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#RACLDW2016

www.regionalassociation.org
Toes in the Pond
– Benchmarking Recap:
Stories from the Trenches

• 2016 Trends
• 5-year Trends
• What We’ve Learned
• What To Do Now

Carol Gauger, MAS
Why Benchmark?

• Captures key performance metrics
• Provides focus for potential strategic initiatives
• Confidential context for sharing best practices among similar organizations
Benchmarking as a Road Map
What areas were Benchmarked?

• Member Engagement
  – Existing Membership
  – New Members
  – Prospects

• Trade Show
  – Revenue
  – Expenses
  – Participation
What areas were Benchmarked?

• Professional Development
  – Revenue
  – Numbers of Programs/Participation

• Financial
  – Revenue: Non-dues/non-trade show
  – Annual Revenue/Expenses
  – Profit/Loss
New Benchmarking Topics for 2015

• More detailed data for non-dues/non-trade show revenues
  - Royalties, or Affinity Programs
  - Sponsorship
  - Advertising
  - Social Events
  - Other

• Total number of trade shows offered per year
• Numbers of new events offered over prior year
• Total number of people served
Benchmarking is most useful when:

• Information is reliable and consistent
• Calculated for consistent time periods
• Used in comparison with like organizations
• Viewed as a snapshot AND as a trend
Have you found value in the regional benchmarking program?

How does your association use the report?
Recap - Results in 2014

• 26 of 27 Regional Associations participated

• Results spotlighted some surprises
  – Overall regional performance was not being measured, or reviewed
  – Lack of formal budgeting process
  – Inconsistencies in association records
  – Weak, or non-existent recruiting activities
  – Continued high dependency on trade show(s)
Recap - Results in 2015

- 26 of 27 Regional Associations participated*
- Mixed results
  - More budgeting processes in place
  - Soft membership
  - Modest improvement in bottom line for some
  - 2013 vs. 2014 more net loss reported
  - Continued high dependency on trade show(s)
Results in 2016

• All 27 Regional Associations participated

• Positive Results
  – Dues revenue improvement
  – Trade show revenue improvement
  – Trade show expense reduction
  – Show attendance/booth sales – slight improvement
  – More new events
  – Strong improvement in non-dues/non-trade show revenue
Have you reviewed these key year-over-years results?

Do you believe this is reflective of your association results?
Regional Relations Perspective

• We believe that stabilizing and growing membership will have an immediate positive impact for your Association.

• The Regional Engagement Program provides an opportunity to get help working on this.

• When you have a robust community to serve, you will be able to deliver good events to a broad audience and earn the revenue needed to fund your goals.
Member Engagement
2015 Revenue based on an average member population of 111 Distributors; 107 Suppliers and 18 Multi-line reps, or a total of 239 members (256 for 2014)

- Average $30,972 ($29,128 for 2014)
- Median $27,213 ($24,108 for 2014)

How do you compare?
Member Engagement Results

With 5 years of data, you can see how you trend

Dues Revenue

- Average
- Median
Do you know how many prospects exist in your market?

Is dues growth an area of focus for your regional?

How many of you have/are considering changes in dues structure?
Our regional community, dues represents 18% of overall revenue vs. 40.4% in trade associations overall (down from 41.4% in 2014) –

Thoughts?
Do you have an interest in seeing a regional by regional dues report?

Source: 2016 Membership Marketing Benchmarking Report prepared by Marketing General Incorporated
How We Stack Up (our industry)

• 48% of Organizations Grew Membership
• Median Growth Rate was 15%
• 53% Grew with New Member Acquisition

The average number of new members reported by our regionals was 33 for 2015; this number is flat compared to 2014, but up since 2013.

What would 15% mean to you?

Source: 2016 Membership Marketing Benchmarking Report prepared by Marketing General Incorporated
New Question

How many people does your association serve?

The RAC Board requested this question in an effort to gain an understanding of the average number of employees within your member population …

Did you interpret this question differently?

Would this information be helpful if we were able to capture it more accurately?
The Value of a Member

What are your fixed costs related to recruiting a member?

- Dues: $100
- Expenses: $(25)
- Net: $75

Do the Math
If each member represents a net contribution to the bottom line of $75, how easy is it to improve your financial performance?

Do you know the financial “value” a member represents?
Top Reasons for Joining

- Networking with others in the field (59%)
- Advocacy (34%)
- Access to specialized and/or current information (32%)
- Learning best practices in their profession (28%)
- Conferences/trade shows (23%)
- Continuing education (15%)

Source: 2016 Membership Marketing Benchmarking Report prepared by Marketing General Incorporated
Dialogue

• Are you using a survey?
• Are you using another method to capture this information?

