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guide to association management companies

ASSOCIATIONS

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INSIDE

AMC Advantage

Your association can have it all: top talent, cutting-edge resources, and innovative ideas. Association management companies make it possible.

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AMCs and Their Staffs: The Hard Workers Behind Your Mission

Associations working with AMCs enjoy personnel and monetary advantages. Take a look at the reasons why.

By David Jaffe



As you read through the 2010 *Guide to Association Management Companies*, consider your association and its mission. Individual membership or trade, big or small, your mission statement likely speaks to advancing an industry, supporting members, and bringing people or companies together to accomplish what no one individual or company could do alone.

However, that mission statement probably doesn't take into account the rising costs of health insurance, finding the right staff members, keeping them trained and engaged, staying abreast of the latest technology, and securing office space. Every day, many associations are avoiding these burdens, freeing them to focus on their mission by turning to association management companies.

Let the AMC Get the Job Done

Association management companies provide board members and volunteers more time to use their industry expertise and connections to strengthen their organizations and achieve their missions. An AMC provides the office space, trained association experts, and everything else your organization needs to operate effectively.

According to CPA Bill Barnes, who works with many associations, "AMCs provide a wide variety of expertise to their clients at a very reasonable price. And with the day-to-day management taken care of by capable professionals, it allows the volunteer boards to focus on the strategic planning and direction of the organization. I observe AMCs providing their client organizations with strong financial controls and a proper segregation of duties among staff members. These qualities are critical in order to safeguard the assets of an organization."

Economies of Scale and Economies of Scope

An AMC provides associations the breadth of staff that may not be feasible or cost effective as a standalone organization. When an association hires a limited number of employees, these employees are stretched thin trying to fill the roles of a larger operation. Your well-compensated executive director may spend just as much time on membership inquiries and managing the books as securing sponsors and supporting the board in their governance duties. Since an association using an AMC is sharing resources and staff with other associations, it has access to multiple employees with specialty skills working for the association every day.

Rather than a few frantic full-time employees being all things to all people, your organization can reap the benefits of support from an executive director, bookkeeper and accountant, meeting

ticularly if the AMC is accredited and senior staff members have their CAE credential.”

How the Numbers Compare

Last year, a white paper authored by Michael LoBue, CAE, “AMC Managed and Standalone Organizations—A Sibling Study,” compared the operating ratios of AMC-run associations with those of standalone associations. This study is the first of its kind, analyzing independently-conducted studies by an outside source commissioned by AMC Institute and ASAE & The Center for Association Leadership, without influence from either group.

According to LoBue, “Rigorous evidence-based comparisons about the differences and similarities between AMC-run and standalone organizations [show] that the AMC model is not only more efficient, but also more effective, which in the end is what counts most.”

nificantly cut overhead costs, but those with \$1 million to \$5 million in annual operating revenue were making better use of their revenue by at least 30 percent over similarly sized standalone organizations. Standalone organizations of all types and sizes with up to \$5 million in revenue pay a premium to own their means of production; the average premium is almost 50 percent across all sizes of organizations in the two studies.

The results of this study reveal the full advantages and differences between AMC-managed organizations and standalones and can be found on the AMC Institute website at www.amcinstitute.org.

AMCs: Bringing Value to Associations With and Without Staffs

As you read through this guide, contemplate how your association might benefit from the value of an AMC. If you are an established organization looking to move away from a standalone model, the companies in this guide cover the spectrum in size, subject-area expertise, and scope, providing every unique organization a unique solution. AMCs are useful even for associations who maintain staffs, providing both short- and long-term project services to work with your staff. Conference planning, chapter management, membership processing, and website development are just a few of the benefits that staff organizations are receiving from their AMC partners. Many vendors provide many of these services, but those on these pages do so through the unique perspective of the association specialist.

Working toward the mission, employing best practices, and making every dollar count—association managers strive for all of these things, and AMCs are helping to lead the way. ■

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planner, membership manager, website expert, and graphic designer without the implications of hiring employees or maintaining an office. C. Michael Deese, an association attorney with Howe & Hutton, Ltd., agrees: “When an association can benefit from shared professional services and the shared cost of technology ... the association can be very successful using the AMC model.”

Deese also points out the legal safeguards an association enjoys by not employing staff members: “Volunteer leaders can eliminate all worries about employment-related liability for the association and rely upon the professionalism of the AMC and its staff, par-

The study also shows that “AMC-run organizations enjoy benefits most standalone organizations cannot achieve.”

The study discovered that AMC-run associations find equal, and often greater, efficiency than their standalone counterparts. Some of the most dramatic advantages occurred in net profitability for organizations with annual revenues up to \$1 million; those managed by AMCs experienced at least 10 times greater net profitability versus standalone associations. Organizations with revenues between \$1 and \$5 million enjoyed at least a 22 percent advantage when managed by an AMC.

AMC-run organizations not only sig-