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Business Association Development Guidebook

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THE ECONOMIC DEVELOPMENT AND GROWTH FOR ENTERPRISES (EDGE) PROJECT

BUSINESS ASSOCIATION DEVELOPMENT GUIDEBOOK

This business association guidebook was developed by EDGE Senior Business Associations Advisor Mark McCord as a mechanism for organizations to have access to international best practices. Through narrative, practical examples and sample documents, the guidebook provides specific information on critical developmental areas, as well as addressing the methodology used by high-capacity organizations to achieve sustainability. BearingPoint created this one-of-a-kind document as a resource for organizational leaders around the world to transcend theory in favor of a practical approach to sustainable association development.

The guidebook includes a compact disc that contains specific samples of all the documents listed below (bulleted samples are included on the attached compact disc unless otherwise noted):

Chapter One: Business Association Development Methodology

Chapter Two: Governance: The Foundation of Business Association Sustainability

- Chamber of Commerce/Business Association Laws
- Mission and Vision Statements
- Bylaws
- Codes of Ethics
- Job Descriptions
- Organizational Chart

Chapter Three: Strategic Planning and its Role in Organizational Development

- Strategic Plans

Chapter Four: The Business Association Membership System

- Process: Chamber and Association Membership Program (CAMP)
- Case Studies

Chapter Five: Business Associations and Public Policy Advocacy

- Advocacy Campaigns
- National Business Agenda
- Public Policy Issue Papers
- Case Studies

Chapter Six: Communications and Marketing for Business Associations

- Communications Plans
- Communications Training Program

- Publications

Chapter Seven: Developing Effective Programs and Services

- Programs
- Program and Service Development Plan
- Services

Chapter Eight: Financial Reporting (samples are from a fictional association)

- Budgets: Organizational and Program
- Financial Statement
- General Ledger
- Sustainability Plan

Chapter Nine: Developing Professional Proposals

- Proposal Development Guidebook
- Grant Proposals: Assorted

For more information about the Business Association Guidebook, or to submit submit examples for future editions, please contact:

Mark T. McCord

Senior Manager, BearingPoint

Senior Business Associations Advisor

Economic Development and Growth for Enterprises (EDGE)

Nicosia, Cyprus

mark.mccord@bearingpoint.com

Prologue
The Role of Business Associations in Society

Overview of Business Associations' Role

Introduction: Changes in the Business Association Paradigm

Business associations have evolved over thousands of years into organizations that promote the collective good of their members. The roots of these associations can be traced to ancient times, when merchants in the Middle East and China joined together to form cooperatives in order to increase their power in the marketplace. These cooperatives eventually morphed into merchants guilds that created local monopolies. Eventually, these guilds gave way to business associations more like those of which we are familiar today. Modern associations still retain some of the core elements of those ancient associations in that they continue to defend the interests of business and promote economic prosperity. The evolution of these associations, however, has shaped them into dramatically different institutions than those of ancient times. In fact, technological changes over the last twenty years have initiated significant changes in the structure and mission of business associations as well as in the services they provide.

With this in mind, the history of business associations as entities promoting collaborative action is less interesting than the significant changes that have and continue to transform these organizations into powerful and dynamic engines for economic growth. New associations are being formed every day and their relative strength is measured not by the size of their budgets but by the results they achieve. The trend in the growth of associations worldwide will continue to rise over the coming years, which will make the competitive environment even more challenging.

Not so many years ago, success could be measured by the mere existence of associations. For instance, beginning in the middle 19th century, business associations such as Chambers of Commerce began to proliferate throughout the United States. The Chambers were widely considered to represent the business community and they served as the focal point for economic growth and prosperity. Over the years, a paradigm developed within the Chamber profession as to how the organizations should be managed and what services they should provide. In some communities, the Chamber of Commerce attempted to "be all things to all people" by providing a cornucopia of programs and services. It can be said that these associations took a "shotgun" approach to the business of promoting business, meaning that they tried to respond to every need in the business community regardless of need or prioritization. Other Chambers evolved into little more than social clubs that were run by the elite of the community. Many of these organizations, while well meaning, initiated programs and services based on factors that had little to do with the needs of members. Even though membership in the Chamber was voluntary, as they were developed using the private law model, many of the organizations failed to realize the importance of marketing their programs and services because, quite simply, there was no competition for members' money and time.[1] The leaders within a community typically gravitated to these organizations, but relatively few build strong grassroots support for their programs and services, as many of the members, while still paying their annual dues, were detached from the day-to-day operations.

Even so, private law Chambers of Commerce continued to flourish in America due largely to perceived lack of other options. Because private law organizations are not regulated by the State, they have maximum flexibility to design and launch demand-driven programs. The market dictates the success or failure of these programs, which requires organizations to remain focused on member needs. In some cases, Chambers failed to position themselves to serve the greater business community, which precipitated the creation of new business organizations that focused on gender, race, business sector, or geographic area. Since 1980, over 100,000 business associations were created in the United States alone, which generated competition for the business community's money and time.

Many private law organizations use a combination of volunteers and paid staff members to conduct the Chamber's programs.[2] This provides for effective implementation of programs and services, but it also creates a need within the organization to remain vital through marketing its programs and services. Many of these Chambers have found a niche in public policy advocacy, using a reform mentality to recruit and retain their membership base. In the private law system, government cannot regulate the type of programs associations provide, nor can they "assign" to them tasks that must be implemented.

In Europe, Chambers of Commerce and other business associations have been in existence for hundreds of years. In most European countries, the Chambers of Commerce are organized according to public law, under which businesses are required to pay annual dues to the Chamber.[3] It should be said the public law status does not necessarily dictate mandatory membership, but under the Continental Model, chamber law requires obligatory membership for all self-employed persons and legal entities that run businesses within a legal district.[4] Obligatory membership includes a regular and mandatory financial contribution to the local Chamber. While this provides stable income to the organization, it also required Chambers to fulfill certain tasks defined

[1] Private Law Chambers are those that exist not through a law passed by government, but rather through demand of the business community. Membership is voluntary, which requires these associations to provide programs and services based on member demand in order to remain competitive. The private law model is most usually referred to as the Anglo Saxon model.

[2] Volunteers in this context are defined as business owners, managers, and/or entrepreneurs that provide their time free of charge to serve on committees or otherwise assist in the implementation of programs.

[3] Public Law Chambers are those that exist under law. Membership is usually mandatory and the organizations usually serve a geographic area that is set by statute. Many have advisory status, vis-à-vis the government and are supervised in some form by the government.

[4] The Continental Model is a term widely used to define the public law chambers of commerce on the European continent.

under the chamber law and it usually includes supervision of the organization's activities by the government.

Outside of Europe, and especially in developing countries, the public law model of business association development has proliferated. This is especially true in countries that formerly maintained tight control on all aspects of society. In Latin America, for instance, some governments have negotiated broad-ranging agreements with unions and business groups that establish targets for wages, prices and other economic issues. While these agreements promote stability within the economy, they at the same time restrict markets from responding to changing conditions. Under the close scrutiny of the government, many business associations are reluctant to adopt a reform mentality, even if the business community supports such a position.

This is not to say that public law organizations are inherently opposed to economic reforms or are incompatible with a market-based economy. However, their role as agents for the State must be balanced so as to diminish any anti-reform tendencies they may have. In Western Europe, and increasingly in other countries as well, balance between State control of associations and the demand for reform is achieved by the emergence of private, voluntary-membership associations that represent their members' interests.

In addition to the Anglo-Saxon (private law) and Continental (public law) models, there is rapidly emerging a hybrid form of business association that has certain elements of each model. There are two sub-models called the Asian and Eurasian Models. Most of the organizations utilizing these models embrace voluntary membership but differ from the traditional Anglo-Saxon model in that they have a law that protects their interests. Also, they have protection of territory (meaning that no Chamber of Commerce can compete with them in their own region). The Russian Federation Chamber of Commerce is an example of the Eurasian Model, while the Chamber of Commerce systems in Indonesia and Japan are examples of the Asian Model.

While organizational models of global business associations tend to vary, one clear trend has emerged that effects organizations regardless of their geography or governance. This trend, quite simply, is one of member demand. Even in countries where public law Chambers are prevalent, they have come under constant pressure from emerging private sector associations that are winning the hearts and minds of the business community. It is as if members in these countries are saying, "You can force us to give you our money, but you can't force us to give you our support". This trend has been prevalent in countries with private law Chambers for years, but it is now emerging even in transitional countries. As business communities become more empowered both educationally and economically, this trend will only increase, putting increasing pressure on aging and outdated organizations, as well as those that for whatever reason cannot adapt to changing market conditions.

For years, business association executives in transitional countries have regaled the lack of business association mentality that exists within the business community. While this complaint makes sense on a tertiary level, in reality it cannot be substantiated, as even in countries such as Bhutan and Afghanistan, where business associations were virtually unknown, the private sector has immediately embraced them once it was provided with even a basic understanding of their purpose. It has become obvious that the problem was not within the business community as much as it was within the organizations themselves. While they struggled to understand their own purpose, the private sector was left twisting in the wind of change only to eventually anchor itself to the first organization that could provide significant services.

Establishing a Purpose: Defining the "Power of Us"

Many business associations have difficulty because they lack an understanding of why they exist. Because they don't understand this basic element of organizational development, they fail to develop demand-driven programs and thus cannot recruit members. Organizations that don't understand their purpose are like rudderless ships that pound through an angry sea with little sense of direction or accomplishment. This being said, regardless of a business association's age or size, it must have a complete understanding of why it exists. This is the foundation on which success is built.

There is little doubt concerning the importance of business associations to private sector growth. The question, then, is why are they so important? When analyzing global organizations, the following factors emerge as the most common reasons why business associations must exist:

- **Strong business associations harness the capacity of private businesses.** Owners and managers of private businesses have realized for many years that there is strength in numbers. Few companies, even those that are considered large by global standards, can accomplish their goals without the assistance of outside sources, such as business associations. That's why companies like Compaq, Microsoft, and Coca Cola are great supporters of business associations around the world. They realize that associations provide them the best opportunity to network with each other and to enhance their economic, social and political interests. The capacity of small and medium-sized companies is also increased because of the services that business associations provide, and due to the fact that associations provide them a collective strength that they do not have on their own. In other words, the power of "me" becomes the power of "us".

- **Strong business associations create business opportunities.** One of the major reasons for the growth of business associations is that they can provide business opportunities for their members. Whether through contacts with companies in a specific region or around the world, business associations are one of the best conduits for information and collaboration. This collaboration is a key component to the development of business opportunities.

- **Strong business associations protect the interests of both companies and employees.** By harnessing the collective power of their members, business associations protect the interests of the private sector by developing dialogue with government. Until recently, many business associations believed that public policy advocacy (the process of defining issues, developing a position on them, and advocating this position) was not a service that they could or should provide. However, over the last several years, this attitude has changed as business associations have come to realize that government simply will not respond to business unless it has an advocate. Business associations are natural advocates for the private sector, and have learned to use the collective strength of their members to ensure the views of business are heard, and that pro-business legislation is passed. When this occurs, business associations win because they have provided a valuable service to their member companies; companies win because their interests have been protected and pro-business legislation has been passed; and employees win because stronger companies provide better job security and more opportunities for advancement. Around the world, governments are beginning to respond to this approach because they have come to realize that *business pays all the bills*, meaning that when businesses prosper, workers prosper and when workers prosper the government prospers through increased tax collections, decreased need for social and benevolence programs, etc. The taxes paid by companies and workers provide the revenue for government to fund its operations and to provide assistance for the less fortunate in society. From this standpoint, business really does pay all the bills, and therefore needs business associations to serve as its advocate.

- **Strong business associations promote civil society.** For many years, researchers have sought to develop a link between the strength of business associations and the development of civil society. The strongest argument in favor of this assertion is that when business associations provide services to their members, including encouraging the government to be open and transparent, the framework of civil society is strengthened. Business associations provide a framework in which legitimate businesses can work together to benefit society.

- **Strong business associations enhance the business climate.** Associations around the world are embracing public policy advocacy as a way to enhance the business climate. Movement toward this reform mentality has been largely generated from member demand for an organization that will protect their interests.

- **Strong business associations combat corruption:** Increasingly, business associations have become involved in anti-corruption programs, realizing that corruption costs countries hundreds of millions of dollars while at the same time eroding competitiveness. The Institute for Private Enterprise and Democracy Foundation (affiliated with the Chamber of Commerce and Industry of Poland) established a Business Fair Play program that encourages transparency and ethics in business. Other organizations, such as Confecamaras in Colombia, are battling corruption in both the public and private sectors through public policy advocacy campaigns and informational programs.

Future Trends: Associations as Brokers of Change

It has been said that humans can never change the way they act until they change the way they think. Analysis of business associations over the last twenty years has proved the applicability of this statement to organizational development as well. In countries around the world, associations have either progressed or been marginalized because of their ability to adapt to changing economic, political and social circumstances. Embracing change is typically not as difficult for young associations, as long as they were formed because of demand and adopted an appropriate governance structure, but it is sometimes traumatic for older, more established associations that have spent years either under State control or mired in an archaic governance process.

Over the past ten years, an effective method has been developed to conduct a thorough analysis of business associations using an evaluation model based on international best practices.[5] Through this analysis, it has become apparent that the Twenty-first Century paradigm for business association success will focus on the following core principles:

1. **Embracing strategic planning as a value added process**. Increasingly, successful business associations are viewing strategic planning as a necessary value added commodity to the development process. A strategic plan, which is most often defined as a three to five year compendium of an organization's goals and action steps, is a "roadmap" to achieve specific and measurable results.

   Strategic planning typically involves five primary steps. First, comes the development of a vision statement, which defines the end state that the association wants to achieve during the planning period. Secondly, is the development of a mission statement that briefly outlines the association's purpose. The third step is the development of quantifiable goals and objectives in order to determine the results to be achieved during the time covered in the strategic plan. The fourth step is the development of action steps to achieve the goals and objectives and the fifth step is evaluating the results achieved.

   Through utilization of a strategic planning mechanism, successful business associations in the twenty-first century will achieve significant results within a specific timeframe. It is essential, of course, that associations gain input from

[5] This model, called the Business Association Diagnostic, assesses organizational strength in ten essential developmental areas. The evaluation, while not a test, does allow for comparison of business associations to an international best practices model. The diagnostic focuses on 1) mission and objectives; 2) governance; 3) organizational structure; 4) programs and services; 5) organizational staff; 6) financial planning and reporting; 7) membership development and retention; 8) communication; 9) public policy advocacy and 10) information management.

their members prior to the development of the strategic plan, and it is likewise important for the organizations to segment the three to five year strategy into one year increments, sometimes called a “Program of Work”. Some of the most successful business associations in the world use strategic planning as their first and most important building block for success. As one association executive in the Czech Republic stated, “It only makes sense to know where you want to go before you start the trip”. Strategic planning allows associations to know where they want to go and how they are going to get there.

2. **Changing the membership development paradigm**. Few changes in the business association arena over the last twenty years have been more dramatic than those in membership development. This is especially true for organizations in countries that have adopted the private law model, since this usually assumes that membership is voluntary. Changing demographics and processes have also effected organizations in countries that favor the public law model, in that private sector organizations have used new approaches in membership development to create an important niche within the business community.

   Within the last twenty years, the membership paradigm has changed from a “campaign” mentality to a “process” mentality. Through the mid-1980s, business association executives were trained to conduct a membership campaign every year in order to “recruit” new members. These campaigns, which typically ranged from a few days to a few weeks, used focused marketing, testimonials, and other sales tactics to “convince” members to join the organization. In the late 1980s, organizational executives such as Jerry Bartels, the President of the Atlanta, Georgia Chamber of Commerce began to view membership in a different way. Over time, other organizational executives joined the discussion and by the mid-1990s the trend in membership development for the most aggressive business associations swung toward the implementation of an overall membership system.

   The membership system establishes membership recruitment, retention and non-dues income generation as a tripartite process for organizational growth. Through this system, membership is “institutionalized” through the involvement of every facet within the organization. From the Chairman of the Board to the receptionist, membership development is considered of paramount importance and it becomes everyone’s “job” to increase the organization’s support. Within this system, membership retention has the highest priority, while the old paradigm of membership campaigns is relegated to just one of many processes that may be used to recruit members. Non dues income, defined as income generated by any source other than membership fees, is the third element for success, as it generates revenue and support to augment membership dues.

   Business associations around the globe have adopted this system to adapt to changes in marketplace. Even organizations that have mandatory membership are using elements of the system to upgrade services and to create more revenue through non dues sources. This system will provide successful business associations in the twenty-first century with a mechanism to sustain membership and financial growth.

3. **Establishing transparent financial systems**. In transitional countries, where financial systems even at the highest levels of government have been suspect at best, business associations have struggled to implement financial processes that are both transparent and effective. The reasons for this are numerous, but the lack of adherence to international accounting standards is one of the most obvious. Also, technological limitations in some countries have made the establishment of such a system fraught with challenges.

   Increasingly, however, donors, association leaders and members have pressured associations to adhere to international standards as far as financial reporting is concerned. In response, many associations developed a financial system that includes the approval of an annual budget, the generation of monthly financial statements, the allocation of expenses through a general ledger, and the creation of an income statement to track assets. In addition, many have adopted financial procedures manuals that outline specific processes that must be used to ensure financial accountability and transparency. Successful associations will rely on transparent financial practices to instill member confidence and to build credibility within the business community.

4. **Embracing public policy advocacy in support of member demand**. Within the last twenty years, there has been an explosion in the number of business associations that are involved in public policy advocacy. In fact, after the breakup of the former Eastern Bloc, a number of emerging associations within Eastern and Southern Europe made a focus on advocacy a priority item in their strategic plans. In doing so, they determined, quite rightly, that advocacy is a major reason for businesses to join associations. On their own, businesses may have little access to information and little recourse against government regulations, but as part of an association, they have a collective voice.

   As new associations emerged around the world and existing associations made the transitions necessary to address private sector demands, they benefited from a new paradigm in public policy advocacy that was developed and promulgated based on research conducted by a number of organizations. Known as the "advocacy system" this thirteen-step process institutionalized public policy involvement within the associations' strategy. In many countries significant structural changes in government resulted from the ability of business associations to use this process. In this century, success in advocacy will no longer be measured by whether or not an organization is involved, but how successful it is and what process it uses.

5. **Focusing on economic development as an economic building block**. The term "economic development" has been overused and over analyzed. In its most basic form, economic development simply means "the creation of wealth". Any

function that creates wealth develops the economy and increases competitiveness. It is clear that successful business associations in the twenty-first century will continue to focus on creating wealth within communities. In January 2002, Juan Camilo Restrepo, a conservative candidate for President of Columbia, stated, "Today the name of peace is employment…." In other words, business associations must play a role in developing the overall economy and providing jobs.

6. **Becoming a broker of information**. It has often been said that information is power. However, it has become apparent that simple access to information does not create power, but rather the use of this information in promoting economic growth. Successful twenty-first century organizations will serve as information brokers to the business community by compiling, interpreting, distributing and evaluating information. These organizations will come to understand that information is not only power, it is also a source of revenue and prestige.

7. **Embracing community trusteeship as a core value**. Community trusteeship, in its simplest form, is the safeguarding and/or enhancement of the community for future generations. Community trusteeship will become a core value within successful twenty-first century business associations, in that they will realize their economic, social and educational responsibility to future generations. Through trusteeship, associations will build grassroots support and credibility to enhance private sector development through individual initiative.

8. **Becoming a driving force in educational and workforce initiatives**. According to Luis Jorge Garay, "Poverty, inequalities of income, ownership and opportunity, the exclusion of large segments of the population from the benefits of modern life, amongst other things….The elimination of just some of these would be enough to achieve true peace".[6] This statement is becoming increasingly meaningful for business organizations within transitional and post-conflict countries, but it is also applicable to those in the developed world. Successful business associations will heighten their involvement in education and workforce issues as a way to address social unrest and societal fissures.

9. **Celebrating diversity as a way to foster social and political change**. Associations such as the Afghanistan International Chamber of Commerce have set a standard for diversity that is indicative of successful business associations. In valuing diversity, business associations can expand their breadth of knowledge as well as their baseline of support.

10. **Using technology to build visibility and grassroots support**. Technology, or lack thereof, continues to be a significant factor in business association development. While technology offers exponential opportunities, severe gaps in infrastructure in transitional and post-conflict countries have made this medium inaccessible to many business associations. Future success will depend on the

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[6] Garay, Luis Jorge. Para donde va Columbia? Bogota. February 1999.

ability to communicate with members to gather input and garner support. This means that technological gaps must be bridged through coordinated assistance from governments, donors and the private sector. Associations must also harness the power of technology by investing resources in hardware and software, as well as in technical assistance for staff members and key volunteers. Currently, for all too many business associations, the technology super highway is a dirt road.

11. **Focusing on marketing strategies to reinforce organizational purpose and message.** It has often been said that "It doesn't matter what you do if no one knows you did it". This is especially true of business associations, which depend on marketing to increase membership, volunteer support and credibility. Even in organizations with mandatory membership, marketing of programs and services is critical to maintain connection with the business community. Future success will depend on associations' ability to create, market, and evaluate demand-driven programs and services, as well as to build an organizational brand that denotes excellence.

12. **Adopting a team-oriented management style**. Within the association arena, the paradigm of management has changed significantly over the last twenty years. Organizations that operated with a top down management style that limited empowerment opportunities for staff members have been forced to reassess their management strategies. Successful organizations in the twenty-first century will adopt team approaches to management, which focus on empowerment and individual initiative. This paradigm is especially foreign to associations in former totalitarian States where hierarchical management was accepted as a cultural norm. However, even associations with a background in top-down management are beginning to accept the team approach, as they realize it provides them with maximum ability to adapt to a changing business climate.

13. **Employing and empowering professional staff members**. The metamorphosis of organizations in the West was initiated through a variety of factors, not the least of which was the acceptance of organizational management as a profession. Organizations are now harnessing the experience of paid professionals in order to increase their power and influence. These organizations spend significant resources on training in order to develop specialists in areas that are important to their members. It is clear from trends within business associations around the world that the days of volunteer management are coming to an end.

14. **Involving the business community**. Even in organizations that possess a highly trained and profession staff, a significant amount of work is conducted through volunteers that donate their time to assist in the organizations efforts. Successful organizations in the twenty-first century will recognize that the involvement of the business community, first through payment of membership dues and then through involvement in the organization's programs, will be critical to sustained growth. Again, the concept of volunteerism is foreign to many cultures in that no historical basis exists for its acceptance as a societal norm. However, in countries

> such as Romania, Hungary, the Czech Republic, and Russia, volunteers are being welcomed into associations and they are coming in droves. In fact, volunteerism within associations is rapidly becoming the rule instead of the exception.

There is no doubt that successful associations are built on a foundation of knowledge. However, it is apparent in a changing world that knowledge is not enough to sustain growth. Rather, it is the use of this knowledge in adapting to change that will create powerful and sustainable business associations. The remainder of this book will focus on international best practices in business association management, using examples from around the world. These examples, while important to an overall understanding of core organizational management principles will impact associations only if they are used in combination with strong leadership, vision, and strategy. By changing the way their leaders think, the paradigm of association management will shift toward more sustainable organizations and more invigorated business communities.

Business Associations Respond in Adversity

Constraints Faced by Business Associations in Developing/Transitioning Countries

Business association development in any part of the world is not easy, as competition, changing economic structures, and challenging advocacy environments are forcing even well-established organizations to change the way they conduct business. In developing and transitioning economies, however, associations face additional constraints that can be quantified into five basic categories.

The first, and arguably the most complex of these constraints is a lack of a business association mentality. In many transitional economies, there is a lack of a business association culture created by the ideology of former governmental regimes. This was the case throughout virtually all of Eastern Europe, Russia and Central Asia. While virtually every country in these regions had a history of business associations, most were either controlled or ended by repressive regimes. When coupled with the transition of most private enterprises to the State, the years took a toll on the business association mentality and eventually eroded their ability to be effective. The associations that did survive tended to be tightly controlled by the State, with most serving as public relations conduits for the government's economic policies. Once these regimes changed, the countries were left with a large number of state owned enterprises, a lack of understanding concerning the market economy, and relatively little enthusiasm for the support of business associations. The latter stemmed largely from the belief that associations either could not provide demand-driven programs and services or that they were merely extensions of government as had been the norm in many of these countries for over 40 years.

This lack of understanding of the need for business associations created a second constraint, which was lack of trust. In many transitional countries, oppressive regimes had eroded trust in institutions as a whole. Since many existing organizations, usually national Chambers of Commerce, had been used by governments to promote specific economic and social policies, the business community was slow to put their trust in them. This was especially true since the leadership of a number of these organizations did not change. With the same people in control and government in transition, little trust could be developed between the existing associations and the private sector. This eventually led to either the creation of new demand-driven business associations or the reform of the existing institutions. The former was perceived to be the path of least resistance in many countries, as the existing institutions were considered to have too much "baggage" to be effective even with new leadership. Romania typified many transitional countries by proliferating new business associations while at the same time undertaking reform of the Chamber of Commerce and Industry of Romania and Bucharest (CCIRB). Even with this reform, though, CCIRB was viewed with a certain degree of skepticism.

