

**A Financial History of  
the World Service Office  
of Narcotics Anonymous**

**Revised to Include Actions  
of the World Service Conference**

# A Financial History<sup>1</sup> of the World Service Office of Narcotics Anonymous

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<sup>1</sup> A note on the sources —

The following is a comprehensive history of the financial developments of our WSO since its inception, as best as it can be reconstructed from official documents, correspondence, periodicals, and Board of Directors' Minutes. While these sources' completeness and veracity may be called into question, at times, throughout this narrative, this researcher has attempted to corroborate as much information presented as possible through referencing other legitimate and available resources. For example, when a claim is made in the *Newsline* or in a piece of correspondence, I have tried to verify that claim within BOD minutes, or within some other piece of documented official correspondence. This method is, of course, far from foolproof, but it remains the most verifiable and reliable means of reconstructing "history" from written materials.

## I. INTRODUCTION

"I believe the fellowship is faced with a difficult choice. We could say to ourselves we are doing all we can or we could take steps to increase the resources available for growth. Many ideas have been developed to increase financial resources at the world level, but often these ideas are not implemented because they may not be well received by the fellowship. The fellowship is not interested in financially or personally supporting activities they do not understand; thus, we are trapped in this negative spiral."

(Executive Director Joe Gossett's Comments from BOD Minutes, March 21, 1992)

### A. Purpose

Former Executive Director Joe Gossett's comments from the Board of Director's Minutes in 1992 point up one of the basic ironies of the funding of services within Narcotics Anonymous. The fact of the matter is that, over the years, NA world services have indeed tried a number of ways to generate resources in order to maintain the expenses of the many services we provide. Unfortunately, the fellowship at large does not often see the benefits of these services. (And, quite frankly, some of the things that have occurred in world services in the past may not really have held much readily apparent benefit for them at all.)

In any case, as you are about to read, there really have been a number of attempts to help us avoid the situation we now find ourselves in, which is not a favorable one. However, as Gossett recognized in 1992, world services in general, and WSO in particular, have never done a very good job demonstrating the relevancy of what we do for our members across the world.

That, therefore, is one of the purposes of this history: to provide you with the background necessary to be able to educate members in your local NA community about what the WSO does, why it does it, and how much it costs to do it.

#### A1. Why are you telling us all this stuff?

Why is such an education process necessary? Because the WSO executive management team, along with the Board of Directors, have recognized the following reality: **the WSO, and World Services in general, will not, eventually, be able to continue to provide their present level of services on current income and donation levels. Period.** Like not-for-profit organizations all over the United States, NA is now confronted by a potential long-term crisis which, quite frankly, will threaten the continuation of our services as we now know them unless definite and deliberate action is taken.

Action without adequate information, however, is dangerous, as we know from our personal recovery. Thus, the WSO has commissioned the study which you

hold in your hands. Indeed, we are, together, faced by a series of challenges. However, it is very difficult to answer the questions which trouble us, and to make decisions about them, unless we are as informed as we can be about those questions.

Some of these questions include:

- *What, exactly, does the WSO do?*
- *How much does what they do actually cost?*
- *Why do they do what they do?*
- *Who made the decisions that allow them to do it?*

These are extremely serious questions. They are also questions that, in many ways, our fellowship has already had answered, and approved of — indirectly. But indirect answers just won't do for questions which move to the heart of our program, our mission, our use of NA money, and our integrity. Your WSO believes we need to take these issues directly to the "people" — members at the group level. But we can't do that without giving them enough information to make good decisions.

These are tough issues. Yet they are issues which we must endeavor to address for the continuation and growth of NA as a worldwide phenomenon. That is the purpose of the information in this report. We want to tell you how we came to provide the services we offer. We want to demonstrate to you what the philosophies were, at the time, behind things like pricing policies, service provision at the WSO, and the use of literature profits to fuel NA's growth. We want to inform you what all of these services we provide actually accomplish, as well as how much they cost.

*And then we want you to begin to decide where we should go from here.*

## **B. Publication of the First Edition of the Basic Text**

Realistically, it is with the publication of our Basic Text that the "financial history" of the WSO truly begins. Certainly, Jimmy K.'s early efforts to maintain the WSO in its formative years deserve mention and high praise. His tireless service for the office throughout the sixties and seventies laid the foundation for the WSO as we know it today. Yet his efforts were severely limited by a lack of money with which to provide the services he dedicated his life to providing.

The early frustration with these limitations is evident in entries from early Board of Director minutes. Directors' minutes dated October 17, 1980 indicate that money flow at the office was "fair, we are keeping abreast of things but will not be able to expand until more money is available. A word processor or some similar storage and retrieval system is needed" to keep track of order entry and mailing addresses. Similarly, minutes dated January 8, 1981 state that "We [Jimmy K., Betty K., Chuck G., and Phil W.] have started what Chuck, Betty and

Jimmy have proposed in the past, to set aside as much of the donations as possible toward new equipment."

Yet even though efforts as early as these to create a "prudent reserve" for the office were being discussed, there was an obvious lack of resources at the WSO during the latter part of Jimmy's tenure. An open letter to the Fellowship of Narcotics Anonymous dated April 23, 1981 reiterates the WSO's early financial hardships quite clearly. The letter stated that

If we are to be a responsible Fellowship and adhere to the Traditions, we must take a look at the 7th Tradition. The newly elected Board of Directors of the WSO in its plan, has found itself in a position of asking the question - 'Is it possible to serve this Fellowship with the present facilities?' The answer we arrived at was no. . . . We at this time, as well as seeking funds to update [our equipment] drastically, the overworked and desperate situation our Manager is in [sic]<sup>2</sup>, are seeking input from every region area and member that will be so kind as to help us in this difficult time of transition. Many meetings becoming aware of the dilemma, are passing the basket one more time for the WSO. Many are planning functions specifically to support the WSO. Rummage sales are not an uncommon practice for an area to raise money. . . . The call is going out, we need your help. PLEASE RESPOND!

If the thought of addicts holding "rummage sales" to help the WSO brings a smile, it also reinforces the fact that the office was desperately in need of additional resources.

About this time there appears a cryptic handwritten reference on a BOD agenda dated May 26, 1982, item #10 which reads "upgrading of prices below the line —". This mysterious reference may be somewhat clarified in minutes from a June 3, 1982 BOD meeting, in which a motion was passed to "raise the cost of [the white book] to level out the loss and income of all literature." Because the BOD projected that the Second edition of the Basic Text would be "a break even proposition," the directors voted to raise the cost of the Little White Book to 50 cents.

Similarly, minutes from a July 10, 1982 meeting indicate that the board felt the need to inform the fellowship — "if we are truly coming of age, that we desperately [sic] need financial support from the Fellowship, volunteer help is no longer adequate in view of the work load."

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<sup>2</sup> "sic" is a Latin abbreviation for a term which means, basically, "I know this is incorrect, but, hey, this is how it appeared in the original version, and I'm only transcribing, as accurately as I can, what the original said." In other words, I'm just letting you know that *I know* it's wrong.

There are a lot of grammatical, spelling, and typographical errors in early BOD minutes and NA publications, so you'll be seeing this a lot.

August 28, 1982 minutes state unequivocally that "discussion followed on how much book will cost after 1st. [sic] edition. It was consensus that books need to cost twice as much as publication costs. one-half [sic] to go for the support of the office, one-half to go for future printing costs. We are a World Wide Organization and cannot run adequately on volunteer help."

More definite direction appears to have been taken by the directors during a December 11, 1982 meeting, in which "the idea of raising literature prices was discussed. The prices will be raised on the first of the year. (25%)" Yet minutes dated February 12, 1983 suggest otherwise. "Discussion of raising prices for literature arose, no decision was made since complete information was not available. Need for paid help at office was stressed."

It is thus clear that the office, before the publication of the Basic Text, was operating under constant financial hardship. It would not be until the publication of our text, first released on April 27, 1983, that the office would realize financial solvency (for a time) and explosive growth, both in terms of material resources, staff, and equipment, as well as in terms of the kinds of services the office would become able to provide.

Yet there has long been controversy surrounding the WSO's provision of services. It is clear from these early documents that, even then, the office manager and the Board of Directors viewed the office as something more than simply a literature distribution center. Yet some members have always felt that the WSO should be little more than a distribution center for our literature, and that our literature should be priced in such a way so as to simply offset printing and distribution costs. A letter from the South Florida RSC to the WSO, written at the height of the WSO financial crisis when WSO was talking of raising literature prices (dated December 15, 1991), states this position clearly:

It is our belief that the first appropriate measure to be taken, if the WSO is under financial hardship, would be to cut all those expenses that are not involved with literature production and sales, i.e. conference coordination staff members, etc., before prices are raised because we believe that literature sales are the primary purpose of the WSO and should probably become the sole purpose. (1)

The controversy which surrounded the publication of the First Edition of the Basic Text speaks to the heart of this matter. It remains a controversy or set of assumptions which, in some ways, continues to influence the way we may think about the questions which face us.

#### B.1 Fourth and Ninth Tradition controversy

Having no experience in publishing a full-length book, the World Service Office found the publication of the First Edition a very difficult job indeed. In addition to major problems with the printer initially chosen to publish the book, conceptual problems arose. In the course of preparing the approval-form book for publication, it was noted that portions of the essays on Traditions Four and Nine

made it appear that the NA service structure should not be considered a part of Narcotic Anonymous. The following are the two paragraphs in question; note especially the italicized text:

**From the essay on Tradition Four:** "Are we truly autonomous? What about our service committees, our offices, activities, hot-lines, and all the other things that go on in NA? *The answer is that these things are not NA.* They are services we utilize to help us in our recovery and to further the primary purpose of our groups. Narcotics Anonymous is a Fellowship of men and women, addicts meeting in groups and using a given set of spiritual principles to find freedom from active addiction and a new way to live. *All else is not NA.* Those things we mentioned are the result of members caring enough to reach out and offer their help and experience so that our road might be easier. *Whether we choose to utilize these services is up to the group.*"

**From the essay on Tradition Nine:** "The Ninth Tradition goes on to define the nature of the things that we can do to help NA. It says that we may create service boards and committees to serve the needs of the Fellowship. *None of them has the power to rule, censor, decide, or dictate.* They exist solely to serve the Fellowship, *but they are not a part of Narcotics Anonymous.* This is the nature of our service structure as it has evolved and been defined in the NA service manual."

After much discussion, the WSO Board of Directors and the World Service Board of Trustees agreed that the portions appearing above in italics should be removed before the publication of the First Edition. In response, the chairperson of the WSC Literature Committee attempted to revoke the earlier release of rights to the Basic Text. However, when the World Service Conference met in May, 1983, no motion was made to uphold the literature chairperson's action. On the contrary, new WSO by-laws were accepted, clearly stating that NA literature should be held in a charitable trust by the corporation.

However, our Second Edition came as a result of an amended motion that passed which directed "that our book be completely returned to its [original] approved form in subsequent printings" (1983 WSC Minutes 14-15). The Second Edition was thus released on September 28, 1983, with the missing lines reinserted.

The year after the conference had directed the WSO to reinsert the missing lines from the Traditions essays in the Basic Text, the WSC decided that the issue should ultimately be settled directly by the membership of Narcotics Anonymous. In 1984, regional service representatives were asked to poll their groups on the following question: Should the wording of the essays on the Fourth and Ninth Traditions be as reflected in both the original approval form and the Second Edition, or as reflected in the First Edition?" Their responses were to be mailed to the conference chairperson within sixty days of the conference, and prior to the printing of any more books by the World Service Office. A change from the language of the Second Edition was to require a two-thirds vote. The results were to be published in the *Newsline* (1984 WSC Minutes 32-33).

The question was submitted to the fellowship in a seven-page document which included the proposed changes, plus the reasons both for making the change and for keeping the text as approved. The response was thirty-six votes in favor of changing the text, and eight against changing the text. Therefore, at the next

printing — the Third Edition — the words originally deleted from the Approval Form in the First Edition were again deleted, this time in response to a direct vote of the fellowship. The Third Edition was formally released on October 20, 1984.

Ancient history. And yet the basic philosophical division which this controversy pointed up seems to have continued to influence the ways in which we, as a fellowship, often think about our service structure, and particularly our area and regional offices, as well as (and most especially) the World Service Office.

How so?

Haven't many of us understood that business and money endanger our more spiritual mission?<sup>3</sup> That "money, property, and prestige" will most certainly taint

<sup>3</sup> This remains so for many of us, even though specific WSC actions have mandated otherwise. For example, 1988 WSC minutes state: It was M/S/C "To delete from the *Temporary Working Guide to Our Service Structure* (1987 edition) the following two paragraphs of the section on the WSO, beginning on page 21, and ending on page 22, including the footnote, and insert the replacement paragraphs below:

The World Service Office is our Fellowship's main service center and as such is the focal point of our worldwide service activities. To meet our needs as a growing Fellowship, our services need to operate as efficiently and effectively as possible within the spiritual principles of the N.A. Program.

The WSO is a registered, non-profit organization in accordance with the laws of the State of California and the United States Federal Government. Within the by-laws there are specific sections which state the purpose and relationship of the WSO to the World Service Conference of N.A. and our Twelve Traditions. These by-laws further acknowledge the right of the Conference to make specific recommendations to the WSO regarding its general operations.

The WSO Board of Directors is made up of 12 members who are directly (3) and indirectly (WSC elected pool members) elected at the annual meeting of the WSC by the participants gathered from throughout the Fellowship. The three directors elected annually serve one-year terms, while those members drawn from the pool serve alternating three-year terms. The terms of those members from the pool are rotated so there are always members serving with previous experience.

The Directors of the WSO are responsible for the direct management of the Office: selection of principle workers, establishment and implementation of operational policies and procedures, and supervisions of the overall operations. The Office provides a detailed annual report to the Conference in addition to providing periodic reports and studies requested by the Conference. The WSO also serves as the general secretary of the Conference its committees and boards."

The Vote: YES — 64 NO - 6 ABSTENTIONS - 4 MOTION CARRIED AS AMENDED BELOW  
**[The language which these paragraphs replaced read as follows: "All these functions make it necessary for our World Service Office to be more of a "business" than a part of the Fellowship. WSO is separate from N.A., but works for N.A. WSO, Inc. functions as a non-profit corporation, with managers, departments, administrators, paid employees, subsidiaries, and the like. The corporation has five (5)\* regular members who act as the Board of Directors of WSO and are its officers: president, vice-president, treasurer, director, and secretary. WSO, Inc. operates under a standard set of corporate by-laws with this amendment: 'The Board of Directors and any additional boards or committees shall be**

the spiritual values entrusted to us by our one ultimate authority, a loving Higher Power?

Thus, the idea that our literature should be used as a commodity with which to fuel our expanding provision of services at the local, regional and world levels is troublesome to some people, for it raises the specters of "money, property, and prestige" which our own traditions warn us to avoid.

Yet, we must examine these age-old assumptions. Do we not need money to carry our message? To pay the rent so that addicts can have a place to meet? To buy literature so addicts can hold our written message in their hands at night? To pay our phone bills so that an addict in trouble can find help on the other end of a helpline? To help translate our literature so that addicts who don't read English might someday hear our message and find a new way to live? What makes these operations, even though they all involve money, any less "spiritual" in nature than a home group member sharing his or her recovery in a meeting?

Make no mistake — the growth of NA has been driven by the dedication of trusted servants at all levels of service. But the "gas" that has made the World Service engine run since 1983 has largely been profits from the sale of our Basic Text. As historical documents reveal, the elevation of the price of our book was a calculated act, a move geared toward achieving this very growth and development.

Yet, as we shall also see, this means of funding our growth and development has also sometimes been a troubled, and at times perilously unreliable, one.

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subject to and abide by the Twelve Traditions as stated in the book entitled *Narcotics Anonymous*.'

Our office is administered by our World Service Board of Directors and acts upon the directives of our World Service Conference. WSO is truly a business: Its raw material is the program, its product is recovery and its function is service."

\*Note: The corporation has changed its by-laws and added seven member/directors since this paragraph was adopted by the WSC.]

## II. History of the WSO's Pricing Policy<sup>4</sup> and Accompanying Service Provision

In examining the WSO's Pricing Policy for literature over the past thirteen years, along with the increasing provision of services to the fellowship and to the conference which that policy has made possible, at least three conclusions can be drawn.

**First, the pricing policy, which consists of inflating the price of our literature in order to pay for the expenses associated with providing services to the fellowship and to the conference has worked.** NA has grown from an essentially localized phenomenon in Southern California to a global fellowship, existing in over fifty countries with literature either developed or being developed in over forty languages. Much of this growth is directly attributable to the services made possible by the pricing policy of our literature.

**Second, the WSO's practice of relying solely upon literature profits to fuel the growth of NA worldwide and to buoy the WSO's financial solvency has been an unreliable and insufficient practice nearly since the beginnings of the WSO as we know it today.** Even though we have experienced tremendous growth, NA world services' finances, including those of the WSO, have almost always been precariously perched upon the brink of disaster — a fact borne out quite clearly in the early nineties, when Basic Text sales declined and the WSO was nearly rendered insolvent by the loss in sales.

**Finally, a sound and reliable business plan geared toward the future success of Narcotics Anonymous world services must rely much less exclusive on profits from the sale of our literature than it currently does, and much more upon alternative sources of income such as direct donations which directly support our fellowship's international service efforts.**

An examination of the WSO's income and provision of services demonstrates these three conclusions clearly.

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In the April 15, 1984 *Fellowship Report*, the recently hired Executive Director Bob Stone, wrote to the fellowship at large:

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<sup>4</sup> Often, the terms "Pricing Policy" or "Price Policy" and "Sales Policy" were used interchangeably throughout the history of the WSO. Here, for clarity's sake, "Pricing Policy" and "Price Policy" simply refer to the practice of maintaining the cost of literature above production costs in order to defray the expense of providing value-added service to the WSO, its Boards and Committees, and to the fellowship at large. Later, the term "Sales Policy" will designate the discount structure for volume literature purchases, along with the licensing agreements made in the eighties and early nineties between WSO and Germany, Ireland, the United Kingdom, and Australia.

Prior to my employment, the Board began making changes by the adoption of a price policy for all inventory items. The price policy provided the foundation upon which the accomplishment of the full range of duties [of the WSO, as outlined in the Temporary Working Guide] would rest.<sup>5</sup>

The price policy provided that for an interim period of time the "price" of each item would be set artificially high in order to establish sufficient flow of funds so that immediate goals could be achieved. The Board intended and still intends to reduce the price of most if not all items when the short range financial goals have been met. (5-6)

Significantly, the *1984 Report* also makes reference to a new development in service provision by the World Service Office to the WSC boards and committees:

During this past year WSO has begun to act as the general secretary to [the WSC and the Board of Trustees]. This was done by mutual agreement. Certainly these service arms could have performed as in past years and done their own secretarial work. However, with the assistance from WSO their work was more efficient and they were more productive. The Fellowship is the specific beneficiary. The additional expense that would be generated by a continued reliance on this relationship would increase, but should be worth the cost. (17)

The Director could not have been more right about the notion that the continued reliance on the World Service Office to provide such services would result in increased expense to the WSO. This pattern — of the pricing policy attempting to keep pace with a rising expenditure of human and financial resources allocated toward providing services to the WSC and its boards and committees, as well as to a globally expanding fellowship — is traceable throughout the history of the WSO's pricing policy and accompanying provision of services.

#### **1983-1984**

Gross income for the WSO had reached \$436,303.00 during 1983-1984.

As Stone's earlier noted comment from the *1984 Fellowship Report* reflected, the office had begun to provide significant service assistance to the Board of

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<sup>5</sup> April 27, 1983 BOD Minutes indicate this decision by the Board: "The special edition of the Book is out and the regular edition will be early next week. The cost of the regular edition with mailing is \$5.00." A motion was then passed by the directors "The charge for the regular edition be \$8.00 plus postage; Seconded; Passed unanimously." It is clear from these minutes and others that the Board intentionally approved the price of the Second Edition to generate income to fund services provided by the office and to improve conditions and equipment in the WSO.

Trustees, as well as other conference committees, during 1983-1984. In fact, it is clear from Stone's "Special Report to the Board" dated July 30, 1984 that the very structure of personnel assignments and office operations at the WSO was being shaped by Stone's vision as to how the office, eventually, would come to assist the conference in performing its various services:

My assistance with the Select Committee, the H&I Committee, preparation of work for the PI Committee, participation in Trustee matters, the magazine and the *Fellowship Report* have been consuming most of my time. And the more of these types of things that I do, the more I see what has to be done.

When I visited my counterpart in AA last year after the N.A. Convention, I was not surprised to learn how their staff was organized. I had already envisioned that the W.S.O. would be developed along certain lines, which accidentally are similar to those of AA. It would provide generally that for each of the N.A. Fellowship activity areas, there would be one or more staff members assigned to assist the Fellowship and specific Fellowship Committees. There would be a staff member, or two, for Literature, PI, H&I, Trustees, International Affairs and other activity areas as needed. This projection, harbored in my thinking was that these positions would gradually become necessary over the eighteen months from April 1984 to September 85. Frankly this has been a vague agenda based on probable increases in our income.

I do not think for a minute that the Fellowship, in the long run, could do without these additional people. It has been in my thinking to simply wait until each of the Committees began to clamor for more staff time and assistance. I felt it was important to wait for the committees to ask for that staff time, rather than our office suggesting it. In this way it would allow them to provide the lead rather than giving the impression of the WSO attempting to take over anything.

Such a revealing passage! It not only indicates a definite philosophy (on Stone's part, and certainly sanctioned by world services' volunteers) for the growth and development of Narcotics Anonymous' world services, but also provides some insight into the political pitfalls which surrounded WSO operations in those days. The important thing for us to note, of course, is the marriage here between the provision of services for the WSC and its related operations, and the pricing policy for literature. The two are obviously wedded in a way that would, for the most part, bring great strides in the office's and conference's abilities to provide services to an exploding national and even international fellowship. In fact, so influential was Stone's vision for what the WSO should be that, in essence, the office is *still* organized, in large measure, around the various functions and responsibilities of conference boards and committees.

As the 1985 *Fellowship Report* would later indicate, the WSO also provided a number of services to the fellowship at large during 1983-1984. According to

that *Report*, the average number of requests for Starter Kits for the year was approximately five or six per week. The 1984 *Fellowship Report* indicates that the office also —

- assumed the responsibilities for the fledgling publication, *The NA Way*
- began the task of recording and maintaining group registrations (approximately seven per week)
- began to develop a worldwide meeting directory
- provided legal and financial assistance to local NA communities in the United States
- acted as general secretary to the Board of Trustees and to the WSC
- responded to phone calls each week from newspapers and radio stations providing Public Information assistance
- answered mail inquires about NA literature
- provided meeting referrals to addicts across the nation
- provided early translation assistance
- began the Loner Group effort
- and of course maintained the production and distribution of NA literature. (16-19)

In addition to these services, April 7, 1984 Board of Director minutes indicate that even as early as 1983-1984, the WSO was providing funds and services to help the WSC accomplish its work. Those minutes read:

Discussion ensued on the action of the WSC to request from WSO funds to pay for the shortfall in income in order that WSC might complete its work schedule without delay or financial hardship. It was M/S/C "to authorize an expenditure not to exceed \$10,000 to be made to WSC Treasurer upon their request, during the next 60 days."<sup>6</sup>

Thus, the office was helping the WSC financially, along with providing various services to its boards and committees in 1983-1984. In addition to this financial and clerical assistance to the WSC, the office was also, according to a motion passed by the Board of Directors, utilizing all donations sent directly to WSO to cover the costs of sending free literature and materials to addicts in institutions. According to June 9, 1984 BOD minutes,

The manager then discussed the difficulties he experienced in handling large numbers of letters from members of the Fellowship and individuals desiring to join the fellowship who were in institutions who were unable to provide funds with which to pay for materials that would be essential to their recovery. It was then

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<sup>6</sup> However, it should be noted that the WSO was billing the Conference for some services it was providing. According to Board Minutes from November 3, 1984, "The Executive Director then reported on a billing that had been sent to the Treasurer for the World Service Conference in the amount of \$11,991.72 for services and expenses that were expended to provide assistance to the World Service Conference since the beginning of the World Service Conference meeting in April, 1984. He reported the anticipated payment of this amount will be in the relatively near future."

M/S/C "to approve and adopt the policy proposed by the manager at the last Board of Directors meeting concerning the use of funds receive [sic] by the World Service Office as Donations. This policy will provide for the expenditures of funds for materials sent to individuals in institutions.

However, all of this assistance still left the World Service Conference short of adequate resources, for the *Newsline* in 1983 had lamented to the general fellowship that

At each of the WSO Board meeting [sic] there has been discussion of one or another requests for financial assistance by WSO to sub-committee operation of the WSC (H&I and then Literature). Both requests are the result of reoccurring shortage of funds available from the Fellowship for the operation of WSC. The WSC is the decision-making arm of the Fellowship, they create new literature, establish programs and policy, but without funds to operate with, they cannot get the job done. WSC operates entirely on the contributions received from groups, areas and regions.

Some groups, areas and regions have been consistent in with [sic] their support of WSC, others have not been supportive at any time. This mixed pattern and of [sic] income for WSC makes it difficult for them to plan in advance with any certainty for their necessary activities. The WSC Treasurer reports that the current level of funds available for WSC is so low that the sub-committee's [sic] may not receive their allotments for monthly expenses.

If every group, area and region consistently sent contributions to WSC, they would be able to plan reasonably for their duties. Discuss this with your group and area committee. Your action can make a difference. (*Newsline* 1.4; 4)

This general lack of WSC resources during 1983-4 is further reflected in Board of Director minutes dated September 9, 1983. Amazing as it might seem to us now, in those days money for world service projects sometimes had to be raised, in part or in whole, by the committee responsible for the project itself. This is a case in point:

Chuck indicated that he had received a letter from Ginni S. (WSC Literature Sub-Committee Chairperson) asking that WSO print copies of two items (the Twelve and Twelve and Living Clean) for use at the WSC Literature Conference to be held in November because there did not appear to be funds for this purpose in the budget of WSC. There was a long discussion about the propriety of assisting one sub-committee when financial assistance had previously been denied to other WSC Sub-Committees (Discount requests to H&I). Although there was a desire to fulfill the needs of the Fellowship in the proper review of proposed new literature, the Board concluded that WSO would be willing to do the printing as

requested if the WSC Administrative Committee Chairman requested it, otherwise the WSC Literature Sub-Committee would have to provide the funds in advance.

All of these incidences of assistance to the Conference in the face of its general shortage of resources would lead Bob Stone to recommend, in his "Budget Proposal for 1984" to the Board of Directors, that "the price policy not be changed with respect to the Text until or after August. Perhaps to coincide with the availability of the Third Edition." This recommendation is quite significant, in the sense that it set further pricing policy "precedent" for future WSO and WSC operations and interactions. The fact of the matter is that, with minor variations throughout the years, the office and the Conference *still* operate in this manner, and world services continues to fund the majority of services it provides through profits from inflated literature prices.

