CFA Institute

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Board of Governors
Meeting Minutes

17-18 October 2016
Charlottesville

Board of Governors Present:

Heather Brilliant, CFA
Elizabeth Corley, CBE*
Daniel Gamba, CFA
Beth Hamilton-Keen, CFA
Robert Jenkins, FSIP
Attila Koksal, CFA
Frederic Lebel, CFA (Meeting Chair)
Mark Lazberger, CFA
Colin McLean, FSIP
Diane Nordin, CFA*
Scott Proctor, CFA
Sunil Singhania, CFA
Paul Smith, CFA
George Spentzos, CFA, FSIP
Zouheir Tamim El Jarkass, CFA
Michael Trotsky, CFA
Yu Hua, CFA

Board of Governors Absent:

Lynn Stout

Presidents Council Representatives Present:

Lamees Al-Baharna, CFA
James Bailey, CFA
Simon Cawdery, CFA
BD Deora, CFA
Daniel Fasciano, CFA
Clayton Gall, CFA
Steven Gattuso, CFA
Christian Heuer, CFA
Anne-Katrin Scherer, CFA
Ken Yee, CFA
Susan Williams, CFA

Presidents Council Representatives Absent:

Philip Graham, CFA

Leadership Team Members Present:

Gary Baker
John Bowman, CFA
Bjorn Forfang
Darin Goodwiler
Stephen Horan, CFA
Sheri Littlefield
Nitin Mehta, CFA
Nick Pollard, CFA
Kurt Schacht, CFA

Leadership Team Members Absent:

Elaine Cheng
Michael Collins
Donna Marshall

Others Present:

Nancy Dudley
Stephanie Ennaco
Rebecca Fender, CFA
Rob Gowen, CFA
Joseph Lange (Meeting Secretary)
Dave Larrabee, CFA
Sandy Peters, CPA, CFA
Roger Urwin, FSIP

Materials Provided:

Board Meeting Pack

* Present for part of the meeting

Green – Approved Resolutions
Red – Withdrawn Resolutions
Blue – Action Items

MONDAY, 17 OCTOBER

INTRODUCTION AND WELCOME
Presenter: Frederic Lebel, Board of Governors Chair

The Board meeting was called to order, quorum obtained, and brief welcoming remarks with an overview of the meeting agenda provided. It was highlighted that the three Board priorities defined at the Board Retreat in London would represent about two-thirds of the meeting time. The Board Chair requested declarations of any conflicts of interest, as they pertained to the topics on the agenda, to be disclosed. None were reported.

CEO REPORT
Presenter: Paul Smith, President and Chief Executive Officer at CFA Institute

The CEO was asked to elaborate on how the organization was addressing staff's struggle to connect the three strategic functions laterally to promote the free flow and adoption of ideas between them. In response, it was noted that it had been challenging to establish a research and development function (Standards and Advocacy) that flowed into Member Value and ultimately into Credentialing. The connections within the organization were simply not in place yet to allow these synergies between the three functions to occur. More work would need to be done in this regard.

The governors congratulated the CEO for the many achievements of the organization and was asked whether he was receiving enough formal feedback from the Board. The CEO welcomed input from the Board and noted that the members of the Leadership Team would benefit greatly from constructive feedback as well. The credential was as strong as ever, but there were some concerns about keeping it as relevant as possible down the road. Some other areas of improvement included content generation, the codes and standards, and administrative operations.

It was stated that Claritas had been rebranded to CFA Institute Investment Foundations on September 12th. The price for corporate clients had been reduced to $200 USD, and the curriculum had been made more accessible. Instead of having the IPart group focus solely on sales, the Relationship Management team had been focusing more on C-suite engagement as a means of generating uptake in Investment Foundations. The goal for FY17 was to reach 14,000 certificates (up from 4,800 in FY16). It was recognized that even if the organization met this figure, it would still be losing money on the initiative. If Investment Foundations failed to reach its target levels in the next 12 months and beyond, the CEO would come back to the Board and reevaluate the direction of the program.

