

# **UKSA Business Plan Summary (2007)**

## For Circulation to UKSA members

This note provides an overview of the business plan for the UK Shareholders Association which has been approved by the Board for the coming year. The comments of members are welcomed although you should bear in mind that the plan was prepared before the Working Party set up by the last AGM has finished its work, and that therefore there are likely to be changes made as a result.

### **I. Review of 2006 Business Plan and Financials**

This note was prepared also before the financial figures for the 2006 year end are available. But overall the result will be better than forecast, because we generated a surplus of £5,000 on InvestFest, and did not spend the £4,000 budgeted for Education. In addition we had some unexpected income from InvestorEase sales and from interest income. Costs were also less than expected for the publication of The Private Investor because we produced fewer issues than planned but also because of increased despatch via email rather than printing/post.

Our year end cash balance will also be substantially higher than at the previous year end, so UKSA is essentially on a much sounder financial footing than in past years.

But we are likely to be somewhat below budget on membership subscriptions. Our target for new members to be recruited during the year was 280 when in fact we only achieved about 225, and many of them were at a discounted “special offer” rate of £25 rather than the full £38 as budgeted. In addition, clearly membership renewal rates for existing members were less than forecast – we assumed 90% when in reality quite a number of people who joined from specific campaigns in 2004 and 2005 did not renew.

As regards the new member recruitment figures and the higher than expected membership drop-outs, this can certainly partly be ascribed to the failure to improve “Membership Benefits” as proposed in last year’s business plan. No education/training has been provided other than that included in InvestFest, and no expansion of the Company Visit Programme undertaken as proposed. Other improvements to help the attractiveness of membership and to help justify the higher membership fee were also not implemented. This meant that marketing expenditure (which was much as budgeted) was less effective and partly wasted.

One point worth mentioning in terms of Board activity and achievements during the past year is of course the amount of time the Board and individual Directors have had to spend on responding to a few complaints from a small number of members and dealing with such “internal” matters as the setting up of the “Working Party”. This has reduced productivity by a large amount and it is hoped that these diversions will not be repeated in the coming year.

The following are the main proposals for the coming year.

### **2. Membership Recruitment & Marketing**

It was agreed last year that a continued expansion of UKSA membership was a key priority and the Working Party discussions have confirmed that. Therefore it is proposed to spend a similar level of expenditure on marketing and membership recruitment as last year with a target to increase new members by 225.

Because of the growth of the use of nominee accounts, fewer people are present on share registers and therefore a change of emphasis from direct mail to advertising in financial print publications and on the internet is proposed.

### **3. Other Marketing**

We are likely to repeat our presence at the World Money Show for 2007 and also do other similar events if we can. We will continue to do regular press releases on topical subjects or specific campaigns as this has proved an effective method of raising general awareness of UKSA, even if it does not result in many new memberships in most cases.

We also need to provide encouragement for people to visit our web site, and return regularly and having more educational material and more information provision would be a way to promote that.

### **4. Improving Membership Benefits**

One way to help recruit members, and improve the response rates to direct mail and advertising, is to add to the benefits of membership. There appear to be several specific ways in which this can be achieved:

- Providing discounts on products or services that are likely to be of interest to members (financially related or others). For example, the arrangement with InvestorEase is of that nature.
- Providing education/training to relatively unskilled or inexperienced members, and networking/discussion opportunities for experienced investors – see below.
- Expanding the number of Company Meetings to cover more companies as this seems to be one of the most appreciated benefits of UKSA – see below.
- Developing the “Private Investor” Newsletter.
- Providing more social opportunities of all kinds and involving more members in policy activities.

We must make sure that these things get implemented by drawing up clear plans for them, and assigning clear responsibility to particular people.

### **5. Education/Training**

#### **A – Publications.**

Many members and prospective members would be interested in educational material that they could access when required. In particular, such questions as to what kind of investments to invest in, how to build a stock market portfolio, how to pick shares, how to trade shares, etc, are the common issues that people desire advice on.