In any event, it is clear that, even with the explosive growth that had begun with the publication of our Basic Text in 1983, the Conference Boards and Committees were already having difficulty meeting their own expenses for the work directed them by the WSC, and therefore received significant assistance from the WSO. This would be a pattern that would only increase during 1984-1985.

#### 1984-1985

"PHENOMENAL, is the only word that describes what has happened to the World Service Office in the last twelve months", was the way Bob Stone began the 1984-1985 *Fellowship Report* (109).

That *Report* indicated that, from 2,200 registered meetings as of the 1983-1984 *Fellowship Report*, "An accurate count of meetings in the past week [revealed] over 4,400 meetings in Narcotic Anonymous" (109).

Gross income for 1984-1985 climbed to \$818,045.00, and Basic Text sales — as of April 27, 1984 — had climbed from 36,741 in 1983-1984 to 85,664 as of the time of the 1984-1985 *Fellowship Report* (109).

Along with these increased revenues, of course, came the accompanying increase in services provided by the WSO, both to the World Service Conference, and to the fellowship at large. For example, the 1984-1985 *Report* stated that the office had received over 17,000 pieces of mail in the 84-85 Conference Year, and the number of literature orders per month had doubled from 600 to 1200 (129).

The level requests for Starter Kits increased from an average of five or six requests per week the previous year, to "ten or more every day" (131) during 1984-1985.

Additionally, the office continued to assume the responsibilities for —

- maintaining general accounting responsibilities for the World Service Office

- improving inventory and literature production procedures
- continuing to publish and distribute the *NA Way Magazine*
- keeping track of group registrations
- continuing to update, publish and distribute the *World Directory*
- lending legal and financial assistance to group and area committees and activities
- providing Public Information assistance to NA by answering requests from newspapers and radio stations
- translating NA literature into German, French, Italian and Spanish

Services provided to the Conference increased as well, according to the *Fellowship Report*. "The World Service Office during the last twelve months has provided additional direct administrative and secretarial assistance to the World Service Conference and subcommittees. This has been of value to both individual subcommittees and to the work they are to accomplish" (131).

Additionally, the WSO increased its provision of services to the Board of Trustees:

The World Service Office has during the last twelve months functioned as the general secretary to the Board of Trustees. The World Service Office manager or assigned staff member sits with the Board of Trustees and takes minutes of the meetings. These draft minutes are prepared for Trustee review and final submission to the members of the Board for their approval. The Office has during the year substantially increased the amount of time directed towards answering Trustee correspondence and communications. The Office also acts as a direct resource for the Board of Trustees in telephonic communications. (131)

Not surprisingly, the above assistance, combined with the financial burden of two major projects (*It Works* and the video Public Service Announcements) once again raised the issue of the office's financial solvency, and spoke directly to the literature pricing policy:

For both projects [*It Works*, and PSA development] the World Service Office was requested to expend considerable sums of money and enter contracts [sic] with non-N.A. entities to produce materials or tools to be used by the Fellowship. The World Service Office firmly believes it has the responsibility to acquiesce to such appropriate well-developed and reasonable requests for joint projects, wherein the World Service Office [sic] is asked to advance funds to accomplish work the Fellowship needs. These are examples which illustrate the necessity for having a World Service Office that is financially solvent. The term solvent, however, must not be interrupted [sic] to mean that we simply pay our bills on time. Solvency in this situation must mean the office has sufficient prudent reserve which can be used for these unusual and sometimes large expenses, even if they occur at the same time.

This illustrates one of the basic elements involved in decision making concerning the price of literature the World Service Office charges the Fellowship and the general public. If the World Service office price policies were restricted or reduced in the manner which would inhibit the accumulation of these necessary prudent reserve funds, then the World Service Office would not be able to provide funds for projects of this type.

This substantially highlights the dilemma involved when there are calls from members of areas to reduce the price of literature. (141)

This concern for the growing financial dependence of the WSC upon the WSO is reiterated in a "WSO/WSC-BOT Finance Memorandum," dated August 27, 1984, from Bob Stone and addressed to The Board of Directors, the WSC Chair, and the WSB Chair. In that memo, Stone wrote:

During the thirty years of Narcotics Anonymous prior to this year, there was simply never enough money available to do the things that the Fellowship needed. During the period of the last year the World Service Office has begun to generate more funds than our daily operation required. This is a direct result of a price policy geared to development of an income surplus.

The World Service Conference hit upon this surplus income as a source of funds to do all the things they ever dreamed of but could not do because the Fellowship was broke. This pushed aside the prior intentions, plans and commitment of the WSO Board of Directors concerning the price policy.

The WSO Board had established the current price policy, which has prices higher than needed, in order to generate funds to obtain for the office the necessary revenue to build the office into a functional unit for the Fellowship. The price policy has succeeded and the WSO Board would otherwise be in the position to reduce prices in the near future.

However, the new reliance of WSC on the funds generated by WSO has forestalled the ability of WSO Board to reduce prices. The budget adopted by WSC for operation of the WSC, Board of Trustees and the Select Committee requires a larger amount of money than the WSC will generate during the year. The difference between WSC generated funds and their anticipated expenditures is tremendous.

An evaluation has to be made by appropriate responsible trusted servants concerning this situation. There are several interrelated issues:

1. What should be expected of the Fellowship in the manner of support for WSC activities?
2. What should be expected of the WSO for the support of WSC activities?
3. What policies should be adopted to govern the decision making process on the generation and expenditure of funds. The motion adopted at the 1984 WSC concerning special fund raising [sic] activities to be held for WSC expenses was a nice idea but its application has proved [sic] to be a failure so far. . . .

There are several options.

1. Continue to hope that the special fund raising activity policy will be adopted by a larger number of groups or areas.
2. Assign the responsibility of this special fund raising program to a committee or individual.
3. Reduce the expenditure rate of WSC and Trustees to live within the income of WSC from the Seventh Tradition.
4. Adopt a new policy for the generation of funds for the WSC.

It is clear from Stone's increasing focus in his correspondence upon using WSO funds and resources to assist in the completion of WSC work and projects that there was growing concern over this development. In fact, the above memorandum would eventually go on to recommend that "each group in the Fellowship . . . make a contribution of one dollar per meeting, per week to the World Service Conference," an idea Stone had referred to in his August 27, 1984 "Monday Morning Report" to WSO staff.

The "dollar per meeting per week" idea never took off, however, and the WSO continued to foot a considerable portion of the bill for conference activities. In an effort to lend further financial assistance to the conference, the Board of Directors would pass a motion, in June of 1985, to "pass-through" all donations received by the WSO to the WSC:

Discussion began on the declaration made at the World Service Conference by the Office Manager pertaining to the withholding or pass-through of donations received by the World Service Office. Following additional discussion, it was M/S/C to adopt a policy whereby the World Service Office will not retain any donations received from the fellowship and pass donations directly on to the World Service Conference. This policy shall be in effect retroactive to January 1, 1985. (BOD June, 1985 minutes)

In fact, by the time the General Office Guidelines were being drafted, some time around August, 1988, this practice of refusing fellowship donations by the WSO

had become standard operating procedure. As the following excerpt from a draft of those guidelines demonstrates, this practice also further locked the WSO into the inflated literature pricing policy in order to be able to pay for services provided to the fellowship and to the World Service Conference:

The range and scope of services provided by WSO exceeds the ability of the Fellowship to support through contributions alone. This was tried in the early years of the WSO and the money received was insufficient to provide even minimal publishing service to N.A. At that same time, the World Service Conference was also seeking to provide services on the strength of contributions from members, groups, areas and regions. There was not sufficient funds even for the Conference, let alone both the Conference and the Office. Consequently an agreement was reached whereby the Office would forward all contributions it received, to the Treasurer of the Conference. The Office, accordingly is funded entirely through sales to the Fellowship and those outside the Fellowship who desire to use N.A. Conference Approved literature or other materials. (From "General Office Guidelines": first draft 8/88)

By the end of the 1985 conference year, the WSO had grown literally from a nomadic operation which at one point had actually been operating from the trunk of an addict's car, to a million dollar a year enterprise supporting the efforts of a growing fellowship services effort which continues today. The decisions which had been made as to how those services would be funded may, in hindsight, have not been the best they might have been, but we cannot argue today with their effectiveness for the time. As the 1985-1986 conference year would demonstrate, NA in 1984-85 had only begun to witness the miraculous growth that would continue up to the present. That growth and development would of course be made possible by still-increasing (in 85-86) Basic Text sales, and the reliance upon the money from those sales to fund service activities.

### 1985-1986

"If we say N.A. is growing, we make possibly the greatest understatement of the year. We are exploding!" wrote Bob Stone in the April 28, 1986 *Fellowship Report* (1).

During 1985-1986, total revenues for the WSO climbed to \$1,436,108.00 (11). Basic Text sales topped 133,526 (23). Staff grew from 14 to 30 (7). The office equipment improvements included going from 5 computers to 14 (7). The number of groups grew from 3700 in February 1985 to 6550 in February 1986, a 77% overall increase in groups (32).

The WSO also continued to —

- provide general financial management for the WSO and WSC
- produce and distribute NA literature<sup>7</sup>

<sup>7</sup> There were already, even at the 1985 WSC, attempts to formalize the translations policies: "It was M/S Jim G. (RSR Florida)/Randy J. (RSR Chesapeake Potomac), 'that the translation policy

- allow credit purchases of NA literature and maintain credit-related accounts
- offer literature discounts for volume purchases to the tune of \$213,875
- produce the *NA Newsline* and other periodicals
- maintain the administrative responsibilities for the World Convention
- keep track of group registrations
- update, print and distribute the World Directory
- answer requests for NA Starter Kits (at an average of about 75 per month)
- provide general PI assistance
- provide legal assistance to local NA communities and service offices
- put on workshops throughout the U.S. about developing service offices and convention corporations
- administer, publish and distribute the *NA Way* magazine (suffering an estimated financial loss of \$11,113.00 in 1985)

Of course, assistance to the WSC, along with its Boards and Committees, continued as well.<sup>8</sup> The 1986 *Report* makes reference to increased travel expenses for BOD and Committee members assumed by the office (8).<sup>9</sup> It was also during this year that the WSO assumed as its subsidiary the World Convention Corporation, an act approved by the Board of Directors in March, 1986 (BOD Minutes, March 1986).<sup>10</sup>

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of approved literature to foreign languages be 1) work initiated by either WSO or interested N.A. members through the WSO. 2) A certified translator be selected by sample of their work and certification. 3) The initiated work would be given to the translator by the WSO. 4) Translator would be returned to the WSO [sic]. 5) Translator would return work to the WSO who in turn would send this work to interested members. 6) These members will be given a specific length of time for review and input. 7) The review work would be returned to the WSO the WSO would return work to the translator for final work."

It was M/S/C Mary B. (RSR Lone Star) Mike C. (RSR Michigan), "to commit the above motion to the WSO Board of Directors."

CARRIED UNANIMOUSLY BY VOICE VOTE

<sup>8</sup> The secretarial duties which the WSO had assumed for the Conference were formalized at WSC '86: "It was M/S/C Danny W. (Mountaineer)/Bo S. (WSB), "the language on page 36 item A and B under number three the Secretary of the Conference shall be deleted and replaced by the following paragraph:

'The WSO will perform the duties of the WSC Secretary. These will include keeping a record of the proceedings and publishing accurate minutes of the WSC within three (3) months of the close of the conference.' The Vote: YES - 59 NO - 0 ABSTENTIONS - 0 CARRIED."

<sup>9</sup> In fact, a motion was passed at the 1985 WSC which further increased these expenses: "It was M/S/C Dannette B. (RSR So. Cal.)/Ginni S. (Lit. Chair), 'that travel expenses of WSO Board members for board meetings, be paid by WSO.' The Vote: CARRIED BY VOICE VOTE."

<sup>10</sup> This action is partially reflected in a motion from the 1985 WSC minutes: "It was M/S/C Bobby B. (WSC Conv. Chair)/Kevin F. (WSO), 'That the WSO act as the Treasurer of the World Service Office Convention Committee.' The Vote: YES - 48 No - 0 ABSTENTIONS - 4 CARRIED."

Once again, however, there was a problem with the WSO's financial solvency as it related to conference projects and expenditures:

It has been the policy of the WSO Board to accumulate a reasonable prudent reserve. This was fully explained in the first WSO Manager's Report presented two years ago. In that report a projected prudent reserve of approximately three month's operational expenses was set as the desired minimal level.

During 1985 the WSO experienced a number of separate but large expenditures which we were not able to accommodate from the operational income during the months the expenditures were necessary. Consequently it was necessary to utilize funds from the reserve to cover these expenses. Additionally our overall operating expense level has risen and effectively squeezed out our ability to return those dollars to the reserve during 1985. We have had a slight increase in monthly income in the first quarter of 1986 and we have carefully minimized expenses wherever possible in order to return funds to the reserve in 1986.

Some of those major expenses were for the public service announcements produced just prior to the 1985 Conference at a cost [of] more than \$30,000.00. Later in the year, acting to fulfill the action by the Conference on medallions, an initial inventory of medallions was obtained. This expense of \$20,000.00 was also taken from the reserve. This expense occurred at the same time a purchase was made of a typesetting machine which necessitated a cumulative outlay of over \$35,000.00. Another major factor was the change in our inventory of copies of the Basic Text which was necessary to accommodate purchases made by Hazelden and Compcare.

We started 1985 with a reserve of \$130,000.00, but after transfers were made for the expenses noted above, we ended the year with only \$34,603.00. (5-6)

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It is also reflected in the following conference actions from WSC '86: WSO Agenda Item #3. "It was M/S/C Steve B. (WSO-BOD Chair)/Bobby B. (WSC Conv. Chair) 'that the World Convention of Narcotics Anonymous, Inc. (WCNA 14) be acquired as a gift and become a wholly owned subsidiary of World Service Office for an interim period of time ending on October 18, 1986 as provided in the enclosed motion.' The motion was adopted as amended below. The Vote: YES - 51 NO - 7 ABSTENTIONS - 5 CARRIED."

"Amendment to the motion: It was M/S/C Steve B. (WSO-BOD Chair)/Bobby B. (WSC Conv. Chair) 'to strike these words from the above motion 'for an interim period of time ending on October 19, 1986 as provided in the enclosed motion.' and put a period after the World Service Office. The Vote: YES - UNANIMOUS."

In hindsight, perhaps one of the things that seems most unusual about the nearly \$100,00 drop in the office's "prudent reserve" (really, a working reserve, as a later section of this history will discuss) during this conference year is the fact that the Executive Director *seems to mention it so casually*. In fact, there is significant evidence which demonstrates that Mr. Stone was becoming increasingly concerned about the WSO's growing burden associated with WSC services, particularly as it related to the expected drop in revenues with the projected leveling out of Basic Text sales. This pattern of dipping into the office's operating reserve, as revealed by documents and minutes, would continue into 1986-1987, eventually culminating in near-disaster for the WSO in 1990 and 1991.

### 1986-1987

"[The] continued growth in the Fellowship as a whole and in the World Service Office is not accomplished without a number of problems" wrote Bob Stone in the 1987 *Annual Fellowship Report* (1).

This less-than-enthusiastic introduction, ironically, precedes a *Fellowship Report* that would go on to demonstrate record growth in all areas of fellowship development and finances. The answers as to why the beginning of the report was so cautionary are revealed in the facts from the 1986-1987 conference year themselves.

The WSO's gross income for 1986-1987 grew to \$2,580,431.00. Additionally, requests for starter kits stayed at around 75 per month (35), though fellowship requests now included approximately 135 letters per month, and 185 enclosures (such as literature, the *Newsline*, the *Fellowship Report*, etc.) were mailed out to addicts across the globe (35). Total Meetings reached a new high of 7638 U.S. and 735 international (38-9).

The internal PI Coordinator of the office handled 25 pieces of written correspondence per week and 5 to 15 phone calls per day (41), while the H&I publication, *Reaching Out* saw its distribution reach 6,072 copies per issue (41). Meanwhile, the WSO's literature coordinator responded to an average of 74 letters per month, and sent out 51 form letters per month (44).

Conference year 1986-1987 also saw the number of area and regional offices grow to 26, 7 outside, and 19 inside the U.S. (35). Accordingly, the WSO held office workshops in June, 1986 in Detroit, Michigan, and in March, 1987, in Atlanta, Georgia (35). The WSO also held a service committee workshop in Albuquerque, New Mexico in November, 1986.

In addition to these fairly dramatic increases in fellowship services, the WSO still maintained the following responsibilities:

- maintained the WSO's and the financial records and accounts
- produced and distributed literature and other products
- moved from producing the World Directory to the World Phonenumber Directory
- produced the WSO catalog of available inventory

- maintained literature agreements with NA communities outside the U.S.
- administered the Tape Review Process for recovery tapes
- provided support and legal advice to service offices and convention corporations
- maintained group registrations
- produced and distributed the NA Way to an estimated \$9,209 loss

The office was also able to assign full or part-time workers to each committee in 1986 (46), provide continuing support to the Board of Directors, to the Board of Trustees, and to the WSC and its committees.

This conference year also saw the first attempts at estimating actual costs to the office for financial assistance, communications (phone, mailing, etc.) to the World Service Conference, although at this time, the WSC was still attempting to reimburse the office for services (47-8). The *Annual Report* also mentions the WSO's increasing transportation services which were then being provided to the conference — arranging travel, lodging, and so forth (49).

There was, of course, ever-increasing concern about the WSC's escalating dependency upon the WSO.<sup>11</sup> This concern is evident in a passage from the 1987 *Annual Report*:

Care has been exerted on a constant basis to avoid having a situation arise where the Conference finds itself unable to reimburse the WSO. To accomplish this, some WSC expenditure requests have been delayed or denied. This has been particularly true in recent months. . . .

An important matter than looms on the horizon at this time is what happens when the Conference does not have funds to reimburse WSO. Should the Conference be required to repay the WSO, if sufficient funds do not come in as contributions? So far this has not become a problem because within a month or so, the level of contributions has been sufficient to reimburse the WSO. But this may not always be the case. (49)

In the meantime, there had been growing concern, criticism, and even accusations among portions of the fellowship about the pricing policies for literature. It had never been a secret that the price of the Text had been inflated in order to improve conditions and equipment at the office, as well as to keep pace with the ever-increasing desire for services provided by the WSO. Yet, when members began to see gross incomes for the office of well over a million

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<sup>11</sup> This dependency had been formalized at the 1985 WSC: "It was M/S/C Susan C. (WSC Treasurer)/Leah G. (WSC Vice Chair), 'I move that the WSO be requested to provide to the WSC for emergency funds if WSC income is not sufficient for minimal administration expenses.' CARRIED UNANIMOUSLY BY VOICE VOTE."

dollars, then approaching two million, they began to really question why the WSO continued to price the Basic Text at such a margin of profit.

The upshot of this concern culminated in a Motion from the Georgia Region, which called for an investigation or impact study into the effect of reducing our literature 25% across the board.<sup>12</sup> The request was taken quite seriously, for Board of Director minutes from January 10, 1987 indicate that

The Board briefly discussed the Price Policy for the Basic Text. With specific reference to a motion submitted by the Georgia Region which would have, if adopted, instructed the World Service Office to reduce the price of the Basic Text. Following considerable discussion it was resolved by consensus of the Board to utilize reasonable means to communicate to the Conference, the Georgia Region and the fellowship at large, the impact that adoption of such a motion would have on the activities of World Service Office and the office's ability to continue to provide the existing level of service to the World Service Conference.

This impact would be addressed formally in a document which has come to be known as "the Georgia Report," referenced in some detail later in this history. However, a letter from Bob Stone to Bob G., a former RSR from Southern California, dated January 7, 1986, also speaks to the matter of lowering the price of the Text.

The letter provides a comprehensive outline of services which were then being provided by the WSO, and why reducing Basic Text cost was, in light of the fact that it provided the funds for such services, not a great idea for NA as a whole. The upshot of Stone's response is summarized in this quote from his letter: "As indicated throughout this memorandum, I hope it is clear that the reduction in the price of any significant item in our inventory would cause the World Service Office to have to substantially change the quantity, quality and types of services that it currently provides."

The reasons which Stone provided for his position included the fact that the *World Directory*, for example, represented a \$15,000 annual net expense; the *Newsline*, a \$60,000 (not including staff time) expense; the PSAs which were then being developed represented a \$40,000 office expense; the H&I Handbook, Guide to Phonelines, PI Handbook, Convention Guidelines, *Fellowship Report*, Conference Agenda Report, secretarial staff for WSC and Committees, also represented significant expenses to the office; the Guide to Service project represented a \$10,000 expense that year; the It Works project looked to cost about \$12,000 to lit committee over a 2 year period; Braille literature was costing much more to produce than the office would sell it for (the little white book, for example, costing \$1.25 to produce;) in addition, the office was also selling literature at a loss to addicts in India, Colombia, Nigeria, Egypt,

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<sup>12</sup> This topic will be dealt with in greater detail under the section of this report entitled "Low-Cost Basic Text"

and Ireland, plus shipping handling, etc., in order to help NA better fulfill its primary purpose. For all these reasons, Stone argued, we needed to maintain the price of the Basic Text at its current level.

It is again clear that, as the vision which Stone and World Services had for the growth of NA (and for the growth of world services' ability to provide services) rapidly became a reality, the only way to continue to keep that vision alive was to maintain world services' dependency upon profits from Basic Text sales. The early Board of Directors' intent, that the inflated price simply be a temporary source of income until the office had become a stable and reliable resource to the fellowship, now had become an entrenched means of operating the world services' vehicle. Further entrenchment of this means of operation would occur in 1987-1988.

### 1987-1988

During 1987-1988, gross income for the WSO again increased, this year to over \$3,259,313.00. Once again, with this increase in revenues, came new expansions of the WSO's and world services' areas of service provision.

After all, there were now, at the time of the 1988 *Fellowship Report*, 470 area committees, and over 15,000 meetings (including H&I) across the world. A New Jersey Office had been established (26), and there was even talk of opening a European Service Office in London (26).

Fellowship requests for literature and other services were averaging 250 to 300 per month (a 120% increase from 1986-1987) (32), and Group Services was sending out 209 starter kits per month (a 180% increase) as well as keeping up with group registrations (33).

The H&I coordinator helped support 315 registered H&I Committees, and dispersed over \$7,000 in literature toward helping H&I efforts around the world, while literature support services assisted the literature committees, whose registration had increased from 250 in April, 1987 to 350 in 1988 (36). The Loner Group publication, as well, had by then accumulated 650 members, 82 of whom were loner members (44).

As a matter of course, the WSO also continued to heavily support the WSC and its Board and committees, offering BOT Assistance, Additional Needs ad hoc assistance, PI support by assisting in the attendance of 21 non-NA events (34), and investigations from the New Jersey office into beginning a possible relationship with the United Nations and other governmental and non-governmental agencies.

The WSO also subsidized the *It Works* project, to the tune of about \$20,000 for 1987;<sup>13</sup> the shortfall for this project had been approximately \$7,650 for 1986 (37-8),<sup>14</sup> as well as the *NA Way*, to a loss of about \$17,337.

<sup>13</sup> Thus, the WSC 87' action is reflected in the WSO's subsidization of the *It Works* project: "It was M/S Henry B. (RSR British Columbia)/Mark E. (RSR Oregon/So. Idaho) 'that expenses

In addition, the WSO continued to offer services such as the —

- maintenance of meeting lists and phonenumber numbers for addicts in need
- assistance to local service offices and corporations,
- sponsorship of service committee workshops
- maintenance of group services
- maintenance of the World Directory,<sup>15</sup>
- production of the WSO Catalogue,
- administration of the tape review process for speaker tapes,
- creation of the Price Reduction Study (Georgia report)
- increased attention to Logo trademark registration

To keep up with the need for all of these services, the office staff had by now grown to 35 full time employees.

In keeping with the pattern we have already seen regarding the provision of services versus the constant challenge of meeting their expenses, the WSO once again called attention to the diminishing margin between available resources and the demand for services:

The Office is unhappy to report the WSO has experienced a new and undesirable event during the past twelve months. This event is where normal every day expense for office operation consumes almost all the new income generated by expanding sales. Most business activities arrive at this situation for the same reasons we have: low income ratio to production cost, inability to add significant new inventory items, or support of excessive administrative services. (53)

It would eventually be clear that this turn of events was a merely a forewarning of what was to come. Similarly, in a "Special Report on Conference Finances —

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incurred by the Literature Committee and the Ad-Hoc committee on It Works be considered as the cost of producing new literature, and as such be an expense of WSO.' After further discussion, the motion was withdrawn by consent of the conference, to be considered by the WSO."

<sup>14</sup> Though members were still paying for approval-form literature, as 1988 WSC minutes reveal: "It was M/S/F Richard S., RSR (Greater New York)/Eve F., RSR (New Jersey) 'That the WSO pick up the cost for all approval form literature.' Intent: So that the donations that come from the group could be spent on approved literature. The Vote: MOTION FAILED BY VOICE VOTE."

<sup>15</sup> This would change the following year, after the 1988 WSC dealt with these motions: "It was M/S/F Stan A., RSR (Chesapeake/Potomac)/Michael J. RSR (Connecticut) 'That the WSO update the World Directory of N.A. meetings on an annual basis.' Intent: To make available an international meeting list for addicts. The Vote: MOTION FAILS BY VOICE VOTE." "It was M/S/C Ed S., RSR (Oregon/S. Idaho) Eve FR., RSR (New Jersey) 'That the WSO be directed to publish a world phonenumber directory to be updated annually.' The Vote: YES - 47 Due to the number of YES votes the chairperson announced the motion was adopted."

July 20, 1987", Bob Stone wrote regarding the WSC's ever-increasing demands upon the WSO's resources:

There is another financial resource used by the Conference. The World Service Office has provided funds for the Conference during each of the past four years. The office has not made cash donations to the Conference Treasury. Instead, the WSO expended funds for a variety of items for which either reimbursement was not sought, or was not provided even if reimbursement was sought. These expenditure [sic] transportation or lodging costs that were not detailed in the WSC budget or were in excess of the amount authorized in the WSC budget. It included production costs for the Public Service Announcements and direct subcontractor expense for specific projects such as *It Works: How and Why*.

It's clear that Stone was very concerned about the conference's growing reliance upon WSO profits to fund its operations and projects, though he does try to soften the blow of his concerns in the following passage:

The WSO is not demanding or expecting complete reimbursement. However the WSO is hopeful that the Conference will be prudent in its spending so that the previously adopted spending plan of \$257,000 is not followed unless substantial increase in WSC Contributions [sic] is experienced. (53)

Nevertheless, he states unequivocally toward the end of this "Special Report" that

There is no question at all on the part of the WSO Board that they will provide unreimbursed subsidy to the WSC. The only question is, to what the total subsidy will be during the year.

This concern for the growing demand being placed upon the WSO's income would grow in 1988-1989.

### **1988-1989**

The gross income for the WSO during 1988-1989 reached \$4,199,117.00. Along with this increased income came the ever-increasing attempt to provide a growing range of services to the fellowship and the WSC.

