

MEMBERSHIP *Today...*



...Membership Tomorrow

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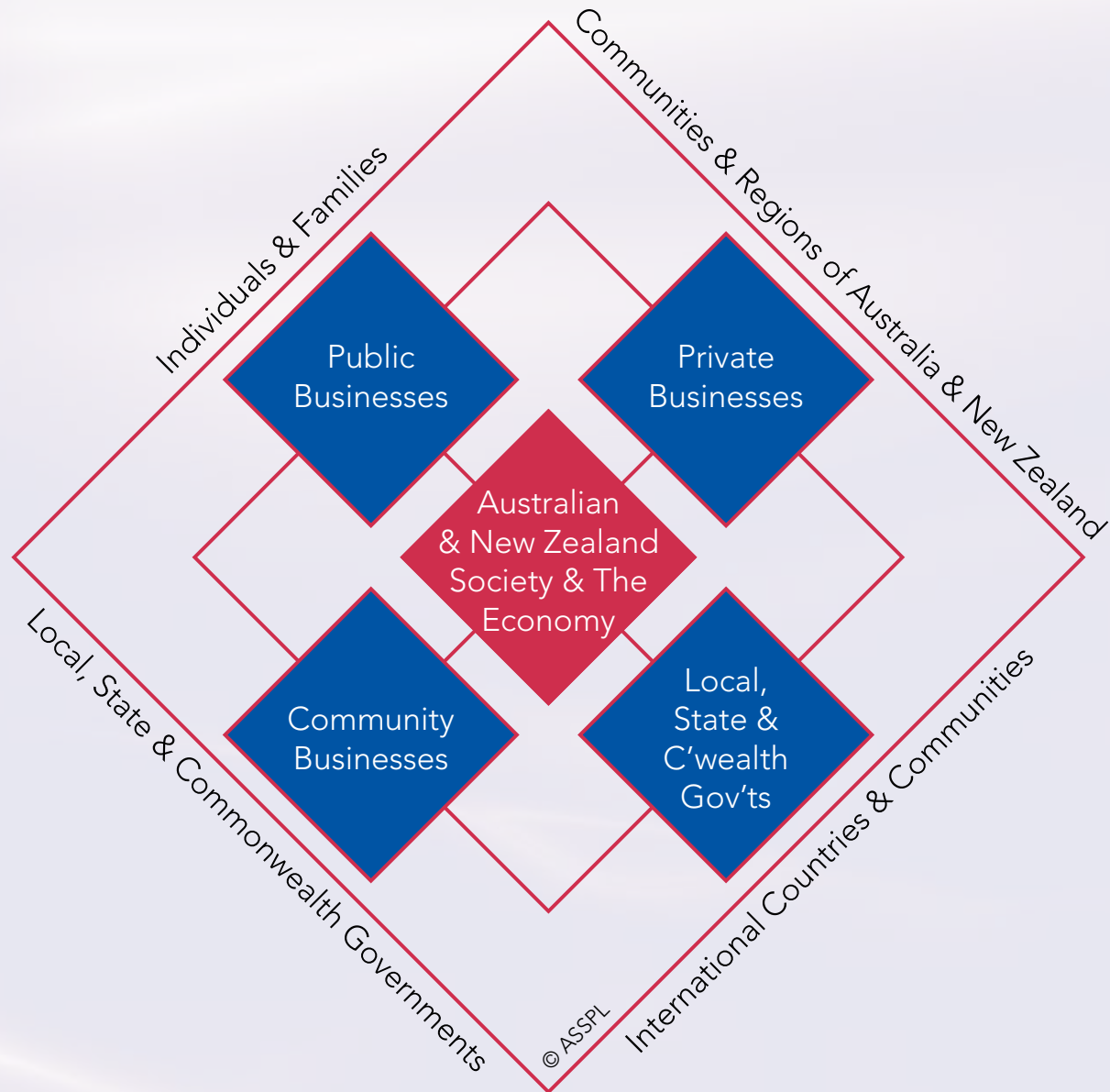
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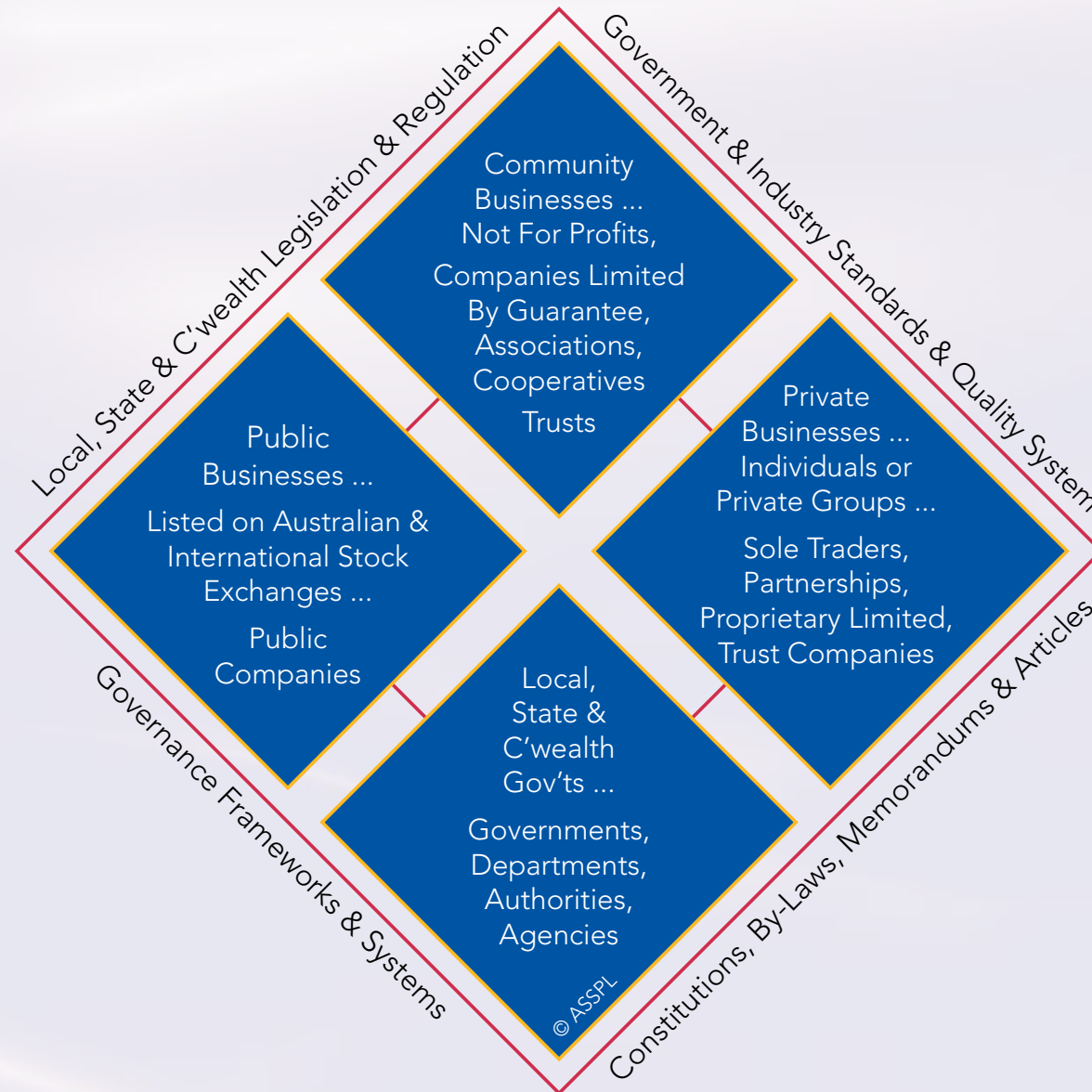


*The Big Picture Of NFPs,
The Backdrop Of Membership*

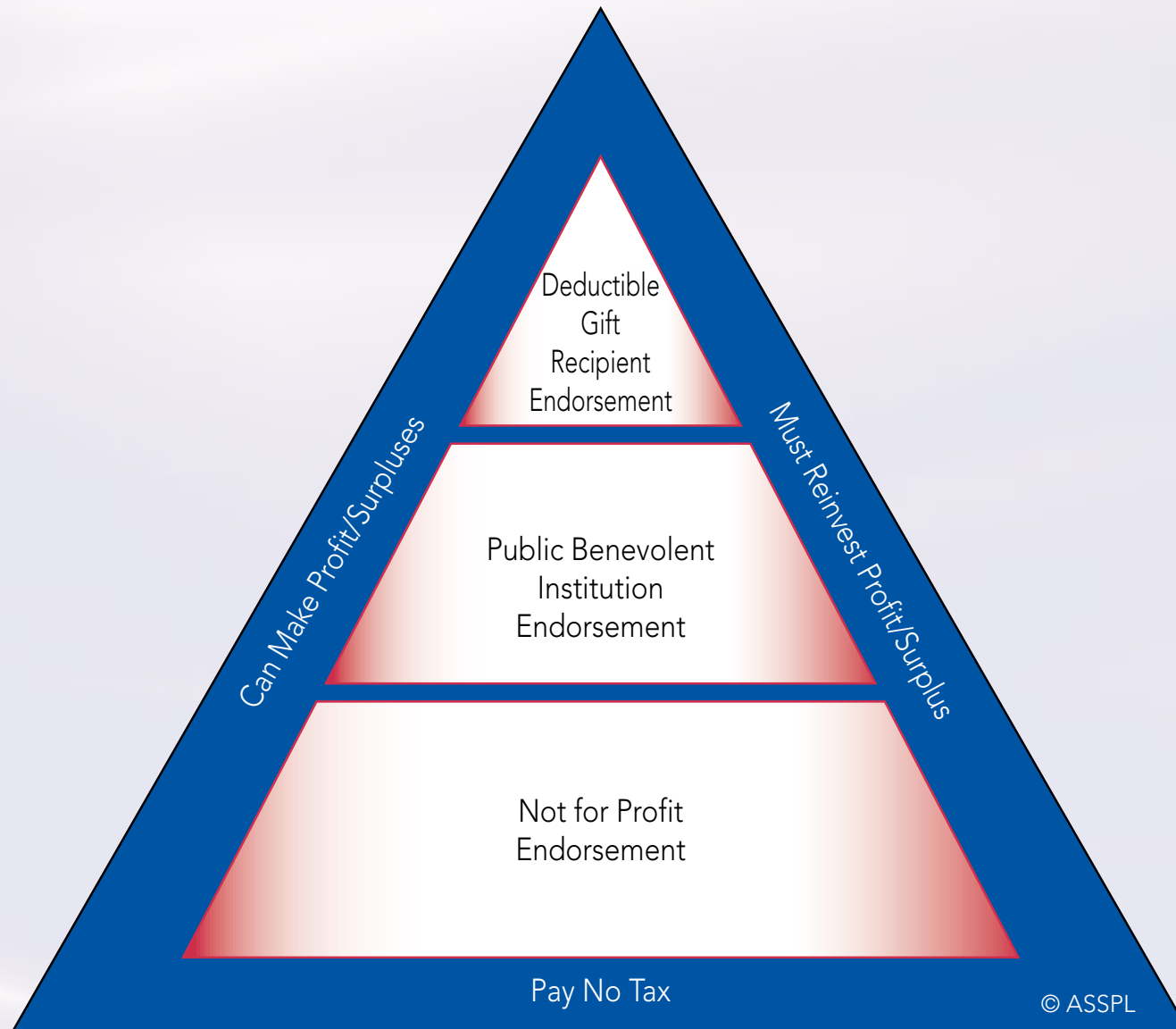
NFPs, Their Position In Society & The Economy



