Association Laboratory

Suite 2200
30 South Wacker Drive
Phone 312.466.5702
Chicago, IL 60606

www.associationlaboratory.com

Strategic Partnership and Fundraising

January 2014

Sponsored by the Radiology Business Management Association

Contents

Introduction 5

Overview of Strategic Partnership and Fundraising Research Process 5

Contributing Authors 5

Why are Strategic Partnership and Fundraising Important to Associations? 6

Associations are Operating in Improving but Still Uneven Economic Conditions 6

Slow Economic Growth 7

Cautious Consumer 7

Cautious Business Environment 7

Restricted Government Funding 8

Challenges Impacting Partnership and Fundraising Strategy 9

Thriving Through Difficult Economic Conditions 9

Diversification of Income 9

Revenue Projections 9

Competing in a Vibrant Market 10

Programming Prices 10

Accessible Location = Accessible Market 10

Online Delivery 11

Targeted Programming 11

Equal Access to Experts 11

Proving Relevance to Sponsors 12

Increasing Exposure 12

Making a Difference 12

Increasing Sales 12

Aligning Internal Resources 14

Maintaining (or Growing) Mission 14
Designing the Internal Structure and Reporting 14
Supporting the Association's Core 15
Providing Objective, Independent Programming 15
Defining the Agreement 16
Setting Program Goals 16
Determining Amount of Involvement 17
Determining Success 18
Riding the Regulatory and Industry Waves 19
Continuing Medical Education 19
Transparency Regulations in Healthcare 19
Changes in Tax Policy 20
Success Factors for Partnership and Fundraising Strategy 21
Conducting an Internal Assessment 21
Building Consensus 21
Sponsor-Oriented Team 21
Answering the Hard Questions 21
Aligning Internal Resources 22
Alignment of Sponsor Strategy with Member Perceptions 22
Considering a Coalition 22
Maintaining Ethical Standards 23
Exploring a Collaborative Approach 24
Aligned Goals 24
Understanding Both Sides' Operations 24
Defining the Sponsor Package 24
Aligning Association Resources 25
Dedicated Staff 25

Sponsor-Oriented Structure 25
Use of External Resources 26
Financial Resources 26
Technology 26
Preparing for a Faster Pace 27
Managing Sponsors 28
Make Sponsorship Easy and Convenient 28
Communicate with Sponsors Early and Often 29
Building a Voice for the Sponsors 29
Showing the ROI 31
Increasing the Value Proposition for the Membership 32
Appendix 1: Methodology and Principal Authors 33
Methodology 33
About the Author 34

Introduction

Overview of Strategic Partnership and Fundraising Research Process

In 2013, the Radiology Business Management Association sought to identify key challenges and success factors in strategic sponsorship and fundraising. Through their financial support, Association Laboratory has produced this white paper *Strategic Partnership and Fundraising,* representing the company's continuing efforts to identify and document association best practices. This white paper incorporates commentary from eleven (11) association chief staff officers and senior association executives.

Strategic Partnership and Fundraising identifies the current state of partnership and fundraising strategy, key challenges faced by associations relying on income from partnership and fundraising strategies, and success factors critical to effective implementation of partnership and fundraising strategy. For additional information on the specific methodology by which *Strategic Partnership and Fundraising* was produced, see Appendix 1.

Association Laboratory recommends that association executives use this white paper as a discussion guide to identify specific issues with significant impact on their association and the implementation of partnership and fundraising strategy.

Association Laboratory conducts a wide range of strategic research for associations encompassing a client base of leading associations served through staff in Washington, DC, and Chicago, IL. For more information on the company's research capabilities, proprietary research products, and strategic planning models, visit the company's website at www.associationlaboratory.com.

Contributing Authors

Russell J. Alessi President, Electri International Electrical Contractors Association	Pierre Désy, MPH, CAE Executive Director International Association of Oral and Maxillofacial Surgeons	Susan Motley, CAE Executive Director Medical Society of Virginia Foundation
Debra S. BenAvram, CAE Chief Executive Officer American Society for Parenteral and Enteral Nutrition	Karen Hackett, FACHE, FASAE, CAE Chief Executive Officer American Academy of Orthopaedic Surgeons	Brent Mundt Vice President, Business Development American Alliance of Museums
Michael Bourisaw Director, Professional Relations and Development Association Management Center	Barbara Lecker, CAE Director, Assets and Corporate Alliances American Speech-Language-Hearing Association	Laura Wilkinson, CAE Vice President, Development American College of Healthcare Executives
Hannes Combest, CAE Chief Operating Officer National Auctioneers Association	Nancy Minghetti Executive Director American Speech-Language-Hearing Association Foundation	

Why are Strategic Partnership and Fundraising Important to Associations?

Associations are Operating in Improving but Still Uneven Economic Conditions

The primary reason for associations to partner and fundraise is to develop sources of income beyond traditional membership dues and conference and product revenue. The uneven economy over the past few years has highlighted this need, as associations look to protect their operations through fluctuating, sometimes decreasing, membership and meeting participation. Traditional revenue sources are harder to find, thus underlining the need to have a strategy to seek funds from other sources.

