

NEW MONEY

Creativity, not just cost cutting

By Andrew S. Lang

In the process of preparing a webinar on how small associations can make additional revenue, I received input from a variety of executives. One of the most interesting responses was from Joe Normandy, executive director of the Vermont Insurance Agents Association.

VIAA hasn't made a particularly clever breakthrough or scored a dramatic home-run. Rather, Joe has smartly managed the limited range of the type of revenue streams available to most small associations and paid close attention to keeping expenses as low as possible.

Joe is a proponent of looking at how changes will affect net income, not simply at how to drive up gross income. As Joe says, "when you are establishing any new program or reviewing any existing program, your affected committees, your board, and your staff absolutely must focus on the effect of the program on net revenue."

Joe gave as an example the creation and delivery of a new and valuable education program for the members. The alternatives, he says, ranged from a hotel location at the high end, which would require staffing, food costs, audiovisual equipment, and perhaps real-time online conferencing. At the low end, this same product could be offered as a webinar, with PowerPoint only.

The valuable information would be transferred to the members in either case; however, the related expenses would likely consume the net income in the first instance. In the second case, more members might be likely to attend because there would be no travel costs, and the net income would certainly be greater because the cost to communicate the information would be minimal.

Looking further at conference costs, Joe mentioned that he is very careful to make sure that "ancillary items that provide no real boost to the event are cut." Joe says



that "a lot of times I've been at meetings where the association gives away association's pens, tablets, et cetera, which are not sponsored. My feeling is that if you can't get a sponsor to at least cover the cost, don't do it."

He's also taken an unconventional approach to tradeshow-booth sales, selling by the square foot instead of at a flat rate. "Not only are you viewed as a partner helping them succeed, but you will also sell more space," he says. If that creates a jagged layout, all the better, he says—open spots can be filled with sponsored seating areas.

Another area where conference costs can be cut is food and beverage. "I use a very sharp pencil when it comes to picking menus," he says. "The method I use is to prioritize all of the food functions. I list the award gala first; I know I need a good menu there. As I go down the list, the food gets less high end. No one in my association expects high-end food at every lunch. The savings go to the bottom line."

He brings the same approach to between-meal coffee klatches. "In the breaks, I always focus on keeping costs down," he says. "For instance, the hotels charge coffee by the gallon. I insist on coffee cups rather than mugs. Mugs end up with lots of coffee left in them; cups tend

to be emptied. It may not sound like much, but I do save money on coffee.

"Similarly, I keep in mind that the breaks are not meals. For instance, the afternoon break needs to provide some drinks with caffeine and some sweets, but not enough sweets so that attendees go home with half a dozen cookies and brownies. This is another small savings, but all of these savings add up and help with the bottom line."

Another area that Joe focused on regarding the bottom line was related to past-due members. He said that in associations of his size, after regular outreach methods had been tried, it was critical that the CEO pick up the phone and call the member. He says, "not only does this get results, but it provides invaluable insight as to why the members haven't signed up again. It gives me critical insight into what needs to be fixed." Joe finds the information gathered this way to be so valuable he recommends that CEOs at larger associations do the same thing with a statistically valid sample.

A small association with solid ideas; my hat is off to Joe and VIAA.

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