

SSAL

STRATEGY FOR THE FUTURE OF THE VMCC

The VMCC is a membership organisation owned by its members. These are its key stakeholders and the organisation is duty bound to act in their best interests.

Its core aims are:

1. To promote the continued use and preservation of veteran, vintage and classic motorcycles.
2. To protect the rights of riders of these old motorcycles in the face of any national/ international pressure to reduce or impair these rights, by remaining as the significant national body within the vintage vehicle movement, and being recognised as such.
3. To create a positive and friendly environment to allow the Club to flourish and continue to attract new members into the world of historic motorcycling.

It is a requirement of the Directors and the management committee to produce an annual plan for the VMCC. It is good practice to consult widely when doing this and to get said plan approved at an AGM. This then provides a template for future activities and developments which subsequent Directors and committee members can be confident has the support of the membership. In order to provide continuity this proposed plan will cover the period 2019 to 2024 and be a rolling plan which is reviewable on an annual basis. It is hoped that the stability of such an approach will provide a much needed encouragement for members to put themselves forward for election to become Directors to help maintain the plan's relevance and to take it forward.

Introduction

This plan has as its main driving context a need for stability and security into the future. It is not based upon any idea of seismic change as a solution to ongoing problems, but to the key qualities of efficient and effective running, and open and transparent communication.

The Club's position at the moment

The Club is in good financial shape. It is asset rich in terms of cash and other assets; in addition it has a stable membership that shows signs of slowly increasing, although it is not possible to predict how much growth is likely. This stable membership is providing an adequate income stream to the Club which will continue to improve over the next five years as the demographic changes and the cheaper senior citizen membership disappears due to natural attrition. This means that it is currently the case, and likely to remain so in the future, that the Club will continue to operate with a small surplus balancing its income and expenditure. Much of this has been achieved by a determined cost saving regime put in place by a previous management committee. It will be important not to let the efficient mode of operating currently in place become more costly. With this caveat the Club's financial future seems secure.

In addition to the income from membership subscriptions, the running of some key events, such as Banbury and the Festival, has turned a corner and these have both made a positive contribution to the bottom line by efficient running and cost control.

One important issue that must influence any plan is that the membership is bound to change, and the figures indicate this to be the case. As older members are lost to the Club they are being replaced by younger ones. These younger ones have different perspectives as to what it is that the VMCC can and should do for them. The active use of social media by the membership will increase and the Club needs to recognise this and move forward embracing such changes to everyone's mutual advantage.

This plan is rooted in optimism in the financial position of the Club and the certainty that the membership will continue to change and demand more and different things from the VMCC over the future years. The Club must rise to the challenge and provide what is wanted in a friendly and welcoming atmosphere. Only this way will we be able to pursue our passion for historic motorcycling in all the guises open to us.

WHAT THE MEMBERS CURRENTLY WANT

Following the 2018 AGM, two consultation exercises have been carried out in fairly quick succession, in order to try to find out what type of Club and activities the membership really wanted and, equally importantly, what they did not want.

The consultations have had a satisfactory and credible response from the membership and give some confidence that the opinions expressed are indeed held by a majority of the membership. More importantly, the two exercises showed a large degree of consistency, sufficient to provide a suitable framework for the plan presented here.

1. TO SUM UP THE RELEVANT VIEWS:

- a. The membership wants the VMCC to be a Club first and foremost, providing services to the members that they recognise as the types of services they can rightfully expect of a Club.
- b. They want the Centre, Allen House, to act in ways that support and service the membership with a very strong feeling that this should be primarily through the support for Section activities, as opposed to focussing on delivering a commercial agenda that is seen to primarily support Allen House and its existence.
- c. More than half of the members completing 2017/2018 survey wanted the VMCC to represent the interests of the members on issues such as legislation, and all aspects of historic motorcycling in the historic vehicle movement as a whole. There appears to be a considerable degree of anxiety surrounding the developing of a negative view of motorcycles and combustion engines in society as a whole, and they want a Club of suitable stature, organisation and reputation to represent the positive sides of their hobby.
- d. They value the communication that is offered by Allen House to the Sections and the individual members not in Sections.
- e. More than 80% of survey respondents cited the Journal as being "Top of the list of reasons for being a member" and seem to appreciate its new format, and certainly view it as the significant organ of communication.
- f. It is true that some members do value the retail operation emanating from Allen House, but a significant number do not and find it counter to the activities of a Club.
- g. Members don't want to see the Club lose money. 59% of members want to see the Club set on a stable financial footing.

