MayvinGlobal

Diversifying Revenue

AN ASSOCIATION'S GUIDE TO KICK START COMMERCIAL THINKING

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Overview

The stability, viability and sources of revenue for Associations are under the microscope at boardroom tables across the globe. Diversifying revenue streams is critical for Associations seeking financial stability, sustained growth, seeing through challenges, managing the talent crunch, addressing flux in the marketplace, the impact of increasing competition and digital transformation.

Associations need to continue to build value, work towards their mission, and look to de-risk their revenue at each turn. Boards and executives should be asking themselves: where will our revenue be coming from in five years, and how do we ensure we remain relevant and solvent in the meantime?

Not only are revenues needing to stretch further through increasing inflation, but the need to attract and retain staff has never been as challenging. Associations are reporting a talent and skills shortage. This issue needs to be addressed as part of the revenue plan; how will you retain or attract the right staff? And how will you meet the economic challenges operationally?

This white paper raises important questions for Associations and the way they approach their revenue generation, commercial mindset, management and resourcing. It offers frameworks, examples, and practical guidance on how Associations can apply commercial thinking and ensure pathways to long-term success.

REVENUE DIVERSIFICATION IS FIRMLY ON THE AGENDA

Associations need to de-risk their revenue streams and continue to build value for their stakeholders (members, subscribers, audiences, partners, staff and volunteers) simultaneously.

With significant disruptions to how members seek and find support, community, education, networking and economic platforms, Associations require fresh approaches, commercial thinking and the right culture to consider the big questions:

- Where will our revenue come from in five years?
- How do we ensure we remain relevant?
- How are we working towards our mission?
- How do we ensure profitability to allow for sustainable options and growth?
- Do we foster a culture of commercial thinking across the organisation?
- Where are our gaps?

These are important to consider when developing strategic plans. In addition, these questions require a long-term mindset and solutions that go beyond a standard three-year strategic plan, the current Board, CEO, and executive or management teams. The first step to revenue diversification is to think long-term.

The second step is to consider your relationship to profit. Associations, regardless of their not-for-profit tax status, require funds to continue operating. Whether the goal is profit generation, break even or even a loss, there are some activities that are needed to stay viable.

When thinking about your revenue streams, consider our revenue PRISM, explained here on the right.

PROFIT driving activities that support your purpose are important. Generating profit is OK!

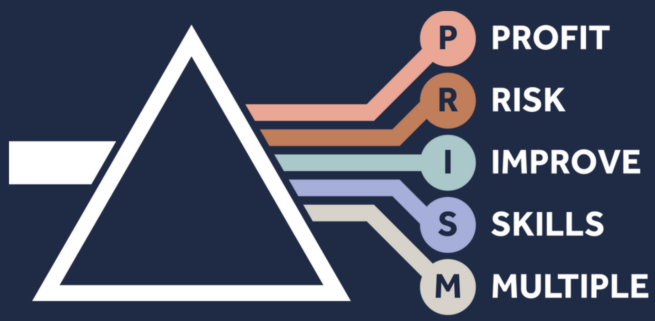
RISK when identified can be managed. Risk doesn't equate to negative or positive outcomes. Risk is necessary and avoiding all risk usually means nothing new or different is supported.

IMPROVE your current streams first. There are often a lot of opportunities (usually financial) left on the table to be identified and leveraged.

SKILLS and the mindset of the Board, executive and team to deliver programs are often overlooked. The work can be underestimated due to the daily business demands and the time it takes to develop these skills.

MULTIPLE revenue streams are key – but make sure they aren't all interdependent i.e., your exhibitors at your conference are mix of members and non members. In other words you need a diversified portfolio of funding.

The Revenue PRISM



WHAT ARE THE BARRIERS TO DIVERSIFYING ASSOCIATION REVENUE?

The main barrier Associations face when diversifying revenue is a lack of understanding of how to apply commercial thinking across their organisation. Beginning with how to design, manage and maintain a culture of innovation whilst maintaining business as usual.

From our experience, the top four reasons Associations have trouble diversifying their revenue streams are interconnected:

1. The existing revenue streams are under-leveraged, under-developed, stale, or could be under-valued or under-estimated.

2. The understanding of commercial thinking and how it can be applied within the Association is limited.

3. The risk appetite is undefined, limited (or ring fenced e.g., to investment only) or extremely conservative, with no guidelines for risk taking at all. Positive risks are not understood.

4. Setting unrealistic timeframes and metrics for new revenue streams to perform or improving existing streams immediately.

Coupled with these areas is a lack of essential tools to support revenue diversification and generation. These include data culture, expectations on return on investment and a business development mindset. These are explained in the infographic on the right.

