

New formats, new institutions, new connections:
Opportunities for associations in the new Europe

ESAE Annual Congress and Dinner

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Hotel Amigo, Rue De l'Amigo | Brussels, 1000 | Belgium



Building new partnerships to fuel the recovery: strategies for a new kind of leadership

John Graham, President and CEO, ASAE (American Society of Association Executives)

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Event Partners:





Building New Partnerships to Fuel the Economic Recovery: Strategies for a New Kind of Leadership



ESAE Annual Congress
Hotel Amigo, Brussels
21-22 October, 2009

Connecting Great Ideas and Great People

ASAE & The Center

Our Value Proposition:

ASAE & The Center connect great ideas and great people to inspire leadership and achievement within the association community.



ASAE Yesterday & Today

- Founded in 1920 as the American Trade Association Executives
- Today ASAE has 23,000 + (individual) members - 32% CEOs
- Served by a professional staff of 130
- Annual budget of \$35 million



ASAE Members

- Members represent 10,000+ trade associations, individual membership societies and philanthropic organizations in the U.S. and in 50 countries around the world.
- ASAE & The Center works cooperatively in the U.S. with state-level societies of association executives (Allied Societies) and globally with organizations like ESAE, Associations Forum, etc.



Nonprofits - A Vast U.S. Business Sector

The 2008 IRS Data Book shows:

- 89,409 Section 501(c)(6) trade associations, professional societies and business leagues.
- 1,186,915 Section 501(c)(3) charities, foundations and other donor-based organizations.



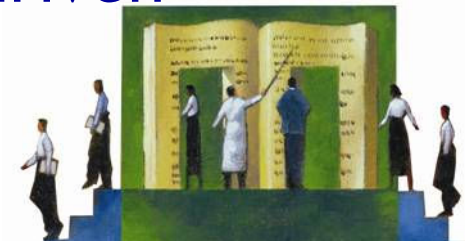
Key Differences in U.S. Nonprofits

501(c)(3)s

- Predominantly donor-based, though some have members.
- Fundraising is mission critical.
- Political activity is restricted by law.
- Tend to be volunteer-driven

501(c)(6)s

- Must be membership organizations.
- Characteristically supported by dues.
- May engage in some political activity as long as it's not primary.
- More staff-driven



Three Mega-Trends Impacting Associations

- Mass customization
- Social networking
- Changing demographics



Mass Customization

- Association members are expecting custom-tailored products and services to meet their diverse and ever-changing needs.
- Increased competition is pressuring organizations to offer their products and services *a la carte* rather than as an organized package.



Social Networking & Mobile Technology

- Facebook, Twitter, Flickr and mobile technology are transforming the way communities are forming and, thus, challenging the association model.
- To maintain their traditional strength as community builders, associations must offer virtual connections while continuing to offer personal experiences.



Changing Demographics

- Three generations in the workforce (Baby Boomers, Gen X, and Millennials).
- Decreasing pool of senior managers over next 10-15 years.
- With changing demographics, managing diversity is key to future relevance and success.



Advocacy Issues

- Health care reform
- Tax issues (UBIT, investment income)
- Nonprofit tax proposals at state level
- Form 990/Nonprofit governance
- New rules for lobbying the administration
- Scrutiny of business trips/meetings



ASAE Advocacy Priority Survey

- Earlier in 2009, over 400 ASAE-member CEOs rated the issues they believe should be priorities in ASAE's advocacy agenda.
- Health care reform was the highest rated issue for CEOs both in Washington, and outside of DC.
- Tax issues, such as unrelated business income taxes and investment income, was the second highest rated issue.



Advocacy Survey Results

Health Care Reform	27.8%
Tax Issues	16.7%
Nonprofit Financial Disclosure	16.2%
Nonprofit Governance	12.8%
Lobbying Reform	12.0%
Member Communications	11.3%
Business Travel	10.2%
Deficit Spending and PAYGO	9.9%
Retirement Income	9.7%
Campaign Finance Reform	7.5%



Health Care Reform

- U.S. health care system imposes heavier burden on small businesses (Costs are 18% more per worker than large firms for same coverage)
- Because of higher costs, small businesses far less likely to provide insurance for employees (Only 49% of firms with 3 to 9 workers offer coverage)
- ASAE and many other business interest groups playing a role in the policy debate.



