



Strategic Planning Summary

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Fernley and Fernley Offices
Philadelphia, Pennsylvania

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Current Situation

A sound planning process begins with analyzing the situation as it currently exists. An organized approach to this analysis indicates a number of subjects that need to be addressed. The participants in the planning workshop carefully analyzed various phases of GAWDA: recent developments and market trends; an organization profile; the GAWDA mission; programs, services and activities; membership trends; a financial analysis and an organizational assessment. This analysis is necessary to provide a basis for the development of sound plans.

RECENT INDUSTRY TRENDS AND MARKET DEVELOPMENTS

1. Tight product supply.
2. In a cycle where consolidation is accelerating.
3. Ever changing regulatory and compliance issues.
4. Aging end user.
5. Challenge to attract next generation of distributors and manufacturers.
6. Product liability.
7. Manufacturer consolidation.
8. Distributor diversification.
9. Insurance: higher cost, diluted coverage.

GAWDA PROFILE

1. 425 distributors, 268 manufacturers (total = 693).
2. Expanded store in 2002.
3. Significant number of 2nd and 3rd generation owners.
4. Core of active participants.
5. Strong networking.
6. Industry advocate.
7. Good communications.

GAWDA MISSION

Promote the safe operation and economic vitality of distributors of industrial gases and related welding equipment and supplies.

GAWDA PROGRAMS, SERVICES AND ACTIVITIES

1. Economic conditions and location impact meeting attendance.
2. Meeting attendance holding its own in recent years.
3. Webinars increasing.

GAWDA MEMBERSHIP TREND AND PROFILE

1. Membership trend follows industry consolidation.
2. 54% of active members have annual revenue of \$3 million or less.
3. 100 members have annual sales of under \$1 million.
4. Member breakdown by volume:

\$1 – 3 million	129 members
\$3 – 10 million	163 members
\$10 – 25 million	54 members
\$25 – 50 million	19 members
\$50 – 100 million	7 members
\$100 - 250 million	8 members
\$250 - 500 million	2 members
\$500 – 1 billion	2 members
+ \$1 billion	2 members

FINANCIAL ANALYSIS

1. Stable dues revenue at \$900,000 in recent years.
2. Growth in net assets since 2000.
3. Total income: \$2.2million, net assets \$1.5 million
4. Sound financial position.

ORGANIZATIONAL ASSESSMENT

1. Authority concentrated in the Executive Committee.

2. 16-member board.
3. 7 committees.

Planning Survey

REVIEW OF KEY FINDINGS

1. Performance rating: 4.0 (“B”).
2. Issues: consolidation, regulation, board functioning and member participation.

Strategic Issues

CONSOLIDATION

1. The industry has been going on for 20 years.
2. Consolidation has evolved and now involves acquisition of larger companies.
3. GAWDA’s dues base has been reduced and meeting participation is affected.
4. At the \$10 – 20.0 million level, companies begin to add internal resources – primarily safety and compliance.

GAWDA EDUCATION

1. Small members do not attend meetings – how do we educate?
2. Current offerings: annual convention, SMC, 20 regional meetings, seminar and webinars.
3. “Online GAWDA University” is in development.
4. Eight webinars per year with an average of 80-100 participants.
5. In general, the target market is the under \$10 million members.
6. Branding and “certificate” approaches have been considered.
7. 75 – 80% of education is compliance-related.

GAWDA GOVERNANCE

1. There have been recent efforts to strengthen and engage the board.

2. Board meets twice per years.
3. Executive Committee meets via conference call monthly.
4. Board orientation initiated.
5. Future leadership an issue given the consolidation trend.

CONSULTANTS

1. \$475,000 allocated to consultant fees.
2. Consultant use: consultation, program presenters, publication articles, committee staffing.
3. Need to track member consultations.

