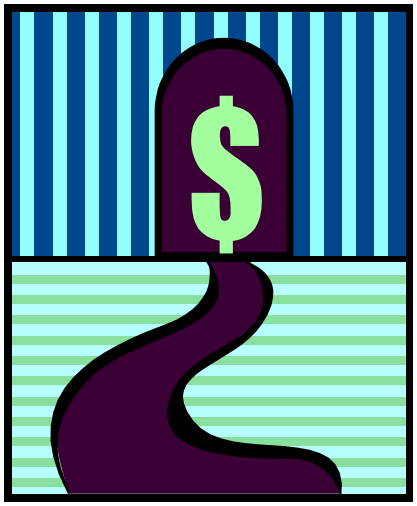
Association Non-Dues Revenue: Pave the Way

A How-To Book for Association Executives, Board Members, Managers, and Staff



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Engagement and Participation for Successful Change, and

A Strong Foundation for Member Value and Revenue Growth.

Table of Contents

Up Front about the Author and the Approach to Organizations

My name is Laurie Ford. Full disclosure: I'm an engineer (with a background in social sciences).

My undergraduate university degree is in social sciences – psychology, sociology, and philosophy. After college, in my first job, I got interested in organizations of people, and how to manage them for change and accomplishment. I wanted to know more about how to solve such "systemic" kinds of problems, and searched for the education that would help me do that. I found it in the College of Engineering at the State University of New York at Buffalo.

Combining social sciences with an engineering education puts the challenges of organizations and change management in a new light. We all know that an organization is a collection of people in action, but it is also a mechanism for accomplishing something – something greater than even a collection of individuals can do. I came to see an organization as a "network", specifically, a network of agreements, actions, and communications. It turned out to be a very useful point of view.

The organization-as-network perspective is especially useful when leaders want their organization to accomplish something more, or different, than it has ever done before. The reason is that even the smallest change is complex – in a network, sooner or later everything touches everything else. Leaders may want to do something that seems simple: implement a plan. They may want to do something much more complex, such as establishing a new revenue stream that will also provide big customer benefits. In either case, everything will get complicated very quickly. It may be necessary to create and coordinate teams, and to update leadership and management practices as well as operational processes and procedures. Then there are staff issues, and board concerns, and a host of other resource matters to be addressed.

How to do all that? This is where it's good to have a toolkit that will bring visions and strategic plans to life. Good tools can simplify – and perhaps accelerate – changes in the realities of the workplace. The focus of my 30-year organization change consulting career has been to provide those tools, along with guidance to make organization change easy, even enjoyable, to implement.

This book focuses on ways of using network-organization tools to simplify the challenges of building non-dues revenue for Associations. The methods have been tried, tested, and proven in Associations, as well as with businesses, manufacturers, and a wide variety of service and government organizations. The network approach to organizations is catching on because the tools are easy to use and they help people work together to fulfill their organization's mission and reach its goals.

Finally, I want to introduce the other half of me: my husband, Jeffrey Ford. He is an emeritus professor at The Ohio State University's Fisher College of Business. His career has been teaching management, organization design, and change implementation for MBA and other graduate and undergraduate students as well as practicing executives. We have worked together to develop change management tools and materials for his students, my clients, and everyone else who cares about improving management and organization performance.

Chapter 1. The Single Greatest Challenge

Association executives face challenges similar to the ones facing their corporate counterparts. Among these challenges are: staying within budget, doing more with less, finding and keeping talent, growing revenues, and attracting more members, sponsors, and other resources. The newest challenge might be competition.

Competition? Absolutely. Not only is your association in competition with other societies, associations, and other membership organizations to acquire new members and to sustain or increase the participation of your current members. Competition has never been greater than it is now, and there is every indication it will continue to get even more intense. You don't have to go far to find it: just look at how much more challenging it is to get marketplace attention and recognition for *your* association in today's fast paced, instant-information, global economy.

Given…

- **Competition for members, customers, resources, and attention;**
- **Membership changes in demographics and participation; and**
- **New demands from board, staff, and volunteers…**

How can you build and sustain the financial viability of your association?

Just how challenging is it? Well, consider this one example. In 2015, almost 50% percent of all inbound email was considered spam – and that was a 12-year *low*.[1] When you consider that over 25 billion email messages are sent every day, you can see how difficult it is for your legitimate email message to get through all the "noise" to reach your prospective reader. Add to this the increased use of anti-spam software which frequently treats legitimate email as spam and you compound the problem of being heard. Similar challenges are occurring with other types of communications throughout the marketplace, all significantly increasing the noise-to-signal ratio.

Additionally, there is competition for obtaining the best talent, and for creating distinctive and customer-valued products and services. Businesses use highly selective segmenting strategies to provide niche products and services that compete with those offered by associations. This makes it even more important for associations to learn to be more responsive, efficient, and effective and avoid losing ground to competitors.

Membership changes. Aside from competition, another challenge for some associations is declining membership. Baby boomers constitute the largest single demographic cohort in our

[1] http://www.bbc.com/news/technology-33564016.

society, and as they reach retirement age many will alter or end some of their memberships. The need to be attractive and provide new value for new member prospects has never been greater.

Internal changes. A final challenge is that, for many associations, some internal changes likely need to be addressed. Business and management practices may be outdated, failing to get the best value from the human and material resources available. Volunteer board members and the general population of association members can seem both more demanding and more critical than in former times. They may have higher expectations, want more and better performance and results, and, in the case of members, have very real alternatives from which they can choose.

Putting this all together in today's association world, the greatest single challenge facing executives and boards is to find the answer to this question:

How can we sustain the financial viability of our association?

Clearly, if you are going to address the changing times and your changing resource needs, your association has to make changes too. If you are going to meet all those expectations, improve your member satisfaction, and deepen your member service results, something new has to happen. But what?

The obvious solutions are really weak options. It is probably unrealistic to assume your association can get the money to address the challenges of competition by either *raising dues* or by improving *operational efficiency*. Each of those solutions has a limit that is likely to be exhausted after one or two attempts. You can raise prices, cut costs, and push existing resources only so far. Ensuring viability cannot be done entirely on the backs of members, staff, or volunteer leaders.

"Good work" is not enough. Every association leader believes his or her organization does "good work", and "makes a difference" in the world. But that does not eliminate the need to change. Complacency is not an option. Executives and board members cannot assume their association will continue its success, or recover from disruptions, based only on its history and traditions. Further, what you believed was vitally important yesterday might be only marginally important today, and could be entirely irrelevant very soon.

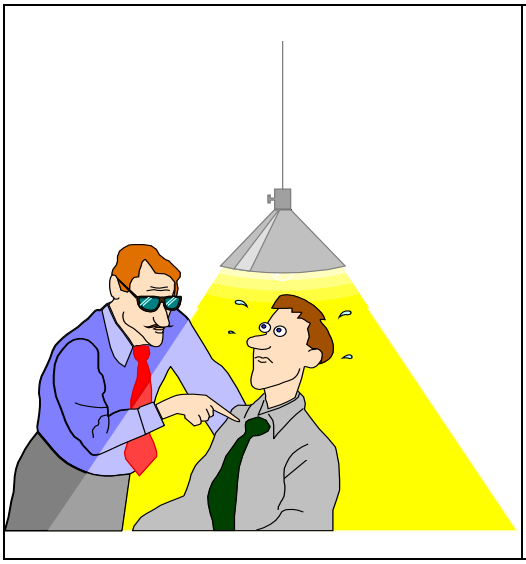
Build mission-relevant non-dues revenue. You, as an association leader, are faced with the demand to take action and to ensure the ongoing viability of your association. What to do? One option: you can take a lesson from the world of commerce and you can deepen or diversify your revenue sources. In other words, you can develop and expand your association's non-dues revenue.

Telling the Truth

Danger signals. Why do some associations draw on their reserves to make it through their budget year? Why do they continue to do it, year after year, even when they know it is a bad practice? Why do they ignore this red flag, this emergency signal? Because the alternative is too difficult to address effectively, and the decisions required may be too vulnerable to dissent. Even if your association is not in this dire situation, a cold hard look at your revenue projections can reveal some hard truths about future viability.

Often, the first hurdle for executives is to get the board to see and understand the pressing need to reconsider the association's revenue portfolio. After that hurdle is cleared, the next one is even bigger: How do you get everyone to agree on what to stop doing, and what to start doing? Making substantive changes in an association's revenue streams requires truth-telling.

Confront the brutal facts. In his book "Good to Great", Jim Collins points out that the difference between a really great business and a merely good one is that really great businesses willingly confront the brutal facts and take action in the face of them. Confronting the brutal facts means telling the truth – good, bad, or ugly. This means looking at the data and seeing what it really says – no rose colored glasses allowed. No excuses, justifications, or explanations are acceptable, because those are attempts to make things look good when they're not – a form of denial.



What does your revenue portfolio really say?

- **Is it time to try something new?**
- **Should some old favorites be given the boot?**
- **What do your members really need?**

***Really*…**

***W*hat do *THEY* say they need?**

Look at the data. Telling the truth about your association's revenue streams may require giving up some dearly held beliefs. "Our educational programs are the best in the industry," one board member insisted. But a look at the data said otherwise: revenue was declining, attendance was dropping, and a little research indicated that programs offered by other associations and corporations were both more comprehensive and better recognized by prospective employers. Telling the truth means you can't ignore data that argue against what you believe to be true. Your beliefs may have to go.

Satisfaction surveys are not the answer. One state association we worked with surveyed its members on a regular basis. They used the surveys to learn what members wanted and to find

out how satisfied they were with current offerings of all kinds. The association was proud of the results, because statistics showed members were satisfied with what the association was doing. These statistics, however, seemed to contradict their financial data which showed declining membership and revenue.

We asked to see the surveys. They were right – partly. The surveys did show that over 50 percent of the members were satisfied with the association's advocacy work and its educational programs. But an even higher percentage also mentioned specific problems in their industry and in their own businesses – pressing problems they wanted the association's help to resolve. Unfortunately, no one in the association had heard these warning signals. When we showed them the member statements and requests for assistance, the management team was shocked, asking, "How did we miss that?"

They missed it because what their members wanted didn't fit with the beliefs and assumptions about the role of their association. A large portion of the membership wanted help with their business financial and management challenges, but this didn't fit with the association leaders' ideas about the purposes of the association. "We're about advocacy," one manager explained. "That's our most important job. We help our members in the statehouse, not in their offices." And so they ignored the data until finally forced to face the brutal facts: their members were asking for help – in ways and places their association didn't think to look – and those pleas were being ignored.

Is what happened at this association unusual? We don't think so. And, if you believe Jim Collins, it's not unusual in businesses either. In fact, not confronting the facts is more the norm than the exception. That's why Collins found lots of good businesses, but only a few great ones.

The truth will set you free. Once our association managers recognized what the survey data was telling them, they began discussing whether to develop some new services, and if so, which ones. They created teams to investigate options, researched the ways that outside companies were starting to offer services to their members, and met with members to learn more about their operational problems. They learned which alternatives were the most valuable and viable, and which ones their members wanted most. This exploration took them into new territory that led them to new products, services, and revenue streams. But it couldn't have happened until they were willing to tell the truth, confront the brutal facts, and recognize the limitations of their own organizational mindset.

Three Organizational Mindsets

Why is making a substantial change in revenue streams so difficult for associations? Because some organizations can't recognize or get out of their "mindsets" and get free to adopt a different point of view. Some Board members and staff leaders may cling to what they have historically and habitually done.

Beliefs can limit vision. Mindsets are the way we perceive ourselves, our association, and our members, allies, and other external and internal groups. We say, "These people are our friends, those are our opponents; these are our principles and values, those other ideas are not right for us;

this is the way we do business and changing things will surrender our traditions." We're sure we are right, and speaking for the highest values of our association and society.

Mindsets are clusters of beliefs and assumptions that shape the things we say, the way we think, and the things we do. They are transparent – we can't see them. That is why you and I – and the organizations we work in – don't think we *have* mindsets. We think the way we see things is the way they really are, because we don't know we are wearing "mindset glasses" that distort everything we see.

Don't bother me with reality…

I already know the truth:

- **Resources <u>are</u> scarce**
- **Our association <u>will</u> continue to succeed**
- **We do <u>not</u> need to change**

Some mindsets – such as the ones derived from our shared rules of social etiquette – can serve us well. Other mindsets undermine our best intentions because they lead us to believe things that perhaps were true at one time, but are no longer real or practical. We have identified three mindsets in non-profit organizations that can undermine the best intentions of Board and staff: Scarcity, Myopia, and Complacency.

Scarcity

The scarcity mindset is the background assumption and belief that there is simply not enough to go around. This mindset is usually accompanied by resignation or cynicism, which means believing not only that resources are scarce, but also that there is nothing we can do about it. Sure, things might get a little better, but only a little, and probably not for long; there is only so much we can do and a lot of things we cannot afford, and that's just the way life is in the non-profit world.

With the scarcity mindset, we define ourselves in terms of what we don't have. You may be able to hear it in the hint of longing around some things people say, as if they feel that success is out of their reach. "We only have a small staff," one executive explained. "We'd love to do more marketing, or focus on product development, but we can't afford it."

Of course there are real-world limits on what organizations can have or do, but this executive had never tried creating a strategic plan with a big vision and some stepping-stones of accomplishment to create that marketing program, or an effective product development team. She operated from her belief that the scarcity she saw was real and immovable, so she didn't try to explore the possibilities.

The doomloop. The scarcity mindset traps people in what Jim Collins calls a "doomloop", wishing that something could happen while believing it is beyond their control to make it happen. Maybe if that executive hadn't gotten stuck in a doomloop, she could have taken control and worked to design and implement a new future for her association. We'll never know. The scarcity mindset has a powerful grip that limits people's sense of possibility.

There's never enough…

- **People**
- **Time**
- **Money**
- **etc.**

… and there's nothing we can do about it.

But we are good people, doing good work, so it's okay.

The martyr complex. What makes the scarcity mindset especially nasty is that, in non-profits, it is often found coupled with a form of martyrdom. This happens when the mindset of living with scarcity is justified by the belief that "good work" often goes unrewarded. As a result, some associations are insistent upon living in scarcity because it makes them feel virtuous. They don't seem to notice that producing more resources would help them do more good work.

Resentment is a symptom. The unquestioned, unexamined despair of living in scarcity is a mindset that can breed resentment. When you hear derogatory remarks about the success of competing associations or businesses, you may be hearing the sound of resentment. Resenting the success of others is limiting, because it reinforces the idea that there is only so much to go around, and if they get more, you'll get less. Other people's wins are *not* your losses – they may be your reminders to recognize your mindset and re-think your possibilities and options.

Myopia

Me first, customers second. In 1960, Theodore Levitt, Professor of Marketing at the Harvard Business School, argued that many businesses were afflicted with what he called "marketing myopia". This is the tendency of organization leaders to view the world from their own point of view rather than from their customer's point of view. As a result, their businesses are defined in terms of what they sell (a product orientation) rather than what their customers want and need (a customer orientation). Speaking of this myopia, Levitt said, "In every case, the reason [a business'] growth is threatened, slowed, or stopped is not because the market is saturated. It is because there has been a failure of management."

Business leaders can become so absorbed in their own perceived value of their Association's products and services that they become convinced the superiority of those products will guarantee

the association's longevity. The myopia of this product-oriented mindset prevents discovery of, and response to, the changing needs of customers. As a result, executives and managers can get out of touch with their customers. If revenue starts to decline, they even may ignore it for a while, then scramble to replace lost revenue later. A myopic mindset can prevent us from re-thinking the role of our associations in terms of the bigger pictures of marketplace and member needs.

No marketing department? That's a clue. The biggest indicator of market myopia is if your association doesn't have at least part of a person's job dedicated to marketing. Every association understands the idea of Member Services. But too many associations think that's all they need, and members will come. If you don't have a marketing function in your association, then you haven't confronted one brutal fact: members are customers, and customers are won by quality products and services that meet their genuine wants and needs of the moment.

You've may have "market myopia" if you think:

- **Our members have no other place to go**
- **What we offer is what they need**
- **Nobody understands our members the way we do**
- **Our competitors' services don't come close to ours**

Your market is bigger than you think. According to Levitt, myopic businesses lose customers because they define their role too narrowly, and thus don't see the truth about what value they really provide. For example, Hollywood was the heart of the movie business, seeing the growth of television as a competitive threat. Moviemakers might have welcomed television as an opportunity for expansion in the "entertainment business" but they stood by their myopic view of themselves as being in the "movie business". Hollywood was devastated by television and had to change its business model to maintain even a moderately successful business profile. In another example, railroads were similarly ravaged by the expansion of cars and trucks because railroad moguls saw themselves as being in the "railroad business" rather than the "transportation business" which could have opened up new opportunities.

Three myths of myopia. Could myopia be limiting your association? One way to make that determination is to see if any of the three Myths of Myopia are present in your association.

> ***Myth 1***: *Our association's viability is assured by our expanding and affluent population base.* Are you the only association your members have to choose from? If you think your member demographics aren't changing, and they have nowhere else to go, it's probably time to update your awareness of the industry or profession, and acquaint yourself with the demographic trends of your membership.

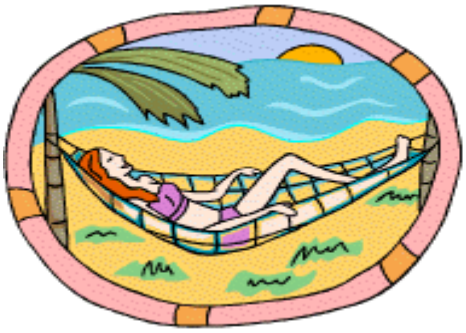
***Myth 2**: There is really no competitive substitute for our products and services – we are indispensable.* Do your board and staff believe your association's programs and products are so distinctive and high quality that people have no choice but to get them from you? Sometimes you need to see the bigger picture of the marketplace and customer needs to realize no one is indispensable today.

***Myth 3**: We know what they need.* Believing that "we know best" or "we know what our members need" is at the very heart of the product orientation that is characteristic of myopia. Sometimes this is just a matter of holding fast to old ideas, without having done the market research to speak authoritatively. Maybe you don't really know what they need now.

If you hear any of these myths cropping up in your board or staff meeting conversations, it is possible that myopia is limiting your association's vision and, therefore, what it can accomplish.

Complacency

Believe it or not, success can breed failure. When people and organizations are successful, particularly if the success happens quickly, they may believe they have acquired a permanent formula for success. Successful executives and managers can lean back and think, "We've got this handled – our traditions and practices will serve us well no matter what happens."



Complacency: If it isn't broken…

- **There's plenty in reserve**
- **We're fine - we don't need to do anything yet**
- **We'll know if we're in trouble**
- **Our customers need us to keep things the way they are**

False confidence. Complacency can breed a false confidence that encourages leaders to reject any new ideas for fear that change will threaten the formula and upset progress on the "proven right path". Leaders who believe they have the recipe for recovery, no matter what the setbacks or problems, may refuse to listen to the facts of the budget, or the marketplace, or the member surveys – all because they believe things will straighten themselves out naturally.

