

**CEO Report**  
Board of Governors  
2020 Winter Board Meeting

Executive Summary. In 2019, the MCA&F was successful in executing our mission as the professional association of the Marine Corps as we continued to actively develop Marine Corps leaders and recognize their professional excellence. During the last six months of the year, our business equivalent of tempo of operations was as high as it has been since I have been President and CEO. That said, I know that being busy does not necessarily mean an organization is doing things efficiently and being successful, however, in the case of our MCA&F staff, it means just that and we have carried that same high tempo and enthusiasm into 2020 superbly executing our mission and concurrently identifying and pursuing new opportunities.

2019 Association Financial Summary Recap. The Marine Corps Association ended 2019 having met our revenue goal largely due to continued success in uniform and uniform accessory sales together with increases in advertising and corporate sponsorship. Decreases in royalties as we transition to a new insurance partner and a decrease in membership revenue significantly impacted our bottom line. Overall expenses ended just 1% less than budget goal with some one-time costs associated with the closure of our store at Camp Lejeune. We were able to decrease costs associated with magazine production and website management expenses as our staff shouldered more of the related tasks that previously were performed by a third party. Thanks largely to the efforts of our Business Department, we achieved another “clean audit” in 2019 with no findings following the annual external review of our financial processes and associated paperwork. In the area of our Investments, we fully transitioned from USAA to Merrill Lynch for the management of our fund. Additionally, thanks to the outstanding work of the board’s Finance Committee working with our Business Department, we were able to enjoy a good amount of 2019’s bullish market. We are excited and optimistic about our new relationship with Merrill Lynch.

Strategic Plan. We continued executing our Strategic Plan in 2019. This document has proven valuable as a roadmap guiding our operations and future planning. We have learned much as we execute this first ever MCA&F strategy and are looking forward to rewriting and updating the strategy in the first half of 2020.

Membership. Despite our best efforts, membership was a major disappointment in 2019. The overall number of MCA&F members declined by approximately 15%. This decrease in members is a result of numerous factors including tightened restrictions related to accessing and briefing Marines at the recruit depots and schools of infantry, reluctance of Marine Corps officer and enlisted leaders to talk about the importance of professional development and MCA&F in the same discussion for fear of undue command influence, and lack of a Marine Corps/Commandant of the Marine Corps position on MCA&F as the professional association of

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the Marine Corps to assist in supporting and sustaining our organization. Rest assured, however, that we are not just admiring this challenge. We are attacking it with vengeance along several lines of effort in 2020 both working to acquire new members and retain current ones. Additionally, this year we plan to work even closer with the Commandant, his legal advisors, and other leadership to develop a HQMC institutional position on membership that we hope will facilitate our greater access and also give active duty leaders the clarity they require to talk freely about the benefits of MCA&F as the professional association of the Marine Corps.

Publications. The Gazette continued to serve as the foremost forum for professional debate and the exchange of ideas on the most important issues facing the Corps. Throughout 2019, both in print and online, the Gazette has published the work of authors from across the Force and the wider Marine Corps community sharing both official and personal positions on innovation, leadership, naval integration, and every MAGTF element and occupational field. Leveraging MCA&F's improved website, the Gazette's readership now has access to expanded digital content, a comments forum and a variety of professional references and resources. The Gazette blog, a warfighter's "book club," has given Marines the chance to exchange ideas and opinions of a variety of professional works ranging from "Callsign Chaos" to the 38<sup>th</sup> CPG. Of note in 2019 the Gazette facilitated the growth of the TECOM Warfighting Society forming "chapters" in Hawaii, Camp Lejeune and Okinawa by supporting the group's wargaming and PME efforts and working to publish relevant content from the group and individual members.

Leatherneck continued to successfully accomplish its mission of telling the story of Marines, yesterday's, today's and tomorrow's, throughout 2019 in a variety of ways from our coverage of 2<sup>nd</sup> Marine Division's participation in MWX1-20 at 29 Palms, articles from our archives commemorating the 75<sup>th</sup> anniversary of some of World War II's most ferocious battles including "D-Day at Peleliu," and an exclusive interview with the 26<sup>th</sup> Secretary of Defense and retired Marine General James Mattis. We also highlighted the exceptional work of the Awards Branch at Headquarters Marine Corps and of the Semper Fi Fund, among others. Leatherneck also continued its annual writing contest recognizing the top three articles including first place winner's "The Leader" by Cpl Taryn Brackett who wrote about her squadron commander, LtCol Christopher Browning, and saw two other articles receive Marine Corps Heritage awards — Cpl Kyle Daly's "The Legacy of Holland M. Smith" won the Tom Bartlett Award for superior writing by an enlisted Marine and veteran Marine Kyle Watts "The Flying Ladder" received the prestigious Robert B. Heinl award for feature writing.

