



February 14, 2017

Dear Governing Board Members,

FMCA'S FUTURE

For a while now, the FMCA leadership has been wrestling with some big decisions. We believe we are at a crossroads, and we need to make some significant changes to ensure FMCA's future, and allow us to continue to meet the needs of members.

Following are some facts we believe will help you to make decisions when we meet in Indianapolis, Indiana, in July. We want you to have this information as you talk with your chapters and other FMCA members between now and then. Some of this isn't easy to talk about, but we want you to see the picture as we see it, so that you can make a knowledge-based, business decision.

- FMCA peak active membership level, in the year 2004: 130,000 member families. FMCA membership today: 70,500 member families.
- Motorhome sales today represent a much smaller piece of the RV pie. In 1986, motorhomes represented 37.7% of all RVs shipped to dealers; in 1996, 22.3%; in 2006, 14.3%; and in 2016, motorhomes made up only 12.7%.
- The average age of FMCA members seems to have gone up, even as more young people enter the RV market. 2001 FMCA membership survey: average age of an FMCA member, 65. 2015 survey, average FMCA member, age 71. On the other hand, RV industry statistics show that the average RV owner is age 48.
- As with any business, FMCA has both fixed and variable costs. **Exhibit A: Per Member Analysis** shows current revenue and expenses expressed on a per-member basis. FMCA currently is spending more per member than it is bringing in. Adding members would help with this equation by lowering the per-member costs. With growth to 125,000 members, for instance, revenue per member would exceed the per-member expense.
- The cost of providing FMCA member benefits continues to go up. For the past few years, FMCA has been funding the FMCAssist Medical Emergency and Travel Assistance program from FMCA investments. We've also been funding marketing efforts from investments. In fiscal year 2015, FMCA withdrew \$406,141 from investments to pay for those two expense items. In fiscal year 2016 (with an increase in the FMCAssist premium, plus added marketing activity), FMCA withdrew \$794,712 from investments.



- Premiums for the FMCAssist Medical Emergency and Travel Assistance Program have increased from \$4.32 per year per member family in October 2014 to \$8.52 per year per member family currently. With the loss ratio the program has experienced, as a result of more members than expected using the program, we are projecting that the premium likely will increase to as much as \$11.24 per member per year in fiscal year 2018. See **Exhibit B: FMCAssist Stats**. Adding younger FMCA members would help with the loss ratio, which would help to keep the costs down and help us to retain this as a member benefit. If the current provider cancels, we would be hard-pressed to find another insurer to provide coverage without a substantial premium increase.
- FMCA experienced net membership growth in fiscal year 2016 for the first time since 2003. The net increase was 616 member families. However, we spent \$269,901.76 in marketing dollars to help achieve this relatively small increase. See **Exhibit C: Membership Trend**.
- Financial experts tell us that we are due for a stock market correction. It's not a matter of if; it's a matter of when. **Exhibit D: 100 Year Stock Market Analysis** shows the peaks and valleys the market experiences. So, we can't keep doing what we've been doing and drawing out money to pay for FMCAssist and marketing expenses.
- For many years, *Family Motor Coaching* magazine was referred to as the "cash cow" for the association, generating between \$5 million and \$8 million a year and providing a significant portion of FMCA's revenue. Then the internet came along and caused a major disruption, not just for FMCA but for publishing companies in general. Digital advertising doesn't command the same type of revenue as print. In fact, it's frequently been said that print dollars have become digital dimes. The Great Recession added further insult to injury. Plus, consolidation of companies within the RV industry has impacted advertising revenue. In fiscal year 2016, advertising revenue totaled \$1,824,498, including the magazine and website. Expanding FMCA's scope to welcome all RVers, as is being proposed, would open up possibilities in terms of new advertisers; however, the days of the magazine generating millions of dollars in revenue will not return. So, FMCA now must rely more on membership dues to sustain itself.

At the end of 2016, we asked the membership to approve an addition to the FMCA Articles of Incorporation that would allow us to explore the idea of forming a subsidiary organization that would welcome owners of other types of RVs. Once we gathered facts, opinions, and some good old common sense, we concluded that a better plan would be to simply open FMCA membership to all RV owners. That is the proposal that will come before you during the meeting in Indy. We see this as something that we need to do in order to secure FMCA's future.

Welcoming more members to FMCA would help to spread out the costs of providing benefits. And at the same time, we'd be able to share our sense of community with all RV owners. The world has changed, and it seems that FMCA must change as well.

Gloria and I have put many, many miles on our motorhome since I became FMCA national president. We've met hundreds of FMCA members, plus a bunch of folks traveling in other types of RVs. One thing we've learned is that it doesn't really matter what type of RV you have. RVing is less about the equipment we use and more about the people who enjoy the lifestyle. Many of us – Gloria and me included – started out in a travel trailer. And although the RV industry reports that a sizable number of younger people are jumping into the RV lifestyle, most of them aren't ready yet for motorhome ownership; however, they have a lot of the same needs and interests as we motorhomers do.

The attached presentation explains some of the rationale for welcoming all RV owners into FMCA. Also included are proposals to amend the FMCA Articles of Incorporation, Constitution, and Bylaws to make it possible to move forward with “remodeling” FMCA to meet the needs of current and future members.

Please help us grow FMCA by approving this recommendation when it is presented to you during the Governing Board meeting at FMCA’s 96th International Convention in Indianapolis, Indiana, on July 12.

Remember, “It’s all about having fun!” Let’s keep that going and open the doors for others to have fun with us!

A handwritten signature in cursive script that reads "Charlie Adcock".

Charlie Adcock, F311374
National President

P.S.: Any questions regarding this letter? Please email me at cadcock@fmca.com. Include your phone number and question and I will give you a call to discuss.