BUSINESS ASSOCIATIONS for the 21st Century

A Blueprint for the Future

The Center for International Private Enterprise

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BUSINESS ASSOCIATIONS
FOR THE
21ST CENTURY

A BLUEPRINT FOR THE FUTURE

International Edition

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1997
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“CIPE’s mission is the building and strengthening of democracy around the globe through the promotion of private enterprise, market-oriented reform, and legal, regulatory and business institutions.”

The development of this handbook was made possible through financial support from the National Endowment for Democracy (NED).
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PREFACE

This collection of materials was gathered under the leadership of the Center for International Private Enterprise (CIPE) in Washington, D.C. Established in 1983 as an affiliate of the U.S. Chamber of Commerce, CIPE promotes the growth of democracy around the globe through private enterprise, and legislative and economic reform to support market economies. CIPE achieves these goals through economic analyses, business and economics education, business association development programs, informal-sector research and advocacy, and privatization grants. Training and education programs targeted at business associations and chambers of commerce make up an integral part of CIPE’s work. Since its creation, CIPE has organized hundreds of these activities with the support of the National Endowment for Democracy (NED), the U.S. Agency for International Development (USAID), as well as the Pew Charitable Trusts and other private foundations.

During the past 13 years, CIPE’s working partnerships with the private sector in nearly 60 countries have assisted more than 325 advocacy, legislative, and business association management training activities in Asia, Africa, Central and Eastern Europe, Latin America, the Middle East, Russia, and the New Independent States.
In terms of confronting history’s challenge for new leadership, few programs are more useful and cost-effective to participants and donors alike than CIPE training seminars for business-association management. Modeled after the U. S. Chamber of Commerce’s distinguished 75-year old continuing education program for association and chamber of commerce executives, these seminars emphasize practical, participatory, “hands-on” learning that will enhance everyday work performance of indigenous business organizations in newly emerging market democracies.

Customized to meet the specific needs of particular associations, CIPE seminars are typically one-week in length and consist of 10 or more “modules” or lessons supplemented by training materials in the local language. The course is delivered in the native language, usually by simultaneous translation. Materials in these seminars prove to be valuable resources for participants when they return to their jobs.

As a similar tool, this book was written to aid executives and volunteer leaders of employer or trade associations, professional societies, and chambers of commerce who seek to improve their own management effectiveness and to design action programs to build stronger organizations.

For many years a maxim has been recognized: While individuals working alone often achieve great societal changes, joint efforts often accomplish such tasks faster and more efficiently. Hence, the demand for information to improve the skills and techniques of association managers is sweeping through
those nations that are in the process of changing basic approaches to their economies.

The authors of this book are Certified Association Executives (CAEs) who have assembled their collective experiences in both American and international association management into a body of information that should help anyone who wants to develop the tools to meet the challenges of the 21st Century. This team includes Larry Milner, CAE, James P. Low, CAE, Gary A; LaBranche, CAE, Edward McMillan, CPA and CAE, and Joe Baker, Jr. CAE.

The book answers a logical sequence of questions. First, how should an association be established? Second, who should the members be and how might investments be attracted? Third, how should the money of such groups be managed? Fourth, how should the association's story be told to the public and to governments? And last, how should the goals and priorities of the associations' leaders be determined and accomplished? This compilation may be the first publication that gathers such educational materials for distribution to a worldwide audience to encourage effective association management.

CIPE's team who contributed to the book include Executive Director John Sullivan, and Program Officers, Suzanne Etcheverry, Howard Wallack, Lisa-Beth Mayr and Program Assistant, Amy Garay.

Before publication, this book has been distributed to over fifty organizations around the globe to be field tested. They received the book and provided us with valuable information on the content, and feedback which we have incorporated in the revisions. CIPE wishes to thank the following
organizations who provided their input on the book: the General Union of Chambers of Commerce, Industry and Agriculture for Arab Countries in Lebanon, Furniture and Wood Products Association of Ghana; Center for the Dissemination for Economic Information in Venezuela; the Ghana Chamber of Mines; the Center for the Study of Democracy in Bulgaria; the Texas Association of Business and Chambers of Commerce; the Association of Entrepreneurs in Ukraine; the Institute of Work and Society in Nigeria; the Nebo Chamber of Commerce in South Africa; and, the Center for Free Enterprise and Democracy in Haiti.
All tools require that competent workers know how to use them properly. Be sure to read this section to understand how to use this book about association tools.

- First read the BUILDER’S SKETCH which appears after this section, to gain an insight into the world of association management in the next century.

- Next read the case study in the BUILDER’S MODEL, which precedes PLAN One. The case study is about associations in a fictional nation called Tierra Bonita (Beautiful Land) and is a self-teaching technique that will help you grasp the basic principles of association management. The study will be cited in some examples throughout the text of this book, but will mainly be used in the questions at the end of each PLAN.

- Then read the six PLANS. They are the substance of the presentation. The more experienced association executives and leaders will
probably want to skim PLAN One, a review of the basic structure of an association.

♦ By the final PLAN you should be able to substitute your own group's name for the names of the imaginary Tierra Bonita associations, thereby creating useful documents for your own organization.

♦ Be sure to use the International Association Evaluation Form in Appendix B to do a self-analysis of your association.

♦ Additionally, use the appendices to supplement your newly acquired knowledge about the operations of associations.

♦ Finally, use the bibliography to find more association information.

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**A Challenge**

Tools are only as good as the craftspeople who are using them. We challenge you to use these association management tools detailed in the following PLANS, first to strengthen your own skills and, second, to build a stronger program of work for your 21st Century organization.

Because of the key role that associations are now playing and will continue to perform in the foreseeable future, a rational blueprint for their future can be a very valuable resource. For a nation to prosper in a vigorous global economy, its business associations must be effective. The following overview of the association world, the case study, and the six PLANS are designed by longtime professional organizational managers to aid volunteer
and professional leaders in developing programs and activities that will create solid, worthwhile, and long-lasting institutions that produce results in a democratic society with a market economy.
In democratic, market-driven economies, business associations and chambers of commerce are playing essential roles in determining how people make a living. Governed by volunteer members and operated by professional managers, these organizations have become necessary elements in improving the economic, political, and social fabric of the global marketplace. Their group actions are enabling ordinary people to have extraordinary opportunities and the freedom to decide what is best for themselves and their part of the world.

Global Trend

As the 21st Century approaches, countries around the world are continuing to shift from centrally-controlled economies to market-demand systems. This trend has brought to the forefront the need for nations in transition to establish or modify basic societal infrastructures. Commercial institutions like business associations and chambers of commerce are
undergoing rapid metamorphoses from governmental entities to private voluntary organizations. Examples of such groups include the Russian Federation Chamber of Commerce and Industry, the Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture, and the Chamber of Commerce and Industry of Tatarstan. Many other organizations are forming to also advocate democracy and the market economy. Examples include the Confederation of Bolivian Businessmen, the National Federation of Private Business Institutions of Peru, the National Association of Private Enterprise in El Salvador, and the Polish Federation of Private Entrepreneurs.

Though associations are not new phenomena in most parts of the world, their operations and methodologies have historically differed depending on their existing economic underpinning. Associations in governmental-planned and -controlled systems customarily performed public functions and were not involved in efforts to expand job opportunities in their nations' private sectors. In contrast, associations in market-based economies have always played a significant role, not only in shaping investment and performance decisions for free enterprises, but also in determining public policy decisions affecting private business interests.

**Benefits to Society**

Significant benefits flow to society from such actions of associations in market-driven economies. Seemingly somewhat paradoxical, this acquired public value springs largely from voluntary, member-based organizations serving their members' collective self-interests. For example, a chamber of
commerce helping a private firm establish a manufacturing operation in the chamber’s geographical environs also creates job opportunities for unemployed people and generates more taxes for the local and national government. A professional association lobbying to pass laws to improve standards of conduct for its profession also improves the services received by consumers. A business association encouraging a governing body to lower taxes on the production from certain industries may very well set into motion the economic forces that will allow the nation’s firms to capture a larger share of the global marketplace. More sales often mean more jobs.

In free or mixed-market economies, voluntary business, professional, and community improvement groups have combined their synergistic power by working together to solve mutual problems. Their joint efforts have achieved shared goals in both private and public sectors. Often partnering with government, private associations have developed programs and encouraged public policies that have helped expand economic bases. Were it not for business and professional organizations, other societal institutions would face added burdens in such areas as economic development, product performance and safety standards, continuing education, public information, professional ethics, geo-economic research, industry statistics, community service, and consumer information.

A Word about Profits
Many people have a mistaken view about profits when considering associations. Often called nonprofit organizations, associations are legally not allowed to distribute dividends or monetary rewards to members in exchange for investments in the association. This fact does not mean that an association should not try to make a profit on its operations. A viable organization must bring in more revenue than it expends. The term profit simply means that amount of money that remains after all the debts and financial obligations have been paid. In the business world, that money (profits) can be given to the owners as rewards for their investments. In the association world, the money left over is kept by the organization to be used to expand its operations. The profits cannot be given to its members (owners). But to be a viable growing entity, a profit must be made from the activities of an association. Bankruptcy comes from bringing in less money than is spent. Associations must make certain that their programs and projects are designed to make profits. It is a moral imperative for the leaders of an organization to make a profit if the organization is to continue to provide services, products, and programs for its members.

**Terminology**
For the purposes of this book, associations, societies, and chambers of commerce are the collections of business, professional, and community leaders willfully working together to improve commercial, governmental, and economic institutions. A distinction is often made between chambers of commerce, employer or trade associations, and professional societies. Chambers have a multitude of different kinds of business organizations as members and normally serve specific geographical areas.

In some countries, the term *chamber of commerce* is applied, not to a geographic entity, but to a specific industry group. For example, Egypt has thirteen industrial group chambers, such as the Textile Chamber of Commerce and the Wood Products Chamber of Commerce. In other nations, these non-geographical chambers are often referred to as trade associations.

Unlike chambers, employer, trade, and professional associations often have more homogeneous memberships representing specific industries or professions. Most countries now have manufacturing federations, medical societies, or small business organizations. Hundreds of such groups have been established over the past two centuries as business and professional people have joined together to promote their self-interests.
To further complicate our definitions, three different models have developed specifically for chambers of commerce around the world. Two structures seem to be the most popular—(1) the Continental (European) model and (2) the Anglo-Saxon (Great Britain and United States) model.

The Continental model was developed in France and Germany with legal foundations for chambers being created by national legislatures. The enabling laws allow national governments to delegate certain administrative functions to chambers. In return for assuming these public duties, obligatory membership and mandatory financial investment in the chambers are required by all private businesses. Reciprocal benefits supposedly accrue to businesses because the enabling laws require governments to consult with chambers before ruling on business matters. This Continental model also limits the total number of chambers in a specific geographical area.

The Anglo-Saxon model is different. It does not mandate any governmental function for chambers. The chambers are basically free to operate as they choose with voluntary memberships and investments. Dues are decided by the chambers' leaders with no legal repercussion for nonpayment. These organizations are able to pursue objectives without governmental dictates or controls.

Which of the two most popular models works better? The answer—it depends. An organization that has public policy advocacy as a major part of its program of work will find that the Continental model is extremely limiting because of the funding source of government. If the government is financing a
program, criticism of that same government is not very palatable. Therefore, the Anglo Saxon model may be best. However, if the major program of an association is economic development, the government assistance can be very helpful, thereby making the Continental model a good choice.

The two models described above are the most often used frameworks for chambers operating in the 1990s, but a third model has also evolved—a mixed system of the Continental and Anglo-Saxon approaches. The mixed system is an attempt to have the best of both worlds. For example, Russia is attempting to continue some of the governmental functions carried on by their Soviet predecessor chambers while it is moving from a mandatory system to voluntary membership. A political science professor at the University of Texas once said, "Any organizational structure will work harmoniously, if the people will." His statement was true, but often jurisdictional battles among competing organizational factions occur when lines of authority appear nebulous. It remains to be seen whether this mixed system brings the best or the worst of both earlier models to the chamber movement.
Societal Decision Making

Associations in market-demand economies are uniquely suited to actively participate at all levels of national, regional, and local decision making. The most basic way voluntary membership associations promote their own interests WHILE WINNING IN THE GLOBAL MARKETPLACE is by advocating reform in public laws to foster competition and open markets. As associations vigorously serve their own members, a wider public value often accrues. They promote growth of private taxpaying enterprises and encourage business and governmental ethics. These organizations seek to ensure the commercial and industrial development of their communities, regions, and nations by helping entrepreneurs create and expand new and existing business ventures and thereby increase job opportunities. Association members strive to improve the quality of life for all because doing so serves the commonwealth as well as their own interests. These actions merge various segments into living organisms which are forever seeking ways to improve society and its parts.

Unfortunately, some entrenched governmental bureaucracies are attempting to maintain control of the private sector through chambers of commerce. This control is alleged to be true in Poland where the Polish National Chamber is supporting a new series of laws that call for "self-governance associations." The concept allows for mandatory membership in the chamber which has the authority to "tax" individual businesses and to set regulations for their governance. For all practical purposes, the method simply turns over control of a nation’s economy to a small, non-elected oligarchy that
can favor one competitor over another and can in effect destroy whomever they choose through taxation. Though the initial idea of "self-governance" sounds appealing, it appears to be fraught with peril. Many opportunities lie ahead for associations in the 21st Century, but also there will be many dangers for those interested in maintaining a democratic, market-based global economy.
The information in this case study, which you can use as a self-teaching technique, will be used throughout the remainder of this book. You will gain practical experience in dealing with the concepts of association management by identifying the principles that can be used in your own organization. At the end of each PLAN section, you will be asked questions about the fictional Republic of Tierra Bonita, the Seaside Chamber of Commerce, the Business and Professional Women’s Society of Tierra Bonita, and the National Association of Building Parts Manufacturers. By the time you have answered these questions, you will not only have gained important knowledge needed to operate an association in the 21st Century, but you will also have developed a complete set of action documents for your own organization. Therefore, you should use this case study as a self-teaching technique to produce the key...
elements of your own program. If approached in this manner, the by-products from this case study will have a very practical use upon completion.

**The Republic of Tierra Bonita**

A former colony of a major world power, the imaginary Republic of Tierra Bonita declared its independence twenty years ago. After a series of political struggles, with the backing of the military, the government was taken over by a nationwide political party that promised democracy and free elections. As recently as 1990, the newly installed president resisted demands for democratic reforms. The National Party refused to give up its monopoly on power, and the regime harshly limited freedom of the press and the independence of the courts. The president accused the two predominant ethnic groups in the country of causing unrest in order to seize political power.

The country's problems were compounded by a population explosion, rising unemployment, and a growing trade deficit. Under pressure from market-driven, industrialized nations contributing significant financial aid, the government has installed reforms in the areas of human rights, freedom of the press, and free elections.

In the past, governmental organizations have hampered free-market development, but as a result of growing pressures from world-wide public opinion, the government has moved faster in the areas of economic reform and a free market environment. More equitable governmental regulation resulted. Inflation is now under control, and tax reform is being debated.
Today the economic and societal institutions of the country are developing rapidly. Tierra Bonita now has an excellent educational system with two accredited universities. Trade unions are currently gaining a significant foothold in manufacturing. Unions are encouraged and embraced by the national government. Many civic groups, such as the Rotary Clubs and the Lions Clubs, in the past have helped to build the nation's infrastructure of public parks, assistance to the needy, and improvement in education by small contributions. These worthwhile organizations continue their small but important efforts.

Tierra Bonita has a full range of news media. Two newspapers are distributed nationally. The largest is strongly influenced by the political party in power, and its news is slanted in the government's favor. The smaller national paper is independent and regularly challenges the decisions of the current administration. The one television station was previously controlled by the government but is now privatized. A number of foreign television stations are regularly received, so world events are closely watched throughout the country. There are four radio stations located in the four major population centers.

The currency of the country of Tierra Bonita is the Zoya represented by the symbol $z$ and with a foreign currency exchange rate of one Zoya equal to one U.S. Dollar.
The City of Seaside

The fictitious city of Seaside has become the third largest city in the nation of Tierra Bonita. The metropolitan area of Seaside has a population of 750,000 people, and its major industries are attempting to provide economic balance and stability.

The four largest industries with respect to employment and financial significance are (1) agriculture — vineyards and wine production of which a significant portion of the production is exported; (2) seaport—second largest in the country with export and import traffic; (3) tourism—international and domestic visitors supporting a substantial hospitality industry; and (4) building parts manufacturers and assemblers—twenty-four production plants in the area, which make the building parts industry the largest employer of skilled workers. These manufacturers export 75 percent of their products to foreign nations.

Recently, an economic downturn has hit Seaside. Wine production had faltered for two successive years because of inclement weather. The seaport and its docks lost customers to Tierra Bonita’s largest port located fifty kilometers up the coastline. The port’s competitor cut prices and improved its containerization facilities. Tourism fell off because of political and economic changes in the country. Labor problems arose in the building parts industry because of the need for training of unskilled workers.

The New Seaside Chamber of Commerce
The only non-governmental business organization that now exists in Seaside is a small downtown retailer's organization consisting predominantly of one ethnic group that does not represent the overall business community. At a recently called meeting, a number of business leaders discussed the existing poor business conditions. They decided that Seaside needed a chamber of commerce to tackle the current and future problems of the Republic of Tierra Bonita and the City of Seaside. The Seaside municipal government agreed to finance a portion of the starting costs for the new organization. A few major businesses contributed the remainder of the necessary funds to establish the Seaside Chamber of Commerce.

**The Business and Professional Women's Society of Tierra Bonita**

Women now have an equal role with men in business and in the professions. The federal government has ensured equal rights by law and by custom. The mythical Business and Professional Women's Society of Tierra Bonita was organized five years ago for the purpose of improving skills and opportunities for females. The society has been very successful and now has over 350 members, including accountants, lawyers, bankers, retailers, and entrepreneurs. At society meetings, the programs consist of speakers on topics of general interest, especially current Tierra Bonita political affairs. The chief volunteer is a vice president for one of the building parts manufacturers in Seaside.

**The Renewed National Association of Building Parts Manufacturers**
The world demand for building parts has increased steadily over the past few years, so to meet this demand, the Republic of Tierra Bonita now furnishes approximately five percent of the world's supply of building parts and related systems and equipment. An abundance of raw materials as well as the availability of skilled workers places Tierra Bonita in a very advantageous position for the future in this industry. In addition to the twenty-four manufacturers and assemblers of building parts in Seaside, Tierra Bonita has fifty other such private companies. The largest company employs five hundred skilled and unskilled workers, while the smallest employs as few as twenty. The plants are primarily situated in and around Seaside and in three other major cities of Tierra Bonita. These cities are located in distinctly different regions of the country. In total, the building parts industry employs approximately 200,000 workers. This figure does not include employment in mining and processing of the raw materials utilized by the industry.

At another meeting, this one government sponsored, a variety of different businesses were represented. Five chief executive officers (CEOs) of the most prominent building parts firms were among the group and openly discussed their mutual opportunities and problems associated with their industry. The five agreed that with the proper assistance and incentives from the Tierra Bonita government, their companies could grow and prosper, thereby increasing employment, exports, and per capita income for everyone in the nation. The following is a list of problems cited at the meeting.
• High protective tariffs on packaging, printing, and testing materials that were driving up prices and causing Tierra Bonita to be less competitive in the world market.

• Lack of product standards causing rejection by importing countries and customers. Environmental standards and quality control must be set and enforced to prevent the loss of markets.

• Inequitably high taxes inhibiting industry expansion and thereby adversely affecting employment and exports.

• Training needs for employees who can be taught new computer technology, including the Internet.

• The government's participation in trade shows and foreign exhibits in order to increase the exports of building parts.

After lengthy discussions, the five industry leaders and others at the meeting agreed that there was a pressing need to reinvigorate the industry's trade association to address these and other concerns and to gain public support. The five CEOs agreed to finance for the first year the rejuvenation of the National Association of Building Parts Manufacturers.

Now the cast of characters has been introduced—the nation, the chamber, the professional society, and the trade association. The concepts of managing organizations will unfold in the following six PLANS using these case study entities in many examples. As you read about them, identify the principles and the techniques that you can use in your own organization.
The structure of an association is the organization framework on which programs and projects are built. Every association has its own unique structure; however, common elements can be identified: members, boards of directors, executive committees, officers, committees, and staff. Using these shared concepts of structure, successful associations have developed frameworks best suited for achieving their primary goals.

**Who Owns the Association?**

The first element of an organizational structure must be its members. Without members an association does not exist. Members are both owners and customers. Because in voluntary business associations the members provide most of the money for operations, they can be considered the owners or the basis for
authority. Most associations have the legal right and the legal duty to decide the directions in which the group will go. They have the right to choose and discharge the board of directors through guidelines accepted by the association and normally outlined in a set of bylaws. For all practical purposes, the members are the association. The terms are synonymous.

In addition to being considered owners, the members are also the primary customers of most associations. The directors and staffs attempt to keep the members satisfied by providing desired and needed programs, activities, and services. A member voluntarily invests money by payment of dues on a regular basis in exchange for a perceived value from the association. Therefore, the members are the owners and the customers of associations.

Who Are the Members?

Sometimes called employer groups, trade association memberships normally consist of manufacturers, wholesalers, distributors, service companies, and other single industry groupings. A professional society has individuals from the same profession or field of interest, such as medical, legal, dental, and architectural, or may identify with only one specialty in the profession, or it may be exclusively based on the gender of the participants, such as the case study example of the Business and Professional Women’s Society of Tierra Bonita. Chambers of commerce will have a heterogeneous
membership composed of firms and individuals from many lines of business or professions who have economic interests in a particular community or area. Also, associations are international, national, regional, state or provincial, and local or municipal in scope.

Upon establishing the qualifications for direct voting members, often associations will then fall into one of two categories—horizontal or vertical. This classification is in addition to being classified as trade, professional, or chambers. When only one section of an industry is the primary or regular member of an association and the voting members are all from one of the levels of economic activity (manufacturer or retail, etc.) the association is called horizontal.

In horizontal organizations, the members are very homogeneous and therefore can receive a large variety of services. The South African Hawkers Association is an example of a horizontal association. This group is made up of small retail merchants who perform the same or similar functions of business within a particular field.

In vertical associations, the voting or regular members come from all levels in a specific industry—from manufacturers, wholesale or retail. As an example, the Produce Marketing Association in the United States has members who are growers, packers, retail supermarkets, and restaurant chains. Because of this heterogeneous membership, the association’s services are more limited than those of a horizontal nature. Even so, by forming into a vertical organization, such as the Egyptian Motion Picture Association, an association
has major advantages in bringing all persons in a specific industry together by offering opportunities for networking and camaraderie. In spite of certain limitations, vertical associations benefit from placing all interested parties from a given industry under one umbrella, which allows the association to focus on all aspects of the problems and opportunities facing its specific industry. This focus often gives vertical associations loud and powerful voices when dealing with the general public and governmental entities. Because chambers of commerce are designed to serve and promote all types of businesses in a given geographical area, they are vertical by nature. They find that services, such as industrial development, education reform, and tourism, are of interest to the entire business community.

Even more confusing, associations are also categorized as direct membership organizations or federations. A typical membership organization has direct members. Businesses or individuals can choose to join an association without any requirements to belong to other groups. This is a very understandable and straightforward membership arrangement. A qualified person or business simply joins, pays dues, and becomes eligible to vote, work on committees, serve as an officer, and receive membership services. But if an association has other voluntary membership organizations affiliated with its membership, the association is known as a federation. Federations have unique characteristics in that they have no individual or corporate members—only other associations can join. Usually associations within a
federation are autonomous or independent; however, they cooperate with one another in many areas, such as membership, finances, and program activities.

Many national chambers of commerce fit into the federation category. However, the U.S. Chamber of Commerce and the Russian Federation Chamber of Commerce and Industry are both direct membership organizations and federations. Both local chambers and businesses are direct members. For example, a business corporation of Kazan, Russia, may be a member of the Russian national chamber without being a member of the local Kazan chamber. Another example is the General Union of Chambers of Commerce, Industry, and Agriculture for Arab Countries based in Lebanon. This chamber federation is composed of national, regional, and local chambers from all over the Arab world, making it a federation.

Some industry associations are partial federations. The American Subcontractors Association (ASA) has member chapters throughout the country. When the ASA has a convention, each chapter sends a predetermined number of delegates according to chapter size. But, in those parts of the United States where no local ASA chapter has been formed, individual subcontractors can become delegates and are allowed to have a voice and a vote at the convention as individuals.

Some large national or international associations have elected to have affiliated state or local groups called chapters. These chapters are not autonomous as in a federation but are legal extensions of and take direction from the parent organization.
Associations have different kinds of members just as they have different kinds of structures. These include (1) active, voting members; (2) affiliate members (persons or firms with an interest in the organization but who do not qualify as voting members); (3) associate members (persons or firms from within the industry who do not qualify as voting members); (4) student members; and (5) honorary and lifetime members.

**What Documents Govern the Association's Actions?**

Associations in democratic, market-driven economies are ruled by legal documents called charters and bylaws. Charters are normally granted by the national or provincial governments and are proclamations naming the organization, outlining its basic purposes, and disclosing the names of founding members. The requirements of these charters vary from nation to nation. The second document for conducting the business of an association is called the bylaws, which lay out the rules for operating an association. These two documents, approved by the members, regulate the affairs of the group and provide guidelines for establishing, maintaining, and changing the organizational structures and operations.

According to the model published by the Association Department of the U.S. Chamber of Commerce, bylaws should contain these provisions:

- Name of the association or chamber and its purpose.
• Qualifications for membership, including classes of membership such as associate, affiliate, and honorary, voting requirements and procedures, and provisions for proxies.

• Dues structure and fiscal policies (but not amounts). As noted in PLAN Two, dues should be determined by the board of directors and definitely should not be stated in the bylaws.

• List of officers, terms, powers, duties, and rules for filling vacancies.

• Definition of the role of the chief staff officer (CSO).

• Meeting schedules, such as quarterly board meetings, and annual membership meetings.

• Committee descriptions.

• Amendments and dissolution procedures.

See the Bylaws of the National Cargo Security Council in Appendix A for other details.
Who Runs the Association?

