

the Retention Game Plan

A New Arsenal of Strategies



By Cathleen Hight

The game of retention is not new, and it continuously provides challenges to chambers of all sizes across the country. As membership grows, so does the challenge. When comparing retention rates among chambers, smaller chambers are apt to have higher retention rates. Perhaps this is because Chamber staff know their members well, and there is a stronger sense of community among their members. Retention challenges are becoming more complex and require strategic approaches to play the game well. Let's explore how to develop winning strategies and employ a new set of tactics.

THE OLD RETENTION PLAN

When discussing retention strategies among other chamber professionals, it's likely you'll hear them share their common "best practices" for retaining members. Their strategies usually include:

- Make calls to members whose renewals are 30–60 days out
- Call or write to members whose renewals have lapsed 30–90 days
- React to non-renewals by having Board members contact their leadership peers to encourage them to reinvest
- Leverage the release of a new directory to pressure delinquent members to renew now

For the most part, these strategies require a lot of energy a little too late. These retention initiatives are employed just before renewal dates or as reactive responses to members who defect. In reality, many of these members have already decided on the perceived value of their chamber membership and whether they will reinvest their time and dollars for another year. Writing persuasive letters and applying peer pressure at the 23rd hour may help you win today's battle for collecting dues revenue, but you could still lose the war on long-term retention.

There is a better way to use your resources—time, money and people—and it will require new, strategic approaches and investments, and a commitment to trust in a long-term process. If applied successfully, your Chamber staff will work smarter and have a competitive edge in the industry.

THE NEW RETENTION PLAN

A well-developed retention plan requires that we examine the challenge from different angles and develop strategies that work collaboratively. Although some chambers have used these strategies independently with limited success, tomorrow's winners will know how to employ sophisticated strategies and solve the complex retention puzzle. Start now and use the strategies listed below to develop your new retention plan.

DEFINE YOUR RETENTION METRICS

Start off by identifying what you need to know to manage retention. Once you know what to monitor, you can determine how to measure it and how often. Some retention metrics are reviewed monthly; others are reviewed on a quarterly, bi-annual or annual basis. These metrics may become Key Performance Indicators (KPI) or Key Success Indicators (KSI)

that define and measure progress toward your organizational goals. Below are some retention metrics and how you could measure them:

- Retention rates by member segment or group
 - Track actual retention rates by industry, size of organization, length of time in business, length of time as a member, zip code, or other defining variables (see Chart 1)
 - Identify the best and worse retention rates by common variables (see Chart 2)
- Lifetime Value of Members (LVM)
 - Track annual and overall revenue of members (e.g., dues and non-dues)
 - Determine the average LVM for member segments (see Chart 3)
 - Identify ideal members and their common characteristics
- Engagement levels of members
 - Track participation of events and programs
 - Track participation of committees, councils and other volunteer activities
 - Track response rates for surveys, polls and other invitations for feedback
 - Track website activity (e.g., pages visited, links used, length of time per page)
 - Track interactions and activities (e.g., staff entries in database or activities executed electronically)

LEVERAGE TECHNOLOGY TO TRACK, MONITOR AND MANAGE MEMBER INTELLIGENCE

Most chambers have limited staff and resources to manage retention. All chambers must leverage the best technology they can afford to perform key functions efficiently. Technology allows chambers to develop *member intelligence* to man-