BUSINESS DEVELOPMENT MINDSET

Limited business development, account management or sales skills across the organisation. It's not just a role; it's a way of thinking.

EXPECTATIONS

Expectations on return on investment (ROI) for new revenue streams can be unrealistic in relation to time, cost and resourcing required.

DATA CULTURE

Understanding and impetus to use a Customer Relationship Management (CRM) system across the organisation. Irrespective if it's effective, many Associations do not have a culture of data input – let alone extraction and insights. Budget allocated to data collecting is wasted if you don't have the team or culture to extract, analyse and make decisions using data.

IS REVENUE GENERATION A MINDSET OR A JOB TITLE?

Arguably, it's both. Without the right mindset and the capacity to welcome new opportunities and relationships, revenue performance may be impacted.

2023 research conducted by Professionals of Association Revenue (PAR) and illustrated in the adapted graphic below, asked Associations, 'What's in the way of revenue performance'? (PAR, 2023, p8)[1] Associations named a lack of staffing and resources (33%), lack of business development strategy (22%) and not enough dedicated sales time (19%).

Many Associations might consider that they are doing enough, but the truth is, there is often a lot of room for improvement in understanding the interconnected factors impacting commercial thinking.

For many Associations, revenue generation appears to be seen as particular role/s, such as business development or sales, rather than a mindset.

Remember, even in organisations where they have dedicated business development or salespeople, they still require a culture or environment of commercial mindsets to succeed. And a culture that understands failure (or trial and error), is a step closer to longer term success.

What's in the way of revenue performance?

Adapted infographic from PAR shows a lack of staffing and resources as the biggest barrier in increasing Association's revenue performance.

IS REVENUE FROM MEMBERSHIP FEES DEAD?

According to a global study by the International Congress and Convention Association (2023)[2], membership fees still account for more than 31% of Associations main revenue sources. While 46% said meetings, trade exhibitions or events were their main revenue streams.

The 2023 Membership Marketing Benchmarking Report by Marketing General Incorporated (2023, p4)[3], found 49% of Associations were seeing a rebound in membership numbers, with only 22% stating a decline. The report also revealed that the 22% annual decline is the lowest in the 15-year history of the report.

But is the membership fee model dead? No, but it depends on how many revenue streams you have, what other opportunities there are for revenue (and profit) and how 'independent' your membership can be.

For example, if your second revenue stream is an annual conference, and most attendees are members, these two revenue streams are closely linked. If your annual conference has a profit margin from non-member activities e.g., exhibition sales, sponsorship, advertising, and non-member ticket sales, this is less connected and more beneficial.

So, while membership fee revenue streams may not be 'dead', it's time for Associations to ensure they are reducing reliance on membership fees and proactively planning for other, longer term revenue streams that support their purpose and help de-risk the reliance on membership fees.

MEMBERSHIP FEES

still account for more than

31%

of Associations main revenue sources

MEETINGS, TRADE EXHIBITIONS OR EVENTS

still account for more than

46%

of Associations main revenue sources.

International Congress and Convention Association (ICCA)
Association meeting needs - Association Survey 2023

HOW MANY REVENUE STREAMS DO YOU NEED, AND HOW MANY IS TOO MANY?

We are often asked what percentage of revenue membership fees should be, and the answer like all complex situations is – it depends.

For example, a well-known independent Australian consumer advocacy group, generates 85% of its revenue from members – and in theory this would be very high risk. Their second biggest revenue stream at 12% is its business to business (B2B) revenue stream at AU$3m. Why this works is because the B2B revenue stream is not linked to membership; it is a licensing arrangement leveraging the brand. Additionally, their third revenue stream, Affiliate Marketing, while not currently generating significant revenue (<1% total revenue) is linked to both members and non-members. Meaning there is some risk but not fully linked.

Determining what percentage of total revenue membership fees should represent depends on:

- How many revenue streams you have;
- What other opportunities there are for revenue (and profit); and
- How 'independent' your membership fee revenue is.

Most Associations would be comfortable with between 15-30% of revenue coming from membership; however, it needs to be considered on a case-by-case basis.

Small Associations - less than 20 employees or volunteer led - generally have at least three revenue streams, most mid - to larger sized Associations have 5-7 primary revenue streams along with a couple of smaller ones in play, while multi-million-dollar Associations can have many.

IS THE NUMBER OF REVENUE STREAMS IMPORTANT?

The number per se is not the important thing on its own; it is the revenue streams' connection to the mission or purpose, and to each other.

Important factors to consider are:

- How is the revenue / profit supporting your mission? Does it make sense that you have this stream? Can you justify the income / profit to your stakeholders?
- Is the revenue stream tied to something, or is the Association free to use it as it likes? For example, grants might be for a specific project. Or donations and bequests can be for specific projects / causes.