The proliferation of new associations, combined with the restructuring of existing ones led to a third constraint, which was lack of communication between organizations and their members. The first hurdle for associations to clear was to create a need within the private sector to become members. This was a daunting task that many organizations had not mastered even ten years removed from the change in government. Of course, success in this endeavor was based on an organization's ability to develop demand driven programs and services, while at the same time marketing the benefits of association membership to the private sector. Associations that were able to develop an effective communications strategy, such as the Brno Chamber of Commerce in the Czech Republic, benefited through membership growth. Those that could not communicate effectively either remained as small and low-capacity organizations or focused on a different method of achieving sustainability, such as mandatory membership. The latter alleviated the need for the associations to communicate effectively, while still providing them with a consistent source of income.

Eventually, though, a large number of associations created communications and marketing strategies in order to reach their potential members. The most successful of these strategies focused on the matching of customized benefits and services to the needs of specific members. For instance, manufacturing companies have different needs than retail trading firms, so the programs and services offered to them should also be different. Many organizations also created communications products such as newsletters, magazines, advocacy reports and websites. These products not only provided a variety of ways for them to market their activities, but they also allowed the organizations to collect member input and data.

In addition to dealing with external communication issues, a majority of the associations also dealt with imperfect internal systems that caused chaos within the management structure. Once internal communications broke down, the associations were unable to establish a consistent message for the private sector. Over time a number of these associations were able to improve their internal communications systems by instituting weekly staff meetings, networking events, and modern management techniques.

Lack of effective internal communication led to an overall inability to adjust to a management style that is conducive to peak organizational effectiveness. This fourth constraint was exacerbated by the ideology and/or culture within the transitioning countries. Many had been governed by oppressive regimes for decades, causing a generation of managers to adopt a top-down management style. This higherarchical style created bureaucracy and was not compatible with the ability of associations to meet market demand. This being the case, association leaders had to change their own management paradigms to adapt to new circumstances. This process moved painfully slow in many developing nations, and even today the higherarchical management style is prevalent in a number of transitional countries. Organizations such as the Dhaka, Bangladesh Chamber of Commerce and Industry have instituted new participatory management systems, though, which are becoming the more prevalent in transitional countries. DCCI not only empowers its employees to perform at peak efficiency, but also keeps past volunteer leaders involved in an advisory council to assist the president and board of directors in addressing important private sector issues.

A fifth constraint faced by associations in transitional economies was either lack of a legal infrastructure or the adherence to an archaic law(s) that govern organizational development. A large majority of countries within the former Communist Bloc had laws on the books that specifically acknowledged one or more business associations (usually a national Chamber of Commerce or industrialists organization) as the government's "official" representative on economic issues. Few of these laws were repealed quickly, which left new business associations in a kind of legal limbo, which led to a lack of legitimacy for most demand-driven organizations. When coupled with the lack of a legal framework for doing business, this led to the proliferation of scores of business associations that lacked credibility with the government and had little legitimacy within the private sector. Eventually, a majority of transitional countries repealed their archaic business association and/or non-governmental organization laws, but some were replaced with new laws that put different types of restrictions on the development of business associations. There is still much debate within transitional countries as to the legal framework within which organizations should operate.

In many transitional countries, non-existent or inconsistent legal frameworks led to government's lack of interest in acknowledging the right of associations to advocate on behalf of their members. While some governments simply ignored the associations, others actively pursued a "containment policy" whereby one association or group of associations would be allowed access, while the others remained on the fringe of the policy debate. After several years of focused attention from private sector organizations, governments in many transitional countries are becoming more inclusive and supportive of a wide variety of institutions.

Many of the constraints noted above are being favorably addressed by aggressive and forward-looking business associations. The most successful organizations are focusing on making a business case for membership and are ensuring participation from businesses of all sizes. By tailoring programs and services to companies of different sizes and types, associations in transitional countries have been able to create significant return on investment for their members, which of course has led to increased member support. While difficulties remain, these associations are examples for their counterparts around the world.

Chapter One
The Building-Block Methodology of
Developing High Capacity Business Associations

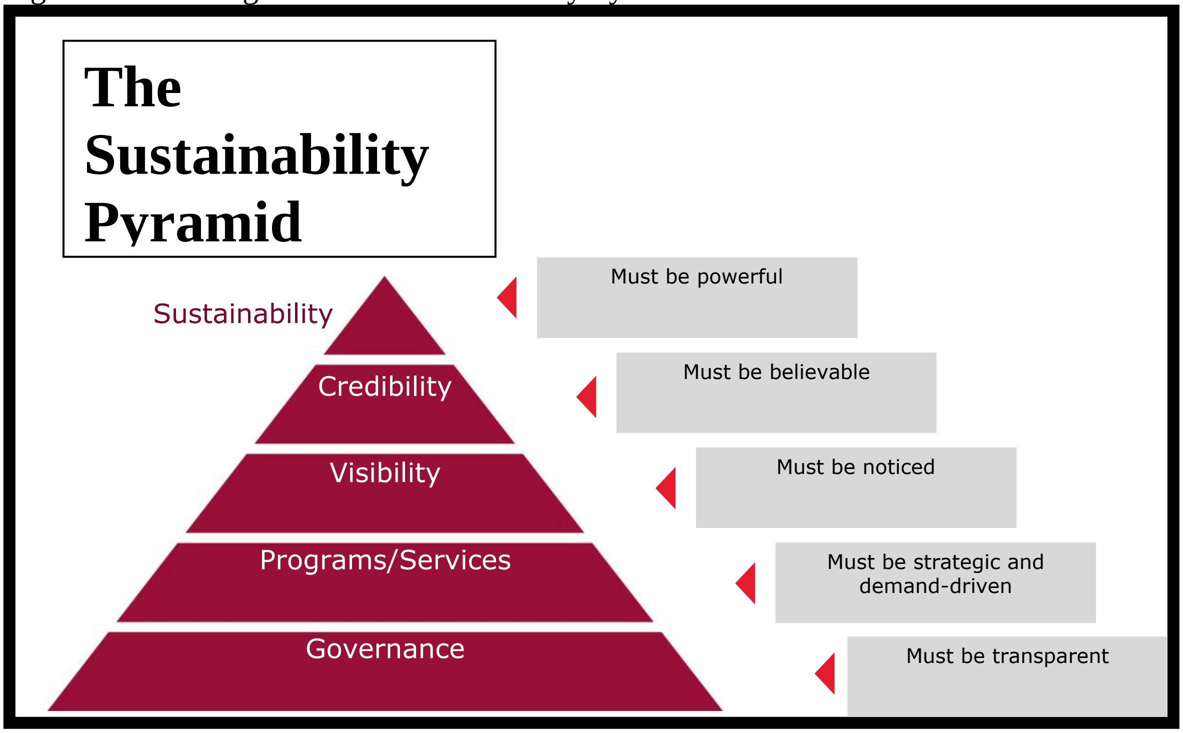
Overview of Business Association Development Methodology

The key to building the capacity of business associations is an understanding of the developmental model that allows for the creation of sustainable organizations. The EDGE Project's Associations Development Advisor, Mark McCord and others have used the following model extensively to build the capacity of business associations around the globe. The pyramid in Figure 1.1 outlines the model's major components, which are:

- Governance: Organizational strength flows from the development of a fair and transparent governance system. This is the foundation on which capacity is built.
- Programs and Services: Capacity is also built through the development and implementation of demand-driven programs and services that meet the private sector's needs. Membership input is critical in order for these programs and services to be truly demand-driven, which typically necessitates an ongoing series of surveys, focus groups and communication in order to assess member attitudes.
- Visibility: Visibility is often confused with effectiveness. However, there are multitudes of associations around the world that are visible but not effective. The danger in transitional and post-conflict countries is that donor support will artificially create visibility that cannot be sustained by the organization due to its overall lack of capacity. True visibility, which leads to credibility and ultimately to sustainability, is built on a foundation of good governance and progressive programs/services that promote member involvement. Visible organizations are ones that tell their story effectively, utilizing both media and word-of-mouth to create awareness.
- Credibility: It may take a number of years for a business association to build credibility with its members, the community and the government, as this only happens through sustained focus on governance, programs/services and communications.
- Sustainability: Credibility over a number of years establishes a sustainable organization. Sustainability must not be considered only in economic terms, but also including other factors that contribute to overall organizational health, such as effective leadership. A sustainable organization is one that has power, both with its members and with stakeholders in government and the private sector.

It should be noted that these levels are not mutually exclusive, meaning that one has to accomplish one before moving on to the other. In fact, it is common for business associations to work on governance, programs/services and visibility at the same time. However, it is important that an association not "skip a level". For instance, it would be counter productive to focus on programs/services and visibility and ignore governance.

Figure 1.1 The Organizational Sustainability Pyramid



Movement up the sustainability pyramid requires customized intervention within the following four activity areas. Each one of these areas should contain demand-driven and practical objectives and activities that focus on building organizational capacity:

1. Foundational Resources: These are resources that assist business associations in developing strong and transparent governance structures based on international best practices. Some of these resources include effective bylaws, election procedures, strategic planning processes and ethical guidelines. (Governance)

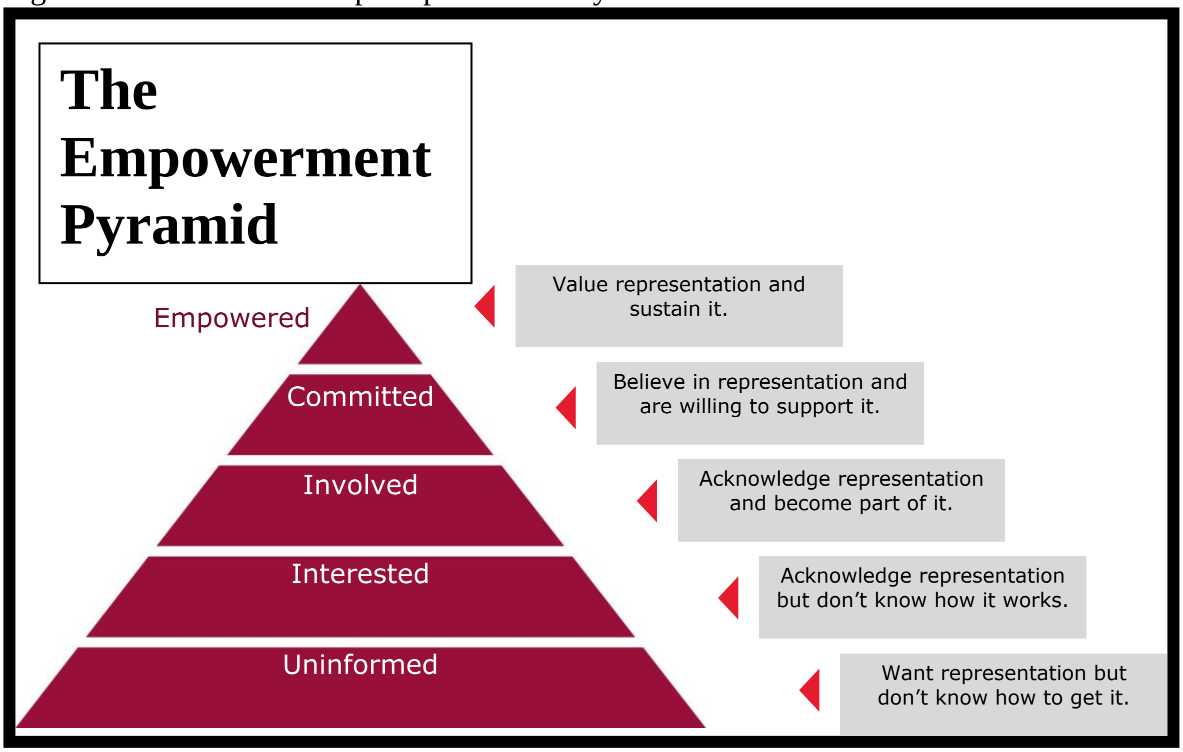
2. Informational Resources: These are resources that provide ongoing, customized information to business association leaders in order to build their knowledge and effectiveness. Some of these resources include technical assistance, publications and networking. (Governance/Programs and Services)

3. Developmental Resources: These are resources that actually build capacity within business associations by establishing programs and services and internal management capacity. Some of these resources include staff development and mentorship. (Programs and Services/Visibility)

4. Financial Resources: These are resources that business associations need to sustain their operations as well as to manage growth. In transitional countries, this may require short-term financial assistance through temporary external financing in order to establish a firm financial foundation. (Credibility/Sustainability)

As an association moves toward sustainability, it is buoyed by increased membership support, which leads to empowerment. The higher an organization moves up the sustainability pyramid, the higher its members will move up the empowerment pyramid shown below in Figure 1.2. Those members at the pinnacle of the pyramid, who are considered to be committed and empowered, are virtual "customers for life", meaning that it would take an almost apocalyptical situation to erode their support for the organization. This being the case, the higher the percentage of members that are in these two categories, the more sustainable an association becomes. The empowerment pyramid is shown below, and outlines the process required to turn an "uninformed" businessperson into an "empowered" member. Graduation of members from "uninformed" to "empowered" is directly proportional to the organization's success in moving up the sustainability pyramid described earlier. The more an association moves toward sustainability, the more its members will be committed to its success.

Figure 1.2 The Membership Empowerment Pyramid



These pyramids operate parallel to each other, meaning that as an organization creates a transparent governance structure, institutes demand-driven programs, and becomes more visible, the business community responds by increasing its monetary and emotional support, until becoming "empowered". Reaching the "empowerment" level essentially means becoming a "customer for life". At this level, members have so much of themselves invested in the organization that they would not leave except under virtually apocalyptic circumstances. While a majority of members in any organization, regardless of where it is in the world, never reach the "empowered" level, a strong, sustainable organization will strive to ensure that a large majority of its members are at least at the "committed" level.

Chapter Two
Governance: The Foundation of Business Association Sustainability

Overview of Business Association Governance

"The problem with business association governance is that everyone wants to ride the roller coaster, but few want to design or fix it". There is a great deal of truth to this statement in that it is exhilarating to ride a roller coaster….the ups and downs of the trip are exciting and at the same time somewhat frightening. Yet, at the end of the ride, one feels excited, even refreshed, by the experience. Those who design or repair roller coasters enjoy none of the thrill of the ride, but are arguably the most important people in the process as they keep the train from jumping the tracks. The establishment of good governance within a business association does the same thing….it keeps the organization from losing direction, getting off-course, and eventually "jumping the track" into chaos.

For business associations in a growing number of countries, governance has become more than just a step in the organizational process. It has become one of the most important aspects of building organizational capacity. In fact, according to the sustainability pyramid discussed in the last chapter, governance is the foundation on which the entire organization is built. It is virtually impossible to build a strong association on a weak foundation, so focus on governance is of critical importance to business associations.

Definition of Governance

In order to discuss governance, it first must be defined. For purposes of this guidebook, governance is defined as "*the development of transparent and fair governing structures that adhere to international best practices".* "Transparent" is defined as "*a governance structure that is supported by policies and procedures created with the involvement of organizational members and that are communicated to these members in a way that ensures understanding and accountability".* Transparency comes when everyone within the organization has input into the governing rules, understands them, and is accountable for them. In a transparent organization, everyone from the President down to the smallest member firms understands the governance structure and is held accountable for their actions regarding it.

Governance Structures

Increasingly, business associations around the world are gravitating toward a governance system based on international best practices. When evaluating some of the world's most successful organizations, one finds common elements within their governance structures that provide a model for associations in developing countries. These structures can be consolidated into three primary categories: legal, organizational and accountability.

Legal structures are those that are established by law and/or by internal governance procedures. In many countries, chambers of commerce and business associations are governed by one or more laws that outline the scope of their authority and activities. In others, associations are governed primarily by market forces that determine their success or failure. Typically, business associations fall into one of three broad models, two of which establish organizations under public law. They are known as the *State*, *Anglo-Saxon* and *Continental* models. The following text box contains a brief explanation of each model:

Figure 2.1 Global Business Association Models

State Model (Public Law): The state model is one where the Chamber of Commerce is controlled either directly or de-facto by the central government (public sector). Funding typically comes from mandatory membership or a quasi-mandatory system that provides the Chamber of Commerce with guaranteed tax income. While these organizations are typically well funded, most are ineffective representatives of the private sector. In addition, most do not undertake advocacy activities as they are controlled in whole or in part by government interests. Countries using the State Model include Libya, China, Vietnam, Iran, and Saudi Arabia. Its strengths are that it provides stability, sufficient financial resources, little or no competition, and legal protection from competition. Its weaknesses are that it provides little or no incentive to advocate for private sector interests and miniscule motivation to provide services. Also, the organization may not be viewed as professional but rather a government agency and be governed by individuals that may not necessarily be advocates for the private sector but rather party officials put in place by government leaders.

Anglo-Saxon Model (Private Law): The Anglo-Saxon model is prevalent in the United States, Great Britain, India and other constitutional democracies. Membership in these associations is voluntary and income is generated both from membership dues and non-dues income in the form of events, publications, and services. Many of these Chambers of Commerce have strong advocacy programs to support the interests of the business community. Countries using the Anglo-Saxon Model include the United States, United Kingdom, Australia, Argentina, South Africa, and Chile. The model's strengths are that competition requires these organizations to provide top-notch programs and services, voluntary membership ensures a focus on private sector initiatives, they are usually led by professional staff members that are trained in organizational management, they typically serve as strong advocates for the private sector, and are typically managed by a board of directors consisting of private businessmen and women.

Continental Model (Public Law): The Continental model is prevalent in Western Europe and parts of Central and Eastern Africa (in countries that were former colonies of Western European powers). These Chambers of Commerce usually have mandatory membership and thus have little incentive to launch sweeping advocacy initiatives. Most of the Chambers operate under the principle of "social responsibility", which essentially means their focus is more on employee's rights than those of employers. Countries using this model include Germany, France, United Arab Emirates, Portugal, Austria and Turkey. Major strengths of this model include guaranteed funding through mandatory membership, negligible competition, and legislative protection. The major weaknesses of this model are that organizations may have little or no incentive to meet member needs, lack of focus on volunteerism and professional staff, and programs/services that are not based on member demand. Also, they may be considered advocates for government policy instead of private sector initiatives.

Those organizations that are established by law under either the State or continental models are usually empowered with a specific mission, scope of activities and structure that is defined within sections of the law. There are instances where more than one law that governs the establishment and operation of business associations. This is an anomaly, however, as most countries have no more than one law that governs the establishment and operation of business associations, or at the most two….one for the Chamber of Commerce system and another for other business organizations including trade associations. An increasing number of countries are consolidating archaic business association legislation into singular laws that provide the basis for activities by either chambers of commerce or business associations. Pakistan's business association law is included in the appendix as an example of one that unifies all applicable legislation under one representative law.

As in Pakistan's legislation, several areas are typically addressed within laws that govern business associations. Typically, these areas fall into the following broad categories:

Figure 2.2. Major Functional Areas of Laws Governing Business Associations

Legal Framework: Business association laws typically outline the legal parameters under which an association or group of associations can operate. This may include registration procedures as well as legal authority to represent the private sector within and outside the country.

Scope of Responsibilities: Business association laws also typically outline the scope of responsibilities that organizations have relative to the government and the international community. Some national chambers of commerce, for instance, are authorized by law to "officially" represent a country's private sector in international economic forums, trade exhibitions and trade missions.

Membership: In most but not all cases, laws governing business associations establish *mandatory* or *quasi-mandatory membership*. Mandatory membership requires that all registered businesses (in the case of a chamber of commerce) or all those within a sector (in the case of a trade association) become members of the organization. In some cases, this is enforced by providing the chamber of commerce or sectoral association with the right to license, certify or oversee the standards of registered businesses. In other cases, the organizations are not provided this right and therefore have no enforcement authority if companies do not join as required by law.

Organizational Structure: Laws governing business associations usually establish a required structure under which the organizations must operate. This is most common in cases where the law established a federation model (such as in Pakistan). In some cases, the law acts almost in the capacity of organizational bylaws as it outlines specific governance practices to which the organization(s) must adhere.

Programs and Activities: It is typical for laws governing business associations to establish at least a partial list of programs and services that the organizations should or may provide. In many cases, the government may even "outsource" services such as business licensing, issuance of certificates of origin, and export certification to an organization(s) as a way to provide them with consistent revenue. In other cases, the law provides only broad categories under which programs and services should be constructed.

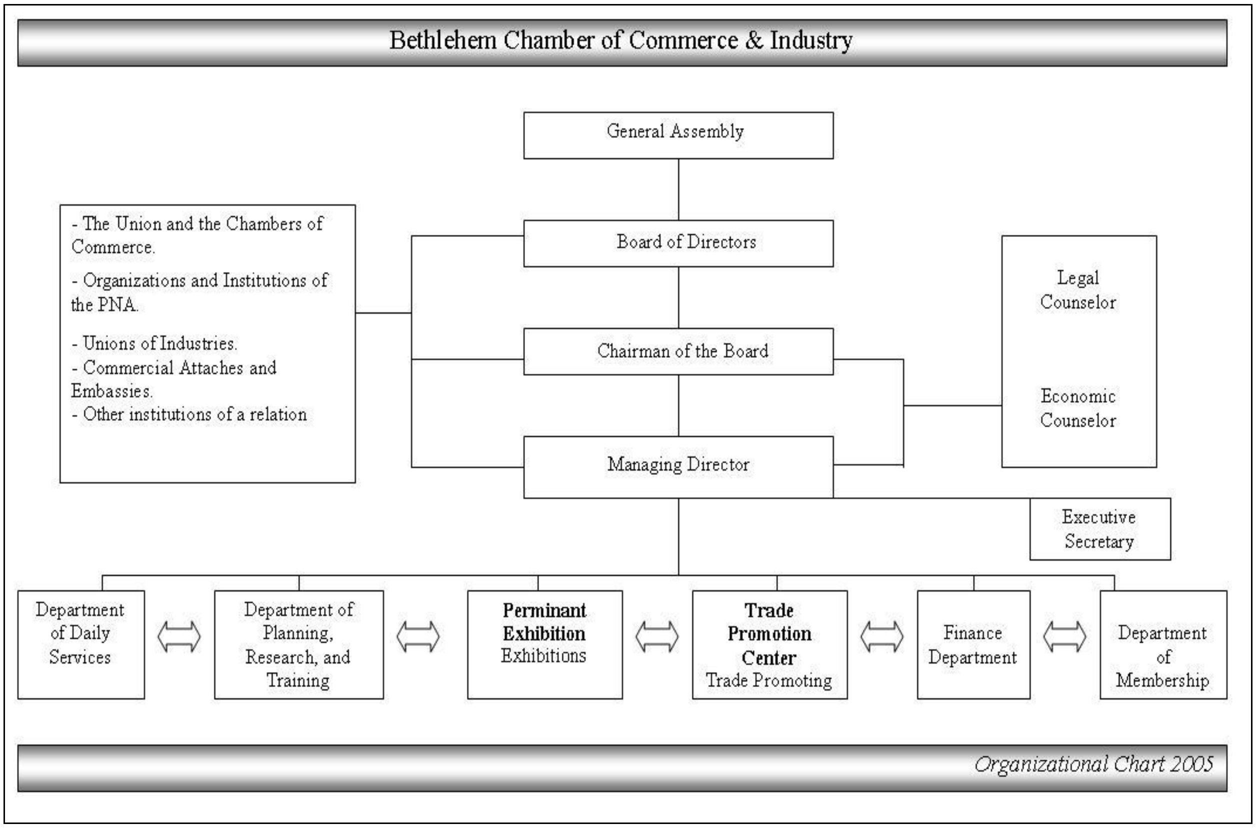
Relationship to Government: It is also common for these laws to establish guidelines under which an association(s) may interact with government. Some, especially those under the State Model, are restrictive and provide few opportunities for business associations to advocate for the interests of the business community. Others provide ample opportunities for public-private dialogue.

Dissolution: Over the last ten years, it has become popular for laws to address the dissolution of assets should an organization(s) cease to operate. This is especially the case in countries where Chambers of Commerce own property and other assets that would require liquidation should the organization cease to function.

In recent years, there has been a clear trend away from the establishment of business associations under public law, meaning that more and more organizations are changing to a voluntary membership system that is driven by market forces versus legal authority. Countries such as Poland, Hungary and Zambia terminated mandatory membership in favor of a voluntary, market-oriented approach to development. It is clear, however, that business associations can thrive under either the public law or private law systems if they institute sound, transparent governance systems that allow for a focus on private sector needs.