The Group Services department was answering approximately 250 to 300 letters per month (44), six to fifteen phone calls per day, and receiving 40 to 50 sets of minutes from service committees each month. They sent an average of 180 starter kits per month — and altogether over 2,100 starter kits were sent out in 1988.

The number of trusted servants registered with WSO for PI and Phonline committees had reached 670 in 1988-1989 (39), and the PI News was mailed to 700 committees and trusted servants quarterly (39). In addition, the office assisted in the attendance of over forty non-NA events, including "one each in Australia and Sweden" (40).

The literature department received an average of 50 pieces of correspondence and 15 phone calls per week (41), while the number of literature committees increased to approximately 400 (41). Additional support went to the continuing development of the *It Works* project, which cost \$47,987.00 (42) for 1988, for a cumulative net loss of \$167,951.00 to the WSO from 1986.

There were 362 registered H&I Committees in Narcotics Anonymous in 1988-1989, and the Office printed and mailed approximately 10,000 copies quarterly of *Reaching Out*, a 25% increase over 1987 (42). Additionally, \$5,447.60 was disbursed for H&I literature and services (42).

Meanwhile, the Loner Group operation now had over 900 members, 125 of them loners (48), and the *NA Way* suffered a net loss of \$23,180.55 (46).

The office continued to provide "administrative, clerical and logistical support to the Conference Administrative Committee, the standing and ad hoc committees of the Conference, the Board of Trustees and its committees, and the Joint Administrative Committee" (38). An example of increased services provided to the WSO boards and committees, as Bob Stone wrote, was the expanded assistance to the Trustees: "The WSO expanded its assistance to the Board of Trustees this year. At the first meeting of the Trustees for this year, the WSO made a commitment to have a project coordinator work with each of the separate Trustee standing committees. This has continued for each of the Trustee meetings" (49).

The WSO also provided administrative support to the Additional needs ad hoc (49), along with providing assistance to the development of local corporations for conventions/offices. In 1988-1989, there were over twenty offices of one type or another in the fellowship (49). The office also assisted in preparing legal documents for these operations (49).

The Office maintained the World Phonline directory (49), and the WSO Catalog (50), but closed the New York Area Branch Office after brief trial of operation to determine its value and affordability (50).

The office provided and assisted in the ongoing work with "the growing international fellowship" (53), while continuing to develop printing agreements outside the US (55).

The WSO also had begun investigating the possible purchase of an office for NA (as an alternative to paying rent on multiple buildings) (55) and had expended "considerable effort [on] an archive system" (61).

The WSO also continued to provide speaker tapes (58), and to coordinate the tape review process (59).

While these services continued to be provided by the WSO, there was still great concern over the precarious finances of the office, and of world services more generally. As Donna M., then the chairperson of the Board of Directors, had written in that year's *Fellowship Report*,

The WSO has never refused to provide support services or money in response to any Conference or Trustee request. However, the Board is beginning to question how it will handle requests for financial support when there are little or no surplus funds available. [. . .] I would encourage the Conference to give attention to such matters as a Budget Review Committee, a fund flow recommendation, practices that may be adopted at all levels of service to ensure greater financial accountability, and ways to encourage more Seventh Tradition contributions.

Her concerns would eventually manifest in a continuing effort on the part of the Board of Directors to develop a Business Plan, which this history examines in greater detail elsewhere. The point here is that, even though the WSO's income had continued to grow throughout the eighties, it was still unable to keep pace with the expenses of providing such a wide array of services to both the Fellowship at large, as well as to the World Service Conference.

In fact, the end of conference year 1988-1989 began to show serious weaknesses in the office's finances, which would become a source of grave concern for the entire fellowship for the next two years. The first inkling of troubles to come was found in an April, 1989 "Month End Financial Report," in which Bob Stone wrote

As a closing note about finances; Our financial picture has a flaw in it as of the time I am writing this report. We are short of cash and will be for some time. As noted . . . we have been expending funds at a high rate as we increase our inventory value. [. . .] We are transferr[ing] [sic] funds from savings, getting money from several service office customers and the Conference to meet [the bill for the third printing of the 5th edition]. . . . However, I expect that to smooth out because each major buyer sells their supply of literature at different rates.

Mr. Stone's temporary optimism would prove to be ill-founded. As historical documents demonstrate, conference year 1989-1990 would present the WSO with increasing financial burden along with the reality that income was going to eventually decline. Though income for the next conference year would rise, there would be growing concern that the leveling out of Basic Text sales was imminent, and would present a grave situation for the WSO in the immediate future.

## 1989-1990

Although during the 1989-1990 conference year, gross income for the WSO peaked at \$4,994,613.00, there was growing concern as to the financial condition of the WSO. Bob Stone's assessment of these concerns is stated clearly in the 1990 *Fellowship Report*:

The WSO achieved a new level of financial growth. However, the finances are not really very rosy. Despite a higher gross income, there are concerns in the analysis of the financial figures.

The overall financial picture of the WSO is not encouraging. During the 1989 fiscal year, there was an increase in gross income, but the level of expenses was greater than the income. There was an increase in the value of the inventory, which represents part of that expense over income, but that was only part of the story.

The key element was the unhappy news that the number of Basic Texts sold during the year did not rise nearly as much as in recent years. While preparing this report, we discovered an error had been made in the addition of figures reporting the number of texts sold last year. Even after the adjustment was made, the comparison of texts sold this year was not as exciting as we are usually able to report. (2)

In response to this concern, the Board of Directors' section of the 1990 *Fellowship Report* stated:

Every year since the text was first printed, there was a considerable increase in sales. This was true until this year. As reported in the executive director's *Annual Report*, there is concern over the number of Basic Texts being sold. Considerable research has gone into this to discover what happened and what affect [sic] it has on the fellowship.

Each summer there has been a drop in the sales of literature generally. By October, the sales level has usually returned to the level prior to the summer slump. This year, that did not happen until the beginning of 1990.

This had a general affect [sic] on literature sales within the Fellowship. It required some offices to rely more on money from other sources. Despite the general leveling of sales, the WSO still had an increase in the net income. The impact, therefore, was that the scope and extent of services which could have been provided were curtailed. For example, the European Service Office was affected by having less money available for its operation.

There were months when we did not have enough cash on hand to pay all of our bills. As a result, a large part of the reserve WSO

started the year with has been depleted. It was necessary to restrict some expenditures. International travel was watched carefully, and some was deferred. Two additional staff positions the board had authorized were not filled because of the shortfall in income.

Review of the sales information contained in the executive director's report indicates that the dip in the rate of increase of Basic Text sales was related more to non-fellowship purchasing than to sales within the fellowship. The dollar value of sales within the fellowship continues to increase, although not at the rate of prior years. We have discussed this with a number of people, both in the fellowship and in the treatment industry. The single factor everyone seems to point to is the reduced coverage insurance companies are providing for addiction treatment. With this reduction in funding, many centers have fewer new patients, and therefore spend less on literature.

While this matter is of no real consequence to the existence of N.A. in a philosophical sense, we will continue to make adjustments as such forces impact literature sales. Narcotics Anonymous will exist and operate to meet our needs, regardless of such outside forces. We felt it important to discuss this issue, so as to alleviate any fears that WSO might be devastated by such fluctuations in sales outside the fellowship (8).

In spite of these serious hardships, the WSO continued to provide significant services to the fellowship and the WSC.<sup>16</sup> The Group Services department, for example, answered 250 to 300 letters per month (38), and mailed out an average of 180 starter kits per month (39).

The number of trusted servants registered with the WSO involved with PI and phonelines was around 950 (34), and there were nearly 50 area and regional PI committees registered (35). Meanwhile, WSO expenses for non-NA events topped \$20,000 for attendance at some 40 events (35).

During 1989-90, literature support services received approximately 30 pieces of correspondence and 15 calls per week (36), and helped to address the needs of 433 registered literature committees across the fellowship (36). Additional literature support included the *It Works* project which, for 1989, represented a \$15,841 WSO expense (36).

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<sup>16</sup> Even during these difficult financial times, 1990 WSC minutes indicate that the WSC still desired the same basic provision of services from the office, as the failure of the following motion suggests: "It was M/S/F Rita S. (RSR, Mid-Atlantic)/Bob F. (RSR, Northern New Jersey) 'That WSC recreate the position of WSC Secretary and that WSO provide all material support necessary to accomplish the tasks.' MOTION FAILED BY VOICE VOTE."

The H&I services department assisted some 479 registered H&I committees (37), and saw to it that over 2,000 letters from addicts and professionals were responded to. There were over 10,000 issues of *Reaching Out* mailed quarterly, and \$4,278.43 worth of literature was disbursed across the fellowship (37).

The WSO continued to maintain the World Phonenumber Directory as well as the Loner Group operation, which now included over 1,175 NA members, 170 of whom were loners (43).

The WSO continued to provide BOT and additional needs assistance, along with supporting the WSC (39).

It is important to note that many of these services were accomplished as the result of "robbing Peter to pay Paul." That is, in order to provide services and maintain everyday operating expenses, the WSO had begun to seriously deplete whatever "prudent reserve" had been accumulated, as the *Fellowship Report* indicated:

There was a substantial depletion of the funds held in savings accounts. Funds kept in savings are intended for short and long-term unusual expenditures, but especially when there is a shortage of funds. Because WSO expenditures during the year were greater than the income it was necessary to spend \$142,190 from savings. We do not expect that the 1990 income/expense balance will permit return of funds to savings accounts this year. In the interim, the WSO continues to operate with a minimum prudent reserve. It has been necessary to use more of the reserve since the beginning of 1990. (2-3)

These practices continued to worry WSO management. In a letter to the Board of Directors from Bob Stone dated December 7, 1989, regarding the 1990 budget, the Executive Director wrote:

We have reached a place in the office growth where we need to change our attitude about some expenditures and to what level we will allow some expenditures. It is essential, I believe, to apply maximum expenditure authorization for some items and then live within that authorization. While I am not certain that in eight months I will be of the same opinion, at the moment it seems a prudent decision and one which that as a Corporation we need to learn to apply. (1)<sup>17</sup>

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<sup>17</sup> Similarly, in a letter to Bryce Sullivan, WSC Lit Chairperson, dated December 19, 1989, Bob Stone wrote:

With all candor, I must point out that we are beginning to face a financial situation that was discussed at the World Service Conference in prior years. In 1986 and 1987 I advised the Conference that the time would arrive when the World Service Office would not have the excess funds available that it had in 1986 and 1987 to provide additional service to the fellowship. We are quickly reaching the point where the routine operation of the office consumes all of the funds that are available through literature sales.

There is a real sense of foreboding in an entry from the March, 1990 Board of Director Minutes which would prove all too accurate and assessment of things to come:

Discussion then ensued on the current financial position of the WSO and its effect on the fellowship's ability to provide services. Stone explained that his reports to the WSC in 1985 and 1986, he remarked about the eventuality of reaching the point where income from sales would only cover the normal operating expenses of the WSO. Over the past five years the cost of operations has increased while text sales have peaked and leveled out. Most businesses when reaching this point would either increase prices or add other inventory items. However, both of these choices present some difficulty. The price of the Basic Text has not been increased since the original process was set in 1983, and to increase it now may only provide a temporary solution. Adding any significant items to the WSO inventory such as another book or video requires the consent of the WSC, and nothing appears to be near ready to produce and sell.

We will have to advise that this is an urgent situation and it affects the fellowship as a whole.

This growing concern would prove to be only the beginning of the WSO's hardships, as historical documents from 1990-1991 reveal.

### **1990-1991**

For the first time since the publication of the Basic Text, its sales declined during 1990-1991, resulting in a lowered gross income for the WSO of \$4,338,999.00. This conference year was the beginning of the most serious threat to the long-term viability of the WSO to date, and the *Fellowship Report*, as well as other historical documents, reveal the crisis in detail. The Board of Directors' section of the 1991 *Fellowship Report* speak ominously of the difficulties facing the WSO:

Prior to 1990, the WSO Board of Directors could count on office income increasing each year, and made operating plans accordingly. Until that time, there had been sufficient surplus income to continue expanding World Service Office activities and N.A. services in general. At the 1990 conference, we informed you that we believed the rising WSO revenue curve would soon level out. Sales of the Basic Text, representing about 70% of WSO revenue, had neared their peak. Since we did not expect any new books to be added to our sales inventory in the next year or two, we believed we would find ourselves having to make more conservative plans for World Service Office operations.

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Last spring's concerns became last summer's reality. It became clear that Basic Text sales had already peaked, and were not merely leveling but decreasing at an alarming rate. Accordingly, we began implementing an immediate expense reduction plan. By the end of 1990, this plan had helped the office sustain a substantially smaller net annual loss than it would have taken otherwise; WSO lost a quarter million U.S. dollars on 1990 operations, rather than half a million. World Service Office income dropped 15% from 1989 to 1990. In 1991, we expect our income to drop further, but by a smaller percentage. As we seek to stabilize our level of income over the next couple of years, the WSO Board of Directors will be very cautious in making budget decisions, particularly in the areas of travel and personnel expenditures.<sup>18</sup>

Even in the face of these financial developments, the WSO continued to provide services to the fellowship and the WSC. For example, the Fellowship services department fielded over 400 phone calls per week, and responded to over 100 letters and requests per week, (19). The Group Services division answered two hundred letters and requests per month (a slight decrease from the previous year) (23).

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<sup>18</sup> The *Newsline*, volume 6, issue 6 (May 1990): reiterates this growing reality:

"As the fellowship has grown larger and stronger, the demands on the limited amount of money generated within the fellowship have grown faster and larger. At every level of service there seems to be a growing shortage of funds. This is particularly evident at world level.

In recent years, the WSC has existed on a growing budget, but the activities of the conference-supported board and committees have been strained because the available funds are always less than the board and committees need. During the last two years, some meetings and activities of the board and committees were delayed or canceled because adequate funds were not available.

Even the WSO has reached the position where extra funds are no longer available. As reported by WSO to the conference in 1986 (and several times since), the time would come when the routine operational costs of running the office would consume all the funds generated by literature sales. The WSO reached that position last year. The WSO no longer has the opportunity to provide financial assistance or guarantees to the conference-funded board or committees without having impact on the activities that the office performs.

The office has in fact had to make critical adjustments in its operation and planning. It reached a standstill with creating new employee positions, has had to establish inflexible budget ceilings for many expenditures, look for ways to reduce some expenditures, and look for ways to increase its sales income" (11).

"This may be the first small bell ringing about the current situation, but it will not likely be the last" (12).

The H&I department addressed 1708 pieces of mail during 1990 (25), while the WSO provided \$1400 in literature to H&I operations (31).

The Literature department made over 174 area and regional lit assignments (28), and the Loner Group operation had 1100 members registered, 195 of whom were loner members (29). The PI department saw more than 1000 individuals registered for phonline and PI trusted servants (30).

However, the decrease in Text sales did affect some elements of service delivery at the WSO. There was a decrease in starter kits from 2100 in 89 to 1350 in 1990 (29), but an increase in general information packets. The reason for the change, quite simply, was that "The general information kit is a smaller, less expensive mailer" (29).

Similarly, while NA had been invited to attend 112 non NA events during 1990-1991, we attended only 16 due to financial hardships (31).

This decrease in financial solvency also threatened other areas of service delivery, as the *Fellowship Report* pointed out regarding the European Service Office:

It costs a great deal of money to run the European Service Office. When the ESO was first opened, our finances were such that we could open a London branch with full knowledge that it might not become self-supporting for a number of years. Today, we must take a much more conservative view of such matters. In coming months, the WSO Board of Directors will consider if it will continue the London branch or move ESO to a European city where operating costs are lower. If finances become extremely poor, we may be forced to close the ESO. (4)

In truth, the office was in even worse shape than the bottom line made it appear in 1991, because the 1990 accounts receivable was down \$91,456, and inventory was down \$158,403 (57). Additionally, Basic Text sales were down approximately 18% — about \$502,393.00 — in 1990 (73). Additional evidence suggests the extent to which the WSO was in financial crisis.

For example, BOD folders in the WSO archives from 1991 contain a draft letter soliciting individual donations for the WSO. The packet also contains information regarding Levels 1 through 4 emergency procedures at the office, which range from withholding 5% of employees' weekly salaries to layoffs of employees in order to save operating expenses.

This information is corroborated by Board of Director minutes, dated July, 1991 — after the 1990-1991 conference year, but relevant to our examination here. The minutes read:

Joe [Gossett] then discussed the emergency layoff plan. One of the ideas was to discuss cutting back hours as opposed to fully letting employees go. He then discussed the idea of keeping a

percentage of employees wages that would be paid back at a later time. Discussion toward layoff incurred and that it would not necessarily depend on seniority. It was M/S/C "to adopt the Emergency Resource Conservation Plan as presented." The Vote: Yes — unanimous" (8).

The seriousness with which the Directors were discussing these issues is borne out in the following motion, which passed unanimously at the July, 1991 meeting: "It was M/S/C 'that we are in Level 1 Emergency.' The Vote: Yes — unanimous" (8).

All of these developments would lead George Hollahan, in a special section of the *Fellowship Report*, to observe the following:

Most of us are not comfortable dealing with money issues but, in our currently straitened circumstances, we must. N.A. services cost money. The World Service Office lost a quarter-million dollars last year, and may lose more in 1991. Approval of a Low-Cost text may further reduce Basic Text sales, even if measures are taken to minimize the impact. Various means of enhancing WSO revenues are currently being discussed, but they are just short-term solutions to our financial problems. The only long-term solution is the development of a major new book. (40)

Similarly, a BOD draft in the archives, titled "What is the Financial Condition of the WSO?", points out the grave financial concerns of the WSO clearly, though in language that calmly belied the actual state of emergency:

As an analogy, our boat took on considerable water last year and it is still leaking. We have decided to stay with the boat because land is in sight. The boat may continue to get harder to row and we may all get our feet wet, but that alternative is till better than jumping overboard.

In summary the BOD has determined that our current combination of debt and budget reductions are appropriate. We could eliminate our short-term financial problems by eliminating major areas of expenditure, but we would then not be able to meet the goals given by the conference in the short-term and we would not have additional products or staffing capability to assist in the creation of additional products in the long run.

It is clear both from George Hollahan's report, as well as from this draft of a Board of Directors report to the fellowship, that the WSO and its Board were still counting on the pricing policy of literature to fund world services and WSO operations. In retrospect, this may not seem to have been the most prudent possible course of action. However, given the increasing entrenchment of the pricing policy as the means by which world services and the WSO funded service provision, it is an understandable course of action to have assumed.

As we shall see, however, its viability continued to be questionable during 1991-1992.

### 1991-1992

Gross income for the WSO again decreased during 1991-1992, to \$4,176,327.00. Nonetheless, the WSO continued to provide services to the fellowship and the WSC, as the 1992 *Annual Report* demonstrates.

The H&I department, for example, received 1,810 pieces of mail, 1,710 from addicts, 100 from professionals (though their ability to respond was severely affected by staffing difficulties — as the note below describes). They also responded to 120 queries from members involved in H&I service, and provided administrative coordination for WSC H&I *Reaching Out*. In addition, the H&I team sent out 77 Basic Texts, 904 White Booklets, 6,062 Pamphlets, 875 *Behind the Walls*, and 87 Introductory Guides (14-15).

The Literature Department answered approximately 450 pieces of correspondence and about 350 phone calls, and sent 88 mailings to the WSC literature committee, which included "Three separate daily meditation review batches, consisting of about thirty pieces each, [that] were sent to over seventy regional literature subcommittees" (15).

The Translations Department served the new Translations Committee created at WSC '91: they produced Spanish and Portuguese Basic Texts, sixteen different pamphlets and booklets, keytags in three languages, three language editions of the bimonthly *Conference Digest*, group readings and posters in two languages during the conference year, and also mailed out approximately 150 pieces of mail and answered about 250 phone calls (15).

Conference Services continued to provide for the administrative and clerical work associated with the Administrative Committee, the JAC, Interim (created at WSC '91), as well as conference calls for WSC, the WSB and the BOD, while sending out monthly mailings to conference participants, responding to tax questions, and providing information about corporations (15).

Trustee support continued in the form of taking and developing minutes, sending out mailings, setting up conference calls, and helping to coordinate meetings (16).

Group Services received and filed minutes from 74 regions and 138 areas (18), and the Loner Group operation expanded to 1,108 members, 217 of whom were loner members (18).

The Public Information department found its staff reduced from 3 to 1 staff members, though they continued to provide clerical, editorial, production support for the *PI Newsletter*, and the *NA Update; A Newsletter to Professionals* (18).

Other losses suffered as a result of the financial difficulties included the Shipping and Receiving department, which lost one of its six employees in 1992. As the

*Fellowship Report* stated, "Because of the cash crunch, we are not sure when or if we will be able to fill that position again" (12).

Similarly, the Hospitals and Institutions Department had one coordinator and one support staff member. However, between July and November 1991 there was no H&I support staff, resulting in a reduction in service to the WSC H&I Committee, area and regional H&I committees, and the addict who still suffers in a hospital or institutional setting (14).

These dire financial straits had a number of other negative effects upon the WSO, and world services more generally. Consequently, the 1992 *Annual Report* focused upon this latest development gravely:

In 1991, for the second year in a row, the World Service Office suffered a significant financial loss, expenses exceeding income by slightly more than a quarter-million dollars. The single largest factor contributing to that loss was, once again, a decline in Basic Text sales. We sold 254,661 copies of the hardback text, 9.21% fewer than in 1990. That alone resulted in a \$217,648 drop in revenues. We were able to continue operating only by stretching out payments to our suppliers.

Though we sold almost \$4.3 million worth of literature, 23% of that was eaten up by discounts, with costs of merchandise taking another 32%. Of almost \$2.2 million in expenses, the study shown on pages 8 and 9 attributes 82% to fellowship services rendered by the WSO; staff support for conference committees, the trustees, literature development, fellowship communications, new groups, and the like. (1)<sup>19</sup>

Given these developments, WSO management and the Board of Directors scrambled to keep the office afloat in the midst of the daily financial chaos of attempting to meet operating expenses, provide ongoing services, maintain inventory, and fill and ship literature orders:

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<sup>19</sup> One conference action of 1992 attempted to deal with these difficulties by suggesting that the WSO relocate. At the 1992 WSC, "It was M/S/ Dawn F. (RSR, Carolina)/Pete C. (WSB) motion #18. 'Carolina Regional Service Committee moves that the WSO be moved to the Carolina Region. If this is not possible, that the WSO BOD explore the possibility of moving the WSO to a location in the Eastern or Southeastern area that would be more cost effective.' MOTION COMMITTED as follows:

It was M/S/C Dawn F. (RSR, Carolina)/ Bob J. (RSR, Wisconsin) 'To commit the motion to the WSO BOD with instructions to take the following motion: "Have the WSC form an ad hoc committee to research and explore the possibility of moving the WSO to another site or establish branch offices. Suggested research sites are: (2) Eastern USA, (2) Midwestern USA, (1) Upper West USA, in addition to outside the USA.' as input." MOTION TO COMMIT CARRIED BY VOICE VOTE."

Given our financial status, the WSO Board of Directors had to seek ways to both reduce our expenses and increase our income last year. To reduce our costs, we took the following steps:

1. We reduced administrative costs by limiting purchases of office supplies and cutting our travel budget as much as possible.
2. We reduced inventory floor stock, accepting the certainty that some back-orders would build up.
3. We extended in-house production of service handbooks and newsletters that had once been sent to outside printers, accepting the production back-up that would result.
4. We imposed a hiring freeze on new staff and deferred the replacement of departing employees.
5. We reduced merchandise production costs wherever possible.
6. We changed the binding and paper used in publishing the Basic Text.

We also took steps to increase revenues:

1. We considered a direct donation plan that would have encouraged NA members to make contributions to WSO.
2. We produced new sales products (*Introductory Guide*, Spanish and Portuguese Basic Texts, Basic Journal, Basic Mug, Basic Calendar).
3. We tested a 'Basic Catalog' program for directly marketing WSO products to NA groups.
4. We expanded the product listing that is normally included in the *Newsline*, offering materials directly for sale to NA members. (1)

However, even with these cost-saving and revenue-increasing measures, the WSO Board was faced with the reality that they would have to increase the price of literature for the WSO to remain afloat:

Even after taking these cost-cutting and income-raising steps, our expenses still continued to be greater than our income. By January 1992, our ability to satisfy our creditors<sup>20</sup> had deteriorated to the

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<sup>20</sup> BOD Conference Call minutes, dated December 21, 1991, reveal this concern with vendors' credit accounts: "Flexibility with vendors is vanishing; thus, next year's cash flow needs will be greater than the previous year as vendors are becoming less willing and less able to further extend credit to facilitate the WSO's operating capital needs" (np).

Similarly, BOD minutes from the 3/21/92 Board meeting indicate that — "It was also noted that R.R. Donnelley had required a payment schedule commitment prior to accepting and processing the order for the next printing of the Basic Text. Anthony noted that payment of Donnelley's outstanding payables to an acceptable level may not be able to be completed within sufficient time to obtain the next printing of the Basic Text without the possibility of a Basic Text back order of two or three weeks. One method of preventing this situation was the renewal of a \$100,000 line of credit with Capital Bank. Considering those alternatives, it was M/S/C 'that we renew the \$100,000 line of credit.' The vote was unanimous" (2-3).

point where our continued ability to print the Basic Text and other items was in jeopardy. We had two choices:

1. To shut down portions of the World Service Office, or
2. To raise our retail prices by ten percent, our first-ever across-the-board price increase.

The proposed price increase was first considered at our October 1991 meeting, gaining tentative approval. In January, the proposal was confirmed, to become effective February 1. (1-2)<sup>21</sup>

It is clear from these developments that the WSO was indeed suffering dire financial straits as a result of declining Basic Text sales. The publication of the *Just For Today* meditation book at WSC '92, however, along with the newly instituted cost-saving measures adopted by the WSO, would allow the office to begin to turn the financial corner in 1992-1993. The permanency of that turnaround, however, must be once again called into question by most recent events in the WSO's financial development, as well shall see from this year's figures.

In the meantime, however, we should note that, with the publication of *Just For Today*, and, the following year, *It Works: How and Why*, the old reliance upon literature sales to fund world services would continue unchecked through 1992-1993.

### 1992-1993

"It seems that the WSO is starting to turn the financial corner. Our sales have been up, on average, over the last four months. It is still a little early to tell but we think that maybe the rebound is beginning" (*WSO Service Office Update*; vol. 92 issue 1; November, 1992: 1).

Gross income for the WSO rose to \$4,784,487.00 during 1992-1993, helping the WSO to begin to turn the financial corner during that conference year. As always, the office continued to provide many services to the fellowship and to the WSC.

For example, the Group Services Department answered approximately 100 requests for starter kits per month and entered approximately 75 new group registrations per week. In addition, they answered 30 to 50 requests each month for information packets, 20 -30 requests per day for phoneline numbers, starter kits, sample guidelines, and so forth (26). Also, Spanish-language group services were developed at the WSO during 1992 (25).

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<sup>21</sup> BOD minutes for 1/11/92 reflect this action: "It was M/S/C 'that the price of all items carried in the WSO inventory as of October 1, 1991 be increased by 10% with an effective date of February 1, 1992 (with allowances for rounding up to the next nearest whole cent).' After a brief discussion of the input received on this matter, at vote was taken and it passed unanimously (2-3)."

