



WHITEPAPER:

Defining the  
challenges of  
**MEMBERSHIP  
SERVICES**

# Defining the challenges of membership services

## Overview

For organisations like sports clubs, unions or affiliations, revenues are often dependent on a strong membership base paying a regular subscription for products or services. By and large, this provides a predictable income stream. But in many cases, that same income is dictated by a fixed inventory – the number of seats in a stadium, for example. And that puts a ceiling on growth.

One way round the problem is to look for new revenue streams. But while many membership-based organisations are keen to break the cycle of being entirely reliant on renewals, what some don't realise is that there's a lot more they could be doing to maximise that primary revenue source.

In many cases, this is because those same organisations are harbouring inefficiencies in their own internal processes. Using one system to keep track of memberships and another to manage finance and accounting is a classic example of this. The gap between the two is where profit often disappears.

### Poor data flow obscures management visibility

The use of labour-intensive systems is prevalent in this sector. Many organisations rely on programs like MS Excel to help them keep track of membership data. Others use standalone systems that are heavily dependent on manual data entry. Each are encumbered with similar problems:

1. **They can be inaccurate:** Any system that relies heavily on manual data entry is likely to contain inaccuracies of one sort or another. It's largely unavoidable.
2. **They take up valuable resources:** The labour intensive nature of manually entering, checking or interpreting data on memberships means that staff spend longer than necessary on administrative tasks.
3. **They don't provide real time visibility:** Because data often has to be manually keyed in, these systems are only updated as quickly as the fastest member of staff.
4. **They encourage duplication of effort:** Because these systems often aren't integrated with other important aspects of the business, such as finance and accounting, there is an inevitable amount of rekeying required.
5. **They don't provide a reliable audit trail:** Systems that can be manually edited or amended easily don't provide a bulletproof record of transactions.
6. **They may not be secure:** For systems with an open database connection, backend security can be an issue.

### Impact on membership-based organisations

So how do these problems impact the bottom line of any membership-based organisation? In two ways: through missed renewals and escalating expenses.

#### Missed renewals

With limited data flow across the organisation, clubs have, at best, a restricted view of the current state of memberships. They may be able to see who is currently a member, but without also having data on payments received, it's not possible to know which subscriptions have been renewed and which are outstanding. At least, not in real time.

So instead of staff being able to focus their efforts on encouraging people to renew their membership, they spend time instead hunting for data. As a result, some memberships fall by the wayside.

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## **Missed renewals**

Having a better view is not always about being able to find detailed stats either. Often one of the most useful tools a manager can have is one that provides a snapshot of the health of their business or organisation – a dashboard, if you like, that provides at-a-glance intelligence on what's going on. But if that snapshot view is of data that is days old, then managers are making potentially business-critical decisions based on out-of-date information.

## **Escalating expenses**

With restricted visibility and, in many cases, too much duplication of data entry, organisations can actually spend far more on managing subscriptions than necessary. And it stands to reason that the higher the cost of membership administration, the lower a club's profits.

The costs principally come from increased staff hours. Cross checking between one system for memberships and another for accounts, just to verify a payment or change a member's details, is rarely an efficient use of time – and ties staff up. As membership grows, so too does the weight of data, and the size of the admin team needed to process it.

## **Integrated functionality**

So what can membership-based organisations do to maximise revenues from subscriptions? The answer is to improve the flow of data. How? Either by improving existing systems, or replacing them all together.

## **Sticking with what you know**

Sticking with an existing system has a number of advantages. Not least, it minimises potential disruption to business-as-usual and allows staff to continue using an interface they're familiar with. But this is largely dependent on the existing system being flexible enough to accommodate significant modifications. With dated systems (and certainly green screen DOS-based programs), it's often not possible to do this without substantial R&D input – at which point scrapping it and starting again becomes a better value proposition.

## **Everything under one roof**

An ideal system is one that allows you to manage all your business functions – accounting, finance, point of sale, subscriptions and maybe even employee services – using a single interface. That is because the key to improving efficiencies is unified data.

If data (say, for example, the details of a new member) filters through an organisation properly, it only has to be entered once for people in different departments to view it. Relevant transactions (credit card payments, purchases etc) can be assigned to that member – which means that over time, a clear history of their membership can be built up. It doesn't matter whether a member of staff is on the ticket desk, in renewals or management – they can access the information they need without having to cross reference with different sources. It's a huge time saver from an administrative point of view. It keeps the data much more accurate too.

Being able to enter data in this way doesn't just apply to organisation staff either. Self-service is a key aspect of any modern membership-based organisation. Allowing members to enter and amend their own details through a secure log-in, renew their membership online or communicate with the club not only fosters goodwill – it removes a huge chunk of the time associated with keeping memberships active. That not only lowers staff costs – it frees organisations up to focus on other aspects.

## **Look for built in flexibility**

Not all this has to be offered overnight of course. Replacing any legacy system with an integrated one can take months to set up right. But as long as a flexible, customisable database is in place from the start, the rest can follow.

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The SQL platform, for example, allows organisations either to integrate with third party systems, or bolt-on additional modules like CRM tools, providing a wider, integrated view across all operations, now – or in the future.

## The system is only half the solution

In deciding on any new ERP system, there are two serious considerations for any membership-based organisation: the health of the brand developing it, and the network of support available for it. So it is worth asking:

1. **Are they in it for the long term?** Reliability, scalability or interoperability should really be a given in any modern system. But just like any successful club looks five, ten, twenty years ahead, so a system provider should have a solid, in-it-for-the-duration sort of reputation.
2. **Is it value for money?** Price is important, but not the sole judge of quality. There's little value in a system that offers rock bottom prices but isn't compatible enough to grow alongside an organisation.
3. **Will there be ongoing support?** Even after installation, there will be tweaks, reports and customisation requirements. Local support that can be relied upon to help an organisation take advantage of the new system's features will be invaluable.
4. **What sort of training will be available?** Getting the buy-in of staff will be key to the successful implementation of a new system. Comprehensive, sympathetic training can make a huge difference.

## It's not a system – it's a process

With any significant installation, the whole is greater than the sum of its parts. It is an entire process: the resources, the company that develops and improves the product, the strength of the channel that supports it, the relationship and trust with the company that implements it – and, not least, the people that use and enjoy it.

Even if at the start, the benefits of an integrated ERP system only extend as far as simplified retail reconciliation or quicker invoicing, there are long term opportunities for membership-based organisations. These include being able to cut out waste, tighten up membership administration, reduce costs, improve membership retention rates and, ultimately, gain enough clarity to begin focusing on alternative revenue sources.

## Ready to find out more?

To find out how EXO Business has helped other membership-based organisations, why not read one of the success stories on our website at [myob.com.au/enterprise/sport&recreation](http://myob.com.au/enterprise/sport&recreation)

If you'd like to find out more about how MYOB Enterprise Solutions can transform your business please contact us on the details below.

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