

INFORM YOUR BOARD IN 5 MINUTES OR LESS
EFFECTIVE MANAGEMENT REPORTING FOR SMART PEOPLE
WHO HATE NUMBERS



OPERATIONAL SUPPORT

MEMBER SERVICES

REVENUE GENERATION

Introduction to Erin Roberts

Erin Roberts is a Partner at Zzeem. A management consultant and expert in business process re-engineering, Erin enjoys working alongside not for profit executives as they lead their organizations to new levels of success.

With a knack for reducing complexity and streamlining operations, Erin is an expert in the *business* of not for profits. As a speaker and facilitator, Erin addresses association executives and decision-makers on a variety of topics specifically related to their business. Find out more about the topics Erin speaks about at: <http://tiny.cc/eyshw>

Prior to co-founding Zzeem, Erin was a director in the securities industry working with senior executives at large corporate and government clients.

A Chartered Financial Analyst, Erin holds a master's degree in Econometrics and a bachelor's degree in Economics.

Erin's passion is food, which has nothing to do with business processes...or does it?

Introduction to Zzeem

Short on in-house resources? We can build you a full administrative and professional services back office, and provide the team to staff it.

Zzeem provides association management services, management consulting, business resources, software, website design and hosting and online learning tools for membership organizations.

For expert professional development, ask us about custom training programs, workshops and revenue-generating continuing education programs.

Searching for the professional edge that is known to drive winning service organizations? We can support and develop your board members and leadership team to reach the next level. Ask us about the Leadership Support Program.

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Inform Your Board in 5 Minutes or Less

Workshop Agenda

...Sustainability Model for Membership Organizations^{TM1}

...High Performance Membership Organization (HPO)^{TM1}

...The Right Information

...The Right Comparatives and Metrics

...The Right Format

...Next Steps

The Membership Association - It's a Business

ONE

- What is the Sustainability Model for Membership Organizations?
- What is a High Performance Membership Organization?
- How does the HPO Relate to Informing Your Board?