The governance of the association lies ultimately with the membership. As mentioned above, the members own the association. Because of the difficulty of assembling the entire membership of most associations, the power for running organizations is usually vested in groups of individual members called directors. The members vote at annual meetings to select directors and to sanctify past directors' decisions. Some organizations even involve members in public policy issue decisions. Even though most membership organizations give a great amount of authority to the board for policy and operation decisions, it is generally true that the members may override board actions, have the right to give directions to the board, and can vote to replace individual directors.

The elected board of directors determines a majority of significant policies adopted by the organization. The selection process of directors is outlined in the bylaws of the organization. Some associations elect their directors by membership vote, and some groups have the outgoing board pick new directors. Most associations and chambers provide for a rotating system of elections. The bylaws of the International Association of Amusement Parks, for example, provide that its board of directors shall consist of eighteen elected
members, six of whom are chosen annually by the association’s executive committee. This method ensures continuity or experience while encouraging new ideas and directions from newly elected members. Generally, the selection process should be specifically described in the association’s bylaws, indicating the term of office, number of directors, qualifications, methods for filling vacancies, and procedures for removal.

The aggregation of directors should be representative of every sector of the industry, profession, or community and should reflect the demographics of the association’s membership. The different skills, products, services, and special interests represented within the overall membership should have input into the decision-making process. According to a survey of more than two

**Major Functions of a Board of Directors**

- **Establishes and maintains the legal entity**, knows the bylaws, and makes contracts on behalf of the association.
- **Acts as trustee** of members’ interests by ensuring that the assets are secure and that the quality of service, programs, activities, the prestige, and goodwill of the organization are preserved.
- **Assures that the purposes, objectives, goals, and policies** are current and followed. Evaluates the major facilities and resources.
- **Provides operating requirements** for qualified management and financial resources, and generates member and community support. Ensures that productive board and committee meetings are held.
- **Prevents unauthorized actions.** Reviews reports, staff performance, and standards. Provides for reports to the members.
thousand associations conducted by the American Society of Association Executives, the number of members on a board of directors usually varies between ten and twenty-nine members; however, there are associations in the Americas, Europe, Asia, and Africa with huge boards consisting of as many as two hundred directors.

The Ideal Director

The individual should be a statesman, willing to work unselfishly on behalf of the association for the good of all. He or she must seek no personal gain in the performance of the duties as a director. The individual should have knowledge of the industry or profession and should be flexible and able to compromise and cooperate for the good of the group.

The Executive Committee

Some associations establish an executive committee, which is a subgroup of the board of directors. The executive committee is most often made up of key volunteer officers and the CSO. The function of this group is to conduct the business and make emergency-type decisions for the association between regular board of directors meetings. Often an organization’s bylaws outline the authority given the executive committee. The committee is sometimes responsible for employing the organization’s CSO, but most associations reserve that duty for the full board of directors. The executive committee may evaluate the CSO’s performance and regularly review the financial records of the association. The persons with the titles of chair, president, vice president, and treasurer, plus a few other chosen directors, will
often constitute this leadership group. The most popular sizes for executive committees are between five and seven members, while the number of people on boards of directors varies greatly.

**Titles for Key Leaders**

Titles and duties of association officers vary widely across the world, but current trends indicate that most associations are using the following designations: chair of the board, president, vice president, and treasurer. The customs of multinational business corporations are influencing and changing the traditional association world. The Chief Elected Officer (CEO) in recent years has been given the title of chair of the board. This top official acts as chair for director meetings and moderates the executive committee. Another important note: Don't confuse the title CEO meaning chief elected officer in the association world with the same title CEO meaning chief executive officer in the business corporation community. Confusing? Unfortunately, yes.

Some associations call the highest elected volunteer officer president, but the dominant trend in most nations now is to use that title to designate the key employee or CSO, with the title of chair of the board being used to signify the highest elected volunteer (CEO). In the past century, the CSOs have been
called a variety of names: president, executive director, secretary, commercial manager, general manager, executive manager, executive secretary, secretary general, manager, executive vice president, and director general, to name a few of the titles used. But, as multinational business corporate titles have become more popular for use in associations, president is being used more and more to indicate the highest ranking paid professional association executive. The reason for this switch, primarily, is to give the CSO more status in dealing with high-ranking governmental officials, the general public through the news media, and other associations. For example, a news reporter would rather quote the "president" of an organization than quote the "executive secretary."

Another identifiable trend in English-speaking countries is to change the gender of the word chairman to chair or chairperson in order to designate both male and female officials.

For the purposes of this book and to attempt to keep the confusion to a minimum, the term chief staff officer, or the letters CSO, will indicate the top-paid staff employee; and the term chair, or the letters CEO, for chief elected officer, will indicate the top volunteer officer of the association.

**Duties of the Officers**

The volunteer chair (CEO) usually serves a one-year term and has full appointive responsibilities for the various volunteer positions of the association, including the moderators for committees. Some association bylaws require these appointments to be approved by the board.
The CSO is given the duties of coordinating and managing the association's programs, operations, and paid staff. The paid CSO serves at the will of the board of directors. This employee of the association often is responsible for assessing member needs and establishing organizational goals while generating enthusiasm for the organization’s activities. The CSO shares responsibilities with the CEO as the official public spokesperson for the association. The CSO oversees the fiscal activities of the organization and determines the organization's services and programs with approval from the board of directors. The CEO, the CSO, and the board of directors work together to determine policies.

Other volunteer officers with titles such as vice chair, vice president, treasurer, secretary, and chief financial officer, may be delegated by the CEO to perform specific duties for the organization. Some of the most important subgroups of these volunteer officers carry the title of vice chairs or vice presidents.

In many associations, these volunteer non-paid officers have the responsibilities for overseeing the development of programs and projects. For example, the vice chair of administration might be responsible for overseeing and conducting the association’s internal business affairs. The vice chair of operations might be responsible for the group’s public policy advocacy efforts, economic development activities, and tourist development programs.

Another important volunteer position is the treasurer who must account for all funds received and spent by the association. The treasurer, along with
the CSO and possibly a bookkeeper, makes disbursements authorized by the board of directors.

The various titles and the assignment of duties for the volunteer officials of an organization are not as important as the talent and dedication of the people who receive the designations. The key to association effectiveness is having the right people in the right place to accomplish results for the group. Even though the above recommendations are important, the structure of the organization should be built around the abilities and the availability of outstanding and dedicated volunteers.

**Who Makes the Policy Decisions?**

Associations are organized to accomplish definite goals for their members. To do this, they must be governed by established policies and must follow sound procedures. Policies are guiding principles that should be adopted by the board of directors. Procedures are working methods that can be adopted by the board but are ordinarily enacted and developed by the association’s executive.

Policies are of two kinds: (1) internal policies involve the day-to-day structure and operation of the association or chamber, for instance, office hours, dates and locations of the annual meeting and other meetings, size of the board of directors, and duties of the officers and directors; (2) external policies involve the philosophy of the membership, and the position of the association on problems and issues affecting the membership, the economy, and the public at large.
For many associations, the most important internal policies deal with rules concerning employees' duties and the most critical external policies state the organization's political positions on issues before the government.

**Who Does the Work?**

The heart of an association is its action or work groups. Because a sufficient amount of money is never available in the association's treasury to hire enough staff to carry on all the work, volunteers are organized into groups called committees or task forces. The effectiveness of the committees determines the overall success of the organization.

Volunteers serving on committees are the eyes and ears of the board of directors for policy and activities. These volunteers are the core working groups for most associations. Associations can never afford to hire enough staff personnel to accomplish a complete program of work, therefore volunteer members are placed on committees to carry out programs and projects. The committees are the mechanism for participation by members and become the
infrastructure through which the association’s common goals are achieved. By evaluating member needs, the organization, through its committees, drafts and tailors policies for consideration by the board of directors.

Organizations have such committees as a bylaws committee, a personnel committee, an economic development committee, a governmental affairs committee, a membership recruitment committee, a trade show committee, a nominating committee, an international committee, and so on. The committees should be the first step in weighing ideas and problems suggested by members. Equally important, committees are proving grounds for identifying and training future leaders of the association. A continual supply of good candidates for the top positions of the association is necessary for long-term success.
An Effective Committee

- Has a written statement of purpose that all members have reviewed.
- Is chaired by an individual who guides the committee process.
- Consists of carefully selected members who are interested, qualified, and compatible.
- Is assisted by a staff person who acts as advisor and administrator.
- Carefully plans its agenda.
- Approaches assignments one step at a time.
- Has a sense of priorities and of timing.
- Keeps thorough minutes and records.
- Is periodically infused with new members.
- Regularly evaluates its activities against its statement of purpose.

Who Works for Whom?

Establishing the proper relationship between the elected volunteer officers and the CSO is of major importance to the association. The staff person always works for the volunteers, but in many situations the CEO and the CSO face possible conflict. To make certain that this does not occur often, the association would be wise to develop clearly defined written job descriptions that elaborate the duties and authority of each of these important positions. (See position descriptions in Article V of the Bylaws of the National Cargo Security Council in Appendix A.)

The CSO performs tasks determined by the directors, such as conducting research projects, and sometimes performs certain specified duties, such as serving as the public spokesperson for the organization. Oftentimes the CSO assumes the duties of the treasurer and the
secretary by keeping the accounts and recording the official business of the organization.

An important function of the CSO is to hire and fire staff within the budget provided. In the name of good management, the CSO, and only the CSO, directs or reprimands other members of the staff. No other member, not even the chair, has the right to direct or reprimand a staff member since these people work directly for the CSO and are not under the supervision of any officer or member. A staff member assigned to a certain committee usually develops a working relationship with the committee chair and members that is not covered by policy. The committee chair has a need to be able to communicate directly with the assigned staff member, but if problems arise, the committee chair should work with the CSO to discipline the committee’s assigned staff and not attempt to personally reprimand the employee.

The following duties and authority are assigned to the CSO:

- Administers programs approved by the directors to promote and protect the welfare of the members.
- Prepares reports and agenda for board meetings, annual membership meetings, and other conferences or special meetings designated by directors.
• Is responsible for having minutes recorded of all meetings of the board of directors or other designated meetings of official bodies of the association.

• Develops and recommends new policies or changed policies for consideration by the directors and membership.

• Prepares and submits for the directors' consideration an operating budget for the organization's next fiscal year and maintains and administers proper accounting procedures for the receipt and disbursement of funds.

• Collects and disseminates all appropriate information that will be beneficial to members' business or professional activities.

• Hires personnel necessary to carry out association programs and services.

• Advises the board of directors on adjustments to unexpected changes in matters affecting industry, profession, or community.

• Assumes full responsibility for purchase of equipment and supplies necessary to maintain and carry out the association's operation.

• Originates and carries out a program of membership solicitation and retention.
• Has a comprehensive knowledge of the legislative, administrative, and technical policies and regulations governing operation of the association.

• Plans, directs, and organizes beneficial programs for association members in the field of management or technical subjects.

• Maintains contact with governmental officials and monitors legislative developments, operations, and actions of governmental agencies.

• Prepares and submits to the membership an annual report of the organization's activities and accomplishments.

• Prepares an annual financial report.

• Establishes regularly scheduled updates to an organization's external and internal policy manual for reference by leadership.

• Establishes job descriptions for all association staff employees.

• Prepares a staff policy manual reflecting all the organization's internal policies.

• Maintains a close liaison with all news media.

• Exercises good judgment, inspires associates, and operates at a high ethical and moral level.

**Evaluation of a CSO**

Directors should establish programs that evaluate the association executive's performance each year. The evaluation should be based on the
performance of duties established in the CSO’s job description. The review should be performed by a small group of key officers. Many organizations use the executive committee, the chair, or a personnel committee of directors for such discussions with their employees. Unfortunately, the performance review is sometimes ignored by volunteers, placing the CSO in a very uncomfortable position. Without such a review, the CSO has little opportunities for pay increases or for knowing how to improve his or her performance.

**Professional Development**

Professional development of the association's staff should be encouraged by the board of directors. In many countries, societies of association managers have been formed. The purpose of these organizations is to improve the performance and the professionalism of those in the employment of associations. The CSO and other staff members should be encouraged by the volunteers to participate in conferences and training seminars sponsored by these groups. It is wise to invest in the proper training of an association's personnel because such professional groups improve not only the educational level of the staff but also the morale and the enjoyment of working for an association.
Characteristics of the Successful Association Executive

- High ethical and moral character; dependable with good communication skills.
- Ability to measure present programs and problems of members and know the importance of planning for change.
- Ability to not only "get along" with people but also to analyze, predict, and influence people and the outcome of events.
- A leadership talent that can convince others of the desirability of goals and objectives. Volunteers will follow because of abilities and ideas.

How are Good Officers and Directors Developed?

An orientation program for new officers and directors of the organization is an important factor for having good leadership. A similar program should be offered to regulatory agencies, legislators, community leaders, and workers unions as well. New volunteer leaders must learn the history and the culture of the organization soon after assuming important offices. Without proper orientation, decisions might be attempted in a vacuum, which can cause many problems. Another important factor in developing good directors is their involvement in committee activities and decisions. Involvement creates enthusiasm and loyalty toward an association.

Here is a suggested agenda for a half-day briefing session for new directors. This example has the elements that many successful association executives use.
PLAN Highlights

In this PLAN, the elementary components necessary for building an organizational framework for a voluntary association were described. That framework is a requirement if the association is to be capable of delivering the services needed by its members. Using these components, you can design an organization that fits community or industry characteristics, select and train leaders who can produce results, and weigh the available services and programs to best fit members’ needs. Listed were tested methods for picking, utilizing, and evaluating leaders and their programs. The differences between the three types of membership organizations—chambers of commerce, professional societies, and trade associations—were explained. Also noted were the three most often used legal forms of associations, namely the Anglo-Saxon,
Continental, and mixed models. Association governance was also explored, describing the corporate charter and bylaws. Then the differences between policies and procedures were outlined.

Explanations of fields of authority of the membership, the board, the executive committee, and the staff, along with their respective duties, were described. Volunteer-staff relations were addressed.

The other sections in this book will add substance to the framework of the association.

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**Questions for PLAN One**

1. Describe the owners of your association.
2. Explain the organizational concept of a federation.
3. Explain the organizational concept of chapters.
4. Make a checklist for items to be included in a set of bylaws. Use your checklist to analyze your organization’s bylaws or analyze the sample bylaws in Appendix A.
5. Briefly describe the role of the volunteer directors in the making of association policy. What is the role of the staff in policy development?
6. Describe the difference between internal and external policies.
7. Draw an organizational chart for the National Association of Building Parts Manufacturers described in the case study in the BUILDER’S MODEL.
8. Compare the list of duties of the chief staff officer described in this PLAN with an actual list of duties performed by you or by a CSO with whom you are familiar. Write a brief job description for your job and for any employees you directly supervise.
9. Write a brief job description for the chief volunteer of your organization.
10. Select five programs from Appendix C for a program of work for a. the Seaside Chamber of Commerce, b. the Business and Professional Women’s Society of Tierra Bonita, and c. the National Association of Building Parts Manufacturers.
PLAN TWO

BUILDING SOLID MEMBER SUPPORT

Larry S. Milner, CAE, and Joe M. Baker, Jr., CAE

“All for one, one for all, that is our device.” —Alexandre Dumas, the Elder in The Three Musketeers.
Unity creates strength. —Belgian National Motto

Active, interested, and enthusiastic members are the foundations for successful associations. People must be willing to invest their time, talents, and money for a common cause to build a viable organization. For business associations, professional societies, or chambers of commerce to grow, to be effective, and, most important, to accomplish worthwhile results, they must have underpinnings of voluntary support from their members. In actual practice, an association is a mini-democracy operating for the good of its people—the members elect their leaders, who in turn provide them with useful programs and services.

de Tocqueville saw in associations a means of gaining through groups what could not be gained by individuals.
For North Americans, associations have always been a way of life. The famous French politician and writer Alexis de Tocqueville, traveling in the United States as a visitor in the early 19th century, wrote “Americans of all ages, all stations of life, and all types of dispositions are forever forming associations. There are not only commercial and industrial associations in which all take part, but others of a thousand different types—religious, moral, serious, futile, very general and very limited, immensely large and very minute.” De Tocqueville saw in associations a means of gaining through groups what could not be gained by individuals. He also saw associations as a major stepping stone to democracy. As the 21st Century approaches, the people of the United States have continued with vigor the trait that de Tocqueville identified—a propensity to group together to work toward achieving common goals.

This collective type of voluntary group action has spread rapidly around the world during this century. Most nations with long-time experience in global trade have very sophisticated and successful business associations. But in countries that are now in transition from a centrally-controlled system to the market economy, voluntary membership associations are relatively new. All kinds of groups are now springing forth with efforts to improve their nations’ commercial and industrial infrastructures. These organizations have taken seriously the admonition of Alexandre Dumas, "All for one, and one for all, that is our device." By helping each other, business people are finding that the best way to be successful in building both a business and a nation is by working
together for the common good. As the Belgium motto says, "Unity creates
strength"—and strength produces the ability to bring about change. Change in
national policies in the right direction can ensure the growth of democracy and
the expansion of the market economy.

**High on the Priority List**

For these organizations to be successful, a new imperative is apparent:
association executives and leaders must advance to
the top of their priority lists the recruitment and the
retention of members. The quickest way to failure for
an organization is to have a head-in-the-sand
attitude toward membership expansion. Attracting
new members and keeping the ones already on
the rolls are highly time-intensive activities that often
prove to be less dramatic and enjoyable than
foreign trade missions, economic development,
legislative advocacy, public forums, or grandiose projects. Recruiting new
members is the type of unglamorous work that people have a tendency to put off.
But if members are the foundation for associations as suggested above, attention
to the maintenance and the expansion of that foundation had best be taken very
seriously. The proper allotment of time and money by both staffs and volunteers
is indispensable for building a solid future. Successful membership efforts must
be achieved if associations are going to compete and survive in the 21st Century.

**Why People Join Associations**
In PLAN One the statement was made that "a member voluntarily invests money by payment of dues on a regular basis in exchange for a perceived value from the association." That is true, but what do people perceive as value from an association? There are probably as many answers to that question as there are association members, but certain motives for membership investments can be identified:

- Professional and personal recognition
- Monetary gains from contact with new customers, clients, or allies
- Personal ambitions to accomplish individual goals
- Networking opportunities with other business associates
- Educational programs
- Corporate and personal-image improvement
- Industry or community involvement
- Valuable information sources
- Personal and professional growth and development
- Political contacts and information
- Pro-business participation in government
- Projects that improve the community or the industry
- Publications
- Services and benefits such as health or liability insurance
• Latest technology information
• Social functions
• Unity
• Economies of scale
• Feeling of belonging to a group
• Opportunity to influence public policy

Each association generates participation by its members based on one or a combination of the above factors.

The National Association of Private Enterprise (ANEP) in El Salvador recruited members by providing a tangible benefit—a legislative advisory service. The service was designed to encourage public and governmental interest in privatization of state enterprises and deregulation of the Salvadoran economy. ANEP sought to increase understanding and appreciation of the role of free enterprise and to promote business participation in the policy process. The service provided information necessary to accomplish those goals and was perceived by members as a valuable benefit.

Associations leaders and staff should identify unique and specific aspects of their activities that encourage continued investment by their members. Then new member marketing messages and retention efforts should be built around those identifiable motivational attributes in carefully planned recruitment campaigns.

**Getting New Members**
Many different kinds of methods have been developed by associations over the past several decades to attract and retain members and to sell association products or services. Here are brief explanations about the most often used techniques.

**Membership Committee:** Associations often establish a formal committee that has the responsibility of securing new members and retaining existing ones. This approach uses a group of volunteer members who form a sales team that continually seeks to recruit new members by personal contacts. The number on the committee varies depending on the size and the needs of the association, but normally most membership committees range from ten to twenty people. The selection of these people for the committee is of vital importance. Persons who have a vested interest in meeting new customers for their own business interests often make the best recruiters. For example, you can select people in insurance, real estate, banking, new-car sales, and other occupations that benefit by networking. Recruit association members who would benefit by meeting new members.

Enthusiasm for such work is created by awarding valuable prizes or ego boosting awards to the most successful recruiters. Camaraderie and friendly competition among the committee members usually develop and spur the group on to recruit new members. Prizes, recognition, and publicity for bringing in the most new members will help motivate the recruiters.

The membership committee approach can produce excellent results, but its management by the association’s staff often requires a considerable amount of
time. The paid employees usually are assigned the duties of identifying prospective members and of managing the myriad of logistical details that the program requires.

In theory, every member of an association should be converted into a membership salesperson, not just the ones on the membership committee. Hence, some associations encourage broader participation by developing certain recognition devices for any member who secures new members. The membership committee manages these recognition programs rather than simply recruiting members.

Here are some possible ways to recognize the most successful new member recruiters:

- Establish a President’s Club. For example, a member who has recruited a certain number of new members each year becomes a member of the President’s Club, which allows attendance at a special reception at the annual meeting.

- Establish a Chairman’s Club. For example, a member who recruits a certain number of members cumulatively as the years go by becomes a member of the Chairman’s Club and is rewarded with certain privileges and advantages.

- Provide special jackets or blazers for those who have brought in a specified number of new members.
• Provide name badges with ribbons at association meetings that read, "Chairman's Club," "Top Producer," or other complimentary term.
• Give lapel pins or other jewelry.
• Have special seating at association events for the top producers.
• Hold drawings for prizes including overseas trips—each new member recruited gets the recruiter’s name in the drawing. No limits are placed on the number of times recruiters' names are in the drawing.
• List in association publications the members who bring in new members.
• Display a large sign at meetings listing who has sold new memberships.
• Hold a special luncheon or dinner to honor those who have brought in new members annually.

This is a minimal number of suggestions. The ways to provide recognition for a "job well done" in recruiting members is unlimited, and very important. Recognition is one of the primary factors people volunteer to work for associations. Reward successful membership recruiters as generously as possible.

**Membership Blitz:** Many associations plan and execute short-duration membership solicitation activities using fifty to one hundred volunteers who agree to dedicate two or three days to contacting prospective members. The blitz is similar to the membership committee but differs in the size and the volunteers' time commitment involved.
The concept calls for an atmosphere of intensity and urgency that causes
the solicitors to produce results. A kickoff meeting is sponsored by the
association with a substantial amount of hullabaloo to gain enthusiasm.
Deadlines and rewards are a major part of the scheme. The volunteers are
divided into teams and leave the initial meeting with lists of prospects that
they must contact by a certain time. Competition among the teams is the
impetus for sustaining interest among the volunteers. A report meeting where
prizes are awarded to the most successful teams is held at the end of the blitz.
Though shorter in duration, the staff time involved is considerable in
"recruiting the recruiters," in preparing the kickoff event and in providing the
logistical support.

**Telemarketing:** Associations use the telephone as the major recruiting
technique for securing new members or for selling products and services. This
methodology has become very popular among associations in the United
States. Two telemarketing approaches are used.

One approach is for the association to sponsor a telephone blitz operated
exactly like the membership blitz described above except, instead of the
recruiters visiting prospects in the prospects' places of business, the volunteers
call them on the telephone. A written and memorized script for the sales pitch
is often provided, and volunteer recruiters are placed in a location with several
phones in the same room or building. The key to the success of the telephone
blitz is the intense competition that develops between the recruiters and the
rewards for success that are offered.
The other approach is to hire paid professional telemarketers to recruit new members or to sell products and services for the association. These telemarketers are either employed by the association as full-time telephone solicitors or employed by a professional telemarketing firm that is contracted by the association to recruit new members. These telemarketers usually are paid on a commission basis. Of course, the telemarketing approach works only in countries that have economical and reliable telephone systems.

**Professional Salespersons:** Many associations hire professional salespersons. This method of securing new members and of selling services for larger associations is probably the most popular. The salespersons become association staff employees. Often a sales manager is hired to operate the program. Paid on a commission basis, these sales professionals can quickly learn the association’s message and products and will know how to use the above-mentioned “perceived value” motives to persuade prospects to join. The associations that use commissioned salespeople must have a large number of potential new members or lucrative products and services in order to make hiring a full-time sales staff economically feasible.

**Direct Mail:** Utilizing the postal service to deliver member solicitation messages is a standard method used by associations in many nations. Millions of dollars in research have been spent on the best way to conduct direct mail campaigns. An association executive considering using this approach would do well to do extensive research before embarking on recruiting new members through expensive mass mailing. Direct mail is not as simple as it seems, and
a great amount of money can be wasted on poorly designed campaigns. Remember, conducting effective direct mail programs is very difficult. Most prospects take less than four seconds to decide the extent of their interest upon receiving a mailing piece. If their decision is to explore the mailing further, they will then seek a considerable amount of information before deciding to make a purchase. Each element of the direct mail piece must be part of the sales message. Four separate elements are contained in successful direct-mail campaigns—(1) a letter that makes the sales pitch; (2) a full-color brochure that excites the interest of the prospect; (3) a reply card that asks for the order; and (4) an envelope, which encourages the receiver to read the enclosure.

**Mass Media Advertising:** Advertising is an effective but expensive method of recruitment for most associations. Only the largest groups attempt to recruit using mass media. Newspaper, magazine, television, and radio space or time is very cheap per person reached, but most associations have a very limited group of potential prospects. Therefore, mass advertising is not economically feasible in most cases, because the association is spending money on people who cannot use their products or services. Some associations use mass media to build their images and to sell nonmember products and services, but very few rely on this approach to recruit new members. Television, radio, and magazine advertisements are normally left to the private sector, because associations have little equity capital to invest in marketing programs.
Good News and Bad News

As the comedians say, "There's good news, and there's bad news." The good news is that the above techniques are being used successfully by associations all over the world. Associations are growing every day and are getting new recruits on a regular basis using these approaches.

The bad news unfortunately, the "hit and miss" membership blitzes, the cold-call sales efforts, one-time direct-mail campaigns, arm-twisting sessions with potential members, and the other marketing techniques mentioned are often very expensive and sometimes prove to be ineffective in stabilizing associations' financial needs over the long run. These methodologies do obtain new members, but frequently the association finds itself on a membership treadmill running very hard to try to stay even. As many members drop out each year as join. This turnover forces the association into a no-growth mode.
Strong-arm tactics used often by volunteers do recruit prospects, but those new members usually don't continue their membership for very long. These pressure methods sometimes create massive turnovers in membership which are very costly and continually leave leaders struggling to keep the association afloat. If prospects join as favors or to avoid harassment, the chances of them renewing memberships are very unlikely.

As a result, association executives using the same "old ways" are often being forced to spend too much time and energy trying to survive financially and are goaded into conducting more and more fund-raising projects. The association's staff must constantly "beat the bushes" or beg for more dues from existing members. Consequently, their time is taken up seeking new revenues rather than achieving the goals of the association. This approach can be very counterproductive and can cause continual turnover in staff personnel. "Singing for one's supper is not a good way to earn a living."

A Better Way to Raise Money
Some associations have found a better way to raise money—individualized targeted marketing. This relatively new approach has been developed by professional marketers in business and commerce around the world and is rapidly gaining popularity in the association field. To be successful in employing the individualized targeted marketing method, an association designs its new-member marketing program to build a strong personal relationship with a limited number of targeted prospects over an extended period by using carefully planned and executed marketing approaches. Marketing efforts and sales communications must be tailored to specific individuals and their needs and wants.

The following approaches do not work effectively in recruiting new members: (1) bragging to prospective members about how important an organization is or (2) telling prospects about an association’s activities. These are not effective messages, but many associations use these two techniques for recruiting new members. Also, selling broad-based funding programs meets with little success. Telling a prospect to send an association money so it can maintain its budget is most often a waste of effort. Individualized target marketing is the wave of the future.

The key to this new kind of membership selling—prospective members must come to the conclusion on their own that a common tie exists between their personal and business goals and the goals of the association. To help the prospective member come to that conclusion, many favorable impressions over time must be orchestrated by the association’s marketing program. This
strategy depends on carefully planned contacts over an extended period. When these prospects finally do join, the chances of their staying active and enthusiastic are much greater than those of members who have been forced to join by strong-arm tactics.

**Ten-Step Method of Marketing an Association**

The typical person is bombarded by thousands of advertising messages a day in most highly industrialized nations. To get the association's message read and comprehended, the approach should be personalized in unique ways. The following ten-step program can help achieve that goal.

**Step One: Compile a specialized target list.**

Carefully identify and select prospective new members based on careful research, thoughtful analysis, and informed selection. Write a description of the types of individuals or companies who might likely join the association. An obvious starting place in compiling this special list is to identify people and companies that are similar to the existing members of the association. Also, use the association's dropped-membership lists. Circumstances change rapidly, so don't overlook trying to resell to former members. Use lists of persons who have attended association functions or are contributors to other similar type organizations. Use referrals from current volunteer officers and board members. Ask each leader to provide a list of five to ten potential members whom he or she knows personally. Collect the names of people who have made telephone inquiries about association issues. List nonmember suppliers or nonmember products or services purchasers. Buy targeted lists
from professional mailing list companies. Search through trade directories, telephone book pages, and other associations' membership lists.

**Step Two: Build a database.**

Set up a simple card file or, better yet, a manageable computer database of the top 25, 50, 100, or 1,000 prospective members, depending on the needs of the association. Pick a workable number from the target list you have compiled that the existing staff can handle comfortably. Select the people and the businesses who you believe should be members of the association. These prospects should be very much like the members who are already signed up.

**Step Three: Plan how to build a solid relationship.**

Develop individualized plans for contacting your list of prospects. These contacts will extend over a period (three to six months or longer) and will consist of carefully executed messages to each prospective new member. The contacts should be recorded in the card file or in the database by the association's staff.

**Step Four: Use many different channels of communication.**

Use as many communication channels to the prospective member on the targeted list as are practical and affordable over the selected period. Communication channels simply mean various methods of sending your message. Some suggested channels of communication are listed below. You can add many others to this list. Be certain that you do not overwhelm the prospect. Balance the timing on your contacts so your efforts are not annoying or appear to be high pressure tactics. If you present your messages with class...
and dignity, you will get the desired response. Continually recording your contacts is the key to success so you can always know what a prospect has received. These records will help you plan a successful approach for the next channel of communication.

**CHANNELS OF COMMUNICATION**

- Put the prospect’s name on your newsletter mailing list for three months.
- Ask the prospect to join you for an informal chat during tea time or at a coffeehouse.
- Develop a formal printed invitation from your board of directors asking the prospect to join.
- Send a personal letter with a specific offer to receive a free publication.
- Send an offer to advertise or be listed in your annual membership directory for one year free of charge.
- Send a letter listing your publications.
- Send a letter inviting the prospect to attend your annual meeting or board meeting as your personal guest.
- Send an endorsement letter from a member in a similar business.
- Send invitations to all of the association's meetings and events.
- Send an invitation letter from someone the prospect knows and respects.
- Send a letter about an important community or national issue affecting the prospect's business.
- Send a letter selling a particular service that your association provides.
Send a special fund-raising letter for a specific issue or project.
Copy and mail news or magazine articles about your association.
Send a questionnaire asking for opinions on specific business, city, or national issues.
Send a postcard with an important news announcement about an association project.
Send a personal handwritten note.
Send a fact card about your association.
Do a telephone survey about a business issue.
Make a personal telephone call asking for opinions on an important issue.
Ask for advice on a regional or national problem.
Make a personal telephone call about a publication you have to sell.
Make a personal telephone call asking the prospect to join your association.
Through a personal visit, ask for the prospect's opinion on an important issue.
Have a board member visit.
Have a volunteer sales representative visit after several weeks or months of other contacts.
Send a free copy of your latest brochure.
Write a newspaper column and send reprints.
Provide information for radio news shows.

The above list has more suggestions than an association could ever undertake. Pick out the best and most economical number of contacts for you.
and your organization. Think of additional channels of communication that better fit your particular situation or that utilize materials you have already prepared.

**Step Five: Close the sale at every opportunity.**

Closing a sale means getting the prospect to sign an application and pay the initial membership fees. Do not hesitate to ask the prospect to join your association. Many people are afraid of rejection so they never try to close a sale. You must ask the prospect to sign up. Carefully design your letters and communication pieces so that they not only show the value of your organization but also include a membership application and a specific invitation to join.

**Step Six: Offer tangible products or services.**

First-time potential members are motivated by tangible products or services, so be certain to offer something tangible in the first few contacts—a new publication, a newsletter subscription, an industry or community fact book, a special legislative report, and other similar types of material.

**Step Seven: Create networking opportunities.**

Invite participation, dialogue, and feedback with each contact. The purpose of seeking a two-way communication is to get the best prospects to identify themselves by their responses to your requests. Attempt to involve the prospects in your existing programs, committee activities, and events.

**Step Eight: Stress the value of your organization.**
Talk about the real value that the prospect’s business or personal life will receive by joining the association. Because prospects weigh carefully in their minds an "acceptable cost" versus "perceived value," you must concentrate on telling them how the association adds value to their community or to their business. Use phrases like "for the good of the industry, representation of your interest before government, or what your business needs in the future." Remember, you do not have to use new material. Send what you already have printed. Use the above list of reasons why people join associations as lead discussion items in your contacts or written communications.

**Step Nine: Keep records of contacts.**

Always record each contact with each prospect. Because of the required record keeping, the number of originally selected prospects is very critical. Do not try to handle so many prospects that you become bogged down in the recording process. Refine, upgrade, and add names as you discover better prospects.

**Step Ten: Do not give up.**

Do not delete a name from your database or card file until the prospect has said no at least three times, preferably six times, to some kind of direct offer to become a member. Give the prospects many opportunities to join by always having a membership application in mailings, at meetings, or available and visible at every opportunity.
This ten-step program will give an association a more sound financial base by bringing in a sufficient number of new members who really believe in the goals of the organization and who will continue to be supportive over a long period. This method has the potential of producing a "solid" membership base instead of one that is constantly churning and taking the association's staff time.

Handling Prospects' Objections

As discussions are held with potential members either in person or on the telephone, most prospects will have objections or excuses why they cannot join the organization. Be prepared to answer these refusals. Here are some suggestions, but brainstorm to develop additional specific answers to fit your situation.

Objection: "I cannot afford the dues."

Answer: "Actually your dues will more than pay for themselves with the benefits you will receive."

Objection: "I do not have the time to participate."

Answer: "The time you put into your membership is strictly up to you. You decide how much time you want to give."

Objection: "The big companies run everything."

Answer: "Our association is run on a one member/one vote rule. No one has more voice in the association than any other single member."

Objection: "If I join, can I become active?"
Answer: "We have several committees on which you can serve. We have an annual conference and monthly meetings, so your participation will be welcomed."

Objection: "I just do not have time to talk right now."

Answer: "I understand. May I come see you or call you back tomorrow about eleven o'clock?"

Objection: "Can you send me some information in writing."

Answer: "Certainly. I will send you a letter and some literature about the advantages of belonging to our association today and then I will telephone you in a few days after you have had a chance to read the material."

Many objections will be raised, so be certain to brainstorm as many answers as possible before contacting potential members.

**Keeping Members Forever**

Well, almost forever. In reality, membership retention is as important as membership recruitment. Less cost and time are involved in keeping existing members than continually recruiting new ones. Everyone in the association is involved in membership retention. Personal contact throughout the year by officers, board members, and other leaders is one of the most effective methods of getting members to pay their dues each year. Such contact should be an ongoing activity.
If the association has a paid staff, its obligation and responsibility are serving and keeping members. One staff member answering the phone in an unpleasant manner, being disrespectful to a member at a meeting, or writing an inconsiderate letter can start the negative thought process running in a member’s head. The association staff must be member-oriented, considering them customers, clients, and patrons. Include in the job description of every staff person a statement stressing the requirement for sincere concern and care for members. The ideal situation is for the entire association to serve as a "customer service department" with staff leading the way.

Staff employees—especially those who are new and perhaps have not yet learned the goals of the association—should be provided with orientation programs that include suggestions on how to treat members. An association’s staff must be member-friendly.

In many associations, the full membership list is divided among key leaders and staff, who telephone a certain number of members daily to ask for suggestions and input on association issues and activities. Such an effort takes place at the Association of the Wall and Ceiling Industries (AWCI). That association has formalized a call-a-member program. The names of approximately one thousand member companies are divided between twelve staff
people so that each has about eighty-five members to call at least once during the year—only two calls a week by each. The calls are unpretentious and might begin with, "I came across your name and just decided to call you to make sure you were aware of our newest program." Or, "Is there anything AWCI can do for you?" Or, "Is there anything we’re doing that you would like to see changed?"

Sometimes an AWCI member receives two calls each year depending on the time the staff has available. The call-a-member program has been very successful in membership retention for AWCI. Many members became stronger supporters as a result.

Membership retention depends on everyone connected with the association—and that goes far beyond the paid staff, the officers and directors, and the membership committee. It includes other volunteer leaders and other members. Associations without cliques or Òinner circlesÓ are few and far between. Such groups form almost automatically and are natural outgrowths of group participation. Members with similar likes and outlooks naturally gravitate to each other, but exclusive inner circles can be damaging. Volunteer leaders should expand their cliques to include new members.

An active member seldom resigns and usually pays dues on time. The member who becomes involved in association activities is far more likely to remain a member than one who simply pays dues and never participates. A way to emphasize the Òright of ownershipÓ within the association is to create pathways for members to become involved. You can provide each member with a list of committees and chairmen with an invitation to participate.
In many countries, competition among associations for members is very intense. A large or small business must make decisions on where to invest its money. Small businesses in particular may be able to join only one association. This competition is making the need for an effective and aggressive membership retention program ever more important to healthy and growing associations.

**Briefing New Members**

When prospects finally become members, the staff and the volunteer leaders must make those members feel welcome and comfortable from the first day. An orientation program for new members is a must for successful retention. Meetings, conferences and congresses provide ideal opportunities to bring all recently recruited members together for special "welcome and briefing" sessions. The key staff and volunteer leaders can explain the programs and services and how new members can become active. Remember that meetings can be an important retention tool for the association. They are opportunities to remind the attending members just what the association is and why they belong.

In addition to or instead of orientation meetings, every new member should be provided with a "new member information packet". This packet should be mailed when the application and the dues are received along with a series of welcome letters from key leaders. Do not make the mistake of sending all the orientation and welcoming material to the new member in one envelope and at one time. Send a welcome note from the CSO, a formal letter from the CEO, then mail a welcome kit with the orientation material. That gives the new member three separate contacts with the association.
Here are some other ways to make new members feel welcome:

- Sponsor a special new member breakfast, reception, or luncheon at the next annual meeting.
- Provide name badges with ribbons identifying new members. A more subtle recognition might also be effective. For example, have a colored ÓdotÓ or mark placed on each new member’s badge. The regular members are told that whenever someone at the meeting is seen wearing a badge with this colored Ódot,Ó that person is a new member and should be greeted with, "It’s good to meet you. Welcome to our association."
- Provide special seating at key programs for new members.
- Introduce all new members at meetings.
- Assign an association leader or old timer to host the new member throughout the meeting.
- If a sufficient number of new members join on a continuing basis, create a special "exclusive" new-member newsletter to be mailed during the first year of membership.
- Encourage long-time members to telephone new members to welcome them into the association.
- Keep records of membership anniversary dates, and have special thank you cards or letters sent. Make this a sincere effort to recognize the importance of long-term supporters.
**Tedious, but Critical Administrative Details**

**Association Dues and Fees:** For numerous reasons, flexibility is necessary in the amount of association dues charged to various membership categories. A word of warning—dues schedules should never be included in the association’s bylaws. Changes will need to be made without taking the time to amend the formal bylaws. Authority should be granted to the board of directors to establish the amounts and to change dues when justified. The amount of dues must be analyzed carefully and set high enough to make the amount of profit necessary to keep the organization’s programs growing and to provide financial reserves for rainy days.

**Initiation Fees:** Do not overlook the possibility of using small initiation fees. These new member fees can be used to generate needed revenue and to offset the cost of putting a new member on the rolls of the association. Initiation fees also discourage members from dropping out every year or so, because they know that to renew their membership will cost them another initiation fee.

**Special Assessments:** From time to time, finances may require the association to turn to member assessments. An assessment is a special levy imposed to meet a special need of the association. An example would be the need to create a fund to build or buy a building or any sort of special need not included in the association’s budget. There are two types of assessments.

1. **A voluntary assessment** is paid at the discretion of the member.

   The percentage paid depends on the reason for the assessment, the
2. A mandatory assessment is required to be paid and, if not paid, results in some form of punishment, generally the member’s being dropped from membership. Mandatory assessments should never be imposed unless dire circumstances exist. To gain member support, a mandatory assessment should possibly be submitted to the full membership for approval before being put into effect.

**Delinquent Accounts:** How to treat a member in arrears on dues is always a problem for associations. If dues are paid annually, how long should a member be carried after the deadline for dues payment has come and passed? This dilemma must be faced by each association. If member services are taken away too soon, the organization may be losing a member who was on the verge of sending dues to the treasurer, but, on the other hand, if the association is too lenient, other members who pay on time are not being treated fairly.

Handling delinquencies is an important issue. When dues are delinquent and time begins to pass, key leaders need to play a prominent role in contacting the straggler. If the association’s membership is too large for volunteers to personally contact past-due members, the staff should send letters to delinquents over the signatures of the volunteer leaders.

Annette E. Petrick, CAE, in *Association Management* magazine wrote about a survey the American Home Economics Association conducted. The association hired a national polling organization to contact members who had not paid their
dues and found that "the most significant fact was that approximately fifty percent of AHEA members surveyed thought they were still members!" According to Petrick, the delinquent members had not dropped out deliberately, but the association’s billing process did not provide an adequate alert system. Don’t fall into that trap.

**Types of Memberships:** Another administrative detail—the association must define eligibility to include all persons whose common goals provide reasons for forming the association in the first place. The members are usually grouped into categories based on predetermined criteria. The amount of dues that are levied are often based on these categories:

- **Active members:** The ÒregularÓ members, and, in some associations, voting is limited to members in this category.

- **Associate members:** Members from entities that provide products or services to the active members of the association.

- **Retired members:** Members who have retired from the industry or business but who still want to get association mailings, attend meetings, etc. (Generally, dues for this category are much lower than regular dues.)

- **Student members:** Members who are students in recognized learning institutions. Dues may be free or very low.
• **Affiliate members:** Various professions or businesses who normally would not otherwise participate—lawyers, accountants, field superintendents, etc.

• **Sustaining members:** Members in other categories who agree to pay additional voluntary dues to assist the organization financially.

• **International members:** Membership granted to entities outside the national borders of the association’s country.

Far from being all-inclusive, the above list shows how many categories of membership may be created to increase the association’s activities and the dues base.

**PLAN Highlights**

Building the membership of an association is challenging work and takes tenacity but is very necessary if an organization is to accomplish worthwhile results. Such efforts to attract additional members must become a way of life for association leaders and their staffs. Find out what motivates participation. Discover what members want and provide those desired programs, products and services. Those are the keys to the success of the organization.

Organizing an effective membership campaign is a necessary element for an association’s success in today’s global marketplace. Whether associations use the latest techniques of individualized target marketing through the recommended ten-step method of marketing an association, or the more seasoned
methods of employing membership committees, blitzes, telemarketing, direct mail, professional sales personnel, or mass advertising, the associations’ high priorities must be given to those activities. Associations must establish flexible, but profitable, dues structures and sound retention programs that are member-friendly. Associations must implement special assessments, handle delinquent accounts, and determine the best types of memberships to offer to prospective members. Successful membership efforts must be achieved if associations are going to compete and survive in the 21st Century.

Questions for PLAN Two

1. Describe the role associations play in your nation.
2. Why have you joined the associations to which you belong?
3. Why do the members invest their money in your organization?
4. Of the membership recruitment methods mentioned in this PLAN, which do you believe will work best for your organization?
5. Make a brief outline of the membership campaign method you selected.
6. Write a direct-mail solicitation letter for obtaining new members for your organization. Name the four elements of a good direct mail piece.
7. Write a brief description of the individualized targeted marketing method.
8. List five channels of communication your organization can develop and can afford.
9. List five objections a prospective member of your organization may put forth when asked to join. Develop answers to these objections.
10. From the case study in the BUILDER’S MODEL, describe retention efforts that might be used by the Business and Professional Women's Society of Tierra Bonita.
What are you doing with my money? The answer to this question must be given to any member of an association who asks. Many association chief staff officers (CSOs) have lost their jobs because they were unable to give a concise, understandable answer. When a CSO is dealing with other people's money, every dollar, ruble, yen, franc, rand, lire, mark, dinar, and pound must be spent wisely and be accounted for mathematically on paper. Proper financial management is not optional but a legal and moral requirement for all officers, directors, and staffs of any association.

The CSO and the board of directors have joint oversight roles, which include the responsibility to ensure that their organization's assets are protected, the operations are profitable, and the financial information is accurate. Rarely, however, do these individuals have formal accounting or financial management training. In this situation, the executive and board members have a responsibility to (1) educate themselves in the elementary
basics of financial management, (2) be able to recognize when problems exist, (3) know where to go for assistance if it is needed, (4) be prepared to take corrective action, and (5) plan for future financial growth and strength of the association. This PLAN shows non-financially trained officers how to accomplish these goals by employing a mix of discussion and examples to help association volunteers and employees to better understand their fiduciary role.

Understandable Financial Statements

Financial statements should be constructed to provide management what it needs to effectively control the organization. The statements should be comparative, showing current financial data as well as past financial performances. They should be understandable to non-accounting managers and easy to interpret. In addition, the statements should be streamlined, relatively brief, and not filled with unnecessary details.

Timely Financial Statements

Internal financial statements should be prepared and distributed on a monthly basis, preferably within ten working days after the close of the prior month and as soon as the cash reconciliation is complete. When statements other than monthly ones are prepared, and it takes longer than ten days to distribute them, management cannot take proactive, well thought-out action to correct problems. Rather, decisions will be based on old data, problems may worsen, and valuable time will be lost that could have been used to make corrections.

Accurate Data
Unless the data on which you are basing your financial reports is accurate, you are conducting an exercise in futility. Don’t frustrate directors by making the financial statements overly complex and cumbersome. Begin with the distribution of monthly reports showing budgeted and actual figures. These monthly statements should be prepared and distributed by the CSO within ten working days after the close of the prior month. Proper timing of these monthly financial statements is essential if directors want to be in a proactive rather than reactive position to correct budgetary problems. The sooner the leaders of the association recognize that problems exist, the faster corrective plans of action can be implemented.

**Responsibility of the Board of Directors**

Once directors receive the monthly financial statements, they have two responsibilities: (1) they must analyze the revenue and expenses; and (2) they must determine what went right and what went wrong during the reporting period. This continual or rolling approach to monthly budget reporting has two advantages:

- The continual approach breaks down time-consuming annual budgeting processes into twelve easily manageable budget increments.
- The continual approach results in a remarkably accurate and detailed budget.

This system is easy to implement, easy to manage, requires much less staff time, ensures true fiscal accountability, predicts the ability to pay the
bills, and results in a far more accurate budget than other budgeting approaches.

Directors analyzing an association’s financial statement should know the answers to these perceptive questions:

- Will the association be able to pay its bills and payroll during the coming month and the coming year?
- Has the money been spent wisely?
- Is the incoming revenue more or less than in previous accounting periods?
- What are the reasons for any variations?
- Are the expenses of the organization properly explained?
- Are the various expenditures in line with the budget?
- What are the reasons for variations?
- Are there variations in the expenses compared to those in previous accounting periods?
- Are reserves being accumulated for the future?
- Does management really understand the true financial situation of the organization?
- What are the assumptions that have been made on any projected figures?
- When was the last professional audit of the association’s books?
Primary Financial Statements

An organization's financial documentation includes (1) a balance sheet, (2) an income statement, (3) a cash-flow statement, and (4) a budget.

The balance sheet, sometimes called the statement of financial position, shows an organization’s solvency by comparing its assets and liabilities. Balance sheets are "snapshots" of an organization on a specific day. Most organizations publish their balance sheets as of the last day of the year, which describes in accounting terms the monetary value that has been accumulated and the debt that has been incurred over the preceding year.

Note: The currency of Tierra Bonita is the Zoya represented by the symbol z.
### Seaside Chamber of Commerce
#### Balance Sheet
December 31, 1997

#### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>2,000.00</td>
</tr>
<tr>
<td>General Operations</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Reserve Account</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Doubtful Dues</td>
<td>500.00</td>
</tr>
<tr>
<td>Publications</td>
<td>625.00</td>
</tr>
<tr>
<td>Pre-Paid Expenses</td>
<td>1,600.00</td>
</tr>
<tr>
<td>Inventory</td>
<td>650.00</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>4,000.00</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>875.00</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>15,500.00</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>1,600.00</td>
</tr>
<tr>
<td>Deferred Income:</td>
<td></td>
</tr>
<tr>
<td>Dues</td>
<td>400.00</td>
</tr>
<tr>
<td>Conference</td>
<td>500.00</td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>10,000.00</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>12,500.00</strong></td>
</tr>
</tbody>
</table>

**NET WORTH OF SEASIDE CHAMBER**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,000.00</td>
</tr>
</tbody>
</table>

The balance sheet is often prepared with comparative figures of the previous year placed in a column alongside the current year’s figures. This two-column approach is helpful in allowing the board and members to understand trends and identify problem areas.

The **income statement**, also called the statement of activity, shows an organization’s profitability by detailing revenues and expenses and is relatively
easy to understand. The income statement is the measure of an organization's financial performance over a period, usually once a month or once a quarter.

<table>
<thead>
<tr>
<th>Seaside Chamber of Commerce</th>
<th>Income Statement</th>
<th>January 1 to December 31, 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues</td>
<td>=</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Meeting Registrations</td>
<td>=</td>
<td>500.00</td>
</tr>
<tr>
<td>Exhibit Booths</td>
<td>=</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Publication Sales</td>
<td>=</td>
<td>565.00</td>
</tr>
<tr>
<td>Less: Cost of Goods Sold</td>
<td>=</td>
<td>365.00</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>=</td>
<td>11,700.00</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>=</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Newsletter Printing</td>
<td>=</td>
<td>50.00</td>
</tr>
<tr>
<td>Telephone</td>
<td>=</td>
<td>200.00</td>
</tr>
<tr>
<td>Rent</td>
<td>=</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Supplies</td>
<td>=</td>
<td>200.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>=</td>
<td>350.00</td>
</tr>
<tr>
<td>Insurance</td>
<td>=</td>
<td>200.00</td>
</tr>
<tr>
<td>Meeting Room Rent</td>
<td>=</td>
<td>10.00</td>
</tr>
<tr>
<td>Publication Purchases</td>
<td>=</td>
<td>50.00</td>
</tr>
<tr>
<td>Depreciation</td>
<td>=</td>
<td>875.00</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>=</td>
<td>7,935.00</td>
</tr>
<tr>
<td><strong>PROFIT (LOSS)</strong></td>
<td>=</td>
<td>3,765.00</td>
</tr>
</tbody>
</table>

The income statement can also be prepared to compare one accounting period with another by adding a column of prior revenues and expenses along side with the current numbers.

The **cash-flow statement** is the key to running a successful association. This accounting report monitors carefully the cash-flow of the organization. Cash-flow is defined as the timing of the amount of money projected to come into the coffers of the association during a month compared to, or matched
with, the amount of money to be spent during the same month, which will identify a positive or negative balance by the end of the period.

### Seaside Chamber of Commerce
Cash-flow Statement
January 1 to January 31, 1998

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Cash Balance as of 12/31/97</td>
<td>3,765.00</td>
</tr>
<tr>
<td><strong>Cash-flow In</strong></td>
<td></td>
</tr>
<tr>
<td>Due</td>
<td>200.00</td>
</tr>
<tr>
<td>Meeting Registrations</td>
<td>100.00</td>
</tr>
<tr>
<td>Exhibit Booths</td>
<td>0.00</td>
</tr>
<tr>
<td>Publication Sales</td>
<td>50.00</td>
</tr>
<tr>
<td>Less: Cost of Goods Sold</td>
<td>40.00</td>
</tr>
<tr>
<td>Total Cash-flow In</td>
<td>310.00</td>
</tr>
<tr>
<td><strong>Cash-flow Out</strong></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>500.00</td>
</tr>
<tr>
<td>Newsletter Printing</td>
<td>50.00</td>
</tr>
<tr>
<td>Telephone</td>
<td>50.00</td>
</tr>
<tr>
<td>Rent</td>
<td>84.00</td>
</tr>
<tr>
<td>Supplies</td>
<td>20.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>35.00</td>
</tr>
<tr>
<td>Insurance</td>
<td>0.00</td>
</tr>
<tr>
<td>Meeting Room Rent</td>
<td>5.00</td>
</tr>
<tr>
<td>Publication Purchases</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Cash-flow Out</td>
<td>744.00</td>
</tr>
<tr>
<td><strong>Cash-flow (Positive or Negative)</strong></td>
<td>(z 434.00)</td>
</tr>
<tr>
<td>Ending Cash Balance as of 1/31/98</td>
<td>3,331.00</td>
</tr>
</tbody>
</table>

This cash-flow concept is important to understand. For instance, if the association has peak periods when receiving dues income during one part of the year and the program of work requires spending large sums during another time of the year, then there could occur a timing problem of having the money in hand to pay the bills. A negative number shows that more money is planned to be spent during the month than is going to be received. Something has to give. Not understanding the cash-flow situation is the number one reason why
associations fold and go out of business. Knowing the association's cash-flow situation each month is crucial for both the leadership and the CSO to monitor. They will have to make tough decisions on how to make up a shortfall.

