

ESSENTIALS OF MEMBERSHIP DEVELOPMENT

An Insider's Guide to Structures, Practices, and Opportunities

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Information in this book is accurate at the time of publication and consistent with the principles of good research and chamber management.

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*To my husband, Ron, and my children, Abby, Mandy, Zachary and Mia,
who love me unconditionally—in spite of the hours I spend away from them at my tasks.*

*You are my inspiration to achieve greater heights.
I am forever grateful for your love and unselfish support.*

*Love,
Dawn*

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INTRODUCTION

This book will lead you in a journey of introspection by focusing on the fundamentals of membership within a chamber of commerce and the personal skills needed by membership development professionals. This book was written to help you understand the changing needs of your members, how to create more value for their investment, how to grow and sustain a healthy membership base, and how to grow personally and professionally within the chamber profession.

My goal is to provide you with an “insider’s look” at what membership development means in a chamber of commerce today, as well as offer tips and tools you can use to create a successful membership development operation. In addition, you will learn the necessary personal effectiveness skills and self-knowledge necessary for successful membership development.

Although membership-based organizations and clubs have been around for hundreds of years, the discipline and body of knowledge of membership development has really gained focus in the last decade. The essence of membership development is the systematic way of retaining and growing your membership base while increasing the member’s investment within the chamber’s product and service mix.

To retain and grow your membership base, you must utilize effective recruiting, sales, retention, and communications strategies, orchestrated throughout the entire organization. That is, membership is about selling, marketing, and communicating the features and benefits of chamber programs and initiatives, such as economic or business development, public policy, workforce development and more. But ultimately, membership development is about creating that unique experience that members can’t get anywhere else, so they desire your offerings.

Chambers of commerce are unique organizations for many reasons, and demand unique membership development strategies. Chambers juggle multiple initiatives, services, and programs. Unlike trade associations that are tightly focused on one industry or issue, a chamber must be broad enough and relevant enough to serve its members and the community. This is no small feat. Priorities and focus easily become clouded by individual agendas. Membership professionals must constantly keep the chamber’s mission and goals in mind and serve the needs of the membership at large. In addition, chambers have to do more with less and are expected to be the catalyst of driving the economic vitality of the community. Just by nature of the role and visibility within the community, chambers are expected to accomplish a wide range of objectives.

The board of directors in a chamber is comprised in a very different way than private sector boards of directors, and many times has more governing authority. Membership development professionals and other staff members serve as liaisons among each other, the volunteers, business members, the public (various key constituencies), government agencies, and politicians. This balancing act can be both challenging and painful in some instances.

Furthermore, the work chambers of commerce do, particularly when improving the community's quality of life through economic development, public policy, and other activities, benefits everyone in the community, yet is supported financially by a relatively small group of businesses. Economic development needs membership support, and membership needs the product that economic development provides. Neither can exist in a bubble.

The external business climate impacts chambers and their members in various ways, too. A down economy, a merger or acquisition, or a major corporate closing will impact your program of work regardless of the best-laid plans. Because of major advances in communication and computer technology, individuals and organizations belonging to chambers of commerce now feel the effects of world trends immediately. Members don't exist in a vacuum, but rather in a constantly changing world. Membership professionals need to know what their members value and how their needs are changing in order to respond in a meaningful way. If your chamber can't respond, some other organization will be ready to fulfill those unmet needs.

And, finally, we can take two more important lessons from over two decades of research in the field of organizational development. The first is that the key differentiating factor in the success of any organization goes beyond products, services, technology, and market share. It goes to the heart of the organization's ability to elicit, harness, and focus itself to consistently communicate what it does and what relevance it has to the diverse needs of its membership.

The second lesson is that one size doesn't fit all. It is imperative for membership development professionals to continue to segment our audiences, their needs, and our methods for delivering products and services to them. It is no longer acceptable for us to provide a long list of membership benefits and features to each and every potential member we meet.

What does all this mean? Membership professionals have to work harder and smarter than ever before. They have to demonstrate continuous improvement. Constant introspection and creative thinking are vital to stay on top of the game.

The road to successful membership development is long and rough. This book will help you learn from the experiences of industry professionals who have traveled this way before you. You'll acquire the necessary tools to create practical solutions to keep pace in this new world of membership. As you look forward to your goal of building long-lasting growth, enjoy the journey. It is filled with challenges and roadblocks—but it also embodies the excitement of the adventure.

Chapter 1

THE BASICS OF MEMBERSHIP DEVELOPMENT

THE HISTORY OF ASSOCIATIONS

Historically, membership-based organizations, including chambers of commerce, have played several important roles in society. Early on, associations provided an opportunity for craftsman and individuals to band together for training, protection and dissemination of information. By the nineteenth century, associations of emerging American business began to play a role in influencing legislation, gathering industry statistics, and obtaining standardized insurance rates. In the nineteenth century and now, people and organizations join these associations for many reasons, including the desire to advance common interests; to address social, economic, political, or educational needs; or to protect the status or position of their industry.

So why are associations so important? According to the American Society of Association Executives (ASAE) there are more than 147,000 associations in the United States, representing nearly every industry, profession, charity, hobby, cause, and interest. About 2,500 of these associations are international in focus and membership base; 20,000 are national in focus; and a staggering 127,340 are focused at the local, state, and regional level—the level where chambers of commerce operate. The association industry, which includes chambers of commerce, provides a big economic, social, and professional impact across the country:

- Associations employ 295,000 people in the United States. More people work for nonprofit organizations (8.6 million) than for the federal government and all 50 state governments combined (6.8 million).
- Ninety-five percent of associations offer educational programs to their members. Seventy-nine percent offer public information and education.
- Associations are the originating source for codes of ethics and professional and safety standards that govern such professions as law, medicine, banking, and manufacturing.
- Seventy-one percent of all associations conduct industry research or develop statistical information. Businesses and government depend heavily on associations for their statistical information, which is often not available elsewhere.
- Associations dominate the \$83 billion meetings industry, spending more than \$56 billion annually to hold conventions, expositions, and seminars. The entire meetings industry ranks as the twenty-third largest contributor to the nation's gross national product (GNP).

