

A NATIONAL MEMBERSHIP ORGANIZATION
FOR THE TOBACCO COMMUNITY

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A NATIONAL MEMBERSHIP ORGANIZATION FOR THE TOBACCO COMMUNITY:
SUMMARY OF PROSPECTUS

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THE NEED

* A broad-based, grass roots national membership organization which would provide a nationwide network of persons supportive of tobacco.

PURPOSES

- * Establish an educational forum for industrywide discussion and consideration of all issues facing the tobacco industry.
 - . To establish a better understanding by each segment of the industry of the problems of others.
 - . To educate the general public about the contributions of tobacco to the economy of America.
- * Provide the mechanism for mobilization of hundreds of thousands of citizens with a new and united voice for the tobacco cause.

MEMBERSHIP DRIVE

- * Reach the maximum number of people in all 50 states.
- * Establish national membership committee.
- * Conduct campaign in 4 phases.
 - . Phase 1 - 1 year - solicit manufacturers and allied interest groups and members of TAN.
 - . Phase 2 - next 9 months - solicit retailers, wholesalers & allied interests.
 - . Phase 3 - next 18 months - solicit warehouse marketing firms, leaf dealers, producers and related businesses and organizations.
 - . Phase 4 - continuing effort - solicit consumers and interested citizens.

PERSONNEL

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Board of Directors	21	21	30
Executive Committee	7	9	13

Board Quorum	10	15	20
Executive Quorum	5	7	9

DUES

\$4.00 per year for individuals
 \$5.00 for a family membership
 \$100.00 for sponsor memberships
 \$10,000.00 minimum for a corporate membership

BUDGET

	<u>Phase I</u> (1 year)	<u>Phase II</u> (next 9 months)	<u>Phase III</u> (next 18 months)	<u>Total</u>
Staff	0	0	225,000**	225,000
Office Space	0	0	105,000	105,000
Legal/Consultants	150,000	100,000	100,000	350,000
Direct Mail*	105,000	250,000	250,000	605,000
Travel	20,000	40,000	50,000	110,000
TI Overhead	250,000	150,000	80,000	480,000
Miscellaneous	10,000	10,000	20,000	40,000
	<u>\$535,000</u>	<u>\$550,000</u>	<u>\$830,000</u>	<u>\$1,915,000</u>

*Estimate \$.35/piece

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>	
Membership fees	120,000	80,000	100,000	
TI Existing budget	200,000	100,000	---	
	<u>\$320,000</u>	<u>\$180,000</u>	<u>\$100,000</u>	\$ 600,000
Net Cost	\$215,000	\$370,000	\$730,000	\$1,315,000

**Executive Director, Administrative Assistant, two Secretaries

LOCATION

* Washington, D.C.

NAME (suggested)

* NATIONAL TOBACCO EDUCATION COUNCIL

A NATIONAL MEMBERSHIP ORGANIZATION FOR THE TOBACCO COMMUNITY

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A NATIONAL MEMBERSHIP ORGANIZATION FOR THE TOBACCO COMMUNITY

Faced with a multitude of problems, especially an alarmingly increasing number of legislative and regulatory attacks, there is a critical need for the immediate creation of a national membership organization for the tobacco community.

A broad-based, grass roots national membership organization will provide a nationwide network of persons supportive of tobacco. The organization would establish an educational forum for industry-wide discussion and consideration of all issues facing the tobacco industry. It would provide an instant mechanism for massive response to attacks on the industry with a common position by the tobacco community and a means for mobilizing support for the tobacco cause. All fifty states should be represented.

The organization's primary thrust will be education. Many issues facing the tobacco industry today are complicated by a lack of understanding of the problems existing within particular segments of the industry. Therefore, the first major project of the new organization will be to ensure that each group within the tobacco community fully understands the problems of the other groups. From this effort should result a better understanding of individual and mutual problems and a willingness to work more closely together in (1) solving the problems internal to the industry, and (2) mobilizing the forces of the total tobacco community in combating the external attacks on the industry as a whole.

Second, a major educational effort will be directed to the general public. This broad-based organization will be in the best position of any to educate the public about the contributions of tobacco to the economy of America and tobacco's pivotal involvement in the issue of individual rights vis-à-vis the government's continuing attempts to seriously intrude into the private lives of American citizens.