The CEO was asked about the work being done to address the 42% affiliate membership gap in the state of New York, which was higher than all of the societies in Europe combined. In response, it was reported that the Americas and society relations staff had been doing an excellent job strengthening the partnership with New York, such as assisting with the member dues renewal process. Based the current efforts, the CEO expected the affiliate membership gap to decrease in the coming year.

The Board would receive all of the data and reporting related to the progress of the Brand Campaign, and would need to review and approve the budget proposal for brand expenses in FY18.[FY17.1] The objective would be to increase the spend at the local society level and global level, and part of that conversation would be whether or not the organization was hitting the right metrics and moving in the right direction.

The organization was strategically shifting test center capacity and would therefore reallocate several locations in the US and Canada to the APAC region. There was a need to move resources to population centers and reduce the number of people crossing borders to take the exam, shifting resources to Latin America, China, and India was the best way to fill the demand at present.

<u>FINANCIAL REPORT</u>

Presenter: Sandy Peters, Interim Chief Financial Officer at CFA Institute

The Financial Report had been included in the meeting materials with reference to the FY16 results as well as those for FY17 thus far.

- It was reported that there had been a $20M increase in the investment portfolio due to an appreciation in unrealized gains. The balance sheet had grown by $67M due in part to the unrealized appreciation, operating results, growth of the overall program, and simple collection of cash being held until the exam occurred in FY17.
- With regards to FY17, the December exam registrations were up 12% or 2% over budget, and June registrations were up 15% or 5% over budget. Based on historical trends, it was unclear if this progression would last as these figures typically leveled out over the year. There had been a 30% increase in New Level I registrations in India and China while there had been a 5-6% decline in the US and Canada. The organization would monitor these figures to see how or if they fluctuated over time.

The CFO highlighted in terms of member expense and candidate revenue, there would be long term strategic implications to the budget in the future. CFA Institute had done a contingency budget to see how it would respond if things did not turn out as planned. In the future, the organization also recognized it would need to figure out how the money generated from the developing world could be put back into the developing world, rather than be used to sustain membership in the US and the UK.

It was explained that CFA Institute was capitalizing a lot on the digital core transformation. The financial statements had listed the project at about $3M, but the total would be about $5M. The amortization would not begin until the organization had actually put the technology in service, making the amortization period three to five years.

<u>It was recommended that as CFA Institute started to allocate its resources, it also begins to create a profit and loss statement.</u>[FY17.2] <u>In addition, it was requested that a basic headcount report of on the ground resourcing by market be provided.</u>[FY17.3] The Board felt that it was important to see if resourcing was in line with levels of growth in the various regions.

It was emphasized that CFA Institute had no appetite for a negative operating margin and would not allow its expenses to increase more than its revenues. If the organization experienced a year with major disruption in candidate generation, there were certain expenses, such as those related to the Brand Campaign and society funding, which could be dialed down, and others, such as those tied to operations, that could not. In terms of savings, the organization could recoup $10M overnight and $30M within six to nine months.

It was clarified that the business model, headcount, and efficiency trends had targets attached to them. At present, there were roughly 400,000 candidates and members to serve and 630 staff, which came to roughly 635 units per head. The organization hoped to improve that ratio by 10% in FY17 and year over year.

Furthermore, the business model would show an increase in society funding to support more society staff and a decrease in internal resources to support that same effort. The objective was to shift away from the center and push more capabilities to the societies.

<u>NOMINATING COMMITTEE REPORT</u>
Presenter: Beth Hamilton-Keen, Board of Governors Past Chair and Nominating Committee Chair

The Nominating Committee (NC) met in Charlottesville, its second meeting of the year. The bulk of the workload lay ahead for the NC in the next few months.

