

Report to the NRHS Advisory Council
November 11, 2013

PROPOSED CHANGES TO MEMBERSHIP DUES PROCESSING

We received many responses suggesting cost saving initiatives that NRHS might pursue to reduce operating cost, and therefore reduce the dues burden on members.

Many of these suggestions involved moving various aspects of our current operations to an electronic format rather than relying on paper. We here at the national organization couldn't agree more.

At our meeting last January, the Board of Directors authorized several working committees to review current operations, suggest changes, and perhaps identify some new revenue opportunities. The intent was to lower our cost, and pass that savings back to the membership and chapters.

One of the most active committees is the Management Processes Review Committee. They identified the largest single expense line item the annual budget as dues renewal. It is a process that would lend itself to conversion to electronic methodology with off-the-shelf technology. They have identified two alternative methods specifically related to dues collection that could reduce the financial costs associated with this administrative requirement.

Both save money, one more than the other. Both would change the nature of the process for the member, and each would create new methods regarding the revenue collection for both National and the Chapters. However, the option that creates the largest savings also requires the largest adjustment.

Since it is the charge of Advisory Council to provide input to the Board Of Directors when major changes affecting the organization are being contemplated, we present the two options to the Advisory Council for review and comment.

Both methods require some assumptions common to both:

- ▶ Electronic payment is a requirement. Check payments will be charged a fee.
- ▶ Members are required to use an online system.
- ▶ All membership services are self-service via the online system – manual processing involves a fee.
- ▶ Printed bills will be changed over to electronic bills as quickly as possible.
- ▶ Automatic clearing house transactions would replace processing of checks.

This assumes that member communication will move to e-mail, transactions will migrate exclusively to a credit card, and the burden will be on the individual member to make certain that his membership information is accurate. These three factors will lead to a substantial reduction in the process cost.

THE TWO PROCESSES

A) Automate the current back room business process under the current model for routing revenue: National sends paper invoices directly to members, member pays Chapter for Chapter and National dues and Chapter distributes money to National.

Features of this system would be:

- ▶ Chapter EBCs would update Chapter information, dues rates, etc. online.
- ▶ Chapter EBC's will enter member renewal information on the online system.
- ▶ Chapters will pay National using a credit card or automatic clearing house transactions.
- ▶ At-Large will be billed directly, will pay their dues online and update their membership information online.

While this maintains the current model with some modifications to accommodate the advantages of the modern digital information transfer, it still retains one of the most expensive aspects of the renewal operation: printing and postage. Paper based renewal forms would be difficult to phase out. It would maintain the model that the member understands, and moves us partway toward the goal of a no paper system. This however does not lend itself future modifications as easily and efficiently as the second option presented.

Projections prepared by the Management Processes Committee in conjunction with our membership processing services bureau indicates that this option would produce approximately \$30,000 in savings across the next five years.

B) In this option, National would invoice and track those members that choose to affiliate with National. Chapters would bill and track their membership separately.

Features of this system would be:

- ▶ Members would be required to sign-up for an account on nrhs.com where they would receive annual invoices
- ▶ All members would pay for National dues with a credit card, PayPal, or automatic clearing house transactions.
- ▶ All members could update their membership information online.
- ▶ Paper renewal materials would be produced year 1 and phased out in year 2.
- ▶ Members that wish to stay on a paper basis will pay an additional fee to be determined annually at the time of renewal for manual processing of their check and/or address updates.

The advantages of adopting this system are:

- ▶ It is the simplest operational model. The complexity of our current process is removed from this model.
- ▶ The reduced complexity can realize the greatest operational savings.

- ▶ The reduced complexity minimizes the fixed costs.
- ▶ It is the easiest model to eliminate printed materials.
- ▶ Can be made into a consumer e-commerce transaction that people are familiar and comfortable with.
- ▶ It is an easy model for commercial software and professional service firms to work with.
- ▶ It is easy to change in the future.

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Clearly, the option B saves ten times the money that option A does. But as was observed, it also requires the most changes in logistics at the Chapter level. However, NRHS cannot achieve the directive of its members to become more efficient without making substantial changes.

This decision to implement these changes will be made at the Board of Directors meeting in January of 2014. This will begin saving with the next round of dues renewals (September 2014). We encourage you to return to your chapters and discuss the advantages and disadvantages of these options.

If you have any questions regarding this proposal, please don't hesitate to contact the Director serving your region, who can then route it to the appropriate committee member for a response, or email us at advisory@nrhs.com.