



# **The 21<sup>st</sup> Century Chamber of Commerce**

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## Introduction

Long gone are the days when joining the local Chamber of Commerce was considered necessary to conducting business in the community. That is now a 20<sup>th</sup> century anecdote.

The Internet and social media provide so many options regarding business resources and networking that today's Chamber of Commerce is under huge stress to **visibly demonstrate its relevance**. At a minimum, it must still be perceived favorably in its community. Time, of course, is running out for the latter.

Some would argue that the Chamber of Commerce is, at worst, a dinosaur and at best an anachronism . . . irrelevant in today's technology-driven marketplace.

In contrast, we argue vociferously that **every community deserves and needs a thriving and dynamic Chamber of Commerce**. The caveat is that it must shed the aging habits of decades past.

In simple terms, the 21<sup>st</sup> Century Chamber of Commerce must successfully . . .

1. Meet or exceed the “what have you done for me” expectations of its members.
2. Assume leadership responsibility for the economic health and well-being of the community as a whole.

“Business as usual” will inevitably lead to extinction so . . . please read on!

## Relevance

The above are encapsulated in one simple question:

**“Is the Chamber relevant to our members and to our community?”**

Your honest answer will probably be something less than “yes” which, hopefully, means that you are in the process of implementing strategies to address the challenges you face. If your answer is closer to “no” then you had better get moving!

Fortunately, if you focus on increasing relevance and on adding value to meet and exceed your members' expectations, you will effectively **demonstrate that you care about your members** as well as your community.

In addition, everything you do in this regard will add fuel to your branding campaign and will inevitably lead to successful outcomes.

## Operating Philosophy

Any Chamber of Commerce that continues to operate with a “nonprofit” mindset will be doomed to experience the unpleasant demise associated with irrelevancy.

A successful 21<sup>st</sup> century Chamber operates with . . .

[a] a **for-profit business philosophy** – i.e. “What are we selling?” “Why are we selling it?” and “How do we make money doing so?” – while enjoying . . .

[b] wonderful **tax advantages** in addition to **unlimited fund-raising ability**.

This is a fabulous combination and a recipe for success . . . as long as you operate that way.

## Leadership Reality Check

We can discuss and debate the future all day long but the ugly reality is that the health of the Chamber is dependent on the effective leadership of the Chamber's Board of Directors and the CEO. This leadership must be dynamic, energized, and visionary for the Chamber to achieve relevance and successfully extricate itself from the aging habits of the last century.

There are three key people and I like to refer to them as “The A-Team” – the CEO, the current board chairperson and the chairperson-elect. In our experience, wherever there is such a dynamic and enthusiastic trio, complete with a committed “we can accomplish anything” attitude, great things always happen. Anything less will yield “business as usual.” (By including the chair-elect, you establish continuity of vision and avoid the sometimes narcissistic whims of each new regime.)

## Board Eligibility

Over the years I have spent much wasted time in board meetings. I am sure you know what I mean. Often, well-intentioned individuals grind through processes that are painful to endure and accomplish very little. Need I say more?

To be extremely blunt, an individual must satisfy one of two eligibility requirements to qualify for election as a Chamber director. They are . . .

1. A willingness to provide **financial resources** when needed and
2. A willingness to provide **resources and expertise** from their organization.

Inactive directors and “resumé polishers” need to be thanked with kindly affection for their past service and replaced accordingly.

Going forward, directors must **unequivocally and actively commit** to help . . .

- Improve the relevance of the Chamber of Commerce
- Increase its membership
- Develop and maintain a profitable and sustainable growth plan.

## Membership Value (ROI)

Other than those who feel a strong need to be supportive no matter what, all of your members and prospects are interested in one thing: “What are you / will you be doing for me?” They want to see a return on their investment.

Since joining the Chamber is a discretionary investment decision, your Chamber **must offer meaningful value**. (When you buy something, you expect appropriate value for your money; otherwise you won't buy it. Why should a Chamber be any different?) So, you need to add new benefits that **don't cost your members any more money**.

The core value of your membership package consists of what is included at the time an organization becomes a member. (I'm sorry but those discounted opportunities to spend more money in the future are not core “benefits.”) And, if this core value consists of the same old tired stuff about mixers, etc. then you are definitely not offering a relevant 21st century membership. It's all about providing **meaningful** value.

