



# What is the AMC model?

Association management companies, or AMCs, are for-profit businesses that manage associations to help them grow and prosper. They offer the expertise, staffing and resources that allow professional societies, trade groups, not-for-profits and philanthropic organizations to effectively manage day-to-day operations and advance their long-term goals. AMCs deliver high levels of expertise and accountability so that associations can continue to increase their value and relevance to members.

AMCs provide their clients with unparalleled flexibility, agility and financial advantages, which makes the AMC model a good alternative for managing many nonprofit organizations.

The AMC (Association Management Company) model allows all services to be customized to meet specific goals. Whether your nonprofit is in the market for full-service management or specific services — strategic planning, membership development, communications and more — AMCs leverage shared resources across multiple association clients to increase means and capabilities, including membership, marketing, finance, etc.

## Full-service Management

Many AMCs serve as an organization's headquarters, providing an experienced executive to work with a customized blend of other AMC-staff resources, managing day-to-day operations supporting members, becoming the public face of the organization, all with staff members who are experts in the critical areas of association management and operations that are essential for success. With years of experience in a nonprofit environment, AMCs lend strategic focus and put proven practices to work. And of special importance in this economy, retaining an AMC can lead to enhanced buying power, improved staff efficiency, and reduced overhead costs.

AMCs are the right solution for thousands of associations, professional societies and nonprofits. Consider the benefits many organizations managed by AMC-member firms receive each year as compared to organizations with hired staff, leased or owned office space and other capital expenses:

## Outsourced Services

Often organizations prefer an outsourced approach because AMCs offer scalability of service — staff and resources where and when they need it. Because AMC staff members are specialists in association management services, they serve as an extension of staff to help meet a client's specific needs.

Success for AMCs is completely contingent upon the successes they achieve for the associations they manage. That's why you'll find that AMC professionals are passionate about

what they do on your behalf. At every level, AMC professionals are committed to your vision, your mission, your membership. They also concentrate on optimizing efficiencies, streamlining expenditures and keeping the organization on track toward long-term growth and achievement.

The fact is that AMCs can be a smart choice for many associations, because of the wide array of benefits and advantages they offer. AMCs deliver:

## Operational & Staffing Benefits

- Staffing and services customized to meet each individual organization's needs.
- A broad spectrum of expertise covering all the disciplines required to run an effective association.
- Day-to-day and ongoing staff management, alleviating administrative headaches often faced by association Boards of Directors.
- Improved staffing and resource allocation, giving each association access to specialized resources – just what you need when you need it.
- Proven best management practices and best-of-class resources and technologies.

## Financial/Business Benefits

- Efficiencies derived from leveraging shared resources, including office space, equipment and technologies.
- Improved buying power since purchases can be leveraged across multiple clients.
- Reduced business risks because an AMC takes on many of the insurance liabilities associated with operating an association.

## Long-Term Benefits

- Greater member satisfaction resulting from the professionalism and responsiveness of staff who understand the importance of placing members first.
- Freedom from daily operations that allows Boards to maintain their focus on mission and strategy.
- Integration of innovative strategies and ideas, stemming from the input and experience AMCs gain from working with multiple industry and professional organizations.
- Scalability to accommodate organizational growth or contraction over time.

## Four Ways AMCs Can Help You Maintain Your Strategic Focus

Running a trade association or professional society is often similar to running a for-profit business. The same questions need to be asked: How can the organization grow? Where will we find new "customers"? What positioning do we want for our organization with our target audiences?

Especially in a tightening economy, it is critical for organizations to revisit their strategic plan rather than automatically reduce programs and new member initiatives. Surviving the downturn doesn't have to mean scaling back. Instead, to stay on course for success, associations will be challenged to find new and innovative ways to add value.

High on the list of benefits of partnering with an AMC is the strategic specialization it brings. Seasoned executives with years of nonprofit management experience conduct a comprehensive organizational evaluation, offering strategic advice and best practices for moving forward.