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Events & Corporate Sponsorship. In 2019, MCA&F hosted 15 Professional Development and Excellence Awards Events. These included professional dinners at Camp Pendleton, Okinawa, Camp Lejeune and Albany GA and in support of the occupational field communities of Logistics, Ground, Acquisition, C4, Intel, Combat Development and Ammunition. Additionally, we hosted an event recognizing the 10-year anniversary of our Foundation and a professional development lunch event where General Mattis joined as the guest speaker. We exceeded corporate sponsorship budget goals and added to our list of industry partners and are now over 185 strong.

Retail Operations. In 2019 we were just below our estimated retail budgeted amount by less than 1%. We continue to be successful in uniform and uniform accessory sales to brand new lieutenants out of Officer Candidates School and the U.S. Naval Academy as well as select colleges around the nation. Throughout the year we made slow but steady progress in our on-line ecommerce sales.

Ongoing Initiatives & Future Opportunities

**National Military Association (NMA Request).** Recall that we prepared and submitted a request to Office of the Secretary of Defense (OSD) (via CMC & SecNav) last May to be officially recognized as a NMA. As an NMA, the Marine Corps is authorized to provide support for their annual national conference or convention. This support includes limited air and ground transportation, communications, and security support to the extent that support is either not available or insufficient in the local economy. The Marine Corps currently does not have a designated national conference or convention. You may also recall that the Marine Corps League (MCL) is already recognized as a NMA by OSD. Designation of MCA&F as a NMA postures us to support the Marine Corps' annual national conference or convention in the future. We are pleased to announce that OSD Public Affairs Memo to SecNav and CMC says that MCA&F meets eligibility requirements for prospective NMAs and more importantly, it grants MCA&F conditional approval (as a NMA). We are now working with HQMC (Office of Strategic Comm) and the Director of the Marine Corps Staff (DMCS) on their plans to satisfy OSD's stated conditions in the memo for official MCA&F designation.

**Modern Day Marine (MDM) Operations Planning Team (OPT).** Recall that MCA&F established a formal relationship with the Marine Corps League (MCL) in 2017 and over the last three Modern Day Marine Expos, has steadily strengthened this partnership to where we are today which is a 50/50 split of MDM event net profit (overall % stated in MCL contract with Emerald Expositions). Concurrent with this effort, MCA&F engaged CMC and some of his key senior leaders to include the ACMC, recommending that they: (a) take "ownership" of the current

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Modern Day Marine Expo, and (b) establish an OPT to develop options for the redesign of MDM so that the future model is “the right event, at the right place, that incorporates a trade show, academic progress, professional development, and showcases the Marine Corps to key stakeholders who will support future force design efforts.” (MDM OPT ACMC Guidance). In October 2019, the ACMC convened an OPT led by BGen Sean Salene (Director of Marine Corps Strategic Communications) and overseen by LtGen John Broadmeadow (DMCS) reporting to CMC via ACMC. CMC recently received a decision briefing from the OPT. Although we have yet to receive any official output from the briefing with CMC’s decision and/or guidance, it is our understanding that CMC is committed to keeping the MDM Expo aboard MCB Quantico for the next two years (2020 and 2021) and in 2022, will move it off of the base to a TBD venue in the Washington D.C. area. Planning continues and we have a seat at the table. Other initiatives we are either currently working or pursuing include:

- Improved E-Commerce website
- Business Partnership with the Marine Corps Marathon Office (retail)
- Partnership with Pearl Inc. Insurance (new insurance partner)
- Sandboxx Inc in support of MCA&F Membership for Marines at recruit depot
- Enhanced Member Retention Strategy / Communications
- Updated and Enhanced 3-Year Strategic Plan

As I close this report, I thank each of our board members for their support of the Marine Corps Association & Foundation. Your continued engagement coupled with the generous donation of your time, expertise and monetary gifts is mission critical and is making a difference. I remain fortunate to be at the helm of this organization and working with a dedicated and talented team in support of Today’s Marines.

Semper Fidelis,

William M. Faulkner  
LtGen USMC (Ret)  
President & CEO MCA&F

Motion: That the CEO Report be accepted as written and presented.

Approved: \_\_\_\_\_ Date: \_\_\_\_\_