2016 Chapter Benchmarking Study

A View of Association Chapters

& Geographic Components

MARINER
MANAGEMENT & MARKETING LLC

Executive Summary

There are many questions about geographic chapters floating around the minds of association professionals. How does our chapter program compare to other associations? What are the standard practices regarding membership, programming, requirements and metrics for chapters? Are chapters still relevant? Are associations making changes to chapters? What support and services should we be giving chapters? How do we evaluate our chapters?

Because we know we can learn from each other, Mariner Management launched the first Chapter Benchmarking Study to explore these questions. The goal was to gather industry data on chapter programs thus providing associations a resource for benchmarking and

to develop a body of knowledge for the association community on innovations in chapter management.

Mariner Management launched the project February 2016 with Whorton Marketing & Research. We invited several hundred associations through direct invitation and other channels, including ASAE's Collaborate, to participate. A total of 211 associations responded and 162 completed the full survey. This report shares the benchmarking data. Mariner is continuing to conduct a series of in-depth interviews with responding associations to delve beyond the numbers to stories that we can all use to make effective decisions about chapter programs.

How to Use This Report

The survey was designed as much to help associations benchmark against others as it was to fuel the dialog around effective chapters. To assist in the first, this report provides a profile of chapters as well as the services and support provided.

Chapter Profile – detailing the relationships in terms of legal and member structure and numbers. Look here for questions like relationship, who collects dues, tax filings.

Association Support – detailing services and supports associations provide. Look for questions like what training and resources do you offer chapters.

Requirements & Metrics – detailing minimum requirements as well as performance metrics. Look for questions like what must my chapters adhere to and what do I measure in terms of performance.

Chapter Value – detailing how associations view the value of chapters from expectations, effectiveness and ROI. Look for questions like what are the important roles my chapters play and how well do they perform, what risks and concerns do we have with our chapters, and what is the ROI.

Are Chapters Worth the Effort

The respondents' answers mostly offer why they think chapters are worth the effort, but fall short of metrics that prove or disprove this thinking. As noted in the final section of this report, associations do lean on chapters for member engagement, leaders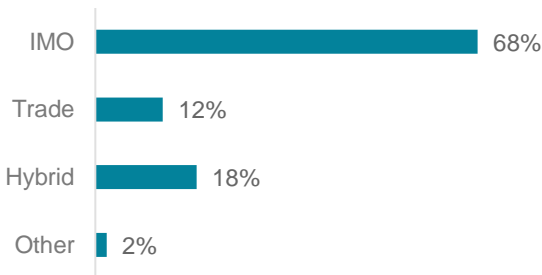hip development, membership recruitment, marketing/communications and local resources – rating these elements as absolutely essential to essential roles. What's keeping associations in the game is likely that the absence of knowing the return on investment (ROI) for a chapter program (only 5% calculate an ROI), they carry on.

Association-Chapter Profile

This section details how chapters are structured, including the relationship to the central association, membership structure, legal and tax structure, staffing and chapter programming.

The majority of the responding associations are individual member organizations (68%) and most (46%) have separate-chartered chapters.

Number of Chapters

Average	84
Median	51
Highest	575
Lowest	3

Association Types

IMO	68%
Trade	12%
Hybrid	18%
Other	2%

Charter Types

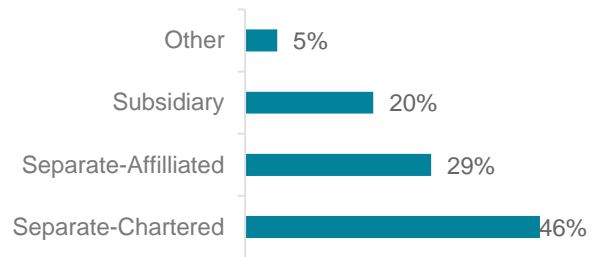|	
Other	5%
Subsidiary	20%
Separate-Affiliated	29%
Separate-Chartered	46%

When combined, subsidiary and chartered, the model in which the central organization has substantial control totals two-thirds of the respondents. The "other" includes a mix of models and four federations.

Chapters are **subsidiaries** of the central organization – i.e., we are a single corporation.

Chapters are separate organizations **chartered** by the central organization – i.e., chapters cannot exist independently of the central organization.