Glossary of Terms Used in this White Paper

Association: professional, philanthropic, and trade organizations and foundations

Company: for-profit organizations, large donors, and granting-giving organizations investing in the mission of the association

Fundraising: Seeking funding from an outside source for a specific project or for general support

Partner: A company that goes beyond standard advertising and support packages to work with the association closely on specific goals serving the missions of both the company and the association

Sponsor: Any outside funding source offering resources to the association

Note: Throughout this white paper, examples will be given specific to healthcare associations. This sector has unique challenges in sponsorship and fundraising due to regulatory and continuing education accrediting bodies that merit extra discussion.

More importantly for some associations, a partnership and fundraising strategy includes the creation of a new kind of relationship that exists to strengthen the core of the organization. The transition to this type of relationship from a membership relationship focus can be difficult.

The following is an excerpt on the current economy from Looking Forward 2013*, Association Laboratory's annual association environmental scanning white paper.*

Slow Economic Growth

Organizations and individuals will operate in a climate of cautious economic optimism.

In 2012, participants in Looking Forward identified the state of the economy as central to association strategy. The economy affects individual professionals' work and the customers of the organizations for which they work. In 2013, the economy will continue to be central to association strategy and participants are cautiously optimistic on growth.

This sentiment mirrors other external sources, such as The Economist's 2013 reports of economic sentiment by region.

The economy is a complex organism affecting individual industries or markets differently; these may fare better or worse depending on their unique circumstances.

Cautious Consumer

Consumers will continue to be cautious, limiting market demand for many products and services.

Consumer sentiment in the United States and the European Union (EU) zone, combined with a growing middle class in China, set the stage for increased consumer spending.

However, challenges with consumer debt and economic uncertainty within the United States and the EU Zone will temper this sentiment. The result will be increased but cautious consumer spending.

Cautious Business Environment

Business investment will grow slowly due to the cautious consumer, concerns about government regulatory costs and economic uncertainty which will continue to limit private capital investment and job creation.

Corporations continue to sit on historically significant reserves of cash as they are hesitant to invest due to concerns over consumer demand, regulatory barriers, and economic uncertainty. This caution will continue in 2013, despite the recent agreement within the United States on the "fiscal cliff" and continued efforts by the European Parliament and European Central Bank to address the debt crisis within the EU Zone.

These recent fiscal crises demonstrated the interconnectedness of the global economy as steps taken in both regions impacted financial markets.

Restricted Government Funding

Discretionary government spending will be restricted as a greater percentage of tax revenues are allocated to existing and expanded entitlement programs; this will limit resources to industries reliant on government funding.

National governments are large customers in the economy. From teacher salaries to healthcare outlays and infrastructure investment, national governments are a substantive source of economic activity. As a larger portion of government expenditures become devoted to existing entitlements and debt payments, fewer funds are naturally available for investment in other initiatives.

Many local, state/provincial, and national governments continue to face challenging economic situations. The negative environment for substantive increases in income tax revenue, particularly within the United States and the EU Zone, will make it difficult to substantively increase government revenue through tax increases.

Finally, economic conditions will be uneven across states or provinces. The result will be uneven expenditures by geographic market.

Cautious consumers and businesses, coupled with government funding restrictions, add significant uncertainty for associations during the budgeting process — and a shrinking pool of income for some — thus accentuating the need for associations to develop a defined partnership and fundraising strategy to identify revenue resources to support growth and promote stability.

The result is a need to focus on the business model of association partnerships and look to new relationships beyond the member/association relationship.

Challenges Impacting Partnership and Fundraising Strategy

Key challenges that impact partnership and fundraising strategy include difficult economic conditions, competition, pressure from sponsors to show relevance, alignment of internal operations for program execution, and agreement definition.

In the healthcare sector, new taxes, transparency regulations, and rules around continuing education for professionals are additional challenges in fundraising that other sectors may not face.

Thriving Through Difficult Economic Conditions

Economic uncertainty leads to a need for diversification of income streams and difficulty in revenue projections for associations. A robust partnership and fundraising strategy can help an association reduce the risk of income tied to the following areas:

Diversification of Income

For many associations, membership dues and program support remains the primary source of income. When members face cutbacks in employer support, continuing education or professional affiliations may be among those items cut, resulting in a difficult financial situation for associations.

Associations are facing reductions in industry support due to mounting economic and regulatory pressures. Unfortunately for associations, partnerships and sponsorships are often deemed “discretionary” so companies are cautious when making sizable investments in association programs or marketing, particularly if association participation is new to them or potential successful outcomes through association participation are poorly defined.

Revenue Projections

Economic uncertainty makes revenue projections difficult for the association. Investment in new products and services may be delayed, reduced, or eliminated, and spending on existing programs or services may be reduced because the association does not have the confidence that income will cover core services, let alone be sufficient to take risks.

Competing in a Vibrant Market

Associations face substantial competitive challenges for partner and sponsorship investment from multiple sources, including for-profit companies, government, other associations, and their own components. Local and regional components can often offer programs that are more attractively priced, located, delivered, and targeted, while using the same pool of experts.

Programming Prices

Sponsors are considering the investment level in their decision making and have a many price competitive alternatives to the association.

Local or regional components are frequently able to charge less for education through volunteer labor, lack of overhead, and donated meeting room space. Additionally, local or regional components are more likely to use less robust processes for evaluating sponsor expertise to ensure funding for a local meeting.