There are only four options in solving a negative cash-flow position:

1. **Revenue** will have to be increased.
2. **Expenditures** will have to be reduced.
3. **Money** will have to be taken from reserves.
4. **Debt** will have to be incurred.

The directors and the CSO will have to carefully analyze each of the options and choose the best, or the combination of best, methods to handle the negative cash-flow situation.

The above financial statements—the balance sheet, the income statement, and the cash-flow statement—do not necessarily comply with the various agreed-on formats that various nations use. However, the samples are for illustrative purposes and should be adapted to conform to the indigenous accounting conventions and practices.

**Preparing the Budget**

When prepared properly, an annual budget is a very effective and necessary management tool. If a CSO will make certain the organization has understandable, timely, and accurate financial statements, the association's budgeting system will be far less cumbersome and the ability to manage the budget should improve significantly.
### Seaside Chamber of Commerce
#### 1999 Budget

**PROJECTED REVENUE**
- Dues: $1,000.00
- Meeting Registrations: $700.00
- Exhibit Booths: $2,000.00
- Publication Sales: $1,000.00
- Less: Cost of Goods Sold: $800.00
- Total Revenues: $5,500.00

**PROJECTED EXPENDITURES**
- Salaries: $10,000.00
- Newsletter Printing: $50.00
- Telephone: $200.00
- Rent: $1,000.00
- Supplies: $300.00
- Utilities: $350.00
- Insurance: $200.00
- Meeting Room Rent: $50.00
- Publication Purchases: $50.00
- Depreciation: $975.00
- Total Expenses: $13,175.00

**PROJECTION FOR RESERVE ACCOUNT**: $2,325.00

The sample budget above has the 1999 figures in one column. Like the other financial statements, the budget can also be a comparative document by simply adding the previous year's actual figures in another column. This additional information will help the board of directors in their deliberations and approval of a proposed budget.

**An Expense-Reduction Plan**

Financial and budget problems are inevitable even in the most stable organizations. Despite this inevitability, few organizations have formal plans of action to take when faced with financial problems. If an
organization has no formal plan of action to offset unexpected expenditures from emergencies or projects and programs that present opportunities too good to turn down, management will make hasty decisions that may create more problems than are solved. The easiest way to implement a plan of action to offset over-expenditures is to have a pre-approved list of priorities of expenditures that can be eliminated when necessary. This plan should be developed by the CSO, so quick recommendations can be made if the occasion arises to implement such an expenditure cutting procedure.

**Money Struggles and Budget Drudgery**

Is your organization’s financial situation a daily struggle in drudgery? Do you spend countless hours preparing a budget and financial statements, knowing the time should have been spent on more productive activities? Are you being controlled by your organization's financial circumstances rather than you controlling money? Is this battle due to an obsolete financial and budgeting system?

Despite your best efforts, is your budget usually a mere restatement of the prior year’s actual activities adjusted for inflation and other factors and divided by twelve? The financial responsibilities do not have to be a travail if you follow the above common sense tips, learn to read and produce the balance sheets and the income statements, and discover how to manage the cash-flow of your organization. Learning these techniques will allow you to move on to
the more fun and dramatic activities of your association with more confidence and less anxiety.

**Some Technical Knowledge: Two Types Of Accounting Processes**

Financial statements in most countries are prepared by one of two methods of accounting: the cash basis or the accrual basis.

1. **Cash basis.** Financial statements prepared on the cash basis are very simple to construct. Revenues are recognized when the money has been physically received, and expenses are recognized when money is disbursed. A cash system, although not as informational as the accrual system, is the easiest system for small organizations that are operating on a tight budget. The cash basis of accounting reflects daily the exact cash financial status of the organization and enables them to determine regularly what their cash balances are.

2. **Accrual basis.** Financial statements prepared on the accrual basis are much more difficult to prepare and usually require a trained accountant. However, they are usually more informative and provide for better planning. In accrual accounting, revenues are recognized when they have been earned, even if the organization hasn’t received the money. Expenses are recognized when they have been incurred, even if the organization hasn’t paid the expense. Additionally, accrual accounting attempts to recognize revenues and expenses in the period in which the revenues have been earned and the expenses have been incurred. This is called the matching principle.
While accrual accounting is more difficult, the resulting financial statements are much more accurate than statements prepared on the cash basis.

**A Word about Nondues Income**

A major trend for associations heading toward the 21\textsuperscript{st} Century is the massive effort to derive income from sources other than membership dues. Groups around the world are vigorously attempting to find innovative ways to obtain revenue. In Russia, chambers of commerce are providing advertising agency services as well as bonded warehouses for their members. In America, associations are selling everything from health insurance plans, telephone discounts, and publications to business forms. The list in Appendix C shows some of the programs that associations are attempting to use to fill voids in the marketplace. There are many success stories, but there are also many pitfalls. Associations are being attacked by business people who accuse them of being competitors. Each governing body must decide what types of nondues activities are appropriate for an association. The field of nondues revenue is fertile, but it is filled with land mines.

**PLAN Highlights**

The financial managers of the association must be very careful because they are dealing with other people’s money. They have a fiduciary responsibility to the members of the association to make sure the funds are spent properly and accounted for accurately. The quickest way to destroy an association is to have a financial scandal. Even though budgeting and
accounting are often tedious work, the CSO must take the responsibility to make certain that all funds coming into the association and all funds leaving are utilized for the purposes intended by the board of directors and the members. The best way to accomplish those goals is to have understandable financial statements—the balance sheet, the income statement, the cash-flow statement, and the budget—that are produced in a timely manner, with scrupulously accurate data so the directors and the members have complete confidence in the management of the association. A monthly income statement should be given to the board. A year-end balance sheet should be sent to the members. The annual budget should be prepared, and the cash-flow should be monitored. With money, an association can function. With profits and proper accountability controls of that money, an association will flourish.

Questions for PLAN Three

1. Why is proper financial management of an association critical to the success of the organization?
2. Define four basic financial statements for associations.
3. From the example financial statements of the Seaside Chamber of Commerce, list the nondues revenues. Are these sources of money important to the chamber of commerce? Why?
4. Describe the concept of cash-flow. Does the Seaside Chamber of Commerce have a positive or negative cash-flow for the month of January 1998?
5. From the BUILDER’S MODEL, develop an expense reduction plan for the Seaside Chamber of Commerce.
6. Why is building an association’s reserve accounts important?
7. Are profits important for an association? Why?
Why are billions of dollars, rubles, yens, francs, rand, lire, marks, dinars, pounds, etc. spent around the world each year trying to attract attention to products, services, and groups? McDonald's, the American fast-food chain, tells its story to sell hamburgers, Shell Oil to pump gasoline, Estee Lauder to peddle cosmetics, and the U.S. Chamber of Commerce to attract new members. That's why such huge amounts of money are spent in communicating information to the public. All successful organizations try to shape the public's buying decisions by conveying positive knowledge to targeted audiences.

Daniel Webster, a famous American statesman said, "We live in an age, fellow-citizens, when there has been established among the nations a more elevated tribunal than ever before existed on earth; I mean the tribunal of the enlightened public opinion of the world." He made this statement in a speech in 1842. His words apply today. The court of public opinion is very
unforgiving. Business associations and chambers of commerce are on trial every day. But, at the same time, the opportunities for achieving phenomenal success are also waiting in the same court of public opinion.

Hence, a business association may be the most efficient organization in the nation, but if nobody knows about its positive contributions to the economy and society, the association will surely not reach its full potential and could even go out of existence.

The right information not only sells products or services but also bestows power on businesses, governments and associations. Power, the ability to accomplish desired goals, creates profits, achieves political agendas, gains new members, and accomplishes other important objectives. For instance, the ability to put forth information that people want and need gives business associations the strength to gain approval for programs, garner support for policy positions, and attract and retain loyal members. An understanding by the prospective members and the general public that an association's goals are for the good of the nation and are not just self-serving ambitions helps gain credibility. Credibility increases political influence, which generates the necessary power to accomplish additional chosen objectives.

The organization's core message describes the vision of its leadership. The word message in the association profession is used in a very broad sense. The message can tell of activities and achievements of volunteer workers, or it may argue a particular point of view or explain a program. In other words, the
essence of written or oral communications is considered the message of an organization. The message is the core meaning, the sum and substance of what an organization is really trying to accomplish; therefore, the association's mission, objectives, and program of work must be inextricably tied to its message.

Is communicating such a core message necessary? The obvious answer is yes. No single activity is more important to the long-range success of an association. The way in which that message is delivered has become hypercritical in the modern world. A good communication or public relations program increases the overall value of an association. If members perceive that an organization is doing a good job, they believe that they are getting their money's worth and will be motivated to continue giving their time, talents, and money. Governmental officials who perceive that a strong association is concerned about a specific public policy will take the group's positions into consideration when making political decisions. Prospective members are more likely to join an association that is well known and well respected. The benefits of a favorable image are endless.

With an effective communication program, an association's chief staff officer (CSO) will be perceived as a capable leader and will be able to accomplish personal career goals. But an unfavorable reputation or an ineffective operation cannot be covered up with fancy brochures or articulate speeches. A communication program can only explain what an organization is already doing by trying to put achievements and activities in the best possible
light. Still, perception is often reality, and the way people perceive an association is crucial to its success. A poor image is usually a major contributing factor to the demise of an association.

Unfortunately, many organization employees, boards of directors, and committees become so involved in day-to-day activities that they forget to plan or execute good communication techniques. To deliver a message properly takes time, effort, and money, so public relations programs are often placed on the back burner. But successful managers, who place a high priority on communications, will find time and resources to tell the association's story properly.

**Defining the Terms**

Many different terms are used to describe the efforts by professional association managers to sway opinions and shape their organizations' images. The words *communication* and *communications* have become catch-all designations. For the purposes of this plan, the terms include the management functions of public relations, publicity, marketing, and advertising. The term also includes all written and oral messages used by a business association or chamber. Each function listed has a well-defined purpose and has evolved into its own profession, with a body of knowledge detailing the skills involved in the practice of the profession. But for most business associations with small staffs and very few specialists, the communication effort often encompasses all of the varied functions dealing with telling the group's story to its many audiences. Whether the information
used to tell the story is relayed by purchased advertisements, free press releases, or direct contact by volunteer marketers, the need to sell the organization's message is a very necessary part of its program of work.

Shaping public opinion in order to gain legitimate business and political strength is a traditional function of associations around the world. The standard formula used by the communication profession for achieving this goal consists of three elements: (1) carefully crafted messages, (2) precisely defined target audiences, and (3) correctly selected communication tools. Throughout this PLAN, these three components of a communication program will be discussed and illustrated.

**Communicating Is a Two-Way Street**

To achieve success, the communicator must listen as well as talk. Communicating is a two-way street. Of equal importance to putting forth a message is for the communicator to receive feedback from the audience. Why? Because most messages must be adjusted over time, depending on how an audience is receiving and understanding them.

An analogy may be useful to describe the average communication efforts of a business association. The CSO should consider that delivering his or her
group's messages is "like talking to a parade of people." The communicator is trying to gain attention as each potential listener in the audience marches by. These listeners are in constant transition, coming into hearing range and then marching on by. This parade-of-listeners analogy applies to an association. The volunteer members are changing constantly. Boards of directors go in and out of office regularly. News media people come and go. Governmental officials lose elections. In fact, every audience for a business association's message changes rapidly and dramatically over a short time. So communicating is a process—a never-ending process of telling the story over and over again. The communicator must constantly repeat the association's mission, objectives, policies, activities, products, and services as potential listeners parade by.

**May I Have Your Attention, Please?**

Competition for attention among consumers of information worldwide is ferocious. Newspapers, radios, televisions, billboards, and other communication tools seem to be shouting through headlines, flashy gimmicks, colorful artwork, and wondrous computer technology. People become numbed by excessive messages. According to Stan Rapp and Tom Collins in their book *The Great Marketing Turnaround*, some studies show that Americans are bombarded by 5,000 different messages each day, and supposedly that number is increasing...
steadily. All over the world communicators compete for attention. From simple advertising on matchbook covers to a home page on the WorldWide Web, people's brains are being flooded with message after message. Among all those words and sounds, an association must gain and hold the attention of key audiences whose financial and political support is required. Communicating one's message is a survival technique, not an optional program to be discarded if more pressing matters appear on the scene.

A business association must draft a blueprint for communication as part of the organization’s overall strategic plan. The communication plan should cover every positive facet of the association’s story. The plan should include the key messages and a list of the target audiences. Written material should be prepared about the philosophy, the programs, and the facts about the association. In addition, a crisis-management plan should be a significant part of the overall communication plan.

In developing such a plan, associations often use outside experts for advice and assistance. Some associations establish a committee made up of communication professionals from member businesses. Along with the association staff, the committee develops the basic communication plan. The board of directors should approve it and monitor its implementation and annual updating.

Here are some suggested steps for an association designing a communication plan:

- Establish a communication committee or task force.
• Review the association's mission statement to make certain all communication efforts reflect the organization's philosophy.

• Review the strategic plan to make certain all areas of the organization are getting attention and that the communication plan is coordinated with the various strategies of the association.

• Gather facts about all phases of the association.

• List all major problems confronting the association.

• Assess the programs of all competing organizations.

• Make a simple and objective comparison of the perceived public images of competing organizations.

• Set priorities to determine which are the most important activities or programs to promote.

• Identify key target audiences that the association needs to influence.

• Consider the most practical media to use with each target audience.

• Determine available funds.

• Select appropriate personnel.

• Conduct surveys and focus group sessions to determine existing opinions of target audiences.

• Select the media to be used for each element of the plan.

• Establish a time line for implementation of the plan.

• Include a crisis-management strategy.
• Gain approval for the plan from the communication committee and the board of directors.
• Coordinate the plan with all staff members.
• Implement the plan.
• Receive feedback from audiences, members, and staff.
• Make necessary adjustments to the messages in the plan.
• Review, revise, and continue the plan annually.

This communication plan should be formalized in an official document outlining assignments, identifying responsibilities, setting dates for the execution of events, and establishing expected results. The document for some small associations may be only one or two pages in length or, for some larger associations, several pages. The length is not as important as the quality of the plan. The caliber of the messages and the choice of the delivery systems are critical to the future of the association.

The Philippine Chamber of Commerce and Industry (PCCI) established one such communication plan to accomplish a specific public policy strategy. The restoration of democratic institutions in that nation had helped shift the economic debate away from the traditional and inward-looking protectionism toward market liberalization and globalization. Still, vested interests were hostile to

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the economic reforms, so PCCI developed public understanding and support for economic stabilization through a syndicated column in national newspapers published weekly entitled "Voice of Philippine Business." Over time the chamber was truly considered the spokesperson for the business community.

**Tools for Building a Pipeline**

The selection of the delivery systems of the association's message must be carefully analyzed. Consider the delivery system as a pipeline for communication directed at target audiences. To carry the pipeline analogy a step further, the message becomes the material that the association puts into one end of the pipe. That message flows through to be received at the other end by the readers or listeners.

Communication pipelines come in many different forms—from the most obvious mass media such as handbills, newspapers, radio, and television, to the more personal media, such as brochures, speeches, billboards, posters, letters, and electronic mail. The variety of media is endless. For example, the Confederation of Bolivian Businessmen published three *Legislative Projects* bulletins devoted to a more in-depth review of the economic and legal implication of draft laws. The Institute of Economic Affairs of Ghana gave the nation's newspapers graphs and excerpts from its reports to expose a wider public readership to the issues involved in economic reform and democratic governance.

Here's a partial list of communication tools.
• Face-to-face discussions
• Personal letters
• Thank-you notes
• Retention letters
• Speeches
• Interviews
• Computer technology including electronic mail and the World Wide Web
• Telephone calls
• Questionnaires
• Follow-up letters
• Membership directory
• Invitations
• Press releases
• News media editorial board meetings
• Press conferences
• Personal media contact
• Media background briefings
• Media tours
• Television news interviews
• Feature articles in newspapers
• Letters to the editors
• Opinion articles on editorial pages
• Radio news interviews
• Radio talk shows
• Brochures
• Business letter envelope inserts
• Paycheck envelope inserts
• Paid advertising in mass media
• Magazine articles
• Newspaper tabloid sections
• Maps
• Flyers
• Special research reports on trends
• Policy papers on political issues
• Outdoor advertising signs
• Specialized directories
• National opinion surveys
• Special awards
• Books
• Academic and scientific journals
• Buyers’ guides
• Photographs
• Videotapes
• Computer compact discs and diskettes
• Business cards
• Tent cards for tables
• Bulletin boards
• Action call mailings
• Membership solicitations
• Annual membership dues billings

A few of these items may not normally be considered "media" by some people, but one can argue that every mechanism of communication can be utilized to create an impression. That impression can be favorable or unfavorable. The true professional communicator must look for every affordable device, no matter how insignificant or how grandiose, to spread his or her message to the chosen target audiences.

Association meetings often serve as communication tools. For example, a special event can communicate the message of the association as well as a news release or a newsletter:

• Fairs
• Trade exhibits
• Awards banquets
• Special lectures
• Political debates
• Town hall meetings
• Annual meetings of the association
• Board of Directors meetings
• Committee meetings
• Workshops on issues, laws, and regulations
• Business subject seminars
• Citizen-of-the-year awards
• Political candidate receptions
• Tours of members' plants and offices

Here’s another example of a communication tool. The Pskov, Russia Chamber of Commerce built an impressive computer database of economic data about its region, which communicated the effectiveness of the organization to its members and visitors. There is no end to the possibilities for delivering messages through imaginative planning of communication programs.

**Preparing for a Crisis**

The defining moment for an association may be a crisis. Therefore, many outstanding associations include a crisis-management plan in their communication tool kit. A crisis-management plan develops a strategy for handling unexpected events before they actually occur. Managers must be ready at a moment's notice for the unforeseen disaster, business collapse, economic failure, political emergency, or other surprise situations.

Here is how to develop such a crisis plan for an association. The staff along with the public relations committee should think through every likely emergency. Play the "what if" game by asking "what if" this happened or that happened, then what would be the correct action for the association to take? Emergencies such as government coups d'État, personal scandals, major business failures, deflation in prices within an industry, and sudden natural
disasters can occur at any moment. A proper response to an emergency can be critical to the future direction and image of an association.

If a crisis does occur, explain negative news as soon as possible. Do not try to hide mistakes or wrongdoings. Eventually the news media will uncover the truth. It is far better to explain your side of the truth as soon as possible than to be placed on the defensive, answering unwarranted questions about the association spokesperson's honesty. Develop a one-page document with names and telephone numbers for the members of the news media to contact. Have that list readily available for distribution. Make certain that all the facts are collected about a particular situation as soon as possible—preferably before making any kind of public statement to the press. Do not make up an answer if the facts are not available. An irreparable mistake can be made by guessing at the cause or the outcome of a tragedy rather than admitting publicly that a dilemma is unresolved. Never mislead news reporters, lose your temper with them, or make threats toward them. Never make a statement to a news reporter that should not be seen in print. Be sure to correct factual errors as soon as possible.

Planning ahead for a crisis will lessen the negative impact a catastrophic event might have on a business association. Chambers of commerce are especially subject to crises—major industrial layoffs, plant closings, community disasters, or image-destroying events. Plan now and hope the day of dread will never come. But if it does, being prepared is the key to success and will make the event much less disturbing.
The professional communicator understands that his or her message must be focused, simple, and clear. A fascinating story from history illustrates this point. Philip II, king of Macedonia and father of Alexander the Great, subdued or formed alliances with all of the major Greek city-states except the stubbornly independent Sparta. Finding diplomacy of no use, Philip sent Sparta the following threat: "You are advised to submit without further delay, for if I bring my army into your land, I will destroy your farms, slay your people, and raze your city." Sparta's reply was simple: "If!" As one writer says, "Recalling Sparta's glorious military past, Philip thought better of it and left them alone."

The one-word message "if" was clear. It was focused. It was simple. Apparently, it was very effective. The leader in Sparta was a good communicator.

The real secret to gaining the audiences' attention is to have information that they want or need in a format that they will use. The message must be directed to the right audience. In business associations, audiences may be internal, such as boards of directors, committees, staff, chapters, and general members. Audiences may also be external such as potential members, news media, governmental officials, other business organizations, and prominent individuals. Communications must be targeted to hit the appropriate audiences, or the words will be among the thousands of messages that are ignored each day. Research is often needed to determine the proper audiences.
for products and services. Surveys and focus groups are in wide use in today’s association world. But common sense goes a long way in selecting the targets for focused association messages.

**Writing for Readership**

Even though the written message must be clear, concise, and simple, be sure to include complete information needed by a reader or listener. The best way to include the pertinent information is to answer these questions—*who, what, where, why, when*, and *how?* Good writing centers around the answers to these six questions. Not all answers necessarily have to be in a lead sentence, but somewhere at the beginning of the message each interrogative should be answered.

Writing for readership in the print medium means making the reader want to continue reading. Pull the reader along by making the writing come alive by highlighting the main points, crafting good lead sentences, using interesting illustrations, writing with action words, and including fascinating facts. A mistake-plagued work that is poorly written, too long, with missing information, and undated material will soon end up in the recycling bin. Make readers glad they picked up the message.

Difficulty and frustration may arise when the news media fail to publish or air stories that an association sends to them. A word of warning—remember that the public news media are *not* the public relations department for any particular association. Therefore, learn what the media believe is newsworthy:

- Send them material that truly warrants being published.
√ Make personal visits to publishers.
√ Get to know the reporters and editors on a personal basis.
√ Be available when reporters are trying to get comments on business activities.
√ Treat the news media personnel with respect, as professionals.
√ Do not send them fluff material aimed solely at making you or your association look good.
√ Be aware of newspaper deadlines and constraints on layouts.
√ Be sure to write a different and shorter version of news releases for television and radio instead of sending them a long and involved story that you prepared for the newspaper.

If your writing is professional, your stories are newsworthy, and you’ve taken the time to build good relationships with the news reporters, you will receive favorable treatment.

In today’s global village, readers may not know the native tongue of the members of the organization. Consideration should be given to translating publications into foreign languages. The Russian Federation Chamber of Commerce and Industry published its annual report and promotion brochure in both Russian and English. Most business people now carry business cards with more than one language. Writing for readership requires many different strategies.

**The Most Popular Communication Tool: Meetings**
One of the most accepted and useful methods of communicating with members and allies is the meeting. Make no mistake about it, associations are in the "meeting business." From board meetings to committee meetings, from quickly called chatter sessions to annual conferences, large and small associations alike hold a myriad of meetings each year. The association profession has discovered that one of the most effective means of communicating a message is through face-to-face discussions around a conference table.

The average association employee normally spends several hours during the work week attending meetings. Some CSOs complain that the only thing they have time to do is to get from one meeting to the next. Some people consider meetings to be a waste of time. Often they are correct. Critics claim that meetings waste not only time but also money. They are often right on target with that criticism. But many outstanding associations have found that carefully planned meetings based on the principles of good meeting management can be a very inexpensive and fruitful way to make decisions, brainstorm solutions to a problem, establish guidelines for conduct and performance, and provide income for the association.

Professional meeting planners have discovered that different types of agendas should be used for specific kinds of meetings. For instance, most associations conduct four kinds of group sessions—policy and administration meetings of a board of directors or a committee; brainstorming meetings to find solutions to a specific problem; project planning meetings to lay out the steps
necessary to complete a project within a specified period; and long-range planning meetings to determine future directions of the association.
Meeting Management Principles

- **Pay close attention to details**, including the room arrangement, lighting, sound system, heating or cooling, availability of note pads and pencils, audiovisual aid equipment, appearance of the meeting room, and all preparatory details necessary to make attendees comfortable and ready to concentrate. No detail should escape notice of professional meeting planners.

- **Send out early notices** for a meeting if possible and then follow up by telephoning participants to remind them of the time and place.

- **Start on time—end on time**. Do not penalize those who come early by making them wait for those who arrive late. Gain a reputation among members that the starting time on the meeting notices are when the chair starts the meeting.

- **Set an ending time and aim for it**. If attendees know that the meeting is supposed to be over in one hour, they will conduct themselves in a manner to accomplish that goal.

- **Make certain that a formal agenda is available** for all to see at the beginning of the meeting. An agenda should be a working tool that allows the moderator to move the conduct of the meeting forward without wasting time and energy on unrelated or irrelevant subjects.

A **policy and administration meeting** of a board or a committee, where decisions about the conduct of business are made, should have a formal agenda. That agenda should have the following items: a call to order by the moderator, approval of minutes of previous meetings, introduction of guests, formal resolutions, new business, unfinished business, and adjournment. Parliamentary procedures based on the principles outlined in such books as *Robert's Rules of Order* should be followed faithfully. Participants should not
be allowed to digress from the subjects on the agenda, and a formal vote should be taken on each item.

**A problem-solving meeting** is often called a "brainstorming session" in the association profession. A brainstorming session differs greatly from a policy and administrative meeting. The moderator should announce that all participants should try to come up with as many different solutions as possible for the stated problem during a specific period, usually one hour. All ideas should be recorded. Parliamentary procedure is not necessary and free-wheeling discussions and suggestions for solutions are encouraged by the moderator. At the end of the brainstorming session, the various ideas are prioritized and then forwarded to a decision-making group for final selection of the best alternative to solve the identified problem.

