2014 AMCI PERCEPTION SURVEY - KEY FINDINGS

Conducted, analyzed, and prepared by Plexus Consulting Group

2014 AMCI PERCEPTION SURVEY OBJECTIVES

The 2014 AMC Institute *Perception Survey* was conducted in order to quantify the opinions and knowledge levels of various stakeholders in the association community with regard to the association management company (AMC) model.

The ultimate purpose of the study was to obtain results that could be used by AMC Institute leadership to create, develop and refine marketing strategies that will increase awareness and use of the AMC management model.

Figures from the 2011 Report, if available, are shown in parentheses next to new 2014 figures.

Association Executives (Paid Staff)

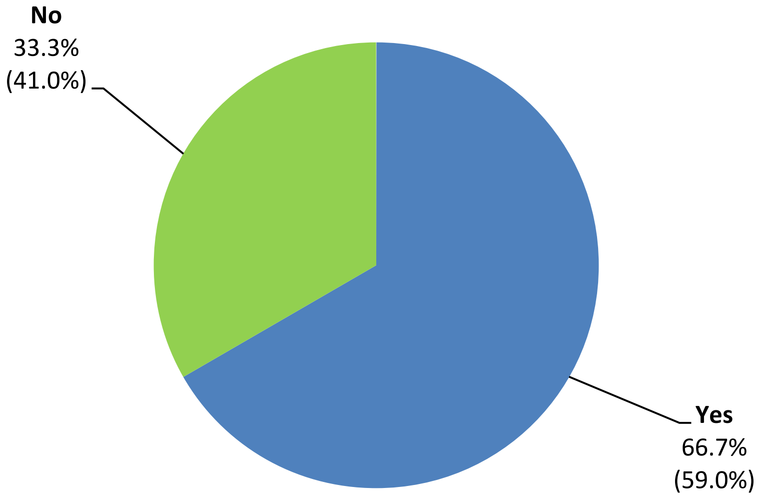
Volunteer Leaders

ASSOCIATION EXECUTIVES (PAID STAFF)

ASSOCIATIONS BARRIERS AND CHALLENGES

Just under 67% of the valid respondents indicated there were barriers that prevent their association from achieving its goals.

Are there specific barriers and challenges that prevent your association from achieving its goals?

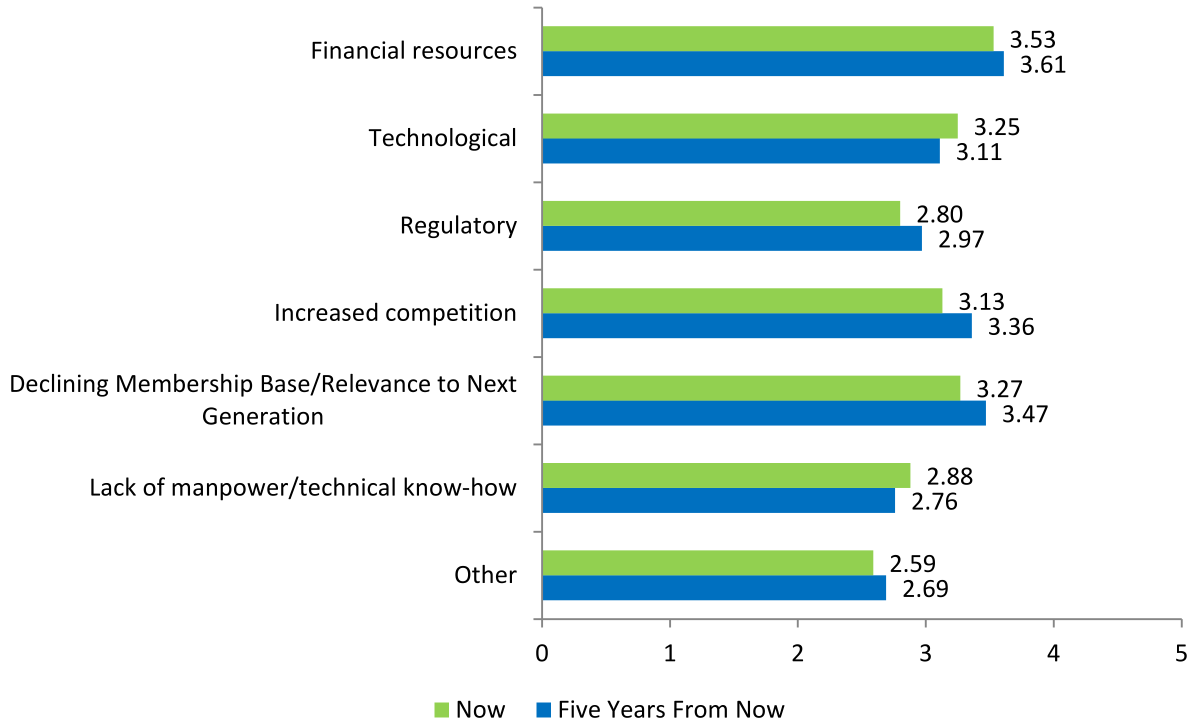


Figures from the 2011 Report are shown in parentheses below new 2014 figures

SPECIFIC BARRIERS AND CHALLENGES

The specific barriers mentioned by respondents can be found in the clustered bar chart below, but lack of money/resources, declining membership base, and increased competition were specified as the most significant ones.

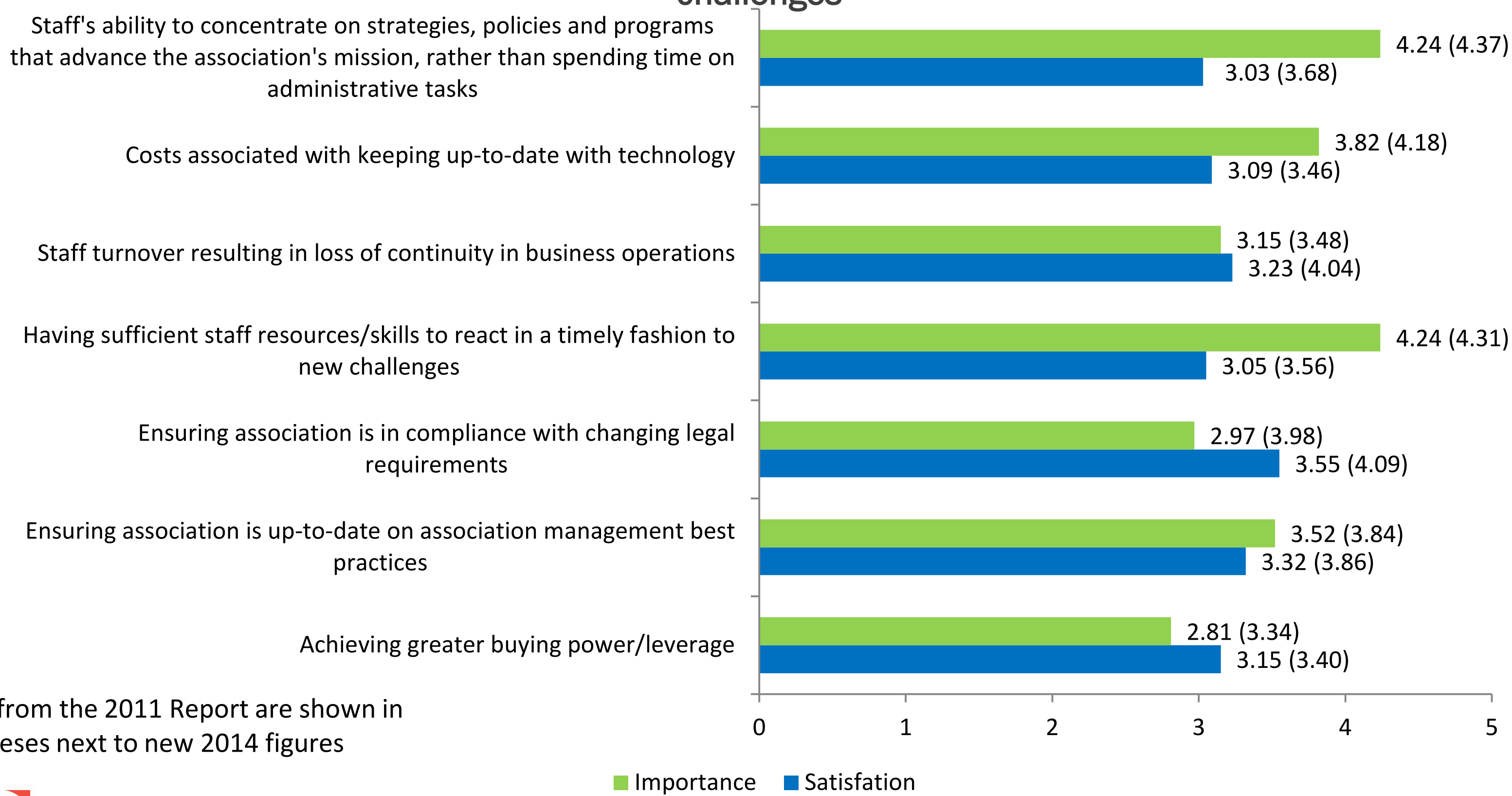
Please rate (on a scale of 1 to 5 with 1 being less significant and 5 being most significant) the current or potential challenges/barriers that you face now and five years into the future



SPECIFIC CHALLENGES: IMPORTANCE VS. SATISFACTION

Most important items below had reported importance levels that were higher than their satisfaction levels, indicating a possible opportunity for improvement.

Please rate (on a scale of 1 to 5 with 1 being less significant and 5 being most significant) the following challenges in terms of their importance to the success of your association's current ability to meet these challenges



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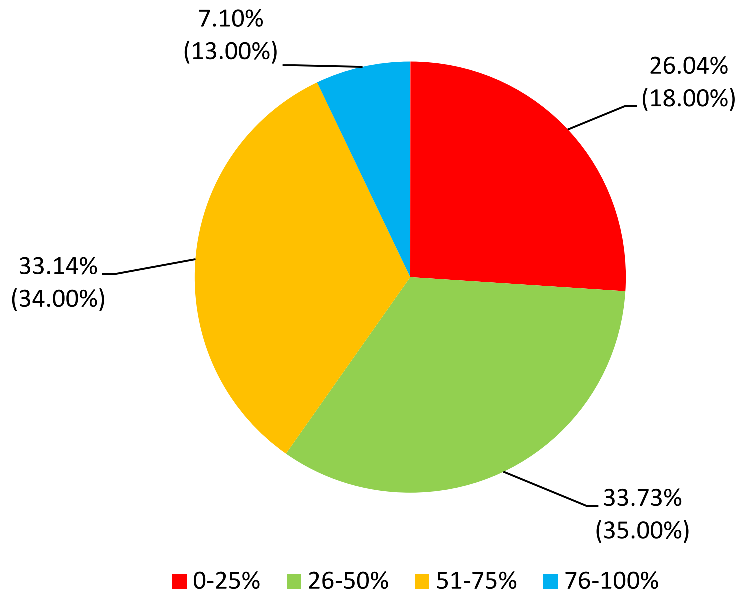
"MISSION CRITICAL" ITEMS VS. ADMINISTRATIVE TASKS

In order to assist AMCI in determining the extent to which respondents might benefit from AMC provided services, respondent were asked to indicate how much time they were able to spend on "mission critical" tasks in a typical workday. As shown below, over two-thirds of the valid respondents (67%) reported spending between 25% and 75% of their typical day on such tasks.

