

## Feature

### Rethink Your Membership Structure

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By: Lynda McDaniel

Changing the way your membership is built can increase membership numbers and revenue. Here's how four organizations changed their structures for the better.

In baseball stadiums across the country, a perennial debate rages every September from box seats to bleachers. "We've got to hang in there and make what we've got work better," one side wagers. "We need to rebuild; it's time for something new," the other side counters.

For most teams, the answer is somewhere in the middle. And that's what Andrej Suskavcevic, CEO of the Commercial Finance Association (CFA), found when his association began grappling with the conundrum of whether to maintain the status quo or restructure its membership.

Originally, CFA membership was exclusive and only offered to lenders at the national and chapter levels; nonlenders were excluded. "This has been an issue for us for some years, and as a relatively new CEO, I took on this task," Suskavcevic says. "Eventually, we came up with a hybrid, but only after six months of spirited debate over how we could change our membership structure and not lose our identity. We had lots of passion over pros and cons, yes and nos."

CFA wanted—and needed—change, which in 2007 was a big reason Suskavcevic was hired as the fourth CEO in the association's 66-year history. As part of a new strategic plan, Suskavcevic led a rigorous review process of the membership structure, and he soon discovered a gap between lenders and the lending community as a whole. That raised new questions: Why shouldn't CFA recognize the contributions nonlenders or service providers make to the lending community? How can the association add new constituents without undercutting its core members, the lenders themselves?

**In 2005, the National Volunteer Fire Council had 1,500 members. It now has nearly 12,000.**

### Open Doors

"We came up with a new structure that, on a national level, includes lenders only. On the chapter level, we opened membership to service providers," Suskavcevic says. "We also now include three service providers on our executive committee. Based on the extreme concerns on both ends of spectrum, we found a middle ground. And we've had universal support for this approach."

The need for increased inclusivity also drove the American College of Healthcare Executives to develop a new credentialing system. In 2005, ACHE offered three levels of membership—Member, Diplomate (CHE), and Fellow (FACHE)—each requiring different educational degrees and levels of expertise. But as more people from nontraditional backgrounds began to join the association, fewer affiliates were becoming credentialed—at the very time when credentialing was becoming increasingly important for the profession.

"Our members traditionally earned a master's in hospital administration, but now membership has broadened to include nurse executives, physician executives, and other healthcare [industry professionals]," says Cynthia Hahn, ACHE's vice president of membership. "As a result, the number of people getting credentialed was going down, or they were sticking with their CHE status. Given the increasing variability in educational and experiential backgrounds of individuals entering healthcare management, a greater commitment to credentialing and continuing education was critical for our profession."

Like CFA's experience, board and member buy-in was essential. To lead the restructuring review, ACHE created a credentialing task force made up of elected leaders, board members, and the membership committee. They oversaw a thorough process that included a program and market audit, discussions with past and present ACHE leadership, in-depth interviews, and surveys with affiliates as well as stakeholders, such as executive search consultants and nonmember CEOs. The task force also worked with a consulting firm, Knapp & Associates, which specializes in the design of credentialing systems.

After two years, the team at ACHE realized that the difference between the two credential levels was confusing to the rest of the world. In 2007, ACHE launched a new structure that dropped the CHE and offered only the FACHE level of credentialing with a more rigorous educational requirement. They followed up the restructuring with an extensive outreach campaign, including fact sheets, articles in magazines describing the change, e-blasts about why the change was important, and two emails to affiliates that made it easy for them to comment.

"The key was that we kept open our lines of communication throughout the process," Hahn says. "Our theme was that we wanted to make the credential process rigorous and inclusive. Before it had been rigorous and exclusive."

## **More Members, More Benefits**

A more inclusive membership structure can benefit just about every association—offering a boost in revenue, bolstered clout on Capitol Hill, and improved attendance at conferences. That's what Sarah Lee, MPA, CAE, deputy director of the National Volunteer Fire Council, realized when she started with NVFC in late 2005. NVFC started off with a membership structure where fire departments could purchase a department membership for \$50 plus an additional \$30 per volunteer member.

"Back then, we had only around 1,500 members that we tracked in an Excel spreadsheet," Lee says. "To put that into perspective, there are close to one million volunteer fire and emergency personnel in America and somewhere around 24,000 volunteer or mostly volunteer fire departments. We wanted to attract more of that potential membership."

### **An under-\$100 dues option helped the Professional Association of Innkeepers International's membership grow 13 percent.**

NVFC constituents are all volunteers, so Lee knew NVFC had to keep membership costs down. With that in mind, she and her team slashed the \$30 membership fee to \$10. This "All Staff Membership" option allowed an individual fire department to purchase an NVFC membership for each of its volunteers at just \$10; NVFC also waived the department membership of \$50. As a result of the restructuring, NVFC now has 11,804 members (and counting).

The Professional Association of Innkeepers International also needed to attract more members and faced similar issues with its dues structure. Prior to its membership restructuring last October, PAII members paid based on the number of rooms in their inns; rates for one to five rooms began at \$215 annually. But in 2007, following six years of declining membership (from 3,000 to 2,000), then-new CEO Jay Karen knew something had to change.