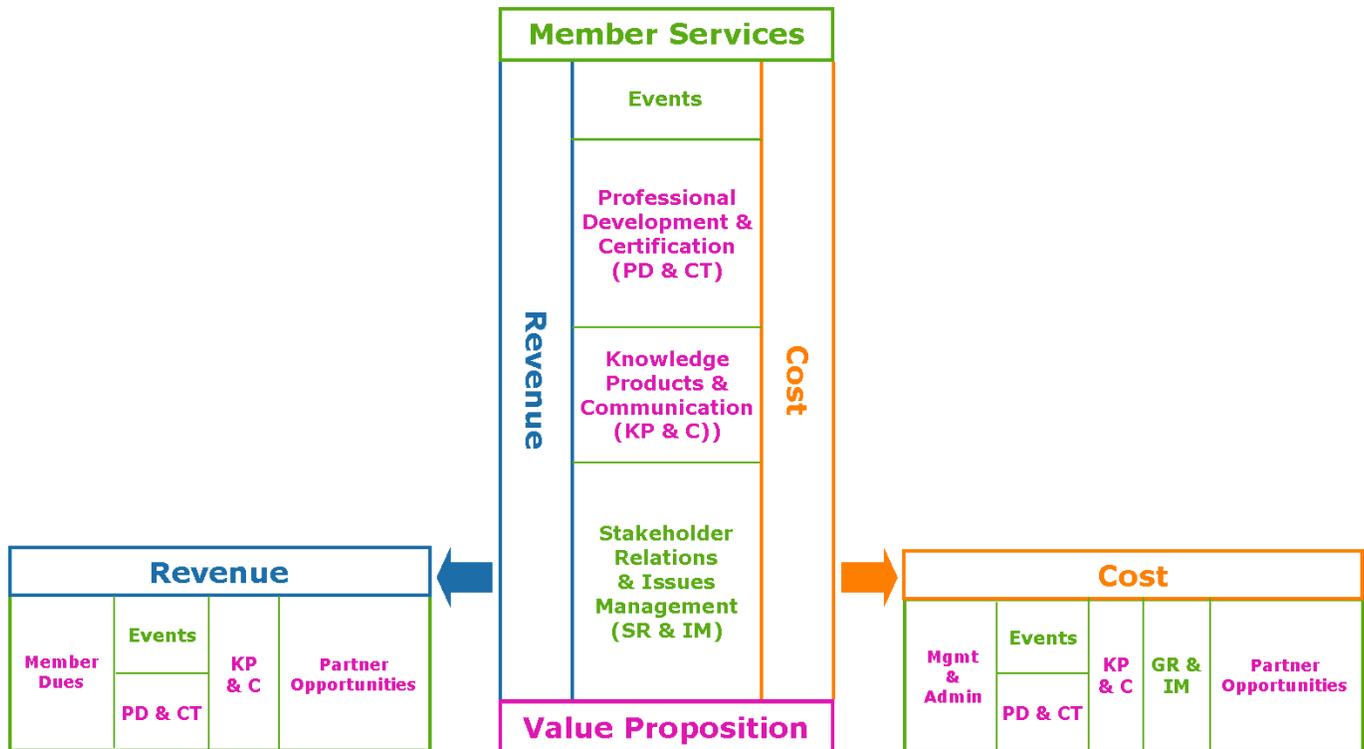
Effective Board Communication

TWO

- The Right Information
- The Right Comparatives and Metrics
- The Right Format

¹ The Sustainability Model for Membership Organizations, the High Performance Membership Organization and the HPO are trademarks of Zzeem, Inc. All content related to these models is the copyright of Zzeem, Inc. No reproduction without attribution.

Revenue Cost Model for Membership Organizations



Profit = Revenue – Cost

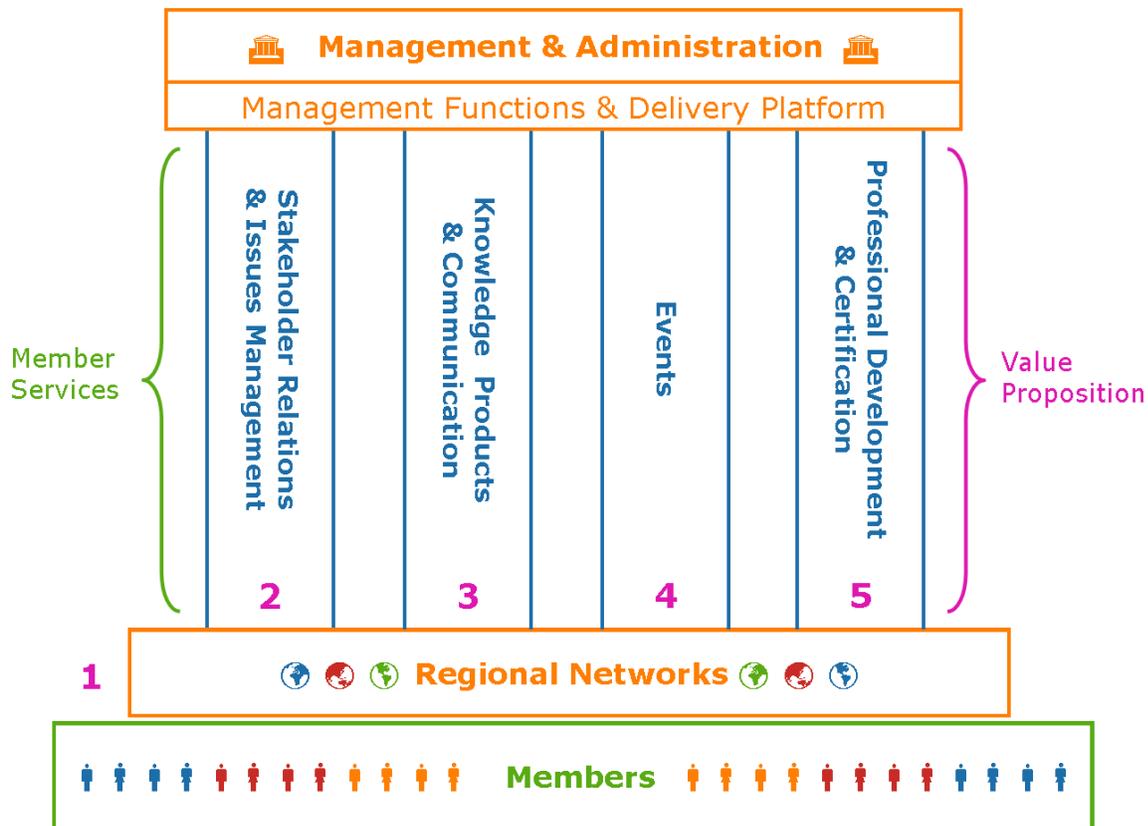
Not for Profit Corporation

- “Not for profit” is a tax structure. It is not a philosophy. It does not mean *no* profit.
- Revenue *must* exceed cost because you need some surplus for a rainy day.

