

A How-To Book for Association Executives

**Association Non-dues Revenue:
A Guide to Getting Everyone on Board**



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Preface: About This Book

Working with the managers and staff of various associations was an education in developing new non-dues revenue. A brief case study of one of them is included in this book. Together, we created a non-dues revenue-building process that involved teams, measures, research, and communications with Board and membership. The process got a nickname: “*Association CPR: Critical Path to Revenue*”. The process has five stages, as outlined below. This whole book explores the methods for that first foundational stage, supporting a strong beginning for generating new association revenue.

"A critical path develops an exhaustive list of all that has to be accomplished in order to arrive successfully at a never before achieved objective." R. Buckminster Fuller

The 5 Stages of Association CPR*

* *Critical Path to Revenue*

1. **Pave the Way: Understand & Align on the Scope of Change**

This book summarizes the methods of this step, with summaries of the other steps.

2. **Build knowledge of Key Functions, Markets, Partners**

Many organizations want to go deeper into understanding the ways they operate and to discover and reach into new markets, perhaps with formal or informal partnerships. This creative process uses teams and group presentations. It is a dynamic stage of internal change and external exploration.

3. **Launch: Scoreboard, Goals & Polls, and 4-way Brainstorming**

Every serious revenue-building initiative requires a framework for implementation. Engage the people who will actually be doing the work of the new organization to create and design the decisions and operations of their association’s future. This is fun, and the fun is infectious!

4. **Research the Options: Viability, Partners, and Changes**

Whatever the options chosen, the hard work of tracing out the projections of each desired option is important to avoid mistakes and soothe concerns. What revenue can you really expect? What internal changes will be needed? This stage lays the groundwork for making decisions, and for making the changes real.

5. **Commit to and Manage new Relationships**

The successful future of any association depends on the quality of its relationships with members, allies, and commercial and government organizations. This stage designs the ways to manage those relationships, and to be accountable for their productivity and their mission-relevance. This stage turns the corner permanently into a new future.

This guidebook is designed to assist you and your people in learning about the financial life of the association and the possibilities of creating a stronger future. The goal of this beginning stage is to have all your key players become so knowledgeable that they can collaborate to make good decisions for the association's long-term viability and success. A practical guide to initiating and facilitating the conversations among Board and staff, this guidebook will help you move everyone into a new relationship with revenue, possibility, and value. It is designed to increase understanding and alignment regarding the many possible options for your unique association's financial future.

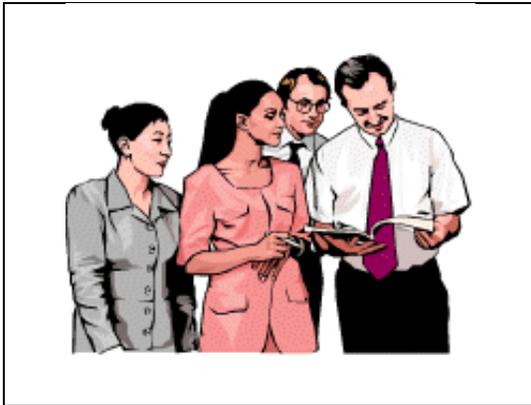
Imagine these discussions. In the process of using this book, the ideas and commitments of Board and staff will become visible – and will become the foundation for your association's growth and development. For example, imagine this: What would be possible if all *your* key players could discuss some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

1. Is new non-dues revenue really needed – and, if yes, why do we think so?
2. How fast is our non-dues revenue growing or declining – and 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 – and 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 current and/or new 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 year or two to work on it?
9. How much do we know about the day-to-day problems our members are facing – and is there anything we could do to assist them directly with their 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 and possibilities. Three approaches have been used, sometimes one at a time and sometimes in combination:

- 1) Encourage individual and small group study of this guidebook. You share copies of it and have group discussions about different sections. That will help clarify which ideas are most relevant to your association's current facts and choices for the future. You will be able to see which steps you've already completed, what things you still need to do, and where you expect your biggest challenges will be to add new revenue and new capacities to your unique association.

- 2) Hold Board and/or staff retreats to identify and discuss issues and share different perspectives. Once you have had several key people review and discuss the materials in this guidebook, you can prepare an agenda for one or more half-day or full-day retreats. Develop your agenda from the ideas in this book, using instructions given in the final chapter, so everyone can dive in and contribute to productive steps forward. Some sections of the guidebook could be used as handouts to stimulate discussion or to 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 your teams to develop your association’s non-dues revenue facts, options, and ideas. After you complete this beginning stage of your path to new revenue, you will need implementation teams to produce the changes you want to make. These teams will help you accomplish the research, plan the changes in communications and collaboration, and create the implementation checklists that will simplify the process of revamping your revenue-generating products and services. This guidebook 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.

But where to begin? Use This Book!

This book is your toolkit. Its ultimate purpose 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. The primary value of this guidebook 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 the variety of approaches to expanding non-dues revenue streams. The objective is to help you narrow your options intelligently *and* deepen the partnership with your colleagues as you create a unique, customized plan of action for your association’s robust revenue success.

Using this book is a beginning step on your association’s path to new revenue. It may be the most important step, because it establishes the foundation on which everything

else depends. It is a tool to assist brainstorming, discussion, and investigation, a tool to engage all the key players in your association. Using this book helps you create three forces that will move you forward to improve your association's 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 your association's non-dues revenue capacities.
2. **Initiative.** You can help people take the initiative for *creating* the future rather than passively adapting 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 energies you have available in your staff and volunteers. Change doesn't always have to be costly and painful; sometimes it's an uplifting, energizing experience.

Chapter 1: The Single Greatest Challenge is *To Begin*

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 customers, sponsors, and other resources. The newest challenge might be competition.

Competition? Absolutely. Not only is your association in competition with other societies, associations, and organizations for new members, but also for the attention, time, and 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 difficult it is to get marketplace attention and recognition for *your* association in today's fast paced, instant-information, interconnected world.



- **Competition for members, customers, resources, and attention**
- **Membership decline or change in demographics**
- **New demands from Board, staff, and volunteers**

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

Just how difficult is it? Well, consider this one example. In 2001, 15 percent of all inbound email was considered spam. By 2004, it was 80 percent.¹ Who knows what it is now? But 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. And this is just with email! Similar things are happening with communications throughout the marketplace, significantly increasing the noise-to-signal ratio.

There is also 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

¹ “Feds pursue suspected spammers”, USA Today, January 12, 2005, page 1B.

associations. This makes it even more important for associations to be more responsive, efficient, and effective in the marketplace of members and potential partners.

Membership changes. Aside from competition, another challenge for associations is declining membership. When people reach retirement age, many will end their memberships. The need to attract and provide new value for new prospects has never been greater.

Internal changes. A final challenge is that, for many associations, some internal changes may 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 have higher expectations, want more and better performance and results, and, in the case of members, they 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 finding 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 changing resource needs, *you* will have to change 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?

It is unrealistic to assume your association can get the money to address 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.

Build non-dues revenue. You, as association leaders, are faced with the demand to ensure the ongoing viability of your association. One choice takes a lesson from the world of commerce: deepen or diversify your revenue sources. In other words, you can develop and expand your association's non-dues revenue.

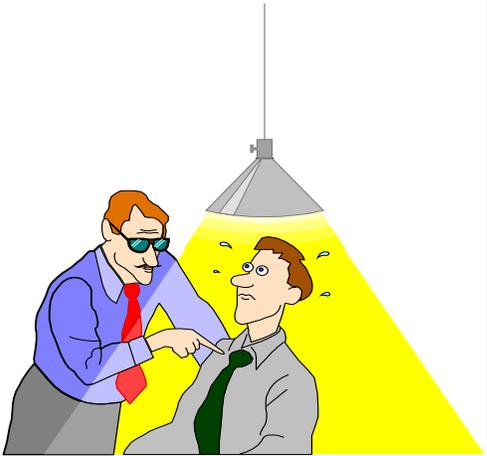
Telling the Truth: Confront the Brutal Facts

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? How can they ignore this red flag, this emergency signal? Because the alternative is difficult to address effectively, and the decisions required may be raise disagreements. Even if your association is not in this dire situation, a cold hard look at your revenue projections can reveal some hard truths about its 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. Then, after that hurdle is cleared, the next one is even bigger: How do you get everyone to agree on what to start doing, and what to abandon? Making substantive changes in an association's revenue streams will require 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 organizations willingly confront the brutal facts and take action in the face of them. That means telling the truth – good, bad, or ugly. It requires 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 just attempting to make things look good when they're not – a form of denial.

	<p>What does your revenue portfolio really say?</p> <ul style="list-style-type: none">• Is it time to try something new?• Should some old favorites be given the boot?• What do your members really need? I mean...<u>really</u>...what do <i>THEY</i> say they need?
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Look at the data. Telling the truth about your association's revenue streams can sometimes require giving up 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 showed that programs offered by other associations and corporations were both more comprehensive and better recognized by prospective employers. Telling the truth means it is foolish to ignore data that argue against what you believe to be true. Your beliefs may have to go.

Satisfaction surveys aren't the answer. One state-wide association surveyed its members on a regular basis. They hoped to learn what members wanted and how satisfied they were with current offerings of all kinds. The association was proud of the results,

because survey 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 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 management team’s 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 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 business 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 workplace 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 develop 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? Because some organizations can’t recognize or get out of their “mindsets” and be free to adopt a different point of view. Board and staff leaders, like all human beings, cling to what they have historically and habitually done.

Some beliefs limit vision. Mindsets are the way we perceive ourselves, our association, and our members, allies, and other external 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.

	<p>Don’t bother me with reality...</p> <p>I already know the truth:</p> <ul style="list-style-type: none">• Resources <u>are</u> scarce• Our association <u>will</u> continue to succeed• We do <u>not</u> need to change
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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 are not really true. We have identified three mindsets in non-profit organizations (and in other humans elsewhere) that can undermine the best intentions of Board and staff: Scarcity, Myopia, and Complacency. They are described below, with suggestions in [Chapter 4](#) on how to change them.

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 that not only are resources scarce, but there is also nothing that can be done 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, you define yourself in terms of what you *don’t* have. You might notice there is a hint of longing in the way some people talk, as if they wish

they could have something that they know 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”, where they wish that something would happen but believe it is completely out of 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.

