TO: **ACBL Board of Directors**
               ACBL Board of Governors

FROM: **Jay Baum**

RE: **July 2004 – New York, NY**
               CEO Report

1.   **<u>MEMBERSHIP:</u>**

The upward trend in membership is continuing. Through June we are +1,312 versus June of 2003. January 1, 2004 versus July 1, 2004 shows a net gain of 803. (Exhibit A)

The exhibit attached also contains pertinent data from the quarterly report. (Exhibit B)

2.   **<u>INFORMATION TECHNOLOGY:</u>**

Website Advancements:

1) Business Processes
   a) Web content management process
      i) Implemented a process that will improve Web site content in the areas of accuracy, grammar, organization, and scheduling.
      ii) Developed an application to support the web content management. It includes scheduling, reporting and notification features.
   b) Web content
      i) Reduced Web site content from 1,192 folders containing 42,000 files to 59 folders containing 720 files.
      ii) Improved organization and presentation of content into logical and concise site sections.
      iii) Identified areas of interest to offer new content on a rotating scheduled basis.
2) Technical Improvements
   a) Hosting of the corporate Web site has been moved off site. This arrangement has the following benefits:
      i) Server platform and performance are better than what the ACBL had internally.
      ii) 24 x 7 support and Web site availability (hosting facility has batteries and generators for electrical backup)
      iii) Daily backups of the entire site.

iv)   Statistics reporting for the Web site to assist with Marketing site trend analysis.

v)   Quick search and advanced searching capabilities.

vi)   Less internal support and maintenance required.

vii) $50 a month

  b) Technology improvements

i)   Migrated from a proprietary web content management system to the industry standard technology.

ii)   Utilized Cascading Style Sheets to centrally control fonts, colors and text behaviors for the entire ACBL Web site.

iii)   Developed standardized templates to improve consistency and ease of page creation and maintainability.

iv)   Purchased and learned Macromedia Dreamweaver MX, the leading web development tool.

v)   Configured SSL for the shopping cart application to be accessible directly, removing an unnecessary weak link.

3) Web Support Structure

i)   Created the Internet Applications Department to manage the ACBL's web technology efforts.

ii)   Changed the Internet Applications Department's focus to the technology (the how) and allowed Marketing to control the web content (the what).

Current Project Projection

Task_Name	Duration	Start_Date	Finish_Date	Resource
Join Renew Application	471.77 hrs	Jun-04	Sep-04	Randall Smith[85%]
Opt Out Application	184.62 hrs	Jun-04	Jul-04	James Lowes[65%]
Membership Portal	492.31 hrs	Aug-04	Dec-04	James Lowes[65%]
Lotus Training	36.92 hrs	Jul-04	Jul-04	Peter Mollemet[25%]
Lotus 6.5 Upgrade	61.54 hrs	Aug-04	Aug-04	James Lowes[65%]
Masterpoints Application Upgrade	369.23 hrs	Dec-04	Mar-05	James Lowes[65%]
MyACBL - App 1	369.23 hrs	Mar-05	May-05	James Lowes[65%]
Shopping Cart Application	1129.41 hrs	Sep-04	Apr-05	Randall Smith[85%]
Knowledge Management	123.08 hrs	Jul-04	Aug-04	James Lowes[65%]
Canned Responses	184.62 hrs	May-05	Jun-05	James Lowes[65%]
Formsite Replacement	376.47 hrs	Apr-05	Jun-05	Randall Smith[85%]
MyACBL - App 2	282.35 hrs	Jun-05	Aug-05	James Lowes[65%]
Tournament Sanctioning Requirements	800 hrs	Jul-04	Dec-04	James Lowes[65%]
MyACBL - App 3	369.23 hrs	Jun-05	Aug-05	Randall Smith[85%]
Tournament Sanctioning Application	984.62 hrs	Aug-05	Mar-06	Randall Smith[85%]
Special Events Sanctioning Application	246.15 hrs	Mar-06	Apr-06	James Lowes[65%]
HR Vacation Tracking	861.54 hrs	Apr-06	Oct-06	Randall Smith[85%]
MyACBL - App 4	282.35 hrs	Aug-05	Oct-05	Randall Smith[85%]
HR Attendence Tracking	376.47 hrs	Oct-05	Jan-06	James Lowes[65%]
Publishing Workflow Application	752.94 hrs	Jan-06	May-06	James Lowes[65%]
Online Club Sanctions	282.35 hrs	May-06	Jul-06	Randall Smith[85%]
IAT Lite Application	376.47 hrs	Jul-06	Sep-06	Randall Smith[85%]

