

# Show Me the Money

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What are the best sources for non-dues revenue? Which areas attract the most money without jeopardizing the mission? Does the association have the time, the staff and the knowledge to pursue non-dues revenue? Will the board support your efforts?

These are just some of the questions being asked by almost all associations, but for the small to mid-sized association, whose budget is becoming more dependent on the answer, they can determine the financial health of an organization.

In recent years, the pursuit of non-dues revenue has evolved from an ambition to an obsession for many organizations, and well it should. Flat or lower membership dollars, difficulty in assuring attendance growth at meetings, increased competition from for-profits and a general wariness regarding the overall participatory nature of the next generation of potential members necessitates new revenue options.

## THE SMALL ASSOCIATION, SPECIFICALLY

Recent trends indicate that associations are investigating how to bring more money to their publications, meetings, exhibitions, continuing education and Web sites, and how to make affinity programs relevant to the mission and member needs. ASAE & The Center for Association Leadership's Operating Ratio Report identified non-dues revenue as representing 71 percent of the total revenue of small-to-mid-sized associations (\$500,000 to \$5 million in revenue) in 2003 versus 63 percent of total revenue in 1999, the last time the report was compiled.

Associations are beginning to understand the imperative of developing a value proposition, outlining their organization's worth to stake holders. What is the return on investment in time, money and commitment? What is our nonprofit competition doing? And, perhaps more importantly, how will the for-profit world continue to encroach on our once-private audience?



Just as associations are being asked to provide practice management tools to help make members better at their profession, they are being asked to provide access to suppliers and vendors who will make the members' jobs easier and more efficient. This is part of a win-win-win philosophy where the members' return on investment is not just in traditional education or social networking, but actually becoming better at what they do as professionals. The supplier is given controlled access to a target audience they want to reach, and the association improves its bottom line by providing appropriate and controlled access, while charging fees that are commensurate with the exposure.

The most valuable commodity an association has is its database. You know who your members are, what they do, where to find them, and the ability to reach them frequently. Plus, by extension, you've already gotten permission to speak to them and create opportunities. Your database should tell you the gender, income levels, geographic location, professional titles and many of your members' buying trends. It is the exact opportunity that advertisers, sponsors, exhibitors and companies who create affinity relationships are looking for to fulfill their target marketing plans. You may be sitting on a gold mine, but don't know where to dig.

## EYE ON SPONSORSHIPS

The fastest growing trend in non-dues revenue growth is sponsorships. Why? Sponsorships represent the best of invitation marketing to your membership. Advertising and exhibition are one-way communication touting a product or service designed to interest your members in a direct fashion. It is a call to action, now or in the near future. But a sponsorship, if done correctly, is an open statement of a relationship between the association, the supplier and the member created for the advantage of all three.

The following guidelines should be considered when developing or expanding your non-dues revenue opportunities:

- **Association culture** — Ensure that your board and staff understand the critical value of raising non-dues revenue.
- **Database development** — Know your members by age, gender, income and whether they are decision-makers or influencers within their profession.
- **Value proposition development** — Know how your association is perceived by members, supplier partners and other organizations in order to establish what your publications, meetings or Web site are worth in the marketplace. Your value proposition can help determine all of the operating decisions about the organization in the future.
- **Mission adherence** — Allow only products and services that will enhance your members' professional and personal careers.
- **Sales development** — Determine if you have the necessary in-house expertise or need to seek professional help.
- **Measuring success** — Create a clear set of metrics; gross revenue is not the most important measure.

For all of the right reasons, small to mid-sized organizations should be in pursuit of revenue diversification to ensure the health of their organization and the professional success of their members. ■

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