	<p>There’s never enough...</p> <ul style="list-style-type: none">• People• Time• Money• etc. <p>And there’s nothing we can do about it.</p> <p>But we are good people, doing good work ... so it’s okay.</p>
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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 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 – perhaps without noticing 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 also breed resentment. When you hear derogatory remarks about the success of competing associations, agencies or businesses, you are 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 are your challenges 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, which is 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 that the superiority of those products will guarantee the association’s longevity. The myopia of this product-oriented mindset prevents discovery 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, scrambling to replace lost revenue later. A myopic mindset can prevent us from fresh thinking about our association’s role in the bigger pictures of marketplace and member needs.

No marketing department? It’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 communicating your quality products and services to meet their needs of the moment.

Your market is bigger than you think. According to Levitt, myopic businesses lose customers because they narrowly define their role, 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 of 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 would have opened up new opportunities.

	<p>You may have myopia if you think:</p> <ul style="list-style-type: none">• We don't need a marketing department• 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
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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 there.

Myth 1: *We know what they need.* Believing that “we know best” is at the very heart of the product orientation that is characteristic of myopia. Sometimes this is just an outdated process of holding fast to old ideas without having done the market research to speak authoritatively. Maybe you *don't* know what they really need *now*.

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: *Our association's viability is assured by our expanding 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 perception of the industry or profession and acquaint yourself with the demographic trends of your membership.

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. Then see [Chapter 4](#).

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.”



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 – 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 see themselves as monopolies or near monopolies. An organization that has little competition can fail to be responsive to its member-customers. Rather than re-aligning the organization so it exists for the customers, the customers are perceived as vital for the purposes of the organization. The organization becomes less responsive to external change and market feedback. Today's shift toward a more competitive landscape means that complacency will be increasingly penalized, and creativity and innovation 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 cleansing 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 and may precipitate a decline. Understanding your mindset lets you avoid some pitfalls that prevent growth and development.

Association leaders who become aware of their organization's mindsets will have more freedom to help the Board and staff change and shape the future. They can also 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 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.

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

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 to be sold to members, non-members, or other associations and businesses. Different decisions will affect the lifecycle and potential returns of revenue-generating products and services.

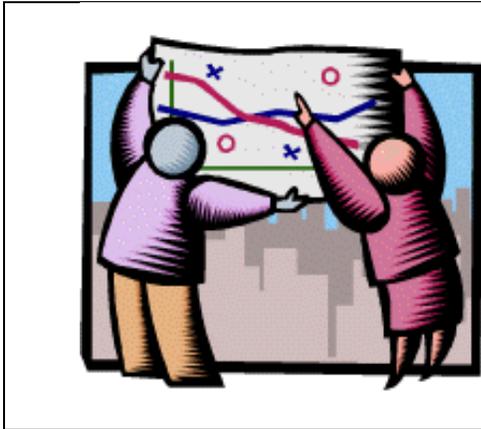
The whole process of revenue development is a complex undertaking that requires research and due diligence, brainstorming, and changes in communications and management practices. Customizing the options for your unique organization only adds the need for more attention to find the set of alternatives that will be right for you.

Your solution will be unique to you. One lesson business has 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, have all allowed 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.

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.

Off-the-shelf solutions can buy time. They can also cheapen your association's brand or take away from the more positive message you want to send. 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. But sometimes it is

appropriate to take a fast solution that will buy time until you can make a more tailored one. Do what you must.



Strategy:
**A careful plan or method
for achieving a goal
or accomplishing a vision**

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

Your Path to Building Capacity, not just Revenue

Don’t settle for less. Your association’s path to new revenue 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 and designing those options takes work: a whole set of options may need to be considered systematically to understand how different options fit together in different ways. Each path gives you a unique pattern of changes and results in operations, management practices, 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 setting a good foundation for new non-dues revenue streams is the idea of *building capacity*, not just building revenue. If your association is able to *create* new products and *develop* staff leaders, it has more long-term viability than finding quick fixes or problem solving alone. Building a new capacity gives your association the staying power of permanent new abilities.

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., it 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.

	<p>Your association has capacities:</p> <ul style="list-style-type: none">• The capacity of your revenue cycle.• The capacity to collaborate with others.• The capacity to change internal operations. <p>Expanding these capacities also expands your value to members.</p>
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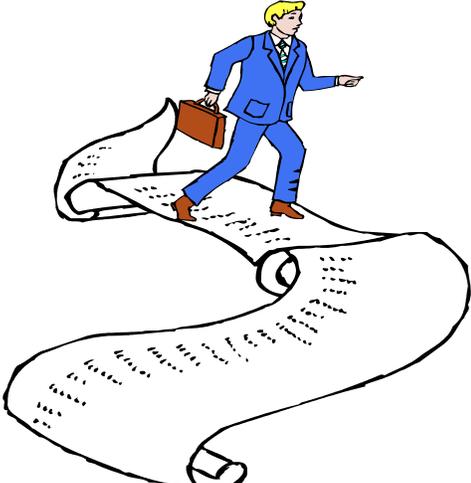
Go beyond solving problems. There are many advantages to focusing on organization capacities as part of your plan for developing non-dues revenue. Capacity-building includes problem-solving and goes beyond it. Your vision for a new financial future is about more than revenue: it is also about expanded member value and benefits, and 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 new non-dues revenue 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 customized to the visions and needs of your unique association.

Chapter 2. Your Uniqueness Profile

Every organization, whether it is 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 your association's uniqueness may seem obvious to you, it is a worthwhile investment to consider what *exactly* is unique about it. You can begin to spell this out in your association's "uniqueness profile".

There is no recipe. The reason this is worth doing is because some of your Board, staff, or members have been around for a long time, and they carry with them certain ideas about what the association must – and must not – be, do and have. There are 8 dimensions to your uniqueness, and these can help create the foundation for change and for achieving new goals.

	<p>Find your Association's UNIQUE way among the many revenue options and challenges.</p> <ul style="list-style-type: none">• There is no recipe or one-size-fits-all program• There are no right answers – just good questions to get people talking
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The Eight Dimensions of Your Uniqueness Profile – More Discussion Questions

1 - Your Board

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

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

A large Board can improve the quality of strategic plans but also slow down decision making. A Board that gets its fingers into management may either strengthen or confuse new choices for revenue initiatives. Committees that are non-productive or will be affected by new revenue goals may need to be eliminated or redefined. You have to work with the Board you've got, but you may choose to take the opportunity of change to update some of your committees. Answers to these questions will influence which revenue stream option will be most appropriate for you now.

2 - Your Membership

Members are your reason for existence. In your association's world, they are the customer, 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 multiple kinds 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 and non-dues investments in your association. And, the more varied the membership, the more demands they can place on you. It will be worthwhile to get people talking about these questions so you can uncover new ideas for providing value to the core of your organization.

3 - Your Staff

The key to your association's effectiveness is 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 some resistance.

- *Do you have a large staff, or are you a small group trying to do everything for an insatiable Board and membership?*
- *What are your staff capabilities? What communication and productivity talents do they have?*
- *What talents or skills are missing or would be welcome?*

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. 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 - Your Mission

Why does your association exist? What does it provide and/or deliver to members? What is it out to accomplish? Some organizations treat mission and purpose statements more as public relations documents than as a potential foundation on which they stand and grow. Regardless of what else you might have in common with other associations, your mission makes you distinct.

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

Your revenue streams need to be consistent with your mission and advance its accomplishment to ensure longevity for the association. Solutions that don't relate to the mission can be a form of organizational betrayal, in that you are knowingly doing something that is inconsistent with its founding intention. Your mission can also be used as a compass when planning new revenue options.

5 - Your Strategy

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 a way that 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 you have 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 as paths for accomplishment.

- *Are your goals big enough to need a strategic plan? Does your association really have one? If yes, do you update that strategic plan annually?*
- *Do you have processes and procedures 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... Without using a strategic plan, 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 of business organizations that have developed and added new products, either through internal development or acquisition, then had 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. When you consider improving your association's non-dues revenue portfolio, spell out the ways all your ideas will be represented in your long-term strategy. When you update your strategic plan, consider the impacts on your non-dues revenue portfolio. Remember, expanding revenue streams is a strategic decision, so you want to be sure that your changes advance the existing strategies – or that the existing strategies are revised to accommodate new objectives.

6 - Your Revenue Streams

What is the truth about your 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 do your Board members really read that whole budget and understand 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 doing – and what to stop doing.

- *Is your association's current revenue sufficient to fulfill the promises of its mission statement?*
- *Can you see the projections for your revenue going out to at least 5 years in the future?*
- *Do your revenue projections correlate with the timetable for implementing your strategic objectives?*
- *Do you have more dues revenue than non-dues revenue, or is it the other way around?*
- *Is it your 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 your current financial position? Do you understand your organization's mindsets? (see Chapter 1 on scarcity, myopia, and complacency)*
- *Can you easily see – and show Board and staff members – the net income or loss from each and every one of your non-dues revenue streams?*

Your association's revenue is the resource that keeps things alive and fresh. Dipping into your reserves can be counter-productive of course, but the ideal would be to add to those reserves and 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 - Your Capabilities

Your capabilities are what your 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 your 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 your association's strong suit, given your Board, staff, and operational or technical assets? What are the things you do best?*
- *What is your "recipe" for success? How do you traditionally solve problems, reach your goals, or recover from disruptions of any kind?*
- *Are there ways to multiply your special strengths in new areas? Do you have allies or associates with the strengths you lack, or the ability to help you develop them?*
- *What do you need to do better? What are you currently unable to do that would make a real difference if you could do it?*

Capabilities can be learned, but just because your association is weak in some areas doesn't mean you have to develop those capabilities. You don't need to do all things. Any time you make changes in your organization's goals, processes, or capabilities there will be a period of uncertainty, even incompetence or failures. Some organizations invest heavily in developing and acquiring new capabilities, but they also plan for the period of disruption that can come with it. Some new revenue streams will require you to develop new capabilities, and others will be able to be accomplished with what you already have.

