

## **2009 Business Plan -- Sustaining Momentum in the Face of Economic Uncertainty**

### **Section I 2008 RESULTS**

Summary: We set out in 2008 to strengthen our programs for new Fellows and invigorate the alumni network in order to provide our Fellows with a lifelong identity and a variety of opportunities for engagement. To ensure the resources required for this, we set ambitious financial targets and set high standards for institutional management and administration. The organization's position at year's end was actually quite strong, notwithstanding a substantial reduction in the overall value of the endowment.

In 2008, 52 excellent fellow had superb programs that have resulted in noteworthy outcomes; our alumni network showed remarkable energy, including Fellows' sponsorship of 23 Eisenhower Day of Fellowship events; fundraising exceeded target by nearly \$100 thousand, and the net operating balance was \$114,000. We have completed renovations at the new Office at 250 S. 16<sup>th</sup> Street.

Nevertheless, the worldwide financial crisis has exacted significant costs on the endowment that will take considerable time to recoup. The 2009 programs are tailored to sustain the inflow of excellent new fellows while sustaining the many initiatives launched over the past several years to energize the alumni Fellow base.

#### **The 2008 Fellows**

While we continued to emphasize leadership as a core EF theme, for 2008 Fellows we focused on three tasks:

- (1) generate immediate, concrete results from the Fellowship experience,
- (2) build on the team approach adopted in 2007, and
- (3) integrate the USA Fellows into the international program to create a seamless alumni network.

We instill in new Fellows the notion that a Fellowship is a two-phase process. The first phase is the travel period in the US or abroad, depending on the program. This phase lays a foundation for personal and professional growth. We have begun at the start of programs to challenge incoming Fellows to identify during this period a tangible outcome they will undertake upon return to their home country in order to maintain the energy and enthusiasm they generate during the travel period. We collected these plans at the end of the travel period and have published them on our website. We will track their completion over time.

These immediate actions set the stage for the second phase: the rest of the Fellow's life. Immediate outcomes provide opportunities for continued engagement with the contacts Fellows make during their travel and with other Eisenhower Fellows. We will use

immediate outcomes as a mechanism to spawn an array of options for rewarding alumni engagement in EF-inspired projects and activities.

Our experience in 2007 with a team approach to Fellowships was positive. In 2008 we extended it by establishing themes for the spring Multi-Nation Program (MNP) and the fall Latin America Regional Program (LARP) which reflected unique aspects of American society: Managing Diversity in the spring and Civic Participation in the fall. The team approach bolstered the esprit de corps we create among Fellows, a key element to future alumni participation.

An EF president once remarked, “You can’t have a global network if you don’t have US members.” In 2008, we not only substantially enhanced the quality of our USA Fellows and the Nominating Committees, we also integrated them more thoroughly into the network by conducting joint orientations, inviting USA Fellows to the mid-point Grand Canyon group experience, and placing on them the same expectation of immediate results that we place on international Fellows. We also added six new destination countries to our USA options list.

### **The Alumni Network**

Strong interest among our Trustees in enhancing the alumni experience led us to undertake two initiatives in 2008. These initiatives supplemented international EF conferences in Brazil and Malaysia which were financed primarily by the Fellows.

To firm up the network’s institutional basis, we urged national and USA hub groups to formally charter alumni associations. Formal associations draw Fellows into leadership roles, provide continuity when their officers rotate out of positions, serve as a fundraising mechanism, and allow Fellows to engage other organizations as an institution rather than a collection of individuals.

As a result, 12 major groups launched associations in 2008: Brazil, France, India, Indonesia, Kenya, Korea, Mexico, Nigeria, Philippines, Peru, Romania and RTNC, double the number that existed in 2007.

