



2023 CIVL Plenary CIVL Financial Improvement Proposal

CIVL Bureau

Proposal Summary



- What is being proposed:
 - **Increase Cat 2 sanction fee to 2x the entry fee** (currently 1.5)
 - **Increase Cat 1 multiplier to 6.75** (currently 4.5)
 - Change the minimum sanction fee from €50 to €70
 - This would take effect in 2024
- Why?
 - CIVL currently has an unsustainable financial model
- What is the impact to organizers?
 - Example: for a 130 pilot Cat 1
 - entry fee would need to be increased by €16 to offset increase
 - Cat 2 organizers: for a €250 entry fee comp with 100 pilots
 - entry fee would need to be increased by €1.30 to offset the increase
- What is the impact to CIVL?
 - Takes us to a projected loss of about 9K




Background



- Problem Statements:
 - Currently CIVL's budget is projected at a loss.
 - Significant investments have been made with no corresponding increase in revenue.
 - CIVL does not have room in the budget to budget for significant sport improvement activities such as training, documentation, new software tools, etc. without dipping into reserves to do so.
 - CAT 1 Events are often not profitable and are at best essentially break-even.
 - When you factor in a prorated cost of overhead such as the CIVL staff and systems, then all of them loose money.
- ***This is not a sustainable model***

What can change: Revenue



- What are the dials we can adjust to improve the financial picture?
 - Revenue
 - Sanction fees, which can be improved by:
 - Having more events --This is not really something that we can control
 -  • Raising the sanction fee
 - **We can do this**
 - IPPI cards
 - This is currently only around 10% of our revenue
 - 
 - We can't really control the number that get sold
 - We could increase the price, but would have to raise it dramatically to have a meaningful financial impact, which would probably decrease the # that get sold
 - New Sources
 - Corporate Sponsorship
 - 
 - ***This is worth pursuing***, but at this point is very speculative and not something we can count on happening

What can change: Expense



- What are the dials we can adjust to improve the picture:
 - Expense
 - CIVL paid staff
 - Arguably already too lean
 - No viable way to reduce this
 - Jury / Steward expense
 - Remote jurors would have some positive impact, but experience has shown that on-site juries work better when issues arise
 - Reducing in-person meetings
 - Long term, the team needs to occasionally get together to be effective as a team

CAT 1 Events



- CAT 1 Events are not profitable for CIVL
 - For 150 pilot, 11 day World Championships we gross, **at most**, about 3k euros
 - For 130 pilot, 7 day Continentals we about break even
 - For Acro events we lose money
 - Add an allocated cost for insurance, admin staff and systems (FS, EMS, Aircore) and they all lose money
 - CIVL provides trackers
 - CIVL staff provides staff for media work
- Goal
 - Find a way to make CAT 1 events break-even or better

Cat 1 Events (continued)



- Current State Details
 - Typical entry fee for Cat 1 events has been €450 (2021 Acro entry fee was €700)
 - Sanction fee is $4.5 \times \# \text{ of days} \times \# \text{ of pilots}$
 - Examples:
 - PG Worlds: $4.5 \times 11 \times 150 = €7,425$
 - HG Worlds: $4.5 \times 11 \times 130 = €6,435$
 - Continental: $4.5 \times 7 \times 130 = €4,095$
 - Aerobatic Worlds: $4.5 \times 6 \times 30 = €810$
 - Subtract €2k – €3.5k for Steward and Jury and ~ €1k for medals from the numbers above
 - Net result ranges from ~ €2k loss to ~ €3k profit

Cat 2 Events



- Cat 2 Events are where the bulk of our revenue comes from
- Currently cost organizers 1.5 x Entry Fee
 - Example: A €250 entry fee and 100 pilots
 - Organizer gross = € 25,000
 - Sanction Fee = € 375, which is 1.5% of their gross revenue
 - For €375 they get:
 - Scoring software
 - Event management software
 - Inclusion in the WPRS ranking system for all pilots
 - Event advertising on the FAI calendar
 - **Boosted attendance due to FAI Cat 2 status**
- Goal
 - Increase the Cat 2 sanction fee to reflect the value provided and recoup the investments that have been made.

Summary



The current financial structure is not sustainable for CIVL

- The proposed changes are justified and manageable
 - Cat 2
 - With the addition of EMS and Aircore, Cat 2 organizers are getting ***far more*** value than they are paying for with 1.5x the entry fee
 - The change only requires an entry fee increase in the €1 - €3 range for most competitions
 - Cat 1
 - Cat 1 provides the prestige that allows organizers to attract significant sponsorship money
 - CIVL should at least break-even on the events
 - The change only requires modest entry fee increases

The alternative is for CIVL to be unable to operate a few years down the road

Appendix: Impact Modeling

Cat 2 Impact



Cat 2 Impact Analysis

Current Entry Fee multiplier 1.5

New Entry Fee multiplier 2

Table Shows per
pilot increase

			# of Pilots					
			30	50	70	90	100	125
Entry Fee	€	100	€ 2	€ 1	€ 1	€ 1	€ 1	€ 0
	€	150	€ 3	€ 2	€ 1	€ 1	€ 1	€ 1
	€	200	€ 3	€ 2	€ 1	€ 1	€ 1	€ 1
	€	250	€ 4	€ 3	€ 2	€ 1	€ 1.3	€ 1
	€	300	€ 5	€ 3	€ 2	€ 2	€ 2	€ 1
	€	450	€ 8	€ 5	€ 3	€ 3	€ 2	€ 2
	€	500	€ 8	€ 5	€ 4	€ 3	€ 3	€ 2
	€	600	€ 10	€ 6	€ 4	€ 3	€ 3	€ 2

Cat 1 Impact



CAT 1 Impact Example

of Officials Organizer pays for

Cost of FAI Officials

Sanction Fee Multiplier

Sanction Fee

Net Cost to Organizer

Cost per pilot to Cat 1 organizers

Current

Proposal

	4	4
€	6,800	€ 6,800
	4.5	6.75
€	4,095	€ 6,143
€	10,895	€ 12,943
€	84	€ 100

CIVL Income

Gross Income

CIVL Expense

Steward Stipend

Jury Stipends

Scorer Fee

Medals

CIVL NET

€	4,095	€ 6,143
€	1,000	€ 1,000
€	1,500	€ 1,500
€	-	€ -
€	1,500	€ 1,500
€	95	€ 2,143

Variables

Average Cat 1 Airfare	€	900
Average Hotel / night	€	40
Average Daily Expense	€	40
# of Pilots	€	130
# of Comp Days	€	7
Number of Days to pay CIVL staff		10

Assumes organizer
doesn't get free
staff hotel rooms

Blue fields can
be changed