Approximately how much of your typical workday are you able to spend on "mission critical" items (as opposed to administrative tasks)?



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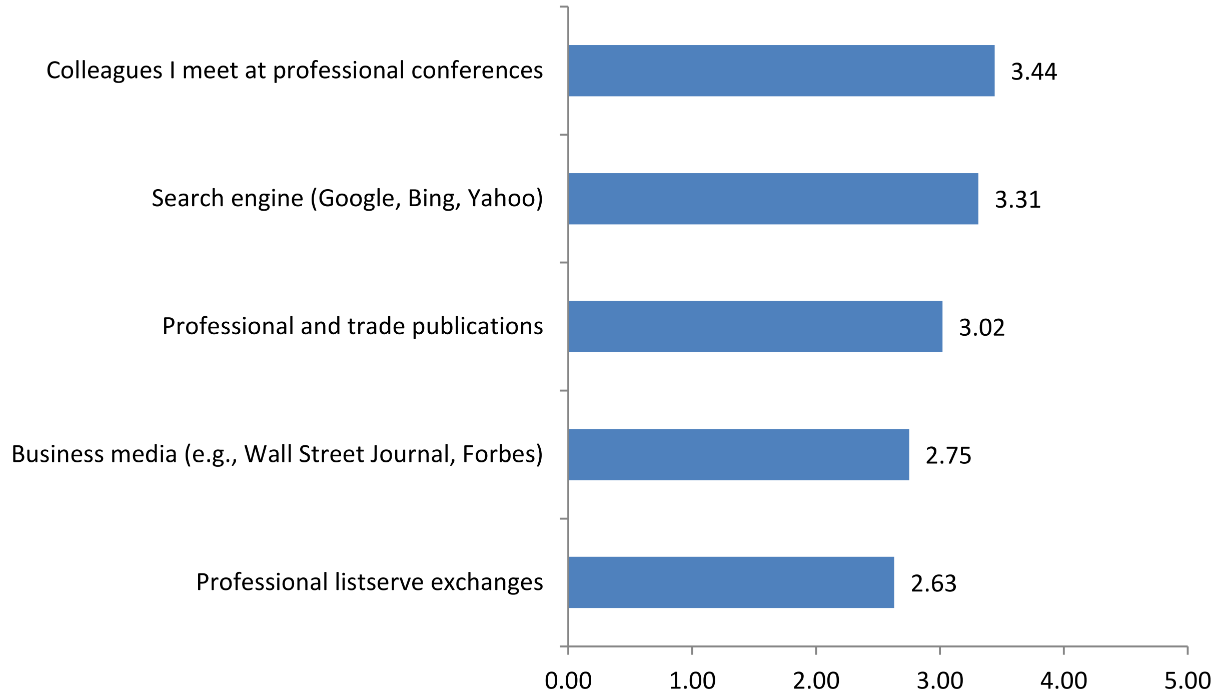
SOURCES OF INFORMATION FOR BUSINESS SOLUTIONS

Most of the respondents seek information from
their trusted colleagues and leading search engines.

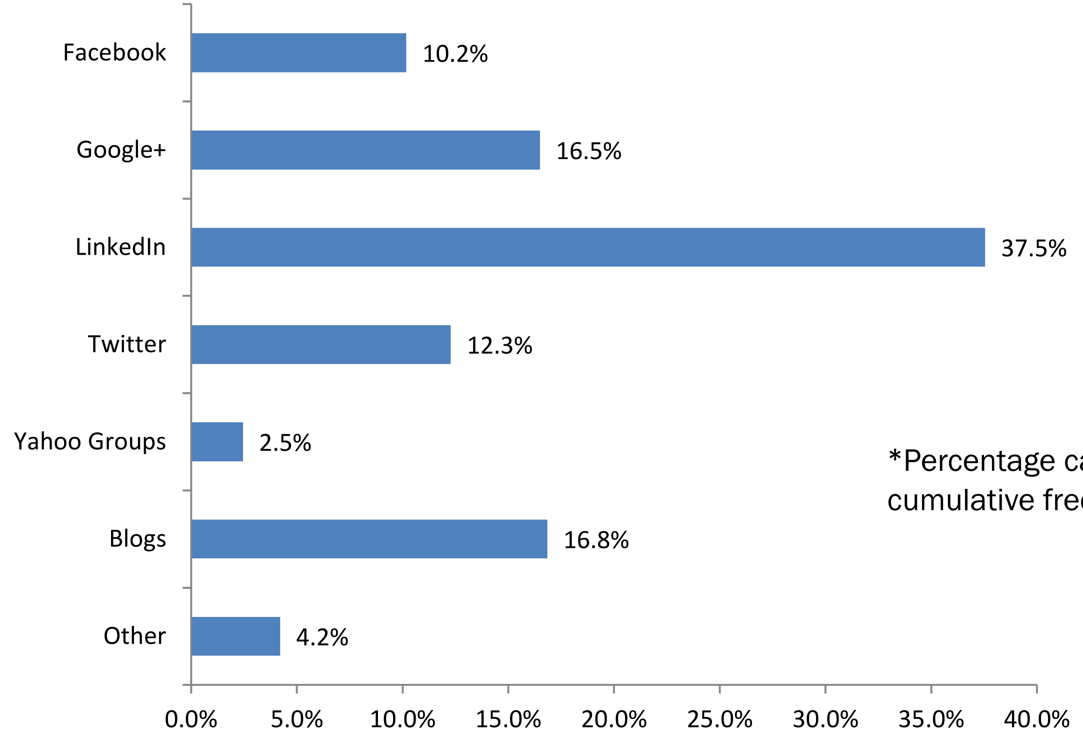
Where/to whom do you turn to find information, business solutions, industry trends, and/or professional advice? Please rate (on a scale of 1 to 5 with 1 being less important and 5 being most important)



SOCIAL MEDIA NETWORKS

LinkedIn has become the most popular source of professional information for associations, overtaking Facebook that used to be in the first spot three years ago.

If you seek information, business solutions, industry trends, and/or professional advice through social media networks, which networks do you use most frequently? (Check all that apply)*



*Percentage calculation is based on cumulative frequency

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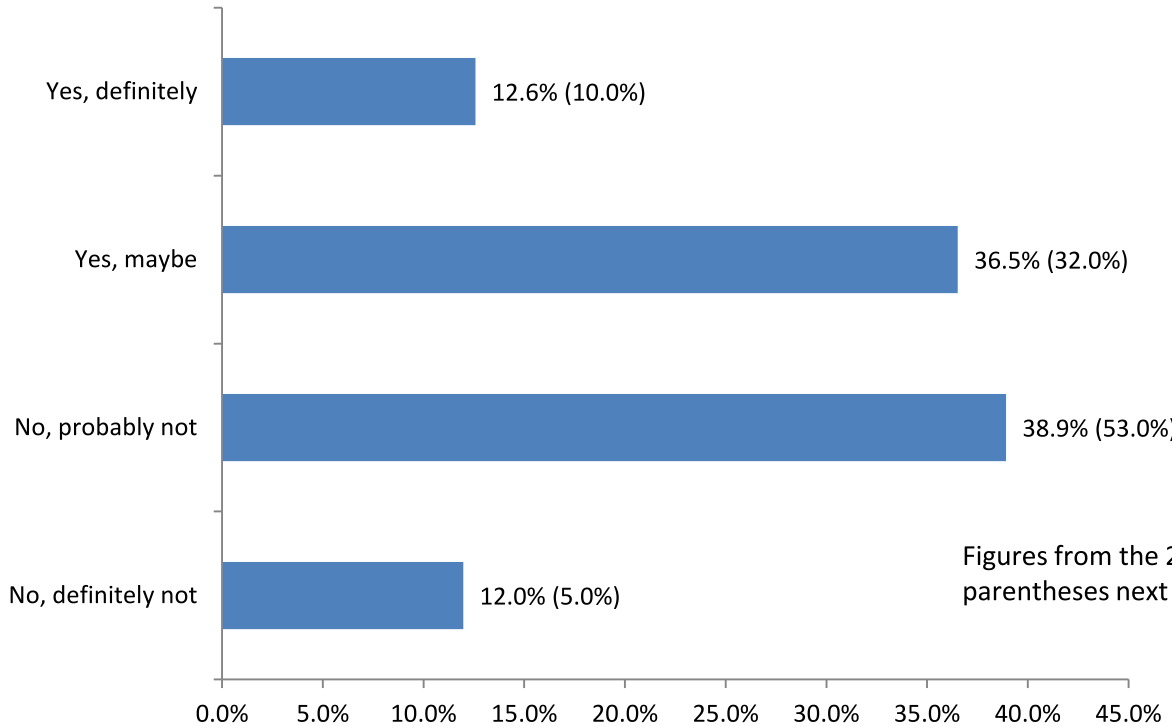
OUTSOURCING

In terms of outsourcing, four out of 10 valid respondents indicated their association could better advance its mission if it outsourced certain tasks.

Do you think your association could better advance its mission if it could outsource certain functions?