Organizational structures focus on how an association is organized internally. This is usually identified on an organizational chart similar to the one contained in the chart below, which outlines the organization of the Bethlehem Chamber of Commerce (Palestine):

Figure 2.3: Bethlehem, Palestine Chamber of Commerce and Industry Organizational Chart

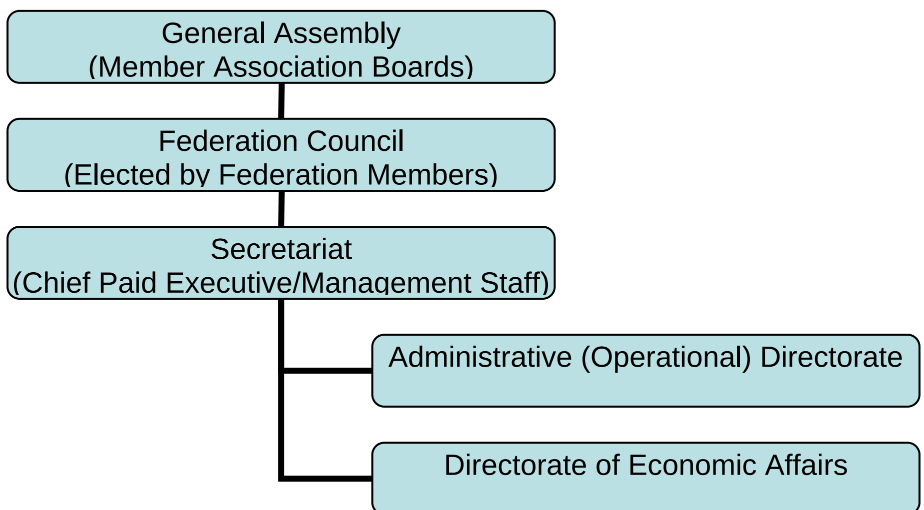


This chart establishes the members (*General Assembly*) as the organization's focal point and provides it the authority to elect a *board of directors* in the number and qualifications established in the *bylaws*. It also provides the board of directors with authority to elect a *chairman of the board (chief non-paid executive)* as well as to hire a *managing director (chief paid executive)* that reports to the Chairman and ultimately to the board as a whole. The managing director is responsible for overseeing the implementation of the organization's programs and services through the departments established beneath his/her authority. In other words, the managing director is a paid, professional organizational executive that is responsible for the association's day-to-day operation including personnel, materials, financial reporting and membership services. He/she is empowered, according to this organizational chart, to employ professional staff members to manage each department under his/her authority. The managing director employs an executive secretary that reports directly to him/her but has no oversight authority relative to the rest of the staff.

It is not uncommon for business associations to have counselors that provide input into their strategy and activities. For instance, the Jerusalem Chamber of Commerce has a legal counselor as well as an economic advisor to provide input into issues that may be outside the expertise of the organization's board of directors and staff. In addition, many business associations have affiliate or federated organizations with which they either interact or are obligated to acknowledge. The Jerusalem Chamber of Commerce is aligned with a group of four or more organizations that have no oversight authority but do represent partners with which the Chamber collaborates.

For associations that are organized under a *federation*, the following model from the Palestinian Chamber of Commerce provides an overview of an organizational structure that contains many elements of international best practices:

Figure 2.4 Overview of Federation Organizational Structure



General Assembly:

The general assembly compromises all elected directors of the constituent chambers. It comprises 109 businessmen freely elected by their respective business communities representing collectively all economic activities of the Palestinian business community. The elected boards of each chamber internally elect a chairman who automatically becomes a member of the federation council.

Federation Council:

The elected chairmen of the constituent chambers form the Federation Council, which internally elects the Federation's president and three vice presidents, one from Gaza and two from the West Bank. The Chairman of the Jerusalem Chamber of Commerce was elected by consensus as President of the Federation Council. The following officers were also elected: Chairman of the Gaza Chamber as a first vice president, Chairman of the Hebron Chamber as a vice president, Chairman of the Nablus Chamber as a vice president, Chairman of the Ramallah Chamber as treasurer and chairman of the Bethlehem Chamber as a vice treasurer. The rest of the elected Chamber chairmen are members of the Federation Council.

The Federation Council's main task is to create harmony and synergy between the constituent Chambers, to unify the business community behind issues of economic importance, and to provide ongoing capacity building support for its members. The Council has a regular rotating monthly meeting at the constituent chambers. The president of the Federation may call for emergency sessions upon his or any member's request in order to address any urgent issues that may arise.

Secretariat General:

The Federation President nominates a secretary general, but the appointment has to be approved by the Council. This also applies to the Secretary General's assistant. The secretary general is responsible for Federation's day-to-day operation. He is also responsible for implementing the Council's policies.

Operational Directorates:

The Federation's structure in terms of operational staff is not completed. Currently, only ten staff members are working for the Federation. This includes the Secretary General and his assistant along with two secretaries, a chief economist, a senior researcher, two junior researchers and two information technology specialists.

Directorate of Economic Affairs

The Directorate of Economic Affairs serves as the Federation's backbone and has a staff of five headed by a senior researcher. In the future, the plan is to strengthen this directorate to have two main departments; private sector strategies/policies department and department of services & technical assistance. The private sector strategies/polices department will consist of three subordinate units; research & studies, foreign trade and credit & investment. These units will be vertically integrated into the department of strategies and policies to lobby for better involvement of the private sector in legislation, trade agreements and economic development initiatives. Additionally, it will be horizontally integrated into the business advisory & consultation services in order to promote capacity building, marketing & trade promotion and access to credit and the provision of business development services.

Delivery of these services will be done by the Federation at the constituent chamber level. The main task of these Federation units is to coordinate activities among the chambers, initiate the process of learning from success stories, and institutionalize international best practices within constituent organizations.

While there are certainly other organizational models that are appropriate, the two noted above are common (with variations) for use by local and national business associations as well as federations. Regardless of the ultimate design, the important elements of an organizational structure are:

1. The establishment of members as the ultimate governing authority. In both of these examples, the organizations' membership elected the governing boards and thus had input into the overall structure.
2. The establishment of a pro-active governing board. The board of director's size is not as important as the criterion established to elect organizational leaders, but international best practices dictate that boards function at a higher level when containing no more than 21 members. Board members should be visionary leaders that are committed to the organization's success and are willing to act in a constructive, transparent, and collective manner.

3. The establishment of transparency as organizational culture. The organizational structure must be supported by transparent bylaws and other regulations that establish election procedures, ethical behavior, and constructive member input.
4. The employment and empowerment of paid staff: In both of these examples, paid staff form the critical nexus between the governing board, which is responsible for strategy, and the members, which expect effective, demand-driven services. Regardless of its location on the organizational chart, the employment of professional, highly-motivated staff members is critical to organizational success.

An association's organizational structure is critical in its overall development, as structural difficulties in the area of governance are often the cause of problems in other areas such as membership, programming and communications. For this reason, organizations should take full advantage of international best practices models such as those outlined above.

Accountability structures focus on the establishment of internal regulations that promote accountable behavior on behalf of members, staff, directors and other leaders. This structure includes but is not limited to the following:

Figure 2.5 Accountability Structures Utilized by Progressive Business Associations

Bylaws: Bylaws establish the framework under which an organization exists. It outlines the structure, operational procedures, and other governance principles under which the organization operates. Bylaws are considered by most highly-functioning organizations to be their most important governance document. Two sample bylaws are included in the appendix and provide an overview of the types of information contained therein.

Codes of Ethics: As an increasing number of business associations focus on transparency, codes of ethics have become widely used in order to ensure accountability among members, directors and staff. Codes of ethics usually contain language that addresses conflict of interest, director and staff ethics, gifts, and guidelines for interaction with public officials among others. A sample code of ethics from the Afghanistan International Chamber of Commerce is included in the appendix. In AICC's case, every staff member and elected director (from the Chairman on down) signed the code of ethics and was bound by its accountability structure.

Personnel, Policy and Procedures Manual: As organizations grow, operational guidelines become increasingly important, which is why a number of organizations have created personnel, policy and procedures manuals to provide a framework under which organizational staff may operate. Typically, such a manual will include an explanation of office procedures, staff authority, ethics guidelines, employment practices, dress requirements, annual review processes, and grievance procedures.

Job Descriptions: In order for association staff members to function at a high level, they must have a specific set of goals, activities and outcomes that are pre-established. In addition, they must understand their role(s) within the organization. This being the case, most highly-functioning associations have written job descriptions and/or employment contracts that outline the scope, function, duration and desired outcome for each staff position. The job descriptions, and the goals that are established in conjunction with them, provide the basis for annual employee evaluations.

Experience indicates that accountability structures are especially needed in transitional countries, where rule of law is often lacking. While these structures typically do not initially have the force of law, they have been found to be constructive mechanisms for the promotion of transparency and ethical behavior.

All things considered, governance provides the foundation on which successful business associations are built. While a focus on governance provides little in the way of excitement, it lays the foundational stones necessary to construct sustainable programs and services.

Chapter Three
Strategic Planning and its Role in Organizational Development

Overview of Strategic Planning

"The illiterate of the 21st Century will not be those who cannot read and write but those who cannot learn and re-learn"

Salima Ahmad, President of the Bangladesh Women's Chamber of Commerce and Industry, understood the daunting task ahead of her when she founded the organization in 2000. Because of the country's poverty, political unrest, and conservative views on women's participation in business, it appeared her efforts might be doomed from the start. Nearly eight years later, however, BWCCI is a dynamic, growing association that is empowering hundreds of Bangladesh businesswomen. Mrs. Ahmad contributes this success largely to two factors. First, she focused on the establishment of an effective and transparent organizational governance process and secondly she took the time to develop a strategic plan for the organization's development. "I began with the end in mind", she stated during a recent speech. "Strategic planning provided the vision we needed to establish membership support and credibility. It is the primary reason behind BWCCI's success".

Mrs. Ahmad's story is reiterated by business association executives around the world that have discovered the "power of planning". Thousands of organizations fail every year and none of them plan to fail. Many of them, however, fail to plan, thus contributing to their demise. In order to succeed in today's ever-changing environment, business associations embrace a new management paradigm that includes appropriate emphasis on strategy. *Strategic planning* is defined as *the process whereby an organization determines where it is going and the most direct path to getting there.* Essentially, the process involves the institutionalization of a process that begins with a definition of where the organization wants to "go" or what it wants to achieve in the future. Once this is determined, the remainder of the strategic planning process is devoted to developing a process to move the organization toward the achievement of its vision.

Key Elements of Planning

A strategic plan is important for four main reasons. First, it makes an organization proactive versus reactive. Planning allows an organization to "see the future" and take advantage of opportunities instead of dealing with day-to-day problems. Secondly, it allows an organization to adapt to a fluid environment. In transitional countries, changes are rapid and profound. Organizations can use strategic planning as a way to be on the leading edge of change instead of being in a constant state of chaos. Thirdly, strategic planning helps organizations adapt to crisis situations. In 1993, in the aftermath of the terrorist bombing of the Alfred E. Murrah Federal Building in Oklahoma City, Oklahoma, the local chamber of commerce played a critical role in helping businesses re-open and assisting the press in gaining access to the facts of the situation. It was able to do this because of its strategic plan. Finally, and most importantly, strategic planning provides a mechanism through which organizations can invigorate the membership to support its vision. Members support with their finances what they support with their ideas and strategic planning provides a way to gain their involvement in the organization's programs.

There are six elements of strategic planning (vision, mission, objectives, activities, resources and outcomes) that are divided into two functional areas (process and product). The following is a brief explanation of each functional area and the elements incorporated in each:

Product: Product incorporates vision, mission and outcomes and is the lynchpin of the strategic planning process. Successful strategic planners "begin with the end in mind" and work backward to design a process-oriented approach to achieving the desired outcomes.

Process: Process incorporates objectives, activities and resources. It is the system designed to move an organization from its current position to its desired vision. It is usually based on a system that includes organizational structure, controls and evaluation.

Figure 3.1 Elements of a Strategic Plan

Vision=**Where** does the organization want to go? An organization must agree on a vision before it can develop a capacity building process. The vision is typically developed with membership input and fine-tuned by the board of directors at an annual retreat or conference. It establishes where an organization wants to be within a specific timeframe.
Mission=**Why** does the organization do what it does? The mission statement, which is typically outlined in no more than fifty words, outlines why an organization conducts specific activities at the present time.
Objectives=**What** process will the organization put in place to achieve its vision? Objectives are essential elements of the process designed to help an organization progress from where it is today to its desired vision for the future. They establish what an organization will do in order to achieve its vision and therefore must be *quantifiable, measurable* and *achievable*.
Activities=**How** will the organization achieve its goals/objectives? Activities are specific initiatives designed to achieve objectives. They may range from comprehensive programs to specific tasks that are necessary to reach benchmarks in the strategic planning process.
Resources=**When** will the organization achieve its goals/objectives as well as its vision? Resources include the time, financial resources and materials to initiate the activities necessary to achieve objectives and ultimately make the organization's vision a reality. It establishes a timeline in which an organizational strategy will be implemented.

Vision

Of these six elements, *vision* is the one most often overlooked, as it is sometimes confused with *mission*. Vision is typically an end-state the organization wants to achieve in the long-term. The period of time necessary to achieve the vision is dependent on a variety of factors such as current organizational capacity, commitment on the part of the organization's volunteer leadership and staff, overall member support, and the business environment in which the association operates. The last factor is of paramount importance since in a transitional country it may take an organization five years to accomplish what an organization in a stable political and economic environment could achieve in a fraction of the time.

Vision differs from mission in three primary ways. First, vision focuses on the long-term, while mission simply provides a reflection of why the organizations operates the way it does today. This being the case, the second difference is that vision requires foresight while mission requires only sight. It is not complicated for an organization to state its purpose for existence, but it is sometimes very difficult for it to craft a vision. This is especially true in transitional countries where vision has not been a management paradigm used in the past. Finally, vision focuses on product while mission focuses on purpose. In other words, vision outlines what is to be achieved while mission outlines why it is achieved.

In most cases, vision is incorporated into a short phrase that reminds the organization's leaders where they are headed. While it need not be long, the vision statement should be comprehensive and incorporate member input. Also, it should establish a timeframe for accomplishment. The following are some examples of effective vision statements:

Figure 3.2 Sample Vision Statements

"The Chamber will inspire and influence business vitality" Auckland, New Zealand Chamber of Commerce

"As the premiere advocacy organization in the state, the Chamber will serve as the unified voice for promoting an economy of increased productivity and per capita income to achieve global competitiveness". South Carolina, USA Chamber of Commerce

"In ten years the Dubai Business Council will be an organization that facilitates trade, promotes economic opportunities and creates business matches between Afghan companies in the UAE and those of countries around the world". Afghan Business Council, Dubai, United Arab Emirates

Mission

A mission statement is a statement of purpose that defines why an organization exists. It is typically stated in 50 words or less. An organization's mission sets the foundation for its strategy as well as builds its identity. The mission statement should be widely understood by the organization's members and should create a clear image in the minds of stakeholders. The following are some examples of effective mission statements:

Figure 3.3 Sample Mission Statements

"The mission of the National Association of Manufacturers is to enhance the competitiveness of manufacturers and to improve American living standards by shaping a legislative and regulatory environment conducive to US economic growth, and to increase understanding among policymakers, the media and the general public about the importance of manufacturing to America's economic strength."

"The mission of the Kenya National Chamber of Commerce is to play a central and catalytic role in facilitating the growth of Kenya's economy through entrepreneurial development that is geared to result in creation of wealth and employment."

Objectives

Objectives are an organization's goals over the long term and identify what the organization wants to accomplish. They are typically action-oriented and provide direction to the organization's leaders. In addition, they should be realistic, yet challenging and measurable. For instance, a strong goal would be "increasing membership income by $50,000 over the next year" versus "increasing membership income". The latter provides no measurable goal and no timeline, both of which are necessary in developing strong objectives.

Many organizations develop their objectives around the "SMARTER" model outlined below, as it provides a measurable way to track progress toward implementation of the overall strategic plan:

Figure 3.4 Measuring Objectives

Specific: As mentioned above, objectives should be specific so that there is broad understanding of what is to be accomplished.
Measurable: Objectives should also be measurable, setting specific targets to be achieved.
Acceptable: Objectives should be acceptable to the membership and developed with input from the membership.
Resource-sufficient: It is important that objectives be realistic from a resource standpoint. Resources are the manpower, time, materials and finances needed to accomplish the objective.
Time-sensitive: Objectives should be tied to a specific timeline so that there is no question as to when they are to be accomplished.
Extending: Objectives should be aggressive but realistic. They should stretch an organization's parameters, but not be unattainable.
Rewarding: Objectives should provide return on investment, as well as measurable progress toward an organization's vision.

Activities

Activities are specific initiatives that are implemented by an organization in order to achieve its objectives. The following is an example:

Figure 3.5: Objectives and Activities

Objective:	The organization will increase membership income by $50,000 over the next year.
Activities:	a) The organization will conduct a membership campaign from June 1-30 to recruit 50 new members. b) The organization will establish monthly networking events to identify and involve potential members. c) The organization will run monthly advertisements in the newspaper and on selected radio stations that discuss chamber events and activities.

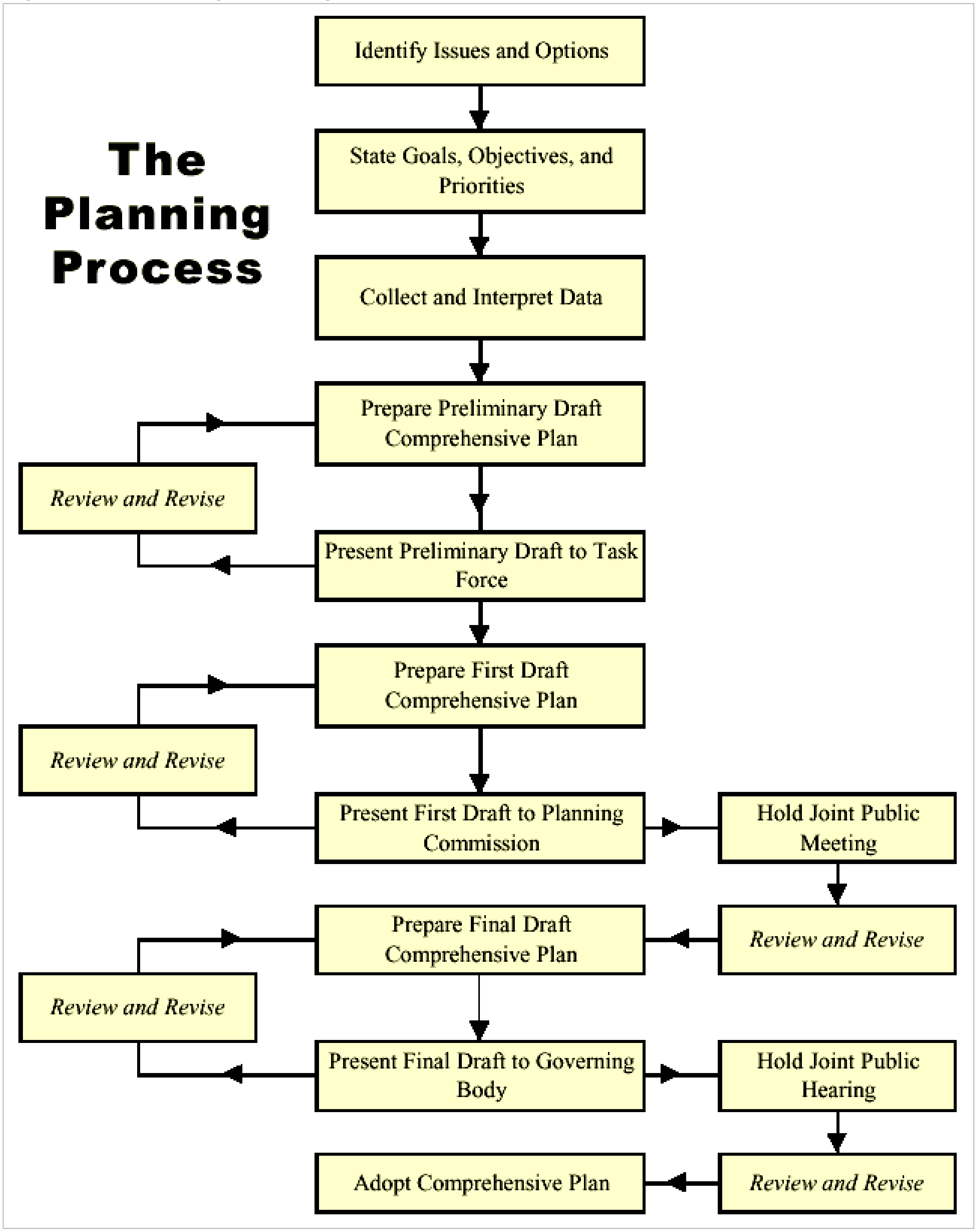
As is shown in this example, activities focus on specific actions that will illicit a planned result. All the activities listed support the overall objective of increasing new member income. Therefore, the objective outlines "what" is to be done and the activities focus on "how" the objective will be achieved.

Resources

Many associations view resources as simply the financial capacity needed to implement its strategic plan. While finances are certainly one element of the resource picture, there are other factors to consider, such as time and materials. In many cases, strategic plans fail not because of lack of vision or even a flawed process, but rather an underestimation of the resources necessary to make the vision a reality. The involvement of well-trained paid staff members, committed volunteers, and outside stakeholders are critical elements of the resource picture. The resources necessary to achieve the organization's overall vision should be agreed upon in advance, and changes should be expected. After all, prices rise, key staff members depart the organization, and assets depreciate. For these reasons, it is important to revisit the resource plan often.

Once there is an understanding of the elements contained within a strategic plan, an organization must focus on the process of its development. It is essential that this process be both participative and strategic, as the organization must generate broad-based support for the plan's implementation. The following chart provides an excellent structural example of a participative strategic planning process. Of note is the fact that it begins with the identification of issues and options, which is essential to the establishment of strategy. Regardless of an organization's vision, it must thoroughly understand the issues that effect its achievement of this vision, as well as the options available to address these issues. This model also incorporates the use of a strategic planning task force in order to ensure that plan is indicative of the overall organization. In some organizations, this task force is the board of directors while in others a task force is appointed and asked to develop the draft plan for review by the board. Regardless of the system, member input is the key to a strong strategic plan.

Figure 3.6 The Strategic Planning Process



As noted in the chart above, an organization's members should be involved in the early phases of the planning process (issue identification and options), the middle of the planning process (public hearing or general membership meeting) and the end of the process (joint public hearing). This will create strong support among the membership base for the strategy's implementation.

This process is just one of many that is used by progressive associations to develop a strategic plan. While it incorporates many of the steps necessary to ensure success, it should be adapted for use in organizations where the political, educational, and/or cultural environment requires a different approach. The time frame necessary to complete each step will depend on a variety of factors but will certainly be elongated in countries where the communication infrastructure is poor. Because of this, it is important that an organization's leadership is totally committed to the strategic planning process and understands its importance in developing sustainability.

In conclusion, organizations should do everything possible to construct a participative and transparent strategic planning process. If the process is structured incorrectly, there are a number of pitfalls that could come into play. First, the organization could try to be all things to all people, which is not possible. This will drain resources while at the same time creating frustration among staff and volunteers. Secondly, a flawed strategic planning process can lead to an organizations total focus on raising funds, which undermines the reason why associations exist in the first place. Since members are at the core of any organization, activities only make sense, regardless of their financial impact, if they benefit the members. Finally, a flawed process can lead to the development of a bureaucracy that damages the organization and renders it ineffective in providing programs and services. International best practices indicate that business associations operate with higher efficiency when staff and volunteers are empowered to utilize their expertise in a non-bureaucratic, team-oriented way. By avoiding these pitfalls, organizations can ensure the development of a strategic plan that culminates in turning vision into reality.

Chapter Four
The Business Association Membership System

Overview of the Membership System

Regardless of a business association's structure, membership development plays a key role in its overall success. Most organizational executives will acknowledge this, but in many cases the process of recruiting and retaining members is confounding to even mature associations. There are several reasons for this. First and foremost, many organizations, especially those in transitional and post-conflict countries, do not have a background in membership recruitment. Where no paradigm exists, organizations tend to adopt the easiest approach to membership recruitment, which is advocating for the government to pass a law establishing mandatory membership. In a large majority of cases this approach does not produce the desired results, as businesses that are forced to join an association will not support it with more than the revenue they are obligated to provide. Over time, a number of association executives realized that from a resource standpoint, financial and otherwise, it was best to adopt a system that focuses on the development of "loyal members" versus "loyal subjects". Because of this, several high profile organizations that formerly enjoyed mandatory membership eventually pressured the government to rescind the law, thus allowing them to institute a voluntary system. In every case, revenues increased, as did overall support for the organizations as a whole. Even organizations that retained mandatory membership began movement toward member-oriented programs as a way to create commitment instead of resentment.

Since membership development is one of the most important aspects in association capacity building, it is the subject of much debate within organizational management circles. While the last twenty years have produced a number of "unique" membership programs, the most effective model continues to be what is known as the "membership system". This system, called the Chamber and Association Membership Program (CAMP) was developed especially for use in transitional and post-conflict countries as it institutionalizes a membership mentality within organizations while at the same time positively impacting their resource streams.

The CAMP strategy's foundation is a process-oriented approach meant to initiate sustainability within business associations. The focus of the program is on the three essential components of *membership development*, which are *recruitment, retention* and *non-dues income*.

The CAMP model's implementation requires the creation of the following strategic processes within the three component areas:

Step One: Creation of Membership Team

The construction of a membership recruitment team is critical to the success of membership development. The team must have strong and committed leadership (usually provided by a member of the organization's board of directors), as well as well trained members that have marketing/sales skills and are willing to "sell" the organization's importance to the business community. Before the team begins work, its members should undergo teambuilding and training in order to ensure that the membership recruitment effort's methodology and activities are sound.