Even when the local component does verify the sponsor's expert is indeed a content expert, they may accept much lower amounts for event sponsorships. For example, the sponsor may simply bring in pizza or a boxed lunch instead of providing funding overhead or opportunity costs. This discourages sponsors from buying a sponsorship for a national meeting that may be substantially more expensive.

Programming price competition may also come from government entities or other associations that subsidize program costs in order to help the greater good or for-profit companies that offer subsidized programs to better promote their products.

Accessible Location = Accessible Market

Sponsors are often attracted to local components due to the accessibility to the market.

Local components or competitors offer attendee benefits through the reduction in travel costs and less time out of the office or away from home. Local or regional components have a competitive edge in offering close-to-home live programming.

Online Delivery

The Internet has lowered the barriers to accessing many markets. This creates an opportunity for sponsors to bypass the association and go directly to the target market.

Search engines, social media, email lists, and online advertising make it easier than ever for anyone to get the word out about a program, even to the point of diminishing the value of association membership lists. For-profit companies and government entities often have the deep pockets necessary to develop online content and can often be first to market, leaving associations to play catch up.

Targeted Programming

Specialty or niche organizations offer sponsors more targeted opportunities.

Some associations face competition from specialty societies offering targeted educational programs to a specific sector. Other associations are facing competition from for-profit organizations or even government entities that can afford to develop niche materials for their constituency that might overlap with the association's traditional purview.

Equal Access to Experts

Alternative organizations offer access to subject matter experts independent of the association and its traditional role in evaluating content relevance.

Traditionally, associations have been the gatekeeper of a profession's or industry's body of knowledge. Associations often determined appropriate content experts and policed the firewall between content and sponsorship. The ability of components, for-profits, and other competitors to offer education or information by easily leveraging key experts (who are often association leaders) through a search engine or social media is reducing the association's ability to be the primary resource for quality content.

Proving Relevance to Sponsors

Associations are challenged to identify and sustain the link between member and sponsor relevance. Relevance may be defined as increased brand awareness or recognition, making a difference for the greater good of the industry or profession, or increased product or service prospects or sales.

Without being able to show a Return on Investment (ROI), or other tangible value for the sponsor, it is challenging for an association to keep or secure sponsorships

Increasing Exposure

Associations are challenged to create mechanisms that successfully demonstrate the market success necessary to ensure appropriate sponsor exposure.

At the most basic level, the sponsor is looking for exposure through advertising or a presence at events. The association's challenge is to assure increasing membership, product sales, and event participation in order to show the sponsor that these activities remain relevant and worthy of sponsorship support.

For an association whose membership levels decrease, the sponsor sees a reduction in exposure to the association's members. If the sponsor's goal is to increase exposure, they may choose to spend marketing dollars with those organizations that have a broader reach.

Making a Difference

Associations are challenged to link association sponsorship with the desire by some sponsors to contribute to the advancement of the profession or industry.

Some sponsors want to feel like they are making a difference for the greater good. These sponsors are requiring clearer evidence of the value the association is creating for society or their industry, and this value, as difficult as it may be to define, must be linked to the sponsorship dollars in such a way as to assure the sponsor of the outcome of their support.

Increasing Sales

Associations are challenged to identify the link between sponsorship and sales of sponsor products or services.

For some sponsors, increasing sales of their product is the only metric that matters. The association can work with the sponsor to determine a baseline, provide numbers of people who saw their advertisement, attended their program or other known outcome.

It is up to the sponsor to decide if exposure through the association resulted in an increase in the sponsor's product sales. Generally, the type of company looking only at their own sales will remain a sponsor and not move to a strategic partner level.

Aligning Internal Resources

Associations are challenged to maintain the independence and objectivity of programming while also crafting relevant sponsorship strategy.

Maintaining (or Growing) Mission

As sponsors and partners suggest new products or sources of revenue, an association is faced with the challenge of deciding if the product to be developed meets their mission.

It can be tempting to consider new sources of sponsorship that are not aligned with the mission of the association. In fact, there are may be mission specific benefits from these activities, such as new audiences or new income streams to fund the mission-supporting areas of the association. However, entering into new sponsor initiated activities that are not in alignment with the mission may lead to mission conflict, resource dilution, or other consequences. , .

Non-mission related income need not be avoided. In some cases, it may be worthwhile to seek unrelated business income and accept the necessity of paying unrelated business income tax (UBIT), particularly when after-tax income is sufficient to substantially improve funding for mission-related core services.

If there is grant and sponsorship money available from industry; the association must decide if it is in their best interest to modify their mission statement to align programs that fit with the mission of the sponsor or grant-giving body, or pay the taxes. Any organization modifying their mission must acknowledge this is a decision that should be given serious and deliberate thought. Best practice dictates that the association executive should secure key member support when embarking on a program that is non-mission related.

Designing the Internal Structure and Reporting

Associations struggle to align their internal structure with sponsorship goals and the sales process.

Organizational alignment with sponsor goals is an association-wide challenge that includes not just financial, but also human, resources. The association needs to consider relationship management, outreach, making the sale, fulfilling expectations of the sponsor, proving the ROI, and nurturing the sponsor relationship, while also avoiding the alienation of key members. As a result, associations may need to spend significant time and resources to ensure internal alignment for a partnership and fundraising program designed for success.

In addition, the financial reporting required by sponsors can greatly exceed financial reporting typical of many associations, but may be necessary to show how sponsorship money was invested and the ROI of the investment.