8 - Your Needs

Not everyone needs the same things – indeed, our entire economy is based on the diversity of needs. But there are some things that you really *do* need in order to satisfy your mission and implement your strategy. Understanding the real resource needs of your 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 intended use. Revenue is never an end in itself, but rather a tool for the accomplishment of those ends. If you 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 and effective association? Do Board and staff members agree on the few things you need, or do they each have long wish-lists?*
- *Is there a specific shortfall in your association that you are committed to remedying, or do people mostly talk in terms of wishes and regrets?*
- *Are Board and staff actively working to produce what the association needs, or are they sometimes falling prey to the “scarcity mentality” that afflicts some nonprofits?*

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 your non-dues revenue portfolio.

YOUR UNIQUE ASSOCIATION:

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



Your Answers Define Your Uniqueness Profile

Your own Board and staff may not agree on the answers to all those questions. If you compare your answers with the answers from other associations, you can see your association's uniqueness. But your *individual* answers need to be compared to the answers given by members of your staff and Board. That way, you will see that internal perceptions of your association are not identical and, in some cases, may be wildly different. The same questions about the same association can yield a wide range of answers.

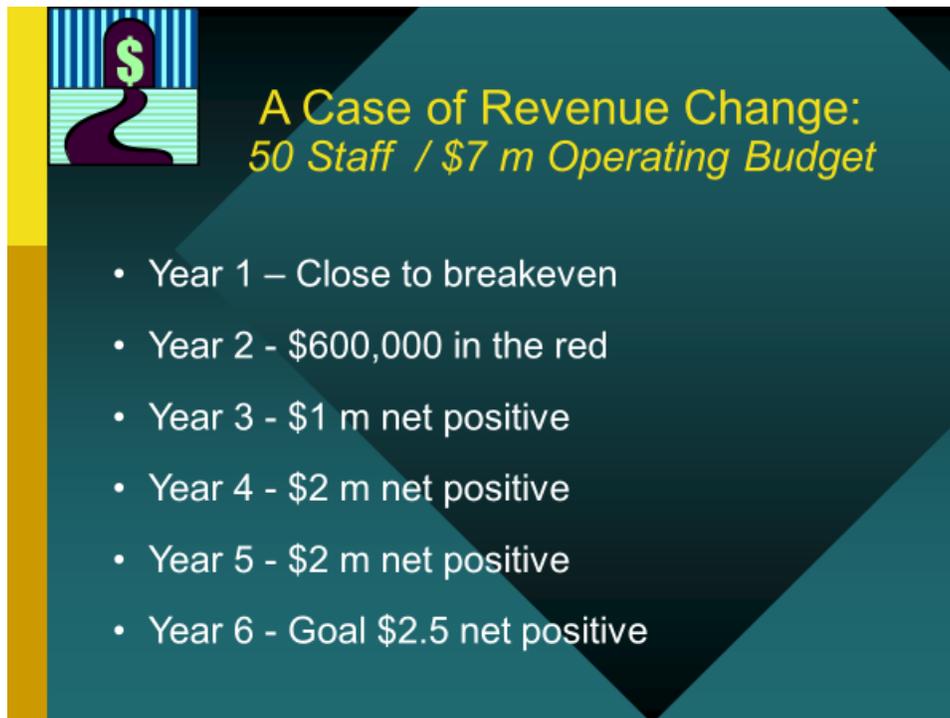
Create a shared understanding. Your first job in paving the way to new non-dues revenue will be to create a shared understanding among Board and staff members on their answers to these “uniqueness” questions. When you can truly say that your Board and staff have discussed these eight dimensions, and are reasonably well aligned on the answers, then you will have a good understanding of your association’s “Uniqueness Profile”. Fortunately, the process of creating this profile is, for the most part, enjoyable and interesting. Most important, however, is that the profile results have a direct relationship to the next steps in decision making for non-dues revenue growth.

A starting place. Numerous associations have expanded their non-dues revenue base and no two go about it in quite the same way. 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.

Chapter 3. Revenue Growth and Change – A Case in Point

As an illustration of what is involved in adding new revenue streams, let's look at the experience of one state-wide professional association – we'll call it State Association – with a decline in both membership and revenue. This may give you a point of reference for what is involved in paving the way to mission-relevant non-dues revenue.

The State Association took up the challenge of generating new robust non-dues revenue streams. Below are some specifics about the association. Please bear in mind two things. First, a few things have been changed to keep the association anonymous. Second, any association can devise a plan to generate more revenue, even if it doesn't seem anything like this sample association. State Association's basic statistics are shown in this a snapshot summary of their six-year project to plan and implement new-revenue changes:



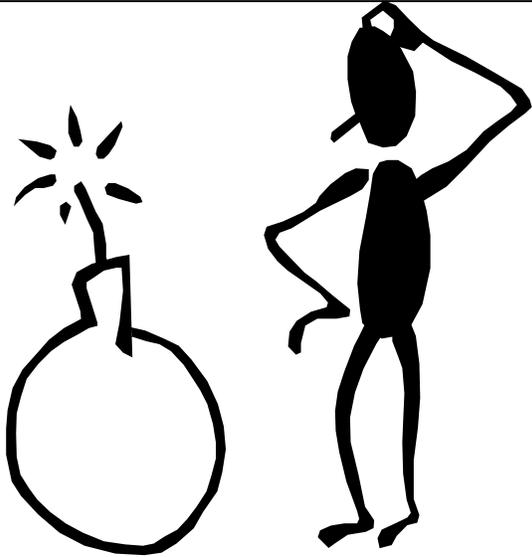
One thing to note is that for an association with a \$7 million-dollar operating budget, \$600,000 in the red is a pretty substantial call to action. Any bite into your reserves should get your attention, but this deficit comes close to 10% of the budget – it demands fresh strategic thinking. Another thing to note is that something happened in “Year 1” that allowed them to turn things around financially in a strong and sustainable way.

How did they do that? They started to read their financial tea leaves in Year 1 and began to 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. To

clarify, when I say “they” read the tea leaves, it wasn’t all fifty people rising in a chorus chanting, “We want more revenue.” It began with one woman who had taken a business course on organization change, and who was the Chief Financial Officer of this association. Her name was Karen, and she looked at the projections for her association’s financial future and saw that their reserves would erode in a little as 5-7 years if something didn’t happen soon. She took her concerns to Jerry, the association’s 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. Fortunately, in this case, the CFO was more concerned with the viability of the association than she was with being called a Cassandra or Chicken Little. Furthermore, Karen was willing to take a risk and tell the unvarnished truth to her CEO. Fortunately, Jerry was willing to listen.

Karen the vehicle for change, and Jerry was the driver of that vehicle. While Karen had the financial projections, plus some knowledge about how to accomplish an effective organization change, the most important thing she had was the ear of the CEO. There is no doubt the turning point for this association was Jerry’s willingness to hear the facts and translate them into a call for action.

	<p>Wondering What to Do?</p> <ul style="list-style-type: none">• Recognize the financial facts: Where are we now? And where will we be in the next 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
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The process that worked. Jerry, Karen and the other managers and staff of the State Association set about exploring, defining, and ultimately implementing new revenue streams. The result, in addition to the revenue turnaround, demonstrated a process for accomplishing new revenue goals. This process ultimately involved the effective use of teams, measures, research into prospective partnerships with external organizations, and communications with Board and membership. That process is now summarized in this guidebook.

Lessons Learned

Prior to Year 1, 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 their industry and the economy that had the effect of changing the needs of many of the members. The result: fewer members, and more members with unmet needs.

Although everyone knew that overall membership had declined, they did not know the financial implications of that, and in Year 1, no one was particularly concerned. In fact, initially, managers appeared to be unruffled by the statistics: no one except Karen and Jerry expressed any concerns for the future. Regarding the membership declines, several people said, “Things will turn out fine – they always have.”

State Association’s managers became aware of the financial implications of declining membership only when Jerry and Karen gave a presentation showing the 5-year projections of members, revenue, and reserves – all declining. 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 professional 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 a target).” They blamed different groups, regulations and individuals but all answers were outside of State Association’s boundaries. No solutions were envisioned that involved any actions or decisions over which they had control. They took refuge in the problems of the world and were reassured to know that other associations were having problems too, and that their association was not as threatened as some. Ultimately, this was a way to avoid facing the clear message of State Association’s financial projections.

The first lesson Jerry and Karen learned was that there often is resistance to facing the facts. Second, they saw that leadership would be important to keep the focus on finding and implementing solutions and improvements. And third, engaging staff, Board members, and the membership in taking a fresh look at the organization is what would add the necessary energy and direction to the whole endeavor.

	<p>Do not ignore changes in your association's environment – and in your members' environment.</p> <p>Watch for changes in:</p> <ul style="list-style-type: none">• Membership growth or decline• Member types• Demand for your products & services• Demand for your financial reserves• Industry or professional regulations• Economic shifts that impact members
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The Resistance Lesson

After Jerry and Karen's presentation about the association being \$600,000 in the red and using its reserves, there was a period of concern along with a few more justifications and a little mutual reassurance. Resistance to change is a real factor in generating new revenue, and people express it in at least three different ways – they:

- Avoid or prevent productive discussions about making any changes at all; *or*
- Explain what they think the problems are, seek to comfort others, and try to restore confidence and calm, even when the failure to act could be costly; *or*
- Join the problem-solving effort to get in on creating new ideas, finding new opportunities and joining committees to come up with solutions and plans.

A piece of advice: if you have an urgent financial situation, do not wait for consensus to begin addressing the situation. 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 find a way to participate. Keep inviting people to join idea-meetings or planning sessions 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

Unwilling for the State Association to fail financially, Jerry initiated a full investigation into what could turn things around. After the first all-staff presentation of financial facts, he met with the management team to confront the statistics one more time. He was insistent that something needed to be done, starting now.

Jerry 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 your report on your findings, ideas, and recommendations before our next Board meeting.”

An important lesson: create confidence in action. Even though he was not sure at the time what the results, or even the methods of inquiry, would be, Jerry precipitated action. He asked his managers to consider everything from dues structure to the size of the association. He told them to gather ideas and examine each one for its possible impact on their financial future, 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.

As the CEO, Jerry 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 improve it in any way. The association’s mission was the final word on what “improvement” meant, but there were no constraints on what anyone considered to be a valuable change. The team collected ideas, everything was questioned, and every idea was considered.



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 persistence.

