

PROFESSIONAL ASSOCIATION MANAGEMENT

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A&A had the opportunity to interview Dr. Norman Wallis when he was in the UK recently. Dr. Wallis is owner and founder of an association management company in Washington DC, USA which specializes in providing a full range of management, development and administrative services to professional membership societies in the health professions. The concept of association management is not new in the US, but is still in its infancy in the UK and Europe. This interview, and a series of management articles by Dr. Wallis to be published in A&A in 1989, will help executives of non-commercial organizations evaluate this management option for their own needs.

A&A: *Why should associations and other non-commercial organizations opt for professional management?*

NW: Professional management of associations, societies, charities or other non-commercial organizations means that the governing board contracts with a management company to provide a range of essential management, development and administrative services instead of “owning” a central office and hiring a “captive” staff. This is an increasingly viable alternative and allows the governing board to concentrate on establishing policy and program direction.

Implementation of policy and day-to-day running of the organization is in the hands of capable and experienced association managers and support personnel.

A&A: *Why should an association consider the professional management approach over establishing or maintaining its own central office?*

NW: The fundamental benefit of professional management for many associations and other forms of non-commercial organizations, is that it can provide a more effective and better quality central office support at less cost. While still an option to consider for any size association, contracted professional management services may not be suitable for an organization large enough to afford a staff having the necessary range and depth of specialized skills to effectively run all aspects of its programs (membership development, financial and accounting, conference and exhibition management, publications, etc.) and an office with the latest technology.

The vast majority of special interest associations and charities have limited budgets, usually have staffs that lack a full range of experiences and specialization in association affairs, and are housed in small offices without modern equipment. The combined effect of these deficiencies is reflected in a smaller membership than should be expected based on the number of prospects, poor attendance at conferences, limited financial resources, and unprofessional publications.

A&A: *How do organizations pay for professional management services and how are the fees calculated?*

NW: No universal approach to setting fees exists, but most association management companies calculate their fees on either a “fee plus” or “fixed fee” approach. Under the “fee plus” approach, the firm establishes a fee for the overall office function which includes a certain percentage effort of a seasoned association manager as, say, General Secretary or Executive Director, use of the office, reception and telephone service and accounting staff. This base fee

also includes the margin to the company. The variable, but necessary, staff time required for such activities as membership files administration and secretarial support are billed as used, on an hourly rate at cost to the company.

Under the “fixed fee” approach, fees for all services are agreed to in advance, and are based on an estimate of the anticipated total workload required to manage the association, and the work is performed without additional charges.

A&A: *Are all professional management companies the same and how do their services differ?*

NW: Association management companies typically have evolved from the professional experiences and interests of their owners. Usually an experienced manager of one association is asked to assume additional management services for another association in the same discipline or profession as an independent contractor and with the approval of the executives of the original organization. A formal contract relationship for the management of these multiple organizations is developed, and as additional clients are accepted, and the staff grows, a management company takes on a life of its own.

Initially, association management companies generally concentrate on either professional membership societies or trade associations in a specific discipline or industry sector. Then as expansion occurs, a variety of different organizations are added to the list. Another differential, in the US at least, is that some companies restrict their accounts to associations within one state or region of the country, while others accept only national or international organizations. Apart from these differences not all companies can provide a full range of services as their capabilities are dictated by the size and the depth of experience of the principals and staff.

A&A: *How do an association’s volunteer leaders interact with the professional management company and can they ensure the association’s aims are understood and controlled?*

NW: The interaction between an association’s volunteer leaders and the company staff is very similar to how an association operates with a “captive” staff and “owned” office. A seasoned association manager is appointed by the management company, with the concurrence of the client association’s board, as the principal staff person for the account, and performs in exactly the same manner as if he or she were an employee of the association. This person is responsible to an agreed association leader (usually the president or chairman), to provide a clean line of command, and supervises the internal staff of the firm to assure that the services contracted for are provided. Usually, several other company employees are identified as staff of the association by name in areas with significant membership contact, while others in the company who provide support services (e.g. accounting) work in the background on routine administrative functions.

The management company’s strength in financial accountability provides a level of financial sophistication not usually present in small non-commercial organizations, which is critical in maximizing the resources of the association.

A&A: *When should association leaders consider outside professional management and for what period?*

NW: There are different stages in the life of an association when the option of contracting for professional management services should be considered. The first is either at the initial formation of the association, or within a year or two of its founding when the first flush of

enthusiasm for daily association management has faded from the volunteer leaders. Ideally a management firm should be engaged at the formulation of a new association as the advice and experience available from the company's principals in the legal, administrative and financial requirements of launching an association will always help smooth the initial development phase.

Another stage in the life of an association is usually when a key leader who has enjoyed acting as "managing director" for several years decides to retire or is otherwise incapacitated, and the other members of the governing board realize that they are in no position to take on this responsibility. Usually by this stage some support staff have already been hired and may work out of the professional office or university department of the "managing director" or Secretary-Treasurer. Rather than attempt to replace this leader, or to simply add another inexperienced staff member, the option of contracted services should be considered.

Other opportune times to consider switching to professional management are when external forces create a challenge to the discipline or industry, or some major change or development occurs, requiring the organization to expand its programs and membership rapidly, or if the association experiences a major reduction in income and membership. Contracting for services by a company experienced in the discipline or industry becomes a low-risk option for the organization with tremendous potential for quick success.

There is no set period for a management relationship, and once formulated will usually continue for as long as it meets the needs of the association. Many associations in the U.S. have had successful relationships with association management companies for several decades. In fact, the oldest existing association management company in the U.S. recently celebrated its centenary. Agreements include release clauses, so that all is required to terminate a relationship with a company is 90 days written notice. This provides a sense of flexibility to the leadership, and allows the volunteer leaders to maintain control over the future of their association.

Association Management Problems: and How to Deal with Them

A&A will present a series of six articles in 1989 by Dr. Norman E. Wallis, owner of an association management company in Washington, DC, USA. This six part series will identify some fundamental problems that many small associations and societies face, and recommend uncomplicated solutions. The recognition of these problems and the recommended solutions are based on the direct experiences of working with emerging and growing associations that have contracted with Dr. Wallis' company. The articles will not cover the subject matter in depth; however the practical advice to be given can be applied by elected leaders who recognize the existence of these problems in their own organizations.

The six problem areas to be covered are:

- 1. Ineffective Governing Board*
- 2. Lack of Financial Control*
- 3. Low Membership Size*
- 4. Poor Conference Attendance*
- 5. Lackluster Publications*
- 6. Inadequate Staff Support*