



What's your Association's Economic Forecast?

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Panelists:

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What's your Association's Economic Forecast?

Agenda

Opening and Overview

Velma R. Hart, CAE

What's Fundamental to Your Business?

Daniel M. Bringman, CPA

Communications

Joanne M. Duncan, CPA, CAE

Positioning for the Future

Thomas Harlow, CPA, CAE

Questions & Answer Session

Velma R. Hart, CAE

What's your Association's Economic Forecast?

What's Fundamental to
Your Business?

Don't Get Distracted ...
Manage Fear

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What's your Association's Economic Forecast?

What's Fundamental to Your Business

- I. Remember your Mission
- II. Network and collaborate with others
- III. Strategic thinking and planning
- IV. Fundamental Business Practices
- V. Avoid surprises that could become Public Relations nightmares

What's your Association's Economic Forecast?

What's Fundamental to Your Business

I. Remember your Mission

- A. Members/Constituents may be looking for opportunities to cut back on dues or contributions, so remember to continue to serve them
- B. Look for opportunities to provide additional services if the cost is minimal
- C. Look for opportunities to help your Members or Constituents save money

What's your Association's Economic Forecast?

What's Fundamental to Your Business

II. Network and collaborate with others

- A. Partnership and Collaborations are important
- B. Consider combining events or conferences with another organization to save on set-up costs and logistic costs

What's your Association's Economic Forecast?

What's Fundamental to Your Business

III.Strategic thinking and planning

- A. Have several contingency plans and keep flexible
- B. Have a 1-2 year, 5 year and 10 year plan

What's your Association's Economic Forecast?

What's Fundamental to Your Business

IV. Fundamental Business Practices

A. Revenue

Timely Billing of Dues, Receivables

- Major Donor relationships and Contributions and Pledge follow-up
- Grants and Contract management
- Keep current with collections management
- Creative ways to enhance benefits to members

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What's Fundamental to Your Business

IV. Fundamental Business Practices (cont'd)

B. Major Events and Conferences

- Do NOT cancel a conference since it takes time to establish
- Consider options to keep the costs down
- Consider reducing the number of days if that would help

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IV. Fundamental Business Practices (cont'd)

C. Manage Cash Balances and ensure liquidity

- Make sure your Cash Balances are insured and protected
- Consider additional ways above FDIC \$250k

D. Incorporate best practices – Whistleblower, COI, Accountability, Internal Controls

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IV. Fundamental Business Practices (cont'd)

E. Investment Management -Sound Investment Policy and Guidelines

- Investment Committee/Oversight
- Asset Allocations
- Risk factors
- Chose Prudent and Sound Investment Manager

F. Keep current with Vendor relationships and payables

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IV. Fundamental Business Practices (cont'd)

G. Employee Compensation

- Employees depend on regularity of payment on time
- Always pay your payroll taxes
- Make sure employee and employer retirement contributions are made currently

H. Look for ways to control/curtail costs

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V. Avoid surprises that could become Public Relations nightmares

- A. Excess Compensation and Intermediate Sanctions
- B. Not employing safe practices
- C. Scandals involving leaders
- D. Good communications - Lead into the next section...



What's your Association's Economic Forecast?

Communication is important all the time, but *critical* in challenging times.

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What's your Association's Economic Forecast?

Communications

Communications Plan (Basics)

- Context
- Environmental Scan
- Objectives - use the SMART approach
- Strategy & Tactics
- Audiences
- Announcements/Messages
- Issues
- Budget
- Evaluation

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Communications

SMART Communications:

Strategic, defines goals and objectives

Measurable and delivered in various methods and formats

Achievable

Reasonable, sends a solid message

Targeted toward many constituents

What's your Association's Economic Forecast?

Communications

Constituents who receive communications

Leadership

Board / Volunteers

Senior management team

Membership

Dues Payers

Trade Press

Staff

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Communications

Communications to Leadership

A boards role is strategic. They need to see the whole picture.

- ~ Materials sent timely review
- ~ Discussion based communication
- ~ Boards should be asking questions and providing guidance

Remember the corporate documents

- ~ Mission Statement = Mantra
- ~ Reserve Policy
- ~ Governance and Membership documents
- ~ Investment Policy Statement

Maximizing your mission in a difficult environmental shows control and focus rather than short-term thinking and panic

What's your Association's Economic Forecast?

