

NEW MONEY

Revitalizing revenue

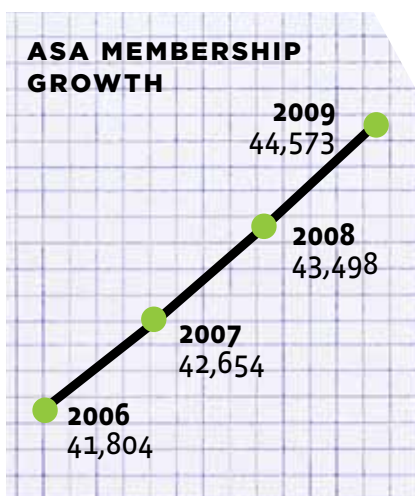
By Andrew S. Lang

Sometimes the best new revenue streams are old revenue streams that simply need to be revitalized. This point was proven to me, yet again, by John Thorne, CAE, executive vice president of the American Society of Anesthesiologists.

Under John's leadership, ASA has increased operating revenue 31 percent, from \$25 million to \$32 million in the last year, while changing a \$5 million deficit into a \$3 million surplus.

These results would be commendable at any time, but they are all the more remarkable when considering what medical associations are facing in today's marketplace. According to Rebecca Brandt, CAE, CEO of the American Association of Medical Society Executives, "Approximately 80 percent of local, state, and national medical associations have been hit hard in the last year." She adds that "the remaining 20 percent were not necessarily improving but rather were generally staying the same."

So how did John manage to succeed in an environment that had proven so challenging for so many others? Part of the answer was identifying what could be done. Another critical part was being bold enough and skilled enough to take advantage of what he had identified.



Opportunities Found

When John took over the executive vice president position at ASA in January 2008, he found many opportunities to aggressively increase traditional sources of revenue. For instance, ASA's monthly magazine had first-rate content, but no advertising whatsoever. As a journeyman in the field, it was not hard for John to make the simple and obvious decision to begin selling advertising. This one decision led to new income of \$370,000 in 2009, an amount ASA has already surpassed in the first three months of 2010.

Other opportunities available to increase income were neither simple nor obvious, and they took considerable nerve to execute. For instance, while membership numbers had been increasing slowly but steadily over the last decade, the cost of dues had stayed the same since 2001. It was John's feeling

that a significant dues increase was in order.

Increasing dues is rarely if ever going to be a popular decision, and ASA did not prove to be the exception. At the onset of the discussion, several ASA board members expressed their belief that any such move would be exceedingly ill advised. Nevertheless, John was able to convince his board not just to increase dues but to increase them by an incredible 33 percent, from \$450 to \$600.

This kind of story could end in a lot of different ways (an executive looking for a new job comes to mind), but happily the dues increase did not affect ASA's steady rise in membership. More to the point, the increase in membership and in the amount of dues each member paid resulted in more than a 33 percent increase in gross revenue from this critical source. This bold move accounted for more than \$4 million of the \$8 million turnaround in ASA's bottom line.

John's efforts and ASA's successes are so numerous that I will continue their story in next month's *Associations Now*. However, before we leave the subject, I would like to focus not just on the great value in revitalizing existing revenue streams but also in taking risks and going against conventional wisdom.

John told me that quite a few of his fellow association executives tried hard to convince him that a dues increase simply made no sense in the current environment. John, however, had looked carefully at his association's financials and at his particular members and believed that such a move was the right thing to do. He was able to convince his board, and they too are to be applauded. How rare it is to see bold, well-founded thinking coupled with forthright action in our association world.

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Have a new or creative revenue story to share? Contact Andrew Lang at alang@langcpa.com for consideration for a future "New Money" column.