It is important that the *chief paid executive* assign a staff person (usually the *membership director*) to provide technical support for the committee's activities as well as to coordinate training, networking and membership-outreach events. The staff person not only provides critical technical assistance to the committee, but also serves as a liaison between the committee and the organization's management. This communication link ensured that everyone including the chief paid executive understands and concurs with the direction in which the membership recruitment effort is headed. In some organizations, the recruitment team entirely consists of staff members, but experience indicates that those with board member and volunteer representation are the most effective since they can speak to prospective members as businesspeople that have made a conscious decision to invest their own time and financial resources in the organization.

Whether staff or volunteer oriented, the team's composition is important in that a broad range of expertise should be included. Expertise should include marketing, communications, and sales among others. By utilizing a broad range of skills, the team can address any situations that arise during strategy development. It is helpful to involve a board member on the team as he/she can provide direct link to the organization's leadership. In many cases, the board member will chair the membership team, thereby giving it instant credibility within the organizational structure. Membership teams range in size, but most are between 9 and 13 members, as this represents a manageable size. Meetings are set at intervals agreed to by the team, but during strategy development this may require several meetings a month.

Once the team is created, its members should receive intensive training in order to ensure a thorough understanding of the organization's vision, mission, programs, and activities. Training should be tailored to the members' expertise. The following is a sample training outline for the Colorado Springs, Colorado (USA) Chamber of Commerce and Industry's membership team:

Figure 4.1 Greater Colorado Springs Chamber of Commerce Membership Team Training Outline

<u>Module One: Membership Recruitment</u>

Understanding Membership

WHO are your potential members?
WHAT are their expectations?
WHY should they join your association?
WHEN should they be approached for membership?
HOW should the association solicit membership and involvement?

The Laws of Membership Growth

Members and potential members must have realistic expectations.
The association must understand and exceed member expectations.
Relationships sell memberships.
Selling a membership is the BEGINNING of a process, not the ENDING of one.
Members expect a fair price for the services provided.
Associations must continually communicate their message to stakeholders.
The more an association knows about its members the more success it will have.

Membership development is considered to be the recruitment of new customers and the retention of existing customers.

Membership Development

Development of a membership strategy.
Establishment of goals and objectives.
Development of a fair pricing structure.
Development and implementation of a membership recruitment campaign.

Membership Strategy

Should be based on input from the members.
Should be quantitative and measurable.
Should be constructed according to a timeline.
Should identify responsible parties.

Pricing Structure

Know what it costs to provide service.
Minimum dues should be at least equal to the cost of providing service.
Dues can be based on a variety of factors.
Different levels of membership can be established.

Membership Campaigns

Conduct as part of the overall membership strategy.
Set goals and objectives that are quantifiable and attainable.
Recruit a leadership team.
Recruit volunteers.
Develop materials.
Develop sales strategy.
Conduct training for volunteers and staff.
Promote membership in the association by partnering with media.
Conduct campaign.
Celebrate results.

Module Two: Membership Retention

"Membership campaigns are important, but the best way to create membership growth still is, and always will be, through building relationships and focusing on exceeding customer expectations."

Membership Retention

It costs 65% more to recruit a new member than it does to retain an existing one.
The first two years of member involvement are critical to retention efforts.
Outstanding service and attention to detail increases retention.

The Formula for Success

Understanding customer expectations + Exhibiting a willingness to exceed them= Membership Growth.

How to Make Members Love You Forever

Ask them what they need and exceed their expectations.
Say "thank you" without asking for anything.
Tend to the details.

Module Three: Generating Non-Dues Income

Other Sources of Income

Publications: Membership Directors, Catalogues, Brochures
Events: Trade Exhibitions, Forums, Investment Luncheons
Technology: Website Advertising, Development of Web Pages
Information: Research Materials, Statistics

International Best Practices

On-going membership effort.
Higher than 85% annual membership retention.
No more than 60% of association income from membership and no less than 30%.
Increasing amount of budget from non-dues income, but not more than 50%.

Final Thoughts on Membership

Dues: Members will pay for what they get. Great services=more income.
Service: Associations should offer the BEST service to its members.
Staff: Typically, a smaller number of people will accomplish more.
Bureaucracy: Is like a stake in the heart of associations.

In this example, each module was supported by a power point presentation and supporting materials from the Chamber and Association Membership Program (CAMP) manual, which is available in hard copy or electronic form from the EDGE project office.

Many organizations also include sales training in their instructional outline, since membership development requires knowledge of sales techniques.

Step Two: Stakeholder Input

As in the development of an overall organizational strategy, the creation of a strategic plan for membership development requires input from *stakeholders.* A variety of techniques may be used to solicit this input, but the most common are focus groups (usually consisting of members, former members, and prospective members), surveys and company site visits. The following is an explanation of each technique:

Focus Groups

Purpose: The purpose of focus groups is to gain information from members, non-members and former members that can be used to develop a membership recruitment, retention and non-dues income strategy. Focus groups are widely considered to be an excellent source of information because they provide instant input within a structured setting.

Design of Focus Groups: Focus groups typically contain 8-12 participants and are professionally facilitated in order to achieve maximum results. In the case of a membership recruitment strategy, it is best to empanel two groups each of members, non-members and former members. An agenda and list of questions for each group is attached. Groups should include both men and women of various ages and backgrounds. It is important to have an adequate demographic representation in the group. The facilitator should be an experienced but neutral party that has no ties to the organization. No staff member or volunteer leader of the association should attend the focus group sessions as this typically hampers discussion and erodes the ability of the facilitator to illicit honest responses. To form the focus groups, the President or Executive Director of the organization should send letters to the members, non members and former members identified by the staff. The letter should stress that all comments made during the sessions are confidential and that none of the organization's staff will be present. A sample letter of invitation is attached. The organization, at its discretion, may offer incentives to those individuals that participate. This may vary from providing a lunch to giving away prizes. Typically, the sessions are held over a two or three-day period, with the facilitator holding both morning and afternoon sessions. While the sessions may be held at the offices of the organization, most likely they will be held off-site at a conference facility, restaurant or hotel.

Focus Group Process: Typically, focus group sessions are between 1 hour and 1 ½ hours in length. Each session is scripted with an agenda and specific questions that are asked by the facilitator. Responses to the questions are noted on a flip chart either by the facilitator or a designated recorder. The facilitator must attempt to illicit input from all the participants, while at the same time ensuring accurate and honest responses. After all questions have been asked and responses recorded, the facilitator thanks the group and distributes any incentives that are offered.

Report: Within ten days after the focus groups, the facilitator prepares a report that provides an overview of all responses, as well as suggests recommendations for future actions within the organization. Typically, the facilitator will meet with the organization's senior staff and volunteers to present the report.

Membership Development Surveys

Purpose: Conducting surveys is a traditional way of generating input from stakeholders, which may include members, non-members, international donors, government officials, and other individuals/organizations with which a business association has contact. A survey's purpose, of course, is to provide structured feedback that can be analyzed and utilized in the development of an organizational strategy, or at least an element of the strategy such as membership development.

Survey Design: A survey's design is critical in its ability to generate useful information. Surveys that are designed to achieve pre-determined results are not useful inputs to a strategic plan, nor are unscientific samplings that do not include a broad sampling pool. It is recommended that for purposes of developing a membership development strategy that organizations survey a wide-variety of stakeholders in order to gauge overall support for its activities across diverse groups. The survey should contain both quantifiable and subjective questions that for both structured and un-structured input. Quantifiable questions allow the organization access to specific data that can be used to analyze the organization's perceived effectiveness among a variety of stakeholders, while subjective responses may provide insight into specific situations and/or attitudes of importance to individual stakeholders. A survey sample is included in the appendix.

Survey Process: The process used to conduct the survey impacts its results. First and foremost, a scientific sampling pool must be developed that includes all of the targeted stakeholders. It is assumed that no more than 15% of respondents will complete a mailed survey, so in order to achieve an accurate sampling, the survey pool must be large enough to ensure the proper return. The distribution pool may be smaller for survey projects that include personal visits and/or follow up. Many organizations outsource survey projects in order to ensure a scientific sampling as well as impartiality in the question-development, survey implementation and results analysis processes. In the case of outsourcing, an organization typically works closely with a professional polling/research company to develop a sample list, survey methodology, survey instrument, and analysis process. Once the data is evaluated, it becomes part of the input stream along with focus group results and the responses from company visits.

Report: Organizations typically report survey findings at a public stakeholders meeting, but many also publish an executive summary for distribution.

Membership Development Company Visits

Purpose: Conducting company visits can also be an effective way of generating input although it is time consuming and lacks the scientific nature of either a written survey or a focus group. Because of this, many organizations utilize company site visits as part of their survey process. The strength of this technique is it provides the best way to obtain honest, uncensored information on the business association's performance. Its weakness is that takes significant staff and/or volunteer resources to plan, conduct and follow up on the visits.

Company Visit Design: Companies selected for visits should be approach by mail with personal follow up from a membership team representative. Once appointments are set, an appropriate number of visits should be assigned to each team member and selected association staff. The visit should be no more than one hour in length and should focus on the completion of a survey form.

Survey Process: Once introductions are made, the membership team representative should provide a brief overview of the reason for the visit, after which he/she will ask a few questions in a conversational style. The questions should correspond with a pre-set survey instrument. Once the survey is completed, the team member may want to tour the company if asked to do so by the owner.

Report: Organizations typically report survey findings at a public stakeholders meeting, but many also publish an executive summary for distribution. This can be done in conjunction with written (mail) survey findings as discussed above.

Gathering input is a critical step in the planning process, but evaluation and follow up should not be overlooked. Associations sometimes waste their resources by failing to utilize input correctly, or through being negligent in follow up. Each individual that participated in the survey as well as every member should receive a copy of the results and be invited to provide additional input on an ongoing basis. If used properly, the results will provide the membership team with an indication of what issues should be addressed in the membership strategy. While some association leaders feel that input should only be obtained from members, experience indicates that this needlessly narrows the sample pool, while at the same time creating an information gap.

Step Three: Strategy Development

Utilizing the input received from stakeholders, the membership team should construct a strategy that focuses on prioritized goals. Using the elements of strategy development discussed in the previous chapter, team members can construct a customized and prioritized membership process that will lead to the desired results.

In 2002, the Satu Mare Chamber of Commerce and Industry in Romania developed a membership development strategy that is included in the appendix. This strategy allowed the organization to increase membership by more than 30% while at the same time cutting its *attrition rate* from 44% to 19% over twelve months. This strategy was successful because a) it was created utilizing input from key stakeholders, b) it was designed utilizing a systems-based approach that provided a scientific approach to development, c) it was created utilizing the techniques described in the previous chapter, and d) it was customized to fit the organization.

When analyzing the results of its information collection efforts, the leaders of the Satu Mare Chamber identified five primary issues. First, as a whole, members were uninformed and/or dissatisfied with the organization's efforts. Secondly, both members and non-members saw the Chamber as basically a revenue collection agency for the government instead of an advocate for the private sector. Thirdly, a majority of all stakeholders that provided input (members, non-members and former members) considered the Chamber's leadership to be unconcerned about their problems. Fourthly, a majority of total respondents said they would retain their membership or (in the case of non-members or former members) become members of the association only if they saw real progress in the areas of advocacy and program development. Finally, a large majority of respondents believed that the Satu Mare Chamber could be a catalyst for private sector development should it change its mentality. Armed with this information, the Chamber developed a strategy that focused on retention of existing members first, then the recruitment of new members and finally the creation of non-dues income. More importantly, the plan established membership as the Chamber's single most important priority.

When analyzing the types of membership strategies within progressive associations, most contain at least some of the following elements:

Membership Recruitment: This is the process of recruiting new members or bringing former members back onto the membership roles. Members are defined as those companies and/or individuals that pay annual dues to an organization. If dues are not paid, the company and/or individual cannot be considered a member. International best practices in membership recruitment often include the following activities:

Membership Campaign: A membership campaign is a recruitment tool that is widely used by voluntary membership organizations around the world. It is an event conducted over a specific time frame that has the goal of adding new members to the business association. Campaigns are usually held once a year, but some organizations hold them as often as quarterly. Their duration ranges from a few days to more than a month during which organization staff and volunteers (comprising a membership team) attempt to recruit as many new members as possible. While this technique is still widely used, it is not considered by membership development experts to be the most effective way of recruiting new members. Its strengths are that it allows for the recruitment of a volume of new members at one time and therefore the organization receives a bulk infusion of revenue. This technique also has some inherent weaknesses, the most significant of which is that it reduces membership to a one time a year phenomenon. Membership development should be a daily focus for business associations, not just an annual exercise that brings in increased revenue during a short period. In addition, campaigns tend to focus on recruiting new members instead of retaining them. Once an individual or company decides to pay dues to an organization, this is the beginning of a process not the end of one. Retention should be the organization's focus from the first day after a new member joins. Campaigns tend to skew the focus toward recruitment.

Networking Events: Networking events are ongoing programs that are usually informal, allowing members, non-members and other stakeholders to get to know each other better. Typically, these events feature a reception (that is often sponsored by a member company or group of companies) and a short program that focuses on a topic of interest. The event's purpose is to create business-to-business linkages among the association's members as well as to distribute information on the organization and its programs. An increasing number of business associations are using networking events as a way to develop interest within non-members. The American Chamber of Commerce in Kyrgyzstan sponsors monthly networking events that raise its visibility and allow it to communicate with a broad range of stakeholders. These events are one of the techniques it uses to gain new members. The Afghanistan International Chamber of Commerce also sponsors monthly networking events that promote business linkages as well as facilitate information flow. AICC has signed up new members at virtually every one of these events over the last twelve months. Membership experts agree that networking events can be an important part of an organization's ongoing membership development strategy.

Ongoing Membership Effort: An ongoing membership effort is one that happens on a daily basis. It may or may not include an annual recruitment campaign to provide short-term focus on membership, but it does not depend on such an effort to be the foundation of its recruitment strategy. Rather, it establishes membership development as a whole as one of the organization's most significant goals. Organizations that focus on membership development as an ongoing exercise usually provide intense training for staff members and volunteer leaders on the specific elements of the membership system. Staff members and leaders constantly look for opportunities to recruit new members or retain existing ones. In other words, membership is a "mentality". It permeates the entire organization and is valued by staff and volunteer leaders alike.

Membership Retention: This is the process of retaining dues-paying members from year to year. Research conducted by the National Association of Membership Directors (U.S.) reveals that retaining members costs 65% less than recruiting new members. In addition, NAMD asserts that members retained for at least five consecutive years have an 85% chance of retaining their membership for at least ten years more. In other words, creating loyal members is of paramount importance to business associations. International best practices in membership retention often include the following activities:

Thank You Campaign: This is a campaign that focuses on ensuring that every member within an organization receives at least one "unsolicited" visit every year from a staff member, volunteer leader or their representative. This visit allows the organization to have a "face" with each of its members, as well as providing an opportunity to express gratitude for the member's support. Some organizations structure such a campaign over a series of days or weeks and they segment their membership lists among dozens of volunteers and staff members that personally visit each and every member. The campaign also provides the organization a way to update its membership records by recording address changes, business closures, new ownership, etc. As effective as "thank you" campaigns are for some organizations, they are impractical for others. In countries where security is a concern or where infrastructure does not allow for easy access, this technique may not be feasible. In addition, it is resource-dependent (from the standpoint of staff and volunteer effort) as well as time consuming.

Involvement on Committees: Committees are an integral part of an organization's structure. They provide not only a mechanism through which goals are accomplished but also a way to involve members in the organization's programs. Membership experts agree that involvement is critical to membership retention. In fact, a study conducted by the National Association of Membership Directors (U.S.), found that members who are involved in committees and other organizational activities are 77% more likely to renew their financial support than those who are not involved. Encouraging member participation costs very little, but the rewards can be extremely high. In some organizations, committees meet monthly to plan programs or discuss issues. In others, short-term task forces are responsible for implementing core programs. Regardless of the system, member involvement is paramount. Through committees and task forces, members not only gain more knowledge about the organization and its practices but they also provide a great service to staff and volunteers by segmenting the work load. One noted membership expert says, "Members support with their money what they believe in with their hearts". Involvement is a way to create a bond between an organization and its members that leads to ongoing support.

Customized Programs and Services: It is obvious that the development of a sustainable business association is dependent on the quality of programs and services it provides. The problem in many organizations, however, is not that they do not provide services, but rather the kind of services they provide. Programs and services that do not meet the needs of members waste both an organization's time and resources. For this reason, the practice of "customizing" programs and services is becoming increasingly important. "Customization" assumes that members in different sectors, sub-sectors and industry groupings may have different needs. For instance, a manufacturing company most likely will be interested in different services than will a retail business. In addition, some business owners have different ideas as to what programs and services are important to them personally. For instance, a member may want to receive his/her newsletter on line instead of in hard-copy form because he/she has too much paper piling up on the desk. If an organization does not know this, or ignores it, the member may become dissatisfied and cease to renew his/her membership. Business associations that offer the same services to every member therefore ignore the fact that people and companies represent a broad cross-section of society. "Customizing" programs and services provides a way to meet both individual and corporate needs. To do this, an organization's staff and leadership must be keenly aware of the difference within its membership base, have the willingness to find out what interests members, and develop a fee-based dues schedule that provides members a way to pay for the programs and services they desire. Customization requires a thorough knowledge of what members want, which can be accomplished through personal visits, surveys, and other input-gathering exercises. However, it can also be accomplished through a thorough understanding of the industries represented within an organization. For instance, a retail travel agency's primary goal is most likely to gain access to more tourists. This being the case, the owner of a travel agency may want to participate in an organization's tourism committee so that he/she can have access to information on laws that govern the industry as well as promotion opportunities. He/she may also be interested in having access to international trade missions, on-line promotion opportunities, and advertisement in publications, as all of these initiatives provide access to potential customers. The owner of a printing company, on the other hand, may be interested in bidding on the printing for the association's newsletter and/or magazine, as well as attending networking events at which he/she can meet potential local customers. If an organization understands these needs and responds to them, it can create loyal members that will support it into perpetuity. A noted membership expert defines the importance of customized programs and services by saying, "If you want pie and someone gives you cake, you may eat the cake for awhile, but eventually you will go to a place where you can get pie. It is human nature".

Fee-Based Membership Dues Structure: A fee-based membership structure is one in which a member pays for the programs and services that he/she receives. Some organizations provide a comprehensive list of services that are individually priced allowing members to choose whatever they want and pay accordingly. Others provide "tiered" membership services under which the higher a member's dues, the more services he/she receives. Either scenario offers members the option to spend as much as they want thereby overcoming a major objection to joining and retaining membership in associations, which is "The dues are too high. I cannot afford to be a member". Fee-based structures directly countermand the former dues system where fees are based on a company's size, turnover, or number of employees. An increasing number of organizations have come to realize that this system is both archaic and unfair, since it assumes that all members regardless of size will benefit from all available programs and services. The Afghanistan International Chamber of Commerce increased its paid membership by more than 30% and its retention by more than 44% after instituting the "tiered" membership structure that is included in the appendix.

Non-Dues Income: Non-dues income is considered any revenue that is generated from sources other than membership dues. In a growing number of organizations, non-dues income actually constitutes a higher percentage of overall revenue than does dues. Because competition for revenue is acute, organizations have developed increasingly creative ways of earning income. Progressive organizations will, however, only embrace non-dues income sources that fit within their mission and are supported by their investors. International best practices in non-dues income generation often include the following activities:

Publications: Publications have long been a source of non-dues revenue. Typically, revenue is generated through advertising sales, which both pay for the publication's printing and distribution as well as generate profit. A number of associations provide publications free of charge or at a nominal fee to members but sell them to non-members at a higher price. Generating revenue through publications will be successful only if the publication is of high quality, contains pertinent information and is widely distributed.

Databases: Information is not only power, it can also be a source of revenue. Organizations that possess data such as economic statistics, member information, and promotional materials can generate profit by providing them at a fee to individuals and companies that need this information. Again, some organizations provide this information free or at a nominal charge to members and at a much higher fee to non-members. To be a consistent source of non-dues revenue, databases and statistical abstracts must contain current information and be in a format that can be easily used by customers.

Events: Event sponsorships are another significant source of non-dues revenue. Companies are likely to sponsor events that provide them visibility and access to potential customers. These sponsorships can be combined with charging an event entrance fee to produce significant profit for an organization.

It should be noted that the examples provided above are consistent with the mission and values of most business associations. Profit-making activities that are counter to an organization's mission and/or goals should be examined very carefully before being implemented, as they can damage its reputation and actually impede future efforts to generate non-dues revenue. A comprehensive list of *"100 Great Funding Ideas for Business Associations"* is contained in the appendix. This list includes actual non-dues income programs that are successfully being implemented by business associations around the world.

Step Four: Strategy Implementation

Once the membership development strategy is created, the membership team should immediately focus on implementation. Depending on the strategy, this may include a larger focus on membership recruitment, membership retention, or the creation of non-dues income sources. This will depend on the organization's priorities based on the input received from stakeholders.

Regardless of the priorities in which they are addressed, most organizations will include all three elements in their strategy. This being the case, at least some of the techniques discussed above will be put into practice. Each element has specific focal areas that must be addressed by the membership team as they are implemented. For instance, in membership recruitment, the most significant challenge is overcoming objections from non-members that do not want to support the organization. Because of this, most organizations conduct sales training as part of their overall team development plan. Central to being able to overcome objections is the understanding that "no" does not really mean "no". In many cases, it simply means "I am not convinced". Using this as a guideline, the following are some ways for the membership team to address some common objections from non-members:

Figure 4.2 Possible Responses to Objections from Non-Members

Objection	**Possible Response**
"I do not have time to participate"	"I thought the same thing when I was first asked to join. However I quickly found out that the organization has a number of ways for me to be involved. Most of them take very little time but produce outstanding results for the organization as a whole and my business in specific. If we could find an activity that would fit your time schedule and have a positive effect on your business, would you agree to participate"?
"I receive no benefits from the organization".	"I can understand your concerns. However, just so I will know, what kind of benefits do you expect? There is a good chance our organization provides them but for some reason has not communicated this effectively".
"I do not agree with the organization's policies".	In all candor, there are some policies that I do not agree with as well. However, our policies are developed by gaining input from our membership as a whole, so if you are a member, you will have the chance to effect these policies. Just so I will know, what are the specific policies with which you do not agree? Maybe I can ease your concerns.
"The organization does not do anything"?	"It is possible that we have not communicated what we do effectively. If you have a few moments, could I outline for you just a few of our organization's accomplishments over the past year? Then, if you still feel we have not accomplished anything, I will not take any more of your time".
"My business is too small to get any benefit".	I can understand your concern. My business was very small when I became involved and I had the same concerns. Fortunately, our organization has a number of programs such as (list a few) that directly impact small and medium sized enterprises. Would you agree to go to our next small business networking event with me so that you can see first hand how small companies can benefit"?
"The membership dues are too high; I cannot afford to join".	"I realize that our membership dues may seem expensive. Believe me, I felt the same way when I was asked to join. However, I soon realized that the benefits I receive from the organization are much more than the amount I pay in dues. For instance, (share an example). If I can prove to you that the benefits justify the expense, will you agree to become a member"?
"I want to think about it"	"No problem. I am not asking you to make a decision today. However, I hope you will give this serious consideration over the next few days as I would hate for you to miss the business-to-business mixer we are going to have on Friday. It is only for members and will provide you the opportunity to meet potential customers. If I picked you up and introduced you to some of our other members, would you join me for this event"?
"I am a professional person. The organization is for businessmen".	"You may not know that our organization has a number of professionals that are members. We have doctors, lawyers, real estate agents, teachers and many

	more. In fact, in your profession alone we have more than (number) of members. Would it be all right if I had (name of member from target profession) contact you and let you know how our organization has made a positive impact on his/her business"?
"I am not interested"	No problem. Not everyone is and that is okay. I would like you to know, however, that our organization has broad-based support throughout the (country, community, profession). It would be helpful for you to let me know why you are not interested so that I can report back to our leadership. Why are you not interested in becoming a member"?
"Please send me some information"	"As a matter of fact, I have an information packet with me right now. If you have ten minutes or so, I can briefly explain what is inside. We have a business-to-business mixer coming up in a few days and it would be great if you could attend. It is for members only and will provide you a way to meet dozens of potential customers. One of the publications in this informational packet is our four-color membership directory. Member companies can choose under which categories they are listed. How would you like your company listed"?
"I will join if you will guarantee that I will get more customers".	"Unfortunately, no organization can guarantee that you will get more customers. However, we can guarantee that you will get ACCESS to more customers and that we can provide the TOOLS you need to increase your business. For instance, we offer workshops on customer service, marketing, sales/promotion, and communications, as well as monthly business-to-business networking events where you can build relationships with potential customers. How do these services sound to you"?

The time frame for implementing the membership strategy will, of course, depend on its focus. For instance, the timeline for an ongoing membership strategy will be infinite but will include benchmarks to be achieved at various intervals. A campaign-oriented strategy may have a finite start and end date. In addition, the implementation timeline for a retention-oriented strategy may be longer than that of a recruitment-oriented one. For longer-term strategies, it is important that the entire organization is focused on implementation in order to provide oversight and follow through.

Step Five: Evaluation

Depending on the type of membership strategy (e.g. campaign-oriented versus ongoing) evaluation may occur after a specific event or at the end of a specific time period. In the case of an ongoing strategy, evaluation should occur at least quarterly so that course corrections can be made if unforeseen opportunities or challenges arise.