The secondary thrust of the organization -- and an inevitable result if the educational effort is successful -- will be the mobilization of hundreds of thousands of citizens of the United States who are supportive of tobacco, along with those who believe that the concept of individual rights is being seriously eroded by this particular example of excessive governmental interference. This mobilization of support for the common cause of tobacco can result in one of the largest, most visible and most powerful public organizations in the country. Newly motivated by the sharing of concerns, problems, and information resulting from the organization's educational thrust, it can begin to effectively exert itself in many obvious ways. The new voice for the tobacco cause will speak with more authority and respect than any before in the history of the tobacco industry.

THE WORK OF THE NEW ORGANIZATION IN SUMMARY

- * To begin an active and intensive internal educational program.
- * To launch an active and intensive external educational program. The message of tobacco's many contributions to the nation's economy needs constant reinforcement to the American public. The goal will be to convey the positive image of the tobacco industry by establishing a highly visible and effective public affairs support resource.
- * To create a demonstrably interested resource because dues would be assessed and membership would be widespread.
- * To create a formal membership organization which can then play a voluntary and more direct role in the process of determining public policy.
- * To collect and disseminate to all members information about proposed actions -- federal, state or local -- considered adverse to the tobacco industry.
- * To serve as liaison for the communication of attitudes and opinions among the various groups in the tobacco family and allied tobacco organizations on legislative, regulatory and other matters of mutual concern.

MEMBERSHIP DRIVE

The membership solicitation plan discussed below is based

on the assumption that the maximum effort will be made to reach the greatest number of people. Such an effort can result in one of the largest and most powerful organizations in the country. This should be the objective. Considering that there are 55 million Americans who smoke, a multitude of others who believe the people ought to have the right to determine their own consumption habits, and the countless thousands of persons involved directly or indirectly with the tobacco industry, it would be a serious mistake to approach the solicitation of members with anything less than the most ambitious plan.

A Campaign Plan in Outline

First, a national membership solicitation committee should be established for planning purposes. This should be a small committee and should be set up immediately so that planning can begin. Later, the committee can be expanded as plans for bringing in the various categories are made. A structure for the membership committee might ultimately include the following:

National chairman

Regional chairmen (several states)

State chairmen

District chairmen (several counties)

County chairmen

Township chairmen

Special interest chairmen (example: A person in a tobacco manufacturing city may be appointed to solicit former company employees in that city)

Some of these people will probably need to be on manufacturers' or other company payrolls in that a great deal of time will be required, and those who are serving on a strictly volunteer basis would probably be unable to devote sufficient time.

Campaign Phases

In order to reach the maximum number of people within each group, solicitation efforts must be concentrated on a limited number of groups during successive phases of the membership campaign. This approach also has the advantage of allowing the board of directors to provide for careful expansion of the membership campaign as it might deem appropriate under the existing

circumstances. One approach to this type campaign and the potential sources for members are discussed below.

Phase 1

Approximately one year should be anticipated to complete the first phase.

The emphasis during this phase of the campaign should be on the manufacturers and allied interest groups and the existing membership of the Tobacco Action Network, commonly referred to as TAN. Members would be solicited from these specific groups:

- A. Manufacturers
- B. Suppliers to manufacturers
- C. Advertising companies serving manufacturers
- D. Trucking companies serving manufacturers
- E. Other industries related to manufacturers
- F. Past and present employees and families of each of the above
- G. Members of TAN

Countless thousands of potential members exist from these sources. The corporate memberships should be solicited first and then the drive for individual memberships should begin. It should be an all out, highly publicized effort. For example, the mayors of Winston-Salem, Richmond, Louisville, etc., might be persuaded to declare a "Tobacco Day" for each city with attendant fanfare. During the day, an intensive door-to-door membership solicitation campaign can take place. Obviously, such an effort must be highly organized.

A primary target group during this phase will be TAN. With some 80,000 members, TAN is obviously an excellent source for member solicitation for the new organization. Present members of TAN have already demonstrated their interest in and commitment to the tobacco cause. They can be a vital part of the new organization.

Solicitation of members must be conducted in coordination with the leadership of TAN. There are several ways to solicit members from this source including mail solicitation.

Phase 2

Before the first phase is completed, plans should be finalized

to implement the second phase. Approximately nine months should be allowed for this phase.

The emphasis during this period would be on those most directly involved in the direct sale of tobacco products. Members would be solicited from the following:

- A. Retailers
- B. Wholesalers
- C. Suppliers to retailers and wholesalers
- D. Advertising companies serving retailers and wholesalers
- E. Trucking companies serving retailers and wholesalers
- F. Other industries related to retailers and wholesalers
- G. Past and present employees and families of each of the above
- H. Trade associations or other organizations related to retailers and wholesalers

These groups provide an excellent source for members. For retailers, the entire campaign organization, as outlined on the chart above, will be called on. That is, the national chairman should review plans for this effort with the regional chairmen and they, in turn, should meet with the state chairmen to make plans for each state. This is obviously one of the groups which calls for campaign organization right down to the township level. Cigarettes are sold everywhere, and no one should be forgotten.