WHAT IS A CHAMBER OF COMMERCE?

Chambers of commerce come in all sizes, from a few hundred members to thousands of members. The professional staff at chambers may be a part-time executive or even unpaid volunteer, or have as many as 150 staff at the largest chambers in the country. According to the American Chamber of Commerce Executives (ACCE) there are approximately 7,800 chambers of commerce in the United States. Of

those, approximately 4,500 have paid staff members who manage the organization. An average U.S. chamber has about 500 members, though they range in size from 200 to over 16,000 members.

Chambers of commerce are associations, but what differentiates them from other types of associations? The primary difference lies in chambers' scope of work. Today's chamber of commerce, rather than being narrowly focused on one particular industry, issue, cause, or activity, encompass a broad range of activities and support for businesses and communities.

Throughout the centuries, perhaps as long as commerce has existed, traders have banded together. In the beginning, the purpose may have been seeking common protection against enemies and marauding bands of robbers. Later, codes were established to govern the conduct of trade. And still later, efforts were begun to exert influence on legislative matters.

But those early associations of traders had little in common with chambers of commerce as we know them today. Generally, today's chambers of commerce are private, non-profit organizations comprised of business and community leaders who work together to improve the community's business climate and/or quality of life, though chambers underwent other major transitions in mission and work along the way.

In the early 1900s, most local chambers were primarily interested in attracting new industries to their community. Community development and local business support took second or third place. While industrial development was still a frequent and major emphasis, chambers gradually came to recognize that industrial growth was dependent on community development and local business support and growth as well.

Another major change took place with the advent of changes in the political landscape in early 1990s. Government affairs on federal, state and local levels became major items in the chamber of commerce program of work. The chamber became the interpreter of government to business, and, conversely, of business to government. In this field of activity, today's chamber of commerce is assuming growing responsibilities and achieving increasing usefulness.

Chambers are now the primary source for businesses and individuals seeking information on the business climate of a community. Representing the voice for businesses, chambers often serve as the catalyst for business opinions and represent business needs in the community. As the collective voice, chambers speak from a much broader economic framework than individual businesses or politicians ever could.

The work of local chambers of commerce is vital to the growth and health of local communities and their economies. Chambers provide programs that help grow and sustain businesses large and small. They fight for pro-business legislation and form public and private alliances. With the support of chambers, small businesses open their doors, prosper, and grow.

Chambers provide leadership in civic and social programming as well. Through innovative programs, chambers address health care concerns, education, and crime prevention—because community quality

of life issues become business issues and have a great impact upon the overall business climate. A strong, dynamic, business community benefits everyone. Chambers directly involve themselves in the community to create an environment where people want to live and work.

During the first quarter of the 20th century, so much emphasis was being placed on civic or community problems that many chambers began to assume the character of civic associations. It soon became evident that chambers, in order to be true to their purpose, must remain primarily business organizations, and express the business viewpoint. The importance of balancing civic and business needs in the chamber of commerce mission and programs began to be recognized.

This important but elusive balance can easily be seen in the mission statements of today's chambers of commerce. For example, here are sample mission statements from chambers of all sizes across the United States:

- The mission of the Ankeny Area Chamber of Commerce is to promote economic development, strengthen the business climate and improve the quality of life in the Ankeny area.
- The mission of the San Marcos Area Chamber of Commerce is to promote economic and community development for our members, to create a more positive business environment, and to enhance the quality of life.
- The mission of the Port Lavaca/Calhoun County Chamber of Commerce and Agriculture is to provide leadership and support for economic development and stability of Calhoun County, Texas through positive action in promoting tourism, business/industry development and community pride.
- The Perth & District Chamber of Commerce is the Voice of Business dedicated to the promotion of economic development and prosperity for the enrichment of the community.
- The purpose of the Greater Springfield Chamber of Commerce is to bring local businesses together in the Greater Springfield area for the purpose of developing and promoting balanced economic growth and business opportunities that are in harmony with the objectives of the entire community.
- The purpose of the Fordyce Chamber of Commerce shall be to advance and promote the well-being of commerce, industry, agriculture, civic interests and the citizenry of Fordyce and its trade territory as outlined in the organization's annual program of work.
- The Cleveland County Chamber will strive to provide effective membership services and proactive leadership to enhance economic opportunity and quality of life in our community.
- To foster the development of a positive business and community climate in the Greater York Area through our membership and to improve the overall quality of life for residents.
- The Rockford Regional Chamber of Commerce is a market-driven, voluntary membership organization whose purpose is to advance the business and community interests of our members and improve the business climate generally through facilitating, advocating, and providing information and leadership in business, governmental and civic matters that benefit Rockford and the Northern Illinois region.

- The Hagerstown-Washington County Chamber of Commerce provides programs and services that meet the business & professional needs of our members while promoting efforts to make the community a great place to live & work.
- To provide leadership that fosters growth and prosperity by ensuring the Nashville/Music City region is the best place to operate and grow a business, as well as the most desirable place to live, work, play and visit.
- Through the commitment and involvement of its Members, the Naperville Area Chamber of Commerce provides leadership for the benefit of the business community by promoting economic opportunities, advocating the interests of business, providing Members with education and resources, and encouraging mutual support.
- The mission of the Myrtle Beach Area Chamber of Commerce is to provide community leadership in the promotion of economic development, including tourism. Accordingly, the chamber will effectively involve itself in the governmental and political arena and in the coordination of efforts to advance business development in order to improve the quality of life and to encourage unity in the region.
- The mission of the Greater Fort Lauderdale Chamber of Commerce is to maximize its members' success, the community's competitiveness and the area's economic prosperity.