Situation Analysis

The group analyzed GAWDA's situation by identifying its most significant strengths, resources and capabilities; weaknesses, problems, or barriers; and opportunities or potentials. In each area, participants ranked the two most significant of those proposed. The number of votes or points follows each issue. In most cases, effective strategy is the result of matching the organization's strengths with opportunities or problems.

CORE GAWDA STRENGTHS, RESOURCES OR CAPABILITIES

1. Networking. (13 points)
2. Education. (11 points)
3. Safety and compliance services. (10 points)
4. Member ownership of GAWDA – sense of belonging. (2 points)
5. Gather, promote and move forward as one. (Not ranked)
6. Welding and Gases Today (Not ranked)
7. Financial position. (Not ranked)
8. Board/staff leadership. (Not ranked)

KEY GAWDA WEAKNESSES, PROBLEMS OR THREATS

1. Shrinking membership. (16 points)

2. Maintenance of services as revenues decline. (10 points)
3. Delivering value to membership – tracking and reporting value to members. (6 points)
4. Competition. (3 points)
5. Future leadership (1 point)
6. Lack of future vision. (Not ranked)
7. Involvement of existing distributors. (Not ranked)
8. Lack of organizational alliances. (Not ranked)

MAJOR GAWDA OPPORTUNITIES OR POTENTIALS

1. Online education.
2. “GAWDA Edge”.
3. Regional meetings.
4. GAWDA branding.
5. Partnering / alliances.
6. Industry leadership.
7. Leverage consultants.

Assumptions and Forecasts

“Assumptions” are temporary estimates regarding important probable developments which cannot be predicted with accuracy and over which GAWDA has no significant control. They reflect the current thinking of the group. The workshop participants made the following assumptions and forecasts:

FUTURE MARKET CONDITIONS AND ENVIRONMENT FOR INDUSTRIAL GAS AND WELDING EQUIPMENT DISTRIBUTORS

1. Shrinking customer base.
2. Increased demand.
3. Tight gas supply.

4. Tight metal markets.
5. Pressure on margins.
6. Increased regulation, in particular homeland security and FDA.
7. Increased use of technology.
8. Economic downturn likely in the next five years.
9. Traditional distribution will continue to be viable, but alternative channels will grow.
10. Welding fume liability exposure will continue.
11. The number of member and non-member distributors will decline from 700 in 2007 to 500-550 in 2012.
12. The trend to globalization will continue: global competition, sourcing and ownership

FUTURE PROFILE AND CHARACTERISTICS OF THE GAWDA DISTRIBUTOR

1. Will continue to need compliance information and assistance.
2. More gas-oriented.
3. Transition to 3rd and 4th generation ownership.
4. Distributor size will continue to vary significantly
5. Use of technology for ordering, tracking, accounting and to respond to customer requirements.

ASSUMPTIONS REGARDING GAWDA

1. Reliance on associate member financial support.
2. Will continue as a strong association and be financially sound.
3. More delivery of benefits and value online.
4. Distributor membership of 300 – 350 in 2012 from 425 in 2007.
5. Growth of international manufacturer member.

GAWDA Objectives (2007 – 2010)

An objective is a temporary but careful estimate regarding a future result which cannot be projected with accuracy but which is believed can and should be achieved through GAWDA's efforts and commitment of resources. Objectives should be derived from a careful analysis of future development and potentials, with relatively less reliance placed on historical data and the projection of past experience. Objectives should always be stated within a span of time. The group established the following three-year objectives and placed them in priority.

Priority sequence was determined by a voting process in which participants in the workshop were provided with a handout sheet. Participants were asked to choose three objectives and write the corresponding identification letter in the appropriate box for a #1, #2 and #3 ranking. Items ranked #1 received three points, items ranked #2 received two points and items ranked #3 received one point. Points were then tabulated and objectives were ranked.