This is a good place to note that there will be some overlapping in efforts. For example, a township chairman soliciting a retailer and his employees might very well have the opportunity to sell a customer as well. Indeed, it is anticipated that a great deal of this overlapping will occur, to the great benefit of the campaign.

Wholesalers are also a solid source for membership potential in that cigarettes represent such a substantial part of their business. Indeed, of the 3,000 wholesalers and chain store distribution centers, approximately 1,860 are primary tobacco wholesalers. The efforts to this group would be very similar to that outlined above for retailers. The potential from these groups is substantial. The sale of tobacco and tobacco products represents a substantial profit center in retail operations. Some retailers price for a normal profit; others price at discount to attract customers for other business. In either event,

the retailer is vitally interested in maintaining this source for sales. The numbers here are indeed impressive:

* There are an estimated 525,000 outlets selling tobacco and tobacco products in retail establishments.

* There are an estimated 800,000 vending machines in the country placed in 400,000 locations.

Phase 3

Approximately eighteen months should be allowed for this phase.

During this period, emphasis would be placed on what can be broadly referred to as the agricultural community. Members would be solicited from the following:

- A. Warehouse marketing firms, their past and present employees and families, suppliers and advertising companies
- B. Leaf dealers, their past and present employees and families, suppliers and advertising agencies
- C. Producers
- D. Industries related to each of the above, such as banks and trucking companies
- E. Existing organizations related to each of the above.

The tobacco warehouse system offers a fertile source for members. This is where the major elements in the tobacco marketing system come together--manufacturers and dealers' buyers, producers, auction market owners and employees, and government personnel.

For flue cured tobacco, it is estimated that tobacco is sold through 420 warehouses in 94 marketing centers in 5 states. For burley tobacco, sales are conducted through 345 warehouses in 60 market centers in 8 states. Numerous other marketing centers exist in other areas for the sale of other types of tobacco.

Primary responsibility for this part of the campaign would fall to the state chairmen who would work closely with district and county chairmen in soliciting members. Here is an opportunity for use of special interest chairmen. In cities with a large number of tobacco auction warehouses (such as Wilson, N.C.), a special chairman might be selected to solicit at each warehouse site.

Leaf dealers should be vitally interested in formation of the new organization. Practically all United States tobacco moving in foreign trade is handled through the tobacco-dealer trade. Foreign manufacturers have their own dealer subsidiary firms in the United States or arrange with independent United States dealers to purchase for them at auction.

This part of the campaign might be conducted under these guidelines:

- Under the leadership of the state chairman
- After identifying the location in his state of the various dealers, the state chairman goes or sends the best possible representative to meet with the head of the dealer company
- The corporate membership is solicited first and then plans are made with the company head to solicit the past and present employees and others.

The number of producers, quota owners, employees and families provide a membership solicitation potential of well over 1,000,000 persons. There are 298,000 quota owners for burley tobacco in 14 different states and 193,000 quota owners of flue cured tobacco in 6 states. Those numbers represent just a tip of the iceberg. It should be noted that tobacco is produced in some 22 states. The list is often surprising to many: Alabama, Arkansas, Georgia, Illinois, Indiana, Kansas, Kentucky, Missouri, North Carolina, Ohio, South Carolina, Tennessee, Virginia, West Virginia, Florida, Maryland, Connecticut, Wisconsin, Pennsylvania, Massachusetts, Minnesota and New York. This is obviously one of the greatest potentials for members, yet one of the most difficult to organize for solicitation purposes. For now, it is enough to say that solicitation of the group would call on service by the entire organizational structure outlined above and should be planned down to the township level.

Membership potential from existing organizations related to the groups above will obviously overlap with other efforts. It will be important, however, to solicit membership from existing related organizations for the very simple reason that they have already established their interest in the tobacco cause. Endorsement by the leadership of existing organizations

will be important to this effort. It is believed that thousands of members in the new organization can be solicited within the existing organizations within a very short period of time.

This part of the campaign should be conducted under the leadership of the national chairman and meetings should be held with the leadership of the other organizations. Plans can be made for a mail solicitation of the members of the other organizations, and coordination with the leadership of those organizations should otherwise be established. The national chairman should follow the advice and suggestions of the leadership of the organizations involved and cooperate fully. Only the national chairman and any special interest chairman he might name need be involved in this part of the campaign.