Supporting the Association's Core

Associations are often challenged to link their existing programs to new sponsor goals.

In many cases, an association is primarily looking at sponsorship to support existing programs. If the existing programs do not meet the sponsor's goals, they may be disinterested in providing this funding.

Building a strategic fundraising program may include moving resources away from core programs to new initiatives. Ideally, a robust partnership and fundraising strategy should provide a sufficient return to cover the opportunity costs and to generate enough excess revenue to grow existing programs and services which feed membership value, thus ultimately strengthening the association's core.

Providing Objective, Independent Programming

A challenge for many associations is to have controls in place to ensure that just writing a check does not instantly make a sponsor a content expert.

Association content is often respected by subject matter experts, because the association brings an unbiased view, and accesses experts who wish to remain unaffiliated with corporate funding, and thus is perceived to be impartial.

It is important for the association to remind sponsors of this value – linking to industry or professional experts elevate the sponsor in the member's minds.

Content Exists Outside Associations
Alliant Insurance offers online education in healthcare. HealthStream, a large for-profit online education company that offers education from many healthcare associations, also offers courses from companies such as Alliant who offer programs without having an association vet the materials.

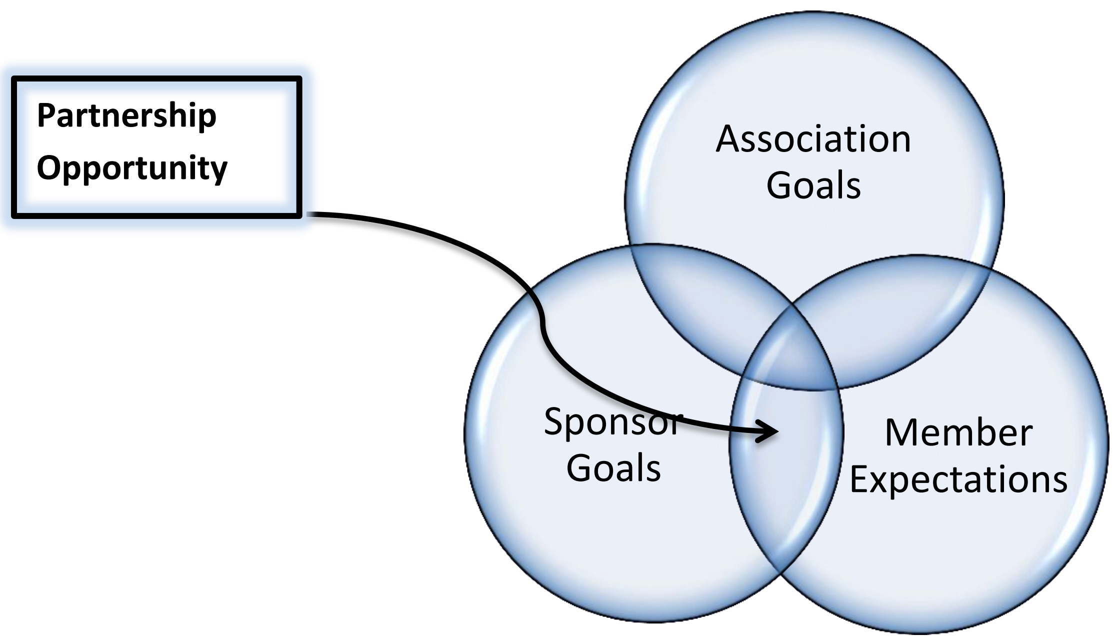
Defining the Agreement

Defining the sponsorship arrangement, including setting program goals, determining the amount of sponsor involvement, establishing boundaries, and determining how success is measured, proves to be difficult for some associations.

Setting Program Goals

Partnerships can result in a climate of "blurred lines." Both sides come to the table with assumptions about roles and deliverables that can set up diminished outcomes for all if the differences are not clearly delineated.

Associations may look at an "a la carte" model of sponsorship and fundraising packages, bundling existing products, exhibiting, and advertising. These packages may be of great interest to some sponsors; however, others may wish to have products developed directly in line with their interests demonstrating an interest only in a specific activity.



Ideally, partnership opportunities are aligned with the goals of the association, the sponsor, and the membership.

Determining Amount of Involvement

Associations are challenged to identify the appropriate amount of sponsor activity.

Sponsors are increasingly seeking involvement in the activities they support, even to the point of bringing completed products to the association for co-branding. Sponsors often wish to be involved in every step of a program's development and have a voice in the development of recommendations that serve their interests.

Additionally, sponsors are challenging historical models of producing a product and then shopping for a sponsor, or accepting money to develop a product with no sponsor involvement.

Balancing the requests of sponsors while developing unbiased content can be challenging, but the goal should be to maintain an effective, independent and objective collaboration.

Sponsors may see themselves as unbiased, but in healthcare, for example, the line between the separation of financial commitment and content is regulated by federal and industry practices. Within this framework, sponsors and contributors approach associations with a goal of making a difference for the association and industry, not just marketing the sponsor's products and this should be taken into account.

A Case of Maintaining Boundaries

The Association for Professionals in Infection Control and Epidemiology (APIC) was able to secure a grant from an insurance company's foundation that paid for the development of a series of guides to the elimination of various healthcare-associated infections (HAIs).

APIC leveraged the new guides by asking other sponsors to fund *the distribution* of hard copies of the guides to every member.