Evaluation should focus on actual outcomes versus the goals articulated within the strategic plan. Once all data has been analyzed, the membership team should prepare a report for distribution to the board of directors and membership as a whole. Some organizations release the results in a public forum, as well as in press release form. The following is the executive summary of the membership campaign evaluation report submitted by the Colorado Springs, Colorado (USA) Chamber of Commerce after its membership recruitment effort in 1998:

EXECUTIVE SUMMARY
"PARTY AT THE PEAK" MEMBERSHIP CAMPAIGN
EVALUATION REPORT

Result: The membership campaign achieved both its monetary and numerical goals, raising $124,418 in new member revenue. Sixty volunteers representing ten local companies participated in the campaign.

Budget: The attached budget reflects the income and expenditures for the campaign. In total, the Chamber received net income of $119,162.

Recommendations: The following are recommendations from the Membership Recruitment Team that should be considered for next year's campaign:

1. Prospect List: Prepare a more extensive prospect list and ensure the accuracy of the contact information.

2. Training: Utilize the same training materials but conduct the training for volunteers earlier. This should be completed at least two weeks prior to the campaign.

3. Recognition: Provide more recognition to the corporate sponsors for the launch and celebration events. Present plaques and acknowledge their contributions.

4. Materials: Re-design recruitment materials and membership application. Utilize a "less is more" approach, meaning that materials should be professional but concise.

5. Dues Schedule: Revise the membership dues schedule to provide for payments of fees-for-services versus the current focus on number of employees. Each dues category should be assessed and modified if necessary to create a fair baseline for membership.

6. Database: The Chamber's membership staff should input the entire prospect list into its database so it does not have to be recreated next year. Interns should be hired to update the information and add new prospects.

7. Promotion: The Vice President of Membership Development should coordinate the media and publicity on the campaign instead of the Vice President of Public Relations.

This report outlines a successful membership campaign, but also provides specific recommendations for improvement. Two years later, the Colorado Springs Chamber of Commerce totally revised its membership strategy, moving away from a campaign-oriented effort to instead focus on ongoing membership development.

Step Six: Revision

As in the case of the Colorado Springs Chamber of Commerce, there are times when a strategy must be revised in order to meet changing paradigms within the community, industry or organization. For this reason, evaluation is imperative at least quarterly in order to provide the ability to respond to changing circumstances. Even the best membership strategies become stale over time, as new ideas and techniques become prevalent. It is therefore dangerous for an organization to assume that a strategy that has worked well for the last ten years will produce the same results over the next ten unless modifications are made along the way.

Creating Customers for Life

In their book entitled, "1:1 Marketing", Dr. Martha Rogers and Don Pepper outline ways that companies and organizations can create "customers for life". This phrase is defined as members that are so empowered and have such a vested interest in an organization's success that they will never leave. The Empowerment Pyramid discussed in chapter one outlines the process of creating empowered, loyal members. This process starts immediately after they pay their membership dues for the first time. Constant follow up is necessary in order to prove to a new member that his/her investment was a sound one. As stated earlier, involvement is the key. As noted on the pyramid, members must make the transition from "uninformed" to "involved" in order for them to be committed and ultimately empowered. This transformation requires everyone in the organization…from the chief paid executive to the receptionist….to focus on membership development.

Chapter Five
Utilization of the Public Policy Advocacy Coalitions to Create a National Business Agenda

Overview and Importance of Advocacy Coalitions

At the outset of any discussion of advocacy coalitions, there must be an understanding of the importance of these organizations to the development of effective public policy. Among the multitude of reasons why advocacy coalitions must be part of a process-oriented approach to policy development, four emerge as the most significant.

First and foremost, public policy advocacy coalitions raise the level of debate on issues that affect private sector development. Because coalitions of business associations bring significant resources to bear on important issues, the profile of these issues typically rises. While the concerns of one association may be a low priority for the media and public officials, those of a coalition of business associations may increase the importance of issues because of the unified approach. This phenomenon, commonly called the "one voice" principle, reinforces a common sense approach to advocacy, which is that the media and public officials respond better to issues that are made significant through promotion and discussion. According to Edward Priola, and expert in field of public policy advocacy, "an issue has to become visible". Because of the constant barrage of messages through the media, along with the sophistication of direct advocacy efforts by individuals and organizations, there is no shortage of issues for consideration by public officials. By using the "one voice" principle, advocacy coalitions can increase the priority of their issues and ensure full debate and consideration of their proposals.

Secondly, advocacy coalitions provide opportunities to build relationships between organizations, public officials, and the media. The importance of relationships to success in advocacy cannot be understated, and its synergetic relationship to the overall goal of legislative efforts is outlined in the following formula:

Figure 5.1 The Advocacy Formula

Relationships + Information= Access Access + Process= Results Results + Follow Up + Promotion= Credibility Credibility x Time= Power

If the end result of coalition advocacy efforts is power, the beginning of these efforts must be the ability to develop relationships that create unity and access. Unity is essential within the framework of the coalition itself, but the trust relationship built between coalition members, the media and public officials is integral in ensuring success. Because coalitions involve a number of different individuals that represent various organizations, the pool of potential contacts within the media and government is widened. Members of the coalition can thus take responsibility for building relationships in a strategic and process-oriented manner rather than working in the microscopic realm in which most singular associations operate.

A third aspect in the importance of advocacy coalitions is the unified voice that is developed through the collaboration of organizations and private sector institutions. The "one voice" principle aside, coalitions afford the opportunity for organizations to expand their vision and expertise through cooperation with similar associations. Some coalitions manage to achieve a unified approach to a group of issues, which are typically published in the form of a legislative agenda, but in other cases associations may agree on only one issue. An example of this is the creation of a coalition between business and labor in Oklahoma in the early 1990's. The Oklahoma State Chamber of Commerce and a variety of local labor organizations cooperated to address the state's abysmal workers compensation system. The initial meeting between the unlikely coalition partners laid the foundation for the entire effort by acknowledging that the groups would agree on nothing else except on a strategy for the workers compensation issue. A strategy was developed and success achieved, after which the organizations went back to their own "corners" and focused on separate issues. The unified voice created through this coalition not only had a favorable impact on the issue, but also developed a level of trust between individuals and organizations that had not been present in the past. Each of the participating organizations learned from the process, and the expertise gained through the exercise created additional collaborative opportunities in the future.

A final measure of the importance of advocacy coalitions is the ability of these entities to amass grassroots support behind an issue or group of issues. It is reasonable that the media and public officials would respond better to recommendations promulgated by a group of organizations representing thousands of members than to a singular organization representing hundreds. If an effective grassroots effort is initiated, the combined membership of the coalition organizations can be used to raise the level of debate on an issue or issues. As the advocacy formula indicates, power is the holy grail of advocacy. Organizations that achieve power will enjoy great success in public policy development. An effective grassroots program, using the combined membership resources of coalition members, can create power, or at least the illusion of power.

Types of Coalitions

The type of advocacy coalition depends on the issues to be addressed, the number of organizations interested in the issues, and the mission of the participating organizations. The following are the most common types of coalitions:

Sector-Specific: These coalitions consist of organizations that support a specific industry or sector. They may include employers associations, non-governmental organizations (NGOs), and even employee or labor organizations. Multi-sector organizations, such as Chambers of Commerce, may also be involved in these coalitions if they have members within the particular sector. Sector-specific coalitions typically deal with fewer issues than other coalitions, but thoroughly cover each issue and make recommendations based on the combined experience of industry professionals.

Multi-Sector: These coalitions are comprised of a variety of business associations that come together in support of an overall business environment. It is typically this type of coalition that produces a National Business Agenda, and other macro-strategies to promote business development. A multi-sector coalition may consider a large number of issues on a variety of topics, which makes prioritization a key element of success. These coalitions are sometimes anchored by a Chamber or other associations but may include organizations from a variety of industries.

Structure of Coalitions

One of the most important decisions that must be made by business associations that wish to form a coalition is the structure the coalition will take. Advocacy coalitions typically have one of the following structures:

Figure 5.2 Types of Advocacy Coalitions

Formal: The coalition is a structured body with elected leadership and specific rules as to its operation and procedures.

Informal: The coalition has a flexible structure where leadership is shared and/or assigned depending on the issue and where the operating rules and procedures are structured according to a specific advocacy scenario.

Federation: The coalition's formal structure is codified into a legal federation that continues into perpetuity.

Each advocacy coalition structure has strengths and weaknesses that must be addressed from the outset. Participating organizations should reach agreement on the structure early in the process in order to alleviate debates in the future. The following table outlines the strengths and weaknesses of each organizational structure:

Figure 5.3 Analysis of Advocacy Coalition Structures

Structure	**Strengths**	**Weaknesses**
Formal	a) Structured approach b) Team roles defined in advance c) Leadership identified in advance d) Specific rules and procedural guidelines	a) Relatively inflexible approach to issues b) Potential for the development of hierarchy and bureaucracy c) Potential for conflict over leadership d) Potential for one or a small group of organizations to take control of the process

Informal	a) Flexible approach to issues and emerging situations b) Team roles based on issues and expertise c) Leadership shared depending on issues access and other factors	a) Lack of structure may lead to confusion over roles and responsibilities b) Communication lapses could result in mixed messages or conflict within the coalition
Federation	a) Codified structure ensures longevity of the coalition b) Leadership is elected and provides consistency in terms of vision and mission	a) Organizations give up some autonomy b) Larger organizations may have more influence c) Funding is an issue as the federation may have staff and overhead costs

The Public Policy Advocacy System

As stated earlier, the strength of coalitions is directly proportional to their integration into a systems based model. Using the expertise of direct advocacy professionals, as well as research conducted by experts in the field, the following thirteen-step coalition advocacy process was developed to build organizational capacity to influence public policy:

Table 5.4 The Public Policy Advocacy System

1. Creation of advocacy coalition team
2. Training of advocacy coalition team and representatives
3. Identification of issues
4. Prioritization of issues
5. Development of policy recommendations
6. Creation of timeline
7. Compilation of legislative agenda
8. Public launch of legislative agenda
9. Development of issue papers
10. Coordination of grassroots support
11. Creation of a National Business Agenda
12. Direct advocacy
13. Evaluation of advocacy effort

Step One: Creation of the Advocacy Coalition Team: The team should consist of at least one representative of each of the participating organizations. The representative should be a senior member of the staff or board of directors who can make decisions on behalf of the organization. He or she should bring specific expertise to the coalition in terms of legislative experience, contacts, access to public officials, media expertise, or the knowledge of issues. Once developed, the coalition should make decisions based on majority vote, with the agreement that once a decision is made all the participating organizations will publicly support it.

Step Two: Training of the Advocacy Coalition Team: Even when the coalition consists of senior organizational representatives, training should be conducted in order to ensure a complete understanding of the systems-based process and the issues that will be discussed. Outside resources should be harnessed to ensure that the training is conducted in a complete and unbiased manner. A training manual should be provided to each team member in order to initiate continuity.

Step Three: Identification of Issues: Issue identification is one of the earliest and most important tasks of the coalition team. Identification can be conducted in a variety of ways, but it must include input from a variety of stakeholders including members of each of the organizations, technical experts, and data. Once input is gathered and analyzed, the coalition team has the ability to make informed decisions on the pallet of issues to be considered. Armed with the data necessary to ensure adequate issue identification, many coalitions use the simple strengths, weaknesses, opportunities, and threats (SWOT) analysis to facilitate the activity. Another popular approach is the "nomination" of issues by each member of the coalition team, and the discussion and prioritization of each issue. Issue identification is less complicated in a sector-specific coalition because of a higher definition of the policy needed to support the industry. Multi-sector coalitions create a bigger challenge in issue identification, as the field of issues is broader and less focused.

Step Four: Prioritization of Issues: After identifying the salient issues to be included in the coalition's agenda, the team must prioritize them in order to develop an effective advocacy approach. Prioritization is most easily achieved by having each member of the team rank the issues from most to least important then to develop a priority structure based on how many votes the issue receives. During prioritization, the team should consider the importance of the issue, the timing, and the political reality of addressing it. Some coalitions assign the highest priority to the most important issues without considering how long it will take to achieve success or the political realities that are in play. This can be both frustrating and confusing for the team, and can retard the development of the coalition.

Step Five: Development of Policy Recommendations: Once issues are identified and prioritized, the coalition team must develop recommendations for each. In order to do this, team members must have a thorough knowledge of the issue as well as access to information on the opinions of key stakeholders. Recommendations should incorporate specific and practical ideas that support the coalition's point of view. The recommendations should be technically sound, but also compliant with available resources and political realities.

Step Six: Development of a Timeline: Based on the approved recommendations, the available resources and the current political climate, the team should develop a timeline to address each issue. The timeline should coincide with the legislative session (Parliamentary schedule, committee meeting or hearing docket, etc.) and should clearly define the length of time it will take to address the issue. Some coalition teams structure develop a strategy to ensure some quick victories, even if these come on lower priority issues, in order to build credibility to address the higher priority, longer term initiatives.

Step Seven: Compilation of the Legislative Agenda: A legislative agenda is simply a collection of the coalition's policy statements. It should include all the coalition's approved issues and the recommendations on each. These are referred to as policy statements because they inform the public official as to the coalition's opinion on the issue as well as its recommendations. Information in the legislative agenda may include the following:

- Cover Letter: A letter either on coalition stationary signed by the elected leader (in the case of a formal coalition) or a series of support letters from the participating organizations (in the case of an informal association).
- Issue Statements: Usually one per page. The statements should include a brief overview of the issue, the supporting view (coalition's opinion), the opposing view, and the policy recommendation.
- Organizational Overviews: These overviews provide the media and public officials with information on the size, structure and influence of the coalition members.

The legislative agenda should be produced both in printed and electronic forms, and should be designed in an aesthetically appealing manner. The expense of producing the publication is less important than how professional it looks and the quality of information it contains. Coalitions typically choose to distribute the agendas at a media launch event, as well as through personal visits to public officials.

Step Eight: Public Launch of Legislative Agenda: The legislative agenda will not achieve the desired results unless it is promoted strategically and publicly. Many coalitions choose to distribute the agenda to public officials in person and follow this action with a public event for the media and other stakeholders. This strategy works well when the coalition has a cadre of public officials that will talk to the press. If this is not the case, the process may be inverted, with the launch event being held first.

The launch event should include members of the coalition, member companies from each of the participating organizations, public officials, and the media. Typically, a coalition spokesperson(s) will provide a brief presentation on the group's history and structure before focusing on the agenda itself. Experience indicates that the launch event should be more of a networking event than a conference format. With this in mind, it may include an opening or closing reception. Copies of the legislative agenda should be available for each person in attendance. Media representatives should also receive press kits that include a press release and coalition overview.

Step Nine: Development of Issue Papers: An issue paper should reinforce each item in the legislative agenda. An issue paper is simply a document that reinforces the coalition's recommendation on how to address an issue. It may include data, technical information, and research reports. In some cases, the issue paper may include an actual draft of a proposed law. Each issue paper will be different depending on the technical aspects of the issue addressed. Coalition team members should be assigned the task of writing, or overseeing the drafting, of issue papers.

Step Ten: Coordination of Grassroots Support: Once the legislative agenda and issue papers are prepared, the coalition should coordinate its grassroots network in support of its policy positions. A grassroots network is quite simply a database containing the names and contact information of individuals that support the coalition's efforts on one or more issues. A strategy should be developed that provides a mechanism to inform the grassroots network of action that is required on each issue. The identified action should be specific and timely. Usually, this includes making a telephone call, sending a fax or e-mail, or attending an event. It is important that the information supplied to the members of the grassroots network be concise, complete, and correct. Complete contact information for any targeted officials should be provided. A member or members of the coalition team should be assigned to initiate and follow up on contacts generated by the grassroots network.

Step Eleven: Creation of a National Business Agenda: One input has been obtained from members and other stakeholders, a National Business Agenda should be created to provide background information and recommendations on important issues. The National Business Agenda should serve as the business association's strategy for its public policy advocacy effort and should be distributed widely to government, the private sectors and other stakeholders.

Step Twelve: Direct Advocacy: Direct advocacy (formerly referred to as lobbying) is probably the most recognized step in the systems-based processed, but it is also the most misunderstood. Many coalitions and individual organizations mistakenly believe that direct advocacy is a process when it is actually a component of a process. Direct advocacy, of course, is the direct contact made by a coalition representative or representatives with an elected official or bureaucrat. This essential advocacy function can be conducted either by volunteers or by paid professionals (legislative consultants).

Step Thirteen: Evaluation of Advocacy Efforts: At the end of the legislative session or the timeline of issues covered in the legislative agenda, the coalition should evaluate its effort based on the number of its recommendations that were adopted. Also, the members of the coalition should take into account the increased visibility it received and whether or not it improved its image as an advocacy organization. An overall evaluation should be conducted, as well as one on an issue-by-issue basis. The two critical elements that should be evaluated are "wins" on the issues as well as in credibility. The goal of the coalition should be not only to win on the issue (meaning its position is supported by the government) but also to increase its credibility.

Figure 5.5 Advocacy Outcome Scenarios

Issue	**Credibility**	**Result**	**Coalition/ Association Effectiveness**
Win	Win	Best possible scenario in that the coalition not only is successful in convincing the government of its position, but also does this in such a way that it gains credibility for the future.	Increases
Win	Lose	In this scenario, the coalition wins on the issue, but loses credibility due to a faulty process, non-transparent behavior, or win-at-all costs mentality.	Decreases
Lose	Win	This scenario can be very advantageous for a coalition in that even in defeat it increases its credibility with both government officials and its stakeholders.	Increases
Lose	Lose	The worst case scenario for a coalition in that it loses on the issue and at the same time loses credibility because of a faulty process, non-transparent behavior, or win-at-all costs mentality.	Decreases

Advocacy coalitions are essential elements in the successful creation and implementation of a National Business Agenda. The institutionalization of the advocacy process and the creation of sector-specific coalitions will ensure that the business community's voice is heard on policy issues.

Case Studies

In the context of transitional economies, four case studies provide excellent examples of the advocacy coalition process in action. These examples outline diverse approaches and issues, but reinforce the importance of the systems-based process.

The Open Doors Campaign

Romania
http://www.opendoorscampaign.org
Contact: Radu Nicosevici (Advocacy Academy Association)
radu@advocacy.ro

The Open Doors Campaign was launched in 2001 by a consortium of business associations in the tourism, information technology, and manufacturing sectors, along with non-governmental organizations and other private sector organizations. The campaign's goals were threefold. First, the business associations wanted to convince the Government of Romania to establish transparent processes for citizen participation in the advocacy process. Realizing the importance of this participation to economic growth, the associations hoped to increase the understanding of the governmental process in order to create a partnership between the public and private sectors. Secondly, the associations wanted to mobilize the business community behind a series of private sector reforms. These reforms ranged from changes in the fiscal code to the creation of incentives that would increase foreign direct investment. The Open Doors Campaign's third goal was to develop grassroots support for private sector initiatives. This support was needed in order to establish the private sector as a key dialogue partner with government. As all of these goals centered on the development of sustainable dialogue with government officials, it was designed to "open doors" within the government, which would create access for both citizens and public officials to communicate their desires in an open and transparent way.

The Open Doors Campaign consisted of three business association coalitions, each of which developed its own legislative agenda. The Tourism for Today and Tomorrow (T-3) Coalition was launched in early 2001 and was comprised of eighteen tourism associations. The Tech 21 Coalition was comprised of the eight national information technology and communications associations. It was officially launched in spring of 2001. In early 2002, thirteen business associations created the Pro Globe Coalition in the manufacturing sector. With guidance from international experts, the coalitions used the systems-based advocacy process to gain input from stakeholders, to identify important issues, to develop a legislative agenda, and to initiate grassroots support for their policy positions. In order to promote their activities, each of the associations held a launch event that was attended by the press, business owners, international organizations and public officials. In addition, the coalitions designed a National Advocacy Tour, which took the Open Doors Campaign message to ten major cities in Romania. Because of this tour, the Open Doors Campaign gained massive media attention, and the coalitions added hundreds of grassroots supporters to their databases.

After developing their legislative agendas, the coalitions created policy position papers on each issue and began to promote these initiatives to applicable government officials. In April 2002, the coalitions hosted Advocacy Days, which was the first grassroots advocacy event held in Romania. During this event, hundreds of business association members converged on the offices of elected officials to support the coalitions' initiatives. The event further raised the Open Doors Campaign's profile.

In early 2003, the Open Doors Campaign moved to its next stage of development with the creation of the Advocacy Academy Association. Six business associations in the Banat Region of western Romania formed the Academy with support from the United States Agency for International Development (USAID). The Academy's purpose was the following:

- Train advocacy professionals to support the advocacy efforts of business associations.
- Conduct voter demographic studies and other research to compile information on voter attitudes and trends.
- Plan and conduct public events aimed at providing a form for constructive dialogue between the public and private sectors.

The Advocacy Academy Association's success was both swift and dramatic. Only three months after its formation, it conducted the first public hearing in the recent history of Romania. The hearing provided private sector input into the proposed law to govern direct advocacy activities. Forty-three private sector representatives testified at the hearing, which was attended by high-level politicians including the President of the Romanian Senate, Members of Parliament, and even the Crown Prince of Romania, His Excellency Radu Horhensolen. The Academy held four other public hearings in 2003, all of which had a significant impact on public policy. In addition, it graduated its first class of twelve advocacy professionals who worked with nearly a dozen business associations to initiate advocacy campaigns.

Because of the relationships built through initiation of the Open Doors Campaign, 23 pro-business initiatives were passed, the advocacy system became the foundation for private sector dialogue with government, and the business associations gained credibility and increased membership. Many government officials, including former Minister of Small and Medium Sized Enterprises Silvia Ciornei, called the Open Doors Campaign "one of the best programs for initiating dialogue and achieving results". The Open Doors Campaign continues to be at the forefront of public policy in Romania, and with the support of the Advocacy Academy Association, it will remain relevant for years to come.

The Bulldozer Initiative

Bosnia-Herzegovina
http://www.obr.int/obr-dept/econ/bulldozer-initiative/index.asp
Contact: Benjamin Herzberg
benjamin.herzberg@ohr.int

With the support of the United Nations High Representative, Business associations in Bosnia-Herzegovina participated in the Bulldozer Initiative to break down administrative and bureaucratic barriers that plagued private sector development. Because of its history of conflict, Bosnia-Herzegovina represented a formidable challenge to the growth of private sector institutions. With over 40% of its economy in the gray sector, the country badly needed to embrace reforms.

The Bulldozer Initiatives goals were first to break down barriers to development and secondly to create private sector support. The organizers of the initiative consulted with hundreds of businesses to identify barriers to growth. "Roadblock Submission Forms" were provided to businesses throughout the country, and dozens were returned to the organizing committee. The campaign's goals were achieved through the initiation of a strategic and focused advocacy initiative. With support from a number of international NGOs and donor organizations, the Bulldozer Initiative succeeded in passing nearly 50 reform measures, while at the same time breaking down ethnic divisions. While the Open Doors Campaign initiative in Romania was a grassroots or "bottom up" effort, the Bulldozer Initiative worked at both the governmental and grassroots levels.

Advocacy Partnership Program

Tanzania
http://www.tccia.com
Contact: seahall@usaid.gov

Because of Tanzania's socialistic history, public policy advocacy was an unknown commodity. Business associations felt powerless to affect change, and bureaucracy, non-transparency and corruption continually arrested the development of the private sector. In 2002, USAID sought to facilitate the development of advocacy coalitions in several of Tanzania's regions.

Through this initiative, regions such as Mbeya, Morogoro, Ruvuma, Rukwa, Tanga, and Iringa were able to harness grassroots support for local and regional legislative initiatives. Business association-led advocacy coalitions were created in each region, and the systems-based advocacy process was used to build the foundation for the development of policy statements. The goal of the coalitions was to raise the level of debate on policy issues, as well as to establish a "voice" for the business communities within the region.

The strategy in this initiative was to build the capacity of the participating organizations to serve as advocates for the business community. With assistance from international experts, the business associations created dialogue forums is six regions and thirty-three districts. One region even took the advocacy process to the ward level, in order to affect local public policy. Public policy advocacy coalitions in all thirty-three districts developed advocacy agendas that were promoted through well-organized campaigns. Through these campaigns, and the dialogue events that supported them, the coalitions gained both visibility and credibility. The coalitions continue to work in pursuit of these goals, but already they have earned the respect of local and regional governmental officials, who see them as resources and not adversaries.

Montenegro Business Alliance

Montenegro
http://www.visit-mba.org
Contact: Ralph Marlatt
rjmconsultants@aol.com
Petar Ivanovic
ivanovic@cg.yu

In order to build Montenegro's private sector, the Center for Entrepreneurship and Enterprise Development (CEED) provided technical assistance to business associations in the creation of the Montenegro Business Alliance (MBA). The purpose of the alliance is to identify and overcome barriers to private sector growth by adopting a strategic approach to advocacy. In order to gain input from businesses relative to the issues facing private sector development, the MBA distributed hundreds of surveys, the results of which were compiled and used to create a National Business Agenda. In addition, the MBA held a series of round table discussions between business and governmental leaders, which initiated open and honest dialogue. In 2001 and 2002, the MBA focused on two primary pieces of legislation, the Enterprise Law and the Accounting Law. As a direct result of the MBA's participation, an Enterprise Law was passed that simplified the business registration process. A company can now be registered in four days for just 1 Euro. The Accounting Law initiated international accounting standards throughout Montenegro and created a public/private institute to develop regulations, provide training for auditors, and deal with daily accounting issues. The MBA was the only private sector organization named to the Institute's board of directors.