The Alignment Lesson

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”: having an insurance company help their members solve financial problems for their clients. They eventually winnowed down the revenue-growth options to those they believed were most attractive, then performed analyses to see if there was a sufficient market for the product or service being considered.

Each Action Team analyzed their best options, correlated them to the mission, and drew up written projections to help decision making on what to pursue. More new Action Teams began to form to conduct sessions on goals and measures of success, and brainstorming about markets, partners, and operational changes.

Involvement increases naturally. Eventually every staff member in the association participated, at least to some degree, in various team activities. The special purpose teams included staff from different units as well as some association members and several Board committee leaders. People looked at the ways different jobs, services, and products contributed to the association’s mission, and what alternatives were available and could provide value to their members from non-association sources. They did their homework to learn about their association and its environment in ways they had not noticed before.

This process, although it began to move into the higher stages of the Five-State “Critical Path to Revenue”, 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 facts and the new opportunities that became possible.

When all was said and done, and State Association’s new revenue streams were producing the desired income, people looked back on what mattered most. More than any single great money-making idea, they agreed that 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 obtained in launching their path to new non-dues revenue.

The Lesson of the Five Stages of Association CPR

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 your association can be done in stages. The alignment you need is not produced by any special motivational techniques, nor 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 key types of conversation were determined to be pivotal:

1. **How do we make “change” be an adventure instead of a painful process?** By having conversations about the value of change, the differences between reacting to change and causing it yourselves, and the various negative “mindsets” of organizations (see [Chapter 1](#)). Frank discussion about the challenges of change, along with the unique attributes of your association (see [Chapter 2](#)), can open 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 you reduce the pain of change.
2. **How do we avoid losing momentum?** When you dig into the deeply detailed arguments about which changes are right or wrong, things can bog down. We recommend using some Big Ideas in addition to your facts and statistics. Appealing to larger ideas like “building capacities” – improving Revenue, Reach, and Re-alignment (see [Chapter 5](#)) – can bring people up out of the weeds and into accomplishment thinking. As Board and staff members learn about these three capacities, they are more able to contribute to accelerating the change instead of slowing it down. Using these ideas to share the “bigger picture” can help people see they may have to change some of their individual procedures and habits, but they are also changing the association for the better.
3. **How do we educate everyone about what the association really needs?** You can engage everyone in a process of learning together about the financial and market aspects of the association. We have identified seven questions that can be discussed to help develop a shared awareness of the association as a revenue-generating enterprise. [Chapter 6](#) details these questions, with guidance on how to facilitate the conversations. You can customize these questions for your particular association, and help everyone get involved in talking about revenue, value to members and fulfillment of the mission.
4. **How do we create a culture of possibility and leadership?** You can do this by creating possibility and clarifying that it’s much more than just a set of options. 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 is being created in associations today. Practicing this opens a path for more possibility-based conversations to arise – even in very ordinary circumstances.
5. **How do we build a workable plan of action?** Your action plan is the culmination of your work to create a path to new association revenues. You can create a solid action plan using a well-designed retreat for managers, staff, and Board members. [Chapter 8](#) outlines an agenda for a retreat, including instructions to customize it for your association, create alignment across the Board and staff, and produce a written plan to guide you for the next six to twelve months.

The Point of the Case

The example of the State Association is useful – several other associations have successfully added non-dues revenue streams using these methods. When managers, staff, and Board members confront the facts, own up to them, and take action in a coordinated way, they can discover solutions that are exactly right to grow their unique association.

The process of discussions and deliberations helps people come to terms with any last vestiges of negative mindsets. There may be times when it looks like negativity is winning, and discouragement is in the air. But a CEO who is unwavering in a commitment to rediscover the heart of the association can prevail in turning the management team toward generating more robust non-dues revenue streams.

What this case illustrates is the difference between hoping things will turn out and *planning to cause* new revenue. The commitment to getting everyone aware and aligned produces breakthroughs in association thinking. The State Association added three new revenue streams, two of which its managers had once insisted would never work. After they did the work on the foundational steps described in this guidebook, managers, staff and Board members saw both new opportunities *and* old ideas 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 growing 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 much more reliable. You can stay mission-relevant too – you don't have to offer frequent flier miles or give discounts to your members on things they can get in a hundred other places. Your members, and your many other potential customers and partners, just might need something you can readily provide, if you're willing to pave the way.

Chapter 4. It Doesn't Have to be Painful – Try *Causing* Change

“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

The ASAE's Association Management magazine reported on a very thorough study of non-dues revenue. The results of this study have been 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 necessary for change to cause pain?

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

Generating New Revenue Means ...

- ▶ Changing products
- ▶ Changing services
- ▶ Changing markets
- ▶ Changing promotions
- ▶ Changing processes
- ▶ ... etc. etc.

IT'S ABOUT CHANGE...

The graphic features a dark teal background with a yellow vertical bar on the left. A line graph on the right shows a blue line with an upward trend, set against a green and yellow grid. Below the graph are several green dollar signs (\$\$\$\$\$\$\$\$\$\$).

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 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

complex that we think it needs to 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 as you've probably already learned, it's never really simple.

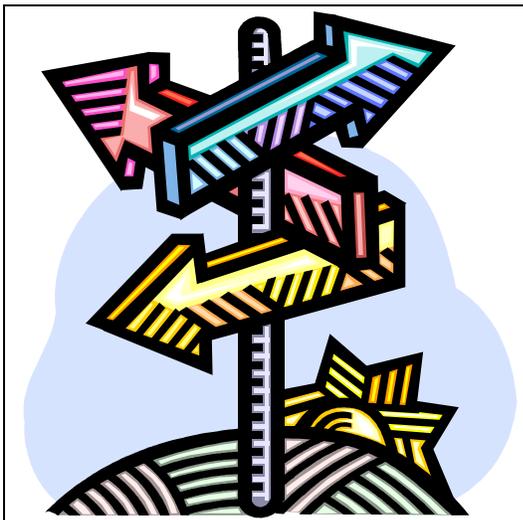
Why not? Because an organization is not made up of independent parts. People, groups, and systems are hooked and connected to each other. If you change one thing it will jostle another one, which will jostle yet another one, and so on. The result of the "ripple effect" is that a simple one-item change suddenly seems to explode into other peoples' jobs and processes that we never thought would be impacted.

There is 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 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 "ripple-effect" changes in the rest of the organization were not handled well, working with the people directly affected by those ripples. 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 is 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 whether you are going to choose change, or whether change is going to just "happen to you".

How do you choose change? You cause it, instead of being its victim.



Reasons to choose change...

- **Today's revenue needs to provide updated Technologies and Solutions**
- **Members have new kinds of problems and want new kinds of support from their association**
- **There is increased competition for customers and members**

Causing the Change

Consider the failure rate. Several research studies show that 70-80% of all organizational changes fail. That's three out of every four changes failing to deliver the outcomes and results that were intended. Granted, that research was done on business organizations, but there's no reason to believe associations and not-for-profits are very 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 top selling business book by Larry Bossidy and Ram Charan, "*Execution: The Discipline of Getting Things Done*", 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", declaring a change initiative, explaining it to key people to get them involved, 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 "magical management" of change can be traced to passivity at the source of the decision to change. Organization changes are often made in response to a problem, or as an attempt to adapt to either an external change or some new situation within the organization. Many books on organization change are really about "adapting" to changes in your environment. But if you do that, you're trying to change your association's *responses* to the world rather than designing new ways to *impact* the world through your association. One approach is protective, the other productive.



Why do most organization changes fail?

Because they are designed to adapt or respond to external changes or problems.

- **Instead, you can cause a change.**
- **The decision to create 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 the available set of solutions. You can cause the change instead, choosing an objective and starting fresh with 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 can serve as a reminder that your job is to make something happen, not to wait for magic. Causing a change goes beyond simply initiating and explaining a change project. Causing change means fully planning, executing, and implementing whatever must be changed in order to obtain the outcomes you desire.

When you choose to cause a change, it's good to remember you are tinkering with well-established and habitual patterns of behavior, and your tinkering will probably change more than you can anticipate. If you've ever tried to change any personal habits, such as smoking, exercising, or 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 four changes to discuss as possible ideas for deliberately causing change:

1. **Financial communications.** You can change the way you communicate your financial plans and reports, maybe making them more open to other eyes, or giving clearer and more comprehensive presentations to provoke fresh questions and ideas. You may also want to communicate with more people in different ways about your revenue categories, types of expenditures, etc. Some associations have discovered the need to create financial presentations that are tailored to specific committees or staff groups in order to ensure they will see the financial connections between their work and the bottom line. Getting people's feedback is useful for improving your plans and reports.
2. **Re-examine the marketplace.** You can change your ideas about the marketplace, including your network of allies and partners. Maybe you will consider adding a revenue-producing line of products and services that will eventually spin off into new businesses connected to the association. There might be prospective customers or partners in places you've never looked before. You can stimulate these discussions and see where they lead as part of opening yourselves up to a variety of changes and pathways.
3. **Look at the world beyond your members.** You can look outside the membership and consider new non-member customers. Ask, "Who else would pay for what we know, what we have, and the people we reach?" Explore ideas to see who needs or

wants your knowledge or access to member expertise. Who could help you advance your mission and vision while adding to your revenue stream?

4. **Re-examine your business model.** You can change your business model and create new product and service ideas or delivery processes, either on your own or with groups of members, allied societies, or commercial firms. Maybe your educational products can 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.

If some of these ideas make you tremble, you may want to start with a few conversations about the fears associated with change. These are useful conversations to engage people in considering the idea of 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?

Nonprofit Mindsets – and How to Update Them

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 or valid competition; and
3. **Complacency** – The belief that change is unnecessary and undesirable.

	<p><u>A Mindset:</u></p> <ul style="list-style-type: none">• A way of thinking• A way of talking• A set of beliefs <p><u>Association Mindsets</u></p> <ul style="list-style-type: none">• <u>Virtue</u> – We do “good works”• <u>Arrogance</u> – We deserve to receive• <u>Pride</u> – Caring about money is bad
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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.

Filthy lucre. Nonprofit organizations sometimes 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. The limiting mindset found in some associations is known as the mindset of *nonprofit thinking*, a type of *scarcity mindset*. But it's also known as the *filthy lucre* point of view: the belief that money is dirty, and that the association is too lofty for such earthly concerns. There are 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.”