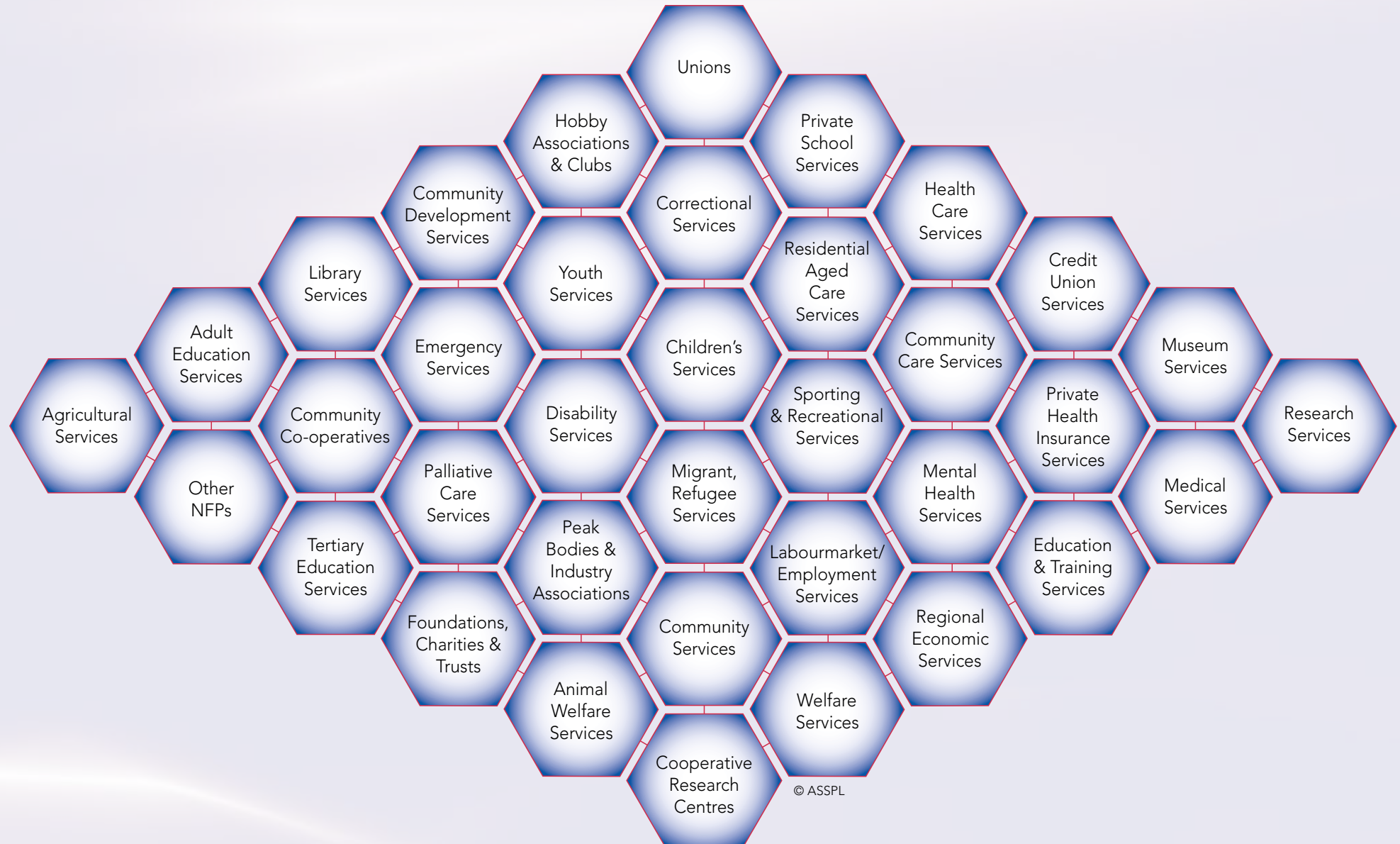
NFPs, Their Place In The Economy



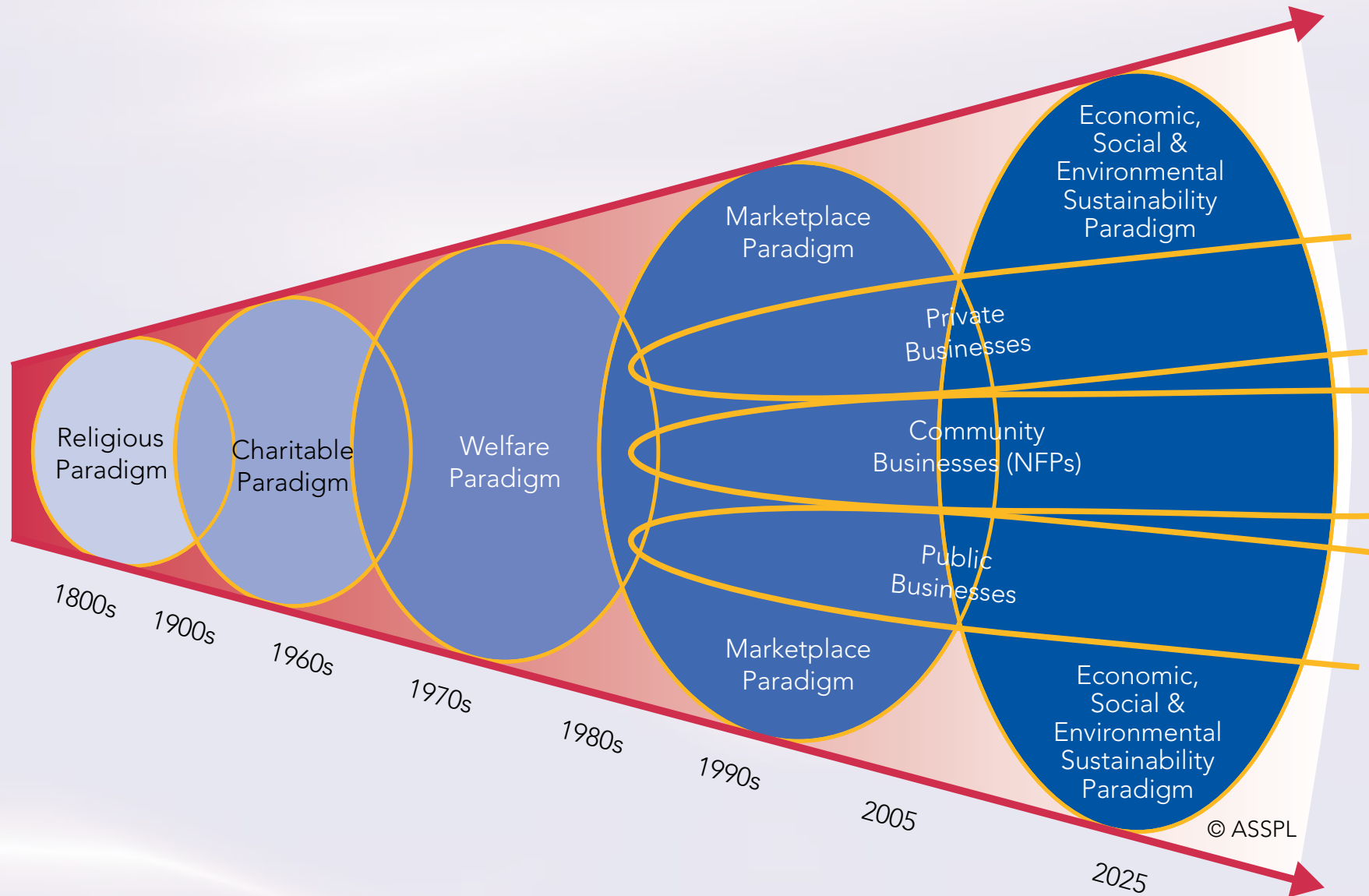
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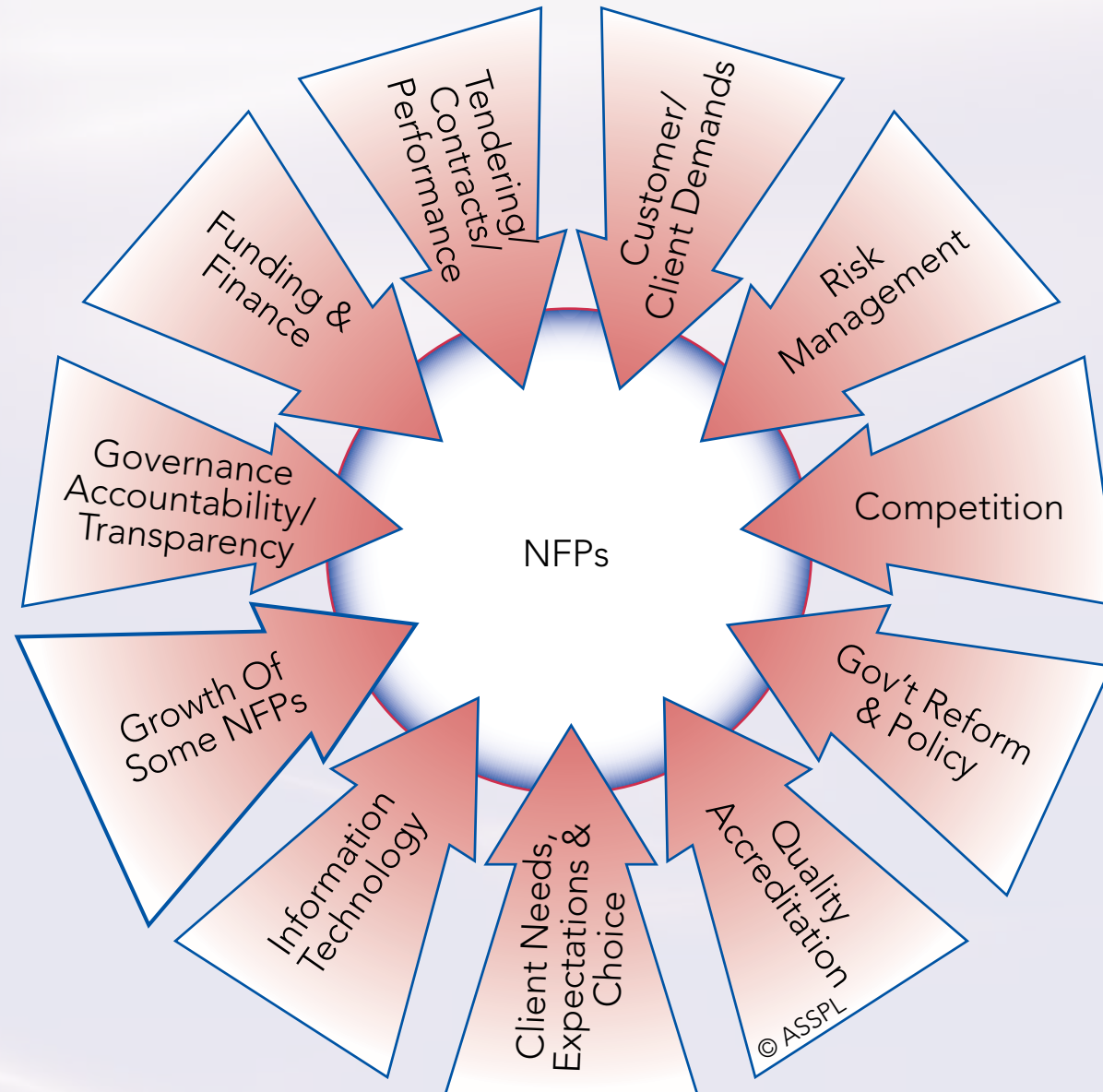
Who's Who...In The NFP Zoo



The Changing Paradigm For NFPs

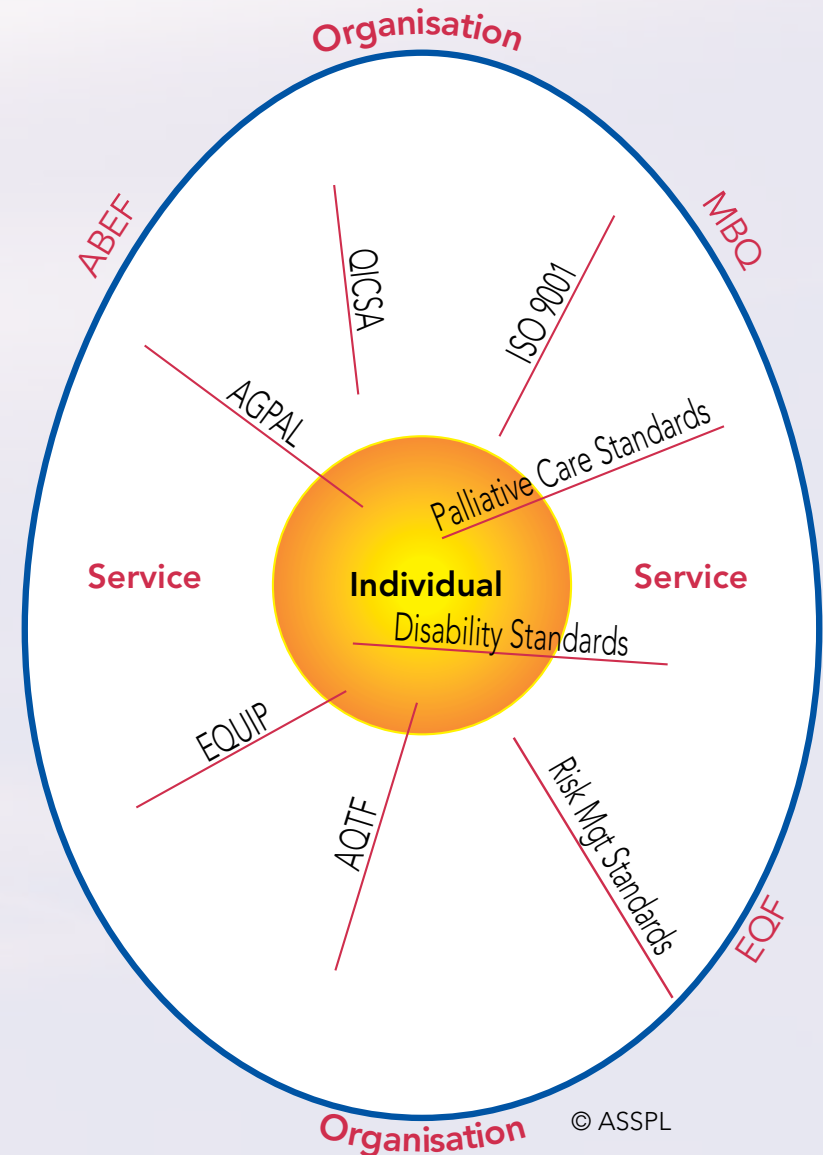


Key Drivers In/On NFPs



The Standards & Quality Systems Egg

- ◆ Yolk = Individual
White = Service
Shell = Organisation.
- ◆ Standards and quality systems are minimum not maximum.
- ◆ Many NFPs have to meet standards or quality systems to operate.
- ◆ There is no competitive advantage in meeting government or industry standards or quality systems so many organisations are going beyond the baseline, eg: ABEF.