Most Associations would be comfortable with membership fees between 15-30% of total revenue.

IS GOVERNMENT FUNDING WORTH IT?

The answer is – it depends.

Not all government funding is equal or worthwhile, or profitable for Associations. Grants certainly can be good funds, when allocated wisely. But be aware of the small print, what you need to deliver in return (including the conditions with which money is granted), and the resource demand of the reconciliation process.

Requests for Tender (RFTs) are often time intensive and require specific skills to put together. This needs to be a consideration when applying for Government funding. If you were to be successful in receiving the funding, you also need to consider the skills, time and resources to implement, and the ongoing account / relationship management required for Government contracts.

A reliance on government funding can shift your Association's risk profile. Too much reliance on government or grant funding needs to be fully assessed. It can be dependent on the government of the day and only guaranteed within certain timeframes or financial years.

Consider the following before applying for or accepting government funding:

1. How will you manage the deliverables and the reconciliation? Is this factored into the budget, or will you need to fund this in addition?
2. Do you have streamlined approaches for your checks and balances, the right software in place?
3. Is the funding aligned to your mission, or strategic goal you already have, and helping you deliver that? Or is the funding to do something outside your remit that may detract resources?
4. Will this prohibit or enhance your ability to advocate for your sector, profession, or cause?

WHAT ARE THE MOST EFFECTIVE REVENUE STREAMS AND PROFIT DRIVERS?

A tried and tested process for choosing the most effective revenue streams and activating profit drivers starts with a clear, well thought through strategic plan.

Associations need a strategic plan that focuses on how it will deliver on its mission, but equally important, a plan that understands the role of revenue or profit streams to meet that mission. The two are intertwined.

In 2022, Ioannis Pallas, Association Manager, European Society of Association Executives (ESAE), conducted in-depth interviews with a range of predominantly European Associations. His focus was to uncover how Associations adapted to different kinds of disruptions, while also remaining relevant and financially viable through difficult times (particularly the pandemic). For some it was mission first, for others, it was a mix of mission and profit together.

There were many interesting points in Pallas' research, however this seemingly simple comment by one of the interviewees sums up the challenges for Associations:

"If you don't fulfil your mission or if you don't bring value to your members, then you won't be able to generate enough revenue... This will require investing in personnel." (Pallas, 2023, p31) [4]

In essence, having a strong value proposition (to members or stakeholders) and an understanding of where the revenue or profit drivers are that fulfill that mission.

8 STRATEGIES TO BOOST YOUR REVENUE

The following are valuable ways Associations are thinking about their revenue streams, risk management of their revenue, and tools and strategies they use to drive profit. This is not an exhaustive list, but a solid place to start.

1. Mission focused

It is key to ensure that it 'makes sense' that you have certain revenue streams. For example, the Royal Society for the Prevention of Cruelty to Animals (RSPCA) licences are helping to identify products that have considered the welfare of animals and assure the public that the items they consume or use, meet a standard set by the RSPCA. This is key to longevity of programs and ongoing brand reputation.

2. Insurance

Insurance is becoming increasingly valuable for some Associations for three reasons:

a. A tailored insurance program for their sector provides comfort that members are understood, and risk minimised when needed most.

b. Members usually receive a discount by going through the Association's designated insurance provider or broker. In some cases, this discount can more than warrant the cost of membership to the Association. Making membership a 'no brainer'. Thereby, insurance is adding to the value proposition of the Association's membership.

c. The commercial arrangement between the Association and the insurer means there is an ongoing return to the Association. Depending on the size of the sector and number of members that take up the insurance offer, Associations can generate significant revenues – in the hundreds of thousands of dollars.

For many Associations, this partnership is managed through the Finance Division, and becomes a majority profit stream with high margin and relatively low maintenance.

3. Collaboration

Collaborations don't always need to be obvious, but they need to be mutually beneficial and work to propel the mission of the organisations involved. They should also be for the long haul – consider a 3-year horizon. Here are some collaboration examples:

Records and Information Management Practitioners Alliance (RIMPA) collaborated with global sister Associations for additional benefits and access to a global network. The Australian Red Cross collaborates with the Australian Psychiatrists Association giving staff on the frontline the option to speak to a trained psychiatrist. This was a great initiative that gave the people helping those in need, support through a very challenging time. This was not a financial partnership, but the Red Cross were getting professional help for their staff, so they could keep doing what they needed to do.

The Australian and New Zealand College of Anaesthetists (ANZCA) ASM conference organisers collaborated with ICC Sydney on its sustainability initiatives in 2023, creating carbon offset cost options for attendees with an aligned NFP, providing carbon-friendly catering, biodegradable lanyards and reducing paper waste by going digital.