And just as chambers through the centuries have changed and adapted to meet the needs of the time, so will the chamber of today be constantly alert to the changes taking place in our society and adapting to meet those needs.

So, what do chambers of commerce actually do? Activities, such as those listed below, are carried out by a few or hundreds of volunteers, usually under the guidance of paid staff professionals.

- Help existing businesses grow profitably and contribute to the community. Chambers may provide or partner with others to provide employee training, business counseling and technical assistance, marketing opportunities, health insurance or other benefits, and more.
- Work to improve the area economy and quality of life. Important issues include healthcare, education, transportation, workforce development, and taxes. Chambers may lobby at the local, state, and/or national levels.
- Attract new businesses to the area.
- Attract visitors to the area.
- Work with government, economic development organizations, visitor's bureaus, and community leaders.
- Coordinate community-wide events, such as pageants, festivals, and parades.

THE ROLE OF THE MEMBERSHIP PROFESSIONAL

Today, membership professionals face so many internal and external challenges that it's easy to become overwhelmed by the rising expectations of staff, boards of directors, members, and even the larger community. The business climate is as complex and fluctuating as one could imagine; the

political and global landscapes are always shifting. It's not surprising that you might feel as though you're often shooting at a moving target.

Although the stakes are high, membership professionals can directly influence the success of an organization and are expected to do just that. We're responsible for a wide range of tasks, thus requiring us to possess many different skills and abilities. A list of typical duties is just as diverse.

The typical duties of a membership professional might look like this:

- Attract and retain members
 - Create and implement a recruitment plan to attract new members
 - Create and implement a retention plan to sustain current members
 - Respond to member inquiries, complaints, and requests
 - Develop and ensure customer service strategies
 - Create member communication strategies
 - Produce a wide range of publications
 - Develop and manage a number of programs and events
 - Sell new memberships
- Manage people and systems efficiently
 - Design department systems and procedures
 - Manage, lead, and develop a team of sales people
 - Manage, motivate, and engage volunteers
 - Conduct and gather baseline research and statistics
 - Foster relationships with suppliers and vendors
 - Develop strategic partnerships and relationships with other organizations and with peers
 - Oversee the membership database program
- Ensure a healthy organizational financial base
 - Create, implement, and manage non-dues revenue programs
 - Constantly evaluate the products and services mix
 - Forecast financials

All the while, we are expected to do this—in essence, to multi-task under pressure—in order to achieve our organizational goals. Membership professionals have to be jacks-of-all trades who work well in every circumstance. We have to be equally gifted with people, ideas, numbers, and words.

However, our most critical role is to continuously meet the growing needs of a diverse membership. Everything we do boils down to that seemingly simple, yet complex task. Nothing else will matter if our members don't find value in our organization. In today's reality, members no longer belong just because it is the right thing to do. They want a solid return on their investment.

Membership development isn't just a division separate from the rest of the organization. Effective strategies and tactics need to be totally integrated within the organization. This will create a positive undercurrent and movement that will have a lasting impact on the growth and sustainability of the entire organization.

Membership's role is not to define the chamber, but rather to extract all of its wonderful attributes, correctly package them, and appropriately communicate and sell them to the right audience at the right time.

To do justice to our co-workers in small business development, government relations, or workforce development, for instance, you must first seek to understand their role in the organization. Learn why economic development, for instance, is important and what impact your chamber's economic development efforts have on your members. Discover why business advocacy and government affairs are so important to businesses of all sizes. Explore the power of your chamber's collective voice at the local, state, and federal levels. Find out why the services in small business development are so unique and how the role of the chamber fits into the community at large. This will vary from chamber to chamber.

Some chambers may be deeply engrossed in community festivals and events, while others are not. This is where the history of the chamber and its size determine the chamber's role. Chambers in very small towns may only possess enough resources for a part-time staffer and therefore tend to focus on existing business support and community events/festivals. Chambers in medium to large metropolitan communities tend to focus on advocacy, economic development, and existing business support. The largest chambers may be political and extra-regional, with overarching plans for every aspect of life and work.

Once you have a clear picture of what each area does, what your organization provides for its members, and how you will position yourself to sell your unique offerings, you can begin to build your membership communications.

Membership professionals must shape and mold their efforts around the product they have to sell; unfortunately, sometimes it is not readily apparent that their product is the work of the people around them. Sometimes they face even bigger challenges, such as the volunteers driving the agenda even if the staff disagrees, or not having the necessary resources available to accomplish all of the great ideas on the table.

This is what makes the membership role so difficult and challenging, and yet rewarding when you accomplish your feats. The staff in larger chambers may range from membership development representatives (new member sales), retention specialists (focused on maintaining the current customer base), database specialists, events coordinators (managing the events and programming), member services representatives (responsible for all customer service activities, chamber products, etc.) and a member benefits manager (manages the affinity programs).

On top of capturing the essence of all the activities of the chamber, a typical chamber membership professional is also responsible for building the right programming around these initiatives. This is where the events planning and sponsorship activity are built into membership plan. Too many events can stretch limited resources, while not having enough can result in missed opportunities. The right recipe calls for a good balance of quality events that keep members wanting more just like them!

Sometimes chambers are expected to play a role in community events that other groups or organizations manage. So throw that into the mix too! Now you know why the membership professional must have exceptional organizational skills to keep it all in check.