Don't ignore market changes. One form of complacency is non-responsiveness. This is evident in organizations that are monopolies or near monopolies. An organization that has little or no competition can fail to be responsive to its member-customers. Rather than realigning the organization so it exists for the customers, the customers are perceived as an extension of the organization. The organization becomes less responsive to external changes and market feedback. Today's shift toward a more competitive landscape means that complacency will be increasingly penalized and creativity and risk are more likely to be rewarded.

What is your association's mindset? Effective association leaders are learning to pave the way to a new future by clearing the slate of old mindsets. The insistence on scarcity as a reality, or the myopic belief that past practices ensure future success, shows a lack of imagination that could precipitate a decline. Understanding your mindset lets you avoid some pitfalls that could prevent growth and development. Association leaders who become aware of their organization's mindsets will have more freedom to help the board and staff begin to change and shape the future. They can lead people to escape the excess weight of some historical ideas that have become impediments to progress in a changing world. You can help everyone re-think what the association can and cannot do, and re-examine a variety of ideas for new initiatives to replace outdated ones. Associations are not doomed to live only out of their past – their leaders can set them free to explore new options for enhancing their financial viability.

The Variety of Options

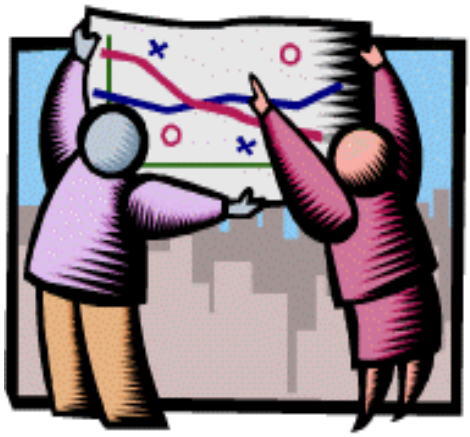
Non-dues revenue: a complex set of decisions. Association executives and boards face a formidable set of alternatives. There are dozens of options for increasing association non-dues revenue. Further, each option can be re-packaged or bundled in a variety of ways and sold to members, non-members, or other associations. Different decisions will alter the lifecycle and potential returns of revenue-generating products and services.

The whole business of revenue development is a complex undertaking that requires brainstorming, research and due diligence, and changes in communications and management practices. Customizing the options for your unique organization adds even more complexity – only a customized set of alternatives will be right for you. How do you know what is right for the revenue growth of your association?

Your solution will be unique to you. One lesson businesses have learned is that not everything that succeeds for their competitors will work for them: imitation doesn't always work. Southwest Airlines, Nordstrom, and Land's End, for example, all allow other companies, including competitors, to study their business practices and operations. Southwest Airlines in particular is very generous with sharing what they know. So why aren't all the other airlines as successful as Southwest? Why don't other department stores have Nordstrom-quality service? The reason is that every organization is unique, and some things simply can't be transferred. What works for one doesn't always work for another, even when both follow the same recipe.

It's a Strategic Decision: Make Sure it's Mission-Relevant

Cookie cutter or mission relevant? Expanding the revenue-generating capacities of an association is a strategic decision, not an operational one. It requires long-term thinking about members and other prospective customers, about products and services, and about the association's position in the larger marketplace. The first strategic decision an association executive must make regarding revenue growth is whether to go with pre-fabricated, convenient, or off-the-shelf programs and services – or whether to re-commit to the association's mission and focus only on mission-relevant revenue growth.



Strategy:

A careful plan or method for achieving a goal or accomplishing a vision

Off-the-shelf solutions can buy time. Off-the-shelf options can actually cheapen your association's brand, or take away from the more positive message you want to send. But sometimes it is appropriate to take a fast solution that will buy time until you can make a more appropriate one. Do what you must. Eventually, for long-term viability, you'll need to find your unique *mission-relevant* ways to create genuine value for your members and to enhance your association's reputation.

Your ideal path to value. The decision to build mission-relevant non-dues revenue puts you on a critical path to (1) discovering your association's strengths and building on them; (2) exploring ideas that can make a substantial impact on the success of your members; and (3) revitalizing your association in *all* its goals and practices for staff and volunteers. This path is your association's unique path to growth, value, and revenue.

The Path to Value – Build Capacity, not just Revenue

Don't settle for less. Your association's path to value is composed of the non-dues revenue options that give the most value to your members, are consistent with the mission and purpose of your association, *and* enhance both its image and its capacity for future successes. Selecting – or designing – those options takes work – they are rarely off-the-shelf solutions. A whole set of options needs to be considered systematically to understand that different options fit together in different ways, and each path gives you a unique pattern of operation, management, and communications. Some of these patterns will be a better fit for your association than others.

Solutions with long term power. One important idea about your decisions for non-dues revenue is the idea of *building capacity*, not just building revenue. Association leaders who are looking at long-term viability will be more interested in building new capacities for their association than only in problem solving or finding quick fixes. Building a new capacity gives your association the staying power of permanent new abilities. If your association is able to *create* new products and *develop* staff leaders, it has more long term viability than if you simply install an off-the-shelf product and hire new talent.

Your revenue capacity. One example of a capacity is your association's revenue cycle. Consider that the revenue cycle, as it is today, has a certain capacity, i.e., your staffing and systems can handle a certain amount of income, flow-through, and expenditure. That much is obvious, but it may be harder to see that your operations, your communications, and your staff and management practices are – at this very moment – all designed to support your *current* revenue cycle capacity. If you try to add a robust new revenue stream, you can be sure all those other things will be affected: operations, communications, and staff/management practices. If you can change your revenue capacity, you will be able to handle more income, and improve operations and communications at the same time. You want more than revenue – you want the capacity to generate and sustain new revenue streams.

Your association has capacities:

- **The capacity of your revenue cycle.**
- **The capacity to collaborate with others.**
- **The capacity to change internal operations.**

Expanding these capacities also expands your value to members.

Go beyond solving problems. There are many advantages to focusing on organization capacities as part of your plan for developing non-dues revenue. Capacity-building includes problem-solving and goes beyond it. Your vision for a new financial future is about more than revenue: it is also about expanded member value and benefits, and for more effective use of the time and talents of staff and volunteers. Many businesses know their future success depends on building new capacities. We maintain that the same is true for associations. To build a viable financial future, associations need to add new capacities while leveraging existing ones.

Commit, create opportunities, and implement. Your association's path to revenue and value begins with the commitment to a new future of providing more value in every interaction with members, allies, and the marketplace. From that starting point of commitment, board and staff can work together to create the best opportunities and options for your unique association. You can then go on to develop the smartest and most efficient ways to implement your plans. A complex process can be smoothed down and customized to the visions and needs of your unique association.

How to Use this Book

This book is your toolkit. The ultimate purpose of this book is to serve as a tool that will get the people around you talking, exploring, and making decisions for a better non-dues revenue portfolio. They will be working on new and better ideas for your association's long-term viability. The primary value of **Association Non-Dues Revenue: Pave the Way** will be to help everyone enter into a fresh conversation for the association's future. It will also help everyone to talk factually and creatively about selecting from the variety of approaches to expanding non-dues revenue streams. Our objective is to help you narrow your options intelligently *and* deepen the partnership with your colleagues as you develop a unique, customized plan of action for your association's robust revenue success.

This book will help you establish the foundation on which everything else depends for a coordinated change to your association's non-dues revenue streams. It is a tool that can be used for brainstorming, discussion, and investigation to engage all the key players in your association. The idea is to create three things that will move your association forward to improve your non-dues revenue portfolio:

1. **Alignment**. You can get your board, staff, and members aligned on the need, the options, and the opportunities for expanding the association's non-dues revenue capacities.
2. **Initiative**. You can help people take the initiative for *creating* the future rather than letting them passively adapt to external changes. You can get them talking about bigger goals for your association's success, its reach, and its potential impact.
3. **Courage**. You can help people design changes that can be easily implemented, and gain the very best from the talents and resources you have available. Change doesn't always have to be costly and painful; it can be an uplifting, energizing experience.

This practical guide to initiating and facilitating the conversations among board and staff will help you move everyone in a new relationship with revenue, possibility, and value. It is designed as a guidebook to increase understanding and alignment regarding the many possible options for your unique association's financial future.

Imagine this. In the process of using this book, the ideas and commitments of board and staff will become visible – they will become the foundation for your association's growth and development. For example, imagine this: What would be possible if all *your* key players could discuss the following 9 questions, and eventually answer them with one voice?

1. Is non-dues revenue really needed? Why do we think so?

2. How fast is our non-dues revenue growing or declining? What will be our financial picture 5 years from now if we don't change anything?

3. Do we want to develop new revenue sources, expand the returns in existing ones, or some combination of both?

4. Which of our current products and services are the best revenue-producers?

5. What is the expected lifespan of our current products and services? Which ones have the best future prospects?

6. Do we want one large new revenue stream, or do we want several smaller ones?

7. Do we know how much increase we want in our revenue streams?

8. What is our level of urgency for new revenue? Do we want something to happen right away, or do we have a couple of years to work on it?
9. How much do we know about the day-to-day problems our members are facing? Is there anything we could do to assist them directly with their day-to-day issues?

Get people talking. The ways this book has been used successfully are all based on one simple principle: get people talking about the ideas, the possibilities, and the opportunities. Three approaches have been used, sometimes sequentially and sometimes in combination:

1) Individual and small group study of the **Association Non-Dues Revenue: Pave the Way** book. You can read it, share copies of it, and have group discussions about it. This helps clarify which ideas are most relevant to your association's current facts. You'll be able to see which of the steps you've already completed, which things you still need to do, and where your biggest challenges will be to add new revenue and capacities to your unique association.

2) Board and/or staff retreats to identify and discuss critical issues and share different perspectives. Once you have had several key people review and discuss the materials in **Association Non-Dues Revenue: Pave the Way**, you can prepare an agenda for a 1-day, or a 1 ½ day retreat. You can develop your agenda from the ideas in this book (instructions are given in the final chapter) so everyone can dive in and contribute to a productive step forward. Many of the sections of this book can be used as handouts to stimulate discussion or focus the attention of small groups for your retreat.

Get started by getting people talking:

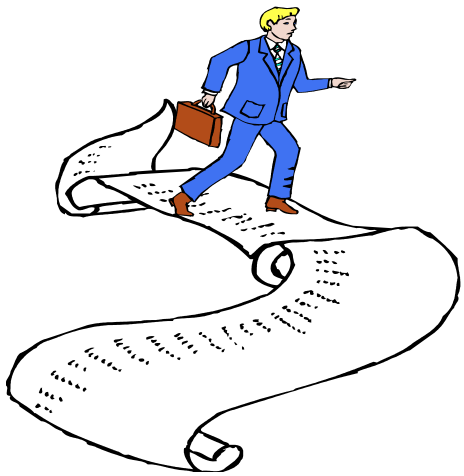
1. **Individual reviews of "*Pave the Way*" ideas**
2. **Small group discussions to develop ideas & possibilities**
3. **Retreat workdays to compare ideas and develop plans**

3) Plan and set up teams to develop your association's non-dues revenue facts, options, and ideas. After you complete this beginning stage of your path to value and revenue, you will need teams to begin the implementation of the changes you want. Teams will help you to accomplish the research, plan the changes in communications or collaboration, and create the implementation checklists that will simplify the process of revamping your revenue-generating products and services. This book will give you some preliminary ideas and tools for building these teams, but the farther you go toward implementation, the more you will need to move into using more advanced change management tools.

Chapter 2. Your Uniqueness Profile

Every organization, whether it is a not-for-profit, a business, or a government agency, is unique. Though there may be similarities among different types of organizations, just as there are among people, each one is still unique in some way. Although it may seem obvious to you, it is a worthwhile investment to consider *what exactly* is unique about your association. You can begin to spell this out in your association's "uniqueness profile".

There is no standard recipe. The reason this profiling is worth doing is because some of your board, staff, or members have been around for a very long time, and some may carry certain ideas about what the association must – and must not – be, and do, and have. Another reason to sketch out your uniqueness profile is that if you are considering a new goal such as revenue growth, you want to find the solution that fits your association. Because every association is unique, there is no single recipe or formula for success. There is no "one right way" for your, or anyone else's association to accomplish that goal. In fact, there are 8 dimensions to your uniqueness, and these can help you outline the foundation for creating new paths and achieving new goals.



Find your Association's UNIQUE way among the many revenue options and challenges.

- **There is no recipe or one-size-fits-all program**
- **There are no right answers – just good questions to get people talking**

The Eight Profile Dimensions = Eight Discussion Topics

1. The Association Board

Every board is different. Different in composition, different in the way it works, and different in its relationships with executives and staff members. And, as you know, changes in board personnel can change everything. In fact, solutions that were encouraged by one board may not be acceptable to the next one.

- *Do you have a large board, or a small one?*
- *Is it a purely leadership board, or is it one that dabbles in managing?*
- *Do you have committees? Are they productive? Do they include staff people or only board members?*

A large board can slow down decision making, but improve the quality of strategic plans. A board that gets its fingers into management can confuse new revenue initiatives and compromise the long-term viability of whatever non-dues revenue options they choose. Committees that are non-productive or highly dependent on staff productivity can compromise the effectiveness of revenue options by making decisions that require too many ongoing management or staffing resources. You have to work with the board you've got, and these factors will influence which revenue stream option will be most appropriate for you now.

2. Association Membership

Members are your reason for existence. In your association's world, they are the center of what you are doing. But what about in the day-to-day world of your unique members?

- *What are the defining characteristics of your membership?*
- *Do you have more than one main kind of member, with different needs and problems?*
- *Is your membership growing, stable, or shrinking? How good are your statistics on this?*
- *How much do you know about what your members need in order to be successful in their day-to-day world? How important are you to them in their day-to-day life?*

Members are looking for the best return on their dues investment. And the more diverse the membership, the more demands this can create. It will be worthwhile to get people talking about these questions to discover some new ideas for providing more value to the core of the organization.

3. Association Staff

The key to your association's effectiveness is with your staff. Whether you have a large staff, or a small one, the association depends on them for getting things done. Most association staff say they are overwhelmed with all there is to do. No wonder then, that when you talk about additional revenue streams, they are likely to raise questions, and maybe even offer some resistance.

- *Do you have a large staff, or are you just a few people trying to do everything for an insatiable board and membership?*
- *What are your staff capabilities? What talents do they have?*
- *What talents or skills are missing?*

The staff wants the association to succeed. They are interested in the long term viability of the association and are an invaluable source of ideas that could actually work. The association's financial viability ultimately rests on their shoulders, so it's worth looking at what you really have available as a solid basis for ongoing revenue maintenance.

4. The Association's Mission

Why does your association exist? What is its purpose? What is it out to accomplish? Every organization has a mission or purpose. Unfortunately, many organizations treat mission and purpose statements more as public relations documents than as the foundation on which the

association stands and on which it bases its goals and strategies. Regardless of what else you might have in common with other associations, your mission is what makes you different.

- *Does your mission statement say, clearly and exactly, what your association promises to deliver to its members?*
- *Does it need to be updated?*
- *Is it focused on members, or does it also say something about board, staff, and resources?*

Association revenue streams need to be consistent with the mission, and advance its accomplishment to ensure longevity. Quick solutions that don't relate to the mission can be a form of organizational betrayal, in that people are knowingly doing something that is inconsistent with the intent of the organization. The mission can be used as a compass when planning new revenue options.

5. Board and Executive Strategies

Every organization has its own way of going about its business in the world. Most organizations follow what is called a "differentiation strategy" in which they try to make themselves different from everyone else, and then try to make that difference worth paying for. Branding is one way organizations try to make their differences recognizable. Some organizations have a plan for creating and making their uniqueness valuable, setting strategic objectives for a successful future. Others operate without a strategic plan, and just go about doing things on a day to day basis.

Big goals need strategies. Strategy is defined as "a careful plan or method for achieving an end." It presumes having goals that are big enough to warrant a plan to accomplish them. Small goals can be accomplished with a checklist or a procedure. Large goals need strategies, which are designed paths for accomplishment.

- *Does your association really have a strategy? Are your goals big enough to need one?*
- *Do you have a way to manage the implementation of your strategic plan?*
- *Does everyone understand who is accountable for implementing each part of the plan? Are the deadlines and schedules clearly spelled out?*
- *Do you have more than one plan, such as a strategic plan, a business plan, a marketing plan, etc.?*

The best laid plans… In the absence of a strategic plan that is actually being used, organizations run the risk of doing things that do not contribute powerfully to the long term objectives the board and managers say they want to accomplish. There are innumerable cases in the business world of organizations that have developed and added new products, either through internal development or through acquisition, then been forced to abandon them later because they didn't fit or had unintended consequences.

Update strategic plans as needed. One thing that makes a strategy powerful is its coherence – a good strategy is like a laser beam. With regard to improving the association's non-dues revenue portfolio, spell out the ways all of the best ideas you collect will align with the current and long term strategy. When updating your strategic plan, consider the impacts on the association's non-dues revenue portfolio. Remember, expanding revenue streams is a strategic decision, so be sure that all proposed changes either advance the existing strategies or that all existing strategies are revised to accommodate new objectives.

6. Association Revenue

What is the truth about the association's current revenue and its long term projections? There is probably nothing that gets more attention than the sources and uses of revenue in any organization. But are board members really reading that whole budget and understanding its inner workings? It's good to get people asking questions and discussing these things, because understanding the realities can help with decisions on what to start – and stop – doing.

- *Is the association's current revenue sufficient to fulfill the promises of its mission statement?*
- *Are see the projections for revenue going out to at least 5 years in the future?*
- *Do the revenue projections correlate with the timetable for implementing the strategic objectives?*
- *Are the dues revenues larger than non-dues revenue, or is it the other way around?*
- *Is it the association policy to make these numbers visible to all board and staff, or are some of them more privately held?*
- *What are the most frequent explanations, rationalizations, or justifications for the current financial position? Do Board members and executives understand the organization's mindsets? (see Chapter 1 on scarcity, myopia, and complacency)*
- *Can the Board and staff members easily see the net income or loss from each and every one of the association's non-dues revenue streams?*

An association's revenue is a resource that can keep things alive and fresh. Dipping into reserves is counter-productive of course, but the ideal would be to add to those reserves, and to have the financial freedom to hire new staff talents, offer new member programs, and take risks to test new modes of communication and service. Where is your association on that revenue continuum?

7. Association Capabilities

Association capabilities are what an association is capable of doing with its resources, including money, people, and other valuable assets. This is often looked at in terms of strengths and weaknesses. It is a valuable inquiry, because if an association is good at advocacy and education, but lacks strong capabilities for marketing and public relations, you want to know that before embarking on a revenue development initiative. Spell out what you do well, and what you don't do well.

