

WSO at a Glance



1996 WSO at a glance

Welcome

Welcome to the "WSO At A Glance." As a convenience to our members, we're providing you with this summary of the 1996 WSO Annual Report. Within it you will find much of the information important to you about the WSO's activities during 1996 and early 1997. In our continuing effort to serve you better, we hope you enjoy this newest publication.

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Board of Directors' Overview

The Board of Directors section of the Annual Report addresses a number of issues this year. Included in this year's report were an update on the ten goals and objectives of the WSO Business Plan (including

changes to the Sales Policy); an overview of Fellowship Intellectual Property Trust (FIPT) issues; and responses to committed motions from the 1996 WSC, including the WSO prudent reserve issue, The NA Way Magazine proposal, and the low-cost Basic Text issue.

Board Action Regarding Downturn in Sales

During 1996, the WSO saw a downturn in sales of \$272,000.00. Accordingly, the board and WSO executive management have taken a number of steps to make the office's long-term viability more secure, including a reduction in general and administrative expenses and a reduction of staff's healthcare benefits in November, 1996. In February, seeing no relief from the downturn in sales, the board approved management's reorganization plan for the WSO, which resulted in a 14% reduction in staff.

Sales Policy

All of these financial developments affected the board's actions in February regarding the Sales Policy. During that meeting, the board adopted the following philosophy statement for the WSO Sales Policy:

WSO Sales Policy Philosophy

The Mission of the WSO, Incorporated is to provide services and support which facilitate the continuation and growth of Narcotics Anonymous worldwide. . . . Since its inception, the WSO Sales Policy has been founded upon two fundamental principles: equitable literature distribution, and overall fellowship continuity and growth through a centralized provision of services. Because of this function as a world level clearinghouse for information and guidance, the WSO provides services in addition to literature distribution. Broadly, these services include:

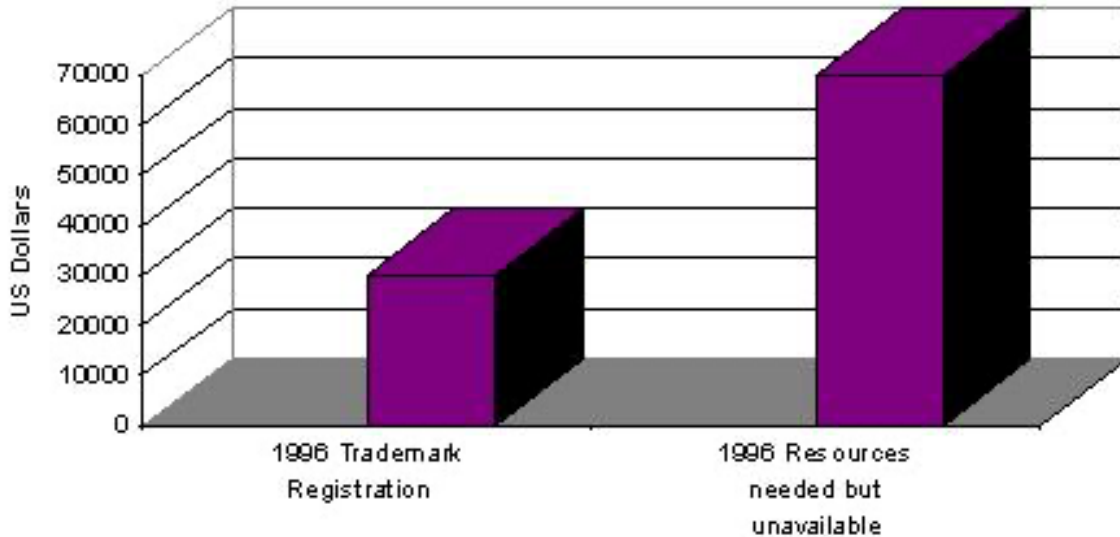
- Informational support to individuals, groups, areas, and regions, as well as local service committees, and
- Administrative support to Narcotics Anonymous World Services

Such services cost money. Thus, our literature is priced in such a way that the costs associated with providing them are offset, in part, by literature sales proceeds. It is only through members in more developed communities "giving it away" through literature purchases to members in developing communities that our growth and stability have been made possible. Our older members' willingness to shoulder the burden until our newer members are able to become self-supporting makes it possible for our message to be carried to more addicts each year, regardless of their ability to pay today. In this way, "we keep what we have by giving it away" through our sales policy as well as in our program.