Lastly, one of the best ways to impact your revenue stream is the development of your affinity programs. These are the non-dues programs that are designed to offer your members some sort of unique advantage for being a member of your chamber, such as an exclusive discount, service, or product. Affinity programs provide revenue opportunities for chambers in various ways but should fit within the mission of the chamber.

DEVELOPING A MEMBERSHIP DEVELOPMENT STRATEGY

What is the most effective way to sell, deliver, and communicate the attributes of the chamber that meet your members' needs? The first step is to understand what your membership requires, and then devise a comprehensive membership development plan. All too often we run before we walk, which can create disappointing results. If we could simply develop and execute the plan, our chance for success improves drastically.

A successful membership development program consists of five key areas:

1. Hypothesis
2. Development (acquisition and retention)
3. Measurement
4. Analysis
5. Execution

By now, you have discovered that membership development is both art and science. As you move through these five key areas, realize that from time to time you will jump in and out of a stage or start at the beginning again. Let's walk through the five key areas before we start breaking down a retention plan.

1. Hypothesis. This is, in simple terms, the research and feasibility stage. It is where you ask yourself defining questions that set the stage for your development. You may identify new opportunities and/or discover current opportunities to build on.

2. Development. By combining all the findings and research results, you develop your plan, strategies, and tactics. This also includes product testing with members and developing appropriate messaging for segmented target audiences. The plan is a written blueprint of where you want to go and how to get there.

3. Measurement. This is a critical success factor. Everything you do needs to have a built-in tracking and measurement instrument to better inform your organization of its true results. You may need to invest in the technology necessary to effectively implement innovative measurement techniques.

4. Analysis. This is where you can evaluate and modify or shift your plan as necessary to ensure successful achievement of the end goal. All of the analysis captured enables you to get one step closer to understanding your members and modifying your strategies to better meet and exceed their expectations.

5. Execution. The most critical success factor. Execution is the conduit to results. If a plan goes through the earlier stages but doesn't get executed, then regardless of the strength of your plan, your efforts will fail. Execution also encompasses sustainability of the plan, not just at the beginning.

A solid membership development strategy must include the five stages and should be well thought out, planned, and communicated. All members want to know what their return on investment will be — what's in it for them? We must position our organizations to be able to answer these questions on a daily basis. This requires the chamber to be fast, furious, and fluid to respond to changing expectations without wavering from its core business scope or mission.

I walked through this holistic view of what a membership plan should encompass as a prelude to the nuts and bolts of the plan found within the pages of this book. For example, during the hypothesis stage, you will have uncovered the needs of your segmented audiences, including specific products and services like business assistance, counseling, education and training, entrepreneurial assistance, venture capital opportunities, affinity programs (such as health insurance and workers' compensation discounts), growth assistance, advocacy, and networking opportunities. I just touched the surface on the types of programs and services typically found within chambers. The point is to focus you on the member needs and how you can start moving to the next stage of development.

The bigger challenge is that every member will expect you to show their return on investment (ROI) in their terms. Not all members define ROI the same. Some will be content with the notion of the intangible benefit you provide them, while others will want you to break it down in a financial formula of ROI. This can be somewhat tricky and complex. We will cover this in greater length in a later chapter.

And of course, all of this will impact the way you sell membership to new and existing members. That is why the plan calls for you to continue through the stages to measurement, analysis, and execution over and over again. This allows you to truly work toward needs-based selling — the ability to ask the right questions and utilize proper listening skills to deliver based on members needs. I will address this later in the sales process chapter. I simply wanted to provoke some thought about how to analyze the needs of members, apply those needs to your core products and services, and how to package and sell them to show a ROI for each individual member. It's not as easy as it sounds. Every time you are in front of a member, you must customize the message and sales pitch that you deliver to them. Multiply this by every member or potential member you have. It can be exhausting. But if mastered, it can be extremely rewarding. I think any membership development professional would tell you it is

both. The key to your success is continually moving through the process and remaining relevant and fresh to each and every member.

MEMBERSHIP DEVELOPMENT IN A CHAMBER OF COMMERCE TODAY

Trends and management issues

Today's chambers face severe and immediate challenges that impact their success and viability. Understanding emerging trends is essential to discovering tomorrow's opportunities. The only systematic way to identify growing trends is to constantly scan the environment. Although many professionals talk about research and scanning, few do it on a continuous basis. The approach and methods are too narrow in scope, and therefore results are limited. For chambers to remain meaningful and relevant, they must constantly reinvent themselves, shifting their strategic focus just as their customers do. "Focus" is the new buzzword in the industry. Even though the concept of focus has been around for many years, many chambers are circling back to the basics.

In response to members' rising expectations, membership development professionals are becoming more strategically focused. They are doing this by narrowing their scope of business; changing their revenue models; revising their dues structures; aligning products, services, and benefits with staff responsibilities; initiating more and better programs while eliminating the failing ones; and paying increased attention to research and environment scanning.

They are sharpening their skills and concentrating on the things they do best, rather than what everyone wants them to do. We all know that you can't serve all people all things, all the time. Chambers are no different. It is easy to become lost in the barrage of opportunities and whimsical desires of board members.

As you look to narrow your focus, understand that some of the growing trends include:

- Uncoupling products and programs from the governance process
- Outsourcing products, catalogs, directories, marketing, communication vehicles, educational resources, and event management
- Moving from mass marketing to one-to-one marketing; using more segmented approaches to marketing and communications
- Developing strategic alliances to help develop and deliver services
- Shifting from long-term volunteering structures to short-term advisory roles
- Developing special interest groups, including online email lists
- Dedicating more resources to technology and developing interactive databases
- Developing more specialized, unique member services

To accommodate these major shifts, chambers are abandoning the traditional hierarchical staff structure and are building teams around the core business processes. These organizational re-alignments can often lead to leaner and meaner teams that get more done with less. As chambers develop their strategic

alliances and partnerships, this can often lend itself well to staff support when and where it is needed. However, the most impressive and monumental change is the philosophy surrounding membership.