1. Strengthen GAWDA's influence and proactivity in government regulation while maintaining its position as a source of compliance information and assistance. (39 points)
2. Develop a five-year GAWDA financial strategy. (19 points)
3. Improve GAWDA governance and development of the future leadership. (18 points)
4. Expand the scope of GAWDA educational programming. (15 points)
5. Determine the future needs and role of GAWDA associate members. (14 points)
6. Evaluate GAWDA meetings and design the optimum meeting schedule format. (3 points)

Regulation

COMMENTS AT THE PHOENIX PLANNING SESSION

1. Includes a.) proactive ("get ahead of the game") advocacy and b.) maintaining regulatory compliance information and support.
2. Address CGA relationship and other alliances.

3. H.R. issues for small distributors.

SPECIFIC ASSUMPTIONS AND PREMISES

1. Given the nature of the industry, government regulation will be a constant.
2. New areas of regulation are likely; expansion of existing regulation is possible.
3. There is the potential of increased enforcement activity.
4. GAWDA has been primarily in a reactive mode – we generally respond to proposed regulations.
5. In some areas, GAWDA has been involved in the developmental stages of proposed regulations.
6. CGA is very influential in this area.
7. AWS and NFPA are also influential in their respective areas of regulation.
8. GAWDA members belong to and participate in CGA and AWS; GAWDA leadership is invited to attend CGA and AWS meetings.

PERFORMANCE MEASUREMENTS

1. Increased influence within lead organizations in the regulatory development process.
2. Contingency response plans for likely adverse events to mitigate regulatory overreaction
3. Increase member company participation in compliance seminars or compliance programs from 50* in 2006 to 270 in 2010 (75% of 350 members)

ACTION PLANS

1. PROJECT: Strengthen and formalize GAWDA liaison with CGA, AWS, NAW and NFPA

RESPONSIBILITY: Bob Ames

SCHEDULE: October 2007

RESOURCES Leadership Development Committee

2. PROJECT: Develop contingency response plans for adverse events that have regulatory overreaction exposure
- RESPONSIBILITY: Bonnie Stanage
- SCHEDULE: March 2008/Workshop
- RESOURCES GAWDA member company contingency plans
3. PROJECT: Develop a comprehensive delivery system to significantly improve access to and participation in GAWDA compliance seminars or training programs
- RESPONSIBILITY: Kent Van Amburg
- SCHEDULE: March 2008
- RESOURCES Compliance workshops, consultants, GAWDA Online University, webinars

Financial Strategy

COMMENTS AT THE PHOENIX PLANNING SESSION

1. Address implication of consolidation on dues (e.g. the cap).
2. Associate support.
3. Sponsorships.

SPECIFIC ASSUMPTIONS AND PREMISES

1. Dues revenue will be affected by consolidation.
2. Dues have been raised to maintain income levels, compensating for declining membership.
3. A fixed annual incremental dues increase is an option (e.g. CPI-based or a set percentage increase)
4. Dues categories and benefits should be evaluated.

5. Consultant and management fees should be evaluated in the context of serving a smaller membership base.

PERFORMANCE MEASUREMENTS

1. Five year financial forecast and strategy in place.

ACTION PLANS

1. PROJECT: Project dues income for 5 years factoring in anticipated consolidation based on the current dues structure; evaluate benefits included with dues; recommend new dues categories, benefits and annual rate increase

RESPONSIBILITY: _____ GAWDA Treasurer

SCHEDULE: February 2008 draft; March 2008 for Board action

RESOURCES Kent Van Amburg, TBD
2. PROJECT: Evaluate non-dues revenue; develop forecasts and assumptions; and make recommendations for the next 5 years

RESPONSIBILITY: _____ GAWDA Treasurer

SCHEDULE: February 2008 draft; March 2008 for Board action

RESOURCES Kent Van Amburg, TBD
3. PROJECT: Estimate annual project fees that will be incurred in addition to the base management fee; evaluate consultant fees and arrangements; develop five year expense projections

RESPONSIBILITY: _____ GAWDA Treasurer

SCHEDULE: February 2008 draft; March 2008 for Board action

RESOURCES Kent Van Amburg, TBD
4. PROJECT: Compile five year financial projections and strategy