- *What is the association's strong suit, given your board, staff, and operational or technical assets? What does it do best?*
- *What is the association's "recipe" for success? How are problems traditionally solved? How does it recover from disruptions of any kind?*
- *What does the association need to do better? What is it currently <u>un</u>able to do that would make a real difference if it <u>could</u> be done well?*
- *Are there ways to multiply the association's special strengths in new areas? Are there association allies or associates with strengths needed by the association, who could either provide them or help develop them?*

Capabilities can be learned, but just because an association is weak in some areas doesn't mean it has to develop all of those capabilities. Some businesses invest heavily in developing and acquiring new capabilities, but they also plan for the period of disruption that can come with it. Any changes in an association's goals, processes, or capabilities is likely to be accompanied by a period of uncertainty, incompetence, and potential failure. Some new revenue streams will require developing new capabilities, and others will be able to be accomplished with what is already available.

8. Association Needs

Not every organization needs the same things – indeed, our entire economy is based on the diversity of needs. But there are some things that an association really *does* need in order to satisfy the mission and implement a strategy. Understanding the real resource needs of the association will help make decisions about goals and strategies.

Revenue should never be added just for the sake of having "more". That is part of the scarcity mindset, and inside that there will never be enough. Revenue should be added when there is a mission-relevant purpose or an intended use for more resources. Revenue is never an end in itself, but rather it is a tool for the accomplishment of those ends. If people aren't clear why revenue is being added, it's worth revisiting the mission statement, the strategic plan, and the shared commitments of board and staff.

- *Do you know what you really need in order to be a more successful association? Do board and staff members agree on the few things that are needed, or do they each have long wish-lists?*
- *Is there a specific shortfall in the association that you are committed to remedying, or do people mostly talk in terms of wishes and regrets?*
- *Are board members and staff actively working to produce what the association needs, or are they sometimes falling prey to the "scarcity mentality" that afflicts some not-for-profits?*

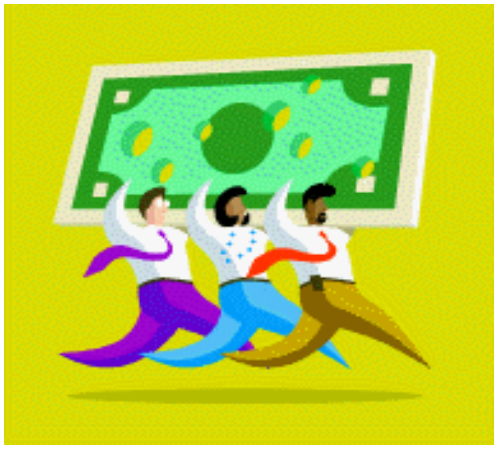
A good discussion among board and staff about needs and wants is a very useful conversation. People see things from different perspectives, and sharing ideas is a good way to zero in on the few things that will make the biggest difference. Knowing these needs, and finding ways to satisfy them, is a key to determining what new products and services should be added, changed, or terminated in the association's non-dues revenue portfolio.

Your Answers Define Your Profile

Step one. We have worked with numerous associations as they have expanded their non-dues revenue base, and have never seen two the same. When it comes to increasing an association's non-dues revenue, the first order of business is always to create the Uniqueness Profile. It ensures that you will be able to fully examine the complex decisions of improving non-dues revenue in light of what makes your association special.

The association board and staff may not agree on the answers. If you tally all the answers to the 8 sets of questions, and compare them with the answers from other associations, you can see your association's uniqueness. But these answers alone do not create the uniqueness profile for your association. But if you compare the different answers given by each member of the board

and the staff, you can see the variation of internal perspectives. The same questions about the same association can yield a wide range of answers.

YOUR UNIQUE ASSOCIATION:	
1. **BOARD** 2. **MEMBERSHIP** 3. **STAFF** 4. **MISSION** 5. **STRATEGY** 6. **REVENUE** 7. **CAPABILITIES** 8. **NEEDS**	

Create a shared understanding. The first job of paving the way to viable non-dues revenue streams is to create a shared understanding among board and staff members across all of their answers to these questions. It is worth the time to discuss and clarify interpretations and observations.

When you can truly say your board and staff have discussed these eight dimensions and are reasonably well aligned on the answers, then you will have a good understanding of the association's "uniqueness profile". Fortunately, the process of creating this alignment is usually an enjoyable and interesting learning experience. Most important, however, is that the profile results be solid enough to serve as a foundation for decision making to support non-dues revenue growth.

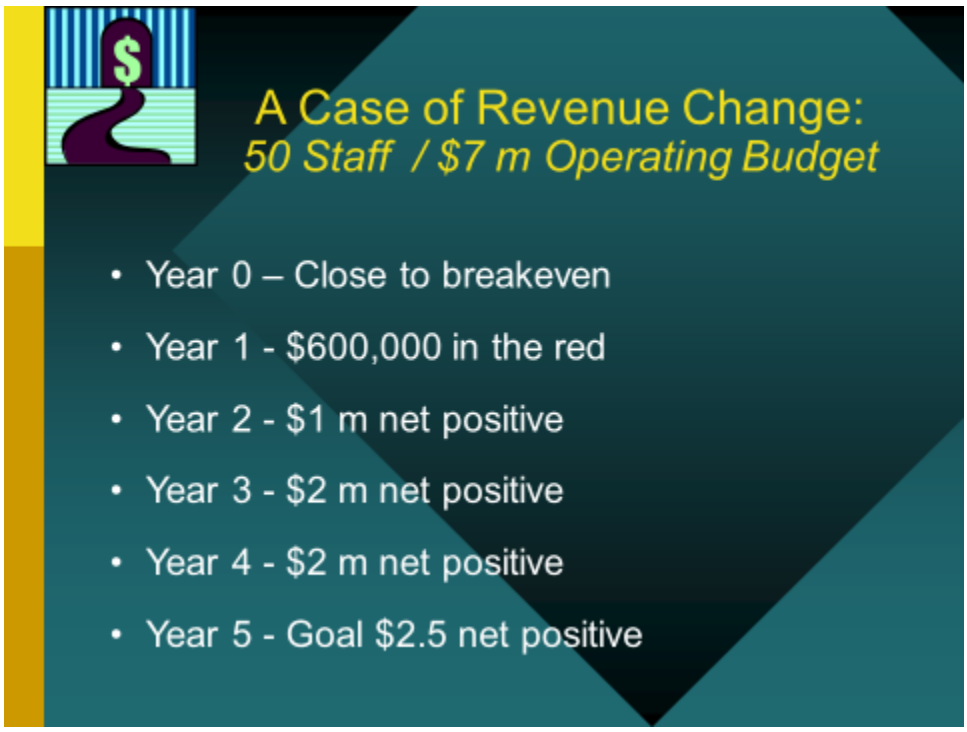
Chapter 3. Revenue Change: A Case in Point

As an illustration of what is involved in adding new revenue streams, this is a summary of my experience of one state-wide association that was experiencing a decline in both membership and revenue. A few things have been changed to keep the association anonymous – I'll call it the State Association – but this example shows many of the steps that are involved in paving the way to mission-relevant non-dues revenue.

The State Association took up the challenge of generating new robust revenue streams. Below are some specifics about the association, but please bear in mind that any association – including yours – can devise a plan to generate more revenue, even if you don't look anything like this sample association. The association's basic big-picture statistics were:

- A staff of 50 people, and
- A $7 million operating budget.

Now, take a look at their six-year financial snapshot:



One thing to note is that for an association with a $7 million dollar operating budget, $600,000 in the red is a pretty substantial call to action. Any bite into association reserves should get attention, but this deficit comes close to 10% of the budget, and demands some fresh strategic thinking. Another thing to note is that something happened in 1999 that allowed them to turn things around financially in a strong and sustainable way.

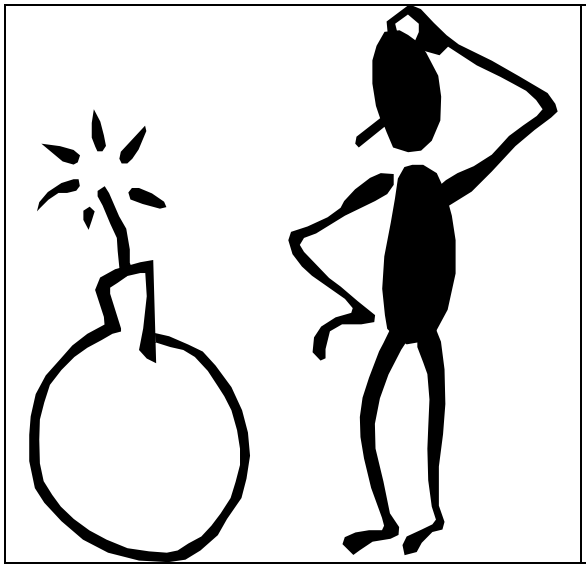
How did they do that? In Year 0, executives at the State Association started to read their financial tea-leaves and confront the brutal facts. They ran some projections on financial and membership trends so they could see where their association was headed if things didn't change. But

let me clarify – when I say "they" read the tea leaves, it wasn't all fifty people rising in a chorus saying, "We want more revenue." It began with one man who had taken a business course on organization change, and who also happened to be the CFO of this association. He looked at the projections for his association's financial future and saw that its reserves would erode in 5-7 years if something didn't happen soon. He took his concerns to the CEO.

Every association should have at least one person who can look ahead, create and read the projections, and see where the association is headed. This person should be able to do that without prejudice, justifications, or explanations – that's what it means to confront the brutal facts. In this case, the CFO was more concerned with the viability of the association than he was with being called a Cassandra or Chicken Little. Furthermore, he was willing to take a risk and tell the unvarnished truth to his CEO, who was, fortunately, willing to listen.

That CFO created the impetus and the vehicle for change. He had the financial projections, plus some knowledge about how to accomplish an effective organization change. But the most important thing he had was the ear of the CEO.

The CEO was the driver, and he knew that a good CEO listens to the information coming in from reliable sources. There is no doubt the turning point for the State Association was the willingness of this particular CEO to hear the facts and translate them into a call for action.



Wondering What to Do?

- **Recognize the financial facts:**
  - **Where are we now?**
  - **Where will we be in 3-5 years?**
- **Talk about the facts – separate facts from opinion and emotion.**
- **Engage people in finding out more about what's happening at every level of their work.**

The process that worked. We worked with the CEO, the CFO, and the other managers and staff of the State Association as they set about exploring, defining, and ultimately implementing new revenue streams. The result, in addition to the revenue turnaround, was the definition of a process to accomplish the revenue goals. The process ultimately involved the effective use of teams, measures, research into prospective partnerships, and communications with board and membership. That process is what we now call "paving the way" to non-dues revenue.

Lessons Learned

Prior to Year 0 the State Association had been declining, but only very slowly. There had been consolidations of related associations, and new societies had sprung up for sub-categories of their membership. Both of these phenomena began to drain away members. There also were changes in the industry and the economy, and these had the effect of altering the needs of many members. The result: fewer members, and more members with unmet needs.

Although everyone knew that overall membership had declined, only the top executives and the Board knew the financial implications of that decline, and in Year 0 no one was particularly concerned. In fact, in our initial discussions with managers, we noticed they were unruffled by the statistics: no one except the CFO and CEO expressed any fear for the future. When we pointed to the membership declines they said, "Things will turn out fine – they always come back."

The managers became aware of the financial implications of declining membership only when the CEO asked the CFO to give a presentation about it. The presentation showed the 5-year projections of members, revenue, and reserves. At first, managers were surprised, and some were even worried. But very soon people were explaining the issue away.

- "Everybody's having problems."
- "It's the economy."
- "It's the new societies."
- "It's the changing demographics of our members."
- "Thank goodness we're not doing as badly as some of our peer associations in other places."

There's nothing we can do… It wasn't that people didn't believe the facts. They could see that membership and revenue had slid downward, and that they were tapping into reserves. What they could not accept was that this slide had anything to do with them, or with what their association was doing or not doing.

They said, "Our association does good and important work, and the decline is the fault of __*(fill in the blank)*__." People had different answers to fill in that blank, but the answers were always some individual or group outside the State Association. No solutions were envisioned that involved any actions or decisions over which they had any control. So they took refuge in the problems of the world, reassured to find that other associations were having problems too, and relieved to find that their association was not as threatened as some. Ultimately, this was a way to avoid facing the clear message of their association's financial projections.

The first lesson we learned is that there is resistance to facing the facts, which prevented exploring options to make improvements. We realized it would be important to keep the facts in front of people, so they couldn't be ignored.

Do not ignore changes in your association's – and your members' – environment.

Watch for changes in:

- **Membership growth or decline,**
- **Member types or categories,**
- **Use of association services,**
- **Use of financial reserves,**
- **Industry or professional regulations, or**
- **Economic shifts that impact members.**

The Resistance Lesson: Commit to Change

After the CFO's presentation about the State Association being $600,000 in the red and using its reserves there was a period of concern along with some justifications and mutual reassurance. People cheered each other up by reminding each other that the situation was worse in other places. Resistance to change is a real factor in generating new revenue. Some people will:

- Avoid – or prevent – any productive discussions about making changes;
- Explain the status quo, seek to comfort others, and try to restore confidence and calm even when the failure to act could be costly; and
- Come on board early to support change, and begin to create new ideas and opportunities.

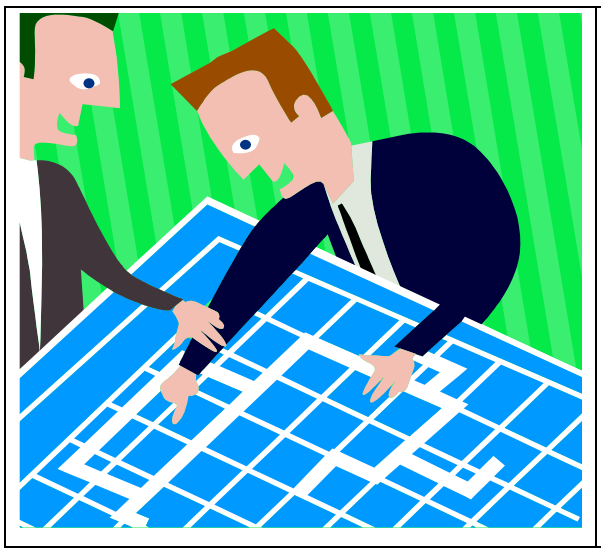
Lesson Learned: If you have an urgent financial situation, you do not have to wait for consensus to begin addressing the situation effectively. Start working with those people who are willing to make new plans, and let the others continue doing their jobs as before. At some point, they may wonder how they can participate. Keep letting people know they can join the planning sessions or idea-meetings whenever they have the time or interest. If you keep inviting people, some will eventually join a team and get into action.

The Leadership Lesson: Create Confidence in the Future

Unwilling for the State Association to fail financially, the CEO initiated a full investigation into what they could do to reverse the decline. After the first all-staff presentation of the financial facts, he met with his management team and had them confront the statistics one more time. He was insistent that something needed to be done, and that it would be done, starting now. He listened, asked questions, and took notes. At the end of the meeting he instructed his managers to begin an "exploration" of the facts and opportunities regarding every facet of the association's operations. He didn't know how it would turn out, but he did give them a deadline, saying, "I want a report on your exploration before the next board meeting."

The CEO had launched the association's "Pave the Way" project. The Exploration Team was born, and set about conducting a complete audit of everything the association was currently doing, why it was doing that, and what could be done to improve it in any way. The association's mission was the final word on what "improvement" meant, but the team collected ideas, everything was questioned, and every idea was considered.

Lesson Learned: Create confidence in action. Even though he was not sure at the time what the results, or even the methods of inquiry, would be, the CEO precipitated action. He asked his managers to consider everything from the size of the association to the dues structure. He told them to gather ideas, and to examine each one for its possible impact on their financial future. He wanted no stone left unturned – consider anything and everything that could be done, with no constraints on what might constitute a "right answer". In fact, he didn't want *any* answers yet – he wanted ideas that would help create a common understanding and a wide-reaching approach to making changes.



Resistance happens. You don't *have* to dance with it. In a well-designed project, it dissolves on its own.

Leadership is pointing the way to a new possibility. Anyone can do it.

Alignment is getting everyone on the same page. It's a process of group education, and learning together.

The Alignment Lesson: Communicate Knowledge and Ideas

People working on the Exploration Team eventually spun off several more result-oriented Action Teams. Two Action Teams considered alternative revenue streams, including an idea that was once considered "off limits". Team One collected, then winnowed down, the revenue-growth options to those they believed were most attractive. They then performed analyses to see if there was a sufficient market for the product or service being considered, correlated them to the mission, and drew up written projections to help them decide if it should be pursued. They kept the management team informed about their findings.

Action Team Two conducted sessions on goals and measures of success, brainstorming about markets, partners, and operational changes. They included staff from different units as well as some members and several board committee leaders. The team members looked at the ways different State Association jobs, services, and products contributed to the association's mission, and what alternatives were available to their members from non-association sources. They did their homework to learn about their association and its environment in a way they had not seen it before.

Lesson Learned: Eventually every staff member in the State Association participated, at least to some degree, in one or more team activities. By the beginning of Year 1, this process revealed the most important element of making the transition to a healthy non-dues revenue portfolio: the alignment of staff, board, and members regarding the financial facts, and the possibility of creating new opportunities. By the beginning of Year 3, when new revenue streams were producing new income, the people in this State Association looked back on what mattered most. More than any single great money-making idea, they said the new commitment to taking a fresh look at their association was most important. Getting everyone aligned on the facts of the association and the possibilities for its future was the single greatest leverage they gained in their path to new value and new revenue.

Creating Alignment

The conversations for alignment. You don't need to do everything all at once. Break it into stages, and give yourselves some accomplishments along the way. The core alignment regarding the facts and possibilities of an association can be done in stages. The alignment you need is not produced by any special motivational techniques, or by a charismatic leader, or any other magical ingredient. Alignment is produced as a result of having a few well-designed conversations among the right mixes of people. Five problems of organization change initiatives were addressed by having five distinct key types of conversation to keep people moving ahead together.

1. **How do you make "change" an adventure instead of a painful process?**

   Have conversations about the value of the change, the differences between reacting to change vs. causing it yourselves, and the various "mindsets" (see Chapter 1) that tempt people in the midst of organization changes. Frank discussions about the challenges of change, along with the unique attributes of your own unique association (see Chapter 2), opens people's receptiveness to participating – they can get engaged in causing something instead of waiting for things to settle down. Chapter 4 also discusses the change-mindset conversations, with ideas to help reduce the "pain" of change.

2. **How do you avoid losing momentum?**

   When you dig into the deeply detailed arguments about which changes are right or wrong, things can bog down. What the State Association did was to use some "Big Ideas" in addition to their facts and statistics. Appealing to larger ideas like "building capacities" – or improving Revenue, Relationships, and Realignment – can bring people up out of the weeds and into accomplishment-thinking. Chapter 5 talks about these three association capacities. As board and staff members learn about these ideas, they are able to contribute more to accelerating the change instead of slowing it down. Using this kind of ideas to share the "bigger picture" can help people see that they are changing more than their individual procedures and habits: they are changing their association for the better.

3. **How do you educate everyone about what the association really needs?**

   The State Association engaged everyone in a process of learning together about the financial and market aspects of the association. We identified seven questions to be discussed that will help develop a shared awareness of your association as a revenue-generating enterprise. Chapter 6 details these questions, with guidance on how to facilitate this conversation. You

can customize these questions for your particular association, and help everyone get involved in discussions about revenue, value to members, and the fulfillment of the mission.