Regional Member Engagement Survey

1. How long have you been a member of XXXX Association
   - 1 year
   - 2-3 years
   - 4-6 years
   - 6-12 years
   - More than 12 years

2. What is your primary reason for being a member? (check all that apply)
   - Attend/Attend Association Tradeshow
   - Participate in Networking Opportunities
   - Participate in Educational Events
   - Receive Member Exclusive Products (newsletters, coupon books, member directory etc.)
   - Industry News
   - It’s the right thing to do
   - Other (please specify)

3. How many Association events have you attended over the past 12 months?
   - All
   - Most
   - Some
   - A Few
   - None

4. How likely would you be to recommend an Association membership to a colleague?
   - Very Likely
   - Somewhat Likely
   - Neutral
   - Not Likely
   - Very Unlikely
# Member Needs

<table>
<thead>
<tr>
<th>Key Stakeholders</th>
<th>Needs</th>
<th>Wants &amp; Preferences</th>
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<tbody>
<tr>
<td>Distributors</td>
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<tr>
<td>Suppliers</td>
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<td>Board</td>
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One size DOES NOT fit all …

Don’t be afraid to ask your members what they want
Your Value

• You MUST understand why people join

• If you and your Board can’t answer this, you have a problem

• The days of belonging because it’s the “right thing to do” are essentially gone

• Ask now! (survey)

You must be able to verbalize your value
Do you feel your members belong because of “networking”?

Caution – don’t assume this means a show

How important do you think advocacy is?

Are you participating and publicizing your efforts in this area?

Do you have one, or more people participating in L.E.A.D.?

Do you promote the “virtual fly-in”?

Have you looked into participating in a L.E.A.D. Local?
Do you participate in any other type of outreach to promote the industry?

Are you using information like research as a means of engaging with members?

How often do you offer professional development?

You may also have members who are great presenters . . . are you taking advantage of this resource?
Ideation

- Develop a “model” value statement
- Implement a money-back guarantee
- Develop a “branch” program
- Develop new member benefits; self-promo offers
- Incent existing members to recruit new members
- Develop new recruiting materials – use messaging that is targeted to the prospect
- Develop a tiered dues program
- Differentiate what members receive vs. non-members
How We Stack Up

67% of trade associations have an Engagement Plan

AND

Associations with the strongest retention rates (80%) have an engagement plan.

*As reported in the 2016 Membership Marketing Benchmarking Report prepared by Marketing General Incorporated
A great way to stabilize and grow membership is to conduct a self-audit and build an engagement calendar.

**Engagement Audit**

<table>
<thead>
<tr>
<th>Event/Description</th>
<th>Timing</th>
<th>Attendance/Participation</th>
<th>% of Membership</th>
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</table>

**Quarterly Engagement Calendar**

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<th>Event/Owner</th>
<th>Jan</th>
<th>Feb</th>
<th>March</th>
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Why … now what?

We’ve covered why people join … now

How do you get people to join?

• Word-of-mouth recommendations (75%)
• Email (50%)
• Personal sales call (48%)
• Promotion at conference/trade show (36%)
• Cross-sell at event they attended (32%)
• Association website (23%)
• Direct mail (21%)
• Fine tune, or develop a value statement — speak to benefits NOT features

*As reported in the 2016 Membership Marketing Benchmarking Report prepared by Marketing General Incorporated
Membership Growth

• 74% of our regionals have a plan in place
• Set a goal
• Put a strategy together/take advantage of PPAI Strategy Sessions
• Consider ways to use the top recruiting channels
• Work the strategy – remember AOD
  – What does AOD mean?
Do you know your “value” equation?

Have you implemented a membership drive?

Have you considered how valuable existing members are to this process?

What methods have you tried?
Member Retention

• Current retention rates are not tracked consistently

• Benchmarking data suggests that memberships are shrinking despite new member acquisition, what are the causes?

• This is a critical measurement that may be a more accurate indication of how you are performing
Member Retention

- It is more time-consuming and potentially more costly to recruit a new member than to keep a current member.
- Membership fluctuations put all other programs and related revenue (including trade shows) at risk.
Top Reasons for Not Renewing

• Budget cuts, or hardship
• Could not justify the cost/no ROI
• Lack of engagement
• Company closed/merged
• Lack of value

*As reported in the 2016 Membership Marketing Benchmarking Report prepared by Marketing General Incorporated
How would you like your members to complete this sentence?