Figures from the 2011 Report are shown in parentheses next to new 2014 figures

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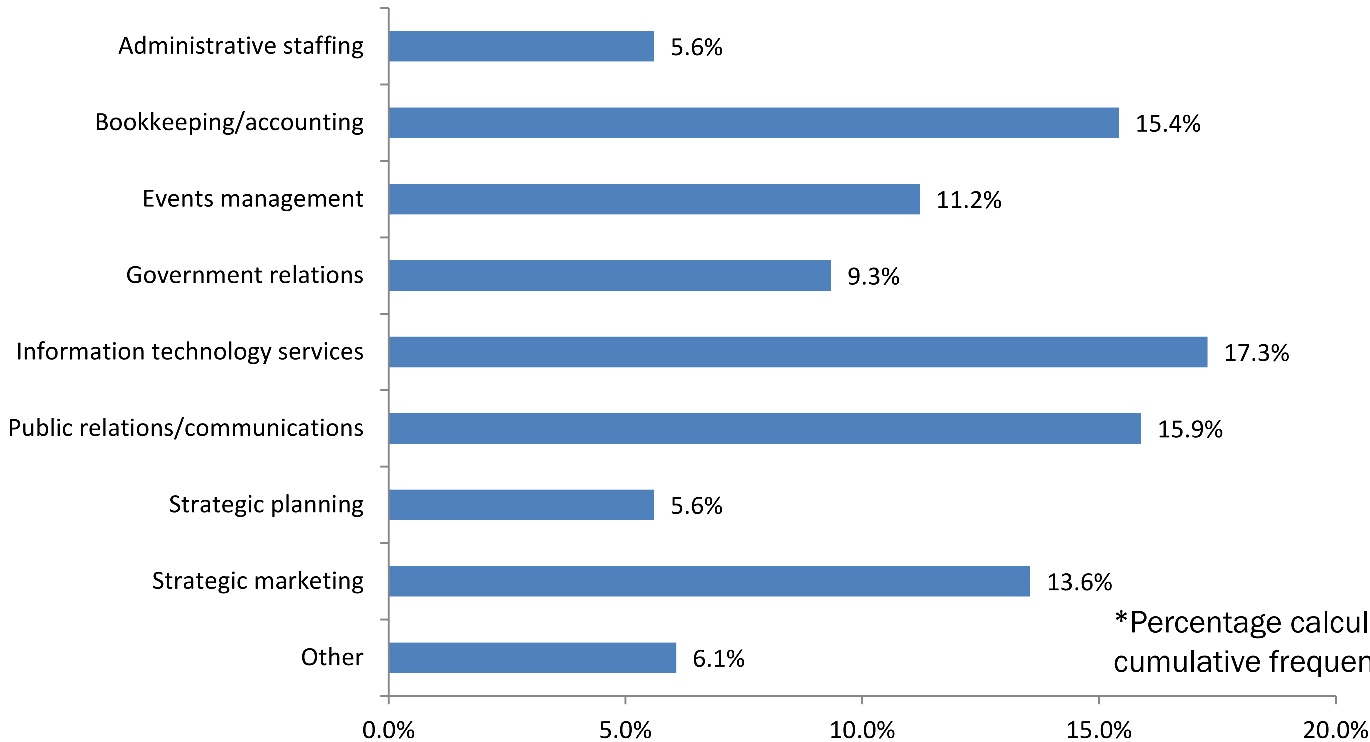
FUNCTIONS TO OUTSOURCE

Information technology services, public relations/communications, and bookkeeping/accounting were commonly mentioned as tasks that could potentially be outsourced.

What functions could be potential candidates for outsourcing? (Check all that apply)*



*Percentage calculation is based on cumulative frequency

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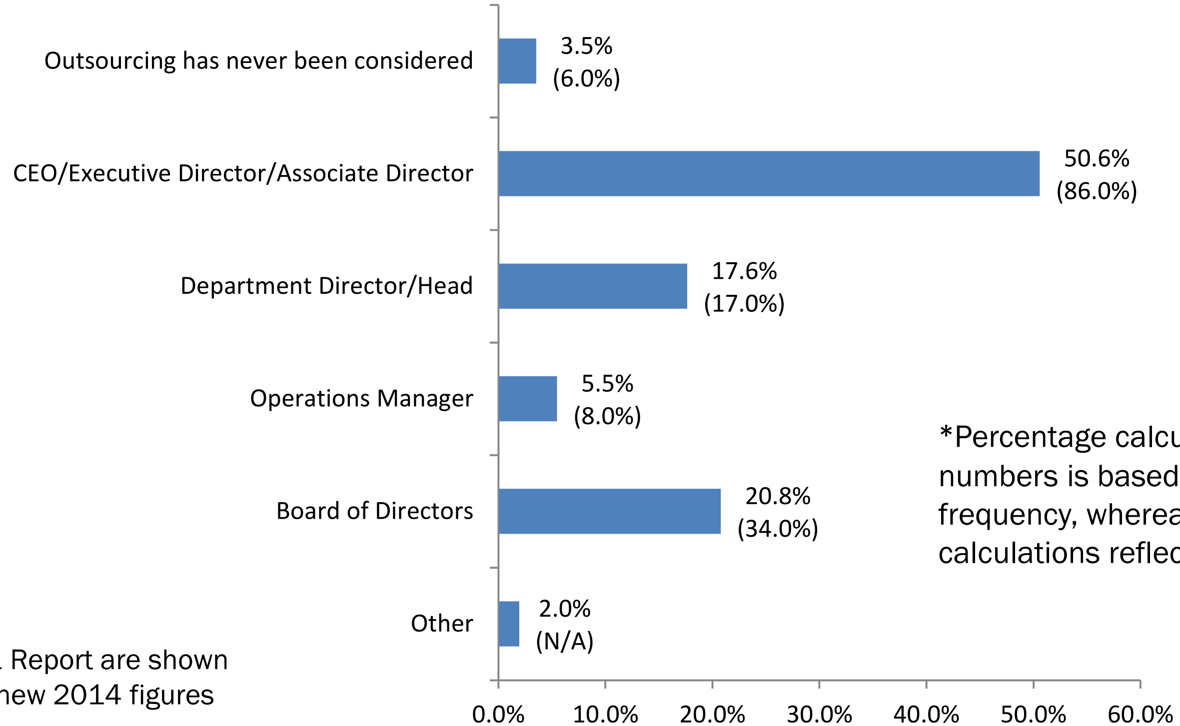
DECISION MAKING

When it comes to the decision whether to outsource certain tasks, the CEO/Executive Director is clearly the main decision-driver, but less so than s/he was three years ago

In your association, who is typically involved in the decision whether to outsource certain tasks? (Check all that apply)*



*Percentage calculation for 2014 numbers is based on cumulative frequency, whereas 2011 calculations reflect actual numbers

Figures from the 2011 Report are shown in parentheses below new 2014 figures

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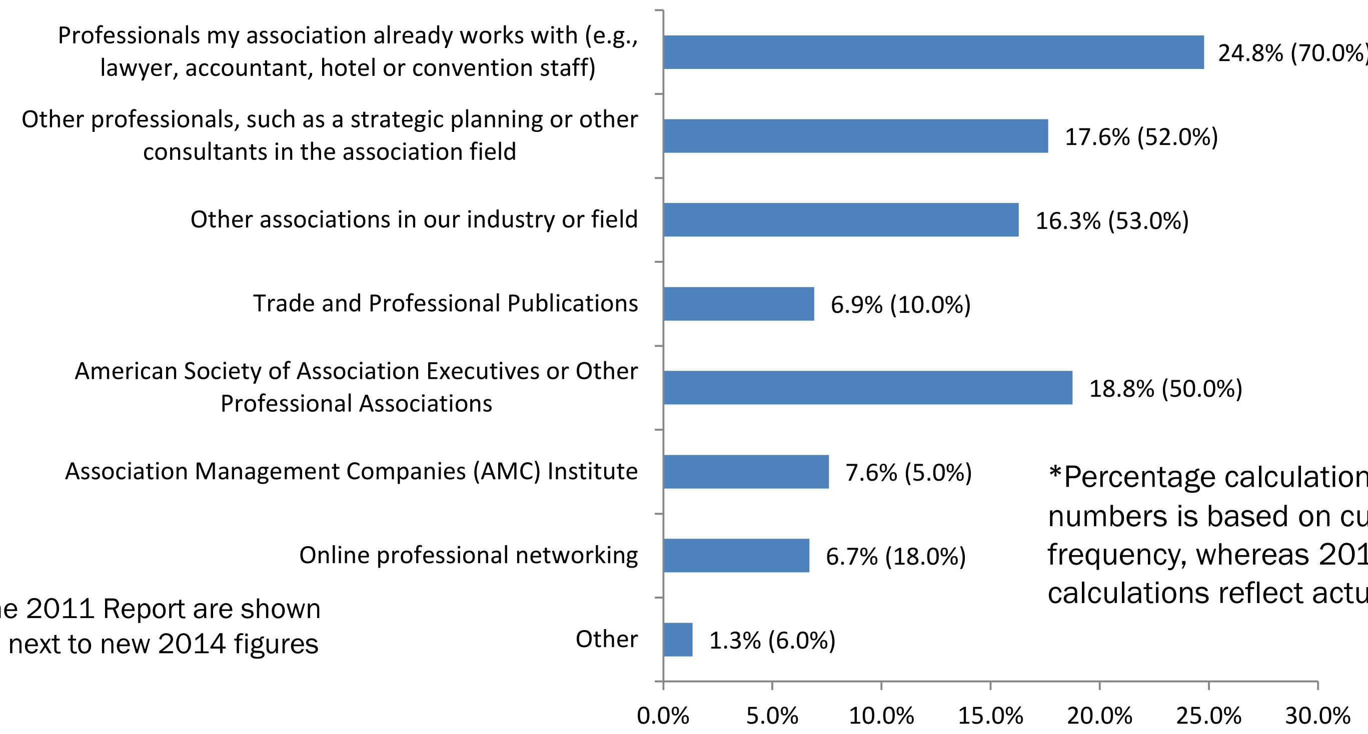
DECISION MAKING

One out of four valid respondents indicated they would first consult professionals with whom their association already works before making a decision to outsource.

