



7 February 2024

To: Chairman, Marine Corps Association
From: President and CEO, Marine Corps Association
Subject: 2024 MCA WINTER BOARD MEETING CEO REPORT

Chairman,

Please accept this report in fulfillment of my update for Winter Board Meeting 2024. The Association continues to be the preeminent association dedicated to the professional development and recognition of Marines. We remain dedicated to the vision set forth by General John A. Lejeune in 1913. Additionally, I can report that the Marine Corps Association continues to be aligned and progressing on all objectives established by the 2025 Strategic Plan.

The Marine Corps Association continues to build on the success of the past few years. We take pride in our role of supporting today's Marines and appreciate the support and generosity of our members, donors, and sponsors, who make it possible for us to work together to advance professional development, recognize excellence, and ensure that the rich legacy of the Marine Corps continues to transcend generations of Marines to come.

As we look to 2024, with all the hope and promise that a new year has in store, I want to thank and recognize the efforts and accomplishments of our entire our Team here at the Marine Corps Association. Our greatest strength has always been the quality of our people. They are dedicated, they are diligent and they are committed to always striving to make this Association and our support to our members and the Marine Corps even better by everything that they do. It is a privilege to work at their side. Due entirely to their unfailing professionalism, sense of mission, and their work ethic, we are able to execute all of our planned events, programs, and engagements, without fail and in a manner that has come to define this Association as the preeminent association of the Marine Corps.

This report builds on my assessment that I submitted for the 2023 Winter (virtual) Board Meeting held on 5 December 2023. 2024 is shaping up to be another busy year for us.

FINANCIALS: (Results as 31 Jan 23)

The financial performance of the Association missed the mark by more than (\$464,115) from the approved 2023 annual budget; Net income from operations was (\$464,874.00) and overall income with investments accounted for was (\$759.00). This is in stark contrast to the success we experienced across multiple business sectors; two areas continue to highlight the challenges that we face year-in-year out. Areas of most concern remain retail (Brick and Mortar as well EComm) and our magazines (cost to produce, print, paper, and postage (PP&P)). During 2024 budget development, we deliberately lowered our expectations for the retail sector given the results that we experienced in 2023. This lowered

expectation also accounted for the current progress of fully implementing all phases of the revised business plan developed in cooperation with Excelerator.

Areas of growth for 2023 included Events and Sponsorship, Modern Day Marine, Membership, and donor revenue from our Foundation. Their performance balanced sectors that did not perform as well. Of note, given the higher-than-expected level of program delivery to the Marine Corps from the Foundation, we did not execute budgeted grant transfers in the amount of \$425K to the Association. This financial decision further contributed to not hitting the mark for 2023.

We continue to experience favorable operational cash balance positions, and as a result, we're able to pay all purchases and expenses throughout 2023, without having to withdrawal from investments accounts to pay for operational requirements. Most importantly, we fully funded the annual bonus pool, repairs to major environmental systems in both TMS as well as our main building and upgraded several IT systems.

Following the holidays, we completed counts of real property and retail inventory. This is the first part of a multi-part process which is required to complete the annual inventory. Initial results indicate that proper inventory account procedures are in place to safeguard and account for over \$2.1M worth of retail inventory. I anticipate that we will complete the audit of our accounting records by early spring with results following soon thereafter.

MEMBERSHIP:

We continued to concentrate on developing the new MCA membership plan. This plan, which required bylaws to be updated and approved by the Board, has two primary goals: (1) it is aimed at significantly increasing membership by establishing a two-tiered (associate and premium) membership model, and (2) to provide the "Total Force", defined as active, reserve, mobilized, poolees, candidates, and those allies, partners, and sister service members serving with the Marine Corps, free membership and access to all online content (inclusive of our magazines). To support the establishment of this new model, we have undertaken extensive maintenance and update to our webservices. This has required us to de-couple our main web site from that of our retail site, allowing us to operate two separate MCA sites, with our main MCA site password protected. I anticipate that we will launch our new site and membership plan by 15 March 2024.

We continue to actively search for a Director of Membership which will be able to see this plan through execution and sustainment phases.

Membership Totals

August	44,006
September	44,204
October	46,454
November	47,079
December	53,930
January	53,930

RETAIL:

We continue our efforts to improve our retail business processes guided by Exceleator’s retail analysis and our own business plan. We are on a multi-phased approach to implementing best practices. Following the retail analysis, it was determined that there was unrealized revenue of ~\$500K which was not attainable under current retail practices. We have made significant progress, but still have work to do to reach our revenue goals. If initial 2024 results are any indication, we are on the right path. The first month results show a higher-than-expected return from all retail activities.

