



# DRIVING PARTICIPATION

WITH BETH BRODOVSKY

## SESSION 138

### WHY DOES MEMBERSHIP MATTER?

WITH DIANE WARD

**BETH:** Hello, this is Beth Brodovsky. Welcome to Driving Participation. Today I am on with Diane Ward. Diane is the president of Membership Matters and she has one of the best descriptions of her work that I have had from somebody in a long time. She works on how members move in, move out, move in, move up and move out of membership programs. See, I can't even get that right. Move in, move up and move out of membership programs, and I love that because the way that a lot of people talk about things is usually using words that unless you're in this industry you don't always understand and so Diane, thank you so much for joining me today and for writing a description of what you do that is plain regular people language. I really appreciate you joining me today.

**DIANE:** Oh, thank you. It's a pleasure to join the group.

**BETH:** So Diane and I connected through LinkedIn, and I meet a lot of people that way because I just come across so many interesting people that do really interesting things and Diane's background is quite a bit in the museum world and we both happened to be in this in this Philadelphia area of the country and when I learned a little bit more about the work that she did, I knew I had to bring her onto the show. So, Diane, can you start off by talking a little bit about how you got into this world of membership assessments and performance?

**DIANE:** Sure. I was hired as the membership director at the Franklin Institute science museum way back in the mid-80s and the museum was about three years away from opening its newly renovated museum with an IMAX theater and new galleries, and to my surprise, the museum actually had a membership and financial database in the 1980s, which was quite advanced for its time. Gradually, additional systems were added as we got closer to the inaugural opening,





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including ticketing and group sales and programs, and I had the luxury to be part of the team that worked together to integrate all of these systems, use them and then became to talk among departments as to what our data really was saying to us.

**BETH:** That is so interesting, that all the way back in the '80s and of course I remember that time. For those of you that are not in Philadelphia, the Franklin Institute is a huge, huge world-renowned science museum that I pretty much lived at with my two geeky science kids and it's great. We're really lucky to be in this community where there's a lot of large museums that have a lot of impact that can take on these sorts of leadership roles and try things out. I'm sure a lot of other people get to learn from, which is so interesting. So that's how you started and then you've now moved out and are working in a consulting basis with lots of different organizations and I always think it's interesting. I have people that work in organizations on the show because they bring in the sort of deep vertical knowledge of what's happening like boots on the ground in their organization and then I can bring in consultants and other people that work with the industry that can have a horizontal perspective, but I love it when I have somebody that's had both. So, in the work that you do, so you have this perspective of being somebody that was an employee that worked deeply in organizations and now you're working with many. In this work that you're doing around this idea why members come and why they go. Where does participation fit into the work that you're doing. How does it matter? How does it show up with your clients? What are they counting in a way that helps them thrive?

**DIANE:** Well, to me, Beth, participation is the mission of membership. Of course membership is a revenue stream and prospecting stores for additional gifts and perhaps donors, but they're outcomes or the deliverables of a robust member participation and engagement program. Participation is the best indicator of the organization wide impact of your membership program and just how all the efforts and costs are going in to support that membership program are really paying off. So for me, participation is the mission of membership.





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**BETH:** It's interesting. It's almost like it's a little bit of a barometer, how active people are, maybe it's sort of like a dashboard indicator of other things. I never really thought about it that way. So you mention that membership impacts more than just revenue. I mean, you think of it on the surface we need to get members because members are recurring. When somebody signs up for at least a period of time, you're getting either annual or monthly, depending on the organization, you're getting regular money and the more members you have, you have this base that you can count on. How are you seeing just the fact of having a member, the fact of having membership impact things other than just that, other than the actual bottom line money of an organization?

**DIANE:** Well you are correct. Revenue, and I'm even going to throw in expense, but probably the two most common measurements that people use to evaluate their program and it's real. There's very real, hard expenses required to support a program, such as you've got to acquire new members. You've got to renew current members, recapture, format and the magic one, you have to deliver the cost of member services that you promised. So I've put all of that together and call that business membership and so it's normal for people to look at what are we bringing in and what are we spending against that program. However, members vote with their feet, and their wallets, which is why it's so important to look beyond the revenue and expense equation and evaluate what members do for your organization. So beyond being advocates because for a lot of organizations members are simply their advocates, are they active visitors and users? Are they the source of your volunteers? Are they planned giving prospects? These are really important profiles to fully evaluate the impact of the membership program beyond revenue and expense. Kind of more specifically, there is this investment that every organization puts into cultivating and servicing their members and is that being recovered in other ways beyond membership dues such as their visitation or additional spending; albeit this additional spending of revenue is probably not directly going to the membership department. It's servicing the entire organization and so examining beyond revenue and expense, it's really important to look at the participation and how





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are members voting with their feet and their wallets.

