

Create a Fresh Start for your Non-Dues Revenue Future

By Laurie Ford, PhD

The easiest way to increase association revenue is to increase membership, right? But what if there is limited likelihood of membership growth but you still 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.

Creating or increasing your non-dues revenue, also called earned income, is a challenging change to make. This change can mean a substantial investment of staff time and resources, so it needs to be well thought out before you commit. Where do you start?

Three Tasks to 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. Doing the following three tasks can refresh your perspective and give you the knowledge to get your board and executive team engaged in productive conversations about new revenue.

1. There are the six major categories of association non-dues revenue. What percent of your revenue comes from each of the following?

- Fundraising
- Meeting registration fees
- Trade show sales
- Consulting
- Print publications

Showing your association's revenue in these six categories will help your board and staff to see the revenue streams in a fresh light. It's okay to use sub-categories to help them see more details, but stick with these major groupings. It might be tempting to skip this step, because you think they already know this perspective – after all, you send them those annual reports, right? Do it anyway, and prepare to be surprised.

2. It takes money to make money. How much does your association spend to bring in each type of revenue? A ball-park figure is good enough for now.

Staff time, printing, and computer support are needed for almost every revenue stream. You may have other sizeable expenditures associated with some of your revenue. Come up with an approximate dollar figure for your expenditures associated with each of the six revenue categories.

This information will give you a new understanding of the term “revenue cycle” – it really does cycle in, through, out, and around. You and your board members will get a new appreciation for the way your association expenditures create value, and how that value creates revenue. It will open a discussion that allows you to create more value – and more revenue – by choosing to emphasize the revenue streams that are most effective for you.

3. Is your board on board? Does everyone agree that it's time to build new or better ways to create more value and bring in new non-dues revenue?

If you are the only one who sees the need, then show them the future. Assemble the evidence of financial trends in your area, along with projections of what this means for your association.

- What will happen to each of those six categories of non-dues revenue?
- What will happen to the expenditures that make those revenue streams possible?
- Is your total amount of non-dues revenue growing every year, or is it staying about the same? If revenue is growing, is it keeping pace with inflation?

Create a visual table or graph showing where your association might be five years from now, starting with today's numbers projecting based on expected trends. Don't worry about being "exactly right" – nobody knows the future – but use the best information you have about changes in your specialty and economic trends.

Remember, you aren't trying to create a crystal ball, you're trying to get a good discussion going to create a path to a better future.

Three Tasks to Create a First-Draft Plan for Better Revenue

There are three questions that will help you shape a plan. Each one is good for a discussion by various groupings of board and staff members. The purpose is to get people thinking and talking about making changes in your association's revenue streams. The discussions raise problems, ideas, and solutions, and they also get more people aligned with the idea of.

1. How much more income do we want? Saying "more" is not enough: you have to be specific.
 - Do you want an increase of 3-5 percent, 5-10 percent, or more than 10 percent?
 - In which of the six non-dues revenue categories do you think you can create new revenue that will support your members, either directly or indirectly? What percent increase would you like to see in each area?
 - What might it cost to make those changes? What might it cost to sustain them?

When people look at finances from this perspective, they begin to imagine a new future. This helps everyone get out of the survival struggle. Of course, they jump into a new struggle: how to build member value *and* revenue at the same time. But that's exactly what you want people to be talking about, isn't it?

2. How can we get what we want? Do we want new products, services, or communications? Do we want new relationships?

Get groups of people talking about the most promising avenues for your unique association. Some ideas:

- Could you combine two or more moderately successful products and/or services into a new package that offers more hands-on value for members?

- Are there some things you have always included in your membership package that could be dropped without causing problems? Or benefits that could be replaced by something more useful – and more economical – to produce?
- Can you modify any 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, making them smaller, more easily accessible, and more user-friendly.
- What new or improved relationships would help you provide more value, either to members or to people outside the association, for a good revenue return? One association began a partnership with an educational company to improve their marketing effectiveness, reach more customers outside the membership, and provide more convenient delivery. Another association built new relationships with advertisers, arranging to sell more ad space in their directories and on association product and service packages and materials, including internet banner and button ads.

Brainstorming is sometimes overrated, but not in the case of revenue development. Your association already has several different kinds of non-dues revenue. Can you get people talking about adding, combining, or changing what you already produce? Practice exploring all the options, and think outside your past.

3. Is it mission-relevant? You'll need to “true up” all the good ideas by making sure that each new revenue plan is related to your association’s mission.

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 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.

Revenue solutions that have nothing to do with your mission will still use your resources. Members have access to lots of benefits from lots of places, and you want them to see you as providing distinctive solutions.

Two Final Tips

Caution: don't fall for the idea that simply making all your 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 needs.

Focus: it is usually wiser to pick one or two areas to focus on than to try a little of everything. A strong focus will help you build stronger expertise, and get to know which strategies are most effective.

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