The board affirmed that all decisions made regarding the Sales Policy should be based upon this philosophy statement. For more specific information about Sales Policy changes, please refer to the Annual Report section devoted entirely to the Sales Policy.

FIPT

In the FIPT section of the board's report, the directors revealed that we spent \$30,000 registering Narcotics Anonymous' logos in other countries in order to protect our fellowship's intellectual properties during 1996. However, that amount represented less than one-third the amount necessary to have fully protected NA's properties.



Over the next three years, the WSO anticipates that it will take a quarter-million dollars to fully guarantee the copyrights of our fellowship's properties around the globe. Unfortunately, given the office's current financial condition, neither the board nor the WSO management can foresee how such an amount can be made available for this purpose.

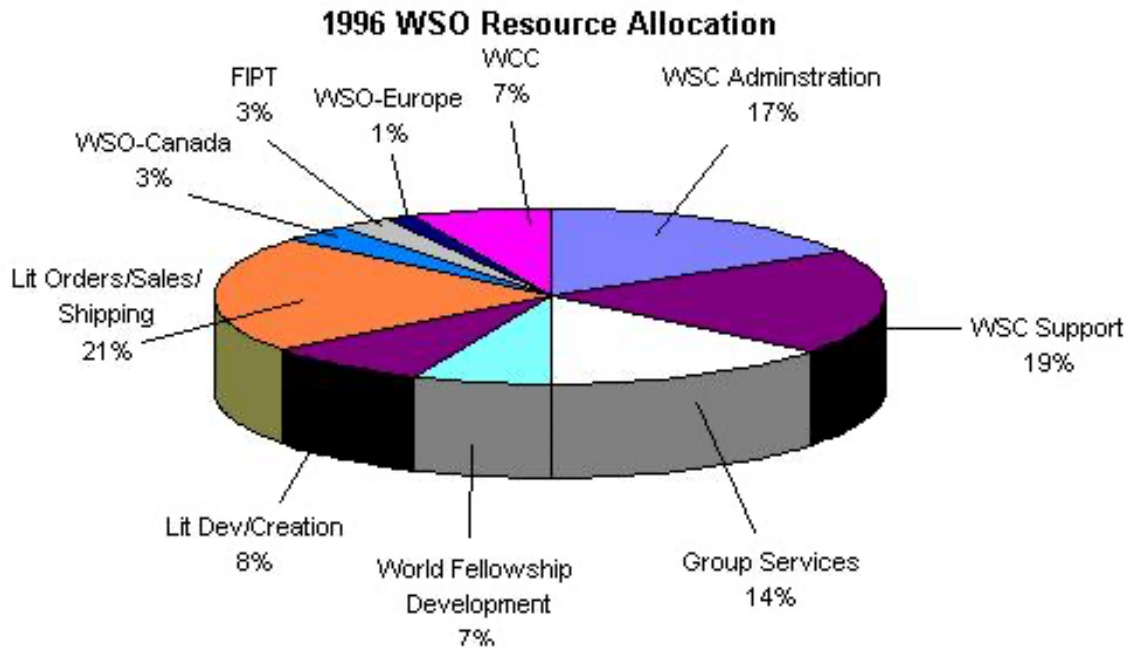
Committed Motions

The board also dealt with three committed motions this year in the Annual Report: the motion addressing the WSO prudent reserve; The NA Way proposal; and the low-cost Basic Text issue. For greater detail on these issues, please see the board of directors' section of the Annual Report.

World Service Office Overview

During 1996, the World Service Office provided a number of services to our membership, the World Service Conference (along with its boards and committees), as well as the general public. An in-depth look at the provision of these services (and the "front-line" staff who make them possible) can be found in the "Service Delivery" section of this year's Annual Report.

This year, the WSO made a promise to you: we said we were committed to telling you in more detail than ever before exactly what we do, how what we do relates to our primary purpose, and how much it costs to provide these services. In keeping with that promise, for the purposes of seeing how the office has prioritized its responsibilities, we developed the following chart of resource allocation for 1996:



Note: "Administering the WSC" and "Supporting the WSC" are two different functions. For example, securing hotel facilities for trusted servants would be considered "administrating," while the cost of providing special workers to assist during the WSC would be considered "Support" services. Thus, 36% of WSO resources were allocated toward assisting the WSC and its activities during 1996.

