

# THE CURRENT STATE OF CHAPTERS

An Executive Summary  
of Association CEOs'  
Perspectives on  
Chapters



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# AN EXECUTIVE SUMMARY OF ASSOCIATION CEOs' PERSPECTIVE ON CHAPTERS

**IN THIS WHITEPAPER, WE SHARE WHAT EXECUTIVES ARE THINKING IN TERMS OF THE STRENGTHS AND WEAKNESSES OF THEIR COMPONENTS AND HOW THE NATIONAL-CHAPTER RELATIONSHIP CAN BE ENHANCED.**

New research has shown a wealth of untapped potential that just might be at your fingertips. It's all a matter of making the most of your chapters. As part of an extensive study into the current state of chapters, this research has brought to light an important message: many organizations are overlooking their chapters, sections, states and affiliates, and it's costing them. Big time.

So, if you're looking into ways to update your organization, you might want to think about putting chapters at the top of the agenda. Whether you're planning the strategic vision for the next three years, or you're thinking it's time to restructure and embrace change, now is the perfect time to turn things around.

Chapters can be a fantastic way to maximize the potential of your organization, but it's no secret that they often also add an element of complexity that most associations could do without. In recent independent research, the current status of chapters has been examined in order to best understand the underlying problems and needs of chapter-based associations.



**WE LOOKED INTO THE PAIN POINTS OF CHAPTERS AND WHAT CAN BE DONE TO RESOLVE THE ISSUES AT PLAY.**

# WHY YOU OUGHT TO BE MAKING THE MOST OF YOUR NATIONAL-CHAPTER RELATIONSHIPS

As part of an extensive research project, CEOs were interviewed in order to give an exclusive insight into the current state of these important inter-organization relationships. Are the national-chapter relationships of your association best described as 'strained'? If so, your organization is not alone. Importantly, this research has shown that an overwhelming number of CEOs would describe their national-chapter relationships in this way. An element of tension is often present. Hence, we looked into why that might be, and the answers we got might surprise you. Typically, CEOs are looking to influence the way in which chapter leaders perceive them, and they're actively working on asserting a good reputation. But we heard that's much easier said than done.

01

### FORMAL LIAISON ACTIVITY

Formal liaison activity has been found to be one of the main ways in which CEOs are influencing their chapters' perceptions of them. This largely constitutes high-level visits and diplomacy, such as rotating visits or "roadshows," sending along the elected president or the ED/CEO, or even relying heavily on specialized regional or chapter relations staff.

02

### STRATEGY OVER SUPPORT

Not surprisingly, the more effective staff members have been found to be those who are more strategic and support-oriented, rather than those who are entirely compliance focused and might spend their time compiling reports and requesting information from chapters. The more strategic the staff member, the more time they'll spend looking at the bigger picture. And it's team members like these that really help to turn things around.

03

### ACCOUNTABILITY

Recently, the Society of Financial Services Professionals was responsible for an interesting new accountability strategy, designed to turn the difficult task of formal liaison activity on its head. The organization made each and every member of staff, including the CEO, personally responsible for nurturing the bond between chapters and national. The idea centered around a need for all chapter leaders or volunteers to feel that they had someone to turn to at the national office, no matter how senior that team member might be.

## ACCOUNTABILITY STRATEGY

Jill von Czoernig, Managing Director of Chapter Development at the Society of Financial Services Professionals, said the new accountability strategy has been an effective tool.

No longer is it the duty of one or two designated staff members. It's been massively beneficial, too. The strategy has improved communication tenfold, and led to more information from chapters reaching top level management.\*

\*Source: Tim Ebner (October 27, 2017). *Membership Hack: Chapter Liaisons*. Retrieved from *Associations Now*.

## COMMON SENSITIVITIES

The independent research team identified a range of common sensitivities and potential pitfalls when it comes to national-chapter relationships. These include:

- ✓ The location of annual meetings (due to a potential for several events in the same geographic area competing for attendees)
- ✓ The sharing of information and data
- ✓ Effective communication of national membership and services
- ✓ Culture clashes due to a lack of understanding
- ✓ A misconception amongst leadership that there is a lack of willingness among affiliates to help with projects
- ✓ The huge range of diversity among chapters, each with its own culture, causing difficulties in effective management
- ✓ The sheer number and variety of decision makers leading to inefficient business practices

“  
EVERYBODY IN  
THE BUILDING  
IS RESPONSIBLE  
FOR CHAPTERS.”