RESPONSIBILITY: Kent Van Amburg and _____ GAWDA Treasurer

SCHEDULE: June 2008 for the 2009 budgeting process

RESOURCES	Dues revenue, non-dues income, and expense projections
5. PROJECT:	Implement revised dues schedule for 2009
RESPONSIBILITY:	Kent Van Amburg
SCHEDULE:	September 2008
RESOURCES	TBD

Governance / Leadership

COMMENTS AT THE PHOENIX PLANNING SESSION

1. GAWDA Edge.
2. Associate role.
3. Board self-assessment.

SPECIFIC ASSUMPTIONS AND PREMISES

1. The Board will be more active and empowered.
2. The Board will not be a “rubber stamp.”
3. Terms and officer positions need to be reevaluated to improve volunteer performance.
4. Board development should be ongoing.

PERFORMANCE MEASUREMENTS

1. Continuous improvement in annual Board self-evaluation surveys.
2. Annual Board development exercise conducted.

ACTION PLANS

1. PROJECT: Conduct and review an annual Board self-assessment

RESPONSIBILITY: _____ GAWDA President Elect

SCHEDULE: SMC

RESOURCES Consistent self-assessment instrument

2. PROJECT: Conduct one Board development program annually

RESPONSIBILITY: _____ GAWDA President Elect

SCHEDULE: Annual Convention

RESOURCES TBD

Education

COMMENTS AT THE PHOENIX PLANNING SESSION

1. Delivery via technology.
2. Expanded content.
3. Webinar frequency.
4. GAWDA University on-line.

SPECIFIC ASSUMPTIONS AND PREMISES

1. Compliance requirements create an ongoing demand for training.
2. Online training will increase significantly for areas like HAZMAT, fork lift and some human resource areas.
3. There is mandated training that is required on an annual, bi-annual and tri-annual basis.
4. Education can be broadly categorized in three groups: a) compliance (required), b) operational improvement and c) products/processes.
5. All the content exists; how can GAWDA compile and disseminate it?
6. Access is an issue, particularly for the small distributor.

7. Education will be a growing area of importance for GAWDA in the coming years.
8. Manufacturer members of GAWDA share many areas of educational needs with distributor members.

PERFORMANCE MEASUREMENT

1. Increase member company participation in compliance seminars or compliance programs from 50* in 2006 to 270 in 2010 (75% of 350 members)

ACTION PLANS

1. PROJECT: Determine how to operationalize GAWDA Online University: content ownership and development; infrastructure and capacity; financial arrangements; exit and contingency strategy

RESPONSIBILITY: Bryan Gentry

SCHEDULE: Plan with options and recommendations September 2007

RESOURCES Task Force, NORCO

2. PROJECT: Develop a Compliance Seminar plan to significantly increase member company participation.

RESPONSIBILITY: Board Member To Be Determined

SCHEDULE: 2008 Plan by November 2007

RESOURCES Consultants

3. PROJECT: Develop a comprehensive delivery system to significantly improve access to and participation in GAWDA compliance seminars or training programs

RESPONSIBILITY: Kent Van Amburg

SCHEDULE: March 2008

RESOURCES Compliance workshops, consultants, GAWDA Online University, webinars

Associates

COMMENTS AT THE PHOENIX PLANNING SESSION

1. Why do they belong?
2. Do you want more? Or What more could we give you?

MAY ACTION PLANNING SESSION

It was determined that no action was required on the associate issue.

Phoenix Summary Comments and Observations

1. Covered a lot of ground.
2. No dramatic change in direction.
3. Constructive and worthwhile.
4. Educational for new board members.

Action Planning Summary Comments and Observations

1. We really “zeroed in” on the compliance education opportunity.
2. We are attempting to anticipate regulatory issues and our future financial situation.
3. The financial strategy will take time, but it is critical.

Next Steps

1. Distribute report to the Board for action in September.