

February 2017
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The Dues Disconnect Bob Harris, CAE

Back in the year 2000 in the book *Bowling Alone*, author Robert Putnam described how Americans were disengaging from civic organizations, political involvement, meeting attendance and volunteer service.

Though more people are bowling, the number of leagues has decreased. People prefer to bowl alone; when, where and with whom they want.

Society has seen many changes of recent, including Brexit, a shift in US governance style, the closure of the 146 year old Ringling Brothers and Barnum and Baily Circus, and the shuttering of Kmart and Sears stores. Institutions that appeared America's strongest are closing.



Will there ever be a headline reading “Associations become Endangered.” Do these environmental factors affect the membership model? Most associations rely on membership dues for more than half of their budget.

Dangers Report

The National Association of Realtors coined the phrase the “dues disconnect” in their 2015 Dangers Report by the Swanepoel T3 Group (<https://www.dangerreport.com/usa/dangers/associations>). A concern for more than 1,000 real estate associations is the dues disconnect.

The report questions the relationship between dues paid and the costs of operating an association. Does the amount reflect a value package or a bloated overhead for operations?

Are associations able to show the relationship between dues paid and services delivered? The Florida Nursery, Growers and Landscape Association offers prospects and members an ROI value calculator on their website at <https://www.fngla.org/membership/roi.aspx>. A prospect can review the benefits and services, consider what they will use, and receive a tally of the value of those benefits compared to cost of dues.

Return on Investment

Will people continue to pay dues? From business offices to individuals, people are asking, “What’s the return on investment” and “Is this cost justifiable?”

More often than not, when I discuss membership worth with association executives they are scratching their heads or confessing, “We don’t really have a significant value proposition.”

Common objections include, “You’ll lobby for me whether I join or not,” and “I can find the same information on the internet.” Related complaints include, “I get too much information from you,” and “What do you mean? I thought we are members.”

Some members view the association like an insurance policy. They invest in hopes the organization will provide support and solutions as needs arise. Many associations express, “We’ve got your back.”

Will the dues model survive? Is it reminiscent of a club membership in schools or civic organizations? Many civic organizations are down in membership or no longer exist.

Dues as a Barrier

In January the Lancaster Chamber of Commerce and Industry in Pennsylvania is said to be the first to drop the dues model. Chamber President and CEO Tom Baldrige said “If we really want a prosperous community, we need to offer access to everyone without the barrier of membership.”

The approach is that every business in the community is a customer and should have access. The chamber explained in a news report that the organization has a shrinking pool of members. Yet the chamber is driven to serve more county businesses. Its mission is, “To build Lancaster County in to a model of prosperity for 21st Century America.”

The organization still maintains a dues schedule for “investors.” Businesses can “invest” in the chamber to push for things they desire in the county. They are asked to sign up as investors for \$500 and up.

Tiers and PWYW Dues

Tiered dues is another a newer approach. Members who want more services, or want to contribute more to the organization, select a higher level of membership.

Tiered dues serves multiple purposes. Persons can “test drive” the organization by joining at the lowest level. During their tenure they may upgrade. It allows staff to upsell, urging members to lend more support.

Upper membership tiers might include elite benefits and added access to people and information. For example, elite members might be included on CEO conference calls or an invitation to shape public policy.

Another model is PWYW – Pay What You Want. PWYW restaurants allow patrons to pay what they believe the meal is worth. The results have been some patrons perceive a higher value and pay more while others pay less.

In an association or chamber the question is, “How would your members and prospects assess the value? Would they pay less or more than the suggested dues amount?”

Broader Base

Many associations measure success based on market share. That is the number of potential or qualified members compared to the portion paying dues. I have seen a range from below 10 percent to a high of 99 percent.

Some associations espouse the principles of serving dues paying members only. Although, reading most mission statements they profess to represent or advance the entire community --- not only dues paying members.

Should all potential members and a broader section of stakeholders be identified as the organization’s customers? The non-member customers can participate and access benefits but at a higher fee. It is hoped interaction and familiarity the customer will become an investor.

One association strategized that if they dropped their dues and made everybody a member their database and marketing potential would improve.

In this model the dues paying members are recognized as investors. All potential members are treated as customers. Investors are those who contribute to support the association and want to receive added services.

Volunteer Time

An aspect that might discourage belonging is the relationship between dues and volunteering time. New members are invited to “get involved” by serving on a committee or ascending the leadership ladder (because it’s harder to find future leaders.)

In today's hectic life styles, people protect their time for what is most important, family and survival. Finding a few hours a week or month can seem impossible.

In summary, membership models are evolving. Boards have to assess the value proposition and member experience. Will traditional models support the sustainability of associations?

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Note: Bob Harris, CAE, provides governance tips and templates at www.nonprofitcenter.com