THE BUSINESS ASSOCIATION DEVELOPMENT GUIDEBOOK

A practical guide to building organizational capacity

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THE BUSINESS ASSOCIATION DEVELOPMENT GUIDEBOOK
A Resource for Chambers of Commerce and Business Associations

This electronic guidebook was developed by Mark T. McCord, a Senior Manager for BearingPoint who has more than twenty years of experience in organizational management, as a mechanism for Chambers of Commerce and business associations 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. EDGE created this resource to assist organizational leaders around the world in transcending theory in favor of a practical approach to sustainable association development. It is published due to the support of the United States Agency for International Development, through the Economic Development and Growth for Enterprises (EDGE) project in Cyprus.

In addition to the guidebook, this compact disc also contains specific samples of concepts discussed in the narrative. The samples come from Chambers of Commerce and business associations around the globe, from both developed economies and those that are in various stages of development. They are just a few examples of programs, services, and initiatives that are being implemented successfully by organizations around the world. For more information about this guidebook or to submit examples for future editions, please contact:

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Introduction:</th>
<th>The Role of Business Associations in Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter One:</td>
<td>Business Association Development Methodology</td>
</tr>
<tr>
<td>Chapter Two:</td>
<td>Governance: The Foundation of Sustainability</td>
</tr>
<tr>
<td>Chapter Three:</td>
<td>Strategic Planning and its Role in Organizational Development</td>
</tr>
<tr>
<td>Chapter Four:</td>
<td>The Business Association Membership System</td>
</tr>
<tr>
<td>Chapter Five:</td>
<td>Business Associations and Public Policy Advocacy</td>
</tr>
<tr>
<td>Chapter Six:</td>
<td>Communications and Marketing for Business Associations</td>
</tr>
<tr>
<td>Chapter Seven:</td>
<td>Developing Effective Programs and Services</td>
</tr>
<tr>
<td>Chapter Eight:</td>
<td>Financial Reporting</td>
</tr>
<tr>
<td>Chapter Nine:</td>
<td>Developing Professional Proposals</td>
</tr>
<tr>
<td>Epilogue:</td>
<td>Top Ten Ways to Build Organizational Capacity</td>
</tr>
<tr>
<td>Examples:</td>
<td>Global Examples of Business Association Best Practices</td>
</tr>
</tbody>
</table>
INTRODUCTION
THE ROLE OF BUSINESS ASSOCIATIONS IN SOCIETY
SECTION ONE: OVERVIEW OF THE BUSINESS ASSOCIATION’S 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 merchant guilds that created local monopolies. Eventually, these guilds gave way to business associations more like those with which we are familiar today. Modern associations still retain some of the core elements of their forerunners 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 their predecessors. This evolution has never been more profound than it has been over the last thirty years, as significant changes have taken place 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 transformed 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 mid-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 request of 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 meaning well, 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. The leaders within a community typically gravitated to these organizations, but relatively few built 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 largely due to perceived lack of other options. Because they were not highly regulated by the state of federal governments, they had maximum flexibility to design and launch demand-driven programs. The market dictated the success or failure of these programs that required organizations to remain focused on member needs. In some cases, the 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 hundreds of thousands of business associations have been created in the United States alone, which generated competition for the business community’s money and time.

Many private law Chambers use a combination of volunteers and paid staff members to conduct their programs. 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, Chambers of Commerce are organized according to public law, under which businesses are required to pay annual dues. It should be said the public law status does not necessarily dictate mandatory membership, but under the Continental Model, law requires obligatory membership for all self-employed persons and legal entities that run businesses within a legal district. Obligatory membership includes a regular and mandatory financial contribution to the Chamber. While this provides stable income to the organization, it also requires Chambers to fulfill certain tasks defined by law and it sometimes includes supervision of the organization’s activities by the government.

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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. For more information, refer to chapter two of this guidebook.
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.
Outside of Europe, and especially in developing countries, the public law model 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 indicators. 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 contains certain elements of each model. Two of these sub-models are the Eurasian and Asian 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 other Chamber or business association 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 affects organizations regardless of their geography or governance. This trend, 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 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 until recent times, the private sector quickly embraced them once it was provided with 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.

SECTION TWO: ESTABLISHING A PURPOSE

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 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 businesses unless they have 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 businesses are heard, and that pro-business legislation is passed. When this occurs, business associations gain credibility because they have provided a valuable service to their member companies; companies benefit 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, and growing societal harmony. 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 mechanism 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.
SECTION THREE: FUTURE TRENDS

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 are 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. Through this analysis, it has become apparent that the emerging 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, it 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 can achieve significant results within a specific timeframe. It is essential, of course, that associations gain input from 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

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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. It was developed by the Center for International Private Enterprise (CIPE) and adapted for use in transitional economies.
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 affected 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 in the United States 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, who at the time was 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 President 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.

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6 Jerry Bartels was one of the initiators of the “Total Resources” strategy, which focused on membership retention, recruitment, and non-dues income generation as a way for business associations to obtain the “total resources” necessary to conduct their operations, programs, and services at one time during the year, versus using the old paradigm of raising funds all year long. This method is still used by many business associations today.
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 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. Throughout the globe, successful organizations are serving as information brokers to the business community by compiling, interpreting, distributing and evaluating data. 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 has become a core value within strong business associations, in that they realize their economic, social and educational responsibility to future generations. Through trusteeship, these associations have built 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”. 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 are heightening 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.

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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 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. A growing number of associations have adopted team approaches to management, which focus on empowerment and individual initiative. This paradigm is especially foreign to associations in former totalitarian countries 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. Organizations around the world are beginning to recognize that the involvement of the business community, first through payment of membership dues and then
through involvement in the organization’s programs, is 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 guidebook 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.

SECTION FOUR: CONSTRAINTS FACED BY BUSINESS ASSOCIATIONS IN DEVELOPING/TRANSITIONAL 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 most 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). CCIRB is today a growing and progressive organization that is meeting the needs of Romania’s private sector.

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 hierarchical 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 hierarchical 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 governed organizational development. Many countries in transition 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: DEVELOPING HIGH CAPACITY ORGANIZATIONS

The key to building the capacity of business associations is an understanding of the developmental model that allows for the creation of sustainable organizations. BearingPoint has used the following model extensively to build the capacity of Chambers of Commerce and 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.
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 apocalyptic 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.

The relationship between these two pyramids is at the core of organizational success, as they show the relationship between strategic governance, programming, and communications to member involvement. It should be noted that increased funding is not specifically mentioned in the sustainability pyramid, though it is assumed that a sustainable organization will also be one that has a funding level that is appropriate to conduct its operations, communications, and programming. The reason it is not a specific part of the pyramid is that as members move up the pyramid, and especially when they get to the “committed” and “empowered” tiers, they are willing to support the organization with their finances as well as their time. This being the case, there is a corollary between “empowered” members and a financially “sustainable” organization.
CHAPTER TWO

GOVERNANCE: THE FOUNDATION OF SUSTAINABILITY

“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 governance structure, understands it, and is accountable for it. 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.

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 transitional 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**

<table>
<thead>
<tr>
<th>Model Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Model (Public Law)</strong></td>
<td>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 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.</td>
</tr>
<tr>
<td><strong>Anglo-Saxon Model (Private Law)</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Continental Model (Public Law)</strong></td>
<td>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.</td>
</tr>
</tbody>
</table>

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 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

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Framework</td>
<td>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.</td>
</tr>
<tr>
<td>Scope of Responsibilities</td>
<td>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.</td>
</tr>
<tr>
<td>Membership</td>
<td>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.</td>
</tr>
<tr>
<td>Organizational Structure</td>
<td>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.</td>
</tr>
<tr>
<td>Programs and Activities</td>
<td>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.</td>
</tr>
<tr>
<td>Relationship to Government</td>
<td>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.</td>
</tr>
<tr>
<td>Dissolution</td>
<td>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.</td>
</tr>
</tbody>
</table>

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**

The general assembly comprises 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 the 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/policies 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 advocate 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 their 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

SECTION ONE: 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 that her efforts might be doomed from the start. Nearly nine years later, however, BWCCI is now 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.

SECTION TWO: KEY ELEMENTS OF STRATEGIC 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 (product and process). 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.

3.1 Essential Elements of a Strategic Plan

<table>
<thead>
<tr>
<th>Vision=Where</th>
<th>Mission=Why</th>
<th>Objectives=What</th>
<th>Activities=How</th>
<th>Resources=When</th>
</tr>
</thead>
<tbody>
<tr>
<td>does the organization want to go?</td>
<td>does the organization do what it does?</td>
<td>process will the organization put in place to achieve its vision?</td>
<td>will the organization achieve its goals/objectives?</td>
<td>will the organization achieve its goals/objectives as well as its vision?</td>
</tr>
<tr>
<td>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.</td>
<td>The mission statement, which is typically outlined in no more than fifty words, outlines why an organization conducts specific activities at the present time.</td>
<td>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.</td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
**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 organization 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:

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**Figure 3.2 Sample Vision Statements**

<table>
<thead>
<tr>
<th>Vision Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The Chamber will inspire and influence business vitality” Auckland, New Zealand Chamber of Commerce</td>
</tr>
<tr>
<td>“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</td>
</tr>
<tr>
<td>“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</td>
</tr>
</tbody>
</table>

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**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, 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. |
| Measureable: | 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 elicit a planned result. All the activities listed support the overall objective of increasing new membership 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. This strategic planning process begins with the identification of issues and options, which is essential to the establishment of a strategy. Regardless of an organization’s vision, it must thoroughly understand the issues that affect 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.
SECTION THREE: THE STRATEGIC PLANNING PROCESS FLOW CHART

The Planning Process

1. Identify Issues and Options
2. State Goals, Objectives, and Priorities
3. Collect and Interpret Data
4. Prepare Preliminary Draft Comprehensive Plan
   - Review and Revise
5. Present Preliminary Draft to Task Force
6. Prepare First Draft Comprehensive Plan
   - Review and Revise
7. Present First Draft to Planning Commission
   - Hold Joint Public Meeting
8. Prepare Final Draft Comprehensive Plan
   - Review and Revise
9. Present Final Draft to Governing Body
   - Hold Joint Public Hearing
10. Adopt Comprehensive Plan
    - Review and Revise
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 mechanism is just one of many that is used by progressive associations to develop a strategic plan. Another, called the Logic Model, is extensively explained in Chapter Nine. While they incorporate many of the steps necessary to ensure success, these planning methodologies 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 an organization’s total focus to 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 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 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 ensures 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 consists entirely 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 a 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 an organization’s membership team:

**Figure 4.1 Sample Membership Team Training Outline**

<table>
<thead>
<tr>
<th>Module One: Membership Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Understanding Membership</strong></td>
</tr>
<tr>
<td>WHO are your potential members?</td>
</tr>
<tr>
<td>WHAT are their expectations?</td>
</tr>
<tr>
<td>WHY should they join your association?</td>
</tr>
<tr>
<td>WHEN should they be approached for membership?</td>
</tr>
<tr>
<td>HOW should the association solicit membership and involvement?</td>
</tr>
</tbody>
</table>

| 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.
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 elicit 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 elicit 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 to elicit 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 it 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 approached 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

<table>
<thead>
<tr>
<th>Objection</th>
<th>Possible Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;I do not have time to participate&quot;</td>
<td>&quot;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&quot;?</td>
</tr>
<tr>
<td>&quot;I receive no benefits from the organization&quot;.</td>
<td>&quot;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&quot;.</td>
</tr>
<tr>
<td>&quot;I do not agree with the organization's policies&quot;.</td>
<td>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.</td>
</tr>
<tr>
<td>&quot;The organization does not do anything&quot;?</td>
<td>&quot;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&quot;.</td>
</tr>
<tr>
<td>&quot;My business is too small to get any benefit&quot;.</td>
<td>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&quot;?</td>
</tr>
<tr>
<td>&quot;The membership dues are too high; I cannot afford to join&quot;.</td>
<td>&quot;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&quot;?</td>
</tr>
<tr>
<td>&quot;I want to think about it&quot;</td>
<td>&quot;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&quot;</td>
</tr>
<tr>
<td><strong>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?</strong></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>&quot;I am a professional person. The organization is for businessmen&quot;.</strong></td>
<td></td>
</tr>
<tr>
<td>&quot;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?&quot;</td>
<td></td>
</tr>
<tr>
<td><strong>&quot;I am not interested&quot;</strong></td>
<td></td>
</tr>
<tr>
<td>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?</td>
<td></td>
</tr>
<tr>
<td><strong>&quot;Please send me some information&quot;</strong></td>
<td></td>
</tr>
<tr>
<td>&quot;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?&quot;</td>
<td></td>
</tr>
<tr>
<td><strong>&quot;I will join if you will guarantee that I will get more customers&quot;.</strong></td>
<td></td>
</tr>
<tr>
<td>&quot;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?&quot;</td>
<td></td>
</tr>
</tbody>
</table>
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 Greater 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 Greater 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
THE ROLE OF BUSINESS ORGANIZATIONS IN PUBLIC POLICY ADVOCACY

SECTION ONE: OVERVIEW OF ORGANIZATIONAL ADVOCACY

Global experience highlights that economic reform is only truly effective when business associations make their voice known through advocacy. Business groups represent an important segment of society -- one that stimulates economic growth through the creation of goods and services and the jobs that accompany them. Hence, their voice needs to be heard in the policymaking process. Many think of business associations as providers of education and entrepreneurial training. These efforts will be in vain if the overall business environment is not conducive to entrepreneurship. Effective business associations combine educational goals with an advocacy program for policy reform in areas that affect their members. In today’s world of global competition where business men and women are looking for associations that will help their bottom line, no association can afford to overlook advocacy. In fact, in the long run, advocacy is the key to an association’s success and survival.

What is Advocacy?

In simple terms, advocacy is the act of transparently influencing or supporting a person or ideal. Public policy advocacy refers to the influencing of laws and/or regulations. In the case of business associations, this usually means those policies that affect their members.

In other words, public policy advocacy involves speaking out in favor of and garnering support for particular positions concerning political platforms, laws, regulations and other public actions. The position might be to approve, repeal, reject or amend a policy. Advocacy, especially public policy advocacy, can be challenging because it may involve opposing a government’s stand on specific issues. Because of this, even the most effective public policy advocacy organizations are not always successful. As a matter of fact, advocacy professionals agree that success in this arena involves risk, patience and “the willingness to lose…a lot…and keep on trying”. One advocacy professional put it this way, “Losing is a by-product of advocacy, but organizations that learn from their losses will gain an ever increasing number of policy wins”.

Because many public policies directly affect business activity, the private sector needs to make its voice heard so that it can improve certain public policies. In many cases, these include tax policies, laws/regulations governing transportation, and tax issues to name a few.

Because the development of a business-friendly legal framework is crucial to private sector growth, many businesspersons, through their business associations, regularly make their positions on specific issues known by engaging in public policy advocacy at all levels of government. For business associations, this entails educating their members about
government policies and gathering their often disparate views into one voice that articulates the costs and benefits of particular policies. Organizing in this way increases the likelihood that the government will adopt specific reform measures. Overall, these efforts focus on the establishment and maintenance of a favorable business environment. The type of advocacy in which an association can be involved depends on whether the organization is defined under public law and has mandatory membership requirements, or whether it is a completely voluntary association.

What Public Policy Advocacy is Not

It is important not only to understand what public policy advocacy is, but also realize what it is not. From the perspective of business associations, public policy advocacy is geared towards creating a hospitable business climate for all its members. It is not designed to:

- Obtain preferential treatment for one business or sector
- Solve problems concerning members’ day-to-day business activities. (If, however, daily obstacles are indicative of a larger problem plaguing the business community at large, then public policy advocacy is warranted. In such cases, special attention needs to be given to attack the real cause as opposed to the symptom.)
- Provide members with daily problem-solving services related to conducting routine business transactions or settling disputes between members and the government. To resolve such matters, members should obtain the services of lawyers, consultants and so forth.

Business associations with mandatory membership, that are government-funded, may have restrictions on their scope of activities or may jeopardize their funding if they engage in certain types of advocacy. Most still conduct some aspects of public policy advocacy. This guidebook is designed to assist business associations in fully participating in the public policy advocacy process regardless of their structure.

Why is Public Policy Advocacy by Business Associations Important?

To make the voice of business heard

Effective advocacy makes crucial, policy-relevant information widely available to several key audiences that influence public policy. These audiences include:

- **The media** who benefit greatly from business association and think tank commentary and criticism. Journalists gather a great deal of their information from official government sources, but they are better able to analyze this information once they have listened to the alternative voice of business associations and think tanks.
- **Lawmakers** who need sound information because they make policy decisions that affect their citizens’ lives. These citizens, in many cases, will decide on whether or not to re-elect the same legislators. Sound policies foster a favorable business
environment, advance market-oriented reforms and benefit society as a whole. A hospitable business climate attracts investment and stimulates entrepreneurship which, in turn, generates economic growth and well-paid quality jobs. All citizens can take advantage of these new opportunities.

- **Regulators, bureaucrats and administrators** who, when provided with solid information about the underlying objectives of specific policies and regulations, are able to do a better job implementing and enforcing them.
- **The general public including business association members** who influence policymaking decisions. Having access to key information about policies under consideration educates business association members and the public on policies that affect them and helps them know what elected officials are doing -- or failing to do -- on its behalf. Citizens and business associations can then hold these representatives accountable.

**To strengthen business associations**

Advocacy is also vital to a business association’s survival and growth. Business associations aim to serve members. To this end, they offer many services such as business education and training. Yet these efforts may be in vain if laws and regulations make it very difficult to be a successful entrepreneur. In these circumstances, advocacy is needed in order to eliminate these barriers so that association members’ businesses can survive and prosper.

Business associations that advocate effectively are known to:

- **Articulate members’ concerns as a unified voice** thereby quickly attracting policymakers’ attention
- **Meet regularly with decision-makers** to discuss key policy issues and to provide well researched publications
- **Establish regular channels of communication and close working relationships with government officials:** Set up regular times to meet with government officials.
- **Use these channels to promote members’ interests** by influencing the pace and direction of specific laws and policy proposals. Moreover, through these activities, policymakers may begin to consider business associations as key participants in the policymaking process and as providers of sound policy-relevant information. In some countries policymakers automatically turned to business associations for policy advice.
- **Engage in both pro-active and reactive advocacy to their members’ benefit.** By communicating regularly with policymakers, business association representatives can help to set the policy agenda by voicing concerns and proposing specific policies they endorse as opposed to only reacting to others’ proposals. Moreover, frequent contact also helps business associations to keep abreast of imminent and current policy proposals so that they can thoroughly examine the issue and prepare a sound policy response.
• Help prevent frequent changes to the business-related legal and regulatory framework that frighten investors and hinder entrepreneurship.
• Monitor the administration of policies to ensure that enacted provisions of interest to their members are administered fairly, consistently and swiftly thereby strengthening the rule of law.

By actively engaging in advocacy, a business association becomes a serious actor in the policymaking arena and strengthens itself. Successful advocacy raises an organization’s profile amid policymakers and enhances its reputation within the business community as a useful membership service provider. This increases contributions from existing members and attracts new members. With more funding, business associations can devote more resources to advocacy and thereby enhance advocacy strategies and tactics. A larger membership means more voting constituents and thus more clout amid elected policymakers. In short, advocacy equips business association members with the necessary information, motivation and tools with which to protect and improve the private sector.

SECTION TWO: PUBLIC POLICY 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, an 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:
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:

<table>
<thead>
<tr>
<th>Structure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal</td>
<td>The coalition is a structured body with elected leadership and specific rules as to its operation and procedures.</td>
</tr>
<tr>
<td>Informal</td>
<td>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.</td>
</tr>
<tr>
<td>Federation</td>
<td>The coalition’s formal structure is codified into a legal federation that continues into perpetuity.</td>
</tr>
</tbody>
</table>

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:
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

<table>
<thead>
<tr>
<th>Issue</th>
<th>Credibility</th>
<th>Result</th>
<th>Coalition/ Association Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Win</td>
<td>Win</td>
<td>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.</td>
<td>Increases</td>
</tr>
<tr>
<td>Win</td>
<td>Lose</td>
<td>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.</td>
<td>Decreases</td>
</tr>
<tr>
<td>Lose</td>
<td>Win</td>
<td>This scenario can be very advantageous for a coalition in that area.</td>
<td>Increases</td>
</tr>
</tbody>
</table>

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
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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 Hohensolen. 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
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 Initiative’s 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
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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, Tonga, 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 in 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  
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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.

SECTION THREE: DEVELOPING A BUSINESS AGENDA

What is a Business Agenda?

As stated in Chapter One, a business agenda is a publication that highlights issues that are important to an organization’s membership and provides recommendations as to how to address them. Development of a business agenda is a crucial step in the establishment of a successful public policy advocacy effort. Even though important, it is challenging for many organizations as it involves the establishment of a specific process through which an association(s) can identify, prioritize, and develop policy positions on issues related to business. This requires the gathering of input from key stakeholders including members, collaborating organizations, international organizations, and research organizations.

A business agenda provides a way for an organization or advocacy coalition to encapsulate its recommendations into one document that is easily distributed to key stakeholders such as government officials, representatives of international organizations, and members of the press. The agenda frames issues in an easy-to-follow format that makes it easy to focus on individual issues within the document. In many cases, organizations or advocacy coalitions augment the business agenda with policy papers that provide specific data to support its recommendations.

The development process for a business agenda is encapsulated in steps 3 through 8 of the systems-based advocacy model that is discussed in Chapter One. In order to implement these steps, an organization must be committed to the implementation of the following approach, which consists of five developmental phases:
Phases in the Development of a Business Agenda

Gathering Input

As in the development of an overall organizational strategy, the creation of a business agenda 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, international stakeholders, and public officials), surveys, and public meetings. The following is an explanation of each technique:

Focus Groups

Purpose: The purpose of focus groups is to gain information from members, representatives from coalition partner organizations, international stakeholders and government officials that can be used to identify key policy issues. 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 gaining input for a business agenda, it is best to empanel a number of mixed groups of members (including representatives from coalition partners if applicable), international stakeholders and public officials. 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. An association staff member may facilitate the focus group session or an outside facilitator may be used. To form the focus groups, the President or Executive Director of the organization should send letters to stakeholders that have been identified by the staff. The letter should stress that the session’s purpose is to identify policy issues that affect business in general or, depending on the mission of the sponsoring organization(s), an industry as a whole. The organization, at its discretion, may offer incentives to those individuals that participate. This may vary from providing a lunch to giving away prizes. Often, 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 elicit 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. Because the session’s purpose is to elicit specific input on policy issues, the questions should be designed to focus on challenges faced by the business community as a whole or an industry in specific. Some facilitators utilize an analysis of strengths, weaknesses, opportunities and threats (SWOT) to frame the discussion rather than a pre-planned set of questions. Regardless of the technique used, the focus group’s goal should be the identification and prioritization of specific policy issues to be addressed within the business agenda.

**Report:** Within ten days after the focus groups, the facilitator prepares a report that identifies the issues that were identified as well as the group’s suggested prioritization. Prioritization is important because it provides a mechanism to cross-reference responses from each focus group to determine which issues are considered important by all the groups. This provides the organization or advocacy coalition with a practical way to assess which issues should be included in the business agenda and which should be left out. It also provides a way to determine which of the prioritized issues should be addressed in the near-term versus taking a longer-term approach. Typically, the facilitator will meet with the organization’s senior staff and volunteers to present the report.

*Public Policy Advocacy Surveys*

**Purpose:** Conducting surveys is a traditional way of generating input from stakeholders. For purposes of gaining input from a business agenda, it is not as important as focus groups and public meetings. Surveys, especially those dealing with policy issues, have become passé in many areas, thus reducing the number of responses, eroding the accuracy of the responses provided, and generally limiting their effectiveness as an input-gathering tool. Advocacy experts contend that surveys are most effective when they a) focus on one particular issue, b) are done in conjunction with or as part of a public meeting, and/or c) are constructed scientifically to ensure participation by the appropriate stakeholders. In an advocacy context, surveys are most usually linked to polls, which are a scientific amalgamation of stakeholder opinions on a candidate or issue.

**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 business agenda, nor are unscientific samplings that do not include a broad sampling pool. It is recommended that for purposes of developing a membership development strategy 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 allow for both structured and un-structured input. Quantifiable questions allow the organization access to specific data that can be used to analyze the importance stakeholders place on a specific issue or issues, while subjective responses may provide insight into situations and/or attitudes of importance to individual stakeholders.

**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 public forums.

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

**Public Forums**

**Purpose:** The purpose of a public forum is to generate input from a large respondent pool at one time. While not as effective as structure focus group discussions, public forums are useful in that they provide a wide variety of feedback from a broad base of stakeholders.

**Public Forum Design:** Public forums are usually designed with audience-participation in mind, meaning that the venue should provide a setting that allows participants the opportunity to speak. The sound system should either include cordless microphones that can be passed throughout the audience or a podium and microphone from which participants can speak. The latter technique is not encouraged since it relinquishes control of the microphone, rendering the forum’s organizers powerless to control the time or quantity of remarks. If general comments are accepted from the audience and cordless microphones are used, it may be necessary to position staff members or volunteers throughout the room to facilitate the passing or microphones to and from participants.