## 02 SIZE & STRUCTURE

# WHAT YOU MAY ALREADY KNOW, AND WHAT YOU MAY NOT...

As we're sure you're aware, chapters are never a one size fits all subject. In fact, this research has identified just how varied the size and structure of different chapters can be. Not only do chapters vary hugely in their size, but their complexity too is different across the board.

### RISK MANAGEMENT

Given specific mentions of embezzlement in our interviews, it might come as no surprise that risk management is becoming a hot topic in the world of chapters. Whereas before there might have been a total lack of control, now there is a clear need to demonstrate trust in local volunteers, and provide effective tools that establish processes.

### VOLUNTEER STRUCTURE

Trust is part of a new need to respect and reward hardworking volunteers amongst current and past chapter leaders. Not only that, many past chapter leaders have found themselves in positions of power, having risen through the ranks of the national association's volunteer structure.



**75%**

**ONE CEO SHARED THAT OVER 75% OF  
THEIR MEMBERSHIP IS PAID FOR BY  
THE INDIVIDUAL'S EMPLOYER.**

# CHAPTER NETWORKS

In some cases, chapter-based associations have sufficiently consolidated networks, or have a large enough total membership to be able to support their own network of mostly-staffed affiliates. However, other systems rely on volunteer networks. If your organization is on the smaller side in terms of membership numbers, you'll likely already have experienced this. In most cases like these, chapters will rely universally on volunteers, who have been known to undertake all major tasks and responsibilities. So, it'll come as no surprise that the power of volunteers is paramount to chapters.

Of the CEOs interviewed, these were the membership structures and challenges straight from the source:

RESEARCH HAS IDENTIFIED A CLEAR TREND TOWARDS ARMS-LENGTH RELATIONSHIPS. NEW AFFILIATION AGREEMENTS ARE ALSO EMERGING, WITH A FOCUS ON CLEARLY DEFINED RESPONSIBILITIES AND THE LEGAL IMPLICATIONS OF THESE.



## CHAPTER-ONLY MEMBERS

"We continue to believe in chapters because it continues to provide value, but only to certain categories of membership."



## MEMBER PERSONAS

"I would say there is a group who really value the local activities and another group who value national more than the local."



## MEMBER EXPERIENCE

"The regional level is the primary entry point, most people learn about the organization from a co-worker in their department or met through networking."



## EMPLOYER SUPPORT

"Over 75% of our members are paid for by the employer. The employer will pay for one or the other, particularly for technicians and transient employees."



## SPECIAL INTEREST GROUPS (SIGs)

"One missing piece may be SIGs. SIGs are developed uniquely as they serve their members in the community."



## FINANCIAL MANAGEMENT

"The only time our chapters become unstable is when the volunteers sign a contract and something gets in the way."



# IS IT AN ANTIQUATED MODEL?

The research shows that many CEOs regard the chapter model as antiquated. With chapters varying so much in terms of size, staffing and sophistication, it is no wonder that the experience of members can be so different, all depending on their location and leader. And we all know what that means: massive potential for brand damage and disconnect.

In any typical chapter system, there's a huge variety of different sizes, a range of different staff (or lack thereof) and a critical mass of potential members. All of which pose challenges that can make chapter networks incredibly inefficient and problematic to run.

## MAKING THE MOST OF YOUR CHAPTERS

It's easy to see how chapters can fall victim to the disadvantages of their organization, simply through their sheer size and lack of central organization. However, there are also huge advantages to the system that we need to consider. Chapters perform an important role.

01

### DISTRIBUTION NETWORK

Chapters act as both a distribution network and a vehicle for promoting affinity and local connections.

02

### LOCAL VALUE-ADD

They also add value to their members in a personal and localized way.

03

### FAMILIAR SYSTEM

Although they're never perfect, chapters are a familiar system which organizations can make use of, to further their mission and get the word out about their associations.

IF YOU WANT TO CREATE A BUZZ IN MICRO-COMMUNITIES, YOU'LL DEFINITELY NEED TO BE MAKING THE MOST OF YOUR CHAPTERS.

An interesting point, which came out of the research was that in many cases, the obstacles to progressive change in terms of chapter organization come from the top. Many board members feel a natural affinity for their own chapter, and in some cases, this can lead to emotive feelings that cause the member to want to protect his or her own chapter from any structural changes. They're fond of their personal chapters, and that fondness can make change a tricky subject.

