

## 2006 Components ROI Survey Summary of Major Findings

ASAE & The Center invited associations with components to tell us more about their component programs. The purpose of the survey is to help design a framework for calculating the value or return on investment of component programs. This report explores the ways associations are currently supporting and measuring component activities. Armed with this information, the researchers will work with respondents and others interested in exploring this issue to build metrics for tracking component value.

This report includes a summary of major findings. The survey instrument is attached. For more information on the survey, contact the ASAE & The Center Component Section Council.

### OVERVIEW OF COMPONENT TYPE

Most responding organizations reported having components, defined as chapters, divisions, special interest groups, state or regional affiliates or any other types of component groups (77%). If they reported any type of component, the most common is geographic in nature as 94% reported either affiliated geographic groups (83.2%) or unaffiliated allied societies or federations (16.8). Fewer than half (42.5%) reported having Special Interest Groups (SIGs) and only 6% reported stand-alone cyber/electronic communities (CCs). Of note is that 45% of respondents reported having more than one type of component and nearly all with SIGs had at least one other type of component.

Respondents report that on average, one-half of association members participate in geographic components regardless of whether they are affiliated or independent of the national organization. In contrast, they report that only 20% and 10% respectively participate in SIGs and CCs. The data does not reveal why involvement is greater among geographic components but they tend to have a longer history and are generally more prevalent. On average 40 affiliated-geographic and 30 non-affiliated geographic groups vs. 12 SIGs and 7 CCs were reported.

Based on statistics collected in the 2006 edition of ASAE's *Policies and Procedures in Association Management* (P&P) nearly half (48%) of all member associations report having components. They were found to be much more likely in individual membership organizations (IMOs) than in trade associations (59% vs. 34%). Components are more likely as the number of full-time employees increase.

*Note: Because the sample size other types of component is small, most of the following section is based on responses relating to affiliated and non-affiliated geographic groups.*

### HOW ASSOCIATIONS SUPPORT COMPONENTS

Association budgets for component activities vary widely based largely on the size of the organization. The median budget is \$55,000 but this amount varies considerably by size of organization. (This is confirmed in the 2006 P&P which found a median of \$70,000

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and range of \$5,000 in 1-2 FTE organizations to \$600,000 in those with 100 or more FTEs.)

Survey respondents reported three key areas of support: (1) **administrative support** (e.g., database management, dues processing); (2) **staffing**; and (3) **leadership training**. Just under 80% offer some level of administrative support largely at no cost to the components as only 36% collect fees. Nearly 50% have at least one full-time staff person devoted to components activities. The third area is reported anecdotally in the comments and is supported through other Component Section qualitative research.

It was interesting to note a couple of comments regarding the budget indicating the dollars reported were direct and did not reflect staff and overhead suggesting that in some cases the cost is understated.

In return, most national organizations require activity reports of some kind at least annually (79%) and about half, 54% require annual financial reports.

### **A Look at Administrative Support**

Most, but not all respondents report that their organization provides administrative support for components (79.8%) The most common forms of administrative support are:

- database management (75.7%),
- dues collection and invoicing (68.8% and 65.3% respectively),
- website administration (65.3%) and
- communications, such as blast e-mail and fax (63.2%).

National organizations also helped with event promotion. Only about one-third offer registration processing, accounting and/or bookkeeping.

Of the administrative support services provided, only dues collection and invoicing were significantly different by organization budget size. Organizations with the smallest (under \$1 million) and the largest budgets (\$25 million or more), were less likely to collect or invoice dues than were organizations in the three middle categories (\$1-5 million; \$5-10 million; and \$10-25 million respectively). In the former between 40-50% of organizations report dues collection and/or invoicing compared to between 66-83% of those in the latter budget categories.

Interesting to note, organizations that reported having a full-time person assigned to components (49.4%) were no more likely than those who did not report having a full-time staff member assigned to components to report providing administrative support for components.

While database management is offered frequently it is largely limited to maintaining and sharing basic contact information. This is perhaps one reason why many associations have difficulty in tracking member involvement and assessing value related to component participation. For example, volunteer activities and event registrations are only shared about half the time (56% and 51% respectively). Less than a quarter of respondents share purchase information.

## WHAT COMPONENTS DO FOR THEIR NATIONAL ORGANIZATION

We asked survey respondents how components contributed to the national organizations. We looked at three areas:

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 ...** For virtually all respondents, components are first and foremost service providers to members. This survey does 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
Publish newsletters or other periodical publications	74.7
Website (separate from the parent organization)	66.3
Tours or special events (e.g. plant tours, galas, holiday parties)	57.8
Student programs/activities	53.0
Public service/charitable programs	50.0
Publish a member directory	45.8
Trade shows/expo	42.2
Career services (e.g. job bank)	33.7
Product sales	28.9
Preparation or study programs in support of certification programs	26.5
Product development (books, videos etc.)	17.5

**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.

<u>Budget Size</u>	<u>Median</u>
Under \$1 Million .....	\$4,000
\$1-4.99 Million.....	\$64,222
\$5-9.99 Million.....	\$260,000
\$10-<24.99 Million.....	\$30,000
<b>Total .....</b>	<b>\$31,443</b>

## HOW ASSOCIATIONS ARE TRACKING COMPONENT VALUE

While associations are almost unanimous in their belief that components contribute to an association and nearly a quarter report revenue contributions, less than 50% specifically track these contributions and a slight 8.5% calculate an ROI. Those tracking contributions are looking at two main areas: (1) **member retention** (41.5%) and (2) **member recruitment** (44.8%).

Follow-up interviews with select respondents revealed more about the strategies relating to tracking and ROI. In terms of tracking membership, those doing this are largely comparing rates by component within the organization. Some go as far as setting recruitment and retention goals and rewarding based on achieving those.

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 who are not.

Assess value based on programming such as:

- Developing a local/regional advocacy network to complement the parent organization's limited national network.
- Look at the number of our members who are involved in our component activity that might not otherwise be involved.

Surveys are used by several associations, including these examples:

- Annual member satisfaction survey demonstrates that national members who are members of one or more chapters are more satisfied with their national membership.
- Survey member satisfaction annually regarding HQ and components' services ... could affix a dollar amount for the components services (what it would cost for HQ to develop/deliver on its own) and set a baseline metric for satisfaction for members.
- Based ROI on our bi-annual J.D. Power & Associates member survey that has a segment that deals with members' perceived value & satisfaction with programs/services provided at the local level (sections and chapters).