**Public Forum Process:** Typically, public forums are divided into three segments. During the first segment, organizational or advocacy coalition representatives frame the debate, meaning that they clearly establish the reason for the forum, why it is being conducted, what results they hope to achieve and what will be done with the results. The second segment is often used to provide background information on an issue, issues or sector in order to further narrow the discussion to a finite number of targeted topics. The third segment usually focuses on gaining input, either through the division of the forum participants into discussion groups or by allowing input from the floor. The latter
technique is often perceived as ineffective due to an organization’s inherent inability to control the comments made by individual participants. Still, for those organizations patient enough to allow them these interventions can provide useful feedback for the creation of a business agenda.

**Report:** If a series of public forums are conducted, a joint report should be prepared that outlines the common responses from all the events, as well as outlining the outcomes from each individual forum.

Gathering input is a critical step in the development of a business agenda, 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 input-gathering process should receive a copy of the results and be invited to provide additional feedback on an ongoing basis. If used properly, the results will provide the association or advocacy coalition with an indication of key issues and their priority to stakeholders. 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.

**Compiling and Analyzing Data**

Member input gained through focus groups, surveys and public forums is important in gauging the attitudes of a variety of stakeholders relative to policy issues. This input is subjective, however, and if used in a vacuum can lead to recommendations that are self-serving, impractical or ineffective. For this reason, organizations desiring to create realistic policy recommendations also compile and analyze data. This is most usually done parallel to the stakeholder input-gathering process, though many organizations use the compilation and analysis of data as a way to frame the discussion during stakeholder events. There are four primary types of data to be analyzed:

**Statistics**

Statistics are data that is compiled over time using specific methodology. If updated properly utilizing the same methodological norms, statistics can provide an analysis of trends that is useful the thorough understanding of an economy, sector or issue(s). Unfortunately, statistics are often incomplete, outdated or compiled using different methodology so that accurate comparisons and trend analysis cannot take place. Organizations using statistics to support policy recommendations should understand that a) one set of statistics often contradict another, creating a “war of numbers” that can create confusion about an issue(s), b) statistics that are more than a year old have marginal value, especially countries where the economic system is fluid, and c) statistics must be interpreted in a way that is both transparent and accurate.
Existing Research Reports

Many organizations utilize existing research reports to assess the impact of a policy issue(s) or as proof that its policy recommendations are accurate. Reports conducted by organizations such as the World Bank and the United Nations are typically accepted as substantive, which make them useful inputs into the creation of policy recommendations. Reports published by think tanks, individual researchers and lesser-known non-governmental organizations may contain accurate information, but will traditionally have less influence in support of or opposition to an issue(s).

Research reports should not be confused with opinion-based articles unless they contain empirical research in support of a position. The Internet, for instance, is filled with articles that appear to be research-based when in actuality they are little more than opinion-editorial pieces. These articles have little value in the development of policy recommendations.

Technical Articles

Technical articles are those written by an expert in a particular field or on a specific issue. In order to have maximum value as an input into the creation of policy recommendations, a technical article should contain information that explains a process, methodology, or issue in such a way as increase the stakeholders’ understanding. For instance, a technical article on economic policy written by a person of authority might be a useful input into the policy recommendation process as it would likely provide insight into specific fiscal issues or policies in play.

On-Line Sources

Over the past few years, on-line resources have been widely used as inputs into the policy development process. While the Internet contains some useful information, organizations and advocacy coalitions should use great care in assessing its value. Resources such as Wikipedia have marginal value in policy analysis, since they can be changed by any authorized user. On-line statistics, research and reports should be used expeditiously as they often contain inaccuracies that can render policy recommendations ineffective.

The outputs generated through data compilation will only be as good as the inputs, so it is essential that organizations understand the difference between “substantive” and “un-substantive” data. Substantive data comes from sources that are acknowledged as experts in data collection. In a development context, organizations such as the World Bank, United Nations, and high-visibility international non-governmental organizations (such as Amnesty International or Transparency International) are sources of substantive data. Regardless of the source, substantive data is based on proven methodology that was designed to elicit unbiased results. Un-substantive data is that which cannot be verified through methodology or is offered by an organization that has a reputation for producing biased results. Data from these sources is often undermined by substantive data and thus
may produce a credibility problem for organization or advocacy coalition that is developing a business agenda.

**Conducting Independent Research**

In many countries, statistical and technical data is lacking, leaving an information void that must be filled before an organization or advocacy coalition can ensure the development of realistic policy recommendations. Because of this, organizations are often required to conduct independent research either on their own or by using outside expertise. In a growing number of cases, organizations and advocacy coalitions are utilizing either individual experts or think tanks as sources of independent research. The method utilized depends largely on the results to be achieved. Technical experts are typically used to provide data on trends within a specific sector, overall economic trends or issue-based analysis. Think tanks tend to take a more academic than technical approach to research, but are useful sources of data an analysis. In fact, think tanks are among the only sources of substantive data in many developing countries.

Because of the cost of conducting independent research, many organizations and advocacy coalitions are reluctant to include it in their issue analysis. Instead, they rely on readily available sources of data that may be outdated, inapplicable or un-substantive. This shortcut, while conserving financial resources, has undermined the effectiveness of many business agendas. After all, recommendations based on ten-year old research or on analysis for sources lacking credibility is easily contradicted. Policy recommendations based on anything but substantive data and strategic stakeholder input may not be valid based on actual conditions within an industry, sector, or geographic region.

**Developing Specific Policy Positions**

Once stakeholder input and data have been thoroughly analyzed, an organization or advocacy coalition can develop policy positions to address issues contained within the business agenda. When developing these positions, organizations should consider the following:

*Policy positions should be specific*

Specificity is important when developing policy positions. Vague arguments that lead to no particular conclusion or in some cases create additional questions, has no value in affecting change. Policy positions should therefore contain specific actions to be taken on an issue during a defined period of time.

*Policy positions should be realistic*

In public policy advocacy there is traditionally a chasm between what an organization wants and what it can realistically achieve. Rather than focusing on actions that are not realistic given the current political or economic circumstances, policy positions should contain realistic recommendations that are supported by substantive data.
Unrealistic policy positions erode an organization’s credibility by creating false expectations among its stakeholders.

**Policy positions should be supported by data**

Policy positions that are not supported by data are merely a collection of opinions. While it is important for an organization or advocacy coalition to express its opinion on an issue(s), it must be supported by data that is perceived to be substantive, meaning that it was compiled using an accepted methodology by an organization that has some credibility.

**Policy positions should be agreed upon by key stakeholders**

Prior to its finalization, the business agenda should be reviewed by stakeholders to ensure broad-based support for the policy positions it contains. This is usually done either through a meeting with members and other stakeholders or through agreement of stakeholder representatives. In the case of an advocacy coalition, agreement is achieved through a meeting of representatives from each of the business associations involved in the coalition. Many business agendas have been rendered ineffective because of lack of agreement on its policy positions. Disagreements must be worked out in advance instead of after the agenda is published and distributed so as not to erode the organization’s or coalition’s credibility.

**Policy positions, where possible, should focus on the financial or social benefits of a particular action or actions**

Advocacy experts agree that the most effective argument of policy change is that of financial impact. Organizations that can prove the financial impact of a supported or opposed action have an effective argument for change. Numbers translate easily to the press as well as in public forums. Policy positions are also strengthened through recommendations that have social impacts, which will generate broad-based public support.

**Policy positions should be brief and easy to understand**

Policy positions should be brief and easy to understand. The business agenda should not the specific data and details that were used to formulate a position, as this information is best contained in a separate policy paper. Rather, the policy position should include clearly stated recommendations for action that are based on research and stakeholder input.

**Developing a Utilization Plan for the Business Agenda**

A business agenda can only be effective if utilized in a strategic way. Simple distribution will not achieve the desired results, as most of the publications are lengthy and thus easily dismissed by government officials and other target audiences. With this in
mind, an organization or advocacy coalition should consider the following utilization
techniques to ensure the business agenda’s impact:

**Business Agenda Launch Event**

A launch event is a useful way to promote the business agenda by highlighting its policy positions in front of government officials, representatives of international organizations, association members, and the media. During its “Open Doors Campaign” in Romania, the Tourism for Today and Tomorrow (T-3) Coalition (consisting of 11 major business associations serving the tourism sector) held a launch event to highlight six policy positions contained in its business agenda. During the two-hour meeting, T-3 Coalition officials presented the positions and took questions from government officials and other participants. After the event ended, the Coalition’s leadership held a press conference that included supportive remarks by the Minister of Tourism. A networking event was held after the press conference so that the Coalition’s members could interact informally with participating stakeholders. This event created intense media coverage that brought the six policy positions into the forefront of discussion. It created a platform on which the follow up action was conducted.

Another event, “Advocacy Days”, was sponsored by all three coalitions involved in the Open Doors Campaign as a way to raise the visibility of its advocacy campaign by generating massive grassroots support.

The event drew over 400 participants from thirteen Romanian counties. Three government ministers and fourteen members of parliament also attended at the Coalitions’ invitation. After a half-day session promoting the Coalitions’ business agenda, participants were divided into sector-specific advocacy teams (tourism, manufacturing and information technology) for meetings with elected officials in each of these areas. The event spawned significant results including 26 press articles, 11 television news reports and 1 magazine article. It served as a high profile launch for the Open Doors Campaign, creating momentum that propelled the effort toward the achievement of its goals. The Coalitions continue to operate, launching public policy campaigns and heightening awareness of three vital economic sectors. Since 2002, the Coalitions have facilitated the passage of 38 laws in support of these sectors and the successes continue with a new group of leaders.
**Creation of Issue Papers**

Issue papers are different from policy positions. As stated earlier, policy positions are brief statements that include an organization’s or advocacy coalition’s recommendations on how to address specific issues within the business agenda. Issue papers are separate, more detailed documents that include statistics and other documentation in support of a policy position. Issue papers are typically used during press briefings or meetings with public officials in order to provide background information on a particular issue(s). Some organizations sponsor round table discussion meetings at which issue papers are presented and discussed. The effective use of issue papers keeps policy positions within the business agenda in front of the media, government officials and other stakeholders.

**Creation of Advocacy Committee Structure**

Many business associations have created business agendas only to realize too late that the development of the agenda itself was not enough to affect public policy. Even follow up actions such as a launch event and the creation of issue papers cannot maintain the momentum necessary to initiate policy change. This comes through a strategic and sustained organizational structure that is linked with the business agenda. Typically, this structure is in the form of advocacy committees that focus on the issues contained within the agenda. For example, if the business agenda contains the issues of taxation, customs regime reform and banking reform, an aggressive organization or coalition will form committees to oversee the advocacy effort in each of these areas. These committees will host events to highlight policy positions, analyze and comment on pending government legislation in its area of focus, and conduct hold one-on-one meetings with government officials to promote the organization’s or coalition’s point of view.

Advocacy committees typically include technical experts within the area of their focus (for instance a banking reform committee might include bankers, economists, representatives from the World Bank and International Monetary Fund, etc) and meet on an “as needed” basis. In many organizations, staff members provide support for the committees by scheduling meetings, sending reminders to committee members, and taking minutes. The committees are usually appointed by and serve at the pleasure of an organization’s board of directors or in the case of an advocacy coalition, its steering committee.

**Press Events**

Press events are effective in promoting policy positions, but should be used judiciously. Organizational or coalition leaders should know when to prepare and send a press release, conduct a press conference or meeting one-on-one with media representatives. Typically, press conferences are reserved for major issues or policy
announcements, while press releases are utilized to create ongoing visibility or to “wet a journalist’s appetite” to cover a specific issue(s). Media outreach will be discussed at length in Chapter Four.

**Direct Advocacy**

Direct advocacy is another word for “lobbying”, meaning that a person or group of people attempt to transparently influence a public official by outlining specific policy position. Direct advocacy is perhaps one of the most common ways to follow up on the creation of a business agenda, but it is often overused or used in a way that does not produce desired results. It must be stated that direct advocacy has nothing to do with having an “inside track” with a politician or resorting to non-transparent practices in order to achieve success. In most countries, direct advocacy is heavily regulated, with specific oversight mechanisms in place to ensure compliance with ethics rules. In its purest form, direct advocacy is the root of democracy, as individuals and groups take their case directly to officials that have direct influence on the issue(s) they feel are important. Direct advocacy will be discussed at length in Chapter Six.

**SECTION FOUR: DEVELOPING ADVOCACY CAMPAIGNS**

**What is a Public Policy Advocacy Campaign?**

A public policy advocacy campaign is a sustained event that focuses on the implementation of one or more policy positions outlined in the business agenda. Campaigns are designed to initiate intense focus on one or more issues in order to achieve a desired outcome, which is usually the passage or defeat of a specific piece of legislation. Campaigns usually take one of two forms. Issue-based campaigns are those that focus on one issue that may constitute a policy position as a whole or one recommendation within a policy position. For instance, the Advocacy Academy Association in Timisoara, Romania developed a policy position in support of open and transparent government. This position contained three specific recommendations, one of which was the passage of a “Freedom of Information Act” what would require the government to provide information on laws, draft laws, ordinances or financial practices to organizations or individuals that requested the information in writing. The association waged an 18-month advocacy campaign in support of this law that included public hearings, direct advocacy, media outreach, demonstrations and special events. The law was finally passed, after which the association focused on the next recommendation under its open and transparent government policy position.

Campaigns can also be sector-based, meaning that they focus on a finite number of issues that are important to a particular sector. The Tourism for Today and Tomorrow (T-3) Coalition mentioned above initiated such a campaign beginning in 2002. After identifying six key policy issues, it developed positions on each and initiated a campaign called “Open Doors” to advocate these positions to the appropriate government ministries. Over the next two years, the Romanian Government adopted four of the six policy positions. Rather than wage a campaign focusing on each position, the Coalition conducted a campaign based on a series of positions that support the tourism sector’s development.
Elements of a Successful Campaign

Regardless of the type of advocacy campaign, there are common elements that must be considered if the desired results are to be achieved. Organizations and advocacy coalitions approach campaigns in different ways, but elements for the following are typically incorporated into the overall initiatives:

Issue Briefs

Issue briefs differ from policy positions and issue papers. Issue briefs provide a condensed synopsis of a policy position (usually no more than one page) for use at public meetings, press conferences and private meetings with government officials. Issue briefs provide stakeholders with a clear but concise view of the issue, its background and the organization’s or coalition’s policy position. The following is an issue brief that focused on support of policies to benefit the light-manufacturing sector:

Figure 5.7 Pro Globe Coalition Issue Brief

<table>
<thead>
<tr>
<th>ISSUE BRIEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORPORATE PROFIT TAX</td>
</tr>
<tr>
<td>PREPARED BY</td>
</tr>
<tr>
<td>The Pro-Globe Coalition of Business Associations Representing the Light Industry Sector</td>
</tr>
</tbody>
</table>

For approximately two years, exporters have been subject to exceptional treatment as to profit tax. In order to stimulate exports, an indirect form of subsidy - a tax of only 6% – has been applied to profits generated from exports, compared to 25% tax on profit from other types of operations. Over the past six months, discussions about the upcoming end of this special treatment period have been increasingly frequent. A proposed new profit tax law was drafted by the government of and forwarded to parliament on April 24. The new law brings several changes to the profit taxation algorithm, to get it closer to the EU standards and accession requirements, including gradual cancellation of the exceptional treatment for exporters. There is speculation that the law was drafted in close collaboration with IMF representatives. Discussions over the law in the commissions of the Chamber are expected to start on Tuesday, May 7.

According to the new law, exporters are likely to pay 12.5% tax on respective profit starting Jan. 1, 2003 and begin paying 25%, from January 1, 2004. The law also alleviates some previously awarded exceptions, such as operations in the distressed economic zones, in free trade zones, investments over $1 million and incentives to SMEs. Regional development policies and foreign investment policies will also be affected by the new law, in ways that are hardly quantifiable at this point.
The first reaction from the Ministry of Finance to the discussions in the Chamber of Deputies took the form of a promise to make some new subsidies available to compensate for the doubling and then doubling again of the profit tax for exporters, as well as another promise to keep stimulating SMEs by providing access to financing sources, state guarantees for loans and incentives for human resource development.

Although highly predictable, fully in line with gradual EU accession requirements, lowering protective obstacles to increased competitiveness, the issue of the new law rapidly got “hot” and also acquired a political component, the National Liberal Party (PNL) being the first to protest against the law, to come up with a set of proposed amendments, and to attack the Humanist Party (PUR) for supporting the ruling party (PSD) in this initiative. PNL asked for the resignation of Silvia Ciornei (PUR) as Minister of SMEs.

Members of the Pro Globe Coalition have been active in providing input on this issue, although it was a foregone conclusion from the time this incentive was initiated that it would gradually be alleviated. Their strategy has been to achieve a phased approach to the implementation of the tax, and to ensure that the final tax is competitive with that of surrounding countries. The following is a comparison of the profit tax rate (as proposed by the Ministry of Finance) with those of selected countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Profit Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romania</td>
<td>25% (cut from 38% four years ago)</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>20% (15% for small enterprises)</td>
</tr>
<tr>
<td>Greece</td>
<td>35% for listed companies and 37.5% for unlisted</td>
</tr>
<tr>
<td>Italy</td>
<td>36%</td>
</tr>
<tr>
<td>Hungary</td>
<td>18%</td>
</tr>
<tr>
<td>Poland</td>
<td>28% (scheduled to fall to 22% by 2004)</td>
</tr>
<tr>
<td>France</td>
<td>33.3%</td>
</tr>
<tr>
<td>Russia</td>
<td>24%</td>
</tr>
</tbody>
</table>

While the Coalition will support the phased in initiation of this tax, it will not support its immediate application at the 25% rate. In addition, the Pro Globe Coalition members want a lower tax rate for small companies and more communication between the Ministries and the private sector in making revenue-related decisions. The end result of this situation is that the alleviation of the profit tax incentive and phased in increase to 25% will be a short-term hardship, but in the long term businesses will not be as severely affected, as many politicians would lead us to believe. Most see this as a natural progression toward EU accession.

The Pro-Globe Coalition achieved its goal of obtaining a phased in tax over five years, as well as incentives for small companies. This issue brief, only one page in length, provided background on this issue as well as clearly stated the Coalition’s policy position. It was widely distributed on the Coalition’s letterhead and when the law was passed, the
Minister of Small and Medium Sized Enterprises gave it full credit for having waged an advocacy campaign in support of private sector development.

**Advocacy Tour**

Advocacy tours are widely used by organizations and advocacy coalitions that want to develop grassroots support throughout a large geographic area. This approach is especially effective for issues that have a national scope. In 2006, the Afghanistan International Chamber of Commerce conducted the first national advocacy tour in the country’s history, taking its business agenda to more than 2,000 members and other stakeholders in six cities. In each location, AICC held a press conference to discuss the positions within its business agenda, a workshop to inform business leaders about issues that could affect private sector development and a networking reception to its members with access to key government officials. Its advocacy tour was called “The Building Bridges Initiative”, meaning that it was designed to bridge the gap between the private sector and government. As a result of this tour, AICC’s business agenda received significant press coverage, enjoyed heightened public support, and gained the attention of key government leaders. In fact, President Hamid Karzai commended AICC for its effort saying that the tour was, “A positive step toward empowerment of the private sector”.

Advocacy tours, while effective, require a significant amount of coordination, are expensive, and demand a great deal of follow up. Because of this, they are usually conducted by larger or regional associations and advocacy coalitions that have the capacity to implement them. The media traditionally supports such events as they provide significant opportunities for news coverage. Tours also provide opportunities for organizational and advocacy campaign branding.

**Networking Events**

Organizations and advocacy coalitions use informal networking events to build relationships between the private sector and public officials. These events are useful elements of advocacy campaigns because they provide low-key ways to advocate an organization’s or coalition’s policy positions. Public officials tend to embrace these events because they are informal and non-confrontational, while the private sector participates because it has direct access to senior-level political officials. Networking events are not singularly successful, but as part of an overall advocacy campaign strategy they can be quite effective.

Many associations fund such events either through corporate sponsorships, as corporations want to be visible to both the private sector and public officials, as well as through registration fees. In the latter case, the association charges each participant a small fee to cover the costs of the reception. Some organizations include a short amount of time for presentations, for instance a presentation by its President on an issue contained in the business agenda, while others focus only on networking. Typically, the association pre-assigns staff and committee members to talk with targeted government officials that attend in order to promote the organization’s point of view. In other words, the
networking event appears to be a random, informal gathering of business and government leaders when in actuality it is well-planned to achieve specific results.

**Collaborative Stakeholder Event**

Business associations and advocacy coalitions routinely partner with outside stakeholders to promote policy positions within their business agendas. Stakeholders such as the International Monetary Fund (IMF), United Nations (UN) and the World Bank (WB) can provide and policy position with instant credibility. Collaboration between national and international non-governmental organizations (NGOs) is also common. The Advocacy Academy Association of Romania, for instance, partnered with the Romanian Open Society Foundation to sponsor a series of public hearings on issues such as the Freedom of Information Act and the anti-corruption law. This collaboration cemented an ongoing partnership between the two organizations while at the same time providing more visibility to the advocacy campaign.

**Media Outreach**

Ongoing media outreach is important in the implementation of a successful public policy advocacy campaign. Organizations that take a process-oriented approach to advocacy understand that development of a strong relationship with media outlets is key to the dissemination of its message. Many conduct monthly press briefings or networking events where members of the press are provided information about policy positions. Other organizations assign staff and/or volunteer leaders as liaisons between the organization and the press. The key to a successful advocacy campaign is staying ahead of the news instead of behind it. In other words an association or advocacy coalition must manage its message instead of being forced to respond to inaccurate information caused by erroneous reporting or lack of clarity. Edward Priola, an expert in advocacy communications, says it this way, “An organization cannot be on the offensive if it is on the defensive. Building strong relationships with the media is vital. Without them failure is virtually 100% assured”. The role of media management in public policy advocacy will be discussed at length in Chapter Four.

**Grassroots Support**

Grassroots support for policy issues within a business agenda is an advocacy campaigns lynchpin of success. It has been said that politicians in democratic societies value one thing above all others….votes. This being the case, organizations and/or advocacy coalitions that generate grassroots support and thus control votes, also enjoy a good deal of power. As stated in an earlier chapter, power is the “holy grail” of advocacy. Organizations that possess it exponentially increase their chances of success.

Advocacy tours and focused media management are two ways to develop grassroots support, but there are many others that are also being effectively used by business associations around the world. Newsletters, action-oriented e-mail messages, television programs, radio announcements and targeted mailings are all used to develop
and sustain grassroots support. While none of them are particularly effective on their own, when used in combination with other techniques, they are valuable tools in generating enthusiasm for issues and campaigns.

In designing a plan to generate and sustain grassroots support, business associations and/or advocacy coalitions must first decide who they need to reach. Will the campaign target members only or will it focus on the public at large? Also, a decision must be made as to how the message will be delivered. What media sources will be used? Will these sources reach the target audience(s)? Finally, there must be agreement on what message will be delivered within what period of time. In order to sustain grassroots support, an organization must keep the issue in front of its stakeholders. The American Association of Retired Persons (AARP) is one of the largest grassroots organizations in the United States. Its advocacy effort is extremely sophisticated and successful, largely because it sustains grassroots support of its members by keeping significant policy issues in the forefront. It does this through varied communications techniques that are designed specifically for its members. An organization that generates grassroots support but fails to sustain it will lose momentum the longer its advocacy campaign is conducted. As a noted military expert once said, “It doesn’t matter how large your army is at the beginning of a battle, it matters how many are there at the end”. The same is true of grassroots support, which is explored in Chapter Five.

SECTION FIVE: COMMUNICATIONS IN SUPPORT OF ADVOCACY CAMPAIGNS

“Literature is the art of writing something that will be read twice or more; journalism what will be read once”. Cyril Connolly, Consultant and Author

Media professionals understand that the right to be heard does not automatically include the right to be taken seriously. In other words, there is a difference between being loud and being effective. Infant public policy advocacy efforts tend to focus on the former, as they find their voice and bombard the government with complaints about real and perceived injustices. Mature organizations focus on effectiveness by learning when, how, where and to whom to speak. Successful advocacy campaigns are built not as much on the message as how it is delivered. Being right, therefore, does not guarantee results. Shrewd use of the media also does not guarantee positive results, but it dramatically increases the chance of success.

The first step in successfully managing a message is to focus on a) who is the audience, b) what is the message to be delivered, c) how is the message to be delivered, and d) when is the message to be delivered.

Who is the Audience? Is the target audience for the advocacy message only members of an association or advocacy coalition or the public at large? Is the message for government officials, international donors or national organizations? In reality, an organization may need to focus on many different audiences for a single issue. For instance, if the issue is to
reduce corporate taxes, an organization may want to communicate the issues background and importance to its members, recommendations to government leaders, and the need for support to the international community. Reaching all these audiences means that the organization must “wrap the same messages in different packages”.

What is the Message? Business associations and advocacy coalitions sometimes inadvertently send unintended messages or make them so convoluted that their target audiences cannot understand them. Advocacy media experts agree that it is best use the following guidelines when crafting an advocacy message.

- **Send clear, concise messages.** The more words used to describe an issue or a policy position, the greater the chance that the real message will get lost in translation. It is also important to develop concise messages for use by the media. For instance, an organization has only 30-35 seconds to broadcast a message over the radio and 60-90 seconds on television. This forces ruthless selection of facts to “pare down” the message.

- **Repeat the message frequently during short periods.** This is especially important for radio and television as studies show that listeners/viewers cannot retain information unless it is repeated frequently.

- **Be aware of vulnerability to opponents.** In creating an advocacy message, organizations should be aware that the minute it is released, opponents will begin a process aimed at destroying its credibility. With this in mind, organizations must ensure that the message is clear, accurate, transparent and fair. Otherwise, it will inadvertently give the opposition ammunition with which to erode its effect.

