



WYSE TRAVEL CONFEDERATION

Executive Board paper: WYSE Travel Confederation Streamlining for Growth

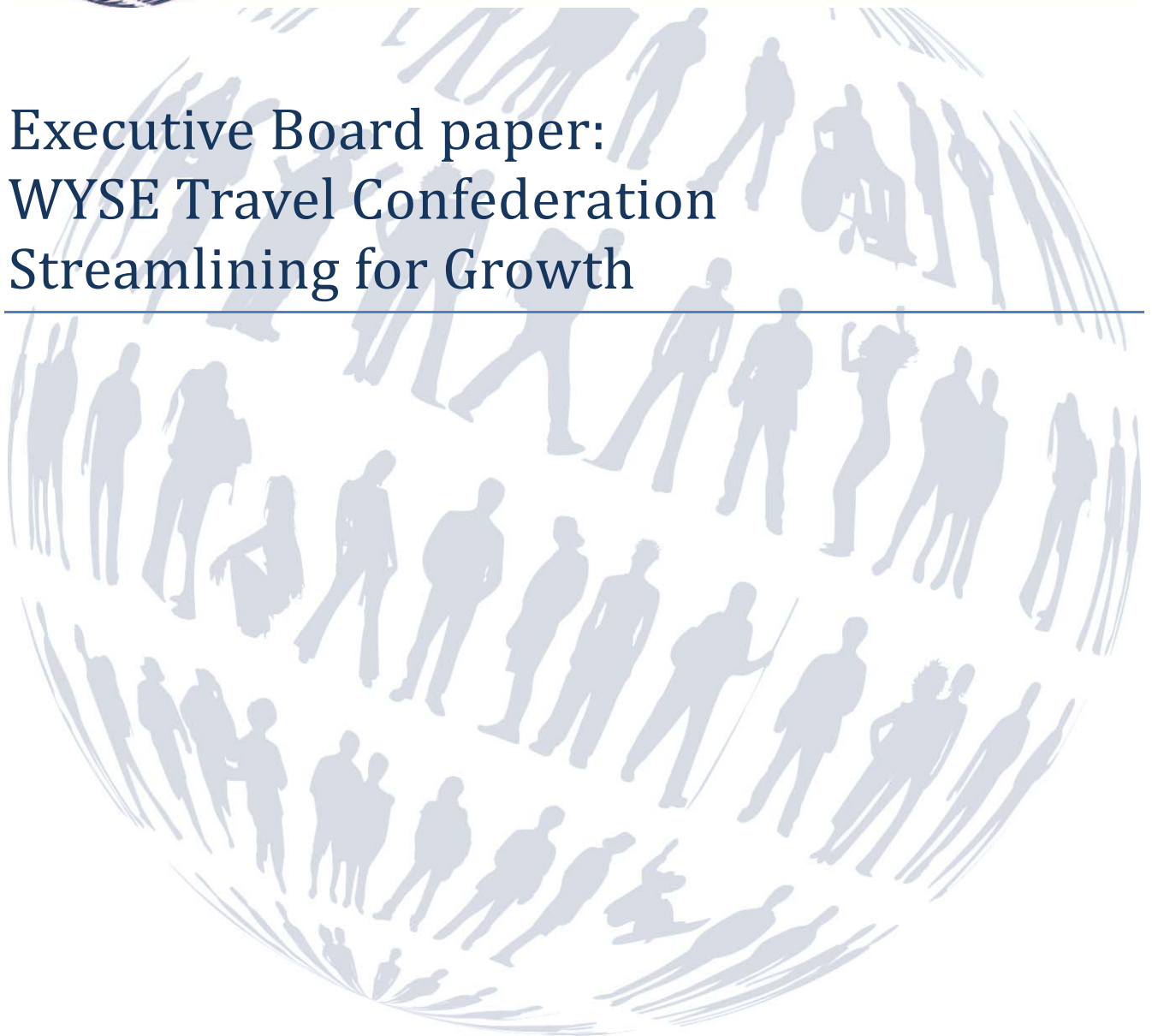


Table of Contents

List of acronyms:	5
Executive Summary	6
Introduction	8
Background	9
The evolution and challenges facing WYSE Travel Confederation.....	9
Current status	9
Where to from here?	10
Proposed consolidation	11
Aims and objectives	11
Considerations	11
Core Organisational Pillars	11
Strategic priorities	12
Governance and organisational structure	12
Executive Board.....	12
Finance and Audit Committee	12
Sector Associations	12
Governance structure infographic.....	13
Current financial status of the Sector Associations	14
Consolidation of the Sector Associations with WYSE	15
Benefits The following overarching benefits of the proposed consolidation include:	15
Sector Association Brands.....	15
New proposed Governance Structure	16
Terms of reference.....	16
Executive Board.....	16
Finance and Audit Committee	17
Advisory Panel representation on the Executive Board	17
Advisory Panels – Terms of Reference.....	18

Voting system for Advisory Panels – Industry Sector Preference.....	18
Industry Advisory Panels – new structure to support members	19
Aims and objectives	19
International Association of Student Insurance Services	19
International Au-Pair Association	19
How will the Advisory Panels work?	20
Formation of Advisory Panels	20
Governance	20
Industry Specialists.....	21
Advisory Panel Meetings logistics.....	21
Reducing internal costs and procedures.....	21
Accounting structure.....	21
Operating costs	21
Human resources and general administration	22
Proposed new accounting structure	22
Trends – WYSE Travel Confederation and Sector Associations	23
Structure and fees.....	23
Proposed new membership structure and fees.....	24
Membership rating instrument/mechanism	24
Financial projections	25
Membership numbers required.....	25
Projected budget for 2016.....	26
Strategic Action Plan - Board approval and member engagement process	28
Strategic Action Plan – a roadmap for the consolidation and implementation of new membership model.....	29
APPENDICES	30
APPENDIX A – Sector Association composition	30
APPENDIX B – The role of the sector associations	31
International Au Pair Association (IAPA).....	31

