

Proposed Membership Business Model

A state-specific analysis prepared for the South Dakota Engineering Society

April 5, 2017

Executive Summary

- **The new model offers members a unified dues price point and more consistent membership experience, regardless of the state they reside in.**
 - The single dues price point (including national, state, and where applicable, local chapter dues) will be \$299. (For 67% of current, three-tier members, this represents a reduction in current dues costs.)
 - Streamlines and integrates the join, onboarding, and renewal processes for members, saving them time and reducing frustration, while also establishing a greatly simplified messaging platform for membership marketing. *This will result in more effective membership acquisition and retention.*
 - Better connects national and states to make decisions that benefit all NSPE members.
- **Financial Impact of Integrated Model on Members in Your State** (p.3)
- **Financial Impact of Integrated Model on Your State Society** (p. 3)
- **The new model offers state societies two options for partnership/affiliation with national.**
 - **Integrated Partnership** (p. 4)
 - Division of dues revenue between national and state based on the division of operational responsibilities (p. 5).
 - Inclusion in NSPE-branded marketing and promotion and access to all nationally provided benefits and services.
 - An enhanced level of administrative support to state societies that want and need it, while allowing those state societies that require less support to enjoy financial benefits scaled to their level of self-sufficiency.
 - Existing state-only members in states that currently offer it will be grandfathered, and may continue as state-only members.
 - State societies may offer “affiliate” or “associate” membership categories to individuals within their state who would not otherwise be eligible for NSPE membership (i.e. non-PE and non-PE-track individuals).
 - **Non-Integrated Partnership** (p.4)
 - Continued cooperation between national and state, however:
 - All administrative, financial, and operational activities will be separated. The state society electing this path and national will be fully responsible, for its own separate marketing, billing, administration, and service operations within that state.
- **Timeline and Decision Points** (p. 7)

The proposed model changes the **business** and **administration** responsibilities for national and the state societies as **operational entities**, and changes the packaging of benefits to members to allow more effective marketing and more efficient articulation of the value of membership. It does **not** change the shared mission or commitment between national and the states to work together for the good of the profession and the professional engineer (regardless of the nature of the business relationship between the state and national partners).

NSPE Business Model Recommendation

Following up on prior briefings, the NSPE Board of Directors is providing additional details on the development of a **proposed new membership business model for NSPE**.

As you know, this membership business model proposal is the culmination of a multi-year effort to respond to the feedback of our members and our state society partners. Over the past several years, NSPE has made a concerted effort to revitalize working national/state partnerships that focus on protecting and advancing professional licensure and breathes new life into the value of membership. National has invested in state-of-the-art membership marketing and management infrastructure and has significantly raised the consistency and quality of its operational capacity, an area that we acknowledge was lacking in the past. *But these improvements alone have not been able to overcome the limitations of the current membership business model*, which have caused stagnant-to-declining membership and dues revenue (national and state), forcing some state societies to reduce services and operations, and even leaving some state societies at risk of shutting down altogether.

While we all continue to work hard to increase member value and improve the productivity of the national/state partnership within the current business model, national has worked with staff and volunteer leadership at all levels of the organization to create a new membership business model.

- The new model offers *members* a unified dues price point and a more consistent membership experience, regardless of the state they reside in.
- The new model offers *state societies* two options for partnership and affiliation with national.

It should be stressed that this recommendation is a change in **business** and **administration** responsibilities for national and the state societies as **operational entities**, and a shift in the packaging of benefits to members to allow more effective marketing and the efficient articulation of the value of membership. ***Regardless*** of the partnership ***chosen*** by the state society:

- It does ***not*** change the fundamental commitment of national and the states to collaborate and cooperate in a manner that advances our shared mission to protect the licensed profession;
- It does ***not*** change national's commitment and belief, held from its establishment in 1934 and continuing into the future, that ***members and the profession are best served by holding membership at all levels***.
- It ***does*** create duplication of certain operational costs at the state level for a state ***if that state society chooses the non-integrated model***. These redundancies would be avoided under the integrated option.

The proposed model will create better efficiencies and more effective marketing and operations for all participating state partners. The model offers an enhanced level of support to state societies that want and need it—in some cases a lifesaving lifeline to at-risk state societies—while allowing those state societies that require less support to enjoy financial benefits scaled to their level of self-sufficiency.

