Creating & Expanding Non-Dues Revenue:

The economic downturn in recent years has affected many associations as a number of their members have struggled financially and increased their scrutiny of association dues as the members look to maximize their return on all investments. For some associations, the downturn has led to a decrease in their dues revenue and even a loss of membership. Now, perhaps more than ever, associations must find new and creative ways to increase or maintain their total revenue without relying on their membership to bear the burden of increases in dues and other fees. In a recent poll conducted by *Association Adviser Enews and Naylor, LLC 2011*, nearly 46% of associations budgeted for an increase in their non-dues revenue (NDR) for 2012 compared to 2011. This is not a new trend at associations as the revenue mix at many has been changing over the past decade or so. According to Ramona Jones, Vice Chair of IBAT, "at successful associations, member-dues represents less than half of total revenue. Ten to 15 years ago, dues represented 50 to 75 percent of total revenue. So the ratio has just about flipped."

What should be considered when looking at non-dues revenue (NDR) programs?

When looking at your current NDR and investigating additions to your NDR program, there are several factors you must consider:

- Will the program generate an appropriate return on investment (ROI)?
    - Make sure you consider all direct and indirect costs when looking at your program. Even if you are partnering with a vendor for your program, there will always be staff time involved. Ensure that "hidden costs" are considered in addition to the obvious, direct costs.

- Does your membership need or want the program?
    - Before you invest staff time or take on additional expenses, make sure you research and poll your board and membership to ensure membership participation. The most successful programs are driven by member need.

- Does the program support the overall mission of your association?
    - At a minimum, the program should be consistent with the overall mission of your association, but ideally it will advance that mission.

- Is the potential in the market sufficient enough to support the program over the long-term?
    - Make sure the program you launch is one that can serve your membership over the long- term. More than likely it is not in the best interest of the association or the allocation of its resources to launch a program that will not have long-term demand. Always keep in mind your ROI noted above.

- If you are partnering with a company, is the company one you want as a partner?
    - When partnering with a company for a new program, make sure you research the company. Remember, they will be representing you and your association. Ensure they provide the services with the same level of excellence that you

operate your association. Ask for references from their clients, preferably from some associations.

- Can you structure the partner agreement so that the association, and not the vendor, maintains control?
    - When signing a contract with a vendor it is important to remember it is the vendor's contract, written from their perspective and it may lack the information and authority you want to control the program. Make sure your members' interests are protected and that information, such as your member list, is used in a manner you are comfortable with.

<u>What are some common non-dues revenue programs?</u>
There are many types of services and programs that associations can offer or expand upon to increase their non-dues revenue. Below are some examples:

- Trade Shows
- Industry & Market Research Studies
- Webinars
- Trade Magazines (On-Line and In Print)
- Host a Job Fair
- Sell Logo Products
- Affinity Relationships (Credit Card, Rental Cars)
- Consulting
- On-Line Career Center or Jobs Board
- Internet Buyers Guide
- Banner Ads on Newsletters
- Program Sponsorships
- Award/Recognition Dinners
- Advertising On-Line & In Print