Thinking is invisible. Managers and key staff members in associations that are strengthening their non-dues revenue portfolio sometimes say the hardest thing to change is the “scarcity mindset” because it is invisible. Everyone can see the numbers and projections, and perhaps even come to grips with them. They can discuss options for change and see which ideas might bear fruit and which would be unlikely to succeed.

But people cannot see their own thinking, or the habits of conversation that operate throughout their own organization. They may not realize these habits are 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 may fear they are personally being 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.

Changing mindsets – how to get into action.

Association executives, managers and staff who have successfully dealt with the mindset issue have identified five reality-tested recommendations that help association leaders alter organizational mindsets and thereby reduce the potential pain of change:

1. **Recognize your organization's mindsets.** Make a list of the most popular complaints your Board and staff say to each other about your organization, its challenges and its external organizations. Some examples I've heard are: “We aren't that type of organization”, or, “Our members don't have resources either,”, or, “We are constrained by those regulations and agreements.” Discuss 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.

2. **Start talking about your financial 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 – or fear that they cannot be effective during or after making such a change – they will not invest in *causing* it. 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 accustomed and addicted. 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 your association to be a portfolio of knowledge, 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 its value to 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. Take a fresh look and be willing to loosen the grip on some traditions. If you keep trying to do everything, you will lose focus and diminish the value of your association's brand.

Organization change 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 in the process of smoothing that road. Change really can be an opportunity for 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, 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 may be limited by an obligation to continue traditions even if they are costing members and dollars. When an organization has a limited ability to work with new ideas, or a limited carrying capacity for changes in revenue, members, or any other resource, it also has a limited capacity for development and growth.

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

Improving a non-dues revenue portfolio is a systemic problem – it will touch every department of your association and it calls for “creative systemic thinking”. 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 external relationships – could you provide more tangible value for your members?
- *What would be possible* if your association had a capacity for internal re-alignment, i.e., the ability to bounce back stronger 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 mindsets, new opportunities for members and staff, and new possibilities for the future.

Better than a solution. When you can alter your association's capacity, you have made a lasting change that will continue to pay dividends for years to come. This is better than a solution, because it lasts longer and allows you to generate other solutions to problems you haven't even encountered yet. It's like teaching a man to fish: the capacity for long term success is better than the quick fix. Developing a capacity takes time and care, 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 gone. Today you need to have a website for selling products and services, plus a system for informing and interacting with members and 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. Some of these resources are more difficult to obtain or more expensive than they were in the past.

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 re-alignment. 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 external relationships, it will always be able to reach out and relate productively. Once it has the capacity to re-align, it will always be able to improve operational efficiency and effectiveness. Building capacities is your association's long-term path to successful revenue growth.

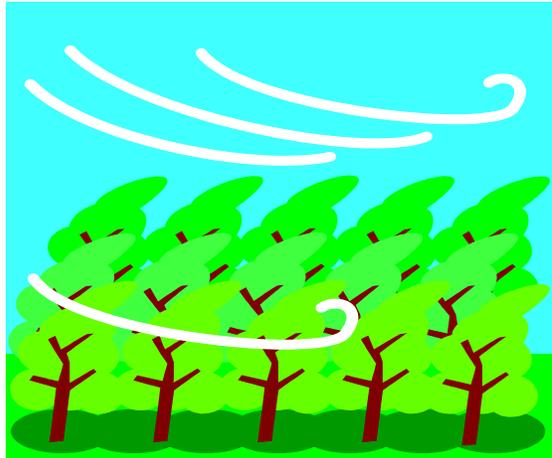
The Benefits of Three New Capacities

The benefit of helping your association create new capacities is that it boosts everyone out of the struggle to survive on scarce resources and re-positions the entire organization as being up to something more 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 makes a difference. The mission tells the story: the association is up to something, and that's exciting. Underneath any negative mindset is a passion waiting to be unleashed. 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 for you 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. **Re-alignment:** How can we best accommodate change to cause a richer future?

The association in the case study outlined in Chapter 3 did more than just design and implement new revenue streams. They built all three capacities, adding new revenue streams, reaching out to new partners, and re-aligning internal operations. The reason for their ongoing success is that they added capacity, not just revenue. Associations can strengthen their own **Revenue cycle**, extend their **Reach** to relationships with members, external allies and partners, and **Re-align** their own operations to make all their changes real and lasting.

	<p>New capacities will:</p> <ul style="list-style-type: none">• Breathe new life into your association• Support fulfillment of your mission• Make the difference you envision for your members, industry, profession, and community
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Capacity #1: Revenue Cycle

Every association’s revenue cycle has a carrying capacity – a certain amount, or range, of income dollars that the association is currently organized to receive. You can alter and expand this capacity.

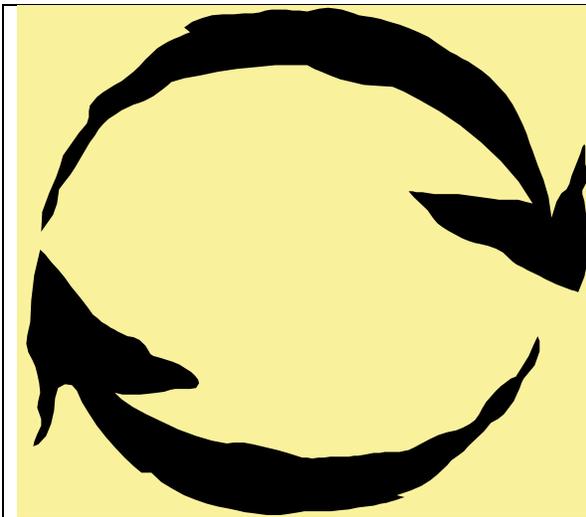
Revenue *does* cycle. It comes “in” from different places, and for different reasons, and it goes “out” – ideally, to create customer value and bring in more revenue. The game is to make your association’s cycle stronger, and thus increase its carrying capacity. Your association’s revenue cycle includes all its financial activities: expenditures and

investments, products and services, marketing and sales. That whole pipeline can carry more robust revenue streams next year than it does today.

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

1. Where does our money come from?
2. How much of that is non-dues revenue?
3. What are the various sources of 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. Do we want to continue, cease, or change those that lose money?

Some of these questions may be difficult to answer. Nonprofit organizations tend to assume 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.



REVENUE CYCLES. It does!

- **Money** comes in from what you sell
- **Money** expended adds mission-relevant value to membership
- **Money** expended brings 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 are not sufficiently mission-relevant, or are not contributing directly to member’s needs anymore. It’s fine to let go of old revenue streams as part of a well-planned initiative to build a new revenue portfolio.

Look at the questions again. This time set up one or more occasions to discuss the questions and to ask your Board members and your staff for *their* answers. You could even

prepare the questionnaire and distribute it, asking them to bring their answers to the next meeting. The questions may seem simple to you, but you'll probably learn they are not simple to other people.

The value of doing this exercise is to have everyone see the revenue cycle clearly and understand its cyclical nature: *Income = a Resource 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 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. So this is redundant." It's always embarrassing when the executive realizes that no one actually reads that thick, number-laden budget thoroughly enough to know what it says. It's worthwhile to pull together some answers to these questions, share them with others, and have people actually do the exercise. Remember, answers reflect mindsets and points of view – and you want to learn about those things 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 actually get?
- Is there something we could offer that would be valuable to our members?
- Do our staff people ever think of other ways to bring in new 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 other ones? You are getting something valuable, right? What is it? Is it worth what you're paying? Why?

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 your staff 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 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, because 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 is the reason you write checks to this association?
- What is the biggest problem you deal with on a regular 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 new 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 and which ones are holding you back. When people can see the revenue cycle this way, they are more likely to contribute ideas and add questions of their own. That makes them your partners in the job of expanding revenue capacity.

Capacity #2: Reach

Your association has some 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 about your industry or profession, and organizations that could benefit from a closer relationship with your association, your members or your connections to others. Your relationships form an important network that helps you accomplish your objectives and continue your association's development and revenue growth.

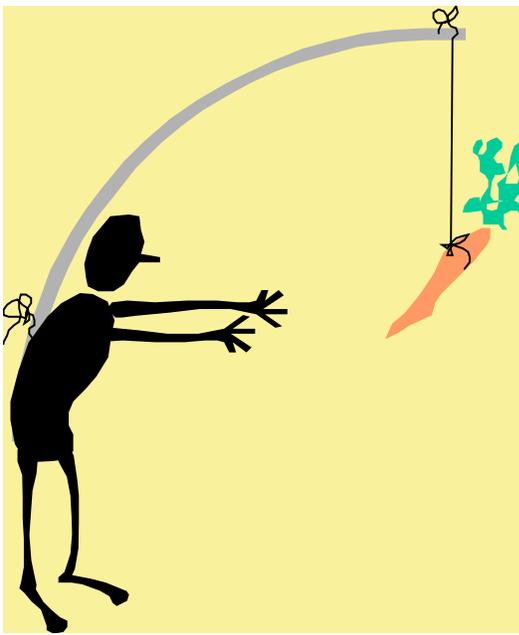
Right now, your association has a certain capacity for creating and sustaining productive and valuable relationships with others. Your association Board and staff have the ability to maintain a certain number of these relationships at a certain level of value for everyone. Some of the relationships are more productive for your association than other ones. Some relationships could be developed or improved to provide more value if only you had the time and resources to do it. And some relationships haven't been set up yet.

Your association's relationships are a vehicle for the fulfillment of its mission. They are the vehicle to produce, deliver, and sustain every impact you want to make, and

every strategic objective of your organization. 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 is a powerful method to expand your “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 have now? List them.
- Which of those relationships serve your membership the most? What is the value they provide?
- How else do you evaluate the “productivity” of your association’s relationships?
- What *other* relationships with *other* organizations might also support or assist your members with their challenges?

	<p>Your current reach into the world</p> <p>=</p> <p>Number of relationships you maintain with other nonprofits</p> <p>+</p> <p>Number you maintain with commercial organizations</p> <p>+</p> <p>Value & Effectiveness each relationship returns to members and to your association</p> <p>Can you reach farther? Can you build new relationships to serve members even better?</p>
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When you Reach, it expands you. Another aspect of your association’s “capacity to reach” has to do with markets. Most nonprofit 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 current markets and the categories of possible markets?