WYSE Work and Volunteer Abroad.....	31
STAYWYSE	32
STUDYWYSE.....	32
International Association of Student Insurance Services (IASIS)	32
International Student Identity Card (ISIC).....	32
International Student Travel Confederation (ISTC).....	33
Student Air Travel Association (SATA)	33
APPENDIX C – Current accounting structure	34
APPENDIX D – Proposed new accounting structure	36
APPENDIX E – Membership trends 2010 - 2015	37
Membership trend graph.....	37
APPENDIX F – Current membership structure and fees	38
APPENDIX G – Proposed new membership model	39
APPENDIX H – SWOT Analysis: without change to the current organisation	40
APPENDIX I – SWOT Analysis: with a consolidated organisational structure	41

List of acronyms:



<i>ALTO</i>	<i>Association of Language Travel Operators</i>
<i>AP</i>	<i>Advisory Panel</i>
<i>UNWTO</i>	<i>United Nations World Tourism Organisation</i>
<i>IAPA</i>	<i>International Au Pair Association</i>
<i>IASIS</i>	<i>International Association of Student Insurance Services</i>
<i>ISTC</i>	<i>International Student Travel Confederation</i>
<i>ISIC</i>	<i>International Student Identity Card</i>
<i>ISP</i>	<i>Industry Sector Preference</i>
<i>ITB</i>	<i>International Tourism Bourse</i>
<i>FIYTO</i>	<i>Federation of International Youth Travel Organisations</i>
<i>KPI</i>	<i>Key performance indicator</i>
<i>ROI</i>	<i>Return on investment</i>
<i>SATA</i>	<i>Student Air Ticket Association</i>
<i>WETM-IAC</i>	<i>Work Exchange Travel Market – International Au Pair Conference</i>
<i>WTM</i>	<i>World Travel Mart</i>
<i>WWVA</i>	<i>WYSE Work and Volunteer Abroad</i>
<i>WYSETC</i>	<i>World Youth, Student and Educational Travel Confederation</i>
<i>WYSTC</i>	<i>World Youth and Student Travel Conference</i>

Executive Summary

In 2014 young travellers generated US\$249 billion towards global tourism receipts propelling the youth travel sector to one of the fastest growing and most important markets for many destinations around the world. Facilitating this growing youth travel sector is a dedicated, widespread and multi-faceted industry that designs, inspires and delivers an abundance of experiences and life-long memories to millions of young people every year.

For nearly six decades the WYSE Travel Confederation has played a vital leadership role; not only as an advocate on behalf of the industry, but also initiating and delivering a range of industry development programmes and opportunities that foster the growth and development of members and the wider youth, student and educational travel industry.

Currently the Confederation is also representative of eight sector associations that provide specialised support to its members. The sector associations occupy a central position within the Confederation community, providing a range of valuable sector services and products to the industry.

Whilst the Confederation, in partnership with the Sector Associations has held the unique mandate of being the only youth travel trade association servicing the global industry, the convergence of technical and economic forces along with the rapid advancement of digital methods of interacting and doing business is reshaping market conditions. An industry that was once very reliant on WYSE now has greater access to trade partners, business development programs and market information from a plethora of sources.

What this means is that it is essential for WYSE Travel Confederation to be proactive to uphold its position as the peak trade association within the youth travel industry. This includes adapting to current market conditions and developing innovative tactics to remain a relevant and strong membership association – creating a roadmap that will help manoeuvre the Confederation to long-term viability and a brighter future.

This proposal explores the current financial and operational status of WYSE Travel Confederation, the role of the Sector Associations and outlines a proposed strategic approach that will empower the organisation to better service and align with member needs. Based on internal investigation, consultation with the WYSE Travel Confederation Executive Board and members, Executive management proposes a transformation process that involves two key areas including **consolidation of the Sector Associations with the main Confederation** and the **introduction of a new membership structure**.

Key recommendations:

The following provides a summary of the key recommendations associated with this proposal:

1	Dissolve or otherwise make dormant the existing Sector Associations that are currently active in WYSE
2	Consolidate strategic objectives of SA's and WYSE Travel Confederation to create one, unified voice of on behalf of the youth travel industry
3	Dissolve existing debts currently owed between all the WYSE entities
4	Rollover all existing funds to the Confederation, governed by the Executive Board via an Audit & Finance Committee.
5	Establish industry advisory panels to service sector specific needs, empowered by members and managed by sector experts.
6	Present proposed consolidation initiative to members at WYSE Travel Confederation AGM in September, with formal decision to be taken by members at an EGM in November 2015.
7	Support the introduction of the proposed membership structure and associated fees with effect from 1 January 2017. Current members maintained on existing fees for the duration of 2016 and new membership fees applied to any new members recruited from 1 January 2016.
8	Approve the distribution of details outlining the proposed membership structure and fees to members as part of AGM papers.
9	Proposed membership structure and associated fees to be incorporated in EGM proceedings that will take place electronically

The Executive is confident that the proposed consolidation will translate into a more streamlined, collaborative and cooperative operating environment for WYSE Travel Confederation. Improved efficiency combined with increased resources will create opportunity for the organisation to deliver new programmes that will generate additional revenue streams, which will in turn be re-invested into the support and development of members and their sector specific interests.

