

ASAE & The Center for Association Leadership
www.asaecenter.org

The Business of Raising Dues
Membership Developments, April 2002

By: *Richard Whelan*

While hardly a popular topic, discussions about dues increases can be sensible and necessary.

How do you know when it's time to suggest a dues increase? Unfortunately, there's no longer a simple answer.

The rule of thumb used to be to increase dues 2 percent to 3 percent every two to three years. However, associations such as the Society for Human Resource Management, Alexandria, Virginia, have purposely not raised their basic dues rate for a decade, relying instead on exploring innovative ways to sell more to members and customers, thereby substantially increasing non-dues revenue.

Looking to sources of non-dues revenue is great when, like SHRM, you have hundreds of other products to offer members, and you're developing new ones monthly. But dues increases can be a frightening reality for associations with few products or services to offer.

One association's board voted to reduce dues, then left up to staff the responsibility of making up the revenue shortfall, causing a significant dip in the reserves. While the idea was popular with most members, it didn't make good business sense.

Instead of playing dues roulette, associations must look at their overall revenue needs, examine all possible sources, and develop a comprehensive financial plan that includes dues as one part of the revenue mix.

ASAE's *Operating Ratio Report* (2000) states that "although dues have generally comprised a decreasing portion of association revenues . . . they are still the largest single source . . . an average of 40.9 percent (trades average 46 percent, and IMOs 35.8 percent)."

In fact, 59 percent of ASAE members who responded to a recent survey had increased dues in the last three years by a mean of 16 percent. More than 20 percent of those who raised dues said they had done so because of the rise in the consumer price index, while another 12 percent had done so to help cover general operating expenses.

What should you do? The answer: What's right for your association.

In the ASAE survey cited above, when dues went up, 82 percent of associations reported no loss of members from the increase. Of those who reported a loss, most recovered those member numbers within the next 12 months.

Ask yourself the following 10 questions when considering a dues increase:

1. When was our last increase? (If it was more than two or three years ago, you may want to consider raising dues again.)
2. How much was the last increase? (Was it enough to matter--10 percent or more--and did it have a positive impact on overall revenue?)
3. What happened to our total membership count?
4. Are our members making more (on average) than they were at the last increase?
5. Are our dues competitively priced with the competition?
6. What percentage of overall revenue do dues represent?
7. Do we have alternative sources of new or increased revenue?
8. Will our board and general membership support an increase?
9. Do we have a plan in place to sell the increase?
10. What are the alternatives in the event that a dues increase isn't approved?

Remember, your association is a business first, and revenue drives your ability to keep that business growing.

[Richard Whelan](#) is president, Marketing General, Alexandria, Virginia, and chair of the Membership Section Council.