4. **How do you create a culture of possibility and leadership?**

   Creating possibility is like creating a context for the work of discovering what changes are needed and creating a plan for implementation. Creating possibility expands the idea of genuine leadership for the association, and takes new energy into every discussion and every plan of action. Chapter 7 differentiates possibility from options, and describes the best ways possibility was created by the State Association. Practicing these will open a path for more possibility-based conversations to arise – even in very ordinary circumstances.

5. **How do you build a workable plan of action?**

   An action plan is the culmination of your work to explore and discover new mission-relevant ways to generate revenue and member value. Vehicles for producing a solid action plan include using one or more well-designed retreats for managers, staff, and board members. Chapter 8 outlines a retreat agenda and instructions for customizing it, creating alignment across the board and staff, and producing a written plan to guide implementation over the six to twelve months it may take for implementation to gain a strong foothold.

The Point of the Case

The State Association is not unique: other associations have also successfully added non-dues revenue streams using these methods. When managers, staff, and board members confront the facts and take action, they can discover solutions that are exactly right for their unique association.

The process of discussion and deliberation helps people come to terms with any last vestiges of scarcity, complacency, and myopia mindsets. There may be times when it looks like the mindsets are winning, when people wonder if things can really ever change very much. But a CEO who is unwavering in a commitment to rediscover the heart of the association can create a turning point toward more robust non-dues revenue streams.

What the State Association case illustrates is the difference between hoping things will turn out and developing a plan to *cause* new revenue. In the five years after Year 0, the State Association added three new revenue streams, two of which its managers had once insisted would never work. After the research phase, they began to see new opportunities *and* old opportunities in a new light. The numbers tell the tale: net revenue went from being in the red to being in the black, and today they are still developing their revenue streams. They've learned how to do it, and have created new capacities for growth and development.

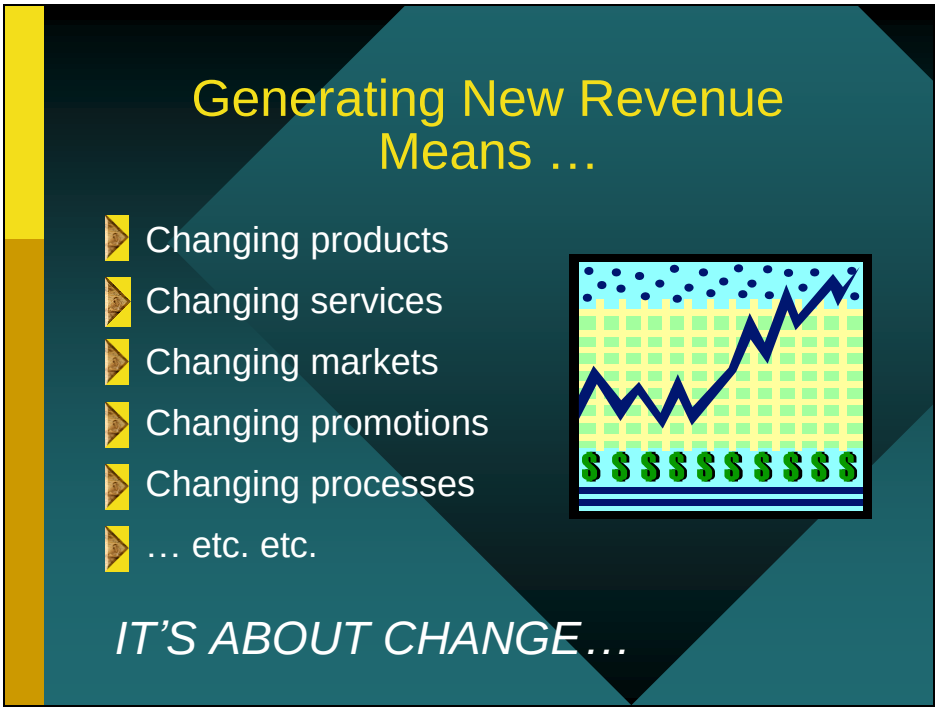
The biggest lesson: it IS possible to take your non-dues revenue portfolio and turn it into something much more productive and reliable. The State Association stayed mission-relevant too – avoiding offers of frequent flier miles or giving discounts to members on things they could get in a hundred other places. Their members, and their many other potential "customers", needed something they discovered they could readily provide with their commitment to change, confidence in the future, and communication to share knowledge, possibilities, and opportunities.

Chapter 4. Change Doesn't Have to be Painful

> "*Significant* new revenue-raising opportunities should be carefully compared so that wise decisions can be made by the board. In decisions such as these, the association will be dealing with *change*, and change *generally causes pain*."
>
> *ASAE's Association Management, October 2002*

In 2002, the ASAE's Association Management magazine reported on a very thorough study of non-dues revenue. The results of the study were very useful to associations because they provided information to help weed out ideas and narrow down strategies for change. But this quote got me thinking. Especially the words "***significant change generally causes pain***." Is it really true that change causes pain?

Whatever sources of non-dues revenue you currently have – whether they focus mostly on education or on other kinds of sales or services – you want to be clear that if you are going to bring in more revenue, you *will* be making some changes. You will be changing at least one thing, and, because everything is connected to everything else, you'll probably change more than one. For example:



Changes can get complicated. There is no way around the fact that bringing in more revenue involves change. Even if some of the changes are relatively small, some changes will surprise you with the complexity of their implementation. It would be nice if you could just add a new, capacity-building revenue stream without making any complicated changes in the association, but it doesn't usually work that way. Change is almost always more involved and complex that we think it should be. On the face of it, for example, it seems there shouldn't be too much involved in

the addition of an affinity program, or a new educational program, or a website. But you've probably already learned that it's never really that simple.

Why not? Because an organization is not made up of independent parts. Things are hooked and connected to each other, which means if you change one thing it will jostle another one, which will jostle yet another one, and so on. It's called the "ripple effect" and the result is a simple one-item change suddenly seems to explode into other peoples' jobs and processes, some of which we never knew were related.

Unfortunately, there's no way to change just one thing in your organization without disrupting other things as well. And here's the rub: if those other changes are not made appropriately, they can completely undermine the one thing you started out to do. Many an organizational change has failed, not because the original change itself was a poor one, but because the necessary changes in the rest of the organization were not made appropriately. The "ripple effect" is real, and if you ignore it, it can sink your non-dues revenue change too.

Why Do We Have to Change?

Why associations need to change should be obvious: the world is changing. It's changing fast, in lots of new directions, and heading toward unpredictable places: tidal waves in economies, professions, and industries are causing mergers, disappearances, and major strategic shifts. The question is, are you going to choose change, or is change going to be forced on you?

Reasons to choose change…

- **There are fewer traditional resources;**
- **More revenue is needed today in areas like technology and communications;**
- **Members have new kinds of problems and want more for their membership; and**
- **There is increased competition for customers and members**

Causing the Change

Consider the failure rate. Several research studies put the failure rate of organization changes at 70-80%. That is three out of every four changes that fail to deliver the intended outcomes and results. Granted, that research was done on business organizations, but it is equally likely that associations and other not-for-profits are not much more successful.

Why such high a failure rate? There are several reasons, but key among them is the failure to fully execute or implement the change. A best-selling business book, "Execution: The Discipline of Getting Things Done" by Larry Bossidy and Ram Charan, claims that organizations fail to accomplish what they set out to do because they simply do not *execute* well. Too many managers engage in what we call "magical management", announcing a change initiative, explaining it to people to get them involved, and then waiting for the results to manifest as if by magic. The lesson: explaining change is not the same thing as executing change.

The chief reason we have found for the "magical management" of change can be traced to passivity at the source of the decision to change. Organization changes may be made in response to a problem or as an attempt to adapt to an external change or a new situation within the organization. Many books on organization change are really about "adapting" to environmental changes, but adaptation is about trying to change an association's *responses* to the world rather than designing ways to *impact* the world through your association. One approach is protective, the other is productive.

Why do most organization changes fail? Because they are designed to adapt or respond to external changes or problems.

- **Instead, you can <u>cause</u> a change.**
- **The decision to <u>create</u> a change is active, optimistic, and creative.**
- **Plus it's less painful and more fun.**

Don't adapt to change – cause it! At the heart of all successful execution and implementation of change is a commitment to *cause* a change yourself, not adapt to one that is coming from somewhere else. If you are planning your change as a response to existing conditions, you may have already limited your thinking, and thus limited the available set of solutions. You can cause the change instead: choose an objective and start fresh, keeping a comprehensive view of your association.

When you commit to cause a change, you will operate as if *you* are the source of the change, independent of external factors and other prevailing winds. This self-generating point of view will be a reminder that your job is to make it happen, not to wait for magic. Causing a change goes beyond simply initiating and explaining a change project and expecting something to happen. Causing change means fully planning, executing, and implementing whatever must be changed in order to obtain the outcomes you desire.

When you decide to cause a change, it's good to remember you are tinkering with well-established habitual patterns of organizational behavior, and your tinkering will probably change more than you can anticipate. If you've ever tried to change any personal habit, such as ending smoking, starting an exercise program, or changing your diet, then you know how difficult it can be

to change behavior patterns. Habits are worthy opponents. They do not go away quietly and often have wider ripple effects than just one behavior change.

To win at this game, you can deliberately cause, or start discussions about causing, specific changes in several aspects of your organization. This purposeful approach puts you in the position of inventing your changes, and looking for things to change instead of hoping change won't be necessary. Here are some of the changes to discuss as ways to support the process of deliberately causing change:

- **Financial communications**: Change the ways and times you communicate your financial plans and reports. Make them more open to other eyes, or give clearer and more comprehensive presentations to provoke fresh questions and ideas. Communicate with more people, in different ways about your revenue categories, types of expenditures, etc. Keep the discussion open for people to contribute their questions and ideas. Some associations have discovered the need to create financial presentations tailored to specific committees or staff groups in order to ensure those groups will see the financial connections between their work and the bottom line.

- **Re-examine the marketplace**: You can change your definition of the association's "market", widening it to include a network of allies, partners, and others related to your field. Consider prospective customers or partners in places you've never looked before. Consider adding a new revenue-producing line of products or services that might eventually spin off into new businesses connected to the association – discuss it with key players in the association to see how the ideas develop. Stimulate these discussions to see where they lead as part of opening yourselves up to a variety of changes.

- **Re-examine your business model**. Clarify your current business model – the components and interactions of your business functions and their costs and revenues – and see where elements could be pruned out or added in. Consider opportunities for new product and service ideas or delivery models, either on your own or with groups of members, allied societies, or commercial firms. Maybe your educational products could also become customized services, offered to members at one price and to non-members at a higher one. Explore the options for "productizing" your services, or delivering existing ones in new ways and places.

- **Look at the world beyond your members**. You can look outside the membership and consider new non-member customer. Ask, "Who would want – and pay – for what we know, what we have, and the people we reach?" Explore ideas to see who needs or wants your knowledge or your access to member expertise. Who could help you advance your mission and vision while adding to your revenue stream?

If some of these ideas make you tremble, you may want to start with some conversations about the fears associated with change. These are useful conversations to support causing change.

- What's the worst thing that can happen?
- What are the biggest benefits of committing to change?
- How can we minimize the risks?

Not-for-profit Mindsets

One of the strongest habits you may have to deal with is the way people believe, think, and talk about what can and cannot be done – their mindsets. In fact, the biggest challenge of change that you are likely to have is exactly that: a change in mindset. In Chapter 1, we identified three mindsets that slow down – or prevent – successful organization change:

1. **Scarcity** – The belief that there will never be enough of the resources you need;
2. **Myopia** – The belief that you have no real competition; and
3. **Complacency** – The belief that change is unnecessary and undesirable.

Just as individuals have mindsets – ways of believing, thinking, and talking – so do organizations. Just a few meetings with organization managers or staff can reveal the underlying mindset and habits of speaking and thinking that are accepted by everyone.

A Mindset:

- **A way of thinking**
- **A way of talking**
- **A set of beliefs**

Some Association Mindsets:

VIRTUE – We do "good works"

ARROGANCE – We deserve more

PRIDE – Caring about money is bad

Filthy lucre. Some not-for-profit organizations can get stuck in the fundraising mindset, or the dues mindset, and cannot pry their thinking loose to consider new possibilities such as product development or service enhancement. They may be more wedded to their traditional perspective than they are to building a mission-relevant revenue stream that will ensure their future viability.

The limiting mindset found in some associations is known as the mindset of *non-profit thinking*, or the *scarcity mindset*, but it's also known as the *filthy lucre* point of view. This is the belief that money is a necessary evil, and that the association is too lofty for such earthly concerns. We have heard many versions of this, but what it boils down to is: "Our association does good things, so we deserve to prosper. We shouldn't have to sully ourselves with trying to make more money."

Changing the invisible. We have interviewed many managers and key staff members in associations working to strengthen their non-dues revenue portfolio. One of the questions I ask is, "What is the hardest thing you've had to change?" Their answer? The Scarcity Mindset. They say the Scarcity Mindset is characterized by two things:

1. A firm belief that there are not enough resources: time, money, or people to do their work properly, and
2. A general mood of fear, worry, and anxiety that can make the association's daily work be more like a struggle than an accomplishment.

These people say the reason an organization's "mindset" is the hardest thing to change is because it is invisible. But it is not silent: the Scarcity Mindset can be heard loud and clear in the recurring conversations among executives, managers, and staff whenever they have to explain a performance failure, whether real or anticipated. Everyone can see the financial numbers and projections, and ultimately come to grips with them. They can discuss the options for change, and see which ideas might bear fruit and which would be unlikely to succeed. But often they cannot see hear the habits of conversation throughout the organization, nor realize that these habits may be blocking their own ability to create a successful change for their association.

Mindsets are one of the reasons that change has gained a reputation for being painful. When the invisible and unspoken background of our organizational life is challenged or called into question, people can feel personally threatened or challenged. As a result, when you set about causing a change in your organization, it's good to be prepared to encounter some fear, anxiety, and uncertainty.

Any new way of thinking – one that lacks a comfortable history or experience – may need extra attention to reassure people that the change is valid and will be good for the association. People who question the value of the project are likely to return to their familiar beliefs that resources are scarce – and that scarcity is better than being money-focused. The challenge, then, is to cause a shift in the organizational mindset.

Causing Shifts in Mindsets – How to Get into Action

Associations that have successfully dealt with the mindset issue offer five reality-tested recommendations that have helped association leaders reduce the potential pain of change:

1. **Recognize <u>your</u> organization's mindsets.** Make a list of the most popular complaints your board and staff say to each other, such as, "We only have this many people", or, "Our members don't have resources either,", or, "We aren't that type of organization." Look at the kinds of limits these statements create. Make an agreement among at least a few key people to stop saying those things, and to stop participating in conversations about them. Mindsets are really just self-defeating conversations that have been allowed to persist. They create a self-feeding cycle and require deliberate action to escape their grip.

   Full disclosure: I once made this list myself, for an association I had been working with for 3 months. I made copies of the list for each executive and handed it out at one of our meetings, saying, "From now on, anyone who says one of these things has to put a quarter in the cup," as I placed a coffee mug in the center of the table. The room went silent as they read the list. After about 2 minutes, one executive muttered, "Yes, but this one is true!" But after that, they stopped speaking that way, and soon began correcting others when they heard it. It changed the network of conversations in the association, and attitudes began to shift too.

2. **Start talking about financial facts and projections, and agree to take action to prevent or halt a decline in revenues**. Share the brutal facts and don't stop talking about it until people have confronted and come to terms with the importance of creating a change in the association – not just a "fix" but a genuine change for long-term success. As long as people hold out hope that things will turn themselves around, they will not invest in *causing* the

needed change. Don't wait for more proof and more evidence. Get into action at the earliest signs of possible negative revenue trends.

3. **Agree to look in new places for new ideas**. Interrupt the vicious circle of doing more of the same old things. Do you know that the primary response of organizations in decline is to do more of what they have already been doing, even though it doesn't work? The tried-and-true will hurt, and more educational programs or more web toys may not be what you need. Escape the myopia of looking at old solutions and start talking about things that you have not explored before.

4. **Break out of the complacency of "dues model" thinking**. Dues can be like a narcotic to which we become addicted and accustomed. We assume that because they have always been there, they will be there in the future. And, because they are sometimes easier to obtain than non-dues revenue, we become as complacent as monopolies. Consider the association to be a portfolio of services and products that improve the quality of members' lives. *Advocacy is not enough*. Think about providing more or better direct service to your membership. An association with direct services to members increases the value of membership for current and prospective members. Dues are only a part of the whole picture. Your members have real day-to-day problems, and you may be able to give them some genuinely useful remedies.

5. **Be willing to stop doing some of the things you've been doing**. They probably don't all provide the value they used to do. Consider taking a fresh look, and be willing to loosen your grip on your traditions. Besides, if you keep trying to do everything, you will lose focus and diminish the value of your association's brand.

As consultant, I worked with many organizations in the throes of change, and saw that it doesn't have to be painful. There are lots of ways to prevent the pain of change, and to minimize it when it happens. Many of the methods and types of communications in this book were developed – and put into practice – to smooth that road. Change actually can be an opportunity for real restoration and rejuvenation, not only for your association's revenue streams, but for your staff's communication, performance, and satisfaction as well.

Chapter 5. The "Three R's" of Capacity-Building

> *"We will not be able to resolve the problems we have created today, using the same level of thinking that created the problems in the first place."*
>
> *Albert Einstein*

The problem with problem-solving. The problem with problems is that they force us to look for solutions. Right away, that narrows our response. And when the same problem recurs year after year – member declines, cost increases, revenue drops – we tend to propose the same old solutions over and over again. Even when we have history to tell us they haven't worked all that well, we can't always see beyond our understanding of the problem to consider completely new solutions.

Problem-solving is limited by the way we see the problem. Every organization has a certain capacity for thinking "outside the box". Executives, managers, and staff often have a shared understanding of what's happening, including similar ways of explaining problems and describing what they "know" won't work. Organizational capacities can be limited by holding onto the past, creating a limited capacity for growth or development.

Capacity = Ability to receive or contain; Carrying power or space.

Improving a non-dues revenue portfolio is a systemic problem that will touch every department of your association even if it looks like only a small change. This calls for "creative systemic thinking". And, if we are going to raise our level of thinking to be more systemic and creative, we need to go beyond just finding solutions to problems. We need to create new **capacities** for the whole association, not just a part of it. For example,

- What would be possible if your association had a greater *capacity for revenue* – a greater ability to generate and receive income?
- What would be possible if your association had a greater *capacity to create and sustain relationships with other organizations* – could you provide more tangible value for your members?
- What if your association had a greater *capacity for internal realignment* – the ability to always bounce back from adversity or surprises?

Creating new capacity goes far beyond simply solving a problem: it goes to the very heart of being able to generate and cause new ways of thinking, new opportunities for members and staff, and new possibilities for the future.

