

Protect and Enhance
(Proactive and Responsible
Political Representation)

Primary Source
of Information



ASSOCIATION

Member Programs
That Provide
Tangible Value

Solutions for Development
And Training

WRA / WLA

The Origin of the Idea



A S S O C I A T I O N

Coffee Springs a Sprout

In the Fall of 2011, after a HIHIT meeting, Jan Simon (the CEO of WLA) and Anthony were talking about the association world and association trends when the idea emerged about how the two associations could do great things if they worked closer together.

Although no conclusions were reached, the conversation started several “What do you think of....” brainstorming sessions among leaders within the two industries.

The two CEO’s shared their feedback at the subsequent HIHIT meetings and enthusiasm built.

In the Spring of 2012, the Executive Committee’s of the two organizations met for the first time in recent memory to get to know each other. The meeting was very positive. There was recognition we had much more in common than not and we should be exploring ways we could work more closely together, be more efficient in resources and better protect the hospitality industry.

There was no urgency to the conversations, just a loose pursuit of feedback to the idea.

The Idea

Retro Scare Spurs a Co-Meeting

In the fall of 2012, WLA received word that they may have a penalty in one of their retro program years. This concern and the enthusiasm from the early conversations led to a meeting of association leaders from both sides to see if the time had come for the two associations to come together.

The Idea

At the conclusion of the meeting, both groups decided that there would be efficiencies, increased political influence and synergies from coming together, however it shouldn't be about retro, but rather about doing the right thing for the two industries.

Rather than rush into a decision, WLA chose to tackle its retro problem on their own and both groups agreed to form a task force to study how the groups could be stronger together.

WRA / WLA

2013 Due Diligence Taskforce



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Presented by:
Jim Rowe and Craig Schafer

Overview
Of
2013's
Due
Diligence
Taskforce

Five Meetings

Jan 30th – Getting to know / Laying out a plan for taskforce

Feb 12th – Identifying Driving Forces and Restraining Forces

March 5th – Sharing of plans and structure

March 19th – Review of outreach to outside parties

April 9th – Recommendation Decision

2013
Taskforce
Participants

Restaurants

Jim Rowe – Consolidated
Lane Hoss – Anthony's
Craig Schafer – Hotel Andra
Bret Stewart – Auntie Anne's
Anthony Anton – WRA

Hotels

Cindy Fanning – Silver Cloud
Zahoor Ahmed – RC Hotels
Andy Olson – Columbia Hospitality
John Taffin – Northwest Properties
Jan Simon – WLA

Process facilitated by Lynn Melby,
a nationally recognized business association expert
and retired CEO of an association management company

2013
Driving
Forces

Twelve “Driving Forces” Identified

Highlights:

- Stronger GA Influence
- United and Louder Voice for Tourism
- Efficiencies of Scale
- More Buying Power / Stronger Programs
- United Hospitality Industry / Less Turf Wars

2013
Restraining
Forces

Twelve “Restraining Forces” Id’d

Highlights:

- Loss of identity (particularly for hotels)
- Culture Issues
- Financial Liabilities (particularly retro)
- Fear of Unknown
- How to Combine Staff / Boards

All Structural Barriers are surmountable

Review included:

ByLaws

Board Structure

Staff Structure

Strategic Plans

Legal Commitments

GA Priorities

Duel Members

National Relationships

Chapter Relationships

Programs

2013
Structural
Information
Sharing

Financial Findings

1. WLA is Financially Healthy (minus retro)
2. **Retro Liability is real, although still hypothetical**
3. Hotels will have a similar penalty year next year
4. **Real Gain to a Combined Association is ~\$550K**

Four major caveats - figure does not include:

- Any Drain on Reserves/Capital from 2nd Retro hit
- Hotel Service Needs
- Growth Potential
- WLA Member Loss from Retro Fallout

2013
Outside
Input:

The Hill

Consensus of all former legislators and lobbyists talked to by consultant was increased collaboration would be beneficial for both organizations.

WLA would possibly stand to gain the most. Since WRA, with more staff and contract lobbyists, has greater visibility in Olympia.

2013
Outside
Input:

Past Chairs

Hotel Side: There was interest in collaboration however a full merger was not seen as a benefit.

Restaurant Side: Generally neutral - none of those on the call thought it was a bad idea

2013
Outside
Input:

Key Findings from Other Merged States

1. All states surveyed were positive on the concept of a merger and would do it again
2. **It is really important to take your time and do it right (1 to 3 years)**
3. Toughest issues are board representation and loss of hotel identity
4. **No merged association saw real growth outside of initial memberships from merger**
5. All surveyed relayed the perceived political influence from merging was significant

2013
Taskforce

5 Considerations for Recommendation

1. Do nothing – Just Pass
2. **Formally Collaborate on Key Issues / Items**
3. A Strategic Alliance – i.e. a shared operations company – but keep separate organizations
4. **Create a Hospitality Federation**
5. A Full Merger

2013's
Due
Diligence
Taskforce
Final:

The recommendation of the WLA/WRA Due Diligence Task Force is to merge the two organizations with a completion target of July 2015

Note A: The Vote was 7 yes, 1 excused, 1 abstain, and 1 other

Breakdown: WRA- 4 Yes & 1 excused
WLA- 3 Yes, 1 abstain & 1 Other

Note B: The two years would allow time for sub-committees to figure out the details of how. There would be check-in votes at both boards at least every six months.