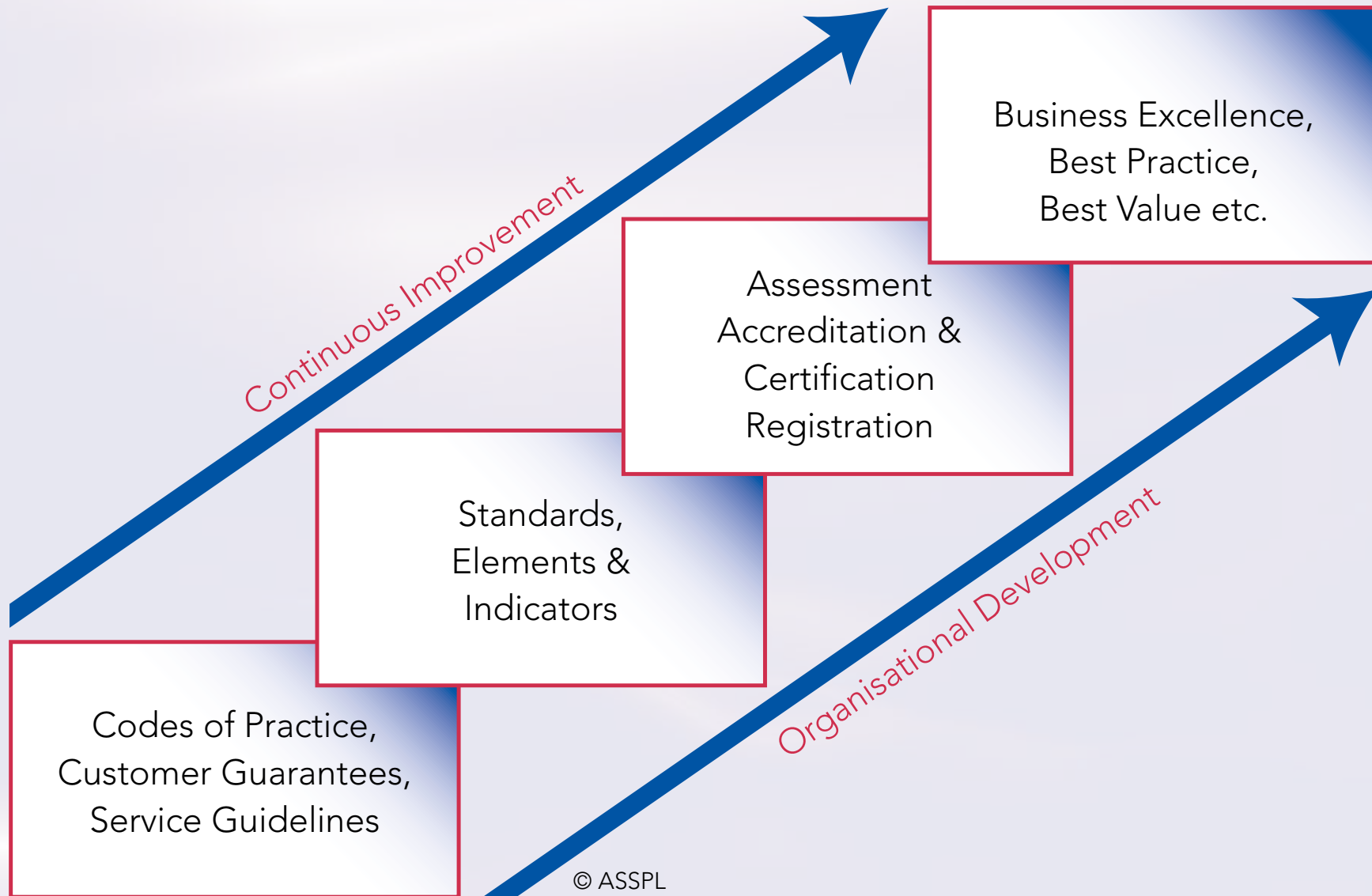


Accreditations, Certifications & Registrations

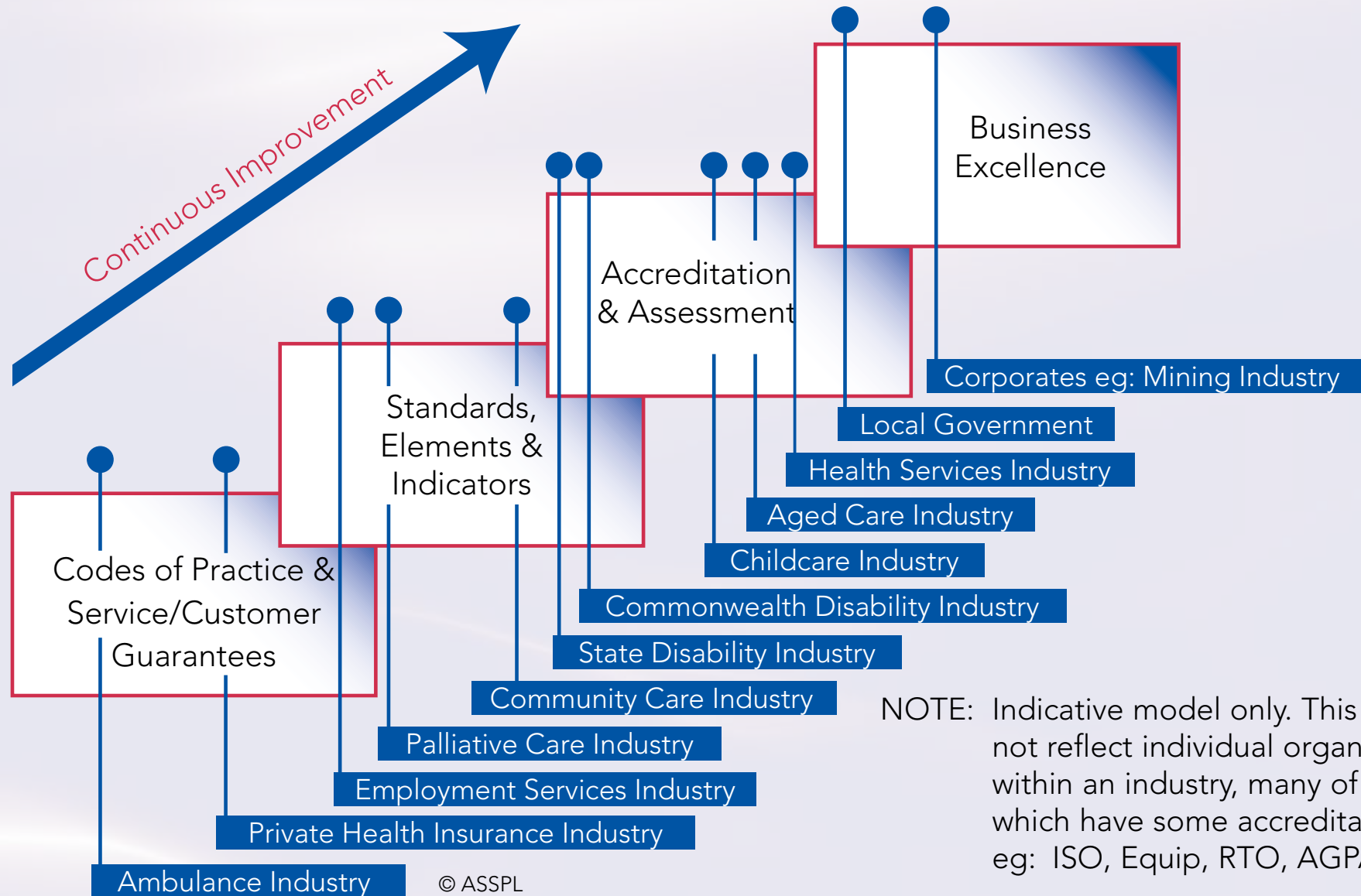


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Many NFPs Are On A Quality Journey

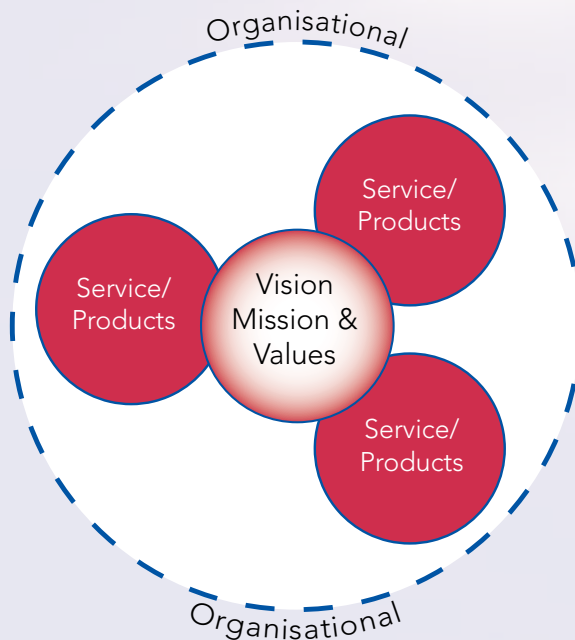


National Standards, Who Is Where?

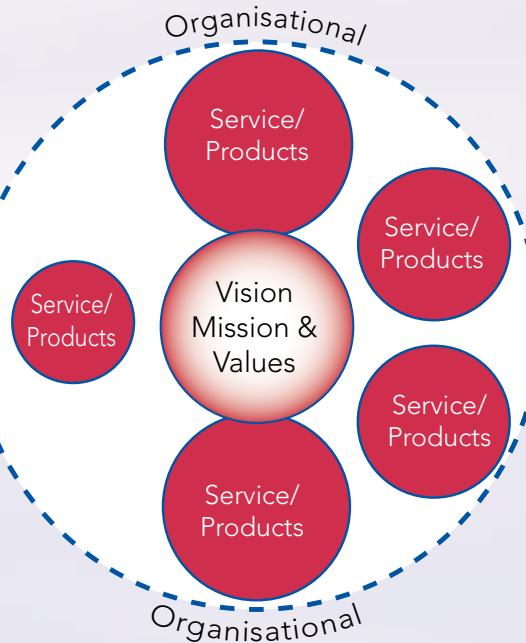


Service Mentality To Organisational Mentality

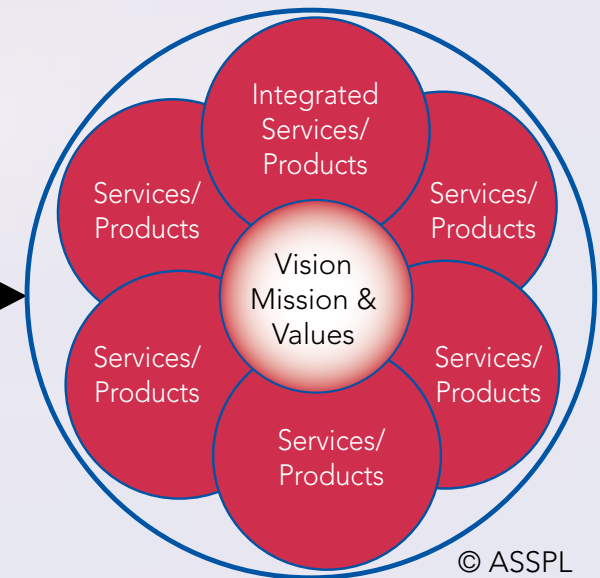
'We Are A Service'



'We Are In Transition'



'We Are An Organisation'

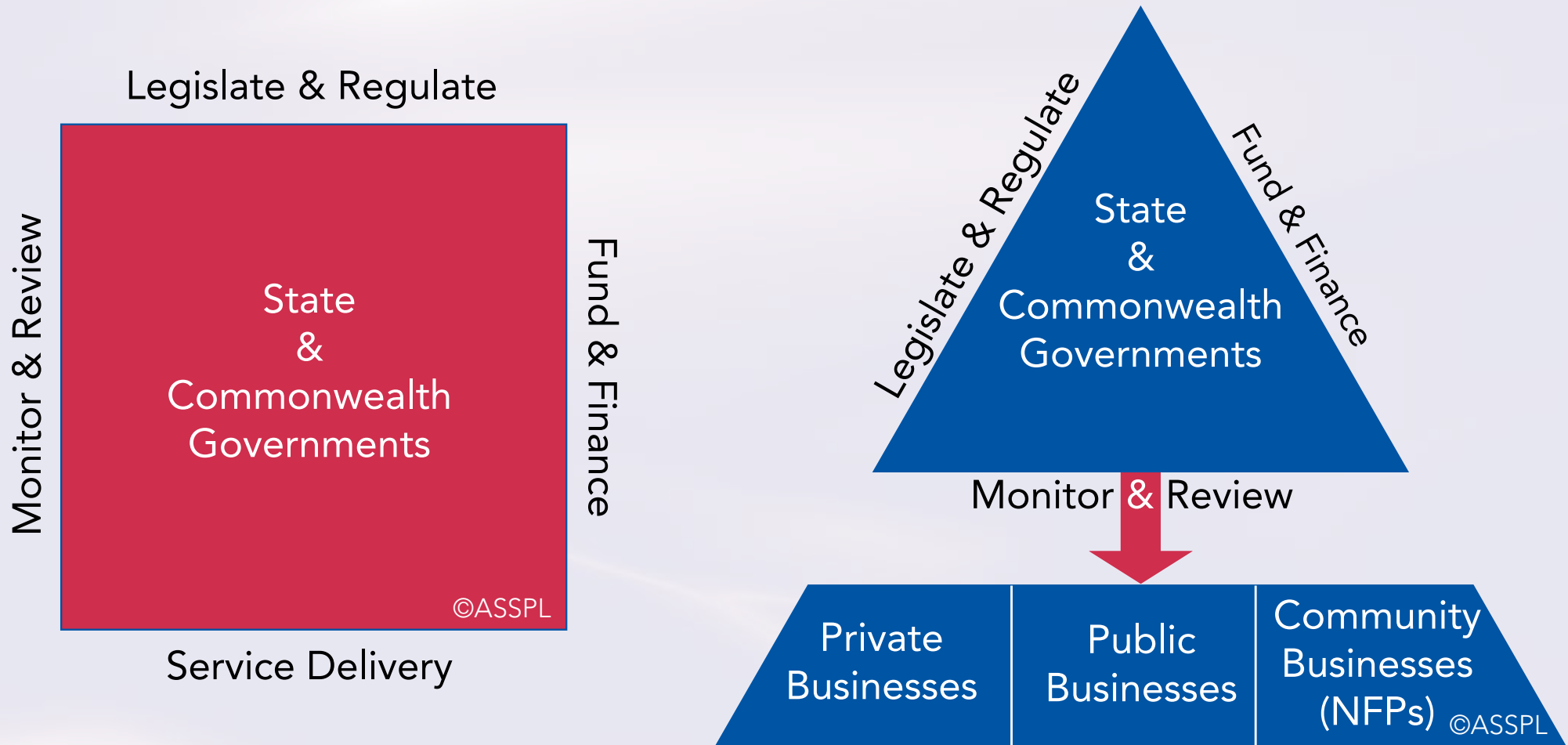


...we are a service
 ...strong operationally
 ...weak organisationally
 ...manager of an operation

...are we a business?
 ...are we a service?
 ...strengthening operationally
 ...strengthening organisationally
 ...manager/leader in transition

...we are a community business,
 developing and delivering
 products and/or services
 ...organisationally strong, with an
 integrated set of operations
 ...leader and developer of an
 organisation