**The planning meeting** is another type of group activity for time-specific projects or events. Each activity and event should be discussed, assignments of responsibilities should be made, and time lines should be estimated. Many new computer software programs are now available to assist in planning and scheduling future projects and programs.

**A long-range-planning meeting** usually includes all who can contribute to the discussion on the future directions of the association. Such a meeting should have a formal agenda in order to facilitate the session, but lengthy discussions are part of the planning process. Research on past accomplishments and failures of the organization should be readily available. The vision, the mission, and the strengths and weaknesses of the association
should be examined. Threats to the viability of the group should be discussed in-depth. Opportunities for improvement should be identified. The end result should be a document that outlines new directions for the association.

The real reason for failure to accomplish the goals of a meeting in the eyes of the participants is that the leader of the group does not follow the proper agenda for the particular kind of meeting being conducted. A mixture of various types of meetings are allowed to intermingle. For example, during a policy and administration meeting, someone will begin planning a project or discussing long-range proposals instead of trying to make decisions on the policy or administrative matters at hand. Another very frustrating session for attendees occurs when a few of the participants start brainstorming on an unrelated problem that is facing the organization. Time wasters, such as these, give meetings a bad name. The culprit of long boring meetings is usually the moderator who fails to stick to the agenda for the scheduled meeting. If a proper agenda is followed for the proposed type of session—policy, brainstorming, long-range, or project—then business gatherings can be effective methods for communicating the messages of the association.

**Another Popular Communication Tool: Newsletters**

A very popular communication tool among associations is the newsletter. See Appendix D for a sample newsletter. Ranging in size from a one-page mailer to a multiple-page, full-color publication loaded with pictures and graphs, nearly every business association, professional society, or chamber of commerce sends a newsletter to its members on a regular basis. Newsletters
tell members about upcoming meetings, hot issues facing the association, actions taken by the governing body, activities of the committees, changes in staff, elections of officers, appointments of task forces, and other activities and achievements of the organization’s members.

The guiding principle should be that *members see themselves in their own publications*. This principle must be employed by the newsletter's editor by placing articles and photographs about the accomplishments and activities of the members. A newsletter should not be a report on how hard the staff thinks it is working. Many CSOs fall into this major trap. He or she perceives that the membership wants to know of the trials and tribulations of the employees of the organization. Soon the association's publication becomes an ego booster for the paid staff. Avoid this trap at all costs. Highlight the efforts of the volunteers and their work. Do not allow the staff to use the newsletter for self-promotion or to justify their jobs. The newsletter should be a tool to further the organization's goals and objectives, and to spotlight the results produced by the members of the organization.

Keep in mind that a reader will only take one to seven seconds to determine whether to read a publication past the initial glance. People don’t want to read; therefore, big headlines, photographs, and bold captions must be used to catch their attention.

Follow these rules:
• Before writing, determine what the objective is and who the readers will be.

• Decide what the reader should see first and decide what action you want them to take.

• Write and lay out the information for quick reading. The members want to skim for information, not engage in reading beautiful prose.

• When writing a general information article such as an important announcement, use a lead paragraph that gives the most important details (who, where, when, why, what, and how), followed by paragraphs in order of decreasing importance. The least important information should be at the bottom of the story.

• When writing a feature story such as an article telling an interesting story about a business, begin with a lead paragraph that will catch the readers attention, followed by descriptive paragraphs, quotes, additional information, and a strong conclusion at the end.

• Get to the point in the general articles immediately. Let the reader decide whether to complete the story.

• Make every word count. The brief nature of the newsletter will not allow for wasted rhetoric.

• Write as if it were a personal letter being addressed to a friend.

• Keep the paragraphs and articles short. The newsletter should be able to be read in five to ten minutes at the most.
• Use the who, what, when, where, why, and how questions to make certain all needed information is covered.

• Use the names and pictures of members at every opportunity.

• Quote the volunteer leadership, not the paid staff.

• Headlines should summarize articles in very few words.

• Write the headlines to catch reader attention, but do not repeat the headline information in the lead sentence of the story.

• Delete unnecessary words.

• Do not use long lists of names.

• Never, never underline. Words that are underlined are hard to read.

• Do not assume a reader knows the background of a particular issue or activity.

• Spell out acronyms.

• Answer questions that members may have.

• Specialize newsletters for various groups within the organization. For example, the business association's retail committee or the membership committee might warrant a specialized publication.

• Vary fonts and use bold type, but use no more than three different fonts. Make the typography and the appearance of the newsletter exciting and fun to read.
• Use a serif type face (letters with little hooks on them) for body text and sans serif (letters without the hooks) for headlines.

• *A picture is worth a thousand words.* So said an ancient Chinese philosopher. He was right. Use pictures with brief descriptions written below the photograph.

• Use color in your publications.

• Use computer clip art if available.

• Use 30 percent or less background shading. Higher percentages are harder to read.

• Use the **Z** approach when designing the front page. The **Z** is the natural path the reader’s eyes follow when looking at a page of text. At the top of the **Z**, put a headline in the middle, place a picture, then at the bottom, install a quote or a notice that will catch the reader’s attention. In Arabic countries, the **Z** layout must be reversed for reading right to left.

Remember, the newsletter does not need to be fancy, glossy, expensive, or long. Use a member of the association as the printer if possible. Make sure the members see photographs of themselves and read about their work in the organization's publications. Strive for effectiveness in communication, not for a reputation for publishing the most lengthy and boring prose. Make the newsletter a selling tool for the association by telling the reader how to join the
association. Put an application and the telephone number of the membership staff person inside.

**A Mass Communication Tool: News Releases**

All successful associations write and distribute news releases from time to time. The news release is the standard mechanism for delivering a message to the mass media. Certain fundamental principles need to be followed.

- First, decide who will act as the spokesperson for the association. This decision is critical to the relationship between the staff and the volunteer leadership. Some volunteers want to be in the spotlight of the news media, while others avoid publicity like the plague. Predetermine who will answer inquiries from reporters. As a general rule, the CSO should avoid being the association’s spokesperson unless the volunteers are insistent.

- Include in the written text of the news release all information needed to tell the story, in the right order, in the most simple language possible. Then stop when that is accomplished. In other words, do not load the release with unnecessary information that an editor will have to delete.

- Use the *who, what, where, why, when, and how* method mentioned above for checking the written material for sufficient information. An expertly written news release can be cut anywhere after the lead paragraph, and the full story will still be included.

- Match as closely as possible the style requirements of the particular news medium that might publish the release.
• When opinions must be expressed in a news release, attribute the remarks to a specific person and place the statements in quotation marks.

• Always place the name and telephone number of the association spokesperson in the upper left-hand corner of the release so a news reporter can contact him or her for additional information. Be sure to also have a briefing sheet and a copy of the news release prepared for the spokesperson with all the details concerning the subject matter of the announcement or statement.
For Immediate Release
Charles LeBlanc
Seaside Chamber of Commerce
Seaside, Tierra Bonita
Phone 555-5555

SEASIDE CHAMBER FIGHTS FOR REFORM

The Seaside Chamber of Commerce announced today at its monthly board meeting that the chamber is forming a new coalition with the National Association of Building Parts Manufacturers to fight for President Adolpho Sanchez's new federal tax reform plan.

Charles LeBlanc, chairperson of the chamber board, said, "Tax reform is imperative for Tierra Bonita to remain competitive in the global economy. The businesses of our country are burdened with overtaxation that makes the costs of our products higher than competing nations' manufacturers. This new coalition, which will be called Fair Taxes for Tierra Bonita, will help the president achieve his goals."

The executive director of the National Association of Building Parts Manufacturers, Helga Schiller, said "President Sanchez has always supported tax reform, and his proposal now pending before the legislature is vital for the building parts industry of Tierra Bonita. We invite others to join this Fair Taxes for Tierra Bonita coalition."

According to a report presented to the chamber board, federal business taxes add at least five zoyas to every Tierra Bonita-made building part. The average tax in other countries is equivalent to only three zoyas. The report, produced by the staff of the Chamber from a survey of building parts makers, further states that a decrease in the federal tax rate would actually produce more tax revenues for the government in the long run. The report argues that lower taxation will cause a dramatic increase in sales of parts and systems, which will in turn produce more tax money for the national treasury.

"President Sanchez's reform proposal is equitable, broad-based and non-regressive, and fosters a favorable business climate. His approach encourages economic development," LeBlanc said.

"Taxes should be few in number and easy to administer with the tax burden distributed primarily among income, sales, and property taxes, and not based on protectionism," said Schiller.

A policy statement issued by the chamber asserts that "equilibrium should be maintained between tax growth, population growth, and economic activity."
• Write in an understandable, direct, unbiased style.

• Avoid personal opinions, slanted verbiage, or biased conclusions.

• If the release is more than one page, be certain to write "more" at the bottom of the first page and at the bottom of each additional page. This method lets the editor know immediately if a page is missing from the release.

**PLAN Highlights**

The communication function of a business association is not a "sometimes" thing. Every day the messages, the target audiences, and the communication tools should be reviewed. Every day those target groups should be listened to for feedback. The clear, simple message of the association must be delivered with impact and flair in order to gain attention among the multitude of messages being placed before the public each day. Crises must be planned for and handled professionally. The routine newsletters and other communications must be fresh, exciting and informative. A business association or chamber that communicates with a step-by-step approach on a regular basis with its members and the public will be a thriving, dynamic, and powerful organization.
Questions for PLAN Four

1. Design a brief message explaining how some of the activities of the National Association of Building Parts Manufacturers relate to the mission of the organization.

2. Name three specific emergencies that may cause the Seaside Chamber of Commerce to implement a communication crisis-management plan.

3. Write the lead paragraph for a press release for the National Association of Building Parts Manufacturers about a proposed tax increase on exported building parts.

4. Write a headline and a lead sentence for the Seaside Chamber of Commerce's newsletter announcing the appointment of a new committee.

5. Assume a communication committee has been appointed by the Seaside Chamber and you are required to develop the agenda for the first meeting. Decide what kind of a meeting you will conduct and design a proper agenda.

6. Name five kinds of media that are available to the National Association of Building Parts Manufacturers.
In a democratic, market-driven economy, government can either help or hurt the expansion of business enterprises. The role of associations is to make certain that government encourages business growth. A premier organization should build a comprehensive program of work aimed at identifying, analyzing, and improving laws and regulations that affect its business members. This PLAN will deal with developing such a program.

Government actions affect the operations of business either positively or negatively. Therefore, influencing the passage of better laws or helping to repeal unfair regulations are very vital, proper, and laudable roles for associations. High taxes imposed by anti-business governments take away investment capital and slow the creation of jobs. Unnecessary regulations increase the costs of producing a product or service. Slow-moving or corrupt bureaucracies hinder a business's ability to take advantage of market opportunities and changes. For example, in many countries the process of obtaining a permit to operate a business takes months, sometimes years. Many require some kind of
an under-the-table payment to dishonest officials. Competitor nations that have eliminated these problems have an advantage in attracting new industries. The law in the United States prohibits the payment of bribes, so an American businessperson will not want to invest in a country where corruption is acceptable. Other highly industrialized nations have also moved toward anti-bribery laws in foreign countries.

Daniel O'Connell stated that "Nothing is politically correct which is morally wrong." Both politicians and business people around the world are finding that honest business practices are best for all their constituents: stockholders, employees, suppliers, and consumers. Dishonesty adds too much personal risk to business transactions, and more and more people and countries are rejecting praetorian methods.

Governmental and business groups in successful economies work together as partners with a common goal—improving the living conditions of all people by creating additional job opportunities. Sound governmental policies foster investment, encourage entrepreneurship and help create economic growth. Good-paying, safe, productive jobs provide the underpinning for profitable business endeavors, which in turn lead to strong local and national economies.

Identify Obstacles to Job Creation
In many countries, obstacles are placed in the way of a business's ability to create new jobs by unfriendly or unenlightened governmental officials. Often those obstacles are caused by ignorance, wrong perceptions, or differing views of world affairs by political leaders. Such unfortunate obstacles can cause unemployment. Many areas of business are subject to abuses by governments—high import and export duties, heavy taxation, unnecessary environmental regulations, unfair labor laws, anti-competitive regulations, impractical health and safety laws, unrealistic land use policies, costly utility regulations, capricious consumer protection laws, corrupt procurement and contracting practices by governmental agencies, lack of protection for intellectual property, and many other anti-business policies. The list is endless.

But around the world, business associations are taking positive action to overcome the obstacles to market economics. The Confederation of Bolivian Businessmen advocated fundamental changes that supported economic and democratic reforms by establishing a congressional analysis program. The Polish Federation of Independent Entrepreneurs has influenced policy makers and public opinion on economic issues in order to contribute to the nation's development. The Institute for Economic Affairs of Ghana has begun a legislative advisory service. The Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture has sponsored seminars to train business leaders on the proper role of the private sector in public policy.
formation. On and on, business people in the global economy are fighting for fair and equitable policies that encourage the creation of jobs and growth.

**Develop Useful Information To Be Successful**

Successful business associations promote policies that are good for private enterprises and find ways to overcome or eliminate obstacles to economic growth. One of the best ways your organization can successfully change public policies is to develop extensive information on how laws and regulations affect businesses and their employees, investors, suppliers, and customers. Data can be collected by surveying the members of the business association, by using statistical data collected by world organizations such as the United Nations, or by encouraging university professors to conduct business research. Governmental agencies in most nations have data such as tax revenues and tax rates that are useful in analyzing policy issues. Such information becomes a powerful leverage for implementing change.

As a rule, politicians do not intentionally hurt groups of voters. A strong case can be made for or against a particular governmental policy that affects a certain business by illustrating how specific laws affect the entire chain of people who have a stake in the business. Then politicians will listen and make informed decisions if they truly understand the consequences of their actions.

For example, burdensome taxes prevent business managers from expanding markets and from hiring new workers by taking away money that could be used for those purposes. High taxes reduce the ability of the managers to pay higher wages to existing employees. Too many taxes cause
the price of a product or service to increase, hurting consumers and making
the country's output less competitive in the global marketplace. Taxes
decrease profits that investors expect from an enterprise and discourage
additional investment and expansion of facilities. That hurts the building
trades. The repercussions are felt throughout the economy like a ripple from a
stone being thrown into water. This impact must be communicated to
legislators.

No doubt taxes and business regulations are necessary devices in a
prospering economy. People need and want many services and the protection
of government. But political leaders must carefully measure the benefits of
taxes and regulations. Taking money away from businesses instead of allowing
them to use their money to expand employment, markets, and investments is
counterproductive. In the long run, expanding businesses pay more taxes than
businesses that are struggling to survive. Also, regulations should have
specific societal benefits instead of merely being a tool for an uncaring or
corrupt bureaucracy. Governmental decisions should be balanced to do the
most good for the most people. The role of the business association in
advocating sound public policy is to help decision makers understand the effect
of their decisions on the overall economy.

Deliver The Information With Impact

If the best way to overcome political obstacles is to develop information
on how laws and regulations affect businesses, then the delivery of that
information with impact is equally important. The delivery system in a democracy is called *public policy advocacy*.

Public policy advocacy, also known as lobbying, is a time-honored tradition in the United States. Even though the news media and politicians often complain about the practices of lobbyists, the fact of the matter is that public policy advocacy provides politicians with the information they must have to make enlightened decisions. At city halls, state capitals, and in the national capital, special-interest groups have been an American tradition for over 150 years. Nearly every person in the United States is represented by one or more advocacy groups. Employees are represented by unions and professional guilds, while business people support chambers of commerce and trade organizations. Investors and consumers have their groups. Doctors, newspaper reporters, lawyers, fraternal and civic groups, and people who are poor, middle-class, rich, weak, powerful, religious, fraternal, and civic — all have pressure groups representing their views in the halls of government.

To some, the term *lobbying* has a negative connotation because of the perception that some mysterious group is attempting to illegally influence politicians to gain some selfish advantage for themselves. But in a representative democracy, public policy advocacy has become the most
practical way to explain the effects of a law on the constituencies of lawmakers. Politicians do not have the inclination, time, or resources to research every public issue that is presented before their legislative body. Special interest groups fill that void. Lobbyists by the thousands descend on the halls of the Capitol building to explain the facts and their own points of view to their elected representatives. In a democratic market economy, legislative reforms or new ideas must be sold in the political marketplace just as products or services are sold.

The word *lobbying* originated in the 19th century at the famous Willard Hotel in Washington, D.C. The hotel coffee shop was a favorite place for a certain president to eat. Those people who wanted to try to gain his favor waited in the lobby to catch him on the way in or out of the coffee shop so they could argue their case. Those advocates became known as lobbyists, and the word eventually came to mean any person or group who attempts to influence the making of laws and regulations in America.

Public policy advocacy has spread throughout the democratic world. Political pressure groups, including business associations, professional societies, and chambers of commerce, strive to influence parliamentary processes. Business advocacy, in fact, has become a very important and necessary part of most nations' lawmaking process.

**Listen to Members**

To form a legislative agenda, ask the members of your association what laws or regulations need to be changed. An organization must reflect the views
of those paying the dues. A good way to develop a member-driven public policy program is to carefully survey what members have to say about how laws and regulations are affecting their business operations.

Here's an example of a policy statement.

**TAXATION AND FISCAL POLICY**

The Seaside Chamber of Commerce supports a revenue system for Tierra Bonita that is equitable, broad-based, and non-regressive and that fosters a favorable business climate and encourages economic development. Taxes should be few in number and easy to administer with the tax burden distributed primarily among income, sales, and property taxes and not based on protectionism. An equilibrium should be maintained between tax growth, population growth, and economic activity.

Unfortunately, some organizations' chief staff officers (CSOs) form a public policy advocacy program based on their own personal political agendas, while ignoring the need to receive input from their members and theirpolitical allies.

**Use a Step-by-Step Approach**

For best results, take a step-by-step approach to developing a business advocacy program and include (1) staff research and policy recommendations on issues, (2) committee deliberations, acceptance, and recommendations of staff policy recommendations, (3) board of directors' deliberations and acceptance of committee policy recommendations.

After using this strategy, take the following additional steps:

- Establish a public policy committee to analyze legislative and regulatory issues.
• Have the association’s staff conduct legal and economic research on key issues.
• Present issue briefs to the committee and then brainstorm various solutions. (See sample issue brief following this list)
• Review hot issues that are being discussed by the politicians and the news media.
• Set priorities by determining which issues can really be influenced by the association.
• Gain membership input on those priorities through surveys and discussion meetings.
• Draft specific policy positions which the public policy committee will approve and recommend to the board of directors.
• The board should vote on the recommendations from the public policy committee and take firm stands on the issues. Once adopted by the board, the positions become a public policy agenda. That agenda then serves as the program of work for public policy advocacy efforts for the business association.
• Develop a legislative strategy for gaining support for the association’s policy positions.
• Make sure all persons involved understand and support the strategy. The political process should be clearly defined.
• Educate the membership on the need for change and mobilize the grassroots network of the association to gain public support.
• Communicate with the membership by sending them newsletters, legislative updates, and legal research papers filled with reasons for the proposed changes.
• Hold seminars and workshops to explain the details of the proposal.
• Sponsor social events and invite key lawmakers to help convince them of the rightness of the cause.

• Ask the membership to educate their own employees, suppliers, customers, families, and friends. Remember, democracy is a numbers game—a majority of votes will determine the outcome.

• Write letters to elected representatives and explain policy positions, and make direct contact to explain how the position of the association is good for the entire economy and for the people.

• Provide testimony before legislative or regulatory bodies on specific pending bills.

• Write thank-you letters to all politicians involved in the process, even those who did not vote the right way. There will always be a future issue on which their votes will be needed.

• Continually track the proposals passing through the legislative process so that additional follow-up action can be taken if necessary.
A sample of an issue brief used for the

Issue Brief
1996 National Issue Convention - The Free Market

Americans believe in rewarding effort, providing incentives for new economic ventures, and letting people get rich when they work at it. The best way to increase everyone's share is to make sure the economic pie keeps growing. Governmental actions—including heavy taxation of savings and investments, tax hikes, over-regulation of business, and other policies that discourage investors and entrepreneurs—have been a serious obstacle to faster growth.

If governmental policies were changed to encourage economic growth and help businesses take advantage of recent technological advances, America should be able to achieve growth rates that rival those of the post-war period. Rapid economic growth will generate new jobs and higher wages and salaries for most Americans. The free market system, which has been notably successful in providing a high standard of living for thousands of Americans, is the most promising way to achieve higher wages and a better standard of living over the next generation.

This would mean
• Lowering taxes, especially on savings and investment. With lower taxes, existing businesses would be encouraged to step up investment, and entrepreneurs would have a greater incentive to start new ventures.
• Balancing the federal budget so government borrows less. That would make more funds available, at lower interest rates, to invest in new or expanding businesses. It would also encourage individuals to finance and purchase homes or cars.
• Reducing unnecessary regulations to permit more freedom to those building or expanding economic enterprises.

In Support
• The market-based system has provided a higher standard of living than any other economic system in history. Why tamper with success?
• Americans think about fairness in practical terms. If you stay in school and get advanced training, you deserve to earn more. It's fair for those who save and invest and work hard to make a profit.
• Without the prospect of substantial economic gains, people would have no incentive to lend money or put their time and energy in new investments that are the key to an expanding economic pie.

In Opposition
• Economic growth is meaningless to most Americans if family income doesn't increase as a result of economic expansion.
• It's unrealistic to promise growth rates that rival those of the post-war years. While it is desirable to take various measures to enhance economic growth, it is unlikely that the American economy can grow much faster than its current rate.
• Income inequality justified in the name of efficiency and incentives has become excessive and morally indefensible over the past two decades.
• Cutting taxes, slashing regulations, and getting government out of the way sounds appealing. But public expenditures on schools, training programs, and services to children are necessary if we're serious about making equal opportunity a reality.

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Know the Legislative Process

Knowing how a law positively or negatively affects the members of a business association is the ammunition used by lobbyists. But of equal importance is knowing the details of the legislative process. Most representative democracies have exacting lawmaking procedures. Parliamentary governments have established traditions and entrenched proceedings to which lawmakers adhere rigorously. A business group, wanting to influence the lawmaking process, must become a master of the details of the legislative body.

The real players in the political process are tacticians who know how to use committee hearings, legislative debates, and parliamentary procedures of a governing body to their advantage. These activities vary from country to country and from legislative group to legislative group, but in all democracies, public hearings and civil rules of order must be established to conduct the business of the legislative body. These meetings and rules can be used to successfully pass or kill legislation. An influential business association that wants to change laws or create new ones must know the reasons why a law should be changed as well as the process through which that change must go.
NOTICE TO MEMBERS:

Tierra Bonita Senate Interim
Economic Development
Committee Meeting

____________________
Wednesday, April 3, 1 p.m.
Bay Inn West
Seaside, Tierra Bonita

____________________
This committee will hear public testimony on the use and effectiveness of national economic development incentives. All interested SCC members are encouraged to attend.

Agenda
• Tax abatement programs
• Enterprise zones
• Tax increment financing
• Use of cost-benefit analyses

For more information, call 555-5555

A Sample of a Notice

Find Opportunities for Involvement

A business association can become involved at every step of the legislative process. The organization can interpret existing laws and regulations and point out the need for changes, then disseminate that information to members, legislative leaders, government officials, news media, and the general public. The business group can provide organized access for government officials to dialog with business people about how proposed regulations or laws can affect the economy. Also, the group can provide
organized access to governmental officials for members who are seeking redress for unfair regulations or legislation.

A business organization can serve as an expert in governmental affairs, and provide guidance for its members through the regulatory and legislative process. In some countries, where restrictions on access to government have been enacted, a business group can become a legal vehicle for public policy advocacy. The association can have a special program to educate its members on the fundamentals of contacting politicians, and to prepare its leadership to testify before legislative bodies.

The association can furnish information on the people in government, the procedures that must be followed, and explanations on the structures of governmental administration. In other words, one of the most important services that a business group can perform for its members is to understand the political process, know how to play the game of politics, and get the members involved at a time in the process when desired results can be produced.

**Contact Officeholders**

Direct advocacy actually takes many forms—letters, telephone calls, office visits, grassroots campaigns, and formal testimony at legislative hearings are the most often used techniques.

Perhaps the most effective method is simply sitting down with key legislators or important administrative officials in a private meeting to present the case for the association's legislative program or policy position. Who
should represent the association in such a meeting with a politician should be carefully considered. Sending the wrong people is worse than doing nothing at all. Arrange for members to be present who know the officeholder from past dealings or who have some natural rapport. Make certain that those who are carrying the association's message to the politician have all the facts produced by research. Cautiously develop a meeting strategy beforehand.

**Warning:** When meeting with officeholders, remember these admonitions. Be brief. Be factual. Be truthful. Ask for his or her support on a specific vote or ask for sponsorship of a particular legislative proposal. Try to get a definite commitment of support from the politician—a sometimes difficult, but necessary task. Keep in mind, a professional politician can make constituents believe that he or she has agreed to support a particular position by using vague and general statements of support. A famous Texas politician would often say, "I am with you" as visitors left his office after a session of attempting to gain his support. The gullible, soon-to-be disillusioned advocates would find out that the politician simply meant that he was in the same room as the visitors and that the statement had nothing to do with his future actions. Such tactics by politicians are commonplace in the world of political advocacy and should not be construed as an actual commitment. Make certain a firm agreement for a particular vote is achieved during a private advocacy meeting.

A more formal method of trying to win votes for the association's program is to testify before a legislative or regulatory committee or board. Each
country's parliament and administration have different procedures, so make certain that those guidelines are followed. For instance, in the United States most advocacy groups appear before legislative committees nearly every day during congressional sessions. Written testimony is usually submitted to the staff of the committee beforehand, and an oral summary statement is made by the key leader of the lobby organization at public meetings. For associations, testimony is usually given by the top volunteer leader; however, if the nature of the testimony is technical, the CSO or an attorney with a specialty for the technical subject may be called on to appear. Advocacy groups also provide expert witnesses to make their cases before the lawmakers. Engineers, scientists, accountants, academics, researchers, international trade specialists, and other experts are often used to testify. Keep in mind that most legislators want to hear specific, documented examples of how a particular piece of legislation affects the industry or the people involved. Long and tiresome testimony of irrelevant data can sometimes do permanent damage to a legislative argument. Use the same rules for testimony that apply to face-to-face meetings with politicians. Be brief. Be factual. Be truthful. Ask for their support.
Use Grassroots Advocacy

Many organizations ask their members to contact their elected representatives via mail, telephone, fax, and e-mail. Also, members are often asked to get others outside the organization involved in writing letters or making telephone calls to politicians. This type of activity has become known as grassroots advocacy—a network of people spreading like grass roots. This kind of organized contact with legislators is very effective in the United States. For example, during one recent state assembly session in Texas, the state's chamber of commerce was able to get thousands of business people to telephone and write elected representatives on bills that would reform the state's workers' compensation laws. Also, the U.S. Chamber's grassroots effort has been able to completely shut down the telephone switchboard at the Capitol in Washington because of the number of incoming calls from around the nation. Telephone calls and letters from an elected representative's constituency forces consideration of its points of view.