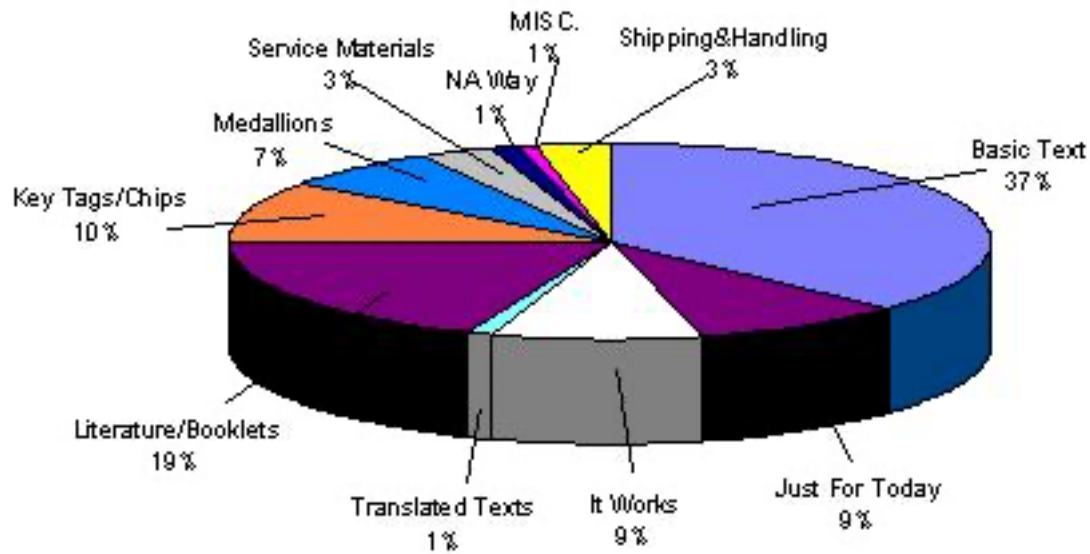
In other words, the WSO allocated 17% of its total resources toward providing administrative assistance to the World Service Conference, and 19% of those resources to various kinds of support to the conference and its boards and committees. The biggest allocation of resources at 21% went toward providing literature to our members, while 14% of our resources went toward providing information and guidance to our members and to the general public through group services activities. The other percentages reflect the other kinds of service we provided and how much of our total resources went to fulfilling those responsibilities.

In short, fully 65% of all resources were allocated toward the provision of services to the World Service Conference (and its activities) and to our membership. At the same time, while the remaining 35% of those resources were allocated toward running the WSO-Chatsworth and its two branches, 21% of that fraction was devoted to literature distribution alone, and another 7% was devoted to the staff expense associated with the world convention.

Where Does the Money Come From?

The following chart represents where the WSO's proceeds actually come from by inventory item:

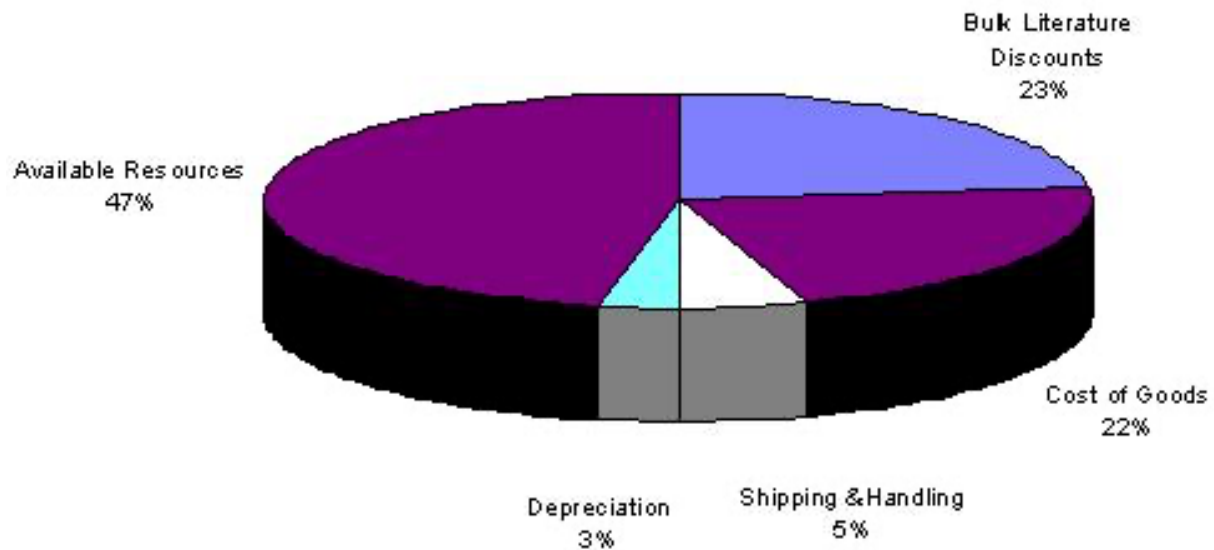
Where Does the WSO's Money Come From?