- Think of groups that are not your customers now, but that might be customers in the future?
- 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 give you a permanent addition to the strategic strengths of your association. You may be able to establish new agreements with others who can 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 best move you can make that will increase the capacity of your revenue streams.

	<p>Explore your association's environment at least once a year.</p> <p>Ask:</p> <ul style="list-style-type: none">• 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?
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Capacity #3: Re-alignment

Just to keep things simple, imagine you have a staff of 3. (Of course, associations that *actually* have a staff of 3 will tell you that'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 at least one other 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?

Not really. Remember, when you change one thing in a network – and your organization is a network of interconnected communications and activities – there are those 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, but she knows where you are. Touching one point in a network has an effect on every other point. The vibration of your touch “ripples” through the spider's web.

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 just *one* of these six revenue-builders?

1. Add an affinity program
2. Redesign an educational program
3. Start a new fundraising campaign
4. Build a stronger web presence
5. Begin a joint venture with another group
6. Create a new product for members

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 re-align? If you add, change, or eliminate any organizational relationships, products, or services, you have also changed much of what those 3 people do every day. When you add any new responsibilities, it's the same as adding a whole new department. How well can your association adjust to the changes you decide to make in revenue streams?

- Can you re-align your communications so that your people continue – or improve – their productivity in the new arrangement?
- Can you re-align people’s jobs so that everyone knows what is – and will be – expected of them?
- Can you update communications with Board members so that they understand the value of the changes and get timely updates on results?



Re-alignment can open new possibilities

- When you make a change, how fast is your recovery?
- How flexible is your association?
- Can you re-align after a change, and become an even higher performing group?

Flexibility is growth insurance. Right now, your association has a certain capacity for flexibility and realignment. If one key person leaves, it will take some amount of time for everyone to close the gap in the network and keep things happening the way they need 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. 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 in the face of change. It is a muscle that can be developed to strengthen your association’s future.

Chapter 6. Define 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.

A consultant’s tip. Yes, 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. Consultants know they need to “scope” their projects in order to come to grips with the fundamentals of the timelines, resources, and changes that will be involved. A good scope involves taking an inventory of the current status, crystallizing clear objectives, and developing an understanding of the options for action. Give yourself a good foundation and obtain the alignment of key people at the same time.



1. **Talk through the Seven Scope Questions (*this chapter*), and**
2. **Engage people invite and collect their input and ideas.**

NOTE: Change isn’t about *telling* people to do new things.

It’s about creating more co-authors in your plans for change.

The Seven Scope Questions

There are **Seven Scope Questions** to help you to set the foundations for your association’s non-dues revenue project. But first, scoping your project requires two ingredients:

- Take each question seriously and work toward getting a thorough answer.
- Make sure everyone involved in leading and managing key areas of your association has an opportunity to ask and answer the questions too, and to hear the answers everyone else gives as well.

This is a process of getting people talking and opening up new dialogues and having conversations that will create your path to new 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 dialogues and get more people involved in exploring ideas with you for new revenue streams.

	<p style="text-align: center;">The Seven Scope Questions: Do we understand and agree on...</p> <ol style="list-style-type: none">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?
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A primary benefit to investing time and attention in developing these “Q&A” dialogues is that dialogue maintains – even increases – alignment at the same time it narrows down the options to the ones that are the best fit for your unique association. 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 that few people see the whole picture.
- **Start small – include just a few people.** On the second pass, include a few more. 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 in your 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 internal association education project. Bring people together to talk about the questions, with time for attention to each question and an opportunity to compare thoughts. It's useful to record different answers and concerns that arise – some executives create a journal or log of 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. And it can capture information about organizational mindsets to tackle, too.

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.

- You will see which people need to talk further to iron out misunderstandings and share knowledge about money, resources, and possibilities.
- You will find out who is ready to start working on bringing new information into the discussion, and who is waiting to be spoon-fed.
- You will discover which people are willing to create mini-projects to make some new things happen. These are your implementers, and it's good to give them as much go-ahead as possible.
- You might even have some leaders appear – people who can cheerlead for new possibilities and engage others in investigating and/or implementing new ideas.

Remember, the ultimate purpose 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 alignment on ways to fulfill the association's mission. This will ultimately generate an alignment that brings everyone on Board. Working with these **Seven Scope Questions** will give you the platform to see 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 in building your foundation for new revenue.

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

Who understands all your 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 know approximately what percent of association revenue those provide?

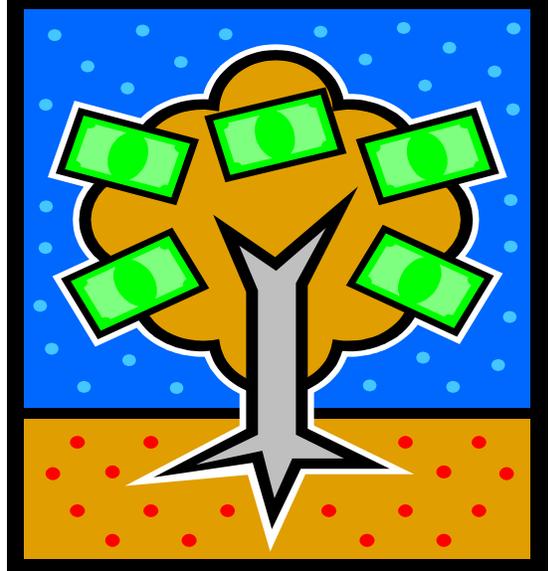
Everyone needs to know – and see - exactly where your current non-dues revenue comes from, and what proportion each revenue stream produces every year. What percent of your association’s non-dues revenue comes from fund-raising? What percent from education? It may take some work to spell this out, because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

List each non-dues revenue source. Rank them by last year’s dollar proportion of overall revenue, from highest to lowest. Then talk about what that chart tells you. Fill in all the blanks and get people’s reactions and thoughts about it.

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 semi-annually and talked about at Board and staff meetings. Consider it 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. Are all your non-dues revenue streams mission-relevant?

Your “non-dues revenue wall-chart” is part of helping everyone get their arms – and their thinking – around the present status and the future opportunities for the association. A simple display can invite them in as partners for winning the game of viability, service, and impact.

	<p>What percent of your association’s non-dues revenue comes from each type of revenue source:</p> <ol style="list-style-type: none">1. Fundraising ___%2. Trade show sales ___\$3. Print publications ___%4. Meeting registrations ___%5. Consulting ___%6. Educational Programs ___%7. Other ___%
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If you make a chart like this for your association, you’ll be helping people see what their association looks like from a new revenue perspective. People don’t already know all

these percentages, and it matters – people need to see this vital association-revenue scoreboard in order to engage in the discussion. Imagine having a meeting with your Board, or staff, or one of your association’s committees, and putting this chart up on the wall in front of them. What would they say? Would they have questions? Would they have some thinking to do?

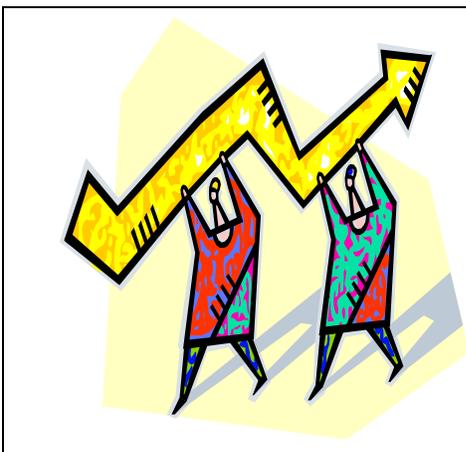
Question 2. What is our rate of growth or decline – the trend?

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, can 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 agree with them?”

That case story. 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 the next year, 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 the members 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 other customers, want the most – and what they don't care so much about?

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 forward?
- 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 your association's path to new revenue 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 way to increase 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 people.
- **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 all decisions are made with full information about the association's entire revenue portfolio. Otherwise, you may add revenue streams piecemeal, thus putting extra burdens on 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, others focusing on membership, and still others concentrating on other key areas of service or support. 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. Do any groups have “more revenue” on the agenda?
4. Have any groups been working on revenue-growth?

The people who can see a need for new revenue will be the people who can help others engage 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 leaders can convene a meeting just to talk about what revenue changes their 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 headed and be confident it’s going to 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.

One association executive said, “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-timer 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. 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.



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

Find out who gets fired up. 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 interested and where the energy and passion for a non-dues revenue project may 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's 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 you can 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, “What do you want?” they are left with no point of reference other than their desires and imagination.

What do you want for your members? So, shift the discussion to 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:

- What revenue do we need in order to deliver what our mission promises?
- What revenue do we need to continue offering our members increasing value 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 and/or help them be more successful in their own enterprises?
- Would it attract other members, or help build other relationships?

	<p>How much revenue growth is needed to give your association a strong future that will fulfill your mission?</p> <ol style="list-style-type: none">1. Under 3% of gross revenue2. 3 - 5% increase3. 6 - 10% increase4. More than a 10% increase5. Not sure...
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Some executives elect to have a sub-committee come up with a desired “% range of increase”. They can add information on what would be possible with different levels of increase, and whether the association’s current resources will support developing certain 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 way” – 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. Then pick a target range to give some shape and structure to new revenue planning.

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.

Start building a list of 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 jobs they do? Get specific.

- What goals do our 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 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?

Do they have any problems with:

- 1. Revenue?**
- 2. Staffing?**
- 3. Management or operations?**
- 4. Information, technology or communication?**
- 5. External relations?**

If you don't know, you need to ask them.

Advocacy doesn't solve everything. This may 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, local 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 the advocacy glasses for a few minutes. Your members may need service and support delivered directly to them instead of sending it through the statehouse.

Make another list: Solutions to member problems. Talking about members' problems leads to thinking about ways to solve them. When you notice their problems, 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 today's 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:

- Could your association be a partner with one of those companies, and maybe customize a solution or develop a new product or service that your members would value?
- Could you team up with other nonprofit societies to offer something to members?
- Could you 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. Keep adding to both the list of member problems *and* the list of possible mission-relevant revenue 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 association management team members have said upon hearing that they should look at providing new 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?

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 which deserve to be addressed, but don't let them derail you now. The objective at the moment is to develop a good list of member concerns and problems – as well as solutions.