The grass roots of a business association member might spread to family members, suppliers, employees, customers, and professional groups including lawyers, accountants, and engineers. The association members ask these people to support the public policy position by writing, telephoning, or seeing key political decision makers. Grassroots advocacy is becoming a very popular mechanism for achieving political results in the legislative process.
Expect Integrity from Business

Politicians in a representative democracy work on the theory of *addition*. Using this mathematical function, they are constantly trying to add to their number of votes for the next election. Consequently, a smart officeholder is interested in groups who represent his or her constituency. The business organization wanting to protect its members needs to be legitimate and truly represent as large a bloc of people as possible.

Business advocacy requires that an association develop carefully considered positions on public issues. If the business group does not know precisely what its members want, a politician cannot be expected to stick his or her neck out to support that group. In addition to large numbers of voters and clear position statements, politicians should be able to expect from an advocacy group an honest presentation of the facts based on good research. In a democratic society, the absolute worst strategy an advocate can follow is one of deception. Using research with inflated figures, untrue analogies, or false data will prove to be disastrous. Once integrity has been breached and a reputation for duplicity is established, the advocate's organization will have a very difficult time being influential in the political process.

Finally, politicians who assist businesses in changing abusive laws and regulations should be able to count on support in the next election. If the philosophy of the officeholder is similar to that of a majority of the group's members, and if he or she is honest and has done a good job while holding the
elected position, the business association should support reelection efforts by votes, by publicly-stated support, and by financial contributions.

**Expect Performance from Politicians**

While the politician has a right to expect integrity, support, and campaign assistance from business, the association should expect certain corresponding attributes from the politician. For instance, the business person seeks stability in policies of government. If a business manager knows the rules, and the rules are not always changing, then a profitable venture can be created over a period. So the business association should demand government stability from the politicians they support.

Also, reasonableness is crucial. That statement seems obvious, but often legislation and public policies are based on emotional outpourings caused by some tragedy or abusive situation. Attempts to punish a particular wrongdoer often ends up creating untenable situations for innocent business people. Rational laws and regulations are indispensable in a democratic society which wants a strong and growing economy.

**A Power Packed Letter**

Letter writing is the most common practice in public policy advocacy. Be sure that such written communications are non-threatening, logical statements concentrating on the need for proposed changes or programs.
This is a sample letter to a public official.

Seaside Chamber of Commerce
555 Ocean Drive, Seaside, Tierra Bonita

The Honorable Ali Abu
House of Representatives
Capitol Building
Seaside, Tierra Bonita

Dear Representative Abu:

Please vote for House Bill 3, the Tax Reform Act of 1997. The bill is on the house agenda next Tuesday morning.

The members of Seaside Chamber of Commerce support the measure by a margin of 94 percent to 6 percent, according to a recent membership survey.

The Seaside businesses are now paying an effective tax rate of 62 percent on their gross profits. This is an extremely high rate when compared to the tax rate of businesses in other countries with which our businesses must compete.

For example, our largest city’s largest employer, the Great Building Parts Company of Tierra Bonita, paid over 5,000,000 zoyas in income and user taxes in 1996. The zoyas the company could have kept, rather than sending them to the Tierra Bonita Internal Revenue Service, would have been used to add to the building parts production lines and to hire additional workers. With an unemployment rate of 25 percent our country needs more paying jobs, not more regulation and taxation.

Please let us count on your vote in favor of the Tax Reform Act.

Gratefully yours,
Sam Brown
President

Remember, public officials react negatively to threats, unreasonable rhetoric, and flawed logic, but they usually listen to reasonable arguments that are underpinned with facts and solid research. Also, remember that these
people are flooded with details about many different subjects, so be sure your information is easily understandable.

Effective performance from politicians can often depend on their ability to make a decision. Sooner or later a vote must be taken on every critical issue. Sometimes politicians must decide between two different groups of businesses, so an association will not win every vote. But a decision, whether affirming or contradicting a stated position, should be expected from elected officials. Government is established to make judgments, and timely decisions should be expected from officeholders.

One important note: Do not forget to thank your legislators after a major vote on one of your issues. Even if he or she did not choose to accept your point of view, wisdom dictates a demonstration of appreciation for considering your position. There will be other days and other issues. Always be a grateful winner and a courteous loser.

**Build Coalitions for Favorable Results**

If the membership of an association is small in numbers, or if a large association needs additional political strength, coalitions with other special-interest groups can be formed to broaden the base of support for a particular position. Surprisingly, natural political enemies often become public policy advocacy partners from time to time. For example, labor and business management are often at odds with each other on issues being considered by legislative bodies. But on an issue concerning job creation or international competitiveness, labor and management in many nations may join together to
support passage of mutually beneficial policies. Associations need to find like-minded partners in the legislative process. Allies with similar interests can be drawn into a special-purpose coalition. In political battles before lawmakers, there are no permanent enemies, only permanent issues. Yesterday’s adversary might be tomorrow’s colleague on a totally different legislative topic. In many countries, coalitions among large and small organizations are desperately needed in order to change anti-democratic government policies that are inhibiting economic growth. Even among groups that are competing for members and for recognition, coalitions can often be the best approach to successful public policy advocacy. Among business associations, competition is only harmful if 100 percent of the potential membership market has been captured; however, in most countries fewer than 20 percent of the businesses belong to a public policy advocacy association, so there is sufficient membership growth potential for many different business groups. This reality makes building coalitions among perceived competitors much more palatable and feasible.

**PLAN Highlights**

By attempting to get the government to remove obstacles to a strong business climate and a vibrant economy, an association, a chamber, and their coalitions can influence the creation of better jobs by ensuring a stable and profitable business climate. To succeed in building a stronger, growing economy, business associations must create a partnership with governmental entities and help identify obstacles to economic growth. Accurate and useful
information about how laws affect businesses must be delivered with impact to officeholders who are willing to listen and act. Organizations must develop expertise in the legislative process by listening to the needs of their members and by helping elect people with integrity and compatible philosophical views. Stability, reasonableness, and timely decisions should be demanded from politicians in return for political support.

Remember Daniel O’Connell’s admonition: "Nothing is politically correct which is morally wrong." Business organizations around the world can build better societies for all the people in their nations based on honest, straightforward politics. They can achieve this worthy goal by becoming pillars of political integrity, encouraging governments to install policies that expand economic opportunities for every citizen.

Questions for Plan Five

1. Based on the information in this PLAN and in the BUILDER’S MODEL case study, can you list specific obstacles that governments may establish that impede the expansion of business enterprises?
2. What are some of the best ways to succeed in changing these public policies?
3. Can you list the steps necessary for establishing a successful public policy advocacy program?
4. What mathematical function do most politicians prefer?
5. What may cause the Seaside Chamber of Commerce’s public policy advocacy program to be less than effective?
6. What other ally is mentioned in the case study that could join a coalition for reform with the Seaside Chamber and the National Association of Building Parts Manufacturers?
7. Are taxes and regulations always bad for business enterprises?
8. What is a good way to develop a member-driven public policy advocacy program?
O
f the hundreds of thousands of associations and chambers of commerce that exist around the world, some are very effective, while others seem to accomplish little. Many organizations have loyal, active members, while others struggle to keep members’ interest and involvement. Some associations are focused and goal-oriented; others are in a constant state of chaos.

There is great diversity, yet one consistent characteristic is shared across boundaries—associations that follow a strategic plan are better focused, enjoy greater member participation, and produce more results than those groups that do little or no planning. This reality raises some obvious questions, such as:

• What is strategic planning?
• How is a strategic plan developed?
• What are the benefits of planning?

This PLAN answers these questions as well as describes various roles, responsibilities, and involvement of staff, board leaders, and members in
strategic planning. Why planning fails and the actions needed to ensure success, will be addressed. The benefits of planning, and a step-by-step guide to the process will be outlined.

**A Definition of Strategic Planning**

Strategic planning is the process of reviewing an organization’s history, determining its current situation, defining where it would like to go, and outlining how it will get there. Just like businesses and governments, associations and chambers of commerce have found that strategic planning is a valuable tool for organizational health. The process is one of the characteristics that distinguishes successful organizations. It involves evaluating an organization's strengths, weaknesses, opportunities, and threats. Identifying member needs and assessing future economic, political, social, and technological trends are essential to strategic planning. Considering various options and organizational responses are also part of strategic planning. The process leads to a set of goals for the organization to pursue, usually over a three-to-five-year period. It results in a consensus among the organization’s leaders about what is to be done.
Why is planning so important? The planning effort forces a consensus among the organization's leaders about what is to be done, how resources will be allocated to get those things done, and whether the organization is getting the best results for its efforts. This agreement on a predetermined set of priorities helps keep the organization focused and reduces transition problems from one set of leaders to another. Many times a new leader wants to pursue a personal agenda. Many organizations struggle with the regular change in officers and board members. This turnover often results in shifts in priorities and organizational direction. Planning helps maintain organizational consistency by getting current and future leaders to agree on a set of priorities and to focus on the long term. In this way, a change from one group of leaders to another should not disrupt the organization in pursuing a set of common objectives.

Effective strategic planning for associations is an exercise in consensus building. It is a collaboration between staff and volunteers devoted to meeting member needs and pursuing an organizational vision. Why is this important for an association or chamber? Gaining consensus among key leaders and staff and obtaining a broad-based agreement about where the organization should
be headed and how resources will be allocated keep the organization focused and directed. This planning reduces later disagreements and helps eliminate wasting time and energy on always re-establishing the organization's objectives, and becomes a valuable tool for organizations that are constantly changing leaders. By developing consensus, a plan creates a shared mental picture of where the organization is and where it wants to go. This consensus is critical in ensuring that the plan will be implemented over time.

Coordinating the various aspects of a complex organization is often a challenge. How does planning take into account the many different aspects of an organization? Planning must consider how each area within an organization is related to the others over the long term. Membership recruitment, business advocacy, financial planning, and all the organization’s programs and services must be addressed through the strategic plan. In this way, planning helps to coordinate activities and allocate human and financial resources.

A strategic plan also can guide the organization's budgeting process, because the budget should be derived from the plan. The plan determines how the organization will spend its budget by determining organizational priorities, goals, and objectives. That is why associations have found strategic planning to be one of the most important and fundamental aspects of organization management.
History and Development of Strategic Planning

Strategic planning is not a recent invention. Developed in the early 20th century, the method was first used by large industrial companies and governmental organizations. After World War II, strategic planning became a common business practice.

Many associations began using strategic planning in the 1960s. At first, these voluntary organizations found it difficult to use the process that had been developed by government and businesses. But, over the years, planning techniques evolved that better suited these relatively small voluntary organizations by finding methods to address the dynamics of volunteers working with paid staffs.

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Key Planning Terms

- **Strategic Plan:** A plan is considered strategic when it addresses potential future challenges and focuses on where the organization is and where it wants to go in the future. Resulting from careful evaluation and analysis by a group of knowledgeable key leaders, a strategic plan becomes a written document that defines an organization's vision and mission, details strategies, objectives, responsibilities, and establishes time frames. A strategic plan usually covers a period of three to five years but can cover a shorter time frame of as little as two to three years.

- **Long-Range Plan:** A plan is considered long range when it covers three or more years. While this time frame is common, plans are usually updated annually or biennially. Changing business conditions, technological advancements, and other aspects of modern life rarely allow plans to remain unaltered for as much as five years. Plans are not rigid and must respond to emerging trends and changing conditions and must be an ongoing process. Not all long-range plans are strategic in nature. Long-range plans that do not consider potential future challenges but only seek to implement a set of action steps may not be strategic. The term *long range* has become less frequently used in the last decade in many nations.

- **Mission Statement:** The mission statement is a written and agreed-upon foundation for all organizational efforts and states the purpose and reasons for existing. It answers the question: What kind of organization is this? Why does
it exist and who does it serve? Always fewer than fifty words, a mission statement should inspire commitment and loyalty. It is a concise statement of the organization's vision and should be widely communicated. Some organizations use the mission statement effectively by printing it on stationery and business cards and using it in newsletters and wherever else appropriate. Mission statements can and should be referred to often, especially when considering the adoption of a new program or taking a new direction for the organization. Example: The mission of the Seaside Chamber of Commerce is to serve the business community and thereby all citizens by promoting the economic environment of Seaside and advancing the free enterprise system.

√ **Vision Statement:** Many organizations also develop a vision statement, which is broader and more idealistic than a mission statement. A vision statement describes an anticipated future condition to which the organization aspires. Over time, a series of strategic plans should lead to the organization realizing the “vision” described in the Vision Statement. Example: The Seaside Chamber of Commerce will unify the business community and optimize an environment conducive to commerce and industry.

√ **Strategy:** The strategy is the expected, general approach to accomplishing the goals of the organization. Strategies answer the question: Where is this organization going in the future? Strategies are developed through comparing the mission of the organization to the present situation of the organization. Example: The Seaside Chamber of Commerce will provide programs, products, and services to its members, which will help increase business activities and create new jobs for Seaside and Tierra Bonita.

√ **Goal:** The goal is a broad statement of the intent that the organization seeks to achieve. Goals are developed to support the achievement of strategies. Example: The Seaside Chamber of Commerce will provide opportunities for members to promote their products and services to potential customers and clients by sponsoring two trade shows during the year.

√ **Objective:** An objective is a specific, time-limited, measurable outcome that, if accomplished, will achieve the goals set forth in the strategic plan. Strategic plan objectives are significant, non-routine actions, tasks or steps that are designed to produce results. Example: By January 1, 2001, the Seaside Chamber of Commerce will hold a trade show to exhibit member products and services which should attract 1,000 potential customers or clients."
The Right Way to Plan

Is there one right way to develop a strategic plan? No, in fact there are many different strategic planning methods and models. While there is no one "right way," there are practices and fundamental principles that are common to virtually all planning processes. The process described in this PLAN has been successfully used by many associations over the past twenty years.

Benefits of Planning

Good strategic planning benefits associations by encouraging innovation and flexibility, helping to improve organizational communication, and enhancing teamwork and trust among leaders. The process forces the organization to deal with tough issues and make hard decisions. Through planning, the organization's leaders must respond to the reality that the organization cannot do everything. Planning requires allocation of limited resources, which leads to an understanding that more resources may be needed if the organization is to achieve its objectives. The process helps the organization anticipate and avoid problems, and lessens the impact of crisis and change. By forecasting probable future changes, planning helps the organization anticipate change rather than just react to change. More important, a good strategic plan helps the organization meet member needs and thus creates more member interest and participation. Strategic planning helps create a strong feeling of ownership among the members. By identifying member needs and considering the points of view of various constituent groups,
the planning process can increase the connection that members have with the organization. Key board and staff leaders will find that strategic planning is an effective way for them to learn about the organization and to develop more effective working relationships with each other and with members.

Ultimately, the major benefit a strategic plan brings to an association is that it provides a vision of what the organization can become and achieve. This vision, once shared and communicated, is a compelling, motivating, and inspiring force for unifying the organization and moving it forward.

**Myths and Realities of Planning**

There are some commonly held misconceptions about strategic planning. Leaders of organizations sometimes begin planning under these misconceptions, only to learn later that they had wrong ideas about strategic planning.

**Myth: A strategic plan will solve problems.**
**Reality:** Strategic planning does not solve problems. People solve problems. Strategic planning defines what problems are important to solve and how they should be addressed. More important, planning defines an organizational response to problems, opportunities, and resource allocation.

**Myth: Planning is a highly technical science.**
**Reality:** There are many different ways to plan and various views on planning. Following a prescribed method is less important than making an organizational commitment to develop and implement a plan.

**Myth: The budget is the plan.**
**Reality:** Some leaders assume that the organization's budget is the same as a strategic plan because the budget allocates resources, thereby defining the organization's goals and objectives. This is true if the budget is driven by a strategic plan, but the plan determines the budget. A budget that is not driven by a strategic plan is just a list of expenses and should not be mistaken as a strategy.
Myth: Planning requires a great amount of time and money.
Reality: The people who lead organizations usually do not have time to waste. They are eager to be involved in meaningful activity. Planning that demands too much time is doomed to failure. Planning can be done efficiently and at relatively little cost.

Myth: Small organizations do not need to have a formal plan.
Reality: Since planning helps to organize efforts and allocate resources efficiently and effectively, small organizations benefit greatly from a formal, comprehensive plan. Plans help small organizations grow into large organizations.

Roles and Responsibilities

Who should be involved in strategic planning and what should they do?

Having the organization’s officers, committee chairs, and other volunteer leaders involved directly in strategic planning meetings is indispensable. They must participate if they are to guide the implementation of the plan and gain support from the members. These key leaders must also listen carefully to members and reflect their opinions and concerns in the deliberations of the planning committee. Most important, these leaders must explain the planning process to the members and then convey a sense of positive progress as the planning is underway. After the plan is developed, the leadership must convince the members of the importance of the plan to the organization’s future. Ultimately, the success of any strategic planning effort depends on the degree of commitment that association’s officers make to the plan and to the process.

The staff is usually responsible for managing the logistics of the planning committee meetings. This responsibility includes locating and securing the site and organizing the details so that everyone arrives on time for
each meeting. The staff also provides statistics, information, and background on such things as the organization's finances, programming, and membership profile. Often the staff provides information on economic trends and other external conditions. Most important, the chief staff officer (CSO) is directly involved in the strategic planning meetings. Staff involvement provides important perspective and insight, especially on current resources available.

All departments or divisions of a chamber or association are involved in some way in strategic planning. Each department has specific responsibilities that contribute to the plan's development. It is important that these roles and responsibilities be well understood. Because the staff of an association is usually overworked, some staff members may view strategic planning as another demanding, time-consuming task. Feeling overwhelmed, some may resent the extra work—a response common from employees around the world. However, planning is the answer to the problem, not a contribution to it. Staffs should look upon strategic planning as a way to set priorities, build resources, save time, and focus efforts.

The association's members have the most significant role to play in the planning. They are the source of essential information. Members' needs,
hopes, and dreams must be considered. Members should provide input through surveys and other research. At the very least, those leaders and staff involved should seek out and talk with members to gain an understanding of their perspectives. Members must have confidence in the final plan, should trust in those that developed it, and should feel their views were considered.

Anyone affected by the organization, or anyone who can affect the organization in a substantial way is a stakeholder because they have a stake in the organization. They, too, should be involved. Governmental leaders, community leaders, consumers, teachers, and many other individuals and groups may have some stake in the organization’s strategic plan. Depending on the organization and its mission, various groups of stakeholders should have some input in planning through surveys and careful listening.

**Why Does Planning Sometimes Fail?**

Many organizations have developed effective plans and are committed to strategic planning, while others have had mixed results with planning. Some organizations have tried planning and given up in frustration. Planning fails for many reasons.

- **Decision makers are not involved.** Because planning requires organizational commitment and allocates financial and human resources, the organization’s key leaders must be involved in the process. The top officers and staff cannot delegate strategic planning to a committee. They must be involved to accept responsibility for implementation of the plan.
• **Lack of careful evaluation** is another reason for failure. Because association work usually involves people, there is pressure to accelerate the process and rapidly define goals and strategies. When this occurs, careful evaluation of organizational strengths and weaknesses is given short attention. To be effective, a plan must take into account the reality of the organization's situation and such factors as competition and future trends.

• **False or unrealistic assumptions** can also cause failure in the process. Because strategic planning focuses on the future, an assessment of trends is important. While future trends cannot be predicted with precision, they can be estimated with some degree of validity. Forecasts should be reasonable estimates of how events might unfold and should not be excessively optimistic or rely on wishful thinking.

• **Predetermining outcomes** can cause planning to founder. The organization's top leadership cannot impose their plan or manipulate the process to achieve a predetermined outcome. Openness, inclusion, and an appreciation for all viewpoints are critical to developing a plan that will be implemented successfully.

• **Management's failure to manage conflict** is a planning blunder. Strategic planning can be a source of conflict and disagreement. It uncovers organizational weaknesses and problems and may identify
programs that should be discontinued. Some people involved in the planning may be offended or upset by some of these discussions and decisions. While the views of all participants in the planning must be considered, everyone involved should be told early in the process that the consensus will determine what is to be done.

**Characteristics of Success**

Every association is unique and faces different circumstances. What, then, seems to be the common characteristics in successful strategic planning?

- **Key leaders and staff participate together in the process.** Key elected leaders, such as the board chairman, must be actively involved in the planning. Top association staff, especially the CSO, must also be involved. By involving the organization's key leaders and managers, the quality of the plan is improved and implementation of the plan is enhanced. The more involved they are, the more committed they will be in accomplishing the objectives of the plan.

- **The plan is member-centered and research-based** reflecting the opinions, needs, and expectations of the members. Plans that only reflect the viewpoints and wishes of leaders and staff do not gain the necessary support and involvement by the members. Plans that specifically address member needs and clearly detail how those needs will be met help to create excitement and loyalty.
• **Strengths and weaknesses are examined honestly, and assumptions are carefully defined.** Strategic planning depends on a clear understanding of the facts and an accurate assessment of the current situation. Analysis and evaluation of the organization must be done without exaggeration or overestimation. Failure to acknowledge problems and ignoring unpleasant or uncomfortable facts can undermine planning efforts. In the same way, assumptions about future trends must be as realistic as possible.

• **The plan is realistic, measurable, and understandable.** Because people must achieve the goals of the plan, it must be clear and specific and inspire a belief that its goals are achievable. A plan that is too ambitious or too vague does not generate confidence in those charged with implementing it. People have to believe that the plan’s goals are achievable in a reasonable time frame if they are to invest themselves in the work necessary to be successful. Objectives must also be measurable so that those involved can readily determine when progress has been made.

• **The interests of one group cannot dominate the strategic plan.** Successful plans reflect a balanced concern for all member segments and interests.

• **The plan is developed in a timely fashion.** An often overlooked aspect of planning is the need to develop the plan itself in a
reasonable time frame. To ensure that key leaders remain interested in and involved with the process, it is important to move the process along. While some strategic plans are developed within a few days and others may take as long as a year, most successful strategic plans can be developed within one to six months.

**Member Surveys**

Surveys must be carefully and fairly administered with the data compiled accurately. Share the data with the planning committee. Take the time to analyze what the members have to say. Determine how the organization can and should respond.

Surveys give members the opportunity to be involved in the process in a tangible way. Asking members to complete surveys communicates the message that the organization is interested in them and values their opinions. Thus, surveys are a crucial step in developing member support for the strategic plan. At the very least, those involved in the strategic planning process should interview a representative sample of members to gather their ideas and learn what they want from the organization.

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<th>Membership Survey Questions</th>
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<td>1. Why did you join this organization?</td>
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<td>2. What are you expecting the organization to do for you?</td>
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<td>3. How well is the organization meeting your expectations?</td>
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<td>4. What are the most important issues facing your business?</td>
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5. Please rate each of these programs and services on a scale of one to five with five being excellent and one being poor. List all the organization’s programs and services.

6. Do you have any suggestions for how the organization should help you respond to these issues?

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Preliminary Planning Checklist

_____ **Recognition.** Ensure that board and staff leaders recognize the value of strategic planning and the importance of investing time, money and other resources in developing a strategic plan.

_____ **Communication.** Communicate to board and staff leaders that they must create an understanding among a larger group of key members that planning is important for the association or chamber to pursue. Communicate the benefits of planning, the expected outcome, and a time frame for completion.

_____ **Identification.** Determine which leaders within the organization must be directly involved in developing the strategic plan. Board officers, committee members, top staff members, governmental representatives, people with special knowledge, and representatives of various membership segments should be considered.

_____ **Design.** Define each step in the planning process. Develop a schedule of activities, meetings, and other steps necessary to complete the process. Create a budget to cover any related costs.

_____ **Commitment.** Recruit the strategic planning committee. Gain commitment from each member of the committee to participate for the duration of the process. Ensure that every member of the planning committee understands the schedule of meetings and the responsibilities involved. Obtain formal approval from the board or other governing body to proceed with the process and to expend the necessary funds.

_____ **Information.** Provide members of the planning committee with essential information, research, studies, and other data on business trends, member needs, and other areas of interest, including information on the organization’s finances, and organization and membership profile.

_____ **Development.** Initiate and follow the process while keeping the board and membership informed of how the development of the plan is proceeding. Ensure that members do not think the process is secret or undercover.

_____ **Responsibilities.** Assign accountability for specific plan objectives and ensure completion dates are agreed to in advance.

A successful strategic plan will include numerous objectives and tasks.

Each objective, and each action step in the plan, must be assigned to a specific
individual or a group of individuals who agree to be responsible for accomplishment. A specific date for each objective must also be established. The plan is then reviewed on a regular basis, with those responsible asked to provide a report on accomplishments to date.

**Planning Committee Facilitator**

The organization's CSO and perhaps one or two other key staff members, along with the volunteer leaders from the board and committees, should serve on the planning committee. But with all these people involved, who should lead the actual process?

The process is often led by a facilitator, a person experienced in gaining the involvement of group participants. The best facilitators are unbiased "third-parties" such as consultants, academics, or others who are not directly involved with the organization but who are skilled in group activities. The facilitator keeps the committee members on track and encourages participants to express their thoughts. The facilitator manages the discussion so that everyone participates and no single person dominates the process. The facilitator will also document the discussions. The facilitator must be someone who can command the respect of the group, who can keep them focused, and who can ensure that the planning proceeds fairly and completely.

**Planning Step-by-Step**

Although there are many different ways to develop a strategic plan, most of them commonly focus on three fundamental issues:

- What do we know?
• What options do we have?
• And what future do we prefer?