Better than a solution. Altering your association's capacity makes a lasting change that will continue to pay dividends for years to come. It is better than a solution, because it lasts longer and it allows you to generate other solutions to things you hadn't seen as limitations before. Developing a capacity takes more time and care than coming up with a quick-fix, but it's a better choice than

trouble-shooting. Why? Because it requires you to create new capacities that will help you meet future changes and challenges in the world of associations.

Develop capacity. It wasn't that many years ago that no organization needed to have its own Information Technology (IT) department. Associations could rely on computer manufacturers to help trouble-shoot their IT problems. Those days are pretty much gone. Today you need to have a website for selling products and services, informing and interacting with members, and connecting with other prospective customers and associates. Your association has greater IT needs now than it ever had, and the support systems to help you have dispersed into a myriad of companies and consulting services, with a good in-house group to perform and/or coordinate it all.

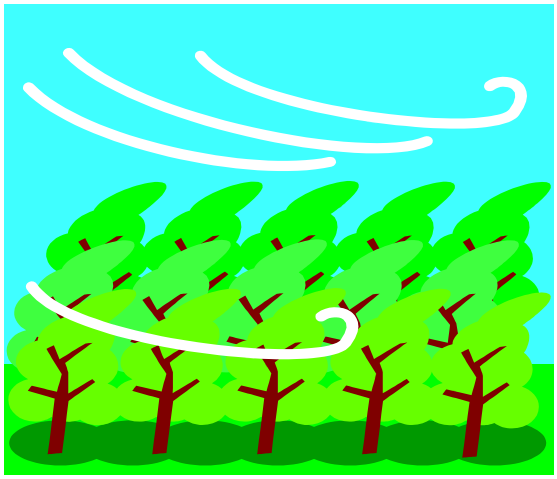
That's why, even if you have a staff of 3 people, your association will benefit from developing new capacities for revenue, relationships, and internal realignment. Once your association has learned how to do these things, it doesn't forget. Once it has the capacity to expand revenue, it will always be able to find new ways to add to the bottom line. Once it has the capacity to create and sustain relationships, it will always be able to reach out and relate productively. Once it has the capacity to realign, it will always be able to readjust internal operations to improve efficiency or effectiveness. Building capacities is your association's long-term approach to successful revenue growth.

The Benefits of Three New Capacities

The benefit of helping your association create new capacities is that it gets everyone out of the struggle to survive on scarce resources, and re-positions the entire organization as being up to something bigger than survival. And you are up to something bigger, aren't you? You are not working in the association world to get rich and famous. You do it because your association can make a difference. The mission tells the story: the association is up to something, and that's exciting. Underneath any scarcity mindset is a passion waiting to be unleashed. My recommendation: work with that passion – call it to the forefront, and choose to develop the capacities that will help your association make its impact in the world.

There are three capacities every association can benefit from developing. Your particular association may gain the most by focusing on one of them at a time. In any case, you will want to foster a conversation among your board and staff members to determine which of these three capacities are most critical to start working on today: Here are the "**3 R's**" of an association's capacities for revenue growth:

1. **Revenue cycle**: What is it and how can we make it stronger?
2. **Reach**: Who do we know and how can we expand our circle?
3. **Realignment**: How can we best accommodate change for a richer future?



Your Association's Path to Value & Revenue

- **Breathe new life into your association;**
- **See what capacities your association needs to fulfill its mission and**
- **Make the difference you envision for your members, industry, profession, and community.**

The association in the case study outlined in Chapter 3 did more than just design and implement new revenue streams. They built capacities. I'm happy to tell you I haven't been consulting with them since their "Year 4". They are adding new revenue streams, reaching out to new partners, and realigning internal operations – all on their own. The reason for their success is that they added capacity, not just revenue. This association is able to strengthen their own **R**evenue cycle, extend its reach to **R**elationships with more members, allies, and partners, and **R**ealign its own operations to make all of their changes real and lasting.

Capacity #1: Revenue Cycle

Your association's revenue cycle has a carrying capacity – an amount, or range, of income dollars that your association is currently organized to receive. You can alter and expand this capacity.

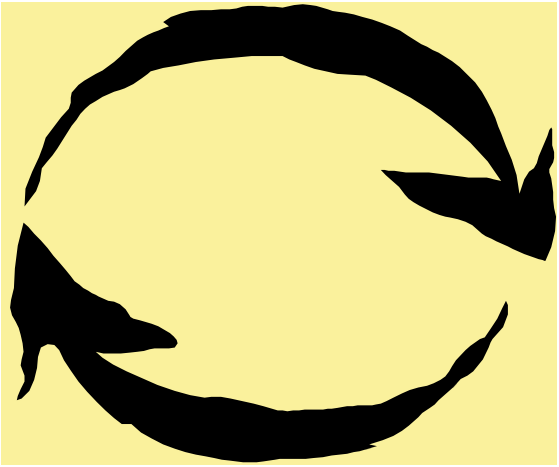
Revenue *does* cycle. It comes "in" from different places and for different reasons, and it goes "out" – ideally, it goes out to create customer value that will bring in more revenue. The game is to make your association's cycle stronger, and to increase its carrying capacity. Your association's revenue cycle includes all its financial activities: marketing, sales, products, services, expenditures, investments. That whole circuit can carry more robust revenue streams next year than it does today.

Some Good Questions. Examine your association's current revenue capacity closely. Take a moment to see if you can answer these questions – specifically, not using generalities:

1. Where does our money come from?
2. How much is non-dues revenue?
3. What are the various sources of our non-dues revenue?
4. What size is each non-dues revenue stream?
5. Is each one mission-relevant?
6. Are most of them bringing in *much* more than they cost to maintain?
7. Is everyone aligned on continuing those that don't produce much money?

Some of these questions may be difficult to answer. Not-for-profit organizations can have a tendency to assume that any revenue is good revenue, and overlook the costs of obtaining it. I've heard association managers say, "It doesn't cost us anything, because Barbara puts those together

herself." We know Barbara is a resource, but it's easy to forget the expenditure part: Barbara costs money. Each revenue stream has costs that deserve to be recognized.



REVENUE CYCLES. Yes, it does!

- **Money** comes in from what you sell;
- **Money** expended adds mission-relevant value to membership; and
- **Money** expended can bring in more money.

Can you expand the capacity of your revenue cycle?

Ultimately, you might decide to give up some of your current revenue streams because they use too many staff resources, or they are not sufficiently mission-relevant, or they are not contributing directly to your member's needs today. It's fine to let go of old revenue streams as part of a well-planned initiative to building a new revenue portfolio.

Look at the questions again. This time, set up a meeting to ask your board members, and your staff, for their answers. You could even prepare the questionnaire and distribute it, and ask them to bring their answers to the next meeting. The questions may seem simple to you, but I'm betting you'll learn they are not obvious to other people.

The value of doing this exercise is to have everyone see the revenue cycle clearly and understand its cyclical nature: income = resources for creating value for others and returns for the association. Be sure you allow enough time, and make enough information available for everyone to get specific, and to really understand the questions and answers. Doing this will help move people beyond the obvious so they can see what is really going on and ultimately make useful contributions to expanding revenue capacity.

One caution: there's a fairly predictable objection to doing this group process. I've heard more than one executive say, "My board and staff already know all this. We give them the budgets before every meeting, and we discuss it at our meetings." It's always embarrassing to realize that no one actually reads that thick, number-laden budget thoroughly enough to know what it says. It is worthwhile to pull together the answers to these questions and have people actually do the exercise. Remember, answers reflect mindsets and points of view – and you want to learn about those too.

More Good Questions. It's good to use questions as a way to stimulate dialogue. It helps everyone get into the conversation. Here are some more good ones:

- Why do members write their dues checks to us? What do they get?
- Is there something the association might offer that would be valuable to members?
- Do staff people ever think of other ways to bring in association revenue?

And more: Do you belong to an association? What do you write your check for, and why do you write it to that association and not to another one? Is it worth what you're paying? Why or why not?

Getting your board and staff talking about the whole idea of the revenue cycle will open up new thinking, and more questions will arise. Try asking them to answer this one:

- What do we have, or what could we produce, that non-members might pay for?

It's a provocative question, and some association leaders now make it a point to ask that question at least once a year.

Finally, it's always good to ask your *members* some revenue-related questions. Too often we find that board and staff are quick to give the answers themselves, rather than actually asking members. They think they know why members belong to the association, but we've found some surprises when they let the members answer the questions. Try asking members:

- What's the reason you write checks to this association?
- What's the biggest problem you have to deal with on a daily basis?
- Does this association help you with that? Could we do something more to help you resolve that problem?

Why do your members belong to your association?

You think you know, but have you asked them lately to say it in their own words?

- **Have they told you their biggest problems?**
- **Are you designing solutions to those problems?**

The point is to provoke thinking about the cyclical nature of revenue and expenditures. Your revenue cycle has a certain capacity today, and there are trends to growth, decline, or stability in some of your revenue and expenditure streams. It will be your job to determine which elements of your revenue cycle can grow, which ones are reliable, and which ones are holding you back. It helps when you can open up people's awareness of the revenue cycle and invite them to contribute ideas and add questions of their own – this makes them your partners in the job of expanding revenue capacity.

Capacity #2: Reach

Your association has relationships with allied associations and societies, government and civic groups, and commercial vendors and suppliers. Then there is also the wider marketplace of prospective customers, people interested in the information of your industry or profession, and

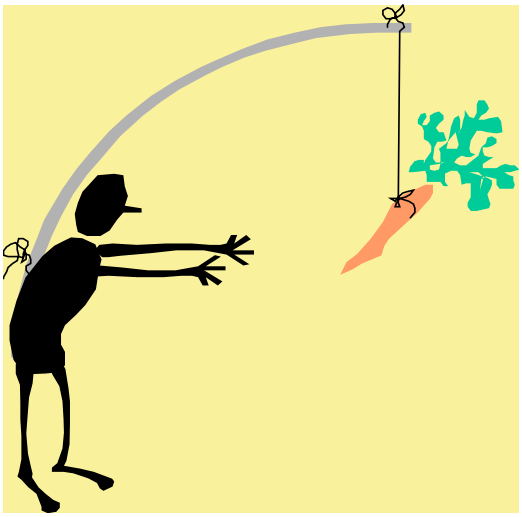
organizations that could benefit from a closer relationship with your association or your connections to others. Your relationships are part of the bigger network that helps you accomplish your objectives and continue your growth and development.

Right now, your association has a certain capacity for creating and sustaining productive and valuable relationships with others. Your association board and staff have the ability to maintain a certain number of these relationships and provide a certain level of value for everyone. Those relationships are a vehicle for the fulfillment of your association's mission. They are the vehicle to produce, deliver, and sustain every impact you make, and every strategic objective of your organization.

Some of those current relationships are more productive for your association than others. Some relationships could be developed or improved to provide more value if only you had the time and resources to do it. Imagine for a moment, what your association would be like if you could double its capacity for sustaining productive relationships with other organizations and institutions. What would that look like? What difference would it make for your association and its members? Reaching out to include more – and more productive – relationships in your association's network is a powerful method to expand its "carrying capacity".

Your span of communication. Remember, it's not the "span of control" that limits your capacities anymore. It's the span of communication. Your association's current span of communication is a capacity that can be expanded.

- How many productive relationships does your association maintain?
- How many staff members does it take to keep these relationships productive?
- Which association relationships serve your membership the most? Why do you say that?
- Are there relationships with other organizations that would also support your members?
- How else do you evaluate the "productivity" of your association's relationships?



Your current reach into the world =

 # relationships maintained with other not-for-profits

+

 # maintained with commercial organizations

+

The value each relationship returns to members and to the association.

Can you reach farther? Can you strengthen or build new relationships that will serve members even better?

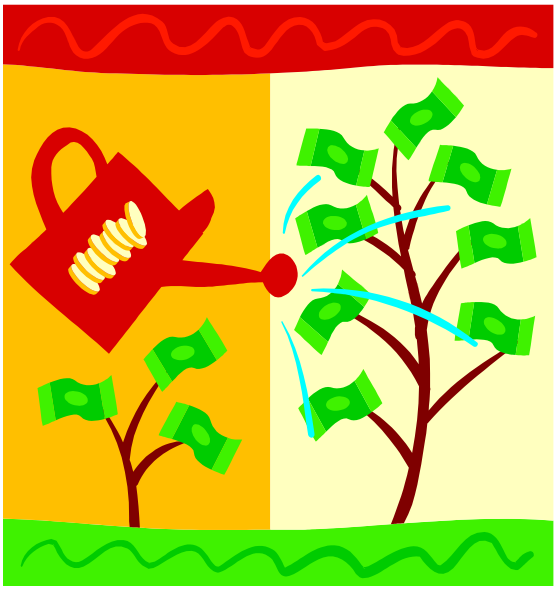
When you Reach, it expands you. Another aspect of your association's "capacity to reach" has to do with markets. Many not-for-profit organizations don't think in terms of markets. But you

do have markets – groups of people or professions or industries that want – or would use, or value – what you already have.

- Can you list your markets, or the categories of possible markets?
- Can you think of groups that are not your customers now, but that could be customers in the future?
- Can you get your staff and board talking about markets, and what that idea means for your association?

Extending your association's capacity to reach can be difficult to talk about, because we don't often think about our environment in that way. But if you make the effort to engage people, you can identify the organizations and institutions that make up your network of productive relationships. And you can look to see how you might add to that network, or deepen some of those relationships to provide more value to your members and to your bottom line.

Reach for relationships. Your association's capacity to reach into the environment can be increased. This will increase the number of useful, working relationships you have with other organizations. It will also be a permanent addition to the strategic strengths of your association. You will be able to consider new ideas for growth on a regular basis, and to establish new agreements with others to help you address the changing world of members, markets, professions and industries. Altering your capacity to create and sustain productive relationships with more and different kinds of groups may be the single strongest move you can make to increase the capacity of your revenue streams.



Explore your association's environment at least once a year.

Ask:

- Can we offer new benefits to new markets?
- Can we go deeper into our members' trenches to help them?
- Can we go wider into the outside world, with partners?
- Can we explore all the avenues that are appropriate for our mission and vision?

Capacity #3: Realignment

Just to keep things simple, imagine you have a staff of 3. (Of course, the associations that actually have a staff of 3 will tell you it's not so simple!) And let's imagine you have studied your

revenue cycle so thoroughly that your board and staff understand the details and the opportunities. Furthermore, you've all agreed to extend the association's reach: you've decided to work with another organization to provide some new and highly valuable benefits to your association's top-line members. No big change, just one new agreement to manage, a slight change in one educational program or member service, and that's it. It was a big decision, but now that it's decided, implementing it is a small thing, right?

Maybe not. When you change one thing in a network – and your organization is a network of interactive communications and activities – there are ripple effects. Things that have always worked well suddenly seem out of alignment. Just think of touching a spider's web. No matter where the spider is, she knows where you are. Touching one point in a network has an effect on every other point. One change changes everything.

Bounce back from good news and bad news. The capacity of your association to bounce back from even a single change is something to consider before you commit to any change project. What's going to happen to staff relationships, or the hierarchical structure, if you do even *one* of these revenue-builders?

- Add an affinity program
- Redesign an educational program
- Start a new fundraising campaign
- Build a stronger web presence
- Begin a joint venture with another group
- Create a new product for members

One change changes everything

It's not a simple one-step change. You can see this even more clearly when you consider what it takes to change just one element of your organization. If you've been an association leader for even a few years, you may shudder at the memory of your past experiences with changing just *one* of these organizational elements:

- Altering the organization structure
- Changing the responsibilities of a staff group or a committee
- Introducing a new policy or procedure
- Updating the communication system
- Updating the computer or information system
- Adding a new management practice, such as a staff meeting or a report
- Changing staff performance evaluations or criteria

How well can you realign your organization? If you add, change, or eliminate any organizational relationships, products, or services, you may be changing much of what those 3 people do every day. When you add new responsibilities, it's the same as adding a whole new department. How well can your association adjust to making changes in revenue streams?

- Can you realign your internal communications so they continue – or improve – their productivity in a new arrangement?

- Can you realign people's jobs so that everyone knows what is expected of them? And with whom they now need to interact and obtain or deliver information?

- Can you update communications with board members so they can see the value of the changes and get better information and results on internal changes as well as interactions with members and other external relationships?

Realignment can open new possibilities

- How well do you know how your internal communications work?
- When you make a change, how fast is your recovery?
- Can you realign after a change, and become an even higher performing group?

Flexibility is growth insurance. Right now, your association has a certain flexibility. If one key person leaves, it will take some amount of time for everyone to close the gap in the network and keep everything happening the way it needs to happen. If you install a new software program to manage your member data, it will take some amount of time to accommodate the new habits and practices that will be required. Do you have a sense of how flexible your association really is? Is it pretty stiff and reluctant to absorb change, or is it limber and able to bend with changes in the times? How flexible are you?

The capacity for flexibility is underrated, but flexibility is what takes the pain out of change. You can actually develop a greater capacity to have your association be more flexible and change-ready. The rate of change in our environment is speeding up with new communications technologies and new demands for more and faster services and products. Becoming more flexible is like an insurance policy for your association's staff, board, and organization. It is a muscle that can be developed to strengthen your association's future.

Chapter 6. The Scope of Your Unique Change

At some point you know you are ready for change – you know you need to do something, and you want to take the next step. But… before you pick one of the non-dues revenue options and run with it, take the time to define the scope of the project you are about to undertake.

Building non-dues revenue streams is a project. Your board and staff will be involved, you'll have goals and timelines, and the whole thing will need to be managed. It's important to design a plan that will take best advantage of the resources you have.

How do you accomplish the daily work of your association while you also get your arms around a complex bunch of ideas and options for new revenue? It's a matter of defining the project's scope. Project managers know they need to "scope" their projects in order to come to grips with the fundamentals of the time, resources, and results involved. A good scope involves taking an inventory of the current status, crystallizing clear objectives, and developing an understanding of the options for action. Take a tip from experience: give yourself a good foundation – and obtain the alignment of key people at the same time.

1. **Talk through the Seven Scope Questions;**
2. **Engage people– ask for input and ideas; and**
3. **Create co-authors for your change plans *(vs. telling people to do new things).***

The Seven Scope Questions

There are **Seven Scope Questions** that will help you to set the foundations for your association's non-dues revenue project. Scoping your project requires two ingredients:

1. First, you need to take each question seriously, and give it a thorough answer.
2. Second, you need to make sure everyone involved in leading and managing key areas of your association has an opportunity to ask and answer the questions too, and also to hear the answers everyone else gives.

This is a process of getting people talking and opening up a new dialogue. It's a process of leading conversations that will create your path to value and revenue. At some point, a new understanding of your association will emerge. At that point you can move forward with a strength and certainty that is barely imaginable now.

In the box below is a summary of the **Seven Scope Questions**. Each question is detailed in the following pages to give you more ideas on how to build your dialogue and get more people involved in thinking together to create the path to new revenue streams.