In 2003, the MBA's success continued as it forged alliances between fierce competitors to address a variety of tax and regulatory issues. In addition, it hosted six business-to-business forums that attracted over 1,000 participants from Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Macedonia, Kosovo and Albania. As a result of these forums, over 4 million Euros in contracts were initiated.

Summary and Conclusions

Public policy advocacy coalitions will continue to be important components of a process-oriented strategy. Their proliferation in transitional economies will increase as will their effectiveness in influencing legislation. The key issue for coalitions will not be whether they continue to exist, but rather how quickly they will adopt cutting-edge techniques to increase their effectiveness. Many coalitions continue to underutilize their grassroots network, while focusing mainly on direct advocacy by influential members. Along the same lines, there is still no clear delineation between influence peddling and advocacy. Influence peddling is a non-transparent practice that provides advantages to officials based not on merit but on relationships. It sometimes involves the payment of bribes or the use of family alliances to initiate action. Influence is maintained as long as the government officials or bureaucrats that benefit from this arrangement are in power. Advocacy, on the other hand, is a necessary and transparent process by which organizations and individuals express their points of view in an effort to affect change. Influence peddling is an affront to democracy, while advocacy reinforces it.

When assessing the impact of coalitions on the advocacy process, it is evident that there is strength in numbers. Coalitions provide a way for associations to pool resources and experience to strengthen the business environment. As part of an overall advocacy process, public policy coalitions are both useful and effective.

Chapter Six
Communications and Marketing for Business Associations and the People that Lead Them

Overview of Business Association Communications

Much has been written about the communication structure necessary to ensure that business associations tell their stories in a timely, effective and consistent way. There are studies that discuss communications as a science, referring ad nauseum to statistics proving that an organization's ability to communicate is directly proportional to its ability to create empowered members and thus move toward sustainability. In many cases, however, these studies fail to acknowledge that since organizations are led by people, interpersonal communications skills are also essential.

The four essential elements of business association communications are planning, delivery, outcomes, and evaluation, which are defined in more detail below:

Planning

Planning is integral to the development of a successful communications effort, as it allows an organization to analyze its messages, their delivery, and the effect they have on stakeholders. As with other planning processes, stakeholder input is important in the development of a progressive strategy. Typically, such a strategy will have five primary focal areas:

Definition of Target Audience: While seeming obvious, a business association's target audience may not be as easily identified as previously thought. Members, of course, should be the core audience, but increasingly organizations are finding it important to disseminate information to other stakeholder groups as well. Non-members and former members represent target audiences as political officials, international donors and non-governmental organizations. During the planning process, it is important to accurately identify the target audience to be reached, as making a mistake in this area may unnecessarily narrow an organization's message, thereby rendering it ineffective. In transitional economies an interesting communications paradigm has developed, as a number of organizations, especially those with a national scope, target their messages to political officials, international donors and NGOs, but rarely communicate effectively with members. This anomaly provides interesting insight into the development of business associations in transitional and post-conflict countries. Gilliam Pierre, President of the International Chamber of Commerce of Sri Lanka (ICCSL) contends that this paradigm developed because organizational leaders believe that their success is more dependent on government and donors than on members. In many cases, the organizations are established by public law that makes membership compulsory. Because of this, the organizations tend to communicate more effectively with their benefactors (government and donors) than with the private sector, which is obliged to provide support regardless of the organizations' effectiveness.

A growing number of business associations are breaking this paradigm, however, after realizing that regardless of membership status (mandatory or voluntary), communication with members is a critical factor in advancement up the sustainability and member empowerment pyramids discussed in chapter one. For this reason, they have expanded their communications strategies to include members as their central audience.

Definition of Message(s) to be Delivered: A communications plan should also include the message(s) the association wants to send to its identified audiences. The following is an overview of typical audiences that are included in a communications plan, and the message that may be the most effective in reaching them.

Members: Members want to know that the organization is acting in their best interests. They need to have a thorough understanding of its governance structure, they need to identify with its leaders, and they need to utilize its services. For this reason, members require on-going communication utilizing methods that will ensure their acceptance of the message. Many business associations publish monthly newsletters and magazines for mass distribution to members, only to find out that the members do not read them. Other organizations utilize e-mail, telephone and fax communication as additional member communication techniques. Experience indicates that when utilized in a vacuum, these are also relatively ineffective techniques. According to studies conducted by the U.S. Chamber of Commerce and other membership-oriented organizations, there is no single mechanism that is the "best" for communicating with members. Rather, customization of the message and the delivery mechanism(s) is the key to success. Members gain information in different ways. Some will read a newsletter or magazine, others will search a website, and still others utilize e-mail as a primary form of gathering and disbursing information. This being the case, business associations that develop a communications strategy that includes only one or two information delivery mechanisms may find that their members are out of touch. A communications plan should therefore include a number of delivery mechanisms that are customized to address the way individual members want to receive information.

The best way to understand how members want to receive information is to ask them. Organizations may utilize surveys, personal visits, and/or focus groups to identify preferred ways of communication. Often, this question appears on a new member application ensuring that from day one, the organization knows how the new member wants to receive information. In summary, communicating with members is most effective when it is done strategically and in a customized way.

Non-Members: Business associations that value membership recruitment often target specific messages to non-members. To do this effectively, the organization's leaders must understand a) the reasons why the targeted companies are not members and b) the communications techniques and messages that will be the most effective in reaching them. Once this is established, information can be provided to non-members in a strategic way. Usually, this information includes an overview of specific activities the organization is undertaking that will directly impact a non-members business. Some association executives even personalize communication with non-members through personal invitations, hand-written notes and company visits.

International Donors: In transitional countries where foreign assistance is provided by a variety of donors, it is common for business associations to develop lines of communication that focus on future support. In doing so, it is important to a) understand what types of assistance a donor agency likes to provide, b) build a transparent and close relationship with one or more agency representatives, c) provide ongoing information about the association and its activities, and d) maintain visibility and credibility by assisting the agency without asking for funding or support. By doing this, an organization develops a close relationship that may eventually lead to support.

Public Officials: As stated in Chapter 5, business associations play an important role in public policy advocacy. Effectiveness in serving as an advocate for the private sector is largely dependent on consistent communication with public officials. Of all the possible strategies that can be implemented, none are more effective than one-on-one communication that comes through the development of mutual respect and trust. Ultimately, this is the communications tool most used by effective advocacy-based organizations. Of course, it is important for public officials, whether they be elected or senior bureaucrats, to receive ongoing information about the organization's activities as well. This can be done in a variety of ways, but some of the most effective have proven to be the following:

1. Networking Events: Networking events that include both the business community and public officials provide excellent communications opportunities. It provides an informal way for an organization to deliver its message to public officials, as well as allows members to see their association's leaders at work. Public officials tend to participate in networking events because they are non-confrontational and informal.

2. Public Meetings: On special occasions, when an organization has an important message to communicate, it can do so by means of a public meeting. This is a meeting that involves both public officials and private citizens (usually members) and is conducted within a formal setting. Public officials usually speak on a topic that is the meeting's focal point after which the organization's leadership and members may respond either through questions or comments. Public officials tend to dislike these type meetings as they are often confrontational and seldom do more than raise the visibility of an issue. They are usually considered to be "complaint sessions" that achieve little more than media coverage. For an organization that wants to highlight a particular issue through the mass media, however, public meetings can be effective ways of doing so.

3. Business Agenda: As mentioned in Chapter 5, a business agenda is a collection of a business association's public policy recommendations on selected issues. It is usually published both in hard-copy and on-line and delivered to targeted public officials. While the importance of such an agenda cannot be overstated, follow up is the key to its effective utilization. Many associations use the National Business Agenda as a springboard for conversation with public officials with which they already have an

excellent rapport. Public officials typically appreciate receiving a document that has well-constructed recommendations, but they require follow up to ensure implementation.

4. Press Conferences: Press conferences have a definite place in an organizational communications strategy. However, overuse of press conferences can backfire in that the press will stop responding. Press conferences should be held only when an issue is important enough to generate public interest or when an organization has an important message it wants to disseminate through the mass media. Public officials typically do not like to participate in press conferences they do not control and they specifically dislike having to defend themselves against accusations made to the press in a public forum. This being the case, press conferences should typically not be used as mechanisms to criticize public officials unless all other options have been exhausted.

Definition of Roles and Responsibilities: Once the audience has been identified and the message/communication tools designed for each, the plan should define roles and responsibilities. Specifically, it should establish areas of responsibility for:

Interaction with the Press: Typically, the Chief Paid Executive (executive director or secretary general) and the Chief Elected Leader (president or chairman) will be responsible for talking with the press or making any public statements on the organization's behalf. In some organizations, it is only the Chief Elected Leader. In some larger organizations, the plan will designate a "spokesperson" to interact with the mass media on an ongoing basis. Typically, this is a former journalist or public relations specialist that is employed by the organization and works with its leadership on press-related activities.

Interaction with Members: Usually, the membership director will bear primary responsibility for overseeing interaction with members. He/she will work with the organization's communications department (if it has one) to ensure that members are receiving information in a timely, effective and customized manner. The membership director also oversees communication with non-members and former members.

Interaction with Donors and/or Public Officials: In most cases, the Chief Paid Executive or Chief Elected Leader has primary responsibility for interacting with donors and/or public officials. In some cases, members of the executive committee, board members and senior staff members will also be authorized to meet with donors and public officials on the organization's behalf, but in these cases their roles are specifically defined within the communications plan.

Creation of a Timeline: A communication's plan should also include a timeline for each activity. For instance, if the plan calls for the establishment of monthly networking events to promote public-private partnerships, a timeline for its implementation should be included. Timelines create accountability within the plan, ensuring that activities/programs are completed on time. Monthly meetings should be held to monitor the plan's implementation and revise the timeline if necessary.

Creation of a Budget: A communications plan in impotent unless tied to an implementation budget. The budget should accurately reflect the plan's activities and should be based on quantifiable information. The budget should also reflect an organization's priorities by channeling resources toward communications tools that will provide the highest return on investment.

Delivery

As stated above, implementation should be monitored on an ongoing basis. While monthly is the paradigm, some organizations choose to review and revise the communications plan every quarter. Whatever the frequency, the individuals responsible for overseeing implementation of various plan components should address any issues that will cause the timeline to slip or that will entail an overall change in the plan's strategy.

Outcomes

A communications plan should contain a section on the outcomes that are to be achieved. As in any strategic plan, outcomes should be measurable so the organization can easily compare actual results to those planned. As stated in Chapter 3, it is helpful to begin the development of the plan with the outcomes in mind, thereby developing goals and activities to achieve the outcomes. This process-oriented approach reduces the danger of designing a strategy that leads to unexpected or unwanted results.

Evaluation

In addition to scheduled monthly or quarterly evaluations, the communications plan should be reviewed annually to measure its effectiveness over the prior period and its relevance for the future. It is recommended that stakeholder input is solicited every year, as priorities and attitudes tend to change over short periods of time. Evaluation assumes a comparison of results to projected outcomes. Organizations should consider moving away from initiatives that are producing limited results and toward those that appear to be reaching the target audience(s) with the appropriate message(s).

Communications and Branding

Branding and communications are interlocking components in the development of strong organizations. *Branding* is the image than an organization enjoys in the eyes of its stakeholders. Aneta Boghdan, General Director of Brandient, a Romanian branding company, argues that organizations will develop a brand one way or the other. In a recent presentation to corporate CEO's she stated it as follows:

> "A brand is ultimately a delicate yet powerful sign. But not all signs are brands. Consumers (members) need their daily intake of aspiration and some certainty in a world of endless choice. Reputation is a reward of vision. If brands are not valued, they accomplish nothing. It takes time and fervor, from the single acorn to the living forest, to build a sign of value".

According to Ms. Boghdan, a successful brand has value. In an excerpt from an article in Romania's CAPITAL Magazine, Ms. Boghdan describes brand value in the following way:

> Reputation has been always perceived as an important factor in business, and accounting has used for centuries the term of goodwill to account for the value not attributable to tangible, identifiable assets. The brand is often called "hidden value", because in most cases it is not shown on companies' financial statements.
>
> Essentially, brand value stems from a relationship (like a contract) built between a brand's owner (organization) and the consumer (stakeholder). A brand enjoys a price premium or a superior market share as long as it provides return on investment for the consumer and fulfils certain emotional needs (status, sense of belonging etc).
>
> Because of this, the concern for brand and brand valuation is a reality because of consumers (stakeholders) who have the ability to remain loyal to a brand if it meets their needs or to quit a brand if it does not.
>
> To those who think brand is only image and advertising, brand valuation is not good news. A solid brand is built over time, around a product/service of constant quality and having the support of a competent organization. A brand valuation exercise is a radiography of an organization's pluses and minuses and shows in the end whether current successes are ephemeral or perennial.

As Ms. Boghdan states, a brand is built over time and its value increases as an organization gains credibility. Credibility comes through visibility, which comes through effective communication.

Interpersonal Communications and its Impact on the Organization

Associations are comprised of people, which mean the effectiveness of any communications strategy is dependent on the skills of the people responsible for implementation. Interpersonal communications skills are therefore vital in establishing effective communications within an organization. Of the many aspects of interpersonal skills that blend to form a strong overall communications effort, public speaking is among the most important. This includes making presentations to members, public officials and stakeholders.

Studies indicate that public speaking is among people's biggest fears and yet professionals around the globe are called on to make presentations on a daily basis.

Noted communications experts offer the following ten steps as a way for individuals to overcome anxiety and make effective presentations:

Figure 6.1 The Ten Step Approach to Effective Presentations

STEP ONE: Develop a theme for your presentation.
STEP TWO: Develop a rough outline, indicating the major points you will cover.
STEP THREE: Do a second draft of the outline, including specific examples you want to use to reinforce your major points.
STEP FOUR: Do a final draft of the outline, with notes on voice inflection and the time to be spent on each point.
STEP FIVE: Practice the presentation for friends and associates, having them provide constructive criticism on content, timing and delivery.
STEP SIX: Make revisions and practice the presentation again, focusing on hand gestures and body movements.
STEP SEVEN: Add a media dimension to your presentation. Use Power Point, Flash Point, or other visual aids.
STEP EIGHT: Do a final practice session of your presentation including all the media elements.
STEP NINE: Get plenty of rest before the presentation and don't practice at all the day of the delivery.
STEP TEN: During the delivery, if something goes wrong, just move on, don't dwell on it and allow it to affect the rest of the presentation.

Overcoming anxiety is one step on the road to making effective presentations, but preparation is also important. The following is a presentation outline utilized by professional speakers that increases the presenter's ability to drive home key points:

Figure 6.2 Presentation Outline

Use the following blank outline to develop a presentation:

TOPIC: ____________________________________

Introduction: Preliminary remarks; Connect with the audience.

Thesis: The major theme of your presentation
(Tell them what you're going to tell them)

Major Points: Points to reinforce your thesis.
(Tell them)

A. Point # 1
B. Point # 2
C. Point # 3
D. Point # 4

Conclusion: Closing remarks; Summary (Tell them what you said)

Summary and Conclusions

Communications, both internal to the organization and external to its stakeholders, is vital in the creation of a valuable brand. In highly-functioning organizations, communications is as much a part of their culture as programs and services. They realize that what they do does not matter if their stakeholders do not know. Every organization has a brand, either positive or negative, that is built largely through its ability to communicate its vision, mission, objectives and results to the appropriate audiences.

Chapter 7
Developing Effective Programs and Services

Overview of Program and Service Development

As discussed in earlier chapters, the development of demand-driven programs and services is an integral part of a business association's responsibility to its members. In addition, it is a core element of the business association sustainability pyramid as described in Chapter 1. Members expect their business associations to provide quality programs and services. Those that do, not only build both organizational capacity and member loyalty, which eventually leads to empowered members that are essentially "customers for life".

Process for Developing Programs and Services

The following are five primary steps in the design and implementation of demand-driven programs and services:

Solicit Stakeholder Input

As with other areas of business association development, stakeholder input is key in the development of effective programs and services. As stated previously, stakeholders are members, non-members, former members, international donor organizations, government officials and any other individuals and/or organizations with which an association interacts. While the needs of members should be paramount, input from other stakeholders may reveal opportunities for the future or challenges in the implementation of certain programs/services.

International best practices indicate that input on programs and services is best compiled through the implementation of a *Program Needs Assessment (PNA)*. A PNA allows organizations to obtain stakeholder input in a strategic way while at the same time maximizing resources. Typically, a PNA includes the following input-gathering techniques:

Market Research: Market research is necessary in order to collect data that may not be provided through conventional input-gathering techniques such as surveys and focus groups. This includes the compilation and analysis of statistics, review of scholarly reports, and the interview of technical experts. Because this information is not readily available in many transitional and post-conflict countries, market research can often be time consuming and costly. Failure to conduct research, however, could create an information gap leading to the creation of non-strategic programs and services.

Focus Groups: The construction of focus groups as a tool for gathering input is described in Chapter 4. Many organizations utilize focus groups to gain input on a variety of issues including overall business association effectiveness, programs/services and advocacy issues. Other organizations use focus groups to deal with single issues, which is more time consuming because it requires the conducting of numerous groups throughout the year.

Survey: The construction and implementation of surveys is also described in Chapter 4. Again, some organizations design one survey per year that focuses on a variety of issues including the development of programs and services. Others design short surveys that are distributed on an ongoing basis that cover one or two specific issues. While either technique can be effective, organizational leaders should determine which is most desired by its stakeholders.

Audit Current Programs/Services

While gathering input from stakeholders and conducting market research, it is also necessary for an organization to assess the effectiveness of its current programs and services. This is typically done using an evaluation technique called "The Five Way Test", which consists of five questions that organizational leaders should answer before creating a new program/service or when evaluating existing initiatives.

Figure 7.1 The Five Way Test

1. Is the program consistent with the organization's mission? An organization's purpose should always be considered when evaluating existing or creating new programs. Programs that are inconsistent with the mission can erode an association's credibility over time, thereby diminishing instead of building its capacity.
2. Is the activity demand-driven? If members and other stakeholders desire a particular program or service, they will support it with their time and money. Programs that are not demand-driven may be successful for a time, but typically are not sustainable in the long-term.
3. Does the program maximize the use of resources? Staff and financial resources should be considered when evaluating or creating programs. In many cases, business associations fail to fully comprehend the cost of programs in terms of time, material and finances, thereby creating programs that are ultimately non-sustainable or continuing with existing programs that drain the organization's resources.
4. Will the program achieve desired outcomes? Program development should be linked with overall strategic planning to ensure that activities (programs and services) are consistent with strategic objectives and achieve desired outcomes.
5. Does the program duplicate the efforts of other organizations? Programs should be unique and necessary. Typically, an organization should avoid developing new or protecting existing programs that are duplicative of those offered by other organizations.

Of the questions included in "The Five Way Test" the first is the most important. Any program that is not consistent with an organization's mission should not be included in the strategic plan. Thus, if the answer to the first question is no, the others questions do not matter.

Draft Program/Service Plan:

Once stakeholder input has been evaluated and an audit of current programs and services has been conducted, an organization is ready to develop a strategic plan based on market demand. The following is an example of such a plan, which was developed by the Asian Development Bank for its operation in Uzbekistan. It began with the following needs assessment, which was based on stakeholder input.

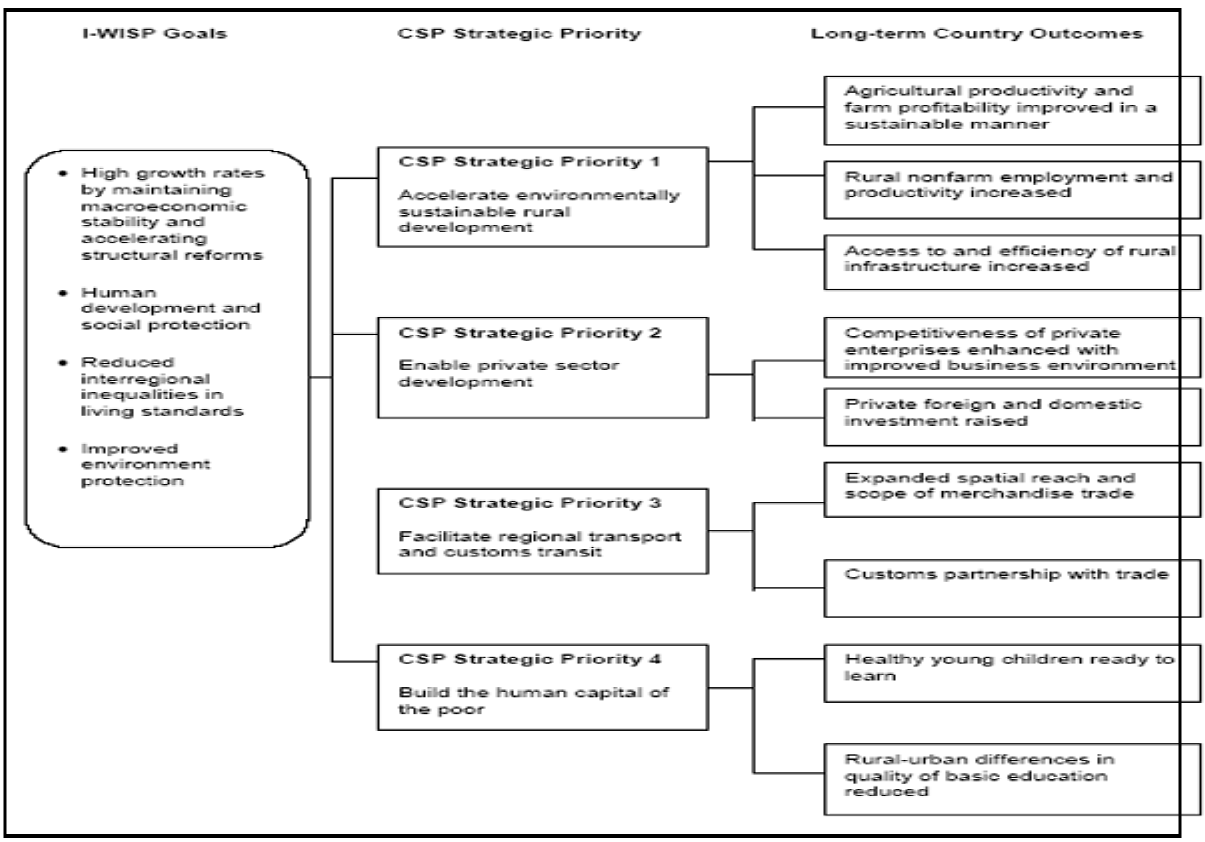
Table 7.2: Summary of Key Transition and Development Challenges

		Transition and development themes: Links with poverty reduction						
		Sustainable Economic Growth			**Human Capital and Social Development**		**Governance and Institutional Development**	**Regional Cooperation**
		Stable macroeconomic environment	**Enabling private sector development**	**Environmentally sustainable rural development**	**Education, health, and gender results that impact on MDGs**		**Public sector management**	
Dimensions of Poverty Reduction	**Employment and Income**	- Non-distortionary revenue mobilization - Enhanced efficiency and pro-poor orientation of public spending - Cash availability maintained - Current account convertibility unimpeded	- Trade policy regime liberalized to realize export potential - Enterprise restructuring accelerated - Costs of operating in official economy reduced - Oversight functions of commercial banks and cash non-cash distinction abolished	- State procurement system liberalized to improve incentive framework in agricultural production - Private agricultural service providers' network expands - Rural nonfarm jobs created - Rural financial services developed	- Quality of basic education and efficiency of schooling system enhanced	- Reduced gender gap in secondary and vocational education - Women's participation in the labor force raised	- Anticorruption strategy adopted to reduce waste of public resources - Budgetary reform followed through - Procurement reform	- Physical and economic distance to outside markets reduced through efficient transport and customs facilitation - Water–energy cooperation opportunities pursued
	Capability	Macroeconomic incentive framework (actual price changes, exchange rates, foreign exchange and credit availability) fosters private entrepreneurship and productivity	Access to business development services, market information, and training increased for private small and medium-sized enterprises	- Agricultural extension services for improved technology and information - Rural–urban gaps narrowed in affordable quality basic services (education, health, water supply) - Reliable power supply in remote areas	- Early childhood development services developed - Teacher training programs improved	Business training for women	- Civil service career development programs - Local governments' capacity for service delivery enhanced	Institutional networks to share information and experiences on public policy developed

Utilizing this information, the ADB developed the following program strategy to address the private sector's needs, which focused on the following four strategic priorities:

i. Accelerate environmentally sustainable rural development by supporting a diversified, productive, and sustainable rural sector, to create rural jobs and raise rural incomes.
ii. Enable private sector development by enhancing public sector capacity for reforms and catalyzing private domestic and foreign investment through ADB's private sector operations.
iii. Promote regional cooperation in transport and customs transit by helping develop regional transport corridors and modernizing customs administration.
iv. Build the human capital of the poor by improving access to enterprise coordination development and quality basic education.

