

MANAGING NOT-FOR-PROFITS

A guide for
board members
and executives
of not-for-profit
organizations

Presented by



***Managing Your Not-For-Profit
in a Tight Economy***

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INTRODUCTION

In difficult economic times, members of not-for-profits often turn to their organizations for increased support and guidance. At the same time, your staff and board of directors may feel pressed for solutions to stay on course and on budget, charged with doing more with less.

This issue of *Managing Not-for-Profits* provides guidelines for board members and not-for-profit executives to effectively manage the economic downturn and maximize opportunities for their organization. Based on years of experience managing not-for-profits and associations, we offer the following recommendations during difficult times:

1. Maintain a Strategic Focus
2. Assess Staffing Needs
3. Enhance Your Buying Power
4. Reduce Overhead Costs

The following pages explore these guidelines and offer best practice scenarios drawn from AMC-managed not-for-profits.



The AMC Solution

As associations and not-for-profits face tightening budgets, fewer staff and reduced volunteer time, the efficiencies of using outside professional management resources become more appealing.

Specialists in managing not-for-profit organizations, Association Management Companies (AMCs) draw upon years of experience and proven practices to offer strategic assessment and advice to thousands of not-for-profits across the globe, from trade associations and professional societies to charitable organizations and foundations.

By design, the AMC model provides scalable service – professional expertise, where and when you need it. AMCs can serve as an organization’s headquarters, managing day-to-day operations and providing staff members who are experts in various management functions. Or for not-for-profit organizations that have a staff in place, or do not require full-time staff support, AMCs provide a range of consulting services from strategic planning and membership development to communications and advocacy. And as thoughts turn to the bottom line, AMCs offer their association clients enhanced buying power and reduced overhead costs via a system of shared resources.

Keep reading to find out more.

1. MAINTAIN A STRATEGIC FOCUS

Running a trade association or professional society is often similar to running a for-profit business. The same questions need to be asked: How can the organization grow? Where will we find new “customers”? What positioning do we want for our organization with our target audiences?

Especially in a tightening economy, it is critical for organizations to revisit their strategic plan rather than automatically reduce programs and new member initiatives. Surviving the downturn doesn't have to mean scaling back. Instead, to stay on course for success, associations will be challenged to find new and innovative ways to add value.

High on the list of benefits of partnering with an AMC is the strategic specialization it brings. Seasoned executives with years of not-for-profit management experience conduct a comprehensive organizational evaluation, offering strategic advice and best practices for moving forward.

Specifically, AMCs can help not-for-profits:

- *Focus on quality and efficiency.* Of vital importance, AMCs lend an objective, third-party assessment.
- *Maximize and monitor revenue.* AMCs help prioritize staff time put toward revenue-generating and collection activities.
- *Keep the ideas coming to do more with less.* Because they work with multiple clients, AMCs facilitate idea-sharing among executives.
- *Continuously communicate value.* AMCs keep boards and committees informed.

To keep not-for-profits on top of the trends and ahead of the curve, AMCs perform regular environmental scans. And looking beyond the current downturn, AMCs help organizations continue to plan for the future, surveying members to see if and how their needs have changed, and identifying new opportunities down the line.

Best Practices: *CMA Association Management, New Jersey*

CMA Association Management helps associations create well thought-out paths forward with a proprietary strategic planning process called Marketecture™. Marketecture uses time-tested marketing analysis tools to show associations a scan of competitive forces, as well as potential changes to the regulatory, legal, technological, political and socio-economic environment. Through careful strategic planning and positioning, CMA pinpoints market opportunities and guides association initiatives in a profitable direction, ultimately translating strategy into greater revenue streams.

A few years ago, CMA's Senior Vice President Rob Jones put his 30 years of strategic marketing experience to good use for The Association for Convention Operations Management (ACOM), and they're still reaping the benefits today. After conducting a Marketecture session with the ACOM board, CMA launched a public relations campaign to position ACOM as a major player in the meeting planning industry. The resulting plan also served as a springboard for the association's growth, increasing membership more than 25 percent in the past four years, and providing added benefits to members including year-round opportunities for continuing education.