8 STRATEGIES TO BOOST YOUR REVENUE

4. Self-Regulation

If the regulations for your sector change, and there's still an industry need for some level of regulation or self-regulation, this could be an opportunity for your Association. You could develop the regulation, or an education product to help members understand what it is and how to comply. This can be a valuable opportunity to develop an ongoing revenue stream. A great example is in the healthcare sector where some peak bodies have established self-regulation for advertising within the sector.

This advertising compliance tool reduces risks for those advertising to consumers while generating revenue for the Association. Consumer Healthcare Products Australia (CHPA), call this service AdCheck which is open to members and non-members. When the Australian regulator was no longer going to provide advertising regulation services, CHPA saw the opportunity to step in. Similar services are available in Spain and the UK from the equivalent peak industry bodies.

5. Partnerships (and Sponsorships)

A key revenue stream for many Associations, it is important that this is seen as a two-way partnership, and not a transaction favouring one over the other. This includes transactional sponsorship arrangements, but it's those that are multi-year, multi-faceted dual problem-solving contracts that give the most value to both parties. ICCA Research (2023, P10)[2] reported 4% of Associations have Advertising or Sponsorship as their primary revenue stream. Additionally PAR 2023 research indicated that Associations felt the most growth potential for their revenue streams was in advertising and sponsorship.

Annual or Strategic Partnerships is one of the most undervalued revenue sources for Associations – in my opinion.

6. Brand Leveraging

In the commercial / corporate world it is common that influencers or known personalities 'sell' their endorsement to gain commercial advantage for the company. Some Associations and NFPs do this well through supporting product development or, to support their mission. We've provided some examples from brand endorsement to training.

CHOICE identified that where products met certain standards, they be identified as 'recommended by CHOICE'. Companies can purchase the CHOICE recommended logo to support and endorse their product. This leverages the CHOICE brand, increases sales for the manufacturer and continues to build brand profile for CHOICE – further fulfilling its mission.

RSPCA licences its certification program across a number of products and services, including Farming. In FY2022 RSPCA reported this scheme generated 13.81% of revenue (RSPCA 2022).[5] While there were significant costs, 2.36% profit was a large contribution from one revenue stream.

The Heart Foundation used a design tool to engage the public. For 25 years, the Heart Foundation Tick was recognisable in Australian supermarkets for healthier choices, aimed at improving nutritional awareness. It encouraged producers to use the tick. This has since been retired. With initiatives such as this it's important to understand the risks associated – both opportunities and challenges (Heart Foundation, 2015).[6]

Professional College Licencing Associations with a strong reputation or recognised as the only source of providing certain education credentials, can license their education portfolio or courses. A training organisation pays a licencing fee to use the courses as long as certain standards are met. This is often explored internationally or when the Association doesn't have a national reach. It's an effective way to leverage an existing revenue stream, potentially reducing the overall percentage of costs.

8 STRATEGIES TO BOOST YOUR REVENUE

7. Education

Significantly improved technology and how we consume content – particularly education post-conferences has shifted dramatically. While not necessarily new, many Associations are now looking at on-demand solutions or online education as a viable revenue stream. Many trialed it during the pandemic but are now adopting it to a greater extent and with better systems in place to support the offering.

An example of this change in the delivery of training, can be seen in Trade Associations. They saw opportunities to deliver short, sharp, digestible content in the form of videos delivered on the job. Ensuring their members get the information when needed, in the quickest way possible.

Micro credentials have gained prominence in Associations in recent years, offering focused, flexible certifications for specific skills or competencies. These bite-sized credentials are tailored to evolving industry demands. Associations recognise their value in providing targeted and accessible professional development, allowing members to efficiently upskill or reskill. The digital format facilitates seamless integration into online platforms, supporting continuous learning and bolstering professionals' marketability in a rapidly changing job market.

8. White Labelling

This is a strategy that provides many avenues for income, be it job boards, affiliate marketing, insurance, and third-party services. These options support revenue diversification and in some cases risk mitigation. However, they do need a deep understanding of Service Level Agreement management and contract negotiation to ensure brand alignment before revenue. Jump in, but have a clear scope, milestones, metrics for success and objectives. Be sure to allocate sufficient resources to manage this strategy from the outset.

In Summary

Other strategies that Associations are using to boost their revenue include leaseholds, investments (property or finance), merchandising, publications / journals / thought leadership articles, research, consulting, social media platforms and advertising opportunities. The options are endless; however, you need to find the right fit for your Association and investment horizon. Ask yourself, what will your revenue streams look like in five years? Will these revenue streams continue as levers to support our mission – directly or indirectly?

6 Tips to get inspiration, ideas and traction for your revenue diversification streams

1 Ask your members:

It is important to ensure your members feel heard. Members will give you their opinions even if you don't like it. It's not about the volume, it's about a representative sample. Don't strive for quantity of member responses – think about how you get a representative sample that tells you the information you need to unpack.