Which, if any, of the following resources would you consult if your association were considering its options for staffing and management? (Check all that apply)*



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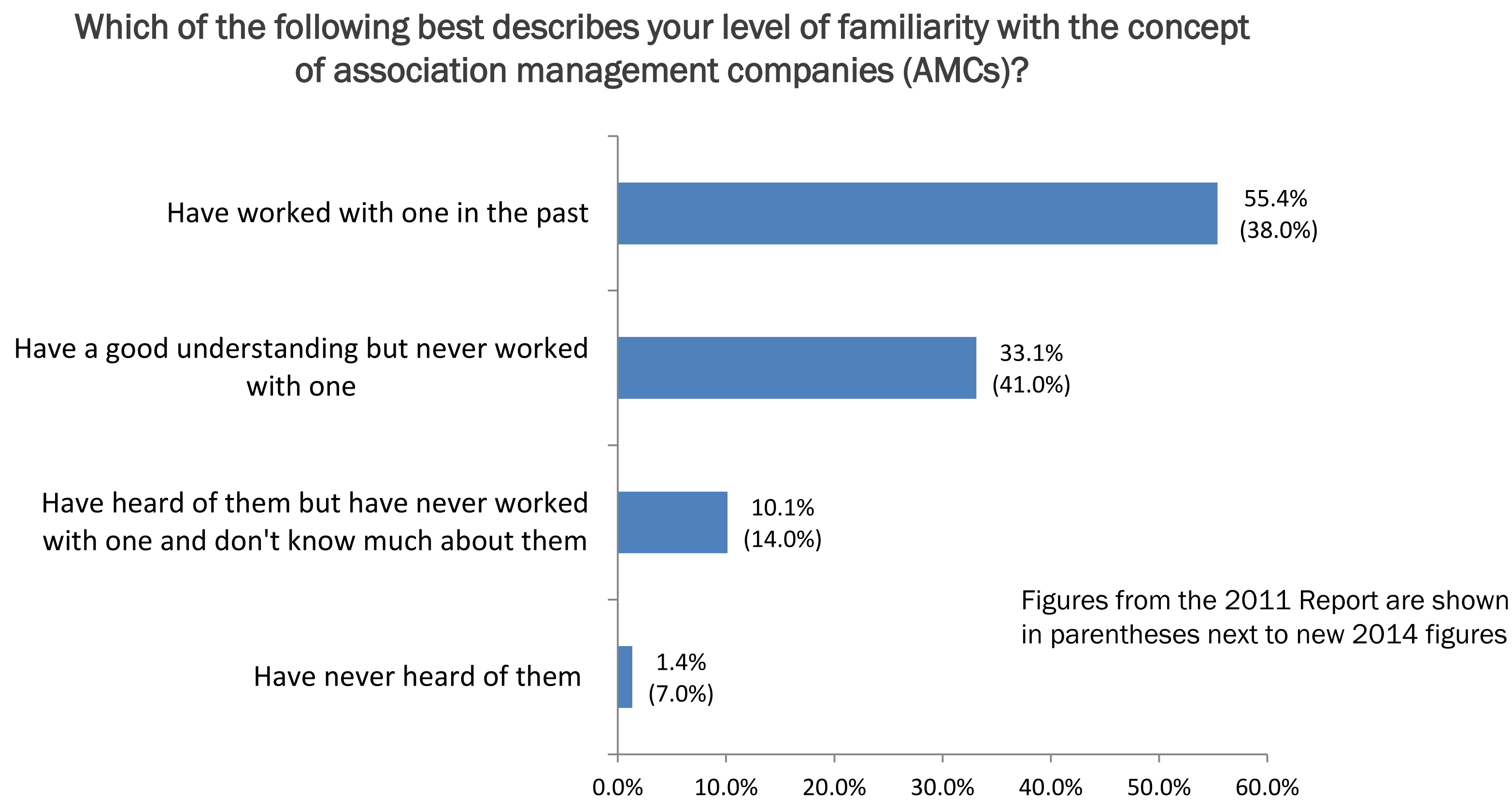
FAMILIARITY WITH THE CONCEPT OF AMCS

Almost nine out of ten valid respondents had a good understanding or had actually worked with an AMC in the past.



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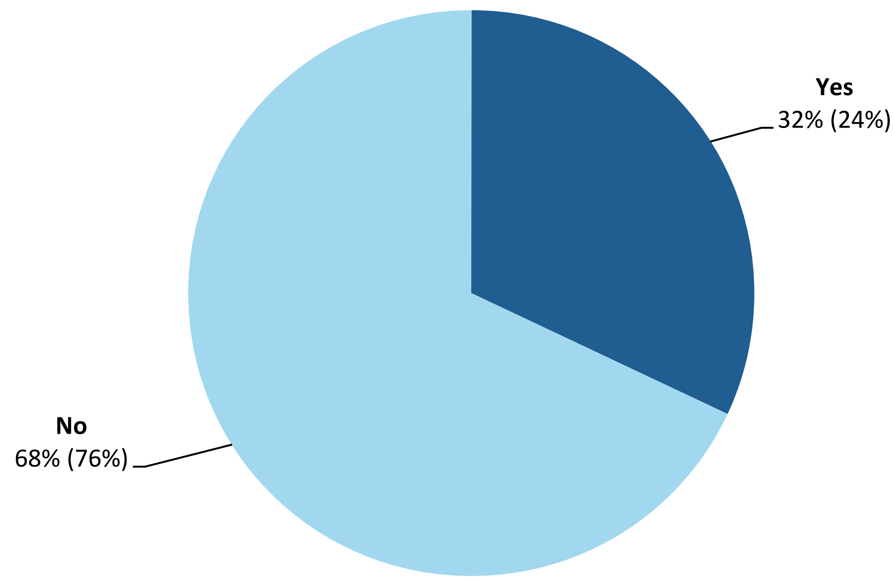
DID YOU RECOMMEND THE BOD TO OUTSOURCE?

32% of the valid respondents had recommended, or considered recommending, the possibility of outsourcing functions to an AMC.

Have you ever recommended, or considered recommending, to your Board of Directors the possibility of outsourcing some or all association functions to an AMC?



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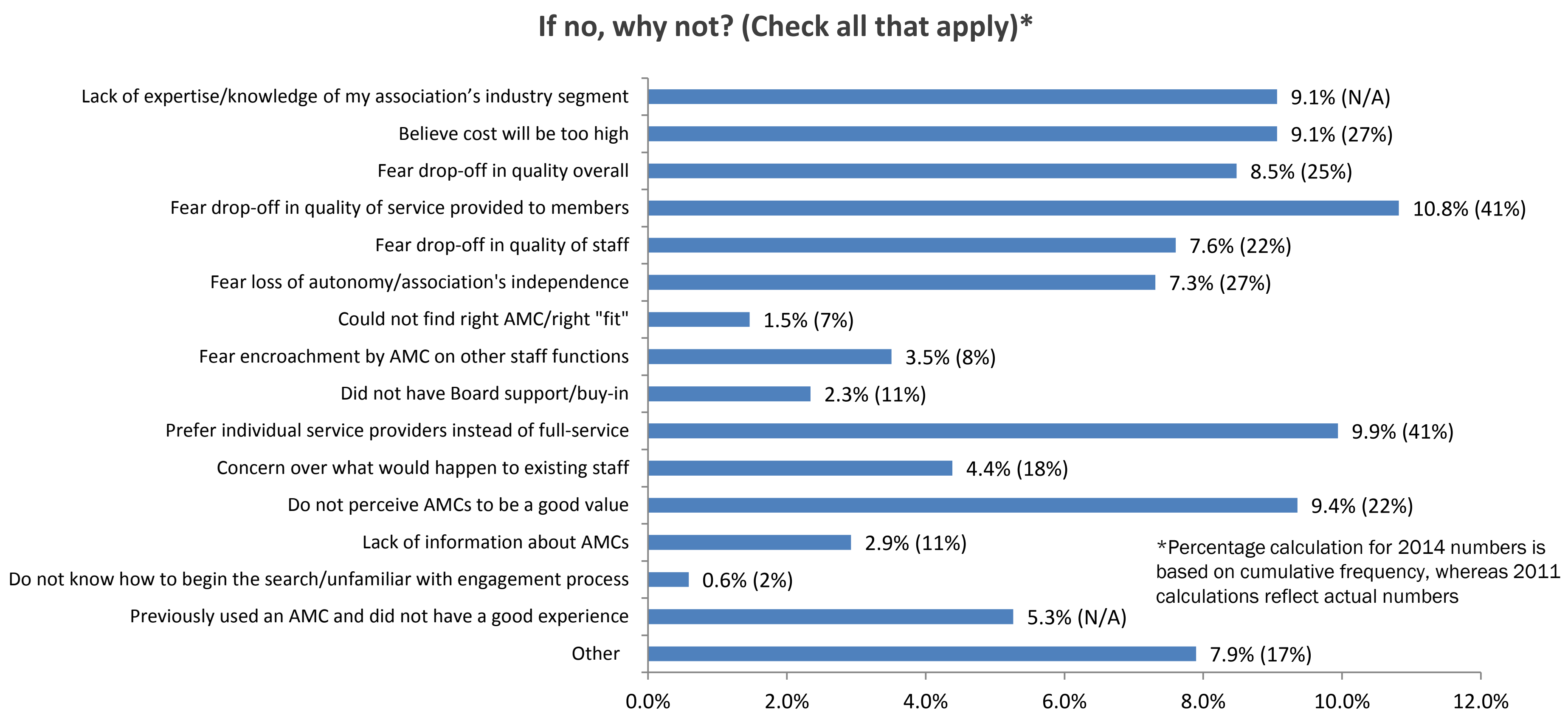
IF NO, WHY NOT?

Of those who had not made such a recommendation or considered doing so, the main reasons given were a preference for individual service providers instead of full-service AMCs and a fear of a drop-off in quality of service provided to members.



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KEY FINDINGS SUMMARIZED 1/2

The typical association executive seems to fall within the following findings:

1) Increasingly distracted by administrative tasks as opposed to “mission critical” items
2) Finances and personnel issues are their biggest sources of concern
3) They rely on personal networking and social media (especially LinkedIn) for their information on business trends
4) They continue to be disinclined to outsource, but less than they were three years ago

KEY FINDINGS SUMMARIZED 2/2

5) CEOs are still dominant in making a decision to outsource but less so than three years ago
6) Big declines in the use of outside services yet professional service providers, other associations in their field and associations like ASAE are still used by the majority of respondents
7) The use of AMCs has gone up - the only category to do so, yet it is still relatively small compared to the other options
8) The awareness of AMCs is up but still with ample room to grow; most would not recommend (but at a lesser rate than three years ago)

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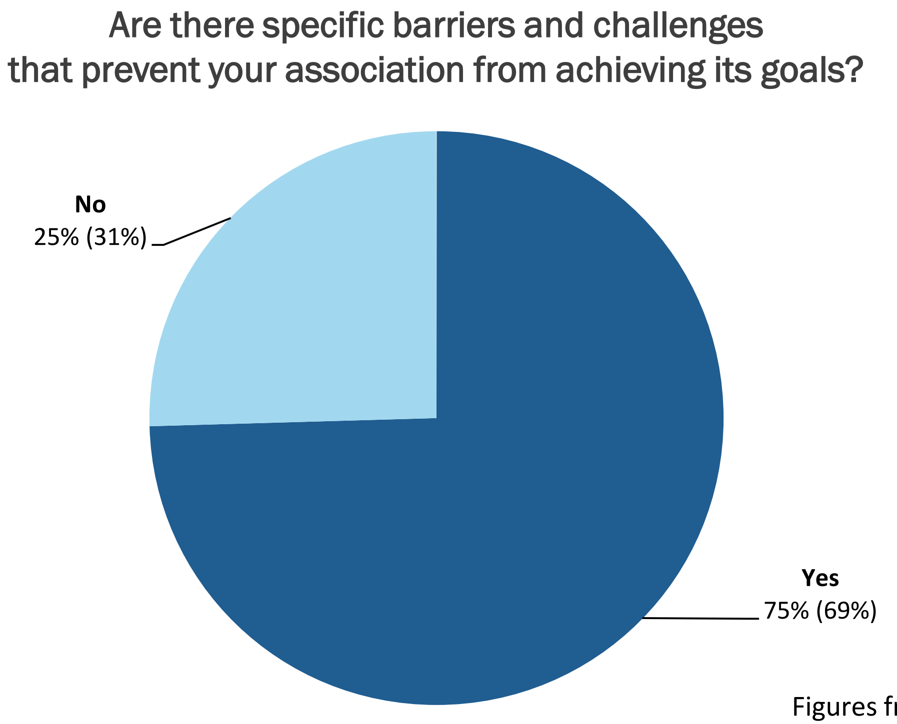
VOLUNTEER LEADERS

ASSOCIATIONS BARRIERS AND CHALLENGES

Three out of four volunteer leaders indicated that there were barriers that prevent their association from achieving its goals.