## THE SOLUTION?

The research suggests that the challenges chapter structures can generate could be rectified in a different way. By offering newer and more flexible structures, chapters can work seamlessly with higher leadership. In addition, affiliation agreements and bylaw updates can then be required as a condition for mitigating risk and creating accountability.





## UNDERSTANDING THE ADVANTAGES & DISADVANTAGES OF CHAPTERS

Of the CEOs who were interviewed for this report, these were the insights to the advantages and disadvantages of chapters.

### ADVANTAGES

- ✓ Chapters foster community. They are essential for grassroots movements.
- ✓ Chapter members create and review policies, are involved in governance, do outreach to other members and play a critical role that you cannot quantify.
- ✓ Chapters allow people to find others with common interests and subsequently increases engagement.
- ✓ Allows national the ability to set bylaws and requirements to ensure higher chapter performance consistently across a large geography.

### DISADVANTAGES

- ✗ Lots of associations struggle creating the chapter model and bylaws.
- ✗ Some chapters can cost national more than they bring in and require a significant amount of effort and time.
- ✗ It's difficult to create a sense of autonomy between national and chapters. Balance (or consistent alignment) can be very challenging.
- ✗ It's easy for chapters to be hijacked by a few bad apples who prevent progress.

# A WHOLE NEW WORLD FOR CHAPTERS

Some of the CEOs who were interviewed as part of this research were recently at the helm as their associations underwent considerable change, transitioning from one structure to another entirely different one. As you might expect, they came across some bumps in the road. Let's take a look at two case studies to see how associations have been changing in recent years.

### CASE STUDY #1 Interviewee A began with complex structures, which needed to be consolidated.

#### +279 CHAPTERS TO 50

The association had no less than 279 chapters. This was boiled down to 50 (generally state) affiliates with local subsidiaries under each level.

#### AFFILIATE BENEFITS

As a result, each affiliate then had staff and a new charter with its own reserve, budget, audit, policy agenda and other requirements.

#### POINT OF CONTACT

More national staff, including those working in policy and advocacy, membership, marketing and creative services were able to connect and collaborate with new, better-defined chapter points of contact, beyond the existing affiliate relations team.

#### INDEPENDENT SPINOFFS

Any chapters that did not meet the requirements or had a different focus spun off as independent organizations.

### CASE STUDY #2 Interviewee B reported resistance to change, which was reflected in the simple fact that a new affiliation agreement can be complex and filled with legalese.

#### 350 TO 250 CHAPTERS

The association is in the process of narrowing their component network from 350 to 250.

#### BIG BROTHER FACTOR

A distrust of central authoritative decisions was represented in reports that led to chapter leaders and volunteers questioning why "big brother" was doing this.

#### WORK IN PROGRESS

They are still working through these challenges, and the final outcome is yet to be determined.

# OBSTACLES TO AVOID

In these two case studies, we can see how a restructure might be hugely beneficial for chapter organization. Nevertheless, it's not always smooth sailing, as you might expect.

Here are the obstacles you'll want to look out for if you're thinking about a big change within your own association:

01

## ADMINISTRATIVE COSTS

The administrative costs of restructuring organizations can be prohibitive.

02

## BUSINESS RULES

Many chapters do not have a clearly defined set of business rules, so chapters will want to do things differently.

03

## EXPECTATIONS

Restructuring projects can stall due to unclear and varied expectations.

04

## VOLUNTEER CULTURE

It can be difficult to encourage people to align in volunteer-run cultures.

05

## CHANGE RESISTANT

People are largely resistant to change. Many CEOs report chapter leaders and volunteers becoming "balking and fearful" as organizational changes begin to be implemented.

06

## COMMUNICATION

Change is no simple task, and it often takes several years to complete. Patience is key in these projects, and it's crucial that those leading the change have a clear vision of the end result, which can be effectively communicated to their teams.

07

## CHAPTER STAFF SIZE

Many chapters fear for their prestige and might see changes to their number or positioning as a 'demotion'.

08

## THINK BIGGER PICTURE

Chapters are known to see their budgets as "their money" rather than thinking of the bigger picture — they should be running as a business rather than a club.