These appear to be the main issues coming from the consultation and have been used to underpin the basis of the proposed plan. They are drawn in a very broad brush way as is appropriate for underpinning the plan, however it is accepted that the devil will be in the details as to what is done and how. However, that will be for the wider membership and Sections to respond to in their own way, this plan is simply a strategy for the immediate and mid-term future and is guided by the adoption of these basic principles that have emerged from the two consultations.

2. PROPOSED PLANNING TIMETABLE

- a. It is proposed to get an agreed way forward for operation of the current year by the end of August. The agreement for this will be the responsibility of the Directors and the President, the Area Reps and the General Manager.
- b. Once this is in place the more detailed rolling three/five year plan will be drawn up following the same lines and principles on which the operational plan is based, i.e.

the principles coming from the consultation previously outlined. This to be finalised by the October management meeting. This to go out for information and comment to the membership via the sections, journal and website.

- c. Significant suggestions and alterations to be included and a final version to be taken for agreement by the 2019 AGM as a proposal. This will result in a firm road map for the development of the Club set for three to five years, reviewed for detail every year by the committee and most importantly owned by the membership. This will result in a rolling 5 year plan, reviewed annually for the subsequent 5 year period.

3. CURRENT FINANCIAL POSITION

- a. The Club's past method of financial reporting was not fit for purpose and has been improved to provide greater detail and clarity. Examining these reports shows that the Club is in no immediate financial threat.
- b. The Club is cash and asset rich, due in part to the generous Cobbing legacy, and this latter needs to be used wisely and invested in things that benefit the largest component of the membership and the VMCC as a whole. It must not be frittered away to balance the books from year to year. It would also be sensible to set aside a significant amount from this legacy in safe investment to provide a contribution to income.
- c. There is ongoing work to establish the profitability (or not) of other potential income streams currently operated by the Club.

4. MEMBERSHIP AND IMPROVING MEMBER BENEFITS

- a. It looks from the evidence of membership figures over the past few years that the current level of between 14,500 and 15,000 is sustainable, with a modest level of recruitment activity and service delivery, bearing in mind the loss and recruitment one would expect from such a membership demographic.
- b. In 2017/18 approx. 750 members left the Club, of which approx. 400 were over 70 years old and in receipt of the senior citizens' discounted rate of £27 pa. Therefore, to stay at about the current level of membership we have the ongoing task of recruiting 750 new members a year. These will mostly be younger than the ones who have left so the nature of the Club demographic is changing and getting younger by the simple process of loss and recruitment every year to stay at a stable membership number. For example, for the period June 2017 to June 2018, we recruited 1341 new members, with an age range of 14 to 87 and an average age (of the sample of 350 who gave their age) of 45. When looking at the age distribution of those 1341 new recruits, the main bulk is between 45 and 70 years old, but with a significant blip over 70 as well. Currently the average age for the membership as a whole is 69.
- c. It is therefore reasonable to speculate that the Club can continue to grow at a modest pace, that the average age is coming down, and that the average subscription income is rising with the continued loss of the senior citizen rate.
- d. In terms of income from subscriptions, there are currently 9,680 members paying the full £37 pa subscription and 3,731 paying the senior citizen rate previously mentioned. Bearing in mind that of this latter category 450 are lost every year, and that according to actuarial tables, this group will have entirely disappeared from the membership in six years time.
- e. This shift in the demographic results in an increase in total subscription income so long as the total numbers remain steady. It would seem that the negative risk of removing the senior citizen reduced rate would outweigh the potential damage created by such a move, even though some members have expressed the view that it is divisive and even ageist. However, this is not an excuse to be complacent, as the

demographic of the Club is skewed towards the concept of older members leaving and having to recruit new members from a younger grouping.

