

USA Triathlon Membership Program

Analysis and Recommendations

Prepared for:



By:



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1 Background and Overview of Project

TSE Consulting (“TSE”) was retained by USA Triathlon (“USAT”) in April 2007 to undertake an analysis of its membership program and the administrative units that support it – the ten Regional Federations, or “Regions” – to determine how to effectively develop and serve a large, diverse membership base that has experienced significant growth in recent years.

TSE received excellent support from USAT staff members, particularly Skip Gilbert, Tim Yount, Jennifer O’Day, and Shannon Votruba. Additionally, TSE conducted interviews with 23 individuals with various past and current associations with the sport and with the organization, and their collective input, combined with reports, surveys, and other documentation, was instrumental in the formation of a series of recommendations advanced herein for consideration by USAT decision-makers.

USAT currently has three levels of individual membership, each with various forms of benefits and each at a different price point. They are as follows:

- Gold membership (\$200/12 months)
- Silver membership (\$100/12 months)
- Bronze membership (\$39/12 months)

Generally, in addition to a license to compete in sanctioned USAT races, the benefits include product and service discounts, access to logo-themed merchandise, and excess accident (secondary coverage) insurance. Membership is based on a rolling, twelve-month term, not the calendar year. Thus, for example, a member who joined on March 1, 2007, has membership through February 29, 2008, not December 31, 2007.

Additionally, USAT provides an option for athletes to purchase a one-day license that enables participation in a single sanctioned race. The current fee is \$10, with the ability to apply the fee for one race as a credit toward an annual membership within twelve months of purchase.

As of December 31, 2006, USAT had 84,787 annual members and issued 198,645 one-day licenses to adult participants. In the intervening six months, USAT continued to have rapid membership growth, with more than 95,000 annual members registered as of June 30, 2007.

The surge in membership has been especially dramatic over the last five years. In 2001, there were 29,886 annual members and 116,799 one-day licenses. Thus, over the five-year period from 2001 to 2006, annual membership growth was 183.70% and one-day licenses increased by 70.07%. By any standards -- within the USOC NGB family, within sport-affiliated organizations, or with other membership-based organizations outside of sport -- USAT membership growth has been phenomenal.

When TSE was engaged to conduct this study regarding membership, the purpose was succinctly articulated as follows:

“If USAT was beginning operations today, and we knew that there were 100,000 individuals prepared to purchase an annual membership, what would be the optimal structure?”

To answer this question and to analyze the complex rationale for individual membership and one-day licensing decisions, TSE reviewed carefully the core issues listed below and formulated a series of observations and recommendations relevant to each:

- “Value of membership”: strategies intended to create longer-term loyalty to the organization, not just to the sport;
- Insurance and its impact on races, race directors, and members;
- The race “experience” and the role of race directors in delivery of service to members through sanctioned events;
- Clubs and their relationship to membership growth, retention, and development;
- The rankings program and its influence on membership;
- Technology-based enhancements which improve service to members;

- Youth membership and the challenges associated with serving youth and adult members simultaneously;
- One-day licenses and their relationship to the growth and popularity of the sport;
- Cost of service considerations in providing the necessary resources to support the membership program at an appropriate level; and,
- Regional Federations (“Regions”) and their current and potential impact on the organization.

The last – Regional Federations – was determined to be an area of priority emphasis by USAT leadership, and TSE has provided a more extensive analysis of Regions in this report than any of the other core issues.

TSE closely examined the way in which services are delivered to members, in part to determine current strengths, but also to analyze areas of potential weakness that might not be evident until membership levels reached 120,000 or 150,000 members – or at such time that the system “crashed” under the weight of incongruence between member expectations and organizational service capabilities.

Recognizing the importance of service delivery considerations, TSE studied the ten Regions that comprise a localized volunteer network outside the direct control of the USAT National Office. For purpose of this study, we tried to separate political considerations from practical considerations. Therefore, although the Regions are significant in the governance of USAT and in the way in which individuals advance to the USAT Board of Directors, our focus was clearly placed on the following:

- Member service and promotion of the sport
- Capacity for membership growth
- Opportunities and threats

Based upon TSE’s experience with other membership-based entities, it is unusual for an organization that is undergoing rapid membership growth to step aside, take stock, and seek methods to improve. For this, TSE

commends USAT for “fixing the roof while the sun is shining.” And, without question, any organization that has almost 100,000 members, spread across every state and competing in almost 2,000 races annually, “must be doing something right.”

This report recommends ways to produce long-term, incremental improvement to the USAT membership program and to continue the impressive growth of the sport for many years into the future. In doing so, TSE commends those individuals who have enabled the sport and the organization to play an influential role in the American and international sports landscape.

TSE suggests a succinct course of action to USAT staff and volunteer leadership. The first step is to embrace two basic understandings:

- Recognize that USA Triathlon currently enjoys a virtual monopoly in provision of member-based services in the sport of triathlon; and,
- Recognize that USAT members value, above all, the race experience, but also key programs, benefits, and services that enable a very intense, special relationship with the sport.

Based on these tenets, USAT should do the following:

- Take continued aggressive measures to prevent competitor organizations from gaining a foothold in the sport, but aggressively avoid the complacency and arrogance usually associated with monopolies; and,
- Provide USAT members – irrespective of age, experience, and athletic ability – with an unparalleled competitive, recreational, and social experience.

TSE regards USAT as an extraordinary success story within American sport and the USOC NGB family. With continued diligence and a keen emphasis on member satisfaction, there is substantial reason to believe that USAT can continue its remarkable growth and development for many years.

2 Core Membership Issues

2.1 Value of Membership and Membership Benefits

USAT membership is diverse. Irrespective of classification type, it is difficult to make generalizations about USAT membership and its characteristics because rationale for membership differs widely.

As the National Governing Body for the sport of triathlon in the United States, USAT provides the only passageway to Olympic competition, and there is a small nucleus –less than 1,000 – of professional, elite-level athletes capable of representing the United States in various international competitions. For the rest of the USAT membership, the rationale for competition and the level of athletic ability is decidedly mixed and difficult to categorize in singular fashion.

Through its interview process, TSE recognized that a fundamental goal of the USAT membership program is to build value and to attract loyalty to the organization, not just to the sport or the lifestyle. This strategy takes on particular importance because of its ancillary objectives:

- Convert one-day licenses to annual memberships;
- Promote a high level of member retention; and,
- Create future opportunities for philanthropy and charitable giving from long-term, satisfied customers.

The strategy is reinforced through USAT providing numerous membership benefits in the form of merchandise and service discounts, as discussed previously in this report. The delivery of these benefits is direct from USAT to the member – not administered through race directors, Regions, or clubs.

As noted previously, USAT operates a hybrid membership program because it is inherently competition-based, but it also has, arguably, the most comprehensive set of member benefits within the USOC family of NGBs.

While it is noted that USAT has recently conducted focus groups regarding athlete perceptions of various elements of the membership program, there is no reliable data concerning the activation of specific

discounted merchandise or service benefits within the membership program that have the most value and interest. The usage rate of merchandise and service benefits is not currently available, and it would be worthwhile for USAT to attempt to quantify this usage.

Beyond data related to usage of member benefits, the primary question that needs to be asked is the following:

“If a particular discounted merchandise or service item were removed from the benefit package, would there be sufficient rationale to renew an annual membership?”