# HOW DYNAMIC ARE CHAPTER STRUCTURES?

If you've taken a look at recent studies such as the ASAE Foundation's [Achieving Mutually Beneficial Volunteer Relationships](#) and Mariner Management & Marketing LLC's 2016 [Chapter Benchmarking Study](#), you'll know exactly how dynamic these chapter structures are.

## CHAPTER ALIGNMENT

Studies such as Mariner's initial Chapter Benchmarking Study have proved invaluable to those looking at improving these structures. A key discovery of the research highlighted one of the potential pitfalls of increasingly complex national-chapter structures: alignment.

In this research, only 9% of respondents felt that their chapters and leadership were all pointed in the same direction. Approximately half (52%) of those asked thought they were "usually aligned"; whereas 32% and 5% of respondents answered that they were "somewhat aligned" and "rarely aligned" respectively. Accordingly, alignment has become a key focus of those organizations looking to maximize the potential of their chapters, with good reason.



**ALIGNMENT HAS BECOME A KEY FOCUS TO MAXIMIZE CHAPTER POTENTIAL.**



\*Source: Mariner Management & Marketing LLC



## CHANGE IS LONG OVERDUE

ASAE's research projects, such as the [Race for Relevance](#) and [Road to Relevance](#) books, first sold the community on the need to embrace structural change. These changes are intended to increase the alignment of association programs with industry needs, which means associations are looking at structural changes more and more.

This research has brought to light overwhelmingly high numbers of associations that are evaluating and looking to change their organization by making updates to their central committee structure.

There's a huge appetite for change right now. And in most cases that change is long overdue.

## SO, WHAT IS NEXT?

When it comes to evaluating the structural changes and requirements of chapters within associations, there are a few key questions, which present themselves.



Can an association assess its own need for change effectively?



Is an association able to implement the required change itself?



How far does an association's existing culture influence whether or not it can deliver change?



Should change be a fluid concept, with an association continuing to evaluate, change, re-evaluate and change again? Or, would a 'one and done' concept be more effective?

# UNIQUE AUDIENCE FOR THE TAKING

Chapters can reach a unique audience for programs that might not always be reached by the national organization. This can prove highly lucrative, particularly when you consider the impact of collaborative marketing, promotions and joint membership offers on this new audience. However, it must be said that audiences such as these are sometimes perceived as lower value, due to a lack of engagement with the national organization. The vast majority of them are knowingly self-selected and belong only at the chapter level. The remainder might not even be aware of the national organization and its value added offerings.



## COLLATERAL ISSUES

Collateral issues are often reported within associations that don't have reciprocal membership. The investment level in chapter-only membership audiences is, of course, impacted. Not only that, many national organizations are wary of cooperation with chapter teams, particularly in terms of data sharing, template materials and so on.

## MARKET-DRIVEN

Organizations with a large membership size and penetration employ a market-driven logic, representing the entire profession. While not all potential members will be making a payment every year, the association remains there to support them. This is important, as the association therefore has a greater reach and impact, which can only benefit it.

## MAXIMIZE ENGAGEMENT

The importance of chapters in terms of maximizing the reach of associations should never be underestimated. One CEO reported, **"We estimate that collectively we have a reach of 65-70,000 of the 100,000 people in our field. Our states reach about twice as many as we do."** Thus, even though the structure of the association might be complicated, the joint effort of the national organization and its individual chapters see its exposure doubled, with huge benefits for membership and revenue.

## 07 CONFLICTS

# WHEN PAIN POINTS COME TO THE SURFACE

As with any organization with a complicated organizational structure, conflicts within the chapter-national relationship are abundant or plentiful. The research found a variety of different points of conflict, which arise often in national-chapter relationships.

### TOP POINTS OF CONFLICT:

- ✓ Whether or not to pursue standardization in the name of consistent member experiences
- ✓ Whether or not to allow chapters to set their own dues and pricing
- ✓ Collaboration on pricing and point of service communications to promote membership
- ✓ Dues sharing, and the ability to set appropriate levels of this
- ✓ Member experiences and activities which might be in competition, such as similar training courses or conferences

It may come as no surprise that many of these conflicts can be remedied through a more streamlined approach. Talk to the Billhighway team about how your chapters can work more effectively together with national.

## BUILD A BETTER NATIONAL-CHAPTER RELATIONSHIP

How can you ensure a more dynamic national-chapter relationship?