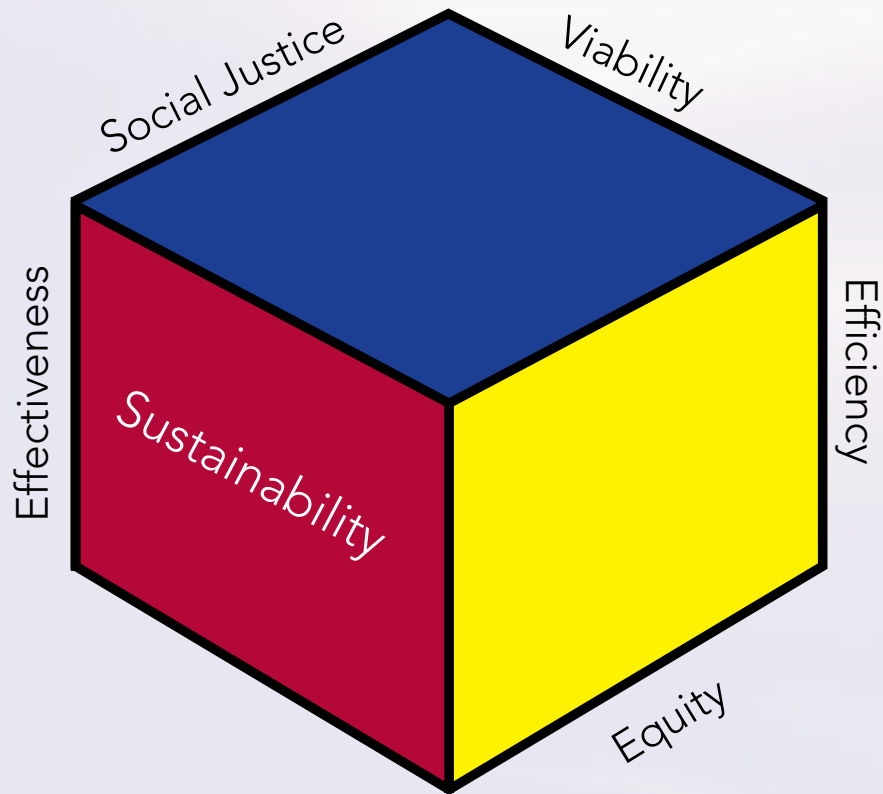
The Changing Role Of Governments & NFPs



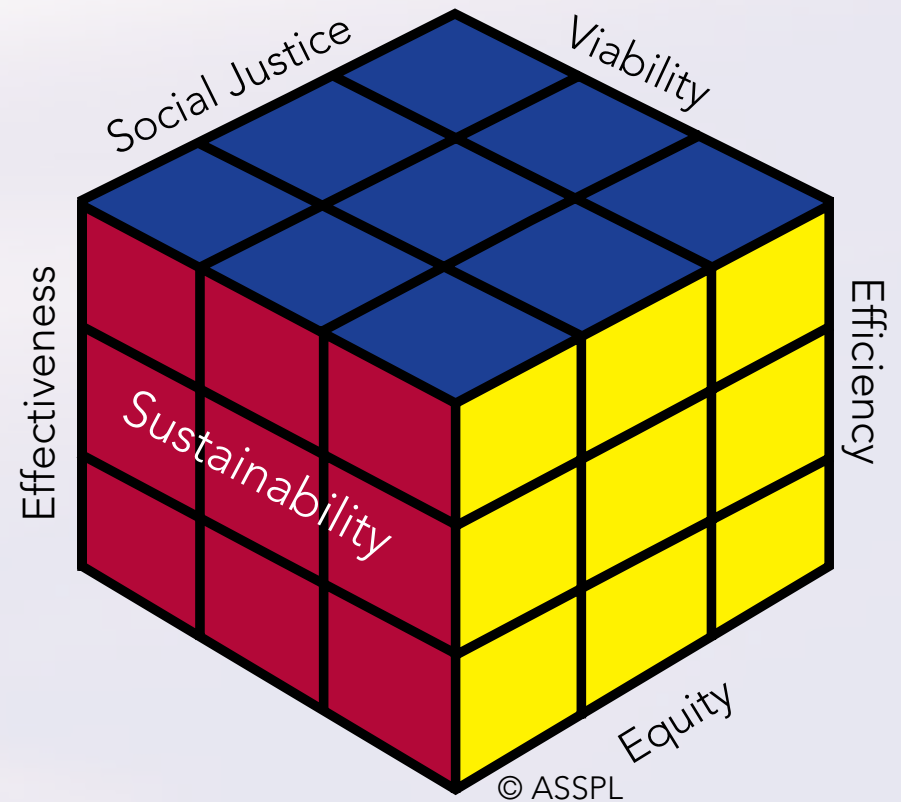
Emerging Principles & Practices Of NFPs



NFPs Single Service – Multi Service



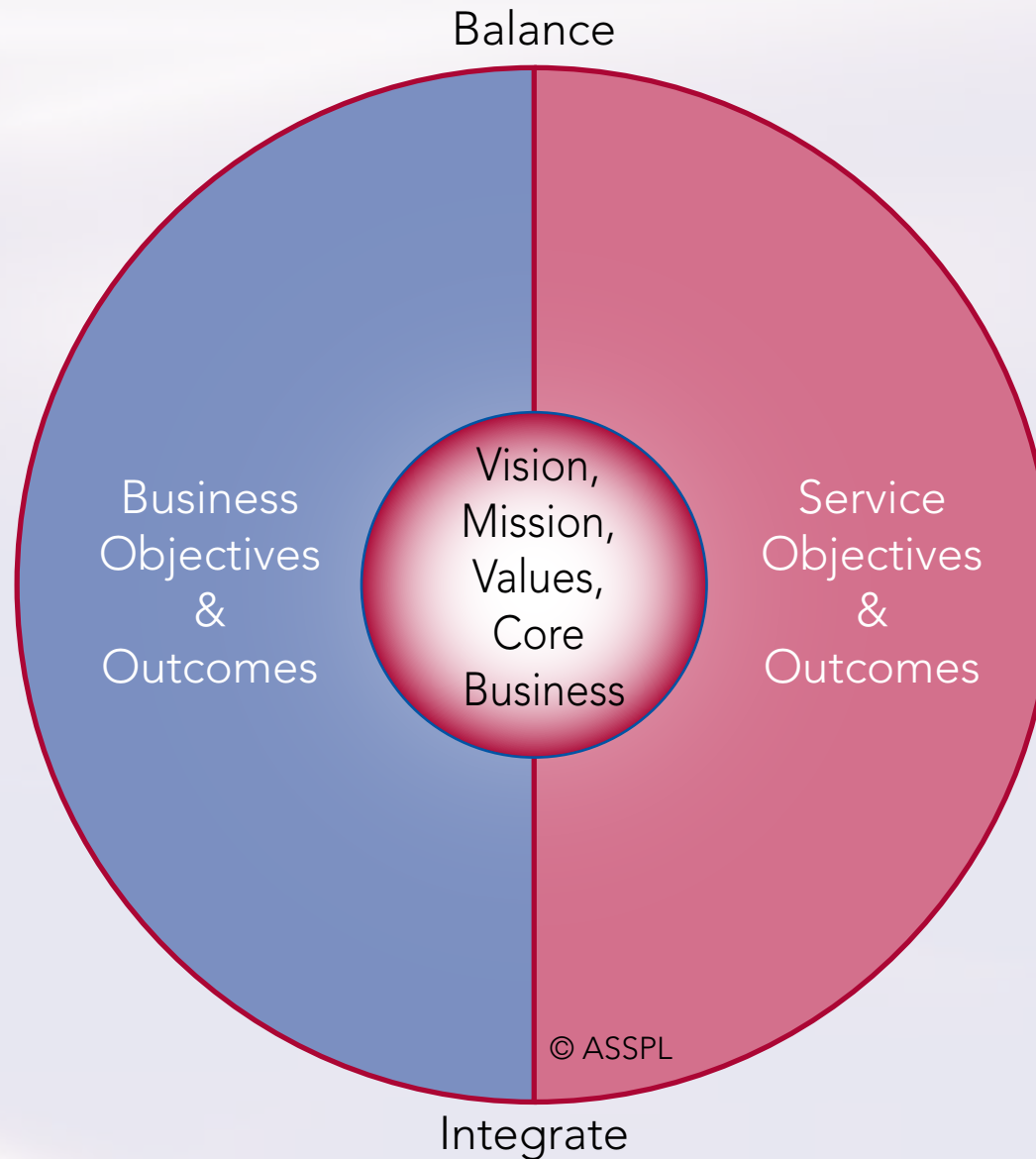
OR



Specialist Niche Organisation ...
... one to two services/products

Multi-service Organisation...several to
many different operations/services

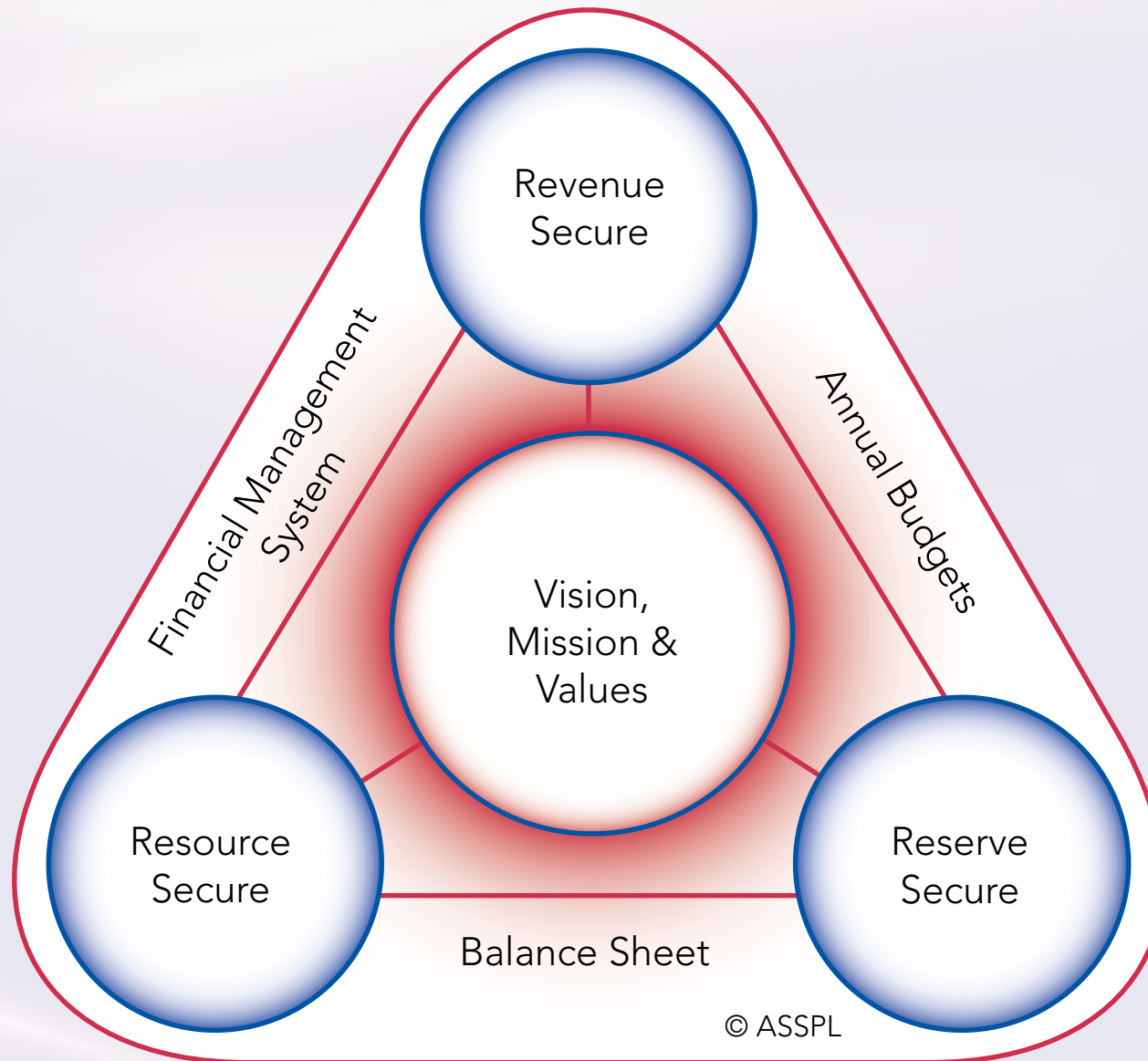
Balancing Act...BOO & SOO



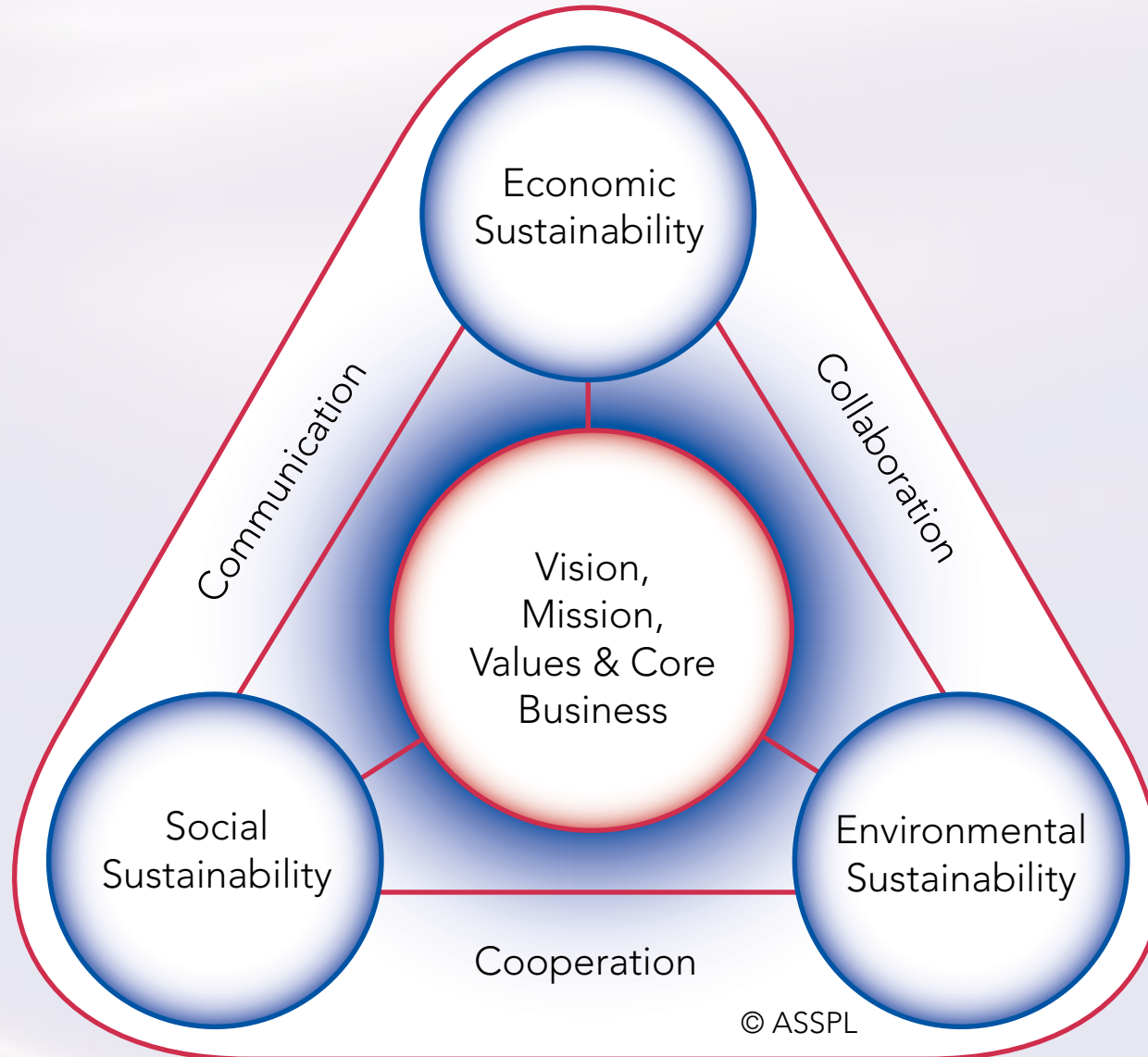
The Four Ss



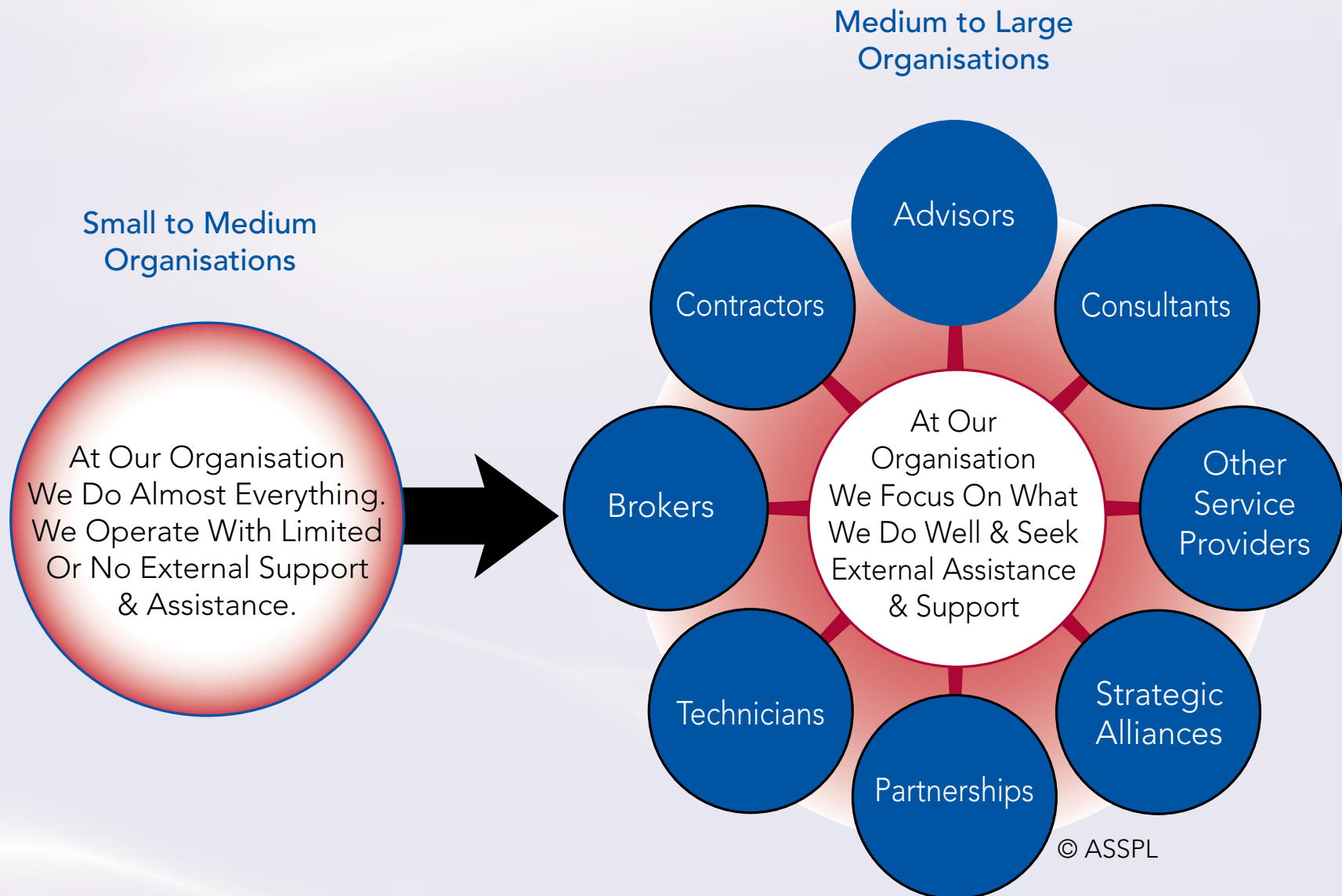
The Triple R Approach



ESE Sustainability



Internal Expertise & External Expertise





Membership... Observations & Considerations

Boards Are Custodians Or Stewards

- ◆ Governance is a leadership process undertaken by the directors of a Board.
- ◆ Directors undertake this leadership process and therein their respective governance roles and responsibilities as 'stewards or custodians' of the organisation, on behalf of members and other stakeholders, non-members.



The Purpose Of A Board

- ◆ Board members are 'stewards and custodians' on behalf of the members and non-members of the organisation and therein amongst other things the vision, mission, values, core business, resources, assets, reserves, products, services and history.
- ◆ Directors are appointed or elected to a Board by the organisation's members to 'direct and guide' the organisation.