Communications

Communications to Leadership (continued)

Determine what's critical for them to know:

- ~ Financial update only ... no decision required (consent agenda)
- ~ Legislative issues, discussion needed (allow time)
- ~ Membership relations

Supplement regular communication with a short-term communication campaign

- ~ New formats creates tone
- ~ Weekly email vs. monthly updates
- ~ Conference calls

Demonstrate that you have a plan & understand the issues.

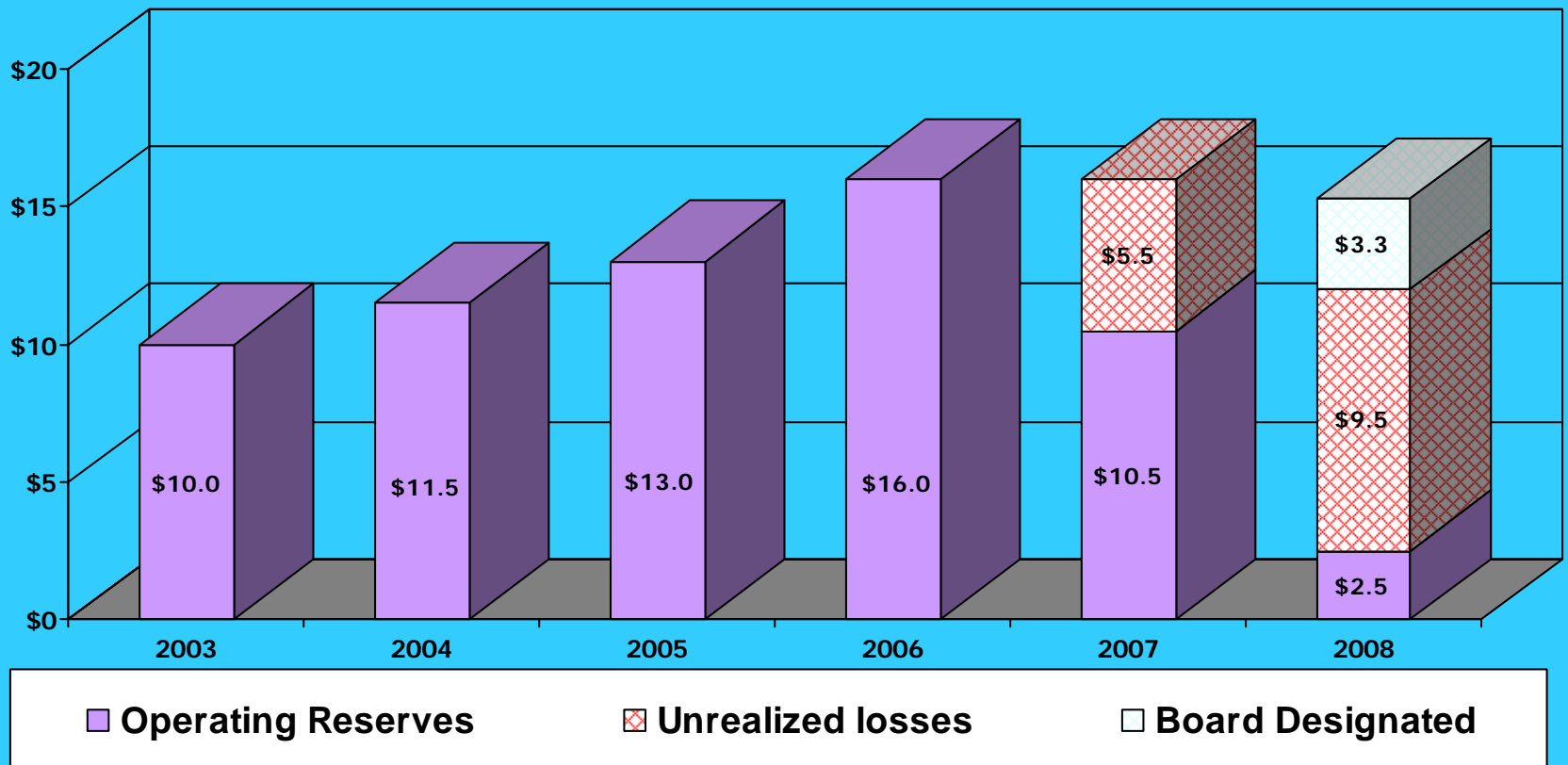
Leaders have to be the solution

A picture speaks a thousand words...

What's your Association's Economic Forecast?

Communications

Operating Reserves



What's your Association's Economic Forecast?