For Profit vs. Not for Profit

- For Profit: Profit is either reinvested or distributed to shareholders.
- Not for Profit: Profit is reinvested. i.e. more member services, “rainy day” fund.

Sustainability Model for Membership Organizations™



The 5 Pillars of the Sustainability Model

1. REGIONAL NETWORKS

These networks support the organization and provide grass roots level connectivity.

2. STAKEHOLDER RELATIONS & ISSUES MANAGEMENT

These activities are formidable member services. They support the visibility of the organization and the production of relevant knowledge products.

3. KNOWLEDGE PRODUCTS & COMMUNICATION

Relevant information is a valuable member service and a revenue opportunity.

4. EVENTS

Events include professional development seminars and workshops. Events keep members engaged and they are a source of revenue.

5. PROFESSIONAL DEVELOPMENT & CERTIFICATION

Professional development opportunities and certification increase credibility and member value. This is also a key revenue-generation area.

The High Performance Membership Organization™

There are 8 elements to the High Performance Membership Organization (HPO):

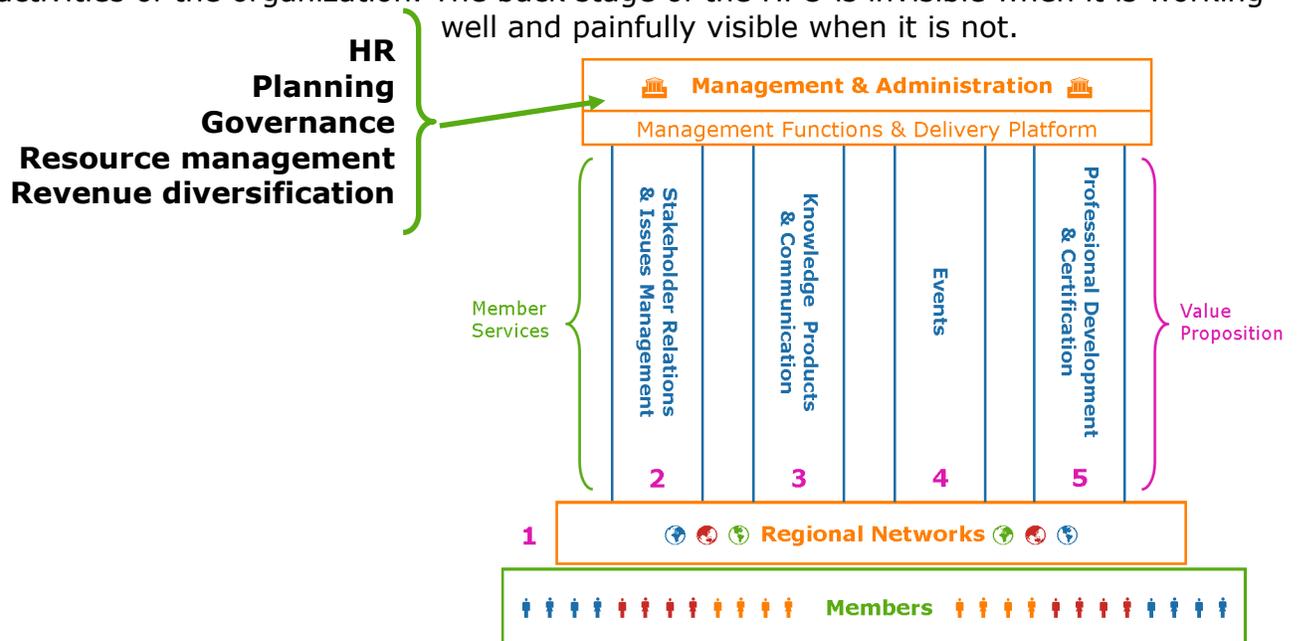
1. Human resource management
- 2. Planning**
- 3. Governance**
4. Resource management
5. Revenue diversification
6. Member value proposition
7. Sponsor value proposition
8. Stakeholder relations and issues management

These consist of “front stage” and “back stage” elements that tie back to the Sustainability Model for Membership Organizations.

In this workshop we’re focusing on two of the back stage elements; planning and governance.

The Sustainable HPO - Back Stage

These are the internal systems and activities that support the outward-facing activities of the organization. The back stage of the HPO is invisible when it is working well and painfully visible when it is not.