2. ASSESS STAFFING NEEDS

When times are tight, efficiency is the name of the game. As you and your board begin to strategically evaluate your business model, pay particular importance to staffing. Assess whether you need full-time staff, 12 months of the year. Evaluate performance vs. demand, and employee maintenance vs. productivity. And look for over-specialization of job duties that may be leading to decreased efficiency.

To capitalize on time and energy, Association Management Companies provide not-for-profit organizations and associations with the expertise they need, when they need it.

AMCs customize client services, assigning staff specialists as needed to carry out specific goals. For example, a publications editor coordinates a monthly newsletter or annual report to keep members and donors connected

to an association's work. An exhibits manager oversees the annual meeting and trade shows, working to gain maximum visibility among key audiences. Or membership specialists are brought in to enhance programming and build an association's membership base.

These specialists operate as an extension of association staff, delivering high quality services that align with and advance the organization's overall mission. Each association pays only for the services rendered, finding more value in concentrated, professional expertise. And by outsourcing functional areas, board members and executives are freed up to concentrate on strategic initiatives.

Following is an example of an AMC that assigned expert staff based on the specific needs of a client association.

Best Practices: *Kellen Company, Offices in the U.S., Europe and Asia*

In 2001, charged with growing the Research Chefs Association (RCA) into a world-class organization, global professional services firm Kellen Company tapped experienced executive management and specialized staff expertise in meetings and membership development to drive up numbers.

Meetings. Meetings specialists at Kellen worked to grow sponsorships of RCA's annual conference. For added visibility on the front end, they produced an informational e-bulletin to go out to all exhibitors, and introduced pre-conference culinary-related tours. On site at the Expo, Kellen set up a demo stage and implemented a student culinology® competition. Sponsor-centric tactics included repackaging program level participation and benefits, raising sponsor recognition, and promoting product donations during the annual awards luncheon.

Membership. Meanwhile, membership development specialists implemented two creative membership outreach campaigns – ROAR (Reach Out and Recruit) and Grab & Go (Grab a colleague and Go sign them up) – with built-in incentives for current members. Outreach included a personal call from a staff member and volunteer leader.

As a result of applying the best of many association experiences, Kellen tripled RCA's membership to more than 2,100 professionals, and its sponsorships have shown double-digit growth every year. Kellen has continued to work closely with RCA leadership to ensure that its infrastructure and staffing expand at rates necessary to deliver excellent member services during this period of dramatic growth and expansion.

3. ENHANCE YOUR BUYING POWER

In a down economy, you're likely to hear heightened talk of the "value of money." It's not just about how much you have in the bank, but about buying power, as measured by the quantity and quality of products and services your organization can buy.

Stretching a dollar will get you so far, and of course it's important to identify and work to remove any gratuitous expenses. But in true association fashion, joining together with other organizations that have similar purchasing needs can effectively minimize costs and 'up' the value of your money.

Buying in bulk reduces service fees and purchase rates. Plus, pooled resources improve the ability to obtain goods and services, and

boost negotiating power. The greater the volume of business, the greater the savings.

Associations and not-for-profits managed by AMCs are able to leverage extensive buying power when it comes to meeting planning, marketing and communications, creative services and technology, among others.

Because AMCs are responsible for negotiating contracts with outside vendors on behalf of thousands of associations and not-for-profits, they have developed vast networks of insurance providers, printers, meeting venues and more. By working with these suppliers on a regular basis, AMCs often realize savings which are then passed along to their association clients.

Best Practices: *Drake & Company, Missouri*

In his many years at the helm of Drake & Company, President and CEO Steve Drake made a habit of challenging bankers to look at the combined net assets of the associations he managed. In the spring of 2008, he cashed in on an opportunity to partner with Enterprise Bank and Trust in St. Louis, to simplify the daily management of payments, cut down the number of banks used, implement technology to reduce the risk of fraud, and importantly for his clients, leverage the power of associations' combined balances to improve overall financial benefit.

Not only has Drake & Company enjoyed reduced administrative costs – which translates to reduced overhead costs for association clients – but it has seen increased efficiencies in the standardization of processes across all accounts.

In just six months, Drake & Company reduced its monthly bank service fees to zero, saving nearly \$3,000 while increasing interest earned by nearly \$2,000. And working with the Leadership Advocates Network, the firm has saved its clients an average of 1.35 percent in credit card processing fees, resulting in total savings of \$5,500 to date.

