



Components and ROI: Making the Case

ASAE & The Center Annual Meeting & Exposition

Tuesday, August 14, 2007
9:00 - 10:15 AM

Presented by:

Doug Bladecki, Senior Community Relations Manager
Society of Manufacturing Engineers

Linn Wheeling, CAE, CEO
ASCnet

Peggy Hoffman, President
Mariner Management & Marketing, an AMC

OVERVIEW

Are managing components really worth your time and money? We'll explore ways that associations measure component value and how this contributes to the bottom line. We'll share what associations could (and should) expect from components to help you meet your organization's strategic mission and vision. We'll take a look at the results of a research project conducted by ASAE & The Center focused on ways to measure ROI.

SURVEY NOTES

The 2006 Components ROI Survey conducted by ASAE & The Center in conjunction with the Component Relations Section Council found that components serve associations in three ways:

1. Components as a service provider to members
2. Components as a contributor to larger organization
3. Components as a revenue driver

As Service Providers ... components are first and foremost service providers to members. This survey did not rate the effectiveness in this area but simply reports the frequency in which components engage in specific activities. Events and communications topped the list with career services, study programs and product sales at the bottom. Of note, 74% develop their own education/professional development programs and 17% are involved in product development such as books and videos.

Activity	%
Education/professional development program delivery	85.5
Regularly scheduled meetings/events	84.3
General local networking activities	84.3
Education/professional development program development	74.7

As Contributors ... Ninety-eight percent of respondents reported that components do support the national organization. Topping the list at 81%, this support was in the form of promoting attendance at the national organization's meetings and events. Supporting membership development either through new member recruitment (77%) or retention (67%) was a strong second. Nearly 68% reported that components served as a farm team for national leadership. Other areas of contribution include lobbying, certification programs and fundraising.

Activity	%
Promoting attendance at the national meetings/events	81.4
New member recruitment programs	77.3
'Farm team' for parent organization leadership	67.8
Member retention programs	65.8
Lobbying activities	43.7
Promoting the organization's certification program(s)	41.5
Fundraising/development	36.6

As a Revenue Driver ... Only 24.7% of respondents reported attributing revenue to the annual budget, however most do indicate components are key in new member recruitment and retention as noted above. The median contribution is \$31,443 with a wide range from a few thousand to more than 1 million.

How Associations Are Tracking Component Value ... Slightly under 50% of survey respondents report specifically track contributions and a 8.5% report calculating an ROI. Those tracking contributions are looking at two main areas: (1) member retention (41.5%) and (2) member recruitment (44.8%).

Some areas associations reported tracking currently or intention to in the future:

- Publication sales, attendance at national meetings/education programs
- Support of national programs, such as legislative activity
- Membership market share
- Contributions to political or foundation activities
- Number of dual parent/chapter members recruited and retained
- Number of chapter members solicited for parent conferences
- Volunteer base by Chapter/region
- Number of board members each year that started out as component leaders
- Presence in the media; name recognition for the organization
- Filter membership participation/retention rates of those engaged by chapters versus those not.

BASIC INFORMATION GATHERING FOR THE ROI DISCUSSION

of Members _____
Annual Dues (\$) _____
Retention Rate (%) _____
Retention Average (Years) _____
of Chapters _____
Lifetime Member Value (\$) _____
Recruitment Costs (\$) _____

Other Information:

Volunteer Hours _____
Attendance at Component Events _____
of People on National Boards/Committees _____
Survey Results
 Product
 Benefit
 Satisfaction
 Engagement
Organization Hot Buttons
Component Rankings/Ratings
Public Relations Summary
Legislative Impact
Meeting / Conference Attendance
Communications Impact

Cost of Components

Dues sharing (\$) _____
Training (\$) _____
Staff (\$) _____

Volunteer Contribution Equation

(# of Volunteer Hours x Time Period) x \$18.77/hr rate* = \$ value of volunteer time

ASCNet example: (789 hr/week average x 52 week) * \$18.77 = \$792,433 per year

**Based on Independent Sector's Value of Time (www.independentsector.org/programs/research/volunteer_time.html). This demonstrates the cost savings by using volunteer vs. paid staff as well as justifies training costs by offsetting expenses with a revenue estimate. You could also substitute salaries for 'similar' real world positions based on www.Salary.com. In this same scenario, the value would be bumped up to \$1.4MM or about \$20,000 per chapter based on ASCnet's 69 chapters.*

Member Satisfaction Equation

Measure and compare members vs. former members on

- (1) importance of components
- (2) satisfaction with membership

This takes a look at variables in member satisfaction to determine if components are a variable. SME found a 13% difference in the satisfaction suggesting that components do have a role in member satisfaction.

Impact on Renewal Equation

Measure likelihood of renewal if there was no chapter – sample questioning:

How likely are you to renew your membership in the national association over the next 2-3 years?

- Extremely likely Somewhat likely Unsure Not likely at all

Would you be less likely to renew your membership in the national association if there were no local chapter?

- Yes No Possibly

These set of questions was asked by 4 associations – two of which found a high impact and two of which found a relatively low impact. The study conducted by Mariner and Whorton Marketing & Research with 4 associations reported that overall 40% of survey respondents indicate that the chapter's presence has a positive effect on their likely future renewal in the sense that, if chapters did not exist, they would be less likely to participate.

Impact on Lifespan Value Equation

Ave. No. Yrs Member x Annual Dues = \$ value of member
Compare value for members active in components vs. those not active

In the Components ROI survey, several association reported that members active in both tended to be members longer. Plugging the value of the average length of membership provides a dollar value for this impact.

PR Value Equation

Placement Value* x # of Placements = Advertising Value Equivalency (AVE)

This provides a dollar value for coverage of national association (could be membership, event or services promotion or brand awareness) by components that is provided at no charge. To calculate, you determine the cost of purchasing the equivalent amount of space. For Promotional Products Association, they used this calculation to consider the value of their affiliate relationships in terms of savings in advertising and exhibiting fees which they would have spent to reach their audiences. Good relationships with affiliates allowed them to acquire placement and exhibiting at no charge.

Questions? Ideas? Join the ROI Discussion? Contact Us:

Doug Bladecki, dbladecki@sme.org; 313-425-3214

Peggy Hoffman, phoffman@marinermanagement.com, 301-725-2508

Linn Wheeling, LinnW@ASCnet.org; 407-869-0404