*(Pardon the plug but . . . If you need something simple, meaningful, turnkey, and low-cost to add to your membership package, please go to the end of this document.)*

## Data & Demographics

You've probably heard the term “big data” many times. With so much low-cost, sophisticated technology available these days, there's almost no excuse to be ignorant of your market, demographics, etc. Understanding relevant data is the mantra of today's successful businesses.

In this context, do you truly understand the demographics and various participation profiles of your membership? Does your membership even reflect the make-up of your community?

A recent study showed that Chamber membership was seriously over-weighted by nonprofits looking for donations and service businesses looking for clients. When compared with the communities they served, membership demographics weren't even close.

The successful 21<sup>st</sup> century Chamber of Commerce adopts a development/sales strategy that understands and reflects its marketplace and defines its prospects accordingly. This goal-oriented strategy includes both the staff and the directors. Results are measurable and accountability is paramount.

The over-riding goal is for the Chamber to grow its membership to the point where it closely mirrors the demographics of its market area . . . doing so with an aggressive philosophy that delivers the necessary value that justifies saying that **all organizations should be members of the Chamber of Commerce**.

Do the research and then **adjust your membership strategies** accordingly.

## Membership Retention

The successful 21<sup>st</sup> century Chamber of Commerce **does NOT have a serious retention problem!** You may challenge this by saying that all nonprofit membership organizations have problems with membership retention but our response to that is quite simple: if you operate like other nonprofits then you will be correct. If you operate differently (see “*Operating Philosophy*”) then retention will become much easier.

It's as simple as this: if your Chamber has established an **ongoing, participatory relationship** with your members and their staff then, for obvious reasons, renewal should cease to be an issue.

So, if retention is an issue for you then start by nurturing relationships with your newest members. Not only are they your most vulnerable renewals but they will also help you understand what you need to do to keep them happy. If you pay attention and nurture them appropriately you will be well on your way to a thriving membership.

For discussion of membership development go to “*Data & Demographics*”.

## Membership Participation

For many reasons, most Chambers of Commerce are delighted to let any organization become a member. That may be understandable but it is extremely unhealthy because no commitment is required of the member to do anything which, in turn, leads to potential vulnerability at the time of membership renewal.

21<sup>st</sup> century Chamber membership is by invitation only and requires a commitment to participate – not just from the decision-maker but also from his/her staff. In other words, the decision-maker commits to persuade key people within the organization to volunteer to assist the Chamber with whatever expertise is needed at the time.

To accomplish this, the Chamber must **step up its game** and **offer meaningful benefits to participating members**. In other words, there must be a quid pro quo.

## Employee Benefits (of Membership)

One of the older strategies for attracting members was to offer a discount for a product/service that the decision-maker wanted. For example, prior to the *Affordable Care Act*, many Chambers of Commerce offered attractively-priced group health insurance to their members. Sadly, when ACA became law, those Chambers that had relied on group insurance as a significant membership benefit took a terrible retention beating.

Nevertheless, having said that, the philosophy of positioning Chamber membership as providing **benefits for member employees** is incredibly sound.

To be successful, four things are required:

1. It must cost the Chamber almost nothing to implement.
2. The decision-maker must see the value of adding employee benefits.
3. Whatever you are offering must be attractive to the member's employees.
4. Employees must know about and take advantage of whatever you are offering.

If implemented successfully, this is a beautiful win-win for all concerned. If a member's employees are dependent on something that you offer, how can the decision-maker fail to renew his organization's Chamber membership? It would make absolutely no sense. (Yes ... there will be some genius out there who will not renew but he/she will be the exception and it will be for other reasons.)

So, what is there that you can offer? Well, look hard at your community and, with a little creativity and imagination, you will find plenty of things that you can offer.

If you need something really meaningful to get started, take a look at education and training. When surveyed, education & training are usually near the top of any member's "wish list." Why? Because most organizations have almost no training budget and decision-makers recognize that correcting this deficiency would be highly beneficial to their organization. *(Pardon the plug but for a simple, relevant, turnkey, and low-cost option, please go to the end of this document.)*

## **Communication with the Membership**

One of the biggest problems with member participation is that Chambers communicate solely with the decision-maker instead of including the member's key staff as well.

