

Section I—Introduction

The USMS Executive Committee has prepared this document for members of the House of Delegates (“HOD”) attending the USMS Annual Meeting, September 15–19, 2004 in Orlando, FL. This document contains a description of the process and recommendations relating to selection of a publisher for the USMS National Publication (magazine). It is made up of the following sections:

1. Introduction
2. Executive Summary—The executive summary is essentially the same document released to the HOD on Monday, August 23. It has been updated to correct some terminology that created confusion.
3. Process—This section is a chronological description of actions taken during the process.
4. Non-Financial Considerations—This section is a discussion of the non-financial considerations that influenced the recommendation.
5. Financial Considerations—This section discusses the financial considerations that influenced the recommendation.
6. Comments on Sports Publications and Stratton—This section addresses the possible business relationships we may have with the bidders not recommended.
7. USMS Editor—In a collaboration with the USMS Communications Committee and Douglas Murphy, the USMS Editor position would be redefined as a coordinator position. This section discusses what those changes entail.
8. Attachments—A number of documents were created during the RFP and bidding process. An explanation of those documents appears in this section.
9. Conclusions and Recommendations—This section contains concluding comments and a recommendation to the House of Delegates.

Section II—Executive Summary

As many of you know, USMS' contract with its National Publication vendor expires at the end of this year. In anticipation of that expiration, and pursuant to our Professional Management Guidelines, USMS issued a Request for Proposals (RFP) in the 2003 November/December issue of *SWIM* Magazine. Five (5) publishing companies submitted final bids. With the assistance of a USMS member with publishing expertise who served as a consultant to help us brainstorm USMS' needs and sort through the bids, the EC narrowed the field to three finalists, including the current publisher of *SWIM* Magazine, Sports Publications, Inc.

A subset of the EC conducted in-person interviews with representatives of the three finalists on July 18. After the interviews, the EC made a preliminary decision to pursue further discussions with two publishers of "association" magazines (more on this below). We made site visits to those two publishers in late July and have decided to recommend one of those publishers, Douglas Murphy Communications, Inc.. As part of our due diligence, we contacted references directly and made financial queries. Both processes reinforced our confidence in Douglas Murphy.

By partnering with Douglas Murphy Communications, we will own the intellectual property rights to our magazine, including the copyright to all materials published. We will be engaging a corporation that has experience and success publishing for associations and offers an attractive financial package aimed at making the magazine budget neutral within three years. Moreover, Douglas Murphy demonstrates creative ideas on editorial content aimed at all USMS members, exhibits spectacular design capability, and proposes a comprehensive plan for integrating the magazine with our web site. We'd like to expand on some of the factors that make this new partnership so attractive for USMS.

Association Publishing

Through the RFP process, we learned about the possibilities of association publishing. There is a whole field in which companies publish magazines on behalf of non-profit associations such as USMS. Associations run the

gamut—from broad national organizations such as the American Association of Retired Persons (AARP) to narrow interest organizations such as the National Association of Watch and Clock Collectors!

Association publishers have an industry standard way of operating. They have editorial, design and advertising staffs, often supplemented by freelancers, and they work closely with a representative of the association to create a magazine that is geared to the interests of the association's members and is intended to be a sought-after member benefit. In our case, the publisher would work with our USMS Editor, who would collaborate with the publisher on story ideas, ensure the accuracy of content, communicate the interests of our organization and its members, and provide contacts for stories.

Cost

With association publishing, we found an industry standard that is a very different alternative to how we currently pay for our National Publication and that will provide significant cost savings. Our current publisher, Sports Publications, Inc., charges USMS a per member subscription rate. The current rate is \$7.90 per member and, in its bid, Sports Publications proposed a 12 year contract, increasing the rate every four years from \$8.25 to \$9.50 to \$10.00 per member, even as our membership grows. For 2004, \$339,700 has been budgeted to pay for SWIM subscriptions. On the revenue side, Sports Publications gives USMS 3% of its advertising revenue.

The fee and ad revenue structure in association publishing is quite different. Both of our association publishing finalists, including Douglas Murphy Communications, would charge us for the actual cost of producing our magazine. This would include the cost of freelance writers, photos, magazine layout and set-up, printing, and postage, among other things. Both association publishing finalists priced out sample costs for us and they were very similar. For the most part, these costs would not be affected by a growing membership.

The major difference is on the advertising revenue side. Both association publishers gave us the industry standard quote for splitting ad revenue – we get 75% of the revenue and they get a 25% commission. Recognizing that it would take some time to establish long-term relationships with advertisers, both publishers independently told us they believe USMS could have enough advertising revenue within three years to completely cover the costs of publishing the magazine. That is, we would break even while providing this valuable member benefit!