The Translations Department saw 12 new items published, including three revised translations, five newly translated IPs, and the *Conference Digest* in 4 languages (27). They also mailed out approximately 120 pieces of mail in 1992, plus three mailings to the Translations Committee (27).

Trustee support continued apace (28), while the Conference Services Team continued to provide administrative support and coordinating services to the Administrative Committee, the H&I committee, Policy, World Lit, PI and the Outreach Ad Hoc (30). Conference Coordinating Services also provided administrative support for quarterlies, and the WSC (31).

The H&I Department responded to 1,673 letters from addicts, and 103 from professionals, along with 117 phone or mail requests from H&I trusted servants (31). In addition, there were 509 registered regional or area H&I subcommittees, 24 less than 1991. \$4,933.84 was spent from WSC H&I Lit budget to provide literature to addicts in institutions (31).

PI Services provided staff and supporting coordination to WSC PI and its projects. PI publications were not very active in 1992, and the *Annual Report* stated that "The conference PI committee is currently evaluating how these items are published, who writes them, and editorial control" (33).

Only two non-NA events were attended during 1992-1993 (33).

The Literature Department answered over 400 pieces of general correspondence, and about 380 phone calls during 1992-1993. They also sent out 70 mailings to the WSC Lit Committee, as well as drafted minutes and revamped filing and storage procedures for computer and paper files for the World Literature Committee (34).

The newly developed Publication Team oversaw the development and distribution of the *NA Way*, the *Conference Report and Digest*, the *WSO Newslines*, *Meeting by Mail*, *Reaching Out*, the *CAR*, *PI News* and *NA Update* (36). This team was also involved in the *It Works* and *Guide to Service* projects (37).

The Shipping and Production Team was now down to four full time employees during 1992-1993 (45).

All in all, the conference year witnessed Herculean efforts on the part of WSO staff, as the *Annual Report* suggests. Work involving staff in 1992 included production of the meditation book *Just For Today; In Times of Illness*; the Twelve Concepts; and *A Guide to Service*. Completion of the *It Works*, FIPT, and NA Video projects was also achieved. Staff assisted in work on the Step Writing Guides as well. There were 94 translations in progress covering 21 language groups, as well as the completion of the legal activity surrounding the illegal Basic Text. Office staff had also researched new office facilities, and (incredibly) the entire staff had been reorganized into teams during the year's work! (19).

The consequences of this toll on staff was that the Interim Committee, during a world services meeting in Cincinnati, would recommend a year of world services inventory to provide the WSO staff and trusted servants with an opportunity to slow down and recuperate from their efforts from the previous year, as the *Annual Report* indicates:

Seeing a similar pattern throughout world services, the Interim Committee has recommended a year of inventory. The WSO's immediate response supports a year of inventory by what appears to be a simple act, but may be extremely difficult. We will do our best to accurately define the volume of work we can achieve while maintaining an acceptable quality standard. . . . Any major additions to this work plan must have a corresponding reduction in some other activity to maintain balance. (20)

It should also be noted that the WSO management and the Board of Directors seemed badly shaken by the previous two years' experience, and that they seemed to have resolved quite firmly to not allow the office to ever reach such a state of emergency again. They also, however, realized fully the toll which had been taken upon the office during the previous years:

The dire financial circumstances that prevailed through the first three quarters of 1992 forced WSO into the position of sometimes sacrificing quantity, quality and timeliness in service delivery in return for enough operating cash to keep our doors open. Deferring personnel cost during those difficult financial times served us well, but we must now face the reality created by that expense postponement. Rates of increase in staffing levels in 1993 and 1994 will be greater than in previous years so as to compensate for the terribly reduced staffing levels of 1991 and 1992. (12)

While the office would benefit from the immediate influx of cash from the meditation book and the newly adopted *It Works*, the proposed world services' inventory would of course represent anything but a slowdown in terms of staff requirements for the coming year. Even so, the WSO would begin (wisely) to plan for — and to some extent, implement — staff training during 1993-1994 in an effort to begin to recover from the effects of the financial crisis experienced during the previous two years.

1993<sup>22</sup>

The gross income for the WSO during 1993 reached \$5,423,915.00, an all-time high, and the second year in a row that the office did not lose money. The WSO management and the Board of Directors felt it imperative that the WSO begin to recover from the previous years' struggles and hardships. Assessment and redevelopment were thus the watchwords for 1993. A growing awareness of the limitations of the office's staff and financial resources, however, characterizes the 1994 *WSO Annual Report* covering calendar year 1993.

For example, it was during 1993 that the WSO Board of Directors decided to terminate the executive director's employment at the WSO, due to his annual performance evaluation, the way he was running the WSO, his effectiveness as a manager, and the "poor quality of some of the projects coming out of the office" (3). In addition, other troubling events and realizations included the growing awareness that "the worldwide growth of our fellowship [had] outstripped the WSO's ability to provide the services that trusted servants have mandated at successive World Service Conference meetings and [had by then] come to expect" (3). As the 1994 *Annual Report* states:

The message clearly being communicated [in the *Annual Report*] is that the needs of the fellowship-at-large and its local service committees, combined with the demands of world service boards and committees for administrative and project support, have grown beyond the WSO staff's fulfillment capacity. (3)

The *Annual Report* continues in this vein:

With the growth of world services and the proliferation of service and administrative bodies, demands on the World Service Office's administrative support staff have become unrealistic. The three primary administrative bodies in NA's world service system, the seemingly endless array of administrative subunits, and the need for virtually everyone in our leadership corps to review and comment on virtually everything under development has created an administrative swamp that is difficult to navigate and even more difficult to escape. More WSO staff members spend more time servicing conference calls and performing administrative functions than answering correspondence from new NA groups and developing NA communities seeking basic assistance. (12)

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<sup>22</sup> The WSO began, in 1993, to designate its *Annual Report* according to the calendar year's information being published. Whereas, in previous *Annual Reports*, the *Report* would have been dated according to the date of the WSC at which that year's *Report* would be distributed, after the 1993 *Annual Report* (which reported information from the 1992 calendar year) there were actually two 1994 *Reports* — one which reported 1993 information, and one which reported information from the 1994 calendar year. It is thus necessary to begin designating each subsequent section by calendar year, so that information will more accurately represent the *WSO Annual Report* information previously published.

Another growing awareness among the WSO's management involved an increasing understanding of the need for staff training. During 1993, a consultant was hired to assess the WSO's staff needs, and concluded that WSO management had to do everything necessary to "find the means to shift [their] focus onto training and planning for both the short and long term" (3). The consultant further advised that, if the WSO did not achieve this shift in focus, "serious damage to the NA Fellowship's primary service center's operating capacity" would be suffered (3).

In terms of service provision, 1993 saw the beginning of the process of vendor registration to insure the protection of NA's intellectual property in accordance with the *Fellowship Intellectual Property Trust* (FIPT) (4).

The Fellowship Services Team oversaw the coordination of translations projects, Group Services, Data Services and administrative support for the World Services Board of Trustees (13). The Group Services Team increased its Spanish-language group services to two days a week (13), working with Mexico, Central America and Spain, as well as South America (14). Translations saw 144 active and pending translations projects during 1993 in twenty-six languages (14). Data Services continued the process of trying to make the computer systems at the WSO in Brussels more compatible with the system in Van Nuys (15), while Fellowship Services continued to provide coordination and clerical assistance to the Board of Trustees (15).

The Conference Services Team provided services to the WSC Administrative Committee, the Interim Committee, the WSC Policy Committee, the WSC Outreach Ad Hoc, the WSC H&I Committee, the WSC Literature Committee, and the WSC PI Committee. Although the year of inventory was characterized by a slowdown in these committees' activities, the Conference Service Team was quite busy redefining itself and its members' responsibilities, as well as developing comprehensive histories for all world service boards, standing committees, and ad hoc committees to further the world services Inventory project (16).

Additionally, H&I saw the continuation of *Reaching Out*, while H&I staff responded to 2,253 letters from addicts in treatment or correctional setting and an addition 141 from professionals (17). H&I staff also responded to 114 mail or phone requests from individual NA members or local H&I subcommittees.

The PI staff answered approximately 260 letters and over 900 phone calls during 1993 (17-18), while continuing to publish *NA Update* and one issue of the *PI News*. World Services also attended two professional conferences: the World Federation of Therapeutic Communities in Kuala Lumpur, Malaysia, and the Federal Bureau of Prisons Conference in Washington, DC (18).

The Literature staff answered about 220 letters and more than 200 hundred phone calls, while assisting in the publication of both editions of *It Works: How and Why* as well as the gift edition of *Just For Today* (18).

The Publishing Team saw its team leader's primary responsibilities shift to the Inventory project, even as they continued to produce the *NA Way*, the *Network News*, the *Newsline*, and edited the *Conference Report*, *Reaching Out*, *PI News*, the *Conference Agenda Report*, and the *Conference Digest* (21). The Publishing Team also began, in 1993, a comprehensive analysis of all WSO publications (22), and developed an in-house style manual to better insure that the WSO's publications were uniform in style and usage.

The Shipping Team continued performing its variety of tasks, including negotiating with vendors and printers, facilitating the production of our literature, arranging for stock placement among the various branches of the WSO, printing various reports, minutes and periodicals for the WSO, handling bulk mailings to trusted servants and conference participants, copying audiotapes, as well as serving as purchasing agent for the WSO (27).

The Accounting Team maintained its responsibilities of customer order entry, customer account management, customer service as well as internal accounting for the World Convention Corporation, the World Service Conference, and the WSO, including WSO-Europe and WSO-Canada (28). The WSO received an average of 50 customer orders each business day, and most of those orders in 1993 were processed the same day as the order was received (28).

The BOD had also authorized an audit of the WSO's human resource files (employee files) during 1993. The audit identified a number of shortcomings with regard to personnel processes and procedures, training, employee records, and staffing a human resources department (6). Staff was also badly shaken (literally and psychologically) by the earthquake of January 17, 1994. While damage to the WSO was only about \$2,500, almost everyone suffered major losses of personal property (7). The WSO staff also suffered badly the psychological aftereffects of the strongest earthquake ever recorded in Los Angeles history.

The WSO stated in the 1994 *Annual Report* that the coming year would see renewed focus upon ongoing office administration, redevelopment of WSO staff, especially management staff, support and redevelopment of management services, world service inventory staffing, and support for other conference projects (11). The WSO also committed itself to a renewed international Public Information effort (12), yet the *Annual Report* stated unequivocally that the WSO could not support any new conference projects for 1994 (12).

## 1994

Gross income for the office reached \$5,606, 747.00, a somewhat modest increase over the previous year's gross income. Meanwhile, the word of the year for the WSO was training, as the 1994 *Annual Report* suggests:

As the World Service Office matures as an organization, our executive management has begun implementing a plan for staff training and development this past year. This was the single most important focal point of staff operations in 1994. This direction and focus came after we recognized that a shift in staff resources was

required to move the office forward and meet the growing needs of the NA Fellowship. (9)

In addition to the implementation of the first phase of management training and the planning for staff training, the World Service Office staff also began planning the office's relocation to its new home in Chatsworth, California (2). Even though the office devoted much of its energies to the training and the relocation planning, there were still time and resources devoted to the provision of services to the fellowship and to the Conference.

For example, the Group Services Team fielded 150 calls, responded to 50 letters, and sent out about 40 starter kits per week (12). This team also has the task of maintaining as accurate a database as possible for our fellowship worldwide (13).

The Fellowship Services Team continued to provide administrative support to the Trustees and their committees, as well as administrative support to the Translations Committee, Group Services, and Tape Review (12), while the Conference Service Team provided administrative support to the Administrative Committee, Interim, World H&I, the Policy Committee, World Lit, World PI and the Outreach ad hoc (14). The Conference Services Team also responded to about 600 requests for information or assistance from local service committees (14).

The Translations Team saw new requests from Poland, the Czech Republic, China, Thailand, and Mozambique (13), while the Trustees attended non-NA events in Prague, Hong Kong and Bangkok (13).

The Publishing Team was responsible for FIPT management, administrative support, production and circulation for the *NA Way*, production and distribution of the *WSO Newslines* and the *Conference Digest*, the *Conference Report*, *PI News*, *NA Update*, *Reaching Out*, and *Meeting by Mail*, developing the coming events calendar, editorial consulting for other teams, production of many of the WSO inventory items, typesetting newly translated NA literature, and support of the world services inventory project (15).

The Customer Service and Accounting Team maintained its responsibilities of customer order entry, account management and service, shipping information and coordination, maintaining budget and financial records of WCC, the WSO, and the WSO branch operations, day to day bookkeeping including accounts payable and receivable, all deposits, withdrawals international currency transactions, and money wires for 23 bank accounts (16).

The Shipping Team fulfilled its duties such as filling and shipping literature orders, facilitating the production of NA literature and other NA products, arranging for stock placement among various branches of the WSO, printing reports, minutes and periodicals, bulk mailings for the WSC and the WSO, copying audiotapes and printing service handbooks and some translated recovery literature, serving as purchasing agent for the WSO (17).

The WSO also supported the WSO-Europe during the previous year to the tune of a \$146,532 shortfall (18).

The WSO continued to tighten its belt, too, as the effects of the previous years' cash crunch lingered into 1994. For example, the Board of Directors, in deciding to revise the WSO's Sales Policy to reflect all prices in US dollars, consciously removed Canada's "price break," which the Canadians had been receiving as a *de facto* result of the currency differential:

Prior to 1994, Canadians could purchase literature at par; a book selling for US\$5.00 in Van Nuys could be purchased in Mississauga for \$5.00 Canadian, the equivalent of about US\$3.75. At the beginning of 1994, the sales policy was changed to require Canadian customers to pay the equivalent in Canadian dollars of the US-dollar price — in other words, a book selling in Van Nuys for US\$5.00 would be sold from Mississauga for about \$6.65 Canadian. (19)

Finally, and somewhat unexpectedly, a significant increase in the price of some of the raw materials used to produce a number of the WSO inventory items caused office management to recommend to once again raise the price of literature 5%, as the 1994 *Annual Report* indicates:

[T]he combination of reduced pulp supplies and mill closures in the USA with increased demand outside the USA for raw materials and finished paper products has pushed publishing and packaging paper prices up by about ten percent and made for long delays in vendor deliveries. Similar price increases have occurred in the petroleum products industry, including the sources of the plastic resins we use to manufacture our keytags and chips. These major increases in our manufacturing costs led us to recommend to our board of directors that an across-the-board retail price increase be implemented at the beginning of 1996. The board accepted our recommendation. (12)

In all, 1994 was a busy but productive year, though not the year of "rest and recuperation" originally intended by the recommendation of the inventory project. Similarly, the emphasis on training office staff and volunteers would continue into 1994-1995, as would the ever-present concern upon the WSO financial picture.

## 1995

The 1995 *Annual Report* indicates that 1995 was the first year since 1989 that sales of the Basic Text showed an increase rather than a decline (4), and the WSO's (unaudited) gross income reached \$5,930,744.00.

In the face of the requirements of the previous two years' commitment to the world services inventory on the part of the WSO, the office felt it imperative to refocus its efforts this year back upon service delivery to our members in their local fellowships:

The year 1995 was one during which we focused on service delivery. While great debates are going on about the resolution group's recommendations for restructuring world services and the plan for motions 39, 88 and 47 (the various motions regarding possible changes to our steps and traditions) individual addicts, group service representatives, are service representatives, regional service representatives, convention chairs, committee members, and group secretaries from New York to New Zealand, from Cartagena to Calcutta, from Montana to Moscow continue to contact their World Service Office on a daily basis for answers to their questions.

It is sometimes difficult to understand the scope of service delivery connected to the description in the above paragraph. Let's begin with direct fellowship services. In 1995 our group services department alone fielded approximately 3600 telephone calls. The majority of these calls were from members or suffering addicts worldwide looking for meeting information. (29)

The office provided a number of services, as in every year since its inception, to members across the fellowship. For example, the WSO received almost 7,000 pieces of mail during 1995 from members, groups, areas, and regions, each one of which directly requested information, support, or advice. Of that quantity of mail, over 3000 pieces went to group services, 2000 pieces went to H&I, 500 pieces went to PI, and over 100 pieces went to the literature committee staff liaison (31).

Just a brief sampling of the issues members sought experience on includes:

- behavior in and around the meeting place
- financial irregularities and suggestions for increased accountability
- violence
- disharmony cause by racial disparity
- child care and related issues
- prescription medication
- methadone
- special interest meetings
- banking and taxes
- insurance for groups and events
- the importance of NA's language of recovery
- the differences and similarities between NA and other twelve-step fellowships (31-32).

Other services which the office provided included completing and publishing 183 items in 14 languages in 1995. Also, as the *Annual Report* states, Translations efforts actually worked on 278 projects in 38 languages. "By the end of 1995 we had NA literature being translated into languages as diverse as Amharic, French, German, Hebrew, Italian, Maori, Oriya, Portuguese, Spanish, Swahili, Swedish, Tagalog, and Urdu" (35).

There were 950 starter kits mailed out in 1995 (31), and Group Services also provided another little known, but valuable service to our members: "Every January, our staff members phone all of the phonenumber numbers in the entire worldwide phonenumber directory and confirm their validity. If a number has been disconnected, we check further to see if a new number has taken its place" (31).

The WSO also has a multilingual staff in its Group Services department today, which aided the WSO greatly in 1995:

We responded to more than one hundred letters in Spanish, and we answered a multitude of telephone calls from Latin America and Spain about group and local service committee issues. We were able to speak in German to our German-speaking members, and we corresponded in French not only to France and Canada, but to some of our members in the Caribbean as well. In fact, the number of requests we receive are such that we hope to hire additional staff with multilingual capabilities as resources become available. All of this allows us to proudly say that we are beginning to truly fulfill our mission as your *World Service Office*. (32)

The World Service Office also edited, typeset, printed and mailed ten different magazines, newsletters, and official reports for NA World Services in 1995, including:

- Meeting by Mail
- *Reaching Out*
- *Conference Report*
- *Conference Digest*
- *Conference Agenda Report*
- *PI News*
- *H&I News*
- *WSO Newslines*
- *The NA Way Magazine*
- *NA Update (41-42)*

In addition, a substantial amount of time in the Production Department was spent producing new inventory items. The WSO has 707 items in its inventory. Of this number, the following have been produced since January 1995: Hindi IP #1; Tagalog IP #1; Italian IPs #1,7,9, and 16; French IPs #2 and 7; Norwegian IPs #5 and 12; a Braille translation of the Basic Text; the French Basic Text on audiotape; *Sólo por Hoy (Castilian Just for Today)*; *Guía de Introducción a Narcóticos Anónimos (Castilian Introductory Guide)*; softcover *It Works: How and Why*; Finnish IPs #1,5,7, and 22; Welcome through 1-year Norwegian keytags; 18 month keytags in French, Hebrew, Norwegian, Portuguese, Spanish, and Swedish; multiple-years keytags in French, Hebrew, Norwegian, Portuguese, Spanish and Swedish; Welcome through multiple-years keytags in Finnish, Italian, and Netherlands; set of six posters in Brazilian and Swedish; Serenity Prayer poster in Norwegian; Brazilian and Swedish group reading cards; Portuguese *In Times of Illness, NA: A Resource in Your Community*; and Brazilian IP #14 (53).

As demonstrated by this list, the Production Department was kept busy with the production of new items, which includes typesetting, proofreading, and printing from ordering through delivery; reprints of all printed material; the copy editing, proofreading, typesetting, printing, bindery, and mailing of ten periodicals; ordering of all inventory items, including keytags, medallions, and tapes; translations of reports and some WCC materials; WCC's flyers, programs, artwork, and banners; creating a production process; research for new vendors, equipment and items; ordering supplies; and all mail processing (53-54).

Another exciting development in services provided by the WSO (reported in the 1995 *Annual Report*) was that, in January 1996, the World Service Office logged onto the Internet's World Wide Web with our own "home page" or "website," which seems to have been of interest to folks around the globe immediately upon its creation:

In its first sixty days the WSO website was accessed by people from 2937 different internet addresses, an average of forty-nine new such addresses a day.

Of those accessing the list of phonenumber numbers, more than a third sought information for NA communities outside North America.

The website was designed primarily with the needs and interests of NA members in mind. That's why it came as something of a surprise that, in the first sixty days of the home page's existence, fully a quarter of the documents 'hit' or accessed were those posted specifically for addiction professionals.

Of the seven articles excerpted from *NA Update*, our newsletter for professionals, users hit the article on how to start an NA meeting three times as frequently as the others, and 'downloaded' or reprinted the article from their home computers even more frequently than they hit it visually.

When articles from the *NA Update* were hit, users downloaded them ninety-one percent of the time (the average for everything on the website was forty-four percent). (48)

In addition to these services provided by the WSO, the watchwords for this conference year continued to include training and self-assessment. Perhaps due to the continuing world service focus upon inventorying world service operations, the WSO continued to train staff and volunteers in Phase Two of the Foundation Development Plan, according to the *Annual Report*:

The second phase of the Foundation Development Plan was implemented at the start of the year. We began to examine in some detail the various processes and procedures at the office, knowing that a considerable number of them would have to be revised quickly as we adjusted to a different work environment, upgraded our computer network, and integrated our voicemail

system into our workday. We had previously identified areas of training for individual staff members and made plans to carry out that training throughout the year. Management continued to be trained in various aspects of quality assurance, becoming aware that while training is a good beginning, a program which ensures the total satisfaction of our customers would take some time to fully implement. (17)

In keeping with this spirit of inventory and self-assessment, the WSO and the Board of Directors continued to focus upon ways in which the WSO, and world services more generally, could insure their survival and growth into the next century. It was also a time for assessing the progress Narcotics Anonymous has made over the past twelve years, while continuing to seek areas needing improvement:

We have operated under essentially the same sales policy since the mid-eighties. Back then, our fellowship looked very different from how it does today. . . . Some of the issues we face today as a fellowship in terms of development and growth were nothing but a dream back then. We may have hoped to have NA literature in more than ten languages within a decade, but we certainly never dreamed that we'd be in a position of having literature in fourteen languages and having members from another twenty-plus language groups anxiously awaiting translations of just one piece of fellowship-approved literature for use in their meetings. (6)

Accordingly, the Board of Directors once again examined the pricing policy for literature, and discovered that the Basic Text remains our single largest source of income which supports the WSO in its efforts to provide services:

The World Service Office still has only one major product: the book *Narcotics Anonymous*, our Basic Text. Many of us expected that with the creation and approval of two additional book-length pieces, *Just for Today* and *It Works: How and Why*, our reliance on the Basic Text would be reduced. In 1992, the Basic Text represented 88.2% of all book sales at the WSO. In 1995, the Basic Text's percentage of book sales had been reduced to 72.3%.

Thus, while the raw percentage of income which the Basic Text sales represents has indeed declined, it still represents, nevertheless, the lion's share of the office's revenues. Given this reality, the Board of Directors, in its April 12-13, 1996 meeting, came to some rather stark conclusions in examining the pricing policy of our literature:

**The ever increasing fellowship requests for services was discussed with an acknowledgment that literature sales alone will never be able to pay for the demand.** A further discussion of alternative sources of funding was left to the business plan discussions.

The key issues that were identified were a need to retain a higher percentage of income, a desire for incremental change, an ever increasing service demand, a need to take action and get results, a responsibility to the fellowship and a need to address them directly, a desire to improve customer service and to grow and diversify sales. Other issues that were identified were that the Basic Text is still the lions share [sic] of sales, an expectation of diminishing sales, a need to obey the law, that RSO's are one of our main distribution systems, a need to identify what funds from additional revenues would be spent on, a need to decrease our dependence on literature revenue, our long term vision and the fact that further focus on past mistakes is not helpful. (emphasis added 2)

While these conclusions may seem somewhat stark, they nonetheless are borne out in this examination of our pricing policy since 1983.

### Conclusions

In a *Newsline* article from the July, 1990 issue (volume 6, issue 7) titled "Farewell, My Friends," Bob Stone gave the fellowship his parting words as he exited the World Service Office after eight years of dedicated service. In that article, he wrote:

The administrative office for a worldwide organization, one that desires to fulfill its purpose, is an office that does more than open the doors and ship literature. If indeed a purpose is to help carry the message of N.A. recovery to addicts around the world who still suffer (and it should be), then the WSO is more than simply shipping literature.

Although there are no studies to back up this assertion, I would venture to guess that fewer than one percent of the addicts in the world attend N.A. meetings. Even if the number were as large as ten percent, it would mean that millions of addicts suffer all around us.

In the United States there are probably about 22,000 meetings in a population of over 250,000,000 people. That is one meeting for every 11,363 people. In most counties the ratio of meetings to population is appalling. In France, for example, there are about 25 meetings in a population of over 68,000,000. That is one meeting for every 2,720,000 people. In Mexico there are 45 meetings in a population of over 65,000,000. This represents one meeting for every 1,444,000 people. How is it possible for the addicts in such places ever to find N.A.?

It is easy for the American fellowship to argue amongst themselves over the literature process, or smoking meetings, or who works at the WSO. But we must consider the addict in less affluent

countries who struggles to avoid starvation, or labors under repressive systems that imprison addicts, who lives in societies that consider drug users simply morally weak.

It has been my belief that the obligation of the office was to comprehend the full worldwide scope of our purpose to carry the message, and help set the course to give every addict the choice that only N.A. freely gives. [ . . . ] I trust that the WSO will continue to be guided by that broad understanding of its role. (10-11)

This was pretty strong stuff, but then again, it was being written by an Executive Director who knew he was leaving for good, and felt a strong sense of responsibility toward the overall well-being of the fellowship, and particularly, of the World Service Office. And, because his concern seems to have transcended his personal feelings about not having had his contract renewed, we might pay special heed to his parting words, particularly when he writes that

There is a crisis facing the office that only the fellowship at large can resolve. Gone are the days when the WSO produced excess income from literature sales that could be used for new projects, services, or staff. There are three solutions: cut WSO activity, increase prices, or receive direct contributions from members, groups, areas, and regions. I do not know what solution you will select, but failure to increase the funds available to meet the needs of addicts around the world dooms them to an early death. N.A. is the only antidote, and only you the member have the key to its use. (11)

Whatever we might say about the former Executive Director, his foresight some six years ago was keen indeed. For the conclusions which this examination reaches significantly resemble the solutions which Mr. Stone saw upon his departure.

In essence, the conclusions which we may draw are three, and they are clear. To reiterate them from the beginning of this report:

**First, the pricing policy, which consists of inflating the price of our literature in order to defray the expenses associated with providing services to the fellowship and to the conference has worked.** NA has grown from an essentially localized phenomenon in Southern California to a global fellowship with literature either developed or being developed in thirty-eight languages. Much of this growth is directly attributable to the services made possible by the pricing policy of our literature.