- f. The issue then becomes “are we offering the correct range of services to attract, retain and engage with this younger age group, and is what we offer good value for money in their eyes?” By younger it is probably realistic to imagine that the main target group for recruitment would be 50 to 60 year olds, at or approaching retirement, looking to extend their interest into a hobby and in possession of some spare money to spend on it.
- g. The obvious areas of change are going to be in the shift towards web and social media based communication within the Club and in the Club’s external marketing activities. The former can bring with it significantly more flexibility and cost saving for the Club in delivering member services, but has to be ever changing and up to an expected high standard.
- h. Another area to look at will be events and riding, and the associated engagement with the outside world by the VMCC. Obviously social runs and gatherings are still important to members as they represent a component of the social lives of many. These activities are already well developed and delivered by the Sections and operate mostly at that level. However the centre does organise some significant events such as Banbury, The Festival of 1000 Bikes, Relay rally and Training Days. These need to be kept under review and altered if required to maintain their appeal to a changing membership.
- i. In addition, the development of more significant regional based events designed and run by the Sections in that region should be encouraged maybe with seed funding, training, or the use of Club motorcycles. Promoting such activities to the Sections should be part of the normal annual timetable of Allen House. Activities such as training days may require the input of more than one Section.
- j. The third and possibly the most significant service area that could be developed for members is that of the presentation, distribution and interrogation of the VMCC archive. This could be the ideal opportunity to bring this excellent facility and its contents to the greater attention of members and non-members alike, to the great benefit of the VMCC as a whole, using the advances in social media and other web based approaches. Again, were this to be developed it would have to be dynamic, continuously changing and proactively curated. This would represent significant work, but also provide significant sources of income from paid services and access by non-members.

5. SUBSCRIPTIONS

- a. Any organisation that earns the majority of its predictable income, in this case about 40-45%, from member subscriptions must keep its subscription rates under review on an annual basis. This will be necessary to cover periods of higher inflation and to account for the likelihood of substantially reduced insurance.
- b. An additional £3.8k, resulting from the attrition of the senior citizens membership and its replacement by full members, gives a total of £13-14k additional subscription income.
- c. A more flexible approach to subscriptions should be developed, i.e. offering members the chance to reduce their cost of membership to the Club by, for example, opting to take the journal only in electronic format, paying not by cheque or postal order but by bank transfer and direct debit. This would give the opportunity for the Club to offer differential rates of membership depending on the different services members wish to adopt. This could be extended further to other parts of the Club’s activities, developing a range of products from the archive, which would be paid for on top of a

basic member level service. The same thinking could be applied to events. It seems reasonable to assume that all events organised by the centre or throughout the Club meet their costs unless there is some predetermined reason not to, such as a marketing advantage. We already do some of all this in terms of different rates for entries to timed and untimed events, discounts for older machines and a range of services from the library. All that is being suggested here is an extension of this type of flexible thinking and pricing into all activities that the Club pursues, making the day to day actions of the Club cost neutral at least and not exposing the Club to unplanned financial liability.

6. FUTURE APPROACH TO DEVELOPMENT OF OTHER INCOME STREAMS

- a. Without a doubt the main strength and value of the VMCC are its size, its age and history, and its position in the historic vehicle world as a very significant entity in terms of its events, its presence and the associated values. In short, it is regarded by the outside world as reliable and responsible in its activities with a large socially conservative membership both home and abroad. This represents a market and an opportunity for commercial organisations to present their products to the members, and is therefore an asset attractive to other organisations, with whom the VMCC should aim to deal to mutual benefit of all parties. In other words the VMCC is a valuable brand which it can by careful use and negotiation exploit to provide suitable additional income streams. However, for it to do this effectively it requires some serious expertise in the fields of PR, raising the brand profile and maintaining it appropriately to keep promoting the brand. In addition, it needs to avoid embarrassing public wrangling which can be damaging and remove brand value.
- b. National Events. It is feasible to develop the current national events to improve their profitability and profile and to look at adding other national events, such as a "Banbury" for pre-war bikes. It should not be up to Allen House staff to take responsibility for these and this will require the development of active volunteer committees, with input from Allen House, to take this forward.
- c. The VMCC needs to develop its ability to negotiate with third parties, to maintain the value and quality of any deal struck so that members can have confidence that any product endorsed by the Club is of high quality and suppliers can be confident that the Club has a real capacity to promote their products to members. This activity should benefit members, providing access to quality niche specific products at good and preferably favourable rates. This should be seen as a key side of member services, which encourages membership and the subsequent consolidation of subscription income.
- d. Insurance
 - i. It would be wise for the Club to assume that its income from insurance commission will continue to decline. This presents two opportunities: one is to openly negotiate with insurance companies on behalf of our members for the best insurance offering which the VMCC as an organisation would then promote to its membership in order to earn commission. The second option might be to establish a VMCC specific insurance scheme with the Club acting as broker. This, we have on good advice, would be both costly to establish and would have significant staffing and training requirements and potential legal liabilities. For that reason, in this plan this second option is not felt to be appropriate. FIGURES NOT SUPPORTING
 - ii. We already know that some members are rather unhappy with the FJ insurance offering on which the Club receives commission. Having taken advice, it appears that the insurance market is one that "buys on price, and NOT A GOOD LABEL MODEL