The main objective would be to identify candidates for nomination to the Board as well as make recommendations to the Board for the positions of Board Chair and Vice Chair. The awards process, which had been recently included in the NC remit, would be addressed later in the fiscal year. The committee was also taking into account the Board's mandate to reduce the Board size to between 10 and 15 governors and Board composition to at least 30% women by FY18.

The NC had spent a great deal of time on candidate skill sets in the framework of the following five competencies: business judgment, interpersonal communication, cultural sensitivity, tone at the top, and passion for CFA Institute.

In line with Public Company Standards (PCS), the NC was focused on improving the transparency around the process while still retaining the confidentiality of the content. The NC was engaged in an open and fair process to identify candidates, and wanted to share with the full group that campaigning for one individual should be discouraged as this tended to be a negative for that person in terms of the desired competencies.

The NC had been implementing several improvements to the process at the direction of Mr. Gamba, and the committee was pleased to report that it had a short list of candidates to consider for this year's nominations cycle. There was also a development list in place that consisted of individuals for the NC to discuss over the next three to five years. It was also noted that a process for archiving candidates had been established to move names off the development list, but in a way that retained this information for future NC members.

The NC Chair stated that the short list of candidates would be shared with the Board in the afternoon executive session. This was just one way the committee planned to bring more transparency to the process and have the Board's input in advance of the NC's due diligence and interview work.

It was affirmed that there was no commitment to the nominations slate without approval from the full Board.

<u>AUDIT AND RISK COMMITTEE REPORT</u>
Presenter: Scott Proctor, Audit and Risk Committee Chair

Entering the Charlottesville meeting, a skills assessment survey had been shared with the committee to determine its current composition and where additional training was needed and/or wanted. Other topics covered at the Charlottesville meeting included management estimates, the Digital Core Transformation and information security, enterprise risk management, as well as the overall risks facing CFA Institute from an international entity point of view.

It was stated that Mr. Spentzos had assumed responsibility as the liaison to the Disciplinary Review Committee, and would be involved in the process this coming year. Furthermore, the committee would be engaging in an independent benchmarking project for the Professional Conduct Program and the disciplinary review process to assess this work over the course of FY17.

The committee would continue to monitor IT risks, which were considered to be the highest priority of ARC oversight in the coming year. The Board would be kept informed as appropriate. Another area of focus for the year would be the key performance metrics. The committee would seek to ensure that the organization was not taking any risks that had not been reflected in its own overarching goals.

In terms of the external audit, the annual fraud assessment would be completed as part of the standard process. It was also noted that PwC UK had proposed a joint research project with CFA Institute. The ARC was currently obtaining more information on what the request would actually entail.

The incident escalation policy had been approved in July 2016, and the whistleblower policy had been approved in September 2016. The incident escalation procedures for the Board would be drafted in FY17 and would take into account the survey results from the governors received in July 2016.[FY17.4] It was recommended that the whistleblower policy approved by the ARC be brought to the full Board for review and approval, perhaps at the next meeting. The Board Chair expressed his agreement.[FY17.5]

PRESIDENTS COUNCIL REPORT
Presenter: Dan Fasciano, Presidents Council Chair

It was remarked that the downside to partnership was the fact that more was being asked of the societies. There seemed to be an apparent weariness among society leaders, and CFA Institute was encouraged to have societies focus on doing two or three items at 100% instead of multiple items at once. Looking at programming, there appeared to be a trend for societies to conduct fewer, higher impact programs. Regarding governance, the societies had been encouraged to take inspiration from the Board and to review their own governance structure for opportunities for improvement.

With regards to the busyness factor, the CEO stated that the Managing Director of Relationship Management and his team would be addressing this very issue. At present, there were too many different people from too many different areas of CFA Institute hitting the societies and making them feel overwhelmed. The organization was providing the societies with more funding and resources, but there needed to be a clear objective behind that to ensure a common mission was being shared. Providing societies with tool kits for branding initiatives and more “in the box” type thinking was one example of how this could be accomplished.