### RECRUITMENT & RETENTION

Recruit and retain new leadership so that the chapter does not have to constantly recycle leaders.

### FINANCIAL SECURITY

The financial security of chapters varies as they go through periods of high reserves, sometimes followed by negative events. Differences in leadership can also attribute to this, as each era of leaders will inevitably have their own ideas on how to spend budgets effectively. Constantly changing chapter leadership makes the organization more susceptible to fraud.

### SEGMENTATION & SUPPORT

Segment chapter networks into categories such as strong, healthy, borderline or deficient. Tracking this information allows national to target assistance accordingly.

# WHY CHAPTER SUPPORT IS CRUCIAL

CEOs have a tendency to measure chapter support in terms of the following:



### STAFFING

Expense of providing chapters with adequate number of staff



### CHAPTER LIAISONS

Related expense of maintaining chapter liaisons and staff



### TIME & TRAVEL

Time & travel expenses of officers and senior staff visiting chapters



### TRAINING

Costs of face-to-face summits and related training

## FORGOTTEN COSTS

These aren't the only costs that need to be taken into consideration when we talk about support for chapters. There are deeper measures of cost that are often not thought about. Take the following, for example:

- ✓ Allocated overheads (e.g. salaries)
- ✓ AMS-related costs of maintaining complex dues or membership structures
- ✓ Incremental cost of delivering value to drive renewals

Even from the short list above it's easy to see why chapter support costs are often not reported correctly. In many cases this is deliberate, as the costs of calculation and tracking can prove prohibitive.

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**THERE ARE DEEPER MEASURES OF COST THAT ARE OFTEN NOT THOUGHT ABOUT.**



## SERVICES & SUPPORT

Generally, associations do not report the costs of servicing and supporting chapters. In cases where the driving force for planning and implementing successful changes in chapter structure can't be seen first-hand, time spent on cost reporting can be unnecessary. In short, it's a wasted effort.

It's rare to find discussions surrounding opportunity cost in environments like these, too. Many associations are undergoing huge innovation right now, from changing their name and membership scope to merging with other associations in similar fields. Others might be piloting single, effective joint national-chapter strategies or new training initiatives that bring everyone together in a new, streamlined way.



## CHANGE LEADS TO OPPORTUNITY

In many cases, change breeds further change. And that presents a golden opportunity.

01

### RELATIONSHIPS

It's time to start leveraging a greater return on the time associations spend maintaining relationships with their chapters.

02

### REVENUE

It's time to start generating more revenue, by leveraging the advantages chapters bring to the table.

03

### MISSION

It's time to increase the degree to which associations and their chapters fulfill their joint mission.

## 09 RETURN ON INVESTMENT

# CALCULATING ROI

The research has identified a crucial disregard for the monetization of the national-chapter relationship. Associations are, on the whole, not getting value for their money when it comes to return on investment.

Still why aren't associations putting the measurement of their ROI at the forefront of calculations? There are three reasons we've come across in our interviews.

01

### REASON 1: LOSS LEADERS

Chapters are seen (consciously or subconsciously) as a loss leader strategy. Associations are incurring costs to support an important element of member experience, without exerting the effort of determining what it costs.



02

### REASON 2: NATIONAL DISCRETION

Many organizations' current structures do not allow for the ability to effectively calculate ROI. This is largely due to a lack of visibility leading to team members' inability to collect the relevant information. National staff lack the discretion and authority or political clout to make significant changes to the current structure without risking considerable political capital, or possibly even their jobs.