- **Create wedge and magnate issues.** In the context of an advocacy campaign, *wedge issues* are those that separate your message from your opponent’s, while *magnate issues* are those that bond your message to your supporters. In other words, an advocacy message should separate an organization from its opponents’ argument while solidifying its position with supporters (grassroots network).

- **Overcome clutter.** Today’s society is cluttered with information. A message must be crafted in such a way as to break through this clutter. This requires the development of clear, concise messages that are targeted directly to their appropriate audiences.

- **Call to action.** An advocacy message should contain a clear call to action. What does the organization want the reader/listener/participant to do? Should they write a letter to a policy maker? Should they participate in a protest? If the message is focused on a public official, what action should he/she take? Unless there is a clear call to action, the message serves little more than an informational purpose.

Business associations and advocacy coalitions should operate on the principle that it is easier to motivate someone around something they already know that to convince them to believe something new. This being the case, the message should be crafted to remind a target audience of what it already knows and it should evoke feelings that already exist. For instance, when the American Association of Retired Persons (AARP) communicates with its members about Social Security reform, it reminds them a) that each of them paid into the system, b) it is their money that must be protected, c) if mismanaged, the money
could be gone, and d) if it is gone they could be left without financial support in their twilight years. This message is effective because it reinforces what the organization’s members already know and it evokes strong emotions that precipitate a reaction.

How is the Message to be Delivered? Once the target audiences are identified, an organization must determine how best to reach them. For instance, to reach the business community at large to elicit its support for a plan to reduce corporate taxes, an organization may need to use a combination of communications techniques including articles/advertisements in widely-read business publications, e-mail alerts to CEOs, and/or fact sheets distributed through corporate communications departments. To reach government with its message, it may need to run opinion-editorial articles in leading newspapers that are widely read by government officials, schedule personal meetings with appropriate politicians and/or generate mass letters from the business community in support of the policy position. The standard rule for advocacy media management is that it does not good to identify the audience if one does not know how to reach it. Some organizations, especially in developing countries, utilize protests as a way to communicate advocacy messages. Experience indicates that interventions of this type should be used scarcely and only as a last resort, as they are both contentious and often produce convoluted messages that do little to influence decision-makers.

When is the message to be delivered? A business association or advocacy coalition must determine the most effective time to deliver its message. This may mean a particular day, a particular time of day, or a specific period of time (e.g. weeks or months). For instance, if an organization wants to reach the 18-24 age groups with its message, it may want to consider running advertisements on a popular rock and roll station during early evening hours when young people are off work and in their cars. A message not heard elicits no response, so timing is critical.

Methods of Communication

Publications

Publications are widely used in advocacy campaigns to brand the organization or advocacy coalition that is conducting the campaign as well as to create an image of professionalism and credibility. In other words, a message’s “wrapping” is an important indicator of its sponsoring organization’s professionalism. For this reason, successful advocacy organizations spend significant time and resources on a campaign’s aesthetic appeal as well as its message. The following are examples of effective advocacy publications:

This newsletter, published by the Open Doors Campaign advocacy coalitions in Romania,
conveys messages in a clean, concise format. It is in four colors, printed on high-quality paper, contains the campaign logo and is filled with photos. A common mistake on newsletters is to pack them with information and forget about their aesthetic appeal. Readers want to see photos and will read headlines first to see what interests them. Experience indicates that if the headlines do not appeal to them, they will not read the article and the message will be lost. Another common mistake is making newsletters too long. This newsletter was done in a four-page format. It also contained statistics, a “countdown calendar” for the campaign and other useful information.

The Open Doors Campaign in Romania produced this holiday card, which was sent to more than 2,000 stakeholders including government officials, the boards of directors of the associations involved in the coalition, international organizations, NGOs and other business leaders. Its purpose was not to promote particular issues, but rather to keep the campaign in front of its stakeholders. The modified use of the campaign logo with the wreath was appealing both aesthetically and from a branding standpoint.

This logo was developed to provide visual reinforcement of the campaign’s concept. The tag on the doorknob reads “Open Doors” in Romanian. Since the campaign focused on opening up discussions between government and the private sector, “Open Doors” represented a useful slogan to reinforce this message. The logo was designed to provide a visual frame of reference. It was included on newsletters, folders, newspaper advertisements, billboards and letterhead. Over three years, it became the most visible symbol of business association advocacy in the country.

This publication, which in Romanian says, “The State of Transparency” was published by the Advocacy Academy Association (“AAA”) of Romania, founded by six business associations in north Romania as a mechanism to increase public participation in government. The AAA is not a lobbying organization, but rather one that promotes interaction between the public and private sectors. Its publications, such as this one, focus on unbiased research. This publication is in four colors on heavy stock paper. It is neatly bound and has a professional look. It was distributed to more than 400 stakeholders including senior government officials and was used extensively by business associations to support their calls for transparency.
Press Releases

Press releases are common tools used to promote advocacy positions. Depending on the circumstances, organizations may want to distribute press releases individually or include them as part of a press packet at a media event or press conference. When drafting a press release, an organization should consider the following:

Figure 5.8 Tips for Writing Successful Press Releases

1. **It should include the most important facts early in the release.** The press release’s first paragraph should contain the most important information so that a reporter will know immediately the salient issues.

2. **It should be in plain language.** A press release is not literature. Reporters may know little about the issue contained in the press release, so use of conversational language is important in creating understanding as well as readability.

3. **It should be interesting.** Stakeholder quotes generate interest, as does focus on the issues impact. For instance, rather than saying “the business community is unhappy with this law” the press release should include a quote from a business owner and spell out the issue’s effect on his/her business. This creates interest as well as putting a “face” on the issue.

4. **It should contain a sense of urgency.** The release should include language that lets the reporter know why the issue is important right now. It should address the reasons why the organization feels the time is right to address the issue, rather than postponing action to a future date.

5. **It should be action oriented.** A press release should call for a specific action, such as the initiation of a rally in support of an issue, the coordination of a letter-writing campaign, or a launch event for an advocacy campaign.

6. **It should be relevant.** So much news is available today that the public only wants to read what is relevant and thus reporters only want to report news their readers will find interesting. Sending a mass-mailed press release to every media outlet regardless of its size, scope or readership is not an effective way to obtain coverage. Rather, press releases should target specific publications or media outlets that focus on readers/viewers that will find the information contained within the release relevant to their lives or businesses.

7. **It should demonstrate value.** This can be done by placing a value on the issue or the solution. For instance, rather than saying “Value Added Taxes on manufacturing inputs increases the costs of production, which are passed on to the consumer” a press release should say “Value Added Taxes on imported rubber increased tire manufacturing costs by 28%, raising the cost of a standard steel-belted radial tire from $100 to $135 per tire”. This assigns a value to the issue, making it more interesting for the public and consequently for reporters.

Part of writing an effective press release is structuring it in the appropriate way. The following represents an internationally accepted structural model:
Figure 5.9 Press Release Structure

1. **Release time:** This states whether it is for immediate release or if it should be released on a specific date.
2. **Contact information:** This provides information on the person within the organization that should be contacted about the press release. Typically, it includes the name, title and contact information.
3. **Headline:** The headline should be interesting but not “sensational”. Because of the volume of press releases that media professionals receive, a reporter may read the headline first and if it is not interesting, disregard the press release.
4. **Dateline:** The dateline is usually corresponds with the date the release is sent, which may be different from the release date, or the date an event took place.
5. **Lead paragraph:** The lead paragraph should contain the most important information, answering the questions “who, what, where, when and how”?
6. **Text:** This usually comprises two or three paragraphs that may include quotes from stakeholders, background information, or further explanation of an organization’s policy position. It is important that the text is concise and clear. Press releases that are more than 1-1 ½ pages are usually disregarded, so it is better to use the fewest amount of words possible.
7. **Organization summary:** The release should include a brief summary of the business association or advocacy coalition that is sending it in order for the press to understand how the issue affects the business community.

In addition to being structurally sound, a press release should look professional, contain no misspellings, and be grammatically correct. This is especially important for releases that are sent in English by foreign business associations in countries where English is not the national language. In this case, the press release should be reviewed by a native English speaker in order to ensure that it is grammatically and structurally correct. The following press release includes all the elements discussed above and represents an effective media communications tool:
Bucharest, September 19, 2002 – In order to promote the marketing of Romania’s tourism potential around the world, a conference entitled, “BRAND CREATION AND PROMOTION – KEY TO INTERNATIONAL SUCCESS IN TOURISM”, will be held on September 19 at the Marriott Grand Hotel, Timisoara Hall, starting 9.30 am. The conference is organized by the Tourism for Today and Tomorrow (T-3) Coalition, a collaborative alliance of eleven Romanian tourism associations, in partnership with the Ministry of Tourism.

The conference purpose is to merge the strengths of the tourism branding initiatives in the private sector with those of the government and to explain the need for a synergetic approach in tourism promotion. “We hope this conference will culminate in a partnership, which will lead to the creation of a successful brand for Romanian tourism,” says Mihai Rasnita, a T-3 Coalition spokesman and Executive Director of the Romanian Hotelier’s Association. During the conference, a consortium of business associations representing the tourism industry will unveil the Re-Discover Romania Tourism Portal, which is designed as a one-stop point of access for tourism information, bookings, tours, photographs, and even crafts. Dan Matei Agathon, the Minister of Tourism, says: “I believe that Romania has already started designing a successful brand promoting Romania as a tourism destination. However, because of increased competition for tourists, Romania needs full involvement of all players and especially the private sector, the heart of all competitive environments…”

The conference will feature Secretary of State Alin Burcea from the Ministry of Tourism as well as representatives from both government and the private sector. “We want to create together a successful brand supported by quality services and products that meet the needs of foreign and domestic tourists alike and that offer a quality holiday for a reasonable price”, said Cristina Grecu, a T-3 Coalition representative.

Simion Alb, Director of the Romanian Tourism Promoting Office in New York, and Aneta Bogdan, founding partner of “Brandient”, the first brand consultancy agency in Romania, will provide insight into image of Romania as a tourism destination, as well as information on the development of a brand for the country’s tourism products. The Bucovina Regional Tourism Bureau will also present a model for branding regional tourism.
The T-3 Coalition is a joint effort of eleven major business associations that serve the tourism sector. The Coalition cooperates to promote a common brand image and legislative structure for the tourism industry. Its partner associations represent more than 6,400 tourism companies in the areas of lodging, restaurants, eco-tourism, rural tourism, convention promotion, travel agencies, tour guides and chambers of commerce.

Press Conferences

While press conferences can be effective ways to disseminate information on public policy issues, they are often overused. An organization or advocacy coalition must determine which issues are important enough to hold a press conference, when the event should be held, which media should be invited, who should speak on behalf of an issue, what he/she should say, and finally, what message should be conveyed. The press should be notified of the event at least a week in advance and follow up contacts should occur. Follow up is important since media professionals have a number of different stories to cover. Without proper follow up, they may forget to attend a press conference or simply not attend because they feel it is low priority.

As an organization or advocacy coalition plans a press conference, it should develop an agenda that allows for the dissemination of its message in the clearest and most concise way possible. The following is a sample agenda:

Figure 5.11 Sample Press Conference Agenda

<table>
<thead>
<tr>
<th>PRESS CONFERENCE ON “VALUE ADDED TAX REFORM”</th>
</tr>
</thead>
<tbody>
<tr>
<td>11:00-11:30 A.M.</td>
</tr>
<tr>
<td>JANUARY 10, 2008</td>
</tr>
<tr>
<td>MARRIOTT HOTEL</td>
</tr>
</tbody>
</table>

Opening Remarks     John Richards  
President        The Advocacy Coalition

Overview of the Issue and Organizational Recommendations     Dr. Stephen Davison,  
Executive Director  The Advocacy Coalition

Question Period     Mr. Richards and Mr. Davison will  
Take Questions from the Press

Closing Remarks     Mr. John Richards

In most cases, press conferences will include refreshments. After adjournment, the principle presenters should make time for private interviews with the press or for follow up
questions. Press conferences that focus on a person or persons releasing a statement to the press and either allowing no questions or a few unimportant ones are not effective ways to build media rapport. Failing to provide clear and concise answers to questions, becoming angry or attacking the media can turn a press conference into an event that damages an organization or issue rather than promoting them. Press conferences should start and end on time. Media professionals are busy and they are not impressed with organizations and/or events that are not conscious of their time.

In summary, press conferences should be used expeditiously as if they become routine, the media may not respond with the needed urgency. When conducted, they should be planned with care and structured to ensure that the desired message is delivered clearly and completely.

Other Media-Oriented Events/Interventions

Media-oriented events other than press conferences can also be effective advocacy tools. Examples of these events are the writing of opinion-editorial articles that appear on the opinion page of targeted newspapers, the creation of news stories through events and/or rallies, and appearance on business-oriented talk shows. These are usually done as part of an overall media plan that centers around an issue or event.

Techniques in Working with the Media

Be Knowledgeable

There is no substitute for knowledge. It is essential to understand all aspects of an issue before talking with the media. From an issue standpoint, an organizational or advocacy coalition representative should know the opposition’s position as well as his/her own. Advocacy experts agree that organizations or advocacy coalitions that are knowledgeable about an issue(s) are more likely to receive press coverage over the long term because they are viewed as a resource for information.

Be Brief

As a general rule in dealing with the press, the more you say, the less impact you will have. In other words, be concise but clear. This is especially important for the electronic press as a message must be delivered to their viewers/listeners in no more than 60 seconds. Overwhelming media professionals with information is not effective. Brief but targeted information/responses are much more effective.

Be Truthful

A top U.S. lobbyist once said: “Anything can be overcome with the media except a lie. The truth will come out eventually, and it needs to come from you”. Being untruthful to a media professional will likely destroy and organization’s or advocacy coalition’s credibility, rending its message ineffective.
Be Credible

Issues gain credibility because the organizations promoting them have a history of being knowledgeable, truthful and professional. Credibility usually ensures adequate press coverage, as organizations and coalitions are viewed as media resources. It is important to understand, however, that it may take years to build credibility but it only takes on interview to destroy it. Organizations must value credibility and protect it at all costs.

Be Respectful

Media professionals have the right to respect from advocacy organization representatives. Respect includes being conscious of a reporter’s time, providing truthful and complete information, and professional behavior.

Be Calm

Remain composed at all times. Losing one’s composure may lead to misstatements, mistakes and ultimately to erosion of credibility. A loss of credibility can have drastic consequences for a business association that will limit its ability to serve as an advocate for its members.

SECTION SIX: GENERATING GRASSROOTS SUPPORT

What is Grassroots Support?

Support that is developed from a broad base of stakeholders, usually business association members, is called grassroots support. The term is corollary to grass, which develops roots in order to grow. These roots must be watered and nurtured in order to provide a solid support mechanism for the grass. While the roots are seldom seen, they are the most important factors in the establishment of healthy grass. The same is true with public policy advocacy campaigns.

Members and other stakeholders are like roots that must be “watered” with information and “nurtured” with technical support in order to grow. Organizations that provide information and support will establish a strong basis of support for their policy positions. Since political officials in democratic countries desire votes above all else, grassroots support is an effective way to gain their support for issues within a business agenda.

Managing the Masses

Create a database of supporters

Development of an effective grassroots network requires creation of a comprehensive database of supporters. Like with any database, the accuracy of the output depends on the accuracy of the input. In other words, care must be taken to input complete
and accurate contact information, as well as other information that a database user may need to access.

As mentioned earlier, the Afghanistan International Chamber of Commerce developed a database of more than 2,000 individuals that attended its public policy advocacy events. However, because many of these individuals lacked access to technology, the most important information collected was their mobile phone numbers. Sending information by mail was impossible, hand delivery was possible but required significant logistical coordination, e-mail access was sporadic, but virtually every person in the advocacy database had a mobile phone.

Sophisticated grassroots databases contain more than just contact information. They also contain birth dates, company information, and issue interest. This information allows database users to “segment” groups by age, business and/or interest. This helps to focus the message by directing advocacy communications directly to the most interested parties in the most appropriate ways.

**Focus the message**

As stated above, successful development of a grassroots network requires the “packaging” of messages to individuals that have the most interest. For instance, in a database containing 1,000 names of potential supporters, only 200 may be interested in a particular issue. This being the case, a message should be developed that provide clear, concise information, guidance and recommended action to those with interest in this issue. The following grassroots alert is a good example of a focused advocacy message:
LEGISLATIVE ALERT
ACTION NEEDED ON PROPOSED CORPORATE TAX

**Issue:** The Ministry of Finance is considering passage of a 20% corporate tax in order to comply with International Monetary Fund and World Bank recommendations. According to the proposed law, the profit tax would be levied annually on all corporations employing more than 20 persons. The 20% tax would be paid regardless of the corporation’s financial position (e.g. whether or not it made a profit).

**Our View:** We believe that while the 20% profit tax is comparable to that in surrounding countries, it should be phased in over a four-year period beginning with a rate of 5% for the first year. Since this is a new tax, the arbitrary establishment of a 20% rate will no doubt negatively impact the movement of companies from the informal to formal sectors. We believe this tax rate, if initiated all at once, will have the net effect of forcing companies out of business by providing yet another economic burden during a time of market fluidity. The Minister of Finance stated recently: “We are instituting this tax first because corporations have the most ability to pay”. While this may be true, corporations also provide jobs.....jobs that will be lost if the government pursues immediate collection of a 20% corporate tax. According to a study we commissioned, the results of which are available on-line or at our office, a phased in corporate tax will actually generate more revenue over the next five years than the arbitrary establishment of a 20% rate in the first year. This is because the tax will grow as businesses grow instead of serving as an impediment to business.

**Opponent’s View:** The Ministry of Finance argues that the establishment of a 20% corporate tax is absolutely necessary in order to a) generate much needed government revenue to offset lower donor support, b) develop a “tax paying” culture within the private sector, and c) put in place a tax the ministry has the capacity to collect at this time. We have no argument against that establishment of the tax, but rather at its establishment at a 20% rate from its initiation. We call for a four year phase in.

**Action:** Please attend our conference on Thursday, November 4 at 2:00 p.m. during which we will make our recommendations to the Minister of Finance. Your show of support will be critical. Also, we will have a petition available at the event for you to sign. If you cannot attend, please come to our office and sign the petition, which is available at the reception desk.

Note that the alert is written in a concise, conversational style and that it requests specific action on the part of the reader. It also includes an overview of the opponent’s point of view, which is important in promoting full understanding of the issue.
**Communicate using a variety of mediums and tools**

Another element in creating a strong grassroots development program is the development of a multi-faceted communications program. Supporters should receive timely information in a way that will best promote their involvement. This requires a customized approach that may include communication through mass media sources such as print, radio and television, as well as legislative alerts (like the above example), telephone calls, e-mails and/or direct mail. A variety of tools will most likely be necessary to reach a broad base of supporters, so focus on only one element, such as an e-mail alert, will not achieve the desired results.

**Create a sense of urgency**

Supporters need to understand how an issue affects them today and how their actions can have immediate results. If supporters feel that action on the issue can wait, they will likely put it off. Urgency is best created through the articulation of clear action steps that will elicit an immediate response. Typically, an individual will consider action on an issue immediately after receiving an alert. If action is postponed, he/she will probably never take action.

**Keep supporters involved**

Supporters should be apprised of the outcome of their actions. In case of the above example, the Ministry of Finance rejected the Chamber’s recommendation. This was communicated to grassroots supporters and the Chamber recommended continued action as the proposed law transitioned from the Ministry of Finance to Parliament. This kept the supporters involved in the issue until its culmination.

**SECTION SEVEN: DIRECT ADVOCACY “LOBBYING” TECHNIQUES**

**What is Direct Advocacy?**

Direct advocacy, sometimes called “lobbying”, is a technique used by organizations and advocacy coalitions to take their message(s) directly to government officials. Transparency is the cornerstone of effective direct advocacy. With this in mind, the term must be differentiated from “influence peddling”. Influence peddling is a practice whereby an organization or individual uses their influence in a non-transparent manner to affect public policy. This could include bribes, gifts to government officials, favors or other illegal or unethical practices. True direct advocacy assumes that rules, either through law or organizational ethics, apply to the influencing of public policy and all actions taken on an organization’s behalf are conducted within these rules. Influence peddling may produce results in the short term, but it can severely damage an organization’s credibility, rendering its advocacy efforts ineffective in the long term.
The Relationship Between Direct Advocacy and Power

Effective direct advocacy requires business associations and advocacy coalitions to understand its relationship to power. The following points provide insight into this relationship:

Figure 5.13 Direct Advocacy’s Relationship to Power

1. As stated in the advocacy formula outlined in Chapter One, power is the “holy grail” of public policy advocacy. Organizations that have power also have influence. Direct advocacy is a way to gain power through the development of transparent relationships with key decision-makers.

2. Projecting power enhances advocacy, so direct advocacy is an integral component in building consensus behind policy recommendations proposed by business associations and advocacy coalitions.

3. Decision-makers respect power. Since direct advocacy “projects” power to outside stakeholders, it is useful in influencing decision-makers to take the actions recommended by organizations and coalitions that have power through grassroots support and a strong advocacy system.

4. Power is not given, but built. Direct advocacy is one way to build power and influence with key decision-makers.

Power is to direct advocacy what a rivet is to an airplane. An airplane may be able to fly without one rivet, but structurally it will not be as strong and over time it may cause the entire structure to fail. If organizations do not project power, they will ultimately fail, as influence peddling will produce short-term results that do not last.

Direct Advocacy Success Tips

Examination of organizations that successfully conduct direct advocacy indicates that the following elements are important in developing a “lobbying” plan:

Figure 5.14 Tips for Advocacy Professionals (“Lobbyists”)

1. **Know the decision-maker:** Make and maintain quality, transparent relationships with decision-makers. Serve as an informational resource to that they realize the value of the relationship. Relationships are built on trust, which comes through the development of rapport. Advocacy professionals learn about the likes and dislikes of decision-makers, as well as their hobbies, interests, and any other information that can help them build rapport.

2. **Build rapport with the gate-keeper:** The “gatekeeper”, who is usually a decision-makers executive assistant or scheduler, is important in that he or she provides access. Building rapport with the gatekeeper can ensure that an advocacy professional gains access to a decision-maker. Again, this rapport should be built in a way that is transparent and within ethical and legal guidelines.
3. **Know the Institution.** Advocacy professionals spend many hours studying the institution of government. By doing so, they learn the process of passing laws and the key decision-makers at each step of the process. Armed with this information, they can determine who and when to “lobby”.

4. **Conduct a self-assessment.** Organizations and/or advocacy coalitions should conduct a self-assessment to determine their strengths and weaknesses from the standpoint of the advocacy issue as well as organizationally. In addition, they should assess the outcome of their advocacy campaign to determine ways that it can be improved.

5. **Assess the political climate.** Advocacy professionals know that even if a decision-maker wants to support a point of view, he or she may not be able to do so if it is politically sensitive. Political sensitivity sometimes has to do with party affiliation, but it can also be caused by timing (e.g. an issue comes up too close to an election cycle) or relationships. It is best not to ask a decision-maker to support an issue that will put him or her in a politically vulnerable position unless there is no other choice.

6. **Effectively identify and utilize resources.** Resources could be financial, manpower, equipment, or collaboration with other stakeholders. Regardless of the type, harnessing resources is vital in the success of advocacy efforts.

7. **Remain on the offensive.** It has been said:” the best defense is a good offense”. This is certainly true in the area of public policy advocacy. Advocacy professionals understand that they must keep an issue in front of decision-makers over a long period of time, so they cannot become complacent or fail to follow up. They also try never to become defensive, but rather to anticipate potential issues and/or problems and address them in advance.

8. **Be informed.** The most effective lobbyist is one who is well informed about the issues to be discussed and the decision-maker, his/her voting record, background, and constituent concerns.

9. **Be prepared.** Have data - preferably three kinds of data: a) general business data, b) data on how the issue will affect your members, and c) a personal story - what is happening to the business community. Know the organization’s position and the rationale for that position.

10. **Be friendly.** Don't let persuasion turn into a threat.

11. **Be open.** Be prepared to listen and to speak. But be sure to structure the meeting so that there are opportunities to do both.

12. **Be calm.** The better prepared one is in terms of having background information and rationale for a position, the better he/she will be able to maintain a professional demeanor.

13. **Give examples.** Most government officials are not businessmen or women by profession, so the more examples given about the impact of legislation on the business community, the more persuasive the argument will be.

14. **Don't argue.** Do not argue with a government official. An advocacy professional’s responsibility is to present your case, not necessarily to win the case.

15. **Don't apologize.** Never apologize or undercut your position. Remember you are speaking on behalf of your members.
16. **Don't get sidetracked.** Don't let listening to the decision-maker’s point of view turn into getting sidetracked on to other issues. Do not get on the defensive and do not agree with negative statements about your organization or issue.

17. **Don't be afraid to admit that you don't know.** Some government officials may intentionally attempt to deal with issues that you do not have a solid grounding in. Some may ask specific questions for which you have no answers. If you're not sure of an answer, say, "I'll check and get back to you." Then, follow up - get in touch with experts within your association and find out the answer and let your legislator know what the answer was.

18. **Find common ground.** Even if a government official does not support the position you are presenting, he/she probably believes in the value of private sector growth. But if he/she doesn't even believe in that, every official still has the responsibility of attending to the concerns of all his/her constituents.

19. **Don't give up.** Continue to keep the decision-maker informed about the impact of an issue, even after it has passed. If they voted to support a program that works, let them know how it works. If they opposed a program that was successful, let them know it works. If they opposed a program that wasn't enacted, let them know the need still exists.