It was stated that there seemed to be some confusion with regards to the purpose of the Society Partnership Advisory Council (SPAC). For the purposes of consistent talking points, it was clarified that the council was meant to ensure collaboration between all interested parties, the societies, Board, PCRs, and staff. It was recognized that council was entering its first year in operation and that there would be opportunities to make improvements to its function as needed in the future.

COMMITTEE CHARTERS PROPOSAL
Presenter: Sheri Littlefield, Managing Director and Chief Legal Officer at CFA Institute

There had been a few notable changes in the draft charters since the July meeting. First, the previously recommended Nominating, Governance, and Awards Committee would now just be called the Nominating Committee and include the work associated with the nominations and awards functions. Second, the governance function had been moved under the scope of the Executive Committee. Lastly, each charter now included provisions on reporting and self-evaluation for the purposes of clarity and consistency.

The following resolution was approved unanimously:

RESOLVED, that the Board of Governors accepts and approves the following Charters substantially in the form presented:

1) Executive Committee Charter
2) Compensation Committee Charter
3) Audit and Risk Committee Charter
4) Nominating Committee Charter
5) Investment Committee Charter

DELEGATION OF AUTHORITY PROPOSAL

Presenter: Sheri Littlefield, Managing Director and Chief Legal Officer at CFA Institute

The Board was directed to the Delegation of Authority (DOA) proposal in the meeting materials. At present, the basis for where decisions were made had been contained in the organization's governing documents, including the Articles and Bylaws, the charters, and some policy documents. Having a DOA document that clearly delineated what decisions should be made by the Board and what matters that they should be informed of was in line with best practices and a significant step forward for the organization.

The DOA proposal was the result of reviewing CFA Institute's governing documents as well as past Board minutes to understand the types of decisions being made by the governors over the years. It was clarified that the Board was not being asked to approve this initial document iteration at this meeting. The governors were encouraged to share their feedback between now and the next Board meeting, when staff planned to approach the Board for final approval on the DOA proposal.[FY17.6]

There was some discussion on the Board's role as it pertained to the Standards and Advocacy (S&A) function. It was suggested that this be added to the DOA list, at the very least, as a "Board-notified" item.[FY17.7] In response, the CEO stated that, historically, the Board did not have approval over CFA Institute's policy positions. Notification was obviously a different matter. It was believed that since the Board changed on an annual basis and since most governors had professional obligations as well, opening S&A positions to Board approval would create more conflicts and challenges than anything else.

The group was reminded that the purpose of the advocacy work was to be bold; and, if the CFA Institute voice was trying to move through too many different layers of approval, it could end up being muted or too tame. A balance between approval and awareness, and where the line was drawn would need to be determined.

INFORMATIONAL ITEMS

Presenter: Frederic Lebel, Board of Governors Chair

The informational items section had covered several important initiatives currently being pursued by CFA Institute. The purpose of this agenda item was to limit lengthy presentations and provide only written updates for the Board's attention. If the Board felt that any topic required further discussion, it would be designated for a meeting between now and the next in person meeting in February.

It was noted that in the future these documents would be prepared in an appendix separate from the main Board meeting materials.[FY17.8]

Differential Pricing for Member Dues
It was clarified that the societies had helped staff set the price for the pilot study in their respective regions. $100 USD had been as low as the organization was willing to go, and the idea now was to just go with $100 USD across the map.

One of the goals explained by management was to learn which levers of the value proposition were really driving value at the local level. The main purpose of the pilot study was to test the price and impact on retention; however, it was noted that these results should be considered in tandem with the Member Satisfaction Survey results for the best outcomes.

Professional Conduct Program
The organization was endeavoring to promote the work of the PCP to further CFA Institute's reputation as a professional body, one that people could approach to report misconduct in the industry.