**Second, the WSO's practice of relying solely upon literature profits to fuel the growth of NA worldwide and to buoy the WSO's financial solvency has been an unreliable and insufficient practice nearly since the beginnings of the WSO as we know it today.** Even though we have experienced tremendous growth, NA world services' finances, including those of the WSO, have almost always been precariously perched upon the brink of disaster — a fact borne out

quite clearly in the early nineties, when Basic Text sales declined and the WSO was nearly rendered insolvent by the loss in sales.

**Finally, a sound and reliable business plan geared toward the future success of Narcotics Anonymous world services must rely much less exclusively on profits from the sale of our literature than it currently does, and much more upon alternative sources of income such as direct donations which directly support our fellowship's international service efforts.**

### III. History of the WSO's Literature Sales Policy and Licensing Agreements

The Sales Policy and Licensing Agreements pertaining to our literature have been a source of some success, but also of major frustrations and anxieties, over the years. As this history demonstrates, the WSO and its Board of Directors has recognized for quite some time that these policies need serious re-thinking and revision.

In order to understand where we need to go with regard to our the sale of our literature, however, it is helpful to understand where we have been. The following history of the Sales Policy and Licensing Agreements hopes to illustrate the development of these policies to help us all better understand the beginnings of our current situation.

The history of the development of the WSO's Literature Sales Policy and Licensing Agreements must examine three distinct areas of information:

- 1) The Licensing Agreements which had been made and maintained between the WSO and four national fellowships — Ireland (no longer a participant in the Agreements), the United Kingdom, Australia and Germany;
- 2) The Credit Policy allowing literature purchasers to maintain a line of credit with the WSO; and
- 3) The Discount Policy, which allows both fellowship and non-fellowship purchasers to buy our literature in large quantities at a significantly reduced rate.

The history and development of each of these three areas is, for the most part, clearly traceable through archival material such as BOD minutes, correspondence between the WSO and members as well as areas and regions, the *Newsline*, and so forth.

Just as with the Pricing Policy examined earlier, a few observations can be made with regard to the Credit Policy, Licensing Agreements, and the Discount Policy. In essence, all three of these efforts were formulated according to two simple directives:

**First, the primary directive of the WSO was then, and remains, to help facilitate the delivery of our message to addicts throughout the world in as efficient and "member-friendly" way as possible, while maintaining its ability to provide additional services through literature proceeds.**

**Second, this primary directive has always rested heavily upon the idea that, as the central point of literature distribution, information, and guidance to the rapidly expanding global fellowship, one of the WSO's primary duties has been to strive to unify the young and growing local NA**

**communities, wherever they may exist, with older more experienced communities across our geographically-dispersed fellowship.**

In fact, this primary directive, to assist in the delivery of our message to addicts, as well as its accompanying efforts toward the unification of our worldwide fellowship, ultimately rest, as indeed they should, upon our Twelve Traditions. **The Mission of the WSO has, even from the earliest days, been founded upon the primary directive of our Traditions — we, all of us, exist to carry our message: that is, and should always be, our primary concern in all our service efforts.**

Given these two guiding directives of the WSO in formulating its sales Policy and Licensing Agreements in the early eighties, three motivating principles stood, therefore, as the foundation of the WSO literature sales philosophy. Those three principles were:

- 1) To help carry the message to addicts who still suffer in the form of our literature;**
- 2) To grow and support a literature distribution network, and**
- 3) To strengthen local services both financially and in terms of local service delivery.**

An examination of the Licensing Agreements, and the Sales Policy, reveals these three principles to be the foundation of literature sales and distribution philosophy of the WSO since 1983.

#### **A. Licensing Agreements**

An early *Newsline* article (volume 1, issue 6) makes one of the first available "official" references to the beginnings of what would eventually be known as Licensing Agreements for our literature with NA communities outside the United States. That article stated the reasons as to why it was acceptable for such communities outside the U.S. to print and distribute literature, but not OK for members here to do the same:

The printing of literature in such far away places [as Australia], as a practical matter is imperative. This should not be confused with the point raised in the last *Newsline*, about the unauthorized printing of literature in this country. It is practical to produce approved literature in this country from a single publishing source (the WSO) and have it distributed within this country and Canada at a reasonable cost. There is therefore no reasonable excuse for the unauthorized printing of literature in this country. (2)

It's clear from this article that the WSO at that time allowed the Australian fellowship, for whom it was impractical for the WSO to provide literature at reasonable expense, to print their own literature. Unfortunately, these early printing efforts were marred by local addicts deciding to subsidize the printing of

NA literature by selling advertisements to be printed within the literature itself (some of which even included pharmaceutical advertising).

Difficulties such as these with early literature production efforts outside the United States led the WSO Board of Directors to consider drafting Licensing Agreements which would provide developing NA communities outside the U.S. with ways to produce and distribute literature. They were also written so as to allow the WSO some ability to protect our fellowship's message's conceptual fidelity, as well as to help defray the WSO's expense in subsidizing literature sales and production to these developing communities.

Consequently, the Board of Directors passed a motion during their May 4, 1986 meeting which allowed Bob Stone to begin negotiating Licensing Agreements with England, Australia, and Germany.<sup>23</sup> An official statement regarding these negotiations appeared in the April 27, 1987 *Fellowship Report*:

From the last three years of experience we have evolved an assumption that the U.S. and Canadian membership will find it necessary to carry the financial burden for operating both the World Service Conference and the World Service Office. . . .

. . . The bottom line therefore is that a great number of years will pass before the non-U.S. portion of the Fellowship will be able to contribute substantial amounts of money to the support of the Conference or the WSO. . . .

With this in mind the assumption is that the U.S. membership must accept the responsibility for the financial needs of the Conference and the World Service Office.

If this assumption is acceptable, then arrangements that facilitate growth of the Fellowship in other places can be done at the economic level reasonable to the members in that country. It is with this assumption in mind that the agreements for printing in other countries have proceeded. The key elements in the agreements pertain to a royalty payment to be made to the WSO for every item they produce and sell and an interim agreement provision that permits WSO to sell literature to these other offices at the approximate same cost as they will experience when the literature is produced by them. (33-34)

It is thus absolutely clear that a definite direction had been taken by the WSO, which would be consistently sanctioned by subsequent World Service

<sup>23</sup> The passing of this BOD motion is related to the following 1986 WSC action: "It was M/S Jamie S-H (London)/John F. (WSB), 'Be it resolved: that the WSC STRONGLY URGES that the WSO enter into a licensing agreement with the Fellowship's charitable trust in Great Britain, for the printing and distribution of all N.A. approved literature.' Referred to the International Committee for a report on Friday."

Conferences, to subsidize the growth and development of developing NA communities around the world through literature proceeds from the U.S. and Canada. The "royalty payment" referred to here (which would never materialize in any significant way from the communities themselves) was simply in keeping with the WSO's continuing concern with employing literature income as a means by which the fellowship could continue to grow and support its services:

The royalty payment is essentially to be used to help defray the cost of helping the growth of the Fellowship everywhere else in the world. Unfortunately the expenses involved with getting these agreements in place uses more money than will be generated by the royalty payments for several years. Additionally, the size of these younger N.A. communities means that it will be a fair number of years before the royalties amount to any large sum of money.

The small royalty to be paid to world services means that more money generated in each country can be used directly to help carry the message better in their own country. This, in the long run, will increase the literature sales level and eventually promote a rise in the total royalty sent to world services.

Even though agreements have not been completed we have continued to operate on the basis that agreement will eventually be completed. With this in mind we have further created a method by which these offices can obtain literature from WSO at a minimum rate, close to what they will experience when they produce it themselves. The mechanism is provided for in an Interim Agreement which is an addendum to the draft agreement. In this manner the cost adjusted sales of literature is being provided to N.A. communities in the United Kingdom, Australia, and recently to Germany and soon to Ireland. (34)<sup>24</sup>

Thus, the foundation for the literature Licensing Agreements had been laid, though their lack of success (in various ways) would become a source of perpetual frustration for the WSO and the Board of Directors.

One of the reasons for this lack of success was the complicated nature of the Agreements themselves. An examination of early Agreement drafts reveals them to be very legalistic (as would be expected in legal documents of this nature), as well as extremely detailed and directive with regard to the duties and

<sup>24</sup> This action is reflected in the BOD's minutes March 7, 1987:

"Stone reported on how recent visit to German [sic], United Kingdom and Ireland. He reported finalization of the U.K. Agreement, except for items to be discussed today. He reported giving copies of the agreement to the Fellowships in Germany and Ireland.

It was M/S/C to set the royalty payment at 6 percent of net sales. Following additional discussion [sic] it was M/S/C to reconsider the vote and a new motion was made. M/S/C to change to 8 percent."

requirements which the local communities themselves were bound to fulfill in carrying out the directives of the agreement.

While most of these duties and requirements are, in retrospect, quite reasonable and understandable, the fact remains that it took the local communities a very long time to read through them, discuss them, and determine whether or not they felt themselves able to comply with the Licensing Agreement as written.

In the meantime, the WSO was quite aware of the growing need of these developing communities for NA literature, and so the four communities, Ireland, the UK, Australia and Germany, were essentially permitted to move forward with their individual literature operations, even though most or none of the agreements had actually be signed by both parties.

The April 25, 1988 *Fellowship Report* makes both the WSO's dissatisfaction with these communities' compliance to the Agreements, as well as its commitment to allow them to continue nonetheless with their efforts, quite clear. That *Report* indicates that little progress had been made on printing agreements outside the U.S. (28). In addition, the communities themselves were not honoring all of the Agreements' directives:

One of the elements of the agreements was that each N.A. community would sell or distribute only within its own country, and that it would not provide services outside of its country that are the responsibility of the WSO. These two points have not been followed. . . . (28).

However, the WSO also realized that the most important thing was to see to it that addicts were getting literature and that Narcotics Anonymous in these developing communities was fulfilling its primary purpose:

As long as the WSO is unable to adequately or quickly responde [sic] to [the dire needs of these local members], deviating from the agreements seems prudent. However, the situation needs to be corrected. (28)

Board of Director minutes from February 25, 1989 again demonstrate continuing concern for the status of the Licensing Agreements, and particularly of the UK service office's inability to honor certain portions of the agreement, as well as the Executive Director's growing disillusionment with the Licensing arrangements:

Discussion ensued concerning the status of License Agreements and the amount owed to the WSO, particularly from the UK service office. The Executive Director informed the Board that the UK Service Office Manager had indicated the UKSO was unprepared to make complete payment of the order for 1989 as they felt that it would exhaust all of the funds available for reserve and that a reserve should be maintained. The Executive Director indicated that he consented to this arrangement. However, it is the opinion of the Executive Director that serious consideration should be given

to these License Agreements, particularly the UKSO Agreement and that when the time comes to renew the agreements, the Board should seriously consider not renewing the agreements.<sup>25</sup>

The 1990 *Fellowship Report* summarizes the various successes and failures of the Licensing Agreements up to that point, while reaching the tentative conclusion that, in the long run, the agreements would need to be changed, or not renewed:

The board has discussed the status and effectiveness of license agreements at practically every meeting over the past four years. This experimental program, initiated in 1986, was intended to investigate licensing as an alternative way to supply literature to some portions of the fellowship. The idea arose because of the difficulties, at that time, with poor communications, currency transaction problems, pricing differences, excessive shipping costs, constant shipping delays and lost shipments, and customs charges. In some ways the experiment has proven to be successful. However, in other ways, the experiment has not worked well at all.

The successful side is that the small pamphlets—and in a few cases the White Booklet—were more easily available to the fellowship in the countries where the license agreements were in effect. Since the four national fellowship communities began printing their own supplies of pamphlets, there has been no delay in getting the literature, nor has the local community incurred any extra cost for shipping or customs.

On the unsuccessful side, the agreements were so long and complex that license negotiations were never completed and the agreements were never signed. The provisions of the agreement required things of the local fellowship community that they were unable to comply with. The financial obligations were seldom met. There were royalty payments to be made on each item printed. For those things purchased from WSO at a reduced price—texts, keytags, medallions, etc.—there was a deferred payment schedule. Unfortunately, the royalty payment provision and the deferred payment schedule both proved unworkable.

Meetings were held with the local communities involved in three of the four countries where the unsigned agreements were in effect.

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<sup>25</sup> Bob Stone's recommendation to not renew the UKSO's Licensing Agreement is reiterated in the BOD minutes from August, 1989: "This discussion led directly to the matter of the United Kingdom Service Office and the license agreement. Stone recommended that despite the letter in the agenda from the United Kingdom Board of Directors, with suggestions from the UKSO about the license agreement, that the license agreement not be renewed. He recommended instead that a purchase agreement be developed."

There was general acknowledgment that the agreements had not been fulfilled on either side and that some modified form of agreement was desirable.

The WSO has proposed eliminating the license agreements and initiating a direct sales agreement similar to the policies that are already in effect for North America. It may be desirable to have these national communities continue to print some items, but under different conditions. This matter requires additional work, and we are unable to inform you of clear or precise policies that can be immediately applied. As new arrangements are developed, that information will be provided in the *Newsline* and *Fellowship Report*.

The European Service Office was opened, in part, to provide direct access to literature for the growing European national fellowship communities. The ESO is nearing the time when it can fully perform that duty. When it does, the N.A. communities that develop in European countries not already covered by a licensing or direct sales agreement will purchase their literature from the ESO. At this time, the board does not believe that new licensing arrangements are likely to be made in the future. (15)

The "Sales Agreements" referred to in this document would eventually be adopted for Germany, the UK, and Australia. A note in the 1991 *Fellowship Report* makes reference to this fact:

In December 1989, all four publication license agreements expired. At that time, the WSO board instructed staff to discuss some alternatives to the license agreements with the service office boards in those countries. After several visits and some difficult negotiations, the WSO Board of Directors agreed to initiate sales agreements with the Irish, Australian, and British N.A. communities, rather than outright publication license agreements. The license agreement with the Germanspeaking Region was continued, pending publication of the German-language Basic Text. Additionally, the board decided to write off the debt that had accrued during the life of the U.K. license agreement. (34)

The distinction made here between the Licensing Agreements, per se, and the "Sales Agreements" is problematic, however. In truth, there was very little difference between the general operations described in the Licensing Agreements and the newer Sales Agreements beyond the fact that the WSO wished, at that time, to move away from the restrictiveness of exclusive Licensing Agreements which could have been interpreted so as to prohibit the office from selling or distributing literature within the local communities covered under the auspices of the Licensing Agreements themselves.

In reality, the newer "Sales Agreements" still allowed these local fellowships to print and distribute the same kinds of materials which the "Licensing Agreements" allowed for, and, while the newer Sales Agreements also had made

provisions for royalties to be paid for the literature printed outside the U.S. to the WSO, there has been little or no attempt on the WSO's part to enforce the collection of those royalties.

Very little, in fact, has changed regarding the specifics of these Sales Agreements from 1990 to the present. The WSO and the Board of Directors are continuing to evaluate the benefits and liabilities of these practices, but feel that, until such time as the office is able to offer viable alternatives to the current setup, it is most prudent to allow the general operations allowed by these agreements to continue so that addicts may obtain literature as easily and as cost-effectively as possible.

#### Licensing Agreements Basic Philosophy

The basic philosophy which contributed to the development of the Licensing Agreements was formulated according to the WSO's belief in its responsibility to nurture developing NA communities around the world, a belief which is well described within the 1991 *Fellowship Report*.

From its inception, one of the primary responsibilities of the World Service Office has been to provide assistance to developing N.A. communities. Since the early days of our fellowship's evolution, when we assisted N.A. communities in the United States, the office has been at the forefront of development activities. Ten to fifteen years ago, it was standard WSO policy to distribute several thousand U.S. dollars worth of literature to developing American communities on a free or pay-as-you-can basis. Long telephone calls and extended visits by members of the world service community to developing regions also supported those regions in their development process. By current standards, there may seem to have been relatively little development activity conducted in those early days, but the types of activities conducted then are fundamentally the same as today's. The underlying issues related to development work also remain the same, and continue to call for serious consideration on the part of the fellowship.

Until this year, the World Service Office has not only been at the forefront of international development activities, it has had to bear virtually sole responsibility for administering those activities. The office has been the point where almost all decisions have been brought regarding N.A. literature translations, development-related travel, N.A.'s primary international development budget, and international literature distribution — in other words, all of our primary development activities. (9)<sup>26</sup>

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<sup>26</sup> To this end, the WSO had even written off significant debt owed to WSO by a number of services offices, in order to help keep those operations afloat.

As that *Fellowship Report* made clear, the WSO's priorities in the development of License Agreements was in keeping with the office's view of its role as a unifying force in Narcotics Anonymous' worldwide development:

There is something we all need to understand. This week, N.A. groups will hold meetings in more than fifty-three countries around the globe. However, there are no national N.A. communities apart from the U.S. and Canada with more than 250 meetings a week; most have less than fifty per week. Only a few have functioning national service structures; in most cases, they do not have even the most rudimentary or group representation structures in place. How can these developing communities best be assisted in becoming equal, full-fledged partners in our world fellowship? Conference participation would seem to be at the bottom of our list of priorities; translated literature, subsidized literature, and regular visits would seem to be at the top. (10)

The brunt of the financial responsibility for NA world services' continuing effort to subsidize the sale and distribution of literature outside of the United States and Canada is still carried by those two NA communities. Sales and cost projections of the development, sale and distribution of all NA literature around the globe demonstrate that this will probably not change for a very long time.

The philosophy which helped formulate the development of both Licensing Agreements and Sales Agreements was certainly grounded upon the understanding that the WSO's responsibility was to get literature to addicts. To that end, the WSO has continued to subsidize literature sales in other languages and to other countries, subsidize literature translation efforts, provide free literature to developing communities in need, and pay regular visits to those communities to work out literature distribution procedures which can provide the most amount of benefit to the community while still remaining true to the principle of self-support.

Eventually, the current Sales Agreements' validity and utility will be reevaluated. Certainly, within the WSO's efforts to develop parity between literature distribution efforts and sales policies across the board, these agreements represent a significant anomaly. In the meantime, until the office is prepared to present viable alternatives to the communities which now receive the benefit of Sales Agreements, those agreements will continue.

## **B. Credit Policy**

It is apparent from Bob Stone's earliest communications to the fellowship in 1983 that, when the office was being run by Jimmy K., literature had been made available on credit to members throughout the fellowship. This is true to such an extent that, when Mr. Stone assumed the helm, he found nearly \$38,000.00 owing to the WSO for literature which had been shipped but never paid for, or, in some cases, paid for only in part up to that point.

The office did maintain a modest credit policy in the beginning of Mr. Stone's directorship, but it was with significant reluctance that the office viewed the practice of "fronting" literature to members, groups, regions, and even WSC subcommittees. This hesitancy makes one of its first appearances in the office's official archives within the Board of Directors' August 13-14, 1983 minutes:

[Item] F. Requests for Credit: Stone presented requests from specific area committees that had asked for extension of credit above the amount approved by the Board at the last meeting. They were: District of Columbia Committee, Chicago Area Committee, the New York Convention Committee and the WSC H&I Sub-Committee.

There was discussion on the status of each of the accounts of the requesting Committees. No action was taken to approve a higher limit. There followed a motion about the H&I request, M/S/C to sell the H&I Handbook for 50c each instead of the current listed price. Yes: Unanimous.

Similarly, BOD minutes from September 9, 1983 read: "Requests for credit to be extended in the purchase of literature for conventions to be held in Texas and Washington State were discussed. The matter of consistency in the non-credit policy was evaluated and its impact on those previously denied credit. There was no action to authorize credit for these requests."

Minutes from the October 8, 1983 Board of Director minutes demonstrate a breakthrough in the Board's thinking about the Credit Policy, however, which would lay the early foundation for the WSO's current Credit Policy:

There was discussion on the credit policy which led to this motion. M/S/C "To direct that credit may now only be given to agencies, institutions, regional and area committees, special committees such as H&I but no longer shall credit be given to individuals acting as individuals." Vote: Yes - Unanimous.

By the time of the April 7, 1984 meeting of the Board of Directors, significant progress had been made with regard to the WSO's practice of allowing literature orders to be purchased on credit:

Discussion began on the proposed credit policy. Following some discussion, it was M/S/C "to adopt and approved [sic] the use of the proposed Credit Policy as policy of the Corporation." Discussion continued on the application of the credit policy as it related to specific requests. It was consensus of the Board that the Executive Director would be authorized to exercise discretion in this area but be guided by a requirement to have not less than 1/3

payment on any credit order over \$2,000 and then only to regional service committees.<sup>27</sup>

The 1985 Credit Policy remained the same for area and regional literature committees or offices, providing the order was more than \$1,000.00. It still required 1/3 down on the credited order, with the remaining 2/3 due within 90 days of the receipt of the order at its destination. The office did at this time also sell to governmental agencies and large companies on the basis of purchase orders, whose full payment was due from such non-fellowship purchasers within 30 days of receiving their order.<sup>28</sup>

The WSO Sales Policy did go through some revision between 1985 and 1990, but the January, 1990 Sales Policy demonstrated a significant change in the way purchases could be made on credit, much more similar to the WSO's current credit practices. This new policy made it possible for areas, regions, non-U.S., as well as hospitals, institutions and other organizations to purchase literature with no money down, but did impose credit limits for initial, second, third and subsequent orders, based upon the type of purchaser (fellowship or non-fellowship), and that purchaser's previous credit "rating" with the WSO.<sup>29</sup>

<sup>27</sup> Item number 2 of this credit policy from 1984 included the following language: "For recognized regional offices of the Fellowship a 90 day credit and discount policy shall be available upon request and completion of a standard agreement. This 90 day credit and discount policy shall provide that the region make a one third (1/3) advance payment of the total amount. If the order is over \$1,000.00 a discount of ten (10%) percent may be applied."

<sup>28</sup> The policy for outside the United States and Canada in 1985 read as follows:

Sales to Non-U.S. Fellowship: The World Service Office has initiated a program to sell literature to the Fellowship in non-U.S. countries according to the following.

A. It will be the overall practice of this policy to sell literature to non-U.S. Fellowship purchases at a price consistent with the standard of living and currency value as though the World Service Office existed only in the country purchasing the literature.

B. To effectuate this policy, the following shall be accomplished: A computation will be shown on future order forms which will effectively adjust the price paid by members in Non-U.S. countries to the comparable dollar amount paid for the same literature in the United States. The effect of this policy will be to reduce the actual cost of literature by deleting the requirement to pay more because of the currency exchange rate. These computations will be based on an established currency exchange rate, and will be updated on a quarterly basis.

C. For example, in Germany: The price policy for literature sold by the German Area Service Committee shall be that Orange Books will be sold for one Mark. Pamphlets will be sold for twenty-five pfennig. These prices will remain constant for at least a six month period, and to be adjusted during November 1985. As of May 1, 1985, one dollar equals three marks, 14 pfennig. There are one-hundred pfennig in each mark.

<sup>29</sup> Those limits were as follows:

INITIAL ORDER LIMIT	2ND ORDER LIMITS	3RD ORDER LIMITS	SUBSEQUENT ORDER LIMITS	PURCHASER CLASSIFICATION
\$350.00	\$500.00	\$750.00	\$2,500.00	Areas/Regions and non-U.S.
\$500.00	\$1000.00	\$1,500.00	\$4,500.00	Hospitals, Institutions,

Additionally, as of January 13, 1990, the WSO began accepting credit card orders over the telephone, although such credit card purchases were not permitted for area committees, regional committees, fellowship offices or commercial customers. Credit card customers were also subject to a series of limitations regarding their credit limits with the WSO based on their credit rating with the office.

The U.S. and Canada Sales Policy of 1993 is similar with regard to Credit purchase limitations to the 1990 policy, but the 1993 policy is stated in U.S. dollars, a significant change from earlier policies. Additionally, the 1993 Policy levied a one and one-half percent (1 1/2%) interest fee on unpaid credit balances which was compounded monthly. Also, the European Sales Policy for 1993 matches the North American Policy of that year, except that, where the U.S. and Canada had 30 days to pay off their credited account, the European Policy allowed for 45 days. The current (1996) Credit Policy (taken from the "World Service Office Sales Policy: United States and Canada," and available from WSO), has remained unchanged since the credit Policy of 1993 as well.

#### Credit Policy Basic Philosophy

The intent of the Credit Policy philosophy, to support and strengthen local NA communities, is demonstrated in a decision which the Board of Directors had made at their June 9, 1984 meeting:

The manager then presented a report concerning his visit to the Ohio Regional Convention and the meetings conducted there with a member of the Fellowship from London, England. The report centered on an agreement to provide to the Fellowship in London materials on credit. The money generated from the sales of these materials in England would be held in reserve by the Fellowship in London and eventually [be] used for the production [sic] of materials locally in London. Following discussion it was M/S/C "to establish and authorize the formalization of this policy and a report to be prepared concerning expenditures to this policy will be prepared and delivered to the Board of Directors each meeting."

As we shall see, the philosophy which helped formulate the early development of the Credit Policy is similar in many ways to the underlying philosophy which accompanied the development of the Discount Policies governing the sale of bulk literature orders. In essence, the guiding principle of both the early policies was to grow and support a literature distribution network, as well as to support and strengthen local fellowship and their service efforts. A letter from Bob Stone to the WSO Board of Directors, not dated but taken from the 1984 files, describes this early philosophy clearly:

This policy is not intended or geared to return us to the unlimited credit policy of the past. It is directed at developing a relationship between WSO and regional committees. This policy will permit regions to become stronger in the eyes of their respective fellowship, develop a better administrative and financial base.

. . . I believe the gamble, allowing each region the option to participate in the policy and expecting a few to fail, but expecting the others to succeed, is worth the price.

Similarly, both the 1984 and 1985 Proposed Credit Policy themselves state the philosophy behind these early policies explicitly:

This policy is proposed as a means of assisting the Fellowship with the distribution of literature through regional service committees. The goals of this policy are to strengthen the regional service committees administratively, financially and functionally. Additional goals are to make it easier to obtain literature through the regional service committee and assist the regional service committees in developing a more stable prudent reserve.

Thus, it is clear that the foundation for the practice of allowing literature to be obtained on credit was built upon the WSO's belief in its mission — to help carry the message to addicts who still suffer — as well as to grow and support a literature distribution network and strengthen local services. As we shall see, this same philosophy influenced the development of the discount pricing structure as well.

### **C. Discounts**

The history and development of the discount pricing structure can be divided into two general areas: discounts to fellowship purchasers, and discounts to non-fellowship purchasers. The development of each of these policies affected the development of the other in the early years, but little has changed since the 1993 revision of the discount pricing structure.

#### **Fellowship Discounts**

It can certainly be argued that the WSO had a discount policy of sorts as early as 1983. The Narcotics Anonymous Literature Price List & Order Form, effective April, 1983 (All Orders Paid in Advance), allowed the following discounts to all fellowship purchasers:

N.A. White Book 1-99 @ .50c ea./100 or more @ 40c ea.  
 Service Structure 1-9 @ \$2.50 ea./ 10 or more @ \$ 2.00 ea.  
 Information Pamphlets - Any Combination of Titles  
 1-99 @ .15c ea./ 100 or more @ 13c or \$13.00 per hundred

However, early BOD minutes suggest that no price breaks were being given to fellowship buyers at that time (nor were any given to non-fellowship buyers).