Figure 7.3: Alignment of Priorities with Program Goals



As indicated in the chart above, the ADB's strategy links goals, priorities and outcomes under the framework of effective programming. This matrix allows the ADB to develop effective programs in each priority area that are designed to achieve the targeted outcomes. The following table provides a list of the programs ADB designed to address its strategic priorities:

Figure 7.4 ADB Programs to Address Strategic Priorities

Strategic Priority	**Links with governance and institutional development**		
	Institution-building	**Accountability and Transparency**	**Participation and Partnerships**
Accelerate environmentally sustainable rural development	· Transforming role of local *hokimiyats* from enforcer of state procurement system to facilitator of diversified rural production system. · Institutional strengthening of rural *vodakanals* for improved planning and financial management in water supply service delivery	Improved cadastre system and transparent and simplified land registration procedures for security of tenure.	· Community land and water management organizations involved in the management, operation, and maintenance of irrigation and drainage facilities · In rural water supply sector, building community participation structures.
Enable private sector development	· Government capacity for regulatory planning, management, and review. · Institution-building of competition agency	· Regulatory transparency, accountability, and consistency · Transparency in privatization process · Reduced private enterprise perceptions of lack of transparency and pervasive corruption	·Institutionalizing public-private consultations on proposed legislation and regulations affecting private businesses. ·Role of industrial associations reoriented to serve as training and information resource centers for private small and medium enterprises
Promote regional cooperation in transport and customs transit	Strengthened capacity of transport and trade facilitation institutions for coordination and cooperation within country and with regional partners	Good governance and sound integrity within customs administration	Information exchange and dissemination of regional best practices in transport sector and customs reforms
Build human capital of the poor	National capacity for education policy formulation, planning, and financial management	Reliability and quality of education information base increased	·Community participation in early childhood development project designs and implementation ·Building private-public partnerships and facilitating private initiative in the education sector

The interconnection of objectives, strategic priorities, programs and outcomes is consistent with the strategic planning model outlined in Chapter 4. Furthermore, it allows organizations to vertically integrate its strategy throughout the organization versus dealing with programs and services separately from membership development, for instance. This ensures a higher degree of success in the implementation phase.

In summary, business associations should keep the following in mind during the creation of a plan to develop programs and services:

- Use Input Gained from Information Process
- Use Results of Program and Service Audit
- Specify Proposed Results for Each Program/Service
- Specify an Implementation Timeline
- Assign Specific Responsibilities
- Seek Approval from Board of Directors

Implement Program/Service Plan

Programs and services are typically delivered through one of two mechanisms. First, staff experts can provide the impetus for launching strategic programs. Business development experts, for instance, provide business plan development, marketing and access to credit services for their members throughout the country. Secondly, committees of staff and volunteers are conduits for program and service implementation. The Center for Entrepreneurship and Enterprise Development in Montenegro, for instance, developed a business alliance of key stakeholders in order to address emerging public policy issues. In this case, staff members served as resources and coordinators, but volunteers were responsible for implementation. A further explanation of each process is outlined below:

Figure 7.5 Staff Driven vs. Volunteer Driven Program Implementation

Staff Driven: In organizations where staff is primarily responsible for the implementation of programs and services, this is typically done through technical experts that are paid by the organization. Business associations in countries where volunteerism is not a cultural paradigm often employ this strategy. Its major strength is that programs and services are implemented in a professional manner with a minimum of bureaucracy. Its major weakness is that it creates little ownership on the part of the organizations leaders and members since they are not involved in the design, delivery or evaluation of programs and services.

Volunteer Driven: In organizations where volunteers are primarily responsible for the implementation of programs and services, this is typically done through the establishment of committees. Committees are typically chaired by an appointed board member and are coordinated by a paid staff member appointed by the Chief Paid Executive. The process' major strength is that it creates ownership among the members involved in the committee and it allows for free exchange of ideas and expertise. Committees can be bureaucratic, however, and slow down the implementation process, which is the process' major weakness.

Either technique, or a combination of both, is consistent with international best practices. The implementation process is therefore based more on organizational preference than on a scientific method. Regardless of the implementation strategy, programs and services should receive ongoing evaluation to ensure effectiveness.

Evaluate Results

Effective evaluation depends on the establishment of quantifiable outcomes, as well as a methodology designed to measure the effectiveness of programs and services. Each program/service should be evaluated based on its targeted outcomes, actual outcomes, overall investment (financial resources, staff time and materials), and return on investment.

Evaluation implies both subjective and objective assessment. From an objective standpoint, the chief indicators of effectiveness are the achievement of target outcomes and the creation of return on investment (financial sustainability). The latter is typically measured using the following formula:

Figure 7.6 Financial Evaluation Formula

Hard costs (direct financial expenditures) + soft costs (indirect expenditures such as staff time and materials) = Total Monetary Investment (TMI)

Direct revenue (direct monetary support through non-dues income) + indirect revenue (through increased membership revenue due to the program/service) = Return on Investment (ROI).

Return on Investment (ROI) – Total Monetary Investment (TMI) = Financial Sustainability Potential (FSP)[7]

Subjective factors also play into the evaluation equation. It has become common for business associations to survey members at intervals during the program implementation process to gain input on "perceived" effectiveness. There are instances where objective and subjective evaluation criteria will lead to different conclusions, at which time an association's leadership must determine the best course of action.

Summary

Effective delivery of demand-driven programs and services requires effective planning, focused implementation, transparent evaluation, and the willingness to take corrective action. Any program/service that does not provide return on investment should be evaluated for its effectiveness regardless of whether or not it is valued by the organization's leadership. Hanging on to outdated, ineffective programs can cause harmful financial and credibility problems within an organization.

[7] A positive FSP denotes a program/service that adds financial value to the organization. This is one indicator, though not the only one, that should be used to evaluate effectiveness.

Chapter 8
Financial Reporting: Protecting and Reporting Assets

Overview of Business Organization Financial Practices

It is common knowledge that more organizations are destroyed and more Chief Paid Executives are terminated over financial matters than any other single cause. This being the case, it is imperative that organizations accurately record and report their financial positions to both the board of directors and membership at intervals established within the bylaws. Typically, this means monthly reports to the board of directors and at least annual reporting to the membership as a whole.

Financial processes consist of budgeting, financial reporting and, in the case of organizations in transitional and post-conflict countries, sustainability planning. Salient to financial reporting is the type of accounting system used to track income and expenses. Most countries have laws that govern the type of system to be used, but as a general rule, accounting principles are segmented into the following two processes:

Figure 8.1 Accrual and Cash Accounting

Accrual: In accrual basis accounting, *accrued expense* is a liability resulting from an expense for which no invoice or other official document is available yet. Similarly, *accrued revenue* is an asset resulting from revenue for which no official document was issued yet. The other side of the entry will always be a profit and loss account - expense in the first case and revenue in the latter one.[8]

Cash: In cash basis accounting, income and expenses are recorded during the period when they are actually received or paid.

As a general rule, business associations (especially smaller ones) prefer cash accounting as it provides an easy snapshot of the organizations real-time revenue and expenses. Regardless of the accounting method chosen, budgeting is the first and most important process in accurately tracking finances.

Organizational Budgets

While each organization should determine the nature and design of its financial reports, their accuracy begins with sound budgeting. From a financial standpoint, organizational sustainability flows from the establishment of a sound budget that includes a long term financial strategy. There are two primary types of budgets:

Organizational Budget

An organizational budget includes a projection of an organization's revenue and expenses during a fixed period of time. A number of organizations, especially those

[8] Source: Wikapedia

receiving donor assistance, draft multi-year budgets similar to the following, which is from the fictional Waterville Women's Business Association (WWBA):

8.2 Organizational Budget: Expense

Category	**Year One**	**Year Two**	**Year Three**	**Total**
Local Office Operations				
Personnel Expenses				
Executive Director	$ 72,800	$ 75,600	$ 79,380	$ 227,780
Executive Assistant	$ 9,600	$ 10,080	$ 10,584	$ 30,264
VP of Membership	$ 30,000	$ 31,500	$ 33,075	$ 94,575
Executive VP, Women's Training Center	$ 48,000	$ 49,500	$ 51,000	$ 148,500
VP, Women's Trade Development Center	$ 36,000	$ 38,000	$ 40,000	$ 114,000
IT Manager	$ 12,000	$ 12,600	$ 13,230	$ 37,830
Publications Manager	$ 24,000	$ 25,200	$ 26,460	$ 75,660
Receptionist	$ 3,600	$ 3,780	$ 3,969	$ 11,349
Drivers	$ 14,400	$ 15,120	$ 15,876	$ 45,396
Housekeeping	$ 4,800	$ 5,040	$ 5,292	$ 15,132
Data Collectors	$ 4,800	$ 5,040	$ 5,292	$ 15,132
Subtotal Local Office	**$ 260,000**	**$ 271,460**	**$ 284,158**	**$ 815,618**
Program Expenses				
Training Center	$ 123,000	$ 123,000	$ 123,000	$ 369,000
Trade Development Center	$ 772,680	$ 772,680	$ 100,000	$ 1,645,360
Printing	$ 15,000	$ 15,000	$ 15,000	$ 45,000
Subtotal Program Expenses	**$ 910,680**	**$ 910,680**	**$ 238,000**	**$ 2,059,360**
General and Administrative Costs				
Office Lease (12 mos @ $3,500/mo)	$ 42,000	$ 42,000	$ 42,000	$ 126,000
Utilities/Fuel	$ 1,200	$ 1,200	$ 1,200	$ 3,600
Communications (12 mos @ $2,000/mo)	$ 24,000	$ 24,000	$ 24,000	$ 72,000
Technology (6 computers @ $2,000)	$ 12,000			$ 12,000
Copy Machine (1 large - 1 small)	$ 11,000			$ 11,000
Printers (1 color- 2 b/w)	$ 1,800			$ 1,800
Telephone System	$ 3,000			$ 3,000
Furniture	$ 8,000			$ 8,000
Office Supplies (12 mos @ $1,000/mo)	$ 12,000	$ 12,000	$ 12,000	$ 36,000
Travel: Domestic	$ 12,000	$ 12,000	$ 12,000	$ 36,000
Travel: International	$ 12,000	$ 12,000	$ 12,000	$ 36,000
Vehicle	$ 20,000			$ 20,000
Equipment Maintenance	$ 3,000	$ 3,000	$ 3,000	$ 9,000
Subtotal General and Administrative Costs	**$ 162,000**	**$ 106,200**	**$ 106,200**	**$ 374,400**
Total Local Office Expense	***$ 1,332,680***	***$ 1,288,340***	***$ 628,358***	***$ 3,249,378***
Branch Office Operations				
Personnel Expense				
Regional Director (5)	$ 50,000	$ 60,000	$ 63,000	$ 173,000

Office Assistants (5)	$ 24,750	$ 30,000	$ 31,500	$ 86,250
Receptionists (5)	$ 14,850	$ 18,000	$ 18,900	$ 51,750
Housekeeping/Facility Maintenance	$ 9,900	$ 12,000	$ 12,600	$ 34,500
Subtotal Affiliate Office Expenses	**$ 99,500**	**$ 120,000**	**$ 126,000**	**$ 345,500**
Program Expenses				
Regional Round Tables	$ 15,000	$ 30,000		$ 45,000
Capacity Building (internal training)	$ 50,000	$ 50,000		$ 100,000
Subtotal Affiliate Program Expenses	**$ 65,000**	**$ 80,000**	**$ -**	**$ 145,000**
General and Administrative Expenses				
Rent and Utilities (5 offices)	$ 30,000	$ 36,000	$ 43,200	$ 109,200
Furniture (5 offices)	$ 10,000			$ 10,000
Technology (10 computers @ $1,500)	$ 15,000			$ 15,000
Printers (5 @ $500)	$ 2,500			$ 2,500
Telephones (2 per region)	$ 1,000			$ 1,000
Copy Machines (5 @ $2,000)	$ 10,000			$ 10,000
Compressor	$ 5,000			$ 5,000
Communications	$ 12,000	$ 12,000	$ 12,000	$ 36,000
Office Supplies (5 @ $200/mo for 12 mos)	$ 12,000	$ 12,000	$ 12,000	$ 36,000
Travel (including drivers)	$ 8,000	$ 8,000	$ 8,000	$ 24,000
Subtotal Affiliate General and Administrative Expenses	**$ 105,500**	**$ 68,000**	**$ 75,200**	**$ 248,700**
Total Affiliate Office Expenses	***$ 270,000***	***$ 268,000***	***$ 201,200***	***$ 739,200***
Total Expenses	**$ 1,602,680**	**$ 1,556,340**	**$ 829,558**	**$ 3,988,578**

This three year budget deals only with expenses, as it is based on a fixed amount of donor assistance over a three year period. Since no historical record exists to validate expenses, the organization used its best estimate to ensure accuracy. This means the WWBA will have to closely monitor expenses in order to avoid a budget shortfall due to flawed budget projections. More typical is a budget that also includes revenue projects, like this example from the fictional Janpeth Manufacturer's Association (JMA) in India:

Figure 8.3 Organizational Budget: Income and Expense

Income			
Category	Year One	Year Two	Year Three
Membership Dues	$221,500.00	$232,575.00	$244,203.75
Organizational Membership Dues	$ 5,500.00	$ 5,500.00	$ 5,500.00
International Donor and NGO Membership Dues	$ 63,000.00	$ 63,000.00	$ 63,000.00
Total Membership Dues Income	**$ 290,000.00**	**$ 301,075.00**	**$ 312,703.75**
Divisions:			
Membership Non-Dues	$ 57,200.00	$ 58,345.00	$ 59,510.00

Business Development Services (BDS)	$ 57,200.00	$58,345.00	$ 59,510.00
Trade and Investment Promotion Office	$ 57,200.00	$ 58,345.00	$ 59,510.00
Manufacturing Linkages Program	$ 46,300.00	$ 47,225.00	$ 48,170.00
Publications and Events	$ 27,300.00	$ 27,845.00	$ 28,400.00
Field Offices	$ 27,300.00	$ 27,845.00	$ 28,400.00
International Contracts	$350,000.00	$350,000.00	$350,000.00
Total	**$912,500.00**	**$929,025.00**	**$946,203.75**
Expenses			
Category			
Local Office Operations			
Personnel Expenses			
Executive Director	$ 55,000	$ 56,100	$ 57,222
Chief Operating Officer	$ 30,000	$ 30,600	$ 31,212
Membership Director	$ 24,000	$ 24,480	$ 24,970
BDS Director	$ 18,000	$ 18,360	$ 18,727
Trade Promotion Director	$ 18,000	$ 18,360	$ 18,727
Manufacturing Linkages Director	$ 18,000	$ 18,360	$ 18,727
Publications and Events Director	$ 18,000	$ 18,360	$ 18,727
Field Offices Director	$ 18,000	$ 18,360	$ 18,727
Finance Director	$ 18,000	$ 18,360	$ 18,727
IT Director	$ 15,000	$ 15,300	$ 15,606
Public Policy and Advocacy Director	$ 24,000	$ 24,480	$ 24,970
Support Staff	$ 80,000	$ 81,600	$ 83,232
Subtotal Personnel Expenses	**$ 336,000**	**$ 342,720**	**$ 349,574**
Program Expenses			
Trade Promotion	$ 25,000	$ 25,500	$ 26,010
Manufacturing Linkages	$ 25,000	$ 25,500	$ 26,010
Membership	$ 25,000	$ 25,500	$ 26,010
BDS	$ 25,000	$ 25,500	$ 26,010
Publications & Events	$ 25,000	$ 25,500	$ 26,010
Field Offices	$ 65,000	$ 66,300	$ 67,626
Subtotal Program Expenses	**$ 190,000**	**$ 193,800**	**$ 197,676**
General and Administrative Costs			
Office Lease (12 mos @ $9000.00/mo)	$ 108,000	$ 108,000	$ 108,000
Utilities	$ 1,200	$ 1,200	$ 1,200
Communications (12 mos @ $2,000/mo)	$ 24,000	$ 24,000	$ 24,000

Technology (6 computers @ $2,000)			
Copy Machine (1 large - 1 small)			
Printers (1 color- 2 b/w)			
Telephone System			
Furniture			
Office Supplies (12 mos @ $1,000/mo)	$ 12,000	$ 12,000	$ 12,000
Travel: Domestic	$ 24,000	$ 12,000	$ 12,000
Travel: International	$ 24,000	$ 12,000	$ 12,000
Vehicle	$ -		$ 20,000
Equipment Maintenance	$ 3,000	$ 3,000	$ 3,000
Subtotal General and Administrative Costs	**$ 196,200**	**$ 172,200**	**$ 192,200**
Total Local Office Expense	***$ 722,200***	***$ 708,720***	***$ 739,450***
Branch Office Operations			
Personnel Expense			
Regional Director (5)	$ 50,000	$ 60,000	$ 63,000
Office Assistants (5)	$ 24,750	$ 30,000	$ 31,500
Receptionists (5)	$ 14,850	$ 18,000	$ 18,900
Housekeeping	$ 9,900	$ 12,000	$ 12,600
Subtotal Branch Office Expenses	**$ 99,500**	**$ 120,000**	**$ 126,000**
General and Administrative Expenses			
Rent and Utilities (5 offices)	$ 30,000	$ 36,000	$ 43,200
Furniture (5 offices)	$ 10,000		
Technology (10 computers @ $1,500)	$ 15,000		
Printers (5 @ $500)	$ 2,500		
Telephones (2 per region)	$ 1,000		
Copy Machines (5 @ $2,000)	$ 10,000		
Generators (5 @ $1,000)	$ 5,000		
Communications	$ 12,000	$ 12,000	$ 12,000
Office Supplies (5 @ $200/mo for 12 mos)	$ 12,000	$ 12,000	$ 12,000
Travel (including drivers)	$ 8,000	$ 8,000	$ 8,000
Subtotal Branch Office General and Administrative Expenses	**$ 105,500**	**$ 68,000**	**$ 75,200**
Total Branch Office Expenses	***$ 205,000***	***$ 188,000***	***$ 201,200***
Contingency Expenses	**$ 10,000**	**$ 10,000**	**$ 10,000**
Total Expenses	**$ 927,200**	**$ 896,720**	**$ 940,650**
Total Profit (Loss)	**$ (14,700)**	**$ 32,305**	**$ 5,553**

The JMA budget is conservative on the revenue side while being more liberal on the expense side. This prevents surprises during the year if revenues do not achieve budgeted targets or expenditures are more than expected. Also, the JMA uses historical financial performance to assist in the budgeting process. By analyzing income and expenditures in past years, the association can better predict them in future years. Also, its budget includes notes for each line item that are attached to the budget and provide background on why particular budget numbers were used. This is useful at intervals during the year as a reminder to the Chief Paid Executive or program managers as to why line items were budgeted in a certain way.

Programmatic Budget

Both organizations also utilize another type of budgeting, programmatic, which is imbedded in the organizational budget but split out for use by program managers. A program budget focuses on a specific activity. In the WWBA's case, it developed the following program budget for its entrepreneurship training center. Again, it only addresses expenses since donor revenue to fund the activities is guaranteed for three years:

Figure 8.4 Program Budget: Expense

Expense Category	**Year One**	**Year Two**	**Year Three**	**Total**
Supplies	$ 3,000	$ 3,000	$ 3,000	$ 9,000
Programs				
Entrepreneurship Training	$ 20,000	$ 20,000	$ 20,000	$ 40,000
Trade Exhibition Training	$ 20,000	$ 20,000	$ 20,000	$ 40,000
Finance Workshops	$ 20,000	$ 20,000	$ 20,000	$ 50,000
Leadership Events	$ 20,000	$ 20,000	$ 20,000	$ 55,000
Networking Events	$ 10,000	$ 10,000	$ 10,000	$ 25,000
Mentorship	$ 20,000	$ 20,000	$ 20,000	$ 60,000
University Business Women's Club	$ 10,000	$ 10,000	$ 10,000	$ 30,000
Total	**$ 123,000**	**$ 123,000**	**$ 123,000**	**$ 369,000**

Being a larger organization, the JMA developed a breakdown budget for functional areas rather than specific programs. The following is the budget for its Trade Development Center:

Figure 8.5 Program Budget: Income and Expense

Trade Development Center	
Exhibition Income	$10,800.00
Workshop Income	$18,000.00
Corporate Sponsorships	$18,000.00
Manufacturing Linkages Expected Income Total	**$46,800.00**
BDS Income YTD Total	**$0.00**
PTAC Personnel Expenses	
Salaries, wages	$15,000.00
Benefits	
Payroll taxes	

Commissions and bonuses	
Personnel Expense Budget	**$15,000.00**
Personnel Expense YTD Total	**0.00**
Personnel Expense Budget Remaining	**$15,000.00**
PTAC Program Expenses	
Advertising	$400.00
Direct marketing	$215.00
Internet marketing	$800.00
Press relations	$150.00
Public relations	$100.00
Communications and Training	$2,000.00
Promotions and Incentives	$3,500.00
Events	$2,000.00
Program Budget	**$9,165.00**
Program Expenses YTD Total	**$0.00**
Program Budget Remaining	**$9,165..00**
Other PTAC Expenses	
Postage	$300.00
Telephone	$1,000.00
Travel	$2,500.00
Computers and office equipment	$3,000.00
Other Total	**$6,800.00**
Total Expenses YTD	**$30,965.00**
Total Income YTD	**$46,800.00**
Total P/L	**$15,835.00**

The budget shows that the Trade Development Center is projected to earn a profit of $15,835 for the year. This amount would be reflected in the overall organizational budget as either "program" or "departmental" income and expenses.

Financial Reports:

As stated earlier, budgeting is the foundation on which a sound financial management is built. However, a business association's ability to report on its finances is equally important. Typically, financial reports are provided to the board of directors monthly and to the membership on an annual basis. Financial reports to the board generally include the following:

Figure 8.6 Content of Monthly Financial Report

Financial Statement: A financial statement compares actual expenses for a month against planned expenditures. Typically a financial statement will include four columns: current month, year to date, budget and difference. The *current month* lists in functional income and expense areas the actual revenues and expenses for the reporting period. The *year-to-date* column outlines revenue and expenses for the year up to and including the current month. This being the case, it grows every month by the amount of current month revenues and expenses. The *budget* column lists the budgeted amounts for each income and expense category for the year. The *difference* column outlines how much revenues and expenses are over or below budget for the year. The financial statement is typically in the same format as the budget, including the same functional areas and revenue/expense projections. It provides board members with a quick and easy way to determine how well the organization is doing relative to its budget.

General Ledger: A general ledger lists monthly expenditures by date, budget code, amount and vendor. This provides a way for an organization's finance staff to determine how much money is being spent, what it is being spent on and who (which companies and/or individuals) are receiving it. While this is often more information than board members want to review each month, it serves as a useful tool to answer questions and/or validate expenses. Typically, a general ledger will begin with cash on hand at the end of the prior month, include itemized expenses as noted above, and end with a total amount of cash on hand at the end of the month.

Cash Flow Analysis: A cash flow analysis tracks how much money an organization has on hand at a given time, usually at month end. This statement is important especially for organizations that use accrual accounting, in that it may not be possible for board members to ascertain the amount of cash on hand from looking at the financial statement. It also provides a way to track the amount of cash on hand over a period of months.

Asset and Liabilities Statement: This statement lists an organization's assets and liabilities (such as property, accounts receivable, depreciation, and accounts payable). It is important for the board to understand what fixed and non-fixed assets the organization owns, as well as its short-term and long-term liabilities.

Sustainability Planning

Business associations in transitional countries may receive short or medium-term financial assistance from donors. Not only does this assistance come with rules and regulations that must be included in the organization's policy and procedures manual, but it also can create a mentality that provides a false sense of economic security. On many occasions, an organization's strength is directly proportional to the amount of donor funding it receives. When the funding runs out, so does the organization's capacity. For this reason, a growing number of associations have developed sustainability strategies to ensure long-term financial health.

The ten year sustainability strategy of the fictional Janpeth Manufacturer's Association (JMA) is included in the appendix. It includes projected income and expenses for the next ten years, as well as projecting the organization's financial health during that period. For purposes of this example, the first three years are not projections but actual numbers, leaving projections for years four through ten.

Within its sustainability plan, the JMA assumes that computer equipment will need to be upgraded every three years while other expense categories will remain constant. It reviews the plan each year, as actual numbers replace projections, and makes changes accordingly. By following this strategy, the JMA can document for donors that it is working toward sustainability, while at the same time focusing on specific revenue and expense areas.

A matrix such as the one created by the JMA is usually accompanied by a narrative that outlines the organization's goals relative to sustainability. The JMA's narrative is also attached in the appendix.

Summary

Financial processes, such as budgeting, reporting and sustainability are integral to both an organization's credibility and sustainability. Transparency in financial processes, as well as diligence in tracking financial transactions is critical to an organization's overall health.

Chapter 9
Developing Successful Proposals

Overview of Proposal Development

Successful grant writing is a fairly straightforward process once you understand a few basic principles.

<u>Organizational Readiness</u>

It is necessary for the organization or association to map out its priorities and goals in a planning process prior to starting the grant writing process. It is not the job of a grant writer to set goals or determine programs. That direction should come from the board of director's or association membership.

<u>The Idea</u>

Clarity and relevance are the two goals of any good proposal. Are you clearly communicating about your program or service? Would the reader be able to explain your ideas to someone else? Is your idea an appropriate response to the condition or problem your organization wants to address?