**The Direct Advocacy Axiom**

Direct advocacy professionals share a set of “axioms” around which their approach to creating influence in built. The following are the axiom’s major components:

**Figure 5.15 The Direct Advocacy Axiom**

1. **Honesty is the ONLY policy.** A well-known U.S. lobbyist said, “You can lie and win a few times. Enjoy them because eventually your sins will find you out and you won’t ever win again”. Dishonesty will catch up with an organization, eroding its credibility and rendering it ineffective in the policy debate. Examples of this abound, but none are so graphic as that of Enron, the U.S.-based energy company that built its advocacy program on deception. After years of success, the deceit was exposed and Enron immediately became a pariah within government circles.

2. **Today’s opponent may be tomorrow’s ally.** Professional advocates understand that long-term success depends on “keeping bridges intact”. Meaning they try never to “burn a bridge” between themselves and an opponent because they may need that person or organization in the future. Personalizing disagreements not only damages credibility, but it also creates long-term conflicts between individuals and groups that can severely erode effectiveness.

3. **Be civil, no matter how rude opponents may be.** Part of maintaining relationships is the ability to respond to any situation with professionalism. Repaying rude behavior with more rude behavior may feel good, but it will damage the organization’s or advocacy coalition’s credibility. An advocacy professional understands that his/her actions reflect on the organization or coalition that he/she represents. With this in mind, professional behavior is of paramount importance.

4. **Never minimize or bypass a decision-maker’s staff.** In many countries, representatives of advocacy organizations feel “minimized” if they do not have
direct access to government officials. Often, this means they bypass staff members as they feel they are “unimportant” to the advocacy process. This usually creates long-term animosity that will manifest itself in inappropriate ways. Advocacy professionals realize that “gatekeepers” (individuals that provide access to senior government officials) and key staff members are critical in the direct advocacy process and thus should be cultivated.

5. **Immediately correct information mistakes.** In the event an organization or advocacy coalition inadvertently provides a decision-maker with misinformation, it should immediately correct the problem by apologizing and correcting the error. Mistakes happen, but organization’s that are proactive in addressing them will minimize damage and in some cases even gain in credibility because of their honest approach to direct advocacy.

6. **More information is not necessarily better.** The general rule for advocacy professionals is to “provide enough information but not too much”. Too much information can be confusing or overwhelming to the point that it is set aside. Realizing that decision-makers are busy, advocacy professionals learn to condense information to only that which is of paramount importance.

7. **Repeatedly thank supporters.** “Thank you” is a powerful word. Advocacy professionals thank not only their grassroots supporters, but also the decision-makers that support their point of view by “casting a vote” in their favor.

Direct Advocacy Success Story

The following success story was written by John Engler, a former Governor of the U.S. State of Michigan and currently the President of the National Association of Manufacturers (NAM). It highlights the commitment of one organization and its members in conducting direct advocacy under difficult circumstances:

Figure 5.16 Direct Advocacy Success Story: National Association of Manufacturers

When hundreds of manufacturers from across the country traveled to Washington last month to make personal visits to Capitol Hill, a winter storm greeted them. Sleet, snow and ice shut down the city just as members of the National Association of Manufacturers (NAM) arrived for our biennial outreach program to government officials called, “72 Hours to Educate and Celebrate.” What to do? Cancel or reschedule the more than 100 Hill meetings? Watch television until the streets cleared? Drink coffee and make phone calls instead? Hardly. Manufacturers are skilled adapters, and winter’s wrath only invigorated NAM’s members. After all, we now had a captive audience: Congress was stuck in town, too. America’s manufacturers therefore continued on with their schedules, hearing from national leaders such as Vice President Dick Cheney and House Majority Whip James Clyburn (D-S.C.), who gave important addresses on the manufacturing economy. Over the next 72 hours, the several hundred registrants for the NAM program completed 110 visits to government offices, the vast majority with their respective member of Congress. Like most Washington-headquartered national trade associations, the NAM’s staff can be
counted on to lobby on issues with professionalism, skill and intelligence. But for passion and real-world experience, our power comes from beyond our members throughout the country.

With dedication and energy, the businessmen and women who belong to the NAM made their personal contacts with members and their staffs, successfully communicating manufacturing’s message about four priority issues:

1. The critical importance of a comprehensive national energy strategy.
2. The need for a permanent and strengthened research and development tax credit;
3. The benefit of the Extending Permanent Trade Promotion Authority to encourage new trade agreements that lower foreign barriers to U.S. manufacturing exports;
4. The opposition to House Resolution 800, the “card-check” legislation that would eliminate secret-ballot union elections.

As for card check, given the number of cosponsors signed onto H.R. 800, we had no illusions about preventing passage of the astoundingly misnamed Employee Free Choice Act. Nevertheless, manufacturers still wanted members of Congress to understand the depth of their opposition to legislation that abrogates a basic democratic principle, that of the secret ballot.
Our dedicated activism did have an impact.

Cheney, in a breakfast address to NAM members, for the first time expressed the Bush administration’s firm intention to veto the card-check bill. That statement and the NAM’s lobbying shaped subsequent House debate and have helped energize Senate opposition to the measure.

On energy, an NAM audience welcomed Majority Whip Clyburn’s discussion of cellulosic ethanol, nuclear power and clean-coal technology — the kind of diverse energy profile this country requires to keep its manufacturing sector competitive.

Manufacturers heard from a number of other lawmakers throughout the 72 hours of events, including Sen. Susan Collins (R-Maine) and Reps. Melissa Bean (D-Ill.) and Stephanie Tubbs Jones (D-Ohio), who spoke at a Women in Manufacturing Breakfast. These appearances provided much-appreciated opportunities to exchange ideas.
till, the most valuable part of 72 Hours to Educate and Celebrate occurred in the one-on-one and small-group sessions with the members of Congress.

“Truly exceptional” is how one NAM member described his congressional visits. Steve Lethert, controller of Wood’s Power-Grip Co., traveled from Laurel, Mont., to talk about the research tax credit, competition from Asia and the coming energy crunch — all critical concerns for this small manufacturer of vacuum-lifting equipment.

His experience demonstrates the real benefit of being there in person. The NAM outreach was the first time Lethert had the opportunity to meet with Congressman Denny Rehberg (R-Mont.), who spent a generous half-hour talking issues. Despite being a small-sized manufacturer, Power-Grip makes profitable use of the research and development tax credit, Lethert said, a point he was able to elaborate upon in person.

Following a good meeting with the staff of Sen. Max Baucus (D-Mont.), the senator made a point of stopping by, as well. The Panamanian ambassador was in the office, introductions were made, and now Power-Grip is on a list of companies for which the senator hopes to arrange a Central American trade mission.

Sen. Jon Tester’s (D-Mont.) staffers were also helpful, making the time on the Hill “beneficial and worthwhile,” Lethert reported.

Lethert’s activities also capture how 72 Hours to Educate and Celebrate carried a strong bipartisan emphasis. Energy, trade and research and development are all issues that cross party lines, and Democrats and Republicans alike expressed real interest in working with the NAM. We’ll take them up on it, you can be sure.
CHAPTER SIX
ORGANIZATIONAL COMMUNICATIONS AND MARKETING

SECTION ONE: OVERVIEW OF COMMUNICATIONS AND MARKETING

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 such 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-member 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 is 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).

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.
SECTION TWO: THE COMMUNICATIONS AUDIT

Result of Poor Communication

According to employee surveys, lack of communication is traditionally at the top of the list of frustrations encountered by organizational staff members. Even in small organizations where employees work in close proximity to one another, communication is often lacking. Lack of communication causes a chain reaction that permeates the entire organization, eroding efficiency and undermining moral. The following cycles shows in a graphic way the potential outcome of poor communication:

Lack of communication within an organization is defined as the failure to provide adequate information to staff members as to what should be done, why it should be done, how it will impact the organization, and when it needs to be done. In many cases, employees are given a list of assignments without knowing the background information as to what their completion of the assignments will accomplish and why they are important. This initially creates a lack of understanding, which leads to a lack of direction. Because an employee does not understand the assignment(s), he or she may move in the wrong direction from the beginning without even realizing it. Once this occurs the quality of his/her effort begins to suffer because the initial lack of information did not provide the framework within which the assignment(s) could be completed to the highest standard of excellence. Lack of quality typically produces a lack of results. Even if the assignment(s) is completed by the deadline date, it will likely not achieve the results expected, especially
since from the beginning the employee did not have adequate information to complete the
task(s). Lack of results, of course, produces lack of satisfaction on the part of
management, leaving them most often wondering why the employee did not complete the
assignment(s) properly. In other words, there are many times when lack of achievement of
results is a communications problem caused by management rather than the lack of an
employee’s knowledge, commitment or work ethic.

An incident that occurred at a well known international non-governmental
organization (NGO) provides a good example of how a cycle of communications
shortcomings can end in dubious results. The organization’s leadership decided to respond
to a major Request for Proposal in Colombia. The project proposed by the donor
organization was more than $121 million over five years and therefore was far larger than
any project on which the organization had bid previously. Its senior management elected
to conduct due diligence to determine whether or not it should submit a proposal to
“prime” the project, meaning that it would be the lead implementing organization. It asked
one of its management team to travel to Colombia and conduct the due diligence. His only
instructions were, “We may want to submit a proposal so your job is to find out whether or
not this is feasible”. The employee requested additional staff support to conduct the due
diligence but was told it was not available. So, armed with a laptop and a list of questions,
he flew to Colombia and over two weeks conducted the assessment. He filed a report with
senior management that offered his strong concerns about the organization’s ability to
compete for this project. He expressed even stronger concerns about what would occur if
the organization won the project, as it would greatly stretch its internal management and
oversight capabilities as well as its financial division.

He heard nothing from senior management for ten days, despite his inquiries as to
the project’s status. Finally, just two weeks before the proposal deadline he was told the
project had been “green lighted” and that he and a small team should draft a proposal. For
the next two weeks, he and his team worked non-stop to write the proposal, obtain partner
participation, and develop a workable budget. Finally, with two days to spare, the team
submitted the final proposal to the organization’s executive director for review prior to its
submission. As the clock ticked closer and closer to the deadline, the team leader asked
numerous times for permission to send the proposal. Finally, only five hours before the
deadline the executive director called the team leader and said. “Your proposal is
outstanding. It is right on the money based on the RFP and it is quite likely that we would
compete favorably for the project. In fact, it is so good I am afraid we would win and we
just do not have the internal capacity, in our headquarters or the field, to implement this
expansive a program. This being the case, I commend your effort but we are not going to
submit the proposal”.

Of course, the proposal development team was devastated and its leader
discouraged. A few days later he was told that the senior managers that authorized the due
diligence trip to Colombia and subsequently green-lighted the project for the development
of a proposal had not at any point informed the executive director of the RFP’s nature and
scope. Their mindset was, “We need to learn to bid on larger projects and even though he
probably won’t approve submitting this proposal, it will be a good learning experience”.

108
Naturally, this was not communicated to the proposal development team. In essence, they spent hundreds of hours on a “practice exercise” that never had a chance for approval. The members of the teams went back to their previous jobs both confused and demoralized. The team leader also returned to his previous job, but only after telling senior management in no uncertain terms that he had worked on his last proposal.

This scenario could be replayed over and over within organizations. The situation might differ, but the sequence of events would be similar. Lack of internal communication is therefore the “first domino to fall” in a chain reaction that eventually produces unfortunate and sometimes cataclysmic results. At a minimum it creates frustration that over time manifests itself as bitterness, lack of loyalty and reduced commitment. In other words, an employee’s lack of effort may stem from the fact that he/she is frustrated by lack of communication and eventually gives up.

While no communications process is foolproof, there are a number of organizations worldwide that have developed systems that work effectively. Establishment of such a system begins with the organization’s acknowledgement that internal communication is important and that its staff will benefit from a thorough understanding of the organization’s history, strategy, vision, activities and results. This requires support from senior management as well as the organization’s board of directors.

**Communications Audit**

Organizations that are interested in developing strong communications processes typically begin by identifying the gaps that exist in their current communications structure. This is best done by conducting a communications audit. A communications audit is defined as a formal or informal assessment of an organization’s communications practices. Communications expert Julia Coffman identifies four phases of analysis relative to implementation of a communications audit.8

**Step One: Understand international best practices**

According to Ms. Coffman, there are sixteen essential organizational communications practices that fit into three broad categories: strategy, implementation, and support/integration. The following list not only outlines specific practices in each of these areas but can be used as a checklist during the communications audit.

---

Figure 6.1 Essential Strategic Communications Practices

<table>
<thead>
<tr>
<th>Strategic Communications Practices</th>
<th>Quality Criteria/Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Identify the vision</td>
<td>The communications vision is aligned with, but distinct from, the organization’s overall mission.</td>
</tr>
<tr>
<td>b. Choose goals and outcomes</td>
<td>Goals and outcomes are well defined, measurable, and help guide a defined plan of action.</td>
</tr>
<tr>
<td>c. Select target audiences</td>
<td>Audiences are specific (not the general public) and include key decision makers or individuals with influence on the issue.</td>
</tr>
<tr>
<td>d. Develop messages</td>
<td>Messages are specific, clear, persuasive, reflect audience values, and include a solution or course of action.</td>
</tr>
<tr>
<td>e. Identify credible messengers</td>
<td>Messengers are seen as credible by the target audiences, and can be recruited and available to the cause.</td>
</tr>
<tr>
<td>f. Choose communications mechanisms/outlets</td>
<td>Outlets (e.g. both in the air (media) and on the ground) are chosen for their access and availability to target audiences</td>
</tr>
<tr>
<td>g. Scan the context and competition</td>
<td>Risks and contextual variables that can affect communications success are identified and factored into planning when possible.</td>
</tr>
<tr>
<td>Implementation</td>
<td>Support and Integration</td>
</tr>
<tr>
<td>----------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>h. Develop effective materials</td>
<td>m. Support communications at the leadership level</td>
</tr>
<tr>
<td>Materials are developed in attractive, accessible, and varied formats for maximum exposure and visibility.</td>
<td>Management understands and supports communications as an integral part of organizational viability and success.</td>
</tr>
<tr>
<td>i. Build valuable partnerships</td>
<td>n. Earmark sufficient resources</td>
</tr>
<tr>
<td>Linkages exist with internal and external stakeholders who can help align with and carry the message.</td>
<td>Fundraising regularly includes dedicated resources for communications practice.</td>
</tr>
<tr>
<td>j. Train messengers</td>
<td>o. Integrate communications throughout the organization</td>
</tr>
<tr>
<td>Internal and external messengers are trained in key messages and are consistent in their delivery.</td>
<td>Communications is seen as an integral part of every organizational project or strategy.</td>
</tr>
<tr>
<td>k. Conduct steady outreach</td>
<td></td>
</tr>
<tr>
<td>Level</td>
<td>Description</td>
</tr>
<tr>
<td>-------</td>
<td>-------------</td>
</tr>
<tr>
<td>0</td>
<td>Communications effort not performed.</td>
</tr>
<tr>
<td>1</td>
<td>Communications effort is ad hoc.</td>
</tr>
<tr>
<td>2</td>
<td>Communications effort is planned.</td>
</tr>
<tr>
<td>3</td>
<td>Communications effort is institutionalized.</td>
</tr>
<tr>
<td>4</td>
<td>Communications effort is evaluated.</td>
</tr>
<tr>
<td>5</td>
<td>Communications effort is optimized.</td>
</tr>
</tbody>
</table>

**Step Two: Identify the possible levels of communications practice**

In order to determine the best strategy for initiating a successful communications structure, an organization must first analyze its current practices and look for gaps between these practices and the international best practices model shown in the table above. The following is an overview of the Carnegie Mellon Software Engineering Institute’s Capable Maturity Model ®. This model is widely used by organizations and corporations to assess organizational maturity. In this case, it has been adapted to focus on communications that occurs within nascent versus mature organizations:

**Figure 6.2 The Communications Maturity Scale**

The Levels of Communication Maturity:

- 0= Communications effort not performed.
- 1=Communications effort is ad hoc.
- 2=Communications effort is planned.
- 3=Communications effort is institutionalized.
- 4=Communications effort is evaluated.
- 5=Communications effort is optimized.
In order to fully comprehend the importance of analyzing an organization’s current communications strategy, additional insight is needed as to the levels mentioned above.

**Level One: Ad Hoc**

As stated above, the communications effort is unorganized. Any successes that are achieved are usually due to one or two individuals. In many cases, ad hoc efforts go over budget because there is little oversight and minimal efficiency.

**Level Two: Planned**

The communications effort is planned and deliberate. Resources are allocated and responsibilities assigned. However, the process is still at the beginning stage and may involve only one or two individuals.

**Level Three: Institutionalized**

The communications effort is routine and part of the organization’s culture. International best practices have been implemented. Practices are known and coordinated within and outside the organization.

**Level Four: Evaluated**

The communications effort is evaluated and analyzed. Measures of performance are tracked in order to better predict future performance.

**Level Five: Optimized**

The communications effort is one of the organization’s core priorities. It is continually analyzed and improved based on internal and external changes.

**Step Three: Assess current communications performance and capacity**

It takes both time and commitment for an organization to move from a communications effort that is either not done or is ad hoc to one that is optimized. However, the knowledge of where an organization’s effort currently fits onto this scale is imperative in making the adjustments necessary to progress from an immature to mature communications effort.

The main tasks in step three are the collection of data about communications practices and the use of that data to assess current capacity. The following matrix is a useful tool in analyzing each of the sixteen factors that are critical to a strong communications effort.
### Strategy

<table>
<thead>
<tr>
<th></th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Not Performed</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ad Hoc</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td><strong>Planned</strong></td>
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<tr>
<td><strong>Institutionalized</strong></td>
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<tr>
<td><strong>Evaluated</strong></td>
<td></td>
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<tr>
<td><strong>Optimized</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

- a. Identify the vision
- b. Choose goals and outcomes
- c. Select target audiences
- d. Develop messages
- e. Identify messengers
- f. Choose communications outlets
- g. Scan the context and competition

### Implementation

- h. Develop effective materials
- i. Build valuable partnerships
- j. Train messengers
- k. Conduct outreach
- l. Monitor and evaluate

### Support and Integration

- m. Support communications
- n. Earmark sufficient resources
- o. Integrate communications throughout the organization
- p. Involve staff at all levels
Once the decision to conduct a communications audit has been made, an organization’s leadership must determine whether the audit will be internal or external. An internal audit will likely be less costly and provide a mechanism to increase the capacity of staff and volunteer leaders. However, it may also culminate in a lack of objectivity. Outside experts will be more expensive, but will most likely provide an unbiased assessment in a timelier manner.

After deciding on whether to conduct an internal or external audit, an organization’s leadership should then determine which methods it will use to conduct the assessment. Some of the most common are the following:

**Interviews:** This is probably the most common audit method. The person conducting the audit will interview staff, volunteer leaders, members, and other stakeholders to gain their input on the organization’s current communications effort.

**Surveys:** This is the second most common method, but typically produces less reliable results. If the survey is structured correctly, however, it can be conducted rather inexpensively and within a short timeframe.

**Critical Incident Analysis:** Staff is asked to describe, through an interview or questionnaire, specific effective and ineffective communications experiences and or process within the organization.

**Network Analysis:** This establishes a chart of how communications flow within and outside the organization. It reveals the organization’s communications structure, which may be very different from its organizational structure.

**Participant Observation:** The person conducting the audit actually participates in organizational activities to determine effective and ineffective communications practices.

**Document Review:** This involves a review and assessment of all communications documents, whether internal or external.

**Focus Groups:** These are groups of five to fifteen people that meet together in a moderated discussion to respond to open-ended questions about the organization’s communications process.

Most organizations use a combination of these methods when conducting a communications audit. The following table compares the potential audit methods.
### Figure 6.3 Comparison of Communications Audit Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Time Expended</th>
<th>Cost</th>
<th>Information Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews</td>
<td>30-60 minutes each</td>
<td>Moderately Expensive</td>
<td>In-Depth Data</td>
</tr>
<tr>
<td>Surveys</td>
<td>20-30 minutes each</td>
<td>Moderately Expensive</td>
<td>Standardized Data</td>
</tr>
<tr>
<td>Critical Incident Analysis</td>
<td>20-30 minutes each</td>
<td>Inexpensive</td>
<td>Specific examples</td>
</tr>
<tr>
<td>Network Analysis</td>
<td>20-30 minutes each</td>
<td>Expensive (Software)</td>
<td>Process flow</td>
</tr>
<tr>
<td>Participant Observation</td>
<td>Variable</td>
<td>Expensive (Time)</td>
<td>Process flow</td>
</tr>
<tr>
<td>Document Review</td>
<td>Variable</td>
<td>Expensive (Time)</td>
<td>Materials, Message</td>
</tr>
<tr>
<td>Focus Groups</td>
<td>1-2 hours</td>
<td>Moderately Expensive</td>
<td>In-Depth Data</td>
</tr>
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</table>

### Step Four: Identify areas of improvement

Once an audit is conducted the next step is to identify areas for improvement. No organization will score a “5” in all sixteen communications areas, so there will always be room for improvement. The determination of where an organization should be must be based on its capabilities rather than a “pie in the sky” plan that will lead to disappointment. The following is a sample communications audit showing areas where improvement can be made.

### Figure 6.4 Communications Audit of Hypothetical Organization

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<tbody>
<tr>
<td></td>
<td></td>
<td>0. Not Performed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vision</th>
<th>Goals</th>
<th>Audiences</th>
<th>Messages</th>
<th>Mechanisms</th>
<th>Content</th>
<th>Materials</th>
<th>Partnerships</th>
<th>Messengers</th>
<th>Outreach</th>
<th>Evaluation</th>
<th>Support</th>
<th>Resources</th>
<th>Integration</th>
<th>Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGY</td>
<td>IMPLEMENTATION</td>
<td>SUPPORT/ INTEGRATION</td>
<td></td>
<td></td>
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</table>
Current Performance: The hypothetical organization certainly does communications planning, but it is not a top priority. Once completed, the communications strategy typically sits on a shelf with little review until there is a communications lapse, after which it is pulled off the shelf and revised. Resources intended for communications are often diverted to other areas and the staff has little involvement in the overall strategy. Overall, there is major room for improvement in all but six areas.

Areas for Improvement: The hypothetical organization should start with a review of its vision and goals. However, there is a danger that the organization will try to address all its deficient areas at once. This has proven to be a self-defeating strategy in the past. Instead, the hypothetical organization chooses two areas for dramatic improvement: content and staff involvement. These two areas are likely to generate “ripple effect” changes throughout the communications strategy and thus are key areas of focus. They provide the organization with the best chance for lasting change.

Step Five: Refine, practice and repeat the process as needed

The final step in the assessment of organizational communications is the development of specific recommendations for how actual communications practices can be enhanced. These recommendations should be based on collected data and they should be prioritized to provide the organization with a focused action plan.

While formal communications audits should be conducted every five years, informal audits should be done more frequently. A good time for an audit is when an organization is preparing to undergo significant changes in leadership or programming or when a critical incident occurs that makes an audit necessary.

Summary and Conclusions

It has been said that “A journey of a thousand miles begins with a first step”. A communications audit is the first step for an organization that wants to increase the impact of its message and ensure good information flow. The audit allows an organization to focus on its communications strategy but does not evaluate the overall effectiveness of its effort. This can only be done through specific evaluation that is conducted on an ongoing basis. The audit is the first step toward the development of a communications strategy, but there are many more that must be taken to ensure success.
The Importance of Communicating with Members

One of the key elements of BearingPoint’s business association development methodology is the creation of visibility. Members support organizations that they perceive to be highly visible in the industry or community. Visibility, as long as it is positive, ultimately leads to credibility. When built on a foundation of strong governance and programming, the elements of visibility and credibility will eventually pay off in the creation of organizational sustainability, a point at which empowered members become virtual “customers for life”. The following two pyramids, which were featured earlier in the guidebook, show this phenomenon in graphic form by highlighting the link between the development of sustainability and the emergence of member support. Communications with members is paramount in moving them up the pyramid from uninformed to empowered. Figure 6.5 highlights organizational sustainability while figure 6.6 highlights its effect on members.

Figure 6.5 The Sustainability Pyramid
In both cases, communication is the engine that drives the organization and its members to increasingly higher degrees of development. This is especially true in the area of membership development, where communication is a major factor in transforming an uninformed member to an empowered one. One organizational executive said it this way, “Results are important, but they mean nothing if your members don’t know you achieved them”.

Successful communication with members begins within the organization itself, as it is difficult to communicate with members in an effective way if internal communication is lacking. Organizations that make communications a priority typically focus both internally and externally, with the latter being devoted predominantly to its members or potential members.

An analysis of organizational communications often shows gaps in perception between the organization and its members. One communications director summed it up by saying, “What we have here is a failure to communicate”. This phrase, borrowed from the 1967 movie “Cool Hand Luke”, highlights the reality that lack of communication is often misinterpretation. Misinterpretation arises when one or more of the communicating parties sees only part of the overall picture and therefore does not effectively present their message.
Sheila Birnbach, an organizational effectiveness expert, provides a great example of this. “An iceberg sits in the water. We see the tip of the iceberg but there is more below the surface of the water that we don’t see. Misinterpretation develops when we communicate below the water line”. In other words, organizations can only communicate what they see, and if they do not have the full picture, they may make significant errors in judgment.