	Month Ending 01/31/2024		Month Ending 01/31/2023	Year to Date 01/31/2024	01/31/2024 through 01/31/2024	Prior Year To Date 01/31/2023
	Actual	Budget	Actual	Actual	YTD Budget	Actual
Retail income Locations	386,031.97	366,250.00	269,714.96	386,031.97	366,250.00	269,714.96

We have completed organizational changes to the retail sector. We have continuous hiring actions in place to ensure all positions are filled with quality employee. Several positions are prioritized, these include Director of Retail, and the Assistant Store Manager.

In addition, we continue to search for a new retail ERP suitable for our unique retail operations. We are working diligently to find an inventory management system as well a point of sell and customer facing Ecommerce system. These systems will increase the accountability, increase efficiencies, and improve overall customer experience.

EVENTS:

This past week we traveled to Camp Pendleton, where we hosted the 2024 West Coast Professional Dinner. This event, co-hosted with I MEF, and attended by over 500 active duty, reserve, Veteran, spouses, and sponsors was our first of 23 events for 2024. The feedback for these events has been tremendous. Whether a first-time attendee or a repeat offender, we hear and see the same level of enthusiasm and garner the same support for our events. Perhaps the most impressive is the feedback we receive from our young Marines and Sailors, who for perhaps the first time, are invited to partake in a semi-formal, business, and professionally rewarding event. This year is shaping up to be one of our best. We will travel to force locations from Northern Virginia to the West Coast, Okinawa, and Germany to host events. In addition, from 1- 3 May, we will co-host Modern Day Marine in the Walter E. Washington Convention Center.

MAGAZINES:

Our magazines, continue to deliver excellent content across the intellectual, professional, and historical frontages. The professional magazine of the Marines--The Gazette, is positioned as the foremost forum to discuss, explore, and debate new and emerging concepts, ideas, technologies, and requirements that face the Marine Corps. The Leatherneck magazine continues to deliver historical and present-day personal accounts of our of our Marines and Sailors and our storied past.

Circulation as of 01/31/2024	Leatherneck	Gazette
	33,119	9,261

MODERN DAY MARINE:

We are three months from executing 2024 MDM. Planning for this event is in full swing as we are fast approaching our MDM-planning conference on 22 February. Thus far, we have the full support of Marine Corps senior leadership as evidenced by the attendance at our conference and the willingness for senior leaders to send their lead planning members. For 2024, we developed a vision (captured below), which will help guide our planning as we face challenges in 2024 and beyond.

Modern Day Marine (MDM) stands resolute as the vanguard of service-level events. As a preeminent platform, MDM orchestrates cutting-edge technology demonstrations, cultivates force-wide professional advancement, and eloquently conveys institutional narratives to pivotal audiences and stakeholders alike. MDM stands at the crossroads of transformation, guided by a strategic framework comprising five lines of effort. This vision delineates a forward-looking path that redefines the Expo as a beacon of heritage, innovation, collaboration, and support.

Modern Day Marine lines of effort:

- Historical Mainstays and Marine Corps Heritage Events
- Professional Development for Marines

- Networking Opportunities for Senior Leaders
- Cutting-edge Exposition Hall
- Support to Special Communities

Key planning dates for MDM 2024:

- 27 February 2024: Mid-planning Conference

- 4 April 2024: Final Planning Conference

- 30 April - 2 May: Modern Day Marine 2024

AFFILIATE PARTNERSHIPS:

USAA: Our partnership with USAA is stronger than ever and continues without issue. This partnership provides us with a revenue stream which allows us to stabilize association operations and program delivery. One area of new growth/business has been in our alignment with USAA on their initiative named "Face the Fight". This initiative brings together best in class resources across various industries, behavioral health, and medical areas, and government agencies to address the endemic problem of veteran suicide. In coordination with USAA and as requested by Marine Corps Leadership, MCA will for 2024, host several leadership development events focused on Force Preservation and suicide prevention. These events have been met with support and appreciation from leadership and attendees - the feedback has been overwhelmingly positive. My intent has been to expose Marine leaders to the tools and resource available to them while on active duty as well as during their transition to veteran status. We want to bridge to programs like "Face the Fight".