Minutes dated April 27, 1983, for example, read: "3. Literature Prices. The Board received a letter from Dave T., Baton Rouge, regarding a price break for literature for H&I. MOTION: No literature price reduction given; Seconded' Passed."

Similarly, June 11, 1983 minutes include the following Agenda items to be discussed::

1. The Public Information Committee from Ohio would like a price break on literature for the State Fair in Ohio.
2. Review the need for a discount to the World H&I Committee.

It is evident from this that the board was considering the issue of fellowship discounts for literature sales, and minutes of the October 8, 1983 meeting of the Board of Directors indicate that their intention was to consider allowing those discounts after they had more opportunity to think the issue through:

Chuck [G] reported that he had received a request from the New York Convention Committee for a discount from WSO when they purchase a large amount of books in the order of a \$3,000.00 purchase. The board discussed this request for a discount and previous requests. It was the consensus of the Board that at some time in the future a discount system might be developed (after a report on this has been prepared by the Manager) and that sufficient time had elapsed in order to have reasonable financial data upon which to make a prudent decision. No action was taken to approve a discount for the New York Committee purchase.

Jumping forward a year and a half, we see that board minutes from their March 9, 1985 meeting indicate that

The first item discussed concerned whether discounts were being allowed to Regions. The discount system was explained, which permits a 10% discount for purchases of over a thousand dollars. Following discussion it was M/S/C "o offer a discount and allow purchases to be made on invoice shipments to Regional Offices when they buy amounts of Literature in excess of \$1,000.00 and for Area Committees when they buy \$500.00 or more." The vote: Yes - Unanimous"

The "discount system" referred to here had actually been adopted at the September 15, 1984 Board of Directors' Meeting as a result of conference action at WSC '84. That "1984 Price Policy Statement" read as follows:

The price policy enumerated in this statement is based on actions taken by the World Service Conference meeting in Santa Monica in April 1984 and economic impact data provided to the WSO Board of Directors for the April 27, and June of 1984 meetings. In

accordance with these meeting decisions the following price policy is adopted:

1. A discount from the list price may be offered to elements of the Fellowship retroactive to May 1, 1984. A discount from the list price may be offered to commercial and non-Fellowship purchasers on or after July 31, 1984. This price discount shall apply to computations based on aggregate amounts and reflect totals upon which computations of California sales tax shall be made if applicable. Discounts shall be available until this policy is changed and 30 day notice provided to all purchasers who have availed themselves of this policy.
2. For recognized regional offices of the Fellowship a 90 day credit and discount policy shall be available upon request and completion of a standard agreement. This 90 day credit and discount policy shall provide that the region make a one third (1/3) advance payment of the total amount. If the order is over \$1,000.00 a discount of ten (10%) percent may be applied.
3. For all non-Fellowship customers, there shall be a standard net-30 invoice order policy for all orders on purchase order transactions. For non-fellowship customers (purchase order or prepayment) a ten (10%) percent discount from list price shall be available on all orders, if after application of discount, the aggregate purchase is in excess of \$1,500.00.
4. For all purchases (Fellowship and non-Fellowship) that are in excess of \$10,000 of the list price, a fifteen percent (15%) discount may be applied.
5. For all purchases (Fellowship and non-Fellowship) that are in excess of \$25,000.00 of the list price, wherein the shipment is made directly from our printer to the customer, and the shipping expense is accepted by the customer, the standard ten percent (10%) shipping charge shall be waived and an additional discount of ten percent (10%) may be applied.

This policy would be changed in 1985 as follows: whereas the 1984 policy offered a 15% discount for orders over \$10,000, the 1985 policy allowed a 20% discount for those orders. However, where the 1984 policy offered a 25% discount on purchases over \$25,000 (plus friendlier shipping arrangements, wherein the customer could assume the shipping charges and have the 10% WSO charge waived), the 1985 policy offered only a 15% discount on those purchases plus the same deal on shipping.<sup>30</sup>

<sup>30</sup> This action appears to have been protested at the 1987 WSC, but without success: It was M/S/F Yvonne K., RSR (Tri-state)/J.R. F., RSR (Greater Philadelphia) "that the 20% discount" be restored to the RSO's by the WSO." Intent: To get the 5% back, that we lost. VOICE VOTE FAILED

Further, the 1985 policy also offered a 35% discount on purchases over \$40,000 in order to accommodate negotiations with Hazelden and Compcare for very large literature orders.

These policies changed again with the adoption of the 1988 Sales Policy, which was much more complex in nature than the earlier policy:

1. For an area literature committee, when purchasing more than \$500.00 at a time, a ten (10%) percent discount may be applied, if there is no office or regional service literature committee that can otherwise serve their literature needs. These purchases cannot be accomplished on credit arrangements. The shipping and handling fee is assessed.
  2. For a regional literature committee, when purchasing more than \$500.00 at a time, a ten (10%) discount may be applied, if there is no Fellowship office that can otherwise serve their literature needs. These purchases cannot be accomplished on credit arrangements. The shipping and handling fee is assessed.
  3. For regional literature committees of the fellowship a 90 day credit and discount policy shall be available upon request. This 90 day credit and discount policy shall provide that the region make a one third (1/3) advance payment of the total amount. If the order is over \$1,000.00 a discount of ten (10%) may be applied. The shipping and handling fee is assessed.
  4. For area and regional sponsored service offices that purchase more than \$1,000.00 but less than \$10,000.00 on a single order, a ten (10%) percent discount is applied the shipping expense [sic] is paid by the customer (1), providing one third (1/3) of the order is paid with receipt of the order and the balance is paid within 90 days.
  5. For non-Fellowship customers, a standard net-30 day invoice policy for all orders on purchase order-only transactions are available. For non-Fellowship customers (purchase order or pre-payment) a ten (10%) percent discount from list price shall be available on all orders, if after application of the discount, the aggregate purchase is in excess of \$1,500.00. The appropriate shipping and handling fee shall apply.
  6. For all non-Fellowship purchases that are in excess of \$10,000.00, a fifteen (15%) percent discount is applied and the shipping expense is paid by the customer (1). If the order is not paid in advance, a standard 30 day accounts receivable payment schedule shall apply.
  7. For all Fellowship purchases that are in excess of \$10,000.00, a fifteen percent (15%) discount is applied the shipping expense [sic] is paid by the customer (1), providing one third (1/3) of the order is paid with receipt of the order and the balance is paid within ninety (90) days.
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8. For all fellowship purchases that are in excess of \$20,000.00, a twenty percent (20%) discount is applied to the purchases and the shipping expense is paid by the customer (1), providing one third (1/3) of the order is paid with receipt of the order and the balance is paid within ninety (90) days.

9. For all non-Fellowship purchases that are in excess of \$25,000.00, a twenty percent (20%) discount is applied to the purchase and the standard shipping and handling charge is waived if the shipment is made directly from our printer to the customer, and the shipping and handling expense is paid by the customer.

10. For all Fellowship purchases that are in excess of \$40,000.00, a thirty five percent (35%) discount is applied to the purchase. The handling charge is waived if the shipment is made directly from the WSO or our printer to the customer, and the shipping expense is paid by the customer (1).

11. For all purchases that are in excess of \$40,000.00, a discount of thirty-five percent (35%) is applied and the shipping and handling charge is waived if the shipment is made directly from our printer to the customer, and the shipping expense is paid by the customer.<sup>31</sup>

The Sales Policy changed again in 1993, however, and offered a more graduated scale of discounts to literature purchasers:

#### SINGLE PURCHASE REQUIREMENT

\$ .01 -	\$499 =	0%
\$500 -	\$2,499 =	10%
\$2500 -	\$4,999 =	12.5%

<sup>31</sup> The International Sales Policy adopted that year was as follows:

#### CATEGORY ONE DISCOUNTS:

For purchases resulting in an average of more than five hundred dollars (\$500.00) a month per annum but less than an average of one thousand (\$1,000.00) per month, the discount is five percent (5%).

#### CATEGORY TWO DISCOUNTS

For purchases resulting in an average of more than one thousand dollars (\$1,000.00) a month per annum but less than five thousand dollars (\$5,000.00) per month, the discount is ten percent (10%).

#### CATEGORY THREE DISCOUNTS

For purchases resulting in an average of more than five thousand dollars (\$5,000.00) a month per annum but less than fifteen thousand dollars (\$15,000.00) per month, the discount is fifteen percent (15%).

#### CATEGORY FOUR

For purchases resulting in an average of more than fifteen thousand dollars (\$15,000.00) a month per annum, the discount is twenty percent (20%).

\$5,000 - \$9,999 =	15%
\$10,000 - \$17,499 =	17.5%
\$17,500 - \$19,999 =	20%
\$20,000 - \$34,999 =	25%
\$35,000 - \$54,999 =	30%
\$55,000 - \$80,000 =	35% <sup>32</sup>

Literature purchasers were also, under the provisions of this Sales Policy, given the option of purchasing literature under annual contract, which required minimum purchase commitments but offered additional discount savings to customers:

#### ***Annual Contract***

Level 1 at least 80,000 per year	= 27.5%
Level 2 at least 105,000 per year	= 30%
Level 3 at least 130,000 per year	= 35%
Level 4 at least 375,000 per year	= 37.5%
Level 5 at least 600,000 per year	= 40%

The current Sales Policy (available from the WSO) has not changed with regard to the above categories and amounts from the 1993 Sales Policy.

#### **Non-Fellowship Discounts**

The first mention of retail firms showing interest in our Basic Text appears in the Board of Director minutes dated September 9, 1983, yet it is clear from those minutes that the Board at that time was unwilling to consider discounting our book:

A discussion econtinued [sic] on the pricing of the book and future publication choices for the book. Stone indicated major mail order retail firms that sell books have expressed a desire to include our Book in their inventory but at a reduced sales price. The Board reviewed the sales policy and concluded not to allow discounts to retail firms simply because no discounts are given to the fellowship.

This early reluctance to offer discounts on our Text is reiterated in an early *Newsline* (volume 1, issue 4):

Two healthcare mail order companies (Hazeltn and Compucar [sic]) have inquired about putting our Book in their catalogue and selling it to their regular customers. This was discussed by the Board of Directors, but they were unwilling to agree to the purchase plan advanced by the companies. Both companies want to obtain the Book for less than we sell the Book to the Fellowship. The Board did not feel that such a policy was in the best interests of the Fellowship. Simply, it would not be reasonable or fair to the

<sup>32</sup> The Sales Policy for Europe matched these discount figures in the 1993 Sales Policy.

members of NA to pay a regular price and a re-sale company to receive preferential treatment. The ultimate issue, of course, is to get the Book to as many people as can be helped by the Book and having it sold through these mail order companies would assist in that goal. (1)

Once again, one of the considerations which the Board had to consider, apparent in this *Newsline* article, was the fact that companies like Hazelden could reach a market for our literature directly (that is, institutions, hospitals, professionals) that we did not have direct access to. Of course, the additional income was a large consideration as well. But the Board was very cognizant of the possibilities of getting our message to addicts within institutions that we did not have direct access to, particularly in 1983 -1984.

Given these considerations, Bob Stone had begun to negotiate with Hazelden to see if the WSO could work out a mutually beneficial policy with the Hazelden Corporation. Minutes of the June 9, 1984 BOD meeting attest to Stone's efforts, and it is clear that the Board was in favor of pursuing those negotiations:

The manager then gave a report concerning the visits back East on behalf of the Corporation. He discussed his visit with Hazelden Corporation and indicated that discussions had not been fruitful in that Hazelden had not been willing to accept the offer of 15% reduction in price.

Considerable discussion followed on the subject of selling quantities of books to Hazelden. It was eventually M/S/F "to offer the following formula for sales of text for: quantities of 1,000 to 9,999 a ten percent discount. For quantities between 10,001 [sic] and 25,000 a twenty percent discount. For quantities of 25,001 or more a twenty five percent discount."

Following additional discussion it was moved . . . "that a special committee be formed to provide recommendations to the Board of Directors within the next 15 days concerning suggestions on a formula to be advanced for Hazeldens [sic] consideration. This motion carried."

BOD minutes from November 3, 1984 indicate that ongoing negotiations with Hazelden had culminated in the necessity of offering a 35% discount on purchases exceeding \$20,000.00. As we have seen above, this change, adopted by the Directors at that November 3 meeting, would make its appearance within the 1985 WSO Sales Policy.<sup>33</sup>

<sup>33</sup> The 1985 WSC Minutes demonstrate that attempts to regulate the parameters of the Hazelden/Compcare agreements were defeated by conference action: It was M/S/F Mike C. (RSR Michigan)/Jeff B. (RSR Mid-coast), "that WSO decline selling N.A. Literature to outside brokers (i.e., Hazelden, Compcare) unless said literature is described and advertised in a manner keeping with the general philosophy of the N.A. Fellowship." The Vote: DEFEATED BY VOICE VOTE

Stone reported to the Board on communications that have been received from Hazelden Publishing Company with respect to their intention and desire to purchase substantial quantities [sic] of material from the World Service Office. Following considerable discussion, it was M/S/C "to adopt a change in the discount policy approved by the Board at the September Meeting. Delete paragraph 5 and insert the following: For all purchases (Fellowship and Non-Fellowship) that are in excess of \$15,000, a 25% discount may be applied. Delete paragraph 6 and insert the following: For all purchases in excess of \$20,000, a 35% discount may be applied. Additionally, the shipping and handling charge of 10% may be waived if the purchaser pays the shipping charge and receives delivery directly from our printer. Variation from this policy may be authorized by the Executive Director on a case by case basis, but each such variation will be reported to the Board.

The discount schedules in the "Fellowship Discounts" section of this history (above) demonstrate the changes in non-fellowship discounts since these early decisions which shaped the development of sales of our literature to non-fellowship organizations at substantial discount.

It is, however, relevant to mention in closing that a 1988 WSC conference action pertains here. During that WSC,

It was M/S/C Gary O., RSR (Colorado)/Jim W., (WSO-BOD Chairperson) "To recommend that the WSO take such actions as may be necessary in order to make the Basic Text available for purchase by addicts and the general public through commercial book store sales." Intent: To expand the availability of the Basic Text. Such sales will permit many addicts to become aware of N.A., discovering that recovery from active addiction is possible in Narcotics Anonymous [sic]. The Vote: VOICE VOTE CARRIED

However, the unfriendly sales, distribution and publishing environment which characterizes the general commercial book marketplace has prevented the WSO from having made any significant progress toward the realization of this conference action of 1988.

### **Philosophy of Discount Policies**

The philosophy which formed the foundation of the WSO discount strategies was stated clearly in a number of early publications, minutes and other sources. For example, the "Proposed Credit Policy" of 1984 (cited earlier, but here again, for its relevancy to our current topic), states clearly:

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This policy is proposed as a means of assisting the Fellowship with the distribution of literature through regional service committees. The goals of this policy are to strengthen the regional service committees administratively, financially and functionally. Additional goals are to make it easier to obtain literature through the regional service committee and assist the regional service committees in developing a more stable prudent reserve.

This effort to grow and support a strong literature distribution network, as well as to support local service efforts, is reiterated in From Bob Stone's "Budget Proposal for 1984". In that document, the Executive Director outlines a plan by which local service offices might obtain training, through the WSO, for their special workers. The reasons for this, as Stone states clearly, are to provide for a stronger literature distribution network, as well as to foster unity between local service communities and the WSO:

There are two programs not included in the work summary and therefore not included in the proposed budget that require a few words.

Concerning the matter of forming corporations or other more formalized structures within the Fellowship to accomplish certain business type needs, there is a presumption that WSO will prepare substantial details and materials that can provide guidance to the Fellowship. The logical extension of that plan is to provide seminars or work shops [sic] in several places across the country to explain all of this in person. . . .

A reasonable extension of the effort to strengthen regions to the position of being able to open and maintain an office, would be to provide training to their people in such matters. The type of program I would recommend in this matter is that the region pay for the expense of sending a person to WSO for a 60 or 75 day training period. The WSO should include the trainee as a short term employee and include funds in the budget for the wages, etc. .

The long range improvement in the relationship between the Fellowship and the WSO if either or both of these programs were adopted cannot be fully appreciated, but it would be a major step toward unity.

The WSO's concern for the growth and development of local NA communities as the primary reason for the discount policies themselves is reiterated in the 1985 Price Policy Statement from the 1985 *Annual Report*:

It is the general policy of the World Service Office that the 'price policy' offer literature and other items at a fair and reasonable price. The intention is to charge the lowest possible price while

maintaining sufficient income to the World Service Office to meet the needs for operation of the World Service Office.

There are other goals the Fellowship desires to be achieved relative to literature sales. An important goal is to encourage area and/or regional literature committees to purchase sizable quantities of literature to be sold or used by their component [?] area committees and groups. In this manner large quantities of literature is [sic] available close to where it is needed. Indirect benefits of this goal are a strengthening of the region or area, personal growth for the individuals involved and a potential savings of expense by the World Service Office.

An extension of the goal of having area and/or regional literature committees obtain literature for sale within their area or region is the establishment of area or regional offices. These offices can provide numerous benefits to the fellowship, among them are making literature available to the fellowship and to non-fellowship individuals through the mail and from walk-in visitors easier than having every order made directly to the WSO. (68)

In order to encourage region and area committees to purchase large orders each time and to encourage the establishment of full time offices open to the fellowship and the general public, the WSO does offer discounts for certain types of purchases and for certain purchasers. (71)

This philosophy was repeated again in the 1986 *Fellowship Report*:

The discount policy was formulated in an effort to assist areas, regions and offices to be able to handle the literature for the Fellowship they serve, do so without losing money and maybe even earn money from the transactions. (25)

It is thus clear that the early development of the WSO's Sales Policy, which included the Credit Policy as well as the Discount Policy, was based upon a clear understanding of the role the WSO was supposed to play in the early growth of our fellowship. That role, repeated here from the beginning of this section, was founded upon two basic but essential ideas: **First, the primary directive of the WSO was then, and remains, to help facilitate the delivery of our message to addicts throughout the world in as efficient and "member-friendly" way as possible, while maintaining its ability to provide additional services through literature proceeds.**

**Second, this primary directive has always rested heavily upon the idea that, as the central point of literature distribution, information, and guidance to the rapidly expanding global fellowship, one of the WSO's primary duties has been to strive to unify the young and growing local NA communities, wherever they may exist, with older more experienced communities across our geographically-dispersed fellowship.**

Given these two guiding directives of the WSO in formulating its sales Policy and Licensing Agreements during the early eighties, three motivating principles rested, therefore, as the foundation of the WSO literature sales philosophy. Those three principles were:

- 1) to help carry the message to addicts who still suffer in the form of our literature;
- 2) to grow and support a literature distribution network, and
- 3) to strengthen local services both financially and in terms of local service delivery.

### **The Sales Policy Today**

The Literature Sales Policy and Licensing Agreements have been a source of continual debate and change among the Board of Directors and WSO management almost since their creation, as this history demonstrates.

The most recent demonstration of this ongoing debate was recorded in the *1995 WSO Annual Report*:

We have always had a policy of supplying any and all developing communities with free or low-cost literature until they were able to become self-supporting. We have always believed that this was another way of practicing the philosophy of our program, namely, the therapeutic value of one addict helping another. As a result, we have always used the funds generated by the sales of literature to fund our service delivery activities. With the advent of the discount policy resulting in fully 25.6% of our sales going to discounts, no new products or other sources of income, and the ever-increasing need for services from within the fellowship and world services, we have had to rethink our sales policies. Our discussions continue to focus on maintaining the ideal of 'those who have giving to those who don't,' as we look at licensing agreements, branch offices, our support of local service offices through our discount policy, and our non-fellowship customers. (6)

This history demonstrates some of the frustration, as well as some of the successes, which these policies have given rise to over the years. However, it should be noted that, at least since 1991, Directors' minutes demonstrate an increasing awareness on the part of the Board and the WSO management that the entire sales policy required serious rethinking and revision. An ongoing process of developing a Business Plan (discussed later in this report), as well as revising Sales Policy strategies, have been the results of that growing awareness.

Board minutes from July, 1991 indicate that the WSO management was asking the BOD to consider rethinking the Sales Policy philosophy, particularly the long

term goals of that philosophy. It was realized in that meeting, however, that a complete rethinking and revitalization of the Sales Policy would be at least a year in the making.

Reference to the growing concerns about the Sales Policy was discussed in the 1992 *Annual Report*:

The WSO Board of Directors is reviewing all facets of its sales policy, including the discount structure, sales agreements with regions outside the United States, and the purpose of the policy. We need to receive as much input as possible from the general fellowship, the sales offices, and regional representatives before we make any changes to the policy. Any actions that we take to change discount structures may affect the viability of some regional service offices. Therefore, we want to have as much input as possible from those who are served by the offices and those who are not. (2)

Similarly, the 1993 *Annual Report* confirms this slow and thorough-going approach on the Board of Directors' part in revising the Sales Policy:

Becoming convinced it is better to do something slowly and well than quickly and poorly, the WSO Board of Directors worked through 1992 on the revision of the WSO sales policy. We sought input by mail, in panel discussions at WSC '92, and in other discussions at various workshops held throughout the year. What we learned is that there are no easy answers to the questions raised by our decision to revise the sales policy. . . .

After considerable detailed review of multiple alternatives, the directors decided to break down this project into several phases, the first of which has been to more strictly enforce the provisions of the existing sales policy. The second was to develop drafts of continental sales policies rather than trying to make all literature purchasers fit into one fixed category. The directors expect to complete this process in 1993 and will publish a comprehensive sales policy. Until then, the fellowship should expect the full enforcement of the current policy. (10)

There is evidence to demonstrate that the Board has indeed moved cautiously but firmly into the first two phases outlined here. BOD minutes from January 15-16, 1993, for example, demonstrate the Board's commitment to tightening up its debt collection policies, as the 1992 *Annual Report* suggested: "The Board discussed the concept of notifying the regional and area service offices of its intention to require compliance with existing sales policies. It was a consensus of the board that approximately six months notice should be provided after the exact policy was communicated" (6-7).

Additionally, the Board's efforts toward developing an international Sales Policy are documented in BOD minutes and in the *Annual Report* as well. The 1994 *Annual Report*, for example, stated that

The WSO board has been in the process of reviewing the current sales policy, which went into effect with the conference last year. At the February 1995 meeting, the board discussed various issues related to the sales policy and heard points of view from individual trustees, WSC officers, and WSO Sales Policy Committee members. Although there are no plans in the immediate future to change our policy, several issues were made clear.

The WSO board needs to develop a formal statement — a vision, if you will — of what our sales policy is supposed to accomplish. It must support the larger customer base; it must be fiscally responsible to the large picture; and it must think in global, not local, terms.

Our endeavor is to serve as many as possible with good, sound, fair fiscal management policies. We are dealing with an evolving process, and our strategy must be to adjust to the overall needs of the fellowship. Therefore, we will continue to focus our attention on this issue and adjust our policy as conditions suggest. (4)

We are in the process of developing a policy for sales made by WSO-Europe. Although no definitive policy has been constructed at this time, the board has put forth a rough draft policy which is undergoing review and discussion. Many factors must be weighed as this policy is developed; among them are distribution cost, currency fluctuations, volume of sales, and translation issues. As with the North American sales policy, we will focus on our primary purpose and be fair to all those we serve. Unfortunately, there are no easy answers because one size does not fit all. (4)

Most recently, conference action at the 1996 WSC reflects a growing concern on the part of Regional Service Offices about a reduction in their discounts on bulk literature sales. For example, 1996 WSC minutes reflect that —

It was M/S/R Lenny G (RSR, UK Region)/James E (RSR-A, Greater New York Region) Motion #82: "That the BOD makes no change to the existing literature discounts given to regional service offices without conference approval of an alternate system of distribution." MOTION REFERRED TO WSO BOARD OF DIRECTORS

SUBSTITUTE MOTION: It was M/S/R Terry M (RSR, Carolina Region)/Jim A (RSR, Ohio Region) Motion #90: "That no action be taken to change the WSO sales policy regarding the reduction of literature discounts to RSO's. This moratorium to be in place until such time as a motion to proceed with the WSO sales policy be

placed in the CAR. This motion will include a discussion paper outlining the rationale of decreasing literature discounts, financial impact studies on WSO revenues, and an implementation timeline." MOTION REFERRED TO BOARD OF DIRECTORS

These motions were committed to the WSO BOD by the following conference action: "It was M/S/C Teri B (RSR, Wisconsin Region)/ Cheryelle M (RSR, OK Region): "To commit motion #82 and Motion #90 to the WSO Board." MOTION TO COMMIT CARRIED BY 2/3 MAJORITY VOTE."

At this point in the conference proceedings, Lenny G [sic] (RSR, UK Region) asked if the chair would consider holding off on the decision until more participants were in the room. The Chair ruled that taking action on the motion was in order. It was motioned and seconded by Pete C. (WSB Chairperson)/Lenny G (RSR, UK Region): "To appeal the decision of the chair." The Chair allowed a second vote to take place on committing Motions #82 and #90 to the WSO BOD. Both times, the motion to commit passed by a 2/3 majority voice vote.

Given these actions committing the issue of literature discounts to the Board of Directors, the BOD continues to discuss and develop a Sales Policy for the twenty-first century. Continuing to move cautiously, they nonetheless have realized that significant change will be necessary to insure the continued growth and development of Narcotics Anonymous' world services, the WSO, and the international development of our fellowship.

## History of the Low-Cost Basic Text Issue

The expectations surrounding the creation of a Low-Cost Basic Text are, at least in part, founded upon the initial assumptions which the Board of Directors had made about the pricing policy of literature. Bob Stone outlined that basic philosophy in the 1984 *Fellowship Report*:

The price policy provided that for an interim period of time the "price" of each item would be set artificially high in order to establish sufficient flow of funds so that immediate goals could be achieved. The Board intended and still intends to reduce the price of most if not all items when the short range financial goals have been met.

The short range financial goals to which Mr. Stone's report alluded were:

1. Employ a competent professional staff for the successful management and operation of the office. . . .
2. Obtain adequate quarters both in size and facilities in order to meet needs for inventory space and service functions. . . .
3. Acquisition of essential and adequate equipment to meet immediate and future needs of the office in the accomplishment of the wide range of duties assigned.
4. Establish sufficient prudent reserve to meet emergency needs and growth demands within the fellowship." (1984 *Annual Report* 5-6).

It would appear that those goals had been met way back in 1984. A brief glance at that same *Annual Report*, however, demonstrates that the WSO was, even then, providing a wide array of services to the fellowship. In other words, as this history's examination of the literature pricing policy clearly demonstrates, the office would fight a continual uphill battle from 1983 until the present in trying to keep pace with the growing demand for WSO services from the fellowship as well the WSC.

Nevertheless, there has been significant concern among a percentage of the fellowship directed toward the production of a Low-Cost text to better suit the needs (and budgets) of newcomers in our meetings. This concern manifested itself, in 1987, in a motion from the Georgia region which would call for an impact study to be conducted investigating the effect of an across-the-board 25% reduction in literature prices.