Ownership

Association publishing gives USMS the opportunity to own its magazine and use the articles and photos however we wish. Currently, Sports Publications owns SWIM Magazine, including the publication's name. USMS buys subscriptions to Sports Publications' magazine. With an association publisher, USMS owns the magazine, which the publisher produces on our behalf. This raises possibilities not only for future use of archived articles and photos, but also for an association between our website and the magazine.

Design

We are very excited about the look and structure of the product that Douglas Murphy has previewed for us. We will have interesting articles and information pieces designed in a readable manner. Smaller articles and graphics will be organized into "departments" in the front and back of the magazine, with a "feature well" in the middle of the magazine for longer articles. This is the norm in consumer magazines, much as you see in "Time" or "People". Douglas Murphy and its design and graphics staff are committed to producing appealing graphics and design. They and we want our members to anticipate the arrival of their USMS magazine and read it cover to cover.

Timing

The decision to initiate transition activities as soon as possible was based on crucial time limitations. As you can see from the discussion of advertising revenue above, it is important for the new publisher to begin building relationships with advertisers and sponsors to generate ad revenue. Although the new publisher's first magazine will not be until the March/April 2005 issue, advertisers make decisions about the next year's ad budget in August and September. We needed to start working with the publisher now to develop a "media kit"—a glossy or semi-glossy fold-out that sells the magazine and provides advertising rates and packages. A prerequisite to the media kit is a preliminary notion of our editorial calendar for 2005 so Douglas Murphy's ad sales staff can appeal to potential advertisers with interesting articles and topics around which they may want to advertise.

A USMS transition team began working with Douglas Murphy Communications in late August after all bidders and the HOD were notified. Their charge was to brainstorm the 2005 editorial calendar, facilitate relationships with sponsors and potential advertisers, and educate Douglas Murphy about USMS and our members' interests and needs. In addition, they will see the process through to the inaugural issue.

Sports Publications

Having described this new opportunity for USMS and how it came about, we would also like to recognize the close partnership that we have had with Sports Publications and its magazine for many years. Sports Publications' staff has tremendous knowledge about developments in the swimming world. We hope our members who are interested in competitive swimming will continue to take advantage of things like the Sports Publications website, swiminfo.com, which provides up-to-the-minute information on elite swimming developments.

Sports Publications has grown with USMS over the years. However, at this time in USMS' development, the opportunity presented by Douglas Murphy and association publishing, including reduced costs and a USMS-owned magazine that appeals to a broad spectrum of our 43,000 members, are more in line with our core objectives of servicing, educating and building our membership.

Representatives from Douglas Murphy Communications will be at our convention to show you prototypes of the magazine, learn more about our organization, and hear your feedback. We think you will share our excitement about Douglas Murphy and its commitment to providing a valuable member benefit for USMS.

Section III—Process

Professional Management Guidelines (PMG)

At the 2000 annual meeting, the HOD approved the USMS Professional Management Guidelines. Our relationship with our publisher is controlled under the PMG as follows: The publisher of our national magazine provides ongoing services under a long-term contract that calls for regular collaboration with USMS. Section II.B. of the Professional Management Guidelines defines an independent contractor as "a person or entity that performs services for USMS, where USMS can control the result of the services but not the means and methods of accomplishing the result." This is the relationship that USMS has with its current publisher and will have with its publishers going forward.

The EC believes that it is responsible for recommending the **best** choice and it has done so. The need for a single recommendation and a justification for it is the process envisioned as most appropriate by the EC pursuant to the PMG. Please refer to USMS Professional Management Guidelines, Section V—Selection Process:

"B. The selection process for independent contractors shall be determined by the USMS Executive Committee. Unless an alternate process is approved in advance by the House of Delegates, the method used for selecting independent contractors who will receive compensation greater than \$10,000 annually shall include:

1. An application and interview process.

Or

2. A Request for Proposal (RFP) and bidding process.

D. When an RFP and bid process is used pursuant to paragraph B.2 above, an announcement, including methods for obtaining the RFP, a brief description of the project, and a bid deadline shall be published in the USMS official publication and in the National Office Newsletter. The USMS Executive Committee shall determine the bid evaluation process used."

January 2003

The EC held it's mid-year meeting in Phoenix, AZ in 2003. The location was chosen for the purpose of meeting with Sports Publications. There were a variety of factors concerning the magazine that were not satisfactory and the EC thought a face-to-face meeting was important. There was an exchange of ideas at the meeting which resulted in a better understanding of how the integration between USMS and the publisher would be handled. As a result of this meeting, there was an improvement in the process followed for USMS/SW/IM cooperation.