Direction

WRA Board Action

April 2013 WRA Board voted to approve the following motion:

...Direct the executive committees to engage in a due diligence process focused on the steps needed to complete a merger of the WRA and WLA by the target date of July 2015

Note: The WRA Board made it very clear to the WRA Executive Committee to “get the hard stuff done first.” They did not wish to waste resources if the big hurdles could not be overcome.

WLA Board Action

In July 2013 the WLA board approved the following motion ...

...The best option is to merge the two organizations.

The Task Force acknowledged that the merger process could take up to two years.

During this time, a team of representatives from each organization would meet to develop and implement a plan for merging that would best leverage the resources and strengths of each association, building a new entity that would be that much more beneficial to its members.

The team would identify milestones/significant points in the implementation of the plan. At these and other key strategic points, the team would apprise each association's board of the status and give them an opportunity to vote on continued efforts toward merger.

Direction

WRA / WLA 2014 Merger Taskforce



A S S O C I A T I O N

Steps After Board Vote

Direction

In Fall of 2013 the two executive committees met to:

- Put together an RFP for a facilitator / task master for the process
- Put together a budget for the process
- Put together side by side of Staff / Contract Functions
- Put together side by side of Mission/Vision/
Success Measurements and Key Objectives

In Winter/Spring of 2014 the two executive committees met to:

- Establish some basic principals
- Interview several facilitator firms
- In May, Alford Group was hired
- Alford Group Introduced to WRA Board at April Mtg

Note: Merger work was significantly delayed by the workload created by the Seattle Minimum Wage for both associations

Activity under Joint Exec Cmte's

Interviews:

The Alford Groups conducted several interviews of the boards, CEO's and leaders of both associations

Survey:

The Alford Groups conducted a survey of both boards to ensure all board members opinions were gathered.

Established a Work Plan for the Joint Exec Committee:

Mission

Governance (c6 and c3 organizations)

Staffing

Retro

Financial Considerations: Budgets / Assets

Government Affairs

Programs and Member Services

Education/Training

New Member Dev.

Conferences/Conventions

Tourism Development

Communications and Marketing

Develop a Memorandum of Understanding

Initiate Strategic Planning

Direction

Activity under Joint Exec Cmte

Direction

Formed Joint Exec Committee:

Mission: Provide guidance and insight into the discussions and for developing recommendations in creating one new organization combined from the Washington Restaurant Association and the Washington Lodging Association. Their specific recommendations for the future organization will be presented to the boards of both organizations for final review, consideration and approval.

Consists of: The WLA Exec Committee (7 members)
The WRA's Exec Committee (5 members)
The Alford Team (Tom Mesaros and Tafara Pulse)
The two association CEO's plus WRA's VP

Other Details: Has met once a month for about 3 hours since June

Monthly "staff" meetings:

Consist of the Alford Team and the two CEO's
Attempt to accomplish staff work assigned by
Joint Exec Committee
Prepare materials for upcoming Joint Exec Cmte

Accomplishments to date of Joint Exec Committee:

Action: Agreed on mission for joined association and name

Set a target for MOU (WRA's January Board Mtg)

Chose four major hurdles that must first be overcome
(1) Board Governance (2) Staff Leadership (3) Staffing (4) Retro

Agreed on staff leadership and reviewed first draft of staffing

Agreed on a final draft of Board Governance
Note: draft not accepted by either board at this time

Formed a separate taskforce for Retro recommendation,
consisting of retro chairs from both organizations,
WLA's CEO & WRA's VP

That Retro Taskforce completed its work & made core decisions
--WLA's retro will fold into WRA's
--The WLA's retro committee (5 members) will
join WRA's Retro Sub-committee (9 members)

Direction

WRA / WLA Likely Next Steps



A S S O C I A T I O N

Next Steps

Likely Next Steps

The Marriage Proposal: aka Approving the MOU

WLA Board meets on January 22nd

WRA Board meets on January 27th

If Both Boards OK MOU, Key Next Steps / Dates after January:

Immediately begin outside financial integrity checks of both organizations

Immediately begin work on a Joint Operating Agreement between now and October

March 31st 2015 - WLA CEO Jan Simon announced retirement date

April 2015 WRA's Board Mtg at Portland Trade Show

August 2015 Any changes to WRA's retro contract must be finalized to successfully complete process for 2016 retro year

Wedding Date: October 1st 2015 – Start of new fiscal year

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