Introduction

WYSE Travel Confederation plays a critical role within the fabric of the youth travel landscape and is dedicated to developing and delivering opportunities for the global youth, student and educational travel industry. The Confederation is also recognized for its commitment to positioning and advocating youth travel as a catalyst for economic growth for destinations around the world and for encouraging governments to develop strategies that aim to increase youth mobility and cultural awareness.

However, like most organisations and businesses around the world, membership associations are being re-shaped by disruptive economies, with recruitment and retention becoming increasingly challenging and competitive. Whilst the Confederation has for decades enjoyed being the only association representing the global industry, it is becoming difficult for the organisation to retain dominance within the marketplace because members and the wider industry are able to access market intelligence and trading opportunities from a variety of sources. Furthermore, often membership fees are scrutinised against measureable investments and viewed as discretionary expenditure, with product development, marketing and operations prioritised over membership dues.

In order to retain a strong competitive position the Confederation needs to demonstrate and deliver increased value to its members, build on its advantages and develop new and innovative programmes and initiatives that retain and attract new members worldwide, create additional revenue streams to ultimately ensure sustainability of the organisation.

Transforming a membership organisation such as WYSE Travel Confederation, which is founded on a complex governing and membership structure is not an easy task. It can be tempting to be conservative and protect what has historically been in place by maintaining a traditional approach to operations and delivery of member services. However, arguably this is a risky approach and may result in the organisation ending up in a state of increasing irrelevance to all but the most passionate and supportive members.

Background

The evolution and challenges facing WYSE Travel Confederation

The founding organisations of WYSE Travel Confederation, FIYTO and the ISTC, were formed just after World War II to help remove cultural barriers and inspire young people through international travel. WYSE Travel Confederation was established in 2006 following a merger of ISTC and FIYTO to create a more unified organisation representing the youth travel sector.

WYSE Travel Confederation is also representative of a range of sector associations that provide specialised support to its members. To this date, there are seven sector associations under the Confederation's umbrella, including STAYWYSE, WYSE Work and Volunteer Abroad, IAPA and IASIS. SATA and ISTC are dormant associations and ISIC a self-managing member. Management agreements have been in place with STAYWYSE, WWVA and IAPA since 2013, with ISIC remaining operationally independent. All these Associations are deemed to be Founding Sector Associations. Study WYSE is not constituted as an association, but acts with an advisory panel.

Following the establishment of WYSE Travel Confederation, reasonable progress was achieved between 2006 and 2009, but it was becoming apparent that the organization was starting to face increased financial strain and becoming more reliant on substantial funding support from ISIC to sustain operations.

WYSE Travel Confederation was further challenged when two sector associations decided to split away from the main Confederation. The first to become independent was ALTO in 2010, followed by ISIC at the end of 2011. This situation was partially addressed in 2012 with a change to the governance structure that saw the dissolving of the 26 person Congress that was replaced with an Executive Board of seven members made up from a combination of members and sector association representatives.

In early 2012 three of the main remaining associations also made provision to break away. However, with the appointment of a new Executive team in 2013, the Confederation's operating environment and sector association partnerships started to stabilize.

Current status

WYSE Travel Confederation has invested considerable time and effort in raising awareness of the organisation and its role at government level and wider industry. A range of profitable partnerships and alliances have been secured predominately as a result of a successful WYSTC in Dublin, the Confederation's presence at ITB Berlin and WTM and the delivery of WETM-IAC in London and Lisbon.

Although WYSE has benefited significantly from the success of these events and increased exposure of the organisation over the past two years, the Confederation is currently facing a steady decline in membership, with recruitment and retention becoming increasingly challenging.

With current human resources working at maximum capacity there is limited ability to expand and enhance the existing member benefits portfolio to help address membership decline. So, it is clear the Confederation needs to change its organisational framework in order to achieve membership growth and ultimately sustainability.

Where to from here?

Based on both internal and external influences currently challenging the organisation, WYSE Travel Confederation is at a crossroads and without change the Confederation may struggle to continue its existence beyond another two years.

As a first step, we need to look inward and ensure we are operationally and financially stable and secure. With a solid foundation, we are equipped to take on external challenges, address and remove impediments for growth and importantly seize opportunities that will not only see the organisation prosper, but will also enhance our members by delivering new valuable business development tools.

WYSE Travel Confederation needs to be ambitious and take vision-driven action to drive a strategic transformation that will strengthen the organisation and at the heart of this; deliver increased value to existing and potential members within the youth travel industry.

We must ensure premier services and benefits are accessible, we must increase engagement at all levels of the industry, be at the forefront of industry debates and we must look outside the box in terms of strategic partnerships and funding opportunities.

Executive management proposes a strategic transformation that involves a consolidation of the Sector Associations into the main Confederation. This amalgamation will unlock the WYSE Travel Confederation's potential to evolve to a more financially and operationally efficient membership association. One that will be armed to continue to successfully deliver existing programs as well as new, innovative initiatives and services that will engage and retain members attract new constituents and partners and generate on-going revenue streams.

It is time for WYSE Travel Confederation and the Sector Associations, along with the wider member community to recognise that there is a shared responsibility and opportunity to shape and develop a reinvigorated Confederation by working collaboratively on the challenges and opportunities that lie ahead.

