

ZDH-TECHNONET ASIA PARTNERSHIP PROJECT

**STRATEGIES FOR
MEMBERSHIP RECRUITMENT AND RETENTION
FOR
CHAMBERS OF COMMERCE & INDUSTRY**

BY

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FOREWORD

The Recruitment of New Members and the Retention of Members is one of the major issues in the work of chambers. However, the topic is often not getting high importance in the day to day work of many chambers. It may be overshadowed by the urgency of the advocacy work or by the pressure to develop or to sustain a high efficiency of services. However, membership development is the 'bread and butter' of all chambers. Without a strong membership base, there will be no successful advocacy as the chamber cannot claim to be representing all business. Moreover, only a large number of members can make services economically feasible.

The Manual on Recruitment and Retention of Members presents major strategies for membership development and provides practical guidelines. It may entice many chambers to try out new avenues in their drive for membership expansion.

The ZDH/Technonet Asia (ZDH/TA) Partnership Project is currently co-operating with almost 30 Chambers of Commerce and Industry and Business Associations in five Asian countries, namely Bangladesh, Indonesia, Nepal, Philippines and Vietnam. In the context of this work a Manual on Membership Development was seen as an important support instrument to strengthen the chambers and associations.

We are thankful to Dr Sabade of the MCCI Chamber of Pune/India who is the author of the Manual and who shares his rich and long experience as Director General of the renowned Mahratta Chamber with the readers.

We wish the Manual a wide distribution among chambers and associations and - most of all a wide application.

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Strategies for Membership Recruitment and Membership Retention for Chambers of Commerce and Industry

1. Introduction

Chambers of commerce are defined in a variety of ways. They may be defined as "voluntary organisations embracing firms, public officials, professional men and public spirited citizens of a locality or area." There is another definition which says "*Chamber of commerce implies a voluntary and cooperative organisation of the business community established to promote commercial industrial and civic interests*". There is also a simple definition which defines chambers of commerce as "organisation of enterprises on a regional basis." Whatever may be the definition, membership of business enterprises is sine qua non of any chamber of commerce and the representative character and its effectiveness is judged by the membership it represents of a business community in a given region or locality.

2. Importance of Membership

2.1 Thus without membership a chamber of commerce does not exist.

2.2 The function of any chamber of commerce can be broadly divided into three categories: 1) Service to members 2) The formulation of views on matters of public policy, and communication of these views to the appropriate authorities and 3) Representation of the business or enterprise community to the 'outside' and particularly to Govt. and Semi-govt. bodies.

The services a chamber provide depend largely on the requirement of its members and the support it receives. If it has a large membership, it has more resources and it can offer many services. If it has a limited membership, naturally, there is a limitation to the number of services it can offer.

2.3 Secondly, in case of small membership and consequently limited resources, the chamber cannot establish a professional secretariat by engaging qualified persons on the staff.

2.4 Thirdly, if it has insufficient membership, the chamber will not be a real representative of the business community in the region and it will not be so recognised by the Government. Thus it will lose its representative character and may not be given representation on public bodies, neither will its views be considered very seriously as representative views of the business community.

2.5 Hence, all chambers of commerce must aim at increasing and broad basing their membership in order to have adequate income, to have enough scope to offer common services and to retain their representative character.

- 2.6 Therefore, for the very existence and growth of any chamber of commerce, growth in membership is absolutely necessary.
- 2.7 In case of the continental type of chambers of commerce, where there is a public law status for a chamber of commerce and compulsory membership of business firms in a given region, there is no need to make special efforts to acquire and retain membership. But in other countries, special efforts have to be made for this purpose, first to acquire and then to retain the members.

3. Reasons for Low Membership

- 3.1 The above facts are very well known. But even then in many cases, the membership base of most of the chambers in developing countries is very narrow and little efforts are made to widen their membership. Why so?
- 3.2 In the first instance, many chambers of commerce do not offer attractive common services. Many businessmen regard chambers of commerce as defence mechanisms rather than agencies capable of providing or helping to organise services of positive value to everyday business.
- 3.3 When the members regard chambers of commerce and associations as mere defensive mechanisms and expect no concrete services from them, it is difficult to sustain the interest of members in the activities of these bodies especially when there is no defence issue. The result is the growth of apathy among members. Though this is not a problem with all chambers, it can be said that the great majority are troubled by it to some degree. There is a poor response to their circulars and very few participate in the various activities of the association. Many members are only dimly aware of bodies to which they belong and they remain members through inertia rather than active interest. This often leads to the lack of appreciation of the useful work being done. The potentiality for new activities and the importance of developing them are also missed. These firms are likely to regard association and chamber subscriptions as dispensable if they should at some time be faced with the need to reduce their expenditure.