For instance, if a member always pays his membership dues on time an organization usually assumes that he/she is satisfied. However, this assumption could be far from correct, as there may be a variety of other factors that precipitate the member’s dues payment. He/she may actually know very little about the organization and may not even understand why he/she pays his/her dues. For an organization to assume that a dues paying member is a satisfied member is a grave mistake.

When developing an effective member communications program, an organization should focus on the following ten axioms:

<table>
<thead>
<tr>
<th>Figure 6.7 Ten Axioms for Effective Member Communications</th>
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<tbody>
<tr>
<td>1. Communicate “above the water line”: Try to see the whole picture. Communicate with members based on what you hear, see, and experience rather than just on what you see. Assumptions are recipes for disaster from a communications standpoint.</td>
</tr>
<tr>
<td>2. Listen to what members need instead of communicating to them what you have. Ask members how they want your organization to communicate with them. Don’t just communicate in the way that is most comfortable for your organization.</td>
</tr>
<tr>
<td>3. Assess communications strengths and challenges. Understand what you do well from a communications standpoint and what you do not do well. Build on your organization’s strengths and minimize its weaknesses.</td>
</tr>
<tr>
<td>4. Say what you mean and mean what you say. Send clear, concise and accurate messages. Members become frustrated with double talk. They need complete information in order to better understand your message.</td>
</tr>
<tr>
<td>5. Ask questions to your members. Constantly question your members as to their needs, but remember…don’t ask the question if you are not willing to accept the answer.</td>
</tr>
<tr>
<td>6. Communicate in a way that will best reach your members. Customize your communication to members. Some members want to receive e-mails, some enjoy reading your magazine or newsletter and others would like a personal visit. Few, however, care about all these forms of communication. Lack of customization leads to message confusion and informational clutter. Many members will become so frustrated with the barrage of information that they will shut off the lines of communication completely.</td>
</tr>
<tr>
<td>7. Avoid the “cookie cutter” approach. Many organizations communicate with every member in the same way. As stated above, this creates information overload and is not typically effective.</td>
</tr>
</tbody>
</table>
8. Audit your publications. Organizational executives are trained to send monthly newsletters and produce magazines that contain industry information. However, a recent study that included members of 160 organizations found that publications were far down on the list of preferred communications tools. Reading is becoming a thing of the past, yet organizations continue to kill trees by producing publications that sit on desks and eventually end up in waste bins. Newsletters, magazines and other publications can still be relevant, but only when targeted to the members that are most interested in them.

9. Personalize your approach. Members respond to little things. Sending a card on a member’s birthday, a flower arrangement on an anniversary or a sympathy note on the death of a loved one are inexpensive ways to communicate that have a high impact. Remember, people communicate with people, organizations do not communicate with organizations.

10. Evaluate your effectiveness. At least annually, assess the effectiveness of your communications strategy. Every five years, an organization should consider conducting a full-blown communications audit. Make changes as necessary to improve member communications.

Member Communications Techniques

The compact disc that accompanies this guidebook has numerous examples of membership communications tools and most of them fall into one or more of the following categories:

Electronic Communications

Electronic communications is considered to be a form that uses on-line resources such as e-mail, web pages, and computer-generated list servers. This form of member communications has increased exponentially over the last ten to fifteen years. Unfortunately, many organizations now use this as their primary tool to provide information to members. Experience indicates that a significant number of members are pushing back against electronic mediums, such as e-mail, websites and chat rooms, as they are both interpersonal and constant. Organizations that used to send mass e-mails announcing programs, services or events are now beginning to rethink this strategy because it does not achieve positive results. Basically, it contributes to information overload.

All this being said, there is a definite place for electronic communications within an organization’s strategy. However, considering it to be the only means, or even the best means, of communication for all members is a mistake. Some members want information this way while others reject it. Organizations that have effective member communications programs understand this and utilize electronic communication only for those members that want to receive information in this form.
Print Communications

Print communications includes newsletters, magazines, brochures and other published collateral. While publications continue to be important sources of member communication, they also are among the most overused. Newsletters are the most common form of print communications and traditionally are distributed monthly. After conducting a communications audit, many organizations have found that the effectiveness of newsletters and magazines has waned over the years. “A few years ago,” says a Chamber of Commerce executive in Romania, “international experts were telling us that we had to have a monthly newsletter and if possible a quarterly magazine. What we found out is that associations in the United States were moving more toward on-line resources and away from print materials, which made us wonder why U.S. experts were telling us to do something that their own organizations had found only marginally successful”.

This executive partially missed the point in that the reason these recommendations were provided, in a large majority of cases, was because association members had neither the access nor the culture to accept electronic information. Still, this established a pattern that years later has hampered some organizations in developing countries, as they have focused so heavily on printed communications materials that they have not invested in technology. The reality is that organizations should use a variety of communications techniques to develop a customized approach for members. After all, some members want to read a newsletter or magazine, while others would never read them. This begs the question…..”Why do organizations spend the money to print and distribute information that their members don’t want to read”? This is a fair question and one that should be answered during the communications audit.

Interpersonal Communications

Interpersonal communications is defined as one-on-one contact with members. While most professionals in the field of organizational management agree that this is among the most effective communications approaches, it is also the most time consuming. A number of organizational executives actively dismiss this process as a means for communication. “We just don’t have time to personally visit our members”, they contend. Other say, “Our members are too busy and don’t want us to visit them”. These arguments, while based in logic, miss the point. Interpersonal communications does not necessarily mean that an organization’s staff and volunteer leaders will personally visit every member during a year. Instead, it focuses on the need for an organization to build strong relationships with its members by personalizing its message and by communicating in a way that individual members find useful.

An association executive in the state of Oklahoma (USA) ran an organization of more than 1,000 members. Of course, he could not visit them all, even with help from his volunteer leaders and staff. Still, he focused on developing an interpersonal message for each of them. For instance, the birthday, business anniversary and other significant dates for every member were included in the association’s database. On the significant
day, a personalized card was produced and sent to the member that said, “Congratulations on your (birthday, anniversary, etc). We appreciate your support of our association and we wish you continued success”. This was a small gesture that cost virtually nothing. Yet, the association gained a great deal of goodwill from its members as they appreciated being “remembered” on a special day in their lives. The same association executive instituted a communications survey to determine what types of information his members wanted to receive, how they wanted to receive it and when they wanted to receive it. This was also included in the database and ensured that members received only what they wanted. Those that wanted the newsletter every month in print form received it that way. Those that wanted it on-line simply got an e-mail from the association that contained a link to the newsletter. Those that did not want it but instead wanted the public policy alert that informed them of important legislative issues received that instead. By taking the time to compile this information, the association personalized its communication and gave members exactly what they wanted. Suffice it to say that member retention rates in this association were high.

Mass Communications

Many organizations, especially those with large membership bases, use mass communications to disseminate their message. Typically, this kind of communication is used to reach a wider audience than just the membership. For instance, an organization may purchase an advertisement in a local newspaper or on a television station that announces an upcoming event. It may also participate in radio or television programs that highlight its stance on one or more public policy issues.

Mass communications, while effective in some cases, should be used sparingly as it is both generic and impersonal. However, when used in conjunction with other communications techniques within a synergetic strategy, it does have a place.

1:1 Communications

Much of this chapter has been devoted to the strategy of personalizing or customizing communications to members. One of the pioneers of this philosophy is Dr. Martha Rogers, who with her partner Donald Pepper, authored a book entitled, “1:1 Marketing”. The book’s premise is that customers (or in the case of an organization, members) will no longer respond to mass, impersonal communications. However, they will respond to a customized approach that is tailored to their needs. By creating a personal bond between an organization and its members, loyalty is developed. Dr. Rogers calls this process, “Developing Customers for Life”. In other words, as noted on the pyramid earlier in this chapter, once a member reaches the empowerment level in an organization, he/she is essentially a “member for life”. How do they reach this level? Through tailored, personalized communication of programs, services and activities that interest and benefit them.

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9 Rogers, Dr. Martha and Donald Pepper. “The 1:1 Experience”.

123
After implementing the 1:1 system in his organization, a Chamber of Commerce executive in Romania exclaimed, “It is so easy and so inexpensive I cannot believe it works”. Experience shows that a personalized membership communications strategy can exponentially increase member satisfaction. Whether an organization has voluntary or mandatory membership, it desires to have satisfied “customers”. Personalization of its communications can play a significant role in its achieving this goal.

Summary and Conclusions

There is no single way to conduct member communications. Most effective strategies consist of an amalgamation of different techniques that are designed to customize the message. This usually means that strategies contain elements of all four techniques: electronic, print, interpersonal and mass communications. It also assumes that an organization values member communications as one of its top priorities and therefore is willing to devote the appropriate time and resources to develop an effective approach. Communication flows from information, so an organization’s ability to collect, segment and utilize information is critical. In other words, organizations should spend the amount of time and resources necessary to compile member information and put it into a database that provides the ability to customize the communications effort. Without accurate information in a useable database, it is unlikely that an organization can implement an efficient and effective communications strategy.

SECTION FOUR: MASS COMMUNICATIONS

“My job is not to be liked or necessarily to be fair. My job is to make the public think”. This statement was made by a senior international journalist based in Brussels. It represents a growing trend, though a controversial one, among journalists that focus on eliciting public reaction rather than necessarily focusing on delivering news in an unbiased way.

Many organizations do not use mass media effectively because they do not understand it. Media outlets report the news, but they report their version of it, not necessarily the organization’s version. Also, the mass media focuses on stories that sell, versus ones that simply report innocuous information. The term, “If it bleeds, it leads” refers to the news media’s penchant for focusing on sensational and/or “bad” news because it generates more interest. Unfortunately, organizations around the world continue to send generic press releases and sponsor unfocused press conferences to disseminate their message only to complain later that “the news media won’t give us any coverage”.

With this in mind, how can an organization ensure that its message is disseminated through the mass media? In short, it can’t. However, it can dramatically increase the chances of receiving coverage if it utilizes the following “tried and true” techniques for media management.
1. Build relationships with the media. Development of transparent relationships with the media can ensure that an organization has access to a person that is willing to listen to and consider its message. A Chamber of Commerce communications director in the U.S. state of Virginia stated at a recent conference that she routinely “shows up” at the newspaper office or television station, gets to know the business reporters, spends time with them and assists them by providing information and statistics on business issues. She also gives them free access to Chamber events, including providing a spot for them in the organization’s annual golf tournament. Though relationships such as these do not guarantee coverage, they do initiate a bond between the organization and media representatives. There is a line, however, that should not be crossed. Organizations should not expect that reporters, regardless of how good a relationship they have built, will only report its version of a story or will support it over other stakeholders. Building relationships with the media provides a linkage that allows an organization to tell its story, not a forum for propaganda.

2. Become a source for information. Since reporters operate under strict deadlines, they are always in search of information that is readily available. Business organizations can play a useful role in assisting media representatives by providing statistics, insight and access to business leaders and issues. This provides a service to the reporter while at the same time allowing the organization to exert some control over the message.

3. Stay ahead of the story. It is easy for organization to find themselves on the “wrong side” of a news story just because they got behind it instead of ahead of it. Staying “ahead of a story” means that an organization is proactive in monitoring and reporting on developments in such a way that it delivers the story to the media before the media even knows it is a story. On issues that are controversial, organizations should be especially careful not to let the media draw its own conclusions. The best way to do this is by carefully planning the content, timing and mechanism for delivering the message. In other words, organizations should engage in proactive dialogue with the media on issues of importance.

4. Pick your opportunities. Organizations should continually look for opportunities to communicate programs, services or issues through the mass media. For example, if an upcoming festival will be covered extensively by the media, an organization may want to co-sponsor it so as to generate visibility. In addition, the festival might be the right venue to distribute press packets about an upcoming issue of importance to the organization.

5. Train your staff and volunteers. “The message doesn’t matter if the person that is delivering it cannot put it into terms the public understands”. This comment was made by the media director for a large Russian company. An increasing number of organizations around the world have now drawn the link between an effective message and the skills of the person that delivers it. Because of this, they provide training for staff and volunteer leaders that interact with the mass media. A skilled media relations representative creates a positive image for the organization as well as delivers its message in a way that is effective. Training can consist of one or two day workshops to ongoing training and mentorship, depending on the organization’s size and the resources it has available.
6. Plan media outreach well in advance. As stated above, organizations that are skilled at working with the mass media understand that planning is necessary in order to maintain control of the message. These organizations carefully plan media outreach by staying “ahead” of events and issues instead of behind them. Every program, activity or issue is part of an overall strategy that includes a) what message is to be delivered, b) who should deliver the message, c) to what media sources should it be delivered, d) when should it be delivered, and e) why should the members (or public) care about the issue.

7. Tailor the message to the media. Some messages are more conducive to television, some to radio, and still others to newspaper. Organizations that do not distinguish between media outlets run the risk of wasting money by delivering their message the wrong way. Many organizations alter their delivery mechanism depending on the medium. For instance, on radio and television, organizations should craft their messages around “sound bites” since they only have a few seconds to deliver the main theme. “Sound bites” are snippets of information that the members or the public can easily remember. For example, who can forget George Bush’s famous phrase on September 11, 2001, “You are either for us or against us”. Right or wrong, he delivered the message he intended and everyone remembered it. A message needs to be delivered in a different way for the print media, as detail is needed in order to provide the reader with the information necessary to grasp the main theme.

8. Utilize advertising as a way to gain press coverage. In many developing countries, newspapers and other media outlets are starved for cash and therefore will not print or broadcast press releases free of charge. This being the case, some organizations purchase advertising as a way to reach their members or the general public. Over time, the media outlets provide more access to organizations that advertise with them. It is not right and arguably not fair, but it is reality in many countries and organizations have to determine whether or not this is a strategy they want to pursue.

9. Sponsor media-related events/awards. A growing number of organizations sponsor media-related events to honor media representatives or to build a network between reporters and the private sector. Some organizations, such as the United States Chamber of Commerce, present awards to journalists that they believe comprehensively and fairly report on issues of interest to them. These events do not have to cost a lot of money but they can be effective ways to build positive relationships with the media.

10. Develop Opinion-Editorial (OP-ED) articles. Hard hitting and provocative opinion and editorial articles are another way to reach both members and the public at large. OP-EDs as they are called are typically printed free of charge and focus on the opinions of one or a group of people. Whether or not OP-EDs are a good strategy for an organization depends on its overall media plan.

What Journalists Think is Important

Successful organizational communications executives are the first ones to admit that their jobs are not easy. Working with the mass media is a little like prize fighting,
where the two fighters throw jab after jab in an attempt to gain an advantage. One thing
is for sure, in order to win the battle and to communicate its message, an organization
must understand the rules of the game. According to the Misukanis and Odden, a media
relations firm, journalists at a recent conference listed the following as the most important
rules to remember when utilizing the mass media:

1. Stick to the facts. Understand what news is and what it is not.
2. Journalists are rated on the basis of exclusive stories they generate every day. If
   you can give a journalist several exclusives, they will keep coming back for more.
3. Get to know the editor very well, then some amount of any ‘not so important’
   news or story can get into the print. .
4. Media relations should be based on a strategy and not a knee jerk reaction.
5. Expect the unexpected from the media but still try and understand them more.
6. For an event, try to identify the right journalist and provide clear details in their
   required language.
7. Understand your organization’s message in detail before contacting the media.
8. Never have a press event while journalists are approaching their deadlines.
   Chances are that they may not be interested in talking to you as they need to rush
   to file their stories.
9. Provide journalists with as much information as possible about the organization,
   the specific issue you need to communicate and why it is important.
10. Journalists are more interested in your assistance than your friendship.
11. “SPAM” press releases are not helpful and in fact irritate journalists, thereby
    working against the organization.
12. Stories with visuals get more attention. Pictures and video are helpful but they
    should be in high resolution so that journalists can use them with a minimum of
    editing.
13. The simpler the message the easier it is to understand. Be concise, clear and
    efficient in delivery of your message.

Media Relations Tools

There are numerous tools that organizations can use to deliver their message to
members and the public at large. Two, however, are the most “tried and true” methods
for working with the mass media: press releases and press conferences.

Press Releases

Press releases should be concise but also interesting. As a rule they should
answer the questions who, what, where, when and why….Who is sending the press
release, what is happening, where it is happening, when it is happening and why it is
important. In addition, media representatives provide the following guidelines for the
preparation and distribution of press releases:
• Make sure the information is newsworthy.
• Tell the audience that the information is intended for them and why they should continue to read it.
• Start with a brief description of the news, then distinguish who announced it, and not the other way around.
• Ask yourself, "How are people going to relate to this and will they be able to connect?"
• Make sure the first 10 words of your release are effective, as they are the most important.
• Avoid excessive use of adjectives and fancy language.
• Deal with the facts.
• Provide as much contact information as possible: individual to contact, address, phone, fax, email, website address.
• Make sure you wait until you have something with enough substance to issue a release.
• Make it as easy as possible for media representatives to do their jobs.

Journalists agree that press releases are still effective ways of communicating a message, but they caution organizations not to overuse them. SPAM press releases irritate journalists and are rejected out of hand. Organizations that send three or four press releases a week run the risk of eroding any goodwill they have accumulated with journalists and are tacitly clouding their own messages by sending too much information. At some point, journalists do not know what is important and what is not.

Press Conferences

Press conferences, while effective in certain circumstance, are generally held too often and are ineffective due to lack of planning. For maximum effectiveness, details for press conferences must be handled very carefully. The following are guidelines for the initiation of a successful press conference:

• **Who is coming?**
  
  (a) Star Quality: To maximize media attendance at your news conference, it is beneficial to have at least one high-profile personality participating (e.g. authorities representative, head of an international donor organization, etc). It is important to plan ahead and give enough notice to your invited participants.
  
  (b) Diversity: It will be important to show a cross-section of participants. This will demonstrate that the issue is a concern to everyone. Try to enlist participants from business, education and civil society organizations. Strive for gender diversity among participants.
Location, Location, Location

(a) Venue: Use a location that is easily accessible but also visually interesting for the media. Examples include a hospital emergency room, local school or steps of a “public” building. Obtain a permit in advance if needed!
(b) Visuals: Use visual aids at your news conference.
(c) When to hold the event: Try to hold the press conference Tuesday, Wednesday or Thursday. Avoid Mondays and Fridays. If at all possible, hold the event between 10:00 am and 2:00 pm. Earlier than 10:00 am is hard for reporters to attend. After 2:00 pm is sometimes too late for evening news. 10:00 am or 11:00 am are the best times—because many noon newscasts will include the event.

Getting the media's attention

(a) Write a media alert that will serve as your announcement of the news conference/event to the press. Be sure to include who, what, where, when and why. Keep it short! Make sure to include a contact name and phone number.
(b) Include background materials, fact sheets, etc. Do not reinvent the wheel—this information is already available for you.
(c) Fax or e-mail: One day before the event, all area media outlets should receive the advisory.
(d) Follow up: One day before the event, call the assignment editors to confirm fax or e-mail transmission, and make sure they know about the event. Talk it up as much as possible to encourage coverage! Many TV stations do not make their assignments until the day of the event. It is worth calling the TV assignment editors again between 8:30 am and 9:00 am the day of the event.

Setup

(a) The right equipment: Are you using a microphone? Is there electricity? Do you have/need a podium? Do you have something for the microphone to sit on or attach to?
(b) Arrange a press table: This is where reporters sign in and pick up materials. One person should be there to meet and greet the reporters.
(c) Permit: Do you need a permit for the location you have selected? Get one, bring it.
(d) If it is an outdoor event, is there a rain location?
(e) All participants should stand together behind the microphone or podium so that everyone is in the picture.
(f) Make sure that visuals are not placed too high so as to be out of the picture, or too low so to be blocked by the participants.
• **Speaking Order**

  (a) Who's next? Determine the order of speakers in advance. It is preferable to have each person come to the microphone and introduce him/herself.
  
  (b) Remember to distribute a speakers list to the press as well as the speakers themselves.

• **Length**

  (a) Short and sweet: Each speaker should keep remarks short. The overall length of the news conference should only be 20--30 minutes (including Q & A period). If there are a lot of speakers, each may only be able to speak for 2 minutes, or so.
  
  (b) Not all participants need to speak. Ask groups to send a representative, even if he or she does not wish to speak-this aids in showing the depth of support.
  
  (c) Speakers should distribute copies of their statements to the media. If they are ready in advance, they can be included in the press kits. If not, they can be placed on the press table.

• **Questions**

  (a) Often the press will ask questions. They may direct them specifically to one speaker. If not, you, as the host should be prepared to answer any questions that come up. If they ask a question that you cannot answer, don't be afraid to say you're not sure and get back to them later.
  
  (b) Reporters often want one-on-one interviews with speakers after the Q & A period. This is your chance to clarify or cover information not brought out in the Q & A.

• **Post-event follow-up**

  After the event, you will want to send a good quality photo to the newspapers in your region. Include the basics of the event, such as the "who, what, when, why, where" information, highlight any special happenings and the successes. Think of it as a news brief or mini-story.

*Summary and Conclusions*

Utilization of the media is an essential part of any organizational communications strategy. However, effective media relations are critical to an organization’s ability to stay “on message”. Planning, training, knowledge of media attitudes, and proper utilization of media relations tools are key elements in a successful mass media program.
SECTION FIVE: PRESENTATION SKILLS

Organizations 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. The ability to articulate a message is an art not a science but experts agree that there are ten steps that are common to most effective presentations.

Figure 6.8 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. |

Organizational leaders are typically required to make presentations on a regular basis to members, public officials, the media and other stakeholders. Effective presenters typically learn to address three major elements of public speaking, which are: fear, organization, and delivery.

Overcoming Fear of Public Speaking

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\(^\text{10}\):

Before the presentation: Lie on the floor. Your back should be flat on the floor. Pull your feet towards you so that your knees are up in the air. Relax. Close your eyes. Feel your back spreading out and supporting your weight. Feel your neck lengthening. Work your way through your body, relaxing one section at a time - your toes, feet, legs, torso, etc. When finished, stand up slowly and try to maintain the relaxed feeling in a standing position.

If you cannot lie down: Stand with your feet about 6 inches apart, arms hanging by your sides, and fingers unclenched. Gently shake each part of your body, starting with your hands, then arms, shoulders, torso, and legs. Concentrate on shaking out the tension. Then slowly rotate your shoulders forwards and the backwards. Move on to your head. Rotate it slowly clockwise, and then counter-clockwise.

Mental Visualization: Before the presentation, visualize the room, audience, and you giving the presentation. Mentally go over what you are going to do from the moment you start to the end of the presentation.

During the presentation: Take a moment to yourself by getting a drink of water, take a deep breath, concentrate on relaxing the most tense part of your body, and then return to the presentation saying to yourself, "I can do it!"

You do NOT need to get rid of anxiety and tension! Channel the energy into concentration and expressiveness.

Know that anxiety and tension are not as noticeable to the audience as they are to you.

Know that even the best presenters make mistakes. The key is to continue on after the mistake. If you pick up and continue, so will the audience. Winners continue! Losers stop!

Never drink alcohol to reduce tension! It affects not only your coordination but also your awareness of coordination. You might not realize it, but your audience will!

Organizing 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 6.10 Presentation Outline

Use the following blank outline to develop a presentation:

TOPIC: ________________________________

Introduction: Preliminary remarks; Connect with the audience.
Delivering Effective Presentations

Overcoming fear of public speaking and learning to organize presentations are important aspects of communication, but delivery is the key to connecting with the audience. Professional speakers provide insight into ways that presenters can best deliver their message. According to presentation experts Dr. Tony Alessandrea and Dr. Phil Hunsaker, the following are the characteristics of an effective public speaker:\(^{11}\):

Figure 6.11 Characteristics of an Effective Public Speaker

- Understands the needs of his/her audience.
- Attempts to meet those needs as effectively as possible.
- Is the expert on his subject and has breadth of knowledge in other areas.
- Constantly grows and improves in his understanding of his/her areas of expertise and his ability to present his/her material effectively.
- Is enthusiastic about his subject and sincere about conveying his message to the audience.
- Has a pleasing voice and appearance.
- Uses examples, illustrations, analogies, and stories to make information more interesting and exciting.
- Paces the program to keep it lively and interesting.
- Uses an appropriate level of humor and drama.
- Encourages group involvement and participation.
- Makes information as practical as possible, telling people how to use the information.

\(^{11}\) Alessandrea, Tony, PhD and Phil Hunsaker, PhD.  Communications at Work. 1993
Uses depth and breadth of knowledge to answer a broad range of questions thoroughly.

Admits when he/she does not know the answer to a question, but offers to research the answer and relay it to participants. He may ask other participants if they know the answer.

Helps listeners understand and retain information through the use of attention-getting verbal and visual devices such as repetition, graphics, and audience participation.

Using Technology and/or Media to Augment Presentations

Increasingly our society is becoming a visual one. Gone are the days when large crowds would gather to hear a lengthy oration. In fact, studies show that audiences respond positively to visual stimulation that gives presentations “a face” or a “frame of reference”. Consequently, most experts now use media as part of their presentations. Media can consist of everything from Power Point slides to video, but whatever the technique, it should be used effectively. The following are tips on the effective use of media in presentations:

When using Power Point slides do not pack the slides with text. Pictures grab an audience’s attention.

Simply reading the bullet points on Power Point slides is not a presentation, it is a lecture. While it may be comforting for the presenter, it is mind-numbing for the audience.

Ensure that there are no misspellings or culturally inappropriate references on Power Point slides.

Use the same font and design style throughout the Power Point presentation.

Limit the number of slides to 12 or 15. Presentations with 40 or 50 slides are typically ineffective because the presenter will eventually lose the audience’s interest.