In addition to the January meeting, the EC decided that Jim Miller, Nancy Ridout (EC Liaison to the USMS Editor), and Bill Volckening (USMS Editor) would initiate a series of meetings with Sports Publications to discuss issues on a continuing basis. The first meeting occurred after SC Nationals in Tempe, AZ, and a second during the USAS convention in San Diego. In fairness to any other potential bidders, the meetings ceased at the commencement of the bidding process. During these meetings, Sports Publications revealed that they desired to engage in a long-term (i.e. 12 year) contract with USMS. They felt this would allow them to service our needs better and improve long-range planning.

September 2003

During the EC's convention meetings in 2003, the expiration of our contract with *SWIM* was a topic. In the interest of providing a quality product that is fairly assessed according to the PMG and Financial Operating Guidelines, we put the publication up for bids. We made this decision for the following reasons:

1. Sports Publications' desire for a 12-year contract would change the nature of the relationship. Such a long commitment should not be taken without researching viable alternatives.
2. There had never truly been an open bidding process for our magazine publisher. The initial decision had two options—*SWIM* or nothing. In the most recent round, there was a bid from *Fitness Swimmer*, which was similar to *SWIM*'s and did not truly provide an alternative, since they were unwilling to become exclusively the publication for USMS. It was time to see what other options were available.
3. USMS has been on a mission to reinvent and improve itself by moving in the direction of professional management with adoption of the PMG in 2000, designating the web site as the technological base for our functional processes in 2002, and making the following significant decisions in 2003—pursue a bid for the 2006 World Championships, adopt Core Objectives, and initiate a study of USMS governance. We could not do a complete job if we exempted the magazine from scrutiny.

At this point in time, financial considerations and magazine ownership played no part in the decision, although they would soon take on significance. The plan decided on at the meeting was:

1. An advertisement would be placed in the November/December *SWIM* asking for bids. Rather than post details in the ad, bidders were requested to contact the National Office for more details.
2. We would put together an RFP for distribution. Once our RFP for the national publication was finalized, it would be distributed upon request to any publishing entity that might be interested in submitting a proposal.
3. The bidding period would extend from the November announcement through January 31, 2004. We would use the January mid-year meeting to define the evaluation process.

October-November 2003

During the October 20 EC meeting, motions were passed to create a task force "chaired by Nancy Ridout and consisting of representatives of Communications, Publications, and Marketing committees." The task force was charged with creating the national publication RFP and distribution plan and was mandated to be in existence for one month. Through a series of e-mail communications, all members of the task force plus several EC members participated in the preparation of the document, either by composing sections or making suggestions for improvement.

November-December 2003

The advertisement for RFPs appeared in the November/December 2003 issue of *SWIM* Magazine, was posted on the web site, and appeared in the Fall 2003 issue of *Streamlines*.

January 2004

By the time of our early January mid-year meetings, we found that the bidding process was not moving toward giving us an opportunity to review a wide variety of offers. A number of interested parties had inquired, but we had underestimated the length of time it would take to brief bidders who did not know us. In the interest of providing the best outcome for USMS, we made the following decisions:

1. The bidding deadline was extended to February 29, 2004.

2. Scott Rabalais was tasked with the job of seeking additional bids and, along with Nancy Ridout, assisting Tracy in answering bidders' questions about USMS.
3. We decided it would be prudent to hire a technical advisor to assist the EC with the evaluations of potential publishers in order to achieve the best result for our organization. To accomplish this task, we would require an over-budget approval from Finance and a waiver of PMG to create the professional position.

January-February 2004

During this period, Scott Rabalais contacted publishers of various well-known national magazines to inform them of our RFP availability. As well, various publishing associations were contacted stating that our RFP was available to any of its member publishers, if so interested. In order to give us a wide variety of options among bidders and to better serve our membership, we chose to "open the doors" to better understand what possibilities existed in the field of magazine publishing.

At the February 23 meeting, the EC discussed engaging a qualified publishing professional, Mary Bolster, who was willing to provide her professional services to assist the EC in the National Publication bid process for an hourly fee—not to exceed \$2,500. The EC was familiar with Mary, as she was formerly with the publisher that bid for Fitness Swimmer to be the National Publication. Mary had already brought to our attention in informal conversations the possibility of significantly reducing our budget expense for the National Publication.

By the bid deadline of February 29, five proposals from publishers had been submitted to the National Office. One was from Sports Publications, Inc., our current publisher. The other four were association publishers: Douglas Murphy Communications from Richmond, VA; Stratton Publishing & Marketing, Inc. from Springfield, VA; Haynes Publishing Group, Inc. from Wailuku, Maui, HI; and Chaos Designs, from Hilton Head Island, SC.

March 2004

On March 8, the EC asked the Board of Directors ("BOD") for a waiver of the PMG to authorize creation of a professional staff position to contract with Mary Bolster for assistance. Mary's full credentials were posted with the motion, including the fact that she led the bid for Fitness Swimmer four years earlier. The BOD approved the waiver with a vote of 33 yes, 3 no, 1 abstain, 3 not voting. Immediately following BOD approval, the EC requested and received an over-budget approval from the Finance Committee.