Therefore in order to keep the sustained interest of members, it is necessary for the chambers and associations to undertake a wide variety of services and it is in these instances that firms are likely to regard membership of such associations as a real aid to the conduct of their business. It would not be too wide off the mark to argue that the extent to which the member-firms know and make use of the services provided is the best measure of a particular chamber's effectiveness as a common service agency

- 3.4 All members are not interested in all types of services. Therefore, any chamber has to organise a variety of services so that different groups of members may take interest in different types of services. Some may be interested in group telex or E-mail, some may be interested in Information Services, some in energy conservation and so on.
- 3.5 Many chambers have a feeling of complacency - "The region which the chamber represents is not prosperous and therefore there is no scope of growth for new membership; our chamber has always been small and continues to be small." If the management of a chamber feels that nothing more can be done, it is very difficult to break this deadlock.
- 3.6 In some cases, the membership does not grow because one small group is controlling the affairs of the chamber and they do not want to allow others to join the institution because then their hold will go. They do not want to broadbase the organisation in order to keep the control for themselves.
- 3.7 In some cases, the elected members as well as the professional staff do not know how to gain more members and retain them. Therefore, no special efforts are made to invite more members. It is easy to tackle this group because they are prepared to learn the techniques of attracting additional members and also make special efforts to retain them.
- 3.8 Sometimes, there is a multiplicity of such organisations like chambers of commerce, trade associations, small industry associations in a region and all of them are competing for the limited cake. In such circumstances, each of these organisations will have a limited membership and there will be great limitations for the growth of membership.
- 3.9 Though the chambers of commerce are supposed to serve the entire business community, in many instances, they serve only certain factions of that community. This type of perpetuating situation could cause the chamber to become extremely narrow in its focus and others may eventually lose interest.
- 3.10 Many small enterprises feel that the local chambers of commerce are dominated by large industrial houses and they have no place in the organisation. Very few chambers organise special services or activities in which small enterprises are interested. Therefore, such enterprises feel that they are not going to gain anything by way of return if they join a chamber of commerce. Hence they develop a total apathy to these organisations.

4. Factors favourable for Growth of Membership

When membership of a chamber is sought, one is not offering merely the services of a chamber, but one is cashing on the goodwill and image of the chamber in the community. Hence much depends upon the positive image of the chamber and the past work it has done in the community. In this context the following factors play an important part.

- 4.1 **Ambition to Greatness:** Members look to the chamber for many things: to provide them with services; to speak for them, to come to their rescue when necessary; to invite them to join in exciting programmes; to provide a sense of fellowship. But there is something else which does not always find an expression but which chamber might ignore at a peril. Members and volunteers want their chamber to help them to develop and grow, not merely in size but in standing in the community; they want their chamber to help in achieving what we may call the fulfilment of their ambition to greatness. This need is well appreciated and catered for in service organisations such as Lions, and Rotary. It is important to ensure that in the more business oriented environment of chamber as this need for fulfilment is not forgotten. In providing for this need, it will help not only the member but the chamber as well because the chamber itself can best develop by making the optimum use of the most precious asset that it has - power, prestige, energy and expertise of its membership which encompass so many fields of business.
- 4.2 **A respectable group:** A chamber of commerce or an industry or trade association is often looked on as a sort of club, which it is in good form to join. Many firms which have little genuine interest in the affairs of the association, do not resign from the membership. To belong gives a firm a feeling of respectability, of being in the group and not outside the group. Subscriptions are often negligible as far as a firm is concerned and are paid out of some kind of industrial patriotism. This feeling of belonging to a group is also accompanied by a sense of security derived from the membership. Although his firm may not be getting anything of value at the moment from the association, the businessman may feel that it is there in case of need and that he ought to keep the relation as a standby.
- 4.3 **Social Pressures:** There are also social pressures particularly where industries are regionally concentrated. An industrialist who remains outside the chamber or association is known as a non-member and non-supporter of a collective effort in the community and in the circles in which he lives. Hence if there are no positive disadvantages, a businessman would prefer to be in his association rather than out of it.
- 4.4 **Program of work:** These are the goals and objectives or in other words what the chamber will do from year to year. It is necessary to ensure that every member participates in the formulation of a programme of work. Special efforts may be undertaken by the chamber to persuade every member to actually take part in this process of programme formulation. Members are busy within their own organisations and may not contribute if left by themselves. Extra effort by the chamber to secure maximum participation can pay handsomely in the form of valuable input on the one hand and an involved member on the other.
- 4.5 **Programme Execution:** The second factor of 8 successful chamber is *to DO WHAT YOUR PROGRAM OF WORK SAYS YOU WILL DO*. In many

instances, the chambers develop ambitious programs, part of which they never do. Although they mean well and try to accomplish their commitments, they don't and lose credibility in the eyes of the business community. If you order something from a company and the company never delivers it or it does not do what it says it will do, you eventually stop doing business with them i.e. drop your membership.