Effective Board Communication

There are three elements in the board communication platform.

1. The Right Information
2. The Right Comparatives and Metrics
3. The Right Format

The right format is the management report that allows you to inform your board in 5 minutes or less. The right information, comparatives and metrics provide the back-up information that directors can access for more detail.

In all cases, use visuals such as bar charts, pie charts and images to provide a visual representation of your message. Some directors love numbers, some directors loathe numbers. Ensure that you meet the needs of both.

The Right Information

The starting point is the planning. Effective communication with the board starts with a strategic plan that covers at least 3-5 years and includes a business plan and budget for the next 12 months.

The strategic plan provides high level objectives and describes how you will move closer to your vision. It includes milestones and dates so you can track your progress. The business plan provides operational detail and a budget to support the plan.

The strategic plan and the business plan are critical.

Communicating to the board using your planning elements provides answers to four questions:

1. How are we progressing against our plan?
2. Where are our risks?
3. Where are our wins, our progress?
4. What directions, decisions or actions are needed?

We answer these questions by providing information in four key areas.

1. Sustainability
2. Strategic objectives
3. Member value
4. Financial status

The Right Comparatives, Metrics

Each of these four areas can be tracked effectively using relevant comparatives and metrics.

Sustainability Metrics

The three most basic metrics used to track sustainability are:

1. Member attraction rate
2. Member retention rate
3. Member satisfaction rate

The attraction and retention rates track our ability to recruit members and to keep them. These are simple mathematical calculations.

The satisfaction rate is determined via a member survey and may be articulated in different ways. The simplest format is a numerical scale (e.g. score satisfaction between 1 and 5).

In all cases, we need to have a target for these metrics. We track our actual metrics against the target rate and on a year over year basis.

Member Attraction Rate Formula

FORMULA: $\text{New Members Joined in Current Year} / \# \text{ Members at Previous Year End}$

EXAMPLE:

- ❑ New members joined in 2014: 20
- ❑ # Members at 2013 Year End: 100
- ❑ Member Attraction Rate = $20/100$ (20%)

Member Retention Rate Formula

FORMULA: $(\# \text{ Members at Current Year End} - \text{New Members Joined in Current Year}) / \# \text{ Members at Previous Year End}$

EXAMPLE:

- ❑ # Members at 2014 Year End: 110
- ❑ New members joined in 2014: 20
- ❑ # Members at 2013 Year End: 100
- ❑ Member Retention Rate = $(110-20)/100 = 90/100$ (90%)

Member Satisfaction Rate Calculation

1. Start with a member survey question such as, "On a scale of 1 to 5, where 5 means very satisfied and 1 means very dissatisfied, how satisfied are you with your membership?"
2. Calculate the percentage of respondents who answered 3, 4 or 5. This is your member satisfaction rate.

Strategic Objectives Metrics

Your strategic plan should include milestones and target dates for each milestone. Tracking your progress against each milestone target date keeps you on track. Use a simple visual coding system to indicate the status.

- Completed: 
- In process, on time: 
- In process, delayed: 
- Stalled: 

Member Value Performance Metrics

These metrics track the performance of your member programs and government/stakeholder relations efforts. There are two key elements of performance; member engagement and impact.

Member Programs

IMPACT METRIC: "\$ SPENT PER MEMBER"

This measures the relative willingness of members to pay the member rate to access member services such as events and knowledge products. These include only expenditures above and beyond the annual fees.

FORMULA: Total revenue from fees paid by members for services / # of members

EXAMPLE:

- Member service fee revenue during 2014: \$100,000
- Number of members year end 2014: 1,000
- \$ spent per member = \$100,000 / 1,000 = \$100 per member

ENGAGEMENT METRIC: "% OF MEMBERS ATTENDING"

This measures the percentage of the membership that attends at least one event each year. In order to track this metric we need our database to link event registration data by year, to member records. Then we run a report showing the number of members that meet this criteria.

FORMULA: # of members attending 1 or more events / Total # of members

EXAMPLE:

- ❑ # of members attending during 2014: 1,000
- ❑ Total # of members at 2014 year end: 3,000
- ❑ % of members attending: 1,000 / 3,000 (33%)

ENGAGEMENT METRIC: "% OF MEMBERS VOLUNTEERING"

This measures the percentage of the membership that volunteers for the board, committees, task forces and other opportunities. In order to track this metric we need our database to link volunteer service by year, to member records. Then we run a report showing the number of members that meet this criteria.