On the heels of a recovering economy, membership can rise to the forefront as a growing concern if revenue is declining. A down economy may reveal two things; a weak sales team or structure and a weak or volatile membership base. Progressive chambers have shifted their focus from recruitment to retention. At one time, retention was an afterthought. Now more resources are being directed to retention to ensure more long-term sustainability.

MEMBER DOLLARS OR NUMBERS?

Some chambers have stopped focusing on the number of members and only report and focus on membership dollars. This shift is paramount for membership professionals. We have moved from quantity to quality of our membership bases. This will prove to reshape the way we do business. Chambers will always focus on growth, just in a different way. Retention will mean more than just a collection plan. And those chambers that utilize the technological advances will be catapulted far above their peers.

Of course, leadership (at all levels) is essential. Pioneers will be needed and sought to lead the organization to new heights. They will have to challenge the norm and become inventors of solutions. Chambers that wait for someone else to test the water first will be left behind, and we won't exist in our traditional form. Our membership structures will become more customized and even more flexible from the rigid structures of the past.

We are people organizations. Chambers will have to create more ways to connect to their membership for long-lasting relationships. Interactivity will be revolutionized at all levels of the chamber. Technology will become the focal point for chambers to leverage knowledge and interactivity.

In the end, a new set of leadership characteristics for membership professionals has emerged. The traditional role of avoiding risks will shift to exploring opportunities even in the face of uncertainty. We will be expected to "risk intelligently" as we explore and experiment with new ideas and strategies. No longer will status quo be acceptable. No longer can we afford to stand still. Innovation and solutions to changing member needs will be expected. Our ability to deal with complex issues, mounds of information, moving targets, and a wide array of customer demands will be tested. The standard for success has risen to an all-time high; as a result, membership professionals are faced with extremely high performance expectations.

THE IMPORTANCE OF NATIONAL TRENDS

National trends play a critical role in your ability to assess your organization's performance. The key trends chambers and other membership-based organizations face listed below are excerpted from the American Society of Association Executives report, *Facing the Future: A Report on the Major Trends and Issues Affecting Associations*.

Internal organizational trends

- Leadership's role. Adopting a new set of leadership characteristics for boards and staff will be necessary to move into the 21st century.
- Value/return on investment. Meeting rising membership expectations and a greater demand for a return on dues investment will drive organizational design.
- Responsiveness. Keeping up with external changes and responding rapidly to members' emerging needs will require being "fast, fluid, and flexible."
- Governance. Replacing current governance models that are too slow and cumbersome to deal with an increasingly complex, fast-paced environment will require a cultural shift.
- Revenue sources. The need for new revenue sources will require more innovation in seeking out new partners and nontraditional sources of income.
- Technology usage. The profound and beneficial impact of technology usage will be felt through its increasing capability to link people, build relationships and foster communities.
- Change loops. Mastering the unplanned changes and unexpected consequences (i.e., "change loops") that do not fall neatly inside the time frame of the traditional planning calendar or scheduled board meetings will require a new mindset about budgeting and other planning processes.
- Generational issues. The generational shifts among staff, board, and members ("Matures" born before 1946, "Boomers" born 1946-1964, and "Generation Xers" born 1965-1985) will fundamentally alter the culture due to shifts in member perception of loyalty, preferences for programs/services and volunteer involvement.

The future business climate

With our business community facing an ever-changing marketplace, the future holds both promise and new challenges as the marketplace continues to be defined by government, macroeconomics, and even the threat of terrorism. How chambers adapt to the new terrain will determine whether they survive or prosper in the future.

You will see more companies racing to develop skills and technology that make up a core competence. They will focus on core products, creative customer-driven cultures, and more organizational alignment transformation, and will place bigger emphasis on value propositions and brand building. A growing challenge for businesses (members) will be to have a sufficient skilled labor pool to ensure rapid and quality product and service delivery. Any business owner will tell you that this is never an easy proposition. A robust economy means an ever-tighter workforce pool to select from. Rising healthcare costs continue to be at the forefront of businesses' concerns. Employee access to affordable and flexible housing is also a big dilemma for our member businesses.

You will see a fundamental change in the overall operating environment for the businesses within your community, which will be affected by and challenged to deal with post 9/11 security issues, a rebounding economy, a global competitive environment, fickle customers, and a growing demand for high quality/low cost products and services. Businesses will constantly face new challenges and

issues that will result in a greater demand on chambers to keep pace with them. This means staying current in their industry trends, forecasting, future success factors, potential issues, and knowing what they need when they need it – in other words, taking a proactive rather than a reactive approach.

Associations and chambers will have to become more fluid and capable of changing as the needs of their members change. Membership professionals will have to serve the organization in a different capacity than ever before, becoming more fact-based, research-oriented, and member-driven. They will have to become target marketers to provide value. It won't be enough to focus on recruitment and retention alone. Of course, these concepts are integrated and inter-related, but will need more depth and focus from the membership development professional. If successful, membership development professionals will be key providers of significant indicators and concepts to move the organization to new heights.

As we look to the future, chambers will need to reach beyond their immediate walls for inspiration. They start with and also learn a great deal from their own membership. Through a little introspection, they can draw new techniques and strategies to help turn tough times into better ones.