Chapters are separate organizations **affiliated** with the central organization – i.e., chapters can exist independently of the central organization.
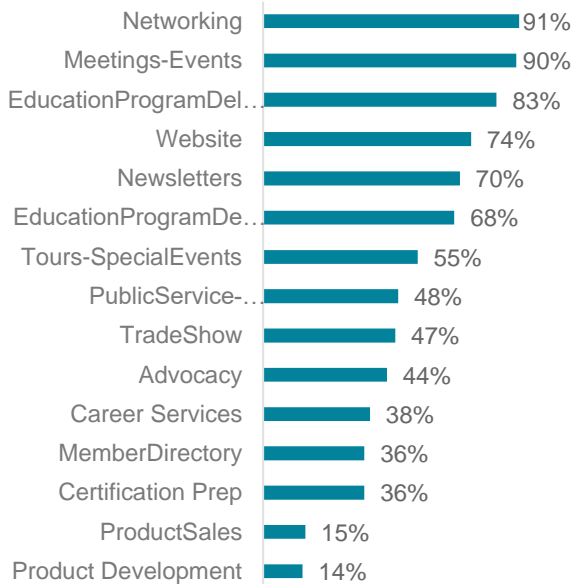
Charter Borders

Category	Value
Country	12%
Region	31%
State	30%
County	11%
Metro	16%
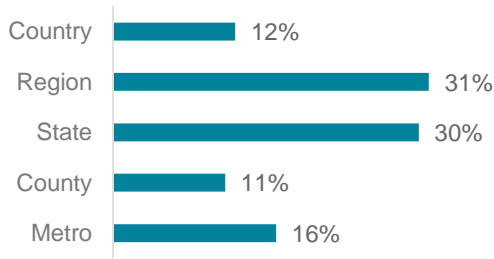
Note: 41% of respondents selected two or more boundary types (e.g., metro and state). We did not inquire if the central organization's chapters have chapters, which we know to be the case for some associations.

Respondents were asked which programs/services are provided to members by chapters; networking and education topped the list.

Programs/Functions Offered by Chapters

| Program	Value
Networking	91%
Meetings-Events	90%
EducationProgramDel…	83%
Website	74%
Newsletters	70%
EducationProgramDe…	68%
Tours-SpecialEvents	55%
PublicService-…	48%
TradeShow	47%
Advocacy	44%
Career Services	38%
MemberDirectory	36%
Certification Prep	36%
ProductSales	15%
Product Development	14%

No surprises here, though it may be notable that nearly 50% offer public service/charity programs. This may be in response to volunteers' demand for pro-social activity; however, we have no historical data to determine if this is a recent trend or has long been the norm.

The next set of questions covered the membership arrangement and dues.

Membership Requirement at Chapter and Central Level

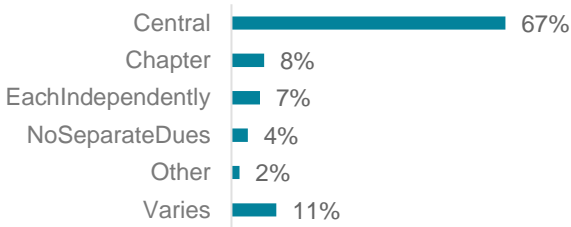| Category	Value
Unified	31%
CentralRequired	29%
ChapterRequired	11%
Non-Contingent	20%
Other	9%
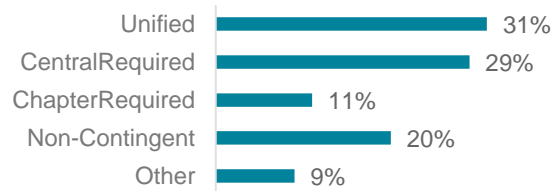
As could be expected, when compared, associations with Separate-Chartered/Subsidiary chapters were more likely to have unified or central required memberships while those with Separate-Affiliated chapters usually have non-contingent membership requirements.