Tax Reform/Exempt Organization Scrutiny

- Some members of Congress pushing for review of all charitable provisions in the tax code if Congress gets serious about tax reform.
- Excess benefit transactions and executive compensation among the most scrutinized practices.
- A further refining of who could/should be exempt.
- Exempt organization regulation.



State Nonprofit Tax Proposals

- 43 states in the U.S. reported budget shortfalls for FY2009, totaling \$183 billion. Figures expected to increase to \$200 billion in FY2010. (Source: National Conference of State Legislatures)
- 2009 federal stimulus bill injected some relief, but will not be enough for some states to balance budgets.
- Some states, including WA and SD, have already proposed taxing nonprofits' membership dues. (Bills defeated)



Nonprofit Governance

- Scrutiny of nonprofit governance has steadily increased in in the U.S. in recent years.
- Congress and the IRS continue to investigate governance of nonprofits - particularly executive compensation and obligation of nonprofits to provide public benefit in exchange for tax-exempt status.
- Tax-exempt hospitals, colleges and universities, and charities have been early targets of scrutiny.



Nonprofit Governance

- IRS has asserted that scrutiny of nonprofit governance practices is warranted because good governance leads to improved compliance.
- Redesigned Form 990 return filed by U.S. tax-exempt organizations includes new section on governance, focusing on board function, and presence of policies such as conflict of interest, whistleblower, and document retention and destruction.



New Rules for Lobbying

- ASAE sent a letter to the White House Counsel's office in January on the administration's new regulations regarding senior officials' attendance at "widely attended" events.
- Response has opened a dialogue between White House and nonprofit community about role of lobbyists.
- Latest Obama directives restrict lobbyists from communicating with executive branch officials about stimulus spending or serving on federal advisory boards or commissions.



Travel and Association Meetings

- Strong rhetoric from Capitol Hill and the press about business trips organized by TARP companies has been detrimental for U.S.-based meetings.
- ASAE has heard that even financially healthy companies have cancelled meetings to avoid being criticized for “wasting money.”
- ASAE is part of “Meetings Mean Business” campaign spearheaded by USTA to save jobs and keep America meeting.

