

THE DOS AND DON'TS OF DUES

How to Set Membership Dues:

1. Determine the Benefits

Establish the benefits you want to provide your members. A street fair? A map? A new website? Mixers? Promotions, advertising and networking events?

2. Know the Costs

Develop a budget for providing those benefits. Be realistic on cost estimates. Lowballing puts your association at risk of promising more than you can deliver.

3. Develop Other Sources of Revenue

Do you have other revenue from sponsorship, grants, events or advertising? You may not need to bring in your entire budget through membership. Make conservative projections based on recent history.

4. Play the Numbers Game

Once you know how much you need to raise through revenue, calculate how many members you need and at what dues rate to make your budget. You'll go through a few scenarios. Consider the following:

- **The District:** How many businesses are in your district? How many are renewals, lapsed members and prospects?
- **History:** Have your past membership campaigns been successful? Base your projections on past performance and the economic forces in your district.
- **Levels:** Consider multiple dues levels and let the business select their own level. Most will select a level higher than you might select for them.
- **Market:** Review your proposed dues and reassess if dues and ROI are competitive with other ways a business owner could invest that money.

Do:

- **Set Transparent Dues Structures:** Everyone's money is equally green.
- **Make a Profit:** It takes money to run a business district. Bring in more revenue than it takes to provide the benefits if at all possible.
- **Raise Rates Regularly:** Regular increases in membership dues are easier for businesses to expect and plan for. Create a pattern and follow it.
- **Focus on the Benefits:** When you raise rates, highlight the new benefits you're providing to the district.
- **Incentivize Early Joiners:** Offer incentives for joining early (raffles, sponsorship, web highlights, promotions, etc.). It saves you the trouble of having to track as many businesses down. Avoid discounting rates.

Don't:

- **Set Dues Too Low:** If your dues are too low, you won't have enough money to provide a compelling set of benefits. This will hurt membership more than having a robust benefit package that costs a bit more.
- **Promise What You Can't Deliver:** Once you've promoted a package of benefits, you'll be expected to deliver the goods.
- **Ignore History:** Use conservative goals and projections that are based on the history of past campaigns. Don't expect to double membership if past campaigns have only brought in a 10% increase.

Example:

Major Benefits: Street Fair, Map, Member Mixers
Cost to Provide: \$10,500
Current Membership: 50 members @ \$100/year = \$5,000

	Projected Revenue	Left To Raise
		\$10,500
Other Revenue Streams (Map Advertising, Street Fair Vendors, Street Fair Sponsorship)	\$5,000	\$5,500
Current Membership	\$5,000	\$500
10% growth in membership at same dues rate	\$500	\$0, Great!