**BETH:** I love that. It's funny. We had Dr. Adrian Segar on the show a little while ago and he was saying something that I really, really love because we talk a lot about engagement and involvement and participation and those words can feel really synonymous with each other, but as I've been doing this show over the course of a number of years, I'm starting to look at the word participation to mean sort of the active form of involvement. You know, you can be engaged and like mentally attached to something and feel very inspired by it, but not actually do anything. That's one definition. There's lots of different ways that people talk about engagement, but I feel like I've seen a lot of people that would absolutely swear to you that they love an organization and they really think their mission is amazing, but they don't give money and they don't show up, whereas participation is like that to me, Adrian said participation is engagement in action, and I absolutely love that. So you just talked about actions, too. So can you tell me sort of specifically these actions that are beyond just paying their dues? What are they indicators of? What kind of things do those actions tell people about the organization, tell people about what's going on?

**DIANE:** Well, I call members the most faithful fans. They traditionally are representing a significant percentage of an organization's attendants or at least attendants of programs and events. It's not uncommon that like 80 percent of an educational classroom from experience will be filled by member enrollment. So in other words, without members, there would be a lot more seats to fill and probably a lot more marketing to fill those seats. So this go-to audience that you're cultivating and speaking with, is beginning to see, do they actually engage and participate, and each time that they do engage and participate, there's an opportunity to shop and eat if that applies in terms of a cafe or restaurant, which is another profile for members in terms of what they do and what they spend or once again, opening a wallet so to speak and that becomes a profile beyond coming to programs. Are they really supporting the cafe or the stores or the shopping? They're also a go-to audience for annual appeal and end of





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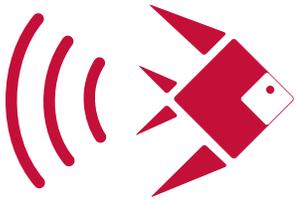
year giving, and I'll put GivingTuesday in there, and I love how they handle it and engage of someone who says, "I love an organization," and when you profile them, there is no participation. There is no gift giving. There is not additional spending, but what there is, is a member on the roll books and there's a role for that kind of membership, but the real profile of who you would want to look at and talk to. If your member's visitation is low, this might really help to inform an organization about their current renewal rates. In other words, member's visitation and how they engage in one year usually foreshadows their retention in the next year. So they're not two separate problems with the membership team sitting over here saying renewal rates are low. It's a complement of what's the participation and that information is usually sitting in the ticketing database. Or here we go, additional spending. Let's say members additional spending is minimal. That could suggest that members just aren't that interested in or probably have tired from the current offerings and could suggest that new programs, new products should be tested, and when I say tested, I'm not saying the staff's guess at them. I mean tested and researched to determine what members really want and think to be engaged and to participate and to create additional spending for the organization. Those are just some of the indicators, and the information is sitting in a different department.

**BETH:** And that's the challenge isn't it sometimes.

**DIANE:** It's in programs. That's the whole challenge.

**BETH:** It's really, really hard and I think it's really interesting how you're talking about this profile and these different actions that people take. One of the reasons when I first started this podcast, that was kind of one of my questions was I had this hypothesis that participation, getting people involved is the catalyst. It's one of the big triggers between the point where you spend the money to attract somebody and the point where they're taking regular actions that are valuable to you. It doesn't matter whether you're a nonprofit and you're looking for donation or whether you're a museum and you're looking for attendance or you are an





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association and you're looking for renewal or people to come to your trade show; things like that. Everyone has an action that's valuable to them. So this idea that looking at what people are doing as an indicator of what's likely to happen next, I thought, "You know what? I wonder if that's true," and so I'm always fascinated when I hear people that actually do this work on a regular basis are confirming that that's what you see. You mentioned this word profile a couple of times and another thing that we're seeing over and over again, people are talking a lot about the idea of knowing your audience, really understanding who these people are that you're talking to, that you're engaging with. So how have you used things like metrics and these other things that you're observing to build a user profile that then you can do things with that help enlighten you and help you make decisions in the future?