- 4.6 **Communication:** It is not enough to have a programme of work and its execution but a chamber must continuously communicate to its members its accomplishments and the benefits that they are receiving from the program. This can be done by chamber newsletter, press-notes and special functions. The communication and membership efforts of any chamber should work very closely together. If possible they should be managed by the same individual or there should be proper co-ordination between the two individuals looking after these activities.
- 4.7 **Staff Attitudes:** The attitude of staff working in the chamber also plays a great role in membership recruitment and retention. Whether you have a staff of one or 100, this problem permeates the whole chamber. Members are temperamental, they have their own egos and one must understand that we are dealing with someone who has achieved some success and has been managing his own enterprise. Often the complaints are: it takes too long to answer the telephone, they put one on hold for a long time, chamber staff is not easily accessible, staff gives a cranky or incomplete answer, they do not correct a change of address even after repeated requests, or don't follow up as promised. Most staff members do not realise that this situation exists. They do not understand the effect they have on membership recruitment and retention and conversely the effect it has on them, until we show how it relates to salary increases and job security.
- 4.8 **Commitment of CEO:** Another factor which is affecting membership success is the degree of commitment from the Chief Executive Officer and the Board of Directors. If they are willing to do their part, if the CEO is easily accessible to an ordinary member and takes interest in his problems and difficulties, membership recruitment and retention is much easier.
- 4.9 **Participation of Members:** The growth in membership is easier when a chamber gives opportunity to its members to participate in its activities and also provides a form of recognition to them.
- 4.10 **Image as Winning Organisation:** Membership growth is easier if the chamber has an image in the community as a winning organisation. Chambers of commerce are there to protect the interests of the business community and the strength with which any chamber communicates with Government and pursues the cause of its members decides on its image in the community.

- 4.11 **Quality of its Products/Services:** Last but not the least it is the quality of service of any chamber which ultimately decides on the membership growth. Businessmen are shrewd and very particular about their investment. If they get efficient services in return, they feel their investment is properly rewarded and they are likely to take membership of a chamber of commerce. Therefore, any chamber of commerce, before embarking upon a plan of membership development and especially in the SME sector must organise its services in an efficient manner.

5. Strategies for Recruitment of Members

- 5.1 In any chamber of commerce, every year there is some loss in membership. This is because some firms go into liquidation, mergers and acquisitions take place, some companies are in financial difficulties and can not afford the chamber membership subscription, some do not appreciate chamber work and so on. Therefore there is bound to be some loss in membership every year and in order to retain the membership income and allow for normal growth, it is necessary to go on adding continuously new members. If the chamber has a good image in the community and if it is offering a variety of services, some new members will automatically approach the chamber. But this is not enough.

This may add only a few members. If we want to add substantially to the number of members, one has to market the membership of a chamber. For this purpose, special activities and programmes will have to be planned. Some suggestions have been offered in the following paragraphs.

- 5.2 **New Business Organisations coming into the Area:** A chamber can keep a tag on new business organisations that are coming into its region or district. One can get this information from the following sources.
- a) Regional registering authority where names of new industries have to be listed.
 - b) Licensing Authority under any Act where any new industrial unit has to obtain an industrial license.
 - c) Financial Institutions - term lending institutions and banks who are approached for finance by any new company.
 - d) Venture Capital Corporations.
 - e) Industrial Area Development organisations where new units have taken plots.
 - f) Central Electricity Authority to whom applications have been made for new power connections.

- g) Industrial Estate Organisations.
- h) Organisations which encourage dispersal of industries and which know of new industrial units.
- i) Any other State Government organisations like Company Registration Authority etc.

The above list is not exhaustive and depends upon the circumstances of each country; the regional chambers have to contact these bodies and get the list of new companies and new industrial units which are likely to be set up in their regions.

Once such a list is obtained, then the chamber should contact these new units either by writing letters or by sending someone to meet them and then request them to join the chamber. This should be a continuous process.

Drafts of such letters are reproduced in the Appendix. One can suitably modify these drafts and use them.

5.3 **New Entrepreneur's Club:** New industries establish their units in a stepwise process. They float a company, purchase land and start organising themselves. It takes quite some time before they go into production. In this gestation period, they need a lot of support and help. A chamber of commerce in a region can probably offer its assistance to such units in this period without insisting that they become members. In one case, an entrepreneur's club has been formed with the help of State Govt. officials and help was offered to new enterprises. They all are potential members and this is a good investment for any chamber of commerce. All of them will become members of the chamber sooner or later. This is a sophisticated way of marketing one's membership.