The EC members received copies of all proposals with accompanying materials in early March. Each member reviewed the materials in preparation for the initial evaluations. Lynn Hazlewood prepared a preliminary spreadsheet comparing basic services and finances for all five bidders.

During the March 25 meeting, the EC had a preliminary discussion of the bids and tentatively divided them into two groups. It was determined that, unless Mary Bolster had a different view, we would drop Haynes Publishing and Chaos Designs from contention. We then prepared a series of questions for Mary to consider when doing her evaluations. Her task was to assist the Executive Committee during the early stages of the bid process in articulating what USMS was looking for and interpreting the five full bids that came in initially. Our particular interest was in gaining knowledge of the publishing industry as well as the bidders we did not know.

April-May, 2004

Final approval to contract with Mary Bolster was received shortly before the April 8 meeting. The EC sent the questions prepared on March 25 and asked her to provide us with her analysis. In the meantime, the EC members were to evaluate the proposals in detail.

June 2004

The EC invited Mary Bolster to join its June 24th conference call. During that meeting, we tentatively decided to conduct in-person interviews with three of the bidders—Sports Publications, Inc. (*SWIM* Magazine), Douglas Murphy Communications, Inc., and Stratton Publishing and Marketing Inc. The other two bidders, Chaos Designs, and Haynes Publishing Group, Inc. would be notified that they will not be considered. Mary then joined our conference and helped us articulate our criteria for evaluating publishers, gave us insight into the publishing business, reviewed with us the decisions we had made, and answered our questions. Once the EC determined the three finalists to interview, Mary was no longer involved and did not participate in the interview and selection process.

A subcommittee was chosen to conduct the interviews in Richmond, VA on July 18. Members of the subcommittee were Jim Miller, Scott Rabalais, Lynn Hazlewood, and Patty Powis. Other members were invited to join the interviews by phone. Following the meeting, Lynn Hazlewood produced a detailed comparison chart of the proposals to assist the interview team and other EC members in understanding the contents of the bids. The chart is largely comprised of direct quotes from the bids, including page numbers for ease of reference.

July 2004

During the July 14 conference call, the EC discussed the upcoming interviews of the final three bidders. The plan was for Jim Miller to see that the interviewees receive the categories that would be discussed: Ownership, Strategic Marketing, Balance & Control of Content, Financial Impact, and Design. We also planned to ask questions specific to the individual publishers' bids. The broad objectives of the role of the National Publication in combination with the web site were also discussed in preparation for the interviews.

Jim, Patty, Scott, and Lynn met in Richmond, VA on the evening of Friday, July 17 to finalize the set of questions to be presented to the bidders. These questions were transmitted by email to the EC members not present. On Saturday, July 18, the subcommittee met with each bidder for approximately 90 minutes each. Nancy Ridout attended the meeting by phone. Following the interviews, Lynn Hazlewood produced a comparison document of the results of the interviews.

During the July 27 meeting, the EC discussed the interviews and presentations that took place on July 18. It was *MSA that we not recommend Sports Publications, Inc.* The EC was unable to distinguish between the remaining publishers, their bids were so close together in quality. Therefore, it was *MSA that further investigation into the two remaining publishing houses take place.*

August 2004

Jim Miller arranged for the interviews and notified the publishers that we would be inquiring about advertising sales, interplay of sponsorship and marketing, media kit production and design, strategic marketing, design, editorial content and process, role of the USMS Editor, costs, billing processes, and website integration. Jim Miller and Patty Powis met with Douglas Murphy Communications for three hours on Friday, August 6 at their offices in Richmond, VA. Jim, Patty, and Lynn Hazlewood met for 2 1/2 hours with Stratton Publishing on August 7 at their offices in Springfield, VA.

Following the Saturday Stratton meeting, the three interviewers discussed the findings from the interviews and decided to recommend Douglas Murphy to the rest of the EC. The EC voted to recommend the hiring of Douglas Murphy Communications, Inc. to the HOD to be the new publisher of USMS' National Publication, pending satisfactory reports from references.

During the week of August 9, Doug Church contacted references and investigated the financial standing of Douglas Murphy. All indicators were satisfactory and we were then able to move forward with notifications

After EC members were able to catch up from being at the USMS Long Course National Championships, the EC drafted a letter to the HOD informing that body of its recommendation. The letter to the HOD announcing the EC recommendation was transmitted on Monday, August 23. Following transmission of that letter, the EC began to work on this, more detailed document.