03

### REASON 3: PROHIBITIVE COMPLEXITY

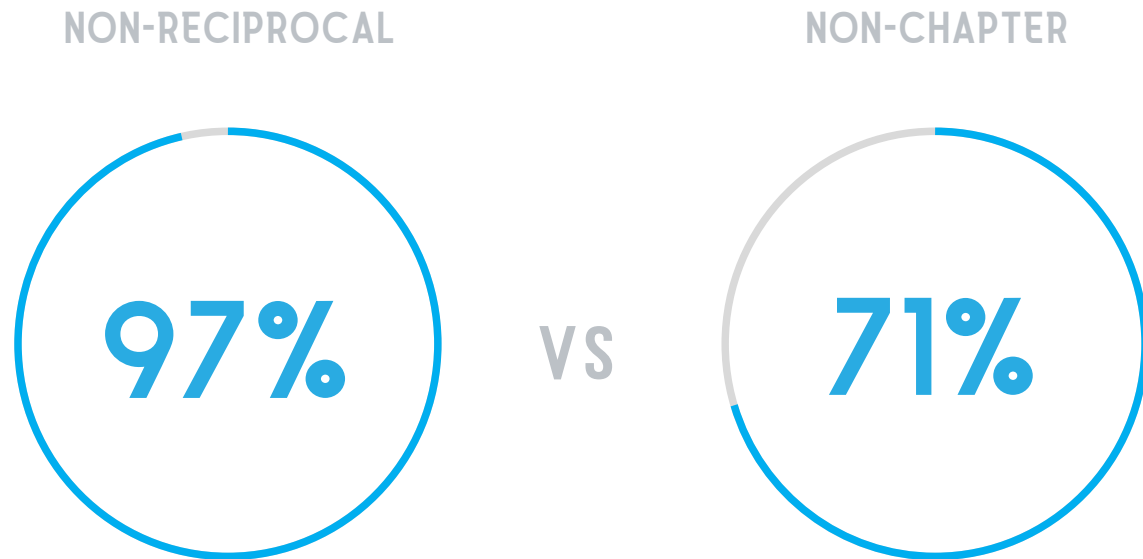
The complexity of measuring member relationships and decomposing the specific effect of chapters makes the measurement of ROI difficult.

Consequently, measuring the return on investment of national-chapter relationships is no easy task. We get that. Although we also know that not doing so can prove destructive on a whole new level.

Not only could your association be missing out on value for money, it might also be creating an environment where the benefits of its existing chapter network is underappreciated, and therefore not used to the best of its ability. A vicious cycle, if you will.

## RESULTS FROM ONE CEO

One CEO cited a 97% annual retention for chapter/national members in a non-reciprocal membership structure, compared to a 71% annual retention among their at-large/non-chapter members.



### WHAT HAPPENS WHEN YOU DO MEASURE ROI?

Return on investment for chapter support has been effectively measured in some cases, usually in large and more sophisticated organizations. And in these cases, the documented benefits of chapter membership are striking.

One cites a 97% annual retention for chapter/national members in a non-reciprocal membership structure, compared to a 71% annual retention among their at-large/non-chapter members. Using the traditional math to estimate lifetime value, this is the difference between having 33 years of membership dues from a newly acquired member versus 3.4 years—a tenfold increase in return on member recruitment. And that's

before you take into account other types of revenue members will inevitably bring in, such as event registrations, certification renewals and purchases.

This magnitude implies that supporting and investing in chapters yields a very high financial return. Even when you take into account the fact that this scenario might reflect correlation and causation, for example older members who predominantly join at both levels, it's impossible to argue with such impressive stats.

Chapter support and investment is worthwhile, there's no disputing that. It's just a case of effective management. For tips on how to implement strategies that could see your chapter ROI increase, talk to **Billhighway**.

# THE BILLHIGHWAY SOLUTION: WHAT'S NEXT?

Through our extensive research, we've identified many problems faced by associations with vast and varied chapter networks, and ways in which these obstacles might be surmounted in the future. The Billhighway model has been shown to conform to association needs with the national-chapter lens.

## CHAPTERS = OPPORTUNITY

The research shows that in all likelihood chapters will remain a messy field in terms of operations and strategy for the foreseeable future. Nevertheless, therein lies an opportunity, and it's yours for the taking.

Streamlined logistics and general improvements to the national-chapter relationship may, at first, encounter skepticism. Sometimes, such as in cases where there is a lack of structured evaluation of chapter programs, cost benefit and pre/post evaluations will be more difficult.

However, there is a light at the end of this tunnel. Much of the operational details discussed in this report mirror how CEOs discussed membership 20 years ago. Yet the potential benefits here are even greater.

If we focus on creating an environment that spotlights existing members and constituents, while also delivering a clearer ROI on the retention side through better local experiences, there's no end to the opportunities which may arise.

## GET STARTED

If you're ready for change in your association, make sure you check out what Billhighway can do for you. Visit [www.billhighway.co](http://www.billhighway.co) to get started.

Call: 248.925.4013

Email: [marketing@billhighway.com](mailto:marketing@billhighway.com)

Visit: [www.billhighway.co/associations](http://www.billhighway.co/associations)

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