Marine Corps League: Our partnership with the Marine Corps League is strong. I continue to believe that our relationship with the League is a strategic one for the association. In the long run this relationship, will provide significant value and benefit to both MCL and MCA. We continue to explore opportunities to work together, not only for MDM but in other mutually supporting areas. Of note, Mr. Warren Griffin is the new commandant of the Marine Corps League.

We continue to forge relationships with all service associations (AFA, AUSA, and NL). These are best in bred for service associations and provide us with potential cross leveling of support, professional connections, and in some regards, legitimacy.

STRATEGIC COMMUNICATIONS:

Our Strategic Communication efforts continue to gain traction. We've developed a communication strategy and plan that aligns with Strategic Plan 2025 which will assist the Association in achieving success, as defined in the plan. The communication goals are explicitly linked to MCA's goals and objectives, ensuring that our engagements are purposeful. We've also worked to ensure that our social media engagements exclusively promote the different ways in which MCA supports Marines and the Service, working off the assumption that our key audiences and stakeholders may not have a clear understanding of our vision and mission.

We continue to synchronize our department-based communication priorities, across all platforms, to optimize what information our members receive and allow Association leadership to improve future planning efforts regarding content and event support. Concurrent to that effort, we're refining our primary MCA website, in preparation for executing the new membership model, to provide greater value of our digital memberships while also encouraging nonmembers to join our ranks.

As we transition to the new membership model, we continue to refine our messaging to explain the change while developing a plan to market to potential premium members. Additionally, we developed a retail marketing plan to take us through the end of the calendar year and have begun working a similar plan for 2024 to coincide with the initiatives we are pursuing as we do a complete overhaul of our current ecommerce platforms.

Finally, we continue to engage with Marine Corps Communication Strategy and Operations elements, both at Headquarters Marine Corps and the Fleet, to assist in both supporting and promoting our events (like Modern Day Marine) and providing a platform from which to inform and engage their (and our) primary audiences on how MCA supports the Marine Corps.

THE FOUNDATION:

The Marine Corps Association's supporting Foundation hit fundraising and program delivery highs this past year, which ultimately means that MCA provided tremendous support to Marines in 2023. We have raised significant funds to support those programs while keeping fundraising expense below budget for the year.

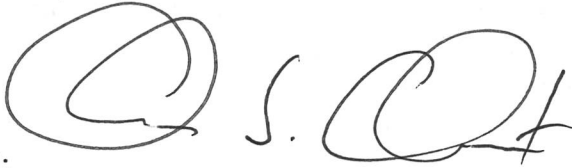
The Foundation ended 2023 with \$2.37M in total revenue from contributions, and while that was slightly behind budget goal, we set a goal for contributions that was a stretch. The fact that we achieved a high for contributions is really a success story. A key part of our fundraising success has been several years of investments in direct mail acquisition. I've reported that we've been beating industry norms for acquiring new contributors, and that continued in 2023. We had an acquisition goal of 8,810 new donors through direct mail campaigns and ended up with 10,571. Those new donors will continue to fund our support to Marines in the years ahead.

For 2023 program delivery, we spent \$1.35M on Marines and in some programs, exceeded budget goals, but keep in mind that being over budget is good in many ways as we're spending that money to support Marines. We have some program initiatives for Marines and spouses in 2024, so we'll continue to try to raise our amount of support to Marines and their families going forward.

We provided over 4,100 excellence awards to Marines last year, sent almost 6,500 Marine leaders out on staff rides and battlefield studies, and continue to provide our writing awards, enhancements to nearly 100 unit libraries, and wargaming support to numerous units. The Foundation also supported 2023 initiatives like the Professional Leaders Conferences. These have been remarkably well received by Marine senior leaders and more importantly, the NCOs, SNCOs, and junior officers who have participated in them, and we plan to continue those this year.

In closing, I want to again thank the board members for their continued support. Each one of you has reached out to me or my staff to provide needed subject matter expertise, recommendations, or advice-all of which, has been greatly appreciated. I continue to be honored and humbled to be given the opportunity to lead this association and our team into my third year and am ready to face all the exciting challenges that lay ahead.

I thank you for your continued support to our association and more importantly, our United States Marine Corps.



Signed: _____

Date: 02/05/24

LtGen Charles Chiarotti, USMC (Ret)
President & CEO