Section IV—Non-Financial Considerations

"We believe our National Publication can serve as the linchpin for fulfilling our Mission Statement and implementing our Core Objectives, not only for our current member base, but for the millions of adult swimmers in this country. We invite you to look forward, beyond what we are today, and propose ways in which our publication can fulfill this role for us (USMS National Publication RFP, December, 2003)."

The above quote is from the RFP that we issued last December and is, for us, the most significant statement in the document. The accompanying details are important, but do not address the prime goal of the exercise. The statement was an open invitation for our current publisher as well as other bidders to show us the capability to create a magazine that will not only be a significant member benefit, but will serve USMS well into the future as a communication device and marketing tool.

We recognize that financial considerations (addressed in the next section) are not the only significant factor in making a decision. The foundation of the decision-making process must rest with demonstrated capabilities and intangible benefits, supported by a quality financial proposal. The one thing that a bidder cannot change to improve their competitive position is who they are. During the evaluation process, we considered only what the corporations could show us either through generation of new product samples and/or through a proven track record with other publications. Promises to do better in the future were not acceptable if other bidders were able to demonstrate that a capability was already in place, successful, and compelling in its quality. Following is a discussion of the factors that we consider essential to our decision to recommend Douglas Murphy Communications.

Ownership

Ownership is also covered under Section V—Financial Considerations, but many non-financial considerations flow from ownership. Not only are there benefits, but also responsibilities. With *SWIM*, we do not have a definitive ability to impact design, photography, editorial content, and advertising. Disclaimers notwithstanding, everything in the magazine is attributable to us—whether we agree with it or not. With our proposed relationship with Douglas Murphy, we own the product and they will conform to our wishes, even if they believe we are wrong.

Bottom line: With our current publisher, because our name is on the cover, we are responsible for everything about the magazine, but do not have the authority to impact all decisions. With the proposed contract—it's all ours.

Association Publisher

When we started this odyssey, we thought we wanted a publisher who had experience publishing sports-related magazines, preferably swimming. What we found out was, the most important quality for our publisher is not their knowledge of a specific industry, but their ability to publish successful magazines for associations. There are basic principles in association publishing for how to position a magazine to serve the current membership, future membership, advertisers, and sponsors that transcend content knowledge. In the period of time we have known the DMC personnel, they have demonstrated an uncanny knack for understanding us by exploring our web site, our magazine, and other related magazines. We have also noted this capability with other association publishers.

Bottom line: With our current contract, we have a publisher who is a specialist, but is not a broad association publisher. The proposed contract with DMC will net us an experienced association publisher with a history of success.

Design

What we would like is a magazine, lead by the cover graphics and internal layout, that compels members and non-members alike to want to read it from cover to cover. This is not only important in terms of providing member services, but also impacts ad sales. A magazine that is read from front to back is very attractive to advertisers. BOD and HOD members will be able to judge design quality for themselves from the prototype being prepared for convention.

David Balch, Douglas Murphy's Art Director, has created six new magazines and implemented six redesigns for DMC. In addition, through a prototype, which was about 85% complete during the bid process, he demonstrated the flair and capability to present concepts that will attract swimmers. Despite several requests for design improvements, including cover quality, during our meetings over the past two years, Sports Publications has not significantly changed its product. During the interview process, when questioned, Sports Publications indicated it is committed to a complete overhaul of the magazine, but stated that it has not yet recruited the designer nor developed a prototype for us to examine. Recruitment of an artist and redesign of the magazine will occur only after we sign a long-term contract.

Bottom line: *SWIM* has promised to improve the design, but cannot now demonstrate that proposed improvement and does not have the designer in place to do so. DMC has an art director with a proven track record, and has already submitted appealing design prototypes.

Editorial Content

Design and layout may be what attracts readers to a magazine, but the editorial content is the guts of the product and will keep readers coming back each month for more information. Sports Publications professes to serve the

entire USMS community, but the content of *SWIM* has more often served the elite competitor rather than the average swimmer who makes up the majority of USMS members. If we sign a long-term contract with *SWIM*, they promise that they will revamp their editorial staff to improve the product.

Douglas Murphy's development of editorial content will occur through collaboration with USMS and we will have the final word on all content. The primary goal is to produce contents that meet the needs of the full membership, are supported by USMS, and reflect the USMS mission. The content will build on the theme of our mission statement.

Bottom line: *SWIM* has promised to improve editorial content, but will only deliver after a long-term contract is signed. DMC has a proven editorial team in place and has demonstrated in their proposal and interviews the ability to serve the USMS mission.

Section V—Financial Considerations

The impact of a national publication is felt in numerous ways, many of which have to do with the qualitative considerations of content and visual acceptance. This section deals only with the quantitative elements of our consideration which fall essentially into three areas: total cost of publication, potential revenue and ownership/equity. There are additional issues that will be touched on briefly that affect the members and the LMSC's more directly.