complains on quality." Its business models are based on volume and the VMCC membership of 15,000 no longer represents this.

- iii. We can probably only rely on insurance commission as it currently exists for another five years and pressure will rise to drive down the rate and the amount paid to the Club over that period. However, were we to seek to negotiate and then keep under review a truly competitive insurance product, which would meet Club needs, such as its age profile, etc., the Club could then enter into a more business-like arrangement with an insurer, where the VMCC could actively promote the insurance scheme and associated products with a confidence, that they were what the membership wanted.

WHITE LABEL

e. Retail

- i. The consultation exercises have created something of a conundrum surrounding this area of activity. On the one hand, there is evidence of a proportion of Club members using this service as it currently exists, particularly the supply of universally used spares and clothing as supplied to us by Wassels. This represents the bulk of the turn over with a reliable profit margin between 35–40%. A true calculation of profitability would need to include a realistic assessment of staffing and storage costs, both of which are at a premium at Allen House; this assessment is at this time proving elusive. In addition there are significant comments regarding poor quality of some of the products. However, most of this perspective pales into insignificance compared to the very hostile view taken by a significant number of members towards the VMCC being involved in this type of retail at all. To those members the issue has become toxic, and is unlikely to be moderated by any view of the activity's profitability. We should be unequivocal here. A less toxic view of the sale of books and transfers seems to be taken.
- ii. For the future, the VMCC could undertake to seek out and commission appropriate niche products suitable for members' needs. It could act to endorse or "road test" products it could then promote, without actually selling anything. This could be done in conjunction with paid-for advertising of such products in the magazine and on the web. Another Member service!
- iii. The transfer service is in direct competition with other similar services. However the provision of the more traditional transfer (non plastic) may represent an opportunity to enter fully a niche market for which we currently have a supplier, and to look at ways of packaging up transfers for each machine and charging appropriately. I believe this is done in other historic vehicle and model organisations. Again the model is VMCC endorsed and promoted niche products suitable for our specific membership, at an appropriate price. Another member service.
- iv. The Club should continue to be involved in the design purchase and sale of regalia.
- v. When opportunities arise for the supply of parts which are in demand, but no longer available, the Club should consider investing in tooling and processes to make such parts available, but only to the trade and not as a retailer.
- vi. This type of approach would obviously require an active and continuously operating purchasing and procurement process based at Allen House.
- vii. All the above represents a shift in emphasis for the VMCC away from "this is what we do, how much of it do you want to engage with?" to "what do you

NOT WASSER

NO PROFIT

want us to do for you, the members?" This change in approach should be applied to all aspects of the Club, everything should be under review, from the Raffle to the Festival of 1000 Bikes, and when it is no longer wanted in that format it should be changed or dropped. Currently too much is set in stone because it is what we have done for a long time and we think it worked last time but we are not really sure.