2 Engage all your stakeholders:

This includes your subscribers, non-members, partners, Board, staff and volunteers. Not everyone agrees with this – but these stakeholders are the most engaged in your community, they know what will or may work, points of resistance and sometimes have the most innovative ideas.

3 Ask, listen and do:

Always inform your members (and stakeholders) how you've used the information and what timeframe things will (or won't) be implemented and why.

4 Capability building:

A culture of commercial thinking, from the Board and management team to the staff. This means understanding what it means to think and act commercially and what financial sustainability means. Including access to and understanding budget management skills. Upskilling your people is key.

5 Risk:

What's the risk appetite for the organisation? Do you have an agreed statement or is it only about financial investment? Is there an understanding (a culture) of risk as opportunity as well as risk as caution? This can be as simple as a culture of encouraging innovation, mistakes and learning.

6 Change behaviour:

Are you really operating / thinking commercially? Is your team living a commercial mindset? When we hear: "This is how we have always done it, or we've tried that before" – we say, "So what?! Different time, different circumstances or different team. Try again!"

HOW IS AI BEING USED (OR COULD IT BE USED) TO SUPPORT REVENUE GENERATION?

By leveraging AI-driven solutions, Associations can optimise their operations, engage members more effectively, and tap into new revenue streams. AI is just like any other software, it's a terrific tool when used correctly. So, the question becomes, how can Associations use AI tools to support the revenue diversification pathways?

- **Sponsorship:** Client research, data gathering and proposal tailoring. There are tools that can help find contacts and put a proposal together. These tools can analyse historical data to predict which sponsors or partnerships are likely to be the most lucrative, helping Associations tailor their sponsorship packages. (Moore, 2023) [7]

- **Benchmarking:** Comparing your Association against others or competitors. Comparing products or services in the market, globally or locally to see how your offerings differ and what a member or stakeholder might value. Use AI tools to collate and tabulate the information and identify gaps for your association.

- **Data Analytics and Monetisation:** Survey responses from events can be entered into AI tools to generate recommendations on how to improve the element in future. Data from surveys can provide insights into the topics that might resonate for reports, white papers or future research.

- **Personalised Member Engagement:** AI algorithms can analyse member data to provide tailored approaches to member engagement, increase satisfaction, and encourage continued membership. We are seeing this through personalisation from CRMs or tailored email communication to members.

- **Event Planning and Marketing:** AI-powered analytics can help Associations identify trends and preferences among their members and turn them into digital resources like infographics, social posts and more. An example of this is Professional Conference Management Association's, Project Spark (PCMA, 2023)[8] an AI tool developed for meeting planner members in the business events industry.

- **Education:** Delivery of some content via on-demand, and whether your content is delivered supported by AI, or exercises developed. This space is changing rapidly to enhance efficiency and learner experience.

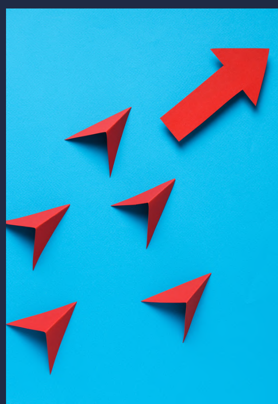
- **Chatbots and Virtual Assistants:** These tools can enhance services through instant responses and streamlining administrative tasks. These are not new tools.

AI is a new frontier for Associations. It's an opportunity, but like all opportunities it does have risk, requires skills to use and should be approached as a resource or tool that the team can use to boost their capacity.

There are online communities that can help your team to use AI. Made up of industry experts, and Association professionals, these online communities can answer questions, host webinar how-to's, and be a good source of ideas and support for how to maximise AI for Associations.

Case Studies

The following case studies showcase different approaches to diversifying revenue streams and generating profit, they are individual and are based on circumstances that will not work for all. The purpose of showing these and the analysis is to demonstrate outside-the-box thinking and a commercial mindset.



CASE STUDY 1

Changing the revenue and BAU of a 2-year cycle

Australasian Railway Association

The Australasian Railway Association was in a solid position with regards to revenue and membership numbers, achieving sustained membership growth.

Their biggest revenue generation came from their annual conference and exhibition, which is similar to a lot of Associations. They also had revenue streams across membership, events, training courses and a national competency management program – Rail Industry Worker. As an Association working on a 2-year financial cycle, balancing the revenue across the two years in the current environment led them to explore ways to tighten budgets, increase efficiencies and profitability of their day-to-day operations, courses, events and annual conference and exhibition.