The guides were developed by experts in the field, with no input from the sponsors, resulting in ethically produced guides. Members received free products that enhanced their membership package. Sponsors received advertising and the ability to be associated with efforts to end HAIs.

In the future, sponsors will seek relationship-oriented sponsorship programs with customized approaches. These relationships include high-end personalized agreements that include the ability to make contacts and relationships with the association's members, including personal introductions to members through the association, including stand-alone meetings designed as market research for the sponsor's products.

Determining Success

Associations struggle to identify how to define and measure the success of sponsorships beyond traditional metrics like gross revenue. Both sponsors and the association often have simplistic or poorly defined outcomes.

Riding the Regulatory and Industry Waves

In some sectors, particularly in healthcare, accrediting organizations, transparency regulations, and taxes play a significant role in the type of partnership and fundraising programs developed by an association.

Continuing Medical Education

Regulatory changes have created unique challenges for sponsorships regarding continuing education for physicians and nurses. Medical continuing education accrediting bodies have stringent requirements as to who can offer credits, how the course is set up, and reviews of content and learning objectives. Explaining the nuances of the requirements to sponsors can be difficult for associations when the sponsor wishes to be actively involved. In addition, these requirements place restrictions on sponsorship that need to be taken into account.

Transparency Regulations in Healthcare

Historically, healthcare associations have felt the ripple of the Advanced Medical Technology Association's (AdvaMed) leadership in promoting ethics and transparency in relationships between their members and healthcare workers.

The latest iteration of their efforts is the Federal Physician Payments Sunshine Act (Sunshine Act).

The Sunshine Act is an attempt to improve the transparency of funds given to physicians from manufacturers of drugs or medical devices that participate in U.S. federal health care programs.

Conflict of Interest Policy
Healthcare associations are especially cautious to avoid the appearance of conflict of interest when accepting money from sponsors. An example of maintaining this professional distance is shown here, from the American Society of Hematology's (ASH) Conflict of Interest Policy:

*"**Policy 4:** No donor, commercial or otherwise, can select speakers or awardees or be involved in the production of educational and/or scientific content.*

***Policy 5:** Commercial support for CME must be acknowledged and no employees or staff consultants of the interested company can be involved in the development of the content of CME of ASH. Meeting attendees are provided with a formal opportunity to report on their perceptions of any possible bias in their review of the sessions for CME credit."*

Drug and medical device manufacturers must report certain payments and items of value given to physicians and teaching hospitals. Included in the act are reporting requirements for indirect transfers, whereby the company gives money to an association and then *requires, instructs, or directs* a payment to the physician.

This transparency can make honoraria given to a physician, or other healthcare workers, to speak at a conference or program funded by a sponsor appear to be directed by the company.

Interpretation of this rule varies among healthcare associations. Some healthcare associations chose to seek almost no corporate investment, while others are able to legitimize using sponsor income by *separating the sponsor from speaker selection and content development*.

The Sunshine Act's attempt at providing transparency has placed an additional financial burden on sponsors and has made providers uneasy about how this might be construed by the public. Healthcare associations also must keep records to document where the funds were used. While not required for reporting to the government, these records can be helpful if an association's program comes under public scrutiny to prove the association clearly separated the sponsor from the content development.

Most importantly, a healthcare association should have written policies regarding education developed through corporate funding.

Changes in Tax Policy

Federal tax legislation continues to put pressure on all fundraisers and those reliant upon medical device manufacturer support are facing even greater pressure.

For fundraisers who rely on individual donors, concern is growing over the government's frequent changes to the tax regulations around planned gifts. The American Taxpayer Relief Act of 2012 (ATRA) stabilized the tax rules and set the exclusion amount at over $5M. Unfortunately, the stability is only good until the next budget cycle and there is no guarantee that loopholes may be closed at the state level. The uncertainty over the tax implications makes donors uncertain about their planned gifts.

Within the Affordable Care Act is a stipulation that medical device manufacturers will be subject to a 2.3 percent tax on the company's <u>gross</u> sales, not its net profit; the medical device tax is a funding source for the new program. As this paper is being written, the medical device manufacturers are trying to have the device tax repealed. If the device tax remains in effect, associations looking for sponsors within the medical device industry may expect to see some ripple effects as profits shrink, thus reducing corporate budgets for marketing and sponsorships.

Success Factors for Partnership and Fundraising Strategy

Success factors for a robust partnership and fundraising strategy begin with an internal assessment, maintain ethical standards, and are a true collaboration between the association and the partner. Additionally a sound strategy includes aligning key resources, good communication, and a mechanism for showing ROI. Ultimately the result of a good strategy is an increase in the value proposition for the members.

Conducting an Internal Assessment

During the assessment phase, the association decides internally how to best position itself for a successful partnership and fundraising strategy by developing internal consensus and answering the hard questions regarding Mission and goals. .

Building Consensus

First and foremost, a partnership and fundraising strategy needs buy-in from the top of the organization, both from staff and volunteer leadership. Particularly in healthcare, the choice to engage sponsors at a strategic level needs to have significant support because of the increased focus on transparency and consideration of public or member perceptions of the sponsor relationship.

Sponsor-Oriented Team

A cross-functional team should be assembled within the association to develop the partnership and fundraising strategy beginning with a definition of the association's own goals. Key topics to be addressed by the team include defining why sponsorship is desired, exploring how the association defines a successful partnership or program, and understanding how the program will fit into the structure of the organization.