Key community issues and trends

- The corporate structure of many communities is changing dramatically by mergers, acquisitions, evolving entrepreneurship, and by changing city, county, state, and/or regional economic development strategies.
- A regionalized scope or focus featuring intergovernmental initiatives and public and private sector collaborations is being adapted to fuel economic development on an area-wide basis.
- Increasingly, the global economy is affecting the nature and strength of communities and providing opportunities—and threats—for local companies of all sizes.
- Dramatic changes in workforce demographics, availability, skill sets, and security are affecting the level of economic growth and opportunity experienced by many communities.
- The viability of infrastructures—water, sewer, power, transportation, communications, and technology—affects the level of economic activity that communities can be expected to achieve in the short- and long-term.
- The quality of K-12 education, other educational opportunities in communities, and the alignment of education with the needs of business and industry is a critical issue in many communities.
- Identifying, nurturing, and involving business and industry leaders in the community's policy-making process are key challenges in contemporary society.
- Innovations in information handling and communications technologies continue to accelerate and affect the operations and capacities of all private and public sector organizations at the community level.
- The demographic and cultural bases of virtually all communities are reflecting increasing levels of pluralism and diversity.

- “Devolution” of policymaking (from federal to local levels of government) and privatization of functions (from public to private sector organizations) represent two elements in public policy processes at community levels.
- Overall quality of life issues are highly visible and important issues among the general public, policymakers in governmental agencies, and corporate executives.

Key management challenges

- Chamber executives need enhanced leadership skills to galvanize communities. This will be critical to create and implement the strategies necessary to redefine economic and community development in a comprehensive manner.
- Key community and economic issues need to be identified in a rapidly changing and complex environment.
- Strong community and business-industry leaders must be identified and brought into some resolution processes.
- Relationships and alliances must be formed to produce community-wide leadership and regional collaborations for strategy development and implementation.
- Chambers must be positioned as organizations that facilitate unity and leadership in addressing broader, community issues, while simultaneously remaining relevant to the needs of local corporations.
- Chambers must be positioned to increase the competitiveness of their regions through community-wide leadership roles.
- The identification and application of information and the community’s technology to chamber operations and member service functions is a key management challenge.
- The difficulty in finding, compensating, and retaining staff sets needed to pursue progressive member services, member representation and community-economic development objectives must be met.
- For many reasons, increasing non-dues income streams will become a paramount objective.
- The business community will feature increasing structural changes and diversity as a result of factors such as continuing consolidations, emergence of home-based businesses, strong entrepreneurial motivations, and others.
- For many economic and programmatic reasons, it is likely that mergers and consolidations among chambers or associations will occur in some metropolitan areas in the future.
- A variety of other niche, single issue, or broad-based organizations increasingly compete with chambers for human and financial resources.
- Members are increasingly sensitive to the cost-value relationship of their memberships and, as a result, greater levels of efficiency in the delivery of information and education must occur.
- The types of people attracted to chamber or association management will change in the future.

- In the future, it will become increasingly difficult to attract qualified volunteer leaders to fulfill key governance roles.
- The ability to obtain feedback from members and then offer niche or differentiated products and services to specialized segments will need to be intensified.

These challenges are currently with us; they've actually been here for years. The evolution continues with different twists. Chambers that don't acknowledge or deal with these challenges will soon become extinct. You must not simply review these trends; you must relate them to your own environment. If you don't, you will fall further behind.

Many chambers don't notice the slow leak in their membership base until it is too late. As they look back over the decade behind them, they realize that they were on a steady decline but didn't pay attention to the signs, data, and emerging trends. Rebuilding that loss will come at a high price.

WHY DO MEMBERSHIP DEVELOPMENT?

Without membership development, the organization cannot attain the necessary new customer base or secure the current member base for long-term sustainability.

The end goals of membership development vary by chamber, but generally include:

- Achieving a high retention rate (identify, then satisfy member needs).
- Increasing total member investment (dues or investment plus sales, events, educations, purchases, and so on).
- Increasing market penetration among target audiences.
- Diversifying the product mix to meet the needs of a changing membership (services and benefits).
- Continuously striving to deliver quality products that offer members a high return on investment (value for membership).

Membership organizations don't ask why they should do membership development; rather they ask how to do membership development. This is the million-dollar question that every chamber must answer slightly differently. Without membership development efforts, the revenue needed for staff, investment in initiatives and programming to achieve the mission cannot occur.

We always have to look from the inside out to know where to go in the future. We need to have intimate relationships with all our members, regardless of size or shape. This approach allows us to be in the best position to perform our most critical role: growing and sustaining membership. Our position in some ways is intangible and subjective, but the tools are there to move us along. It truly is the most exciting and dynamic time to be a membership professional.

Chapter 2

THE CHAMBER MEMBER

DEFINING A “MEMBER”

Chamber members come in all shapes and sizes. They are around every corner and can be our biggest allies or worst foes. That is what makes our job so difficult. The changing face of membership creates a moving target with varying needs. However, through much research we have discovered that most members have some commonalities or similarities in their needs based on the size of their business. When we take a look at the overall scope of our members, large, small or even medium-size businesses usually fall into some general categories based on their wants and needs.

Due to anti-trust laws, membership is typically open to all businesses regardless of the nature of their products and services. Sometimes, this can cause problems within an organization. Chambers must protect themselves by clearly denoting their membership requirements in writing and by publicizing them well. A chamber will typically accept any member that pays their fair share of dues and submits a signed application; however, some chambers specify membership conditions and terms as part of the application process to ensure clear understanding of the rules of membership. Some chambers have loose conditions, a strategy that creates more of an elevated application process. Whatever the reason, it is a good business practice to have your membership conditions spelled out in writing.

Moreover, membership professionals must refer to the chamber bylaws for clear guidance and distinction on who can join and how a member is accepted. Bylaws should be amended as needed to reflect current laws and regulations in reference to membership acceptance and/or denial. Bylaws may even require a board vote to approve new members. However, this is just a formality and doesn't usually result in declining membership applications, although the vote must be recorded into the minutes as part of the official record. This is due to anti-trust laws.