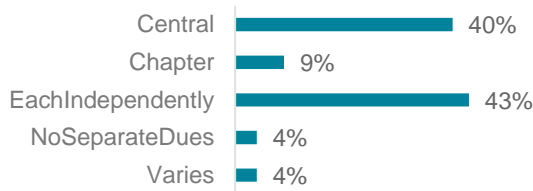## Membership Requirement by Chapter Organization

Membership Requirement	Separate-Affiliated	Separate-Chartered	Subsidiary	Total
Unified	10%	34%	46%	31%
Central Required	15%	38%	29%	29%
Non-Contingent	46%	12%	11%	20%
Chapter Required	10%	12%	7%	11%
Other	20%	4%	7%	9%

Dues Collected By

Category	Percent
Central	67%
Chapter	8%
EachIndependently	7%
NoSeparateDues	4%
Other	2%
Varies	11%

Dues Set By

Category	Percent
Central	40%
Chapter	9%
EachIndependently	43%
NoSeparateDues	4%
Varies	4%

Chapter Dues Amount(s)

Category	Percent
NoSeparateDues	25%
SameForAll	17%
Varies	58%
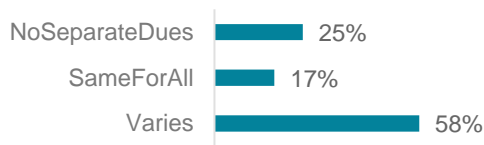
While two-thirds of respondents indicated that the central organization collects all dues, the central organization unilaterally sets the dues only 40% of the time suggesting a preference for giving chapters greater control in the dues decision-making process. More importantly, collecting the dues gives the central organization access to a critical dataset, essential to comprehensively assessing recruitment and retention percentages.

On the question of incorporation, 71% of respondents indicated their chapters were separately incorporated and the pattern mirrored the relationship to the central organization in most but not all cases, even when the chapters were subsidiaries.

Separate Incorporation

	Yes	No
All	71%	29%
Federation	100%	
Other	100%	
Separate-Affiliated	84%	16%
Separate-Chartered	79%	21%
Subsidiary	26%	74%

IRS Application

	Chapters File Own	Group Exemption	Other
All	45%	42%	13%
Federation	75%	25%	0%
Other	67%	33%	0%
Separate-Affiliated	64%	30%	7%
Separate-Chartered	44%	43%	13%
Subsidiary	13%	64%	23%

The pattern continues with the 501c application where associations with more centralized structures tend to apply for a group exemption.

Tax Filing

	Chapters File Own	Central Files	Other
All	65%	26%	10%
Federation	88%	13%	0%
Other	100%	0%	0%
Separate-Affiliated	81%	12%	7%
Separate-Chartered	70%	22%	8%
Subsidiary	23%	60%	17%

Staffing

Average Full Time Employee (FTE) Roles at Headquarters (HQ)

Primary Role	3.3
Secondary Role	6.3

Average HQ FTEs by Organization Type

Federation	4.44
Separate-Affiliated	3.72
Separate-Chartered	3.26
Subsidiary	4.70
Other	2.67

As might be expected, associations whose chapters are subsidiaries have the highest number of FTE chapter staff, though federated associations, likely due to governance issues, come in a close second.
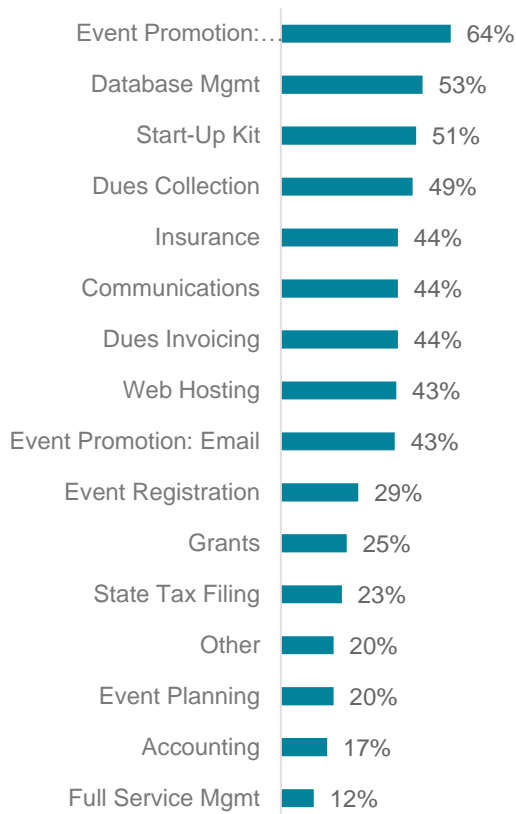
FTEs at Chapter

High	6
Average	1

Though respondents reported an overall average of one FTE staff person per chapter, 65% reported no FTE staff at all for their chapters. This may understate the actual staffing for chapters in that an unknown number may have some sort of part-time staffing not reported to or by the respondents. Regardless, the overall message is that chapters are in most cases heavily dependent on volunteers.