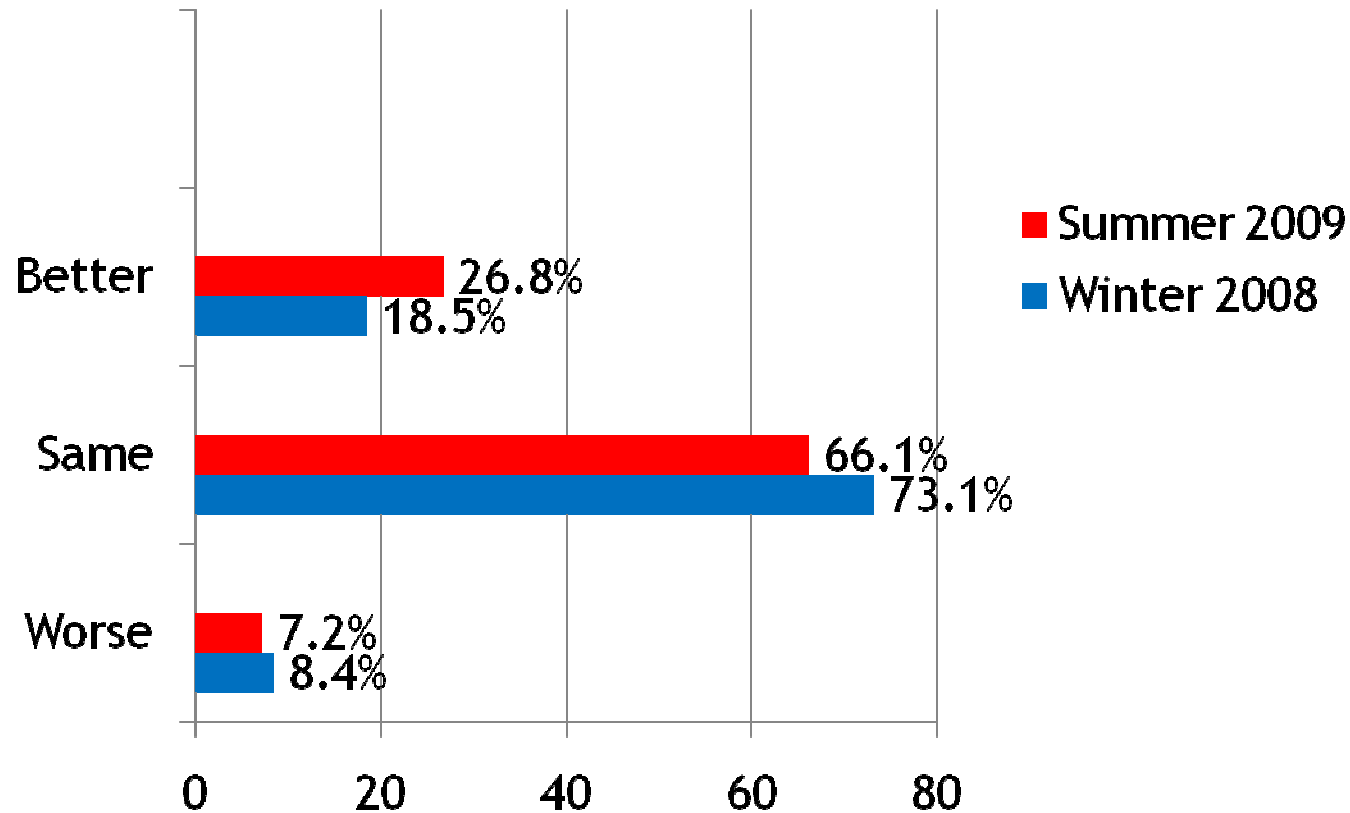


2009 Economic Impact Study

- In December 2008, ASAE surveyed association members about the economic recession. Six months later, a follow-up study was conducted.
- In some ways, associations are now more optimistic. A larger proportion now say they believe their employment situation will improve in the coming year.
- Still, members are more careful about their spending, which will likely impact membership renewals, meetings and travel.



Next year at this time, do you think your employment situation will be better, worse, or about the same?

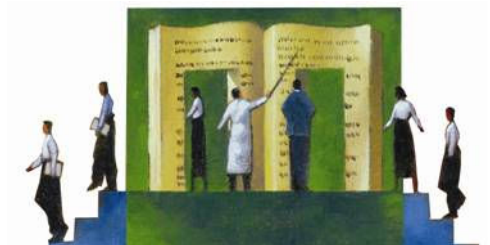
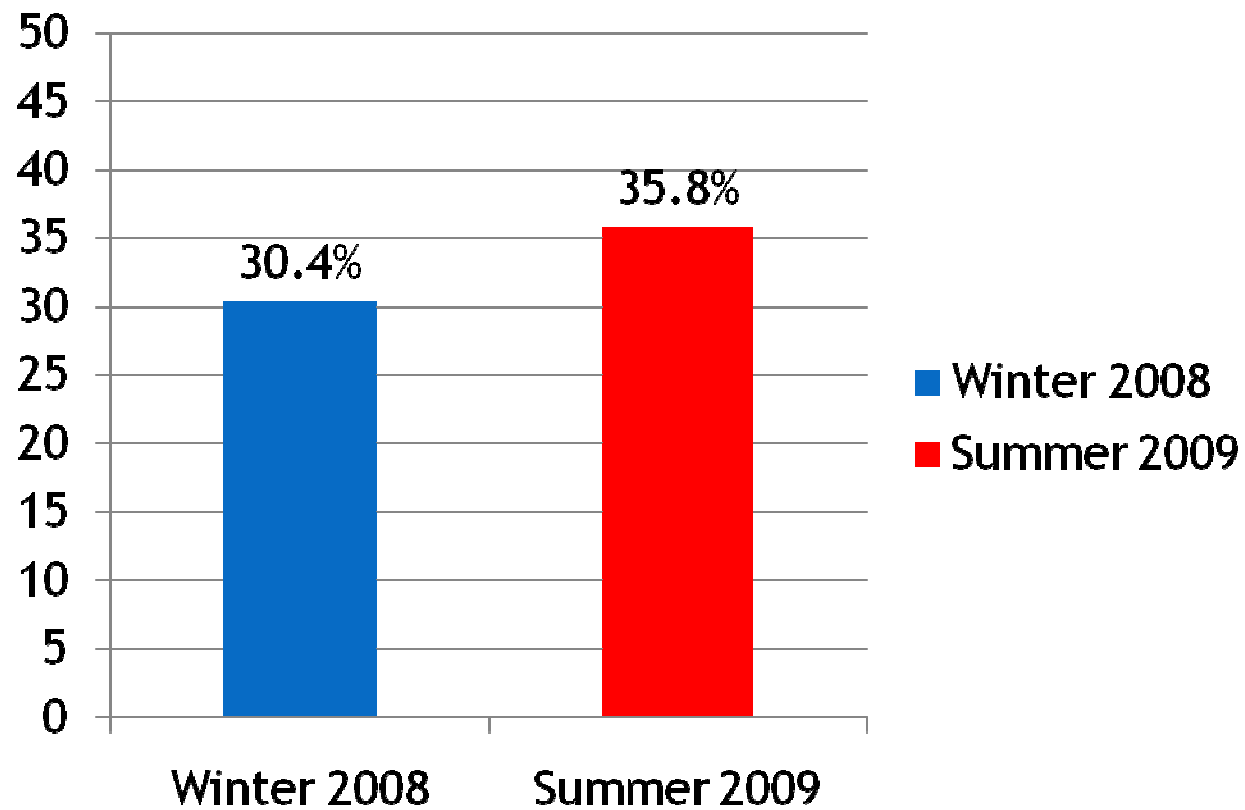