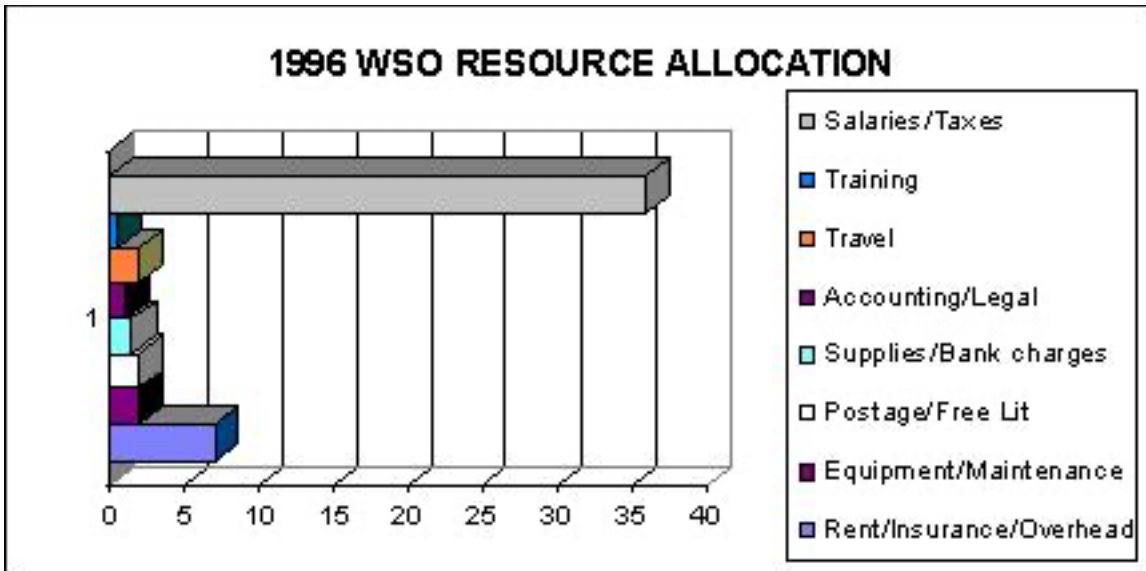
Out of Every \$100.00, only \$47.00 Are "Usable"

In terms of financial allocations, the preceding chart demonstrates where the WSO's income comes from. However, for every \$100.00 that comes into the WSO, about \$53.00 are immediately unavailable for use. Here's where that money goes:

Unavailable Income



Of the percentage of income that is available for use (about 47% of the total money that moves through the WSO each year), here's how those funds are allocated:



In short, 65% percent of the WSO's total resources are allocated toward providing services in addition to literature distribution, and almost 77% of all usable income goes toward providing the staff who provide those services. Conclusion? Not much non-essential fat to trim in this operation (though the necessary downsizing in February forced a reduction in staff nonetheless).

Meetings on the Rise

As you've seen, the World Service Office is responsible for providing a host of services to our members, groups, areas, regions, as well as to the World Service Conference and its boards and committees. The office also provides information about Narcotics Anonymous to the public-at-large. You've also seen the cost of providing those services to our growing worldwide fellowship.

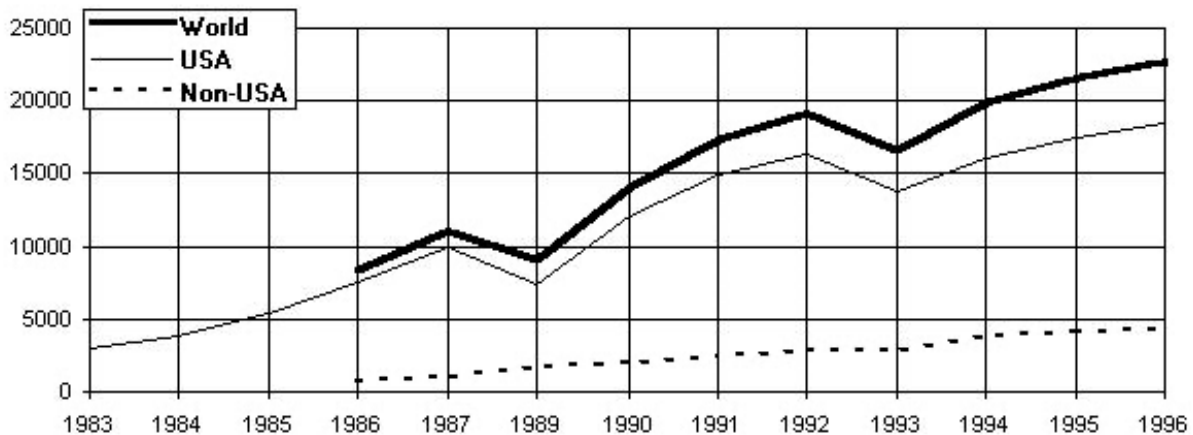
Thanks in part to the office's role as the central point of literature, information, and guidance, our fellowship has grown steadily and measurably each year since the office's incorporation in 1972. The WSO has been monitoring the number of meetings registered in our database since 1983. The following chart represents our fellowship's growth since 1983.