CHART 1: YEARS OF MEMBERSHIP

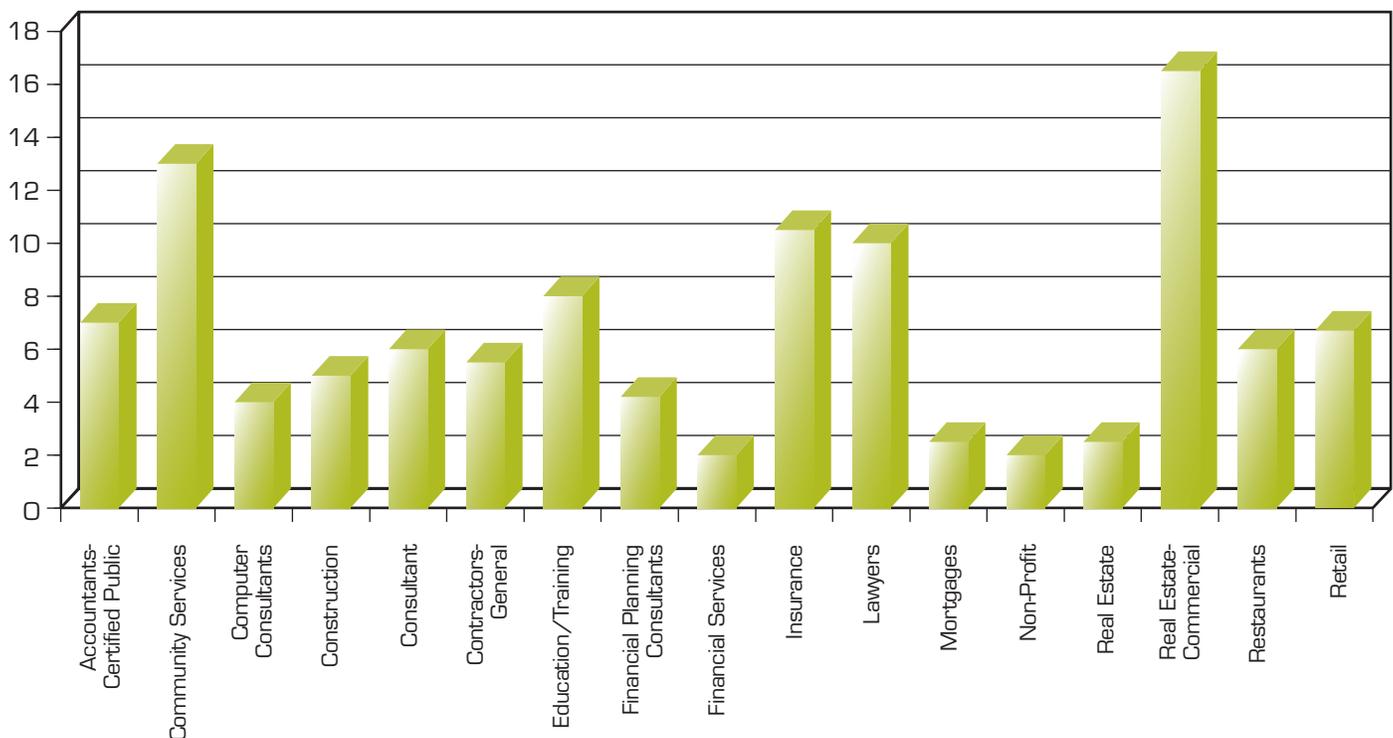
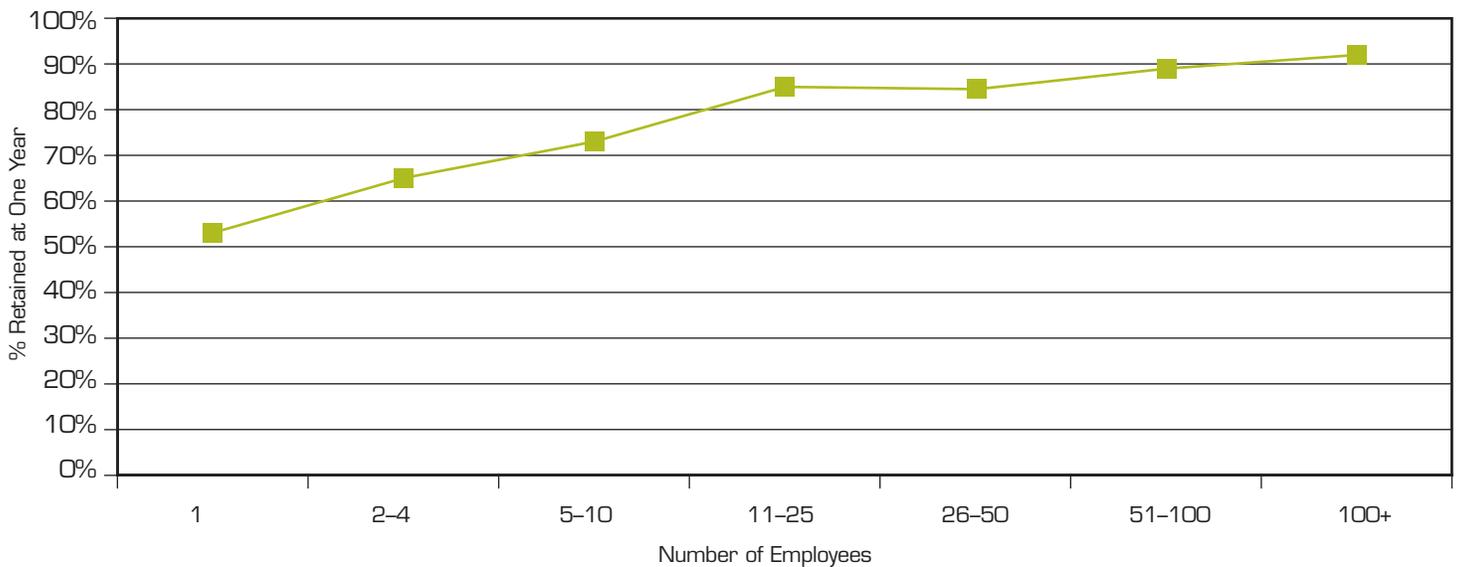