The Purpose Of A Board

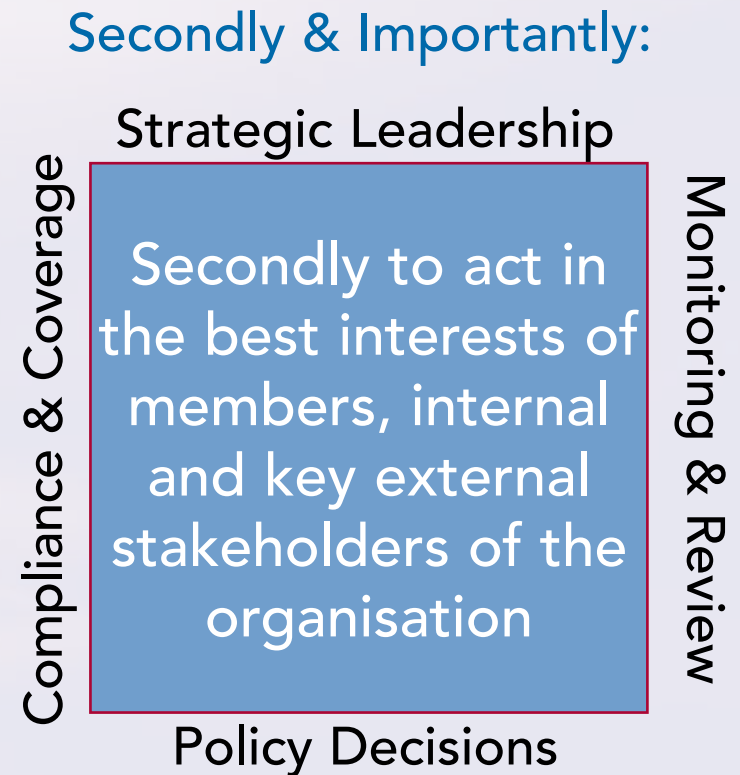
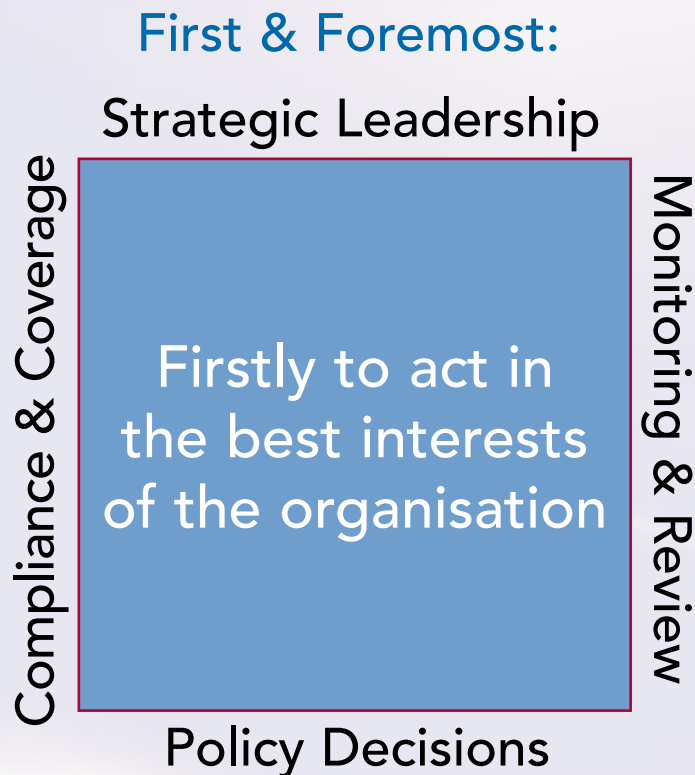
- ◆ A Board's purpose is to translate the wishes of the members, 'the owners', via its vision, mission and values into organisational performance.
- ◆ Therefore a Board is foremost a voice from 'ownership' to management' and only secondarily a link and a voice in the other direction.



Key Roles & Responsibilities Of Boards

In summary, a Board has two key roles and four key responsibilities.

The two key roles are:

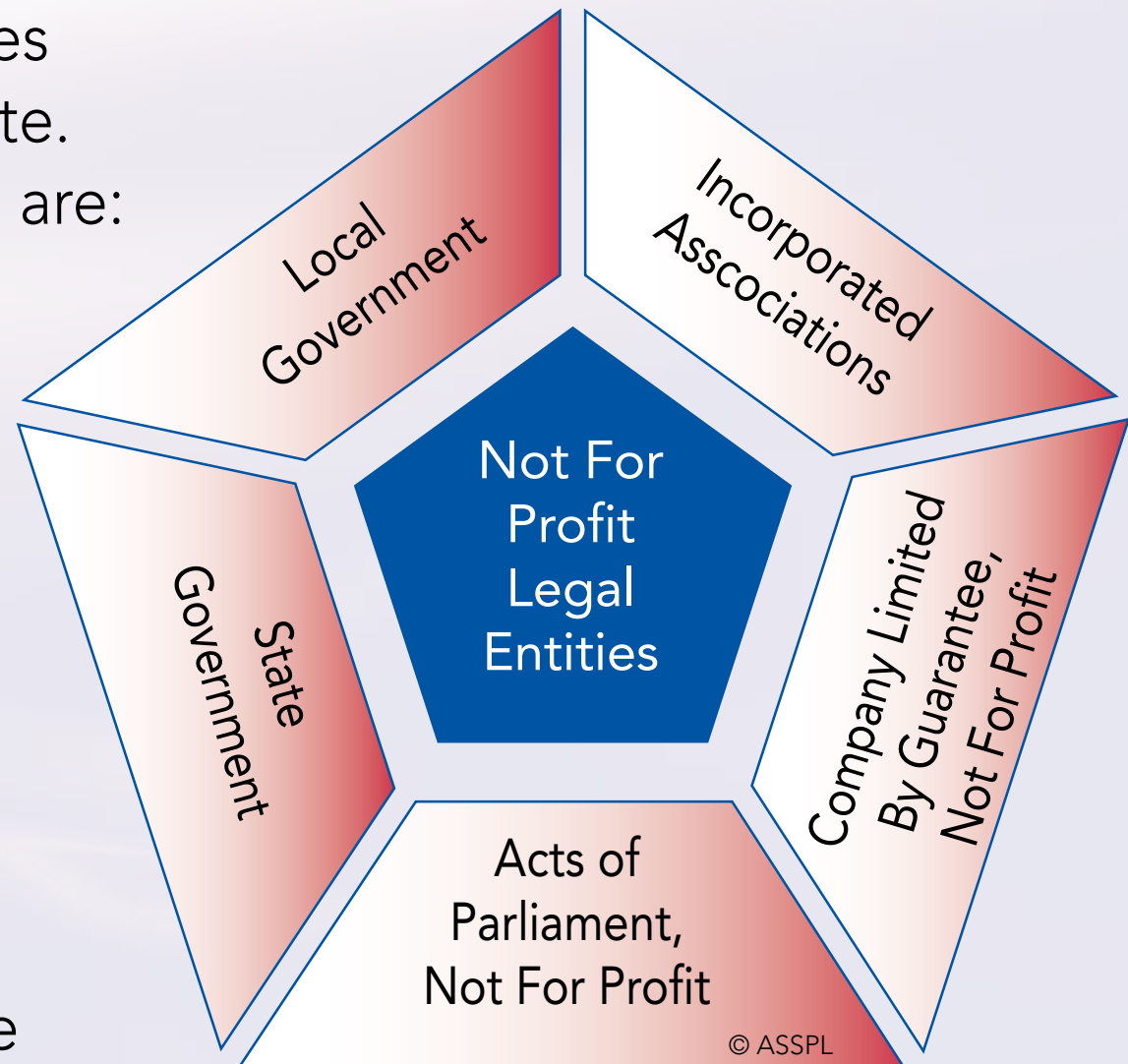


Typical Legal Entities

◆ There are various legal entities within which NFPs can operate. The five most common types are:

- * Incorporated Associations, Not For Profit
- * Company Limited by Guarantee, Not For Profit
- * Acts of Parliament, Not For Profit
- * State Government
- * Local Government

The following pages describe these in some detail.



Legal Entities

Incorporated Associations, Not for Profit

- ◆ Incorporated Associations are State-based, NFP organisations.
- ◆ They operate within their respective State's Associations Incorporation Act.
- ◆ Typically called Committee, Committee of Management, Management Committee or similar, many are changing their title to 'Board'.
- ◆ Incorporated associations tend to be small to medium sized organisations.
- ◆ They deliver a social dividend, through balancing and integrating business and service objectives and outcomes.
- ◆ Members nominate and elect new Board members to the Board or elect existing Board members whose terms have expired.

Legal Entities

Company Limited by Guarantee, Not for Profit

- ◆ Companies Limited by Guarantee are Commonwealth based, NFP organisations.
- ◆ They operate under the Corporations Act which is administered by the Australian Securities and Investment Commission.
- ◆ Typically called 'Boards of Directors'.
- ◆ Tend to attract people with specialist Board skills, knowledge and experience.
- ◆ Tend to have Boards of 5–7 directors.
- ◆ They deliver a social dividend, through balancing and integrating business and service objectives and outcomes.
- ◆ Members nominate and elect new directors to the Board or re-elect existing directors whose terms have expired...however, there is a new trend, members are directors and directors are members.

Legal Entities

Act of Parliament, Not for Profit

- ◆ Typically, religious or church organisations operate under State or Commonwealth Acts of Parliament.
- ◆ Typically they are governed by a Synod, Council, Conference or similar mechanism, thereunder sits a Board, Advisory Group or similar entity.
- ◆ Many of these organisations operate under church law, eg: Canon Law, Catholic Church.
- ◆ Most religious or church organisations are owned by their church, but not all, some are Companies Limited by Guarantee.
- ◆ They deliver a social dividend, through balancing and integrating business and service objectives and outcomes.
- ◆ Board and Advisory Group members tend to be appointed by church leaders rather than elected.

Legal Entities

Local Government

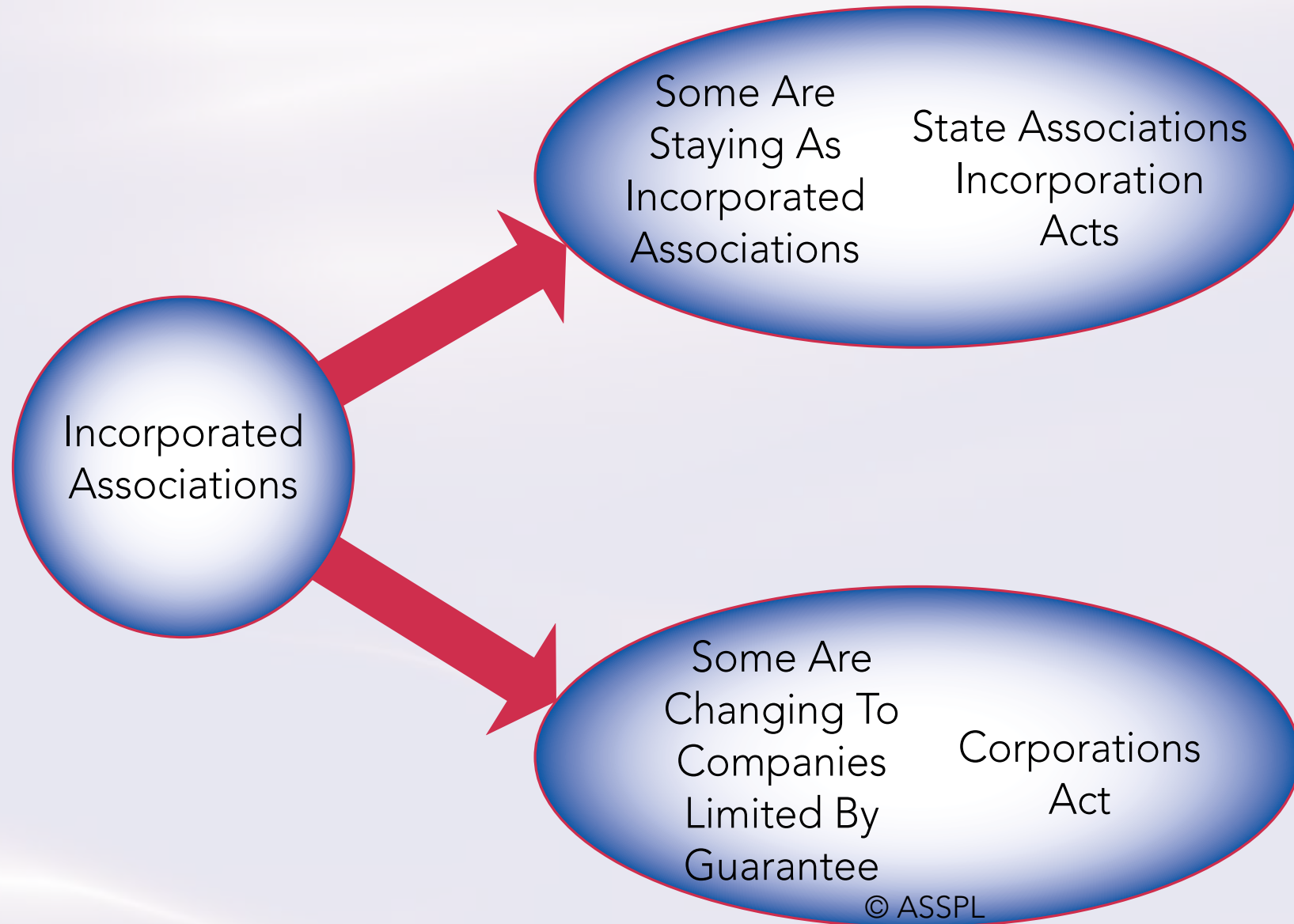
- ◆ Local government organisations are known as either Councils, Shires or Municipalities.
- ◆ Traditionally many Local governments throughout Australia have developed and delivered a wide range of human services, such as residential aged care or community care services which are usually governed by Advisory Boards.
- ◆ Local governments are governed by councillors who form a Council.
- ◆ Councils operate within the framework of their respective State's Local Government Act.
- ◆ Currently, increasing numbers of Local governments throughout Australia are divesting themselves of their various human services, returning to their core business.