To motivate these new organizations and other EF alumni groups, in March 2008 we launched the first annual Eisenhower Day of Fellowship, set for the day EF was founded: October 14. We offered financial support for EF Day events through a matching grant program. Alumni response was overwhelmingly supportive: 23 events in 20 countries on 5 continents involving more than 800 Fellows, spouses and guests. The majority of them (14) were funded entirely by in-country Fellows. They ranged from a dinner with the president of China-Taiwan to a nationwide Eisenhower essay contest in Sri Lanka.

We took advantage of expertise within the network to revamp the EF website, making it easier to navigate and furnishing more timely content. This effort included a modernized online EF directory which allows Fellows to update their contact information and supply more personal and professional information.

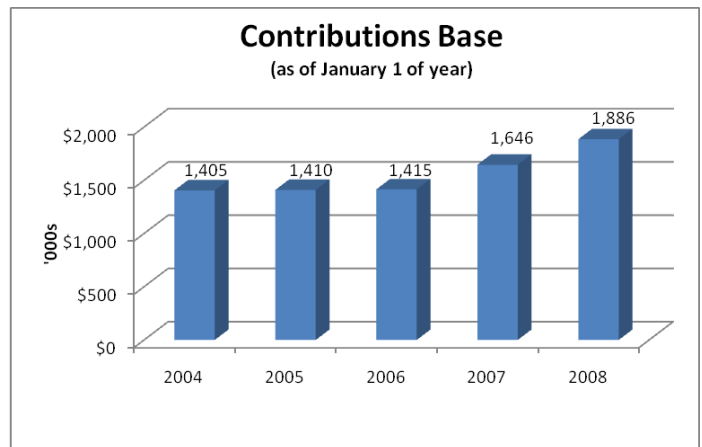
To capitalize on the fall LARP, we launched a Latin American Women’s Network of EF alumnae in the region at a kick-off conference in New York. The participants, who include our 2008 women LARP fellows, pledged to identify tangible projects with real-world results that they will undertake together under the EF banner. We plan to extend the concept to EF women’s networks in Europe-Middle East and Southeast Asia.

Throughout the execution of these projects, we made heavy use of our Alumni Advisory Council members, expanding our expectations of their responsibility to EF.

### **Financial Support**

Through the first three quarters of the year, we registered substantial success in raising private support for EF programs. We had laid the groundwork in 2007 for the fall LARP by establishing ambitious targets for the Fellows in the seven countries invited to participate, resulting for the first time in a respectable level of regional finance.

We also succeeded in broadening the geographic reach of the Board by recruiting new members from Brazil, Russia and Turkey. In addition, we secured a broader multi-year funding base by attracting new Trustees at a higher level of commitment. The average Trustee contribution (exclusive of Capital Campaign pledges) rose 70% in the past two years. We supplemented the existing pool of donor contributions and the annual endowment draw with a fundraising campaign that exceeded its target by over 10% and yielded more than \$1.0 million. As a result, we anticipate a modest operating budget surplus of \$114,000 on expenditures of \$4.6 million.



The global financial turmoil took its toll on our capital endowment, which lost over a third of its value during the period of sharp asset price deflation.

### **Administration**

We maintained our goal of operating a world-class institution, professionally managed and administered. In 2008, we completed renovation of our new headquarters building, which reflects the stature of Eisenhower Fellowships and provides a flexible venue for operations; completed the three-year project to rationalize our personnel system; and held the line on total payroll costs despite expanded programs.

In the course of 2008, we realized a variety of efficiency gains in areas such as information technology, printing costs and professional services which have eased some of the budget pressure we expect to experience in 2009-2010.