HQ Support to Chapters

This section explores how the central organization supports chapters including services to chapters and volunteer development.
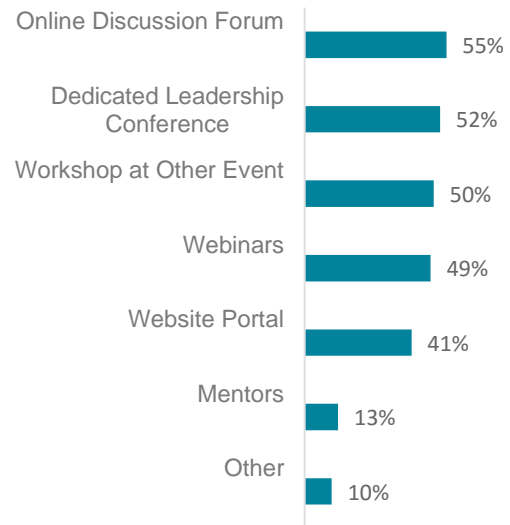
The majority of respondents provide a variety of F2F and virtual training activities for chapter leaders, the majority (59%) offering three or fewer.

HQ Support Provided to Chapters

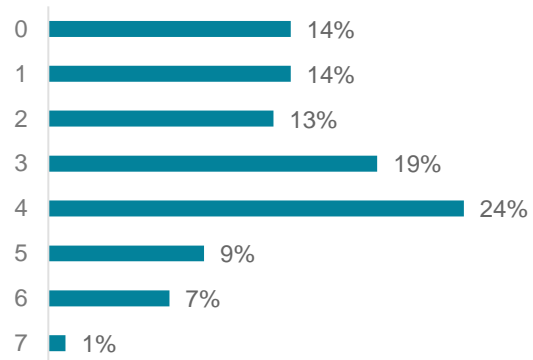| Category	Percentage
Event Promotion:…	64%
Database Mgmt	53%
Start-Up Kit	51%
Dues Collection	49%
Insurance	44%
Communications	44%
Dues Invoicing	44%
Web Hosting	43%
Event Promotion: Email	43%
Event Registration	29%
Grants	25%
State Tax Filing	23%
Other	20%
Event Planning	20%
Accounting	17%
Full Service Mgmt	12%

As might be expected, respondents indicated a fair amount of event promotion and related communications support for their chapters. Database management and dues collection go hand in hand. Relatively few provide more event logistical support (registration and planning) and even fewer offer full service management.

Training Provided for Chapter Leaders

Category	Percentage
Online Discussion Forum	55%
Dedicated Leadership Conference	52%
Workshop at Other Event	50%
Webinars	49%
Website Portal	41%
Mentors	13%
Other	10%

No. of Training Activities

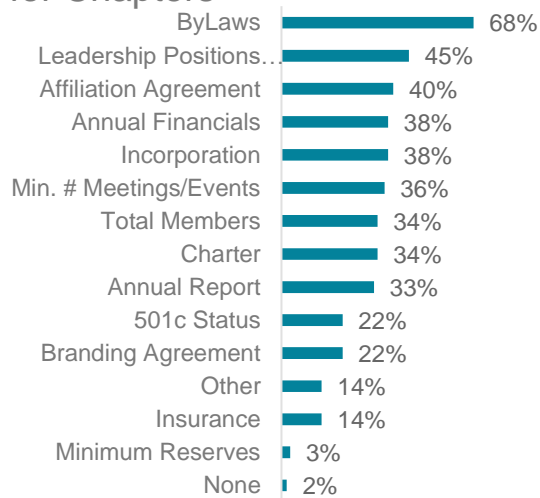| #	Percentage
0	14%
1	14%
2	13%
3	19%
4	24%
5	9%
6	7%
7	1%

Minimum Requirements & Metrics for Chapters

While most associations (98%) have some minimum requirements for existing chapters, about one-third have no performance assessment and approximately 15% do not track performance metrics.