The Seven Scope Questions: Do we understand and agree on…

1. **Sources of non-dues revenue?**
2. **Rate of growth or decline – the trend?**
3. **Need to expand revenue?**
4. **Sense of urgency?**
5. **Amount of new revenue wanted?**
6. **Problems our members are facing?**
7. **Our non-dues revenue options?**

A dual benefit. One primary benefit to investing time and attention in developing these dialogues of questions and answers is that the dialogue maintains – even increases – alignment. But at the same time, it also narrows down the options for change to those that are right for your unique association at this time. The work of non-dues revenue development deserves your attention. Mistakes cost time, money, and morale. A few pointers:

- **Review these questions yourself – find out what you know and don't know**. On the first pass through the questions, you may think, "I already know that." Just be sure you don't stop there, and don't assume other people "know" either. It's quite possible few people know the whole picture.
- **Start small – include just a few people**. On the second pass, include a few more people. Don't try to get everyone on board at once – you can overload your capacity to respond. When you bring it into discussion with other key people in your association, you'll begin to see how much you don't know, and how many different perspectives people really have. But don't stop there either. Find out more about why people answer the way they do, and what assumptions they are making.
- **Be patient with people – even long-time staff don't have all the answers**. When you finally take these questions into small-group discussions with committees or staff units, you may be surprised that things you thought were simple, clear and obvious are, in fact, not obvious at all. Encourage learning and discovery, reminding people there are no right answers.

Educate your association. The Seven Scope Questions can be treated as an association education project. Bring people together to talk about the questions, with time for attention to each question and the opportunity to compare thoughts. It's useful to record the different answers and concerns that arise – some executives create a journal or log of all the things the board and staff members say in response to these questions. The journal can help determine where more research or instruction will be most helpful.

Group discussions of the Seven Scope Questions will give your association the most important result of all: an effective entry point into building your non-dues revenue streams. This is the heart of your work to pave the way to bon-dues revenue:

- Learn which people need to talk further to iron out misunderstandings about money, resources, and possibilities.
- Find out who is ready to start working on bringing new information into the discussion, and who is waiting to be spoon-fed.
- Discover who is willing to create mini-projects that will make some new things happen. These are your implementers, and it's good to give them as much go-ahead as possible.
- See if some leaders appear – people who can cheerlead for new possibilities and engage other people in investigating new ideas.

Remember, the purpose of all this is to engage people in redefining your association's non-dues revenue portfolio and expanding or creating a non-dues revenue stream (or two…). A parallel purpose is to increase their alignment on ways to fulfill the association's mission. This will be an alignment that brings everyone on board. Working with these Seven Scope Questions will give you the platform to find the best building-blocks for your association's future. Even more important, it will show you what you don't need to do, and help you avoid a multitude of pitfalls on your path to new revenue.

Question 1. What are our sources of non-dues revenue?

Who understands all of the sources of non-dues revenues? Is it only the people who prepare the budget? Or does everyone agree on the list of non-dues revenue sources and approximately how much each source brings in to the association?

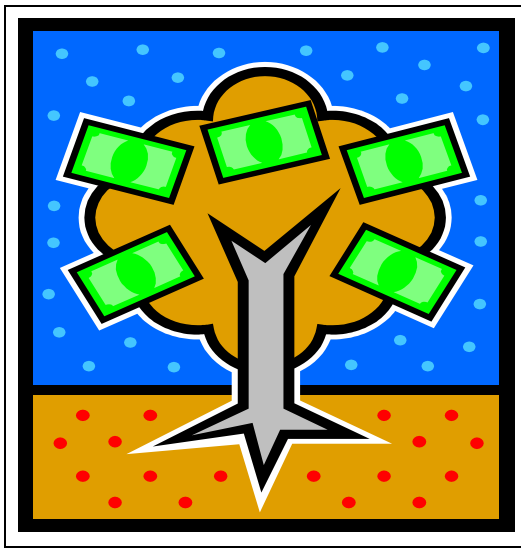
Everyone needs to know – and see - exactly where your current non-dues revenues come from, and how much each revenue stream produces every year. What percent of your association's non-dues revenue comes from fund-raising? What percent from education? It may take some work to spell this out, because these numbers are sometimes embedded in the budget in different categories that disguise these bare facts.

Make a list of each non-dues revenue source. State the number of dollars each one generated last year. Rank them by dollar value, from highest to lowest. Then talk about what this chart tells you. Fill in all the blanks, and get people's reactions.

The executive's job. After they have taken the time to get the numbers, some executives display them in a simple, clear wall chart. Others send it to their board members as a menu for discussion at the next meeting. The list needs to be updated at least quarterly and talked about at board and staff meetings – it is part of your educational duty to keep board and staff members aware of the big picture.

An executive's first job is to honor the mission of the association. The second job is to have the association be viable. Your "non-dues revenue wall-chart" is part of helping everyone get their

arms – and their thinking – around the present status and future opportunities for the association. A simple display can invite them in as partners for winning the game of viability, service, and impact.



What percent of non-dues revenue comes from each of these major areas?

1. Fundraising __%
2. Trade show sales __$
3. Print publications __%
4. Meeting registrations __%
5. Consulting __%
6. Educational Programs __%

If you make a chart like this (customized, of course, to your own association's revenue portfolio), you'll be helping people see what their association looks like from a revenue perspective. People do not already know these numbers, and it is unfair to try to go forward pretending they do, or thinking it doesn't matter. It matters – people need to see the association's "scoreboard", and your revenue sources constitute a critical part of that scoreboard.

Imagine having a meeting with your board, or your staff, or one of your association's committees, and putting this chart up on the wall in front of them. Or what if you showed them your list of every one of your association's non-dues revenue sources, ranked by net dollars received? What would they say? Would they have questions, or would they have some thinking to do?

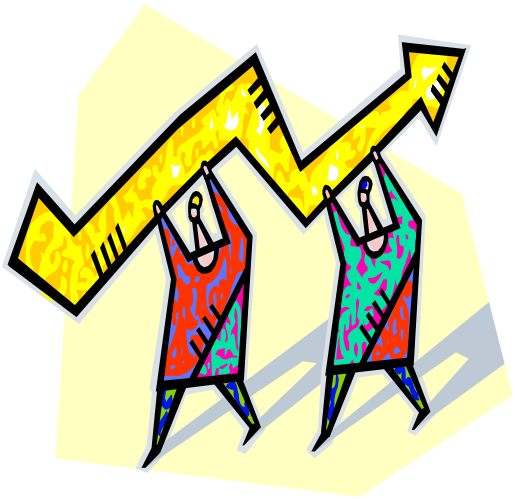
Question 2. What is our rate of growth or decline – the trend?

Is your membership growing or shrinking? Are your non-dues revenue streams growing or shrinking? Your knowledge about where you are now, and where your projections say you are headed, needs to be based on facts and numbers, not just a "gut feel" or by making informal comparisons with other similar associations. Take a fresh look at the membership and revenue statistics over the past three to five years. When you take those numbers and project them out three to five years in the future, what do you see?

If you can get the numbers for each revenue stream or category going back a year or two, you'll be able to see that some of them have trends. Ask the board and staff members, "What are your reactions to what these trend numbers show? Do you disagree with some of them?"

That case story. In "Year 0", the staff of the State Association described in Chapter 3's case story did not agree with the numbers they saw. They could see the projections showing a dip into the red coming up in Year 1, and they argued about what it meant. Even with disagreements,

the discussion gave everyone valuable insight into the need for action. It also spawned new conversations about what members really want, what they are getting elsewhere, and what new relationships might be developed to improve the association's value to members.



Projecting membership and revenue out into the future allows you to ask – and discuss – "trend" questions.

Are you growing …

1. Enough to keep ahead of inflation?
2. Enough to keep pace with increasing costs of technology and communication?
3. Enough to make the difference you promise in your mission statement?

Peek into the future with projections. Trust what your financial data tell you. Look into the relationships among the numbers:

- Is your membership growing faster or slower than your revenue growth?
- Are some revenue streams growing faster than others?
- Can you see what your members (and others) want the most? The least?

The look at projections gives you an opportunity to peer into the future in other ways. Beyond your financial records, you can revisit your mission statement, and, in this light you can ask:

- Do we have the resources to deliver what the mission promises?
- Do we have the technologies and expertise we need to move strongly into the future?
- Is our information and communication system keeping up with today's needs?

Question 3. Do we all see the need for new revenue?

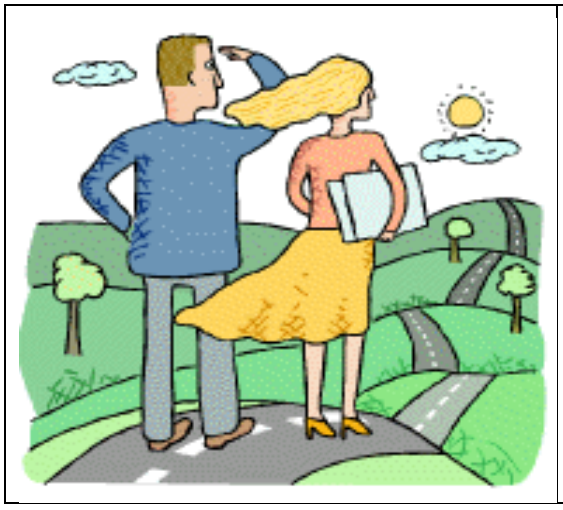
An important part of creating a new path to non-dues revenue and member value is getting everyone aligned on the need. You may find it helpful to take a poll of everyone on the staff and the board: Who sees the need to build revenue? Who thinks revenue is not needed, and says other priorities are needed more?

- **Managers**. Does your management team agree that new revenue is needed, or at least desired? If their attention is riveted on getting membership up, they may not have considered the idea of building non-dues revenue as a path to increasing value to

members. More revenue might allow your association to provide new services or programs that would attract new members, but it's possible this has not occurred, or seemed possible, to some of your managers.

- **Board**. Does your board want more association revenue? Most boards are interested in the trends of the association, and the future that is in store. Sharing and interpreting data on the association's revenue and expenses can sometimes open a discussion for creating new revenue to serve members better. Insist that they make all decisions with full information about the association's entire revenue portfolio, however, or you may be asked to add revenue streams piecemeal, thus adding burdens to staff members.

- **Staff and Committees**. Do certain groups of staff or some of your committees see the need for new revenue? Some associations have one group or committee paying attention to the finances, another focusing on membership, and still others concentrating on other key areas of development. One group may see the need for new revenue but be unable to communicate it to people who are focusing on other topics.



Who is looking for new revenue?

1. ___% of board members see the value of more revenue.
2. ___% of staff members interested in non-dues revenue.
3. Groups that have "more revenue" on the agenda: ___, ___, ___.
4. Groups that have been producing revenue-growth actions or outcomes: ___, ___, ___.

The people who can see a need for new revenue will be the people who can help others get on board with the idea of starting a new revenue project. Believe it or not, having more revenue is not a universal desire. Learn which individuals and groups have considered doing something new, and find out more: what exactly do they want, and what would they do with it if they had it?

Some of your association's internal leaders can convene a meeting just to talk about what revenue changes the association needs. Look at the statistics on revenue streams and projections and ask, "Do we all see the need to expand revenue?" If you do this, you'll find out about the variety of solutions and explanations people are entertaining. One caution: sometimes people are so enamored with the association that they cannot believe there are any real threats to its viability – even when the statistics make the threat clear and obvious. Keep the conversation going!

Question 4. Do we share a similar sense of urgency?

Remember that old-time management tip about doing what's urgent *and* important, not just what's urgent? It's good to learn what the people in your association think about the urgency and importance of developing bigger revenue streams. Some people will see where the association is headed, and be confident everything will turn out well without any intervention. Others may think there's no need for action this year, and want to focus on longer-term concerns. You're better off knowing who has a sense of urgency and who doesn't.

Who has a sense of urgency about creating new association revenue?

1. ___% of the **board** believes it's urgent and important
2. ___% of the **staff** believes it's urgent and important
3. ___% **aren't sure** it's either urgent *or* important
4. ___% believe it's **not** urgent or important now, but it might be later

One association executive told us, "Two of my key board members only have one year left in their term. They both said they'd rather work on the golf outing than start up a long-term revenue project." These short-term board members have an important point. They know that meaningful (mission-relevant) non-dues revenue is more than just grabbing a program off the shelf and putting it into the association's website store. They recognize it's a serious undertaking and is likely to jostle the entire network of jobs, member expectations, and communication. Not everyone will be interested in making revenue growth a priority.

Find out who cares. It may not be necessary to conduct a detailed survey to get the precise answers to any of these questions. But there is value in knowing who is genuinely concerned, and where the energy and passion for a non-dues revenue project is going to be found. See if you can get an estimate of your association's sense of urgency regarding revenue growth. Have the people who see the most urgency and importance speak up, and make their case to the group. Have those people at the other extreme – the laid-back ones – make their case too. The conversation itself is educational for everyone.

In the face of such a potentially demanding or complex initiative as improving an association's revenue portfolio, it is easy to put the whole thing off to another day. But some of the people around you will see this equally as an argument for getting started soon. Revenue-building takes time and attention. If people even *think* it might be needed, it's probably time to get started.

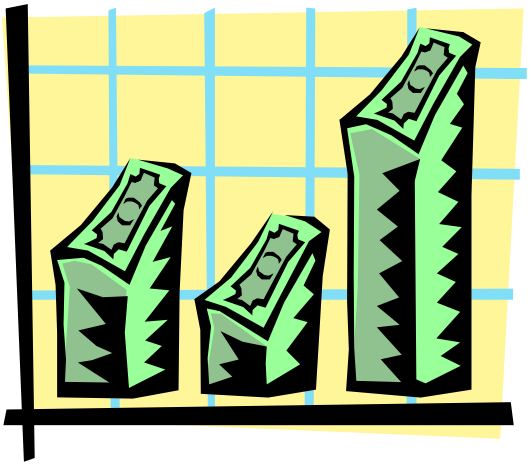
Question 5. What amount of new revenue do we really want?

The question – "What amount of new revenue do we want?" – causes more confusion than any other question we ask. The reason is that other questions at least have some factual data available to persuade people one way or another. But when you ask someone, "How much do you want?" they are left with no point of reference other than their desires and their imagination. People don't know how to answer this, even if they have a good relationship to numbers and projections. Once you've explained the facts in several different ways, and gotten everybody engaged in the conversation, they still need to say "How much?"

What do you want for your members? You can help this discussion. As long as you are considering embarking on revenue-building, go for the gold. Talk about your commitment to members, and what you really want to make available to the member community, your industry, or your profession. Once again, asking questions can get people thinking:

- If we don't increase non-dues revenue, what increasing value will we be able to offer our members over the next 3-5 years?
- If we do increase revenue, what else could we offer our members?
- What difference would that make to them? Would it improve member satisfaction, or would it help them be more successful in their own enterprises?
- Would it attract new members, or help build other relationships with partners or associates?

If your board and staff can't even begin to throw out some estimates of the most desirable percent increase, you can revisit the projections and the mission's commitment to members. But don't settle for vague answers. And don't think small. Asking, "What's the least we need in order to survive?" is a limiting question. You can ask the bigger question, "What revenue do we need in order to deliver what our mission promises?" This inquiry will point you toward a ballpark estimate of the size of revenue change that is appropriate to consider.



How much revenue growth is needed to give your association a strong future *that will fulfill your mission?*

1. **Under 3% of gross revenue**
2. **3 - 5% increase**
3. **6 - 10% increase**
4. **More than a 10% increase**
5. **Not sure…**

Some executives elect to have a sub-committee come up with a desired "% range of increase". They can say what would be possible for different levels of increase, and whether the association's current resources will support certain size revenue-stream projects. They can then present their findings to the board and staff as a way of opening further discussion.

There is no right answer. What's important is to look at the reality of the last few years, and at the options for the future with different sizes of revenue increases. Pick a target range to give some shape and structure to your path to new revenue.

Question 6. What problems are our Members facing?

Now that you've given some size and shape to your revenue-building ideas, it's time to start giving some direction as well. The best way to jump-start creative thinking on non-dues revenue streams is to reconsider the needs and wants of your members. In particular, it's time to go beyond your usual member satisfaction survey results. Most of those surveys are going to tell you whether members are satisfied with what you *already* offer. The real objective is to learn more about member problems and challenges so you can find out what you *aren't* giving them that they need the most.

Make a list: "Member Problems". Work with your staff and board members to brainstorm about all the problems members have in their businesses, industries, or professions. Put yourselves in your members' shoes – what do they need most so they can be more successful at whatever they do? Get specific. What goals do your members have? What are their biggest challenges to reaching those goals?

Of course, you can also ask your members to help you expand and improve this list. Remember, this is not a survey to find out whether they like your newsletter or appreciate your educational programs. This survey is to find out what keeps them up at night, what problems they never seem to resolve, and what obstacles always seem to be in their way.

What are the 3 biggest problems your members have in their daily lives – *at work or at home?*

Do they have any:

1. **Revenue problems?**
2. **Staffing problems?**
3. **Management or operations problems?**
4. **Information or communication problems?**

Advocacy doesn't solve everything. This can be the point where your staff people who are most focused on advocacy will have trouble seeing any member problem that isn't related to state or national legislation or regulations. But consider this: Your members *are* having trouble in areas that cannot readily be satisfied by legislation. They are dealing with competition, new market opportunities requiring skills they can't find, downsizing, mergers, and consolidations. They may have trouble running their organizations, or getting paid on time, or resolving resource issues that threaten their viability and success.

Take off your advocacy glasses for a few minutes. Legislation is not always the answer: sometimes your members need service and support delivered directly to them instead of sending it through the statehouse.

Make another list: "Solutions to Member Problems". Talking about member problems leads to thinking about ways to solve those problems. When you notice a member problem, you'll naturally start to consider whether you – or someone else – could fix it. But don't get bogged down now in figuring out *how* to do any of them – just put solution ideas on a separate list. There are three reasons you will *eventually* consider whether you could provide some of these solutions directly to members:

1. The success of your members is your ultimate mission;
2. Your association knows more about the world your members are navigating than anyone else, and you can bring that intelligence to their immediate business or professional success; and
3. Your association's reputation can serve as a magnet for the best solutions, bringing with it the confidence and trust of your membership.

But for now, don't worry about whether your association should implement any of the ideas you have for solving the problems of your members. Just adopt the point of view (for a while, at least) that there *are* things you could make available that would help your members succeed – advice, consulting, assistance in implementing new market solutions, etc.. Remember too, your members have customers, suppliers, and a variety of associates. Your association may be able to add value to those relationships as well. Keep looking into the whole economic environment for beneficial ideas and potential associates.

The problems your members face can be an opportunity to provide them with products or services that will boost their chances of success in a fast-changing world. Plenty of companies are already trying to sell solutions to your members – some of them are very successful. Ask your staff members some provocative questions:

- Should we partner with one of those companies, and maybe customize a solution or develop a new product or service that members would value?
- Could we team up with other not-for-profit societies to offer something to members?
- Could we collaborate with *anyone* to provide something for either your members or your members' customers that would improve everyone's bottom line?

This kind of brainstorming will identify product, service, and partnership ideas that can benefit your members. It requires research – you need to discover what your members really need,

and what they worry about most. It also has you looking out into the world to find out what others are providing that is, or could be, useful to members. Keep adding to both the list of member problems *and* the list of member solutions.

