AMC-Management Model Continues to Outperform

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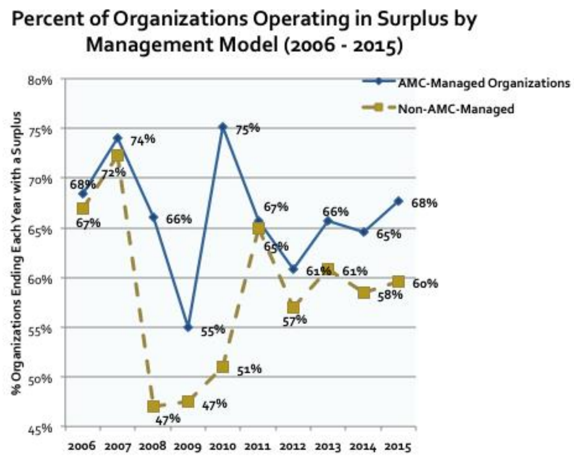

The results are in – AMC-management model generated more consistent operating surpluses and grew reserves to a greater extent between 2006 and 2015 than did the non-AMC-model (i.e., directly employed staff and full financial responsibility for occupancy and capital costs). A complete report of the findings, methodology and list of organizations studied are in: “AMC-Managed Organizations Generate Operating Surpluses More Consistently over 10-Year Study Period Than Organizations Not Managed by AMCs.” The data analyzed was all extracted from each organization’s 990 filings over the 10-year period.

For those familiar with the AMC-model, this is not a big surprise. What is newsworthy about the results is that we have credible evidence about the advantages of the model for associations. These results add to previous studies conducted in the past decade showing that the AMC-model is both the less-expensive alternative to hiring staff directly and shouldering all operational costs, including capital purchases, but more importantly, also the more productive association management model. Key findings include:

- The AMC-management model experienced less frequent operating deficits and was more effective at containing deficits when they occurred, whereas the non-AMC-managed model experienced more frequent operating deficits than did AMC-managed organizations.
- The AMC-management model generated higher rates of growth for associations as measured by the increase in number of months an AMC could operate at full capacity after revenue sources stop contributing new revenue (e.g., glide months).

These latest results lead to a more interesting set of questions: Why does the AMC-model outperform the non-AMC-model? What’s the AMC-model’s ‘secret-sauce”?

There are two reasons – or some combination of the two – and possibly a third reason. First are the economies of scale – shared resources and being able to provided the right blending of staff talent and capacity to each client organization.

Second are economies of scope – the benefits from staff simultaneously supporting other, similar client organizations. The benefits are derived directly from a richer set of experiences AMC staff bring to each client based on lessons learned from other client work.

The third possible reason is the "outsiders' perspective" of the AMC chief staff officer. While there's nothing inherent about the AMC-provided chief staff officer not being from the association's industry or profession, the chances are good that the AMC chief staff officer is an outsider to the association's industry sector or profession. If this is the case, does this "outsider's perspective" contribute to the organization's performance?

Is the AMC staff model just more efficient? Or, do AMC senior staff officers simply make better and more impactful decisions than their direct-hire counterparts?

Either way, those of us in the AMC community know that just asking these questions in the past has generated strong emotional responses from the non-AMC community. This is unfortunate if it is still the case in 2018. If there's something to learn about more effective management from the AMC model, we should all be willing to get at the bottom of it and see how those best practices can be employed in any model.

It makes sense that the factors contributing to a well-performing organization are somewhat universal, regardless the model, but those factors are more likely found in the AMC-model. Doesn't it make sense to try to isolate those factors regardless the management model? Should we suggest a Jim Collins-type study? Maybe there an "8th measure of success": Being managed by an AMC?

Conclusion

This study was not undertaken to evaluate a research hypothesis, so there's no representation that the data proves anything at levels of statistical significance.

The study was undertaken to determine if different association management models yield consistently different results for organizations with the same fiscal years operating under the same market factors. The results generally demonstrate that organizations managed by AMCs fiscally outperform organizations of relatively equivalent sizes not managed by AMCs.

The full report can be found at: http://www.lm-mgmt.com/content/category/research/