At 68%, bylaws dominate the minimum requirements, though an aggregate 59% of the respondents require an affiliation agreement or charter.

Minimum Requirements for Chapters

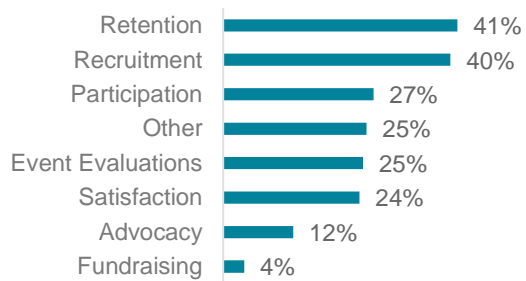| Category	Percentage
ByLaws	68%
Leadership Positions…	45%
Affiliation Agreement	40%
Annual Financials	38%
Incorporation	38%
Min. # Meetings/Events	36%
Total Members	34%
Charter	34%
Annual Report	33%
501c Status	22%
Branding Agreement	22%
Other	14%
Insurance	14%
Minimum Reserves	3%
None	2%

We asked about minimum requirements to start a chapter to which 46% indicated requiring a minimum number of members to start a chapter (22 on average with a high of 200) and 49% a minimum number of meetings or events (2.5 on average with a high of 24).

Performance Assessment

When asked how their association assess chapter performance other than the minimum requirements noted above, less than half indicated measurement of the key financial or programming metrics. Based on our experience, we surmise that this stems from a general lack of access to chapter data – i.e., highly fragmented and disconnected data systems.

Performance Assessment by HQ

Category	Percentage
Retention	41%
Recruitment	40%
Participation	27%
Other	25%
Event Evaluations	25%
Satisfaction	24%
Advocacy	12%
Fundraising	4%

The level of assessment declined more when targeting individual chapter performance. Again, a dearth of data is most likely the primary culprit.

Performance Tracking per Chapter by HQ

Category	Percentage
Recruitment	39%
Retention	39%
None	28%
Sales Registrations	15%
Other	7%
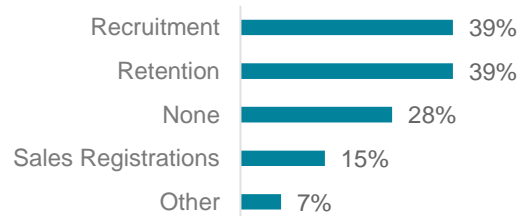
While we did not ask respondents the ramifications for poor performance, one response could be closure. Less than a quarter of respondents indicated closing chapters with the average at 2.6.

Chapters Added/Closed

Added	20%
Closed	22%

Roughly a fifth of the respondents indicated they had added or closed chapters in the past five years. The average added was 3.0 and the average closed was 2.6, less than one per year. Whether chapters were actively closed for non-compliance or simply shuttered themselves is unknown.

Chapters: Are They Worth the Effort?

At the end of the day, the question that is upper most in most associations minds is **Are chapters worth the effort?** What do we get from having chapters? Answering this is critical to being able to make meaningful and justifiable decisions about staffing, budgeting and other resources. We approached this question from three ways. First we asked about **importance and performance** against those expectations, then we looked at **risks and concerns,** and finally if they calculate **ROI or attribute any financial contribution**.

Role Importance & Performance

Respondents were asked the extent to which each of the following represent **important strategic roles** for their chapter system, rating each on a 5-point scale (Absolutely Essential (1) to Not at All Important (5) with the lower the score, the greater the importance.)

- Distribution – Channel for delivering/selling products and services such as training programs, publications, and educational events.

- Professional Development – Level for helping the association train and mentor students/professionals, preparing them for careers/certification.

- Product Development – Provide an effective "incubator" where the association can test new concepts for content, format, pricing, and messaging before rolling them out as products with the entire membership.

- Marketing & Communication – Venue for delivering organizational messages regarding industry/professional issues, products & services, etc.

- Listening/Learning – Setting that allows HQ staff/leaders to identify and track emerging issues and trends that present opportunities or threats.

- Member Recruitment – Channel where the association can identify and develop relationships with new members.