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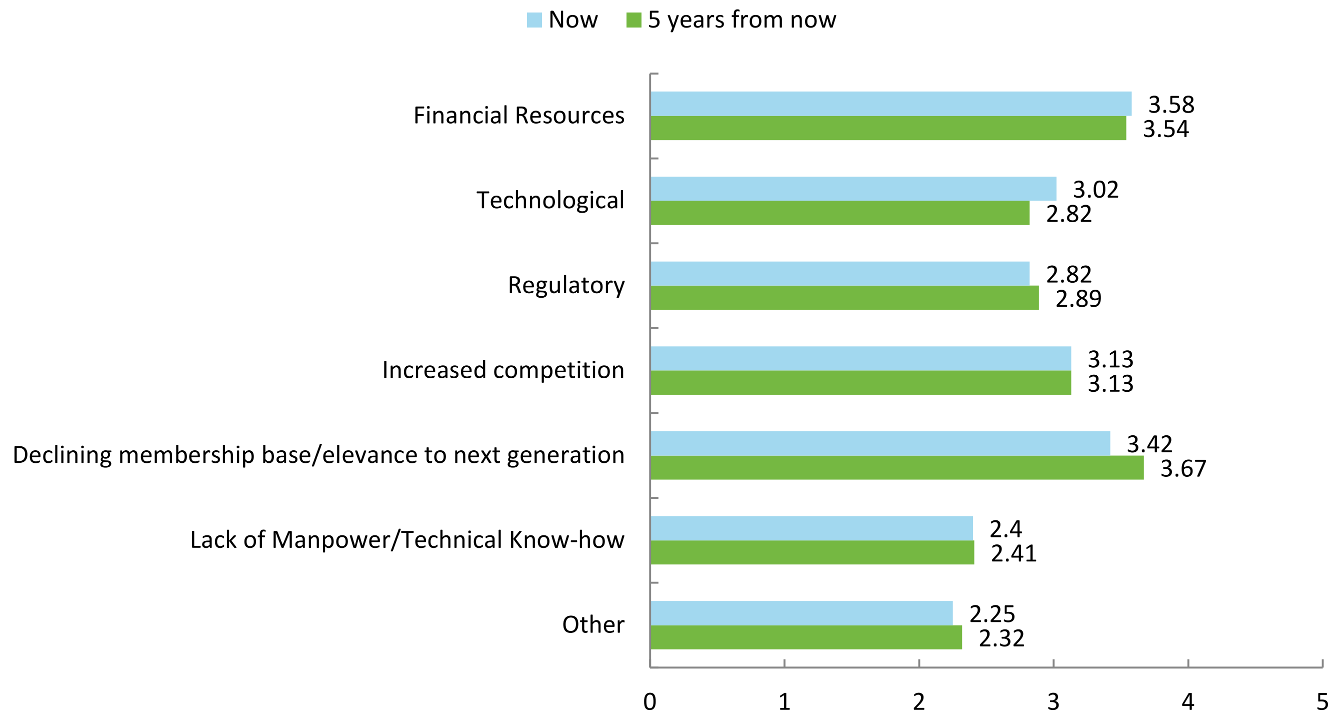
SPECIFIC BARRIERS AND CHALLENGES

Lack of money/financial resources, declining membership base, and increased competition were specified as the most significant barriers. Those three barriers will continue to become growing areas of concern, according to volunteer leaders.

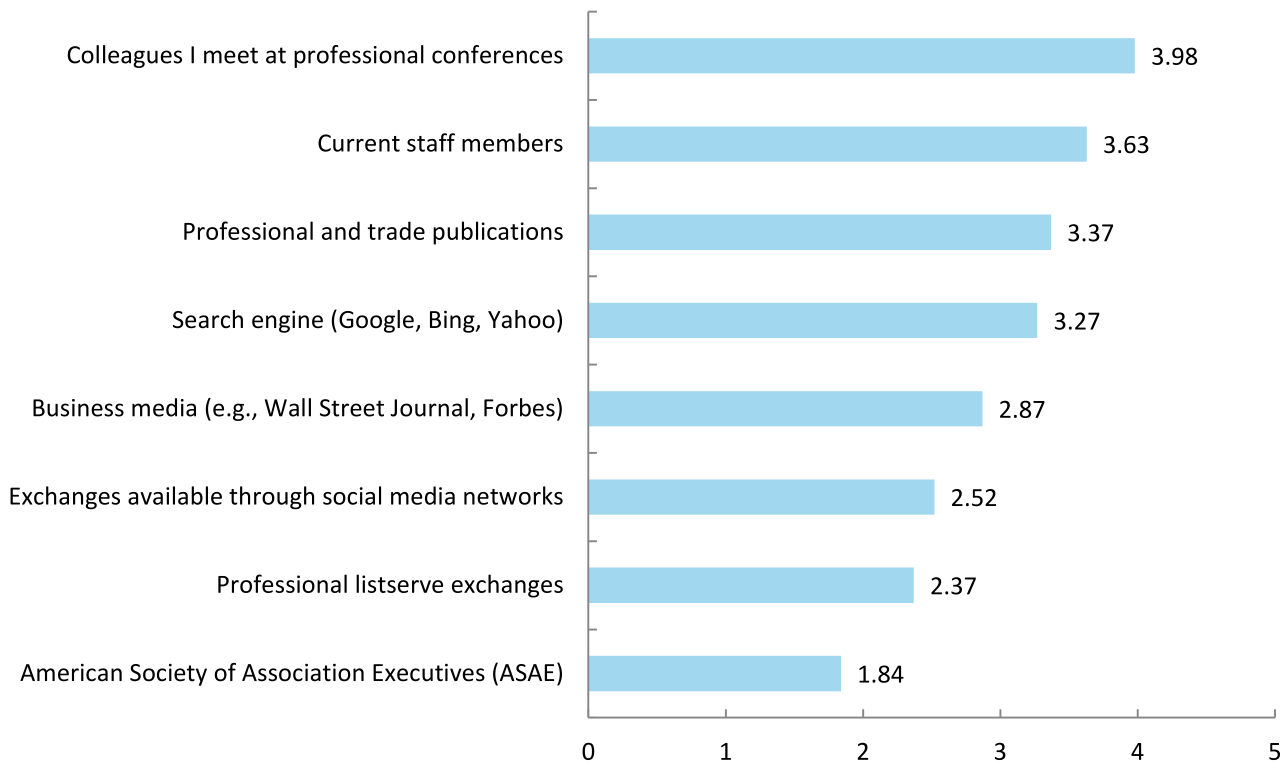
Please rate (on a scale of 1 to 5 with 1 being less significant and 5 being most significant) the current or potential challenges/barriers that you face now and five years into the future



SOURCES OF INFORMATION FOR BUSINESS SOLUTIONS

Volunteer leaders rely on personal networking for their information on business trends.

Where/to whom do you turn to find information, business solutions, industry trends, and/or professional advice? Please rate (on a scale of 1 to 5 with 1 being less important and 5 being most important)



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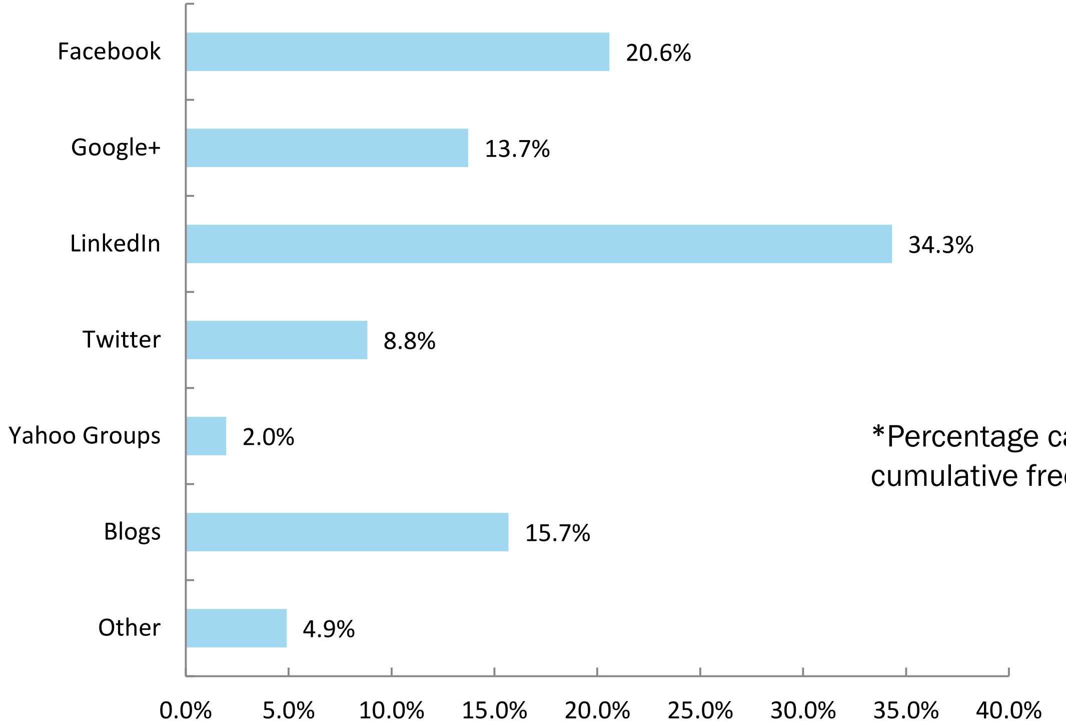
SOCIAL MEDIA NETWORKS

Volunteer leaders mentioned LinkedIn as the most widely used source of professional information. Facebook, Blogs, and Google+ were mentioned as the second, third, and fourth source respectively.