7. ORGANISATIONAL CHANGE

- a. A significant review of staffing roles at Allen House would need to be undertaken by the General Manager and the Directors. To include more emphasis on Web based communication, PR, promotion, business negotiation, purchasing and procurement, possible insurance administration and dynamic archive curating. This will require investment in training, but need not threaten jobs as the quality of Allen House staff is entirely suitable to support such a progressive change.
 - i. One outcome of such a review must be the publication of an organisation chart which accurately reflects the roles and interactions of all management committee members and paid staff.
 - ii. New job descriptions must be written and agreed by all those who are identified on the organisation chart.
 - iii. These job descriptions need to form the basis of an annual appraisal system which will allow objective reviews of staff performance to be carried out.
- b. It will also require some investment, probably from the Cobbing legacy, in areas of IT/web infrastructure, some modest alterations to Allen House, the aforementioned training programme, and schemes to encourage regional event development. It will certainly need a huge overhaul of the arrangements between sections/regions and Allen House in order to facilitate and develop much stronger co-operation between the centre and the membership in the developing and running of larger regional events.
- c. In addition to all of this some other activities need urgently to become mainstream work:
 - i. If we are a premier league historic transport body we must try to engage properly with the media to promote the VMCC, its members, their bikes and events. In short, we must develop a promotional operation to elevate the public awareness and appreciation of the VMCC, its members, their bikes and its activities.
 - ii. We must improve our arrangements for the support of Sections by the centre and their events need to take on a more regional and significant function; however this is a two-way trade and Sections also need to actively promote the activities of the centre. In short we need to act as one organisation. This will require far greater trust and liaison between the different groups - an essential role for Area Representatives to undertake.
 - iii. We need to expand this influence into co-operation with our sister Clubs abroad and re-establish the international flavour of our activities which seems to have got reduced recently - such enhanced events are good PR.
 - iv. We must review our current governance arrangements to clarify the positions and authorities of the different levels of Director, Management Committee, General Manager, and membership, and we must alter these accordingly.
 - v. We must review all of our activities at the centre to make sure they are appropriate and delivered in a cost-effective way.

- vi. We must be aware that the inevitable move towards a modern web-based orientated organisation may act to alienate some of our existing membership. We must be aware of this, particularly at Section level, and put in place training, guidance and communication to avoid it happening.
- vii. We must put in place and adopt an ethos of training and continuous development for the Club's staff to meet the needs of a modern organisation moving into a new web-based future.
- d. Above all, we must recognise that the world, the Club and our membership are changing rapidly and we must keep our activities continuously under review so that they remain relevant and popular. In the end the key values will be quality of the product and good value for money, so that individuals get what they want from membership of the VMCC.

8. SUMMARY and IMMEDIATE and FUTURE ACTION

- a. **Membership and subscription income.** There is ample evidence to support the view that the membership is growing slightly and getting younger. It would be prudent to plan to maintain numbers at the current level but the Club would welcome any increase, if it arose.
- b. **Income from Investment.** The Club has substantial cash balances which do not appear to make any returns for the members. This must be remedied as a matter of urgency. An investment strategy should be agreed as soon as possible and put into place, giving consideration to the following.
 - i. Ensuring there is adequate liquidity to meet any short term cash demands
 - ii. The amounts which can be invested in longer term and fixed term investment vehicles (which generally give higher returns)
 - iii. Optimising the investment returns.
 - iv. The strategy should be conservative and err on the side of caution, even if it means restricting returns.
- c. **Income from subscriptions:**
 - i. Subscriptions must be reviewed annually so that inflation does not cause a shortfall in the necessary income for the Club. A review in April would be appropriate to coincide with the publishing of national CPI figures.
 - ii. It is regarded as unwise to jeopardise the current £100k income that comes from the preferential senior citizen rate, by acting to remove it suddenly, as this could easily precipitate a large loss of this group of members, and the demise of the scheme will occur naturally over the next five years. At the end of five years this switch will result in an additional £20k subs income pa. With these very minor changes the subs income will grow and contribute an extra £65k by the end of 2023.
 - iii. A longer term goal should be the establishment of a more sophisticated structure for subs income, that can take into account members who do not want to receive a paper journal hence reducing the cost of membership to the Club, a proportion of which could be passed back to members by, for instance, agreeing to freeze the annual increase for this group.
- d. **Governance Review**
 - i. Governance needs to be reviewed in order to remove tension between the different layers in the Club and bring clarity to the existing roles. Without this, smooth progress into the future development of the Club will be impossible. This to include the structure and roles of the Directors, Management Committee, Area Reps, and the General Manager.