Finally, industries related to those discussed above should be contacted. There are many interested in the continuing success of the tobacco industry. Three have a particular interest: banks, trucking companies and advertising companies. In some regions of the country, many banks would face financial collapse should the tobacco industry die. Trucking companies throughout the nation have a vital stake in the future of the tobacco industry and advertisers throughout the country (such as billboard companies) rely heavily on tobacco industry customers. While all of these industries undoubtedly have organizations of their own, it is believed that many would contribute, at least nominally, to this organization and join it with enthusiasm. The number of industries which count on the manufacture of tobacco products for success in their own industry is virtually unlimited. It is inconceivable that fertilizer dealers, farm implement dealers, box makers, etc., etc., etc., would be unwilling to support the new organization.

These related industries should be approached through the special interest chairmen for contact with the industries directly involved with the tobacco industry. The state chairmen would ensure that each special chairman involved with a particular tobacco-related company also obtains from the latter the names of its suppliers and advertisers so that approaches might be made to those groups also.

Phase 4

The final phase for membership solicitation will be a continuing effort for which no specific budget nor timetable is presented. Formal plans for this phase should be made later.

This phase involves solicitation for the general public. Generally, the categories to be solicited are:

- A. Consumers
- B. Interested citizens

It is estimated that some 55,000,000 Americans smoke cigarettes and other tobacco products. Obviously, the potential for membership from this group is enormous. By the same token, it presents the greatest problem for campaign planning. An extremely well organized and highly visible campaign would be essential.

Others may also be solicited. Many individuals have no direct connection to the tobacco industry and do not smoke. Many, indeed, find smoking personally offensive. Within this very substantial percentage of the nation's population, however, can be found many persons who are philosophically opposed to the constant attacks on the tobacco industry. They might believe, for example, that the government has the responsibility to inform the general public of any potential harmful effects of tobacco smoking; yet, they believe even more strongly that the government should not attempt to dictate to Americans about their consumption habits. For them, it is a philosophical issue, and it is believed that a significant number of such persons would pay nominal dues to support the proposed organization. For obvious reasons, a major effort should be made to attract a substantial number of members from this group.

This is probably the most difficult group to target, and it is hoped that a number from this source will simply join from the "overlap" effect mentioned earlier. However, some plans should obviously be made to reach this group because they represent a viable part of the organization's membership due to their objectivity. No extensive discussion of soliciting this group will be made here. Suffice it to say that an innovative approach will be necessary.

STRUCTURE

It is recommended that the new organization be created as a non-profit corporation under the laws of North Carolina. Each person paying the required dues would become a member and be entitled to one vote.

The governing body would be a board of directors which should be a large and diversified group representing the various categories of membership.

Operational decisions should be left to a smaller executive committee of the board of directors. The bylaws should provide for the initial board to be composed of the major incorporating groups. They should also provide for an expansion of both the board of directors and the executive committee as new groups are added to the membership. This can be done as the organization progresses from one phase to the next. A minimum membership level could be provided which must be met before a group became entitled to representation on the board of directors and executive committee. The bylaws should also provide for the board of directors and the executive committee to have the authority to determine its size.

In tabular form, the following plan is suggested:

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Board of Directors	20	30	50
Executive Committee	7	9	13
Board Quorum	10	15	20
Executive Quorum	5	7	9

DUES

It is absolutely essential that dues be required for membership in the organization in order to demonstrate interest in the cause. A suggested scale:

- \$4.00 per year for individuals
- \$5.00 for a family membership
- \$100.00 for sponsor memberships
- \$10,000.00 minimum for a corporate membership

Larger contributions would, of course, be accepted and, in time, essential.

	<u>BUDGET</u>			<u>Total</u>
	<u>Phase I</u> (1 year)	<u>Phase II</u> (next 9 months)	<u>Phase III</u> (next 18 months)	
Staff	0	0	225,000**	225,000
Office Space	0	0	105,000	105,000
Legal/Consultants	150,000	100,000	100,000	350,000
Direct Mail*	105,000	250,000	250,000	605,000
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*Estimate \$.35/piece				
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Membership fees	120,000	80,000	100,000	
TI Existing budget	200,000	100,000	---	
	<u>\$320,000</u>	<u>\$180,000</u>	<u>\$100,000</u>	\$ 600,000
Net Cost	\$215,000	\$370,000	\$730,000	\$1,315,000

**Executive Director, Administrative Assistant, two Secretaries

LOCATION

The organization's headquarters should be based in Washington, D.C.

NAME

The name of the new organization is extremely important and a great deal of thought should be given to it. A suggestion: National Tobacco Education Council.