Answering the Hard Questions

A successful partnership and fundraising strategy can look very different from association to association. Each association must individually determine the type of strategy that meets their needs. To do so, numerous questions must be asked internally, including:

- What are the association's goals in seeking funding?

- Which model of sponsorship delivery is desired: a bundled marketing package, a philanthropic sponsorship, or a hybrid?
- [CS1]Are numerous small sponsors sought or one large sponsor?
- Will new supporters be sought or is this a new way to engage existing sponsors?
- How will the most valuable sponsors be identified and engaged?

Aligning Internal Resources

The partnership and fundraising strategy development team should also review the organizational structure and culture of the association and ask if changes need to be made in order to implement the strategy.

Ideally, this team will help to assure proper resources are in place to find new sponsors and to maintain and nurture current sponsors.

Alignment of Sponsor Strategy with Member Perceptions

Member perceptions of the structure should not be ignored when developing sponsorship strategy.

In healthcare associations, many members are so worried about potential ethical conflicts that they choose to have no involvement with pharmaceuticals or medical device manufacturers whatsoever. Assuring there is member buy-in, and having a review committee or panel to assure the content is not generated or steered by the sponsor, is important. This content review committee should be well educated on transparency law and continuing education accreditors. Often, the healthcare association's education committee is already trained and is well-prepared to take on the additional duty of sponsor-funded programs.

Considering a Coalition

Partners, such as other associations, foundations, or components, may be desirable to gain the attention of industry participants. Additional players may be harder to manage, but can help orchestrate a larger, more successful program providing education to more individuals and more exposure for the sponsor.

Maintaining Ethical Standards

The partnership and fundraising strategy should be developed with a focus on identifying new ways to add value without compromising existing policies and ethics. Without ethical standards and unbiased recommendations in the association's products, there is far less value in corporate support for the organization overall. This ethical value of the association's brand is part of the reason that companies want to provide support. Ensuring the association's reputation of making decisions independent of the money stream is critical for long-term success, including bringing in sponsorship dollars.

Dialogue with sponsors should have an underlying foundation outlining clear expectations. Maintaining the separation of industry and content that is ethically and legally the production of unbiased recommendations is critical for a successful sponsorship program, especially in healthcare.

Standards, guidelines, publications, and education can be developed jointly between sponsors and healthcare associations, provided there is a fair and balanced committee working on the development. The American National Standards Institute (ANSI) has rules and regulations around bringing industry to the table to develop consensus standards. ISO 9000, a quality standard, is an example of a consensus standard used in all sectors. Developing products in this manner is time consuming and has many rules. However, it is a way to bring sponsors into the content-development phase in a legal and ethical manner.

Exploring a Collaborative Approach

Successful collaborations between associations and sponsor partners are founded on aligned goals; an understanding of each other's needs, and defining a strategy that is mutually beneficial.

Aligned Goals

Supporting both the association's and the sponsor's goals is crucial for success. It is essential that both the association and the sponsor enter into a mutually beneficial partnership. Exploration of the needs and goals of both the association and the sponsor should occur at the very beginning of a collaboration and should have a desired outcome of identifying areas of alignment that are ripe for a support opportunity.

Understanding Both Sides' Operations

The conversation should include recognition of how sponsor organizational structures have changed and, in some cases, a discussion about structural changes within the association to better meet sponsor needs.

Associations should develop a systematic approach to developing the internal standards of best practice through the evolution of fundraising program implementation. A key to success in a partnership and fundraising strategy is to remain flexible without bending past the point of violating ethics or overstretching the association's resources.

Defining the Sponsor Package

When collaborating, the association works with a sponsor to customize opportunities to fit the company's goals. The outcome of collaborating may be a layered package that incorporates multiple channels of visibility to increase the value of sponsorship. A collaboration outcome can be a simple bundling of existing sponsorship, advertising, and exhibit opportunities with a discount. Another outcome could be a precisely customized product deliverable to meet the sponsor's needs.

Generally, the outcome of any collaborative sponsorship strategy is to provide relevant content in the company's core competency and ideally engage the sponsor year-round.

Aligning Association Resources

The successful implementation of a sponsor strategy involves identifying a dedicated staff, re-evaluating the organizational structure, and using external, financial, and technological resources focused on the sponsor's needs.

Dedicated Staff

Regardless of the degree of sophistication of a partnership and fundraising strategy, it is important to have dedicated staff to ensure reliable, high-quality service. Ideally, the sponsor will have a single contact within the association to design the sponsorship package and to fulfill the deliverables.

Sponsor-Oriented Structure

An organizational structure designed to fulfill sponsor expectations can reduce tensions that derive from internal confusion or turf issues between the association and the sponsor. It is important to retain sufficient independence from sponsor direction to maintain the objectivity and credibility of association activities.

Aligning internal structure with a strategic sponsor can be challenging. Some associations believe that the organization aggressively developing a fundraising strategy should be structured to mirror the traditional sales process.

In healthcare, though, a central tenet of organizational structure is transparency.