It was also reported that the PCP group would be conducting a benchmarking exercise with other professional organizations in the coming year to share best practices, improve the efficiency of maintaining the codes and standards, and take costs into consideration. In six to nine months, the PCP group anticipated to have some recommendations to share with the Board.[FY17.9]

Brand Campaign
It was stated that these ads were being tested with focus groups, the results of which would be provided to the Board. [FY17.10] This data would help the organization determine which option would have the greatest impact, keeping in mind that there were different targets in different markets (i.e. HNWI in US, institutional in India, etc.).

Rather than engaging on the creative piece, Ms. Corley emphasized that the Board should be discussing the Brand Campaign at a more strategic level to understand the flow of the brand development, the target audiences, and what the organization should be doing in partnership with the societies, for instance.

The Board Chair remarked that it might be worthwhile to hold a discussion with the Board and the Managing Director of Services Delivery between now and the next meeting in Dubai. This would help governors to better understand how the organization was measuring the impact of its campaigns.

ARTICLES AND BYLAWS
Presenter: Sheri Littlefield, Managing Director and Chief Legal Officer at CFA Institute

The Board was reminded of the timing of certain changes to the CFA Institute Articles and Bylaws in line with the decisions already made on the Board's size, committee structure, and composition. Board approval of the changes the organization intended to make would need to be obtained in January for inclusion in the proxy statement at the end of March for the Annual General Meeting in May. At the January meeting, the CLO would provide the Board with a full and detailed description of the changes requiring a member vote. [FY17.11]

There were two specific areas drawn to the Board's attention: the idea of providing greater clarity in the purpose statement of the organization's scope of advocacy activities, and the idea of having the Board approve on an exception basis the society bylaws that differed as required by their local laws and governmental regulations from the standard CFA Institute template.

Outside counsel had reviewed and stated that while there was not explicit language around the organization's advocacy activities, the language in the purpose statement was broad enough that engaging in these types of activities would not be deemed beyond the scope of CFA Institute's permitted activities. However, greater clarity was always a good thing, and the Board was encouraged to consider this opportunity to do so. It was noted that the legal concerns here were very low.

The potential changes to the Articles and Bylaws was a strategic issue for the Board, and it was important to understand that some of these revisions could be revisited for the following year. The Board would need to decide what changes to put in the proxy statement and when.

CONSENT ITEMS

Presenter: Frederic Lebel, Board of Governors Chair

The following resolutions were approved unanimously:

- **Revisions to the Future of Finance Advisory Council Charter**
  RESOLVED, that the Board of Governors accepts and approves the revised Future of Finance Advisory Council Charter substantially in the form submitted.
- **Appointment to the Audit and Risk Committee**
  RESOLVED, that the Board of Governors accepts and approves the appointment of Zouheir Tamim El Jarkass, CFA, to the Audit and Risk Committee for FY2017 to replace Lynn Stout as a member.

The resolution on the United Nation's Global Compact was withdrawn.

FUTURE OF THE INVESTMENT MANAGEMENT INDUSTRY BRAINSTORMING SESSION

Presenters: Frederic Lebel, Board of Governors Chair
Roger Urwin, Strategic Director of and Consultant for the Future of Finance at CFA Institute.

During this session on one of the three Board priorities, the Board, PCRs, and Leadership Team were asked to think about the future of the investment industry and its implications for curriculum and member value. The materials gathered in this session would inform the work of the Future of Finance Advisory Council.

In the first segment, the participants were polled on six areas – geo-politics, institutional investors, investment skills models, investment business models, technology models, and investment models – to map out their beliefs on the industry landscape in the next five to ten years and where their worldview might need to change.

In the second segment, the participants were divided into five discussion groups and asked to consider the current state and future state of the aforementioned areas (with the exception of geo-politics) and what responses and actions CFA Institute could take to produce better outcomes for its mission provided these changes.