## Section I I 2009 ENTERPRISE WIDE PRIORITIES

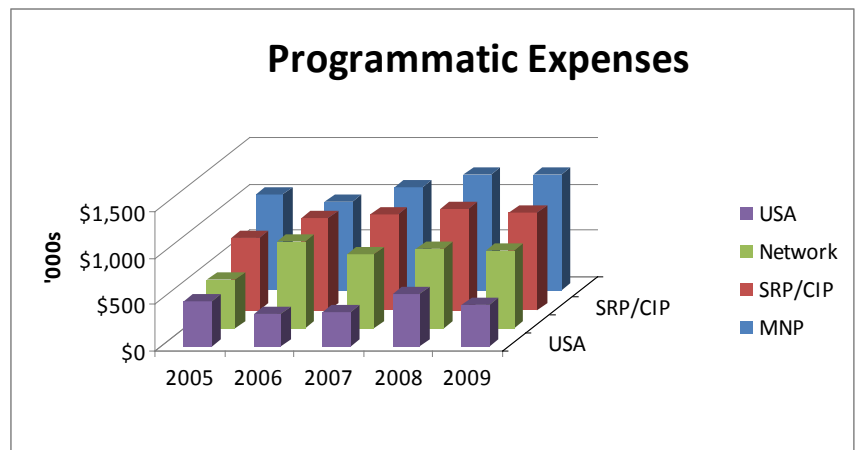
1. Provide a cost-effective Fellowship experience that yields concrete outcomes in the short term and lifelong engagement with the worldwide EF network in the long term.
2. Strengthen the global institutional framework of the alumni network to generate a sustainable, and cost-effective menu of opportunities for alumni activities.
3. Stabilize the multi-year funding base and attract new individual and institutional donors to compensate for a lower endowment draw.
4. Operate a world-class organization that meets high standards for management of finances, physical plant and personnel.

## Section III 2009 IMPLEMENTATION PLAN

### STRATEGIC PRIORITY 1

*Provide a cost-effective Fellowship experience that yields concrete outcomes in the short term and lifelong engagement with the worldwide EF network in the long term.*

- Cut program costs while maintaining quality. Redesign opening and closing seminars to develop esprit de corps, enhance leadership skills, and generate enthusiasm for the Fellowship experience and alumni activities.
- Using issues that the Fellows identify at the opening seminar, reconfigure the team concept.
- Use the October 2009 Paris conference on energy as a substantive element of the USA and fall Fueling Growth programs to enhance program content and initiate new Fellows into the network.
- In light of expected financial constraints, identify most appropriate and marketable program design and participant countries for fall 2010.



- Strengthen the Hub steering committees so that they generate top-quality candidates for the USA Program and assist in generating funding.

## **STRATEGIC PRIORITY 2**

***Strengthen the global institutional framework of the alumni network to generate a sustainable and cost-effective menu of opportunities for alumni activities.***

- Encourage Fellows to build Eisenhower Day of Fellowship events into purpose-driven outcomes.
- Buttress efforts of additional countries to host EF Day of Fellowship events in 2009.
- Support efforts of recently created alumni associations, including in the USA Hubs, to become fully operational and assist the formation of new associations. Work towards making the associations a funding mechanism.
- Use the redesigned EF website to provide timely information to Fellows, Trustees and Friends of EF.
- Organize the Fellows to broaden the data available in the online directory and keep contact information current.
- Using expertise in the network, explore new social networking technologies as a tool for alumni engagement.
- Support substantively and operationally the October 2009 Paris energy conference.
- Manage efforts to create new organizational structures within the network, such as a potential European Alumni Association and regional EF Women's Networks, the latter building on the 2008 Latin American Women's Network.