**DIANE:** Well, because of so many advances in technology it's not just metrics. Today almost every organization I work with gathers mountains of data, admissions, renewals, stores and donations and programmers and sometimes as we just mentioned, sometimes just sitting in a variety of areas. So it's less about how to sort of figure out the metrics, it's there. It's really how integrate and weigh it against, measure it against something else and integrating that really surfaces the broadest picture of how membership is working. Despite departments, it's not the store reporting and annual fund reporting and the membership reporting, really begins to pull all those core data together to get a really broad picture of what the membership participation is. For example, I'm often asked are we giving too many benefits? Our membership program seems expensive and having the solid understanding of what they're purchasing and when they're coming and how much they're giving really helps an organization determine if the cost of servicing a membership is being fully recovered in other ways or by other departments. Ultimately is it benefiting the entire organization? So where all these islands of information exist, they're often reported individually and when you bring it together under one umbrella, you're now bringing in the cost of service to membership, and let's say it's \$30 a membership. You might find out that between the annual fund donations and store purchases and spending





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on events, and events and programs particularly education programs are not particularly costly, but there are many of them during the year so spending on events and educational programs and donations, summer camps, birthday parties, etc., etc., you can find that the additional spending generated by a membership could be \$60 per membership. So we've got a servicing cost of \$30. That's a direct cost to service that, but what we're finding when we put all the pieces together, connect all the data dots, that membership is generating \$60 back in revenue to the organization not to membership, or it's double the cost of service and some of that's going to support the store or it's going to the cafe, it's going to programs, but in good faith the organization is recovering its investment into cultivating servicing members because that's exactly what you want them to do. You want them to be active, to participate, to come, spend and enjoy. So that is where the calculations and profile comes in. It's not department to department, but institutional wide, how is the membership permeating and where is it affecting.

**BETH:** OK, so I have to ask thinking people are listening here. We've seen the same thing and I've had lots of data people on here telling me things like you have to be careful sometimes with all the data, there's so much of it and in many organizations' cases, it's data that you're not actually collecting. It's naturally accumulating through the normal day to day interactions of an organization. How do you deal with all of that data? How do you know what's important, what's irrelevant, and what do you focus on pulling out in order to help you make some of these decisions?

**DIANE:** Well, you might think immediately, most people do, we get all this information, we pull it together. We'll just raise prices, reduce benefits and we'll improve on net revenues; and most profiles I would not want that to happen. That is not the purpose of coming back and saying membership is too expensive and we've got to cut these benefits and improve that revenue. I'm not saying that a price increase might not occur after viewing the profile, which is fair, but the profile can be far more strategic in its thinking, such as identifying upgrading





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trends and determining the appropriate placement of benefits. So often I see that the benefits for lower paying memberships are way too generous for today's world and therefore, there's no mid-level members, and mid-level being somewhere over 150, under 1,000 and the whole mid-level isn't growing. The benefits on the basics, on the general memberships are too generous and then members get stuck. Once they join a level, they don't move. They stay there, somewhat the reflection of too generous benefits.

**BETH:** That's so interesting.

**DIANE:** We would really want to go after tiering and taking most desired, the most desired benefit and really thinking and positioning them for maximum revenue in the long term.

**BETH:** You know, and it's funny, too. I mean it reminds me a little bit of some of the internet companies today that you can do so much on them for free, and it's easy to think, "I'm getting all this for free," and I think it's building up a culture of people expecting to get a tremendous amount of service for free, and it's easy for us to forget that when you have something like Facebook or LinkedIn that you can use a tremendous amount of their functionality for free. My brother always says if you're not paying, you're not the customer, and if you're not the customer you're the commodity. So if you're not an organization, isn't that interesting? So basically with the internet-based companies that deliver a lot for free, every interaction that you have with them, they're collecting data on and in their case, it's data that they can then sell to convert into advertising. If you are a museum or an association or anything that has a membership at that level, unless the things that you're delivering at that level you're able to monetize in another way, there's not a lot of value in you giving away a lot for free.