FORMULA: # of members volunteering / Total # of members

EXAMPLE:

- ❑ # of members volunteering during 2014: 30
- ❑ Total # of members at 2014 year end: 3,000
- ❑ % of members volunteering: 30 / 3,000 (1%)

Government/Stakeholder Relations

ENGAGEMENT METRIC: % OF MEMBERS ON COMMITTEES

This measures the percentage of the membership that sits on committees that focus on this area.

FORMULA: # of members on GR/SR committees / Total # of members

EXAMPLE:

- ❑ # of members on GR/SR committees during 2014: 10
- ❑ Total # of members at 2014 year end: 3,000
- ❑ % of members volunteering: 10 / 3,000 (0.33%)

ENGAGEMENT METRIC: OPEN RATE ON INFORMATION BULLETINS

This is a standard metric delivered by most bulk email software. It provides data on the number and/or percentage of recipients who open the email communication. Focus specifically on the communications that deliver information about your GR/SR activities.

IMPACT METRIC: MEETING REQUESTS AND CALL-INS

This measures the level of demand that your government and stakeholder contacts have for your knowledge, data and input. Measure the average number of calls per month that you receive from non-member stakeholders and government contacts requesting a meeting or information.

IMPACT METRICS: INFLUENCE/PROGRESS AGAINST BASE CASE

This metric must be customized specifically for your organization's government/stakeholder objectives. The goal is to provide some idea of the difference between the current situation and the situation that would likely have existed in the absence of your activity.

Financial Performance Metrics

These metrics do not replace your financial statements. This is supplementary information that allows your directors to quickly zero in on the areas that require direction, decisions or action.

Balance Sheet

Track your accessible net assets. If you need money to make an investment or to cover an unexpected shortfall, how much is available and how quickly can you access it? Liquid assets can be accessed in 90 days or less. Illiquid assets take longer to access. In all cases measure the assets in terms of the number of months of operating expenses that they can cover.

NET ASSETS (ASSETS - LIABILITIES)

Liquid Assets

- Cash
- Accounts receivable <90 days

Illiquid Assets

- Investments (e.g. GICs)
- Capital assets (e.g. real estate)
- Restricted funds (assets earmarked by the board for an explicit purpose)
- Accounts receivable >90days

Income Statement

VARIANCE INFORMATION

Track your progress against your current year budget and against your previous year's numbers. Your report should include all of the major line items in your income statement (revenue and expenditures) and should include 5 columns:

1. Actual year to date (current year)
2. Budget for current year
3. Variance between 1 and 2, above (1 - 2)
4. Actual year to date (previous year)
5. Variance between 1 and 4, above (1 - 4)

REVENUE DIVERSIFICATION AND EXPENSE INFORMATION

Track your sources of revenue to identify your relative reliance on each source. Track your program and administrative expenses to identify the relative financial resources devoted to each area.

Revenue

- Beside each major revenue item, note the percentage of total revenue that it represents (e.g. Member Dues (75%))

Expenses

- Beside each member program, note the percentage of total expenditures the program utilizes. (e.g. Professional Development (25%))
- Note the percentage of total expenditures spent on administration.

The Right Format

Management Report

The management report is a short, 1 page document that can be verbally presented to the board in 5 minutes or less. The management report is not a list of activities. It is simply the highlights that require direction, action or decisions from the board.

Highlights by category

Focus on the 4 areas described earlier and identify only those elements that require direction/action/decision.

1. Sustainability
2. Strategic objectives
3. Member value performance
4. Financial performance

Include the relevant comparatives and metrics for each highlighted area and note any of the following elements that are relevant.

1. Risks
2. Wins and progress
3. Decision/direction required (from whom? Board? Committee? External provider?)
4. Vote required

EXAMPLE:

Management Report Q12015

Sustainability

Our member retention rate has declined for the second year in a row (90% in 2013, 85% in 2014). Member satisfaction has also declined from 85% to 80%.

Risks: Anything below 90% on retention and 85% on satisfaction is a red flag and we are now demonstrating a downward trend in both areas.

Decision: It is recommended that we organize a focus group of current members to collect feedback and that we automate our renewal process to make it easier for members. This will have a budget impact of \$30,000 in the current fiscal year. As this figure was not anticipated it would result in a deficit budget. This requires input from the Finance Committee and a recommendation to the board.

Vote Required: If the Finance Committee recommends a deficit budget this will require a board vote.