Legal Entities

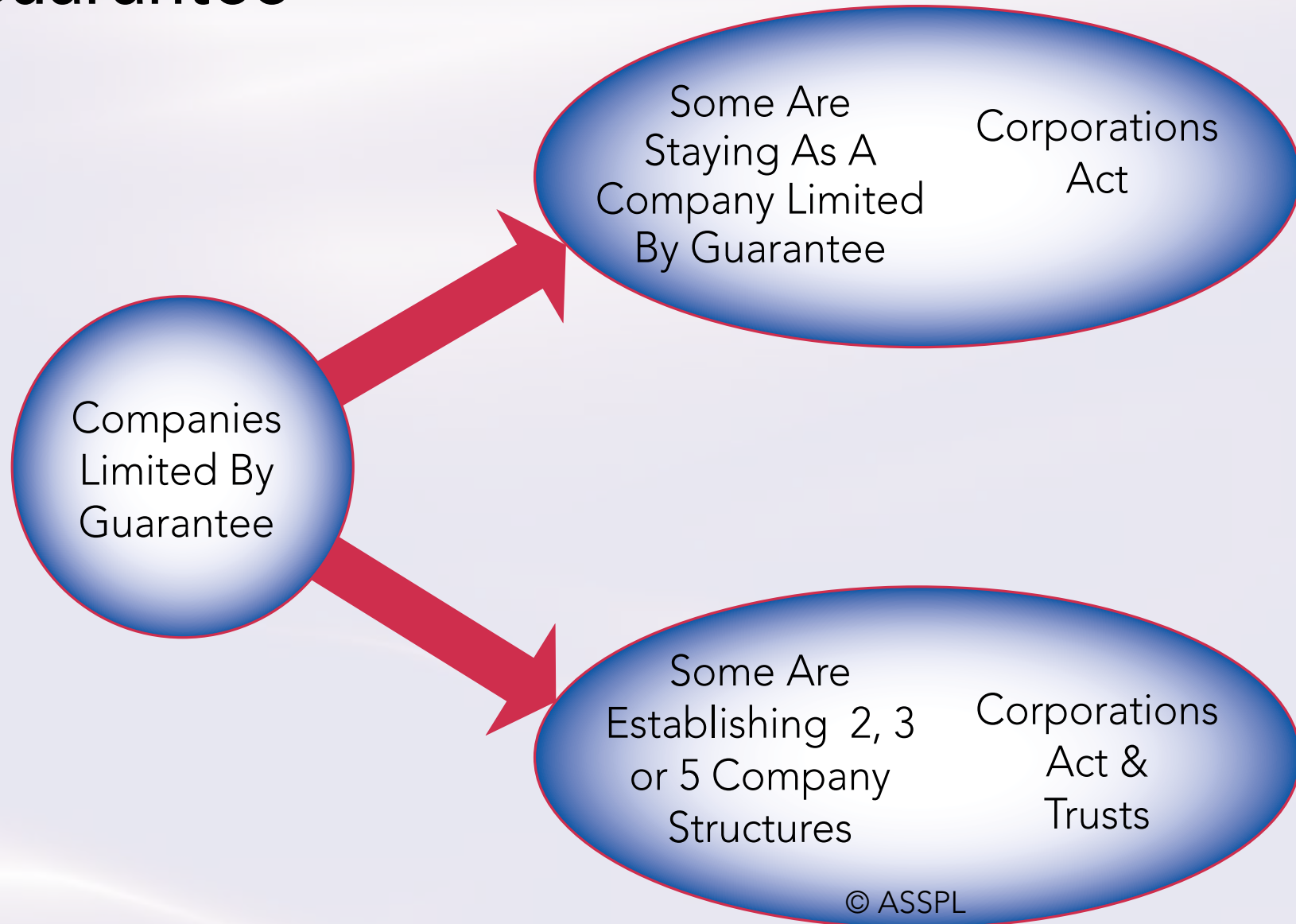
State Government

- ◆ All State government departments operate various human services within the framework of their respective legislation and regulation, eg: Victorian Health Services.
- ◆ State government governance and departmental policies and procedures provide the framework for the development and delivery of these human services, eg: housing services.
- ◆ Many State governments have and continue to tender out, contract out or divest themselves of various human services.
- ◆ State government services do not have members, rather, stakeholders or communities of interest.
- ◆ State governments do however establish Advisory Boards, Authorities and similar entities.

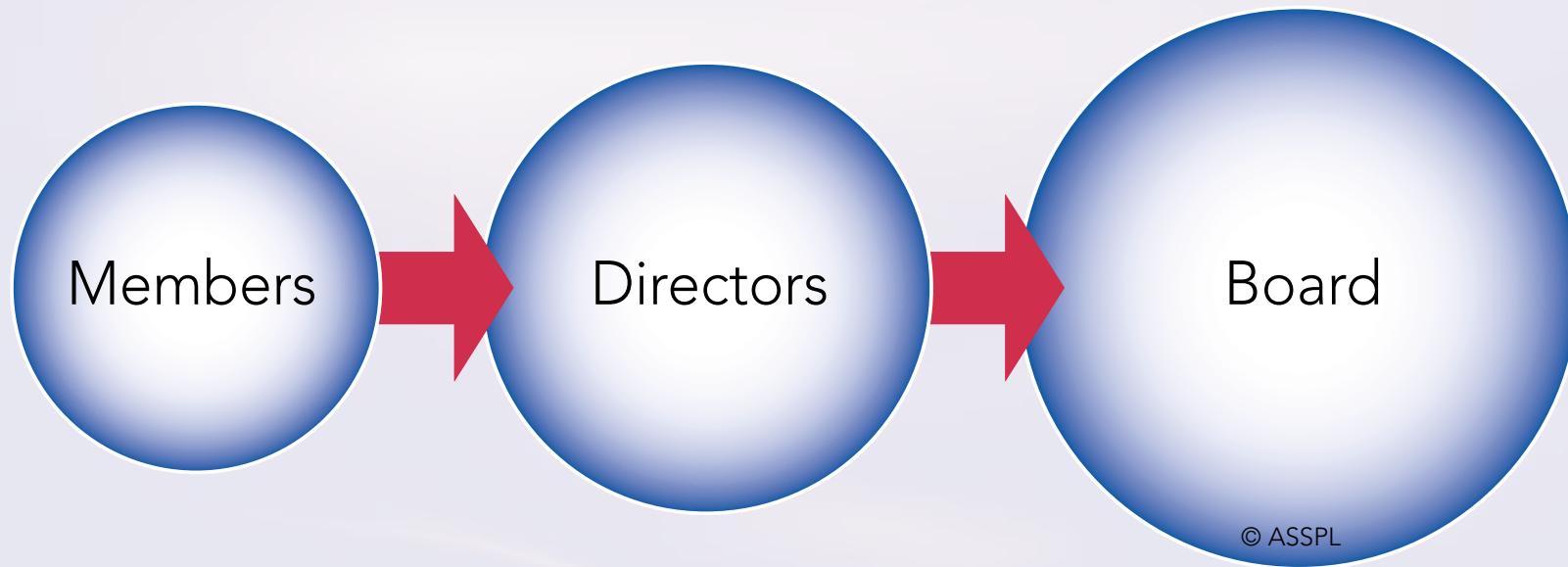
The Transition Of Incorporated Associations



The Transition Of Companies Limited By Guarantee



Community Democracy Model



Community Democracy Model

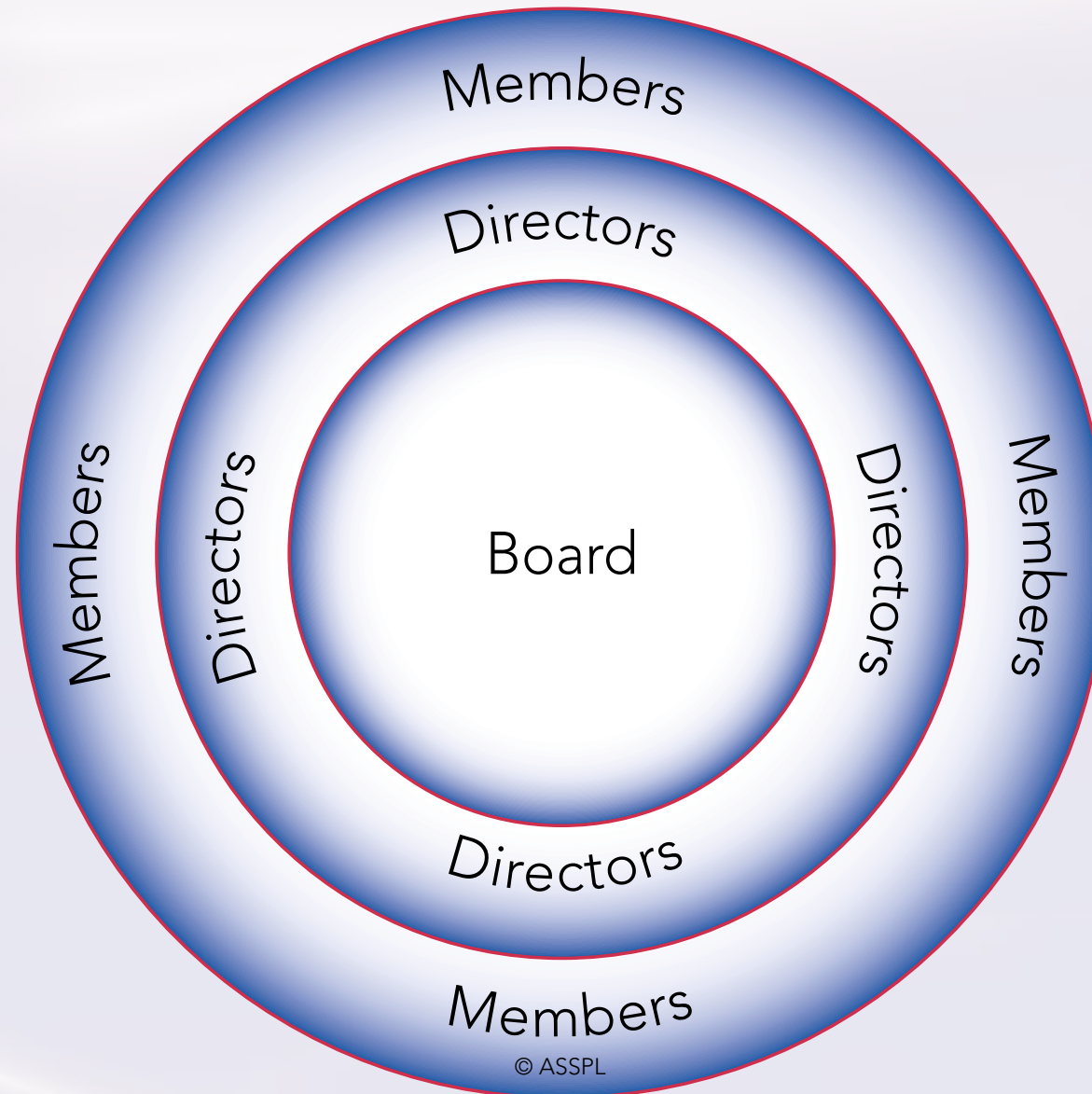
Strengths

- ◆ Members are a safeguard, they protect the moral, ethical and legal elements and processes of the organisation.
- ◆ Members can vote in, or vote out the Board, call special general meetings and change the Constitution.
- ◆ Members are the keepers of the philosophy, the vision etc.

Weaknesses

- ◆ Members can become distant from the organisation, non-contributing or disengaged.
- ◆ Factions, break aways and bush rangers...can go to extreme measures.
- ◆ Membership can become old, staid, resistant to change.
- ◆ Membership can be difficult to manage and costly to administer.

Privately Owned NFP Model



Privately Owned NFP Model

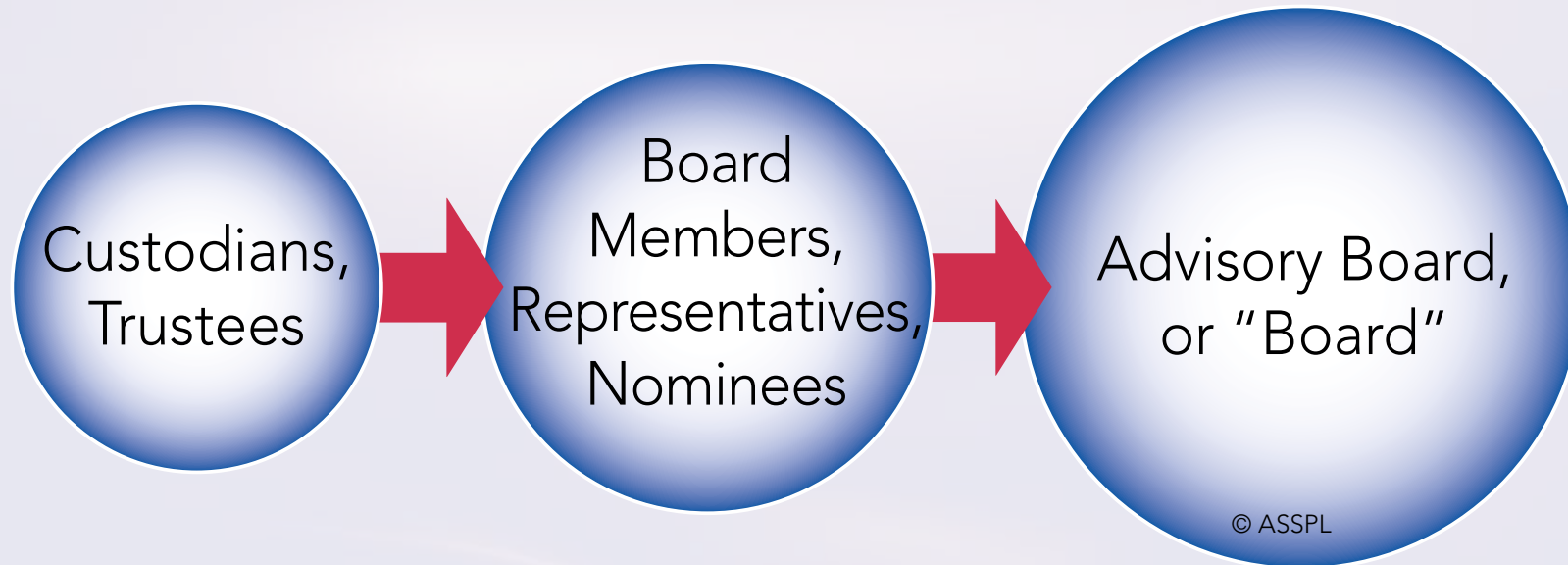
Strengths

- ◆ Members are directors, directors are members; therefore the assets are protected, the vision and strategy is secure and the organisation's leadership is consistent.
- ◆ No political coups.
- ◆ Keeps out painful Board members or poor performing directors.
- ◆ Careful and thoughtful replacement of Board members over time.

Weaknesses

- ◆ Members are directors, directors are members, can become 'a club', 'a tight circle', 'impenetrable'.
- ◆ Remuneration can go from a few dollars to many dollars.
- ◆ No public or community accountability or community democracy.
- ◆ Secrets, deals and events are unknown to internal or external stakeholders.

Custodial/Trustee Model



Custodial/Trustee Model

Strengths

- ◆ Keep the spirit, ethos, philosophy or religion in place.
- ◆ Maintenance of history, heritage, traditions or standards.
- ◆ Elders, opinion leaders, sages or keepers maintain and secure the assets, the brand and image of the organisation.
- ◆ Keeps major challengers, agitators, political events at bay.

Weaknesses

- ◆ Tend not to appoint outsiders or independent directors.
- ◆ The governing body does not make wise choices, eg: Bishop appoints on personality not on skills, knowledge and experience.
- ◆ Directors are often not true directors, they know they are not truly accountable, performance driven or legally responsible.
- ◆ Can be a 'soft approach' to governing the organisation, eg: secular versus Canon Law.

Why Is Membership Declining In Some NFPs?

- ◆ People are too busy with work, family and leisure.
- ◆ Perceived or actual value and benefit of membership is limited.
- ◆ Some NFPs do not encourage or actively support membership.
- ◆ New 'communities of interest' are developing via social media, eg: Facebook etc.
- ◆ Some NFPs are becoming very large, very complex and national or statewide.
- ◆ Old tired models or organisational ways.