Total Cost

Under the current arrangement, USMS makes a per capita payment that, in theory, covers all costs associated with the publication and distribution of the magazine. The 2004 budget allocated \$8.00 per swimmer as the per capita payment to Sports Publication (*SWIM*) and based upon the estimated registration, that totaled approximately \$336,000.00, or, roughly one third of our total budget. Thus, one might consider the per magazine cost as a constant \$8.00 per swimmer, or, one might consider the total cost of publication taking into account the potential for economy of scale as a basis for a comparison. In either event, the current contract provided a constant per capita cost as a basis for the comparison so one approach is certain and the other speculative.

Thus, while the fixed per capita cost simply follows the total registration, opportunities to benefit from economies of scale, specific price breaks on supplies or equipment, and volunteer contributions relative to any aspect of the operational costs is lost in the current structure. Total cost under the proposal submitted by Sports Publications was continued as a per capita charge and the per capita proposal was to increase the amount periodically over the term of the agreement. Thus, next year, the cost of 42,000 member subscriptions to *SWIM*, at the proposed increased price of \$8.25 per member, would be \$346,500. Sports Publications originally proposed a 12 year agreement, but indicated during the interview process a willingness to reduce it to an 8 year term.

There are several other ways in which total cost may be viewed going forward. For example, there is no advantage under the current arrangement for Sports Publications to save publication costs by emailing issues to members who will accept an electronic delivery. There is no advantage for Sports Publications under the current arrangement to engage in "risk taking" by extending a production run beyond the capitated number in order to attempt to achieve a news stand presence. (Nor does such a risk taking exercise benefit USMS under the current arrangement since no portion of any profit from news stand sales flows to USMS.) Consider the potential cost of 50,000 members at the proposed per capita cost of \$10.50 per member. (This was the maximum quote from *SWIM* during the final years of the proposed term.) Without a dues increase, the budgetary considerations are enormous.

Under the new proposed arrangement with Douglas Murphy, USMS stands to benefit directly from the economies of scale, volunteer assignments, and innovative cost saving considerations, such as electronic distribution to those willing to receive the magazine that way. Controlling total cost in this manner has real and perceived benefits but there are risks as well. Cost increases in such things as paper, postage, or printing services, to the extent that they can be passed through, may reduce the bottom line benefit. Extending production runs for a news stand presence, if that is deemed desirable, are within the control of, and to the benefit of, USMS. The cost of production during the first year of the Douglas Murphy contract, which would include one-time re-design and media kit production fees totaling \$16,500, is estimated at \$339,150. This is without taking any advertising revenue (discussed below) into account.

Bottom line: Under the current arrangement and that proposed by Sports Publications, "cost" is a constant that increases with membership. Under the proposed arrangement with DMC, "cost" is tied to actual costs of production and becomes more economical per capita as our membership grows.

Advertising Revenue

Under the current arrangement, USMS receives 3% of the ad revenue paid to Sports Publications for ads appearing in the national publication. DMC proposed a division of 25% to the publisher and 75% to USMS of all ad revenues. The real issue is "the size of the pie!" Projecting into the future—at the point in time when ad revenues equal today's level, USMS will still receive 72% more of the ad revenue "apples to apples." Growing the size of the ad revenue after that, will simply expand the opportunity for increased income to USMS. All of us can imagine what potential lies within this area of non-dues income. The demographic profile of our membership should attract advertisers that will pay for the privilege and the potential has not been tapped.

Bottom line: We can't do much worse. We can do a whole lot better.

Equity/Ownership

Under the current arrangement, it is problematic to ascertain exactly what, if anything, USMS owns. Sports Publications asserts that the intellectual property is owned by them including the photographs that are used in the magazine. The name *SWIM*, is their property. The archival information and stories are theirs. Under the new arrangement, USMS will own the intellectual property which, in the end, is pretty much all that there is absent buying printing presses. Over time, this is not insignificant. The ability to use photographs, quote from previous articles, offer archived articles on our website, and invest in the marketing and public relations associated with a name that cannot be lost, all have value to USMS. While it may be difficult to quantify, there is no question that for the investment of literally millions of dollars over time, we have nothing on the bottom line to show for it today. The new arrangement will alter that circumstance immediately and completely.

Bottom line: Today we own nothing. The proposed arrangement with DMC establishes the opportunity to create equity and ownership.

Miscellaneous Issues

During the evaluation period, the EC made every effort to consider additional implications for the organization as a whole. Among those bearing a direct financial impact was the ability to use the publication as a means of sending LMSC newsletters to members. Based upon available information, (1) this can be done under the proposed arrangement and (2) the cost will be not greater than the current charge if not substantially reduced.