To maintain appropriate independence, staff seeking funding and working with the strategic partners should not necessarily be the same staff delivering the association products or services. Fundraising and sponsor management staff can drive timing of product deliverables; act as a concierge service to the partners, and track potential new sponsors while programmatic staff can continue to focus on high quality content development and delivery

The departments already established to offer education or product delivery could do so following the rules of relevant accrediting bodies and remain separate from the sponsor. This separation of staff sounds easy, but without internal focus, communication, and defined boundaries, conflicts can arise.

Use of External Resources

An association with a smaller staff may choose to strategically use consultants, content aggregators, and volunteers to expand bandwidth. For example, member leaders can be used to engage sponsors at conferences, provide the face-time desired by the sponsor, and to write personal notes of gratitude to the sponsors.

It is imperative that these individuals be fully integrated so silos do not form outside of the association. The difficulty can lie in the creation of a confusing system of individuals maintaining slices of what should be a united strategy. If a sponsor needs to call an association's outsourced web content aggregator for one type of advertising and then call an outsourced convention sponsorship company for another piece, the result can be missed opportunity for both the sponsor and the association.

A single point of reference, preferably in-house, can help to minimize fragmentation and not leave the responsibility of sharing sponsor contact information with various consultants.

Financial Resources

Ideally, associations would be able to simply grow the universe of potential sponsors and donors. However, the learning curve and expense of bringing a company from an advertiser or exhibitor to the level of being a sponsor may be cost prohibitive.

In some cases, freeing up financial resources from legacy programs that have outlived their original usefulness might be a way to "find" new revenue. When aligning resources, associations should consider existing programs. Are there underperforming programs, either from a financial or mission standpoint, which need to be scaled back or eliminated? Taking a hard look at declining programs can help associations free up resources to develop new programs or support existing programs.

Technology

Technology is not to be ignored in aligning association resources. Technology is used in fundraising to communicate on a personal level including constant communication with sponsors, but also to make program marketing appear more personal to the recipient.

Associations have databases to keep track of member contacts. For a robust partnership and fundraising strategy, a client management system (CMS) should be considered for sponsor and partner contact as well.

Preparing for a Faster Pace

Constant attention is required by the association to meet the demands for current, applicable, targeted information, products, and services in various modes. When funding from contributors is included, associations face further demands to produce new cutting-edge products with a short time-to-market window.

"You want it when?"

One association development director's statement when faced with a corporate sponsor accustomed to fast-paced, for-profit market companies.

Managing Sponsors

Successful strategic partnership programs make sponsorship easy and convenient for the sponsor; such a program should include constant communication, and provide opportunities for the sponsor to have a voice.

Make Sponsorship Easy and Convenient

A single point of contact, be it an individual or a department, makes entry into the association easier on the sponsor. As the association seeks key areas of potential sponsorship, it may be advantageous to encourage the same from the sponsor.

Many large corporations divide marketing dollars by lines of business. However, without an entry point into other areas of the corporation, the association may not have access to marketing resources in other divisions. A true sponsorship goes both ways – both the sponsor and the association explore potential access to the resources of the other to bring mutual successes.

If external sales people or consultants are used, an association may want to assure that key accounts are considered “house accounts” and are untouchable to these individuals. To fully integrate a partnership and fundraising program, the key accounts need to be the first that are considered for a one-on-one approach. Universities keep track of annual fund donors as potential donors for an eventual major gift; so too should an association view their own fundraising programs in order to nurture the supporters who show the best potential for evolution into a true partner.

Key Account Strategy: a term used by firms such as Xerox and IBM to refer to their “Important Accounts.”

For associations, these would be the largest sponsors that the association may wish to consider as partners. For the purpose of this white paper, the term represents a partnership and fundraising strategy aimed at strategic partners.

An effective key account strategy is necessary, but associations traditionally do not have a great deal of experience in this area. As the association moves forward with an integrated partnership and fundraising strategy, it is important to assure the structure and resources are in place to manage accounts and programs without creating a resource drain on the association.

Communicate with Sponsors Early and Often

On the front end of the sponsorship cycle associations need to focus on explaining how the sponsor's goals are achieved through sponsorship.

As sponsor relationships move on, it is important to remind contributors they are making a difference; keep them aware of the status of projects and remind them of the benefits. While content may need to be separated from sponsor input, an association may wish to consider keeping sponsors in the loop as to who is designing the final product. Often association staff and key members are unaware of experts who are involved with any specific corporation. In some cases, a sponsor can identify individuals involved with their organizations – or their competitors.

While it takes time, communications with strategic sponsors are an essential aspect of sponsorship sales. Learn the sponsors' preferred modes of communication and discuss how to best meet their information needs. The most effective communication is the direct and personal; avoid vague letters or emails to many recipients.

Building a Voice for the Sponsors

Gone are the days (if they existed) of money coming into an association simply for logo placement. Sponsors now want to share their voice and have their expertise appreciated by the association.

Networking opportunities can be an occasion for associations to show value to their sponsors. Sponsors are often looking for the chance to meet many members, and the prospect of holding targeted focus groups of members can be very beneficial to sponsors.

In healthcare, transparency laws and the accrediting boards for continuing education credit make it difficult to give a sponsor podium time at an educational session; however, perhaps a reception, meal-function without a speaker, or a general session on association business, could be a place for a sponsor to say a few words to the membership.

Three Minutes of Fame

The U.S. Chamber of Commerce allows three minutes of podium time to key partners before each session at their Committee of 100 meetings for top trade association and professional society CEOs.

