



The Challenges of Member Retention

ONE OF THE GREATEST CHALLENGES FACED BY MEMBER-BASED ORGANIZATIONS IS RETENTION. MEMBER DUES REPRESENT A SIGNIFICANT PORTION OF OPERATING REVENUE, AND MANY ORGANIZATIONS DEPEND ON REPEAT ANNUAL DUES TO PROVIDE SERVICES TO MEMBERS AND TO COVER OPERATIONAL OVERHEAD.

IT IS NOT UNCOMMON FOR ORGANIZATIONS TO EXPERIENCE STEADY AND PREDICTABLE GROWTH FOR MANY YEARS AND HAVE FAIRLY HIGH RETENTION RATES. THEN FOR A MYRIAD OF REASONS, ORGANIZATIONS MAY EXPERIENCE DECLINING RETENTION RATES. BEFORE AN ORGANIZATION CAN ADDRESS ITS RETENTION CHALLENGES, IT'S IMPORTANT TO UNDERSTAND THE FACTORS THAT AFFECT MEMBER RETENTION AND THEIR IMPACT ON THE ORGANIZATION'S LONG-TERM VIABILITY.

Rate Your Organization's Retention Effectiveness

Organizations often describe their member retention strategies by the services they offer and how they collect dues. Although it is important to offer services and programs that benefit members, and to collect membership dues efficiently and ensure positive cash flow, these alone do not guarantee effective retention strategies.

Many organizations describe their retention strategy as using creative applications to collect delinquent member dues. Some of the more popular methods touted include:

- Remind members to renew their memberships
- Send out invoices as early as the ninth month of the membership period
- Contact members whose renewals are upcoming to ask their intentions
- Have Board members or Ambassadors contact members whose renewal dates are 30-60 days out, or those that are on the aging report
- Maintain lapsed members' privileges while trying to collect payments
- Send out monthly invoices to members who are 30, 60, 90 or 120 days delinquent
- Threaten members about potentially lost opportunities if their renewals are not received (e.g., upcoming membership directory deadline, special conferences or events, higher non-member fees for participation)

Creative applications for dues collection consume more resources (e.g., time, money, and people) at a time when the efforts are least effective. Member retention strategies are not based on reactive activities and additional paperwork. Use the following Member Retention Scorecard to evaluate how well you use proactive strategies to retain members.

"Cathy Hight and Hight Performance Group confront the issue of member retention head-on with a proactive approach. Their new retention kit helps Chamber executives like myself identify the ideal and the 'at-risk' member, develop migration strategies and compile and analyze reports that will assist with managing retention."

Pam Ridler, CCE, President, Castle Rock, CO, Chamber of Commerce

The Member Retention Scorecard

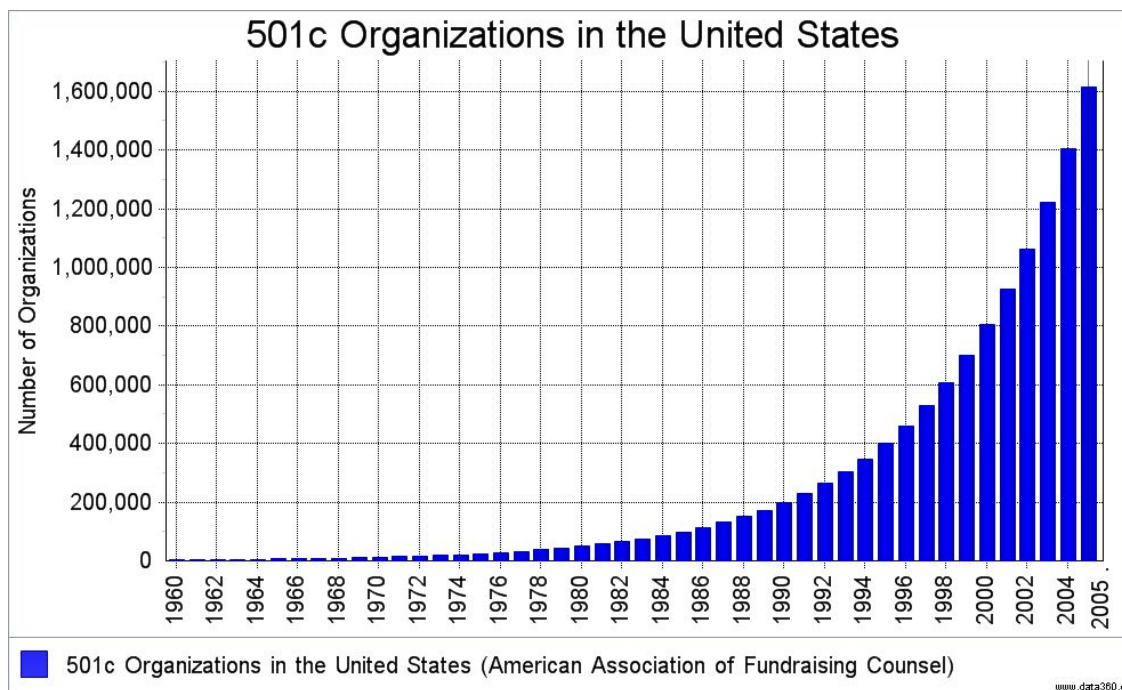
Scorecards are used to measure your performance in specific areas. What's performance? It's the ability to achieve results toward your business goals. The Member Retention Scorecard measures how effectively your organization uses proactive strategies to retain members. Use the scorecard below to rate your organizations' performance for each retention strategy. Calculate your Overall Retention Strategy Score by adding up the values for all strategies. Write your score in the bottom row provided and compare your score to the ratings below.