The Association started with a review of the business operational expenses, including all existing contracts and ways of working to identify cost savings that provided the same level of service/output internally. They also reviewed existing external facing member offerings to find more cost-effective delivery options and revenue generation opportunities whilst maintaining or increasing the value/return to members.

Revenue diversification doesn't happen quickly, it needs to be strategically thought about, requires commercial thinking and a good understanding of the current economic landscape. This was a time-consuming process that required team resources to review processes and research alternative options for the Board and Management team to approve.

This in-depth review has led to financial savings on supplier contracts across various areas of the business, general day-to-day increases in productivity and efficiencies, new initiatives to support and strengthen sponsorships, and delivery of KPIs.

Mayvin Global commentary on this case study

The first step to diversification is to look internally. Can you improve Business As Usual (BAU) before looking at the shiny new thing?

The ARA conference was working, but not enough to offset the increasing costs of everyday activities and BAU operations over 2 years.

Lower income is common for some Associations based on conferences and collaborations with international Associations or international calendars. This means the international Association may also have the same challenge on the off year. Is there a collaboration in the off year to initiate a balance in revenue or profit?

Simple savings, when you actually have capacity to review your BAU contracts can sometimes reveal reduced costs. An example of this can be moving from monthly to annual payments, many suppliers offer a heavy discount if annual subscriptions are taken out, this can save thousands of dollars.

This Association dedicated the resources to this process and engaged suppliers to help them on the journey, setting them up for continued success.

CASE STUDY 2

Associations can have B2B + B2C streams

Australian Association

This case study looks at an Australian Not-For-Profit Association with a turnover of $21m and over 150,000 members nationally. A Business to Consumer (B2C) Association that has been operating for more than 60 years.

In 2019, memberships made up 95% of the revenue, in 2023 this has decreased to 85% through a focus on alternative revenue sources.

This Association went through three diversification strategies to transform their organisation. First, they implemented a marketing licencing arrangement by looking at their commercial / corporate competitors to understand what was happening in the Australian corporate market.

Then, they looked to their international sister organisations to understand the licensing models. Some were aggressive, some conservative, others chose not to proceed with licensing while the remainder were somewhere in the middle. This global market overview gave the Association some comfort in thinking about the right model to test in the Australian market. Licencing now accounts for almost 12% of their revenue.

They also developed an affiliate marketing stream which is currently generating under 1% of their total income and started accepting donations following member feedback. This was even though the Association did not have Australian Deductible Gift Recipient status (DGR). Both of these revenue streams are underperforming; however, the Association recognises they have not allocated sufficient resources to these two diversified options to drive greater return.

Mayvin Global commentary on this case study

What we like about this diversification is that they listened to their members and stakeholders, and they recognised the need for additional resources to grow their revenue streams. While they have chosen not to go down the DGR status, they have not stopped donations, and are transparent that they are not tax deductible. Secondly, the two underperforming potential revenue streams of affiliate marketing and licencing are currently determined to be a conscious decision about resourcing.

This Association has a strong brand nationally, it also has a strong network of sister Associations globally. What is the opportunity for a global partnership around consulting to some of the international brands, where the local Associations with the most ‘skin in the game’ collaborate on a number of initiatives? Collaborations, as discussed earlier, can be beneficial when they’re done in the right way. In this case, the Association had already established connections and trust, so the next logical progression was global collaboration.

Additional thought on AI for this Association: could AI be leveraged to monitor consumer behaviour and determine which affiliate marketing programs may be the most significant revenue generators? Could AI support the proposal development for the ‘pitch’ on why a company should go into a licencing arrangement with the Association and generate greater returns?

CASE STUDY 3

Changing the mindset: Increasing cashflow and commercial growth

With only two income streams (membership and the annual convention), the Records and Information Management Practioners Alliance (RIMPA) Global needed to find alternative revenue streams to provide consistent cashflow to not only stay afloat but enable growth.

A steady decline in the numbers attending the annual convention and slip in membership retention, saw the Board assess key segments of the business and create a new strategy to bring in revenue required to operationally run the organisation, and build back trust and credibility with members.

The Association developed a sponsorship package in 2019 that would be a yearly one-off payment and consist of various promotional advertising and events opportunities. The package meant that invoicing was streamlined and forecasting clearer, allowing for funds to be allocated to additional projects throughout the year. In the first year only one package was taken up. Since then, this number has grown to 12 packages annually, going from AU$25K in 2019 to approximately AU$300K in 2023.

The package inclusions are constantly evolving and are reevaluated on an annual basis. Partners are invited to discuss what worked well and RIMPA are always open to taking on feedback so improvements can be made to the model.

Mayvin Global commentary on this case study

Two revenue streams are not uncommon for Associations. This is generally membership and the annual conference. The approach RIMPA had was to look at what they were doing annually, create a new strategy and develop a product that would reduce their administration time, but also deliver efficiencies for their stakeholders.