When Chambers rely on communicating via the monthly newsletter (try and find a management type who wants to read another newsletter!!!) – which, on average, is opened by 25% of the recipients -- how can they possibly be surprised at low member participation, especially from their newer members. And, relying on last-minute visits by Chamber Ambassadors to build a relationship with members is naive at best. That tactic used to work but has become ineffective in terms of medium/long term retention.

It is critically important that you add the member's key employees to your database and note their area of interest (human resources, sales, finance, customer service, etc.). If you are really interested in building participation and improving retention, you will find ways to communicate regularly with all these people.

## **Availability of Low-cost Resources**

We hear the sob story – “The Chamber is under-funded, under-staffed, under-resourced” – all the time. “We can’t find enough volunteers.” Everything is difficult. One would be forgiven for predicting that this Chamber will eventually go “under”!

I find this quite astonishing because, with some creativity and imagination, the relevant 21<sup>st</sup> century Chamber of Commerce has a pool of low/no-cost talent and resources right under its nose. It can tap the staff of its members plus it has the local student body (age-eligible for internships and employment) available for the picking.

Of course, there is a significant caveat: the Chamber must have successfully branded itself as a relevant and significant leadership force in its community. That reputation will give it the necessary leverage to avail itself of these resources as needed.

Remember that successful branding is critical. It is easier to receive from the community when you have already given to the community. It's much harder the other way around.

## **Members Helping Members**

Some magical success stories have surfaced where savvy Chamber leadership has recognized that the expertise of its members can be harnessed to help other members in need. For example, groups have been formed to mentor businesses in early-stage growth. SIGs (Special Interest Groups) have been formed. Other programs encourage and mentor would-be entrepreneurs in understanding the real world of starting a business. There are countless success stories where creativity and imagination have brought members together to learn from and share expertise with each other.

When you think about it, it's pretty obvious why this works. First of all, most individuals feel good about helping others. Secondly, people want their communities to be economically healthy and growing successful businesses is critical to this outcome.

## **Marketing & Branding**

Everybody should know about their local Chamber of Commerce. With so many low/no cost ways to build a brand these days there is no excuse for being found lacking in this regard.

Think about this. If the employees of your members know that their organization is a member of the Chamber and that they are entitled to certain benefits, then you have just accomplished a neat little branding exercise that will yield positive long-term outcomes for all concerned.

With creativity and imagination (see “*Employee Benefits*” above) you will find that the greater your Chamber's visibility, the better the perception of your Chamber.

## Community Leadership

Since the beginning, the stated mission of the Chamber of Commerce has always been about representing and serving its business community. While that's still true, the 21st century Chamber will have accepted a much broader mission . . . that of **nurturing the economic health and well-being of the community as a whole**.

In simple terms, if individuals, businesses and nonprofits are financially healthy then there will be a thriving community. So it's important to understand who the stakeholders are in the community and to take a leadership role in building relationships with them.

This means encouraging and facilitating those entities and processes that ensure the economic health of the community. Some high-visibility areas on which to focus are . . .

- Youth employment
- “Main Street” businesses (“Shop Local” - all year)
- Workforce & Economic development
- Mentoring (Education and employment)

## Conclusion

I was once asked, “Mike, why do successful business people check their knowledge and experience at the Chamber boardroom door?”

It's a great question with many similar answers, some of which are:

- There's little interest in new ideas that require effort by the directors.
- It's business as usual; things are not going to change.
- Board members won't invest any more time than a monthly meeting so why should I?

It's time to harness this high-powered talent, expertise and energy in the Chamber boardroom. Time is running out and it's imperative that you re-energize and re-organize your Board of Directors. Yes, it will be difficult but the end result should be wonderfully rewarding. (See “*Reality Check*” and “*Board Membership*” above.)

One last thing. You should plan on taking three years to successfully establish a 21<sup>st</sup> century Chamber sustainable growth model so I recommend that you establish 2020 as your goal year for everything to be running smoothly.

All the very best!

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