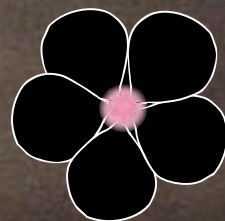


The Worst of Times?

Challenges and Opportunities for Member-Based Organisations

A White Paper by MCI Group

September 2009



mci

www.mci-group.com

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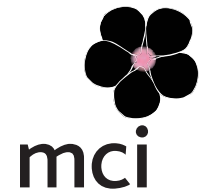


TABLE OF CONTENTS

1. Preface
2. Introduction
3. Grasping the Opportunities:
6 Strategies to Recession Proof your Organisation
3. Make Tough Choices
4. Demonstrate Value
5. Make Membership a Necessity
6. Focus on Retention
6. Examine and Diversify Revenue Streams
7. Faster, Better, Cheaper!
8. Conclusion
9. About MCI Dublin

**MCI Dublin
would like
to thank the
organisations
that participated
in the qualitative
research project
conducted by
Angela Guillemet
between April
and May 2009.**

PREFACE

"It was the best of times, it was the worst of times ... it was the spring of hope, it was the winter of despair; we had everything before us, we had nothing before us; we were all going directly to Heaven, we were all going the other way."

Charles Dickens, A Tale of Two Cities, 1859

The sharp downturn in the global economy has turned everything on its head, challenging individuals and organisations throughout the world. Ireland, in particular, having enjoyed several consecutive years of exponential growth, is now caught in the very eye of this economic storm and has to cope with a radically altered landscape. The recent recommendations of An Bord Snip Nua, published in the context of a spiraling national debt currently estimated at €450m per week, have evoked extreme responses ranging from shock and anger to fear and incredulity.

Member-based organisations, professional associations, voluntary and community groups and the "not for profit" sector in general who depend on "discretionary" funding sources are particularly vulnerable in this context. Many are already fighting for their very survival. Economic bandwidth is narrowing daily leaving many organisations paralyzed, like rabbits in the headlights, without a clue what to do. Some organisations are acting, dusting down their old strategic plans and busily articulating new ones for these new times. But is this enough? Is it just doing what we've always done and hoping for a better outcome this time? Is something more radical and far reaching required?

This White Paper, based on MCI's experience globally with not for profit organisations and on qualitative research conducted in Ireland, highlights the need for radical innovation to uncover the future opportunities hidden in the present challenges and transform this winter of despair into a spring of hope.

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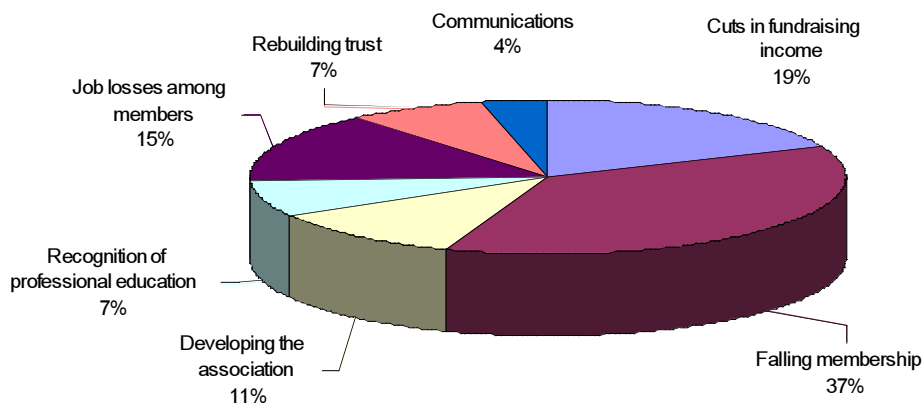


INTRODUCTION

In a recent market research study, MCI Dublin spoke to 24 Irish based organisations across all “not for profit” sectors, including NGOs and other “not for profits” and professional associations with both national and international memberships. It is not surprising to learn that most of the challenges faced by organisations stem from the present economic realities. Membership of organisations is falling because individuals and companies cannot afford the annual fees or simply because individuals are losing their jobs and believe their membership is no longer relevant.

Likewise, organisations, dependent on fundraising or sponsorship income, are finding these funds much harder to come by in these tighter times. These economy-based challenges make up over 75% of the total. Other challenges mentioned include the need for improved communications, strategic development and the rebuilding of trust with members.