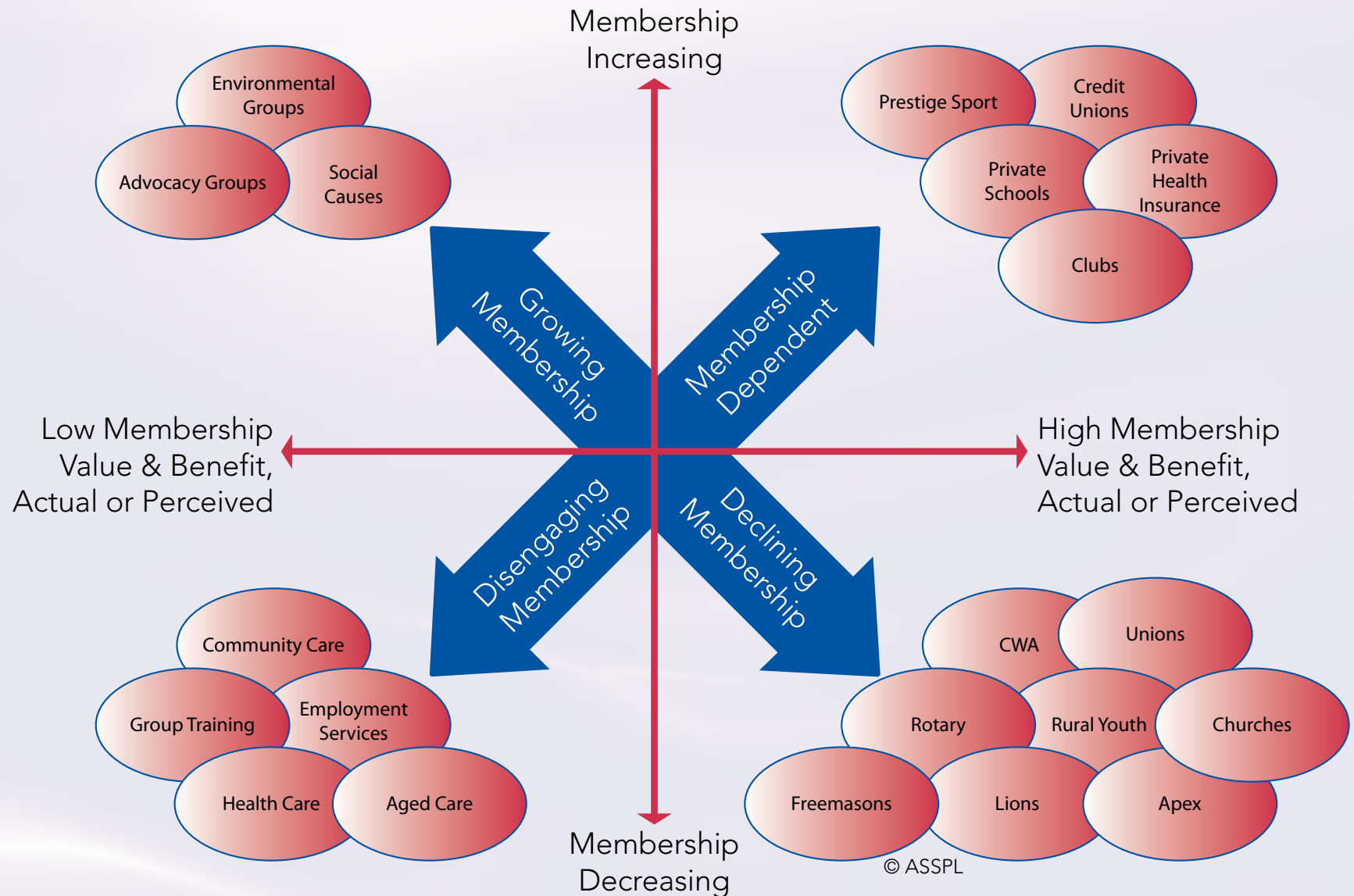


Why Is Membership Increasing In Some NFPs?

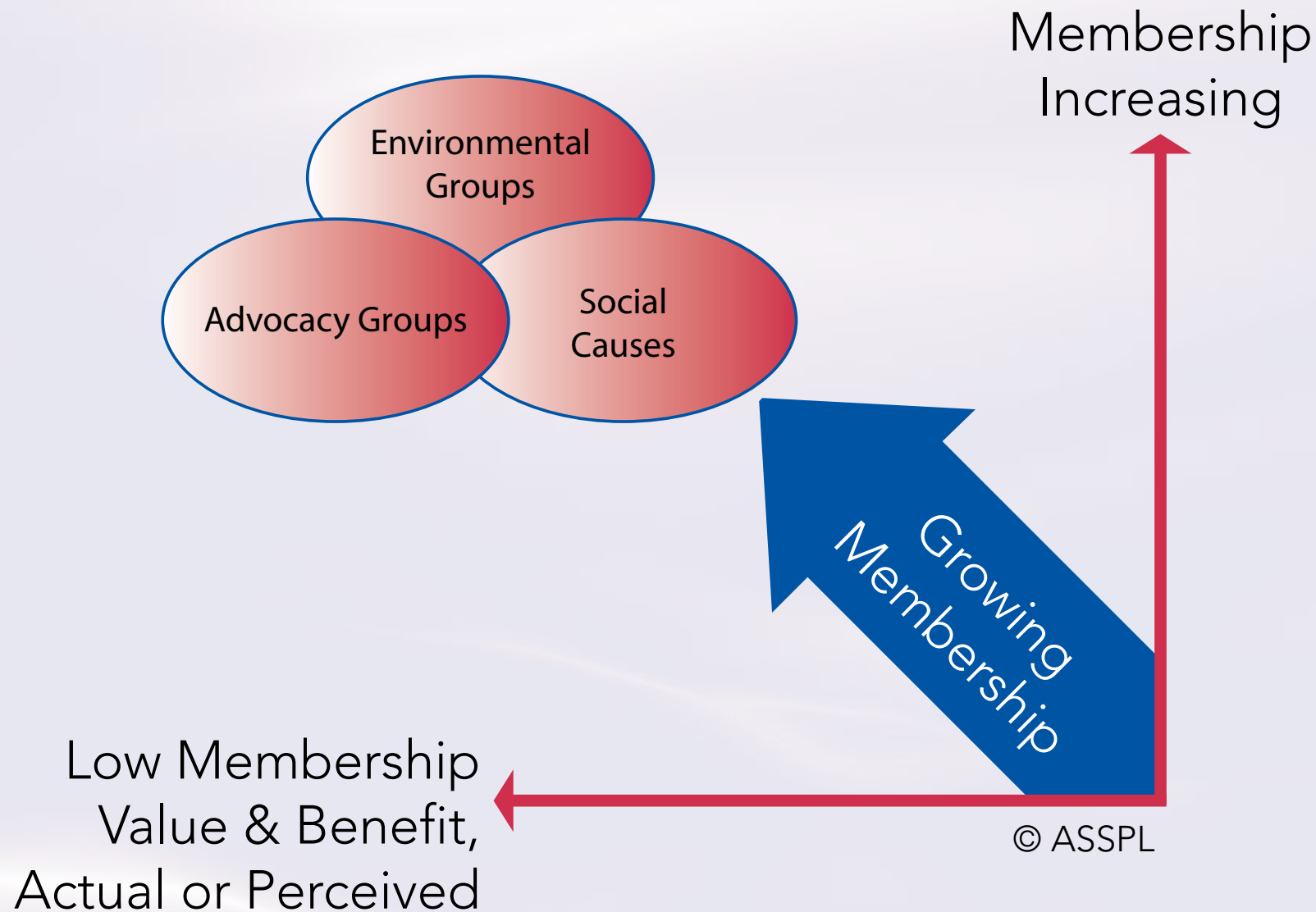
- ◆ Perceived or actual value and benefit, eg: private health.
- ◆ Brings together people with a common cause or interest, eg: Landcare.
- ◆ Price, perception and products all align, the perfect marketing scenario.
- ◆ Tax deductibility or financial benefits.
- ◆ 'It's the latest and greatest so I'd better join up with everyone else'.



Membership, Moving In Different Directions



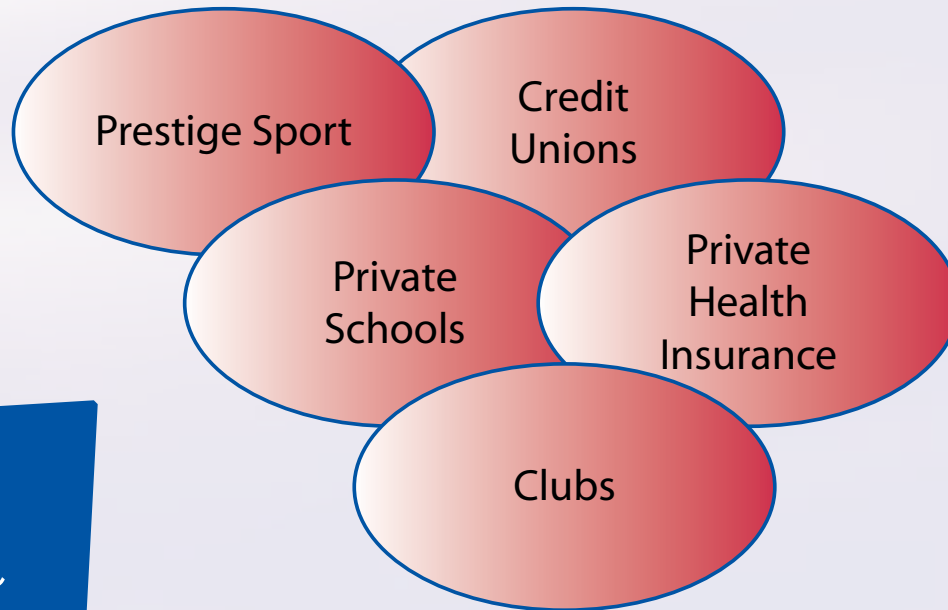
Membership, Moving In Different Directions



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Membership, Moving In Different Directions

Membership
Increasing

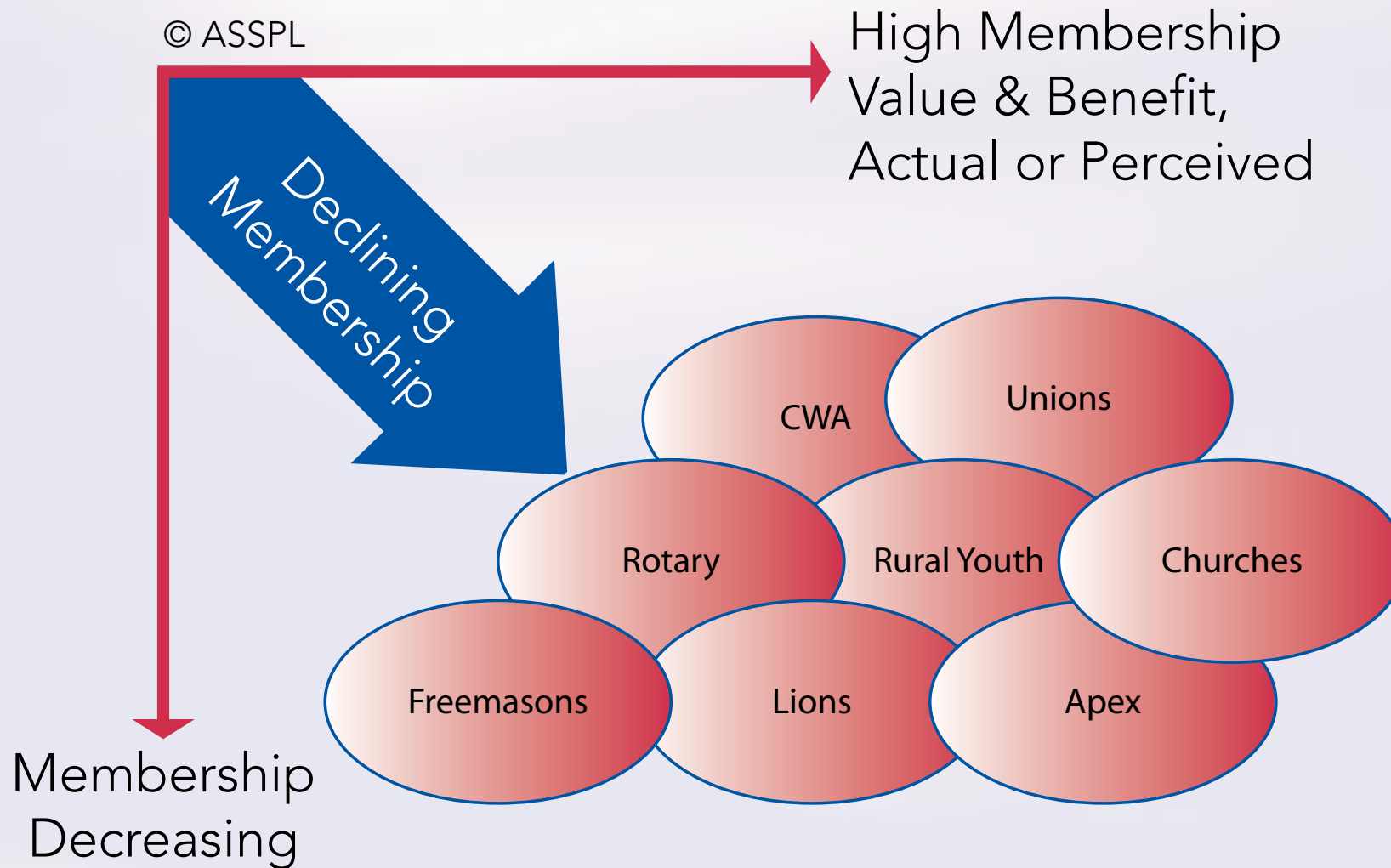


Membership
Dependent

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High Membership
Value & Benefit,
Actual or Perceived

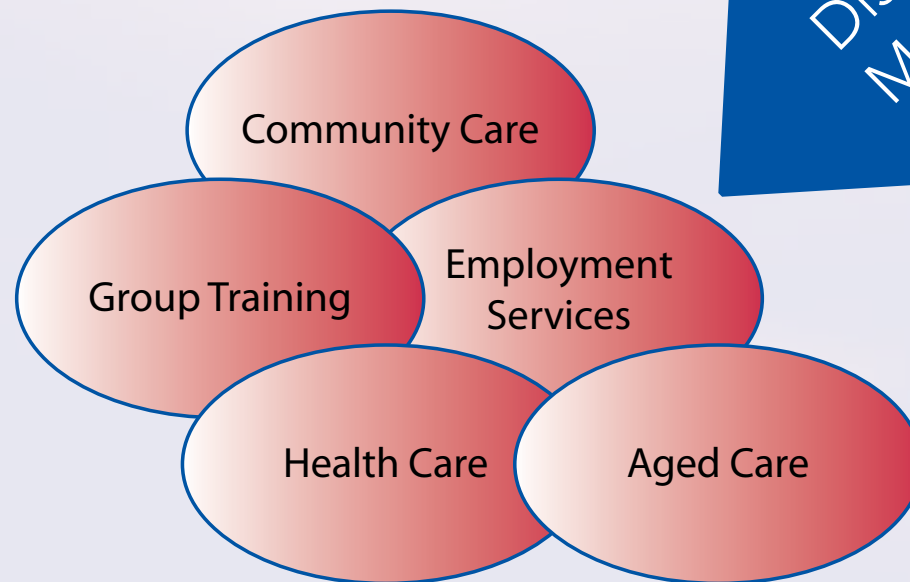
Membership, Moving In Different Directions



