# Chapter ROI Project Plan

## Overview

**Question:** *Do chapters deliver a worthwhile ROI to the mission and the members? How do we know?*

Back in 2006, two research undertakings by Mariner Management/Whorton Marketing and by the ASAE Component Section Council sought to answer the question "are chapters worth the effort?" Over a decade and a much different economy later, we're still hearing the question "How do we justify the cost of chapter support?", and it's getting louder. We can relatively easily identify the costs (financial and otherwise), but struggle to monetize the value.

This ROI ambiguity isn't exclusive to chapters; for many activities in an association (or any business for that matter), it is often much easier to identify and track the direct costs associated with that activity than it is to assess the income resulting from that activity. We've all heard the classic statement, "I know that half my advertising dollars are wasted…I just don't know which half." Notably, only a handful of respondents to our Chapter Benchmarking Study indicated an attempt at calculating chapter ROI.

Despite the ambiguity, many associations continue to allocate resources to their chapter system without developing an objective financial rationale for that allocation. This allocation tends to expand over time until its cost butts into other association activities at which point the activity with the most influential advocate (not necessarily the greatest value to the mission or the members) gets the larger share of the budget.

So how might we approach this process in a way that replaces, as much as possible, the subjective assessment of value with objective financial measures against which resources can be rationally allocated? To answer this important question, we are asking a select group of associations to participate in the Chapter ROI Project. Here are the details:

**Goal:** Design a formula associations can use to monetize the value of their chapters and thus develop a rational basis for the allocation of resources to their chapter support systems.

We'll start with a review of areas where chapters might typically generate value for the association:

- Distribution Channel through which products and services (training programs, publications, education, etc.) can be delivered/sold to members.
- Marketing & Communication Channel through which organizational messages regarding industry/professional issues, products & services, etc. can be delivered.
- Listening Channel through which HQ can pick up on and track emerging issues, trends, etc. that present opportunities or threats.
- Recruitment Channel through which the association can develop new relationships and attract new members.
- Advocacy Channel through which the association can deliver its messages to legislators through their constituents.
- Education Channel through which association can deliver CE to members.
- Professional Development Channel through which the association can train and mentor students and entry-level professionals and prepare them, if applicable, for certification.

- Local Resource Channel which association can tap into for additional expertise, area knowledge and labor for the delivery of national programs at the local level.
- Product Development Channel, effectively an incubator in which the association can test new concepts (content, format, channel, messaging, etc.) before rolling those concepts out system-wide.
- Member Engagement Channel through which members can become active "citizens" of the association by volunteering on an ad hoc basis.
- Leadership Development Channel through which the members can develop and sharpen their leadership skills thus improving their readiness to participate on the national stage.

Each of these functions has a potential impact on the bottom line, but associations rarely attempt to monetize that value. Consequently the income side of the association's P&L rarely offers a monetary basis for the expense incurred to support chapters.

There are a variety of ways in which a dollar amount could be assigned to these functions. They include:

- Identify the direct value of the activity. If, for example, the chapters re-sell association publications, swag, etc. and rebate some amount back the association, that sum can be easily identified.
- Price the service as if the association had to buy it on the open market. Though not completely straightforward, almost every one of the functions listed above has private sector vendors who will provide that service for a fee.
- Price the volunteer contribution – Estimate (or track directly) the hours put in by chapter volunteers to deliver these functions and assign a value based on the average hourly rate paid to professionals in the field or industry. This has long been common practice among 501(c)3 organizations.
- Assess the influence of chapter activity on mission and or organizational metrics – These might include:
  - # Certifications
  - # Memberships
  - # Registrants/Registrations
  - # Connections

Three of the above have an easily identifiable financial value while the fourth (# connections), though mission-critical, is much less tangible. The relative chapter influence could be assessed through research tools that measure and cross-reference variables such as Net Promoter Score, retention, life-time value and member perceptions of their chapter.

The biggest hurdle will likely be the availability of data as many, if not most chapters keep (and frequently do not share) their member, registration and other activity records in a separate data system (frequently an Excel list) which lacks a common ID with the HQ system. So this leaves us with a couple approaches to valuation:

- We have complete data and can measure many of the metrics above directly.
- We have incomplete data, so what can we use as surrogates for these data points?
- We have incomplete data, so what can we can we sample by survey or limited census for these data points?

Other questions to address include:

- (How) Do we weight each metric? If so, how much?
- Where do we have correlation vs. causation?
- What metrics are redundant?

## Process:

1. Recruit a panel of execs whose associations have >=xx chapters representing a diversity in structure (chartered, affiliate, federation, etc.), size (# members, $$, # chapters, etc.) type (professional, trade), discipline/industry and geographic scope.
2. Review above – add, amend, subtract items
   a. Activities we could monetize
   b. Pricing options
3. Compare data sets – which activities can be rationally "monetized"?
4. Develop monetization formulas.
5. Test models to determine correlation, if any, between allocation of resources and performance outcomes.

## Timeline:

1. Confirm monetizable activity list by [date].
2. Develop/test monetization formulas for activities identified above by [date].
3. Prepare report/presentation by [date].
4. Present preliminary results at [event] and/or through [channel].

*Project Mantra: Don't let the perfect be the enemy of the good.*