- ii. Although this was recently done following the restructuring and adoption of new Articles it is clear that clarity of roles and trust to carry them out does not yet exist, so further work is essential to ensure the survival and development of the Club.

e. Enhancing the role of Sections

Look carefully at the way in which Sections can work with Allen House to carry out significant local events, which represent the Club as a whole. Set up a seed corn funding scheme to allow this to happen and encourage a much more collective, Club type of atmosphere through such activities.

f. Legislation.

Keep under review all existing legislation that may be detrimental to the pursuit and enjoyment of historic motorcycling and make sure that the knowledge of Directors and the Management Committee is up to date in this area. An informal subcommittee to advise the Management Committee has recently been established to achieve this.

g. Brand exploitation

Develop and exploit the brand of the VMCC so that it can support members by providing services that are endorsed by the VMCC and in which members can be confident that they are getting what they want for an amount they are prepared to pay. This can be achieved in areas such as bespoke VMCC insurance, with our insurance partners. Endorsement of specific retail products which comes hand in hand with advertising revenue. This should be used to alter the nature of the retail operation of the Club to focus on high quality products at preferential prices for the Club's members. Moving away from the basic retail provision of stocking other company's goods and acting as a simple shop outlet for them. Consider producing a Directory of services and products endorsed by the VMCC and paid for from advertising by suppliers featured within it.

h. Archive

Develop the library archive service to move it much more towards membership accessibility through sensible use of the web and the various social media. It will be possible to improve the access at the same time as developing more premium services some members and non-members may be prepared to pay for. This development must go hand in hand with a much more modern approach to engaging with the membership as the evidence shows that the membership is getting younger and expect a modern organisation with which to engage and access services.

i. Directors

- i. Urgently seek to engage with prospective new Directors, inviting them to management meetings and providing them with adequate, useable and transparent financial data. There is evidence that the current state of financial reporting has been a serious barrier to prospective Directors deciding to come forward.
- ii. Ensure through training, that Directors understand their responsibilities under the Law and with regard to the Club's by-laws and Articles of Association.

j. Financial Reporting

It is essential that we urgently engage with our accountants so that the Directors and Management Committee get the financial report in a format it requires for proper financial management of the Club.

k. **Website and I.T.**

Improvements to the website are required urgently in conjunction with a much more proactive approach to its management. If the Club is to be viewed and engaged with as a modern organisation it needs its website to be the first port of call for members seeking up to date news about the VMCC and the world of historic motorcycling. This comment also applies to all of the VMCC social media strands which must be proactively managed to contain and deliver the most up to date information about the Club and its activities. If required, Sections should provide aid to members who have trouble using electronic media, in order to improve Club and section communications.

Staff

Review all roles of staff at Allen House to accommodate the move to becoming the modern organisation our membership will require
Provide training to improve staff skills in: contract negotiation, purchasing and procurement, website management, electronic archive and library management, and PR.

Cost review

Keep all activities under review with specific regard to costs. Every step should be taken to ruthlessly drive costs of services down. In addition, a drive should be on to increase advertising revenue, hence maximising the income from the value of other organisation associating with the VMCC.

If we believe we have a brand of real value then we must do everything to make the most of its use.

Investment Strategy

The Club has significant cash sums including the recently acquired Cobbing Legacy. All of this money should be working all the time on behalf of the Club. However, it should be invested safely and be capable of providing a contribution to the income component of the budget. It is therefore urgent that the Club develops, with appropriate advice, a proper investment strategy for this money.

Allen House.

Despite its limitations it would be unwise to pursue moving from the property at the moment, as this is still a sore point with the membership; however, it is certainly the case that a series of minor interior modifications could be usefully carried out to improve its fitness for purpose in the short term. It is impossible to argue that Allen House is the ideal location for our HQ and whilst it is obvious that we have to make the best of it for the time being, we should be preparing plans for our future.

By maintaining our membership numbers in the way described and taking the decision to review subscriptions annually the mainstream income can be safeguarded for the next five years. It can be enhanced by improved profitability of the raffle, enhanced advertising revenue and a new approach to the value of the VMCC brand. This, combined with a continuous review of our activities to provide them in the most cost effective way but without damaging the quality and aligning activities with members' wishes, should ensure a five year future. Who knows what happens after that.

Pat Robotham

Chair, Directors, 17 August 2018