## **STRATEGIC PRIORITY 3**

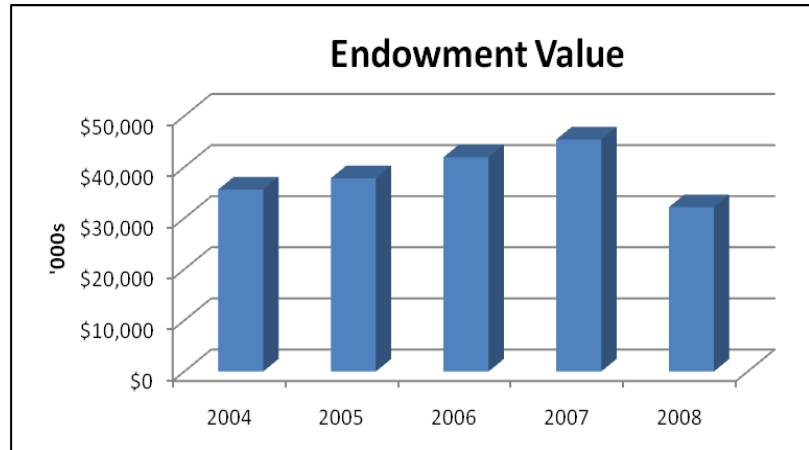
***Stabilize the multi-year funding base and attract new individual and institutional donors to compensate for a lower capital endowment.***

- The target for new revenue, both Trusteeship and Non-Trusteeship is \$800,000.
- Canvass donors in the contributions base early in year to obtain early warning of potential shortfalls in the 2009 contributions projections.
- Continue to develop funding sources outside the US and in the USA Program Hubs. Enlist EF alumni in identifying and procuring operating funds.
- Assist alumni in raising funds for the October 2009 Paris conference.

## STRATEGIC PRIORITY 4

*Operate a world-class organization that meets high standards for management of finances, physical plant and personnel.*

- Review contributions and fundraising at the end of the first quarter and revise operating budget if required.
- Ensure the integrity and maintenance of the EF headquarters building.



### Section IV 2008-2009 FINANCIAL DATA

Given the 28% decline in the endowment year on year, we are adopting for this year a more conservative calculation of the available draw. The chart below shows three levels of total income calculated using our traditional draw of 4.5% of the average of twelve trailing quarters. The second calculation adjusts the calculation by using 8 trailing quarters plus four prospective. The third calculates the average w/o an adjustment for the capital fund receipts authorized by the board. We also project more modest fundraising (new revenue) results, and manageable losses from the ranks of existing sponsors/trustees. We propose to use the most conservative of the estimates which translates to \$4,266 thousand.

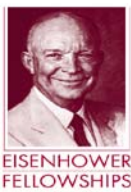
With revenues constrained, we have made a number of adjustments to reduce expenditures. These include reducing the length of the Spring and Fall international programs, reducing the number of Fellows whom we will select for the fall CIP, reducing the USA selections, limiting to 50% EF payments for spouse travels, reduction in copayments for alumni activities, and reduction/elimination of a number of indirect costs.

We are quite sanguine that we are maintaining effective programs that will advance the priority goals we have set in the recent past: recruiting and selecting good candidates, providing quality fellowship programs, energizing the alumni network, and operating a world class organization.

Because actual receipts from fundraising and anticipated contributions could be directly impacted by this year's economic prospects, however, we have prepared an alternative budget that substantially ratchets back a number of programs should revenues fall substantially short of estimates. We will review our financial situation in early April and

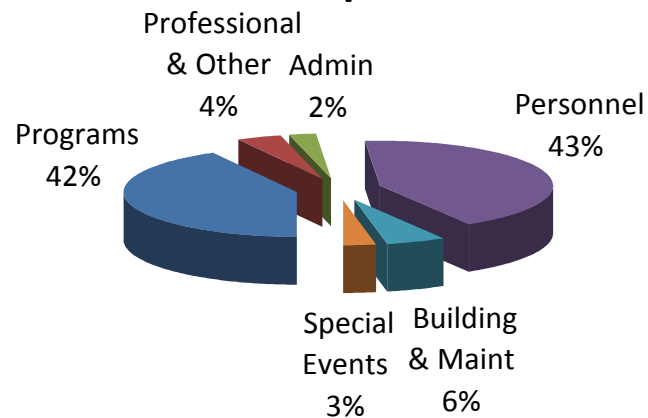
are prepared as necessary to take additional action as necessary to minimize the net operating loss for the year.