If you seek information, business solutions, industry trends, and/or professional advice through social media networks, which networks do you use most frequently? (Check all that apply)*

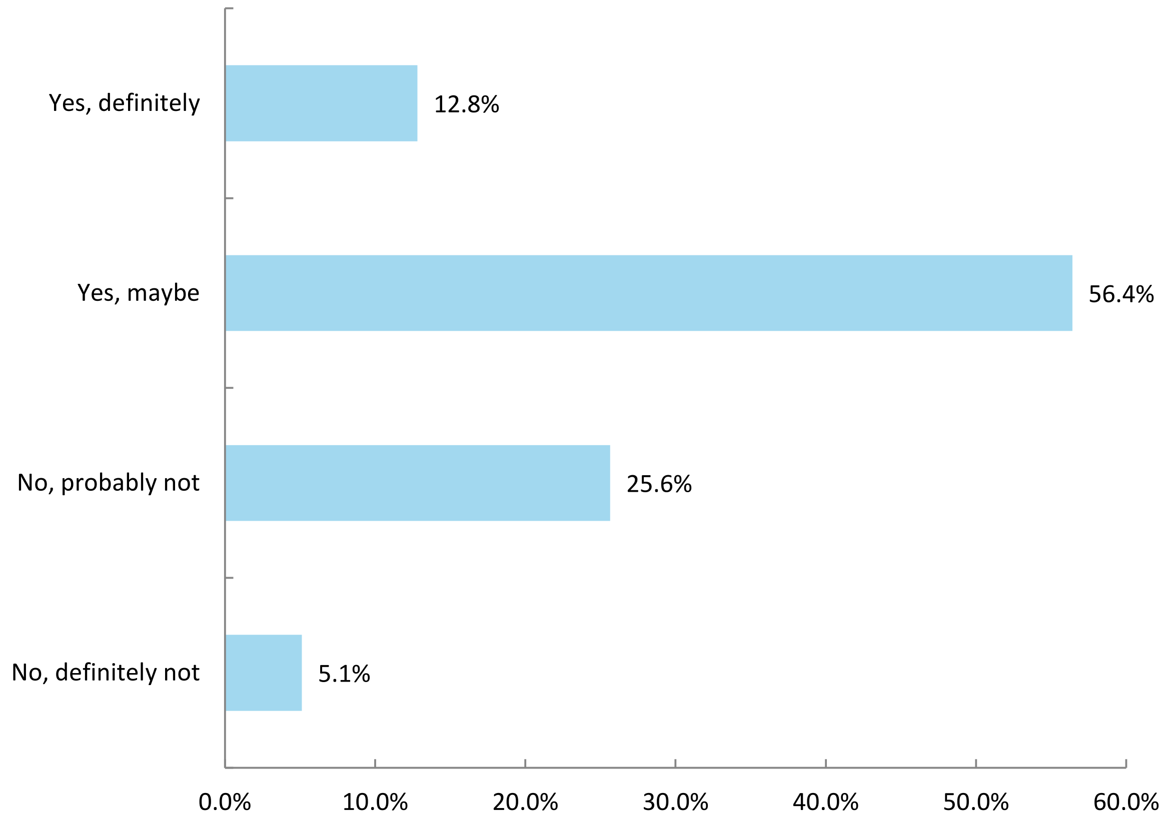


*Percentage calculation is based on cumulative frequency

OUTSOURCING

Almost 70% of the volunteer leaders indicated that their association could better advance its mission if it outsourced certain tasks.

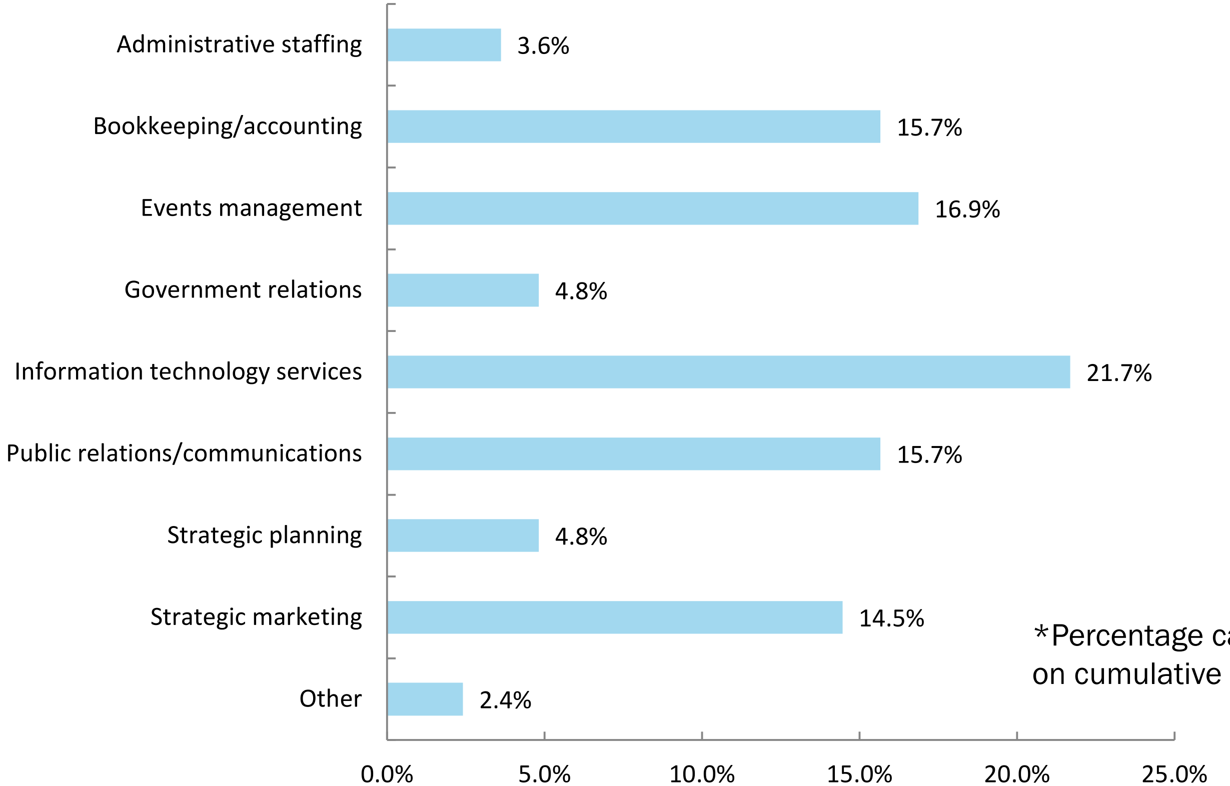
Do you think your association could better advance its mission if it could outsource certain functions?



FUNCTIONS TO OUTSOURCE

Information technology services, events management, public relations/communications, bookkeeping/accounting, and strategic marketing were commonly mentioned as tasks that could potentially be outsourced.

What functions could be potential candidates for outsourcing? (Check all that apply)*



*Percentage calculation is based on cumulative frequency

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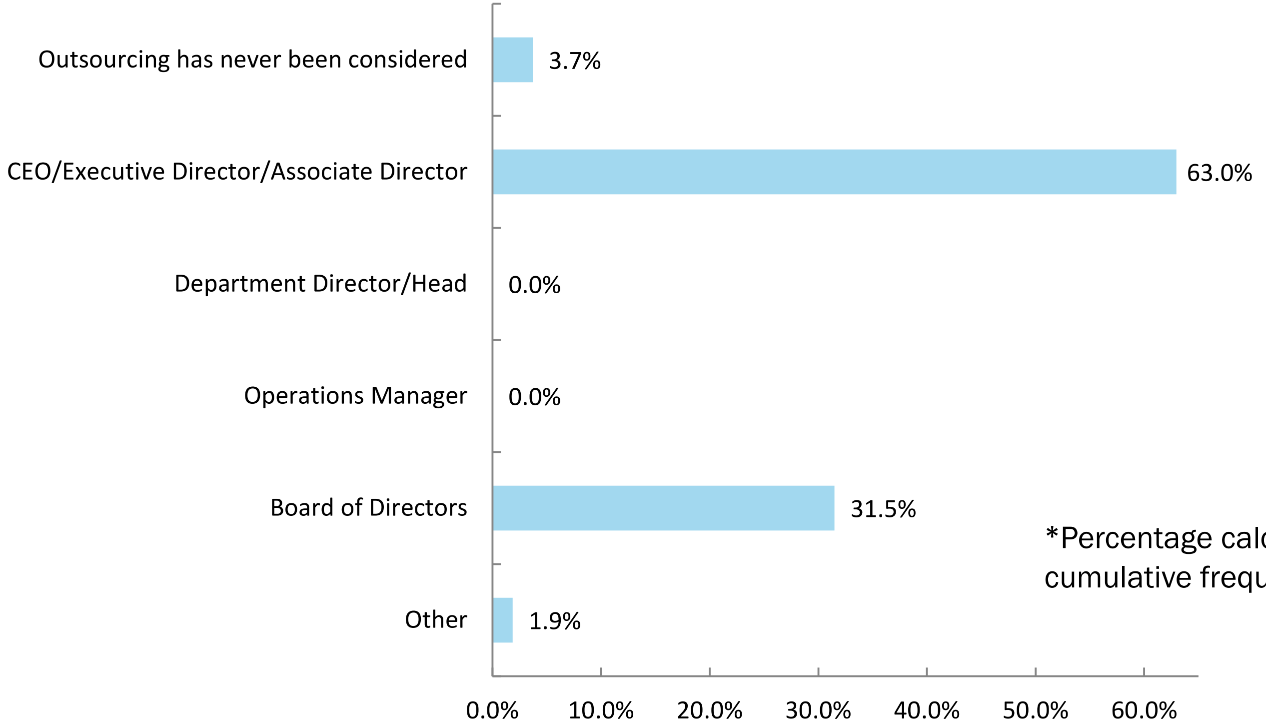
DECISION MAKING

When it comes to the decision whether to outsource certain tasks, the CEO/Executive Director is the main decision-driver. Board of Directors is also playing an important role, according to volunteer leaders.

