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Association outsourcing

Handing the reins to management companies can bring consistency, new ideas

by Hank Phillips

Outsourcing some aspect of a company or organization's operation has become commonplace, but how often have you heard of an organization outsourcing its entire operation – its total management?

We are familiar – and sometimes all too familiar – with outsourced call centers. Technology, accounting and benefits management are other specific operations that are sometimes outsourced. In the case of some nonprofits, especially trade associations and professional societies, the total operations are outsourced to firms known as association management companies (AMC).





According to the Association Management Company Institute, there are approximately 650 AMCs. These companies use a shared services model in delivering services to their association clients. Typically, the AMC provides the association's headquarter offices and assigns it a manager or team of managers. Those managers may serve one or more clients. They work in concert with colleagues who are specialists skilled in various association functional services, and who, themselves, also serve multiple clients. This model is very flexible and adaptable in that the AMC can calibrate a client's service and staffing levels to fit what the association wants and can afford.

The case for outsourcing an association's management is often made on the basis of cost savings and other efficiencies that can be achieved. Those considerations are both accurate and extremely important, but they can leave the impression that using an AMC is little more than the "economy plan" of association management. Often overlooked are equally important qualitative benefits that come with using an AMC.

One such benefit is the wealth of diverse and dynamic expertise that resides within the walls of an AMC, the result of working simultaneously with a multitude of boards of directors, memberships, and events.

Think about it this way: we all know how beneficial and even invigorating it can be to attend a conference or other event where we are able to share and discuss issues and solutions with peers. At an AMC, the staff gets to have that sharing and interactive experience everyday. And that

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everyday learning, idea exchange, and best practices refinement gets passed along to the client associations.

Another qualitative benefit of an AMC revolves around specialization. AMC staffs include teams that are specialized in certain functional areas. Meeting planning, technology, and data management are a few common examples. The various client associations draw from the resources and expertise of these specialized teams. With this specialized focus comes quality, much like the quality we receive by using physicians and attorneys who are specialists.

Staffing continuity is another qualitative benefit that comes with outsourcing to an AMC. If an AMC experiences a vacancy in a position or an extended leave, that may be a problem for the AMC, but it will not be one for the association. It is the AMC's responsibility — a contractual obligation — to maintain the agreed upon level of service, irrespective of vacancies.

An often overlooked consideration in using an AMC is added accountability. Whether an association's management is carried out by its own employees or is outsourced to an AMC, the staff is accountable to the board of directors. In the case of an association that uses an AMC, the board not only has the accountability from the individual staff members who support it on a day-to-day basis, but also accountability of the management company itself.

Some association leaders perceive that there is less accountability — less control — when management is outsourced to an AMC. However, with common board-staff issues such as communication, adherence to proper roles and responsibilities, responsiveness to board direction and policy, and performance in general, the board that uses an AMC still has recourse to its chief staff person, but also to the management company to maintain accountability and to resolve issues.

Many associations' boards discover that the efficiency and effectiveness derived from AMC services allow them to make decisions that increase the associations' value to their members, and to do so sooner than would have been the case without the AMC.

And, as association leaders know, current members are retained and new ones are attracted by the

association's value and relevance, yet another reason — and a big one — to consider using an AMC.

Hank Phillips is vice president of association management for AMR Management Services, a Lexington company that manages national, state and local associations. You can reach Hank at hphillips@amrms.com.

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