

PIVOT TO THE FUTURE



2021



STATE OF THE SPORT • 2021

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Since my first day at USA Swimming, I have had one focus – using my background as a swimmer, my experience in the sports industry, and my passion as a swim parent – to take this incredible governing body to new heights. Four years later, and at the end of my first Olympic Quad, my focus has not waned, but the road has certainly been unlike anything I had ever imagined.

*“A pivot is a change in strategy without a change in vision”**

As I came on board in 2017, a board governance restructuring was already underway, and the foundation of the governance model we now have today was created. Perhaps the most important and invaluable component of that change was the creation of our ENDS – our driving purpose. We have shared these in the past, but admittedly have not done enough to ensure that everyone understands the transparency of this process or feels like they are a part of it and how they can contribute.

USA Swimming exists for the growth and success of swimming in the United States. This is why we are all here. The Board of Directors believes we will achieve this vision with:

1. Competitive success at the international level
2. Resources to support athletes, coaches, and clubs
3. Public engagement with swimming

And, if we are successful in fulfilling these responsibilities:

4. Recognition as a best-in-class National Governing Body (NGB)

The ENDS were designed to provide the board of directors with a mechanism to keep the Chief Executive Officer and my staff

accountable for the work being done in Colorado Springs, while allowing the 15-member board to focus on providing strategic guidance in its quarterly meetings. These are made available to you, the members, on www.usaswimming.org and we invite your questions and dialogue. This accessibility allows us to receive real-time, real-world feedback on the efficacy of our work and the pivots we should make.

The overarching strategies initially developed to achieve our ENDS and purpose, while fruitful, also met many setbacks, both expected and unexpected. And so, we will adapt. We have reshaped our organizational priorities, identified mitigating threats to the business of USA Swimming and focused on important initiatives to grow the sport, this year, next, and on to Paris.

I don't think anyone assumed we would still be tackling the COVID-19 pandemic at the end of 2021, but here we are, continuing to be as safe, fiscally responsible and realistic as possible. We will craft well-laid plans, and endeavor to “get back to business,” while also being prepared to shift and pivot on our slow climb.

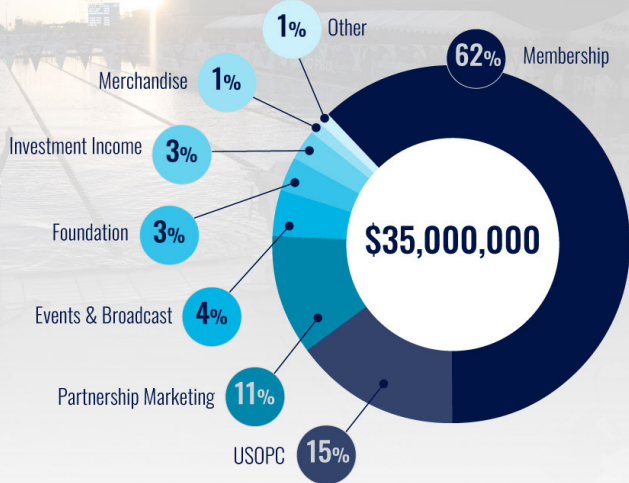
We feel confident in the return of our sport and in the work put in by those across our membership, but we know the road ahead will be long and patience will be key. Being good stewards of our financials will continue to be a vital piece of the prosperous return of our sport. It is a day-to-day process and something I am keenly focused on. This has been a fundamental shift throughout my tenure, to focus our teams on prioritizing our investments and embracing the dollar in/dollar out necessity of a non-profit, as evidenced by our Quad revenues and expenses.