In your association, who is typically involved in the decision whether to outsource certain tasks? (Check all that apply)*



*Percentage calculation is based on cumulative frequency

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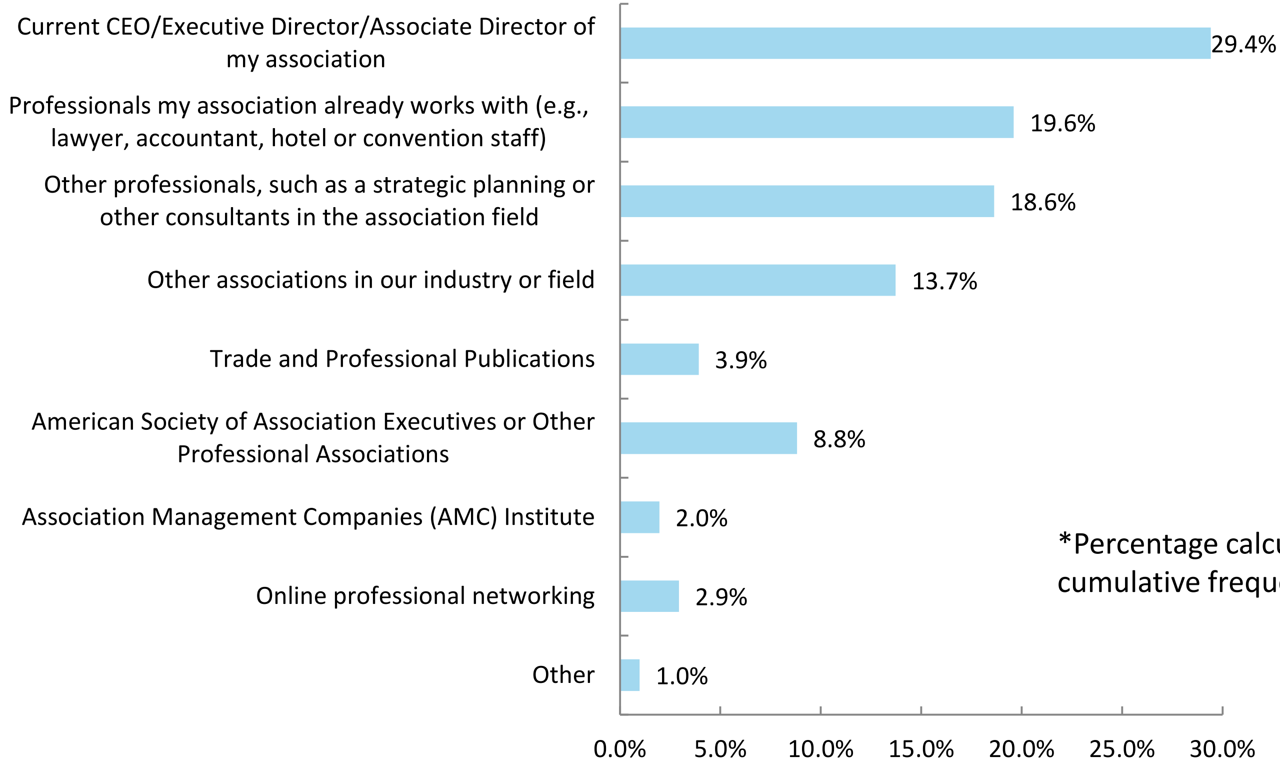
SECOND OPINION ABOUT OUTSOURCING

Three out of 10 volunteer leaders indicated they would first consult current CEO/Executive Director/Associate Director of their association before making a decision to outsource.

Which, if any, of the following resources would you consult if your association were considering its options for staffing and management? (Check all that apply)*



*Percentage calculation is based on cumulative frequency

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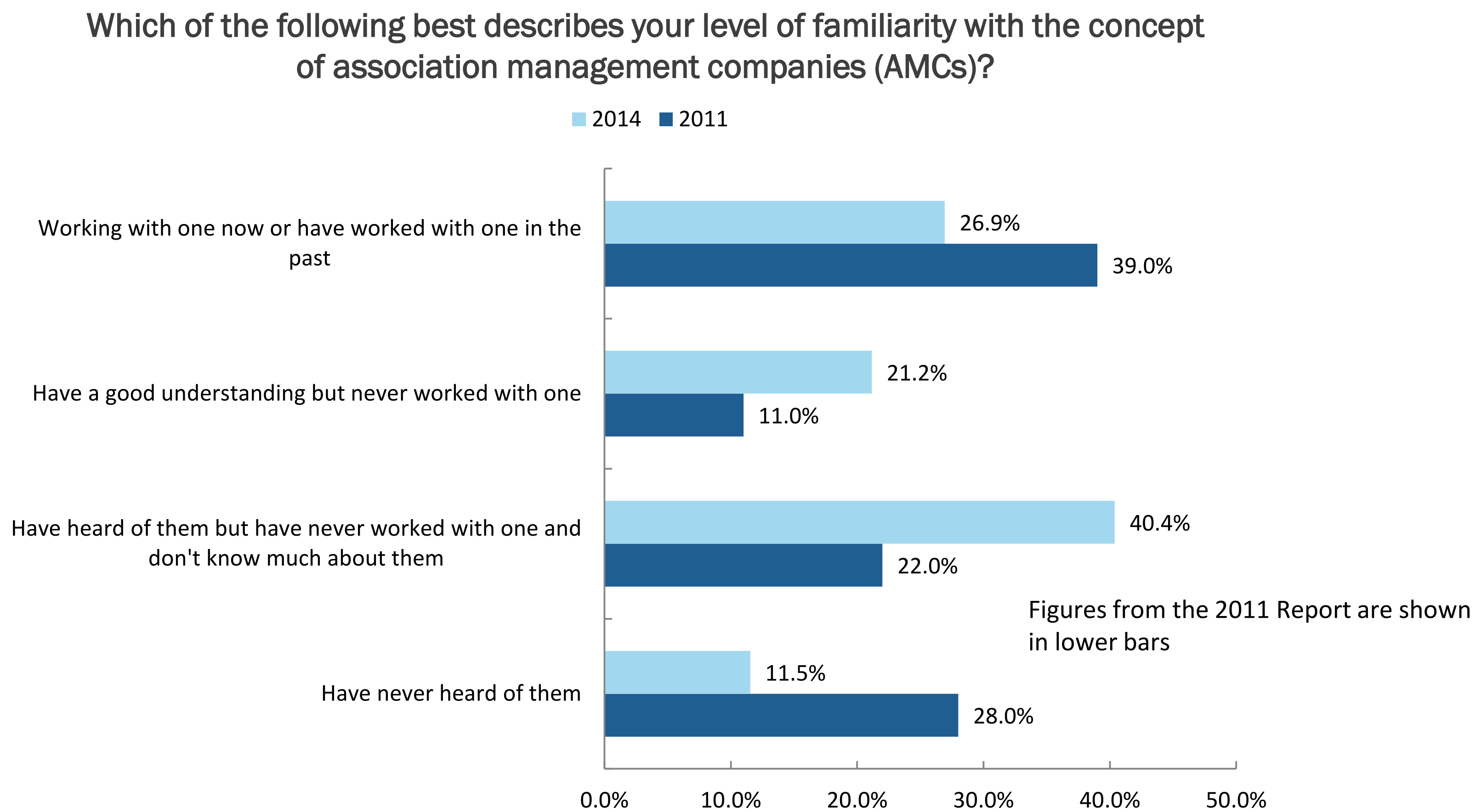
FAMILIARITY WITH THE CONCEPT OF AMCS

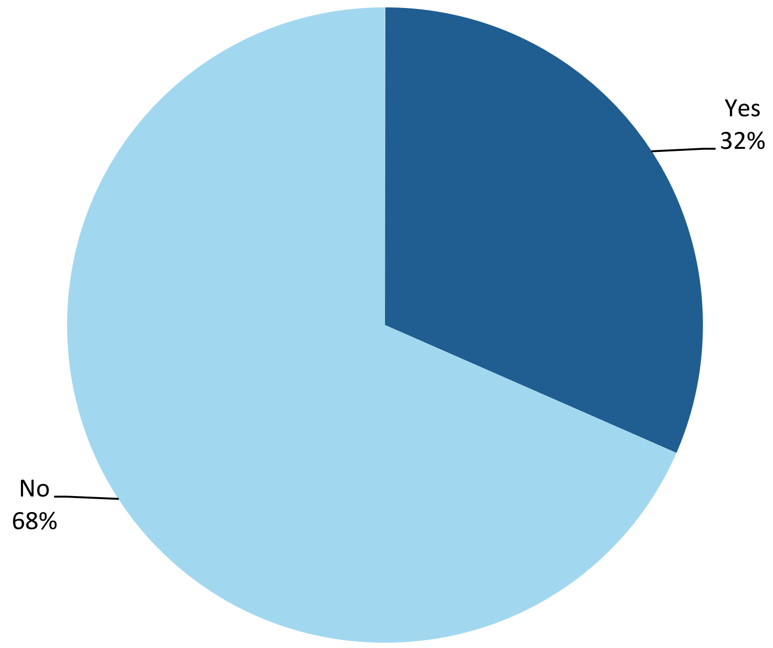
Almost one out of two volunteer leaders have a good understanding, are actually working or actually worked with an AMC in the past.



DID YOU RECOMMEND TO OUTSOURCE TO AN AMC?