CHART 2: RETENTION RATES



age their relationships with members. *Member intelligence* uses a set of tools, technology and insights to help you:

- Understand your changing member base
- Study past and current member engagement patterns
- Analyze member behaviors and recognize how members' interests/needs change over time
- Leverage knowledge to influence member loyalty
- Anticipate new services/benefits to align with members' evolving needs

Incorporate these strategies to allow technology to help you work smarter and not harder:

- **Invest in robust membership management software**—Use a customizable program that has the bells and whistles that allow you to collect and mine data. Look for features that streamline data collection, offer enhanced fields, cross tab reporting, and user-friendliness. Consider using Web-based software that provides security and off-site storage, and can

be upgraded as needed. Also make sure all staff are trained to use the software.

- **Use dashboards to track status on metrics**—Develop smart charts that provide you with live, just-in-time information on key metrics. Dashboards are succinct, easy to read, and let you review background information as needed.
- **Create opportunities for self-service**—Allow and encourage members to update their profiles, designate preferences for communication, make purchases and register online for events. It saves time on entering data, alleviates duplication and errors, and provides 24/7 access.
- **Prevent data silos**—Collect and maintain data in as few places as possible. Find ways to track emails and other communication activities, survey responses and purchases from specific members to the database. Collected and compiled information can then easily be analyzed and used for dashboards or to review individual member profiles.

CHART 3: LIFETIME VALUE OF MEMBERS

Member Name	Join Date	Years as Member	Total Dues Revenue	Total Other Revenue	Total All Revenue	Average Dues/Year	Average Other Dues/Year
Acme Construction	3/6/2005	2.0	\$650	\$0	\$650	\$325	\$0
Bob's Plumbing	2/28/2002	5.0	\$4,250	\$50	\$4,300	\$850	\$10
Community Bank	1/2/2004	3.0	\$4,500	\$3,000	\$7,500	\$1,500	\$1,000
Delta Insurance	3/15/2001	6.0	\$4,500	\$1,200	\$5,700	\$750	\$200
Eric's Web Design	1/31/2003	4.0	\$1,300	\$750	\$2,050	\$325	\$188
Fitness USA	4/30/2002	5.0	\$5,000	\$2,000	\$7,000	\$1,000	\$400
George's Salon	2/9/2003	4.0	\$1,300	\$150	\$1,450	\$325	\$38
Libby Garage	3/30/2005	2.0	\$800	\$200	\$1,000	\$400	\$100
Mainstreet Realty	1/10/2004	3.0	\$325	\$1,000	\$1,325	\$108	\$333
Park Corner Store	2/1/2006	1.0	\$675	\$250	\$925	\$675	\$250
Strata Marketing	4/6/2001	6.0	\$3,000	\$2,000	\$5,000	\$500	\$333

APPLY ACCOUNT MANAGEMENT PRACTICES TO EXPAND AND RETAIN MEMBERS

Chambers can capitalize on these strategies that for-profit sales professionals use to manage their accounts, increase revenue and retain their customers:

- **Use member intelligence to manage accounts**—Develop a customer relationship management (CRM) approach to understand members, their values and needs, and their buying behaviors. Use data to make strategic decisions, to generate proactive calls, and to align new opportunities with predictive behaviors. Know as much as you can about your members.
- **Target interaction with members on a regular basis**—Contact members with targeted communication and messages that align with their interests. Make communication personal and not generic. Have two-way dialogues and develop relationships with members.
- **Expand accounts by going wide and deep**—Develop multiple investors from the same member account and create a sense of loyalty for the Chamber. Get to know other partners, department heads and managers, learn about their needs and help them leverage what the Chamber offers.
- **Hire other experienced account managers for member sales and development**—Take advantage of well-trained sales professionals who can transfer their skills to our industry. They understand target marketing and value propositions. They can hit the ground running and expand on existing business while cultivating strong relationships with existing ones.

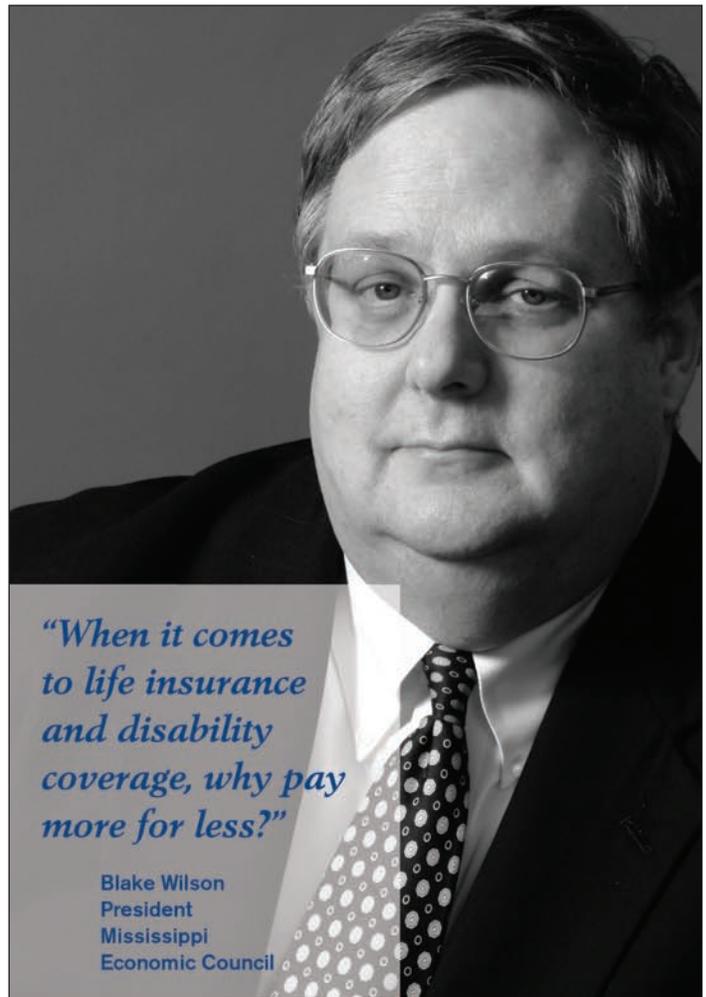
ALIGN COMPENSATION WITH RETENTION STRATEGIES

Most chambers compensate membership sales professionals for new member sales only. And some chambers pay commissions for aging renewals. In either case, compensation is rewarding specific behaviors, namely 1) New members are more important, and 2) Delinquent renewals are worth the resources. Consider these strategies to proactively manage retention:

- Pay for retention outcomes. Compensate for behaviors you want exercised on a regular basis. Compensate sales professionals for total revenue gained and maintained, whether it comes from existing members or new ones, with a percentage based on new business. Remember that money is money.
- Make retention everyone's job. Realize it takes all staff to retain members. Consider setting retention goals and providing bonuses to all staff if goals are achieved. Ensure that job descriptions include retention initiatives and expected behaviors. Take the old saying "*prevention is better than cure*" to heart and develop a culture of member-centricity.

You can change your retention outcomes by changing your approach to retention. Develop a retention game plan with strategic solutions and be one of the leading players in the Chamber industry. ☑

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