RELEVANCE OF THE CFA CHARTER

Presenters: Steve Horan, Managing Director of Credentialing at CFA Institute
Bobby Lamy, Head of Practice Analysis at CFA Institute

During its London Retreat, the Board identified the relevance of the CFA charter as one of its three priorities. The CFA Program had relatively low market penetration of 9%, which had informed the SWOT analysis conducted in 2014. The study had specifically sought out non-adopters who had made an active decision not to adopt the CFA Program. It was estimated that the total financial services industry included between eight and nine million people. Of the organization's 145,000 members approximately 80,000 to 90,000 worked in front-facing roles.

It was argued that CFA Institute should widen the funnel and make continuing learning opportunities and courses more readily available online. The focus should not just be on the CFA Program alone to gauge relevance.

It was asked if the curriculum could also address some of the other areas of the investment management industry that were fast growing and exciting. The response was that the organization could certainly move in this direction, it would just need to redefine the expected outcome and consider what items to remove from the curriculum. The fundamentals that were removed could possibly be offered via online learning modules.

The organization had been enjoying extraordinary growth, particularly in emerging markets in the context of an asset management industry that was declining. There seemed to be two options going forward: CFA Institute could either transform its current curriculum or its delivery construct for growth.

The percentage of individuals who leave the program after Level I was increasing, especially in the Asia Pacific region. Those leaving after Level II and III was on the rise as well. It was also noted that pass through rate for all three exams was on the decline. It was suggested that young people in China were using Level I to secure a job at an institution and then deciding they did not need Level II or III.

It was recommended that practice analysis reflect more of a B2B model. The organization should sharpen its engagement at the corporate level.

TUESDAY, 18 OCTOBER

CHINA MARKET REPORT

Presenter: Nick Pollard, Managing Director of APAC at CFA Institute

Operating in China required a good working relationship with the government, regulators, and municipal bureaus. It was a very complex structure, and the organization was fortunate to have expertise among its staff and Board members, and had also received advice from APCO, Clifford Chance, and others to ensure CFA Institute was operating safely. It was highlighted that the changes to the foreign NGO policy would be announced in the next few weeks. The organization had been preparing for the potential outcomes with internal and external counsel. The new policy around cybersecurity was also being reviewed to guarantee that CFA Institute was administering the exam safely in China.

The APAC office had also been looking to address the large number of "charter pendings" in the country, mainly through outreach. In addition, a great deal of time had been spent working with the four financial associations: the National Association for Financial markets and Institutional Investors, the Asset Management Association of China, the China Bank Association, and the Association of Insurers of China.

It was stated that the APAC region would benefit from having offices in Beijing, Shanghai, and Shenzhen; more test centers (only eight in the whole of China vs. over 40 in the US); more operating staff on the ground, particularly for IPart, finance, tax, and administration; increased university relations; and, additional IT support.

At present, the CFA Program was seen as more of an exam rather than joining an association in China. This was a recognized challenge that would be addressed.

The presenter was thanked for separating out the program candidates between mainland vs. all passport holders. It was noted that the organization was not currently tracking the migration of candidates in terms of whether they were leaving the country for career or educational opportunities, and if they were coming back.

The Board was encouraged to put more emphasis on the Chinese market in terms of business growth and managing risk.

MANDATORY CONTINUING EDUCATION REPORT

Presenters: Rob Gowen, Head of Product Solutions at CFA Institute
Dave Larrabee, Director of Corporate and Member Products at CFA Institute

In March 2016, the Board had approved the organization's plan to meet with the six largest societies in the Americas region as part of its due diligence to determine the level of support for mandatory CE and seek feedback on the strengths and weaknesses of the program in general.

On the subject of mandatory CE, opinions had been divided. Since the six largest societies represented a quarter of the global membership, its feedback was relevant and there had not been strong support for the initiative. Staff was therefore recommending that the organization suspend its due diligence on the project at this time and revisit the issue periodically going forward.