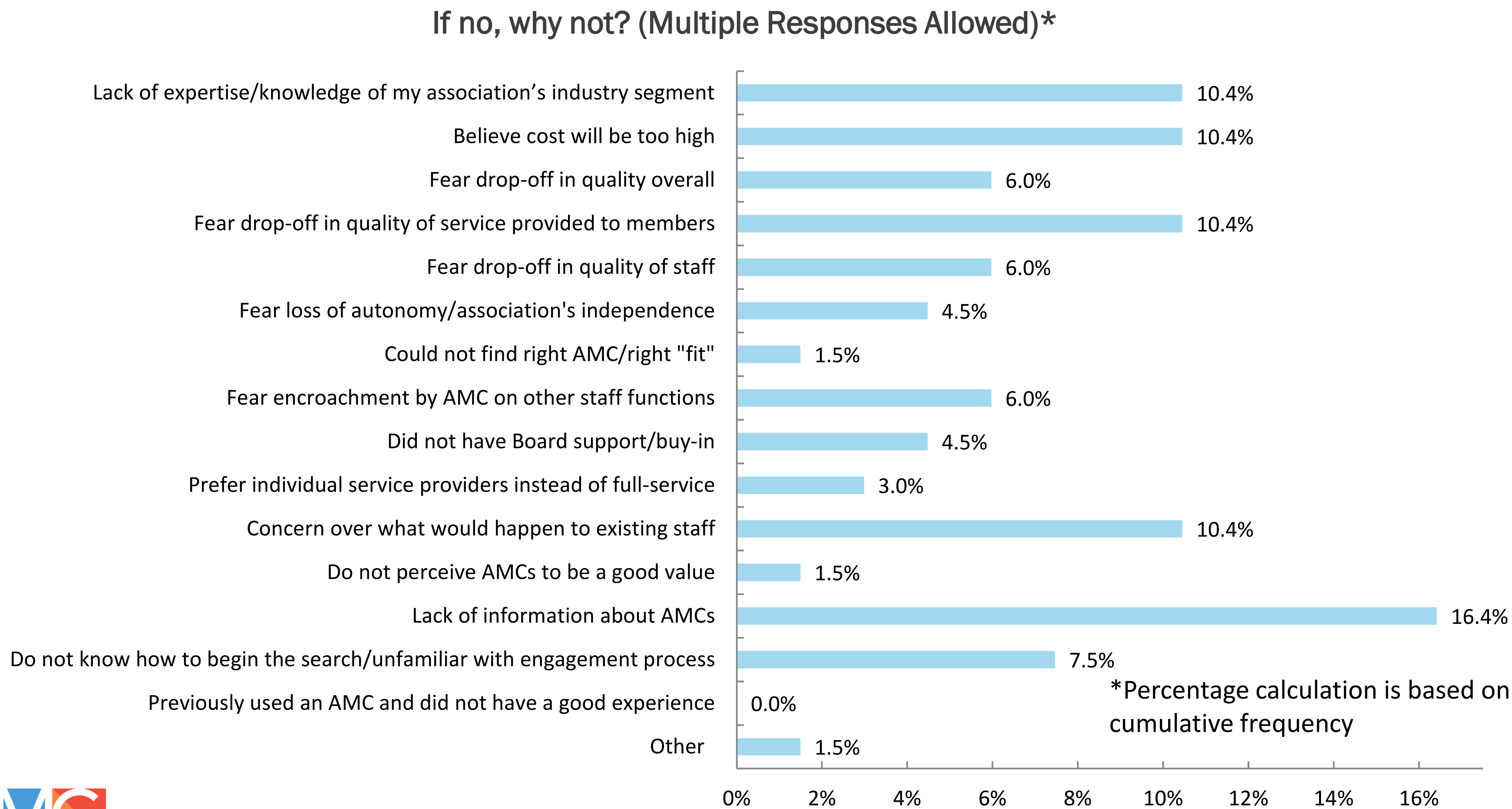
32% of volunteer leaders had recommended or sat on a board that considered recommending the possibility of outsourcing functions to an AMC.

Have you ever recommended, or have you sat on a board that considered recommending the possibility of outsourcing some or all association functions to an AMC?



IF NO, WHY NOT?

Of those volunteer leaders who had not made such a recommendation to outsource or had not considered doing so, the main reason was lack of information about AMCs.



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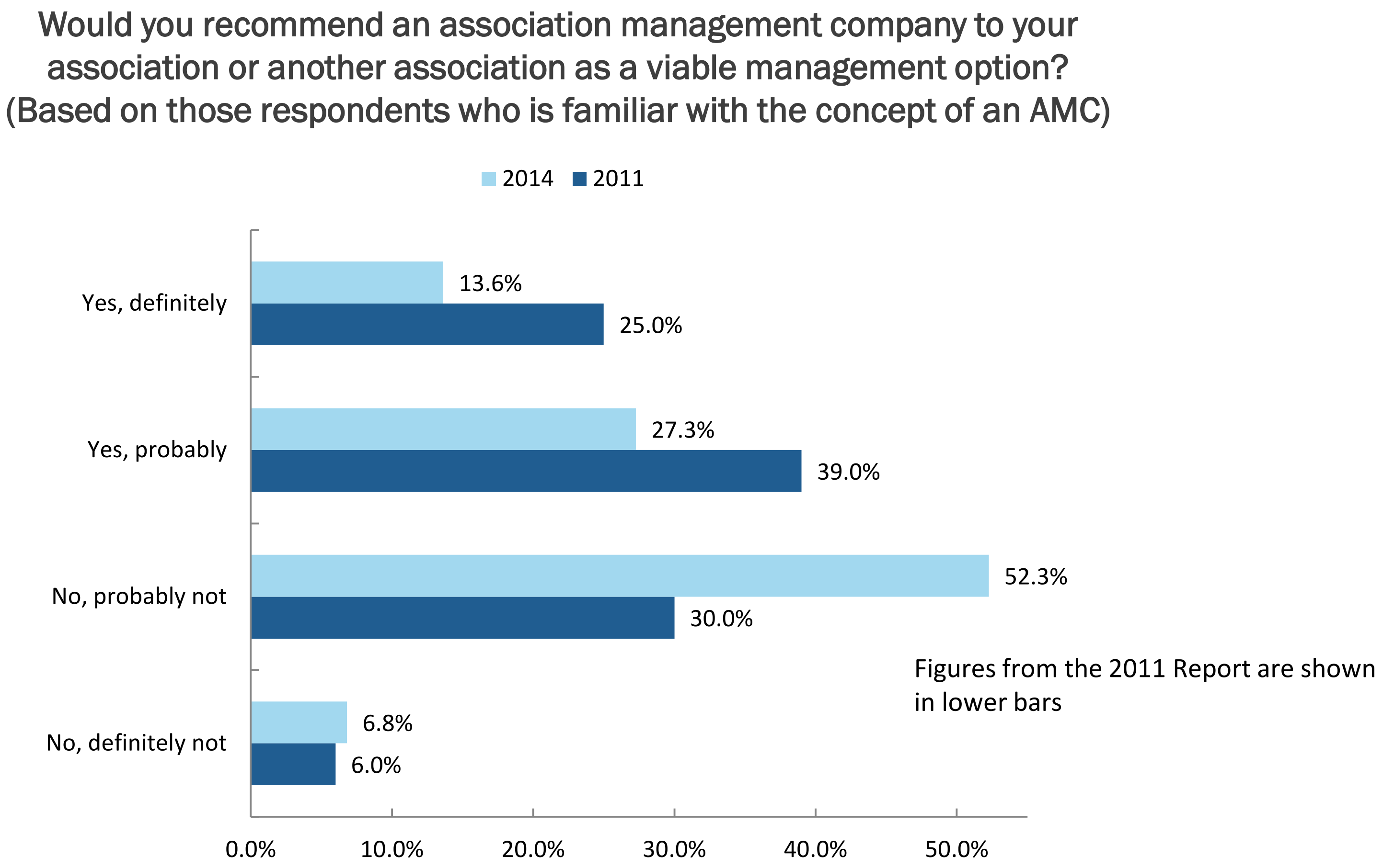
WOULD YOU RECOMMEND AN AMC?

Only four out of ten volunteer leaders who are familiar with the concept of an AMC would recommend an AMC as a viable management option.



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KEY FINDINGS SUMMARIZED

The typical volunteer leader seems to fall within the following findings:

1) Finances, declining membership base, and increased competition are their biggest sources of concern
2) They rely on personal networking and social media (especially LinkedIn) for their information on business trends
3) They would consider outsourcing to advance the mission of their association, but when it comes to AMCs they are disinclined to outsource
4) CEOs are still dominant in making a decision to outsource but BOD is also playing an important role
5) Lack of information about AMCs is the main reason for not recommending the possibility of outsourcing to an AMC
6) Those who are familiar with the concept of AMC are less likely to recommend an AMC as a viable management option

VOLUNTEER LEADER ONE-ON-ONE TELEPHONE INTERVIEWS

VOLUNTEER LEADER INTERVIEW QUESTIONS

The following questions were addressed during the interviews with volunteer leaders:

- As volunteer leaders, how do you explore with your association CEO about options when faced with financial and personnel stresses?—more specifically how do AMCs fit within your scope of options?
- Have you found your relationship with the CEO has changed over the past few years, as this survey would indicate it may have?—if so, how?
- What would it take to make the AMC option easier to consider?—what could AMCs do more or better?
- How have you obtained your information about AMCs?
- What other factors we have not mentioned might come into play in deciding for an AMC option?

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VOLUNTEER LEADER TELEPHONE INTERVIEWS KEY FINDINGS 1/3

The results of seven interviews are summarized below:

1) Two of the seven volunteer leaders interviewed are actually employed by AMCs and were therefore very knowledgeable about association management trends and of the value that AMCs bring
2) The five others had very little knowledge of AMCs, and their interest in AMCs ranged from mildly curious to dismissive when the AMC concept was explained to them
3) Among those who were skeptical, their key concerns were:
    - the ability of AMCs to manage associations over a certain size;
    - the ability of AMCs to understand and adapt to the special cultures of the industry sectors or professional disciplines their associations represent; and
    - fearing loss of control by using staff who are not their direct employees

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VOLUNTEER LEADER TELEPHONE INTERVIEWS KEY FINDINGS 2/3

4) All seven volunteer leaders confirmed that there has been significant turmoil over the past several years in the associations they manage
5) While all these leaders say they prefer to leave their CEOs in charge of operational matters, they all also acknowledged that their boards have had to intervene operationally more in recent years than what they can remember was previously the case
6) Most of these volunteer leaders obtain their information on management matters by word of mouth from experts/influencers and colleagues, business publications or specialized publications from their field
7) Apart from the two AMC employees, no volunteer leader belonged to any organization such as ASAE or BoardSource that might have been a source of professional information

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VOLUNTEER LEADER TELEPHONE INTERVIEWS KEY FINDINGS 3/3

8) It was clear from all these interviews that all were open to more information - particularly comparative statistics that show the value AMCs bring. The lack of such current and relevant information would appear to be the biggest handicap to greater understanding and use of AMCs.

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FOCUS GROUP - INFLUENCERS FOR NON-PROFIT ORGANIZATIONS

INFLUENCERS FOCUS GROUP KEY TAKEAWAYS

These influencers consisted of the leading partners of three law firms and one accounting firm that are specialized in serving associations.

1) All have seen a drop off over the past three years in the use of their services as associations try to reduce costs
2) They also have noticed that boards of directors have been more active as they perceive operational and/or financial challenges and that their role is to represent the interests of the board of directors
3) They pointed out that AMCs are perceived to be more interested in providing low cost than in the quality of their services and that they often offer an all or nothing approach to management when a menu approach might be better
4) They also pointed out the growing need for international AMC services as well as for providing services to splinter groups or SIGs that have broken off larger associations. Other services might include offering volunteer leadership and staff training sessions and benchmarking information about cost efficiencies

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