The strategic planning committee addresses these questions by following a predetermined, specialized agenda. If properly designed, the agenda is a systematic, logical, and comprehensive process that leads to a consensus-based decision about what the organization should do. The planning workshop should be located away from distractions and interruptions. To ensure effective discussions, a maximum of twenty participants is recommended.

The following process has been used by many associations and chambers and can be adapted to suit many different circumstances.

**First Planning Meeting—Initial Information Gathering**

The first step in the process is to acquaint the planning committee members with the facts, background, and information they need to understand the organization as it exists today. This is critical, as all committee members must have the same level of knowledge about the organization if they are to develop a successful plan.

The agenda for this meeting describes why the organization exists, how it came about, whom it serves, how it serves them, and how it is funded to do so. This meeting will require at least one day, and often two days.

The facilitator is usually chosen well before the first meeting. It is common for the organization's CSO, chief elected officer, and the facilitator to meet before the first planning meeting. At this meeting, these key participants
review the process and ensure that they all understand and agree on each other's roles in the planning procedure. These leaders should carefully review every detail of the logistical arrangements that the staff has made for the planning retreat.

♦ **Review the process.** The meeting begins with a review of the schedule of the entire process and a description of its expected outcome. Ask the members to introduce themselves.

♦ **Review the mission and purpose.** If the organization already has a mission statement, have the planning committee review it and change it if needed. If the organization does not have a mission statement, have the planning committee draft one to guide the process. At the end of the process, review the mission statement again and change it if needed.

♦ **Review historical development.** Ask members to review the major steps and milestones in the organization's history. This review helps the members gain a perspective on where the organization came from and an appreciation for its accomplishments.

♦ **Review finances.** Ask committee members to review the organization's finances. Discuss details of income and expenses to help committee members understand the current resources of the organization. Ask members to openly explore revenue sources and major financial problems.
♦ **Review structure.** Ask the members to outline how the organization is governed and structured. Review how decisions get made and how things get accomplished. If the organization has a paid staff, review the staff organizational structure. The committee must have a complete understanding of the roles and responsibilities within the entire organizational structure.

♦ **Analyze membership profile.** Next, ask the committee to analyze the composition of the membership. A review of the membership base should involve an analysis of each member segment. For example, the committee should have an understanding of how many large companies and how many small companies are members. Discuss where the members are located and any other descriptive information that is known.

♦ **Review program.** Ask the committee to develop a complete listing of all the organization’s programs and services. A brief history and some background on each program may be necessary for committee members to understand all aspects of the organization’s programming. As each program or service is described, committee members should learn about whom it serves and what benefit it provides.

♦ **Review research.** If the organization has completed a member survey or other research about member needs, review and discuss the research findings.
♦ **Analyze situation.** If time permits, have the entire committee accomplish this step, or assign reports to be made at the next meeting. Either way, the next step is to analyze the organization’s present status. This analysis is based on the information shared up to this time. Ask committee members to review what they learned about the organization and its financing, membership, structure and programming. When they review this information, ask them to identify the strengths, weaknesses, threats and opportunities of the organization.

♦ **Set agenda.** Set a "to do list" for the volunteers and the staff for actions to be taken before the second meeting.

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**Useful Planning Terms**

**Strengths:** Organizational assets that are valuable are strengths. The organization should work to maintain or enhance these strengths. **Weaknesses:** Areas within the organization that are in need of work and must be strengthened, improved, or otherwise corrected are weaknesses. The organization should work to turn these weaknesses into strengths. **Threats:** Serious problems that will require attention are threats which prevent the organization from accomplishing its mission and must be addressed. **Opportunities:** Areas that are untapped, underdeveloped, or otherwise offer growth and advancement are opportunities. The organization should work to exploit opportunities.

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**Second Planning Meeting—Analysis**
After the planning committee has gathered the facts and background about the status of the organization as it exists today, what is next? The second step is to engage the planning committee in analyzing the current situation and reality of the organization from, first, an internal perspective, then, an external perspective.

The agenda for this meeting requires the committee to evaluate the organization and create a list of possible actions. Further, the facilitator and leaders should ask the committee to consider how the external environment will affect the organization. This meeting will take at least one day, and often two days.

♦ **Review options.** Ask the committee to review the list of strengths, weaknesses, problems, and opportunities developed in the initial planning meeting. Ask members to suggest possible actions that the organization might contemplate to deal with the strengths, weaknesses, problems, and opportunities identified. It is important to emphasize to the committee that these are just suggestions of possible options. Make no decisions at this point.

♦ **Analyze competition.** Moving from an internal focus to an external focus, ask committee members to consider the activities, efforts, programs, and position of any competition that exists. Have members carefully review how the actions or anticipated actions of competitors might affect the organization or its members.
♦ **Analyze other external factors.** Consider the actions, plans, and attitudes of governmental agencies and other organizations. An analysis of the marketplace may also be necessary. Also explore general economic, social, political, industrial, technological, and environmental issues. Questions like the following can assist this analysis: What is happening? What is changing? What is not changing? Are alliances and arrangements shifting? What is new and what might be expected to happen next? How will these things affect the organization and its members?

♦ **Analyze membership.** Return to what the committee learned about the organization's members at the first meeting. Discuss how member needs might be changing. Explore what committee members think about how the external changes discussed earlier might affect members and their businesses. Identify new, emerging problems and opportunities that members might face. Outline what members need to succeed. Discuss how the organization can help meet those needs through new or improved programs and services. Make no decisions at this point, but ask the committee to develop suggestions and options to consider later.

**Third Planning Meeting - Plan Development**

The first two meetings involved gathering and analyzing information. How does the planning committee build on these two steps to move forward to step three? The agenda for the third meeting should require the committee to
set priorities and reach agreements. Because resources are limited, the committee must understand that they cannot attempt to do everything. They must focus on the essential things that, if done, will make the most positive, significant difference for the organization and its members. This meeting will usually take one day.

- **Establish assumptions.** In the second planning meeting, the committee discussed and analyzed the competition and external factors such as the government, economy, and society. Now, ask the committee to develop a set of assumptions about the future. Base the assumptions on the committee's best judgment of what is likely to occur. State the assumptions as expected facts. "The government will reduce business income taxes by 10 percent within five years" is an example. Make assumptions about all the areas that might affect the organization and its members. The assumptions are critical, as they drive the next steps.

- **Determine strategies.** Review and summarize the key points that were discussed in the previous two meetings. Major themes, issues, and patterns should have emerged from the previous discussions that now suggest strategies for the organization to pursue. Strategies state the expected, general direction of the organization. Strategies answer the question, Where is this organization going in the future? Strategies are developed by comparing the mission of the organization to the present situation of the organization. Develop a list of strategies.
♦ **Set goals.** The list of strategies developed in the previous step will guide this step in the planning process. A goal is a broad statement of results that the organization seeks to achieve. Goals are developed to support the achievement of strategies. Each strategy may have one or several goals. Some goals may support several strategies. Develop a list of goals.

♦ **Develop objectives.** An objective is a specific, measurable effort that, if accomplished, will help achieve the goals determined in the step above. Do not include "routine" things that the organization does, such as publishing a directory of members or holding meetings. Include objectives that are significant, non-routine actions, tasks or steps that advance the achievement of goals. Each goal may have several objectives. Include a specific date by when each objective should be accomplished, and assign some individual or group of individuals to take responsibility for each objective. Create the list of objectives so that the workload is spread over a period (often three to five years). Develop a list of objectives for each goal.

♦ **Compare resources to plans.** Review the list of strategies, goals, and objectives, and determine what organizational resources will be required to achieve them. Compare what will be needed to maintain the organization's current resources. If more resources are required, determine how those resources will be provided. This may include eliminating or reducing current programs and services or increasing
financial, human, or other resources in some manner. It is essential that the organization's annual budget be developed to reflect the objectives set forth in the plan. The budget must follow the plan.

**Implementation of the Strategic Plan**

Now that the plan is developed, what happens next? What must be done to take the plan and make it into a reality? How does the organization use the plan? The answers to these questions can be found by accomplishing the following key actions:

- **Document the plan and gain approval.** Summarize the discussions of the committee and present the mission statement, strategies, goals and objectives in a formal report to the organization's board and membership. Gain official approval from the organization's board. Celebrate the approval of the plan through an article in the organization's newsletter. Thank the committee for its efforts.

- **Match budgets and annual work plan to the strategic plan.** Ensure that the organization's annual budget and work plan reflect and support the strategic plan. Involve the organization's board and committees in achieving the objectives. The more members involved, the more likely that they will support the organization and work to achieve the plan's objectives.
♦ **Evaluate progress.** Annually review the progress being made toward achieving the plan's objectives. Involve the organization's board in assessing what has been achieved and what remains to be achieved. In this process, it may become clear that additional resources may be needed to achieve the plan's objectives, or resources may have to be reallocated. If so, the board will have to decide how to provide or reallocate those resources to achieve the plan’s objectives. Communicate to the members about achievements resulting from the plan. Update the plan when assumptions or the external environment changes or when all objectives have been accomplished.

♦ **Orient new board members to the plan.** Because organizational board members change over time, it is essential that new board members become familiar with the plan. Take the time to review the plan with all new board members and help them understand how the plan was developed and who participated in the process. Make sure that the new board members understand that the plan determines the budget and that the plan and the mission statement help guide the development of new programs and services. In this way, new board members learn that ideas for new initiatives must be considered within the context of the strategic plan.

**A Real Life Strategic Plan**

The Center for International Private Enterprise (CIPE) signed a three-year, $13 million cooperative agreement with the U.S. Agency for International
Development (USAID) to implement a multifaceted strategic plan to rebuild the Federation of Egyptian Industries (FEI). The purpose was to help transform FEI into a credible and financially viable national business association capable of meeting the needs of Egypt's industrial community. The strategic plan was developed over a two-year period by specialists from Egypt, Germany and the United States. Several key areas for improvement were identified in the plan: public and governmental relations, vocational training, export and marketing, economic information, technology transfer, and financial management. Training workshops and specialized seminars on technology transfer, exporting, public speaking, and media relations were held. A national conference to announce FEI's first national business agenda was sponsored. Newsletters, reference materials, and studies were produced. An updated membership directory, industrial yearbook, and technology sources handbook were published, and computerized databases of industrial and economic information were developed. The efforts outlined from the strategic plan and implemented by FEI have produced a substantially stronger Federation that is representative of Egypt's industrial community and is now an effective advocate of market economic policies.

**PLAN Highlights**

Associations and chambers that follow a strategic plan are better focused, enjoy greater member participation, and accomplish more. While there is no one "right way" to plan, there are certain characteristics that seem to lead to successful planning. Fundamentally, it is important that the process is clearly
and carefully defined. Roles and responsibilities must be understood. Planning must take into account all points of view, reflect members' interests, and focus organization efforts on an agreed-upon set of objectives.

Strategic planning is one of the characteristics that distinguishes successful organizations. The planning effort results in a consensus among the organization's leaders about what is to be done and how resources will be allocated to get those things done. This agreement assists in keeping the organization focused, allocates resources, reduces transition problems from one set of leaders to another, and integrates the organization's budget with a long-range perspective. Starting with the realities faced by the organization today, planning helps the organization anticipate and avoid problems and lessens the impact of crisis and change. A good strategic plan helps to meet member needs and thus creates more member interest and participation.

Ultimately, a strategic plan provides a vision for what members and the leaders of the organization believe the organization can become and can achieve. This vision, once shared and communicated, can become a compelling, motivating, inspiring force that unifies the organization and moves it forward.

Questions for PLAN Six

1. Define strategic planning.
2. Who in your own organization should be involved in strategic planning?
3. List the strengths, weaknesses, threats, and opportunities that your organization faces.
4. Write five questions for a membership survey of the National Association of Building Parts Manufacturers from the BUILDER’S MODEL.
5. List the three fundamental questions of strategic planning. Now answer those questions for your own association.
6. Write a formal agenda for the Seaside Chamber of Commerce’s first planning meeting; for the second planning meeting; for the third planning meeting.
7. Create a vision statement and a mission statement for the Business and Professional Women’s Society of Tierra Bonita from the BUILDER’S MODEL.
8. Develop three goals and objectives for the Seaside Chamber of Commerce.
This blueprint for the future of the 21st Century association is based on the premise that members are all-important. As emphasized throughout the six PLANS in this book, they are the reason for the existence of an association—the sum and substance for creating a joint effort.

In successful and profitable associations, the elected officers, staff, and committees have an exacting responsibility to address the needs of the members. Working together and sharing responsibilities are requirements for building a viable organization in the future. The board of directors will reflect the rank and file. Their deliberations and decisions will serve as the voice and the power for the collection of goal-oriented people. The leaders and staff will establish programs, products, and services to solve their members' problems.

The members also have a heavy responsibility. They will be involved by lending support, not only financially, but personally by giving ideas, guidance, and direction. Associations in the next century will need more than checkbook members who pay dues and let the staff and a few other leaders do the work. Dedicated participation will be the essential quality of the important associations. The loyalty and energy of its members will make trade
associations, professional societies, and chambers of commerce work in the 21st Century.

Governments around the world will be listening more and more to associations representing major constituencies whose members hire people, fuel the economy, increase the standard of living, and improve the quality of life for all. Therefore, it is incumbent on present and future leaders to strive hard to reach their organization's maximum potential by following the PLANS in this blueprint for the future. The satisfaction and rewards to individuals involved will far exceed the sacrifices or costs.

THE BEGINNING
How to use the information in the appendices

- Use the association management concepts in each of the previous six PLANS to develop the documents asked for in the questions at the end of the sections. You should prepare similar ones for your own organization when appropriate.

- Appendix A is a sample set of bylaws that shows you the basic elements for drafting such a document.

- Appendix B is an evaluation tool. Complete the information requested on the form to evaluate the elements of your own association.

- Appendix C lists many of the programs and activities undertaken by associations. Use this list to build a program of work for your organization.

- Appendix D is a sample membership newsletter referred to in PLAN Four.

- Study the Bibliography to identify the many excellent books available on association management. These are but a few of the many that have been published.
APPENDIX A
SAMPLE OF A BUSINESS ASSOCIATION'S BYLAWS

Note: These bylaws were printed with permission of the National Cargo Security Council and were reproduced without editing.

BYLAWS OF THE NATIONAL CARGO SECURITY COUNCIL

ARTICLE I

Name and Location

The name of this corporation shall be the National Cargo Security Council, Inc. (hereinafter referred to as the Council), incorporated under the District of Columbia Non-Profit Corporation Act on February 16, 1983.

The Council shall make its headquarters in the Metropolitan Washington, D.C. area at a location to be specified from time to time by the Board of Directors. The Board shall have the right to establish branch offices in other parts of North America as it may deem necessary.

ARTICLE II

Purposes

The purposes of this non-profit corporation shall be (1) to improve cargo transportation security by providing leadership in voluntary industry efforts; (2) to act as a central clearinghouse for the collection and dissemination of information relating to trends, techniques, and results of efforts to prevent cargo crime; (3) to articulate such purposes to the public in general, government agencies, and commerce and industry on matters relating to security of cargo; and, (4) to assist and support voluntary and self-help initiatives by governmental units, transportation centers, and industry cargo security groups to develop effective endeavors and programs to combat cargo crime.

ARTICLE III

Membership

The Council shall have seven categories of membership:

a. Regular. Regular Membership shall be comprised of transportation users, investor and carrier organizations and companies. Each member company or organization holding Regular Membership shall be entitled to one vote in Council proceedings. Where a company or organization has two or more paid
memberships, only one shall be considered as a Regular Member. Other memberships a company or organization has shall be considered as Individual Memberships and shall not be entitled to a vote.

b. Individual. Individual Membership shall be comprised of (1) additional members from a company or organization which already holds a Regular Membership; (2) individual persons, not members of companies or organizations, but active in the transportation industry; (3) other persons not fitting these categories but who may be approved for Individual Membership by the Board of Directors. Individual Members shall have voice and the right to participate in Council activities, but no vote.

c. Affiliate. Affiliate Membership shall be comprised of representatives of all categories of federal, state, and local governmental entities. Affiliate members shall have a voice and the right to participate in Council activities, but no vote. However, a government agency that is involved in the actual shipping or movement of cargo may apply for Regular Membership in the Council and shall be entitled to all privileges of Regular Membership including the right to vote.

d. Student. The Board of Directors may create a category of Student Membership to be conferred on students in colleges and universities and other institutes of learning who are majoring in the field of transportation.

e. Retired. Retired Membership may be granted by the Board of Directors to any entity which has held Regular, Individual, or Affiliate Membership and which has fully retired from active business in the transportation industry. Dues for Retired Members shall be set by the Board of Directors, but in no instance shall such dues be more than 50% of the dues which the entity had previously been paying.

f. Sponsorships. User, investor, and carrier organizations, associations and institutions in the transportation community which endorse the purposes and programs of the Council, shall have the right to serve as Sponsors of the Council. Rules and fees for Sponsorships shall be set by the Board of Directors.

g. Honorary. The Board of Directors, by a two-thirds affirmative vote, may bestow Honorary Membership on persons or organizations which have retired from the transportation community or upon persons or organizations which, in the opinion of the Board have provided exemplary service to the Council. Honorary Members may attend meetings of the Council; however, Honorary Members shall not have the right to voice at Council meetings unless such right is approved by a majority vote of those attending the meeting in question. Honorary Members shall have no vote.

All applications for membership shall be submitted to the Executive Committee for review and shall not take effect until approved by the Executive Committee.

ARTICLE IV

Governance

Section 1. The governing body of the Council shall be the voting members at the Annual Meeting. The Annual Meeting shall have final voice in all procedures and actions of the Council.

Section 2. The governing body of the Council between Annual Meetings shall be the Board of Directors. Between meetings of the Board of Directors, the Executive Committee shall serve in lieu of the Board of Directors, provided, however, that all actions of the Executive Committee shall be submitted to the next meeting of the Board of Directors for consideration and action.
Section 3. The Board of Directors shall be comprised of the officers of the Council and the chairman and vice chairman of each Standing Committee as set forth in these Bylaws. In addition to these members of the Board of Directors, the Annual Meeting shall elect members equal in number to those members of the Board set forth in this section.

Section 4. The members of the Board of Directors elected by the Annual Meeting shall be divided into three classes, so staggered in term that one class shall serve one year; one class, two years; and the last class, three years. As the one year and two year terms end, members to succeed the persons holding those positions shall be elected for full three-year terms. All members of the Board elected thereafter by the Annual Meeting shall be elected for three-year terms. No member of the Board elected by the Annual Meeting shall serve more than seven years.

Section 5. The Chairman of the Board of Directors shall be the President of the Council. All other officers of the Council shall hold the same office on the Board of Directors.

Section 6. Executive Committee. The Executive Committee shall be comprised of the following officers of the Council, namely the President, Immediate Past President, Vice President, Secretary, and Treasurer, and one member elected by and from the Board of Directors to serve as a member at-large of the Executive Committee. The President shall chair all meetings of the Executive Committee. If the Immediate Past President is unable or unwilling to serve, then the Past President immediately prior to the Immediate Past President shall serve in that position.

ARTICLE V
Officers

Section 1. Officers. The officers of the Council shall be the President, Immediate Past President, Vice President, Secretary, and Treasurer. If the Immediate Past President is unable or unwilling to serve, then the Past President immediately prior to the Immediate Past President shall hold that position.

Section 2. Election of Officers. All officers of the Council shall be elected by the voting membership at the Annual Meeting and each officer shall serve a term of two years or until their successors are duly elected and installed in office. Officers may succeed themselves if re-elected to their respective positions. Officers shall assume office on the first day of the calendar year following the Annual Meeting at which they were elected.

Section 3. Duties of Officers.

a. President. The President shall have the responsibilities of chief executive officer and general supervision over the activities of the Council, subject to policies approved by the Board of Directors. He shall be assigned other duties as are found in the latest edition of Robert’s Rules of Order.

b. Vice President. The Vice President shall be assigned such duties as are found in the latest edition of Robert’s Rules of Order. He shall generally assist the President in his duties and, in the event the President is incapable of assuming or carrying out his duties, the Vice President, with the approval of the Board of Directors, shall assume the duties of the President until such time as the term expires, or an Annual Meeting is held, or the President reassumes his duties, whichever may come first.
c. Secretary and Treasurer. The Secretary and the Treasurer shall assume and perform those duties set forth for their respective offices in the latest edition of Robert’s Rules of Order, provided, however, that if the Council has retained a chief staff officer, the duties of the Secretary and the Treasurer may be assigned to the chief staff officer, acting within the established policies of the Council.

ARTICLE VI.

Standing Committees

Section 1. The Standing Committees of the Council shall consist of the following:

   a. Industry Leadership Committee
   b. Liaison Committee
   c. Education Committee
   d. Area Council Operations Committee
   e. Cargo Loss Analysis Committee
   f. Finance Committee

Section 2. The chairman and vice chairman of each of these Standing Committees shall serve a two year term and shall also serve concurrently on the Board of Directors.

Section 3. The membership of each Standing Committee is unlimited and shall be appointed by the President.

Section 4. The Standing Committee Chairmen and Vice Chairmen shall be appointed by the President with the approval of the Executive Committee. In making his appointments of Chairmen and Vice Chairmen, the President should ensure, as practically as possible, to create a representation of the Council’s membership categories.

Section 5. The President may appoint other committees as is deemed necessary; however, only the Chairman and Vice Chairman of the Standing Committees named above shall automatically serve on the Board of Directors. This does not preclude a Chairman or Vice Chairman of another committee not listed above from being elected to the Board of Directors by the Annual Meeting.

Section 6. Duties of Committees

   a. Industry Leadership Committee. The Industry Leadership Committee shall identify and recommend active, motivated organizations and persons for membership in the Council. It shall further assist the Area Council Operations Committee in identifying and recruiting active, motivated persons for field leadership roles in international, regional and city efforts against cargo-related crime.

   b. Liaison Committee. The Liaison Committee shall coordinate, in the name of the Council, all Council liaison with governmental agencies, law enforcement elements, industry associations and organizations, both at the national level and in support of international/regional/city operations.

   c. Education Committee. The Education Committee shall disseminate data, material and information relating to cargo crime, to include a periodic newsletter; arrange and conduct or co-conduct such addresses, seminars, and workshops as are in the best interests of the Council’s efforts, and coordinate the public relations efforts of the Council. This committee shall establish and maintain a speakers’ bureau of
Council members and other transportation industry user, investor, and carrier representatives for assignment consistent with the aims and purposes of the Council.

d. Area Council Operations Committee. The Area Council Operations Committee shall coordinate Council efforts to establish international/regional/city security councils and operations of international/regional/city efforts against cargo crime.

e. Cargo Loss Analysis Committee. The Cargo Loss Analysis Committee shall obtain from all practical sources data relating to cargo crime and losses, assemble and analyze the information and statistics, and present appropriate reports to the Council for use in the best interests of the Council’s purposes, endeavors, and programs.

f. Finance Committee. The Finance Committee shall study, review, develop, and submit to the Board of Directors through the President such financial plans and recommendations as will permit the Council to achieve its aims and purposes in a prudent, realistic, and effective manner. An annual audit of the Council’s finances shall be carried out by the Finance Committee (provided, however, that the Board of Directors shall be empowered to retain a professional auditor should it consider such to be necessary. The Finance Committee shall also be responsible for drafting a proposed Annual Budget and submit same to the Board of Directors for mark-up and approval.

Section 6. Special Committees

Special Committees of the Council, not named or referenced herein shall consist of the following:
1. Nominating Committee
2. Resolutions Committee
3. Bylaws Committee

Section 7. Duties and Composition of Special Committees

a. Nominating Committee. The President, with the approval of the Executive Committee, shall appoint a Nominating Committee comprised of 5 to 7 persons, none of whom shall be currently serving as chairman or vice chairman of any Standing Committee, and none of whom shall be an Officer of the Council nor a member of the Board of Directors whose term of office ends at the conclusion of the year the Nominating Committee functions. The Chairman of the Nominating Committee shall be a Past President if a Past President is available to serve in this capacity.

It shall be the duty of the Nominating Committee to meet prior to the Annual Meeting and nominate a candidate for each office and for each position on the Board of Directors which is elected by the Annual Meeting. After the Nominating Committee has prepared a slate of candidates, this slate shall be presented to the Annual Meeting and if no competing candidates are offered by Regular Members at the Annual Meeting, the slate of the Nominating Committee shall be declared to be elected.

In order for a Regular Member to present a competing candidate for any position or positions on the slate of the Nominating Committee, it shall be necessary that (a) the competing candidate or candidates have given their authority in writing to be nominated and (b) at least five Regular Members present and voting (proxies not being allowed in this case) shall endorse the nomination of each competing candidate.

If a competing candidate or candidates is/are nominated, a secret ballot shall be taken for that position or positions and a majority of the Regular Members voting in person or by proxy shall be required to elect.
b. Resolutions Committee. The President may, at his discretion, appoint a committee of 3 to 7 members as a Resolutions Committee. If appointed, this Committee shall receive any proposed resolutions to be considered by the Annual Meeting and shall review each resolution with the power to combine similar resolutions and shall submit each resolution to the Annual Meeting with a recommendation for or against approval.

c. Bylaws Committee. The President shall appoint a Bylaws Committee of 5 members, at least three of whom are members of the Board of Directors, to oversee the operation of these bylaws and to review and edit for clarity purposes only, any proposed amendments to these bylaws before such proposed amendments are submitted for consideration.

Section 8. Other Committees

The President, at his discretion, may appoint such other committees as he may deem necessary to carry out the business of the Council.

ARTICLE VII

Staff

Section 1. Chief Staff Officer. The President, with the approval of the Board of Directors, shall have the authority to hire a chief staff officer whose title shall be Executive Director or some other title assigned to him by the Board of Directors. For the purposes of these bylaws, the title Executive Director is used for reference. The term of office and conditions of employment shall be specified by the Board of Directors. The Executive Director shall have voice but no vote at all meetings of the Council, including the meetings of the Board of Directors and Executive Committee; provided, however, that the Board of Directors and/or Executive Committee may, by a majority vote, agree to executive sessions which will not be attended by any staff.

The Executive Director shall carry out such duties as are assigned to him by the Board of Directors and by the President. He shall also assume the duties of the Secretary and Treasurer if assigned to him by the Board of Directors.