Always prepare print copies of the Power Point slides for distribution to the audience in case the technology does not work.

If a laser pointer and other equipment are used during a Power Point presentation the presenter should know how to use them. Practice before making the presentation.

The same is true for video and or audio that accompany a presentation. The presenter should know how to launch them at the appropriate time.

The presenter should know when enough is enough. Too much media can
actually hamper one’s ability to deliver the presentation’s core message. If the audience leaves feeling entertained but does not understand the presentation’s major theme, the presentation has fallen short of expectations.

Summary and Conclusions

When preparing, delivering and evaluating a presentation, it is important to remember the techniques used by effective speakers. The following, which summarize the points made earlier in this chapter, are provided by Big Dog Leadership, a professional leadership and public relations company.

Figure 6.13 Final Thoughts on Presentations

- If you have handouts, do not read straight from them. The audience does not know if they should read along with you or listen to you read.
- Do not put both hands in your pockets for long periods of time. This tends to make you look unprofessional. It is OK to put one hand in a pocket but ensure there is no loose change or keys to jingle around. This will distract the listeners.
- Do not wave a pointer around in the air like a wild knight branding a sword to slay a dragon. Use the pointer for what it is intended and then put it down, otherwise the audience will become fixated upon your "sword", instead upon you.
- Do not lean on the podium for long periods. The audience will begin to wonder when you are going to fall over.
- Speak to the audience...NOT to the visual aids, such as flip charts or overheads. Also, do not stand between the visual aid and the audience.
- Speak clearly and loudly enough for all to hear. Do not speak in a monotone voice. Use inflection to emphasize your main points.
- The disadvantage of presentations is that people cannot see the punctuation and this can lead to misunderstandings. An effective way of overcoming this problem is to pause at the time when there would normally be punctuation marks.
- Use colored backgrounds on overhead transparencies and slides (such as yellow) as the bright white light can be harsh on the eyes. This will quickly cause your audience to tire. If all of your transparencies or slides have clear backgrounds, then tape one blank yellow on the overhead face. For slides, use a rubber band to hold a piece of colored cellophane over the projector lens.
- Learn the name of each participant as quickly as possible. Based upon the atmosphere you want to create, call them by their first names or by using Mr., Mrs., Miss, Ms.
- Tell them what name and title you prefer to be called.

Listen intently to comments and opinions. By using a *lateral thinking technique* (adding to ideas rather than dismissing them), the audience will feel that their ideas, comments, and opinions are worthwhile.

Circulate around the room as you speak. This movement creates a physical closeness to the audience.

List and discuss your objectives at the beginning of the presentation. Let the audience know how your presentation fits in with their goals. Discuss some of the fears and apprehensions that both you and the audience might have. Tell them what they should expect of you and how you will contribute to their goals.

Vary your techniques (lecture, discussion, debate, films, slides, reading, etc.)

Get to the presentation place before your audience arrives; be the last one to leave.

Be prepared to use an alternate approach if the one you've chosen seems to bog down. You should be confident enough with your own material so that the audience's interests and concerns, not the presentation outline, determines the format. Use your background, experience, and knowledge to interrelate your subject matter.

When writing on flip charts use no more than 7 lines of text per page and no more than 7 words per line (the 7/7 rule). Also, use bright and bold colors, and pictures as well as text.

Consider the time of day and how long you have for your talk. Time of day can affect the audience. After lunch is known as the graveyard section in training circles as audiences will feel more like a nap than listening to a talk.

Most people find that if they practice in their head, the actual talk will take about 25 per cent longer. Using a flip chart or other visual aids also adds to the time. Remember - it is better to finish slightly early than to overrun.

SECTION SIX: BRANDING AN ORGANIZATION

*Communications and Branding*

Branding and communications are interlocking components in the development of strong organizations. *Branding* is the image that an organization enjoys in the eyes of its stakeholders. Aneta Bogdan, 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. Bogdan, a successful brand has value. In an excerpt from an article in Romania’s CAPITAL Magazine, Ms. Bogdan describes brand value in the following way:

Reputation has always been 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 fulfills 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. Bogdan 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.

*Brand Versus Organizational Identity*

It is important to distinguish between organizational identity, brand identity, and brand image.

*Organizational identity* is concerned with the visual aspects of an association’s presence. When organizations undertake corporate identity exercises, they are usually modernizing their visual image in terms of logo, design, and collaterals. Such efforts do not normally entail a change in brand values so that the heart of the brand remains the same - what it stands for, or its personality. Unfortunately, many organizations do not realize this fallacy, as they are sometimes led to believe by agencies and consultancy companies that the visual changes will change the brand image. But changes to logos,
signage, and even outlet design do not always change consumer perceptions of quality, service, and the intangible associations that come to the fore when the brand name is seen or heard.

The best that such changes can do is to reassure members that the organization is concerned about how it looks. Brands do have to maintain a modern look, and the visual identity needs to change over time. But the key to successfully effecting a new look is evolution, not revolution. Totally changing the brand visuals can give rise to member concerns about changes of leadership, or possible changes in brand values, or even unjustified extravagance. If there is a strong brand personality to which consumers are attracted, then substantial changes may destroy emotional attachments to the brand. People do not expect or like wild swings in the personality behavior of other people, and they are just as concerned when the brands to which they have grown used to exhibit similar "schizophrenic" changes.

On the other hand, if the intention is to substantially improve the standing of the brand, then corporate identity changes can be accompanied by widespread changes to organizational culture, quality, and service standards. If done well, and if members experience a great new or improved experience, then the changes will, over the longer term, have a corresponding positive effect on brand image.

**Brand identity** is the total proposition that a company makes to consumers - the promise it makes. It may consist of features and attributes, benefits, performance, quality, service support, and the values that the brand possesses. The brand can be viewed as a product, a personality, a set of values, and a position it occupies in people's minds. Brand identity is everything the company wants the brand to be seen as.

**Brand image**, on the other hand, is the totality of consumer perceptions about the brand, or how they see it, which may not coincide with the brand identity. Companies have to work hard on the consumer experience to make sure that what customers see and think is what they want them to.

*The Role of Leadership in Organizational Branding*

Dr. James C. Burnham is one of the United States leading experts in organizational branding. In a recent article for weLEAD magazine, Dr. Burnham drew a strong connection between leadership and the ability to develop a strong brand. He states that, “Establishing an organizational brand requires strong leadership. There must be willingness to be critical of both oneself and the organization”. Dr. Burnham goes on to say that it is important for an organization’s leadership team to determine what the current organizational culture is and what they want it to be. This is critical in the development of a brand.

Leaders need to understand that a brand is not the organization’s visible image, but rather its core values. The United States Chamber of Commerce is perceived as one of the most powerful business advocacy organizations in the world. Its culture of support
for business is its brand. Its logo or letterhead is not. The latter are its organizational identity as described above. In 1997, Tom Donohue assumed the position of President (Chief Paid Executive) of the United States Chamber of Commerce. At that time, the Chamber’s brand as an advocate for business had been tarnished due to poor management decisions and some highly visible losses in the advocacy arena. Mr. Donohue reinvigorated the brand by reinforcing the organization’s core values, reigniting the Chamber’s grassroots support, and sending a clear message that the Chamber was going to be “in the fight” on behalf of business. Win, lose or draw, the Chamber would fight for business interests. Today, the Chamber’s brand is stronger than ever thanks to Mr. Donohue’s leadership in moving the organization back to its core values.

A leader is to a brand what a conductor is to an orchestra. Regardless of how talented individuals within the orchestra are, they collectively follow the conductor’s lead. They play the music he has chosen. In organizations, there is a similar scenario relative to branding. Regardless of the organization’s individual characteristics, it takes on a brand that is largely defined by its leader(s).

Summary and Conclusions

A brand is what your organization is perceived to be by its members and the public at large. It is not a logo or an advertising campaign, but rather a value or system of values within the organization that are projected in ways that create an image. This image can be positive or negative depending on the organization’s strategy and values. Leadership is critical to branding because an organization’s values are largely developed by its leadership.

SECTION SEVEN: CRISIS COMMUNICATIONS

Developing and Updating a Crisis Communication Plan

As much as we wish that things would go right, the reality is that bad things do happen to good organizations. When crisis occurs, whether it is internal (such as the termination of a key staff member) or external (a disaster in the community), organizations are most usually in the thick of the fray and because of their visibility the media, their members and other stakeholders look to them for information and guidance. For this reason, visionary organizations develop a crisis communications plan.

Art Samansky, a public relations consultant, authored an article on crisis communications that appeared in the New York Nonprofits newsletter. Mr. Samansky likened a crisis communication plan to insurance, noting, “Everyone has insurance if they have assets they want to protect. We don’t expect to use the insurance, but we still pay the premium”. His company, The Samansky Group, developed a strategy for organizations that have a strategy in place. It is called TRUE (Test, Review, Update and Expand). Test the plan regularly to make sure it is applicable; Review the plan often with
staff and volunteers; Update the plan whenever the person responsible for it leaves the organization; and Expand the plan to address new conditions or threats.13

For organizations that do not have a crisis communications plan, it should be noted that it takes significant time to create a comprehensive strategy. However, a basic plan is better than none at all. In creating a plan, organizational leaders should keep the following axioms in mind:

- Establish a crisis response team. Designate team members for specific roles such as member support, media relations, logistics, etc. and make sure they know their roles inside and out. A leader should be selected to oversee the team’s activities.

- Examine your organization’s vulnerabilities. Determine your organization’s weaknesses in addressing a potential crisis. This might be an outdated phone system, lack of an updated database so that members could be contacted, etc.

- Determine which constituencies you will communicate with during a crisis. Develop a list of media, individuals and other stakeholders that you will contact in case of a crisis. Make sure the lists are updated and someone is designated to make the contacts when a crisis occurs.

- Commit the plan to paper. The plan is no good if it is just in someone’s head. Put it on paper and update it on an ongoing basis. Put someone in charge of its implementation should the need arise.

- Customize the plan. Customize the plan as necessary to address as many potential crisis as possible, whether it is loss of data, natural disaster, or an internal crisis.

Crisis Communications Case Study: Oklahoma City, Oklahoma

On April 19, 1995, domestic terrorists blew up the Alfred P. Murrah federal office building in Oklahoma City, Oklahoma. Not only did the explosion kill 168 people and leave more than 800 injured, it also negatively impacted a large number of businesses throughout the downtown area. Immediately after the explosion, the international media, public officials, and law enforcement descended on Oklahoma City. Because it had a crisis communications plan, the Oklahoma City Chamber of Commerce became the coordinating organization for media information and interaction with various agencies that wanted access to the blast site. In addition, it became the focal organization for scores of its member businesses that were damaged or destroyed in the explosion. Charles Van Ryselburg, who at the time was the President of the Oklahoma City Chamber of Commerce, became an authority on organizational communications in crisis situations. Mr. Van Ryselburg provides the following guidelines for communicating in times of crisis:

- Be available to the media, members, and other stakeholders. Within literally minutes of the disaster, the Oklahoma City Chamber of Commerce mobilized its crisis management team. Mr. Van Ryselburg was designated as the spokesperson

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on behalf of the Chamber, Governor Frank Keating on behalf of the State of Oklahoma, and Mayor Ron Norick on behalf of Oklahoma City. Other members of the team were put in charge of press coordination, member inquiries/assistance, agency interaction (e.g. law enforcement, public officials), and operations. This allowed members of the crisis management team to be constantly available to various stakeholders. Their names and contact information were widely publicized so that stakeholders knew whom to contact for information and/or assistance.

♦ Tell the truth. From the beginning, Governor Keating, Mayor Norick and Mr. Van Ryselburg told the truth about the disaster. They did not jump to conclusions or try to put their “spin” on the situation. They gave the facts as they saw them. This provided the media with trustworthy information, and instilled confidence in both the Chamber’s members and the public at large that these three men could be trusted.

♦ Get news out as soon as you can. The Chamber coordinated hourly press conferences to disseminate updated information. The Chamber did not, however, distribute information until its accuracy was checked and it was cleared by the local authorities. If information could not be released, the Chamber said this up front and let the media know that it would release it as soon as it was validated or when it had permission.

♦ Quell any rumors that arise. Rumors were rampant throughout the disaster and one of the Chamber’s major roles was to provide accurate information through its press conferences and outreach to members. This helped squelch many rumors before they got started.

♦ Provide a consistent message. Information provided by the Chamber, the city, and the state was coordinated carefully so that the message was consistent. Coordination meetings were held every day to ensure that all aspects of communication and outreach were going well.

♦ Assume there will be leaks. There were certainly leaks, but far fewer than in other crisis situations. The reason for this was that the Chamber took control of the communications strategy from the beginning and built relationships with the media and other stakeholders. The media especially became very adept at checking information with the appropriate sources at the Chamber rather than believing rumors or leaks.

♦ Keep the crisis in perspective. Governor Frank Keating said from day one, “We will survive this. Oklahomans will pull together and we will be stronger than ever before”. At no time did the Chamber or any of its partners give the illusion that the “sky was falling”. It simply did its job in the best way it could.

♦ Keep doing business as usual. Not only did the Chamber continue to function, it did so at an amazingly high degree of excellence. Within hours of the disaster, it established an office to provide assistance to member businesses that had been affected. Over the months after the disaster, it assisted hundreds of businesses in
accessing financing, insurance benefits and other support to resume operations. It
did all this while still running the day-to-day operations of the Chamber. This
created member loyalty that was unsurpassed.

Summary and Conclusions

Reality is harsh and bad things sometimes happen to good organizations. For this
reason, a crisis communications plan should be part of an organization’s overall strategy.
The plan should establish a framework and structure for information flow during a time
of crisis and should be reviewed at least annually. In addition, a responsible person
within the organization should be given responsibility for the plan’s management.

SECTION EIGHT: A CASE STUDY IN BRANDING

Figure 6.14 Case Study of AfghanMark Carpet Brand

The Afghan Women’s Business Federation (AfghanMark)

The Afghan Women’s Business Federation (AWBF), a consortium of 18 women’s
business associations, launched its AfghanMark carpet program in February 2007. The
organization created the AfghanMark socially conscious brand as a way to a) provide
additional revenue for women weavers, b) establish new markets for Afghan carpets in
the United States, and c) increase the visibility of heirloom quality hand-made carpets
around the world. With assistance from a New York public relations firm and funding
from USAID, AWBF launched the AfghanMark brand at a media event in New York
City. AWBF developed both an on-line and print catalogue as well as a fully functional
web portal at www.afghanmark.com. Within two days of the launch event, the
AfghanMark brand was already available in two New York City carpet emporiums.
Since the brand was launched, AWBF estimates that over $185,000 in carpets have been
sold, with over six times more revenue going to the women weavers than in the past. In
just over a year, AfghanMark has already developed a brand that signifies heirloom
quality, hand-made carpets at competitive prices.
CHAPTER SEVEN

DEVELOPING EFFECTIVE PROGRAMS AND SERVICES

SECTION ONE: 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](image)

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 other 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 a portion 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

<table>
<thead>
<tr>
<th>Dimensions of Poverty Reduction</th>
<th>Transition and development themes: Links with poverty reduction</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sustainable Economic Growth</td>
<td>Human Capital and Social Development</td>
<td>Governance and Institutional Development</td>
<td>Regional Cooperation</td>
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<tr>
<td></td>
<td>Sustainable Economic Growth</td>
<td>Human Capital and Social Development</td>
<td>Governance and Institutional Development</td>
<td>Regional Cooperation</td>
</tr>
<tr>
<td></td>
<td>Stable macroeconomic environment</td>
<td>Enabling private sector development</td>
<td>Environmentally sustainable rural development</td>
<td>Education, health, and gender results that impact on MDGs</td>
</tr>
<tr>
<td></td>
<td>Employment and Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Non-distortionary revenue mobilization - Enhanced efficiency and pro-poor orientation of public spending - Cash availability maintained - Current account convertibility unimpeded</td>
<td>- Trade policy regime liberalized to realize export potential - Enterprise restructuring accelerated - Costs of operating in official economy reduced - Oversight functions of commercial banks - 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</td>
<td>- 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</td>
<td>- Physical and economic distance to outside markets reduced through efficient transport and customs facilitation - Water–energy cooperation opportunities pursued</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Strategic Priority</th>
<th>Links with governance and institutional development</th>
<th>Accountability and Transparency</th>
<th>Participation and Partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerate environmentally sustainable rural development</td>
<td>Transforming role of local <em>hokimiyyats</em> from enforcer of state procurement system to facilitator of diversified rural production system.</td>
<td>Improved cadastre system and transparent and simplified land registration procedures for security of tenure.</td>
<td>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.</td>
</tr>
<tr>
<td>Enable private sector development</td>
<td>Government capacity for regulatory planning, management, and review. Institution-building of competition agency</td>
<td>Regulatory transparency, accountability, and consistency</td>
<td>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.</td>
</tr>
<tr>
<td>Promote regional cooperation in transport and customs transit</td>
<td>Strengthened capacity of transport and trade facilitation institutions for coordination and cooperation within country and with regional partners.</td>
<td>Good governance and sound integrity within customs administration.</td>
<td>Information exchange and dissemination of regional best practices in transport sector and customs reforms.</td>
</tr>
</tbody>
</table>
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)\(^{14}\) |

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.

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\(^{14}\) 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.
SECTION TWO: THE LOGIC MODEL

Increasingly organizations are using logic models to assist them in making decisions on the development and expansion of programs and services. Succinctly, a logic model is a) a depiction of a program showing what the program will do and what it is to accomplish, b) a series of “if-then” relationships that, if implemented as intended, lead to the desired outcomes, and c) the core of program planning and evaluation.

The model focuses on inputs, outputs, and outcomes as ways to determine the potential success of a program or service, but it can also be applied to a process, large programs, or even to organizations as a whole.

To effectively understand the logic model, it is essential to understand its core components. According to the American Heritage Dictionary (2nd Edition), logic includes the principles of reasoning and the relationship of elements to each other and the whole, while a model is a preliminary pattern serving as a plan. In other words, the logic model can help an organization understand what it wants to accomplish through a particular program or service and thus the best way to design it to achieve maximum results. Many organizations view a logic model as a kind of roadmap that helps them get to their destination in the fastest, most direct way.

A logic model is not a theory, reality, or an evaluation method. Rather, it is a framework for describing the relationships between program and service design, implementation and results. The model dates to the 1960’s and has been extensively used by both business and non-profit organizations. Until recently, it was primarily used to foster organizational change, but it is now seen as a model to facilitate the development of programs and services as well.

The model’s benefits are readily apparent and focus on improved communications, explicit assumptions, and realistic outcomes. At its core, the logic model is relatively simple. The following examples provide an easy understanding of its thought process15:

The diagram above provides a simple yet important explanation of the logic model, where a focus on outcomes is the most important. Once the planned outcome is understood, a process to achieve that outcome can be initiated through the development of strategic inputs and outputs. Another everyday example further reinforces this methodology. When a family plans a holiday it may use the logic model to initiate a desired outcome, which is that the family has a good time on its trip. How can this be assured? It can be assured by structuring the right inputs and outputs.16

In order to ensure the right inputs and outputs to achieve the desired result, an organization must make assumptions. The validity of these assumptions will determine whether or not the organization achieves the desired outcome. From the standpoint of program and service development, the quality of the assumptions made during the planning process is paramount to the creation of desired outcomes. When developing a program or service, assumptions will help an organization to better understand the program’s operation, the expected outcomes, the implementation resources that will be necessary, the staffing resources that will be necessary for implementation, and the external forces that may influence the desired outcome.

The competitiveness initiative recently launched within the Turkish Cypriot community in Cyprus is an excellent example of how the logic model can be implemented on a micro scale to launch a new program/initiative. The following graph outlines the thought process utilized by the Turkish Cypriot Chamber of Commerce, the Turkish Cypriot Investment Development Agency and the Turkish Cypriot State Planning Organization to achieve the desired outcome.

**Competitiveness – Logic model**

**SITUATION:** The TCC needs to become more competitive.

**INPUTS**
- Staff
- Money
- Partners
- Research

**OUTPUTS**
- Produce a TCC Competitiveness Report
- Conduct a TCC Competitiveness Conference
- Conduct follow Up Meetings

**OUTCOMES**
- Stakeholders have a better understanding of TCC Competitiveness
- Stakeholders identify appropriate actions take
- Laws are passed that promote competitiveness
- Trust is built between major stakeholders
- Stakeholders use effective advocacy techniques
- An agenda is developed
- The TCC becomes more competitive

Throughout the logic model, an organization must ask itself a series of “IF/THEN” questions in order to ensure accurate assumptions. By planning for contingencies along the continuum of program planning, an organization can establish a “chain of connections” in the achievement of short, medium, and long-term results. In the competitiveness program example, there were three layers of outcomes. In the short term, the stakeholders gained a better understanding of competitiveness and built trust. In the medium term they identified appropriate actions to take and began implementing them. In the long term, this may lead to a passage of appropriate “laws”, which could lead to an increase in overall competitiveness. From the standpoint of planning, this “chain of connections” looks like the following.17

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To ensure that the “chains of connection” are strong, however, it is incumbent on an organization to overlay a series of “IF/THEN” scenarios, as outlined in the following graph:

**TCC Competitiveness Initiative**

Using the “IF/THEN” principle as a guide, organizations can audit their assumptions whenever programs and services do not achieve the desired outcomes. In many cases, the problem is not with the desired outcomes, but with the assumptions used to achieve them.

By using a building block technique that incorporates the linkage between inputs, outputs, and outcomes, then overlaying the “IF/THEN” principle to establish “chains of connection” organizations can greatly increase the potential effectiveness of programs and services. In the end, the logic model developed will take the following shape, which includes resource allocation and evaluation as necessary elements in establishing the “chains of connection”.

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One of the potential flaws in interpretation of the logic model is a lack of understanding of its core elements. For instance, inputs are the “raw materials” needed to produce outputs, such as staff, volunteers, time and money. Outputs focus on the activities and participation needed to achieve desired outcomes. Organizations sometimes confuse “outputs” with “outcomes”, though they are very different. The difference in the two terms can be addressed with an easy example. For instance, the number of participants that attend a competitiveness workshop is an output, while the number of stakeholders that become actively involved in the competitiveness process is an outcome.

Of organizations that do not use the logic model for the development of programs and services, most cite its “complexity” as one of the factors. While this argument may be valid at some level, the logic model’s benefits relative to the development of programs and services outweigh its shortcomings. Some of these benefits are that the model:

- Provides common language
- Helps differentiate between what organizations do and what they achieve
- Guides and focuses work
- Leads to improved planning and management
- Increases intentionality and purpose
• Provides coherence across complex tasks
• Enhances teamwork
• Motivates staff
• Helps identify important variables to be measured

Even with its obvious utilization in the area of programs and services planning, specific actions should be taken before implementing the logic model. First, an organization should determine the purpose for using the model (overall organizational change, development of a program/service). It should then involve others in the process to determine boundaries for the logic model. Following this, the organization should endeavor to better understand the situation by conducting research, focus groups, surveys and other input-gathering activities. In this way, the logic model necessary to ensure achievement of desired outcomes can be structured properly.

As effective as the model is, it does have limitations. First of all, it represents intentions, not reality. If assumptions change and actions are altered, outcomes will be affected as well. Secondly, the model focuses on expected outcomes. Even if all the assumptions are correct and the process works well, the outcomes achieved may not be the ones expected due to outside influences and a host of other factors. This is called the “challenge of casual attribution”, whereby process and outcomes are influenced by a variety of factors. Finally, the logic model does not address whether or not an organization is doing the right thing. For instance, if the demand for a program or service is not significant, the effective use of the model is of no value because the organization failed to do the right thing from the outset. In other words, the organization may “perfect the key to the wrong lock”. To avoid this, organizations should check their logic models by utilizing the “Five Way Test” discussed in the introductory chapter of this guidebook. This establishes an evaluation mechanism that is consistent with good governance. The following is a graphic illustrating the relationship between the model and evaluation:
The logic model helps with the evaluation of programs and services by a) helping organizations match the evaluation mechanism to the program/service, b) providing a guide as to what and when to measure, and c) providing focus on key and important information. The following graphic explains the mechanism through which the logic model aids evaluation:

The logic model helps with the evaluation of programs and services by a) helping organizations match the evaluation mechanism to the program/service, b) providing a guide as to what and when to measure, and c) providing focus on key and important information. The following graphic explains the mechanism through which the logic model aids evaluation:

**Evaluation questions:**
What questions do you want to answer?
e.g., accomplishments at each step; expected causal links; unintended consequences or chains of events set into motion

**Indicators:**
What evidence do you need to answer your questions?

Evaluation is the key to measuring the success of a program or service. Without proper evaluation, the logic model performs only part of its usefulness. Within

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organizations, the evaluation model is often the difference between a program or service being successful on paper rather than in reality. It allows organizations to test assumptions, address sustainability, build on success, and overcome failures.

**Summary**

The logic model has emerged as an effective way for organizations to develop new or expand existing programs and services. It is not a panacea for every situation, but it does provide a mechanism to allow organizations a process-oriented way to make better programming decisions.

**SECTION THREE: 99 POTENTIAL PROGRAM AND SERVICE IDEAS**

Contrary to popular belief, the success of business associations is not all about money. As a matter of fact, some of the most successful business associations I know routinely walk away from potential revenue sources because they do not meet the association’s criteria for participation. Robert Balink, who was my former Vice President of Membership Development at the Colorado Springs, Colorado Chamber of Commerce, put it this way. “If it doesn’t fit our mission, I don’t care how much money it makes.” Successful business associations focus on the needs of their customers, and thus they develop specific criteria for programs and services that may generate additional revenue. The following methodology is one that I have found to be successful:

1. **Gain Member (Customer) Input:** Find out what kinds of products, services, events, and information your members want. What they want and what they will pay for will become a revenue source for the association.