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 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?

In this complex world of non-dues revenue options, there are three questions to keep in front of everyone to 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 these three questions:

- (1) **What to start – and stop – doing.** What is the right combination of new and existing products, programs, or services to create new revenue? Should we stop doing some things, and start doing others, or should we try to add new things without stopping anything else? What do we see as possible here?
- (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 any of those new revenue streams that were identified as "possible"? How much will it 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?

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

- Which of these do we do now?
- Which of these are most profitable?
- Which ones are the best fit – and the worst – for our association?

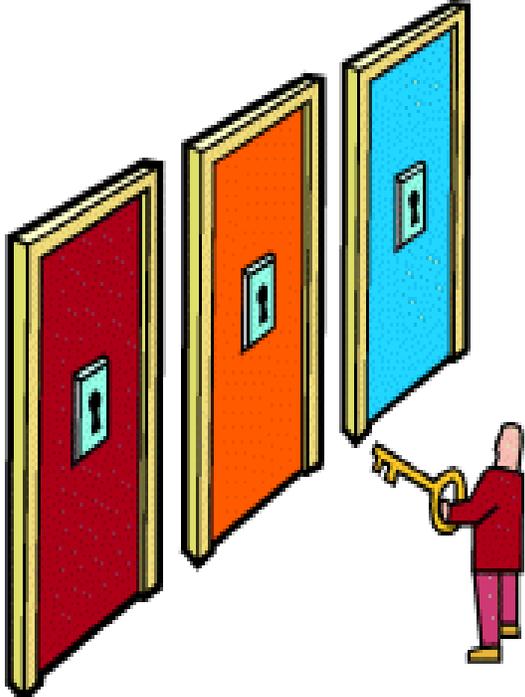
	<p>What are the best pathways to increasing non-dues revenue for your unique association?</p> <ol style="list-style-type: none">1. Advertising Sales2. Affinity Programs3. Consulting / Coaching4. Educational Expansion5. Fundraising6. Internet Sales7. Joint Ventures8. Market Development9. Meetings/Shows10. New Product Development11. New Service Development12. Alliances for value-adds13. Space and equipment rentals14. Sponsorships15. Vendor agreements
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Critical Path Decisions

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

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

 An illustration showing three doors in a row, colored red, orange, and blue from left to right. A person in a red coat and pink pants is standing in front of the blue door, holding a large golden key. The doors are slightly ajar, and the person appears to be about to open the blue door.	<p>Will you revise or expand your...</p> <ol style="list-style-type: none">1. Meetings, Conferences, Conventions2. Educational Programs or Certification Programs3. Consulting or Coaching4. Publications, Audio, Video5. Advertising6. Sponsorships or Fundraising <p>OR create new...</p> <ol style="list-style-type: none">1. Products or Services2. Markets3. Pricing structures4. Member-benefit bundles?
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Meetings. Do you want to revise or expand the meetings, conferences, or 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? Perhaps you have already been upgrading your educational programs, changing from face-to-face programs to new lines of distance learning programs. Or maybe you 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 great return. 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. 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 online, 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 your training manuals.

Sponsorships and Fundraising. The process for getting and sustaining a strong sponsorship program is always good 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.

	<p>DIG INTO THE DETAILS... <i>SOMETIMES YOU GOTTA DO IT.</i></p> <ul style="list-style-type: none">• List ideas and options• Make decisions• Analyze costs and benefits• Develop the specifics of operations, processes, and practices
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Creating the New. It is possible to create new products, services, and 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 may be perfect for you to design, produce, and sell to members and (for a higher price) to non-members, whether on your own or in alliance with others. It's a big undertaking, but 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 staff and technology requirements. 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 as 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 one to three years. Creating something new can be a 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.

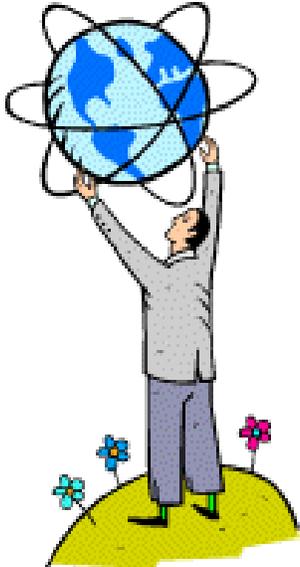
There are many options for revenue-building. The point is not to make a final choice just yet, but to get people talking about the possibilities, options, and pitfalls. Not all options will be suitable for your association, but some of them will stimulate thinking and acting to update your offerings. 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. Create a Culture of Possibility

The value of conversation. If you are an association executive or manager, and you do nothing 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 asking questions and developing answers are not very productive activities. But the process is valuable in many ways. Most important, 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 engage in the conversation regarding your association's revenue future, 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 remains.

Possibility: the cure for resistance. The biggest challenge with engaging people in effective and productive discussion about the **Seven Scope Questions** is that you'll probably bring some resistance to the surface. Resistance takes many forms and has several fundamental sources, but there is a cure for it: creating possibility.

	<p style="text-align: center;">Create possibility</p> <p>Start by asking:</p> <ul style="list-style-type: none">• What if we <i>could</i> solve that problem?• What if we <i>could</i> find exactly the right answer to that situation?• What if we <i>could</i> add a new capacity for generating revenue to our association? <p>If we <i>could</i> do any of those things, then what would be possible?</p>
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Resistance is often disguised as 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 address some problem and the productive discussion gets log-jammed. That's when it's time to create possibility.

It is not always useful to focus on the mechanics of “how” to get something done. The question, “*But how are we going to do that?*” can be a ploy that stops the conversation. There *is* a time when it’s necessary to discuss the how-to’s, but not while you are beginning your exploration into new possibilities and options. Sometimes need a bigger context or a new possibility to engage people in getting back to work on the questions at hand.

Possibility creates context for a discussion that has gone off the rails. Rather than getting sidetracked into questions of “How?”, return people to questions of “What is possible?” For example, association leaders can address resistance to the discussion, and set it off to the sidelines, by saying something like, “*That’s a good observation, and I’m putting it on a special list of things to resolve later. We can keep adding to the list as we go along. But before getting into more details, let’s look at these questions*”:

- “What would our association look like if we *could* actually do X?”
- “If we *could* change this situation – then what would be possible?”
- “What problems might we encounter from implementing any of these ideas?”

When people get stuck in deep detail, rather than drilling down, you can remind them of a higher purpose:

**We are here to explore the Possibility
of creating new Capacities
for our Association.**

The “Three R’s” of non-dues revenue capacity-building described in Chapter 5 – Revenue cycle, Reach, and Re-alignment – are possibilities. When you talk about the Revenue cycle, or about your association’s Reach, or Re-aligning internal operations after changes have been made, 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 directing their attention to a greater purpose.

Possibility vs. Options

An 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 5 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 difference between two strong forces of change: options and possibilities. For purposes of this discussion, they are not the same thing. There is a big difference between sorting through all your *options* and lifting people’s eyes up to a *possibility*.

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, “We could do that.” But the job of getting people into a conversation where they can create and implement something new requires closer attention to the way we “manage” conversations. Differentiating between “options” and “possibility” is a tool to keep things moving. For an association, the benefits we provide to members, the fulfillment of the mission – that is the realm of possibility.

Possibility also gives us a context for choices among options. So 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. (*For the long answer, see the box at the end of this Chapter.*) You could direct their attention to:

- The mission statement: Ask which of the options they are proposing will be most mission-relevant (*your mission is a possibility*).
- The list of your current non-dues revenue streams: 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*).
- Review which jobs your staff members are now doing and discuss things that could be eliminated to accommodate working on the proposed new options (*re-alignment of your organization is a possibility*).

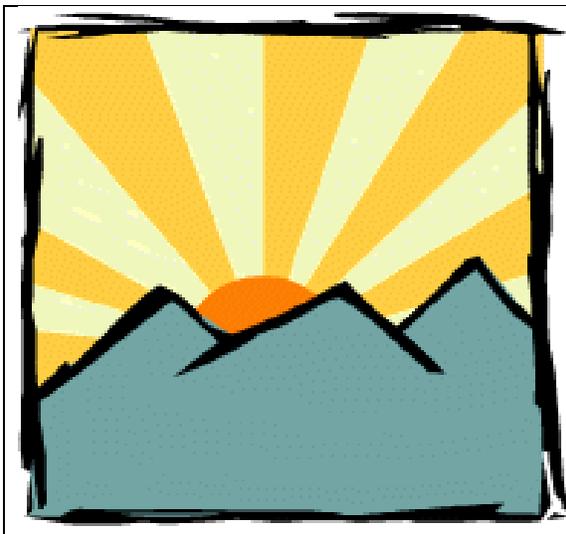
It’s not just semantics. It is important to recognize that there is a time for digging deeper to explore the details of “How” and its ramifications for increasing your association’s revenue. Then there is another time – maybe when you have come to a barrier of some kind – when the whole discussion seems to stop in its tracks. That’s the time for possibility.

	<p>CREATING A POSSIBILITY:</p> <ul style="list-style-type: none">• Ask, “What would a victory look like?”• Use the mission to re-direct attention to higher ground• Help people lift up their heads to see a new future
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It is *your* job to remind people what your association is dedicated to doing and that creating new revenue requires a higher level of thinking than digging through problems and solutions. Both are necessary but success demands there be someone to remind them to look at what might be possible if you all were successful beyond your wildest dreams.

Leadership Creates 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 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.



A leader says, “It’s a new day – and we can create a new future.”

- **Even if we don’t yet know how.**
- **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 *after* you put the new program in place, *after* you establish the partnership with a new company that can assist your members, *after* you get the new revenue. What will things be like when we have two new educational programs and a dozen or more online products for our members? These questions get people out of their mindsets, and able to see beyond the edge of their desk.

Leaders are people with the capacity for creating and sustaining possibility. They bring possibility into an organization, into meetings, and into conversations. Ask the big questions: What will we do with our victory, with our new capacities? What difference will our victory make for the success of our members?

It is worth an investment of time and attention to develop your association’s unique answers.

A communication to the association executive who had 5 staff members and a 20-person idea-generating Board:

If you've got a good idea, that's an option. What to 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, add it to the list. It's good to have a list. You'll need it when it's time to work on implementing the options you choose. But always have another piece of paper taped to the wall: Your mission statement. That is what gives you your relationship to the future.