We like that the Association continues to listen and action changes to their package with feedback from their stakeholders, this demonstrates two-way trust.

The Association is building strong relationships with their stakeholders, they are saying 'this doesn't work for us, does it work for you? What can we do to make it better?' Building those relationships is so vital, as corporate sponsorship is reliant on the economy.

In this case study, the senior team were responsible for managing these relationships while the team on the ground ensured delivery. The system worked because everyone went above and beyond to source feedback and build a two-way partnership that worked for both parties – it showed strong commitment, value and effort by RIMPA.

If your partners are struggling, their first reduction may be marketing and sponsorship, so strong programs and clear ROI along with a collaborative relationship will go a long way.

CASE STUDY 4

Leveraging your community and asking members

102.1FM
8CCC COMMUNITY RADIO
ALICE SPRINGS & TENNANT CREEK

The Board of 8CCC was wondering how they could best reinvigorate Alice Springs' community engagement with their station. Thinking creatively to stimulate revenue, they came up with an idea to invite the community in, by opening a café at the station's front door.

With local support they started selling coffee every Saturday morning outside the studio as a trial. They employed locals to make the coffee and it quickly grew in popularity, making it a long-term, viable proposition to engage locals, partner with local businesses and turn a small profit. The café was so successful in its community engagement objective, it progressed past the one-day-a-week and now operates daily.

While there is some financial benefit of the café, the engagement, profile and enthusiasm for community radio, have been a direct result. This has led to doubling the membership since the café opened in 2017. This café is still operating daily and has live performances, training and a variety of other activities, that stimulate spend, dwell time and engagement of members and non members.

Mayvin Global commentary on this case study

What we like about this approach is while it's not necessarily going to turnover millions of dollars, it is the idea borne out of stakeholders, a way to engage their community and bring refresh community spirit back into a rural town. Most people love a cafe, in fact Australia has a huge café culture, so this idea is aligning the needs of the broader community and possibly attracting new audiences that they may not have otherwise engaged.

It also plugged revenue gaps and opportunities for the community. This initiative created another way to add value to members (through discounts) and generated a new way to give back to the community through supporting local and employing more staff, or volunteers.

Some could argue that this concept did not align to their core mission. But isn't community radio about bringing people together? Improving the wellbeing of the community and information sharing. One could argue that's inherent in hospitality. By starting a regular Saturday café, they attracted new audiences and as a result, the potential for partnerships also expanded as well as a brick-and-mortar outlet to sell their merchandise, ask for donations and promote other services.

This outside-of-the-box thinking demonstrates a commercial mindset. They saw an opportunity to physically draw their community to them, upsell and invest back into their mission.

CASE STUDY 5

Building better sponsorship programs in a competitive landscape

Asia Pacific Chapter, International Association

This case study is for an Asia Pacific Chapter of an Association whose sponsorship team were volunteers and time-poor senior managers within their own organisations. They needed to better engage sponsors, meet new demands for ROI and generate opportunities.

The Association realised in 2023 that their sponsorship model wasn't working. The market had lost its appetite for traditional sponsorship benefits, such as logo placement, banner advertisements or social media and EDM inclusions.

Sponsors were demanding to see value, however, could not define exactly what value meant to them. Although they requested new sponsorship ideas, they also wanted to keep traditional methods of engagement with the target audience. For example, exhibition booths, number of delegates and 'discount' or prize promotions.

The Association developed a program for sponsors to cater to different aspects of the business, providing opportunities to target audiences in intimate settings, amplifying brand values in thought leadership content, encouraging true activations on stands, facilitating curated and honest conversations, changed their event model and broadened their sponsorship opportunities via attending events outside of their normal remit.

These initiatives led to an increased profit margin of 6.5% and increased their own membership by 20%.

Mayvin Global commentary on this case study

Teams involving volunteers are common in Associations. Usually, these volunteers champion sponsorships because of their relationships not their sales skills. We also often hear from sponsors – we want change. But they don't know how to articulate what they want. This is where sponsorship beyond the event is so important. Strategic Partnerships can lead to long-term financial sustainability. It doesn't mean that these one-off event sponsorships are not valuable. They enable pipelines for longer-term partnerships.

In this case, the Association needed to change how it delivered value to the sponsor, when the sponsor couldn't define what 'success' looked like. The approach to enhance the offering worked here because the Association had the trust and platform to provide intimate audiences, roundtables and found ways to promote the sponsor that didn't sound like a 'hard sell'.

By not falling back into how partnerships were managed pre-pandemic, events will keep the sponsors coming. This event delivered concepts outside-the-box and the results show for themselves.

Sponsors were demanding to see value, however, could not define exactly what value meant to them.