2009 Economic Impact Study

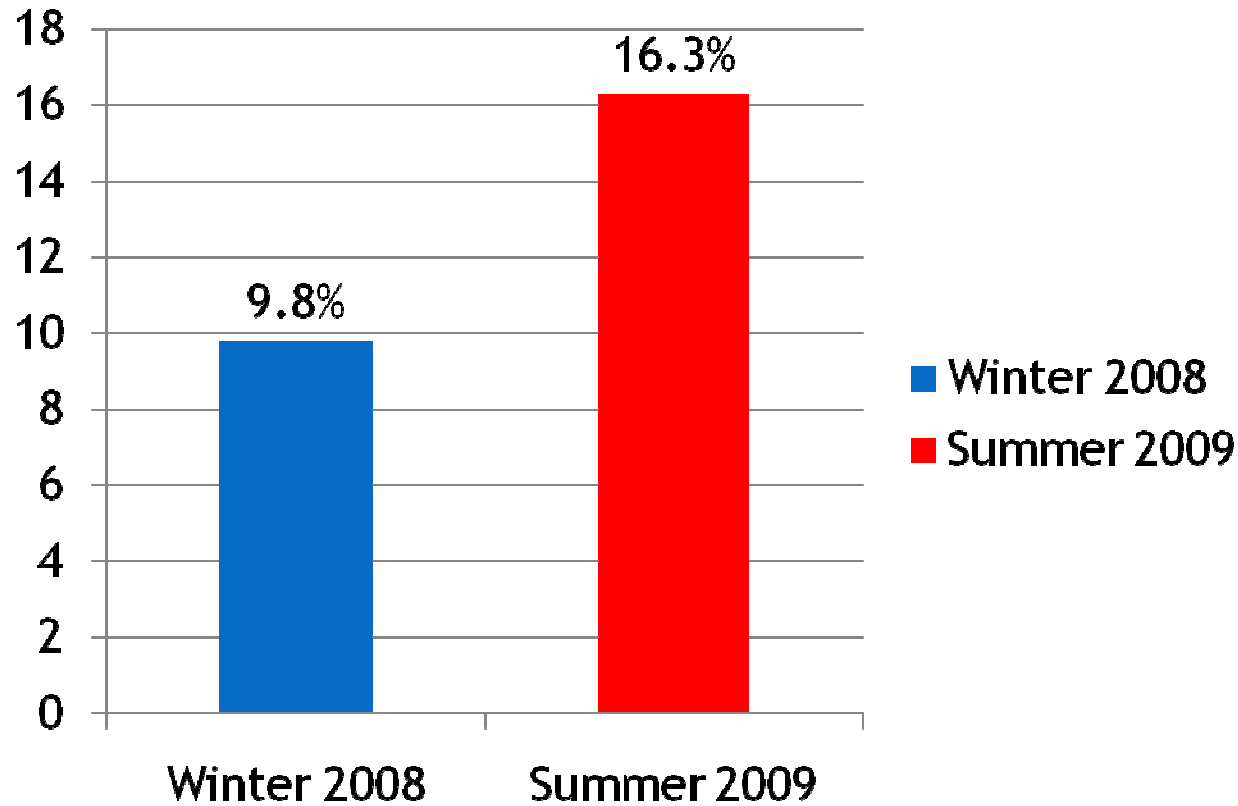
- Member participation has increased in online meetings/programs and social media.
- Online education programs currently supplementing, not supplanting, in-person meetings.
- Membership is taking a hit across the board, particularly those who intend to drop their membership regardless of who pays.
- Members outside the U.S. remain more committed to their memberships.