Efforts to provide linkages between the magazine, the USMS website, LMSC's, clubs, etc. has been considered one of the most important functions that USMS can provide in bringing services to the grass roots. The recommended publisher has acknowledged these values and has expressed a creative interest in helping with such efforts.

The proposed term of the contract as between Sports Publications and DMC is significant. Sports Publications started with a proposal of 12 years and agreed to reduce to 8. DMC proposed a 3-year term. In a world that changes as rapidly as ours, absent some real incentive to engage in a long term arrangement, maintaining the ability to revisit this issue in the near term has significant value. Under many long term proposals, there are clear economic benefits. In the *SWIM* proposal, the cost escalated over time and there was no immediate savings from our current arrangement proposed. Flexibility is considered a significant factor in this evaluation.

Bottom line: Real focus on the ways and means of benefiting the grass roots.

Section VI—Comments on Sports Publications and Stratton

During the RFP process, there were three qualified bidders from which to choose. It is not possible to contract with three companies for the same job, so a decision has to be made. No bidder can fulfill all of the requirements. For the reasons expressed in Sections IV and V, we believe that the best candidate is Douglas Murphy Communications. This document would not be complete without commenting on the value of Sports Publications and Stratton Publishing both as bidders and as potential business partners for USMS.

Sports Publications, Inc.

The casual reader of this document may think that we believe Sports Publications has no value to add to the pursuit of USMS' Mission and Core Objectives. To the contrary, it only means that *SWIM* does not meet the criteria we believe to be the most critical for a successful publication. Sports Publications, should they choose to, could become a valued business partner with USMS. There is much we could negotiate with them immediately or when the financial success of our new publication is secured. They are certainly an authority on swimming and some of the expansion plans they shared for their corporation are indeed exciting. They would like to be the Associated Press of swimming through swiminfo.com and we hope they succeed. What a wonderful benefit for all swimmers that would be.

Among the areas where we could maintain a close and continuing business relationship with them are: maintain Swim Shop links between swiminfo.com and usms.org; promotion of swiminfo.com breaking stories on our soon to be created home page news area; contract for use of the video recording capability they are building; and negotiate for access to the swiminfo.com premium areas for our members.

Stratton Publishing and Marketing, Inc.

By the end of the bidding process, we came down to Douglas Murphy Communications, Inc. and Stratton Publishing and Marketing, Inc. Douglas Murphy and Stratton were too close to call in terms of ownership issues; association publishing knowledge; ability to position the magazine to attract members, advertisers, and sponsors; editorial content; length of contract; and finances. Therefore, those variables did not impact the final decision. What was left was design, drive to succeed, and extras.

Douglas Murphy showed us superior design capability. While Stratton's design was excellent, it did not have the pizzazz we were looking for and failed to have the impact of the prototypes we saw from DMC. Given the soundness of their basic design philosophy and successful start with their exemplar, we are confident that Stratton could fulfill these requirements, however, we did not see it.

Douglas Murphy exhibited a drive to succeed in winning USMS's business and making the best possible publication for our members. For example, they came to their final interview with a packet of information addressing all of our questions, their advertising sales director delayed her vacation to meet with us, they displayed prototypes magazine covers throughout their offices, and they had conducted a significant amount of additional research to address USMS's issues. Stratton interviewed well, but to make a decision, we were down to splitting very fine hairs, and Douglas Murphy's enthusiasm and ability to partner with USMS were more apparent.

The one place Stratton was superior to Douglas Murphy was in the additional services the company had to offer. Douglas Murphy is a fine publisher of association magazines. Stratton is not only a publisher of high quality association magazines, but they are also a publishing research and consulting company. Some of the extras they offer are publication audits (to analyze your magazine's quality) and demographic research (to better target your advertising campaigns). They are also an association publishing industry educator with 20 years of experience.

However, because all of these advantages come at a steep price, we had to exclude them when considering which publisher to recommend. We can, if we choose, take advantage of these services without contracting with them as our publisher, and USMS may desire to consider this path at a later time. Having said all of the above, the EC feels that we would have a positive experience were Stratton to be our choice as publisher and their position should be considered to be a very close second place.

Section VII—USMS Editor

With our current publisher, which has expertise in swimming, the USMS Editor's duties evolved into the following, as stated in his contract:

1. Solicit articles, photos, illustrations or other material from USMS members and committees and submit this material to *SWIM* Magazine for publication.
2. Research and write articles for publication.
3. Edit proposed articles for publication before they are submitted to *SWIM*. Editing may involve working with authors, USMS proofreaders, and *SWIM* Magazine as necessary.

4. Review proofs from SWIM Magazine before printing.
5. Represent USMS when cover photos are selected.
6. Work with SWIM Magazine, the USMS Communications Committee and the USMS Executive Committee or its designee to prepare an annual Editorial Calendar.
7. Submit proposed, edited material to the USMS Executive Committee and any other person that it directs for review prior to publication.