- Member Engagement – Channel where the member can connect to the association through chapter programs and volunteering opportunities.

- Leadership Development – Setting where members can develop and sharpen leadership skills, improving readiness to participate in your organization.

- Advocacy – Setting where the association can deliver its messages to legislators and regulators through direct constituent contact.

- Local Resources – Sources of additional expertise, area-specific knowledge, and labor for delivery of your organization's programs at a more local level.

The respondents were then asked to select the **three most important roles** of their chapter system. The following chart shows the rating for each role (left) compared with the weighted score for each role based on the top three most important question.

Role Importance (1-5)		Role Ranking (Weighted Score)	
Member Engagement	1.6	Member Engagement	1.43
Leadership Development	2.1	Member Recruitment	0.86
Member Recruitment	2.1	Professional Development	0.74
Marketing/Communication	2.1	Leadership Development	0.45
Local Resources	2.3	Advocacy	0.43
Listening/Learning	2.6	Marketing/Communication	0.38
Distribution	2.6	Local Resources	0.33
Professional Development	2.7	Distribution	0.32
Advocacy	3.5	Listening Learning	0.18
Product Development	4.4	Product Development	0.01

In comparing the importance ratings with the top three rankings, we identified a number of interesting differences. For example, both Professional Development and Advocacy jumped a number of spots. We might surmise that these are both relatively more important contributors to the membership value proposition than the roles they displaced in the ranking.

Role Importance vs. Effectiveness

We then asked respondents the extent to which the chapters overall deliver on each of the roles using a 5-point scale (Extremely Effective (1) to Not At All Effective (5) with the lower the score, the greater the effectiveness). We compared the importance rating to the effectiveness rating and calculated the gap between the two ratings.

Clearly, the top four in importance generated the largest gap and what could be characterized as the greatest source of dissatisfaction for the central organization. Notably, Professional Development and Advocacy, two roles that had a much higher top three ranking, fared reasonably well here.

	Importance	Effectiveness	Gap
Member Engagement	1.6	2.8	-1.2
Leadership Development	2.1	3.2	-1.1
Member Recruitment	2.1	3.1	-1.0
Marketing/ Communication	2.1	3.2	-1.1
Local Resources	2.3	2.8	-0.5
Listening/ Learning	2.6	3.1	-0.5
Distribution	2.6	3.3	-0.7
Professional Development	2.7	3.0	-0.3
Advocacy	3.5	3.3	0.2
Product Development	4.4	4.1	0.3

Risks & Concerns

Respondents were asked to indicate the level of concern or issue for their association in four areas regarding chapters, and then to indicate which of the four areas was of greatest concern. The four areas examined:

- **Alignment** – Are you all pointed in the same direction, or do chapters take action outside of or contradictory to your mission? *Answer Options: Always Aligned, Usually Aligned, Somewhat Aligned, Rarely Aligned, I have no idea/no way to judge*

- **Risk Management** – Do chapters behave themselves for the most part or do they do things that get your association into legal/financial/etc. hot water? *Answer Options: Risk-Free, Occasional Missteps, Frequent Missteps, I have no idea/no way to judge*

- **Quality Control** – Do chapters consistently deliver the "fit and finish" members need and expect, or do their products and services leave much to be desired. *Answer Options: Consistent High Quality, Usually Good Quality, Uneven Quality, Frequently Low Quality, I have no idea/no way to judge*

- **Resource Allocation** – Does the value that chapters create for your association justify the resources you allocate to their support, or are you just pouring effort and dollars into a pit? *Answer Options: Consistent High Value, Usually Good Value, Uneven Value, Frequently Low Value, I have no idea/no way to judge.*

Alignment (35%) was the top concern among respondents followed by Quality (29%), Resource Allocation (25%) and Risk Management (6%).

ALIGNMENT (1 - 35%)	
Always Aligned	9%
Usually Aligned	52%
Somewhat Aligned	32%
Rarely Aligned	5%
No Idea/No Way to Judge	2%

QUALITY (2 - 29%)	
Usually Good Quality	24%
Uneven Quality	59%
Frequently Low Quality	8%
No Idea/No Way to Judge	10%

RESOURCE ALLOCATION (3 - 25%)	
Consistent High Value	9%
Usually Good Value	45%
Uneven Value	31%
Frequently Low Value	9%
No Idea/No Way to Judge	7%

RISK MANAGEMENT (4 - 6%)	
Risk-Free	21%
Occasional Missteps	65%
Frequent Missteps	5%
No Idea/No Way to Judge	9%

Not surprisingly, alignment causes a fair amount of angst for associations with 37% indicating their chapters are somewhat or rarely aligned. By the same token, 22% of respondents scored their chapters at or near the top in all four areas.