Communications

Communications to Membership

The Value of Membership

- ~ Networking opportunities
- ~ Professional Development

Toot your horn and be creative!

- ~ Communicate uniqueness, education programs, social opportunities
- ~ Communicate the economic impact to the association
- ~ Don't compress member benefits

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Communications to Membership (continued)

- Survey members for new ideas and input (e.g. focus groups).
- Create networking opportunities through brown bag lunches and social gatherings
- Keep websites current and provide information fast.
- Help ease *their* financial pressures:
 - ~ Dues adjustments or temporary waivers
 - ~ Offer education programs:
 - Webinars, conference calls, bundle and offer discount pricing
 - Waive cancellation fees

Direct resources to equip the membership w/tools to succeed

Pick up the phone and CALL!

Visit some nonaffiliated members...it works!

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Communications to Staff

Staff is the oil in the machine

Regular face-to-face communication.

Two primary areas of concern of staff:

- ~ What's happening to them
- ~ What they can do to help

What needs to be communicated:

- ~ Leadership is strong and unified
- ~ Short and long-term plans are in place
- ~ No knee jerk responses

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Communications

Communications to Staff (continued)

Financial projections revised regularly

Make strategic changes to the budget

- ~ Contingency plans help address problems.
- ~ This is a roadmap and stabilizes the decision process
- ~ Staff needs to know where the organization is from a financial stability perspective.

Opportunity to review existing programs, products and services with metrics

What's your Association's Economic Forecast?