5.4 **Short Term Membership Campaigns:** Apart from the continuous effort towards recruitment of new members by the chamber, it may organise a short term membership campaign of say one month during a year, when it can involve all its members in such a campaign. Like Rotary, the campaign can be "*each one Bring One*" and existing members may be encouraged to enrol new members for the chamber. Those who bring three or five members may be given a Presidents citation and special awards in a function, or a reduced membership fee for the next year.

In Rotary and Lions Clubs, this has sustained membership and it is worthwhile trying this method in chambers of commerce. This will involve a majority of members and since the campaign is for a short period, all efforts can be put together to make it a success.

In any case, recruitment of new members is a continuous process and even if we want to retain our membership strength, we have to go on adding new members in order to take care of the dropouts every year.

6. How to Retain Members?

6.1 Though there are bound to be some dropouts, any chamber must make an effort to retain the majority of members. It has been the experience that most members drop out within the first two years of their joining the chamber. Therefore, the new members should be contacted at six monthly intervals during their first two years of membership to check whether the chamber is living up to their expectations.

6.2 **New Member Reception:** Contact with new members should be made as soon as possible after they join. Efforts should be made to make new members feel that they belong to their new institution. Therefore, new member receptions should be conducted at least every other month or whenever thirty or more members join, whichever occurs first.

Purpose: To acquaint members with activities offered by the chamber and inform them how they can take advantage of its benefits. The new membership kit can be distributed at this meeting.

Name: New Member Reception, not "Orientation" or "Indoctrination".

Time: Not more than one hour long at a convenient time to members.

Expense: Low. Tea, Coffee and Biscuits.

Invitations: To be sent by post and to be followed up by the membership development officer. Have a RSVP Card.

Meeting Attendance: Many will feel more comfortable and are likely to attend if they are asked to bring a friend from their firm or a business colleague. Perhaps he can be a potential member.

Business Exchange: Have a display table for brochures and business cards.

Presentation: Theme is high on benefits and services and low on history and structure.

Visit: Take them round and show them the facilities the chamber has.

Business Card Links: Encourage anyone wanting more information about any program to write his need on the back of his business card and leave it for follow up.

Some members may not attend these New Member Reception meetings. Some may not attend due to appointment conflicts or time constraints. Others may not

come because they did not see a value in it. Those in the second group are most likely to drop out the following year and need to be contacted once again.

6.3 **After Six Months:** It would be worthwhile to send a brief questionnaire to new members six months after they join. This is an ideal time to ask about services they have particularly enjoyed or what new types of services they would like to see offered. It may perhaps be too late to obtain feedback if you wait until you send out the first year renewal notice.

6.4 **Involvement of Members:** The chamber should make a continuous effort to involve its members in its various activities.

6.4.1 **Events:** There are regular events in which members can participate. Among these are:

- Seminars/training courses/lectures
- Meetings with Ambassadors, Consul Generals, Trade Commissioners.
- Trade and investment promotion missions from foreign countries.
- Meetings with Govt. officials on matters of topical interest.

Such events, not only develop members by upgrading their know how and bringing them in touch with their leaders and important Govt. officials, but give members the sense of belonging to a specialised body that takes the trouble to organise opportunities for them which they could not have organised on their own.

6.4.2 **Sub-Committees of the Chamber:** Each chamber has specialised sub-committees on labour, export, import, small scale industries, taxation, foreign collaboration etc. While constituting these committees, each member may be requested to nominate his representative if he so desires. These Sub-Committees may then have many members. But this ensures effective participation from each member in each subject. In practice very few people attend. But for organising specialised meetings on individual subjects, these lists come very handy. The office has a ready access to a good cross section of experienced professionals in individual subjects.

6.4.3 **Specialised Mailing Lists:** If the chamber has a large membership, it can consult its members and prepare specialised mailing lists of those interested in exports, foreign collaboration, small scale industries etc. and these lists can be used for disseminating information on these subjects as well as for calling meetings. This will ensure effective participation of members in their field of interest. Different colours of paper can be used for different subjects.

6.4.4 **Nomination to Bodies:** Governments in many countries invite nominations to various bodies such as advisory committees, Port Trusts, Railway and Taxation Authorities, Export Promotion Boards, Industries Advisory Councils etc. The chamber should a) try to establish itself with the authorities concerned as one of the institutions which will be asked to make such nominations and b) use this privilege to nominate and thereby involve as many of its members as possible in

bodies of this kind, to which nomination is regarded an honour. Not only the chamber is able to make its views felt in such prestigious bodies, but also its members will begin to think, and say, that membership of the chamber opens all kinds of opportunities which would otherwise not be available to them.

- 6.4.5 **Involvement in Policy Making:** The effort of any chamber should be to involve as many members as possible in policy making on major issues. Members must feel that the chamber is working as their spokesman and is trying to safeguard their interests. This a chamber can do by inviting views of its members on major issues, asking them to participate in a discussion and joining in a delegation to Govt. on all such issues. Since this work cannot be done by any individual member, it will be appreciated by all members.
- 6.4.6 **Recognition and Reward:** Watch out for the chamber member who achieves a notable success or receives a national award. Chambers should congratulate such members either by sending congratulatory letters by the President or by felicitating them in a special function. This is invariably appreciated by the member and you have then prepared the ground for future involvement of the member in a chamber program.
- 6.4.7 **Services to Members:** A chamber which offers a variety of services has no difficulty in retaining its membership. This is because each member will be interested in one or the other service organised by the chamber and therefore would like to continue his membership. For instance, some may be interested in group telex service, some in labour advisory service, some in energy consultancy service and some in making use of the commercial reference library of the chamber. This helps to retain a large number of members in the chamber. Therefore, the crux of the problem is to involve members deeply in chamber affairs and also to organise a variety of services so that members will retain their interest in chamber activities. Business organisations are likely to continue their membership of a chamber if they get tangible benefits out of such membership.

A service is a benefit for the members who pay an annual subscription. If anything is paid by the member for the service, it is to cover costs and not to make a "profit" for the chamber. The service is the member's return on the fees investment and is therefore a good retention and membership marketing tool.

There are two types of services:

a) Indirect Services - general benefits received from the program of work that are hard to quantify such as economic development, legislative action, crime prevention, educational improvements, etc. The membership manager has little control over these but should do a good job of translating them into "bottom line" benefits and services which the member is receiving. Once translated into benefits, they should become part of all marketing brochures. But in many cases, these services become too general and imaginary. The image, the prestige, the sense of belonging, economic regeneration of the region are all vague and intangible ideas which many members are not likely to perceive. What they are

interested in are concrete services they receive from their chamber. Therefore, it is necessary to lay emphasis on the concrete services.

b) Direct Services - specific benefits which members will receive as part of their membership not available to a non-member. These may include:

- Free listings in a Membership Business Directory or Buyers Guide that will be distributed to the business community.
- Business contacts through meetings such as "Business After Hours" where members can meet and exchange business cards at little or no cost.
- Free Publication such as weekly or monthly Bulletins.
- Specialized publications at a discounted price.
- Easy access to national or local firms such as car rentals, hotels, major attractions, etc.
- Free seminars conducted by local firms for exposure or civic duty.
- Discounted rates for attending training programmes.
- Special reduced rates of fees for obtaining consultancy or other services from the chamber.
- Free access to the library of the chamber.

6.4.8 **Services to SME Sector:** The large scale industries have their own expertise and they may not look to the chambers for providing services. They are more interested in broad policy matters, govt. liaison, image of the business community and so on. But units in the SME sector are directly interested in various services offered by the chamber. They are the principal users of these services. Therefore, in order to retain them in the membership, any chamber will have to organise a variety of services for them.

Moreover, it is extremely difficult to retain small and medium enterprises in the membership of the chamber. There are always many ups and downs in this sector. Secondly, as most of the units in this sector are proprietary and partnership firms, they are very particular about spending of funds of their organisation. Therefore, they will always evaluate the direct utility of making subscription payments to any chamber or renewal of their subscription. Hence, one has to organise many services and be of direct use to SM Enterprises in order to retain them as members. This is a more difficult task than selling membership and retaining a large scale unit. In such LSEs a cheque is signed by a professional and he is not likely to think that money is going from his purse. But a S M entrepreneur thinks that any spending is a cut in his profits and he is more particular about such payments.

6.4.9 **Nature of Services One can Organise:** The SME sector is generally not attracted by very broad issues which may benefit certain sectors. They are more interested to know as to what a chamber of commerce can do for their own individual organisation. In other words, they are more interested in specific services and if any chamber of commerce wants to attract membership from the small scale sector, it has to organise specific services beneficial to individual units. Some such services are indicated below:

A. COMMON SERVICES

Group Telex Service	Fax Service
Electronic Mail	Bulk Data Transmission through a computer
Data Collection and Dissemination	Commercial Reference Library
Management Film Club	Reprographic Services
Commercial Directories	Training Programmes
Seminars and Lectures	Organising Industrial Estates
Online Data Communication	

B. CONSULTANCY SERVICES

Import, Export, Customs	Central Excise (VAT)
Finance and Banking	Industrial Engineering
Environment	Total Quality Management
Conservation of Energy	

C. INTERNATIONAL

Organising Business Tours	Sending Delegations abroad
Receiving Delegations & officers from Embassies and arranging discussions with them	Contact with Organisations for technical information
Trade Introductions.	

D. PUBLICATIONS

Regular publications giving day to day developments in trade and industry.

Special informative brochures for small enterprises.

Brochures giving schemes of Government or institutional assistance.

This is only an indicative list and not an exhaustive one. One can add many more services keeping in mind the needs of the local industry.

These services can be taken as profit centres. The chambers of commerce may consider bringing professional expertise not on pay rolls, but on profit sharing, part time, retainer, free lance or consulting basis. The problem is one of designing, selling and delivering the services. Eventually when, a particular service justifies the necessity of employing a full time person, one may go for the same.

Chambers of commerce may also get special grants from trusts or members to build community based, public purpose (for employers as a group) services as opposed to services to specific individual members. Organising a commercial reference library, film club, entrepreneurs' club may fall in this category. Some activities like training programmes, research or data collection on an individual subject may also get international support.

7. Categories of Members and Membership Subscription

7.1 There are four categories of membership which are commonly found in most of the chambers 1) Permanent 2) Ordinary 3) Associate and 4) Honorary.

7.2 In the first category there are patron members, benefactor members or life members. They have to pay a lumpsum subscription only once and then they do not pay any annual subscription. Normally about twenty times the annual subscription is taken as the one time fee for life membership, the principal being the interest income of this amount should take care of the annual subscription.

The chamber can revise this rate of annual subscription periodically. But in case of life or patron membership, one has to serve the member for the same subscription throughout. Invariably this is an uneconomic proposition. In case of corporate membership, they have a perpetual life and it is not advisable to enrol companies as permanent members. One may open this category only for individuals.

7.3 The ordinary members form the main core of any chamber. They pay annual membership subscriptions and have voting rights. They can also stand for election to the Executive Committee of the chamber.

7.4 The associate membership is composed of such firms or individuals who are otherwise not qualified to become ordinary members. The annual subscription is charged at a lower rate and they do not have any voting rights. Very small industrial units who cannot afford regular subscription may perhaps be included in this category.

7.5 The honorary membership is not given on application. It is usually an honour conferred upon an individual for rendering a distinguished service to the industry, trade, or to the community in general.

7.6 **Subscription Fee Structure:** There are different ways of fixing the membership rate structure. It can be related to annual turnover, subscribed capital, equity (plus reserves), number of employees, taxable income, annual profits.

7.7 Many companies may not have a taxable income or they may not make any profits. In that case, if the rate of subscription is related to profits or taxable income, the chamber may not get anything or perhaps a very negligible amount. Subscribed capital or equity does not change very often and therefore if the rate of subscription is related to equity or subscribed capital, the chamber will have a static income and it will not change. Similarly, if in the days of automation the rate of subscription is linked to the number of workers, the chamber income may remain static or decline or its growth will be very slow. The linking of rates of subscription to annual turnover is a better alternative because it takes care of the annual increase in sales turnover of member firms and it also allows for automatic increase in chamber subscriptions. Therefore, as far as possible,

chambers should link their annual subscription rates to the annual turnover of member firms.

- 7.8 **Different Classes of Members:** Apart from the above categories of membership, a chamber can have different classes of members depending upon the size of their operation. For instance, in a composite chamber of commerce, members in the small scale industries category can be charged less than the medium sized industries and medium size industries can be charged less than the large scale industries. The principle should be **CHARGE WHAT MEMBERS WILL BEAR**. One can, therefore, think of introducing different classes of members as per their size of operation and here again the criteria of turnover could be very appropriately used for any such classification.
- 7.9 **Service Fees:** All members are not interested in all types of services. Hence if all services are offered free, then in order to cover the cost of these services, the membership subscription will have to be kept very high which very few can afford. In that case very few will join the chamber. Therefore, keep services in which a majority of members are interested free and charge for special services that only some members want. This will enable the chamber to keep its general subscription at a reasonably low level which the majority of members, especially those in the SME sector can afford. Then one can also generate an income by charging for special services offered to a few members. While offering services, a distinction should be made between a member and a non-member who should be always charged a higher rate for the services rendered. This will make membership more attractive.
- 7.10 **Revision of Rates:** The membership fee structure should be periodically reviewed. The chamber should ask three questions in this connection:
- *Is the rate structure generating enough income to sustain the activities of the chamber?*
 - *Is it attractive for new members to join?*
 - *Is it attractive to remain a member?*

When should the revision of the rates of subscription be made? Every three years the chamber should review its existing rates of subscription and adjust them for inflation. If this is not done, the chamber will not be in a position to meet its expenses. Because of the inflation the expenses will soon supersede the income. Therefore, the growth rate in membership income of any chamber must exceed the rate of inflation, then only it can sustain its activities. This can be done by a suitable revision in the subscription rates or by adding new members. Both methods must be used judiciously.

8. Organising Membership Development

- 8.1 There are two main ways for membership development: Volunteer and Professional marketing (performed in exchange for commission and/or salary.).

Volunteer Membership Development can take place only with the help of the volunteers or council committee members of the chamber. This can either take the form of a membership development committee or a group of office bearers or some prominent members looking after membership development.

Marketing of membership may involve one or two staff members. There are various ways to tackle this issue. A chamber may appoint someone who will look after the membership development and retention. His job will be to approach new enterprises for membership, enrol them as members and see that their membership fees are received regularly. He will issue reminders to collect membership subscription, keep a record of such collection and then will also contact them individually in case some members do not respond. It is absolutely necessary that in any sizeable chamber of commerce, at least one full time person is appointed to look after this work. At the beginning of the year, a target - both in terms of number of members as well as the total amount to be collected by him by way of membership subscription, can be given. Within this broad framework, he will operate.

At the close of the year, when there are still a large number of members to pay membership subscription, the entire workload can not possibly be handled by a single individual. In that case, if it is possible, a few more persons can be appointed to help him. They can be paid a fixed salary or they can be paid a certain part of the subscription (say 5% or 10%) collected by them as a commission to them. This will ensure a large collection within the shortest possible time. Since they are paid a commission, there is no permanent liability on the chamber and the payment is related to their performance. Similarly, it is also worthwhile trying membership recruitment on a commission paying basis. This may not succeed in all the places. But it is worthwhile giving it a try.

8.2 We have already referred to short term membership campaigns organised by all members together. This may last for a month or so. Advantages of such campaigns are:

- Short term volunteer time commitment
- Basis for awards can be easily established.
- Many members involved
- Short term staff involvement
- Peer sales (Member to Member)
- Publicity can be organised

Disadvantages:

- High membership losses following year
- Difficult to motivate all members
- Intense staff time required for short time.

8.3 The above method can be occasionally tried. But a better alternative would be to have a membership development committee with a staff officer attached to the same. This work should not be left to the secretarial or accounts dept. A separate

person is a must for this work. The job of the officer is to enrol new members and also to make efforts to retain the old members. He will also have to keep an up-to-date record of all members and issue renewal notices to them from time to time.

- 8.4 The membership development committee can give all support to him. It can set goals of membership development, decide on how to approach new members and also assign the responsibilities. Accordingly the staff officer will have to make efforts and try to achieve these goals.
- 8.5 Apart from the concerned officer in charge of membership development, since this is an important aspect of chamber development work the chief executive should also be deeply involved in these efforts. He has to continuously monitor and guide these activities. Monthly statements regarding renewals, lists of new memberships should be presented to the Executive Committee and continuous review should be undertaken of these activities.
- 8.6 **The New Member:** One sure way to lose a member is to ignore that member once he is admitted into membership. Therefore FOLLOW UP of such member is absolutely necessary.

As soon as the membership application is accepted and a member is admitted, a letter from the President or the Secretary General of the chamber should be sent. A draft of such letter is enclosed in the appendix.

At that time or at the time of new membership briefing 'a membership kit' should be presented to him. The membership development officer can also do that.

Within six months after a member becomes a part of the organisation, a follow up with a visit or a telephone call by the Membership Development Officer should be done. This is in order to get an evaluation from the new member and also suggestions for further involvement.

- 8.7 Renewals: For renewal of membership a systematic follow up is necessary. In many cases, it is not necessary to physically approach all members. It is enough if a follow up is done by letters and telephone calls. A Scheme of such follow up letters is given below. With little modifications, it could be used:

I letter: At the beginning of the year.

II letter: Immediately after three weeks of sending such letters.

III letter: After 3 months of sending 1st letter.

IV letter: After 6 months of sending 1st letter

Model Drafts of such letters are enclosed. They could be used with some modifications suitable to each organisation.

In spite of these reminders some members may not respond. In that case it is necessary to physically call on them and request for renewals. If the number is too large, and can not be handled by one Officer, other persons may be appointed to renew these subscriptions on commission basis. In case of important members, the President or senior members of the chamber can call on them.

At the end of the year, in spite of all the follow ups, subscription fees from some members may yet remain to be paid. A list of them should be prepared and be presented to the Executive Committee of the chamber. Some members are likely to be known to the members of the committee and a word from them may help in renewing the subscription.

In any case a non-paying member should not be allowed to have a quiet death. All efforts should be made by the chamber to renew the membership.