While popular with the sponsor, healthcare associations avoid the slightest suggestion of a link between an accredited continuing education session and a sponsor.

One way an association can bring sponsors into an association is through an interactive, comprehensive corporate council. The corporate council of sponsors can assist staff with understanding industry from their perspective, and can give the sponsor a way to set direction, often at a high-level, focusing on the future, without having them directly involved in individual product content.

If designed as a summit, members or other key industry representatives can be invited as well for a true collaboration. One healthcare association implemented an annual strategy holding such a summit, led by a futurist and attended by thought-leaders from industry, government and the profession to align the next year’s products and conference topics.

Showing the ROI

Perhaps the hardest piece of the puzzle is defining what the ROI means to the sponsor and measuring it. The definition of ROI will change from sponsor to sponsor and project to project. *Joint definition of the ROI by the association and the sponsor at the beginning of a sponsorship program is crucial for success.*

When the ROI is something already measured, such as sales of a product or numbers at a conference, it is easy to regularly report to the sponsor. However, when the ROI is vague, such as a donation to the operations of an association or how an association's members support those who support the association, a report of the successes of the association may suffice.

Sponsors seek association partners that can objectively identify how the company's goals are being achieved through sponsorship. Associations need to adjust their reporting mechanisms to accommodate this objective.

The ROI may take the association out of its comfort zone in developing analytics that provide feedback from members, designing a survey, or investing in software. For some sponsors with large marketing budgets, these sophisticated ways of measuring ROI may be commonplace. It is important that when the measurement outcomes are discussed early in the sponsorship development phase, that the budget reflect the tools necessary to measure the ROI.

When value is shown through analytics, often the sponsor becomes a champion for the association. In a large company, the champion can show his or her counterparts the tangible value of sponsorship including receiving passes to events, hours of education, recognition, introductions to members, and opportunities for focus groups. This champion can often bring new marketing money to the association from other parts of the company based on the analytics.

Once the measurement tools are in place, the data can be mined and used for potential sponsors as well. Having the data to prove that an association's sponsorships are valuable makes the sales process easier.

Increasing the Value Proposition for the Membership

Strategic partnership and fundraising can have a positive effect on the membership value proposition. The association should develop tactics to communicate this positive effect to members through relevant channels.

Additional income to the association can bring higher quality educational offerings to members. Sponsors increase conference value by subsidizing registration rates, speakers, and/or increasing the quality of food and beverage. Sponsors' desires to use cutting edge technology can help an association extend their reach through online education.

Sponsorships allow the association to do more for their industry and membership. The final step in a strong partnership and fundraising program is to report to industry and members all of the accomplishments made possible through partner and sponsor support.

ONS:Edge - A Very Different Approach

The Oncology Nursing Society (ONS) developed a for-profit subsidiary, ONS: Edge, in order to work with companies directly. ONS: Edge is billed as a marketing communications company centered on the transfer of cancer knowledge to oncology nurses to improve patient outcomes. ONS:Edge considers their competition to be for-profit corporate marketing and communication firms.

ONS:Edge does not offer continuing education credits and is completely transparent, to the point of highlighting corporate sponsorship. ONS and ONS:Edge have a strong firewall policy and ONS:Edge staff work in a department physically removed from the primary ONS staff.

The subsidiary grew out of need on both sides. The nurse-members of ONS need information from the rapidly-evolving oncology pharmaceutical field and the companies needed to get the information to the front lines. Today, ONS:Edge is a multi-million dollar company, with a sophisticated sales and marketing staff, and growing.

Appendix 1: Methodology and Principal Authors

Methodology

To develop *Strategic Partnership and Fundraising*, Association Laboratory conducted the following research activities and analysis:

1. Reviewed association qualitative and quantitative research conducted by Association Laboratory during 2013, specifically activities related to strategic partnership, sponsorship, and fundraising.

2. Reviewed qualitative research related to the business environment conducted as a part of the Looking Forward 2013 environmental scanning project.

3. Distributed a qualitative worksheet to association chief staff officers and senior executives active in trade and professional association strategic fundraising.

4. Implemented a modified Delphi review process of draft Strategic Partnership and Fundraising.

   The initial input from association executives was consolidated and used to develop the initial first draft of the Strategic *Partnership and Fundraising* white paper.

   The first draft of Strategic Partnership and Fundraising was distributed to participants for review in early November 2013 and their comments were incorporated into a second draft.

   Eleven association executives participated in providing information and reviewing and commenting on draft versions of the white paper.

5. Association Laboratory inserted supporting commentary, quotes, secondary research sources, and primary research from relevant studies as necessary to support specific points.

About the Author

The principal author of this white paper is Patty Leeman, CAE, Senior Analyst, Association Laboratory. The Executive Editor is Cecilia Sepp, Vice President & Client Operations Officer, Association Laboratory.

Patty Leeman holds a Masters of Business Administration from The George Washington University and served as the Director of the Institute for Organization Management at the U.S. Chamber of Commerce. Ms. Leeman's primary focus has been with healthcare and engineering associations. Prior to joining the association world over 15 years ago, she was a professional engineer.

Association Laboratory Inc. is a strategic research and consulting firm that helps associations make better decisions through qualitative and quantitative research and strategic business modeling. The award-winning company serves a national client base of leading associations through staff in Chicago, IL and Washington, DC.

More information can be found at www.associationlaboratory.com.