The NSPE Board of Directors remains firmly committed in its belief that the licensed engineering profession is served best when the national and state societies are closely and reciprocally integrated, where all are regarded in equal importance and as equal partners, and where membership in NSPE involves membership at the state **and** the national levels. The decision to move forward in offering this membership model for consideration was made by the NSPE Board, which believes this change is in the best interest of all members and the profession, as a whole.

For a state society that chooses **not** to become an integrated partner, the administrative, financial and operational elements will be separated. The state society electing this path and national will be fully responsible for its own operations within that state.

The Two-Option Model for National/State Partnership

At the House of Delegates General Assembly in Atlanta this July, delegates will vote on a proposal to offer state societies two options for partnership: **Integrated Partnership** or **Non-Integrated Partnership**.

To be clear, a “Yes” vote means your state supports strengthening the profession and the national and state societies by creating these two partnership options. It does not commit your state to either the integrated or the non-integrated partnership option.

This packet of information has been created to fully inform you of how both options would operate, with analysis specifically tailored to your state society.

Additional informational webinars will be announced and conducted prior to the House of Delegates Assembly for you to more deeply evaluate this proposal and whether you agree with NSPE Board of Directors that this is in the best interest of the profession, our members, and the national and state societies as a whole.

Impact of Integrated Partnership on the South Dakota Engineering Society

[Impact on the South Dakota Engineering Society Members](#)

The current membership dues of \$253 (including local, state, and national) will become **\$299. This will be an integrated, standard price for membership across the nation to include National, State, and if applicable, local chapter dues.**

This represents a 18% increase in dues.

Establishing a single, integrated price point and working to standardize a minimum baseline of member services will:

- Provide pricing and value consistency to members regardless of their geographic location
- Streamline and integrate the join, onboarding, and renewal processes for members, saving them time and reducing frustration
- Establish a greatly simplified messaging platform for membership marketing
- Better connect National and States to make decisions that benefit all NSPE members

[Impact on the South Dakota Engineering Society](#)

Based on the completed member service analysis provided by your state, the South Dakota Engineering Society will be categorized as Moderate capacity and therefore receive **\$110 per member** and potentially see a 11% increase in state revenue.

This makes the South Dakota Engineering Society eligible for the **Premium** NSPE Service Package. Please see the enclosed document titled “Value Proposition – NSPE Services.”

State-Only State: As a state that currently offers state-only membership, your state will be able to maintain and continue to bill these members; however, states choosing the integrated partnership option agree to cease marketing state-only memberships as soon as possible, and no later than July 1, 2018.

State-Billed: As a state that currently undertakes its own billing, NSPE estimates significant savings in staff and resources by having NSPE conduct the billing on your behalf, including but not limited to credit card fees, processing fees, invoicing, administration fees, and the costs associated with managing and administering billing operations. All state society designated administrators now have immediate access to multiple reports and the actual member invoices so they are aware of the NSPE process.

State Societies Have Two Options for Partnership with National Under the Model

Integrated Partnership Option

- Members and prospective members will see a single membership dues price nationwide, including national and state membership.
- Scaled level of state society operational support provided by national, based on state society capacity/need.
 - Division of dues revenue between national and state based on the division of operational responsibilities (see capacity tier discussions, below)
- States and national will maximize unified branding and marketing.
- Consistent service levels and expectations, regardless of geographic location.
- States will receive payments of collected dues via electronic transfer by the 15th of the following month, NSPE will pay all credit card and transfer processing fees for dues collection.
- States and members will have access to the multiple electronic resources NSPE has available, such as online communities, state-by-state summaries, PE Institute, etc.
- Integrated state societies will have access to website hosting and state-specific communities for member use, provided by national.
- States will have real-time access to state member data through the NSPE membership database, including the ability to utilize existing infrastructure to provide communications to members or export member information.
- Members will have immediate access to NSPE's growing number of electronic resources upon joining or renewal, eliminating present lag (averaging 45 days) for members of state billed states.
- Existing state-only members in states that currently offer state-only membership will be grandfathered, and may continue as state-only members billed by their state.
- National will actively upsell its national-only members in these states to three tier membership.
- States that offer affiliate or associate membership offerings for individuals who would not otherwise be eligible for NSPE membership (i.e. those non-PE and non-PE-track individuals) may continue offering their state-level affiliate or associate memberships, and invoicing those individually.