It is suggested that it would be best to build a portfolio of “UKSA Advisory Leaflets” on particular issues (perhaps “Memoranda” is a better phrase but other suggestions welcomed).

Note that one thing that was achieved last year, in readiness for the above, was to set up a “private” section of the UKSA web site that only members can access. This already contains “company reports” and other material.

**B – Education Seminars/Training.** We believe that providing such events at a reasonable cost would be a good benefit for existing members, and could be used to attract new members (particularly younger and more active ones that we surely need).

**C – Conferences.** Obviously we have InvestFest planned for May and some expansion of commercial support for this event might be explored.

## **6. Company Meetings**

It was agreed last year that the number of Company Meetings should expand to cover more smaller companies, and particularly AIM stocks but nothing much was done. Investors often have difficulty in obtaining information on such companies and the companies are often keen to attract new private investors so it would be a useful service to them and to our members. David Lowe has recently taken on responsibility for this function and more meetings are being organised. We would emphasise that expanding the programme to cover more smaller companies does not mean that there would be a reduction in the number of meetings with large companies.

## **7. The “Private Investor” Newsletter & Web Site**

The newsletter is much appreciated by members, and John Nairn does an excellent job. Although it was substantially improved last year, further suggested changes are:

- An increase to 16 pages or more frequent issue.
- More graphics such as diagrams and photographs, and possibly some colour.
- More “event” or “news” reporting such as company visits to give us more unique content over other publications.
- More articles on policy issues, investment strategies, etc. Note: we need a clear “editorial policy” and possibly an editorial advisory board to assist in formulating policy and identifying new authors. This would also be a way to involve more members in producing the publication.
- Note that we have already committed to offering advertising space to third parties in the Private Investor and already have one advertiser lined up. The board’s policy on advertising is that as regards financial promotions we should not accept advertising for specific investment products, but we see no objection to placements by any reputable IFAs or stockbrokers. Any advertising of non-financial products or services that are of high quality items should also be OK.

One thing that has been planned for some time and which is a high priority is to enable an easy payment system via credit card or debit card on our web site – this could also be used more generally for new member subscription payments and other payments.

## **8. Regional Activities**

Regional activities are clearly one of the reasons why some members join, and certainly they help to retain members. Each year, the regions have available up to £10 per member to help run them; in practice this is used for communication costs and a certain amount of underwriting of experimental events. The South West Region is a good model with an active programme of local meetings which are generally self-financing, i.e. the meetings are attractive enough that people are willing to pay for them rather than have them subsidised out of UKSA central funds. An examination of membership statistics shows the South-West’s performance in membership renewals is particularly good. We believe that the active programme and the fact that members considering lapsing are contacted personally have a lot to do with this success.

But other regions are still distinctly patchy. The South-East is still somewhat problematic with a lack of active members and mixed quality events which are not attended by most of the members.

UKSA's policy on meetings over the years - and we believe it still makes sense – is for members' activities above a certain level to be self-financing .

In general we suggest that the “Regions” are too large to provide a “local” presence and that we should try to establish more smaller “branches” or sub-regions as has already taken place in the South West and experimentally in the South East. These should probably be on the model set by Peter Wilson.

## **9. Policy Matters**

A number of Policy Matters have been handled by Roger Lawson plus Roy Colbran and his group. We suggest that there needs to be clear lines of responsibility and reporting to the UKSA board on this, with more people involved so that Roger can concentrate on marketing activities.

## **10. Main Board Structure and Responsibilities, and Recruitment**

We believe we should move during the year towards more specific assignment of responsibilities for particular areas of UKSA activities in terms of main board directors.

It is clearly a high priority to recruit more active board members or people who can take responsibility for specific areas such as policy matters, educational activities, regional affairs, etc.

## **12. Conclusion**

We believe that the above business plan provides a good framework for the development of UKSA over the coming year. Whether we can accomplish all of this depends as always on how much effort members are willing to put in, and the financial resources that are available. But the above provides some guidance on the general objectives that the Board has adopted. Members comments on the plan should be sent to any Board member.

Roger Lawson, Jan 2007

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