With the recommended publisher and the concept of association publishing, Douglas Murphy has expertise in magazine publishing, writing and editing, and creating appealing design elements, but not in the specific field of swimming. As with its other association clients, Douglas Murphy's managing editor will engage knowledgeable freelancers in addition to USMS contributors. In this situation, the role of the USMS Editor (a title that could be changed to USMS National Publication Coordinator) is to contribute knowledge of our association and its members' interests to the publisher and serve as a check on the accuracy of swimming copy.

Although the USMS Communications Committee would need to address the final title and job description for the USMS liaison, the following role is proposed:

1. Understand and communicate to the publisher what our members' and organization's interests and issues are. Be in the loop with the organization's members.
2. Know Masters swimming and the players. The liaison should be able to tell the publisher the right people to contact for a particular article.
3. Work with the publisher and USMS representatives to set the annual editorial calendar and make adjustments as needed during the year.
4. Practice good organizational skills. The liaison should be able to adhere to the editorial calendar and its deadlines and get USMS contributors to do the same.
5. Be involved with and cognizant of the activities and views of the USMS Board of Directors and Executive Committee. The liaison should be respected and politically savvy.
6. Provide ideas for stories and link USMS contributors with the publisher.
7. Coordinate and review article copy from committees/USMS contributors as a first screen. Catch what USMS doesn't want to see in print in its magazine.
8. Read all copy and give feedback on things like accuracy of copy and fit for the organization.

Because of Douglas Murphy's expertise in publishing and design, it would not be necessary or expected for the liaison to contribute designs. It would also not be necessary for the liaison to write articles. In summary, the liaison would represent the interests of USMS to the publisher and contribute knowledge of our organization, its members, and their interests.

Section VIII—Attachments

The following documents are provided as attachments and are supplementary to the information presented in the above document:

1. Executive Committee Minutes—Minutes of the referenced EC meetings.
(<http://www.usms.org/admin/excom>)
2. RFP Advertisement—Advertisement placed in the November/December *SWIM* Magazine—This is a text version of the ad copy that was placed in the national publication.
(<http://www.usms.org/admin/conv04/advertisement.pdf>)
3. National Publication RFP—This is the RFP which was distributed to all publishing companies who requested it. (<http://www.usms.org/admin/conv04/RFP.pdf>)

4. Mary Bolster BOD Proposal—Text of the proposal sent to the BOD for a waiver of the PMG in order to engage a consultant to advise the EC in the early stages of the process. (http://www.usms.org/admin/conv04/PMG_waiver_proposal.pdf)
5. Mary Bolster Over-budget Proposal—Text of the letter transmitted to the Finance Committee requesting an over-budget approval to engage Mary Bolster. (http://www.usms.org/admin/conv04/over_budget_request.pdf)
6. Questions for Mary Bolster—Questions sent by the EC to Mary Bolster to respond to as she evaluated the proposals. (http://www.usms.org/admin/conv04/questions_for_consultant.pdf)
7. Proposal Evaluation Chart—Chart comparing the initial proposals from Sports Publications, Douglas Murphy, and Stratton. The chart is comprised of direct quotes from the proposals with page number references. (http://www.usms.org/admin/conv04/proposals_summary.pdf)
8. Questions for Interviews—Questions prepared by the interview team to guide the interview process and make sure all issues were covered. (http://www.usms.org/admin/conv04/interview_questions.pdf)
9. Interview Comparison Chart—Chart comparing the information obtained during the July 18 interviews. The information on this chart is additive, rather than comprehensive, and should be read with the Proposal Evaluation Chart. (http://www.usms.org/admin/conv04/interview_summary.pdf)
10. Discussion Forums—There are two simultaneous forums discussing the recommendation of the EC to contract with Douglas Murphy to publish the USMS National Publication—The public Convention Forum at <http://forums.usms.org/showthread.php?s=&threadid=3297> and the Board of Directors private forum. We have transferred the informational messages from the BOD forum to the public forum, so all HOD members may view the discussion.
11. Magazine Prototype—To be distributed at the BOD meeting on Wednesday, September 15, 2004.
12. Douglas Murphy Proposal—To be distributed at the BOD meeting on Wednesday, September 15, 2004.

Section IX—Conclusion and Recommendations

The recommendation from the Executive Committee to the House of Delegates is that Douglas Murphy be selected as the publisher for the national magazine. This recommendation is backed by the 8 months of research documented above and is made in concordance with the PMG. It is further felt that USMS is now in a position that necessitates ownership of the national publication complete with the intellectual property and that the financial requirements of the current publisher are not compatible with a balanced budget going forward. Product design and direction are seen as added strengths of the Douglas Murphy bid.