While it is easy to dismiss the relevance of usage rates, citing the fact that the collection of benefits is essential to creating an appearance or impression of “membership value,” little-used or low-value benefits have the following negative impacts:

- The sponsor may not wish to continue an association with USAT because an expectation of increased volume of sales is not realized;
- There is an opportunity cost to USAT for each sponsor whose resources are used as a member benefit, rather than a direct cash payment to USAT for a particular sponsorship category and rights package; and,
- The robust benefits package for members may obscure the fundamental premise that annual membership carries the right to compete in sanctioned races.

In our interviews, only one past (and potentially future) member benefit had superior value: discounted or free bicycle transport on a major air carrier. This benefit was often cited as a rationale for membership that might be sufficient to sway one-day licensees to annual memberships, even if they raced fewer than four times annually.

USAT should also evaluate the three tiers of annual membership to determine if the additional costs are merely seen as buying discounted merchandise, rather than a membership “upgrade.” Further, it is likely that the only benefits in the premium gold and silver packages which may have sufficient value to motivate such “upgrades” include limited

edition or specially manufactured items that are not generally available elsewhere for purchase.

Although 2007 membership statistics are incomplete at this date, based on current sales rates it is estimated that there will be 700 Gold memberships and 3100 Silver memberships, with the vast majority, numbering approximately 90,000 members, as Bronze members. Therefore, the incremental revenue to USAT for these two categories is \$301,800 (\$161 and \$61 additional per Gold and Silver member, respectively).

Total revenue from annual memberships was \$2,264,458 in 2006, and the incremental revenue of \$301,800 generated by Gold and Silver memberships represents 13.32% of this amount. Therefore, USAT should attempt to minimize the direct costs associated with these two premium levels; seek to lower the number of items that are offered, emphasizing unique, limited edition items; and, try to convert selected suppliers to cash sponsorships

The high number of one-day licenses that USAT sells annually indicates that the most important element of the membership cycle is the ability to compete, particularly in races that are well-coordinated, safe, and enjoyable. Recognizing this, USAT has a clear mandate to provide the best possible race experience; conversely, an expanded benefits package, combined with bad race experiences, does not produce members who would likely renew their annual memberships. Therefore, the race experience is paramount, not the benefits package, and this should remain clearly at the forefront in future USAT planning.

Consistent with the recognition that competition is the "benefit" that provides the highest importance are recent surveys of the USAT membership. These surveys include more than 3,200 respondents and indicate that there are only four elements that provide the primary motivation for annual membership, all of which are competition-based:

- Financial savings as compared to a series of one-day licenses (86.58%)
- Excess accident insurance (30.63%)
- Eligibility to compete in national championships (26.08%)

- Rankings program (24.31%)

Conversely, only 11.20% indicated that “financial and/or benefits from USAT sponsors and licensees” was a critical reason for joining USAT. For this reason, TSE recommends that USAT marketing efforts with sponsor renewals and new sponsorships focus on direct cash contribution to the organization, rather than discounted merchandise and services. There are many suppliers, distributors, and direct sellers of merchandise that are central to the sport and USAT must determine how to receive full value for the business activity accruing to those companies that are benefiting from the growth and development of the sport.

In addition to the low correlation between member benefits related to merchandising discounts and rationale for USAT membership, the internal survey indicates that only 16.99% of the respondents viewed “being part of a community of 90,000 multi-sport athletes” to be a critical reason for joining USAT. Loyalty to the sport or to the lifestyle appears far easier to attain than loyalty to the organization, even in its most idealized form of “community.” And, the benefits most often mentioned as being influential to membership decisions are primarily competition-based: race entry, insurance, rankings, and national championship entry capability.

While creating enhanced value of membership is a worthwhile goal, it is more easily attained via the core value components, rather than the proliferation of merchandise benefits more associated with fan-based organizations. The only exceptions to this appear to be the availability of limited edition, “unable to obtain elsewhere” items that create special value, and the potential provision of free air transport for the bicycles of USAT members who are traveling to races or going on vacation.

TSE recommends the following related to membership categories:

- **Retain a three-tier membership program , but seek to lessen the number of available items within the upper two levels by prioritizing limited edition merchandise (quality over quantity);**
- **Emphasize conversion of companies that provide merchandise within the membership program to USAT sponsors that make direct cash payments; and,**

- **Consider re-titling the Bronze membership level – which includes the vast majority of USAT members – to “Athlete Member” or “Competition Member” so that there is not the connotation of an inferior membership category to the premium levels.**

Additionally, USAT membership retention rates were measured precisely for a test period of five months that compared July, August, September, October, and November 2005 with the results of the same months in 2006. The retention rate was an aggregate 42.22% for this period. While the retention rate should be actively monitored for signs of erosion, TSE finds this to be a highly acceptable performance level for the following reasons:

- The demographics of USAT membership suggest that life cycles such as marriage, childbirth, and job relocation have a significant impact on adult member participation at various periods in their lives;
- Members may reduce participation and buy one-day licenses and thus are not “lost” to the sport or its races; and,
- Membership is on a rolling basis, and a member who does renew on his/her anniversary date of membership may renew at another point in the year.

TSE recommends the following related to membership retention:

- **Retention of membership should be recognized as a key successful performance indicator;**
- **Retention rates should be compiled on a monthly basis and trends within the year – positive or negative – should be periodically reviewed and assessed to determine whether intervention is warranted; and**
- **Retention rates should be compared on a monthly basis to previous years to measure progress toward established goals.**

The final element of creating enhanced value of membership is to enable USAT to develop a charitable giving program that would motivate individuals to make philanthropic donations to the organization. While TSE suggests that USAT should develop a charitable giving program that would serve as an adjunct to its corporate sponsorship program, there is little, if any, true correlation between NGB membership and philanthropy. While it may appear that former members of USAT have similarity to alumni of colleges and universities, the contrasts are striking:

- Former members do not have a passionate, emotional bond to USAT – even if they have such a bond with the sport;
- Former members are difficult to locate due to address changes which have no reason to be reported to USAT; and,
- Former members are within a much wider age spectrum than the formative, impressionable college-age time period when lifelong friendships and bonds are created.

TSE draws upon the definitive report related to NGB membership and prospect for involvement in philanthropy, a 1997 study commissioned by the Lilly Endowment, Inc. The study recommends that NGBs not look to former members – even though this group may amount to hundreds of thousands, even millions, of people – and, instead, identify 15-25 individuals who have high-end donor potential, sufficient financial resources, and long-term sport passion. These individuals are those who have been most emotionally involved with the growth and development of the sport and the organization.

While it may seem to be appealing to attempt grassroots fundraising among current members and former members who have recently allowed their membership to lapse, unfortunately, there is little viability for such an effort, particularly because of the resources needed to execute effectively. Instead, donors at the opposite end of the spectrum – those who have been in the sport for decades, many of whom have derived their livelihood from the sport – need to be the focus of USAT philanthropic efforts. Some NGBs attempt to execute a modest, “soft sell” opportunity for donations available to current members, but this initiative produces limited funds without the benefit of the consistency and follow-up that are necessary to generate larger donations.

Although there has been hesitancy by some NGBs to partner with the USOC on charitable giving programs, this reluctance is particularly ill-suited for NGBs that neither have an existing program in place nor the levels of staff expertise to conduct such a program. This potential partnership recognizes that the USOC and USAT each have unique strengths and capabilities that its counterpart does not. The USOC brings a time-tested program, staff expertise, and the cachet of the Olympic movement. If USAT can bring a well-screened list of potential donors, the basic elements of a successful philanthropic program are in place. Because each sizable gift has different tax consequences and financial goals, it is essential that USAT utilizes the services available to it through the USOC, rather than contracting for legal and accounting services on a case by case basis.