The society meetings had also confirmed that in the absence of mandatory CE, there was still a great deal the organization could do to increase participation and engagement in the program. Much of the feedback received had addressed the member experience and seemed to reflect a lot of the work currently underway.

It was reported that there continued to be a general lack of awareness of CFA Institute's CE content and resources. To narrow the engagement gap, a marketing plan had been developed and implemented, and technology upgrades were being pursued to offer easier credit tracking and attestation.

The 2014 attestation figures showed that 71% of members had engaged in voluntary testing, but only 21% had used the CE tracker tool. The Board felt that the important figure to increase was the 71% attestation rate rather than the use of the tracker. It would be important to focus on enhancing the member experience first and foremost. There was agreement that the CE program, mandatory or not, should be valuable and convenient.

ONE MEMBERSHIP PROPOSAL

Presenters: Nitin Mehta, Managing Director of Member Value at CFA Institute
Nancy Dudley, Head of Key Stakeholder Services at CFA Institute

The Board stated the need for a strong emphasis on the language used to promote one membership. More time should be invested in how to solicit for comments and frame the discussion. It would also be important to maintain the incentive to create value for members and to move members to want to be part of their local societies to the greatest extent possible. It was also questioned whether the organization understood enough the members who were electing not to join societies and what was driving this behavior.

There was agreement that the language used would be very important. At this time, staff was looking for the Board's input on the concept. If there was enough support, CFA Institute would then look to proceed further and decide on the actual language before engaging the members for comment.

In terms of pricing, the ultimate solution would likely be more complex than the current structure, but would always have the primary intention of remaining affordable for all members.

At the regional meetings, the support for the idea of one membership from society leaders had been overwhelming. However, it was also recognized that they were keen to see the details of implementation.

There was agreement that the organization should do something about society membership, regardless if the decision was to postpone action on the current proposal.

It was suggested that there be one membership, not just to a local society, but to any society of an individual's choosing. This all-inclusive approach would enhance the portability of membership. The Board was also advised to step back and target the next proxy season, because there were already a number of other items requiring a member vote in the coming cycle. CFA Institute should be strategic and thoughtful about which proposals to include over the next three years.

Post Board Meeting
Following the Charlottesville meeting, the Board Chair informed the governors of next steps in addressing one membership. The Managing Director of Member Value would engage with the Board liaisons for Member Value and members of the SPAC to develop the proposal and will consult with the governors at the February 2017 meeting. A final agreed plan will be presented to the Board in May of 2017 with the objective to bring to the membership at the Annual Members Meeting in May of 2018 for adoption. [FY17.12]

MEMBER VALUE STRATEGIC FUNCTION BRAINSTORMING SESSION
Presenters: Frederic Lebel, Board of Governors Chair
Nitin Mehta, Managing Director of Member Value at CFA Institute

Member Value was one of the three Board priorities and recent member survey had shown that members were generally happy, and the value of membership at the CFA Institute and society level had been rated highly. It was recognized that this jump could be attributed to the change in strategy, and the organization's commitment to putting the members at the center. The members had also ranked career services, affiliation and networking, recognition of the CFA brand, and educational content and opportunities high in terms of importance, but had also indicated that their satisfaction was lagging behind in these categories. In addition, members had indicated a declined usage of CFA Institute's main publications.

The issue of non-membership was discussed. Based on the survey results, members had primarily indicated that CFA Institute membership was too expensive, offered no value for their employer or themselves, and was not relevant to their job. Looking at the primary reasons for lapsed society membership, people had indicated that CFA Institute membership was enough, they were too busy, it was too expensive, or the society was too far away.

The member value strategy had been designed to address all of these challenges on four major fronts: the personalization of member value, the placement of continuing education right at core of the value proposition, the application of technology to "push" relevant value per preferences, and the partnership with CFA societies and others to increase the footprint. The FY17 member value priorities would be targeted toward careers (JobLine 2.0), affiliation (one membership), recognition (content marketing), and education (member app).