**DIANE:** I agree.

**BETH:** So now people are collecting data, they're figuring out what's important,





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what does putting it all together to see the behaviors of these people looking at the other places that they're spending money, figuring out this value of this member, you do these projects. So at the end of that, once you have this profile that gives you some information, what are organizations able to do differently because now they know this, now they know what this member means to them?

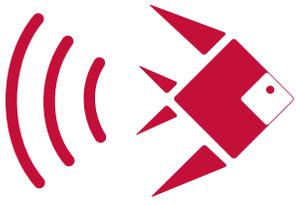
**DIANE:** Well, it can vary in the sense of you can do a greater, the deep dive once you know it. If there's one audience that wants to take even a deeper dive ...

**BETH:** What do you mean by that?

**DIANE:** That means when we have a basic profile, and now we want to look at who is making those contributions? How many years have they been active as a member? How many times are they visiting? Can we begin to have predictive behavior or at least identify valid prospects who are aging into looking like people that are currently giving contributions? So for example, often year four or five years as a member can be a critical year when a membership terminates, vs. making an additional contribution. Just at the point where they're reaching a point of reaching their duration to become a contributor, they drop the membership. Taking the deep dive and really looking at that to see if they can identify prospects and change behavior or recognize the most vulnerable memberships who are aging out due to natural attrition or loss of interest.

**BETH:** That is really interesting that once you have these profiles that even within your organization you can begin to see what are the things that happened before and after that profile. Like do these people step down to zero, or do the step down to less involved? Are there moves that happen that you can begin to push other people towards? Oh, you know, you're not a volunteer anymore, but would you be a donor, or probably like for example, a museum, there's always the dead time between where kids get too old for the museum, but their grandchildren come, and I'm sure likewise that at an association there's probably times that if you looked through your organization, I'm on the board of an association here





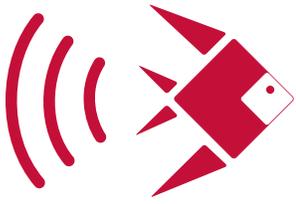
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in Philadelphia and we see certain things with the level of your staff. If you get to the point where you have X level of experience, in some organizations people think, “Well, I don’t need to be a member of this organization anymore because I’m now a director or vice president. I’m too high up and they can’t help me anymore.” So it’s got to be really interesting to see, OK, so is the decision of that, and I’ve seen this on a million boards that I’ve been on, usually what everybody says is, “Well, we now have to figure out how to keep those people.” I’m curious if in the work that you’ve done, is that always the goal to figuring out how to keep those people, or is it more effective to figure out how do you then turn and look at the next batch of people that can fill those holes when those people leave. What are you seeing people do, one of those or both of those?

**DIANE:** I think it’s a two-part process, but at all programs, all membership programs, have an average duration, and organizations may have people on the books who have been active for 10-15 years, but their percentage is low. There is an average duration which you’ve got to keep your eye on, that people will age out. It’s a leaky bucket. You have to be anticipating how many incoming that you’ll need just to maintain the stability of the base, because there will always be people falling out. So this little metric that I was talking about taking a deep dive really lets you get to know that membership profile a little deeper to anticipate are they coming to the end? Can we do anything? Funny enough, for as much technology that is out there, all these different databases, they all usually have ways to target and communicate. So much of this is integrated now with email be able to talk to people in very specific ways. Being able to know who you should be talking to and if they’re reaching their final duration as a membership helps you to then customize those message, create loyalty groups, which is another way to determine if you can keep someone active in a loyal group or keep your business plan straight on knowing there has to be a fixed amount of acquisition each year to offset those that are gonna age out through natural attrition. I think it’s both approaches. What’s coming in the pipeline and what’s going out the pipeline and really mining the data for these deep trends, upgrading, down grading contribution and visitation to pick out the best of the best memberships





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and have a targeted approach. I believe more organizations would have far more targeted prospects if they were applying all of this in terms of who is coming in, who is going out, and movement up and average duration.

**BETH:** Diane, thank you so much for joining me today. I love having guests that come to marketing from such a different background than my own. As technology evolves I feel like the ability to use data to support personalized communications is becoming more important, and I bet this is a subject we will be coming back to quite a bit this year. Thank you so much for sharing your knowledge with both me and our nonprofit marketing community.