Proposed consolidation

Aims and objectives

The purpose of this report is to examine the current inter-relationships between the Confederation and the sector associations, the financial health and operating structure and importantly provide calculated solutions that will result in the organization becoming more operationally streamlined, aligned with industry needs and securely position WYSE Travel Confederation as the leading membership association servicing the global youth travel industry.

This analysis has been prepared in order for the WYSE Travel Executive Board to make an informed and unified decision about the future of the Confederation and Sector Associations at the upcoming Executive Board meeting in Amsterdam 18-19 June 2015.

Pending a decision to pursue the proposed consolidation, the proposal will be presented to WYSE Travel Confederation and Sector Association members at the Confederation's annual general meeting in September 2015 in Cape Town.

Considerations

Core Organisational Pillars

Providing specialist industry support to a worldwide community of youth and student travel organisations and businesses, the WYSE Travel Confederation's vision and mission is underpinned by four core, strategic pillars that provide the foundation on which the organisation builds its focus, relevance and delivers value to its members.

It is necessary to incorporate the following strategic themes when considering the future direction of WYSE Travel Confederation, as it will help bridge the strategy-to-execution of the proposed consolidation.

To contribute to the personal and professional growth of students and young people and positively impact our global community by fostering international understanding, responsible international travel, cultural exchange and education".

Business
development
platforms

Research and
insights

Industry
education

Policy and
advocacy support

Strategic priorities

There are a number of strategic questions that have been identified and should be taken into account when shaping the proposed transformation strategy:

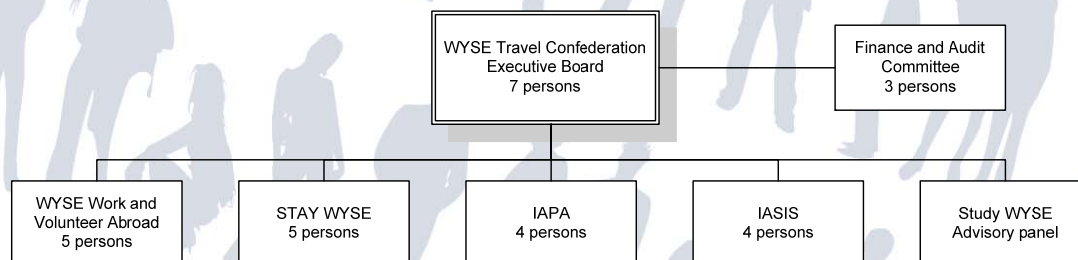
1. How can WYSE increase its profile, reputation and relevance within the global youth travel industry?
2. How does WYSE evolve to a strong, competitive and sustainable membership organisation?
3. What are the needs of existing and potential members?
4. Where are the gaps between current provision of benefits and services and member/industry needs?
5. How do we clearly define and communicate the membership proposition?
6. What opportunities exist to create additional revenue streams that will improve the financial position of WYSE Travel Confederation?

Governance and organisational structure

The governance, organisational structure, financial position and accounting process currently in place with regards to WYSE and the Sector Associations are factors of relative concern. Not only as a catalyst for change, but also areas that need to be carefully addressed within the proposed consolidation structure.

Current Governance Structure

The following provides an overview of the existing structure of the WYSE Travel Confederation and Sector Associations:



Executive Board

The Executive Board consists of seven people, including three members from the membership at large and four members directly appointed from the Sector Associations. Executive Board members serve a three year term and elections to re-elect board members, or to elect new board members, take place at the Annual General Meeting that is held at WYSTC.

Finance and Audit Committee

The Finance and Audit committee is made up of one Executive Board member, one member at large voted as Chairperson of the Finance and Audit Committee and one independent professional, who has audit skills and acts as in an advisory capacity.

Sector Associations

Each sector association has a governing board with members voted on to the board via their respective annual general meetings. Except for StudyWYSE, the sector associations also have individual constitutions that guide operations and their respective strategies. Appendix A provides an overview of their respective compositions.

The diagram illustrates the organizational structure of WYSE Members. At the top is the **WYSE Members** circle, which includes sub-members: **STAY WYSE Members**, **WWVA Members**, **ISTC Members**, **ISIC Members**, **IASIS Members**, and **IAPA Members**. Below this is the **AGM** (Annual General Meeting), which has a bidirectional relationship with the **Executive Board**. The **Executive Board** is supported by the **Finance and Audit Committee** and the **Executive Management of IAS/ WYSE**. The **Executive Board** also oversees four sector boards: **STAY WYSE Sector Board**, **WWVA Sector Board**, **IAPA Sector Board**, and **IASIS Sector Board**. Each sector board is supported by a **Sector Association Manager**. The **Executive Management of IAS/ WYSE** also has a direct relationship with the **IASIS Sector Board**. The **Executive Management of IAS/ WYSE** is also supported by the **Executive Board**. The **Executive Board** also has a bidirectional relationship with the **Executive Management of IAS/ WYSE**. The **Executive Board** also has a bidirectional relationship with the **Executive Management of IAS/ WYSE**. The **Executive Board** also has a bidirectional relationship with the **Executive Management of IAS/ WYSE**.