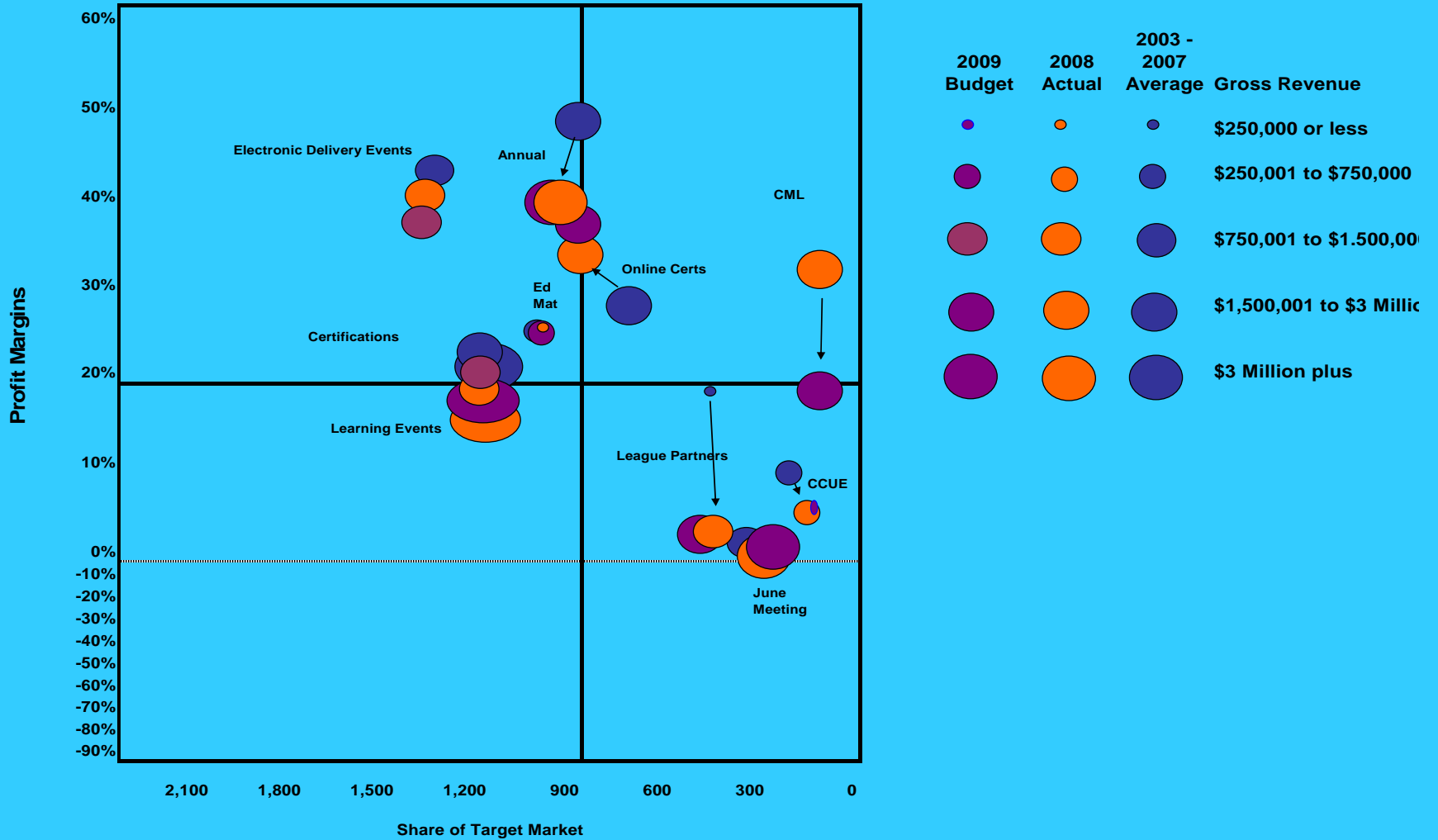
Communications

Example of what are staff is doing:

Set Objectives:

- Increase the Net Financial Contribution (NFC) by \$3 million over a three year period, 2008 – 2010
- Analyze each product and service using matrix based on
 - Life cycle
 - Profitability
 - Potential
- Identify areas in operation improvements. Prioritize based on potential economic benefit and complexity.

Association Product Matrix Gross Revenues 2009 Budget, 2008 Actual & 5 year average (2003 - 2007)



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Communications

Short-Term vs. Long-Term Vision

Short-Term:

- Don't get distracted by the chatter
- Manage the fear and set the example at the CEO level
- Stick to the fundamental of your business
- Proactive messages help strengthen the case among stakeholders.
- Keep looking forward

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Communications

Short-Term vs. Long-Term Vision (continued)

Long Term:

- Positioning for the future
- Don't let the short-term economic slowdown overshadow long-term growth opportunities



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Positioning for the Future

“Where there is no vision, the people will perish.”

- Proverbs 29:18

What's your Vision?

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Positioning for the Future

- The current economy has everybody worried: members, staff, public.
- Job #1 for association leaders is to ensure the survival of your organization and its mission.
- However, these times provide a unique opportunity to position your association for the future.

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Positioning for the Future

- For real change to take place there must be a sense of urgency.
- The economic turmoil can be a catalyst for that sense of urgency.
- Smart leaders will find a way to use this urgency to create a better future.

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Positioning for the Future

Creating a Sense of Urgency

- The economy and the media are helping you more than anything you could contrive – use it.
- Engage the Board in conversations about your strategic plan. Use the plan to focus the organization's response.
- Be conservative in revenue forecasts and realistic in expense forecasts.

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Positioning for the Future

Four key areas that should not be ignored

- Programs and Services
- Outreach to members in need
- Fixing broken systems
- Negotiations today pay dividends tomorrow

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Positioning for the Future

Programs and Services

- Legacy programs – it's time to go.
- Reallocation of resources – across the board cuts assume all programs are equal (and they are not.)
- Don't simply do more with less – do less
 - Create the “stop doing” list

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Positioning for the Future

Reach out to members in need and be the leader they are looking for

- Don't simply communicate cuts – tell them how now, more than ever, they need you.
- Create or expand online communities
- Offer on-line education – free now with expanded services after the turnaround
- Listen to them

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Positioning for the Future

Fix broken systems

- Budget Management Systems – enact policies and practices that you will benefit from in the future.
 - Budgeting – move from once a year to ongoing.
 - Create process for identifying the next 5%, 10%, 20% cuts
 - Identify Fixed Expenses and Variable Expenses
 - Leadership focuses on Fixed Expenses; unit leaders focus on variable expenses. This keeps you out of counting paperclips and focused on real savings from real changes.
 - Focus on revenue growth
 - reallocate resources away from legacy programs to revenue growth areas. Take risks.

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Positioning for the Future

Fix broken systems (continued)

- Address inconsistencies in: Comp and benefits; vacation/sick policies; other policies.
- Staffing – get the people in the right seats; or off the bus
- Succession planning

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Positioning for the Future

Negotiate now for the future

- Many of your vendors/contractors are thinking very short term – it may pay to think long term. Still win/win.
- Approach landlord with long term lease options
- Publication contracts
- Consultants

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Positioning for the Future

Pitfalls to avoid:

- In times of change, anxiety is created by the unknown – without information to the contrary everything is up for grabs.
- While communicating what is changing it is critical to communicate what is **NOT** changing.
- Don't solve the Board's problems for them – let them wrestle with the hard choices.

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Questions & Answers