Most bylaws will detail the official name of the organization, purpose, eligibility of membership, dues investment language (for example, how the chamber handles dues increases), termination of membership, etc. The bylaws are designed to be generic enough to allow the organization to accommodate the current business environment while still providing the basic parameters to work within.

A sample statement of membership terms and conditions appears below. This information is usually found in the chamber's bylaws as well as in part of the membership application.

Sample Membership Terms and Conditions

Greater Columbus (OH) Chamber of Commerce Membership Conditions and Standards

Membership in the Greater Columbus Chamber of Commerce is a privilege granted to businesses

who uphold ethical business practices and standards. Therefore, membership is a condition of good business principles, and the chamber reserves the right to revoke membership for any reason.

- Members shall follow all applicable federal, state or local laws pertaining to their businesses. Members must carry and renew licensing if required by law.
- Members must follow all advertising and product regulations as determined by law.
- Members shall not exploit consumers, employees or their competition.
- Members must strive to provide high customer service policies.
- Members must pay their membership dues in a timely manner; any member whose dues investment is more than 120 days delinquent will have their membership terminated.
- Members may use the Greater Columbus Chamber of Commerce logo in their outbound marketing to identify them as a current chamber member in good standing. All copyright and trademark laws must be adhered to.
- Members will be expected to make every effort to utilize the vast number of resources available to them through chamber membership.
- Members agree to a two year membership plan renewable in their third year.
- Upon membership termination, the use of all materials identifying the business as a Greater Columbus Chamber of Commerce member must be ceased. Again, the chamber reserves the right to terminate membership at any time, for any reason.

LEGAL RAMIFICATIONS OF MEMBERSHIP DEVELOPMENT

Often in my travels I am asked about the legalities related to antitrust laws, exclusions of potential new members, and many other topics relevant to membership. Although I have taken the time to research this topic, I am not a lawyer and never try to provide legal advice. Rather, I look to industry experts who can provide insight into a complex arena.

The section on legal ramifications of membership is based on information from a colleague who specializes in this field, Michael Donnelly of Fraser, Trebilcock Davis & Dunlap, P.G. I called upon him to try to give you a simple perspective on anti-trust laws. Chambers are trade associations and therefore subject to the same conditions. The information contained here does not constitute legal advice. You should always seek legal counsel prior to taking any action that might potentially put you or your organization at risk.

Overview

Today's chambers are faced with the same litigation dangers as other trade associations when it comes to antitrust laws. In the United States, antitrust laws are designed to promote competition and prevent unlawful alliances and agreements that restrain trade. The Sherman Act, in part, was a product of the early industrialization in the United States. Its purpose is "to preserve the competitive process and to channel it along socially productive lines."

The relationship between antitrust principles and trade and professional associations has continued to change and evolve over the last century. Generally speaking, trade and professional associations consist of individuals and corporations that join together to take a unified stance and actions to further their commercial and/or professional goals. Courts and antitrust enforcement recognize that trade and professional associations are useful and valuable, not only to their members, but to society and to the economy in general.

With the recent expansion of the Internet and the internationalization of trade throughout the nation's and the world's economies, the need for industries to coordinate and interface their products, standards, and business practices with trading partners is of paramount importance. Many times it is not practical or even possible to address the needs and goals of an industry as an independent company—but it is when many companies come together in a trade or professional association that can balance many viewpoints. Associations play a vital role in bringing about change in a trade or industry. Significantly, the changes proposed by associations usually tend to improve the entire trade or industry.

Associations often consist of manufacturers, importers, wholesalers, retailers, contractors, and service providers, as well as other professional and/or trade groups. Given the close alliance of many associations, it is imperative that an association's members are cognizant of the antitrust laws. It is also imperative to note that both state and federal agencies are duty-bound to enforce antitrust laws. Without an express antitrust exemption, all professional associations are subject to both state and federal antitrust laws.

As a rule, says Donnelly, when confronted with antitrust laws, trade and professional associations will be subject to a “rule of reason” analysis. Under this type of analysis, trade and professional associations can usually conduct their business without serious antitrust concerns.

The following list, although not exhaustive, outlines business activities that generally do not give rise to antitrust issues or concerns:

- Sponsoring trade shows
- Publishing trade journals
- Collecting and disseminating industry data
- Lobbying
- Product and market research
- Advertising and promotion
- Seminars for industry members
- Monitoring and reporting on government actions
- Educational activities in areas such as marketing, product development, codes of ethics, and best industry practices

In the past, some activities have led to antitrust concerns; including methods of distribution, terms and conditions of sale, exchange of price-related information, joint research, and product standardization and certification programs.

Donnelly states that in a number of instances, association membership criteria and admission and expulsion practices have created antitrust issues. I must emphasize, however, that mere membership in an association or attendance at association meetings and participation in the meetings are not in and of themselves discouraged by the antitrust laws. As stated, courts and antitrust enforcement agencies fully recognize the value of trade and professional associations as a means of enhancing competition and contributing overall in a positive way to the economy and the public interest.

According to Donnelly, an association member generally should not be concerned with antitrust liability for the illegal activities of the association or one of its members. He further asserts that even if a member has knowledge of an illegal conspiracy, it is well established that the association member usually will not be faced with antitrust liability. In fact, it usually requires both knowledge and approval of the illegal act(s) before liability will attach to an association's member. The courts have held that participation in a conspiracy will not be inferred merely because of membership in a trade or professional association.