WHAT'S CHANGED SINCE WE WROTE THE WHITE PAPER[9] IN JULY 2021?

1. The COVID-19 pandemic is under control!

2. Increased appetite for revenue diversification. We are seeing this more and more in strategic plans and there is an increasing understanding of the need for business development and sales skills across the Association. Associations with two or three or even three to four revenue streams are seriously exploring their options for financial sustainability.

3. Significantly improved technology and how we consume content – particularly education. Many Associations have been looking at on-demand or online education as a viable revenue stream. While not necessarily new, this has certainly been adopted to a greater extent. It's also improved efficiency.

4. Greater understanding of hybrid and virtual meetings and conferences, where they add value, when to incorporate them and when there are possible revenue streams (from registration or sponsorship or other sources). For some Associations, they understand that hybrid meetings usually involve two budgets – running two events simultaneously. For others, this is still learning. We have also developed a deeper understanding of which sponsors or partners are keen to incorporate technology led meetings in their benefits packages – and we've seen a decline in this space.

5. AI is here with significantly greater presence. It's continuously evolving, and we will continue to see a great take up of this resource and the capabilities inside workplaces.

6. Inflation is sending prices up and making some revenue streams unprofitable, such as face-to face-events. Therefore, Associations are streamlining their administration, reducing budgets and looking for new ways to increase profits, reduce costs and create efficiencies. BAU is becoming Business-Not-As-Usual (BNAU).

IN CONCLUSION

Diversifying revenue for Associations doesn't happen overnight. It's usually a long-term commitment to change, growth and risk. Activities need to be accountable to Boards, members and stakeholders before major decisions are made. But that doesn't mean Associations can't take steps to making these changes.

It's time to start changing the Association culture to be more commercially minded. We want to see our Association landscapes be financially stable and have sustained growth, with the ability to see through challenges, flux in the marketplace, an increasingly competitive landscape and digital transformation.

Do you have the resources to create new avenues for revenue right now? If yes, what's holding you back? If no, then think about how you can employ new systems and tools to maximise your current resources, so there is additional capacity.

Addressing the dual concerns of stretching revenues amidst rising living and business costs and attracting and retaining skilled staff is crucial to staying viable. By focusing on value creation, mission alignment, and proactive risk management in revenue generation, Boards and executives can steer their Associations towards long-term success.

We've given you a lot to consider in this paper. But it's important to remember that no two Associations are in the same situation. They all require different solutions and have a different vision of 'success'.

Good luck on your journey, and feel free to reach out. I'm always open for a chat.

ABOUT THE AUTHOR

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Deanna Varga specialises in revenue generation, diversification and commercial thinking for Associations and the business events sector. She has been invited to speak internationally on this topic and guide Associations on how to go about this. Deanna has an MBA from MGSM and a BA (Tourism Management) from UTS which led her into sales and marketing roles. She's worked for companies including Tourism Australia, Australian National Maritime Museum, Business Events Sydney (then SCVB), Royal Agricultural Society NSW, International College of Management, Sydney, Accor, Starwood, KPMG and Sydney Harbour Foreshore Authority.

Deanna founded Mayvin Global in 2017. Deanna has 25 years' experience within the business events sector – originally bidding for international conventions for Association meetings. This was where she learnt the foundations for understanding for-purpose, NFP and commercial thinking – and the "roll your sleeves up / let's do this" attitude of Associations. This is the ethos she lives and works by.

Deanna is an Adjunct Associate Professor with the University of Technology of Sydney, Board Director of the Australasian Society for Ultrasound in Medicine, Transport Heritage NSW (and Chair of the Finance Risk & Audit Committee), Member of the Regional Advisory Board (Asia Pacific) of the Professional Convention Management Association and lecturer of the International Congress and Convention Association (ICCA) ICCASKills Program. She is on the Expert Steering Committee of the South Coast Centre of Excellence. She is a past Board Director of Business Events Sydney, Dress for Success Sydney and Sydney Improvised Music Association.

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ABOUT MAYVIN GLOBAL

'Mayvin' means, expert in a particular field willing to share information at a point in time. It also means well connected.

Mayvin Global is a specialist consultancy supporting Associations in revenue generation, diversification and capability building in commercial thinking.

Initially established in 2011, we rebranded to Mayvin Global in 2017.

With offices in Sydney, Gold Coast and Darwin, our consultants collectively have many years of experience working with Government, Associations and SMEs both nationally and internationally and also within the Tourism, Business Events and Arts sectors.

Our aim is to create positive change for our clients and their communities using evidence-based insights.

Our breadth of expertise includes, revenue stream reviews, revenue strategy, commercial modelling to membership modelling, market sounding, feasibility studies, coaching, capability building, Board and strategy facilitation.

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