2. **Develop a Strategy:** Using input from both members, professional staff and volunteer leaders, develop a strategy for funding the association. Set specific income percentage targets from membership dues and non-dues programs.

3. **Use the Five Way Test:** The five way test is a way to audit potential programs and services to ensure their adherence to the association’s mission (detailed in Chapter 4). A summary of the five way test is as follows:

   i. **Is the program or service compatible to the association’s mission?** (If no, the association should not embrace the program or service regardless of its revenue potential).

   ii. **Is the program or service desired by the association’s membership?** (Even if the program or service is consistent with the mission, if the association’s members do not perceive it as important, it may not be the best use of organizational resource).

   iii. **Does the association have the technical and staffing capacity to sustain the program or service?** (If not the program or service may not be implemented in a successful manner).
iv. Is the program or service duplicative with those offered by another association(s)? (If so it may be counterproductive for the association to initiate the program or service).

v. Is the program or service sustainable over the long term? (If not the association should analyze its impact in the short and medium term to see if it provides a return on investment that makes the implementation effort worthwhile).

4. **Assign Implementation Teams**: Those programs and services that pass the five way test should be assigned to implementation teams that will develop a strategy and timeline to initiate them.

5. **Develop Implementation Strategy**: Each team should develop an implementation strategy that includes a budget, revenue targets, timeline, and logistical plan.

6. **Implementation**: The team should harness the necessary resources to implement the program or service.

7. **Evaluation**: At the end of the implementation period, the program or service should be evaluated based on the criteria developed to measure success.

The rule of thumb in developing revenue-generating programs and services is that membership should come first. Everything a business association does should be done with members in mind.

The following are 99 program and service ideas from around the world. They are or have been implemented by business associations just like yours! Some of the programs and services will not work for your association, but some may be those you want to implement right away. At any rate, we strongly suggest that before implementing any of them, you follow the seven steps discussed above. This will allow you to ensure that your programs and services are compatible with your mission, and that your focus is always on your members.

**Membership**

1. **Membership Campaign**: Recruit ten to twenty volunteers, current members of the business association that are committed to its success, and launch a campaign through personal contact and the media to recruit new members to the association.

2. **Thank You Drive**: Recruit ten to twenty volunteers, along with the staff of the business association, to personally visit every member of the association to say “thank you” for their ongoing support. Each member should receive an inexpensive but appropriate thank you gift, as well as some information on the association’s programs and services. This effort will add revenue to the
association by increasing its member retention rate and creating visibility within the community.

3. Testimonial Campaign: Ask the local newspaper to either donate or provide at a low cost some advertising space for testimonials about the business association. These testimonials should come from members of the association that are committed to its success. They should communicate to potential members and the community in their own words the importance of the association and its programs.

4. Logo Visibility: Ask your members to display the logo of the business association in their regular advertisements in the mass media. For instance, if a retail store runs an advertisement in the newspaper offering a discount on clothing, ask the store manager to put the business association logo at the bottom of the advertisement announcing, “This store is a member of the XYZ business association”.

5. Passport to Progress: Create an inexpensive booklet listing the date, time and type of each business association event. Distribute this booklet to all members along with instructions that if they get the passport “stamped” by the association staff upon their attendance at five or more of the events, they will qualify for a drawing at the end of the year at which a significant prize (television, dvd player, cash, etc.) will be awarded. They can only qualify if they participate in the required number of events. This will increase participation, which will in turn increase member retention.

6. Business After Hours: Charge a nominal fee for members to attend a Business After Hours networking event. This event can be held at a business that “sponsors” it by covering the costs. This is advertising for the business because it raises the visibility of that particular business and provides access to more customers for the business. The business association benefits because it generates additional revenue, hosts a high profile event, and provides a way for members to interact. Members benefit by networking with each other and with special invited guests with the goal of gaining additional business opportunities.

7. Business to Business Breakfasts/Luncheons: Obtain a corporate sponsor to pay the costs of the event, and charge a nominal fee to members that attend. The breakfast or luncheon (depending on what is more desirable for the members) can feature a special guest speaker that will ensure good attendance (e.g. representative of an international donor organization, government official, etc.).

8. “We Care” Program: This program lets members know that the business association cares for them and is ready to respond to their needs. The program consists of focus groups, surveys, individual meetings, and other events developed to let members and potential members know that they are important to the business association. This will raise the profile of the association and increase membership revenues.
9. Fee for Services: Under a fee for services program, an association member pays a small membership fee (dues) and then pays an additional amount of the services he/she uses (e.g. consulting, arbitration, networking, etc.). This allows an association to keep its membership fees low, while still providing a way to increase revenues and enhance programming.

10. President’s Club: The President’s Club is a group of 25-100 members that agree to pay an increased amount of membership dues in order to receive certain services. For instance, President’s Club members may be offered discounted admission to association functions, special recognition in its publications, a private audience with the President once per quarter, access to events where top government officials will be present, and other amenities.

Publications:

11. Membership Directory: The membership directory is one of the most important publications distributed by business associations. The cost of the directory can be offset by advertising revenue, but the association can actually make money on the publication by contracting with an advertising/printing company that will sell all the advertising, collect all the funds, print the directories, and provide them to the association for distribution to its members. Not only does the association obtain a four-color directory for no charge, but also the royalty fees from the publication can amount to thousands of dollars in income.

12. Newsletter: There’s no reason any business association should spend money on the publication of a newsletter. On the contrary, it can make money on its newsletter by selling advertising to cover the cost. Medium and large companies within a community are generally very interested in the visibility they will receive by advertising in a business publication. Also, there are printing/advertising companies that will sell the advertising, produce the newsletter, and provide a royalty to the association.

13. Tourism Publications: Tourism guides are also outstanding sources of revenue. Revenue can easily be generated through advertising, since companies want to reach tourists with their message. Associations can outsource the advertising sales, printing and distribution and still make money through a royalty fee.

14. Trade/Investment Publications: Trade/investment publications are becoming increasingly important to business associations that seek to attract national and international investment opportunities for their members. While advertising sales are not generally desirable in these publications, many large companies like to sponsor them in order to gain visibility in the global marketplace. With two to three corporate sponsors, the publication can be produced professionally, at a profit for the association, and be distributed to potential investors.
15. City/Regional Maps: Virtually every business prospect that visits a community wants an up-to-date city or regional map. Business associations can generate income through advertising sales and at the same time produce a high quality product. In addition, once the maps are printed, the association can sell them for a small fee to business prospects, tourists, etc.

16. Local Government Handbook: Many associations around the world are producing local government handbooks that provide information on elected officials, parties, and issues. Typically, medium and large companies will fund such a publication because they want access to the information. The business association’s role can be to compile the information and generate sponsorships for the publication. Once published, the handbook provides another reason for companies to join the association.

17. Guide for Entrepreneurs: A guide for entrepreneurs can outline business registration procedures, licensing procedures, financing alternatives, and other useful information. Banks and other financing entities will usually fund such publications because they reach potential customers. A business association can generate revenue by soliciting sponsorship of the guide.

Public Policy Advocacy:

18. Legislative Reception: Members want access and many are willing to pay for it. A business association can generate revenue from a legislative reception that provides access to senior government officials and Members of Parliament. Revenue is generated through the solicitation of sponsorships for the event, as well as from a registration fee. To gain more revenue, an association can open the event up to non-members at a significantly higher fee. This generates additional revenue while providing members with an incentive to remain loyal to the association.

19. Advocacy Day: An event of this type is usually held in a capital city and coordinated by a business association in order to create visibility for its legislative agenda as well as to provide access for its members to government officials and Members of Parliament. The association can gain revenue from the event by selling sponsorships to major corporations, as well as charging a registration/attendance fee for major events.

20. Legislative Breakfast: A legislative breakfast can be planned once per month and feature a local, regional or national political figure as the keynote speaker. To offset the cost, one or a number of companies can sponsor each event. Also, a small registration fee can be charged to member companies, and a higher fee charged to non-members.

21. Legislative Information Database: Through the creation of a database containing information on legislative issues, profiles of elected officials, voter statistics, etc.
an association can achieve both credibility and income. The creation and maintenance of the site can be funded by charging a monthly “subscription” fee to users of the site, as well as through charging a fee for information generated from the site.

22. Grassroots Database: Through creation of a database of names and contact information for grassroots supporters of private sector initiatives, business associations can gain both credibility and revenue. Since associations, NGOs, and companies have legislative issues on which they want to take action, they need access to a database of potential supporters. The business association can generate revenue by providing this information for a fee.

23. Advocacy Newsletter: Real time information is critical to organizations, NGOs, and companies that are active in the advocacy process. Through the creation of an advocacy newsletter that focuses on issues, statistics and grassroots data, a business association can generate revenue. The newsletter can generate income through selling subscriptions to interested organizations.

24. Advocacy Training: A business association can increase its credibility and income by providing advocacy training. By training at least one person in the association to facilitate advocacy skill-building exercises, business associations can generate revenue through registration fees for both traditional and on-line programs.

International Trade/Investment:

25. Global Investment Forum: A business association can coordinate a forum to help companies take advantage of global investment opportunities. Typically, donor organizations will sponsor such events, as will multi-national companies. A small registration fee can generate additional revenue for the association.

26. Business-to-Business Networking Reception: These events are designed to bring together potential international investors (embassy commercial officers, CEOs of multi-national companies, etc.) and local companies. Business associations can benefit dually from revenue generated through sponsorships and participation fees as well as gaining visibility in the community.

27. Trade Missions: Trade missions are important sources of revenue for associations. To mitigate travel costs, the association can gain sponsorship of an airline, hotel, etc. making them the “official” travel partners of the event. Also, in addition to paying their travel costs, participants should pay a participation fee to the association. Trade missions take months of coordination and should only be conducted after thorough planning.
28. Trade Exhibitions: Business associations can gain revenue through providing skill-building training to companies that want to participate in exhibitions. In addition, associations develop an “Exhibition Task Force” made up of advertising, design and economic development specialists that will work with members that are participating in an exhibition. Generally, members will gladly pay a fee for this expertise.

29. Virtual Trade Mission: By creating a Virtual Trade Mission portal business associations can add another member service to their portfolios. In addition, the associations can promote the portal to non-members since only verified association members can gain access to its database of companies and offers. The Virtual Trade Mission portal was specifically designed to help business associations gain additional revenue through its use as a membership recruitment tool.

Technology:

30. Website Development: Business associations around the world are finding website development as a consistent source of additional revenue. In collaboration with an internet service provider, business associations can contract with member companies to design their web pages. Not only can associations earn additional revenue from the companies themselves, but also from collaborative agreements with ISPs that want to have access to potential new customers.

31. E-Commerce Site: Associations are beginning to tap the revenue potential of e-commerce sites. By collaborating with one or a group of technology companies, associations can provide companies with the ability to develop their own e-commerce sites. Rather than developing the sites, the business associations receive a percentage of revenue from every site developed by the technology companies involved in the project. This provides additional customers for the web design companies and additional revenue for the associations.

32. Web-Based Advertising: Business associations are natural conduits for web-based advertising, whether the associations sell the advertising themselves and use the profit to fund other activities, or whether they contract with advertising partners to sell the advertising and provide them with a percentage of the profit.

33. Electronic Newsletter/Magazine: Digital information represents increased revenue opportunities for business associations. Electronic newsletters and magazines are desired by members and can generate revenue through advertising, subscriptions, and sponsorships.

34. On-Line Training: Business associations that possess the appropriate technology can provide on-line training through sponsorships or subscriptions. This training raises the profile of the association as well as provides additional revenue.
35. E-Networking: A majority of business association members list access to customers as their number one expectation. With this in mind, business associations can provide e-networking opportunities as well as more traditional ones (see Business After Hours). One potential e-networking idea is to develop a small and medium sized best practices portal in which SMEs can communicate with each other, share offers, take advantage of training and financing resources, and have access to outsourcing offers provided by larger companies. Business associations can gain additional revenue by offering this service on a subscription basis.

36. Community Video/CD: Potential business partners, investors, and donors want access to as much information on communities as possible. Business associations, by collaborating with one or a group of technology companies, can develop a community CD-Rom or video that is sponsored by major companies. These items can then be sold to potential investors, business prospects, salespersons, etc.

37. Legislative Information Network: By providing real time information via the internet or e-mail, business associations can gain additional revenue. On-line legislative programs can provide information on issues, candidates, and parties as well as statistics, voting records, etc. Business associations can offer this information on a subscription basis and provide a password protected environment in which it can be retrieved. Also business associations can customize information for a higher fee to members who want specific information on one or a group of issues.

38. Information Line: Business associations can install a special telephone line to provide information on the community, the association, upcoming events, the time and temperature, etc. This can be established as either a toll free or charge-based line in order to provide revenue to the associations. Also, the line can be “sponsored” a company or group of companies. Under this scenario, callers would here a ten or twelve second “advertisement” about the sponsoring company when they are connected to the information line.

Printing/Back Office:

39. Contract Mail Service: Business associations can contract with companies to prepare and process its UPS, Federal Express, and DHL shipping. Associations can charge a 5% commission on top of the shipping costs in order to generate revenue.

40. Leasing of Office Space: Business associations that have excess office space can lease space to small and medium sized companies at market or below market rates. Also, they may want to charge these companies a small fee to use equipment and other assets of the association.
41. Outsourcing Contract: Business associations can benefit financially from outsourcing in a variety of ways. One way is for associations to do contract bookkeeping for small enterprises that do not have the ability to do this on their own. Another outsourcing opportunity is web design, which associations can provide for a fee to members and non-members that do not have the capacity to design a web page on their own.

42. Equipment Rental: Associations can invest in equipment such as video projectors, lap top computers, overhead projectors, flip charts, etc. and rent them to companies and organizations that do not have the funds to purchase the equipment. This provides an ongoing source of revenue and helps to offset the cost of the investment in equipment.

43. Mailing Lists: For a fee, associations can provide their mailing list on mailing labels or list form to organizations, international donors, or companies. This service is especially attractive to retail merchants that want to publicize offers. This service can also be valuable to academicians and other researchers alike who are interested in carrying out public or academic research.

Consulting Services:

44. Business Development Consulting: Business associations around the world have found that business consulting is a consistent source of revenue. This may take the form of financial consulting, marketing assistance, sales training, or customer service support.

45. Entrepreneurial Assistance: This assistance can come in the form of financial consulting, development of business plans, networking support, and assistance in gaining appropriate licenses and permits to start a business. This has become a basic source of revenue for many business associations.

46. Labor Negotiations: Some business associations, especially those that focus on sector-specific activities, provide mediation services between member companies and representatives of labor unions. This is typically done on a contract basis.

47. Arbitration Services: In recent years, many business associations have begun to offer arbitration services in order to mediate disputes between member companies. Arbitration is cheaper and faster than court proceedings and can provide significant revenue to business associations that invest in the training of certified arbiters.

48. Quality Standards: Business associations are increasingly interested in quality standards assessment and training. This may encompass ISO certification, total quality management integration, leadership development, or a myriad of other services. This is best done on a contract basis with member and non-member
companies. As with all services, members should receive a significant discount as a reward for their loyalty to the association.

49. Management Audits: Some business associations are now contracting with companies to conduct management audits on a fee-for-service basis. This requires associations to invest time and money in the certification of expert auditors, and it also requires significant marketing.

50. Legal Services: In transitional economies, many business associations are now offering legal consulting as part of their core services. On a contract basis, consulting on legal issues can generate an impressive amount of revenue for associations.

51. Market Research: Business associations are natural conduits for market research as they typically are unbiased in their approach and have the resources to collect real-time information. Companies, especially those launching a new product or service, are willing to pay a significant fee for professional market research to augment their own in-house efforts.

Events:

52. Top Company Event: A Top Company event (an event that honors top performing companies) not only creates visibility for business associations, but can also create revenue. Corporate sponsors can be solicited to offset expenses, and additional revenue can be generated by ticket sales and publications.

53. Business Person of the Year Banquet: Business Person of the Year Banquets not only increase the visibility of business associations, they also create loyalty. Through solicitation of corporate sponsors, ticket sales, and publication sales, associations can raise significant revenue.

54. Entrepreneurial Spirit Banquet: A banquet honoring entrepreneurs will typically attract significant financial support from corporations, government, and the donor community. The banquet could honor the top entrepreneurs in a region, feature a keynote speaker, and highlight the top ten entrepreneurial ideas for consideration by financial institutions and investors.

55. Excellence in Education Luncheon: Honoring outstanding educators and top students is an effective way for business associations to gain both visibility and revenue. Corporations are typically enthusiastic about sponsoring such events, so the revenue potential is vast.

56. Excellence in Government Luncheon: By honoring the accomplishments of government officials and Members of Parliament, business associations can achieve the dual goals of highlighting their legislative agenda and thanking
elected officials that have assisted them over the course of a year. Corporations, NGOs, and other organizations are usually good targets for sponsorship income.

57. Annual Meeting (e.g. General Assembly): Many business associations have failed to tap the revenue creation potential offered by their annual meeting (or annual general assembly as it is called in some areas). Corporate sponsors are a good source of revenue for the event, as are special events linked to the event like an auction of donated prizes (such as trips, electronics, etc.) and tournaments (such as football or basketball), which offer camaraderie but also, generate revenue through registration fees.

58. Sports Tournaments (e.g. football, golf, basketball, etc.): Business associations around the world are beginning to tap the potential of sponsoring sports tournaments, as they are great sources for sponsorship fees and registration income. Also, concession fees (the sale of food and drink) at these events can generate thousands of dollars in additional revenue.

59. Affinity Programs: Affinity programs are those that provide members of an association a discount or special offer because of their affiliation with the association.

60. Insurance Program: Business associations can develop an “insurance group” of small and medium-sized companies that wish to offer additional insurance coverage as an employee incentive. By contracting with an insurance company to provide a group of a certain size to purchase life, health, auto, or homeowners insurance, business associations can earn thousands of dollars in royalty fees.

61. Cellular Telephone Discount Program: This program is especially effective in transitional economies where companies are competing fiercely for cellular customers. Business associations can contract with a cellular telephone company to establish it as the “official” cellular provider. By doing this, the associations earn revenue from royalties based on the number of their members that subscribe to the service; members received a reduced rate by being a member of the business association; and the company gains new customers. More than one company may participate by agreeing to pay the business associations a fee for each of their members that register for service.

62. Internet Service Discount Program: Using the same scenario as with cellular telephone providers, business associations can contract with one or a number of ISPs and receive a fee for each association member that registers a new account.

63. Community Card: The community card is created in conjunction with local merchants and it encourages people to shop at home rather than traveling to a larger city or leaving the country. Business associations provide members with a discount card that can be used at participating merchants for reduced prices on one or a number of items. The merchants typically pay the associations a fee to
be part of the program as it increases their number of potential customers. The community card is a free service the associations can provide to their members, which ultimately creates additional membership revenue.

64. Rental Car Discount Program: Using the same scenario as with cellular telephones and ISPs, business associations can contract with one or a number of rental car companies to provide discounts to their members. Typically, the associations receive a fee for each member that rents a car during the period of the contract.

65. Travel Discount Program: Some business associations offer discount books for reduced priced lodging, attractions, airfare, and meals. These coupon books are supported by advertising revenue, so the members of the associations can receive them free.

Agreements:

66. Collaboration Agreements: Business associations can collaborate with other associations, companies, NGOs, or donor organizations to sponsor events and programs. Each of the collaborative partners would have a share in the revenue generated by the program or service. This allows small associations that have low capacity to produce events and services on their own to partner with other entities and gain access to needed revenue while offering a new program or service to members.

67. Joint Marketing Agreements: Business associations sometimes join with companies to jointly market products and services. For instance, associations may join with a shipping provider such as UPS to jointly market its discount shipping service during the Christmas holidays. Typically, companies are willing to pay a joint marketing fee to business associations in order to gain access to customers.

68. Licensing Agreements: A growing number of business associations are joining with companies to create a product or service that can generate revenue through licensing fees. For instance, an association in Indonesia contracted with an information technology company to create membership development software for membership based organizations. The association received a licensing fee for each product sold. The company benefited by becoming identified with this successful product, and its sales increased dramatically.

Merchandise:

69. Logo Merchandise: Some business associations, especially those with a high profile or a definable logo, have created merchandise that features their logo. This merchandise can include shirts, caps, coffee mugs, key chains, ink pens and any other item that can be sold to the public.
70. Community Collectibles: In communities where unique products are produced (such as porcelain, pottery, etc.) business associations can create revenue by purchasing these products wholesale and selling them to the general public at retail prices. Another possible scenario is for business associations to contract with the manufacturers to promote their goods. Manufacturers are usually willing to pay a commission to the associations for their assistance in marketing their merchandise.

71. Photographs/Prints: Photographs and prints have become big business, and visitors are especially interested in purchasing unique pictures of a city or region. For a relatively low investment, business associations can produce professional photographs and prints for sale to the public.

Services:

72. Community Guides: Community guides are consistent sources of additional income. They are usually created in conjunction with an advertising/printing partner that agrees to sell the advertising, produce the guides, and provide final copies of the guide and a royalty fee to the business associations. The associations control the editorial content of the guide and have input into the design, but a majority of the work is done by the advertising/printing partner that keeps up to 80% of the advertising revenue.

73. Translation Services: Business associations can offer translation services to individuals and companies that wish to do business in a particular city or region. For a fee, Chamber staff or contractors can translate official documents, letters, and other information.

74. Interpretation Services: Business associations can offer interpretation services to individuals and companies that wish to do business in a particular city or region. For a fee, Chamber staff or contractors can interpret at meetings with clients, as well as assist in logistical details of trips and transactions.

Community Events:

75. Festivals: Every community has cultural, historical and artistic uniqueness that can be translated into the initiation of a festival. Festivals hold great opportunities for business associations to generate additional revenue. Associations can participate in festivals that already exist by selling merchandise produced by their members, local or regional treats, etc. Associations can also initiate new festivals and promote them on the regional, national and international markets. Some organizations around the world generate tens of thousands of dollars from festivals, though they take a great deal of coordination and expertise.
76. Silent Auctions: A silent auction is an event, usually attached to a reception, annual meeting, or other major function, where a business association collects donated items on which participants can bid. Rather than a traditional auction, participants are provided the opportunity to bid “silently” by writing their bids on a piece of paper. At various times throughout the event, bidders check the paper in front of their desired item to see if anyone has bid higher than have they. If this is the case, they can increase the bid until such time as the auction is declared over. At that time, the person holding the highest bid gets the item. Business associations can make thousands of dollars on silent auctions by collecting donated prizes and obtaining sponsors for the event. By doing this, it ensures that all the proceeds from the bids will go to the association.

77. Marathons/Sports Events: Marathons and other sporting events are good sources of revenue. Because people are becoming more sports conscious, events that include competition create an opportunity for business associations to create revenue. While marathons are on the upswing, other competitions such as football tournaments, basketball competitions, and even track and field events are increasing in importance. By utilizing corporate sponsors and charging entry fees, business associations can benefit from the competitive spirit of the community.

78. Raffles/Drawings: While typically not a stand-alone activity, raffles and drawings can be used effectively in conjunction with other events. Business associations often get a major prize donated by a member company and they sell raffle tickets to individuals who hope to win. The raffle prize may be a vacation, two weeks at a mountain house, a flat screen television, or even an automobile! The more desirable the potential prize, the more revenue that can be raised through the raffle.

79. Galas: Increasingly, the members of business associations like to get dressed up and attend a party honoring a community event, patron, political figure, or significant achievement. Business associations create revenue by coordinating these events, soliciting sponsors and selling tickets for participation. Some associations have sponsored New Years Eve events, while others have focused on specific business events such as an annual meeting or a businessperson’s ball.

80. Air Shows: Air shows are difficult to coordinate and often the initial costs are high. However, due to attractiveness of these events to the general public, business associations have begun to consider them as potential sources for additional revenue. It typically takes two to three years for the event to generate large amounts of revenue, and of course it is dependent on good weather and other factors outside the business associations’ control.

81. Art in the Park: Associations are now beginning to consider arts and cultural events when developing their strategies for creating additional revenue. Art in the Park is an event at which local artisans (painters, craftsmen, sculptors, etc.)
display their works for sale in an outdoor setting. Not only does this event usually draw large crowds, but also business associations can make money by charging participation fees to the artists or contracting with them for a percentage of sales. The event also provides increased visibility to the associations.

82. Reunion Days: This event is designed to bring former residents of a community back for a day or a weekend in order to reminisce and enjoy a part of their past. Business associations can generate revenue from this event by recruiting corporate sponsors, charging participation fees to companies that want to be involved, creating discount shopping programs at local merchants, etc. Also, it is a high visibility event at which the associations can promote their activities.

83. Historical Tours: For cities with a great deal of historical significance, business associations can unearth a treasure trove of potential revenue by training volunteers to conduct historical tours. In many cases, the volunteers dress in historic costumes and provide tourists with a unique historical experience. Tourists typically will pay handsomely for this type of tour, and business associations can either conduct them on their own or collaborate with one or more tour operators on a royalty basis. In the case of the latter scenario, the associations would agree to market the historical tours and the collaborating companies would pay either a percentage fee or a participation fee to the associations.