Chart 1: Organisational Challenges



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GRASPING THE OPPORTUNITIES

6 STRATEGIES TO RECESSION-PROOF YOUR ORGANISATION

Challenges, ultimately, help us to crush complacency. They jolt us out of that sense of security that can so quickly become bland status where we do things the same way we have always done them in the mistaken belief that what appears not to be broken doesn't need to be fixed. However, the depth and breath of the economic shift has now been so seismic that a new zeitgeist is emerging which refuses to accept how things have been done in the past and demands renewed vision, innovation and the embracing of change.

It is the mother of all wake up calls telling organisations that unless they are providing members and customers with tangible, results-based experiences to meet their specific needs, they are dead in the water. This challenge, like no other, brings with it great opportunity for those organisations that are willing to atune themselves to the new spirit of the age.

While every organisation is unique, we all share core attributes which allow us to learn from each other and to prosper by reflecting on the success and, indeed, the failures of our colleagues. Based on MCI's long experience in the not-for-profit sector we offer six strategies to consider, so as to maximise opportunity, minimise challenge and stay strong and grow:

1. Make tough choices
2. Demonstrate value
3. Make membership a necessity
4. Focus on retention
5. Pare costs
6. Diversify income streams

1. MAKE TOUGH CHOICES

This is the perfect time to review the organisation's direction and raison d'être and, perhaps, to abandon the current Strategic Plan in favour of a more tactical business plan, orientated totally around the market and its current state.

It's a time to define precisely local market relevance and evaluate whether current member services and products correspond to the present need. This will require, above all, qualitative and quantitative market research with members, non members and other relevant stakeholders. Qualitative research will need to be conducted with focus groups and key opinion leaders. Quantitative research via off-line and on-line surveys will be required with wider audiences focusing, if possible, on past or former members or on disenfranchised stakeholders. Once this research has taken place the results can be used to form the basis of a new business plan.

Needless to say this 'tactical' approach will need to be matched by a refining of the overall strategic mission. Organisations must ask themselves: Why does the organisation exist? Who are its primary, secondary and tertiary stakeholders?

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Some professional organisations have been pressed to rethink their approach due to changing regulatory standards. The Irish Society of Chartered Physiotherapists (ISCP), for instance, has undergone a recent review of the association ahead of anticipated changes to healthcare laws (fitness to practice regulation). By staying ahead of the game, this organisation has shown that it can evolve and take advantage of changing circumstances rather than be left behind.

Similarly, following the events of 9/11 in the US, Site, formerly known as the Society of Incentive & Travel Executives, was faced with a tough choice. Heavy contraction in the incentive travel business was leading to falling membership renewals and poor attendance at national and international conferences and events. It was hemorrhaging badly, eating monthly into its cash reserves. Almost 100% of its working budget was required to fund its own expensive New York based secretariat with 5 full time staff. Eventually the Board made the tough choice, outsource the management of the organisation to a professional association management company (AMC) and focus entirely on member benefits.

2. DEMONSTRATE VALUE

During times of economic uncertainty, people who were formerly secure within the silo-ed environment of their job may be ready to become part of a wider, professional community. It is an ideal time to communicate clearly to members and prospective members the value of the resources, information and networking opportunities that your organisation brings.

It is important to position your organisation accordingly, placing a strong emphasis on the specific ways in which membership is your member's best ally during recessionary times.

Organisations must also pay attention to external communication at this time and play a role in demonstrating the value of being a member of your organisation to outside stakeholders. This is especially the case if the particular sector you represent is facing credibility issues in the current economic downturn. Strategies need to be put in place to better communicate about the profession, how it is regulated, what standards it operates to and, crucially, how real value is provided by the profession.

Some trade bodies have responded well to negative criticism in the media by devising external communication strategies outlining how the organisation is governed, how its members are regulated and how best to work with their members. The Law Society of Ireland, the educational, representational and regulatory body of solicitors in Ireland, has recently embarked on an unprecedented media campaign in support of its members using radio advertisements to highlight the benefits of working with a solicitor and to outline areas of life and business where a solicitor can add value.

Likewise, the Irish Banking Federation (IBF), representing the Irish based banking and financial services sector, has faced serious challenges in rebuilding trust in the sector. Hit with this crisis of confidence, the Federation is focusing on external communication aimed at reassuring and engaging with all stakeholders: the public, SMEs, government, media etc. Guidelines like the IBF-MABS¹ - Working Together to Manage Debt have helped demonstrate IBF's commitment to finding concrete solutions to problems encountered by the public. The guidelines enable Banks and MABS Advisers to help customers address debt problems and, wherever possible, to formulate a mutually-acceptable, affordable and sustainable repayment plan.