3. **HUMAN RESOURCES:**

A number of personnel changes have taken place affecting many departments:

Mable Wilkes has moved from Accounting to Special Events.
Margie Lantrip has moved from Special Events to Club and Members Services.
Joanne Hebert and Glenda Meyers have moved from Club and Member Services to Data Entry, both will assist with document scanning.
Debbie Nichol has been promoted to the Unit Sanction desk in Club and Member Services.
Martha Walls has moved from Publishing to Education, but will continue to generate the Hand Records.
Gail Smith has moved from Club and Member Services to Accounting.

Tawni Fite has resigned her position in Marketing effective June 15, 2004. Mary Oshlag will be retiring from ACBL effective July 7, 2004. We are sad to see these two leave. ACBL wishes them both the best and thanks them for their outstanding service.

The new ADP payroll system is in place and being utilized. Training of two employees on this system is complete.

Audits by our Workmans Comp provider were completed in a very timely manner in May.

4. **TOURNAMENTS:**

Tournament Tables
Regionals continue to show a healthy increase in tables per event with an average YTD of +117 tables per regional.

Sectionals are off by 1 table per event and STaCs have a downward trend YTD of –125 tables per event.
(Exhibit C)

Club tables have taken up the slack of STaCs. Through April, they have an 7.87% increase over last year and the table per game averages have moved to 8.30% per game verses 7.08% in 2003.

Online
We now have four sites offering masterpoint games online. BridgeBase has joined Swan games, E-Bridge, and MSN. We continue to exceed 10,000 tables per month.

5. **CUSTOMER SERVICE STANDARDS:**

50 employees attended our continuing Customer Service classes in May. These seminars have now been attended by over 75 of the employees in Memphis.

The first phase of the Mystery Shopper program has been completed. The results were good but did point out some areas that need improvement. A recap of the results follows:

Average Rating of customer service: 3.95 / 5
Average Rating of your experience: 7.5 / 10

We will continue this program and monitor responses.

6. **MARKETING:**

Annual Membership Survey: We have completed the 2004 ACBL Membership survey. Of particular interest are two important items:

1) Member satisfaction with service of headquarter staff:

	Very Satisfied	Somewhat Satisfied	Not Very	Not at all
2003	33%	58%	7%	2%
2004	42%	51%	5%	2%

2) ACBL.org Website:

	Very Satisfied	Somewhat Satisfied	Not Very	Not at all
2003	31%	57%	9%	3%
2004	53%	38%	7%	2%

Complete results are available at: www.eqr1.com/client
User name is ACBL, password is report. You may also view results of past surveys at this site.

We had an unbelievable response of 40% to our 2004 survey. This is a great indication that our members are interested and active in helping us provide the best services possible.

7. **INSURANCE for CLUBS:**

Following the club insurance problems of early in 2004, we have made attempts to find a plan that might work for any interested club. To date, our only known possibility for a one-size-fits-all solution is from J.D. Tanner & Associates. They

are trying to get a policy in the $300 - $500 range with limited exclusions and a four million dollar aggregate limit with two million dollar per occurrence.

If they are able to get this put together, it will be underwritten by a known national company and will be available in all states to all clubs.

There are some changes ACBL needs to make that will amend our former procedures. Most importantly, ACBL will not be in an advisory position relative to this insurance. ACBL will only be in a position to supply information from J.D. Tanner and any other insurance broker that wishes to offer a product to the clubs.

ACBL will no longer generate billings, renewals, or premium statements to any company related to club insurance. We will continue to supply all the information available to insurance brokers that have a willingness to supply products to bridge clubs.

8.   **ONLINE SANCTION FEES:**

Management has developed the following volume discount sanction fee for online clubs. The below monthly credits are earned only when the monthly report and payment is received in Memphis by the 10th of the subsequent month (e.g. the June report and payment must be received by July 10th).

When the club reports:
In excess of 5,000 tables but fewer than 6,500, the discount/credit	=	2%
At least 6,500 but fewer than 8,000, the discount/credit	=	4%
At least 8,000 but fewer than 10,000, the discount/credit	=	6%
At least 10,000 but fewer than 12,000, the discount/credit	=	8%
12,000 or more, the discount/credit	=	10%

The below yearly credits are earned only when the club is up to date on reports and payments at the end of the year and at least 10 of that year's monthly reports were submitted and received in Memphis by the 10th of the subsequent month as noted above.

In addition, when the total number of tables for which a sanction fee is paid in a calendar year an additional discount/credit is earned as follows:
In excess of 60,000 tables but fewer than 75,000 tables	= 2%
At least 75,000 tables but fewer than 90,000 tables	= 4%
At least 90,000 tables but fewer than 105,000 tables	= 6%
At least 105,000 tables but fewer than 120,000 tables	= 8%
120,000 or more tables	= 10%

9.   **BUSINESS PLAN:**

ACBL staff is formulating a five-year business plan. We are asking for input and guidance from the Board. This will be a discussion item for the Board this week. We would like to use the following outline to help move the process forward.

What business are we in?
  What are our principal services and/or products?
  What are our principal markets?

- Market Analysis and Marketing
      How big is our industry?
      What target markets are we trying to reach? <Critical Element>
      How will our market change over the next 3-5 years?
      Who is our competition and how do we compare?
      Marketing strategy -- what image will we work toward?
      How will we focus on specific target markets?
      Pricing & sales appeal?
      How do we prioritize market segments?
      Selling -- how do we identify prospective customers?

- Technology: Research, Development and Trends
      Describe current technology
      Identify any breakthroughs that may affect our business

- Business Operations
      How will we conduct our business?
      What advantages do we have?

- Management and Ownership
      Name key personnel
      How will we attract key people?
      What skills & experience do they need?
      Who will be on the Board of Directors?

- Organization and Personnel
      How many people will we need?
      How do we expect to compensate them?

- Financial Data
      Current 5-year plan

10. **THE ACBL SENDS PLAYING CARDS TO IRAQ:**

In mid-June, the ACBL donated 288 decks of special playing cards to the 655th Transportation Company Army Reserve Unit from Millington, TN. The 150-militiary personnel in the unit are stationed in Iraq where a recent fire in their housing facility destroyed all personal items. We were pleased to be able to send the playing cards to be used during their "down time".

In late June, the ACBL donated playing cards and signed greeting cards that were sent in a "care package" to U.S. military personnel in Iraq. The Rotary Club of Memphis Central prepared the packages. One of the Rotary club members, Jack Robinson, is a Lt. Col. and chief of the Facilities Branch of engineers stationed in Baghdad. Jack's unit is in charge of rebuilding bridges in the city. He asked if the Rotary club would consider sending a package for him to share with his unit. In addition to playing cards, ACBL employees signed greeting cards to show our support of the troops.

11. **NABC NEEDS and INTEREST ASSESSMENT SUMMARY REPORT:**

The purpose of the survey was to determine what programs or incentives we might consider for players who participated somewhat infrequently in tournaments to either participate more than once every year or so, or to participate more days at an NABC.

Respondents' participation in NABCs:
Highest responses were total cost to attend, distance from my home, friends were in attendance, variety of accessible restaurants. "One-site destination" was very high, but not nearly as high as cost or even friends in attendance. *Editorial comment: Having bridge play and guest rooms in one building may not affect bridge players' decisions to attend, but it can certainly affect their level of satisfaction after arrival!*

Importance of cost/savings:
We asked what cost-savings option would affect their attendance or length of stay.
26% - package airfare, room and entry fees
57% - pay lower room rates with non-changeable reservation dates
53% - lower entry fees with no registration gifts or reduced evening snacks and entertainment. *Editorial comment: Note that we believe this response would likely not be shared by players who participate more frequently at NABCs.*

Effect of changing all starting times to 10 and 3:
44% - more likely to attend
40% - would not make a difference
12.2% - less likely to attend

3.4% - definitely not attend.

Reasons players participate in NABCs:
Answers were "to compete," "to have fun" or "to improve my game." The lowest responses were "to become a Life Master" and "to meet new people."   Open-ended responses included:

- Tough to explain…NABCs, to a greater degree than club play, STACs, sectionals and regionals provide an atmosphere of "wow!" that casual bridge can't match.
- Play in events only held at Nationals.
- To network with other club owners and teachers.
- Love to play bridge against the best competition.
- I like the atmosphere of NABCs with players from all parts of the country. At regionals we usually know most of the people there.
- Definitely exciting to see/speak with/listen to the experts.
- Combining playing with a fun side trip.

Suggestions to improve NABCs:
143 responses requested that we **lower** or at least not increase **entry fees**, offer lower cost housing options and in general, provide cost savings wherever possible.
There were requests for more **signage**, more visible **information or directional assistance** in staffing and at the information desk. **Zero tolerance**, at least the enforcement of it, was important to many. They requested that we "stress good manners at the table," "ZT enforced without reference to player status" and "discourage unnecessary 'win at any cost' attitudes."

Many players commented that they would like to see the Fall NABC **move away from the Thanksgiving holiday**.

Approximately 150 noted that they were **very satisfied** with their experiences at NABCs:

- I am always amazed at how efficient you are at these large tournaments. I have seen very little confusion.
- I have been very impressed by the caliber of the directors and administration of the tournaments.
- I think you are doing a super job as it is. Starting on time would be the only suggestion, but then, that depends on the participants, doesn't it?
- The game sells itself. It's a wonderful and frustrating experience to match skills with the good people that attend NABCs. No need to tinker too much.

"Are we there for Bridge or vacation?" Survey responses clearly indicate that there are two types of NABC players: the ones that are there strictly to play bridge and the ones that want to enjoy a bridge vacation. The needs and interests
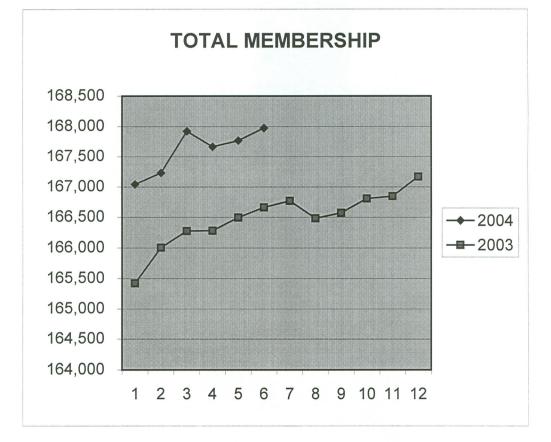
of these two disparate groups can conflict and make our jobs as bridge administrators more difficult. In any case, we've determined there are definite action steps that can/should be made very quickly:

a. We will expand, improve and increase directional and labeling signage. In addition to the map/schematic that is usually included in the program, we will print diagrams of playing space for volunteers and staff to distribute or to use for mapping directions to the different playing areas. We will continue to use a daily hand-drawn schematic with playing locations noted.

b. We will locate the information desk in a spot that cannot be avoided. We will add something – balloons, blinking lights or something – to make it apparent that this is the spot to find information.

c. We will ask host organizations to provide volunteers to work with ACBL HQ and directing staff and be stationed in strategic areas to provide directional assistance prior to major game times, particularly over the first few days of the tournament.

d. We have already shared results of the survey with our housing bureau. They have committed to offering a wider range of low cost hotels, even if they are further from the playing location.

e. We'd like to consider instituting a "First Timers' Reception." Many conventions offer an event like this just prior to the beginning of the convention.

f. We will approach contracted hotels to consider reducing rates by making reservation dates unchangeable for guests with specific, longer lengths of stay (say seven or more nights).

g. We may want to consider reducing entry fees by $1 or $2, but adding a nominal "registration fee." Only those paying the fee would receive credentials to pick up registration gifts or section top prizes, and this would address both those that say they want to reduce fees and are not interested in the extra amenities and those that think those extra amenities are an important part of the tournament. Perhaps those paying the registration fee could qualify for some specific discount(s) at the hotel or at the ACBL product store.

h. Enforcement of zero tolerance and creating a welcoming atmosphere in events other than just the I/N games appears to be an issue that we must continue to work on.

i. We will suggest to local hosts that they consider offering free beverages during the games (much as they will in Orlando this Fall) instead of offering only late night refreshments.

j. We already publish "ACBL A-Z" and other information for newer players. We may want to consider reformatting the brochures and booklets we already have and adapt them to specific NABCs as an "Introduction to NABCs" or "Introduction to the Orlando NABC."   While staff feels we have covered everything, there were simply too many comments from newer players saying they weren't sure of tournament etiquette, where to

find events, scores, etc., or when speakers were scheduled. Other comments that they didn't fully understand the different event formats, lead one to believe that there is no such thing as too much information, and apparently, it can't be repeated too many times.

Membership Renewal Statistics
June, 2004

Membership Category	2004	2003	Change	%
LifeMasters	45,624	44,847	777	1.7%
Non LifeMasters	104,736	104,878	(142)	-0.1%
Total Paying Members	150,360	149,725	635	0.4%
Unpaid LifeMasters	17,613	16,936	677	4.0%
Total Members	167,973	166,661	1,312	0.8%

TOTAL MEMBERSHIP

Active Membership Trend per District

Active Membership Trend per District
(information as of 6/30/2004)

A District#	B Current Active Members	C %Change 36 Months Ago	D %Change 24 Months Ago	E %Change 12 Months Ago	F Overall Ranking (based on Col. E)
1	5,263	4.50-	1.34-	1.05-	19
2	6,215	.41	1.55-	2.83	1
3	7,081	1.41	2.06	.74	4
4	6,933	.56-	2.30	.58	5
5	4,135	1.87-	1.60-	2.48-	24
6	7,168	1.23	.00	1.10-	21
7	9,732	2.17	.66	.34	8
8	3,342	.03-	2.22-	.06	10
9	15,541	1.40	1.79	.84-	18
10	6,113	2.25-	2.90-	.44	7
11	4,609	2.19-	1.77-	.07-	12
12	3,785	3.45-	.73-	.05	11
13	5,168	.48-	1.54	1.95	2
14	4,383	1.37-	1.57-	.43-	16
15	3,409	4.28-	4.28-	2.18-	23
16	8,099	1.13-	2.35-	2.14-	22
17	8,094	.01-	1.11-	.61-	17
18	3,821	.81-	1.83-	1.06-	20
19	5,703	1.41-	3.00-	.23	9
20	4,218	.24-	.24-	.55-	6
21	6,954	1.28-	2.07-	.13-	13
22	6,729	2.09-	.37-	.82	3
23	3,922	1.76-	4.51-	2.94-	25
24	6,341	.11-	2.35-	.14-	14
25	7,480	.85-	.17-	.17-	15
99	75	90.00-	118.60	20.21-	26
Grand Total	154,313	.87-	.72-	.25-	

Includes active unpaid Life Master (LM) memberships.
Excludes inactive unpaid Life Masters.

Created: 7/01/2004

Exhibit C

TOURNAMENT TABLE TREND

REGIONAL

	2002 #	2002 TABLES	2003 #	2003 TABLES	2004 #	2004 TABLES	%+/-
						14,000.6	
JAN	12	16,853.5	10	13,444.0	10	15,986.0	18.91%
FEB	9	14,042.0	10	15,618.0	10	18,923.0	21.16%
MAR	2	2,948.5	1	261.0	2	1,276.0	388.89%
APR	11	18,466.5	9	19,708.0	10	19,888.5	0.92%
MAY	12	13,548.0	13	16,167.5	14	18,990.0	17.46%
JUN	14	19,494.0	15	20,627.5	12	17,481.0	-15.25%
JUL	8	9,898.0	8	10,246.0			
AUG	11	14,058.5	21	31,033.0			
SEP	13	17,403.5	6	6,778.5			
OCT	11	12,706.0	11	12,067.5			
NOV	8	9,945.0	6	7,500.0			
DEC	6	8,975.5	5	6,848.5			
YTD 2003/2004			58	85826.0	58	92,544.5	7.83%
AVG				1,479.8		1,595.6	
YEAR	117	158,339.0	115	160,299.5	58	92,544.5	
AVG		1,353.3		1,393.9		1,595.6	

SECTIONAL

	2002 #	2002 TABLES	2003 #	2003 TABLES	2004 #	2004 TABLES	%+/-
JAN	59	12,158.1	55	12,354.5	52	11,216.5	-9.21%
FEB	81	15,306.0	75	14,756.5	89	17,876.0	21.14%
MAR	87	15,719.0	102	19,120.0	82	14,979.0	-21.66%
APR	87	15,417.0	71	11,836.0	76	13,494.5	14.01%
MAY	71	12,239.0	72	12,571.5	78	14,146.5	12.53%
JUN	64	9,971.0	68	11,138.5	65	9,267.5	-16.80%
JUL	38	7,090.0	43	8,354.5			
AUG	67	11,691.0	79	13,808.0			
SEP	92	15,455.0	91	15,009.0			
OCT	105	16,672.0	100	16,199.5			
NOV	87	16,701.0	81	15,684.5			
DEC	17	3,066.5	24	5,520.5			
YTD 2003/2004			443	81777.0	442	80,980.0	-0.97%
AVG				184.6		183.2	
YEAR	855	151,485.6	861	156,353.0	442	80,980.0	
AVG		177.2		181.6		183.2	

STaC

	2002 #	2002 TABLES	2003 #	2003 TABLES	2004 #	2004 TABLES	%+/-
JAN	11	8,474.0	9	6,301.0	5	3184.5	-49.46%
FEB	8	9,804.0	7	12,193.0	13	16391.5	34.43%
MAR	5	2,685.5	6	6,269.5	3	1319.5	-78.95%
APR	2	1,788.0	3	2,904.0	4	3147.5	8.38%
MAY	8	11,790.0	4	8,919.0	5	10327.0	15.79%
JUN	12	12,128.5	13	15,070.5	13	13115.5	-12.97%
JUL	1	927.0	3	2,391.0			
AUG	3	2,638.0	4	4,081.5			
SEP	3	2,885.0	4	4,533.5			
OCT	6	4,171.5	2	924.0			
NOV	9	5,986.0	12	9,598.5			
DEC	6	14,725.5	8	18,160.5			
YTD 2003/2004			42	51657.0	43	47485.5	-8.08%
AVG				1,229.9		1104.3	
YEAR	74	78,003.0	75	91,346.0	43	47485.5	
AVG		1,054.1		1,217.9		1104.3	

Missing 1 STaC, 2 Sectionals

Exhibit C

Prepared by ACBL User 7/2/2004