<u>Researching Potential Funders</u>

After determining organizational goals and programs or services to meet those goals, your task is to identify the best sources that are most likely to support your proposals. The research process will allow you to prepare different proposal packages based on the specific guidelines of particular funders.

<u>Contacting and Cultivating Funders</u>

This step is very important. It saves you from unnecessary or inappropriately targeted proposals by making the specific objectives and guidelines of the funder clear. Contact can come in the form of phone conversations, face-to-face meetings, board contacts or written updates and progress reports.

Successful Proposal Writing

Proposal writing is a popular and effective way for NGOs and associations to fund programs and projects. It can also be intimidating to those new to the endeavor. There are many books and courses available on the topic, which provide specific "how to" information, strategies, tips, dos and don'ts.

Experience indicates that many potential grant writers are overwhelmed by the information available in print and at workshops, which causes them to lose their initial optimism. Some never manage to sit down at the computer and start to write. Others may write one proposal but if it is unsuccessful they give up and never write another. However, writing a proposal is not “rocket science”. It takes willingness and experience to be successful.

With this in mind, it is important to understand the basic philosophy of grant funding:

- Funding from grants should never be the only revenue source for an association. The *more* sources of funding the organization has (dues, fees, corporate sponsors, fundraising events etc.) the more secure its future and the healthier it looks on paper to potential funders.
- The competition for grant dollars can be intense. The number of organizations submitting proposals grows every year.

Above all the proposal must reflect a well-planned project that matches the goals and objectives of the funder, while meeting a genuine community need. It is important that the results to be achieved are articulated clearly and quantifiably and that the resources provided will be used wisely and efficiently. Much of the advice to grant writers seems like common sense, yet these principles are more difficult to implement than they are to acknowledge.

When it comes to the actual writing, follow the format and directions exactly as outlined by the funder. This simple instruction is critically important. One writer with good writing skills, an understanding of the organization and its programs and services, should write the proposal. Writing by committee is not effective. However a review team of several people is an excellent strategy for both refining your message and catching typing or mathematical errors.

The following questions are helpful to use with a review team as they critique your draft proposal:

Compatibility

Is the proposal a strong match with the mission, goals or guidelines outlined by the funder?

Credibility

Does the proposal establish the organization as a good investment? Does the organization have the qualifications, expertise, and ability to accomplish the results outlined in the proposal?

Need

Is the need for this program or project clear and supported by relevant information?

Objective

Does the proposal describe a measurable outcome? Does it appear feasible considering agency resources and achievable in the time frame of the grant?

Method

Does the proposal describe how the objective will be achieved with a plan or timeline? Does it appear realistic and cost-effective?

Evaluation

Is there a logical process for evaluating accomplishments?

Project Sustainability

Will the program or project require funding beyond the grant period? How will the organization fund the operation in the future?

Budget

Is the budget accurate, realistic and sufficient to accomplish the project?

Associations and NGOs should also build relationships with funding agencies or foundations. All fundraising is based on relationships and while grant proposal writing seems to be the exception, grant proposals are typically only successful when a relationship has been built before hand. Building and growing the relationship can be done by asking good questions, sharing information, invitations to participate in events, anything that will involve or engage the funder – see them as your partner in accomplishing the project, program or service. Relationships with funders should be transparent and professional. A potential grant recipient should never expect a funding agency to accept a grant proposal just because of a relationship, and consequently a potential grantee should never be given special privileges because of this relationship.

Elements of Common Grant Proposals

The following are the elements requested by most funders and descriptions of what to keep in mind as you put together your proposal.

It is critical to always give the funder exactly what they ask for in their guidelines, in the order that they ask for it. When a proposal is being reviewed and compared with numerous other proposals the person reading the proposal must not think something hasn't been included simply because it isn't in the right order.

Cover letter

- Explains why the organization selected the funder. Highlights how the proposal matches the funder's priorities.
- Briefly explains the need or problem that exists and the solution.
- Gives the specific financial request being made.
- Serves as the executive summary.
- No more than two pages, preferably shorter.

Tip from Susan Saksa: "When I write grant proposals for my own organization, I write the cover letter last. It is easier for me to write a summary after I have completed the longer version. My cover letter is on my organizational stationary and I have the board chair or president sign the letter. This shows the funder that my board is knowledgeable and involved about the project and the request".

Proposal Narrative

The body of the proposal typically includes the following sections:

Organizational Background:

- Mission statement.
- *Brief* history of the organization and its goals.
- Overview of current programs, activities, accomplishments.

Purpose of the Grant or Project Description:

- Statement describing the project for which funding is requested and the dollar amount requested.
- The need or problem being addressed, how it will be addressed, who benefits and how many, the project goals, outcomes, and why the writer's organization is the best one to initiate the project

- How the program will be implemented – activities or steps and the timetable for implementation.
- Anticipated results or outcomes.
- How the results will be measured and evaluated (qualitative and quantitative).

Tip from Susan Saksa: "Funders expect anticipated outcomes and methods of evaluation to be included. These should be well written and brief, but also thorough".

- Other sources of financial support (other funders, earned revenue).
- How the project will be funded after the grant period, especially important when seeking start-up or seed money.
- How the funder will be recognized – especially important for sponsorships/events.

Typical Attachments:

- Board of Director's list with affiliations
- Names and qualifications of key staff
- Financial statements, most recent (audited if available)
- Agency or association budget
- Project budget – *specific to the request being made*
- Annual report (if available)
- List of major contributors
- *Limited* amount of materials unique to the organization (newspaper article, newsletter, letter of support, program material)

Tip from Susan Saksa: "I suggest that you create a coversheet, which lists, in a table of contents format, the attachments. I always provide only what has been requested, in the order it was requested, unless I have discussed additional items with someone at the funding organization".

<u>Project Budget Development</u>

Financial description of the money needed and money expected for the specific proposal request.

Tip from Susan Saksa: "Funders usually require both a full organization/association budget and a project budget. I find that many groups struggle with the budgets, following are some ideas for your project budget development".

- List all paid personnel that will be involved with this project - calculate salary or hourly wage and benefits for each person.
  - If a paid staff person will only spend part of their time on this project determine the percentage of participation in the project.
  - Calculate the portion of salary attributed to the project.
  - Total all personnel items.

- Separately list and calculate cost of consultants or other contracted personnel.

- List all non-personnel costs associated specifically with this project. Estimate their costs. For example: materials, postage, copying.

- Total the personnel and non-personnel costs to obtain cost of the project.

Tip from Susan Saksa: "Many funders will allow you to include a small percentage of overhead costs in your project budget (range of ten to twenty percent above the direct project costs). This is a good question to ask, if you are unsure of what they will fund. If they will fund a portion of your overhead this is important to include, these indirect costs are the most difficult to fund".

- If overhead costs are included, insert specific line items such as: rent, maintenance, computer, telephone, administrative support or percentage of time spent by an executive director.

- Recalculate the total for the project including the overhead expenses.

<u>Budget Tips</u>

- A Budget is one of the most important documents included in a grant proposal. It should clearly reflect the funding needs of the organization.

- Include all costs and all revenue sources – *don't forget to consider things like the cost of evaluating the project.*

- A spreadsheet with formulas should be used in order to avoid simple mathematical errors.

- Explain any “red flags”. Anything that looks like it costs too much or too little, is a red flag. Anything out of the ordinary within the organization’s budget (for example if it shows a deficit) is also a red flag. *Remember, those reviewing your proposals do not know the circumstances or reasons behind the information listed. This being the case a budget note should be made explaining anything that is out of the ordinary.*

- Retain all budget worksheets. When it comes time to report on how the money is spent, the worksheets will be invaluable in determining the mindset behind the budget calculations.

<u>Packaging the Proposal</u>

- Send regular mail rather than expensive alternatives such as special delivery or next day postal service. *This is seen as extravagant expenses by many funders.*

- Do not use binders or hard or fancy covers. Funders say “flashy presentations do not impress us”.

- Most funders will copy proposals or pieces of them for review. Make it easy to un-assemble and reassemble. Number your pages.

<u>Stewardship and Recognition</u>

- Acknowledge all money received and thank the funder in a personal manner within 24-48 hours.

- If any special recognition for the funder is promised in the proposal, make sure it is delivered promptly and professionally.

Grant Proposal Tips (Do’s and Don’ts)

- DO make the proposal clear, concise, factual, and persuasive.

- DO be up front about the need for funding – don’t be apologetic.

- DO make a case that the organization is worthy enough to receive the investment offered by the funder.

- DO focus on program outcomes, goals, objectives and evaluation.

- DON’T be afraid to contact the funders. The staffs at foundations, governmental funders and corporate giving programs are friendly and want to help, utilize their expertise.

- DON’T submit a proposal if the project does not fit closely with the priorities or guidelines outlined by the funding agency. Funders don’t like proposals, or organizations, that waste their time.

- DO submit the proposal on time and plan to submit follow-up reports on time.

- DO make a case for sustainability beyond the initial term of the grant.

- DON’T use industry specific jargon or acronyms, big words and terms that will not be easily understood. Funders are not impressed by language skills as much as they are by quality content.

- DO include an easy to understand realistic, supportable budget.

- DO consider coalitions and collaborative efforts, these appeal to many funders.

- DO show a commitment to evaluation and a realistic approach to measuring results.

- DON’T automatically assume a proposal will be funded. The funding environment is competitive and not all organizations will be successful – some good proposals will not receive funding just because of limited resource decisions.

- DO build the relationships with staff people when ever possible, ask questions, clarify guidelines, involve and engage them.

Summary

Proposal development is one area where organizations can learn from each other. The appendix contains the following six proposals that were funded by international donor agencies and/or non-governmental organizations.

- Israel/Palestine Center for Research and Information (IPCRI)
  “Private Sector Development and Legal Reform in the West Bank and Gaza”

- Insurance Association of Haiti, Industrial Association of Haiti, National Mango Exporters Association, Tourist Association of Haiti, Center for

Free Enterprise and Democracy, Chamber of Commerce and Industry of Haiti, Haitian-American Chamber of Commerce
"Building a National Business Agenda in Haiti"

- The Economics University of Ho Chi Minh City and the Georgetown University Center for Intercultural Education and Development (GUCIED)
  "Business Talk Radio for Private Entrepreneurs"

- Addis Ababa Chamber of Commerce and Industry (Ethiopia)
  "Voice of the Addis Ababa Chamber of Commerce"

- Iasi Chamber of Commerce, Industry and Agriculture

  "Creation of a Regional Advocacy Initiative"

- Suceava Chamber of Commerce, Industry and Agriculture
  "Development of a Bucovina Business Center"

These common factors highlight the essential elements in successful proposal development and can be used as a model by business associations in the development of grant proposals for any potential funder.

1. Compatibility
2. Credibility
3. Need
4. Objectives
5. Method
6. Evaluation
7. Sustainability
8. Budget
9. Project Management

By including these factors in proposal development, the chances for success will increase exponentially. However, even professional proposals sometimes fail to receive funding. The key to success, therefore, is commitment. Organizations that keep trying generally succeed. The six proposals included in the analysis were assessed according to nine criteria. International experts note these criteria to be essential in the development of successful proposals:

COMPATIBILITY

Professional grant writers agree that a proposal must be compatible with the criteria, mission and culture of the potential funder. The six proposals assessed in this report have in common the fact that they meet or exceed the funder's requirements in each of these categories. They are written from the understanding that the criteria established represents the minimum standard at which a proposal will be considered.

Experienced grant writers know that proposals must be compatible with the mission of the funding organization. In this case, a business association or consortium of associations submitted the proposals. In addition, the proposals all focus on business-related topics, since the intended funders are organizations that promote free enterprise. It is obvious that the writers of all six proposals understood the funder's mission and tailored the proposal to fit the mission. The proposal's authors obviously conducted research to ascertain the types of proposals that the funders usually support, and how these proposals fit with the organization's mission.

Equally important from a compatibility standpoint is a focus on the funding organization's criteria. Even if a proposal is compatible with the funding organization's mission, it must also meet the minimum criteria for submission that is established by the organization. Each of the six proposals not only meets the criteria, but exceeds it. The writers of all six proposals provided ample information to meet the criteria, while not overloading the organization with additional information that didn't support the proposal.

A more difficult compatibility issue is that of meeting an organization's culture. Cultural issues are not requirements, but they play an important role in a funding organization's consideration of a proposal. The author's of the six proposals included in this assessment understood not only the funder's criteria, but also its culture. They understood that the funder's Board of Directors prefers projects that focus on advocacy, communications, and anti-corruption. With this in mind, they structured their projects to address the "culture" of the organization.

Compatibility Tip: There are three ways to ensure the compatibility of a grant proposal with the mission, criteria, and culture of the funding organization. They are 1) Research; 2) Relationships; and 3) Revelation. The proposal writer must conduct research on the funding organization to ensure an understanding of its mission, criteria and culture. In addition, he/she must build relationships within the organization to ensure open and transparent access. Finally, he/she must reveal to the funding organization the reason why the proposal should be funded. Many times, proposals stop before they get to the revelation phase.

CREDIBILITY

Credibility is critical to the adequate consideration of a grant proposal. It takes time to establish credibility with a funding organization and no opportunity to do so should go unexplored. Each of the six proposals included in the assessment was submitted by business associations or groups of associations that have established credibility with CIPE by creating a high standard of excellence.

Establishing credibility has several components. First and foremost, each of the associations submitting the six proposals established credibility through outcomes. Funding organizations typically give more consideration to proposals submitted by associations that are known for their successes. By focusing on their past successes, the associations reduced any fears the funder might have about whether or not they can achieve the outcomes discussed in their proposals.

Secondly, each of the associations established credibility through financial accountability. They established this in two primary ways. Each association was financially stable and organizationally sound. On an annual basis, each organization made money that was reinvested in programs and services. Also, each association made a substantial financial commitment to the project outlined in the grant proposal. All the associations committed to funding at least 25% of the project on their own. This increased their credibility in that they, along with funding organization, had a significant financial stake in the project.

Finally, each of the associations established credibility through reputation. The associations were known as significant representatives of the business community. Of course, these reputations were earned through the achievement of outcomes. However, as one can easily see by reviewing the proposals, the associations were also very skilled in marketing their accomplishments to potential donors, thereby creating a reputation of excellence.

Credibility Tip: Each time an association launches a significant program, produces a professional publication, or achieves a significant outcome, it should publicize this success to potential funding agencies. This can be done by sending copies of the publications, press releases, newsletters, and other material to the organizations on an on-going basis. In addition, the author of a grant proposal should fluidly but succinctly outline the association's accomplishments within the text of the proposal.

NEED

Grant proposals must clearly outline the need for a particular project. The need for a project may focus specifically on the organization in order to build overall capacity. More desirable to funding organizations, though, are proposals that are needed and desired by the community as a whole. In the case of the six proposals assessed in this study, all have a community development component, meaning the scope of the "need" is larger than just the organization itself.

In addition, the associations clearly establish the difference between "want", which may or may not be a desirable scenario for a funding organization, and "need", which almost always is desirable. The writers of the six proposals establish the need for each project in the summary and background statements. The writers focused on key words they knew would be desirable to the funder's Board of Directors such as "private sector development", "economic cooperation", and "public policy advocacy".

Need Tip: The proposal writer can establish need in a variety of ways. One such way is to provide letters of support from NGOs, business association collaborators, members, and government officials. Another way to establish need is by providing data to prove that if a project is initiated, the results will have a significant impact on the target audience (whether it's the region, community, or membership).

OBJECTIVES

Once the need for a project is established, the objectives, or scope, of the project becomes critical. This is basically the "purpose" statement of the proposal. The writers of each of the six proposals assessed in this study outlined the project objectives clearly and succinctly. By putting them in "bullet" form, the writers ensured that the evaluation committee would not miss important information.

Each proposal used words like "to demonstrate", "to advance", "to assist", and "to encourage" in order to create an active tense voice. The objectives were broad, but not theoretical, comprehensive but not unrealistic.

Objectives Tip: A grant proposal writer should always use active voice and should list objectives in a logical order. Once objectives are developed, the writer may want to share the objectives with a neutral party to gain feedback and to determine whether they are easily understood.

METHOD

The "method" of a proposal refers to the writer's ability to establish a clear process by which the proposed outcomes can be achieved. This includes the creation of a strategic plan for initiating the project, the development of a timeline, and the implementation of a structured implementation process. In the six proposals assessed for this study, the method cannot be defined in one particular session, but is a thread the runs through the entire document.

The method for each proposal was established by the creation of clear objectives, action steps, evaluation procedures, and outcomes that provided the funder's Board of Directors with a clear indication of the process that would be used to achieve the desired results.

Method Tip: A proposal writer should consider method to be a series of building blocks that are used to construct a project. This being the case, he/she should begin with the outcomes to be achieved and construct a process that works backward to the objectives. By using this approach, the method of the proposal will become apparent to the evaluator.

EVALUATION

An essential element in the favorable consideration of a grant proposal is the funder's understanding of the evaluation process to be used in measuring results. In each of the six proposals assessed, the evaluation process was well defined and specific. The evaluation mechanisms were quantifiable and measurable. More than half of the proposals included evaluation by sources outside the organization (e.g. the government, citizens, etc.). This highlighted the fact that the associations are transparent, and not afraid to be evaluated by neutral parties. It showed a commitment to quantitative evaluation versus simple measurement of results.

Evaluation implies more than just an assessment of whether or not the project succeeded or failed. Rather it focuses on developing building blocks for future success.

Evaluation Tip: Funding organizations typically like to see specific and measurable evaluation criteria. With this in mind, the proposal writer should focus on evaluation as both validation of the project's success, as well as initiation of follow on activities.

SUSTAINABILITY

Increasingly, sustainability is becoming an important criterion on which proposals are assessed. Funding organizations appear to be less interested in one time projects, regardless of how successful they may be, than in longer term sustainable efforts.

Each of the six proposals assessed focused on long-term objectives and included a plan for sustainability. In reviewing the project budgets, a majority of the proposals reflected not only significant up-front investment by the business associations, but also a plan to generate financial sustainability in the future.

Sustainability Tip: A grant proposal writer should include a one year project budget as required by the funding organization, but as an attachment offer a budget for at least two additional years that highlights the association's plan to create a financially sustainable effort. Because few proposals contain this type of information, this is likely to peak the interest of the evaluator. Also, sustainability should be specifically addressed within the body of the proposal.

BUDGET

Evaluation committee's always contain individuals that have the primary job of analyzing the project budget. This being the case, any mistakes in the budget become obvious and usually seriously impair the proposals chances of being funded. Each of the six proposals assessed followed the funder's criteria to the letter in that there were no mathematical errors; there was a clear explanation as to what expenses would be paid by the funding organization and what would be paid by the association(s); the budget was in spreadsheet form; and the budget clearly focused on programming versus personnel expenses.

The last point cannot be overemphasized in that donors typically downgrade proposals where a high percentage of the budget is devoted to salaries, benefits and equipment. While these areas are legitimate from an expense category, the proposal writer should clearly explain how the expenditure in each area contributes to the overall success of the project.

Budget Tip: The proposal writer should submit a project budget in the format required by the funding organization. However, he/she should also include budget notes, which provide a clear breakdown of costs and an assessment of why each expense area is important to the success of the project. Budget notes also allow the proposal writer to explain any anomalies that might cause questions or concerns among the members of the grant evaluation committee.

PROJECT MANAGEMENT

The management team for a project is crucial to its success. Funding organizations typically look carefully at the background and experience of management team members. Each of the six proposals assessed in this study was managed by individuals with specific experience in the field of study covered by the project. Also, most of the members of the management team had specific skills in certain areas of the project, such as strategic planning, training, and advocacy.

International consultants were used sparingly as the corporate culture of more and more funders is to utilize national expertise wherever possible. A brief biographical sketch of each member of the management team was included in the narrative and the curriculum vitae's for each team member were attached. The writers of the proposals didn't assume that members of the evaluation committee would read the curriculum vitae's, which is why they included the brief biographical narratives.

Project Management Tip: Include the picture and short biographical sketch of each management team member in the proposal narrative. Include CV's only as attachments. In addition, focus on the entire team versus just on the project manager. The proposal writer should construct the project team based on the outcomes to be achieved. Funding agencies appreciate having at least one financial expert on the implementation team.

Epilogue

The Top Ten Ways to Build Organizational Capacity

Overview of International Best Practices

Developing a successful business association is not an accident, nor is it guaranteed. Success depends largely on the ability of an organization's leaders to embrace a new way of doing business. The following are the top ten factors that some of the highest-functioning associations in the world have in common, and they serve as a guide for those associations that are building capacity at the present time. To succeed, these organizations decided to:

1. Change the Way They Think. A noted business association expert once said, "An organization will never change the way it acts (operates) until its leaders change the way they think". This does not mean that some organizational philosophies are "right" while others are "wrong". It also does not mean that every association has to conform to standards set by those in other countries, regardless of culture and history. It means that business association leaders, both paid staff and volunteers, must be willing to embrace new ideas, think about different ways of accomplishing goals, and define a vision for the future. It is human nature for individuals to operate in a way that is consistent with what they know. Transformation of thought comes by taking risks, and it is only risk that will elevate an organization to a higher level of development. In summary, when business leaders change the way they think, their actions will also change. This will enable the organization to progress up the sustainability pyramid as it embraces opportunities for growth.
2. Embrace a Development Methodology: No two business associations are exactly alike, yet there are commonalities in the methodology used to develop organizational capacity. This methodology, described in Chapter 1, focus on a building-block method used by some of the most successful associations in the world. Within this methodology, organizations should developed customized strategic plans that focus on foundational, informational, developmental and financial resources. The methodology, outlined by the sustainability (organizational) and empowerment (membership) pyramids is constant, but the strategies developed to precipitate movement up these pyramids is different for every organization. Once leaders embrace an overall methodology for development, they have a "roadmap" to build organizational capacity.
3. Embrace International Best Practices: Business associations cannot thrive in isolation. They should benchmark their governance, programs/services, membership processes, public policy advocacy initiatives and other developmental areas against international best practices used by the world's most successful organizations. While some best practices may not apply to organizations in transitional and/post conflict countries, a significant number

may be appropriate, thereby allowing them to take advantage of new ideas that have proven effective for other business associations.

4. Benchmark Against the Best Organizations: Organizations that want to be the best should benchmark against the best. There are business associations around the world that set a standard for excellence in governance, membership development, public policy advocacy, financial responsibility, programs/services, and technology. Organizations that want to build capacity in these areas can learn from them. New ideas are an organization’s lifeblood. Without them, stagnation can occur, which eventually leads to irrelevance.

5. Embrace a Culture of Membership Development: Whether in a context of mandatory or voluntary membership, business associations should recognize that members are the reason they exist. Of course, this is obvious in voluntary membership associations where focus on membership is critical in an organization’s survival. However, mandatory membership organizations have an equal obligation to focus on membership development, as this will not only build organizational capacity in the short-term but also position it for future success. A well-known business association in the United States placed a sign in its office that proclaims, “Business is our Business”, meaning that the more its members succeed, the more the organization succeeds.

6. Use Failure as a Learning Experience: Organizations are often afraid to fail, so they avoid risk. In doing so, they usually fail. There is no doubt that with risk sometimes comes failure, but it is also true that success is born out of adversity. Successful business associations are not afraid of failure, as they know that strength comes through meeting challenges head on. There are hundreds of examples of organizations that launched a failed program, led a public policy campaign that was unsuccessful or tried a strategy that did not work and not only survived, but became stronger and more knowledgeable in the process.

7. Embrace Teamwork: Around the world, top-down management is being replaced by teamwork. Organizations that build strong, motivated and experienced teams are enjoying success in even the most difficult developmental contexts. This concept contradicts the management style in many transitional and post-conflict countries, where corporations and organizations tend to value a “top down” approach. The “Achilles heal” of this approach is that it assumes that one person is skilled enough to know everything that must happen to ensure success. This could not be further from the truth. Successful leaders build strong teams and empower them to achieve organizational goals.

8. Focus on Sustainability: In many transitional and post-conflict countries, international donor organizations provide direct or indirect support for business association development. This often created a “donor mentality” within these organizations that prevents them from making real progress toward sustainability. Donor organizations, regardless of the amount of money they dedicate to the effort, cannot build sustainable organizations.

This can only be done internally, through strategic planning and a focus on international best practices. Business associations in developing countries must make sustainability their number one priority in order to create a lasting legacy of support for the private sector.

9. Be an Advocate for the Private Sector: Business associations in some developmental contexts (especially those that are established by public law and granted mandatory membership) are perceived more as representatives of the government than of the private sector. To be true private sector advocates, business associations must support what is right over what is politically expedient. This means that associations often have to engage government and the international community in frank dialogue that protects the interests of its members above all else, and they must accept the consequences of this action as a "cost of doing business". Power is the "holy grail" for business associations. Those that have it enjoy success. Those that do not are often relegated to the status of mere existence. Power comes through a process of transparent advocacy that is built on the foundation of private sector support.
10. Be Willing to Learn: As stated in an earlier chapter, the illiterate of the 21st Century will not be those that cannot read and write, but those that will not learn and re-learn. Association development is a learning process. Staff and volunteer leaders must learn and re-learn every day in order to remain proactive. Willingness to learn implies an understanding that organizational leaders do not know everything necessary to achieve success. Those that think they do are often sorely mistaken…and their associations suffer the consequences.