The Executive Director may be relieved of his position without cause by a majority vote of the Board of Directors.

The Executive Director, acting within the approved budget of the Council, may employ such other staff as may be necessary to conduct the affairs of the Council. Such staff assistants and other employees shall be under the direction of the Executive Director, and no officer or member shall have direct authority over such staff assistants; and these staff assistants shall have no authority to act for or on behalf of the Council, its members or officers unless such authority is expressly granted to them by the Annual Meeting, or the Board of Directors, or the Executive Committee.

Section 2. General Counsel. The Board of Directors, at the recommendation of the President or of the Executive Committee, may retain a legal counsel for the Council whose title shall be General Counsel. The General Counsel shall answer to the Executive Committee and not to other staff; and his term of office and duties shall be set by the Board of Directors. The Board of Directors shall have the right to terminate his employment upon the recommendation of the President and/or the Executive Committee.
ARTICLE VIII

Meetings

Section 1. Annual Meeting. The general membership shall have an Annual Meeting in the month of November each year at a time and place to be designated by the President. Written notice shall be provided to each member by the Secretary no later than three weeks prior to such meeting. Proxy voting shall be permitted provided proxies are presented in writing and signed by the persons issuing the proxies.

A Special Membership Meeting may be called at the discretion of the majority of the Members of the Board of Directors if so recommended by the President; or without such recommendation, by a two-thirds affirmative vote of the Board of Directors. Written notice shall be provided to each member by the Secretary no later than four weeks prior to any Special Membership Meeting.

Section 2. Quorum. A quorum shall consist of 20 percent of the Regular Members in person or by proxy.

Section 3. Conduct of Annual Meeting and Rules of Order. The President, or an officer designated by him, shall preside at all sessions of the Annual Meeting. To the extent they are not inconsistent with these bylaws, the rules contained in the latest edition of Roberts Rules of Order shall govern the conduct of the Annual Meeting.

Section 4. Board of Directors. The Board of Directors shall meet four times each year, approximately three months apart, at a time and place designated by the President, and the fourth time during the course of the Annual Meeting. Proxy voting shall be permitted provided proxies are presented in writing and signed by the persons issuing the proxies. A quorum of the Board of Directors shall consist of a majority of the total members of the Board plus one, in person or by proxy. The President shall preside at meetings of the Board of Directors.

Special Meetings of the Board of Directors may be called by the President or by a majority of the Executive Committee or in writing by five members of the Board of Directors.

Notices. All members of the Board of Directors shall be given notice in writing of each meeting, both regular and special, no later than two weeks prior to the meeting.

Telephonic and Mail Meetings. Under extraordinary circumstances, the President may conduct the business of the Board by conference telephone call or by written ballot. Actions taken at such meetings shall be confirmed by the Board of Directors at its next regular meeting.

ARTICLE IX

Chapters

Section 1. The Board of Directors is empowered to create or recognize international, regional, state, or city organizations and to grant, suspend, or revoke charters to such organizations as chapters of the Council, provided such organizations meet the criteria for chapters which shall be established from time
to time by the Board of Directors. The territory claimed by a chapter shall be researched by the Council and final territorial boundaries shall be approved by the Board of Directors of the Council.

Section 2. Affiliation Requirements. In addition to the criteria established by the Board of Directors as set forth in Section 1 above, a recognized chapter shall have its own bylaws, rules and policies which are not inconsistent with the bylaws, rules and policies of this Council, and which must be approved by the Board of Directors of the Council. One hundred per cent of the members of a Chapter shall be members of the Council. In recognition of and in support of the existence of a chartered chapter, the Council will not receive members in any category from the territory claimed by the Chapter and approved by the Council, but shall refer such members to the Chapter for membership therein.

Section 3. Collection of Dues. Dues for each member in all membership categories shall be submitted to the Council annually by the Secretary of the chapter no later than the first day of the Council’s fiscal year. Any chapter which fails to remit its dues within 30 days of the first day of the fiscal year of the Council shall automatically have its charter revoked.

ARTICLE X

Assets and Finances

Section 1. Sources of Funding. Council receipts shall be derived from such sources as may be approved by the Board of Directors.

Section 2. Dues. The Board of Directors shall establish dues for all categories of membership and any change in dues shall be communicated to the membership no less than three months before the change becomes effective.

Section 3. Use of Funds. Council funds may be used for any purpose approved by the Annual Meeting or by the Board of Directors or by the Executive Committee, provided such use is in conformity with the Council’s position as a 501(c)(6) entity under the Internal Revenue Code.

Section 4. Audits. There shall be an annual audit of all Council activities. This audit shall be carried out by the Financial Committee. The Board of Directors shall be empowered to retain a professional auditor should it consider such to be necessary; provided, however, that there shall be at least one professional audit every third year.

Section 5. Bonding. The Board of Directors may authorize bonding insurance of an appropriate amount for those Council officers, including the President, Treasurer, and Executive Director, having obligation, disbursement, and signature authority.

Section 6. Indemnification. The Council may, insofar as permitted by law, indemnify and hold harmless all Directors and other persons now or hereafter serving the Council in official capacity, whether or not in office, from and against any and all claims, liabilities, penalties, forfeitures and fines, as well as for all legal and other expense reasonably incurred, to which he/she may become subject by reason of any such person’s having acted on behalf of the Council. The foregoing right of indemnification shall not be exclusive of any other right to which any such person may now or hereafter be entitled as a matter of law.

Section 7. Assets. No member may acquire an interest of any kind in the funds or property of the Council, real, personal, or mixed, except the right to take part in the use and disposition of such property under the Articles of Incorporation and these bylaws.
Section 8. Fiscal Year. The Fiscal Year of the Council shall be established by the Board of Directors.

ARTICLE XI

Code of Professional Responsibility

The Board of Directors shall adopt a Code of Professional Responsibility applicable to the conduct of all persons serving as Members of the Board of Directors, the Boards of Directors of state and regional chapters, or as Officers and as Committee Members of the Council insofar as their actions are representative of the Council.

ARTICLE XII

Amendments to the Bylaws

Section 1. These bylaws may be amended by a majority vote of the Board of Directors present at any quarterly or Annual Meeting, provided that written notice of any such meeting contains the full text of each proposed amendment along with a reason for such amendment.

Section 2. Any member may submit proposed amendments at the Annual Meeting. Should a proposed amendment be submitted at the Annual Meeting, it shall be referred to the bylaws Committee which shall review and edit the proposed amendment for clarity purposes only, and shall then submit the proposed amendment in writing to the Board of Directors for consideration at its next quarterly meeting.
APPENDIX B

INTERNATIONAL ASSOCIATION MANAGEMENT EVALUATION FORM

Name of organization and address ________________________________________________
____________________________________________________________________________
____________________________________________________________________________
____________________________________________________________________________

Name and title of officer or staff member responding __________________________________
____________________________________________________________________________
____________________________________________________________________________

Date organization was established ________________________________________________

Statement of association's mission ________________________________________________
____________________________________________________________________________
____________________________________________________________________________
____________________________________________________________________________

Description of membership (type, scope)
____________________________________________________________________________
____________________________________________________________________________
____________________________________________________________________________
____________________________________________________________________________

Number of voting members_______________________________________________________
Check the major activities and services conducted by the organization

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<td>2. Employer-Employee Relations</td>
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<td>14. Consumerism Programs</td>
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<td>15. Ecology &amp; Environment</td>
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<td>16. Others</td>
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**Evaluation Questions**

1. Has the organization conducted a survey of members to determine its major problems or needs within the last three years?
   
   Yes_______ No_______

2. If yes, have the findings of the survey resulted in new or improved organization services or programs?
   
   Yes_______ No_______

3. Does the organization represent at least 20% of the firms or individuals eligible for membership?
   
   Yes_______ No_______
4. Are the majority of the members active in the organization? (Attend some meetings, answer surveys, communicate with the organization, etc.)

   Yes_______  No_________

   If no, what percentage are active? ___________%

Rating Scale: The ratings used in the following questions will be described as:

   G=Good: Above average—performance meets and sometimes exceeds necessary requirements and provides results that meet expectations.

   S=Satisfactory: Performance meets necessary requirements, objectives or expectations.

   P=Poor: Performance fails to meet minimum requirements and established goals.

5. Does your association have the following documents?

   Please Rate
   A. Bylaws
      Yes____ No____  G____ S____ P____
   B. Book of Organization Policies
      Yes____ No____  G____ S____ P____
   C. Financial Reports
      Yes____ No____  G____ S____ P____
   D. Staff Policy Manual
      Yes____ No____  G____ S____ P____
   E. Staff Job Description
      Yes____ No____  G____ S____ P____
   F. Officer Job Description
      Yes____ No____  G____ S____ P____
   G. Minutes of Important Meeting
      Yes____ No____  G____ S____ P____
   H. List of Committees and Their Assignments
      Yes____ No____  G____ S____ P____

6. What is the size of your board of directors? ___________________

   The board's membership changes:
   Yes____ No____  Every Year __ 2 Year__ 3 Year__ Other__

   What is the size of your executive committee? ___________________
7. Does the organization have a job description, officers, board members, staff, and committee chairperson?
   Yes____ No____ Officers G____ S____ P____
   Yes____ No____ Board Members G____ S____ P____
   Yes____ No____ Staff G____ S____ P____
   Yes____ No____ Committee Chairperson G____ S____ P____

8. Does the organization have an orientation program for its officers and board members?
   Yes____ No____
   If yes, then how often? ________________Years
   Please rate the program G____ S____ P____

9. Does the organization define the relationship between the chief staff executive and the volunteer leader (president)?
   Yes____ No____
   If yes, please rate G____ S____ P____

10. Does the organization have a membership promotion committee?
    Yes____ No____
    If yes, please rate G____ S____ P____

11. Are there any other organizations that may be considered competitive?
    Yes____ No____
    If yes, please rate them G____ S____ P____

12. Is the organization a federation of chapters or other groups?
    Yes____ No____
    If yes, is there evidence of cooperative spirit between the chapters and the organization?
    Yes____ No____
    If yes, please rate G____ S____ P____

13. Does or will the organization conduct regional or national meetings to which nonmembers may be invited?
    Yes____ No____
    If yes, please rate G____ S____ P____

14. Are there key members willing to serve on a membership committee?
    Yes____ No____
    If yes, please rate G____ S____ P____

15. Does the organization distribute a newsletter or other literature to nonmembers to keep them informed about the association?
    Yes____ No____
    If yes, please rate G____ S____ P____

16. Does your organization furnish an annual financial report to its members?
17. Does your organization have an annual audit by a chartered accountant?
   Yes___  No___
   If yes, please rate  G____  S____  P____

18. Does your organization receive more than 50% of its income from dues?
   Yes___  No___
   If yes, please rate  G____  S____  P____

19. Does your organization have an active finance committee?
   Yes___  No___
   If yes, please rate  G____  S____  P____

20. Have you developed detailed information on how governmental policies negatively impact your members in terms of taxes, fees or regulations?
   Yes___  No___
   If yes, please rate  G____  S____  P____

21. Have you established a public policy committee?
   Yes___  No___
   If yes, then please rate  G____  S____  P____

22. Have you conducted a survey of your members on what specific governmental policies affect their profitability?
   Yes___  No___
   If yes, please rate  G____  S____  P____

23. Has your board of directors approved your public policy advocacy program of work?
   Yes___  No___
   If yes, please rate  G____  S____  P____

24. Have you directly contacted the key leaders of your legislative body to establish a good relationship and to explain your public policy advocacy priorities?
   Yes___  No___
   If yes, please rate  G____  S____  P____

25. Have you developed a communication plan for your organization and, if so, has it been approved by your board of directors?
   Yes___  No___
   If yes, please rate  G____  S____  P____

26. Have you prepared a contact list to give to the news media if a crisis occurs?
   Yes___  No___

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27. Have you established a communication committee or task force?
   Yes____  No____
   If yes, then please rate  G____  S____  P____

28. Have you developed a priority list of the various programs of your organization that your communication effort will promote?
   Yes____  No____
   If yes, then please rate  G____  S____  P____

29. Have you listed the top five target audiences for your communication program?
   Yes____  No____
   If yes, please rate  G____  S____  P____

30. If the organization has a plan, does the plan need to be updated?
   Yes____  No____
   Please rate the plan  G____  S____  P____

31. If the organization does not have a strategic plan, does the organization have a mission statement?
   Yes____  No____
   If yes, please rate  G____  S____  P____

32. Has the organization conducted any sort of member survey or research to determine member needs, opinions, or concerns?
   Yes____  No____
   If yes, please rate  G____  S____  P____

33. Is the organization ready to pursue strategic planning? Is there a sense of urgency or concern about where the organization is and where it is going?
   Yes____  No____
APPENDIX C

PROGRAMS AND ACTIVITIES OF BUSINESS ASSOCIATIONS

Educational Activities Of Associations

- Sponsoring short courses, clinics, seminars, workshops, or institutes for community, industry or profession. Providing certificates, diplomas or awards for completion of educational programs.
- Providing tests and manuals for employee and member training.
- Providing films, discs, and cassettes for training programs.
- Cooperating with other organizations' educational and training programs.
- Providing scholarships and underwriting fellowships or grants.
- Conducting correspondence courses and sponsoring night school courses.
- Having a certification program.
- Operating a training center for community, industry, or professional specialists.
- Conducting a trade show or exposition on behalf of the industry, suppliers, or community.

Employer-Employee Relations Programs

- Conducting surveys concerning members' employees (wages, work schedules, fringe benefits, etc.).
- Disseminating information on state and national labor regulations.
- Holding meetings for discussion of employer-employee relations.
- Conducting programs aimed at better health and safety of members.
- Providing career guidance manuals to schools.
- Conducting personnel policy surveys.
- Providing a medium of exchange for members' labor contracts.
- Having executive referral or personnel placement service.
- Providing information on job evaluation plans, incentive plans, and aptitude tests.
- Engaging in arbitration and mediation.
- Acting as collective bargaining agent.

Note: This list of programs and activities was compiled by James P. Low, CAE.
Governmental Relations Programs

- Informing members about federal legislative developments.
- Encouraging and equipping members to express personal and knowledgeable views on legislative issues to their legislators and governmental regulators.
- Informing members about federal administrative actions or rulings.
- Informing members about state and local legislative developments.
- Testifying before federal, state, or local legislatures.
- Maintaining a legislative or governmental relations committee to study and make recommendations concerning national and state legislative issues.
- Assisting state and local governments by furnishing facts, statistics, etc., covering industry, profession, or community.
- Including speakers on national legislative issues in convention programs.
- Drafting legislation or model laws.
- Lobbying to accomplish objectives of industry, professional, or community.
- Assisting federal government by providing facts regarding production capacity and inventories or data on the industry, profession or community.
- Reporting court decisions.
- Encouraging and training members to be active in the political party of their choice.
- Establishing a political action committee in the industry, profession or community to collect and distribute funds for candidates. (See PLAN Five on public policy advocacy)
- Sponsoring courses or clinics on political participation.
- Assisting members in connection with customs, tariffs, and trade agreements.
- Representing industry in tariff negotiations.
- Assisting the government in sponsoring and participating in trade fairs abroad.

Publishing Programs

- Newsletters.
- Legislative, technical, or other bulletins as news dictates.
- Membership directories.
- Handbooks and manuals.
- Magazines, trade and professional journals.
- Annual reports.
- Digest of laws.
• Directories of suppliers, buyers, etc.
• Safety manuals and rules.
• Computer programs, software, and discs
• Technical publications.

**Publicity And Public Relations**

• Providing mass media with stories and news releases concerning industry, profession, or community.
• Providing trade and professional journals with information about developments of services of industry, profession, or community.
• Maintaining an ongoing public relations committee.
• Providing members with information they can use.
• Providing speeches members can use for public relations purposes.
• Providing members with public relations films, cassettes, and discs they can use.
• Maintaining a speakers' bureau.
• Conducting a national "week" for the industry or profession.
• Maintaining a display booth which goes to exhibits around the country or world.
• Conducting an annual tour to cities to meet with and discuss mutual problems with citizens, local government, and enforcement officials.
• Providing tips on breaking news events to selected reporters and commentators.
• Sponsoring photograph contests.
• Providing television documentaries.
• Sponsoring "career days" and safety programs in schools.
• Publishing directories containing profiles of member companies to be distributed.

**Research**

• Conducting research activities at commercial laboratories, research institutions, members' laboratories, and/or governmental laboratories.
• Conducting research activities at laboratory facilities that are owned and operated by the associations or chambers. Discoveries made through research are patented by the association or chamber. Research patents are then made available to the public.
• Designing studies to improve products or services of members.
• Designing studies to develop new methods or techniques.
• Researching management and personnel performance.
• Designing studies to develop new products or services.
Standardization And Accreditation

- Cooperating with the military and government agencies to review standards and specifications.
- Publishing product standards and/or specifications.
- Establishing standards of performance for the profession or industry.
- Establishing standard types, sizes, and grades of produced goods.
- Studying standard dimensional and other tolerances and nomenclature.
- Developing standard operating procedures for office or plant.
- Establishing criteria on properties and performance as the basis for grading, approving, and certifying.
- Issuing seal of approval or emblem that products or services are of a certain recognized standard.
- Enforcing or protecting such standards and certification.

Statistics

- Disseminating statistical data compiled by governmental agencies. They are used by associations and chambers to prepare long and short term forecasts in the industry, profession, or community.
- Compiling and disseminating statistics reflecting:
  - Orders
  - Sales
  - Production
  - Construction
  - Accidents and injuries
  - Operating ratios
  - Employment
  - Profits
  - Inventories
  - Plant shipments

Consumerism Programs

- Publishing a code of ethics and encouraging the public to report to the association or chamber about unsatisfactory products or services.
- Encouraging members to adhere to truthful and factual advertising.
- Conducting educational programs directed at the public about what the community, industry, or profession is doing to protect users.
- Sponsoring an accreditation or certification program of members.
- Maintaining a panel or committee of members and consumers to study consumer problems.
- Issuing seals of approval certifying the quality of products or services.
- Conducting tests and inspections or grading service to help ensure users of satisfactory performance.
- Developing standards of grade and quality labeling to help users choose the right products to meet specific needs.
- Providing a consumer ombudsman for the community, industry, or
profession and hiring or retaining a consumer consultant.

**Ecology And Environmental Programs**

- Working for legislation that sets standards for environmental control.
- Maintaining a committee of members and others to study ways of reducing pollution or improving environmental quality.
- Working for legislation that provides incentives to industry for improved environmental control.
- Conducting research to improve methods of waste disposal and eliminate pollution.
- Conducting educational programs directed to users on ways to reduce pollution or waste.
- Sponsoring programs to encourage cleanup and bottle and package refund campaigns.
- Conducting recognition and award programs for members and others for achievement in improving environmental quality.

**Economic Development**

- Implementing an economic development program for a country or region wishing to create employment, expand its economic base and generally improve the quality of life.
- Identifying and analyzing the basic assets of the area that will attract new business or help existing industry to grow and prosper. This program encompasses the local business climate, community appearances, churches, schools, government, cultural institutions, and recreational facilities.
- Assessing the area's water, sewer, electricity, natural gas, railroads, air transportation, and trucking facilities.
- Assessing the educational and skill levels of labor as well as unionization, availability, and costs of labor.
- Analyzing tax advantages and new tax incentives.
- Publicizing the area's desirability to prospective investors.
- Forming an economic development committee.
- Coalescing with other organizations with similar goals, such as electric companies, railroads, trucking companies, airlines, gas companies, terminals, banks, and unions.

**Tourism**

- Identifying and creating attractions, sites, and events that will increase tourism.
- Publicizing the area's tourist attractions through television, radio, videocassette, newspapers, billboards, on-line computer services, etc.
• Working with owners and operators of tourist attractions to help market their services.
• Creating pamphlets, brochures, articles, and advertisements that support tourist promotion activities.
• Working with speakers' bureaus to make presentations about the desirability of visiting the specific location or city.
• Establishing visitor information booths or offices to assist tourists.

Accounting Activities
• Providing accounting programs are long established as association or chamber activities. In addition to providing a chart of accounts and an accounting manual, they provide a centralized accounting service.
• Providing centralizing billing service by a local medical society to a centralized accounting service for a statewide association of retailers.
• Providing accounting manuals.
• Publishing comparative statements/ratios.
• Publishing uniform account classifications and definitions.
• Conducting cost studies.
• Providing accounting forms and maintaining an accounting committee for industry or profession.
• Providing accounting consultation to install and maintain a system.
• Providing centralized accounting services and providing cost system for members.

Advertising And Marketing Activities
• Offering industry seal, symbol, or emblem for display.
• Providing members with advertising materials.
• Sponsoring paid advertising for community, industry, or profession in newspapers, magazines, radio, television, or billboards.
• Retaining advertising agency.
• Engaging in mutual theme advertising with members and/or other organizations.
• Exhibiting in shows of other associations or chambers.
• Collecting and distributing requests for products or services of members.
• Forecasting future demands and trends.
• Conducting research among consumers for facts regarding buying or selling of commodities or services.
• Furnishing members with point-of-purchase material.
• Conducting studies or providing information regarding improved methods of merchandising, including displays, and store fixtures.
• Advertising nationally.

**Aid To The Disadvantaged**

• Encouraging members to hire the disadvantaged.
• Helping members provide on-the-job training.
• Studying opportunities for employment within the industry, profession, or community.
• Contracting or working with the federal government to aid in the employment and training of disadvantaged or minority groups.
• Working for expanded apprentice programs.
• Working with governments to aid in employment.
• Furnishing information, encouraging minority group entrepreneur programs, and operating a placement service for the disadvantaged.
Seaside Chamber News

Issue #25
Published by the Seaside Chamber of Commerce

It's Our Opinion
Tierra Bonita's President Sanchez has proposed new tax reforms which are equitable, broad-based, and non-regressive. These reforms will foster a favorable business climate. His approach encourages economic development. Taxes should be few in number and easy to administer with the burden distributed primarily among income, sales, and property bases.

Taxes should not be based on protectionism. Equilibrium should be maintained between tax growth, population growth and economic activity. Tierra Bonita has lost several hundred jobs because building parts manufacturers have not been able to compete in the global economy. This has been proven conclusively by a new study which the Chamber staff recently completed. We must make certain that all our people have jobs so we can build a prosperous city and nation.

CHAMBER TO FIGHT FOR REFORMS
The Seaside Chamber of Commerce announced today at its monthly board meeting that the Chamber is forming a new coalition with the National Association of Building Parts Manufacturers to fight for President Adolpho Sanchez’s new federal tax reform plan.

Ali Omari, chairman of the Chamber board said, “Tax reform is imperative for Tierra Bonita to again become competitive in the world’s market place. The businesses of our city are burdened with over-taxation that make the costs of our products higher than competing nation’s manufacturers. This new coalition which will be called Fair Taxes for Seaside will help the President achieve his goals.

The executive director of the National Association of Building Parts Manufacturers, Marek Sobieski, said, “President Sanchez has always supported tax reform and his proposal now pending before the Parliament is vital to the businesses in Tierra Bonita. We invite others to join this Fair Taxes for Seaside Coalition,” Sobieski said.

Winning in the Global Economy
NEW STUDY ON TAXES
According to a new study presented to the Chamber board, federal business taxes add at least five zoyas to every building part made in Tierra Bonita. The average tax in other countries is equivalent to only three zoyas.

The report, produced by the staff of the Chamber from a survey of the building parts manufacturers, states that a decrease in the federal tax rate would actually produce more tax revenues for the government in the long run. Additional jobs and businesses would more than make up for any lost tax revenues.

The report is available to any one who wishes to have a copy. Contact the Chamber for your copy.


Low, James P., *Speeches*.


Tips & Hints for Better Newsletters, (n.p., n.d.).


PLAN FIVE—Building Public Policy Advocacy Programs


PLAN SIX—Building a Blueprint for the Future


AUTHORS, EDITOR, AND COMPILER
ARCHITECTS OF THE PLANS

LARRY S. MILNER is a Certified Association Executive professional speaker, and strategic planning facilitator. Before becoming an independent consultant and president of Global Strategy Consultants, Mr. Milner was president of the Texas Chamber of Commerce and president and CEO of the Amarillo Chamber of Commerce. Mr. Milner’s extensive experience also includes serving as vice president for the Southwestern Public Service Company, a Fortune 500 electric utility. He holds a bachelor’s degree from the University of Texas at Austin and a master’s degree from Southwest Texas State University.

JAMES P. LOW, CAE, is chairman of the board of Dynamics, Inc., a consulting and training company for trade and professional associations and corporations. Mr. Low also serves as chairman of Dynamics Financial, Inc., Dynamics Trading, Ltd., and chairman of the Association Advisory Board of Production Group International. Mr. Low served as the president of the American Society of Association Executives for 16 years until 1982, during which time he increased membership tenfold.

GARY A. LABRANCHE, CAE, serves on the staff of the American Society of Association Executives (ASAE), where he is responsible for the world’s leading annual meeting and exposition for association executives. He develops and delivers professional educational courses for association management topics and has developed strategic plans for and consulted to over 300 associations throughout the world.

JOE M. BAKER, Jr., CAE, served thirty-seven years as the chief staff officer of the Association of the Wall and Ceiling Industries International (AWCI) where he developed closely held relationships with sister organizations worldwide and conducted study tours of his members to over 25 countries. In 1955 Mr. Baker joined the American Society of Association Executives where he served on the Membership Committee, and as the chairman of the Education Committee and as chairman of the Convention Section of ASAE. He served on the ASAE Board of Directors for four years, one year as national vice chairman of the ASAE Board. He also served as a member of the U.S. Chamber of Commerce Labor and Association Committees.

EDWARD J. McMILLAN has been in not-for-profit financial management for his entire career, having served as the chief financial officer for two national organizations, the Associated Builders and Contractors and the American Correctional Association. A Certified Public Account, as well as a Certified
Association Executive, he now concentrates on speaking and writing on the subject of financial management. In addition to writing several articles on financial management, he has written four books on the subject that have been published by McGraw-Hill and the American Society of Association Executives.
The Center for International Private Enterprise is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 1,000 local initiatives in over 100 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE provides management assistance, practical experience, and financial support to local organizations to strengthen their capacity to implement democratic and economic reforms. CIPE programs are also supported through the United States Agency for International Development.