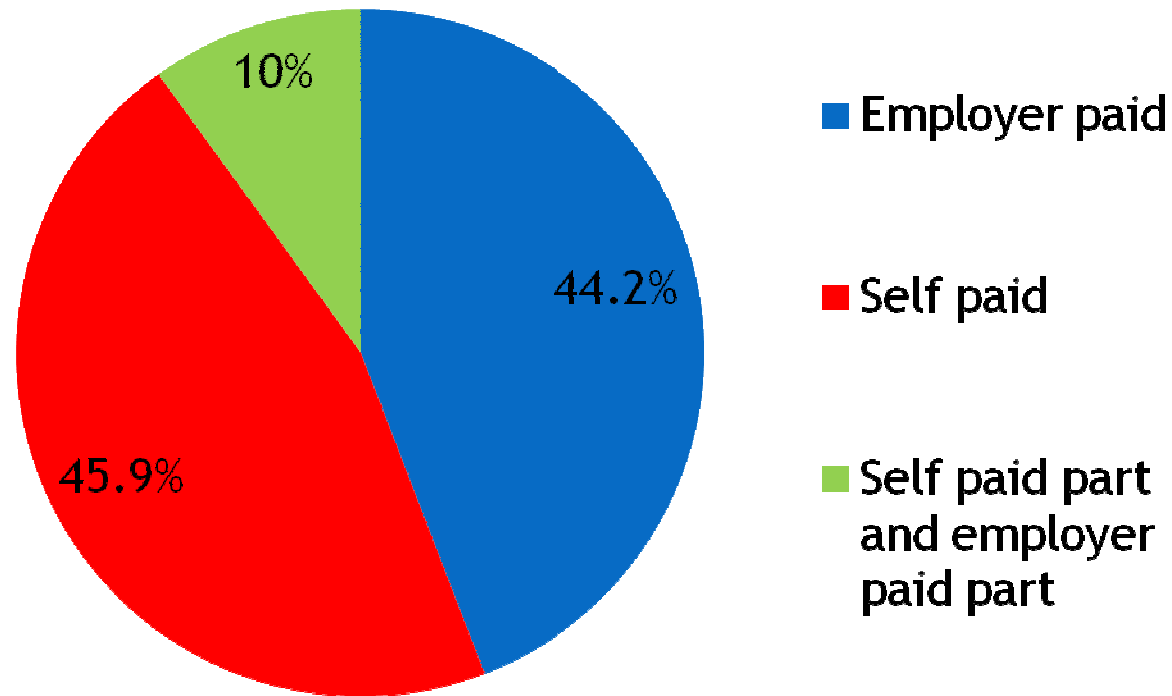
Participation in online meetings and training events.