**Eric Ries, American entrepreneur, blogger, and author*



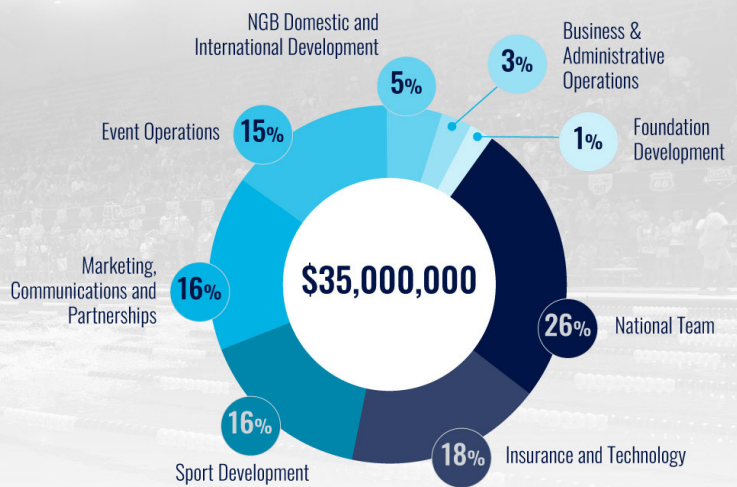
AVERAGE ANNUAL REVENUE: TOKYO QUAD

	SOURCE OF REVENUE	Avg. %
1	Membership	62%
2	USOPC	15%
3	Partnership Marketing	11%
4	Events and Broadcast	4%
5	Foundation	3%
6	Investment Income	3%
7	Merchandise	1%
8	Other	1%
TOTAL ANNUAL AVG. REVENUE FOR LAST QUAD		100%



AVERAGE ANNUAL EXPENSES: TOKYO QUAD

	OPERATING AREAS	Avg. %
1	National Team	26%
2	Insurance and Technology	18%
3	Sport Development	16%
4	Marketing, Communications and Partnerships	16%
5	Event Operations	15%
6	NGB Domestic and International Development	5%
7	Business & Administrative Operations	3%
8	Foundation Development	1%
TOTAL ANNUAL AVG. EXPENSES FOR LAST QUAD		100%





We are not passive in our projections, but rather continue to reprioritize programmatic member resources and services to ensure we are aligned with, and supporting, our stakeholders. A perfect example of this is the 2020 U.S. Olympic Team Trials – Swimming.

Following the postponement of the Olympic Trials in 2020, we immediately pivoted to determining the best way to host the event in 2021. In doing so, we were guided by two key principles: keeping our promise to select the best Olympic team and keeping our promise to the athletes who had already worked hard to qualify throughout the Quad. The event is, and should always be, focused on the athletes.

As you know, we decided to host two separate waves, in order to prioritize the health and safety of the competitors and everyone supporting the meet. Extensive COVID-19 mitigation measures were enacted, not only to keep all attendees healthy but to safely sendoff 53 athletes to camp and the Olympic Games. In consultation and coordination with our medical staff, spectators in the venue were limited to 50% capacity, a drastic change from years past. While Trials has traditionally always been a revenue generator, in 2021, after all was said and done, it was a 7-figure investment and loss for the organization, but worth every dollar.

Another transformative example was the launch of the Keeping Athletes First Action Plan. This \$5 million investment, derived from Board of Directors’ designated funds, was a

significant contribution to services benefitting athletes and a proud reinvestment in the future of our sport. It continues to underpin USA Swimming’s objective to be a leader in proactive communications that ensure a safe environment for all our members.

The action plan provides the resources necessary for staff to plan, provide and implement three key initiatives to keep athletes first and to facilitate a best-in-class organization: online member registration (OMR) and a larger digital transformation, Safe Sport Recognition Program and staff/program developments, and the development of coach education and the Learning Management System (LMS).

Other targeted program resources and members services created that I feel are important to revisit and highlight include:

- Creation of new and elevated competitive opportunities
- Mental Health Services for athletes
- Financial wellness education and advising to athletes and coaches (OneAmerica program)
- Access to affordable, high-quality health coverage for coaches
- SwimAssist
- Community Impact Grants
- \$3M pandemic grant to Clubs
- Creation of and investment in Aquatics Coalition to keep pools open
- Risk Management & Insurance

- COVID pandemic services

- Increased Direct Athlete Support
- Mental Health Services for coaches
- Club Zoom licenses
- CEO and Local Swimming Committees strategy meetings
- Virtual athlete opportunities
- Virtual #Swimbiz
- Membership Marketing Toolkit
- Removal of Swim-a-Thon fee

But in order to continue to thrive in this new environment, it is important to identify threats faced by the organization and how to proactively mitigate their effects.

One of the largest financial increases we have seen over the last few years is the cost of insurance coverage. As you know, USA Swimming provides insurance for its members, volunteers and clubs as a benefit of membership. The breadth of coverage is more robust than most other options available to individuals or smaller organizations. Claims processed throughout the last Quad, as well as changes reflected in the youth sports landscape, have placed an ever-increasing burden on the organization.

We will continue to tackle this head on with the further development and implementation of our Safe Sport program, which celebrated its 10-year anniversary in 2020, and working more closely with our clubs on education and mitigation of operational risks to reduce the number of general liability claims.