4. REDUCE OVERHEAD COSTS

Facility bills. Rent or lease payments. Public utilities fees like telephone service and Internet connectivity. Equipment maintenance. Copier and printer costs. Technology expenses. And the list goes on.

Overhead costs can put a small association or not-for-profit under in this economy. To stay afloat, it's critical to develop a strategy for effective management of overhead costs. Where possible, ensure day-to-day expenses are part of a larger investment in organizational growth.

Operating within a framework of shared resources, Association Management Companies provide cost-effective solutions to staffing, equipment, facilities and other budget considerations. Overhead costs for professional services are shared across each AMC's clients, increasing association resources and capabilities, and strengthening each organization's return on investment.

At the end of the day, not-for-profits can take saved money to the bank, reallocating dollars to fulfill strategic initiatives and further advance the association's mission.

Best Practices: *The Center for Association Growth, Glenview, Illinois*

We've all been frustrated by it – the need to purchase multiple software licenses to access and administer Web-based applications on computers throughout the office. It's cost-prohibitive, and a plain nuisance. The Center for Association Growth decided to pool its technology spending to develop new features and functionality for clients at a significantly reduced cost.

Several years ago, The Center began building out clients' Web sites on top of an open source content management system. For those of us that are less tech-savvy, that's code for a widely accessible computer application used to create, edit, manage and publish content.

The Center uses its open source content management system to get clients' Web sites up and running fast. Sites are easy to maintain, and by design, the platform significantly reduces licensing fees that would be passed along to clients. Plus, The Center for Association Growth can develop new features and share new functionality across all of its association clients, providing access to a wide range of capability without costly investment.

Best Practices: *IMG Associations, Lexington, Kentucky*

IMG Associations knows going green saves green. As part of its association management expertise, the firm maintains a special knowledge of environmental activism initiatives, employing in-house experts on corporate social responsibility.

In recent years, IMG has worked closely with one of its longest-standing clients – the National Tour Association, dating back to 1974 – to reduce waste and improve green business efforts. NTA's member magazine, *Courier*, is now printed on recyclable paper using soy-based inks. Many other printed pieces have been replaced with online versions. And the majority of NTA member communications are now delivered via e-mail. That saves on printing costs, and sends an eco-friendly message to association members.

PARTNERING WITH AN AMC TO ADVANCE YOUR NOT-FOR-PROFIT

Association Management Companies are specialists in managing associations and not-for-profit organizations, providing senior leadership, management services and the resources necessary to weather today's difficult economic climate and plan for the future.

The AMC model allows client services to be customized to meet specific goals. Whether your not-for-profit is in the market for full-service management or customized services – strategic planning, membership

development, communications and more – AMCs leverage shared resources across multiple association clients to increase means and capabilities.

With years of experience in a not-for-profit environment, AMCs lend strategic focus and put proven practices to work for your organization. And of special importance in this economy, partnering with an AMC can lead to enhanced buying power, improved staff efficiency, and reduced overhead costs.

AMC Institute

AMC Institute, the trade association that represents the Association Management industry, is a vast resource for volunteer leaders and not-for-profit executives navigating the new economy and broaching the transition to outsourced management.

With more than 150 qualified AMC members worldwide, AMC Institute has helped hundreds of associations and not-for-profits find their AMC match – whether they were in the market for full-service management or specialized services. At www.AMCInstitute.org, volunteer leaders and not-for-profit executives can browse a comprehensive AMC directory, and solicit expert management support at the click of a button via an online Request for Proposal tool.

AMC Institute Accredited AMCs are the preferred choice of association and not-for-profit organizations. Fewer than 50 AMCs have achieved *AMC Institute Accreditation*, demonstrating the commitment and the ability to deliver the highest level of professional management services to association and not-for-profit clients. The most demanding and comprehensive evaluation in the industry, *AMC Institute Accreditation* is recognized and supported by ASAE & The Center for Association Leadership and is based on the ANSI Standard of Good Practices for the AMC Industry.

For more on the AMC management model, to identify local AMCs or to issue an online Request for Proposal to highly qualified AMCs that meet your management needs, visit www.AMCInstitute.org.



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