Strategic Objectives

On track.

Member Value Performance

Member Programs

Our engagement metric for the percentage of members attending events has dropped slightly from 37% in 2013 to 33% in 2014.

Risks: Although the drop isn't huge, this combined with a declining member satisfaction rate and member retention rate makes it more of a concern than this metric on its own.

Decision: It is recommended that we deploy additional resources to member engagement. Our events may be getting stale and perhaps it is time to make some changes in our professional development line-up and/or delivery. This could include adding webinars, and/or replacing 1/2 day sessions with one hour "quick hits". We need direction from the Education Committee and if there is a budget impact, from the Finance Committee.

Government/Stakeholder Relations

Our open rate on information bulletins is steadily increasing. Last year the rate climbed from 10% at the beginning of the year to 28% at present.

Meeting requests and call-ins are also up. In 2013 we averaged 0.5 calls per month. In 2014 this climbed to 5 calls per month. Our relationship building efforts with government decision-makers are paying off.

Progress: We are tracking well above targets.

Direction: It is recommended that we create two additional government relations committees to focus on two key niche areas. This will increase our reach and influence and if successful will increase member engagement in this area. Direction is required from the Government Relations Committee.

Financial Performance

On track– subject to potential deficit if approved, to fund focus groups and automated renewals.

How can Zzeem Help?

What? You'd rather do it yourself?

Of course you can do it yourself...

But why? We've got the system and you've got the specialized knowledge of your organization. We put your knowledge into our system and you get results - Quickly.



What about costs?

We are so efficient and reasonably priced, you're better off giving the tedious work to us and catching up on that strategic work that you never seem to have time for.

All of our work is done on a fixed price basis so you know what it will cost before you start.

Whatever your size or budget, Zzeem has a custom, modular solution that is a perfect fit for your organization.

High Performance Assessment

- Qualitative Assessment of Performance. Provides a score for each element and an action plan.
- Quantitative Assessment Using Metrics. Measures current KPIs and creates a dashboard.

Higher Non-Dues Revenue

- Expand Your Sources of Revenue with New Strategies and Programs.
- Create a Compelling Sponsor Value Proposition.
- Attract and Retain Sponsors with a Turnkey System.

Powerful Member Attraction & Retention

- Create an Irresistible Member Value Proposition.
- Attract, Engage and Retain Members with a Turnkey System.

Operational Support

MANAGED SERVICES –FOR ORGANIZATIONS WITH A SMALL STAFF

- Customized administrative and professional service packages to support your team and close the gaps - delivered by a team of experts.

ASSOCIATION MANAGEMENT—FOR SMALLER ORGANIZATIONS WITH NO STAFF

- Highly professional and utterly reliable back office support that allows your volunteer board to focus on taking your association forward.

Leadership Support

- ❑ Shortens the Learning Curve.
- ❑ Builds Confidence.
- ❑ Supports Strategic Plan.
- ❑ Accelerates Leadership Growth.

Sustainability

- ❑ Builds a Sustainability Strategy and Action Plan.

Here's what our clients say:

...about our consultants:

"We totally restructured our association in the past 24 months. Early in that process, I brought on Zzeem as a partner – that's how I see Zzeem, as a partner, not a service provider... Now, we could comfortably double our membership size and not add any staff or infrastructure and still be fully functional. Zzeem has the right skill set, strong organizational skills, and the background in non-profits that we need. I can honestly say there is nothing I'd ask Zzeem to do differently."

"Zzeem's quality of service is off the charts. Zzeem is a group of expert consultants dedicated to making not-for-profits thrive. The intellectual caliber of the partners enables them to give strategic advice usually not available to volunteer boards, at least not at a reasonable rate. I recommend Zzeem to any organization looking for sophisticated advice above and beyond routine service..."

...about our association management:

"Unlike most other association management providers, Zzeem has an outstanding back office with a team that's large enough to ensure nothing falls through the cracks when someone is busy or away from the office. They anticipate our needs and address them before we even have to ask...I'd recommend Zzeem to any organization looking for utterly reliable back-office support."

"Zzeem ensures that we're running our business properly in every sense of the word. They play a vital role in our strategic efforts, going far beyond what we ask of them. Zzeem is the perfect association management firm for a not-for-profit with an all-volunteer board that needs a provider truly dedicated to their success."

LET US HELP YOU TO DO MORE, IN A BETTER WAY FOR THE PEOPLE YOU SERVE

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Helping Build Successful Service Organizations