

5 September 2018

To World Sailing, all Sailors and their National Authorities

## **World sailing - Publicly Available Finances and our Service Organisation**

Dear Interested Sailors,

I am like you, I sail for pleasure and invest in our great sport, it is as much a major part of my life as family and work. In the times past, I have sailed professionally, and run my own company in the business of sailing, these days, I race our offshore yacht around the World.

Sailing defines me as a person.

Having recently joined the Finn class I learned about World Sailing, our pinnacle governing body and I asked myself, what do they do for me and my fellow sailors? It is not apparent on first sight.

Having a daughter whom is a Tennis professional and seen how I personally had to support her training, development, coaching and travel from the age of twelve, I have come to learn about sports administration, elitism and how the "Business of Sport" has nothing to do with the athlete but that of media exposure, sponsorship income and the construction of global sports administration bodies whom see the sports participants and eventually the sport itself as servants to their ambitions and the sponsors who become the customer.

World Sailing in its current form has become one such body, it collects money from its members, sponsors, the IOC and spends it and more with a very small % invested in to its constituents, us the sailors. We have a CEO with an annual salary that is approximately equal to all the member nations contributions put together.

### **Office facility**

Recently the executive under the approval of the board entered a financial arrangement to re-locate from the centre of sailing in Southampton, UK (GBP 83,880 PA) to a new facility in the centre of London (GBP 370,000 PA if read correctly) at a considerable one-of cost of GBP 500,000 not including capital expenditure, plus entering a long-term lease which is FOUR times greater than the previous lease. This is a significant and questionable decision and stretches the limited financial resources. **World Sailing have committed to GBP 3,330,000 of lease commitments it cannot walk away from - this is an increase of GBP 250,000 per annum. The 2018 budget has total lease costs at GBP 570,000.**

World sailing is a "Service Organisation" set up to serve the interest of us, the sailors.

## Management

The business of World Sailing is headed up by a person who does not and has not sailed that we know of, the same for the chief commercial officer.

Looking to the annual accounts and various reports and statements published on the World Sailing web site we can get only but a small window into how our money is being spent.

The published CREDO for World Sailing is

- Promotion of the sport internationally
- Management of the sport within the Olympics
- Development of the rules and regulations of racing
- Training of judges, umpires and administration staff
- Development of the sport worldwide
- Representing of sailors in all matters worldwide

This clearly is a service organisation for us the sailors and our sport?

## Employment

World Sailing employs 25 people. 14 in administration and marketing, 11 in activities dedicated to race sailing and technical, only 1 in training and development. What does that say about development of the sport??

The cost of employing this number of staff in 2017 was GBP 1,611,085

GBP 200,000 is paid to our CEO (whom is not a signatory to the declaration of interests), removing this puts the average cost of employment per person at GBP 59,000 or \$USD 80,000.

The cost of employment has risen GBP 220,000 between 2016 and 2017. **The FORECAST wage bill for 2018 is GBP 2,250,000 this is an increase of 40% on 2016** - see attached budget.

## Income

World sailing received GBP 11,700,000 from the IOC in 2016, this is their primary source of income.

Approximately GBP 307,000 comes from subscriptions

In 2017, there was a budget of GBP 2,510,000 for sponsorship outside of the IOC. Actual income was GBP 1,840,000 **a deficit of GBP 670,00 or 27%**.

Forecast sponsorship income for 2018 is 1,991,000 - it would be very good to see if we have that in cash receipts and or contracts.

## **Profit and Loss**

2017

Initial budget deficit GBP 2,116,242

Revised budget deficit GBP 4,252,000

**Actual Loss GBP 5,239,000**

2017 saw a 100% increase in deficit and member funds

**2018 Forecast is GBP 3,384,000 deficit** - what is it 3/4 way through the year and what is revised estimate?

## **Governance**

2017 GBP 1,111,000

2018 Forecast GBP 770,000

Why are we spending 50% of forecast income on this?

## **Investment**

The attached 2018 investment plan sets out the following:

- Re-instate para sailing in 2024
- Sustainability program manager and commission
- Event staffing with IOC 2020 agenda
- Commercial and marketing team to deliver on commercial, marketing and media plan
- Continued growth in training and development for both ENP and PDP to support plans from CA's
- Redevelopment of website
- Research, data and analysis to provide a better fact base for the sport
- International relations
- Relocation of executive office.

Where is development of sailors as juniors, transition to teenagers and then adults and retention along the way?

## **Summary**

World sailing is a business that is conducting its affairs and taking decisions which will in the very near future will deplete its cash reserves. Decisions are being made to increase its overhead and it is operating more akin to a corporation than an organising authority for yacht racing.

It is dependent now on raising an equal amount of sponsorship money as that of which it receives from the IOC. This is a good and healthy objective. However, it cannot and should not be allowed to enter significant cost increases without having the sponsorship deals in place with positive cash flows.

The business needs to be operated with a "Balanced Budget" and its executive are not doing this. The business is unsustainable.

The IOC by the fact that they contribute GBP 12,000,000 every four years has significant undue influence on world sailing. World Sailing needs to get out from under this.

Olympic sailing need not and should not be the pinnacle sport for World sailing but a part of it - Golf, Tennis and many other sports see it merely a part of the mix.

## **Recommendation**

We as sailors need to know now how World Sailing accounts stand today against the forecast, what cash is left - this needs to be requested by an NMA as per item 91 of the constitution. We need to see where they stand.

We need to question how the Board and Council have allowed such excessive growth in expenditure to happen in such a short period. The executive appear to have taken absolute control - is this in line with Board Charter? We need accountability, we need sailors at the helm.

A motion needs to be sent to World Sailing to call an extraordinary general meeting to address this matter.

At this point, we did not start well, and we are deciding to take a blinder to the lay line in hope of a big shift, when we get close to the top mark, we see boat after boat going around and we realise our mistake... We could tack back in, cover our losses and chip away for a good result.

We do have time now to correct things and some cash to do it.

An Ivory Tower does not generate income and there are only 26 employees, my construction company, which I recently exited, runs double that from a portable cabin.

John Alexander,

6931 Channel Highway, Gardners Bay, Tasmania, Australia 7112