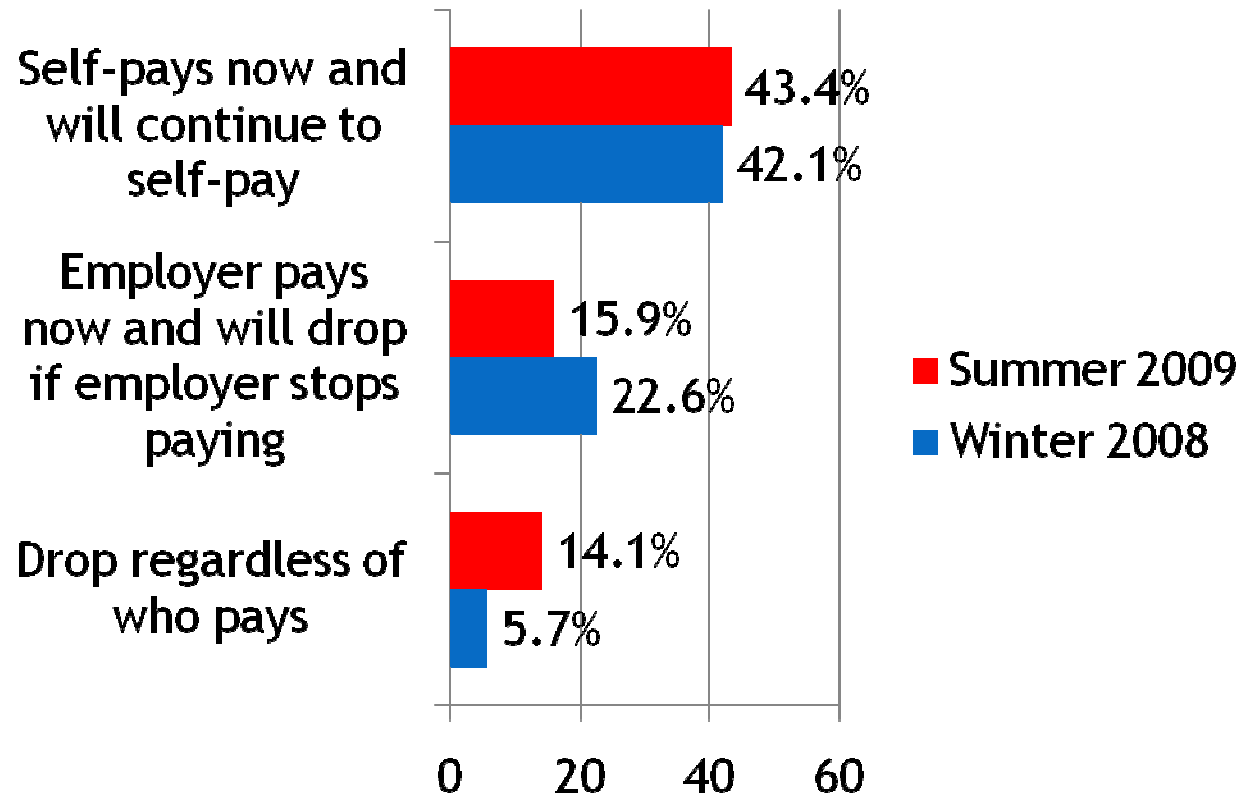
Participation in any association activity using social media, such as Facebook, LinkedIn, SharePoint, or other web-based community tools.



How were your association dues paid the last time?



Likely action on next renewal.



Social Responsibility

- A key outcome from the 2008 Global Summit for Social Responsibility was a voluntary set of “Global Principles” for associations.
- The principles align with universally accepted principles in the United Nation’s Global Compact.



Social Responsibility

- The Global Principles affirm a commitment to leveraging the power of associations to create business practices that make a positive social, economic, and environmental impact while creating healthier organizations.
- The principles touch on responsible advocacy, environmental and economic sustainability, public protection, diversity, community service, and leadership.



Top Benefits of an SR Strategy

- Enhances reputation and visibility that supports marketing objectives.
- Increases valuable partnership opportunities and coalition experience.
- Attracts and helps retain a high-quality workforce.
- Attracts and helps retain and engage members/customers.
- Ensures more effective risk management.



Top Benefits of an SR Strategy

- Often leads to new products and services.
- Frequently results in significant cost savings through increased operational efficiencies and innovations.
- Provides competitive advantage.
- Provides another outlet through which to accomplish an organization's mission.
- Increases awareness of the association's mission or cause.





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