Thus, he states, knowledge of illegal acts is not typically sufficient for a member of a trade association to be found in violation of an antitrust law. It is, however, imperative that associations and their members acquire the most current information, since antitrust principles are continuing to evolve. Associations must take appropriate steps to protect themselves and their members from potential violations of antitrust laws. It is recommended that trade and professional associations formulate appropriate rules and guidelines and require their members to follow them.

Antitrust enforcement

Federal antitrust laws are enforced by the Federal Trade Commission (FTC) and the Antitrust Division of the United States Department of Justice (DOJ). For the last 20 years, antitrust doctrine and the antitrust enforcement policies of the FTC and the DOJ have continued to evolve; however, very few cases over the last 20 years have specifically dealt with trade associations and their activities. From a practitioner's standpoint, this is significant. Given the lack of new case law in the trade association arena, many legal practitioners, and trade associations, have continued to rely on outdated case law when formulating their opinions and making their decisions. Donnelly asserts that this often leads to passive, overly conservative, inefficient, and ineffective participation by trade associations within the industry. Often, practitioners and associations are much better consulting recent FTC and DOJ advisory opinions than relying on stale case law.

The Sherman Act, enacted in 1890, gave the DOJ anti-trust enforcement authority. In 1914, Congress enacted the Federal Trade Commission Act in response to a perceived need for an independent antitrust enforcement agency. The Federal Trade Commission Act provided more flexibility and a more detailed and encompassing antitrust law. As a result, the DOJ and the FTC today share jurisdiction in most antitrust cases. For instance, in April of 1995 the DOJ and the FTC jointly issued what are referred to as antitrust guidelines for the licensing of intellectual property. The DOJ Antitrust Division may

pursue both civil and criminal antitrust enforcement under the Sherman Act. In contrast, the FTC may only institute civil proceedings under the FTC Act or the Clayton Act.

Minimizing the risk of infraction

In order to minimize antitrust risk in statistical gathering activities, associations should attempt to adhere to the following guidelines, according to Donnelly:

- Collect and report historical data
- Disclose aggregate data, not information specific to individual companies or transactions
- Permit broad access to the data collected
- Do not limit information to association members
- Make participation in the data a voluntary, collective process
- Do not require audits of information submitted
- Maintain confidentiality of individual information collected
- Utilize third parties to collect and distribute the data
- Make it clear that the information is not to be discussed among competitors

Even strict adherence to these guidelines does not guarantee the avoidance of an antitrust violation, particularly in the area of pricing.

Research is a valuable function commonly undertaken by trade associations. In recognition of the benefits of joint research, the government has established guidelines to reduce the risk of antitrust activity. Both FTC and the DOJ offer procedures for obtaining opinions regarding data dissemination programs. These procedures can be cumbersome, although the DOJ has adopted a procedure to expedite the processing of business review requests with respect to joint ventures and information exchange programs.

In 1980, the DOJ released the Research Joint Ventures Guide, which was followed by the National Cooperative Research Act (NCRA) and passed by Congress in 1984. The NCRA was amended in 1993 by the National Cooperative Research and Production Act to expand coverage to production activities.

Membership criteria

Traditionally, it was suggested that trade associations should admit all qualified applicants, provide due process before rejecting an applicant or expelling a member, and offer certain membership benefits to non-members. These suggestions, which were designed to minimize the risk of antitrust violations, were based upon the assumption that associations controlled essential or unique resources that could not be denied to an applicant without foreclosing competition, states Donnelly.

This traditional protocol changed, however, with the Supreme Court's decision in *Northwest Wholesale Stationers v. Pacific Stationery & Printing Co.*, 472 U.S. 284, 1985. In this case, the Court indicated

that antitrust laws no longer assumed that association membership conferred a competitive advantage. Under the current analysis, the courts will employ a rule of reason when evaluating the challenged activity or restriction, unless the challenged activity or restriction is unambiguously anti-competitive, or the association has market power or control of an essential facility within the trade or industry. Specific membership criteria have historically been evaluated on whether or not there was intent to limit competition or disadvantage a potential member. Under this analysis, courts struck down criteria that were more restrictive than necessary, or unrelated to a legitimate purpose of the association. Since the Supreme Court's decision in *Northwest Wholesale Stationers*, however, the analysis has shifted to determine whether the exclusion of a potential member from an association would have an anti-competitive effect on the market. In the absence of a per se offense, such anti-competitive effect requires that the association possess market power or exclusive access to an element necessary for effective competition.

The issue of whether an association must provide benefits to non-members is governed by the "market power" analysis set forth in *Northwest Wholesale Stationers*. If the benefits at issue are essential to competition, then there is a greater chance the association will be required to provide non-members with access to the benefits. For example, an association that provides certification of industry products must not discriminate between products of members and non-members. Similarly, an association may not exclude a non-member from an association-sponsored trade show where that exclusion would restrict the right or ability of the non-member to effectively compete in the industry. It should be noted, however, that an association may impose reasonable fees for services provided to non-members.

SEGMENTING YOUR MEMBERSHIP BASE

So what does the typical member look like? On average, small businesses make up the biggest portion of the chamber membership pie. Typically, 80 percent of your members are businesses that employ five or fewer employees.

The Office of Advocacy's Small Business Profile reports that small businesses make a significant contribution to the U.S. economy, and in 2003, they were the engine of the United States' economic performance. Nationally, half of U.S. non-farm private output and employment is generated by firms with 500 or fewer employees. Indeed, small business owners—including women, minorities, and home-based individuals—were leaders in the U.S. economy in 2003.

Number of small businesses

According to the U.S. Department of Labor's Bureau of Labor Statistics, the estimated total number of small businesses in the United States in 2003 was 22,659,000. How many of those belong to chambers of commerce? The American Chamber of Commerce Executives (ACCE) polled its member chambers in September 2003 to determine how chambers of commerce define a "small business." Here are the results: