

## Learning Link: What Can Be Done About Those Irritating Free-Riders?

Free-riders have been around for a long time. Who are these free-riders? Well, the response to that question varies considerably, depending upon whom you are talking to. In a nutshell, free-riders are individuals or organizations who benefit from the work done by your association. Some free-riders will, on occasion, cherry-pick and access some of your products and services on a demand basis. Others will assume you are looking after things and simply assume they don't need to get involved.

Sometimes individuals and organizations have been branded as free-riders when in fact they really aren't. Why is this? It may be because they have never heard of your association or, if they have, they are simply unaware of or do not understand your association's value proposition. There are, of course, other reasons.

One group that is not in the free-rider category, but benefits from the work of your association, is the public. As a public benefit organization you bring value to Canadians. Hence, the not-for-profit status.

If your occupational group has regulatory legislation or, for example, mandatory membership, the number of potential free-riders is substantially reduced. There are varied arrangements throughout Canada for some occupational groups. In some provinces you may have to belong to a college but not the association. In other provinces where there is no college or other related body outside of the association, you may have to belong to the association. Then again you may not have to belong to any group, depending upon where you live. As a result, delivery of services contingent on membership levels and revenue may vary province to province. I am aware of a number of groups that are working on the issue of inter-provincial portability, but it appears there are other issues that need attention.

I recently asked some of the association managers in the CAE Education Program how they are dealing with free-riders. Their responses varied, as you might well have predicted, based on the type and purpose of the association, size and resources, product and service bundle, and other factors.

Some associations have aggressive recruiting and retention efforts that ultimately reduce the number of free-riders - they improve their value proposition to enhance membership levels. Value

relates to measurable benefits that mean something to those who sign the cheque. One association has a member value of \$2,000 for a cost of \$300. What is yours?

This type of situation implies an association is using the shared services concept to save money by providing products or services that would otherwise cost an association more to provide itself. Some associations are modest, and neglect to stress the real value proposition on a regular basis – they do so simply at renewal time. Why are we so modest, not only about the benefits we provide to our members, but about our accomplishments? Then again, modesty might not be the problem at all – it may be the fact that only one in ten associations have a formal communications and marketing plan in place.

### **The Conversion**

Some associations attempt to distinguish the value of membership by charging higher fees for non-members should they choose to attend a conference or learning session, or purchase a publication. Often, the difference for accessing products and services at the non-member fee is actually cheaper than the cost of membership, so it pays to be a non-member or free-rider. In rare situations, the non-member fee can be as high as 50 percent more. In this situation being a member will likely result in savings. Most non-member premiums are around 10 to 20 percent. Think about your marketing and pricing strategy, and consider if your non-member rates are too low and are actually working against your efforts to attract new members into the fold.

The latest trend in incentives to join associations is the promotion of “the good stuff” a member has access to in the private members area of an association’s website. Take a good look at what is actually available to members in the private area, as well as how often your current members actually access it.

Having visited at least 20 “members only” areas myself, I suspect many new members who were enticed by the offer might end up being very disappointed. There may be a lot of information in the members-only areas of association websites, but what they are sorely lacking is real knowledge. A professional free-rider may join your association for a short period of time to access the private members area, scoop what they need, and take a holiday from membership for a few years more.

In some cases, non-members have access to journals or magazines on a complimentary basis. This may eventually result in a subscription or even membership. If you are looking for subscriptions only, you may be wasting your time. Yes, it is nice to keep the circulation high for advertising and revenue purposes. However, it is rare that a subscription covers your actual costs.

Some associations try to keep membership dues so low it is easy to join. This then leaves revenue generation and provision of value to the generation of user fees. This may work in some cases, but depending on the user fees, members may not want to pay full price and would prefer the whole membership subsidize fees for products and services as it will eventually benefit all those involved with the association.

Some view free-riders as members in waiting. They try things out at premium prices or at the same price as members on an incentive basis for a limited time. Accept the fact that cheap individuals or organizations are a fact of life - they just don't care enough about their responsibilities or what your association stands for. They will benefit from your lobbying, advocacy, research, standards setting, education and other activities.

Some associations now insist on membership before allowing access to any products or services, and believe this has reduced the number of free-riders. This approach may attract those who want to be part of an exclusive group, are curious and/or don't want to miss out on anything. Depending on the industry or sector, free-riders are often out of the loop on critical information and issues and in most cases may not even be aware of what is happening. They may not even be aware of how the association saved them money or solved a considerable threat to their profession or industry. Some eventually come around when they realize the cost of not being involved is considerably more than the required membership dues.

Converting free-riders can be accomplished by having members inform them about value, and/or by a visit from a senior staff or elected official of the association. A number of other practices help with conversion. One practice involves focus groups of non- members. During the session they are asked what it would take for them to join the association. This information is valuable to the association, but it is also proven to help convert dedicated free-riders to members, as well as non-members new to the industry, profession or sector. It is not unusual for at least half of the focus group participants to sign up as members within six months.

Some organizations have a compelling membership benefit as a reason to join. For some, if you eliminated the insurance programs and benefits they offer, membership levels would drop significantly. But remember, not everyone is looking for cheap insurance – they want knowledge, not just information. They want to influence policy, gain more business, access to learning opportunities or a better job.

### **Is Technology Helping?**

Technology and ease of access to information has made the job of a free-rider that much easier. Members can cut and paste content and can easily circulate the information to non-members. An organization looking to cut costs could reduce the number of memberships they hold in your association and make one individual responsible for ensuring the information you send gets to other individuals, departments, divisions or subsidiaries.

Many associations that have looked at the issue of free-riders have accepted the fact that legislation is the only way to completely eliminate them. Others continue to be innovative when it comes to dealing with the situation. As a result, membership recruitment and retention efforts are improving, along with tactics to support conversion.

Different approaches will continue as organizations seek the right approach for their unique association. For example, one association has a confidential newsletter area for active membership and a limited non-confidential version for others. Another will give non-members access for one year only at premium prices.

There will continue to be different perspectives on free-riders depending on the purpose of the association and the people involved. One association indicated it exists to inform and is pleased that information and services are accessed even if those accessing are not members. This is acceptable as long as there is enough revenue to cover costs, and revenue could not be used to do even more. Another association manager suggested that CSAE's non-member product and service fees should be increased so his dues are no longer subsidizing non-members.

Of course, we need to come up with definitions for a non-member and a free-rider so we can set our policies accordingly. If your association has effective policies and practices in place that have lead to a reduction in the number of free-riders, please get in touch. There is a lot we can learn from each other as we struggle with this long-standing frustration.

*This column features innovation and practical solutions applied to trends, issues, challenges and opportunities for the association community. Column editor Jim Pealow, MBA, CMA, CAE is a consultant [www.amces.com](http://www.amces.com) and the Association Management Education Program Lead Instructor/Coach for CSAE. He can be reached at [jim@amces.com](mailto:jim@amces.com).*