Current financial status of the Sector Associations

Another important aspect that has been considered is the financial status of the various Sector Associations. As at 15 May 2015 the following provides a financial health-check:

Association	Projected profit for 2015	Cash reserves (0000's)	Cash due from other Associations (0000's)	Cash due to other Associations (0000's)
STAY WYSE	(€8,000)	€0	€0	€0
WWVA	(€2,100)	€27,000	€123,000	€2,200
IAPA	€3,000	€150,000	€19,000	€0
IASIS	€30,000	€0.00	€64,000	€26,000
ISTC	(€40,000)	€412,000	€1,400,000	€30,000
SATA	(€10,000)	€200,000	€0	€0

Please note, the above figures are based upon Budgets for 2015, Intergroup Balances in 2014 and approximate current bank account balances.

Consolidation of the Sector Associations with WYSE

Benefits

The following overarching benefits of the proposed consolidation include:

1. **Increased capacity to deliver** - leveraging combined resources
2. **Improved member servicing** - reducing the layers of governance and associated legal requirements
3. **Economies of scale** – maximizing internal efficiencies
4. **Increased relevance and value** - empowering the Confederation
5. **Increased access and ROI for members** – providing a compelling membership proposition

Reducing layers of governance and associated legal requirements

Whilst the importance of governance is not by any means discounted, one of the fundamental factors that will help support the Confederation's capacity to achieve sustainability is the creation of a new governance structure that will remove inefficiencies. The new proposed structure will still facilitate a framework that will ensure all fiscal and directional control is retained, enhanced and governed by an engaged board of non-executive directors.

Based on the current structure, if a comment or stance is required it can take several days to get the boards together to obtain approval before action can be taken. A more streamlined composition of the organisation will enable the Confederation to be in a position to respond efficiently and effectively to policy issues or industry opportunities and represent its members proactively.

In addition, governance of WYSE Travel Confederation and the sector associations is costly and administratively heavy. To reduce the governance requirements and the associated cost overheads it is proposed that the existing sector associations are dissolved, folded or parked as appropriate and depending upon their board and members' directive.

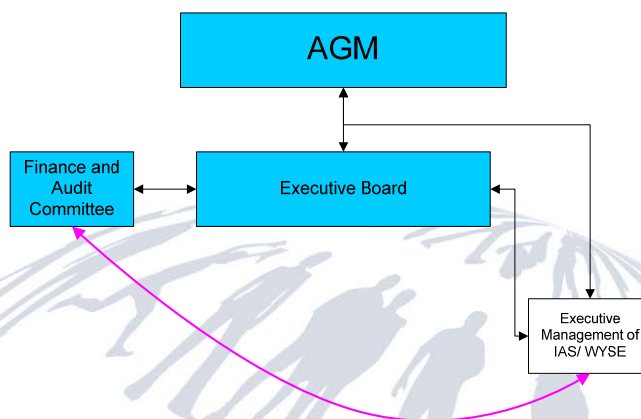
The Executive believes that the consolidation of the Sector Associations with the main Confederation will create a more transparent and favourable environment and position for the Confederation to address the needs and challenges and deliver a strong membership proposition to our members in 2016 and beyond.

Sector Association Brands

The sector association brands would be maintained due to their recognition within the industry and valuable focus they would provide for both the Confederation and the membership. The proposed consolidation process would see the sector association boards replaced with advisory panels that are addressed as follows.

New proposed Governance Structure

To ensure complete transparency of the Confederation, the following governance structure is proposed:



Terms of reference

Members via the AGM, which constitutes the highest authority for WYSE Travel Confederation, will elect the Executive Board and Advisory Panels. The below provides a Terms of Reference for the Executive Board and its sub-committees.

Executive Board

The Executive Board will continue to play an important role in providing strategic advice to the Confederation, ensuring “quality control” of deliverables and monitoring of financial diligence and viability of initiatives.

To ensure the consolidation transitions smoothly and to maintain continuity, it is proposed that existing members of the Executive Board maintain their respective positions in 2016 by extending all current tenures by one year.

The proposed new composition of WYSE Travel Confederation Board is the following:

- The Executive Board will comprise of up to seven members to serve for three-year periods. If the board make up is less than seven, this will not inhibit the function of the board.
- A board member can only serve a maximum of two consecutive periods and must step down at the conclusion of these periods for at least two years before eligible to stand for election again.
- The maximum period a member can serve on aggregate on the Executive Board is 12 years.
- The term of service will be aligned with the membership year.
- The period between the AGM and the end of the membership year will be utilised as a familiarisation period for new Board members.
- The Board will include three members who are drawn from the membership at large. One of these three will stand for and be appointed as the Chairperson of the Finance Committee. These seats will be decided by secret ballot at the AGM.
- To be eligible to stand for election for an Executive Board position the member is required to have completed a minimum of two full years of membership of WYSE Travel Confederation. In certain cases where a member can provide valuable contribution to the Confederation and does not have the required length of membership and wishes to stand for election then their circumstances can be deliberated by the Executive Board and approved.

Finance and Audit Committee

The Finance and Audit Committee will be appointed as an official sub section of the Executive Board and will have the delegated authority to guide and approve the financial matters of the Confederation, which will then be reported back to the Main Board for ratification. This Committee will comprise of:

1. The Chairperson of the Executive Board
2. The Chairperson of the Finance and Audit Committee
3. One independent person who must have professional accountancy or auditing status and is appointed for a period of three years in an honorary capacity. This person will have a vote on the Finance and Audit Committee, but will not have a vote on the main Board.
4. This committee will meet at least quarterly to review the accounts and budgets and to authorise expenditures outside of the approved budgets

Advisory Panel representation on the Executive Board

It is envisaged that WYSE Travel Confederation would establish the following industry Advisory Panels 1 January 2016:

1. **Accommodation**
2. **Work or cultural exchange and volunteering**
3. **Insurance and travel safety/ child protection**
4. **Language and study abroad**

The above industry sectors will be represented on the Executive Board, via the following composition:

The various industry sectors will be represented on the Executive Board, via the following composition:

- a) The Chairpersons of the Advisory Panels will fill the remaining four positions on the Executive Board.
- b) These positions will be appointed via secret ballot at the AGM and eligibility to vote and stand is defined further in the document.
- c) In the event there are more than four Advisory Panels in existence, the top four panels by votes will be eligible to take a seat on the Executive Board.
- d) The Executive Board can appoint the Chairpersons of the remaining Advisory Panels who did not gain a place, to join the Board in an advisory/ non-voting capacity.
- e) In September 2016, members of WYSE Travel Confederation will elect new members to Executive Board and the Advisory Panels for 2017.
- f) In 2016, the existing Sector Association Chairperson and board would transition to the Advisory Panel. Following elections at the AGM in September 2016, a new Chairperson would be elected by the Advisory Panel to serve the remaining two years of the three-year term.

Advisory Panels – Terms of Reference

The following provides an overview of the proposed structure of the panels:

- Each of these sectors will have an Advisory Panel comprised of up to four people appointed from the WYSE Travel Confederation membership.
- One of the panel members will be elected by the remainder of the panel as Chairperson and will also serve as the sector representative on the Executive Board. The term of appointment for the Chairperson will be three years.
- If required, each Advisory Panel has the ability to co-opt non-member industry experts to the Panel. Co-opted panel members will not have access to WYSE Travel Confederation member benefits or the ability to vote on WYSE matters.

Voting system for Advisory Panels – Industry Sector Preference

To ensure WYSE Travel Confederation members with sector specific interest/s are adequately represented via the Executive Board, members will have the opportunity to vote members on to the various Advisory Panels. This will ensure, each core sector has a voice on the Board and relevant and valuable initiatives and opportunities are designed and delivered. The following provides the proposed system;

- To be eligible to stand for election for a position or to have the right to vote on an advisory panel position each WYSE Travel Confederation member will, upon joining the Confederation declare their Industry Sector Preference (ISP)
- Each member can be assigned to up to two ISP's and will have the opportunity to vote for the member at large and for Advisory Panel members to which ISP they are assigned.
- Members will have access to the entire suite of WYSE Travel Confederation benefits and services. The restriction is only applicable to the voting of sector specific Advisory Panel positions.
- All members can access reports and benefits from any ISP as they wish.
- During January to March of each membership year, members may alter their ISP if they so wish provided that it is clear that they operate within that sector.
- If a member's business changes significantly the member may apply to have their ISP changed.
- The ISP of all new members and of those members wishing to change will be subject to approval by the Executive Board.

Industry Advisory Panels – new structure to support members

A fundamental goal of the consolidation is the commitment to create a stronger and more relevant organisation, one that can support the growth and development of the global youth travel industry in an increasingly competitive marketplace.

A membership organisation whereby a broad cross-section of sector needs are serviced through an enhanced and holistic suite of programs and services and can leverage a 'one voice' approach delivered by a cohesive organisation.

Aims and objectives

The broad aims and objectives of the WYSE Travel Confederation advisory panels are to:

- ✓ **Build upon the legacy and achievements** of the existing Sector Associations
- ✓ Focus on **strengthening members** through the delivery of specialised sector development
- ✓ Deliver **business development programmes** surrounding **trading, research and education**.
- ✓ Provide **strategic advice on issues, opportunities and policies** that directly relate and are of significance to each of the sectors the advisory panels represent
- ✓ Provide **sector specific advocacy** and **representation support**.
- ✓ Deliver a **holistic, valuable and cost-effective** membership experience.

Sector Association Buy-in

Based on consultation with the various Sector Association Boards, both WYSE Work & Volunteer Abroad and STAYWYSE have indicated preliminary support and buy-in of the proposed consolidation. The following outlines the current position of the other Sector Associations as at 10 June 2015.

International Association of Student Insurance Services

IASIS has after careful consideration opted to remain independent from the merger, but will continue to have close affiliation and collaborate with the new Confederation in 2016 and beyond. One of the main reasons behind this decision is that IASIS operates more like a commercial business, promoting and selling products to youth travellers, rather than a membership association. WYSE Travel Confederation appreciates the position of IASIS and will continue to partner on opportunities and initiatives as they arise.

International Au-Pair Association

IAPA is a very unique association, providing specialist services solely relating to the Au-Pair industry, following consultation between the IAPA Board and Executive Board, IAPA has decided to also remain as an independent association, potentially contracting the services of WYSE Travel Confederation to manage operations. IAPA understands the concept and value of the proposed consolidation and has requested to re-visit the opportunity in early 2016, with a possible member vote on the matter at the AGM in March. IAPA are also open to and considering all options.

How will the Advisory Panels work?

At the heart of the Advisory Panels will be the interests and needs of the Confederation's members. Each advisory panel would be adapted according to the sector it represents, serve as a reciprocal channel to the industry and provide WYSE with information and guidance on trends, issues and business development opportunities relating to the various industry sectors.

As a first step, the anticipated sectors would be represented within the Confederation via Advisory Panels as per below. However, as the organisation progresses and member/industry demand, additional Advisory Panels would be included in the portfolio.

1. Accommodation
2. Work and cultural exchange/ Volunteering
3. Insurance and travel safety/ child protection
4. Language and study abroad

Formation of Advisory Panels

Advisory Panels can be formed where a need is identified and verified as being an essential part of the youth and student market place. The formation of an Advisory Panel can be initiated based on:

- Member demand
- Market demand
- Recommendation by the Executive Management

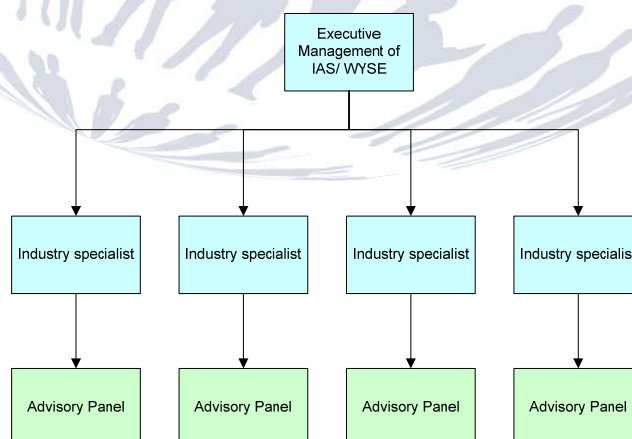
Prior to forming an Advisory Panel, it must be ratified by the Executive Board. The Executive Board will consider the viability of a Panel, the potential longevity and the value it can bring to the industry in terms of representation and to the Confederation in terms of membership.

Subsequently, the Panel consist of invited members who will hold temporary positions until the next AGM at which point they can stand for formal election as previously outlined.

Governance

Whilst the consolidation would result in a one-membership approach and provide a holistic value proposition, it will be important to establish a governance structure of the advisory panels that ensures member needs are met and valuable and relevant business development opportunities are provided.

The figure below demonstrates the proposed reporting structure and positioning of the advisory panels within the Confederation.



Industry Specialists

The establishment of the Advisory Panels will also require the Executive to engage a team of highly skilled and experienced experts that are supported by the industry advisory panels. The Industry Specialists must have specialist skills and experience (sector insights, policy, industry development) appropriate for the respective AP. The Industry Specialist would have the responsibility (in consultation with the AP) to develop an annual strategic action plan, with associated KPI's and budgets (that are inline with the Confederation's strategic plan) to be approved by executive management and endorsed by the Executive Board.

Advisory Panel Meetings logistics

As a norm, AP's would have between 1-2 face-to-face meetings (in conjunction with WYSTC and an additional trade event that is attended by the majority of AP members i.e. WETM, WTM or ITB), with between 3-4 virtual meetings per year. Formal Minutes would not be taken. However, key outcomes and action items would be noted and distributed as a summary to AP members by the AP Manager. AP Chairperson and AP Manager would present to the Board bi-annually (present strategy at the beginning of the year and KPI's at the conclusion of the calendar year) and the Industry Specialist would also provide a report on activities to the membership at the AGM.

Reducing internal costs and procedures

Accounting structure

Over the years, the accounting structure and procedures WYSE Travel Confederation has used has become time consuming and complicated. Evidence also suggests that the current accounting structure is becoming an increasingly financial liability to the organization. Please refer to Appendix C for an outline of the current accounting structure.

Operating costs

Each sector association has significant costs that are currently subsidised by the members as part of the membership fees. Each association also has a management cost which is payable to WYSE Travel Confederation and is between €60.000 and €90.000 per annum, with the following additional costs:

Item	Approximate cost
Audit and legal costs	€2500
Bank charges	€1500
Website	€2500
Marketing costs	Circa €5000
International representation and conferences	Circa €5000

Although covered by the management fee, accountancy costs to the whole organisation is estimated to €50,000 more than it needs to be.

Human resources and general administration

Currently of the 15 staff employed by the Confederation, only six are member-facing, with the rest being required to provide administration for:

- Board meeting set up, agendas and minutes and other association administration
- Invoicing and debt collection
- Membership application process, resignations, disaffiliations and other administration
- Accountancy services

A consolidation of accounting procedures will not only simplify the process, but also create significant economies of scale to the organisation as a whole and ultimately ensure more resources are focussed on member servicing and delivery of benefits.

Proposed new accounting structure

The current Danish/ Dutch accounting structure is no longer tax efficient as the Confederation is not making surpluses in the way that it was in the past. It will be more cost effective to incorporate a new Dutch not for profit company to handle the operations.

Key recommendations – Consolidation

Based on the findings within this report and consultation with the Executive Board, the WYSE Travel Confederation Executive Board is requested to support Executive Management's recommendations to:

1. Dissolve or otherwise make dormant the existing Sector Associations as deemed appropriate and confirmed by the Association members.
2. Consolidate strategic objectives of SA's and WYSE Travel Confederation to create one, unified voice of on behalf of the youth travel industry
3. Dissolve existing debts currently owed to the Sector Associations by WYSE
4. Roll-over all existing funds to the Confederation, governed by the Executive Board via an Audit & Finance Committee.
5. Establish industry advisory panels to service sector specific needs, empowered by members and managed by sector experts.
6. Present proposed consolidation initiative to members at WYSE Travel Confederation AGM in September, with formal decision to be taken by members at an EGM in November 2015.

Membership

Trends – WYSE Travel Confederation and Sector Associations

It is commonly accepted that membership retention is the largest problem facing most membership organisations, regardless of the industry they represent. It's not a revolutionary problem, yet it appears to be a continual struggle for most membership organisations.

An important aspect to take into consideration and one that is a key driver to the proposed consolidation; is a holistic overview of the WYSE Travel Confederation's membership base and how it has been trending over the last few years.