“I belong to (Association) because being a member ________ for me (or my company) and that makes me more ________.”

I belong to ________because it enriches my career in the industry and educates me about the suppliers and techniques that will ultimately further my career.
# ROI

<table>
<thead>
<tr>
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<th>Benefit</th>
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<tbody>
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<tr>
<td>Suppliers</td>
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<tr>
<td>Multi-line Reps</td>
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<tr>
<td>Other Members</td>
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<tr>
<td>Board</td>
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<tr>
<td>Non-Members</td>
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</tbody>
</table>
Value Statement

• Cost per Day
• Coupon Book – total savings potential
• FedEx Discount – range of savings
• Pantone Discount – range of savings
• Additional Sage Discount
• Communicate the savings members realize for events they can attend for free
Can you communicate the value/ROI?

Can you implement programs to ease the financial hardship?

Are you making welcome calls to new members?

Are you conducting exit surveys when someone doesn’t renew?
Retention

• It’s time to start tracking retention

• The simplest method – how many current members did not renew this year?

• Before you will experience any net gain to your membership, you will have to replace lost members
Trade Shows
Trade Shows

• For most regional associations, trade show revenue continues to be the principal source of revenue at approximately 74% of total revenue. This is up 5% over 2014.

• Regional Associations are doing a good job of managing expenses with significant decreases since 2012 (31%) while attendance has not dropped proportionately.
Dialogue

Attendance at Trade Shows continues to drop

- 2011 to 2012 3% drop
- 2012 to 2013 7% drop
- 2013 to 2014 7% drop
- 2014 to 2015 12% increase
- Booth numbers continue to drop (5.2 for 2015)

Do you know what 2016 results were?
If you had fewer attendees, do you know why?
Review this before you finalize future plans
Insanity: doing the same thing over and over again and expecting different results.

-Albert Einstein
Trade Shows per Year

- 5 Associations offer one show per year
- 11 Associations offer two shows per year
- 7 Associations offer three shows per year
- 1 Association offers four shows per year
- 2 Associations offer five shows per year
Dialogue

• What does this tell you?
• Do you know how many non-members attend your trade show?
• How can you leverage your show for recruiting and retention?

You will only be able to calculate this using your specific data; the averages reported overall will not calculate correctly.
If you want to protect this revenue stream, you must grow attendance and you must continue to have a strong offering of “good” suppliers.
"If you build it, they will come!"
-Field of Dreams
Financials

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</table>
Revenue vs. Expenses

- Expenses increased 5% 2015–2016
- 7 Regionals reported losses in 2015 compared to 10 in 2014 and 6 in 2013

What is your reaction to this?
What would your recommendations be?
Revenue vs. Expenses

- 6% increase in dues as compared to 13% drop in dues in 2014
- 4% increase in trade show revenue compared to 12.4% drop in trade show revenue in 2014
- AND a 3% decrease in trade show expenses resulting in a 7% increase in overall margin
- AND a 40% increase in non-dues/non-trade show revenue
Dialogue

• Do you have ways you differentiate the member vs. non-member experience?
• Can you identify your Top 2 expense lines?
• Can you identify your Top 2 revenue lines?
• Do you develop a budget with these in mind?
• Are you comfortable soliciting sponsorships?
Other Revenue

- New Revenue Streams are being generated
- Professional Development Revenue – average $3,714
- Affinity Programs/Royalties – average $2,363
- Sponsorship Revenue – average $5,517
- Advertising Revenue – average $2,872
- Social Event Revenue – average $5,196
Reserves

- Currently 22 Regional Associations report having a reserve account
- We continue to see some association contribute to their reserves, but we also are seeing some withdrawals from reserves – 5 made contributions; 4 withdrew in 2015

Are you tapping into your reserve account to meet current obligations, or have you invested in a new initiative?
 Dialogue

What is the quickest way to add revenue?
What is the least costly way to add revenue?

Consider the correlation between the size of your membership and the strength of your show and other events
Members determine the value of an association to their business through self-selected engagement points, i.e., how, when, where they want to participate.

Are you looking at who and what?
Are you asking them what and when?
Summation

• At the end of the day, if your trends show improvement ... keep doing what you’re doing!

• If your revenue is dropping, but the related expenses are not – you must dig in and determine why and find ways to reduce expenses

• Don’t be afraid to ask questions of your members – they will appreciate the opportunity to tell you their perspective – you may get a “heads up”
Questions