¹MABS is the State-funded national, free, confidential and independent service for people in debt or in danger of getting into debt.

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3. MAKE MEMBERSHIP A NECESSITY

It is important to establish how your services can prepare members to confront new realities. Do your homework by reaching out to members to discover what they need now and in the months to come. Benchmark against other groups at a national and international level. Seek out best practice. When planning your programmes you may need to re-think fees, venues, timing. You will also need to look at ways to reduce costs.

Where feasible, your organisation could seek new standards for the sector such as obligatory professional education or a requirement to be accredited to your organisation before practicing in the profession.

By offering essential services, members should regard membership as a necessity. For instance, your organisation could consider providing:

- Job notice boards
- Guides about professional re-training, redundancy etc.
- Networking opportunities
- Professional re-training
- Credentials
- Certification

To recruit more members to your organisation, you can also look at the pricing policy of popular events. Increasing the margin between member and non-member rates might help attract new members. However, once an individual becomes a member, the organisation then needs to keep the member by offering real, tangible benefits.

An Irish based organisation which had traditionally held its conference in an overseas destination decided, for 2009 and 2010, to hold the event domestically in response to the matter of “perception” (i.e., being seen to be inappropriately extravagant and, therefore, bringing the association into potential disrepute) and to the reality of “affordability”.

The association also decided to include additional CPD opportunities at the annual conference and to highlight new, “non traditional” business opportunities for the profession. These actions kept attendee figures at the 2008 level and increased the overall satisfaction level with the conference.

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4. FOCUS ON RETENTION

Organisations should spend as much, if not more, on retaining current members as generating new ones. Regular communication with members is at the essence of a successful retention campaign. Where possible, there should be frequent and regular person-to-person communication with members.

ISME, the VOICE of the IRISH SME offers some excellent best practice in this area. The organisation boasts making contact with each member up to 50 times a year through phone calls, newsletters, surveys and members' events. Included also is a series of membership milestones, used to ensure that regular communication is maintained with new members throughout their first year. These include:

- Sign on day as a new member
- After one month as a member
- After three months as a member
- After receiving first newsletter/attending first event
- 2 months before membership renewal

Organisations could also try to calculate their "retention rate," which is membership decline minus those members that have changed fields, country, have budget problems or other issues you cannot control. This will help gauge whether your value proposition is on target for the times we are in. Member surveys or informal focus groups might help illuminate many of the issues you need to address during these recessionary times.

A popular approach to the retention of existing members and the generation of new ones is to leverage the profile and position of existing members to gain new ones. Membership for existing members can be discounted or even complimentary based on the number of new members he or she recruits into the organisation.

5. EXAMINE AND DIVERSIFY INCOME STREAMS

For an organisation to continue doing what it has always done may not be enough. In fact one of the definitions of madness is to keep doing the same thing but to expect different results! These current times demand that we do things differently. In this context, all organisations should be exploring ways to do things differently and to be more focused on creating quality, relevant product and service experiences that empower members.

Some tactics to consider include:

- Review where your income comes from. Identify income streams that are likely to be cut and take pre-emptive action to minimise the impact of that cut. Make realistic projections on future income streams.
- Consider the pricing of your products and benchmark against similar groups. Do your research and check if there are benefits or services that people would be willing to pay more for.
- Build new partnership arrangements with sponsors, communicate with them and establish programmes that fit with their objectives. This will reap benefits for your organisation by establishing a more meaningful long lasting relationship.

However don't let fundraising dilute the very mission of your organisation:

- Communicate - keep in regular contact with current sponsors and those who have stopped making donations. Celebrate success, report on progress and plans for the organisation.

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- Research - look at the trends in the economy and society that will affect your organisation, look at your current programmes and events. Think out of the box, ask others to participate in brainstorming sessions to help identify new income streams and potential sponsors.
- Create events that make money for your organisation by charging market value delegate fees and attracting corporate sponsors.

6. FASTER, BETTER, CHEAPER!

In the past you could achieve competitive advantage by being either faster, better or cheaper than the competition. Then it became necessary to embody any two of the above – i.e., be faster and better but charge a premium or be faster and cheaper but not so quality focused. In today's environment organisations need to embody all three characteristics.

For this reason it is essential to look closely at your cost base and to take advantage of all cost cutting measures at your disposal. Take time to fully audit and review all expenses and costs in all areas - printing, insurance, rents etc. Then take advantage of strong competition to review or renegotiate terms.