Membership, Moving In Different Directions

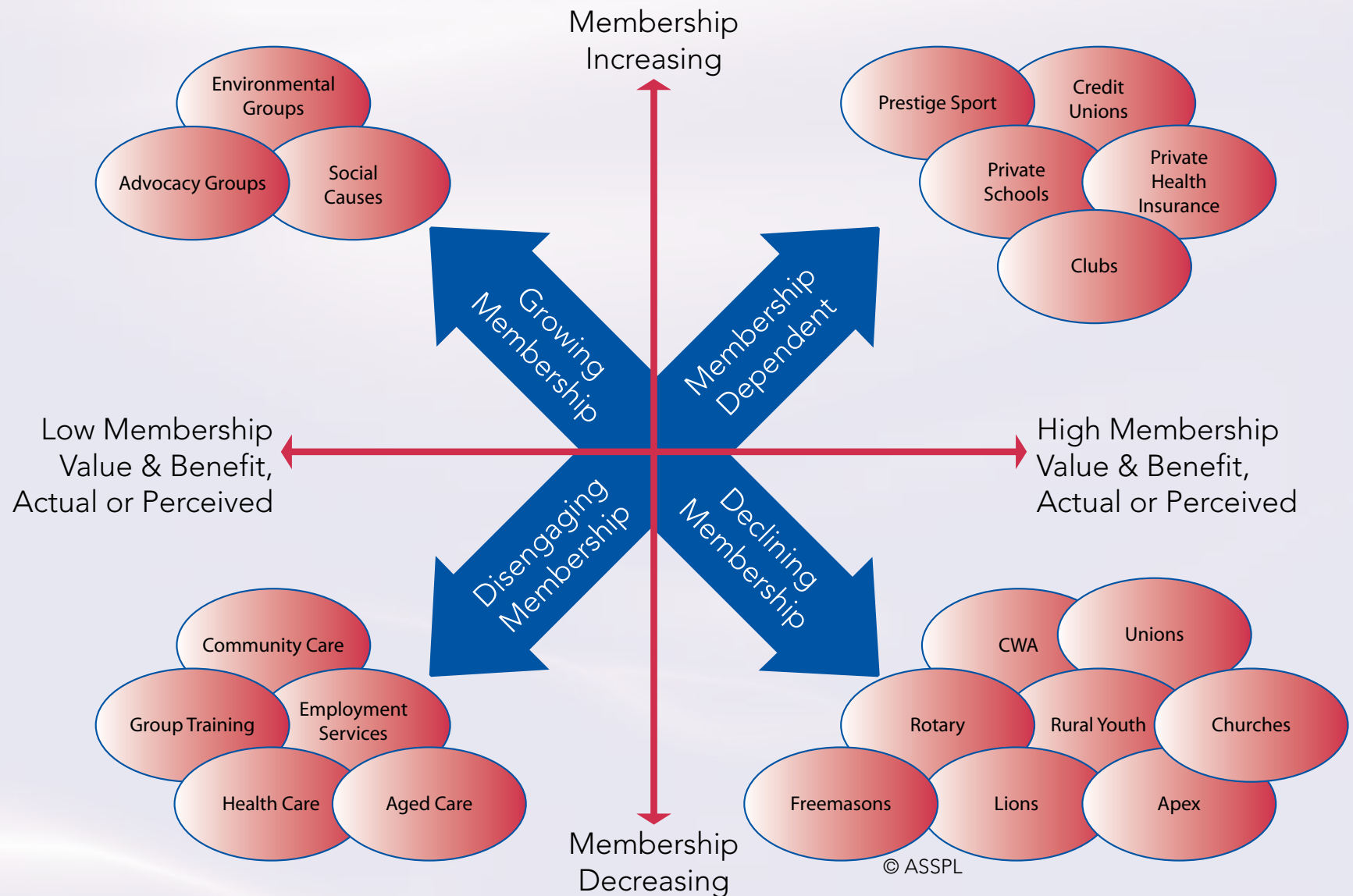
Low Membership
Value & Benefit,
Actual or Perceived

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Membership
Decreasing

Membership, Moving In Different Directions



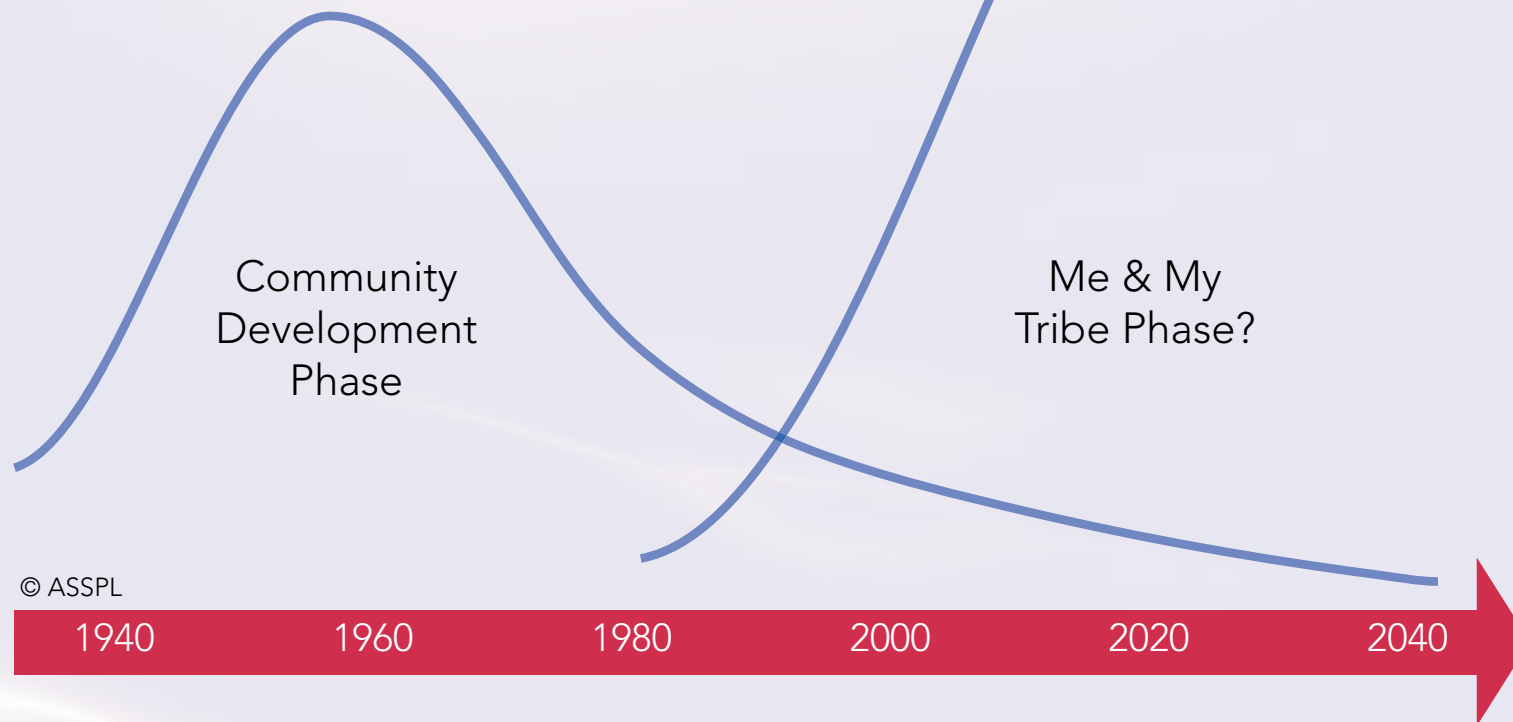
Societal Cycles

Past Social Causes

- * Disability Services
- * Personal Development, Civic Development, eg: Lions, Rotary, Apex
- * Rural Support, eg: CWA

Current Social Causes

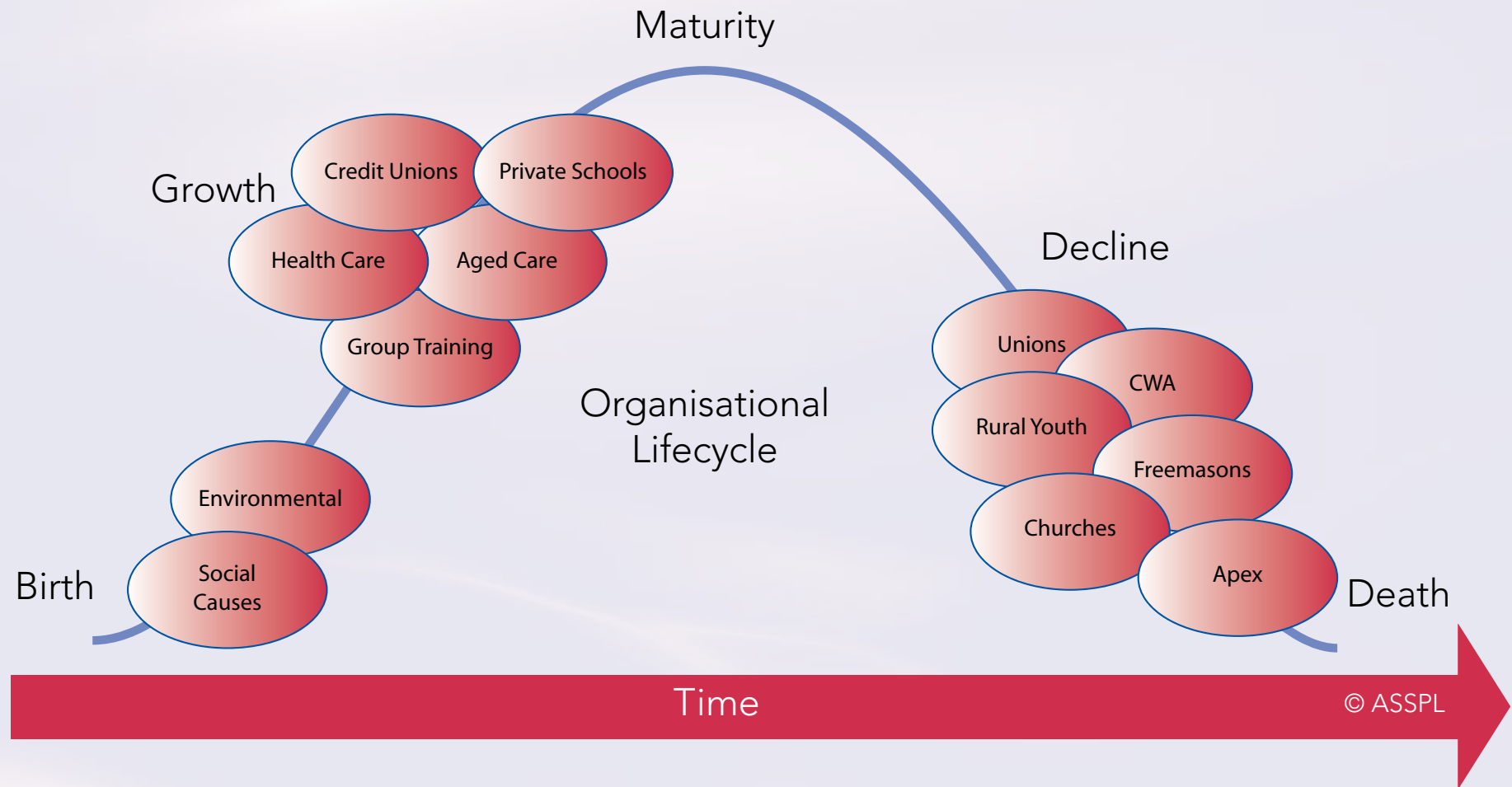
- * Environmental, eg: Landcare
- * Private Education
- * Private Health
- * Sport & Recreation



Organisational Life Cycle = Membership Life Cycle



Organisational Life Cycle = Membership Life Cycle



Societal Cycles

Community Development Phase

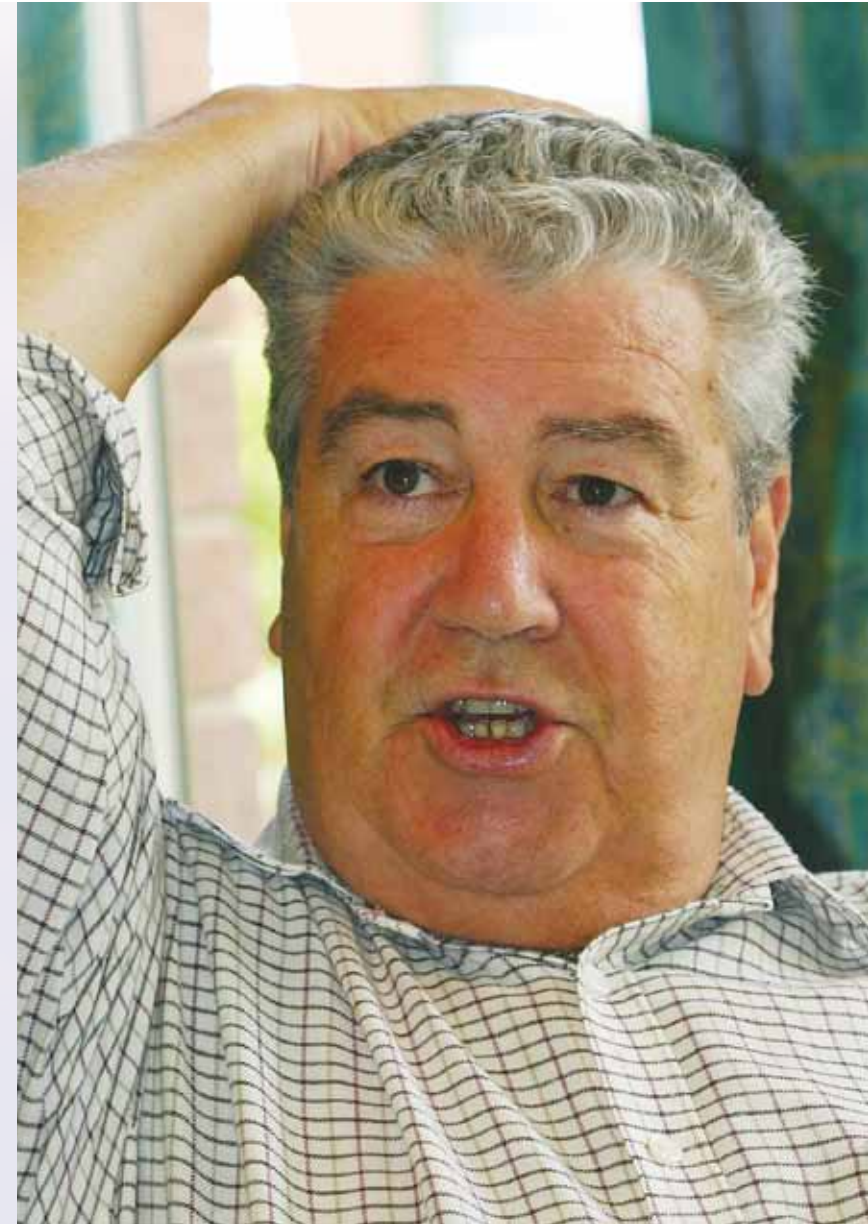
- ◆ People came together post WWII.
- ◆ Need for infrastructure, buildings and facilities post WWII.
- ◆ People grouped around social causes, eg: creation of Disability Services.
- ◆ Commonwealth taxation provided support and funding to community infrastructure projects and established services.
- ◆ Rise of the welfare paradigm.

Me & My Tribe Phase

- ◆ Demand for specialised service development, eg: private health.
- ◆ Dramatic uptake of social media, eg: Facebook, Twitter.
- ◆ Gen X, Gen Y; very different value sets to Baby Boomers.
- ◆ Traditional post Victoriana, post WWII values, decline of traditions, philosophies, institutions, eg: churches, Freemasons.
- ◆ Focus on me and my tribe.

Why Is Membership Declining In Some NFPs?

- ◆ Declining, few or nil membership as NFPs commercialise and progress.
- ◆ More people join membership dependent organisations, eg: private schools, credit unions.
- ◆ Death of traditional NFPs, unless they massively reinvent, adopt a new paradigm, a new life cycle.
- ◆ Many human service NFPs will continue to amalgamate, merge and grow and membership will decline.
- ◆ New legal entities, new legislation, new oversight, eg: Productivity Commission.



A Membership Checklist

	Yes	No
◆ Has my Board discussed and come to a position on membership, both current and future?	<input type="checkbox"/>	<input type="checkbox"/>
◆ Has my Board comprehensively discussed our legal structure/s in relation to members?	<input type="checkbox"/>	<input type="checkbox"/>
◆ Has my Board reviewed our organisation's Constitution in light of our discussions and decision on membership growth or decline and the implications for our legal entity?	<input type="checkbox"/>	<input type="checkbox"/>
◆ Has my Board developed and used a Membership Policy, is it contained in our Governance System, eg: TAGS™.	<input type="checkbox"/>	<input type="checkbox"/>
◆ Has my Board talked to other Boards or Chief Executive Officers about the 'ins and outs' of membership.	<input type="checkbox"/>	<input type="checkbox"/>

My Next Actions

My Next Actions	Who	Time	Status (To Do, Underway, Done)

Further Information

For further information, a copy of this presentation, other presentations or to discuss your board's requirements contact:

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