

## NEW MONEY

## Raising dues in a recession

By Andrew Lang

The impact of the recession on the association world has reminded me of a fleet of sailboats hit by a squall. Everyone struggles to avoid overturning and to keep the sails from blowing out. With no clear end in sight, associations battened down the hatches and tried to make what progress they could.

The storm is not over, but with a strong sense of direction and courage, progress can be made. Association executives are beginning to make creative and aggressive moves to define the future.

Richard Hollander, the executive vice president of the Society of Industrial and Office Realtors, is an example of a CEO in one of the hardest-hit niches that an association can serve. Six years ago he was brought in at SIOR to improve operations and enhance stability, and he did just that. The result of his efforts was a significant enhancement in staff, an expansion of services, and considerable satisfaction from both leadership and members.

### Reserves at the Right Time

One of the key things Richard did was build reserves. With the support of his leadership, a variety of new revenue streams, occasional dues increases, and capable management, SIOR's reserves increased from 30 percent of a year's expense when he arrived in 2004 to 80 percent in 2009.

SIOR's timing was impeccable. When the storm hit and SIOR members—who are recognized as among the best dealmakers in their niche—found that deals simply weren't being made, SIOR was able to continue to provide the services they relied on.

SIOR's major conferences are a prime example. In such a troubled economic climate, SIOR would run a greater loss by holding the conferences than by canceling them. However, SIOR's members value these conferences tremendously, and the majority of their firms had canceled their own conferences.



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For Richard and his leadership, it was clear that if ever there was a time to spend reserves to serve the members, this was it. And indeed, SIOR's events became a rallying point for the industry. Members were proud that their association had held its ground.

### Turning to Members

But how long can an association consume its reserves? This is where Richard's most recent actions are most instructive. SIOR's regular operating loss in 2011 was projected to be substantial and a number of important additional expenditures were planned. Should SIOR take another big bite out of reserves, or perhaps cancel the enhancements the members wanted?

In the end, it did neither. Strategically it was clear that members needed the much-enhanced website, improvements in social-media capabilities and education, and other planned changes. Meanwhile, the association could not begin to get sufficient funding for these expenditures from sponsors and the like.

Richard saw that it was time for a dues increase. But with the industry in worse shape than it had been in years, how can you ask members to pay more dues?

Richard's answer was twofold. First and foremost, the association's value proposition, when it is truly working, is a two-way street. SIOR's members expect it to provide them with new and better tools to do their jobs, and they in turn are willing to pay for that service. Secondly, members who could not afford a relatively modest dues increase had likely already left the association.

I'd like to say that the decision to

pass the dues increase was easily and quickly reached, but such things rarely are. However, in the end it did pass with a solid consensus of the board. Fortunately, SIOR's leadership was solidly behind it from the start; once provided with the right tools, they were able to do the heavy lifting.

Behind the scenes, Richard's next effort will be to carefully coordinate leadership's communications with members as to why the increase is important to them individually and why it makes real sense for SIOR.

And then, as with us all, it will be on to the next challenge. They are never-ending. I just hope we can keep those darn squalls to a minimum.

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### DUES DECISIONS

The Society of Industrial and Office Realtors chose to increase its dues, but such a decision doesn't put them in the majority. According to a winter 2010 study of association CEOs by ASAE, as the recession deepened, many associations backed away from the idea of a dues increase.

Respondents who have already or expect to restructure dues amounts for all members or any category of member:

Spring 2009  
41.7%

Winter 2010  
25.1%

Source: "Associations and CEOs: A Report on Two Studies During a Down Economy," ASAE, Winter 2010