All essential travel should be planned in advance to avail of better prices. The "Green Agenda" can also be used to enact major cost saving measures in your organisation:

- Setprinters and photocopiers to print on both sides.
- Use black and white instead of colour ink.
- Send electronic instead of paper newsletters.
- Use teleconferencing facilities for all non-essential travel.
- Skype could be considered to make savings on long distance calls.

Each of these actions involve small savings (which add up!) but can also help change the mindset of an organisation to one where practical steps on cost control are seen as important.

Creating consortia, and sharing services, with other organisations operating in a similar sector can also be a smart choice. Sharing office space, suppliers, administrative staff, office equipment and meeting rooms can bring good economies of scale and strengthened purchasing power for organisations. This kind of partnership can also pay off in building relations with your key stakeholder groups and creating further membership value.

Outsourcing and drawing in functional experts to work on projects rather than recruiting additional resources might also be the answer for some organisations to reduce their cost base.

The European League Against Rheumatism (EULAR) has outsourced its non core activities – marketing, advertising, sponsorship, meeting registration, logistics etc – to MCI in order to concentrate on what it does best – generating, and communicating cutting edge content around Rheumatology. The net results are better managed and funded conferences and better new research. Attendee figures for EULAR have increased exponentially each year since this arrangement with MCI.

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CONCLUSION

The sheer scale and pervasive impact of the current economic cycle has the positive advantage of destroying everything in its wake, rather like the Great Flood which prompted the building of Noah's Ark. Undoubtedly some organisations, like the people of Noah's time, will ignore the severe weather warning, even when they find themselves enveloped in it! Savvy organisations, however, with solid, visionary leadership will not only heed the forecasts and build an ark, they'll find ways of navigating through the storm, selling the experience to members as an exciting cruise and preparing themselves for the post recessionary times!

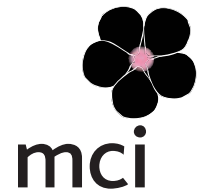
Many organisations are simply not big enough to both run a business and deliver top level content to its stakeholders. This is why outsourcing non-core activities should be seriously considered so that the piece uniquely and irreplaceably provided by the organisation to its stakeholders – i.e., the content and thought leadership – can be delivered seamlessly without the burdens of administration.

Now is the perfect time for strong leadership that willingly embraces change. We should use this critical time to think out of the box, empower and motivate staff, focus the level of urgency, review existing services, set ambitious new goals, and, above all, act!

Let the worst of times be the best of times for your organisation.

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Opinions or suggestions on this paper or on the Association Masterclass can be shared at www.linkedin.com/associationmasterclass or with angela.guillemet@mci-group.com

About MCI Dublin

Established in 1994, originally as Ovation Group, MCI Dublin was formed as a result of a merger in June 2007 between Dublin based Ovation Group and Swiss based MCI Group. The merger with Europe's fastest growing meeting and event's company saw Ovation re-brand its Events Management and Professional Conference Organising divisions as MCI Dublin and its Destination Management Services as Ovation Ireland.

MCI Dublin boasts a 40-strong staff, with a turnover of €13.5 million in 2008 and is the only fully integrated conference and event management company in Ireland, encompassing services such as:

- Full Conference Management
- Full Event & Production Management
- Destination Management Services
- Graphic & Website Design

Globally, the MCI Group works across 35 cities and 19 countries. MCI is emblematic of the impact of globalisation among our clients in industries such as healthcare and pharmaceuticals. We are structured into two divisions:

- a) Institutional Division—focused on association and government clients
- b) Corporate Division—focused on corporate clients

Within the Institutional Division, we pursue client growth across many professional sectors. Our top two specialised sectors, responsible for over 50% of our Institutional business, are the healthcare sector and engineering/scientific/technical sector. We are pleased to also partner with associations serving communities in life insurance/financial services, human resources, accountancy, project management and more.

We work with trade associations and professional societies, as well as federations. Of these three, professional societies are approximately 75% of our Institutional Division clientele. Growing professional societies has always remained our dominant focus.

MCI's combined expertise enables us to offer regional research, strategy, and execution in the field of international association management and consulting (AM&C practice), congress and exhibition organisation (PCO), live communications, and organisational performance improvement.

MCI maintains over 77 long term association contracts to manage a variety of products and services across a diverse set of industries including healthcare, energy, and finance.

For extensive additional information on MCI Dublin please visit:

www.mci-group.com
www.ovation.ie
www.growglobally.org

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MCI is a globally integrated association, communication and event management company.

We bring people together to create meaningful connections and win.

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