Secondly, the COVID-19 pandemic exacerbated a previously identified concern with our 12 & Under membership. We must do better to make our sport more inclusive and welcoming, and the sport of choice for young children and parents. We are down approximately 60,000 12 & Under members since 2019. We have a steep hill to climb, but we are up for the challenge knowing that 9- to 11-year-old swimmers are our likely 2032 Olympians.

Lastly, we recognize the need for more competitive opportunities. With many pools shuttering throughout the pandemic and fewer pools being built, clubs are facing reduced access to water. Couple this with the increased cost of conducting meets and there is an elevated level of concern. As we endeavored to do over the last year with the introduction of three targeted 18 & Under events, at the request of our Senior Development Committee, we will look at ways of continuing to address the competitive gap and helping our clubs strategize the delivery of this important member benefit.

The new Quadrennial also provides hope and excitement, which we certainly do not wish to overshadow. We will be steadfast in our efforts to grow the sport through 2024 in very targeted areas, such as diversity, equity & inclusion, coach development, technology, revenue and performance.

As we strive for greater inclusion within our sport, it is incumbent upon every member to create a welcoming environment, and we will lead by example.

We commit to increasing communication, transparency and engagement, internally and externally. We commit to increasing awareness by educating the USA Swimming community on what diversity, equity and inclusion looks like in action. We commit to increasing swimming literacy and career opportunities for diverse communities by providing the tools needed to become USA Swimming members or employees. And we commit to increasing visibility and membership via diverse partnerships, programs, and participation.

We will also be focused on the rollout of our coach development program. USA Swimming's program was created on three founding principles:

- To create a great environment for athletes
- To create a lasting and positive swimming experience for athletes
- To provide access to ongoing education for coaches



Over 200 USA Swimming coaches have been deeply engaged in all aspects of the development of the program and the Quality Coaching Framework. Additionally, the coach interviews, focus groups, and surveys have informed all aspects of the build-out.

Technology will continue to play an important role in our evolution, as we further develop our Customer Relations Management (CRM) system, our SWIMS 3.0 application and database, and our website. The groundwork of the CRM architecture is in place and will eventually allow the organization to provide more targeted and relevant communications, better capture fan and donor data, and improve promotional opportunities to grow our sport and showcase our athletes. The much-anticipated SWIMS 3.0 build continues on schedule and the new application will feature enhancements such as state-of-the-art member data security, improved member data quality and modernized organizational applications. Last, but certainly not least, the latest version of our website, with its new user-friendly interface, improved search functionality, modernized navigation and accessibility, and will continue to improve live events coverage.

As with most organizations over the last 18 months, we further recognized the importance of diversifying our revenues and ensuring the financial success of the organization is not principally based on the size of its membership. Most importantly, higher revenues will equate to increased resources for membership. To accomplish this, our Commercial team is targeting an aggressive partnership sales strategy coupled with the further commercialization of our events and Olympic Trials, and the development of an eCommerce & retail platform. Additionally, the new Foundation fundraising board of directors is striving to bring in more gifts and donations to support the

development of programs or member needs, as they did with their \$3M COVID-19 Relief Program Grants to clubs during the pandemic.

Finally, we will focus on continuing to improve our competitive performances. As we all witnessed in Tokyo this summer, the best athletes in the world, while achieving their own dreams, inspired and motivated us all. We must nurture this process and preparation. USA Swimming is incredibly proud that our team had the most medals of any U.S. sport for the seventh-consecutive Olympic Games. This was deliberate and calculated preparation that we will make all efforts to duplicate heading into Paris. Our National Team has identified the need for greater international event experience to ready our Olympic hopefuls and will take the appropriate steps to plan for such opportunities.

There is clear and tangible growth in our sport after every Olympic Games and we hope this successful trend will be felt by all our clubs. I am incredibly proud of the men and women who proudly wore the American flag on their caps and represented our country and showed the world how we perform at the highest level.

More than anything, as we embark on this new Olympic Quad, we hope to create a sense of belonging and partnership within our community. We are all here for the same reason, to help the growth and success of swimming in the United States. I am thankful for everyone's support, feedback and challenges as this will only make us better.

*"Pivoting is not the end of the disruption process, but the beginning of the next leg of your journey."**



Tim Hinchey III
USA Swimming President & CEO



**Jay Samit, American digital media innovator and author*