

The path to generating nondues revenue starts with a commitment to increasing member value:

CREATE A FRESH START FOR YOUR NONDUES REVENUE FUTURE



THE EASIEST WAY TO INCREASE ASSOCIATION REVENUE IS TO INCREASE MEMBERSHIP, RIGHT? BUT WHAT IF THERE IS NO LIKELIHOOD OF MEMBERSHIP GROWTH, AND YOU WANT TO CONTINUE PROVIDING MEMBER-ENHANCING VALUE? ONE SOLUTION IS TO DEVELOP NEW WAYS OF PROVIDING MEMBER VALUE THAT WILL ADD MORE REVENUE AT THE SAME TIME.

TEXT LAURIE FORD, PRESIDENT OF CRITICAL PATH CONSULTANTS

Creating or increasing your nondues revenue, also called earned income, is a challenging change. This change can mean a big investment of staff time and resources, so it needs to be well designed, implemented, and evaluated. Where do you start?

GET YOUR CARDS ON THE TABLE

Take a fresh look at your financial picture. It is worth investing time and brainpower to see that old familiar spreadsheet with new eyes. Asking these questions can refresh your perspective:

1. What percent of your revenue comes from each of the following?

- + Fundraising
- + Meeting registration fees
- + Trade show sales
- + Consulting
- + Print publications
- + On-site education

These are the six most profitable categories of nondues revenue. Help your board

and staff to see exactly how much of your revenue comes from each category.

2. How much does your association spend to bring in each type of revenue?

One common failing is forgetting that staff time, printing, and computer support all come with a price tag. Give a ballpark estimate - an approximate figure - of your expenditures associated with each of the six revenue categories above. You'll get a new appreciation for the way your revenue cycles; association expenditures create value, and that value creates revenue, which allows you to create more value.

3. Does everyone, including your board, think it's time to build new or better ways to create more value and bring in nondues revenue?

If you're the only one who sees the need, it's time to start talking. People want to

see evidence of financial trends, along with projections of what this means for your association five years from now.

- + Is your total amount of nondues revenue



growing every year, or is it staying about the same?

- + If revenue is growing, is it keeping pace with inflation?
- + What will your revenue and expenditure channels look like in five years?

Practice exploring all the options. Here are a few ideas:

- + Consider combining two moderately successful products or services into a new package that offers more hands-on value for members.
- + Maybe there are some items you've always included in your membership package that could be dropped or replaced by something more useful that also

have access to lots of benefits from lots of places, and you want them to see you as providing distinctive solutions. It helps to get people talking about real member problems. Find out what you really know about the problems members are facing in their daily work and personal lives.

- + Do your members have revenue-generating problems of their own? Are there solutions available that you could help bring to your members? One grocer's association brought in local marketing companies to help members design a coupon program and a series of community events, bringing more attention to the quality and value of neighborhood stores.
- + Do your members have business problems with staffing, operations, or financial processes? A review of their business problems might reveal ideas for the design of new products or services. For example, one medical association partnered with an insurance reimbursement firm to help member physicians improve their billing and collection processes.
- + Do your members share some social or personal challenges that could be met with education or information solutions of some kind? One hospital association offered a series of stress management programs at a variety of locations tailored to specific types of member professions.

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A FIRST-DRAFT REVENUE CHANGE PLAN

The following questions will help you shape a plan, while also getting more people aligned

with the idea of growing both revenue and member value:

1. How much more income do we want?

Just saying 'we want more' is not enough. You have to say how much more you want—an increase of 3-5 percent, or 5-10 percent, or more than 10 percent? When people look at finances from this perspective, they can imagine a new future. This helps everyone get out of the survival struggle.

2. How can we get what we want?

Brainstorming is sometimes overrated, but not in the case of revenue development. Your association already has one or more kinds of *nondues* revenue. Can you get people talking about adding, combining, or changing what you already produce?

takes less time (and money) to produce.

- + Identify places where you can change existing products or services by extending the variety, depth, or timing. For example, one association added a new educational series by breaking up existing programs into different modules and making them smaller, more locally accessible, and more user-friendly. They also began a partnership with an educational company to improve marketing effectiveness and offer more convenient delivery. Think outside your past.
- + Develop new ways of using advertisers, such as arranging to sell more ad space in your directories, or on product and service packages and materials. You can improve ad offerings on meeting fliers and programs, sell commercial and classified ads, or Internet banner and button ads.

3. Is it mission-relevant?

Make sure your new revenue plans are related to the association's mission. Programs that have nothing to do with your mission will still use your resources. Members

STRATEGIES FOR SUCCESS

It's usually wiser to pick one or two areas to focus on than to try a little of everything. You'll build stronger expertise and get to know which strategies are most effective. And don't fall for the idea that making products or services electronic will bring you a quick windfall. Any new revenue initiative takes time, and you want to be sure it fits your board, staff, financial, and member enhancement needs.

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