



INTERNATIONAL COUNCIL ON SYSTEMS ENGINEERING  
7670 Opportunity Road, Suite 220, San Diego, CA 92111 USA  
PHONE: 1-858-541-1725 or 800-366-1164 [US & CANADA] • FAX: 1-858-541-1728  
EMAIL: info@incose.org • WEB: www.incose.org

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5 January 2018

Dear all,

In July this year, I sent you a letter with an update on the progress of the Chapter Governance and Financial Model (CGFM) activity. This was followed by communication sessions at IS2017 in Adelaide. At these sessions, we presented the rationale for change, the possibility of policy changes and a new financial model for the calculation of chapters dues (how much of the Individual Member Fee is retained by the Chapter).

I am now following up to summarise the decisions that we took at the Quarter 4 INCOSE Board meeting in October. The changes span 2018 and 2019, as indicated below.

2018: Changes that will start 1<sup>st</sup> January 2018

- We are strengthening chapter governance to reinforce our policies relating to elections, a chapter's governing committee, the minimum number of members for an active chapter, meeting and event frequency, chapter reporting and financial accountability. These changes will allow us to understand what an effective chapter is, and to recognise and take action where a chapter is struggling. These changes are based on the best practices we see across our chapters and sectors.
- We have created a new Good Neighbour Award that will recognise chapters that regularly assist other chapters through collaboration, leadership or membership support. We hope that this award, which will initially be presented no later than IS 2019, will encourage all chapters to assist in providing value to members, not just locally, but regionally and even globally.
- Based on extensive consultation we are changing the model of how Chapter Dues<sup>1</sup> are calculated:
  - In future Chapter Dues will be a percentage of the Membership Fee collected, instead of a specific amount in US Dollars.
    - We will allow MoU Chapters<sup>2</sup> to retain a slightly higher Chapter Due to help offset the additional costs they incur in managing their own membership.
    - We will also introduce a minimum Chapter Share, so that our smaller chapters can plan their budgets with greater confidence.
  - MoU Chapters will move from the current annual membership reporting and dues payment cycle to a bi-annual cycle, implying:

<sup>1</sup> Individual Membership Fee = Chapter Dues + Central Dues. Note that MoU Chapters may charge a premium on Membership Fee to cover local costs and additional services and currency factors.

<sup>2</sup> INCOSE's MoU Chapters are: Australia, France, Germany, Israel, Italy, Netherlands, South Africa, Sweden, United Kingdom



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- January to June 2018 membership data will be reported in July 2018 and Chapter Dues paid by September 2018.
- July to December 2018 membership data will be reported in January 2019 and Chapter Dues paid by March 2019.
- Note 1: 2017 membership data will be reported in January 2018 and Chapter Dues paid by March 2018 according to the existing dues scheme.
- Note 2: MoU Chapters that are unable to switch to the bi-annual cycle in 2018 will be allowed a 1-year grace period.

2019: Changes that will start 1<sup>st</sup> January 2019

- We have reviewed and updated how we offer reduced Membership Fees for INCOSE members living in countries with weaker economic conditions. This reduction is calculated using the World Bank Purchasing Parity Power (PPP) assessments, so that we are globally fair. The result of this review is that we will have three bands of Membership Fee: full fee or 0% reduction, 25% reduction from full fee, and 57% reduction from full fee. The deepest reduction band of 57% will be adjusted in two years to a 50% reduction. This provides a transitional step to ease the change from the current Membership Fee of \$53 USD that was maintained during the Global Financial Crisis (GFC).
- This change is embodied in our membership policy now, and the modified fees will come into effect for new and renewed memberships on 1<sup>st</sup> Jan 2019, respecting the practice of giving a one-year notice on fee changes.

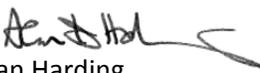
Taken together, these changes will help ensure a more equitable and balanced financial model for our chapters across the world. The changes have been carefully calculated to balance benefit to individuals, chapters and the long-term financial sustainability of INCOSE.

We have updated our INCOSE policies in line with these changes, are available on [www.incose.org](http://www.incose.org). To facilitate implementation of these policies we have prepared a communication pack that will be presented by each Sector Director to their respective Chapter Leads in the near future. At IW2018 there will be three information sessions open to all members who would like further information or may have questions or clarifications to ask.

The activities of the CGFM task team were not a one-off exercise. It is our intent to regularly review our chapter structure and governance, and the financial model for Chapter Dues, every two to three years. This will help ensure that we continue to provide the most suitable framework to sustain all elements of INCOSE. In order to also gather intelligence and feedback from each of you on these topics, we have set up an email address [cgfm@incose.org](mailto:cgfm@incose.org) where you can send us your questions, concerns and recommendations related to Chapter Governance and Chapter Dues. This email address will be manned by the Sector Directors.

During this time of change, I trust you will support these changes.

Yours sincerely,

  
Alan Harding  
President