Your mission is a possibility. Whatever your mission statement is, if you and others sat down and looked at it, you 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 your members are wildly successful in some way. Your mission is a possibility that 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 possibility, our sense of perspective, and even our sense of humor. And we could also risk doing a lot of work and get 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 and living 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 are really going to 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 the difference.

Chapter 8. Guidelines for Your Revenue Leadership Retreat

Retreat – so that you can go forward. Getting serious about bolstering your association’s revenue portfolio is a big project to plan and to implement. 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, one or more “retreats”.

One retreat format that has been tested is the “**Revenue Leadership Retreat**”. It brings together all the key players engaged in the possibility of creating a new mission-revenue future for the association. It is a basic starting place to collect *all* the ideas for revenue-building and give them direction and momentum. Your **Revenue Leadership Retreat** 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. Bring ideas from the “**Three R’s**” discussions of capacities in [Chapter 5](#) and 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 this gathering offsite, away from phones (*no beeps calls, texts, or emails*). Also important: get a qualified facilitator. If someone on your staff is highly qualified, you can do that. But you can also check with your association peers in your community – the ASAE and state or regional SAE’s, and other professional societies – and see who they recommend. Sometimes an outsider can bring the right mix of objectivity and freedom from your past to give you the boost you want. Good facilitators have the advantage of not being subject to your mindsets (but 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 aligns on actions and future results. Even just an off-site workday where people can roll up their sleeves is an opportunity to confront the facts 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 some of your Board members and all of your association 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.

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.

	<h2 style="text-align: center;">Your Revenue Leadership Retreat</h2> <ol style="list-style-type: none">1. Start with a Customized Agenda<ul style="list-style-type: none">– Focus: Align on scope– Firm foundation: Mission, Strategy, and Measures– Commitment: Member Value, Customer Value2. Use Possibility to create Alignment<ul style="list-style-type: none">– Challenges to implementation– “Four-way brainstorming”: Markets, Needs, Partners, Changes3. Document the Results! Produce your “Revenue-Building Roadmap”<ul style="list-style-type: none">– Timeline and milestones– Accountabilities for results– Progress reports for momentum
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#1. Customize Your Agenda

Don't take an agenda out of a textbook, or dust off last year's version. If you've read this book, you have already done enough work to know what you need to talk about. In a nutshell, every retreat agenda has three parts, each with plenty of details that can be itemized however you like. A basic Agenda outline has three components:

- (1) **The Introductions and Logistics.** Be sure everyone knows one another, not just by name, but a little background on people's brag-worthy accomplishments. Even though they may have worked together before, it doesn't mean they know what others have accomplished and what they might 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, be sure to do that. In addition to introducing the people, introduce the agenda, and what the entire retreat will look like: topics, breaks, meals, presenters, discussions, etc.
- (2) **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 and/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. One useful idea is to add a “Later-List”, so you can capture items that arise but will not be dealt with during the retreat – items that should be returned to at a future time. That way you can be sure they won’t be forgotten. Keep a record of every decision made, and every promise to take an action – along with who is going to do what, and by when it will be reported back to the group. This is the core of your retreat and is crucial to ensure a productive event.

- (3) **The Completion.** After the summary of the retreat’s accomplishments, and plenty of thank-you’s, say a little about what’s next.
- 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 establish timelines and due dates to help people think about actually doing everything that they agreed was worthwhile.
 - Review all decisions, agreements, and action items.
 - Confirm who will be doing what, and when.
 - Schedule your next meeting, and also your next **Revenue Leadership Retreat**. You’ve gotten something started – keep it going forward!

A few supporting notes:

- ❖ **If your association is in the “Pave the Way” stage** of developing non-dues revenue growth, your retreat should focus on the issue of scope. Use those **Seven Scope Questions**. It helps to have your staff and a few key Board members review the questions prior to your retreat. Some association executives send the questions out to all Board and staff members as “homework”, requesting they turn in their responses prior to the retreat. In those cases, have someone on your staff consolidate the most useful answers ahead of time and prepare a handout (or even a PowerPoint display) so everyone can see a summary of responses to the questions.
- ❖ **If you do use the 7 Scope Questions** as a core portion of your retreat, you will be working with measures. Be sure you have your financial information available in a simple and clear form that people can see and understand. Set up the discussion so you really can create a foundation for new revenue, perhaps with changes in programs, products, and processes.
- ❖ **Topics:** One of the following topics or exercises might be just the ticket to stir up some powerful new ideas on revenue growth, relationships with others, and/or realigning your organization in some way:
 - (a) Use the **3 R’s (Revenue, Reach, and Re-alignment)**, to discuss the capacities outlined in Chapter 5. Find out what everyone’s current understanding is for each of these capacities of your association.

- (b) Draw a hub-and-spoke diagram of your association (*the hub*) and its connections (*the spokes*) to the “Top Ten” (*or twenty*) key players in your association’s external environment. See if everyone knows who they are and what they have to say about them.
 - (c) Draw a diagram of the revenue cycle so everyone can see how it works and have a chance to ask questions and clarify concepts and specifics.
 - (d) Put up a diagram of your association’s organization chart, with information on key roles and responsibilities, and ask if anyone sees how it might be realigned to accommodate various non-dues revenue options.
- ❖ Remind everyone of your association’s mission – with a visual display. Either post it on the wall or print it at the top of your agenda-handout page. It will help you create possibility when you need it, plus if any discussion gets bogged down you can direct people to look and see if the issue is mission-relevant. Other visual displays may also be useful, but this one is vital. Every discussion should have the association’s commitment to providing value for members (and other customers) as a context for the topic.

#2. Support Brainstorming for Decision Making

Another way to use possibility is *four-way brainstorming*. Consider an exercise where you have one or more separate teams of people who will brainstorm, each on a different topic. Don’t let them brainstorm together to start with – wait till later to mix it up. Sample group topics are:

- **Markets** – Brainstorm to make a list of all the external professions and organizations that could use what your association has, or the knowledge it contains. Which suppliers, vendors, allied societies, community businesses, etc., could use 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 skills, relationships, and other resources 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** – Have another group brainstorm to list all the different kinds of companies or nonprofit organizations that would make good prospects for informal or formal partnership or shared projects of any kind. Who has skills or knowledge that would add lots of value to your membership? Who is already trying to reach your members that you might find a way to dance with?
- **Internal changes** – Finally, have a group 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?

Combined with discussing the other questions in this guidebook, group brainstorming can give you a way to bring everyone into the conversation and also to develop or confirm some reliable answers. At some point, you will get to a place where you're ready to make decisions for the changes that you are confident will generate new mission-relevant income for your association. That's when you start looking at the costs to implement various options and deciding which actions to take as the basis of your strategic plan.

At this stage, it is still important to use possibility – you need to get lots of information and ideas before committing to any set of firm decisions for change, so keep those questions from [Chapter 7](#) on hand. In a brainstorming session – whether for getting specific about your new-revenue pathway or your implementation plans, the high-level possibility questions will help you stay on track.

Be sure to capture the best ideas on your whiteboard(s) and keep them for subsequent meetings – you'll also want them when it's time to set up Action Teams to plan the implementation of specific decisions for revenue, reach, or realignment.

Don't forget to capture the objections too. They may need further research, along with the items on the "Later-List". Those notations tell people that objections and details are not being overlooked.

#3. Document Your Results.

A result is anything that looks like an agreement to take action, a promise to make something happen, or an action plan with a timeline. Put red stars next to the things that are critical. Don't walk away from your **Revenue Leadership Retreat** without separate list of:

1. What's going to be done?
2. Who's doing it?
3. By when?
4. When and how will they report it back to the group?

This end-of-retreat Action Plan is a first-draft roadmap for your association's new revenue future. It includes the action items, timelines and named accountabilities, so people know what to do next, what the actions after that might be, and when the group will reconvene and take the conversation further down the path to revenue.

	<p>STUFF TO DO FOR YOUR RETREAT</p> <ol style="list-style-type: none">1. Schedule it2. Choose the facility<ol style="list-style-type: none">a) Table & chair arrangementb) Whiteboard(s)3. Choose the Facilitator4. Prepare your Agenda<ol style="list-style-type: none">c) Introductionsd) Possibility / Contexte) Content / Topics / Discussionsf) Handoutsg) Discussions & Teamsh) Completion & Result Summary5. Documentation of decisions and agreements6. Follow-up communications and meetings
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**That's it.
You are off and running.
Let this guidebook support you through the journey.**

Postscript: About the Author

Full disclosure: I'm an engineer. My undergraduate work is in social sciences – psychology, sociology, and philosophy. In my first post-college job, I got interested in management, systems, and organizations. I wanted to know more about how to solve “systemic” kinds of problems and searched for the education to 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 put organizations and the problems of change management in a new light. We know that an organization is a collection of people in action, a mechanism for accomplishing something. I learned to understand an organization in terms of a “network” of agreements, actions, and communications. It turns 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 strategic plan. They may want to do something much more complex, such as establishing a new revenue stream that will provide big customer benefits. Either way, everything can get complicated very quickly. A change leader needs to create a team, then design and implement substantive changes to operational processes, leadership and management practices, staff issues, Board concerns and a host of other resource matters.

How to do all that? This is where it's good to have a toolkit designed to bring visions and strategic plans to life. Good tools can simplify – and accelerate – changes in the realities of the workplace. The focus of my work over a 40-year career was to provide those tools, along with guidance, to make organization change easy and enjoyable.

This book focuses on the application of “network organization” tools to simplify the challenges of building non-dues revenue for Associations. The methods have been tried, tested, and proven in Associations, and also in businesses, manufacturing, and a variety of service and government organizations. The network approach to organizations is catching on, because these tools are easy to use and help people work together to fulfill their goals.

Finally, I want to introduce the other half of me: my husband, Jeffrey Ford. He is a professor emeritus at The Ohio State University's Fisher College of Business. He teaches management, organization design, and change implementation for MBA and other graduate and undergraduate students. The two of us worked together to develop management tools and materials for his students, my clients, and everyone else who cares about improving the performance of management and organizations. Most of these things are free on our websites, and you are welcome to use them: www.laurieford.com and www.usingthefourconversations.com.