NARCOTICS ANONYMOUS



MEETINGS, 1983-1996

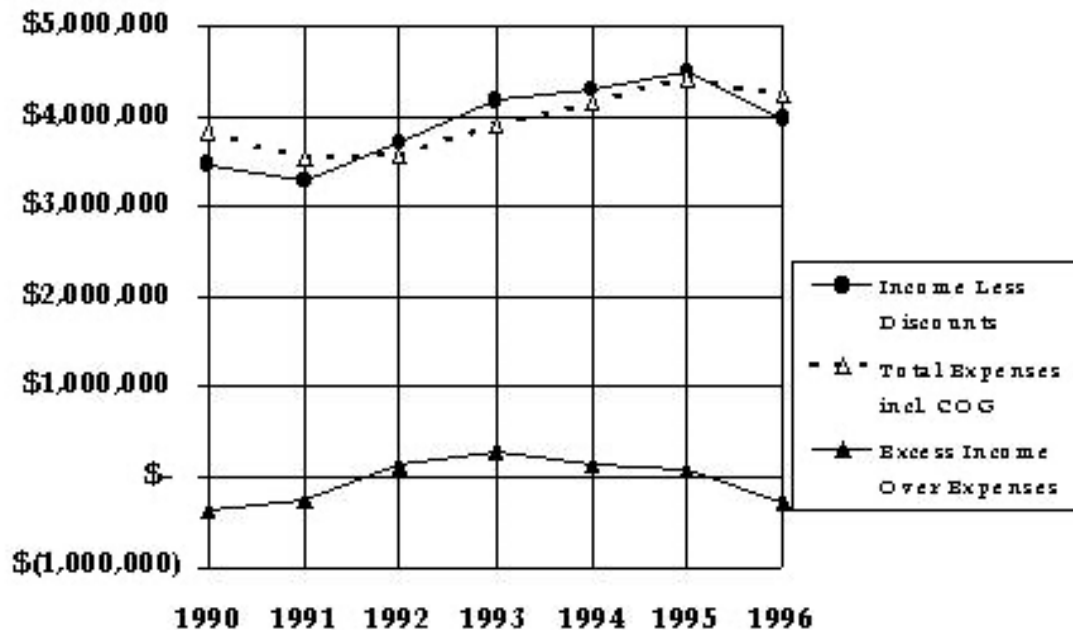


Costs Up-Income Down

As our fellowship continues to grow, and as the costs of doing business and providing services continue to rise, our actual proceeds from literature sales have leveled out. During 1996, the proceeds from literature sales actually declined-to the tune of about \$272,000. The next chart shows that the WSO has reached a very critical point. As you can see, the actual costs of providing services (represented by the broken line) have crossed over the total usable income for 1996. What this means of course is that, because of fellowship growth and an increasing demand for services coupled with increasing operating expenses, it actually cost the office more to operate last year than we were able to recover in literature sales.

Unfortunately, the entire publishing industry, and the recovery publishing industry most particularly, has seen a similar downturn in sales during the past two years. Thus, it is reasonable to expect that, unlike the previous time these lines crossed in the WSO's history during 1990 and 1991, this seems to be a trend that is likely to continue for the immediate future.