Resistance happens. Believe it or not, the idea of providing direct service to help solve member problems is often new and unwelcome to some association staff or board members. In that case, questions about partners, products, and services are provocative and can stimulate some resistance internally. When you ask people, "What could we provide to help our members be more successful in their daily environment?" you may notice some annoyance. Here are a few things I've heard after suggesting a good look at providing direct service to members:

- How can we do more when our staff is already stretched so thin?
- We have different kinds of members, and some of them are competing with others. How do we decide who to help?
- How can we endorse a solution and partner with one group when there are so many companies out there already providing services?

The objective at the moment is to develop a good list of member concerns, issues, and problems and their possible solutions. Everyone wants your members to be satisfied, but sometimes they're afraid to even think about getting down into the members' trenches to help them fight their daily battles. It takes a lot to do that, and if your association decides to go that direction, all those questions will need to be given a place at the table. They are good questions that deserve to be addressed, but don't let them derail you now. Remind your staff that these questions will become a permanent part of the way you do business from now on. Successful associations make a point of asking this question at least once a year:

What are the biggest barriers to success our members face every day?

When it's time to create or refresh your strategic plan, look again at your member needs and problems. When your membership figures droop or lag, ask these questions again. And, of course, whenever you notice that your staff is stretched thin, look to see if the work they are doing provides the best services to answer that question.

Question 7. What are our best non-dues revenue options?

This is not the place to make any final decisions on a non-dues revenue growth plan. But it is the place to explore the options. Look at the list of 15 options below, and discuss each one with some or all of your staff members:

- Which of these do you do now?
- Which of them are most profitable?
- Which ones can you rule out quickly as not fitting your association?

What are the best pathways to increasing non-dues revenue for your unique association?

1. **Advertising Sales**
2. **Affinity Programs**
3. **Consulting / Coaching**
4. **Educational Expansion**
5. **Fundraising**
6. **Internet Sales**
7. **Joint Ventures**
8. **Market Development**
9. **Meetings/Shows**
10. **New Product Development**
11. **New Service Development**
12. **Alliances for value-adds**
13. **Space and equipment rentals**
14. **Sponsorships**
15. **Vendor agreements**

In this complex world of non-dues revenue options, there are three questions to keep in front of everyone so you can avoid over-simplistic or too-complex solutions. No matter how small or simple your choices appear to be, have discussions with board and staff members about:

(1) **What to start – and stop – doing**. What is the right combination of new and existing products, programs, or services to create stronger revenue streams? Should we stop doing some things, and start doing others, or should we try to add new things without stopping anything else?

(2) **Member value**. Which options are most likely to boost our members' success at the same time they will bring new income to the association?

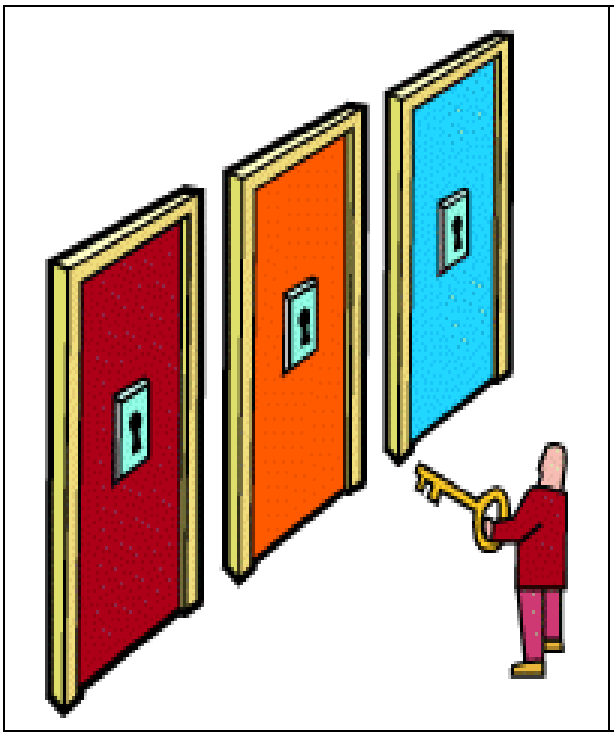
(3) **Association costs**. How much will it cost to start new revenue streams? How much will it cost – or save – to stop old ones? How will we recognize the hidden costs in any new products or programs – the ones that could eat up more of our scarce staff and dollar resources than we have planned?

A Critical Path Decision

Given your knowledge about your association's resources and capacities, you are now in a position to make the first decision about revenue-building:

Will we revise or expand your existing non-dues revenue streams?
Or will we create something new?

This is a rich opportunity for discussion, and it is the final decision in "paving the way" phase of creating your new revenue portfolio.



Will you revise or expand your…

1. **Meetings, Conferences, Conventions**
2. **Educational or Certification Programs**
3. **Consulting or Coaching**
4. **Publications, Audio, Video**
5. **Advertising**
6. **Sponsorships or Fundraising**

OR will you create new…

1. **Products or Services**
2. **Markets**
3. **Pricing structures**
4. **Member-benefit bundles**

Meetings. Do you want to revise or expand the meetings, conferences, and conventions you have now? Do you want to have more meetings, better meetings, bigger meetings, different meetings, focus meetings, specialized meetings, or different kinds of conventions? If you have the staff and the creativity in your association, and you can see obvious benefits to your members, it's worth considering. If you can also see ways to open up those meetings to include non-members who are potential customers, you may be able to generate revenue you can use to improve benefits to members.

Education. Do you want to revise or expand your educational programs or your certification programs? You may have been so successful that you've been upgrading your educational programs already, changing from face-to-face programs to new lines of distance learning programs. You may have been moving your certification programs online. If you don't have a certification program, it may not make sense for you to implement one unless you are confident

your association is financially in good shape, and your board is prepared to support a long-term implementation. A certification program can have a good return, but may take one to three years to build and another two years after that to start yielding a healthy return on investment. Certification programs can make a huge difference professionally, but you've got to have the muscle behind it for the long haul so you can get it running and well promoted.

Consulting. What about consulting or coaching services? If you provide consulting services to your members, in financial, legal, or communication areas, do you want to revise or expand your offerings, either to more people or to different markets? Or you might want to customize your consulting programs in certain ways, tailored to different types of members, non-members, or other players in the industry or profession. If you do *not* currently offer consulting, it can be a slow ramp to get up to speed unless you have some good talent and energy available on your staff and member or volunteer community. Offering consulting as a new service can seem easy, because you have knowledge, skills, and some field personnel. But just because you know things doesn't mean you can consult. Even so, consulting can be lucrative when you specify your area of focus and clearly define the framework of your consulting projects.

Publications and Media. You already have some publication products, such as directories or newsletters. Do you want to increase your product line to more, or better, or different products? If you are already successful with print publications, audios, or videos, you might be able to leverage that expertise into offering a wider range of materials to more people or to new markets. These can be a very fast ramp, easy to develop and simple to promote at your existing meetings and programs. If you offer consulting or education, you can also "productize" some aspects of those programs by putting them on CDs or DVDs, to give members and non-member customers a new way to benefit from your association's expertise.

Advertising. You may want to increase your advertising opportunities, to let more vendors or associated professionals and businesses advertise in your directories, on your program materials, and in your educational materials. People want to get their name and message in front of your members. It's possible you haven't even scratched the surface of all the people who would love to pay you for putting their little advertisement into the back page of your training manuals.

Sponsorships and Fundraising. The process for getting and sustaining a good sponsorship program is always useful to learn more about. Some associations are very successful at having sponsors pick up the tab for meetings and materials. It's a muscle that needs to be developed and practiced in order to sharpen the skills of managing and maintaining good relationships over time. Fundraising is also a very specialized skill, and can be improved by learning from people who do it well. If you can, take advantage of programs that train and expand the ability to get funding from grants and other donors. It takes more time to learn this art than it does to master sponsorships, but if you have talented staff and a committed board, your investment in fundraising expertise can pay off in one to two years.

Creating the New. Finally, it is possible to create new products, new services, and new markets. Any one of these will take a commitment to finding the right attributes, partnerships (if appropriate), and marketing or communication strategies. Some of the solutions you identified in Question #6 will be perfect for you to design, produce, and sell to members and (for a higher price) to non-members, either on your own or in alliance with others. It's a big undertaking, but also big fun, with potential big returns in both capacities and revenue.

Updated pricing. Another related option is to update your pricing structures to reflect the actual resources that go into each of your existing products and services. Many associations price their offerings based on the costs of printing, production, and delivery, but fail to add in the cost of communications and IT staff and systems. Not every non-dues revenue stream needs to pay for itself – sometimes you do things because they provide value and you're willing to have other revenue streams subsidize them. But it's good to review your overall pricing strategies on a regular basis.

Re-bundling. New pricing for services or products can be developed in tandem with updating your "member benefit bundles". You know all those things your members get "for free", either when they join or when they renew membership? You can change those benefit bundles every few years. Some associations bundle new things into their membership package, or un-bundle other things that have proven to be so desirable that they can be developed to become stand-alone offerings. Shifting your member benefit bundles around will help you re-think the value you are providing, and create completely new product/service packages for members. Those same packages can also be offered, at a higher price, to non-members.

Creating "new" things usually involves a bigger overhaul of your operations and practices than simply revising or expanding your existing services and products. But it can be worthwhile if you want to take your association in a new direction, or to get on a stronger financial footing for the long term. It can also, by the way, be the kind of thing that can take you from $600,000 in the red to $1 million net positive in less than three years. Creating something new can be slower ramp than an off-the-shelf solution, but it gives you the opportunity to build a new future based on the promises made in your mission statement.

There are many options for revenue-building. The first objective is not to make a final choice quickly, but to get people talking about the possibilities, options, and pitfalls. Not all options will be suitable for your association, but some of them will stimulate thinking and acting to update your offerings. Your board and staff members are the best resource for starting the process of evaluating your best pathways to a robust non-dues revenue portfolio.

Chapter 7. A Culture of Possibility

The value of the conversation. If you are an association executive or manager, and you do nothing else other than taking the Seven Scope Questions to your board and staff to get them talking, you will have performed an enormous service for your association. It is easy to think that just talking and developing the answers are not very productive activities. But the process is valuable in many ways. Most important is that it can help you shift your association out of old mindsets into a culture of possibility.

When you assist people of different talents, perspectives, and positions to get into the same conversation regarding your association's revenue future, this is no small accomplishment. From there, people will be able to look at what needs to be done, and more importantly, to rule out some options that have been cluttering up your strategic planning discussions. If you can get everybody to agree that you're *not* going to do something, such as a certification program or a new product partnership, that's great. You can take it off the list and focus on what is needed.

The cure for resistance. The biggest challenge in expanding effective and productive engagement as you work with the Seven Scope Questions is that you'll probably bring a barrelful of resistance to the surface. Yes, even your wonderful board and staff members will have a little resistance to change. Resistance takes many forms, and has several fundamental sources. But there is a cure for resistance: creating possibility.

Create possibility.

Start by asking:

- What if we *could* solve that problem?
- What if we *could* find exactly the right answer to that dilemma?
- What if we *could* add a new capacity for generating revenue to your Association?

Then ask: If we could do that, what would then be possible?

Whenever we get people talking about making a substantial change in their operations, or objectives, or habits, we can count on having resistance pop up. Resistance often takes the guise of a problem someone poses, or a dilemma that seemingly *must* be solved before we can go on to the rest of the discussion. It gets people bogged down in the nuts and bolts of *how* to get some problem solved that is a hypothetical offshoot of someone else's creative thinking. The productive discussion gets log-jammed. That's when it's time to create possibility.

Possibility gives you a context for the discussion. When people get stuck in the weeds of detail, you can return them to a higher-level question. Instead of drilling deeper down, you can remind people of the higher purpose:

Our purpose here now is to explore the possibility of creating new capacities for fulfilling our association's mission.

Rather than getting sidetracked into questions of "How?" you can return people to questions of "What is possible?" For example, I've heard association leaders address resistance to the discussion, and set it off to the sidelines, by saying these things:

- "What would our association look like if we could actually do X?" or, "What if we could solve this problem – then what would be possible?"
- "That's a good observation, and I'm putting it on a "parking lot" list of things to resolve later. What other problems might we encounter from implementing any of these ideas? Let's keep adding to the list as we go along."

Sometimes you can't just focus on the mechanics of "how" to get something done. The "*But how are we going to do that?*" question can be an anchor that slows or stops the conversation. You actually have to create a bigger context, or a new possibility, to re-engage people so they're willing to get back to work on the big-picture questions at hand.

One association executive asked, "What do you do when you've tried to change something in your organization, but things get stuck or keep going back to the way it was? What if you try it again and again and you keep going back to the same old things?" This is a situation where the context for change is not big enough to get people in action and moving forward. It's time for some possibility questions. What would the association look like if it *could* break through its automatic patterns and move on to something new?

The "Three R's" of non-dues revenue capacity-building described in Chapter 5 – **R**evenue cycle, **R**each, and **R**ealignment – are possibilities. When you talk about the Revenue cycle, or about your association's Reach, or about Realigning the internal arrangements among board and staff to facilitate changes, you are bringing a possibility into the conversation. Talking about building capacities is a way of lifting people up out of the deep chasm of details and pitfalls, and directing their attention to a higher purpose.

Possibility vs. Options

Another association executive said, "We have 20 board members. They have lots of ideas – great innovative ideas – and they would like us to get all of them going. But we only have 7 staff members. So the board wants us to start all these projects, and we say, "Those ideas sound great, but until we have the resources we can't launch into something and really do a good job at it and be known for it." How do we respond to all the things our board members want us to do?"

Options give you choices – Possibilities give you purpose. There is an important line to be drawn in order to differentiate between two strong forces of change: possibilities and options. For purposes of this discussion, they are not the same thing. There is a big difference between digging down into the details of all your *options* and lifting everyone's eyes up to a *possibility*.

DIG INTO THE DETAILS…
YOU GOTTA DO IT.

- **List ideas and options;**
- **Make decisions;**
- **Analyze costs and benefits; and**
- **Spell out the specifics of operations, processes, and practices.**

Sometimes we use the word "possibility" when we are talking about things that we *could* do. We say, "It's possible to do this," or, "It's possible to do that." But when we are responsible for introducing and creating change in organizations, we need to be more rigorous about our use of language. The job of getting people into a conversation where they can create and implement something new will require closer attention to the way we "manage" conversations.

Differentiating between "options" and "possibility" is a way to keep things moving. Options are choices – we *could* do this or we *could* do that. Possibilities take us up to the higher view of a future victory – *if* we picked the right options *and* solved all the problems, *then* what would we be able to do? The fulfillment of the mission and the benefits we could bring to members – that's the realm of possibility.

CREATING A POSSIBILITY:

- **Ask, "What would a victory look like?"**
- **Use the mission to re-direct attention to higher ground, and**
- **Help people lift up their heads to see a new future.**

Possibility – a context for choices among options. The short answer to the executive's question, "How do we respond to all the things our board members want us to do?" is: Create a possibility.

- Remind your board of the mission statement and ask them which of the options they are proposing will be most mission-relevant (*your mission is a possibility*).
- Show them the list of your current non-dues revenue streams, and ask them to consider the new options they are proposing in light of the whole non-dues revenue portfolio (*your revenue cycle is a possibility*).
- Tell them which jobs your staff members are now doing, and discuss things that could be eliminated to accommodate working on the proposed new options (*realignment of your organization is a possibility*).

The longer answer to that executive's question is…

What I said to the association executive who had 7 staff members and a 20-person idea-generating board, drawing on my consulting experience in similar situations:

If you've got a good idea, that's an option. What I do with options is write them on a whiteboard, or put them on a piece of paper taped to the wall. When anybody else comes up with another idea for action, I add it to the list. It's good to have a list, especially one we can all see. We'll need it when it's time to work the options. But I always have another piece of paper taped to the wall: Your mission statement.

Your mission is a possibility. Whatever your mission statement is, if you and I sat down and looked at it, we would see a possibility: maybe a possibility that a profession could prosper and thrive, or that an industry could really contribute something in the world, or that members are wildly successful in some way. Your mission is a possibility, and always gives you a context for action. Your mission is more than a statement of purpose – it's a huge space within which to operate. It can help restore people to big-picture thinking.

If we *only* work that options list, we risk losing our sense of perspective, our sense of possibility, and, perish the thought, even our sense of humor. And we could also risk doing a lot of work and getting nothing implemented. Your mission is never totally accomplished. It is a guiding star. Your mission lives in the realm of possibility – as a context for committed action. When it's time to get back to the options, you'll have a fresh context for choosing what to do.

Do you want to know which of those options make sense for you? Great. Hold each one up against the mission and you'll know something more. You can actually see which ones are mission-relevant. You can see which ones use more resources than they bring in. You can see which ones are old and tired and which ones will really add mission-relevant value.

Don't confuse working the options with creating possibility. There is a time for each, and it's your job to have people recognize and appreciate the difference.

It's not just semantics. It doesn't matter so much whether you use the exact terms "options" and "possibility", but it is important to recognize there is a time for digging deeper to explore the details of "How" with all its ramifications for increasing your association's revenue. Then there is another time, maybe when you've exhausted the options, or have come to a barrier of some kind, when something threatens to stop the whole discussion in its tracks. That's the time for possibility.

How to restore a discussion when it's bogged down in details or resistance. What you say when you set about causing an organizational change really matters. Here are some possibility-questions I've heard association leaders use:

- If we picked this option and it worked brilliantly, what would it bring to our members?
- If we overcame this barrier and were successful, what would our future look like?
- If we can cause a new arrangement of benefits for our members, what would they be able to do more successfully?

There will always be times you'll catch yourself stuck in a non-productive trap in a problem-solving conversation. You will always have times when you need to remind yourself to restore possibility so you can restore the problem-solving conversation to being productive again. Possibility is about creating a new future, not solving a problem. But a little possibility goes a long way to reminding people what problem they're really working on.

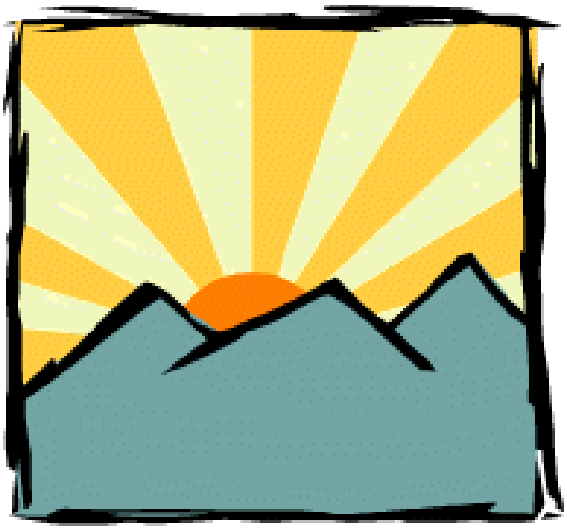
So make it your job to remind people what your association is dedicated to doing. Remind people they are doing something more than just moving the furniture around, or fixing a problem in the database. Association leaders are responsible for creating a future, and that requires a higher level of thinking than working close to the ground and digging through problems and solutions. Both are necessary. But success demands there be someone who can remind everyone else about what might be possible if you were all victorious beyond your wildest dreams.

