

September 2021  
bob@rchcae.com

## **Membership Metrics – 5 Ways to Gauge Success**

Bob Harris, CAE

The most common membership metric is “market share.” In a board discussion you might hear, “What percentage of the potential members pay dues to our association?”

There are several metrics to gauge membership success.

**Market Share** – Determine market share by identifying the potential membership compared to the number of dues paying members. For example, an organization with a potential member of 1,000 that has 600 members represents at 60 percent market share.

If an organization represents less than 50 percent market share or is experiencing a continuous decline, alarm bells should go off. Ask why more than half the prospective members don’t see value in the association?

Be cautious when calculating potential members. Not every prospect adds value to the association. An organization wants to recruit members that add influence and will be involved.

**Dues Renewal** – Another way to gauge membership is based on rate of renewal. If 1,000 members are billed and only 800 pay the dues invoice, the retention rate is 80 percent.

There is significant cost to enrolling new members; it is easier to keep a customer than to find new ones. When retention rate drops below 90 percent, board and staff should address why and if changes must be made. Often there is lack of awareness of the value of membership or membership is not considered essential.

**Revenue Ratio** – Compare the percentage of revenue generated by membership dues to the entire income. The range may be as high as 80 percent to as low as 20 percent. Some organizations strive for a balance of 50 percent dues income and 50 percent non-dues.

There is no perfect ratio, each association has unique programs and streams of income. When the dues income is high, leaders may want to explore revenue generating programs. When non-dues revenue is high, it often reflects the hard work of staff and committees to manage diverse programs. Find the best balance for your organization.

**Square Footage** – This metric is demonstrated by the Phoenix REALTORS® association. “What portion of office square footage is designated to member service?”

At Phoenix REALTORS® they are able to demonstrate that more than 75 percent is dedicated to member service. Members are offered work stations, conference rooms, training monitors, lounges and staff support. The rest of the office is dedicated to management. The ratio affirms the leadership’s mission of “creating the ideal environment for our members’ success.”

“The member is first. Our space was designed with that in mind. We listened to the needs and wants of our members to create an environment that is a tool for them to use in their day-to-day,” explains Andy Fegley, Chief Executive Officer at the association.

The opposite of a member-driven office is a staff taking up a majority of the space, closed doors, department silos, and a bell at the front counter with a sign, “Please ring bell and wait for service.” Pandemic staff telework will influence the future needs for office space.

**Lobbying** – Another metric is the percentage of dues spent on “direct lobbying.” The IRS requires exempt associations to notify members of the percentage of dues that are not deductible as a result of lobbying and political activity expenditures.

Many association missions emphasize advocacy and protection for members. It is ironic that advocacy maybe be their top priority although they inform members that only a minuscule percentage was spent on government relations. A CPA will help to identify “direct lobbying costs” to create the percentage.

Membership metrics help gauge success. Consider how these apply to your association.

# # #

Note: Bob Harris, CAE, provides free governance tips and templates at [www.nonprofitcenter.com](http://www.nonprofitcenter.com).