A relatively forthright essay on "Disposable Income" in the 1987 *Fellowship Report* discusses this growing concern with the use of profits from our literature to fund services by the WSO within the context of the Georgia motion:

The WSO does generate disposable income. There are two factors that cause this: the growing size of the Fellowship and the price policy adopted in 1983. If the Fellowship had not grown as fast or as large as it has, the WSO would have very little disposable

income and be much smaller than it is. If the price policy adopted in 1983 had not been adopted and then continued, the disposable income would be lower or nonexistent [sic]. However, the Fellowship has grown about 100% every 18 months since 1980.

[...]

This explosion of members and treatment centers has increased WSO sales. . . . The increased sales have made it possible for the WSO to better perform the duties described for the office in the *Temporary Working Guide* and expand the services it provides to the Fellowship.

As all of this took place during the past few years there were a number of philosophical and practical questions that arose at WSO board meetings pertaining to the future of the WSO and the generation of disposable income. Some of these matters have been discussed, in part, in articles, letters and reports during the past three years. However, there has not been one single, extensive presentation of those issues available to the Fellowship at large.

Within the WSO Board there has been an increasing desire to present this complex matter to the Fellowship rather than having the WSO wrestle with the issues alone. It had been perceived, however, that the WSO should become a stable working force first so that the Fellowship would have a strong reference point to work from. The office has been rapidly approaching this condition.

The motion submitted by the Georgia Region is directly related to these discussions held by the WSO Board. Although there was no specific time table previously established by the Board, there was a growing consensus that the WSO was going to present these same matters, in a different form perhaps, to the Fellowship for consideration. The Georgia Region motion provides a good opportunity for this to occur. The original draft of the motion would not have provided as good an opportunity for lengthy Fellowship discussion. The WSO is grateful for the willingness of the Georgia Region to modify their motion at the request of the WSO.

The WSO requested that the motion be modified in order that the matters (price policy and the use of disposable income) could be fully analyzed and given to the Fellowship. In this way a full understanding of the alternatives to the existing price policy and the use of disposable income could be known and understood by the Fellowship. Accordingly the WSO encourages that the motion from Georgia on studying the impacts of a possible 25% price reduction be adopted.

Even though the WSO added more staff, obtained more equipment, and began providing additional services, this has always been done within the constraints of the available income. Every effort has been made to be frugal and get the most out of the funds expended. There is a need for an additional expansion of the WSO staff. Even if the basic services currently provided are not expanded, there are some projects and responsibilities that are now done inadequately because of limited staff. As each year passes, we will need an increase in staff in some proportion to the continued growth in the demand for services or in proportion to the size of the Fellowship.

In spite of the inability of the WSO to have expanded more than it has from the available disposable income, the Board elected to begin to pass some of the disposable income back to the Fellowship. This was done in order to strengthen area and regional committees and to improve the literature distribution system within the Fellowship. The WSO also utilized part of the disposable income on projects of WSC committees at their request. At one time or another in the past year, each of the WSC committees requested and received financial assistance from the WSO. (51-2)

There is quite a lot to digest in this long passage, which makes reference to the pricing policy for literature, the Georgia Motion, the Low-Cost Basic Text, the discount policy for bulk orders of literature, and the office's "prudent reserve." For our purposes here, it is sufficient to note that, while parts of the fellowship were clamoring ever-more-loudly to reduce the price of our literature, the WSO itself was trying to point out that there really wasn't sufficient money in the world service budgets as it was, yet the WSO Board had, nevertheless, chosen to pass some of the inflated literature cost to the fellowship in the form of bulk rate discounts.

Nonetheless, the Georgia motion passed at the conference, and a resulting impact study was conducted. Known as the "Georgia Report," this study set out to clearly identify the major financial and philosophical issues which a reduction in literature prices raised:

At the World Service Conference meeting held this year the following motion was adopted: "That the WSO, in conjunction with the WSC Administrative Committee, prepare a report for the Fellowship as a whole on the possibility and impact of reducing the price of our Basic Text and informational pamphlets by 25%. Included in this report will be the impact on our services worldwide and possible solutions to any adverse effects that this reduction in price would create in our ability to carry our Fifth Tradition. This report will be made to the Fellowship by October 1, 1987."

When the price was established for the Text, it was announced that the price would eventually be reduced when the WSO became solvent, accumulated essential office equipment, and overcame the

expected increase in monies required for organization of the Office. As we have become more able to provide services, we have discovered how little we are doing compared to the need. Although N.A. has grown tremendously in recent years there are still more addicts who have *not* heard of N.A. than those who have. We are still some years away from the time when the need for expanded effort will pass. (2-3)

[. . .]

There are two separate issues in this matter. The first is the financial impact of the reduction and the second is the philosophical appropriateness of the impact. If the financial impact would cause a reduction in services, the second question then has to be addressed: Does the Fellowship want to trade the cost saved by the group or member when a book is purchased for a continuation of services provided by WSO? If the answer is that the Fellowship desires to avoid decreasing services provided by WSO, then the price would have to remain the same or other income producing efforts would have to be initiated. . . . (3)

In essence, the choice which this passage outlines between trading the cost each member saves on the Text price for the continuation of WSO services has never changed. Each year, when the current "Low-Cost Basic Text" motion hits the floor at the WSC, this choice must be once again reexamined.

The Georgia Report makes the general impact of a reduction in the cost of literature clear, not only as it relates to the WSO, but also how it might have affected Regional service offices:

If an across-the-board twenty-five percent price reduction was mandated, the WSO could not continue to operate as it now does. Among the first considerations would probably be to eliminate the discount for bulk literature sales. This would eliminate the margin of income that area and regional offices depend on. Some would have to close. (7)

Consequently, in determining the impact of a twenty-five percent reduction in price, if it affects the existing discount policy, it would mean a significant decrease in income to the WSO. Substantial reductions in the number of WSO employees would result and an equal decrease in services provided. (8)

The report freely admits that its conclusions are founded upon the assumption that "the Fellowship generally believes the types of services that the Office is conducting should be continued" (23). Those conclusions were:

1. The tradeoff between saving the member or the group two dollars per book if the price was reduced and reducing the services provided by the WSO does not seem to be a wise trade. There is

more benefit to addicts still on the streets, to the individual members of our Fellowship, to our service committees and to the general public that [sic] the price remain the same.

2. An across-the-board reduction in the price of the Text and I.P.'s by twenty-five percent would cause elimination of the discount policies. This, in turn, would eliminate most of the sales outside the Fellowship. WSO income would be decreased, but more importantly, it would deny addicts the opportunity to obtain the N.A. Text while in treatment centers or hospitals.

3. The services provided by the WSO are an essential part of a vibrant and functioning Fellowship. The crippling of the WSO by reducing its income or services is a step backward and would have the appearance of conveying to other addicts that this is a self-centered recovery program: We who are here now have ours, and we are not interesting in investing enough of our money to help you find recovery in our Fellowship. (25)

A letter from Bob Stone to the Board of Directors dated October 5, 1987, indicates that the Executive Director was pleased with the report, and hoped that it would settle the Low-Cost literature issue for some time to come:

I was pleased to receive considerable input on the report from members of the Board during the last several weeks as the report was revised. The help was valuable and I appreciate the assistance. I believe the report will satisfactorily be received by the Fellowship and provide enough guidance to the Fellowship so that the issue can be dispensed with. I hope considerations for reducing the price of N.A. literature will not occur for some years.

Of course, it would be only two years before the "Baby Blue" would first make its appearance, indicating that the Georgia Report failed to satisfy some members of our fellowship.<sup>34</sup> In any event, BOD minutes make mention of the illicit Basic Text in the context of a *Newsline* article in August, 1990, and also demonstrate that the WSO Board was seriously considering the production of a Low-Cost Text:

Discussion ensued on the subject of printing Book One of the Basic Text and make it available to institutions only. Stu informed the board that a research paper on all the pros and cons will be prepared and presented to the board at their next meeting.

However, upon examination, the Board decided again that the Low-Cost Text was an imprudent decision, insofar as it would directly threaten the WSO's ability to meet the demand for services required by the fellowship and the WSC. However, the illicit text controversy had culminated in an agreement between the

<sup>34</sup> The illicit Basic Text controversy which surrounded the "Baby Blue" cost the fellowship over \$100,000.00 in legal fees to defend our fellowship's right to protect its literature copyright.

WSO and the person responsible for the production of the illicit text. That agreement spelled out a series of actions which the WSO was obliged to pursue in order to resolve the matter in the eyes of the court.

Those required actions included placing motions in the Conference Agenda Report for the 1991 WSC offering the fellowship a number of options with regard to 1) the production of a Low-Cost text, given specific parameters to make it less detrimental to the WSO; 2) the WSO's right to be the sole distributor of NA literature on behalf of the fellowship; and 3) the actual edition which the conference deemed to be the accepted text of Narcotics Anonymous.

Thus, the WSO and the BOD had to be prepared to move ahead with the production of the Low-Cost Text if that were the will of the Conference in 1991, as the 1991 *Fellowship Report* spells out. That *Report* discusses the problems which could result from the creation of a Low-Cost text, as well as some measures that might be taken to "soften the blow" of reduced literature proceeds:

Basic Text sales are declining. Following its initial release on April 27, 1983, unit sales increased each year by about 125% for two straight years. From 1986 through 1989, annual unit sales growth rates dropped from 52% to 14%. Then, in 1990, unit sales dropped by 20%. As a result, the World Service Office posted its first annual net loss in 1990, income falling short of expenses by about 6.65%. Cost-cutting measures have been implemented which we believe will keep us from posting another net loss in 1991. However, the balance of WSO 1991 budget depends on an increase of about 8% in unit Basic Text sales. If this year's unit text sales remain precisely at last year's level, and if WSO does not further reduce its operations, the office can expect to show close to a 2.5% loss. Therefore, we must view with some alarm any proposal the least bit likely to reduce unit Basic Text sales, unless the proposal also includes measures that would make up for lost text sales. (14)

Page 15 outlines services which stood to be cut by income reduction, including ESO, free or reduced price literature to developing NA communities, accommodation of local fellowship short-term cash flow problems, lit sales discount policy, fellowship services (WSC, boards and committees), special projects (It Works, mediation book, Guide to Service), group services (Loner Group, Starter Kits, Meeting by Mail, NA Way, and translations), and literature distribution. (15-16)

In the final analysis, the World Service Office could cut facilities, equipment and personnel back to the point where we only print, stock and fill orders for existing N.A. literature. This would require one building and a manager, a bookkeeping/order entry clerk, and shipping and receiving personnel. However, as you are well aware, this would be a very different kind of World Service Office than the one developed under the fellowship's guidance since

1982. We'll leave you to judge for yourselves what impact such a reduction in WSO services might have on the fellowship. (16)

As we said before, we recognize the potential of a Low-Cost text to increase our fellowship's ability to carry the message to more addicts; therefore, at least in principle, we support the low-cost text. However, we must tell you that if the World Service Conference mandates production of a low-cost text without also supporting measures to mitigate the impact of low-cost text sales on WSO and RSO income, the conference will, in effect, be closing both down. (17)<sup>35</sup>

The 1991 *Fellowship Report* section on the low-cost text issue concludes that:

Those problems [associated with the production of the low-cost text] can be minimized if sales of the low-cost book are limited to fellowship buyers, manufacturing costs for the existing Basic Text are reduced, paperback Basic Text sales are increased, and across-the-board adjustments are made to our sales discount policy. Even given these measures, distributing the low-cost text would be a risky venture. Nevertheless, we would be prepared to take that risk. We believe that such a book would be very useful in carrying our message to indigent members in the U.S. and for use by developing N.A. communities in other countries. (8)

As mandated by the court, the issues discussed above were put to a vote at the World Service Conference in 1991. The motions, and their outcomes, were as follows (these items have been taken verbatim from the 1991 WSC minutes):

Affirmation #1 — Yes -67 No- 9 abstentions — 3

It was M/C WSO BOD "To reaffirm and ratify that the ownership of all N.A.'s intellectual and physical properties prepared in the past, and to be prepared into the future, is held by WSO, Inc., which holds such title in trust on behalf of the fellowship of Narcotics Anonymous as a whole, in accordance with the decisions of the World Service Conference. MOTION CARRIED BY 2/3 MAJORITY ROLL CALL VOTE (see Roll Call Vote #1) after the following:

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<sup>35</sup> The 1991 *Fellowship Report* went on to outline the issue of the Low-Cost text in some detail, and alluded to the earlier Georgia motion and subsequent Georgia Report: "As an aside, it may be useful to recall a similar motion presented to the conference four or five years ago. In 1987, the WSO studied a motion to reduce the price of the Basic Text and our information pamphlets by twenty-five percent. Such a price reduction would have resulted in a substantial loss of service to the fellowship, a loss not outweighed by the benefits individual members might have received from lower-priced literature. Our report on the matter was accepted by the World Service Conference" (14).

Ed D. (WSC Chairperson) explained that the WSO is offering this motion as a substitution for the affirmation in the Conference Agenda Report. Shannon L. (RSR, Tri-State) requested that the WSO attorney be called upon to provide information about the effect of these motions on the status of copyright ownership.

Theresa Middlebrook, intellectual property attorney for the WSO, explained that this motion is intended to provide clarity, emphasizing the need for the conference to reaffirm and ratify that WSO is the owner of the legal rights to the fellowship literature, which rights are held in a trust on behalf of the fellowship. She pointed out that this has been established "de facto" ["by the facts"] and a clear, written conference action will be most helpful. The fact that the WSO holds the *legal* title to the properties, and that equitable title is held by the fellowship can be clarified further by this action. Another way to say this is that WSO holds the properties "in trust" for the fellowship. This means that WSO is a "fiduciary" and acting in a "fiduciary capacity" with respect to the fellowship. All "physical properties" belonging to WSO (such as typewriters, tables and chairs, computers) are also held in trust.

Several questions about ownership of the copyright to the fellowship literature were asked, which elicited the following information. Ms. Middlebrook pointed out that the claims of some people that effective written transfer of ownership was never made for the Basic Text, are groundless in her opinion, because they have conveniently forgotten that there are two different ways to have something become "work made for hire": they are in subsections (1) and (2) of section 101, defining a "work made for hire" under Copyright Law. These people point out that the individual authors that were members of the Literature Committee never signed a "work made for hire" agreement, as required under subsection (2) of Copyright Law. That may or may not be true. However, the Basic Text still qualifies as a "work made for hire" under subsection (1) of the same law, which does not require any written agreement.

Subsection 1 provides that a work prepared by an "employee" within the scope of their "employment" requires no written transfer. The U.S. Supreme Court, in the case *CCNV vs Reid*, 1989, clarified that for copyright purposes, the rules of agency and employment apply. Under those rules, the term "employee" is not limited to formal salaried employees; it includes anyone that the "employer" has the right to control, such as temps and volunteers. Therefore when a worker works on a piece of literature with similar volunteers for the good of the non-profit or public benefit volunteer organization, all the volunteer writers are considered a type of "employee." Under subsection (1) of the copyright act, the "employer" is the owner of the copyright, not the individual authors.

In this case, the volunteers were working for the fellowship through the Literature Committee of the World Service Conference for the benefit of the fellowship. Therefore the "employer" for purposes of copyright was the Literature Committee of the World Service Conference. In 1982, the Literature Committee assigned the Basic Text over to the WSO, which complies with the written assignment requirements of the copyright law.

Literature written by the fellowship for the fellowship is owned by the employer, which is the fellowship as it speaks through the WSC, and administered according to the trust relationship between the WSO and the WSC. When literature is written by a traditional salaried employee of WSO, then WSO, as "employer," owns the copyright, however, like all assets WSO has, even in-house WSO literature is held in trust for the benefit of the fellowship. The literature will be copyrighted as "work made for hire."

The WSO has not and does not now take the position that it can do whatever it wants with the literature. WSO has and will always act according to the instructions of the WSC. The WSC will continue to have the right to control what the WSO does. In describing the "legal ownership" and "equitable partnership," Ms. Middlebrook said that the equitable owner has no right to do anything with the copyright without cooperation and assistance of the legal owner. The legal owner, on the other hand, cannot do anything to the copyright which would destroy the residual value of the copyright because of the fiduciary obligation to the equitable owner. For every piece of literature, developed in the past or in the future, the equitable rights will belong to the WSC and the legal rights to the WSO. What we are trying to do here, is to clear up the legal ownership which WSO has. Then, procedural objections will be clarified in an easier and less destructive manner. This motion, if passed, will provide a written conference action which says that the WSC said very clearly "we want all the legal ownership rights to belong to the service office which acts on our behalf." The fellowship is at no risk of the WSO taking a work for hire and distributing it outside of the fiduciary relationship with the WSC.

Affirmation #2 — 2/3 majority voice vote

2. To reaffirm that the World Service Office, Inc., is the exclusive publisher and distributor of all World Service Conference-approved literature, including all books, pamphlets, handbooks, and other intellectual and physical properties, as directed by the Fellowship of Narcotics Anonymous through the World Service Conference. (1990-91 CAR 28)

Motion #13 — Yes - 23 No - 51 Abstentions — 6

That the fellowship reconsider its decision on which edition, or parts thereof (First, Second, Third, Third Revised, Fourth, or Fifth), of the Basic Text shall be produced and distributed by the WSO as the official and accepted text of Narcotics Anonymous. . . (1990-91 CAR 34)

In order for this motion to be considered, a description of differences between the respective editions will be sent to each registered area and region, along with a copy of the complete Basic Text Third Edition, Revised. It is expected that the WSC will rescind the motions adopted in 1988, which adopted the Fifth Edition as the Basic Text, as well as the motion restricting any change to the text for the next five years. MOTION FAILED BY ROLL CALL VOTE See Roll Call vote #2 below), after the following.

It was M/S/F Stu T. (WSO BOD Chairperson)/Stretch G. (BOT) "To go into the committee of the whole for one hour, with the conference population as participants, for the purpose of discussing motions 13, 14, 15 from the Conference Agenda Report. MOTION FAILED BY VOICE VOTE after the following:

It was M/S/C Rudy S. (RSR Carolina)/Mark S. (RSR N. California) to call the question on motion #13. MOTION TO END DEBATE CARRIED BY 2/3 MAJORITY VOICE VOTE

Motion #14 — Failed by 2/3 majority voice vote

It was M/F (WSO BOD) "That the WSO produce, at a reduced price, the edition of the text ratified by the WSC. The actual price of this text should be determined in view of the following factors: its affordability to the membership at large; a change in the cost and quality of the materials used in producing the book; the responsibility of the WSO to provide services from the income generated by sales of the Basic Text; and whether it includes personal stories or only the first ten chapters." MOTION #14 FAILED FOR LACK OF 2/3 MAJORITY VOTE, after the following:

It was M/S/C Carlos G. (RSR-Alt., Colorado)/Forest B. (RSR, S. Florida) to call the question. MOTION TO END DEBATE CARRIED BY VOICE VOTE, and the conference moved to voting on the motion at hand. Ed D. (WSC Chairperson) ruled that the motion would require 2/3 majority vote. Al R. (RSR, Greater Philadelphia) challenged the ruling, and the conference UPHHELD THE DECISIONS OF THE CHAIR for requiring a 2/3 majority vote.

Motion #15 — Y — 21 N — 55 Abs. 4

It was M/S/F (WSO BOD) "That the WSC be directed to obtain a group-by-group tally of all the groups registered with the WSO, on Motions 13 and 14 above. This procedure will begin on July 1, 1991 and continue through December 31, 1991. All the registered groups shall receive a copy of the Basic Text Third Edition, Revised. In addition, each group shall receive complete information concerning the issues relevant to a reduction in the price of the ratified text."

The committee appointed to supervise this tally shall consist of the following: four RSRs, to be nominated by the entire group of RSRs in attendance at the 1991 WSC; two trustees to be nominated by the members of the World Service Board of Trustees; two WSO directors, to be nominated by the directors of the WSO; and the WSC Chairperson. Those nominated by the RSRs, trustees, and directors, respectively, are to be submitted to the World Service Conference in 1991 for confirmation by two-thirds published roll call vote, failing which, those not confirmed shall be replaced by others nominated by the RSRs, trustees, or the directors, respectively. Two members of the WSO staff shall be assigned as the nonvoting advisory members. The results of the group-by-group tally shall be published in the Fellowship Report, and confirmed as official at World Service Conference in 1992."

MOTION FAILED FOR LACK OF 2/3 MAJORITY BY ROLL CALL VOTE(See roll call vote #3 below), after the following.

It was M/S/C Vince D. (RSR, Free State)/Kim J. (BOT) to call the question. MOTION TO END DEBATE CARRIED UNANIMOUSLY BY VOICE VOTE.

These conference actions are quite significant, in that they clearly resolve a number of long-standing controversies within our fellowship. First of all, Affirmation #1 established the WSC's continuing permission to the WSO which requests that the office hold our literature in trust for the fellowship.

Affirmation #2 reinforces this permission by affirming that the WSO is the exclusive publisher and distributor of our literature.

Motion #13 clearly establishes the conference's will to not consider any other edition of the Basic Text but the Fifth edition as the recognized and accepted "official" Basic Text.

Motion #14 reaffirms the conference's decision in 1987 not to produce a low-cost text.

And Motion #15 demonstrates that the conference in '91 did not believe a group tally to be necessary regarding motions 13 and 14.

Moreover, further conference action of 1991 offers what was thought, at that time, to be an alternative to the Low-Cost Basic Text. That action is reflected in the adoption of the following motion at WSC 1991:

It was M/S/W Jon T. (RSR, New Jersey) Pete C. (WSC H&I Chairperson) "That the WSO, in conjunction with the WSC Literature Committee, develop and publish for distribution to the fellowship, "An Introductory Guide to Narcotics Anonymous" consisting of only Conference-approved literature, as a low cost inventory item. Price to be determined by the WSO BOD."

After some discussion and attempted amendments, the MOTION was WITHDRAWN to be presented in the new business session.

It was M/S/C Jon T. (RSR, New Jersey) Pete C. (WSC H&I Chairperson) "That the WSO, in conjunction with the WSC Literature Committee compile and publish for distribution to the fellowship, "An Introductory Guide to Narcotics Anonymous" consisting of only Conference-approved literature, as a low cost inventory item. Price to be determined by the WSO BOD." MOTION AS AMENDED WITH FRIENDLY AMENDMENT CARRIED UNANIMOUSLY BY VOICE VOTE.

Yet, in spite of these definitive actions by the World Service Conference, the 1992 conference saw no fewer than three new motions requesting a reduction in the price of our Basic Text. For example, 1992 WSC minutes state:

It was M/S/F Jim S. (RSR, Southern California)/Pat B. (RSR, New Mexico), motion #49 "That the World Service Office Inc. reduce the price of our Basic Text to its original retail price (\$8.00 U.S. dollars) prior to the February 1, 1992 10% increase." MOTION FAILED BY VOICE VOTE , after the following:

It was M/S/F Jim S. (RSR, Southern California)/Bob F. (RSR, Northern New Jersey) "To commit to the WSO Board of Directors the above motion." MOTION FAILED BY STANDING VOTE: YES - 32; NO-54;

Similarly, another regional motion attempted to achieve the same end during the 1992 WSC:

It was M/S/ John R. (RSR, Indiana)/Jim E. (RSR, Chicagoland) motion #35 "That the World Service Conference send back to the fellowship for consideration the following motion: That the WSO produce a low cost version of the Basic Text, Narcotics Anonymous, 5th Edition utilizing measures one, two, three, four and five detailed in the 1991 WSO "Report Concerning the Motion for a Low Cost Basic Text." Said motion to be included on the 1992/1993 Conference Agenda Report, along with the above cited

measures from the 1991 report, for action at WSC 1993." MOTION COMMITTED AS FOLLOWS:

AMEND BY SUBSTITUTION: Substitute motion for motion #35: It was M/S/ John R. (RSR, Indiana)/Carlos G. (RSR, Colorado) "That the WSO impliment [sic] the proposal outlined in measure three of the WSO 1991 'Report Concerning the Motion for a Low Cost Basic Text,' which involves the reduction of the production standards and costs in the softbound Basic Text, Narcotics Anonymous, 5th Edition, and subsequent publication in the mass market paperback format at a retail price of six dollars and fifty cents [\$6.50]. SUBSTITUTE MOTION (AMENDMENT) COMMITTED AS FOLLOWS:

It was M/S/C John R. (RSR, Indiana)/Bob F. (RSR, Northern New Jersey) "To commit the two motions above to the WSO Board of Directors. MOTION TO COMMIT CARRIED BY VOICE VOTE.

Once again, in 1995, the issue of the Low-Cost Basic Text arose on the floor of the World service Conference. Minutes from the 1995 WSC state:

It was M/S Syvila [sic] B. RSR, Ontario Region/James M, RSR, Ireland Region, Motion #25" "That the WSO make available to the Fellowship, Book 1 of the Basic Text, in English, at the same price as the French and Spanish versions." MOTION #25 RULED OUT OF ORDER by Michael M (WSC Vice Chairperson) due to five year moratorium on Basic Text, after the following:

The decision of the chair was appealed and upheld by conference participants BY VOICE VOTE.

The next straw poll indicated that the conference participants objected to consideration of Motion #35 ("To have the WSO produce and sell a \$5.00 Basic Text."). . . .

Similarly, during the 1996 WSC, motions were again made regarding the creation of a Low-Cost Text:

It was M/S/W Sylvia Catherine B (RSR, Ontario Region) /George C (RSR-A, Chesapeake/Potomac Region), Motion #13: "That the WSO make available to the fellowship Book One of the Basic Text in English in the same format and at the same price as the French and Spanish language versions." MOTION RULED OUT OF ORDER, after the following:

Sylvia Catherine B (RSR, Ontario Region) requested to read a two-page intent which was included in the March Conference Report. Michael M (WSC Chairperson) ruled the request OUT OF ORDER as he thought it excessive. Decision of the Chair was upheld by A SHOW OF HANDS.

Barth D. (RSR, Georgia Region) objected to consideration of the motion due to the existing moratorium on any changes to the Basic Text which will not expire until 1998. The chair requested the opinion of the WSCLC as well as the WSTC about this issue. Both committees indicated that they consider the Basic Text to be one book composed of two sections (also called books). The Chair then ruled motion #13 out of order due to the moratorium. Sylvia Catherine B (RSR, Ontario Region) appealed the decision of the chair. Decision of the Chair was upheld BY MAJORITY VOICE VOTE. Rob A (RSR, British Columbia Region) requested that it be noted in the minutes that all RSRs from Canada voted to overrule the chair's decision.

It was M/F Ephrain W (RSR, New Jersey Region) Motion #22: "That the WSO create a new inventory item, the Introductory Basic Text. The Introductory Basic Text would consist of all of Book One of our current text. This would not affect the moratorium on our current text. It would be a new inventory item." Michael M (WSC Chairperson) ruled Motion #22 OUT OF ORDER due to the previous WSC decision about any changes that would effect [sic] the moratorium on changes to the Basic Text.

