and to date, we have not yet drawn on these sources of funds.
- However, we recognize the uncertainty of when the market may stabilize and both of these funds are being managed with long term sustainability in mind. This risk tolerance strategy supports the three goals for long term sustainability, meet plan/manage cash, grow topline revenue, and governance for a nimbler organization.
- Going forward, ASSP must assess how long this business contraction will last and identify appropriate responses to manage risk and achieve business stability.
- As a starting point, staff has prepared a scoping forecast for FY22 (April 1, 2021 - March 30, 2022). The forecast projects an operating loss ranging from \$700k to \$2.7 million. The analysis hinges on assumptions for Safety 2021, currently planned for Denver next June.



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- The contraction range is so large because of several risks related to achieving projections. For example:
 - Customers might not be receptive to our shift to a virtual format for SafetyFOCUS.
 - Market oversaturation of virtual education targeting safety professionals.
 - Reduced employer spending on employee professional development and travel in response to the contracting economy.
 - Outlook for a return to in-person education is unclear, including Safety 2021.
- Several of these risks are beyond ASSP's control. However, the trends, risks and uncertainties that we face require that we align operations and expenses to this new reality
- As we begin budgeting for FY22, we must keep several factors in mind:
 - The forecast for Safety 2021 is moving target. We will be fiscally conservative in our assumptions, which will cascade to the entire FY22 operational budget.
 - We will likely enact the recession budget through FY22, which will impact volunteer travel, and capabilities to support new, non-revenue generating programs.
 - In addition, as you know we have executed a reduction in workforce and the ASSP professional leadership team is realigning roles and work to support this reduction, while ensuring our ability to resource our three goals of Meet Plan/Manage cash, growth, and governance. This realignment may have impact on current business operations.
 - We remain committed to our four strategic pillars — member community, education, standards and the value of profession—and our future business decisions will support that strategy and the sustainability of our organization.
 - We will communicate about impacted operations as these decisions are evaluated and made.
- Safety 2021
 - Current analysis suggests that a hybrid conference that combines a smaller face-to-face conference with virtual components represents the best economic potential if it can be implemented, reducing the potential two-year loss significantly.
 - We are forecasting and modeling a variety of scenarios and staff is devising productions plans and details for a hybrid event.
 - However, we are also preparing for potential shifts based on safety and health precautions and the financial viability of an in-person event. This means we are looking at a wide range of options, including changing locations or dates.
 - In August, we initiated research with attendees and exhibitors to help assess key indicators such as corporate travel budgets, likelihood to attend and impact of in-person networking on decision to attend.
 - Initial data indicated 54% of customers were likely to attend an in-person event. That data point has since dropped to 46% and will likely continue to decrease due to travel and budget restrictions driven by the COVID-19 pandemic.
 - Our goal is to make decisions in December but we realize the shifting landscape could speed up/slow down that timeline.





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- If we are able to have an in-person event, we will continue to prioritize the educational value of the conference in addition to the exhibition, which, as of the end of September, is on pace to meet the sales target of 80% of our Safety 2019 (New Orleans) expo footprint.
- An in-person Safety 2021 would be scaled back based on physical distancing and public health requirements. It would be similar to our traditional annual conference, but would likely not include the following ancillary events:
 - A traditional House of Delegates. We might still provide a space and format for delegates to convene, but the traditional and fully produced meeting would not be supported.
 - In-person council or committee meetings
 - In-person community recognition lunches, lounges and networking events/receptions
 - In-person community-hosted receptions and networking events with alcohol
- These shifts and the continuation of our recession budget would also eliminate funding for volunteer travel and amenities.

Grow and Expand Products

- Our second focus is to grow our top-line revenue with new business, and this focus does require some realignment of resources. Let's look at some specifics.
- New product ideation identified incremental growth opportunities. This includes:
 - **ASSP Safety Leadership Development Academy.** Provide a clear path for OSH professionals to advance their careers, meeting professionals where they are. A cross-functional team is building out partnerships tied to safety outcomes as a first step.
 - **Executive Forum enhancement.** Build on the outcomes of providing an exclusive council of corporate leaders focused on continuously improving and advancing workplace safety.
- But we have to look beyond incremental growth. Our research on growth and strategy has revealed a limited market for future membership growth. Therefore:
 - We must expand to an adjacent customer base for future growth.
 - Data indicates that the corporate market is a viable market with the least amount risk.
 - This includes corporations that employ OSH professionals and provide OSH products and services. They presently fund access to ASSP offerings, given that 74% of registration fees are paid by the employer and 68% of membership dues are paid by the employer.
- Our next step in this strategy is a corporate listening tour comprised of conversations between top OSH executives and ASSP's CEO. The goal is to develop relationships and identify needs that ASSP can help them meet.
- As an ASSP leader, you can help advance this process by connecting your network to ASSP. If you have relationships with OSH executives and are willing to make an introduction, please contact Micah D'Orazio at mdorazio@assp.org.

Governance





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- The Council Vice Presidents contributed in a design session, which informed governance goals and recommendations for task force & research stakeholders.
- The next steps from that design session include:
 - Conducting research with identified stakeholders (i.e. leaders, delegates, past presidents, emerging professionals)
 - Forming a task force with members who lead now and who are in a position to lead in the future, to inform options and a recommendation to the Board to achieve a more nimble governance structure. Task force recommendation expected in Spring 2021.
- To meet business needs, we must be able to make decisions quickly. Our governance structure impedes our organizational decision-making.
- That's why, while it may seem an inopportune time to assign resources to changing governance, we must address legacy processes and structures that prevent ASSP from making sound business decisions in an efficient and effective manner.
- Let's use the corporate growth strategy as an example. Under our current bylaws, corporate membership is prohibited. As a result, the Board of Directors, who are legally accountable for ASSP's financial health and viability, cannot approve — without HOD approval — an idea that could improve our financial outlook.
- It's also important to recognize the time and expenses involved in each business change that requires a House of Delegates vote because of our bylaws.
- Each bylaws change or House of Delegates vote consumes an average of \$30,000 in hard costs and staff resources.
- In the past 10 years, 24 new business items have brought to the House of Delegates. The total cost to deliver to execute these votes on these items is more than \$720,000 including the staff resources and cost of in-person meetings.
- Even in a digital era that enables e-votes by our delegates, we must assign staff resources that carry a total cost to deliver of nearly \$18,000.
- As leaders, we must see that these processes and procedures hinder us from responding effectively to business and economic circumstances.
- For example, simple modifications like changing the title of an elected leader requires a House of Delegates vote. This is a real change in front of us now: The title, "vice president of practices and standards," is out of alignment with the focus of the role, but executing this change will require, at minimum, an \$18,000 of investment in resources & cost to secure HOD approval.
- Does that provide value to the members and OSH profession? Are we as elected leaders best positioned to provide value? These are the questions we are asking each of you and the task force consider.
- And to help us thoughtfully approach these questions and make sound business decisions, the board has approved up to \$25K in strategic services from an experienced consultant, with governance capabilities we do not have and an objective point of view. This is a one-time approved expenditure and we are not committed to full the \$25k.

It is an unprecedented time, but also a time for real opportunity. Realizing these opportunities will require change, at times maybe significant change. Our commitment to share knowledge and be transparent continues. Our conversations may be uncomfortable at times, but it's critical we share our knowledge. Your knowledge and perspectives are critical in influencing decisions and future direction.