Specifically, AMCs can help nonprofits:

- Focus on quality and efficiency. Of vital importance, AMCs lend an objective, third-party assessment.
- Maximize and monitor revenue. AMCs help prioritize staff time put toward revenue-generating and collection activities.
- Keep the ideas coming to do more with less. Because they work with multiple clients, AMCs facilitate idea-sharing among executives.
- Continuously communicate value. AMCs keep boards and committees informed.

To keep nonprofits on top of the trends and ahead of the curve, AMCs perform regular environmental scans. And looking beyond the current downturn, AMCs help organizations continue to plan for the future, surveying members to see if and how their needs have changed, and identifying new opportunities down the line.

## Right-Size Your Staffing

When times are tight, efficiency is the name of the game. As you and your board begin to strategically evaluate your business model, pay particular importance to staffing. Assess whether you need full-time staff, 12 months of the year. Evaluate performance vs. demand, and employee maintenance vs. productivity. And look for over-specialization of job duties that may be leading to decreased efficiency.

To capitalize on time and energy, association management companies provide nonprofit organizations and associations with the expertise they need, when they need it.

AMCs customize client services, assigning staff specialists as needed to carry out specific goals. For example, a publications editor coordinates a monthly newsletter or annual report to keep members and donors connected to an association's work. An exhibits manager oversees the annual meeting and trade shows, working to gain maximum visibility among key audiences. Or membership specialists are brought in to enhance programming and build an association's membership base.

Each association pays only for the services rendered, finding more value in concentrated, professional expertise. And by outsourcing functional areas, board members and executives are freed up to concentrate on strategic initiatives.

## Enhance Your Buying Power

In a down economy, you're likely to hear heightened talk of the "value of money." It's not just about how much you have in the bank, but about buying power, as measured by the quantity and quality of products and services your organization can buy.

Stretching a dollar will get you so far, and of course it's important to identify and work to remove any gratuitous expenses. But in true association fashion, joining together with other

organizations that have similar purchasing needs can effectively minimize costs and 'up' the value of your money.

Buying in bulk reduces service fees and purchase rates. Plus, pooled resources improve the ability to obtain goods and services, and boost negotiating power. The greater the volume of business, the greater the savings.

Associations and nonprofits managed by AMCs are able to leverage extensive buying power when it comes to meeting planning, marketing and communications, creative services and technology, among others.

Because AMCs are responsible for negotiating contracts with outside vendors on behalf of thousands of associations and nonprofits, they have developed vast networks of insurance providers, printers, meeting venues and more. By working with these suppliers on a regular basis, AMCs often realize savings which are then passed along to their association clients.

## Reduce Your Overhead Costs

Facility bills. Rent or lease payments. Public utilities fees like telephone service and Internet connectivity. Equipment maintenance. Copier and printer costs. Technology expenses. And the list goes on.

Overhead costs can put a small association or nonprofit under in this economy. To stay afloat, it's critical to develop a strategy for effective management of overhead costs. Where possible, ensure day-to-day expenses are part of a larger investment in organizational growth.

Operating within a framework of shared resources, association management companies provide cost-effective solutions to staffing, equipment, facilities and budget considerations. Overhead costs for professional services are shared across each AMC's clients, increasing association resources and capabilities, and strengthening each organization's return on investment.

At the end of the day, nonprofits can take saved money to the bank, reallocating those resources to fulfill strategic initiatives and further advance the association's mission.

## The Top 10 Reasons to Hire and AMC

10. AMCs serve as headquarters — staff, files and history all live in one place.
9. Free your Board to focus on strategic direction, rather than tactical issues.
8. Remain in the know with a strong base of institutional knowledge.
7. Stop losing sleep over liability issues.
6. Tap experts and skilled specialists in a variety of functional areas.
5. Access the latest technological advances, without all the associated costs.
4. Retain skilled staff members that align with your organization's needs.
3. Stay on top of the latest trends in the association industry.
2. Enjoy enhanced leverage with outside vendors and increased buying power.
1. Say goodbye to HR headaches for good.