It was M/S/F Steve D (RSR, Tejas Bluebonnet Region)/James M (RSR, Ireland Region) Motion #25: "To consider at WSC '96 directing the WSO to create an additional text on lower quality paper, cheaper binding, or any other available method, including omitting the personal stories if it is the only way to accomplish this." MOTION FAILED BY VOICE VOTE, after the following:

It was M/S/F Sandi S (RSR, South Florida Region)/David C (RSR-A, British Columbia Region): "To move to commit Motion #25 to the WSO Board of Directors." MOTION TO COMMIT FAILED BY VOICE VOTE.

The 1995 *Annual Report* summarizes the basic choice which the loss of income resulting from a Low-Cost Basic Text presents the fellowship:

In the final analysis, the World Service Office could cut facilities, equipment, and personnel back to the point where we only print, stock, and fill orders for existing NA literature. This would be a very different kind of World Service Office than the one developed under the fellowship's guidance since 1982. (57)

Our Basic Texts states: *NA demonstrated its maturity in 1972, when a World Service Office (WSO) was opened in Los Angeles. The WSO has brought a sense of purpose to the Fellowship. The opening of the WSO brought stability to the growth of the Fellowship. Today, there are recovering addicts in thousands of meetings across the United States and in many foreign countries.*

Today, the World Service Office truly serves a worldwide Fellowship. We have kept to our purpose, whether it is stated in the *Temporary Working Guide to our Service Structure*, in the Basic Text, or in our Mission Statement as presented in the front of this report. Our philosophy is simple: We are here to help insure that the Fellowship of Narcotics Anonymous can continue to grow and develop worldwide. In addition to providing a central production and distribution point for our literature, we provide services aimed at helping to maintain unity as we strive collectively to fulfill our primary purpose as a fellowship. As the Basic Text and our by-laws state, we serve you and we serve at your direction. We are certain that whatever decisions you will make in this area will be ones that serve the needs of our worldwide fellowship. (57)

In conclusion, we ask you to consider what you have read. We believe that you will agree with us that there is an inherent value to the services we provide to the fellowship as a whole and to world services. We wish to be able to continue to provide these services, and more, to you; however, we cannot do this without your help. (60)

### History of the WSO's "Prudent Reserve"

The history of the WSO's "prudent reserve" is somewhat misnamed, for the WSO has never really had a "prudent reserve." Rather, the WSO has had, at times, a fairly substantial "operating reserve," which, as this history demonstrates, was continuously depleted and replenished as circumstances required and permitted. Nonetheless, the office has never achieved financial stability in any lasting sense, but instead has been, for much of its existence, perched upon the brink of financial disaster.

The April 28, 1986 *Fellowship Report* provides one of many tangible examples as to why this is so. In that *Report*, Executive Director Bob Stone wrote:

It has been the policy of the WSO Board to accumulate a reasonable prudent reserve. This was fully explained in the first WSO Manager's Report presented two years ago. In that report a projected prudent reserve of approximately three month's operational expenses was set as the desired minimal level.

During 1985 the WSO experienced a number of separate but large expenditures which we were not able to accommodate from the operational income during the months the expenditures were necessary. Consequently it was necessary to utilize funds from the reserve to cover these expenses. Additionally our overall operating expense level has risen and effectively squeezed out our ability to return those dollars to the reserve during 1985. We have had a slight increase in monthly income in the first quarter of 1986 and we have carefully minimized expenses wherever possible in order to return funds to the reserve in 1986.

Some of those major expenses were for the public service announcements produced just prior to the 1985 Conference at a cost [of] more than \$30,000.00. Later in the year, acting to fulfill the action by the Conference on medallions, an initial inventory of medallions was obtained. This expense of \$20,000.00 was also taken from the reserve. This expense occurred at the same time a purchase was made of a typesetting machine which necessitated a cumulative outlay of over \$35,000.00. Another major factor was the change in our inventory of copies of the Basic Text which was necessary to accommodate purchases made by Hazelden and Compcare.

We started 1985 with a reserve of \$130,000.00, but after transfers were made for the expenses noted above, we ended the year with only \$34,603.00.

A prudent reserve is still essential and close scrutiny will be exerted in order to continue to rebuild the reserve. . . .

It's clear that the office manager and the Board of Directors were still committed to a course of action which would insure the WSO's ability to build and maintain a prudent reserve. But the 1987 *Fellowship Report* indicates that, once again, operating expenses for the office were such that they were not able to follow through on their plan to better secure the office's financial stability:

It is not likely that the WSO will be in the position to increase the amount put into savings as long as the WSO provides the current level of support to the Conference. Consequently there must be careful scrutiny of WSO spending as this impacts the ability of the WSO to save money and this impacts the long range financial management of the WSO. (1987 *Fellowship Report* 53).

Board of Director minutes from August 13, 1988, however, demonstrate a further commitment on the part of the BOD to develop a definite strategy for the development of a WSO prudent reserve. Those minutes, in fact, contain a "World Service Office Prudent Reserve Policy" excerpts from which read as follows —

Part One — A short term reserve shall be managed by the Executive Director. This reserve shall retain an amount not to exceed \$50,000.00 in saving accounts. . . ."

Part Two: A long term reserve shall be managed at the direction of the Board as a whole. This reserve shall be used when necessary for general office expense, but emphasis shall be placed on retention of these funds for long term economic down turn in WSO income. . . .

Part Three: A WSO building fund reserve shall be maintained for the purpose of retaining funds to facilitate purchase or maintenance of WSO facilities. . . .

Adding to the Reserve: Money available for retention as part of reserve funds that are in excess of Part One reserve shall automatically be added to Part Two Reserve until the Part Two reserve has accumulated one hundred thousand dollars (\$100,000.00). After the Part Two reserve has accumulated one hundred thousand dollars (\$100,000.00) additional funds that become available for commitment to long term reserve shall be divided equally between Part Two and Part Three reserve. . . .

The Board's strategy seems to have begun to work by the time of the April, 1989 *Fellowship report*, which indicates that the office's prudent reserve at that time stood at about \$240,000.00 (20), though this figure still did not represent a sufficient amount for even one month's operation. However, readers of this history will have already recalled that the 1989 *Fellowship Report* also had begun to ring the first warning signals that WSO income from literature sales was leveling out, and that the office was in for hard financial times.

This warning was borne out in the financial developments which occurred during the 1989-1990 conference year, as the 1990 *Fellowship Report* indicated:

1. There was a substantial depletion of the funds held in savings accounts. Funds kept in savings are intended for short and long-term unusual expenditures, but especially when there is a shortage of funds. Because WSO expenditures during the year were greater than the income it was necessary to spend \$142,190 from savings. We do not expect that the 1990 income/expense balance will permit return of funds to savings accounts this year. In the interim, the WSO continues to operate with a minimum prudent reserve. It has been necessary to use more of the reserve since the beginning of 1990. (2-3)

In fact, the 1991 BOD section of the *Fellowship Report* demonstrates the damage which the 1990 WSO financial difficulties had upon the once-substantial reserve:

For a number of years, the World Service Office had substantial monetary reserves that cushioned us from fluctuations in the state of the economy and value of the U.S. dollar. However, those reserves, once amounting to about \$250,000 U.S., have been reduced to about \$50,000 today. Consequently, we now feel economic and monetary fluctuations acutely and must make plans accordingly. As we seek a balance in our revenue, the services we provide will be subject to a more conservative financial planning process. Until our revenues stabilize, we may be forced to reduce office operations" (7).<sup>36</sup>

The history of the WSO's "prudent reserve" thus continues under a misnomer: the "prudent reserve" referred to in the preceding reports and minutes was never really a prudent reserve. In point of fact, the "reserve" which the office has attempted (unsuccessfully) to build and maintain for the past fourteen years has always *functioned as an operating reserve*. The important distinction here is that, as most group treasurers know, a prudent reserve is money and resources that are supposed to remain untouched, in case of an emergency the nature of which would mean that the group would go under without tapping into the reserve resources.

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<sup>36</sup> In keeping with these intentions, a motion to this effect was referred to the BOD at the 1991 WSC: It was M/S/R Shannon L. (RSR, Tri-State)/Ed D. (WSC Chairperson) "To refer to the budget review and utilization committee, for recommendation, the following concept: That the WSO dedicate a portion of its income toward establishing a reserve fund, with a goal of \$750,000 over five years." MOTION REFERRED as follows.

It was M/S/C Ed W. (RSR, Greater New York)/ Dan D. (RSR, Greater Illinois) "To commit/refer to the WSO Board of Directors." MOTION TO REFER CARRIED BY VOICE VOTE

The office's reserve has functioned, on the other hand, as a reserve of resources which *are* tapped in order to meet the everyday operating expenses of maintaining the office's responsibilities. This notion of "operating reserve" is thus different from the "prudent reserve," insofar as the prudent reserve is supposed never to be touched, except in case of a dire emergency, while the operating reserve is continuously depleted and replenished as circumstances require and permit.

Once again, any member who has ever served as a group treasurer knows that it's bad business to not have enough money to cover next month's rent and expenses on hand at all times. Yet that is exactly the situation which the office has operated under since its inception (with a couple of short-lived exceptions). In reality, the "reserve" which the office currently operates from is estimated at one and one quarter (1 1/4) *days*.

The WSO's operating expenses (covering literature production and distribution, salaries, rent, and a host of other expenses both directly and indirectly related to service provision on the WSC's and fellowship's behalf) runs at about \$300,000 per month. On any given day, the WSO's "operating reserve" stands at about \$12,000. This is a recipe for disaster, yet the history of the WSO's "Prudent Reserve" demonstrates that, while the office management and the Board of Directors has long recognized the indispensability of a true prudent reserve for the WSO, they have never been able to make that reserve a reality.<sup>37</sup>

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<sup>37</sup> This statement in fact remains true. Action at the 1996 WSC once again referred this issue to the BOD: It was M/S/C Dean W (RSR, Upper Mid-West Region)/Rob A (RSR, British Columbia Region) Motion #94: "That the WSO establish an operating reserve of 90 days. To be phased in over 5 years." MOTION REFERRED TO WSO BOARD OF DIRECTORS.

It was M/S/C Dean W (RSR, Upper Mid-West Region)/Rob A (RSR, British Columbia Region) "To commit Motion #94 to the WSO Board of Directors." MOTION TO COMMIT CARRIED BY VOICE VOTE.

## History of the WSO Business Plan

Like the history of the WSO's "prudent reserve," the history of the WSO Business Plan presents a situation in which WSO management and the Board of Directors have recognized for some time the indispensability of a long-term plan which would identify the office's priorities and provide a means by which to better plan staff and financial resource allocations. In fact, the Board of Directors has been talking about the necessity for a Business Plan at least since 1988.

Unfortunately, while the Board has made consistent efforts toward developing and implementing a long-term business plan, Conference priorities, until recently, have assumed precedence over the office's ability to actually implement any plan which the Board might have developed.

The good news, as this history reveals, is that the Board this past year has made real strides toward the development and implementation of a viable plan, complete with a mission statement, as well as tangible and achievable goals. In fact, part of the reason for the development of this history is to inform you about the WSO's financial history so that we may move forward, together, into the Board's visions for where we need to be.

Once again, though, it's best to understand where we've been before we make decisions about where to go. To that end, this section of this study examines the history of the development of the WSO Business Plan.

The first "official" mention of the need for a plan to allow for a better allocation of world service resources occurs in the April, 1988 *Fellowship Report*. In a section titled "WSO Financial Crossroad," Executive Director Bob Stone wrote:

The Office is unhappy to report the WSO has experienced a new and undesirable event during the past twelve months. This event is where normal every day expense for office operation consumes almost all the new income generated by expanding sales. Most business activities arrive at this situation for the same reasons we have: low income ratio to production cost, inability to add significant new inventory items, or support of excessive administrative services.

Part of the difficulty is that there did not exist a clearly established master plan of what the Fellowship, and therefore WSO, was going to do. Essentially, the issue is understanding and establishing priorities for Conference and WSO expenditures. Under the circumstances of the time, the WSO has done a reasonably good job for the Fellowship. It seems appropriate now that N.A. has reached a level of stabilization that an evaluation be made to help establish priorities for the future. This should be done with respect to the situation described above for the WSO but also for the Conference.

In order for this idea of an examination to have real value, it will require flexibility in mind and spirit of the Conference and those who participate in the effort. It would require a considerable investment of Fellowship money, so making it worthwhile is important. An important purpose of this would be to bring both WSC and WSO efforts into a coordinated focus and evolve an identifiable spiritual based practical plan for future spending.

While this passage refers as well to the implications of a world services inventory, it is also one of the first mentions of the need for a coordinated plan for world services activity in general. This concern is reiterated just a few months after the publication of the 1988 *Fellowship Report* in Board of Director minutes dated October 29, 1988:

The report shows that discounts and allowances are up quite a bit and sales are up also. There was some concern about doing an impact study of Offices, as well as studying discount policies. Chuck brought up his concern of offices using discounts and how that might affect the Conference finances.

Stone expounded on the need to do a goals and objective study for all of N.A. He expressed concern about the rise of regions expenses in sending more members to the world workshops. The question is: What is the effectiveness and value of these expenditures. There is also the concern about embezzlement, about frustration when it comes to ways money is used and the loss of money by regional conventions. The conclusion was that we need to keep an eye out for these problems and seek some solutions. And to do a study on offices to examine the overall picture.

A comprehensive financial management study will include the impact of discounts by the World Service Office.

In the Board's section of the 1989 *Fellowship Report*, then-chair Donna Markus raised the issue of the need for a long-term business plan once again when she wrote:

For some time I have felt concern with how we (all of us) have proceeded in providing services. Our heart has certainly been in the right place, our intentions honorable; however, there has been a failure to stop, evaluate, and plan with coordination, short- and long-term goals and objectives, with financial and human resources taken into consideration in a meaningful and responsible manner.  
(2)

At last year's Conference, I sensed that a large number of RSRs and other trusted servants at the world service level were realizing the need to 'inventory' their service activities. It was my hope that many of us would examine the work of our own boards and

committees, not merely focusing on whether or not we are meeting the mandates given us, but whether we are indeed serving the needs of N.A. in the best manner possible; whether the mechanisms we have in place are accomplishing this, or perhaps hindering this. . . .

That 1989 *Report* continued, lamenting the fact that another year had gone by without much progress toward the development of any sort of plan or prioritization process:

What was recommended last year was that a study be completed to help the Conference establish clearer priorities which then will get translated into spending priorities for WSO. Although there was serious consideration of this idea during the past six months, a study has not been made. Clear priorities for spending fellowship funds have not been established. (64)

In a section of the 1989 Fellowship Report titled "Fellowship Finances," Bob Stone wrote, outlining the difficulties with attempting the kind of study which the Fellowship Report had discussed over the previous two years:

For almost two years, in reports and *Newsline* articles, I have written about the management of money in N.A. and what it is used for. Since last summer I have written about a comprehensive financial analysis of Fellowship Finances. Within the limited amount of time that could be devoted to this matter, research has taken place concerning the information that is available to the WSO. This project was really started three years ago at the suggestion of a region on the issue of reduction of the price of the Text.

The comprehensive study made in 1987 as a result of the motion, caused WSO Board and staff to seriously re-evaluate the spending of WSO funds and eventually led to this years [sic] discussions about priorities. Another result of the 1987 regional motion is a continuing analysis of WSO accounting practices which has led to substantial improvement. A by-product of all this discussion is the desire to perform a study of money throughout the Fellowship.

A staff member was assigned to study the collection of minutes and financial reports to determine if there was sufficient information from which to conduct a study. This preliminary analysis revealed that nine regions had sent sufficient data (minutes and/or financial reports) for 1988 from which a report could be prepared.

Several conclusions can be drawn from this study. Greater care needs to be exercised in the recording and preparation of financial reports for regions (and probably area committees also). Service offices, conventions, and the Conference each have considerable impact on most regions. Greater care should be exercised

concerning the security of funds to as to [sic] minimize the possibility of funds being lost to misappropriation. (65-69)

As the reader of this history already knows, the years 1990 and 1991 were spent by the Board and WSO management just trying to keep the office afloat in the face of declining Basic Text sales and increasing demands upon the office's limited resources. Yet after the office had begun to turn the financial corner, in the first quarter of June, 1991, the Board's focus returned to the need for a business plan. A letter to the Board of Directors from the new Executive Director Joe Gossett, dated June 19, 1991, reads:

Thank you for deciding to develop a Business Plan. I believe this document will help us better define who we are and where we are going.

Their focus renewed upon the necessity of a long-term business plan for the WSO, WSO management and the Board of Directors once again informed the fellowship in the 1992 *Annual Report* about their intentions to move forward with the development of such a plan:

The final communications step taken by our board this year has been to form a committee to prepare a long-term development program for the office. The committee is composed of one director and trustee who work directly with the WSO executive director. Initial development of the five-year plan began in June 1991 and took more substantial shape following a combined world services meeting held last October. An outline describing the basis for the business plan has been distributed to the WSO board and the WSB for input. Once a draft plan is finished, it will be distributed to both boards and the WSC Administrative Committee for final review before approval by the WSO Board of Directors. (5)

Concerns with this issue continued in the 1992 *Fellowship Report*:

In 1991, we identified our need to create a long-term business development plan for the World Service Office. Funds and staff needed to assist with such a project were both limited due to other established priorities, but the project was continued through 1992 with most committee work done by phone. Two weekend meetings took place involving the full WSO Business Plan Committee. . . . Information developed by the business plan committee has already been of value to the WSO board, even though a final report has not yet been published. . . .

The committee plans to complete the initial stages of plan development in 1993 and to continue the planning process with annual renewals thereafter. This committee's work has started a process to use planning as one tool from which [sic] to build for the future of NA's World Service Office. (21-22)

If anything, the hardships of 1990-1991 simply reinforced, in the Board's and the WSO management's minds, the dire necessity for a long-term business plan for the office. Wishing to avoid repeating the near-disaster of the previous two years, the Board and WSO management pressed forward with their intent to create a business plan, as the 1992 *Fellowship Report* once again demonstrates:

The income and expense for the World Service Office has been a roller coaster over the last several years; however . . . we appear to have turned the corner. We expect that the WSO will continue to get financially stronger and take better of advantage of the more efficient practices which have been adopted over the last two years. There have been many lessons learned by the WSO over the last three years, none of which can be forgotten. The development of a five-year business plan will assist the WSO in effectively planning to ensure that we do not forget these painful years. (58)

Similarly, a memo from Anthony Edmondson, dated June 3, 1993, reiterates the need for the plan's development, but, in light of the current world services inventory, the plans progress would once again have to be delayed. Still, one can't help but hear a note of warning in his stopgap measure to regain some small margin of reserve for the office's budget:

It seems to me that the business plan work needs to be connected to the process of inventory. As a result it seems that a delay in the continuation of the specific work is necessary. Although we have been trying to put money into savings over the last couple of weeks it seems most appropriate to address this issue now, despite a decision regarding the business plan work. I would like to recommend to the board that the board adopt as a policy a savings target of 1.5% of the projected Gross Profit in the budget. That projects to approximately \$37,500.00. By adopting this as a reserve target, we will have at least taken a substantive step to address the issue of virtually having no savings" (np).

The 1994 *Annual Report* reveals a continuing focus on the Board of Directors' part upon the development of a business plan, yet continues to confront the difficulties with developing such a plan:

Without vision, no organization can ever reach its full potential. Without clear delineation of a widely accepted vision, we will pull in may directions and be frustrated by our lack of progress. In authorizing the planing process, the WSO Board of Directors has initiated a new way for us to look at the future. The process of building a unified vision and assembling the means to carry it out is the purpose of a business plan.

Strategic planning is never easy; it's even more difficult in a worldwide, consensus-orientated [sic] fellowship. When we fail to plan, we create confusion and frustration. When we clearly see the

need for planning but choose not to address that need, we suffer in the long run. Our history has proven the need for planning.

By this time, however, the Board had begun to develop some pretty specific parameters which would need to be addressed by the prospective plan:

The purpose of the business plan is to provide an organizational overview to special workers, the WSO Board of Directors, other trusted servants, and the fellowship as a whole sufficient to serve as an informational basis on which to build the future of the WSO. This plan would seek to provide fiscal and managerial stability of the WSO so that it can fulfill its service mission to the NA Fellowship and the addict who still suffers. (5)

Some of the long-range planning arose from discussions about the financial crisis the office experienced from 1990 through 1992. Long-range plans include a financial aspect so that the office would not be caught in a similar financial position in the future. The Management Team also worked on hiring additional staff and making several staff reassignments. The Management Team assessed interactions and expectations from the world service boards and committees and began planning 'integrated training' that would include input from and participation by trusted servants.

All of this planning was meant to build the necessary foundation to ensure both fiscal and managerial stability for NA's World Service Office. Without these two key elements, the office would be unable to fulfill its mission. As the Management Team focused more closely on the mission of the WSO, the vital need for a five-year business plan became abundantly clear. (10)

By the time of the 1995 *Annual Report*, the Board was pleased to be able to present the WSO's mission statement and some concrete goals as the fruits of their efforts to develop a business plan. As their report brings to light, however, they recognized that one of the biggest difficulties is that many of our members don't even really know what the WSO does, or who it actually serves:

Some of what has come to light during the past year through informal discussions and survey of our customers — internal and external, those who buy literature and those who request service-delivery, those at the local level as well as at the world level — is that there are numerous questions about what the office is, what it does, and who it serves" (Foreword).

Once again, part of the purpose of this history is to attempt to familiarize our members with how we have arrived at our current situation, as well as what the WSO does, why it does those things, and how it pays for all the services it provides.

In any case, the Board of Directors did present the following mission statement for the WSO in the 1995 WSO Annual Report:

**The mission of the World Service Office, Inc., is to provide the services and support that facilitate the continued growth and development of the Fellowship of Narcotics Anonymous worldwide.**

**In support of this mission, the WSO is committed to the following:**

**NA's philosophy and principles as contained in NA's Twelve Steps, Twelve Traditions, Concepts of Service, and fellowship-approved literature.**

**Fiscally sound and effective decision making.**

**Quality management, as defined as:**

- a constant effort to strive for improvement;
- a commitment to remain a reliable, dependable, and stable resource for our customers; and
- suitable facility and equipment,

**Providing an environment of honesty, integrity, mutual trust, and respect.**

That Report also laid out the philosophy behind the Business Plan, the Mission statement, and the Goals statement:

Long-term solutions for any business, including your World Service Office, can usually be found in the development of a business plan that lays out the goals of the organization and a strategy to accomplish those goals. As mentioned in the board overview, the business plan is a project that we have long believed to be crucial to our continued growth and development and to our ability to fulfill our mission. In preparing to move forward with our business plan, we researched not-for-profit organizations similar to ours and found that the problems we are facing, such as the tremendous increases in the cost of raw materials that in turn affect the cost of merchandise, shrinking resources combined with a greater demand for them, and working for and with a volunteer system that changes frequently with only moderate continuity, did not make us unique. . . . While this was good news, what helped us more was some of the discussion about the steps others have taken to address their problems. Without exception, all said that the development of a strategic plan in the form of a five-year business plan and implementing quality assurance programs were essential. (22)

The 1995 Fellowship Report also presented the Business Plan goals, as developed by the WSO management and the Board of Directors:

In keeping with our mission and philosophy, we have developed the following goals:

Develop and fully implement an office-wide quality assurance program by 1999.

Establish and maintain an adequate operating reserve within the next five years. (For now, we are looking at a ninety-day reserve. Also in this area is the need to look at alternative sources of revenue for world services).

Establish a set of standards for communication, both internal and external, and set up goals for their accomplishment.

Research and develop a program for new product development and an effective sales and marketing plan that would benefit both the WSO and the end user.

Examine periodically, perhaps annually, various policies including pricing structure, sales policy, licensing, and other special agreements.

Reduce the ratio of personnel and cost of merchandise expenses to sales income (total income less discounts) by approximately two percent each within the next five years. (23)<sup>38</sup>

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<sup>38</sup> This list of goals was taken from the 1995 Annual Report. A more complete list of goals which have been approved by the Board of Directors follows:

**Goal One:** Institute a quality assurance program at WSO

**Objective:** That all necessary systems and training be fully integrated by December, 1999.

**Goal Two:** To have a ninety day operating reserve by 2001.

**Objective:** To establish and maintain an adequate operating reserve.

**Goal Three:** By December 31, 1996, to establish a set of standards for communication and subsequently set new communication goals.

**Objective:** To establish communication standards to address the following critical issues:

- Education and Training of Staff and Trusted Servants
- Technology Planning and Utilization
- Relationship of Management and Leadership
- Relationship with Membership and Service Structure
- Translations

**Goal Four:** Suggest (create) a process for new product development.

**Objective:** To develop an annual (three year) product development plan.

**Goal Five:** To identify resources to meet special needs by December 31, 1996.

**Objective:** Identify special skills and non financial resources needed by WSO.

**Goal Six:** Develop a sales and marketing plan that benefits WSO and the end user, by December 31, 1996.

**Objective:** Increase retention of earnings of WSO whilst improving services and literature distribution to the end users of our literature.

The reader will notice that some of these goals are directly related to the information in this financial history of the WSO. Items such as the establishment of the operating reserve, the sales policy (including discount), the pricing policy, and the licensing agreements are all treated here in this study.

The Board recognized the importance of establishing the history of these items, not only for their own benefit, but also to better inform our membership about some of the changes that will need to occur over the coming months and years, if we are to insure the continued operation of the WSO and world services. The imprudence of not developing this material, and with it a comprehensive business plan for the WSO, is perhaps best summarized in a letter from Dan B, a former Arizona RSR who had been invited to be on the Business Plan Committee back in 1992. In that letter, dated 24 August 1993, Dan wrote:

When the Basic Text and its various editions came off the presses for distribution, there was no long range plan as to what to do with the income and as to where N.A. was headed. The W.S.O. ended up in the red. We now have the Just for Today meditation book and It Works How and Why. Profits are starting to roll in and again, there is no plan in place on what to do with the income and as to where N.A. was headed. This sounds like doing the same thing

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**Goal Seven:** Reduce the ratio of personnel to 38% (40.2% current), cost of goods to 32% (34.8% current); percent of total sales (income less discounts) by 2001.

**Objective:** To set and attain efficiency goals for WSO.

**Goal Eight:** By 1999, identify and develop additional revenue sources for world services that amounts to 25% of operational expenses.

**Objective:** To broaden the revenue base for the combined budget.

**Goal Nine:** To develop a contingency plan to address a significant downturn in revenue, 7.5% or greater.

**Objective:** To have a prearranged strategy that will protect WSO in the event of the above becoming reality

**Goal Ten:** Clearly define routine operations of the WSO.

**Objective:** To identify fixed costs of WSO operation in preparation for the development of a unified world services budget.

over and expecting different results. How long will this 'run' be until we end up in the red again? The 'Just For Today' business plan just doesn't get it anymore.

Dan's comments couldn't be any clearer, or any more correct. If the WSO is to avoid the near-disasters of the past, and all the while attempt to insure its viability for the future, then definite and deliberate decisions need to be made now to best guarantee our office's long-term viability.

The purpose of this history has been to let ourselves know how far we've come. We have examined some of our office's policies' successes; we've also taken a look at some of the less wise and prudent decisions over the years. If we are to avoid making the same mistakes in the future, we must learn from our history.