	Retention Performance Score On a scale of 1 – 4, with 1 being lowest and 4 the highest, rate how well your organization uses each retention strategy.			
Proactive Member Retention Strategies	1 Are you kidding?	2 It's hit or miss	3 Yes, for the most part	4 Absolutely
We identify and document initial expectations and interests of our new members.				
We communicate with new members regularly during their first year to ensure their initial expectations are met.				
We contact existing members regularly to discuss their experiences and understand their evolving needs.				
We collect, review and manage member intelligence (e.g., member inquiries, needs, feedback, participation).				
We help members connect with others, form alliances and participate in our 'community.'				
We listen to members' concerns, provide timely follow-up, and let them know are issues are being addressed.				
We reward members for their loyalty to us—for providing feedback, referring others and for their renewals.				
We recognize our best members and provide unique or special opportunities to show our appreciation.				
We share a strategic plan with members and regularly communicate about our goals and accomplishments.				
We evaluate and modify our benefits to align more with our members' current and evolving needs.				
We develop, refine, and maintain a retention plan which includes retention goals, strategies, action plans to Implement and a budget).				
We allocate resources (e.g., time, money and people) for retention planning, implementation, and to perform associated activities.				
Our Overall Retention Score:				
WHAT YOUR RATING MEANS:				
43 - 48 points: You're proactive in retaining members. Share your best practices with others.				
42 – 36 points: You're implementing proactive retention strategies and should use them consistently.				
35 – 26 points: You're spending more resources to recruit members than to retain them.				
25 or less points: You're losing members faster than you can recruit them. Take quick action now.				

Why Is Member Retention a Challenge?

Retention is a challenge for member-based organizations for a variety of reasons. Depending on the organization's business environment, culture and structure, and ability to meet its constituents' expectations, specific retention challenges could be different. For most organizations, member retention is a challenge due to these common factors:

- **Competition:** There are more member-based organizations than ever before. According to the American Association of Fundraising Counsel, as of 2005, the IRS recognizes over 1.6 million organizations as tax exempt under Section 501(c) of the Tax Code. Trade or business associations and chambers of commerce fall under this classification. Many are competing for some of the same customers. With the vast choices available in many communities, businesspersons and entities may choose to be a member of the local Rotary chapter, chamber of commerce, trade association, business council, or a civic or other type of organization. They may belong to only one organization, or a few or several, depending on the purpose and benefits they receive.



- **Lack of Perceived Value:** In lean times, as witnessed with the recent downturn in the economy, businesses and individuals may cut back on the number of organizations they belong to and focus their commitment on the ones that provide the greatest perceived value. No matter how beneficial an organization appears to staff and board members, value is perceived through the eyes of the customer, or member.