USAT also has the advantage of an “alumni” group of Olympic medalists and Ironman winners that are among the most popular names in American endurance sport. These athletes have very strong emotional ties not only with triathlon and endurance sport fans but also to American sports fans generally. Their name recognition, and their endorsement of USAT, could support and assist a targeted philanthropic effort.

It is important that USAT executes its charitable giving program in conjunction with, and not in competition with, the enhancement of its marketing efforts. While there are similarities, there are also stark differences. Fundamentally, marketing revenues will be used for operational expenses, while charitable donations will be used to provide the financial reserves necessary for financial stability, as well as certain programmatic efforts best determined by USAT Board members and staff leadership. Marketing prospects expect to receive tangible benefits, while development prospects are motivated fundamentally by a desire to give something back to the sport and the organization.

TSE recommends the following related to membership and charitable giving:

- **USAT should not view former and current members as charitable giving “targets,” but instead look to a small, focused group of sport devotees who have been intimately involved with the sport and the organization;**
- **USAT should view the USOC as a preferred resource partner for the establishment of a charitable giving program; and,**

- **USAT development efforts should be established in conjunction with its sponsorship procurement efforts, recognizing the differences in motivation between charitable giving and corporate marketing.**

2.2 Insurance

USAT provides comprehensive insurance coverage to sanctioned events. It is provided in two ways:

- Race director general liability coverage, providing insurance for race directors, sponsors, volunteers, officials, spectators, and participants; and,
- Athlete excess medical insurance, covering athlete participants in sanctioned races after filing a claim with the primary insurance carrier.

The insurance coverage associated with USAT sanctioned races is a primary competitive advantage for USAT, which is distinctly superior to races conducted by other entities that are not sanctioned. While activated rarely, this insurance coverage is a critical member benefit that needs to be used to maximum advantage in the market place.

Other NGBs within the USOC family have seen erosion of their membership base when competitor organizations have been able to undercut the NGB membership fee. Because insurance premiums comprise the largest single category of expense within the membership fee, even a few dollars' difference in annual membership fees has caused member migration. While the competitor organizations currently are either race management companies that expand geographically or companies that aggregate insurance coverage for races, the most difficult competitor could be a multi-sport organization which has the ability to spread its coverage among a variety of activities, including some with far less risk of physical injury than triathlon.

Key elements of the insurance program include the following:

- Risk management is a priority for USAT, both in terms of optimizing the athlete experience in races and reducing costs related to claims;

- Race directors have accessible and inexpensive coverage that enables events to be conducted in a variety of high-quality public and private venues that would not otherwise be available for use;
- Athletes are able to choose to compete in sanctioned races that have recognized safety standards as fundamental operating conditions; and,
- Competitors to USAT, whether private companies or nonprofit agencies, do not have similar access to the coverage provided by a USOC National Governing Body which sanctions more than 2,000 races annually.

While circumstances vary throughout the country, it is essential for USAT to utilize this competitive advantage as strategically as possible.

TSE notes the following elements:

- USAT has no true national competitor organization, unlike many other NGBs within the USOC family;
- A recent competitive effort to gain a foothold in the sport did so through the provision of insurance, not through establishment of a full-service member-based organization;
- While USAT can obtain lower rates for its insurance coverage because of the volume of races that are conducted annually, the network of highly capable race directors and an active risk management program are key reasons, too;
- One or two catastrophic injuries that cause lifetime paralysis could bring a changed landscape to insurance rates and comprehensiveness of the coverage, making risk management efforts highly significant to long-term financial viability for USAT; and,
- Insurance coverage is valuable only in a comprehensive risk management effort which brings peace of mind to athletes and diminishment of risk for race directors.

A first-rate insurance program is integrally connected to the sport's continued growth. TSE recommends the following:

- **Recognize that insurance coverage is the single most important member benefit; make every effort to expand coverage; and, provide differentiation from competitor organizations;**
- **Target the five largest non-sanctioned races (four of which are conducted in California) for conversion to USAT races;**
- **Continue to make risk management and conduct of safe races the highest possible priority; and,**
- **Expand efforts with race directors of sanctioned races to demonstrate the importance and impact of a USAT sanction.**

2.3 The Race “Experience”

USAT sanctions more than 2,000 races annually and has the benefit of a cadre of race directors who, through the races they organize, provide the most intimate and direct contact between members and USAT. Many of the most prominent race directors -- measured either by the volume of the races they conduct or the number of participants in one or two of their largest races -- derive their sole means of economic support from race management.

USAT has recently begun a new program called “Ambassadors,” which brings trained USAT volunteers to major races to be the “eyes and ears” of the organization, providing information about USAT rules, services, and programs. While this is a very positive step to link USAT with race participants, it is emphasized that race directors form the primary link between members and USAT. While the importance of race directors is fundamentally understood, it is not clear whether USAT has fully grasped their direct impact on the phenomenal growth of USAT membership over the last five years.

USAT sponsors a series of Race Director Management Schools in various locations across the country, and this is an important effort to bring standardization and quality control to races conducted under a variety of circumstances and conditions throughout the year. This effort is especially important because, consistent with athlete demographics, competitors have high expectations for race management. Clearly,

acceptable practices of the past are not necessarily considered to be currently appropriate. It is also increasingly apparent that athlete participants make decisions about the race they choose to enter on the basis of the track record of particular race directors – both positively and negatively.

Regarding race directors, TSE makes the following observations:

- Race directors are the “face” of USAT, and the relationship is overwhelmingly positive;
- Membership growth is directly related to the availability of quality races, and if the number of sanctioned races continues to increase, especially those in unique settings and in areas of the country where race fields fill quickly, the current pace of membership growth is likely to continue;
- Availability of low-cost, high-quality insurance for race directors is critical to their livelihood; and,
- In some parts of the country, there is a significant need for more qualified, entrepreneurial race directors.

In many Olympic sport NGBs, those who organize events are volunteers. The professionalism of triathlon race directors is a very substantial benefit for USAT because it ensures long-term commitment and dedication to the sport. However, it also may be an impediment within certain public or nonprofit settings, where municipal parks and recreation departments and agencies like the YMCA have routinely utilized volunteers for event direction. This area of relationship-building – particularly helping public and nonprofit agencies to be less reticent to accept professional race management -- may be particularly critical for USAT in the conversion of previously unsanctioned races to sanctioned events.

TSE recommends the following:

- **Continue efforts to increase the quantity and quality of race directors, because membership growth is contingent on numerous well-run races;**

- **View race directors as the primary “customer” of USAT, rather than individual members, and respect them accordingly;**
- **Provide the necessary tools and motivation for race directors to seek to improve their skills and capabilities;**
- **Provide ways to simplify the process of athletes securing one-day race licenses and to improve the technology for confirmation of USAT membership;**
- **Seek ways to provide increased member benefits at races, focusing on a consistent, high-quality race experience; and,**
- **Ensure that race directors have access to the “gold standard” insurance coverage at lower cost than real or potential competitor organizations or businesses.**

2.4 Clubs

Important links in the delivery of service to members are triathlon clubs. Statistical information regarding the size, scope, and geographic location includes the following:

- There were 523 registered clubs in 2006, a substantial increase from 130 in 2001;
- Most clubs have under 100 members (437), but there are 63 clubs with 100-250 members, 17 clubs with 250-500 members, and 6 clubs with more than 500 members;
- There are 80 clubs that are operative on college campuses nationwide; and,
- California has more clubs than any other state (60), followed by Texas (40), Florida (33), Colorado (32), and New York (30), with club registrations paralleling the states that have the highest individual member registrations.

USAT has formed a comprehensive set of benefits and support for clubs, including insurance coverage that would be very difficult to access elsewhere for similar price. Recently, USAT has had considerable success in establishing clubs on college campuses and has also hosted a national collegiate championship to encourage participation from high-level endurance athletes. Clearly, the growth of clubs, particularly through those that combine social benefits with opportunities for training and skill improvement, have strong positive implications for USAT membership growth. The “hidden” benefit of USAT member clubs is that the likelihood of competing only in USAT-sanctioned races increases dramatically and this represents another method of eliminating the growth of competitor organizations or companies.

TSE makes the following recommendations related to club development and membership growth:

- **Clubs are most numerous where membership is greatest, and USAT should consider ways to stimulate the development of new club programs in under-served areas that have consistent demographics with the USAT membership;**
- **USAT should prioritize club development through enhanced coach education programming;**
- **Collegiate programs have shown significant growth, and these efforts should receive continued encouragement and funding; and,**
- **USAT should consider employment of a small number of staff members with regional responsibilities for club development of existing clubs and start-up efforts where clubs have the best chance to flourish.**

2.5 Rankings

Another popular member benefit developed collaboratively by USAT staff and volunteer leaders is the ranking program that enables triathletes to compare their performances to others in their age group on a national basis.

Inherently, the rankings program presents USAT with a competitive advantage because it derives its statistical base from comparing many athletes of similar age, across a broad geographic base, and utilizing performances in USAT-sanctioned races only. Therefore, an individual who serves as a race director for an unsanctioned race, no matter how large or how important, operates at a disadvantage because athletes are not able to use performance in an unsanctioned race for comparative purposes with others outside of that single race.

In the recent survey conducted by USAT which produced almost 3300 responses, 24.31% considered the rankings system as a critical reason for joining USAT. Most estimates by USAT leaders were that roughly 1 in 4 USAT members, had interest in the rankings program. Combined with the insurance program and the ability to compete at national championships, the rankings program is one of the most important USAT membership benefits and a substantial point of differentiation from other organizations or companies.

The rankings program has two other advantages that appeal to members. First, the rankings enable individuals to compare their own performances from year to year, not just against other athletes nationwide. This aspect appeals to the individual who is interested in self-improvement and who needs some way to measure his/her own progress over a period of time, not necessarily those who wish to compete against others. Second, the searchable database in the rankings program enables year to year comparisons, as well as providing the ability to create a "career summary" of performances that spans several years.

The rankings program is important to a large segment of USAT members, provides individual incentives for improvement, and enables a broader-based competitive opportunity than any single race could provide. It is essential for USAT to value this asset and continue to invest in it, develop it, and accentuate its uniqueness.

TSE recommends the following related to the rankings program:

- **Continue to develop operational efficiencies within the current rankings program and invest in the development of technological capabilities to allow it to meet increased demands in the future;**

- **Recognize that the rankings program is a critical competitive advantage for USAT and ensure its continued vitality, utility, and support.**

2.6 Technology Enhancements

In response to a well-educated, affluent membership base (as reflected in the internally-generated demographic profiles of membership), USAT has utilized technology to support the increased demands that emanate from rapid membership growth. Among these developments are the following:

- An excellent website that provides comprehensive information in an appealing, user-friendly way;
- Membership application forms that are available online, with the membership process taking just a few minutes to activate or renew;
- Information on the website that is specifically aimed at race directors, club administrators and members, youth athletes, elite athletes, and coaches, in addition to the general membership;
- A rankings program that allows athletes nationally to compare themselves to others in their age group; and,
- Events listing on the website that provides information on upcoming races.

The investment in technology has enabled USAT to perform many useful functions which add to the quality of the member experience. However, some of the following are considerations that should be made to continue to use technology as a tool to create membership growth and retain satisfied members:

- Consider membership renewal options that would enable current members to be renewed automatically, rather than needing to complete an application on a yearly basis;

- Review “new media” opportunities that could be made available through the website, particularly those that allow USAT to provide skill instruction featuring top coaches and elite athletes;
- Consider ways to create a stronger demographic database of members, especially ways in which to survey members on a frequent basis so that their views can be compiled quickly and changes can be accomplished accordingly
- View technology as a competitive advantage that establishes a significant barrier to entry for competing organizations to USAT;
- Review ways to provide enhanced informational capabilities within the rankings program; and,
- Consider additional technological capabilities that can leverage sponsor involvement and expand upon traditional broadcast opportunities.

TSE commends USAT for its efforts to receive feedback and information from its members through focus groups at events, as well as various surveys that have been conducted in recent years, all with a desire to improve services and respond to member needs. One additional tool that might prove advantageous for USAT, especially because it engenders quick response to emerging issues, problems, or opportunities is the so-called “net promoter survey” currently employed by major consumer-oriented companies. The technique is simple, and eschews complicated and time-consuming questionnaires by asking only one question: “Would you recommend USAT membership to friends and family?” Regardless the answer, it is only important to understand why a respondent answers as he/she did. The quotient is derived by subtracting positive scores from neutral or negative ones, thus giving a simple measure of customer satisfaction.

This technique is especially valuable to USAT because of the necessity to have either an annual membership or a one-day license in order to compete in a USAT-sanctioned race. If the necessity of needing the license to compete is set aside, the experience of the member becomes paramount. Also, although there are many services offered to USAT members, the items that members like or dislike are often very simple or singular. Understanding what works and what does not enables quick response to problems and equally quick utilization of good results.

TSE recommends the following related to technology and USAT membership growth:

- **USAT should invest heavily in technology that creates an enhanced member experience;**
- **Automatic membership renewal should be implemented as an attractive option to ensure greater retention of members;**
- **Implement technological enhancements that assist race directors with verifying membership and improving the on-site race registration procedures;**
- **Contact one-day license holders quickly and systematically with a message from USAT that expresses its appreciation, explains its services, and invites continued involvement in the sport;**
- **Utilize technology enhancements to reinforce the uniqueness and the competitive advantage enjoyed by USAT and serve as a powerful barrier to entry for others; and,**
- **Continue to create multiple and frequent opportunities for member feedback and be prepared to initiate change in response to it.**

2.7 Youth Membership

USAT currently offers youth membership at a cost of \$5.00 annually. Youth members are aged 17 and under and must be USAT members in order to compete in a USAT-sanctioned race. Based on 2006 demographic information supplied by USAT, statistical information about young athletes is as follows:

- **There were 6806 girls and 8263 boys under the age of 16 who were USAT members, comprising 17.99% of the total membership; and,**

- There were 747 young women and 1257 young men aged 16 to 19 who were USAT members, comprising 2.37% of the total USAT membership.

TSE makes the following observations about the USAT youth membership program:

- Although one Region (New England) has placed great emphasis on youth development, there does not appear to be a consistent program offered nationally with services provided through the Regions;
- Neither the content nor the style of the website is geared toward young audiences, with the youth area of the website containing only training tips and announcement of upcoming clinics;
- Given that one-fifth of USAT membership is under the age of 20, there appears to be little recognition of the size, importance, or product buying power of this segment of the membership population;
- There are significant cost considerations for high-level youth participation that are greater than most other Olympic sports and can serve as a deterrent to competition;
- U.S. Olympic team members have not traditionally come through the competitive ranks as youth members, but instead, more likely come through an association with elite level competition in one of the three disciplines; and,
- It is unclear that there is any correlation to or justification for the establishment of a \$5.00 fee, especially the recognition of actual costs to provide services to this classification of membership.

There is significant opportunity related to youth membership, but there appears to be unclear, perhaps inconsistent commitment to young members. Triathlon has special appeal to young participants, but USAT volunteer leadership is drawn from a different demographic, and it is unknown if there is willingness to invest resources in youth membership development, especially given the low membership fee currently in place.

TSE recommends the following related to youth membership:

- **Regardless of the membership fee and financial impact, youth participation should be a significant emphasis for USAT;**
- **The USAT website and magazine are not geared toward young competitors, and USAT needs a communications approach that reflects their unique needs;**
- **The \$5.00 membership fee should be evaluated and revised, with cost of service, both current and potential, used as a measuring stick; and,**
- **There needs to be more emphasis on development of youth membership and programming by the Regions.**

2.8 One-Day Licenses

With approximately 200,000 one-day licenses sold during 2006, there can be little doubt about their popularity and viability. However, it is appropriate to try to determine their impact, both on the sport and on the membership program.

Within the USOC NGB family, there does not appear to be another sport that enables competitors in sanctioned competitions to choose between the purchase of an annual membership and a one-day (or other similarly short duration) license. This may be attributable to the following:

- Member-based organizations have traditionally placed high value on the predictability of revenue from annual memberships;
- Most of the Olympic sport NGBs have annual membership programs that are based on the calendar year, not the twelve-month duration (irrespective of start date) that USAT employs;
- USAT sanctions many races which have charitable entities as the financial beneficiary, thus encouraging one-time, cause-related athlete participation and fundraising;

- USAT competitors are primarily adults who seek a competitive challenge but who are not elite athletes, while most of the Olympic sport NGBs focus on youth competition and may have minimal programming for adults;
- Triathlon is a recent Olympic sport, having been on the program in Sydney in 2000 for the first time, and many of the sport's elite athletes have their origin in elite competition in swimming, cycling, or athletics, not triathlon; and,
- As an endurance sport, triathlon cannot support the frequency of competition for athletes that other less-stressful sports accommodate.

A rigid financial analysis of one-day licenses would ask the following question:

"If one-day licenses were eliminated, would at least one-quarter -- 50,000 athletes -- convert to an annual membership?"

If so, with one-day licenses at \$10 and annual memberships at \$39, a conversion of 50,000 one-day licenses to annual membership would bring equivalent total revenue. Less than 50,000 would represent a financial loss, and more, a financial gain.

Typically, TSE analyzes sports-related organizations within strict financial constraints, but for USAT, it does not appear to present the correct criteria. Rationale includes the following:

- One-day licenses appeal to the demographic profile of USAT athlete participants (diverse interests, limited time for training, etc.);
- One-day licenses allow "sampling" at a reasonable cost;
- One-day licenses provide race directors with a sizable athlete "universe," in recognition that life cycles sometimes enable or preclude training and competition in a multi-discipline sport;
- New efforts like the Ambassadors program allow USAT to promote its range of services and programs to new or limited participation athletes; and,

- Membership value is not created by length of duration of membership but instead, the intensity of the experience and the passion for the sport that often ensues.

Therefore, TSE recommends the following to USAT regarding one-day licenses and their impact on membership:

- **Although counter-intuitive to membership growth, promote and encourage one-day licenses;**
- **While the dual nature of one-day and one-year licenses/memberships appears to be incongruous, both categories are showing significant increases. If one-day licenses were going up and annual memberships declining, there might be strong rationale for change. Because the opposite is operative -- both are growing precipitously -- there appears little rationale to provide less choice and diminished variability;**
- **Continue to recognize that excellent race experiences, enhanced USAT contacts with one-day license holders at major races, and superior services and programs are the most important components of an environment of membership growth;**
- **Simplify the procedures for race directors regarding issuing one-day licenses as well as the ability to check the USAT database regarding annual memberships; and,**
- **Regard all USAT race participants as members who value the quality of the race experience and do not regard one-day licensees as inferior in any way. Above all, there should be no "A" team and "B" team philosophy, with all triathletes entered in a race viewed as valuable to the sport's growth and the organization's vitality.**

2.9 Membership Program Cost of Service

One of the primary measures of organizational effectiveness that TSE utilizes is the calculation of cost of service; in simple terms, all of the costs associated with membership are calculated and compared with all

of the revenue generated by the membership program. By understanding unit cost of service, or how much of each athlete membership registration fee is used to provide member services (in all classifications, and including both one-day licenses and annual memberships), the following benefits occur:

- Decisions about membership and licensing fees are better done with an understanding of the real costs inherent in providing member services;
- In membership-based organizations, understanding the true cost of membership serves to justify the premise that members are the most important stakeholder;
- Understanding the component costs of servicing members enables better long-range planning and adjustments to changes in the marketplace on key commodities like insurance; and,
- Comparisons can be made over time spans of five or ten years, which enable a good understanding of the true impacts created by membership growth.

In 2006, USAT had gross revenue associated with membership – including adult annual memberships in the gold, silver, bronze, and professional categories, one-day permits or licenses, and youth annual memberships – of \$4,051,197, an increase of 16.30% from the 2005 total of \$3,483,347.

In 2006, USAT allocated (with concurrence by its independent auditor) \$2,573,934 in aggregated expenses related to the membership program.

Because of the number of membership categories and the significant differences among them (one-day licenses vis a vis annual memberships), a pure cost per member computation is not possible. However, based on 2006 revenue and expenses associated with membership in all categories, USAT expends \$.635 (or 63.5 cents) per \$1.00 of revenue, and this ratio is very much within an acceptable standard. USAT is to be commended for making a significant investment in providing services to members that reflects a sound understanding of the value equation expected by USAT members.

However, USAT should review its current pricing policy, specifically for youth memberships. For example, the insurance coverage provided to USAT members competing in sanctioned races was \$990,782 in 2006. Therefore, a \$5.00 annual fee for youth memberships is clearly set at a rate that is lower than the costs to provide services. While it may be argued that such a “loss leader” investment is warranted, the decision-making process should include cost of service measurement to better enable the USAT Board to perform appropriately.

Additionally, USAT should consider planned membership fee increases over an extended period of time. As an example, if a ten-year widow were selected, USAT may determine that it wishes to raise its annual membership fee in years three, six, and nine by \$2.00 on each occasion. This practice would ensure a long-term view of the membership fee structure and eliminate the disharmony that is often created by one-off decision-making. It also signals to members that fee increases are a part of a strategic effort to provide continued quality service, in contrast to fixing problems when they become too severe to continue the status quo.

TSE recommends the following related to cost of service modeling:

- **The cost of service ratio for membership is an important decision-making criterion that should be provided to the USAT Board on an annual basis;**
- **Each of the various categories of membership should be analyzed for possible inequities;**
- **USAT staff leadership should commit to a ratio of revenue to expense which is between 60 and 75 cents on the dollar, depending on a variety of internal circumstances; and,**
- **Continued understanding that protection of the USAT business model is paramount, and this entails concentrated expenditure in member services, recruitment of new members, and retention of current members.**

3 Regional Federations

TSE placed emphasis on understanding the current practices used by Regional Federations (“Regions”) in providing service to members, as well as determining their capacity to handle the demands of a rapidly increasing membership base.

While the interviews conducted by TSE elicited strong opinions related to the membership program, discussion of the Regions evoked strong emotion. TSE recognized the passion that some interviewees displayed, but attempted to separate emotion from good ideas. There was a broad continuum of suggestions, ranging from complete dissolution of the Regional format to a decentralization of the USAT National Office with Regions as the administrative authority, and all points between these two extremes. It is noted that some Regions were formed before USAT came into existence, and because the Regional format predated the national organization, there are strong feelings in some parts of the country about decision-making authority and from where it should emanate – a “bottom-up” or a “top-down” organization.

Because of the emotion associated with Regions and their relationship to the National Office, it is hoped that a dispassionate review of USAT organizational structure can take place within the USAT Board without creating disharmony and divisiveness. Clearly, the growth of USAT puts it out of the realm of a “mom and pop store” operation, and if it is to adjust to the membership surge and the requisite expectations that emanate from it, it is critical that political issues become secondary to strategic and operational issues.

TSE attempted to put aside the political issues that involve Regions and, instead, focus on how best to move the organization forward. However, TSE recognizes that it is impractical and perhaps impossible to separate completely an analysis of Regions from political considerations. The USAT Board, tasked with developing the sport of triathlon in the United States, is comprised of eleven members, eight of whom are elected directly through the Regions they represent. It is also noted that Regions provide opportunities for volunteer leadership that serve as training grounds for further volunteer service on the Board of Directors. And, recommendations in this report deemed worthy of consideration and action would have considerable input from Regional representatives concerning their merit.

Additionally, TSE did not attempt to analyze the legal ramifications for USAT related to the administrative structure of Regions or their ties to USAT, particularly in terms of liability for USAT based upon the actions undertaken on its behalf by the Regions. Judgments on legal matters are outside of the scope of this project and TSE expertise.

The focus of this section of the report is on the following elements of Regional influence:

- Member service and promotion of the sport
- Capacity for membership growth
- Opportunities and Threats

3.1 Member Service and Promotion of the Sport

One of the hallmarks of a well-developed national nonprofit organization is the existence of localized subdivisions -- whether called chapters, committees, associations, or other similar designation -- that provide services within a defined geographic area. Organizational growth of national nonprofit organizations reaches a critical stage of development when regional, state, or local subdivisions are formed because it reflects a sound volunteer structure that enables further growth and increased capacity. For USAT, these subdivisions are called "Regions," and there are ten Regions within the United States, each with multi-state jurisdictions.

As a result of action within the last two years by USAT, Regions have uniform bylaws that set out their responsibilities. Goals of Regions, as established in the uniform by-laws, are summarized as follows:

- To coordinate, develop, and promote athletic activity in triathlon and duathlon;
- To exercise jurisdiction over triathlon and duathlon;
- To promote and encourage physical fitness and public participation in triathlon and duathlon;

- To provide assistance to organizations and individuals interested in triathlon and duathlon;
- To protect opportunities of athletes, coaches, and other related sport participants in triathlon and duathlon without discrimination; and,
- To conduct business in regularly scheduled meetings.

Additionally, the Region bylaws state the following: "The Region will operate under the complete control of USAT. Any authority granted to the Region may be withdrawn by USAT at any time."

The harmonization of Region bylaws was an important step in creating consistent expectations for USAT members, regardless of geographic location. Seamless member services, provided in similar fashion across the United States, is a difficult goal to attain, especially within a structure that relies so heavily on volunteers for accomplishment of its mission. TSE commends USAT for taking this important step in 2005 because it signals recognition that Regions were operating in an inconsistent manner, albeit with good purpose.

Harmonization of by-laws created a set of Regional goals that was sufficiently general and all-encompassing to allow Regions to do what was currently being done without interruption or interference. While the political reality of doing so may be obvious, the lack of specificity in Regional goals promotes wide latitude in service offerings and areas of concentration. While some differences based upon geographic individuality are positive and expected, the lack of well-defined goals with outcomes that can be uniformly measured is a liability to the prospect of consistent member service nationwide.

In examining the websites for each of the Regions, and reviewing minutes of Region board meetings, TSE was struck by the lack of consistency in member services within the ten Regions. Some Regions had a club focus; some had a youth focus; others had a coaching focus; but there was little evidence of consistent member service goals and measurement of results.

In fairness, the USAT Board of Directors has not set goals and expectations for Regions, nor a measurement instrument to evaluate their effectiveness. Accountability is a shared responsibility, and it is

suggested that the USAT Board define clearly the annual goals for each Region, using its national perspective to drive performance on a Regional level. This practice would enable some diversity of program offerings and service priorities, but it would firmly establish the necessity of established goals and measured outcomes.

The USAT Board has recently established a revised set of funding guidelines for Regions, and TSE commends this effort to increase measured performance. In announcing the new formula to the Regions, USAT makes the following statement:

“For a Region to remain viable within the organization it does not need to perform any functions other than the basic operating guidelines (listed in the next paragraph); however, for a Region to remain relevant in the organization, the Region should pursue and excel at offering programs that will directly benefit USA Triathlon constituents.”

The following operational guidelines enable Regions to receive \$1.00 per member on an annual basis in “base funding” by demonstrating minimal functionality:

- Board of Directors properly constituted per by-laws;
- Four Board meetings annually, at least one in-person;
- Quarterly newsletter;
- Website; and,
- Financial statements.

The next level of funding -- \$1.50 per member – is based upon offering evidence of at least one programmatic offering in each of the following areas:

- Race development, including club racing series, Regional race director meeting, a multi-sport guide, or other approved programs of similar type;
- Program development, including youth, age-group, club, Masters, coaching, multi-sport, or other approved programs of similar type; and,

- Athlete recognition, including rankings, awards, travel stipend, or other approved programs of similar type.

TSE offers the following observations about these criteria, recognizing that these new guidelines represent a step forward from past operating conditions:

- Regions receive funding based upon the number of athletes in the Region, although their role in attracting new members, retaining current members, or seeking the return of former members is not reviewed or evaluated as part of the process;
- There are no performance standards or evaluative measurement tools to determine effectiveness of programming, merely its existence;
- By defining areas of program concentration that are rewarded by funding, there is no incentive for and, therefore, less interest in providing comprehensiveness of service;
- The total investment in Regions by USAT, including grant mechanisms that are available to Regions to supplement the stipend from the National Office, was less than \$300,000 in 2006;
- If the role of the Region is to carry out the direction established by the USAT Board, there appears to be no direct correlation between Board decisions, particularly related to strategic direction, and action by Region leadership; and,
- There are no mandates related to youth or junior program development (merely the option to do so), and there appears to be a “disconnect” between adult volunteer leadership within Regions and the promotion of the sport to young athletes, including efforts on college campuses.

Regions are viewed as the primary, localized mechanism for membership service and program development, but there remain substantial operating shortfalls in the coordination of these activities.

Fundamentally, USAT needs to decide how it will choose to how to optimize Regions, utilizing the potential capabilities and downplaying the inherent shortcomings within a volunteer-driven delivery system.

TSE recommends the following:

- **Coordination of USAT mission and goals related to membership development and promotion of the sport at the Regional level should be paramount;**
- **Attention should be given to establishing a system that allocates USAT funds to Regions on the basis of measurable accomplishment of goals, not purely on the number of registered athletes;**
- **Member services need to have a higher priority for Regions, with both mandatory and voluntary provision of programs within certain categories;**
- **Youth and junior membership development and programming need to have a priority within Regions that is equivalent to a membership group that includes 20% of all USAT members, including the mandatory provision of programs and services;**
- **Greater consistency among Region activities and programs should be encouraged, and all should be measured against common goals that are adjusted for differences in population and other demographic criteria;**
- **Promotion and public relations need higher prioritization with Region goals; and,**
- **USAT needs to provide more significant investment in Regions, with higher levels of performance expectation and measurement, than is currently reflected in the USAT annual budget.**

3.2 Capacity for Membership Growth

Although USAT membership has risen dramatically over the past five years and despite some positive changes to governance within the Regions that includes a common set of organizational bylaws, Regions have not significantly changed their focus, adjusted their goals, or become more congruent with USAT direction. TSE postulates that the

primary reason is the reliance on volunteers for all of the most important functions that Regions undertake.

At the current rate of membership growth and with the Beijing Olympic Games as an ancillary source of motivation, USAT could reach the 120,000 member level in 2009, and the 150,000 member level by the end of 2010 or the first six months of 2011. While these membership statistics are a staggering success by any standard of measurement, there is also a significant burden to manage expectations of new and current members, because already, there are noticeable differences in minimally acceptable race standards over the last five years. With the current and expected demographic of USAT membership favoring affluent individuals with high expectations for the way in which they utilize leisure or recreational time, USAT must be able to adjust to the demands that success will continue to bring.

TSE recognizes the enormous value of the Regions to the vitality of the organization, but TSE advocates for professional staff in each Region that would work in concert with volunteer leadership but under the direction of the USAT National Office. This would accomplish the following:

- Establish greater congruence between national goals and related activities (as determined by the USAT Board of Directors) and those of the ten USAT Regions;
- Provide increased levels of consistency in service delivery among Regions;
- Utilize “best practices” in administration, marketing, and development among the Regions;
- Focus on club development, public relations and promotion, and member services in a more directed way than a purely volunteer effort; and,
- Enable revenue generating efforts like charitable giving and sponsor development to have a long-range planning cycle; and,
- Provide additional services to race directors that enable their ongoing and consistent success.

TSE recognizes that there would likely be substantial pushback from volunteer leaders within the Regions to the addition of professional staffing to Regions. And, the financial investment, whether these newly established positions are full-time or part-time, would be significant – no less than \$250,000 and, perhaps as much as \$500,000.

An alternative method, and perhaps an intermediary step, would be the employment of five individuals who work in the National Office, each of whom would have responsibilities for intensive coordination of activities and resources for two Regions. This proposal would have the following ramifications:

- A lower financial investment by USAT than having personnel based in Colorado Springs than in Regional offices, but a resultant diminishment of concentrated service;
- Dedicated staff who supplement and reinforce areas of weakness within Regions; and,
- Demonstrated increased commitment to member services to ease the impact of expected membership growth in future years.

TSE recommends the following related to enhancement of capacity for membership growth:

- **Increased financial investment in Regional operations;**
- **Employment of USAT staff as full- or part-time employees within the Regional offices, or employment of Regional liaisons who work at the USAT National Office;**
- **Establishment of performance goals and a measurement instrument related to provision of member services;**
- **Targeted membership growth – through support encouragement to race directors, in particular -- in areas where membership levels do not meet demographic expectation; and,**
- **Revision of programmatic expectations for Regions under the USAT funding formula, specifically to encourage additional member service capacity and prioritization.**

3.3 Opportunities and Threats

TSE notes that Regions simultaneously are the brightest hope and most significant liability for USAT and its ability to adapt to increased expectations and demands related to membership growth. The reason is painfully simple: volunteer involvement in the sport is one of its most promising and successful elements, but volunteer commitment, interests, and capabilities have wide disparity in Regional operations.

Therefore, TSE suggests alternatives that reinforce the inherent volunteer strength while minimizing its weaknesses. The most significant way to do so is to invest more heavily in Regions, not to seek their elimination or diminishment of responsibility. Professional staffing is the preferred alternative to supplement volunteers at the Regional level, thus giving greater consistency, professional expertise, and comprehensiveness of skills.

To a large extent, the way in which Regions function and deliver member services over the next five years will determine USAT success in the future. Therefore, TSE recognizes the following brief list of opportunities and threats to the status quo.

Opportunities

- There appears to be a continued growth curve for USAT membership that is the most significant within the USOC family of NGBs and among the most significant of any sport in the United States;
- NGB status, with its various responsibilities and unique attributes, is a key operational advantage to USAT over current or potential rival member-oriented triathlon organizations;
- Volunteer leadership and capability has enabled the formation and operation of ten regions nationally, and the existence of sub-national operating units is a sign of substantial volunteer commitment and capability;
- One-day licenses have stimulated membership growth, and this unique path (different from every other USOC NGB) is a core advantage that can be leveraged, in particular, to first-time racers into more intense involvement in the sport; and,

- Triathlon appeals to the competitive spirit of adults who seek physical challenges, and there will be ever-greater emphasis on adult physical fitness by states as an economic development tool and by employers to reduce their health care costs.

Threats

- The prodigious membership growth in the next five years may place demands on USAT that it will not have the institutional capacity to accommodate;
- Insurance premiums, and resultant membership economics, can be impacted negatively – and, perhaps prohibitively -- by an increase in catastrophic injuries during sanctioned races, despite efforts at risk management;
- Political considerations generated within Regions could scuttle legitimate chances for improvement in goal-setting and measurement of outcomes;
- If there is a widening disconnect between Olympic development and the needs and wishes of largely adult recreational membership, NGB status could be lost, as well as the advantages that it brings; and,
- Triathlon could be supplanted as the preferred sport of adults seeking challenge, and there are many more alternatives available currently than existed ten years ago.

TSE believes that USAT is in excellent position to maintain and expand its membership over the next five years. While threats are always present in any endeavor, particularly those outside of the direct control of USAT, the opportunities are enormous, and there appear all of the requisite ingredients to continue as a major force in American sport, particularly if the relationship of USAT to its Regions can be strengthened and expanded to include professional management.

4 Conclusion

For this membership study to have usefulness to USAT, it is suggested that staff and volunteers leadership commit to a thorough review of the recommendations and suggested strategies. In virtually all cases, change falls into four categories:

- “Just do it” recommendations, recognizing that some of the suggestions could be enacted at any time and without approval by higher authority than the Executive Director;
- Recommendations requiring approval by the USAT Board, recognizing that some of the suggestions are policy issues that do not require by-law revision;
- Recommendations requiring changes to the USAT By-Laws that need a sustained period of examination and reflection before consideration; and,
- Recommendations with financial implications, with an understanding that potentially good ideas need to undergo scrutiny and due diligence because of the financial implications for USAT.

The process by which information has been gleaned has been candid, thorough, and overwhelmingly positive. It is clear that there is positive momentum for change, and there is enthusiasm both for the sport and the organization. TSE hopes that the information herein is useful in determining ways in which it can best assist and support membership development and member service.

