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MEMORANDUM FOR : Deputy Director for Support

SUBJECT : Employee Activity Association Plans for
Merchandise Sales

REFERENCE : Memo for ExDir-Compt. fr DDS, Subj: Employee
Activity Association, dtd 20 Jun 66

1. This memorandum is for your information.

2. On 13 July 1966 the Executive Director-Comptroller approved referent memorandum authorizing the use of Room 1J37 in Headquarters Building as an Employee Activity Association (EAA) "Store" and the initiation of an expanded EAA merchandise sales program. Our plans for the "Store" and expanded sales program have now progressed to the point where we can soon initiate this further step in the development of the EAA concept in CIA; the purpose of this memorandum is to summarize our plans and to review some of the management considerations that influence this phase of the EAA program.

3. The EAA staff has already moved into Room 1J37 where it has been conducting a limited sales program and those club, cultural, and athletic activities that have been in existence for some time. (In addition, EAA has retained the ticket booth in the North Cafeteria Concourse.) The planned expansion of EAA's merchandise sales program will be modest, in good taste, and will include items that we feel will appeal to EAA members, such as luggage, watches, wallets, seasonal sporting equipment, camping equipment, first aid kits (household and automobile), pen and pencil sets, and a limited assortment of greeting cards and paper goods. Only first line merchandise with discounts wherever possible will be offered, e. g., Samsonite luggage, Hamilton watches, Cross pens and pencils, and Hallmark cards. At least initially, only a limited inventory of these items will be maintained so that no large commitment of EAA funds will be made until such time as it is certain that Agency employees are purchasing these items in quantities justifying larger inventories.

4. We are in the process of obtaining an architectural design and related cost estimates for converting Room 1J37 into an attractive area that would provide office space for the EAA staff to run EAA's club and cultural activities and to provide appropriate counters and shelves for display of the merchandise offered for sale. Appropriated funds will not be expended for this renovation. Instead, a non-interest bearing loan will be requested from the Central Club Fund with the clear understanding that it is for renovation and is to be repaid as soon as possible from EAA income.

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5. During our planning for expanding our merchandise sales program, we have reviewed the entire EAA program and its staffing requirements. It is important to note that this Agency, as well as other Government agencies and other employers, has historically offered employees certain recreational opportunities of a club, athletic, and cultural nature. One reason for close Agency review and support of such a program stemmed from the security implications of participation by Agency personnel in these activities in non-Agency groups. It became necessary for the Agency to develop a means for monitoring and coordinating these activities to ensure no compromise of Agency personnel or interests. Following the move to the Headquarters Building, a modest ticket service for athletic and cultural events was instituted; EAA's ticket service made it possible for Agency employees to enjoy opportunities similar to those available to employees in other Federal agencies in such a way as to avoid disclosure of Agency affiliation or compromise of Agency interests. An EAA program of this scope and nature has long been considered to be an Agency activity comparable to that afforded by other Federal agencies and, to this extent, it appears appropriate that the Agency support these activities from appropriated funds. The matter of a merchandise sales program is somewhat different. It may be argued that the isolation of the Headquarters Building has created a unique problem for Agency employees and that this convenience at their place of employment can actually result in a saving of Agency time and money, but we believe that the salaries and related personal services costs for personnel associated with the EAA merchandise sales program should be borne by EAA.

6. The present EAA staff consists of six staff personnel who are being paid from appropriated funds and one part-time contract accountant whose salary is fully paid by EAA. Of the six staff employees, three spend the majority of their time on clubs, cultural activities, athletic programs, and the limited ticket service, all of which we feel to be a part of the Agency's employee relations program. The remaining three employees are more directly connected with the merchandise sales program; EAA must absorb the cost of their salaries and related personal services costs as soon as possible.

7. No increase in EAA staff is contemplated for the expanded merchandise sales program. Should this new phase of EAA's development prove successful and profitable, and should we embark on an enlarged sales program at some future time, additional personnel might be needed--but only if EAA can support such additional staffing from current income after paying the personnel costs for employees already engaged in the sales program.

8. The expanded merchandise sales program presumes a substantially increased income for EAA from such sales. Based on our few experiments,

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particularly Christmas sales, we believe that a significant potential exists for EAA to realize income from such sales to support such a program. It is, of course, difficult to estimate the actual income that might be earned, but we expect to know after six to twelve months if our estimate of this potential has been overly optimistic. You can be sure that as soon as we are able to evaluate this fully, we will do so. If we conclude that income from sales will not be sufficient to make the program self-sustaining, we will propose immediate curtailment of this part of the EAA program.

9. There is attached EAA's balance sheet as of 31 December 1966, a statement of income and expenses for Calendar Year 1966, and some additional financial information which may be of interest.

/s/ Emmett D. Echols

Emmett D. Echols
Director of Personnel

Atts

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