"I was able to stop the proverbial bleeding and see growth of a couple of percentage points before we changed the model, just by improving service and benefits," he recalls. "But I'm more interested in having 5,000 or 6,000 members by making radical changes than creeping up at one percent annual growth. One of our many growth strategies involved starting over with our membership structure. I found that too many of the potential 16,000 innkeepers did not see value in our membership at the dues rate and structure we were offering, and about 30 percent of our members were not renewing each year. To be fair, many don't renew because they decided to go out of business, but still, we needed to increase our membership."

Karen and his team conducted online focus-group meetings with innkeepers who were not members of PAII. They presented a new model and solicited feedback, a critical component in determining an attractive new membership proposition.

## **Less Is More**

PAII's new membership model, which launched in October of last year, is no longer based on numbers of rooms but rather three levels of benefits. Silver memberships now start at \$89, Gold at \$199, and Platinum at \$289. They also added a free subscriber option that offers PAII's quarterly magazine and weekly e-newsletter at no cost. In addition, Gold and Platinum members have a graduating scale of benefits that weren't available before. For example, PAII used to charge all members for its bimonthly educational webinars. Now, Gold and Platinum members receive monthly webinars at

no additional cost. Silver members have to pay \$49 for each if they want to attend or have the recording.

"It was critical that we have a membership option under \$100," Karen says. "That was a strong message we got, because cutting a check or hitting the 'submit payment' button for an amount under \$100 doesn't take as much consideration or critical analysis."

And it's working: Membership is up 13 percent compared to April 2009. "While revenue is holding even, obviously we're hoping for ancillary or cascading benefits—more members, more people tuned into our conference messaging or webinars," Karen says. "Now we're in the volume game. With such an inexpensive option, we have no choice but to play the volume game to sustain our level of operations."

## **Growing Pains**

For argumentative baseball fans and, frankly, just about anyone in the human race, change comes hard. That means when change is proposed, controversy can't be far behind. And that can lead to avoiding change to the detriment of the organization.

"Our biggest challenge was that some folks might say they want change, but when it came down to doing it, they were hesitant to pull the trigger," Suskavcevic says. "Many of our volunteers work short term in leadership roles, so it's difficult for them to look beyond the next year to see the long-term implications. We had to work through this. We had about 36 hours of committee meetings over a nine-month period to talk about these issues. Everyone was passionate and every aspect was very thought through. Today, even those people concerned about this change tell us they are happy that we listened and incorporated their concerns rather than brushing them aside. We're getting feedback that this was the right move for the organization. It maintains our integrity and identity and lets more people get involved."

Change also fosters new problems. For NVFC, the substantial influx in membership challenged its small staff of 12, but then NVFC got creative. Instead of laboring over an Excel spreadsheet, for example, staff found a software package to do the job faster and better. Staff also implemented several cost-saving measures, such as replacing an extensive membership packet with a one-page membership mailer for new or renewing members and using the membership software to implement online memberships and send e-newsletters (saving \$500 a month on the listserver they previously maintained). In addition, NVFC switched from a calendar-based membership structure to an anniversary-based structure in order to promote membership year-round while also spreading the revenue and workload associated with membership across the year.

On the plus side, NVFC has enjoyed added benefits from its expanded membership, especially the lower rate for the accidental death and dismemberment (AD&D) policy it provides all members. That, in turn, has attracted state fire associations.

"Our state association members can now offer NVFC membership to all of their individual members for just \$10 a person," Lee says. "In addition to other NVFC benefits, this option enables them to provide their members with our most important membership benefit, a \$10,000 AD&D policy, at a price they can't obtain in their state. We piloted this idea in Texas last year and gained 4,000 members. North Carolina has just come on board as well, and this year we have several other states that will be taking advantage of this offer. We anticipate our membership will increase dramatically in 2010. Later on, we may have to increase our dues, if necessary, but we decided it was more strategic to increase our membership numbers first."

PAII is also enjoying dual membership opportunities. Prior to its membership restructuring, it had no formal relationships with many of the state associations for innkeepers. Even though PAII doesn't compete with those associations, potential members judge the organization as though it does. PAII supports its members through education, networking, and lobbying, while other local and state associations offer marketing leads and bed-and-breakfast directories. Now that its membership is so affordable, PAII is working on some promising deals with hotel and lodging associations.

"We're talking about automatically packaging our association with theirs," Karen says. "We're still fleshing out the details, but we're negotiating on a group rate with eight to 10 associations on a multiyear agreement. We're already working with an Ohio association that will handle all the invoicing, which is another plus. And lower dues have also led to successes with vendors willing to package in a PAII membership for innkeepers who do business with them."

Karen knows that PAII's restructured membership program will continue to develop a more inclusive membership. That means he will have a wider audience for his most passionate mission.

"We had to change our value proposition to attract more members, which has allowed us to provide more people the education, webinars, and networking they need to thrive in this industry," he says. "Most innkeepers come from other careers, so they're hungry to learn what it takes to run a successful bed-and-breakfast. And that's exactly what I set out to do when I accepted this position—I want to teach them to fish rather than bringing the fish to them."

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