In terms of Confederation membership alone, in the last four years, numbers peaked in 2011 with 558 members worldwide and since then, attrition has been on a downward trend, with membership sitting at 469 year ending 2014 and as at 15 May 2015, 447.

Each year sees a loss of around 40 – 50 members and the recruitment of 20 – 30 new members. Membership sales are hampered by the complicated membership options.

In terms of the various sector associations, excluding IAPA, a membership decline has also been experienced. IASIS does not have memberships in the same format as WYSE. Please refer to Appendix E for an overview of membership trends.

As membership is one of the core revenue streams for the Confederation and Sector Associations, the decline must be addressed.

Structure and fees

Currently the membership model of WYSE Travel Confederation is very complex with multiple points of entry for prospective members and is often quite confusing both in terms of which category is most relevant and what the return on investment is.

Compounding the complexity is the availability of the range of sector association memberships, with many businesses members of both WYSE Travel Confederation and one or more sector associations.

At present, businesses are required to join WYSE Travel Confederation before they can join a sector association (except for IAPA). As a result, some prospective members can simply not afford more than one membership and as a result misses out on the full benefits WYSE can offer.

The membership sales process is often a challenge as the "sales pitch" becomes complicated and unclear, with the outcome revolving back to unaffordability and the question of value. Please refer to Appendix F for a detailed overview of the current membership structure.

Proposed new membership structure and fees

To support a transition to a more invigorated and empowered Confederation, it is critical to have a supportive membership structure that can help the organisation adjust to new business realities, become more market driven and ultimately achieve membership growth.

Given the challenges facing the current membership mechanism, the aim with the proposed new membership model is to:

- Offer a compelling value proposition
- Simplify the structure
- Offer accessible entry points according to needs and size of business
- Open up sector specific benefits and services through one membership
- Streamline the membership sales process enabling quicker conversion

For detailed information, please refer to Appendix G.

Membership rating instrument/mechanism

WYSE Travel Confederation takes the reputation of the organisation and its members seriously and along with the respective Sector Associations played an important role in the quality assurance of its members. Becoming a WYSE or SA member is not a simple process, with each new member required to provide substantial business information and referees to support their applications. Following the potential implementation of a new membership structure, the Executive will design and introduce a quality orientated ratings instrument in consultation with the Executive Board. It is envisioned that this mechanism will rate members on the following items:

- The provision of key documentation
- Self-certification
- Test phone call or other correspondence
- Face to face meetings with WYSE staff
- WYSTC attendance
- Consumer feedback

Key recommendations - Membership

Based on the proposed membership model with associated benefits and services and SWOT matrix presented within this paper, the Executive Board is requested to:

1. Support the introduction of the proposed membership structure and associated fees 1 January 2017. Current members maintained on existing fees for the duration of 2016 and new membership fees applied to any new members recruited from 1 January 2016.
2. Approve the distribution of details outlining the proposed membership structure and fees to members as part of AGM papers.
3. Proposed membership structure and associated fees to be incorporated in EGM proceedings

Financial projections

Based upon the existing cost base, the following projection has been done to examine the level of membership required to support the Confederation.

Membership numbers required

Membership Type	Acronym	Member Numbers				Projected members and prices			
		2012	2013	2014	2015	2016	Number of Members	Growth required	Total Membership Fee
Full Member, Category 1	CAT 1	57	53	55	63	€ 400	63	-	€ 25,200
Full Member, Category 2	CAT 2	220	214	220	230	€ 1,550	230	-	€ 356,500
Full Member, Category 3	CAT 3	8	6	6	4	€ 6,500	4	-	€ 26,000
Full Member, STAY WYSE 1-100 Beds	CAT 1 + S	14	10	12	9	€ 100	9	-	€ 900
Full Member, IAPA FULL subsidised***	CAT 1 + I	1	116	112	170	€ -	-	-	€ -
OTO, NTA, NTO Member	OTO	13	13	15	11	€ 750	11	-	€ 8,250
NGO Member	NGO	11	18	20	10	€ 750	10	-	€ 7,500
Service Partners	Service	13	12	12	11	€ 1,600	11	-	€ 17,600
Full Member, Category 2 subsidised	CAT 2S	15	15	15	17	€ -	17	-	€ -
Full Member, Category 3 subsidised	CAT 3S	8	19	19	21	€ -	21	-	€ -
Full Member, Contra Partnership	SPEC / REP	13	-	-	-	€ -	-	-	€ -
Study WYSE		-	-	-	31	€ 250	31	-	€ 7,750
Student		-	-	-	-	€ 50	10	10	€ 500
Associate		-	-	-	-	€ 200	30	30	€ 6,000
WWVA Full 1						€ 400	40		€ 16,000
WWVA Full 2						€ 750	30		€ 22,500
WWVA Full 3						€ 1,200	12		€ 14,400
WWVA Full 4						€ 1,700	6		€ 10,200
SW 50						€ 225	7		€ 1,575
SW 50-100						€ 325	10		€ 3,250
SW100-200						€ 425	3		€ 1,275
SW200-1000						€ 600	18		€ 10,800
SW1000-5000						€ 120	2		€ 240
SW5000						€ 5,000	1		€ 5,000
AFF						€ 700	10		€ 7,000
Booking engine						€ 5,000	1		€ 5,000
OTO						€ 600	1		€ 600
(New)		-	-	-	-	€ -	-	-	€ -
		373	476	486	577		588	40	€ 554,040