Listed below, by category, is a summary of 56 non-prioritized recommendations. For each, USAT should decide their merit and commit to the following:

- Reject the recommendation with rationale, or adjust and modify it as necessary; or,
- Accept the recommendation, and assign accountabilities for it, including personnel requirements, financial resources, and timeline.

4.1 Membership Categories

- Retain a three-tier membership program , but seek to lessen the number of available items within the upper two levels by prioritizing limited edition merchandise (quality over quantity);
- Emphasize conversion of companies that provide merchandise within the membership program to USAT sponsors that make direct cash payments; and,
- Consider re-titling the Bronze membership level – which includes the vast majority of USAT members – to “Athlete Member” or “Competition Member” so that there is not the connotation of an inferior membership category to the premium levels.

4.2 Membership Retention

- Retention of membership should be recognized as a key successful performance indicator;
- Retention rates should be compiled on a monthly basis and trends within the year – positive or negative – should be periodically reviewed and assessed to determine whether intervention is warranted; and
- Retention rates should be compared on a monthly basis to previous years to measure progress toward established goals.

4.3 Membership and Charitable Giving

- USAT should not view former and current members as charitable giving “targets,” but instead look to a small, focused group of sport devotees who have been intimately involved with the sport and the organization;
- USAT should view the USOC as a preferred resource partner for the establishment of a charitable giving program; and,
- USAT development efforts should be established in conjunction with its sponsorship procurement efforts, recognizing the

differences in motivation between charitable giving and corporate marketing.

4.4 Membership and Insurance Considerations

- Recognize that insurance coverage is the single most important member benefit; make every effort to expand coverage; and, provide differentiation from competitor organizations;
- Target the five largest non-sanctioned races (four of which are conducted in California) for conversion to USAT races;
- Continue to make risk management and conduct of safe races the highest possible priority; and,
- Expand efforts with race directors of sanctioned races to demonstrate the importance and impact of a USAT sanction.

4.5 Membership and the “Race Experience”

- Continue efforts to increase the quantity and quality of race directors, because membership growth is contingent on numerous well-run races;
- View race directors as the primary “customer” of USAT, rather than individual members, and respect them accordingly;
- Provide the necessary tools and motivation for race directors to seek to improve their skills and capabilities;
- Provide ways to simplify the process of athletes securing one-day race licenses and to improve the technology for confirmation of USAT membership;
- Seek ways to provide increased member benefits at races, focusing on a consistent, high-quality race experience; and,
- Ensure that race directors have access to the “gold standard” insurance coverage at lower cost than real or potential competitor organizations or businesses.

4.6 Membership and Club Development

- Clubs are most numerous where membership is greatest, and USAT should consider ways to stimulate the development of new club programs in under-served areas that have consistent demographics with the USAT membership;
- USAT should prioritize club development through enhanced coach education programming;
- Collegiate programs have shown significant growth, and these efforts should receive continued encouragement and funding; and,
- USAT should consider employment of a small number of staff members with regional responsibilities for club development of existing clubs and start-up efforts where clubs have the best chance to flourish.

4.7 Membership and Rankings

- Continue to develop operational efficiencies within the current rankings program and invest in the development of technological capabilities to allow it to meet increased demands in the future;
- Recognize that the rankings program is a critical competitive advantage for USAT and ensure its continued vitality, utility, and support.

4.8 Membership and Technology

- USAT should invest heavily in technology that creates an enhanced member experience;
- Automatic membership renewal should be implemented as an attractive option to ensure greater retention of members;
- Implement technological enhancements that assist race directors with verifying membership and improving the on-site race registration procedures;

- Contact one-day license holders quickly and systematically with a message from USAT that expresses its appreciation, explains its services, and invites continued involvement in the sport;
- Utilize technology enhancements to reinforce the uniqueness and the competitive advantage enjoyed by USAT and serve as a powerful barrier to entry for others; and,
- Continue to create multiple and frequent opportunities for member feedback and be prepared to initiate change in response to it.

4.9 Youth Membership

- Regardless of the membership fee and financial impact, youth participation should be a significant emphasis for USAT;
- The USAT website and magazine are not geared toward young competitors, and USAT needs a communications approach that reflects their unique needs;
- The \$5.00 membership fee should be evaluated and revised, with cost of service, both current and potential, used as a measuring stick; and,
- There needs to be more emphasis on development of youth membership and programming by the Regions.

4.10 Membership and One-day Licenses

- Although counter-intuitive to membership growth, promote and encourage one-day licenses;
- While the dual nature of one-day and one-year licenses/memberships appears to be incongruous, both categories are showing significant increases. If one-day licenses were going up and annual memberships declining, there might be strong rationale for change. Because the opposite is operative -- both are growing precipitously -- there appears little rationale to provide less choice and diminished variability;

- Continue to recognize that excellent race experiences, enhanced USAT contacts with one-day license holders at major races, and superior services and programs are the most important components of an environment of membership growth;
- Simplify the procedures for race directors regarding issuing one-day licenses as well as the ability to check the USAT database regarding annual memberships; and,
- Regard all USAT race participants as members who value the quality of the race experience and do not regard one-day licensees as inferior in any way. Above all, there should be no "A" team and "B" team philosophy, with all triathletes entered in a race viewed as valuable to the sport's growth and the organization's vitality.

4.11 Membership and Cost of Service

- The cost of service ratio for membership is an important decision-making criterion that should be provided to the USAT Board on an annual basis;
- Each of the various categories of membership should be analyzed for possible inequities;
- USAT staff leadership should commit to a ratio of revenue to expense which is between 60 and 75 cents on the dollar, depending on a variety of internal circumstances; and,
- Continued understanding that protection of the USAT business model is paramount, and this entails concentrated expenditure in member services, recruitment of new members, and retention of current members.

4.12 Member Service and Sport Promotion by Regions

- Coordination of USAT mission and goals related to membership development and promotion of the sport at the Regional level should be paramount;

- Attention should be given to establishing a system that allocates USAT funds to Regions on the basis of measurable accomplishment of goals, not purely on the number of registered athletes;
- Member services need to have a higher priority for Regions, with both mandatory and voluntary provision of programs within certain categories;
- Youth and junior membership development and programming need to have a priority within Regions that is equivalent to a membership group that includes 20% of all USAT members, including the mandatory provision of programs and services;
- Greater consistency among Region activities and programs should be encouraged, and all should be measured against common goals that are adjusted for differences in population and other demographic criteria;
- Promotion and public relations need higher prioritization with Region goals; and,
- USAT needs to provide more significant investment in Regions, with higher levels of performance expectation and measurement, than is currently reflected in the USAT annual budget.

4.13 Capacity for Membership Growth in Regions

- Increased financial investment in Regional operations;
- Employment of USAT staff as full- or part-time employees within the Regional offices, or employment of Regional liaisons who work at the USAT National Office;
- Establishment of performance goals and a measurement instrument related to provision of member services;
- Targeted membership growth – through support encouragement to race directors, in particular -- in areas where membership levels do not meet demographic expectation; and,

- Revision of programmatic expectations for Regions under the USAT funding formula, specifically to encourage additional member service capacity and prioritization.

APPENDIX
List of Individuals Interviewed by TSE Consulting

TSE extends its sincere appreciation to the following individuals who graciously supplied information that was used to compile this report:

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