Plot of WSO Income vs Expense



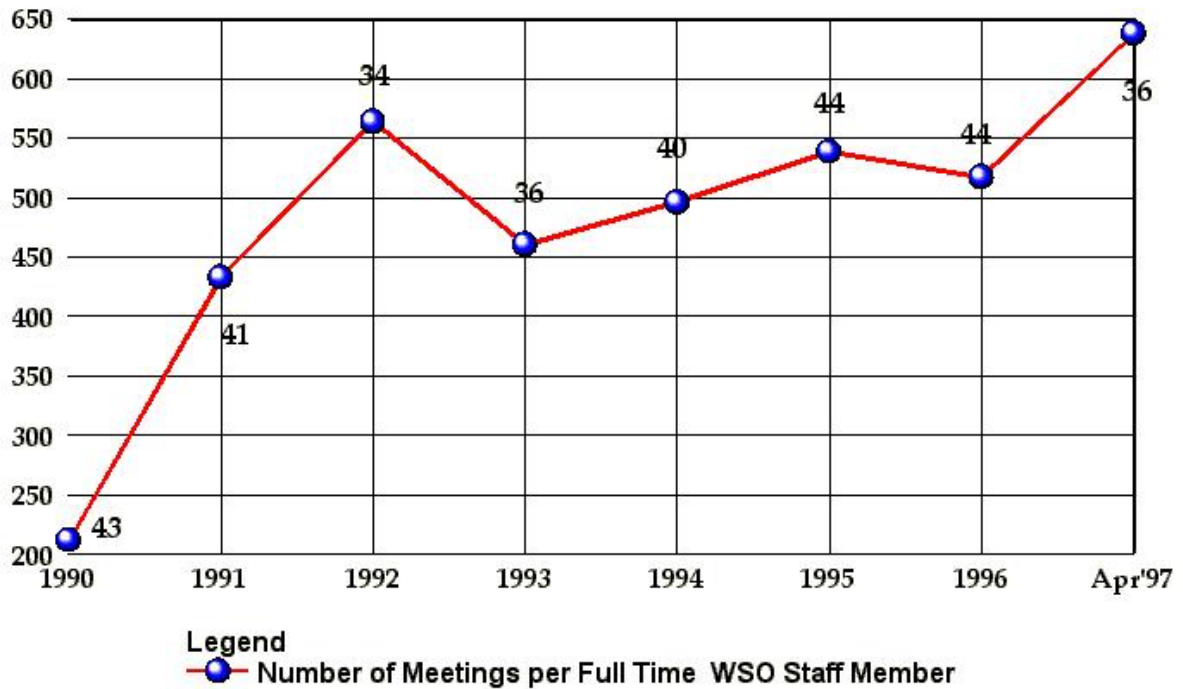
Providing Information

As the foreword to the Annual Report has stated, we at your WSO have recognized the need to do a better job of informing you of how we spend NA's money, and we promised to tell you exactly what services we are providing; how much they cost; and how those decisions have been informed by the primary directive of our program - to carry the message to the still suffering addict.

The publication this past year of "A Financial History of the World Service Office of Narcotics Anonymous," went a long way toward providing the above information and making good on our pledge to you. With that publication, the WSO has, for the first time in our history, collected all of the financial information pertaining to the WSO, as well as all of the decisions relevant to the provision of services by the office, into one easily accessible resource.

What we hope, this year, is that we have provided all of our members with the information they want and need about the WSO. Moreover, our goal is to provide every member with the necessary information to begin discussing many of the problems and challenges facing the WSO and Narcotics Anonymous more generally: How will we fund our services into the twenty-first century? How can we rise to meet the challenge of furthering the growth and development of NA throughout the world? How might we put aside our differences and work toward our common good and toward our common purpose-which is truly the common ground upon which we all stand?

As our final chart demonstrates, the WSO as we have come to know it is on a collision course with these fundamental questions about service provision to our membership. Even though this chart was created to dramatize the situation that confronts us, its significance is nonetheless quite real: Even though our fellowship continues to grow in numbers and in service expectations, our primary service center had to downsize by 14% during early 1997 due to the downturn in literature sales. This left us with even fewer staff to deal with our growing fellowship's rising service expectations.



Conclusion

We believe that the situation that confronts the WSO is one that should be discussed among our membership. We have thus done our very best to inform you as to what is happening and what we are doing to ensure the long-term viability and productivity of the World Service Office and its branches. However, our actions won't be enough. We need our membership to review the information presented here and in the 1996 Annual Report. We need you to discuss that information. And we need you to help us decide where to go from here. Should we continue to provide the services we are now providing? If so, then will our members support those services both spiritually and financially? The answer is up to you. We work for you, and we want to continue to do so, if you will allow us. It is only in your service that the WSO exists. It is only through your support that the WSO, as we've come to know and rely upon it, will survive.