	2008			2009 Budget	
	Budget	YE Projection	Variance	Proposed	Reduced
Expected - Revenue for Operations	1,886,583	1,718,250	(168,333)	1,723,250	1,633,334
Target Fundraising	905,000	1,006,393	101,393	800,000	500,000
Revenue for Operations	2,791,583	2,724,643	(66,940)	2,523,250	2,133,334
Interest & Endowment Income-Trad	1,944,298	1,891,798	(52,500)	1,977,194	1,977,194
8Q back & 4 forward w/carryback				1,786,898	1,786,898
8Q back & 4 forward w/out carryback				1,742,673	1,742,673
<b>Total Income</b>	<b>4,735,881</b>	<b>4,616,441</b>	<b>(119,440)</b>	<b>4,500,444</b>	<b>4,110,528</b>
				4,310,148	3,920,232
				4,265,923	3,876,007
Expenses					
Programs	2,095,678	1,893,167	(202,511)	1,899,004	1,657,635
Personnel	1,969,668	1,925,496	(44,172)	1,979,717	1,959,060
Professional & Other	172,704	187,036	14,332	154,398	134,398
Administration	163,675	106,859	(56,816)	122,516	117,316
Building & Maintenance	241,532	246,258	4,726	216,884	216,884
Special Events & Other	92,625	143,392	50,767	81,313	76,313
<b>Total Expenses</b>	<b>4,735,882</b>	<b>4,502,208</b>	<b>(233,674)</b>	<b>4,453,832</b>	<b>4,161,606</b>
<b>Operating Surplus/(Deficit)</b>	<b>-</b>	<b>114,233</b>	<b>114,234</b>	<b>46,612</b>	<b>(51,078)</b>
				(143,684)	(241,374)
				(187,909)	(285,599)
Headcount					
Spring	36	28	(8)	37 *	37
Fall	35	27	(9)	30 *	16
USA	16	13	(4)	13 *	8
<b>Total</b>	<b>87</b>	<b>67</b>	<b>(20)</b>	<b>80</b>	<b>61</b>
Net Draw/12-31-08 Endowment				6.0%	6.3%
				6.0%	6.3%
				6.0%	6.3%

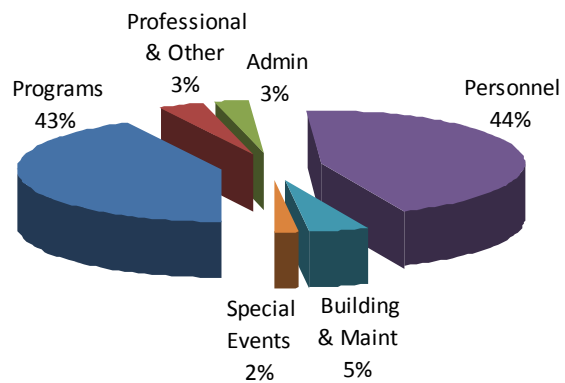


## Expense Comparison

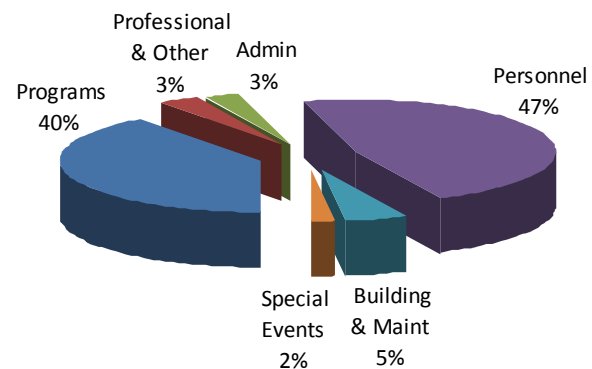
### 2008 Expenses



### 2009 Proposed Budget Expenses



### 2009 Reduced Budget Expenses



# Highlights of 2008