Non-Integrated Partnership Option

- Continued cooperation between national and state organizations.
- States will operate separately:
 - State society markets, bills, collects and administers state membership;
 - National markets, bills, collects and administers national membership for members within that state at a price point of \$299 and offering to those members the guaranteed menu of services offered to all NSPE three-tier members. The non-integrated state will not receive a portion of these dues collected.
- States may be able to purchase access to certain electronic and staff resources or governmental affairs research NSPE has available.
- State-only members will not have integration in database information and will need to make separate updates to state-level and national-level information.
- State-only members will not have continuity in membership pricing in the current mobile employment market.
- State-only members will not have access to NSPE’s growing number of electronic resources absent separate state and national memberships.
- Non-integrated state societies may promote their partnership with NSPE (national) but will not be part of NSPE-branded communications, marketing, public awareness or promotional campaigns and will not have rights to use NSPE-copyrighted materials and trademarks.
- These states are anticipated to experience an unnecessary increase in the cost of state society business and operations.
- These state societies will no longer have full and complete access to NSPE staff for assistance in researching legislative issues or historic NSPE actions.

Details of the Integrated Partnership Option

The NSPE Board of Directors agreed to the study group’s recommendation of \$299 as the single membership price point to be offered under the model.

- The division of dues between national and the state society in states that choose the integrated partnership option is as follows under the Board proposal:

Capacity Tier Pricing	State Portion	National Portion
Lower	\$60	\$239
Moderate	\$110	\$189
Moderate - high	\$160	\$139
High	\$210	\$89

- The division of dues between national and the state society is dictated by the division of operational responsibilities between national and each state society, which fall into four tiers.
- The integrated membership model will *continue* dues discounts currently provided for:
 - Student members,
 - Graduated dues for Graduate Members,
 - Retired Membership, and

- Life Members
- The integrated membership model will *eliminate* dues discounts for
 - Enterprise Memberships (while retaining single point of billing option for multiple members by an employing organization. A task force of representative Enterprise leaders is currently developing a list of other benefits for Enterprise Memberships to be finalized in June),
 - Six months free, and
 - Introductory dues.
- Although they are *not* included in the initial implementation, the Board is committed to considering the possible introduction of a new government member discount and to reviewing the dues level for student members in the next phase of implementation, in the next fiscal year after implementation of this new membership model, should the HoD approve the model in July 2017.

Governance Unaffected

- As noted above, the membership business model (with its two options for state society partnership) clarifies the **business** and **administration** responsibilities for national and the state societies as **operational entities**, and changes the packaging of benefits to members to allow more effective marketing and more efficient articulation of the value of membership. It does **not** change the shared mission or commitment between national and the states to work together for the good of the profession and the professional engineer (regardless of the nature of the business relationship between the partners).
- Implementation of the new model will require some adjustments in operational procedures, but does **not** fundamentally change governance structure.
- **For Integrated Partnership States:** Just as today in states that do not offer state-only memberships, each state gets one delegate, and that delegate is entitled to 1 to 6 votes in the Assembly, depending upon the number of members in the state.
- **For Non-Integrated Partnership States:** Just as today in states that do offer state-only membership, each state gets one delegate (who must be a national member), and that delegate is entitled to 1 to 6 votes in the Assembly, depending upon the number of members in the state. (Just as today, state-only members do not count toward the number of votes each state is entitled to in the House of Delegates.)

TIMELINE:

April, May, June

NSPE Region Conference Calls

May 2017 (TBD)

NSPE House of Delegates Conference Call

June 2017 (TBD)

NSPE House of Delegates Conference Call

July 2017 (TBD)

NSPE House of Delegates Conference Calls

July 22, 2017

The two-option partnership model will be presented for approval by the House of Delegates at the General Assembly.

No later than January 1, 2018

(The two-option partnership model is approved by the House of Delegates): State societies will be required to state their intention to implement either the integrated partnership option or the non-integrated partnership option under the new model. States are encouraged to state their election earlier if possible.

No later than January 31, 2018

Based upon level of state society support, the NSPE Board of Directors shall take final action on whether to proceed with implementation of the two-option model.

April 1, 2018

July 2018 invoices are created for all NSPE members in all states. (Integrated Partner states will begin receiving new distribution reports and old distribution reports). Non-Integrated Partner states begin billing July 2018 renewals separately.

July 1, 2018

New members join online for \$299 in all states, all renewals are for \$299.