The Leadership Possibility

Leadership gives people possibility. You know all those things you've read about leadership? The bottom line is that leaders are people who can generate possibility for others. And they know to do it when it's most useful. Leaders are people who can create a possibility as a context and empower other people to get to work building a new future.

That's the basic idea of leadership: remembering to ask the bigger "what if?" question when everything looks like it's bogging down:

- What if we really *could* build a new capacity for generating revenue? Then what could we do?
- Would we start some new programs?
- Would we promote our association in new ways and places?
- Would we hire new talent?



A leader says, "It's a new day – and we *can* create a new future."

- **Even if we don't know how to do it.**
- **Even if we don't think we have the resources.**
- **Even if we sometimes have problems and forget what we're trying to do.**

Here is our mission.
Now, let's cause something.

A leader gets people to think about what happens when you *get* the new revenue. *So what* if you get the new money and the growth in resources? Then what will you do? Believe it or not, you've got to answer that question, for yourselves and for all the people who will work on the changes. Otherwise people are living in the weedy details, fixing things, with no way to see beyond the edge of their desk.

Many people think these questions don't matter, because "everyone knows" that more money must be better than less money. But trying to produce non-dues revenue just because more money is better – that's the road to the scarcity mindset. People working in a scarcity mindset always have too little, always have to scrape, and always have emergencies. They've never been able to sustain conversations that will get them all the way through the Seven Scope Questions.

The way to break out of scarcity-thinking is not through "abundance" thinking – that's the thinking of a child. Focusing on abundance always brings up its opposite, so the scarcity-thinking never really goes away. The way out of scarcity is by doing the work to get specific about what you want, what you are committed to creating, and what difference you want to make. Use the Seven Scope Questions, even if you think you're beyond that. It gets everyone involved in creating a new possibility.

Possibility is the cure for resistance. Leaders are the people with the **capacity for creating possibility**. They bring possibility into an organization, into meetings, and into conversations. Ask the questions:

- What will we do with our victory, with our new capacities?
- What difference will our victory make for the success of our members?

Then take the time to develop the answers.

Chapter 8. Your Revenue Leadership Retreat – and Beyond

Retreat – so you can go forward. Getting serious about bolstering your association's revenue portfolio requires more than taking a package off the shelf and implementing it. You'll be doing some creative thinking and some re-thinking, which means at some point you'll need to develop special-purpose teams, new committee assignments, and, eventually, a retreat of some kind.

We have tested many "**Revenue Leadership Retreats**" that bring together all the key players for the *possibility* of creating a new future for the association. This is a basic starting place to collect all the ideas for revenue-building and give them direction and momentum. Your **Revenue Leadership Retreat** (and it's OK to have more than one) can be organized to include a segment for each of these 3 words:

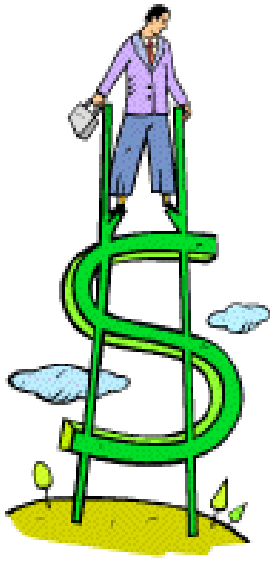
- **Revenue** – Be prepared with facts and figures about your association's uniqueness (see Chapter 2) and its financial health. Study the "**Three R's**" description of capacities in Chapter 5, and use the **Seven Scope Questions** in Chapter 6.
- **Leadership** – Be prepared to bring lots of possibility-generating ideas to the retreat so it doesn't get tainted with scarcity thinking, or devolve into how-to's before you are ready to do that. Refer to Chapter 1, Chapter 4, and Chapter 7.
- **Retreat** – Have your retreat gathering offsite, away from cellphones and email (it can be done!). Also important: get a qualified facilitator. You have lots of resources for this in your local community, in the ASAE and state or regional SAE's, and in other professional societies that can help you with this. Good facilitators have the advantage of not being subject to your mindsets (they have their own, so choose wisely!), and they can help you get beyond your usual patterns.

New revenue isn't going to happen without something like a retreat where everyone is focused on facts, actions, and future results. Even if it's just an off-site workday where people can roll up their sleeves, it is an opportunity to confront reality and see what needs to be done. Just be sure you do your preparatory homework so everyone doesn't have to start with a blank canvas.

Then, of course, you need to schedule the time and place to match people's calendars and travel convenience. Try to include every single board member and all of your association's management team. If you have a small staff, invite them all. This is a group effort.

When you have chosen your date(s), engage the facilitator. If someone on your staff is highly qualified, you can do that. But even better, check with your association peers in your community and see who they recommend. An outsider can bring the right mix of objectivity and freedom from your past to give you the boost you want.

After that, you're ready to follow the three-step recipe for your **Revenue Leadership Retreat**. Here is a recipe for how to do that – a recipe for you to customize for your own unique association's bold new future.



Your Revenue Leadership Retreat

1. **Start with a Customized Agenda**
   - **Focus**: Align on scope
   - **Firm foundation**: Mission, Strategy, Measures
   - **Commitment**: Member Value, Customer Value
2. **Use Possibility to create Alignment**
   - **Challenges** to implementation
   - **"Four-way brainstorming"**: Markets, Needs, Partners, Changes
3. **Document the Results! Produce a "Revenue-Building Roadmap":**
   - **Timeline** and milestones
   - **Accountabilities** for results
   - **Progress reports** for momentum

Customize Your Agenda

book, you have now done enough work to know what you need to talk about. In a nutshell, every retreat agenda has three parts, each one with plenty of details that can be itemized however you like,

A. **The Introductions**. Be sure everyone knows one another, not just by name, but a little background of brag-worthy accomplishments. In addition to introducing the people, introduce the agenda, and what the entire retreat will look like: breaks, meals, presenters, discussions, etc. Even though people have worked together before, that doesn't mean they know what each one has accomplished or what they can be expected to contribute to the discussion. Introductions set the tone, and if you need to chime in with more information to give someone more respect or credibility, then be sure to do that.

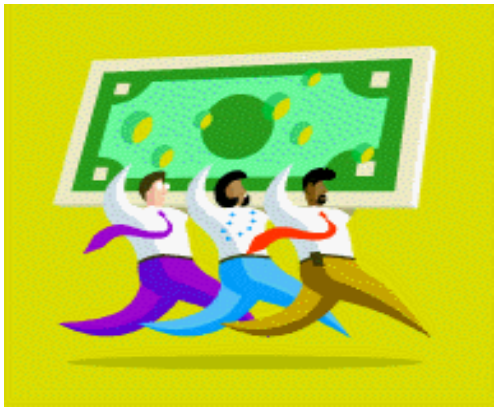
B. **The Work**. Take advantage of having all that brainpower available in one room and get something done! Do whatever preparation is necessary before the retreat – go over checklists of items to be discussed or decisions to be made. Then, when you're on-site, be sure to capture good ideas, even if they aren't directly relevant to the matters at hand. Use a "Later-List" (also called a "parking lot") to capture items that arise but that we aren't going to pursue during the retreat. That way people can be sure they won't be forgotten. Write down every decision made, and every promise to take an action – along with who is going to do it, and by when it will be reported back to the group as complete. This is the body of your retreat, so preparation is crucial to ensure a productive event.

Some topic-ideas based on what is most appropriate for the group at this time:

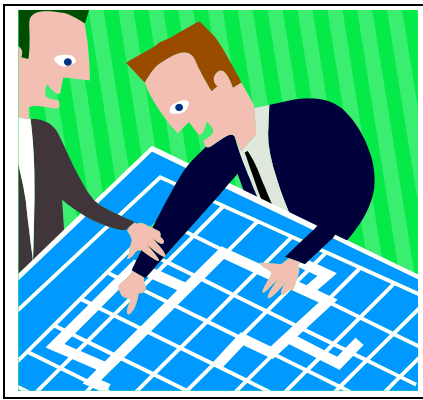
1) Discuss your Uniqueness Profile using questions from Chapter 2. Make note of what people do and do not know – and what they learn – about the association.

YOUR UNIQUE ASSOCIATION:

1. **BOARD**
2. **MEMBERSHIP**
3. **STAFF**
4. **MISSION**
5. **STRATEGY**
6. **REVENUE**
7. **CAPABILITIES**
8. **NEEDS**



2) Review the need for change (see Chapter 3) to get acquainted with the facts and projections for the association's future.



What's Happening?

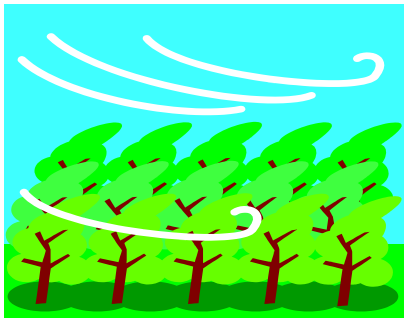
- **Recognize the financial facts:**
  - **Where are we now?**
  - **Where will we be in 3-5 years?**
- **Talk about the facts – apart from opinion and emotion.**
- **How does this relate to the jobs we do every day?**

3) Talk about causing a beneficial change instead of reacting to a problem – and look at "resistance" or mindsets that are active in daily conversations (see Chapter 4).

Action – or Reaction?

- **We can cause a change instead of "adapting".**
- **Creating a change is active, optimistic, and creative.**
- **Plus, it's less painful and more fun.**

4) What do people see about making changes in any of the new capacities in Chapter 5?. Sketch out your revenue cycle, so people can see how it works. Or draw a hub-and-spoke diagram of your association (the hub) and its connections (the spokes) to the "top ten" players in your association's world. Or discuss your organization chart, with its key roles and responsibilities, to discover where people see the need for realignment.



Which Capacities Can We Develop?

- **Revenue cycle**: What is it and how can we make it stronger?
- **Reach**: Who do we know and how can we expand our circle?
- **Realignment**: How can we best accommodate change for a richer future?

5) Discuss the scope of change (see Chapter 6), getting specific about your association's financial information. Be sure you have your financial information available in a simple and clear form that everyone can see and understand.

The Seven Scope Questions:

1. **Sources of non-dues revenue?**
2. **Trending: growth or decline?**
3. **Need to expand revenue?**
4. **Urgency?**
5. **Amount of new revenue wanted?**
6. **Problems members are having?**
7. **Our non-dues revenue options?**

6) What is possible? Be sure to post your mission, on the wall or on a handout page, to keep possibility present. Refer to it as needed to expand the context of discussion (see Chapter 7).

CREATING A POSSIBILITY

- **What would a victory look like?**
- **What does our mission suggest to us about a new future?**

For each of these topics, it helps to have key staff and at least a few key board members review the questions and answers to whichever **Revenue Leadership Retreat** topic(s) you select prior to the retreat. We also know a few association executives who sent the questions out to board and staff members as "homework", requesting they turn in their responses prior to the retreat. In those cases, a staff person consolidated the answers ahead of time and prepared a handout (one staffer even created a PowerPoint display) so that everyone in the retreat could see the wide variety of responses to each question.

C. **The Completion**. After the summary of the retreat's accomplishments, and plenty of thank-you's, say a little about what's next. Review all decisions, agreements, and action items. Confirm who will be doing what, and when. What are the goals for taking the work that has been done to the next level of accomplishment? What is the timeline? See if you can spell out due dates that will help people think about actually doing everything they agreed was worthwhile. Schedule your next meeting, and also your next **Revenue Leadership Retreat**. You've gotten something started – keep it going forward!

Keep Things Moving: Use Possibility to Create Alignment

Chapter 7 of this book discussed "possibility" and how to create it in a conversation. The idea of using possibility as a way of speaking for a "created future" can move things forward and lift things up if they seem to drag. This is your leadership capacity to use whenever you need it: you be the judge. Sometimes discussing "How-To" is just the right conversation to have. Sometimes it's a pitfall.

One manager said to me, "Every time I suggest that we upgrade our membership communication materials and schedules, I hear how it will take too much of our computer people's time, and how much more training the communications team will need. The more specific I get about what we need to do, the more specific they get about the next barrier to doing it."

Implementation does require a willingness to get specific, make lists, and assign action items and timelines to individuals who will report back on what they did. It is the core function of management, and it's hard to master. But sometimes what seems like an implementation discussion is really a trap of *no-can-do* thinking. You'll know when you need to create possibility. Somebody will block talking about solutions too persistently, or drag in a bunch of reasons why something will never work, or tell everyone it's been tried before and there aren't enough resources anyway. You'll feel things starting to slow down or even sink.

Don't wait for the Facilitator to pick up on it – a good Facilitator will recognize the pit, but may not be as quick to see it as you are. Step in and ask the possibility questions (see Chapter 7), and get people considering what might be possible if you were wildly successful in making your goals come to life.

Another place to use possibility is in what I call *four-way brainstorming*. Have people get into four separate teams – either by appointing them or letting them choose their team – to brainstorm, each group on a different topic related to non-dues revenue and member value, such as:

- **Markets** – Brainstorm to make a list of all the outside people who could use what your association has, or the knowledge it has. Which suppliers, vendors, allied societies, community businesses, etc., would welcome access to your information or to your members, board, and staff?
- **Needs** – Brainstorm to identify all the things your association needs in order to be successful. What resources, people, contacts, and relationships would be most beneficial? What will have your association be more competitive, more attractive, and more successful in expanding association revenue of all kinds?
- **Partners** – Brainstorm to list all the different kinds of companies or not-for-profit organizations that would make good prospects for a formal or informal partnership or for collaborative projects of any kind. Who has things, or knows things, that could be connected to your association in a way that could add real value to your membership? Who is already trying to reach your members that you might find a way to dance with?
- **Internal changes** – Brainstorm to list the ways your organization needs to change. Do you need to update your strategic plan, your mission or vision, your policies and procedures? Is it time to change the organization structure, or key roles and responsibilities? What internal changes will make the biggest impact on improving the association's overall performance?

Implementation discussions and *4-way brainstorming* can give everyone a new sense of possibility, as well as capturing some ideas, action plans, and awareness of specific types of resistance. Put worries and concerns on a "parking lot list" so people know they have been heard. Create possibility as needed to return people to the bigger game: accomplishing your mission for your membership.

Document Your Results in a "Retreat Report"

Having one or more "scribes" at your **Revenue Leadership Retreat** is vitally important. Capture all the decisions, and the promises for results of any kind – including "by whom" and "by when" – so they can be assembled into a report summarizing the agreements made. When anyone says, "Oh, I can find out what the members really want by creating an online survey," don't let that go by without putting it on the board for inclusion in the final report. That way you can ensure a follow-through, and let everyone know what comes of that effort.

The "Retreat Report" is a summary of all commitments – by individuals and groups – that come out of the discussions and conversations from the retreat. It can also be useful to include issues and ideas discovered and explored in the meeting. For example:

1. What did we learn about our capacities? What did we decide to do to build Revenue, extend our Reach, and/or Realign our organization in any way?
2. What did we learn about our mindsets and resistance? What will we do about it?
3. What goals and measures of success did we agree to consider?
4. Who will do what – and by when?
5. What "good ideas" do we want to consider – and when?
6. Did we create any teams, committees, or sub-committees? What will they report, and when?
7. When will we get together again to hear about what has been done and what's next?

Retreat Results Report

1. **What we discussed**
2. **What we learned**
3. **What we agreed**
4. **New goals, plans, and teams**
5. **Date(s) of next discussion(s)**

Don't walk away from your retreat without the notes to assemble into a Retreat Results Report, which may become the foundation for your association's action plan for implementing substantive changes. This document of results is the first draft of road map for your association's Critical Path to Revenue. It includes a timeline for action items, and accountabilities, and everyone knows which people who will be producing results and delivering progress reports.

After the Revenue Leadership Retreat

Now you have fully begun the inquiry into Association Non-Dues Revenue: you have "paved the way". The biggest pitfalls of association revenue development are often in the setup – getting people engaged, participating, and building a strong foundation. You have now already done that. The rest of the path to a successful future of growth in non-dues revenue has three more elements that, fortunately, are likely to be more familiar.

1. **Implement: Scoreboard, Polls, and 4-way Brainstorming**
   After the retreat, revenue-building changes can begin. A few rules on implementation are useful to know:
   - You'll need a visible scoreboard for a few of the most high-level goals. People need to see where they are going and whether progress is being made. Keep it updated, and be sure that regular staff meetings include progress reports on all areas of capacity-building activity. Be sure the scoreboard is visible, perhaps in the meeting room and by the coffee machine – not hidden in a computer, but perhaps on a poster or two – and updated after each staff meeting. Keep the conversation going!
   - Take an informal poll from time to time to learn how people are doing with the changes, and what changes they see are needed that nobody ever thought about before. This prevents the buildup of unproductive attitudes and gives assistance to those who need it.
   - 4-way brainstorming (see Chapter 8) is a technique for breaking out of a rut when things start losing momentum in any way. Get people talking to address the unforeseen issues that always arise in organization change, and put that energy to work on solving them. This technique can also be used with members, to get their ideas on new partnerships, markets, products and services.

2. **Continue to Strengthen the Foundation: Viability, Partners, and Changes**

Whatever options were chosen during or following the **Revenue Leadership Retreat**, the jobs of tracking the accuracy of projections for each desired revenue option, all partner relationships, and internal alignment are critically important – both to avoid mistakes and to soothe concerns. One successful solution is to maintain a standing committee of knowledgeable people who will keep an eye on the facts, progress, and problems, and will keep others informed on a regular basis.

Part of the responsibility of this group is also to keep an eye on the quality of the association's relationships with members and external allies, including commercial and government organizations. Knowledge of the effectiveness of – and any changes in – those relationships, supports the quality of each relationship as well as its productivity and mission-relevance while also preventing problems.

This group continues to strengthen the groundwork for making good association decisions, and for keeping revenue change dynamics on course. Some questions for this group:

- How are things moving forward in comparison to what we planned or expected? Do we need to update the schedule? Reconvene to update the plan?
- What will support us in further improving our associate and partner relationships? How can we those relationships be even more productive and rewarding for all?
- Are there any internal changes we can make in the association's structure or operations that will make our work easier and more efficient?

3. **Build Organizational Knowledge of Key Functions, Markets, Partners**

Many organizations want to go deeper into understanding the ways they operate, and be more confident about exploring the ways they can discover and reach into new markets, perhaps with formal or informal partnerships. This creative process uses teams to focus on specific areas of exploration, such as:

- Organizational processes and procedures;
- Technology systems and equipment;
- New communications and media; and
- Outsourcing opportunities for financial or information management.

Sometimes it is useful to continue the research into new market potentials even after non-dues revenue streams have stabilized in a healthy way. In many cases, establishing one partnership of any kind may introduce new ideas for other collaborations and information-sharing agreements. Teams established to continue in these and other explorations can contribute to the association's "change momentum" by providing periodic group presentations of their findings and ideas to board and staff members. This knowledge-building work is a dynamic stage of internal change and external exploration.

Bon voyage!