84. Arts for All: Since art is important to people of all ages, an Arts for All celebration can bring a community together while creating revenue for the associations that coordinate the activity. Arts for All is a “festival” that promotes all types of art (theatre, sculpting, painting, crafts, cinematography, etc.) and puts it on display for visitors. While the event requires broad-based community support and collaboration with local government, it is very attractive to corporate sponsors, visitors, and artisans.

85. Children’s/Youth Day: Children’s/Youth Day is a day designed for the enjoyment of young people from babies to teenagers. Art and cultural events, sports, food, music, and dancing can all be part of this day that celebrates the joy of youth. Since young people are potential customers, and their parents already are, corporate sponsors that are interested in brand identity are natural sponsors. Also, this event produces very high visibility for the sponsoring association(s).

86. Theatre Night: Business associations can contract with a particular stage theatre or acting company to do a special performance for members and potential members of the associations. Companies view this event as a good sponsorship opportunity since it usually draws the leaders of a community. Business associations generate revenue through both ticket sales and sponsorships, while creating a forum for distribution of information on the associations’ programs and services.
Affiliates:

87. Foundation: An increasing number of business associations are developing foundations as profit centers. These foundations can be charitable, social, educational, business related. Since laws governing foundations are different than those governing associations, foundations typically offer associations the ability to address specific community needs while also increasing revenues.

88. Political Action Committee: Where they are legally authorized by law, political action committees can become important entities to both business associations and political parties. Political action committees are governed by a board of directors and are usually affiliated with one or more business associations. The associations generate revenue from the administration of the committees. Funds for the political action committee are raised from both individuals and corporations and are passed on in a legal and transparent manner to parties and elected officials that support the development of the private sector.

Others:

89. Community Leadership Program: Community leadership programs are not only good sources of potential revenue for business associations, but also are organizations that can greatly enhance the leadership dynamics of communities. The program typically runs on one year cycles and includes a class of ten to twenty potential leaders that are nominated and selected based on the merits of their applications. Business associations gain revenue through tuition, corporate sponsorships of the program or of individual sessions, as well as through potential donor community participation.

90. Economic Development Foundation: An economic development foundation recruits jobs and investment, thereby making it an important conduit for public-private financing. Most economic development foundations are funded by both public and private dollars, with donor organizations and large corporations taking on a lead role in private sector funding.

91. Service Corps of Retired Executives: This program, known as SCORE in much of the world, partners retired business executives with entrepreneurs and small business owners in an effort to provide consultation and support. Business associations can gain revenue from this program by charging a small fee for service to companies that wish to take advantage of the volunteer experts’ services.

92. Business Mentor Program: The business mentor program is a way for business associations to provide an important service and also create revenue. Business mentors are recruited from a variety of professions and assigned to individuals or small companies that need specific support or advice. Corporate sponsors typically embrace this program due to its focus on business.
93. Adopt-A-School Program: This program is a way to provide schools with needed equipment and materials and at the same time generate revenue for business associations. Adopt-A-School is a program where local businesses and individuals are encouraged to donate funds, equipment and volunteers to schools in order to enhance the quality of life for students. Revenue for business associations is generated through sponsorship of the program by corporations and private individuals.

94. Adopt-A-Teacher Program: This is a similar program to Adopt-A-School, except it focuses on providing classroom supplies to individual teachers. The administration of this program is complex, but business associations can benefit from its community focus and from revenue provided by corporate sponsors and individuals.

95. Adopt-A-Highway Program: The Adopt-A-Highway program is usually done in conjunction with a municipal or regional authority that contracts with a business association to administer it. The association recruits volunteers, provides supplies (trash bags, protective vests, etc), and assigns the volunteers to specific roads or streets. In turn, the municipal or county authority pays a fee to the association for this service.

96. Corporate Social Responsibility Program: Due to recent events around the world, Corporate Social Responsibility is becoming an increasingly important topic. Business associations can benefit by coordinating conferences and providing information on this topic. Corporations are keen to support such efforts, and significant funding can be raised by business associations that become well-versed on the topic and have the capacity to carry forward the initiative.

97. Corporate Governance Program: Corporate governance continues to be an important issue, and donor organizations continue to pour money into business associations that promote corporate governance programs.

98. Speaker/Lecture Series: Business associations can develop a lecture series featuring noted speakers on a variety of issues. Each event can be sponsored by a company or group of companies and a small admission fee can also be charged. In addition to generating revenue, these events establish business associations as the conduit for discussion and debate on significant issues.

99. Tourism Guides Program: Business associations can recruit and train tourism guides that are then used by local tour operators. Tour operators can be charged a fee for each guide used, or a higher registration fee that allows them to be part of the program and use as many guides as they wish throughout the year.
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

<table>
<thead>
<tr>
<th>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 is 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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash: In cash basis accounting, income and expenses are recorded during the period when they are actually received or paid.</td>
</tr>
</tbody>
</table>

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 receiving donor assistance, draft multi-year budgets similar to the following, which is based on a fictional Women’s Business Association (WBA) operating in a transitional economy:

### 8.2 Organizational Budget: Expense

<table>
<thead>
<tr>
<th>Category</th>
<th>Year One</th>
<th>Year Two</th>
<th>Year Three</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Office Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Director</td>
<td>$72,800</td>
<td>$75,600</td>
<td>$79,380</td>
<td>$227,780</td>
</tr>
<tr>
<td>Executive Assistant</td>
<td>$9,600</td>
<td>$10,080</td>
<td>$10,584</td>
<td>$30,264</td>
</tr>
<tr>
<td>VP of Membership</td>
<td>$30,000</td>
<td>$31,500</td>
<td>$33,075</td>
<td>$94,575</td>
</tr>
<tr>
<td>Executive VP, Women's Training Center</td>
<td>$48,000</td>
<td>$49,500</td>
<td>$51,000</td>
<td>$148,500</td>
</tr>
<tr>
<td>VP, Women's Trade Development Center</td>
<td>$36,000</td>
<td>$38,000</td>
<td>$40,000</td>
<td>$114,000</td>
</tr>
<tr>
<td>IT Manager</td>
<td>$12,000</td>
<td>$12,600</td>
<td>$13,230</td>
<td>$37,830</td>
</tr>
<tr>
<td>Publications Manager</td>
<td>$24,000</td>
<td>$25,200</td>
<td>$26,460</td>
<td>$75,660</td>
</tr>
<tr>
<td>Receptionist</td>
<td>$3,600</td>
<td>$3,780</td>
<td>$3,969</td>
<td>$11,349</td>
</tr>
<tr>
<td>Drivers</td>
<td>$14,400</td>
<td>$15,120</td>
<td>$15,876</td>
<td>$45,396</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>$4,800</td>
<td>$5,040</td>
<td>$5,292</td>
<td>$15,132</td>
</tr>
<tr>
<td>Data Collectors</td>
<td>$4,800</td>
<td>$5,040</td>
<td>$5,292</td>
<td>$15,132</td>
</tr>
<tr>
<td><strong>Subtotal Local Office</strong></td>
<td>$260,000</td>
<td>$271,460</td>
<td>$284,158</td>
<td>$815,618</td>
</tr>
<tr>
<td><strong>Program Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training Center</td>
<td>$123,000</td>
<td>$123,000</td>
<td>$123,000</td>
<td>$369,000</td>
</tr>
<tr>
<td>Trade Development Center</td>
<td>$772,680</td>
<td>$772,680</td>
<td>$100,000</td>
<td>$1,645,360</td>
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<tr>
<td>Printing</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$45,000</td>
</tr>
<tr>
<td><strong>Subtotal Program Expenses</strong></td>
<td>$910,680</td>
<td>$910,680</td>
<td>$238,000</td>
<td>$2,059,360</td>
</tr>
<tr>
<td><strong>General and Administrative Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Lease (12 mos @ $3,500/mo)</td>
<td>$42,000</td>
<td>$42,000</td>
<td>$42,000</td>
<td>$126,000</td>
</tr>
<tr>
<td>Utilities/Fuel</td>
<td>$1,200</td>
<td>$1,200</td>
<td>$1,200</td>
<td>$3,600</td>
</tr>
<tr>
<td>Communications (12 mos @ $2,000/mo)</td>
<td>$24,000</td>
<td>$24,000</td>
<td>$24,000</td>
<td>$72,000</td>
</tr>
<tr>
<td>Technology (6 computers @ $2,000)</td>
<td>$12,000</td>
<td></td>
<td></td>
<td>$12,000</td>
</tr>
<tr>
<td>Item</td>
<td>Cost 1</td>
<td>Cost 2</td>
<td>Cost 3</td>
<td>Cost 4</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Copy Machine (1 large - 1 small)</td>
<td>$11,000</td>
<td>$11,000</td>
<td>$11,000</td>
<td>$11,000</td>
</tr>
<tr>
<td>Printers (1 color- 2 b/w)</td>
<td>$1,800</td>
<td>$1,800</td>
<td>$1,800</td>
<td>$1,800</td>
</tr>
<tr>
<td>Telephone System</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>Furniture</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$8,000</td>
</tr>
<tr>
<td>Office Supplies (12 mos @ $1,000/mo)</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$36,000</td>
</tr>
<tr>
<td>Travel: Domestic</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$36,000</td>
</tr>
<tr>
<td>Travel: International</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$36,000</td>
</tr>
<tr>
<td>Vehicle</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Equipment Maintenance</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$9,000</td>
</tr>
<tr>
<td><strong>Subtotal General and Administrative Costs</strong></td>
<td><strong>$162,000</strong></td>
<td><strong>$106,200</strong></td>
<td><strong>$106,200</strong></td>
<td><strong>$374,400</strong></td>
</tr>
<tr>
<td><strong>Total Local Office Expense</strong></td>
<td><strong>$1,332,680</strong></td>
<td><strong>$1,288,340</strong></td>
<td><strong>$628,358</strong></td>
<td><strong>$3,249,378</strong></td>
</tr>
<tr>
<td>Branch Office Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Director (5)</td>
<td>$50,000</td>
<td>$60,000</td>
<td>$63,000</td>
<td>$173,000</td>
</tr>
<tr>
<td>Office Assistants (5)</td>
<td>$24,750</td>
<td>$30,000</td>
<td>$31,500</td>
<td>$86,250</td>
</tr>
<tr>
<td>Receptionists (5)</td>
<td>$14,850</td>
<td>$18,000</td>
<td>$18,900</td>
<td>$51,750</td>
</tr>
<tr>
<td>Housekeeping/Facility Maintenance</td>
<td>$9,900</td>
<td>$12,000</td>
<td>$12,600</td>
<td>$34,500</td>
</tr>
<tr>
<td><strong>Subtotal Affiliate Office Expenses</strong></td>
<td><strong>$99,500</strong></td>
<td><strong>$120,000</strong></td>
<td><strong>$126,000</strong></td>
<td><strong>$345,500</strong></td>
</tr>
<tr>
<td>Program Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Round Tables</td>
<td>$15,000</td>
<td>$30,000</td>
<td>$45,000</td>
<td></td>
</tr>
<tr>
<td>Capacity Building (internal training)</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Affiliate Program Expenses</strong></td>
<td><strong>$65,000</strong></td>
<td><strong>$80,000</strong></td>
<td><strong>$145,000</strong></td>
<td></td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent and Utilities (5 offices)</td>
<td>$30,000</td>
<td>$36,000</td>
<td>$43,200</td>
<td>$109,200</td>
</tr>
<tr>
<td>Furniture (5 offices)</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Technology (10 computers @ $1,500)</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Printers (5 @ $500)</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$2,500</td>
</tr>
<tr>
<td>Telephones (2 per region)</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Copy Machines (5 @ $2,000)</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Compressor</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
</tbody>
</table>
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 existed to validate expenses, the organization used its best estimate to ensure accuracy. This means the WBA 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

<table>
<thead>
<tr>
<th>Category</th>
<th>Year One</th>
<th>Year Two</th>
<th>Year Three</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Membership Dues</strong></td>
<td>$ 221,500</td>
<td>$ 232,575</td>
<td>$244,203</td>
</tr>
<tr>
<td><strong>Organizational Membership Dues</strong></td>
<td>$ 5,500</td>
<td>$ 5,500</td>
<td>$ 5,500</td>
</tr>
<tr>
<td><strong>International Donor and NGO Membership Dues</strong></td>
<td>$ 63,000</td>
<td>$ 63,000</td>
<td>$ 63,000</td>
</tr>
<tr>
<td><strong>Total Membership Dues Income</strong></td>
<td><strong>$ 290,000.00</strong></td>
<td><strong>$ 301,075.00</strong></td>
<td><strong>$ 312,703</strong></td>
</tr>
</tbody>
</table>

### Divisions:

<table>
<thead>
<tr>
<th>Category</th>
<th>Year One</th>
<th>Year Two</th>
<th>Year Three</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Membership Dues</td>
<td>$ 57,200</td>
<td>$ 58,345</td>
<td>$ 59,510</td>
</tr>
<tr>
<td>Business Development Services (BDS)</td>
<td>$ 57,200</td>
<td>$ 58,345</td>
<td>$ 59,510</td>
</tr>
<tr>
<td>Trade and Investment Promotion Office</td>
<td>$ 57,200</td>
<td>$ 58,345</td>
<td>$ 59,510</td>
</tr>
<tr>
<td>Manufacturing Linkages Program</td>
<td>$ 46,300</td>
<td>$ 47,225</td>
<td>$ 48,170</td>
</tr>
<tr>
<td>Publications and Events</td>
<td>$ 27,300</td>
<td>$ 27,845</td>
<td>$ 28,400</td>
</tr>
<tr>
<td>Field Offices</td>
<td>$ 27,300</td>
<td>$ 27,845</td>
<td>$ 28,400</td>
</tr>
<tr>
<td>International Contracts</td>
<td>$350,000</td>
<td>$350,000</td>
<td>$350,000</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$912,500</strong></td>
<td><strong>$929,025.00</strong></td>
<td><strong>$946,203</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Office Operations</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personnel Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>Membership Director</td>
</tr>
<tr>
<td>BDS Director</td>
</tr>
<tr>
<td>Trade Promotion Director</td>
</tr>
<tr>
<td>Manufacturing Linkages Director</td>
</tr>
<tr>
<td>Publications and Events Director</td>
</tr>
<tr>
<td>Field Offices Director</td>
</tr>
<tr>
<td>Finance Director</td>
</tr>
<tr>
<td>IT Director</td>
</tr>
<tr>
<td>Public Policy and Advocacy Director</td>
</tr>
<tr>
<td>Support Staff</td>
</tr>
<tr>
<td><strong>Subtotal Personnel Expenses</strong></td>
</tr>
</tbody>
</table>

### Program Expenses
<table>
<thead>
<tr>
<th>Category</th>
<th>Costs 1999</th>
<th>Costs 2000</th>
<th>Costs 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Promotion</td>
<td>$25,000</td>
<td>$25,500</td>
<td>$26,010</td>
</tr>
<tr>
<td>Manufacturing Linkages</td>
<td>$25,000</td>
<td>$25,500</td>
<td>$26,010</td>
</tr>
<tr>
<td>Membership</td>
<td>$25,000</td>
<td>$25,500</td>
<td>$26,010</td>
</tr>
<tr>
<td>BDS</td>
<td>$25,000</td>
<td>$25,500</td>
<td>$26,010</td>
</tr>
<tr>
<td>Publications &amp; Events</td>
<td>$25,000</td>
<td>$25,500</td>
<td>$26,010</td>
</tr>
<tr>
<td>Field Offices</td>
<td>$65,000</td>
<td>$66,300</td>
<td>$67,626</td>
</tr>
<tr>
<td><strong>Subtotal Program Expenses</strong></td>
<td><strong>$190,000</strong></td>
<td><strong>$193,800</strong></td>
<td><strong>$197,676</strong></td>
</tr>
<tr>
<td>General and Administrative Costs</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Office Lease (12 mos @ $9000.00/mo)</td>
<td>$108,000</td>
<td>$108,000</td>
<td>$108,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>$1,200</td>
<td>$1,200</td>
<td>$1,200</td>
</tr>
<tr>
<td>Communications (12 mos @ $2,000/mo)</td>
<td>$24,000</td>
<td>$24,000</td>
<td>$24,000</td>
</tr>
<tr>
<td>Technology (6 computers @ $2,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copy Machine (1 large - 1 small)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printers (1 color - 2 b/w)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Supplies (12 mos @ $1,000/mo)</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>Travel: Domestic</td>
<td>$24,000</td>
<td>$12,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>Travel: International</td>
<td>$24,000</td>
<td>$12,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>Vehicle</td>
<td>$-</td>
<td></td>
<td>$20,000</td>
</tr>
<tr>
<td>Equipment Maintenance</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td><strong>Subtotal General and Administrative Costs</strong></td>
<td><strong>$196,200</strong></td>
<td><strong>$172,200</strong></td>
<td><strong>$192,200</strong></td>
</tr>
<tr>
<td><strong>Total Local Office Expense</strong></td>
<td><strong>$722,200</strong></td>
<td><strong>$708,720</strong></td>
<td><strong>$739,450</strong></td>
</tr>
<tr>
<td>Branch Office Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Director (5)</td>
<td>$50,000</td>
<td>$60,000</td>
<td>$63,000</td>
</tr>
<tr>
<td>Office Assistants (5)</td>
<td>$24,750</td>
<td>$30,000</td>
<td>$31,500</td>
</tr>
<tr>
<td>Receptionists (5)</td>
<td>$14,850</td>
<td>$18,000</td>
<td>$18,900</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>$9,900</td>
<td>$12,000</td>
<td>$12,600</td>
</tr>
<tr>
<td><strong>Subtotal Branch Office Expenses</strong></td>
<td><strong>$99,500</strong></td>
<td><strong>$120,000</strong></td>
<td><strong>$126,000</strong></td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent and Utilities (5 offices)</td>
<td>$30,000</td>
<td>$36,000</td>
<td>$43,200</td>
</tr>
<tr>
<td>Furniture (5 offices)</td>
<td>$10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology (10 computers @ $1,500)</td>
<td>$15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printers (5 @ $500)</td>
<td>$2,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephones (2 per region)</td>
<td>$1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copy Machines (5 @ $2,000)</td>
<td>$10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generators (5 @ $1,000)</td>
<td>$5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>Office Supplies (5 @ $200/mo for 12 mos)</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>Travel (including drivers)</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$8,000</td>
</tr>
</tbody>
</table>
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 WBA’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**

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Year One</th>
<th>Year Two</th>
<th>Year Three</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies</td>
<td>$ 3,000</td>
<td>$ 3,000</td>
<td>$ 3,000</td>
<td>$ 9,000</td>
</tr>
<tr>
<td>Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship Training</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 40,000</td>
</tr>
<tr>
<td>Trade Exhibition Training</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 40,000</td>
</tr>
<tr>
<td>Finance Workshops</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Leadership Events</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 55,000</td>
</tr>
<tr>
<td>Networking Events</td>
<td>$ 10,000</td>
<td>$ 10,000</td>
<td>$ 10,000</td>
<td>$ 25,000</td>
</tr>
<tr>
<td>Mentorship</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
<td>$ 60,000</td>
</tr>
<tr>
<td>University Business Women's Club</td>
<td>$ 10,000</td>
<td>$ 10,000</td>
<td>$ 10,000</td>
<td>$ 30,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 123,000</td>
<td>$ 123,000</td>
<td>$ 123,000</td>
<td>$ 369,000</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Trade Development Center</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exhibition Income</td>
<td>$10,800.00</td>
</tr>
<tr>
<td>Workshop Income</td>
<td>$18,000.00</td>
</tr>
<tr>
<td>Corporate Sponsorships</td>
<td>$18,000.00</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$46,800.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personnel Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages</td>
<td>$15,000.00</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>Payroll taxes</td>
<td></td>
</tr>
<tr>
<td>Commissions and bonuses</td>
<td></td>
</tr>
<tr>
<td><strong>Personnel Expense Total</strong></td>
<td><strong>$15,000.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>$400.00</td>
</tr>
<tr>
<td>Direct marketing</td>
<td>$215.00</td>
</tr>
<tr>
<td>Internet marketing</td>
<td>$800.00</td>
</tr>
<tr>
<td>Press relations</td>
<td>$150.00</td>
</tr>
<tr>
<td>Public relations</td>
<td>$100.00</td>
</tr>
<tr>
<td>Communications and Training</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Promotions and Incentives</td>
<td>$3,500.00</td>
</tr>
<tr>
<td>Events</td>
<td>$2,000.00</td>
</tr>
<tr>
<td><strong>Program Expense Total</strong></td>
<td><strong>$9,165.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Postage</td>
<td>$300.00</td>
</tr>
<tr>
<td>Telephone</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Travel</td>
<td>$2,500.00</td>
</tr>
<tr>
<td>Computers and office equipment</td>
<td>$3,000.00</td>
</tr>
<tr>
<td><strong>Total Other Expenses</strong></td>
<td><strong>$6,800.00</strong></td>
</tr>
</tbody>
</table>

| 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

<table>
<thead>
<tr>
<th>Financial Statement:</th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Ledger:</td>
<td>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.</td>
</tr>
<tr>
<td>Cash Flow Analysis:</td>
<td>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.</td>
</tr>
<tr>
<td>Asset and Liabilities Statement:</td>
<td>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.</td>
</tr>
</tbody>
</table>
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 NINE
DEVELOPING SUCCESSFUL PROPOSALS

SECTION ONE: OVERVIEW OF PROPOSAL DEVELOPMENT

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

Organizational Readiness

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.

The Idea

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?

Researching Potential Funders

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.

Contacting and Cultivating Funders

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 beforehand. 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”.

Project Budget Development
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 in this project - calculate salary or hourly wage and benefits for each person.
  - If a paid staff person will only spend part of his/her 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. Such 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.

**Budget Tips**

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

Packaging the Proposal

- 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.

Stewardship and Recognition

- 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.

SECTION TWO: GRANT PROPOSAL 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 relationships with staff people when ever possible, ask questions, clarify guidelines, involve and engage them.

SECTION THREE: BEST PRACTICES IN GRANT PROPOSAL DEVELOPMENT

The sample proposals included on the guidebook’s companion CD were assessed according to the following criteria:

Compatibility
Credibility
Need
Objectives
Method
Evaluation
Sustainability
Budget
Project Management

COMPATIBILITY

Professional grant writers agree that a proposal must be compatible with the criteria, mission and culture of the potential funder. The proposals assessed in this guidebook 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 criterion
established by most donors 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. 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 funding organizations usually approve, and how these proposals fit with the proposing 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 proposals not only meets the criteria, but exceeds it. The writers of all the 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 proposals included in this assessment understood not only the funding organization’s criteria, but also its culture. They understood that the funding organization’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 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 proposals included in the assessment was submitted by business associations or groups of associations that have established credibility with the funding organization by creating a high standard of excellence.

Establishing credibility has several components. First and foremost, each of the associations submitting the 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 reduce any fears that the funding organization 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 the 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 be to 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 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 funding organization’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 proposals assessed in this guidebook 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 proposals assessed for this guidebook, the method cannot be defined in one particular session, but is a thread that 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 funding organization’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 writer’s understanding of the evaluation process to be used in measuring results. In each of the 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 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 pique the interest of the evaluator. Also, sustainability should be specifically addressed within the body of the proposal.

**BUDGET**

Evaluation committees 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 proposals assessed followed the funding organization’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 business association submitting the proposal; 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 proposed project were to be 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.

Consultants were used sparingly, as many funding organizations have strong beliefs about the use of indigenous expertise. A brief biographical sketch of each member of the management team was included in the narrative and the curriculum vitas 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 a 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 organizations appreciate having at least one financial expert on the implementation team.*
EPILOGUE
THE TOP TEN WAYS TO BUILD ORGANIZATIONAL CAPACITY

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 develop 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 program that failed, 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 heel” 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. Become 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. Make learning a priority: 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.
ABOUT THE AUTHOR

Mark T. McCord is an expert in international business association, enterprise, governance and trade development. After a highly successful career as an organizational executive, Mr. McCord embarked on a career in international development. As a Certified Chamber Executive and former executive for the Greater Colorado Springs Chamber of Commerce as well as for three metro chambers in Oklahoma, Mr. McCord has extensive experience in communications, public relations, organizational diagnostics, personnel management, membership development, economic development, fundraising and public policy advocacy. During his Chamber of Commerce career, he was voted Oklahoma Chamber of Commerce Executive of the Year on two separate occasions and was one of the youngest executives to receive the American Chamber of Commerce Executive’s Certified Chamber Executive (CCE) designation.

He has conducted seminars on strategic planning, trade development, competitiveness, institutional development, governance and public policy advocacy for business association executives in over 53 countries, including extensive experience in Eastern Europe/Russia, Southern and Eastern Africa as well as Central, South and Southeast Asia. He is currently Chief of Party for the Promoting Private Sector Development (PPSD) project in Cyprus, which is funded by USAID and implemented by BearingPoint and has also served as Chief of Party for two USAID-funded projects in Afghanistan (3 ½ years) and a USAID-funded project in Romania (3 years). He has extensive experience in post-conflict development as well as negotiation.
BearingPoint’s mission is to work with clients to create innovative and practical management and technology solutions that help them achieve sustainable results. BearingPoint implements the Economic Development and Growth for Enterprises (EDGE) project in Cyprus, one of many places where it is working to build capacity, instil vision, and enhance sustainable approaches to economic development. More specifically, EDGE is dedicated to improving the competitiveness of the Turkish Cypriot community, including through building the capacity of its business association partners in sectors such as agri-business, special interest tourism, trade, information technology and banking. Like all U.S. Government programs in Cyprus, EDGE is aimed at facilitating reunification of the island through encouraging responsible and market-driven economic growth.