In our effort to learn if associations have developed a process by which to determine if chapters are worth the effort, our survey produced starkly conflicting results.

misinterpretation of the word "contribution" and that the response rate indicates how many associations identify the "cost" (i.e., expense side only) of their chapters.

Calculate ROI?

Yes	5%
No	95%

Recognize Financial Contribution

|	
Yes	81%
No	19%

When asked "Does your organization currently use any method to calculate its return on investment (ROI) in its chapters?", only 5% of respondents responded in the affirmative. When asked, "Does your organization recognize the financial contribution of chapters in its annual budget?", 81% responded in the affirmative. Based on our experience, we suspect that the answer to the latter question resulted from a

Respondent Profile

Membership Type

IMO	68%
Trade	12%
Hybrid	18%
Other	2%

Number of Individual Members

Avg	116,143
Max	5,900,000
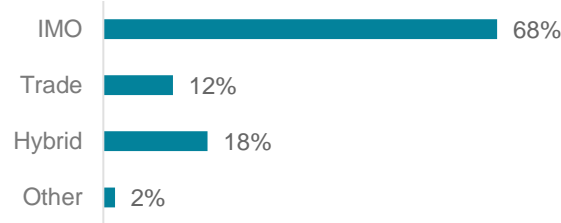
Geographic Constituency

International	**49%**
National	44%
State	8%

Number of Company Members

Avg	**3,279**
Max	120,000

Annual Revenue

<100k	**2%**
100-500	6%
501-1m	33%
1m-5m	20%
5m-10m	18%
10m-25m	10%
50m-100m	5%
>100m	6%

Number of FTEs

Avg	90
Max	1,800
Min	2

Conclusions

As is the case for almost all surveys, they often raise more questions than they answer. This situation is certainly no different.

While there is nothing explicit in the survey data, we know from open-ended comments as well as conversations with respondents that there is an undercurrent of discomfort with the status quo on chapters, and some associations are trying new things here and there. For the most part, however, the open-ended comments provided minor variations on the standard responses rather than major steps in a new direction.

The reality is that while respondents varied widely in the combination of structure, procedures and metrics for their chapter systems, for the most part, the attributes that make up those systems remain fairly similar to what one might have seen in the last century.

Still, in an effort to determine if there was any correlation between perceived effectiveness and specific attributes of the chapter systems, we created an aggregate effectiveness score for each association (an average of the scores for all roles), separated out the top 20% (high aggregate effectiveness) and bottom 20% (low aggregate effectiveness), and cross-tabbed each group against all chapter system attributes assessed in the survey. We found few areas where there was a notable structural or operational difference between high and low performers.

The key finding is that only 13% of respondents scored their chapter system in the top quintile while the vast majority offered a middling score or less. There is obviously lots of room for improvement and need for innovation. Our experience suggests, however, there are two primary obstacles to change:

1. The boards of most associations with geographic chapters draw many of their directors from those same chapters and these individuals are invariably reluctant to make substantive changes.

2. Much of the resistance to change also stems from lack of data due to fragmented, disconnected or non-existent systems which make an objective assessment of chapter performance difficult at best.

While it is generally easy for an association to identify the direct expenses associated with the management of their chapter system, few associations appear to have made a rigorous attempt to monetize the value (and thus the income) produced by that system. The lack of hard transactional and behavioral data is compounded by great uncertainty about the valuation of subjective factors such as brand awareness and loyalty. Consequently, the allocation of resources to the chapter system is most likely based on some combination of "what we've always done" and "what's left over after we've paid for everything else"… hardly a rational business model.

To this end, our next step in this research effort will be a series of conversations with survey participants to see if we can develop general standards by which such a valuation might be made. Ultimately, monetizing the value of our chapters will provide a more rational basis for the allocation association resources. See Chapters– Are they worth the cost?