9. Efficiency of the Chamber:

The efficiency of the chamber is a pre-requisite in order to attract, hold and develop members. Therefore, we wrap up this paper by briefly listing some of the things which members would like to see in their chambers:

- The office-bearers of the chamber - the Chairman and his deputies must be persons who are considered leaders of business, both by their peers and by government leaders and officials;
- The Council members of the chamber should be considered experts in their fields;
- The staff of the chamber, and especially the chief executive, should be considered highly professional;
- The chamber should have a Programme of Work which can attract members and volunteers;
- The services of the chamber should be continuously geared to the needs of its members;
- The finances of the chamber should be sound and properly managed;
- Members' requests for help must be courteously and speedily handled;
- The publications of the chamber should be of high quality in appearance and content;
- The reports of the chamber on various issues should have the reputation of being always well researched;

- Overall, the chamber should have the reputation in both business and Government circles of being a well-run, prestigious institution.

Working in concert, members, volunteers and staff can build this ideal Chamber.

**Specimen of letter requesting an organisation
to become a member of a chamber of commerce**

Dear Sir,

Request to join as member of the Chamber

We understand that you intend to set up/you have set up/ a manufacturing establishment in this area. We welcome you to this district which is one of the fastest industrially growing areas in the country and we hope you will continue to prosper in its congenial surroundings.

We are writing this letter to request you to join our chamber as a member.

The Chamber has completed decades of useful service in the cause of promotion of trade, business and industry in this region. During this period it has not only protected the interests of the business community but has been able to promote many policy changes of the State and Central Government, in respect of import, export, industrial licensing, taxation, central excise, pollution control etc. The Chamber has been represented on various public bodies and through these bodies we have been taking up the problems of our member units.

Apart from these activities to represent and safeguard the interests of trade and industry, the Chamber has organised a number of common services in the field of data collection and dissemination, organising infrastructural facilities, providing expert consultancy services in the field of taxation, energy conservation, total quality management, training etc.

A member of the Chamber is entitled to get the periodicals published by the Chamber, he has an access to the rich commercial reference library, he can use a variety of common services such as telex, fax, electronic mail, reprographic services at a concessional rate etc. A member can represent his problems to the proper forum and he can also represent his views on all policy issues to the Government and Government agencies.

The enclosed folder will give you an idea of the various services of the Chamber and how a member can take advantage of the same.

May we request you to join the Chamber as a member and be a part and parcel of this premier institution representing trade and industry in this region.

We are enclosing herewith a membership application form for your use. Kindly return the form duly completed in all respect together with the cheque for the appropriate amount. You are requested to check the schedule for the rate of subscription applicable to you. Your cheque should be drawn in favour of

_____.

Thanking you in anticipation and awaiting your valuable membership,

Yours faithfully,

Form of a letter answering inquiries for membership

Dear Sir,

Sub.: Membership

Ref.: Your letter No. _____ dated _____.

We are in receipt of your letter quoted above and thank you for the same.

As desired, we are sending herewith a Membership Application Form and a Schedule of Membership Subscription to enable you to become a Member of our Chamber. A folder on the activities of the chamber and the advantages of becoming a member is also enclosed.

You are requested to send your Application Form duly filled in along with a crossed cheque for an appropriate amount covering the Annual Subscription and the Entrance Fee. Your cheque may please be drawn in favour of _____.

Thanking you once again,

Yours faithfully,

Draft of 1st letter to be sent to Welcome new Members

Ref. No.:

Date :

Membership No.:

Welcome to the Chamber!

Your application for membership has been accepted by the Executive Committee of the Chamber and you have now been enrolled as a Member of the Chamber from _____.

Your name has been put on the mailing list and you will now regularly receive our circulars, invitations, our weekly bulletin and also our monthly journal.

As a Member, you will be entitled to attend all our General Body Meetings and if you so desire, any of the special meetings of various committees. You are entitled to make use of the rich and unique Commercial Reference Library of the Chamber. You can request information pertaining to any aspect of Trade and Commerce. You are also entitled to apprise the Chamber of any of your difficulties and get them represented through the Chamber.

The Chamber has specialised consultancy services in Labour, Excise, Industrial Licensing, Energy, Foreign Collaboration, Import, Export, Industrial Engineering, Total Quality Management, and Training. We also operate a Group Telex and Fax Service, a Xerox copying service and Electronic Mail Service. You are entitled to make use of these services and we shall be happy to provide you with the details of each of these services. The Chamber has also various Committees on Labour, Excise, Import and Customs, Export, Taxation, Electronics, Small Scale Industries etc. Members are entitled to participate actively in any one or more of these Committees. We shall be glad to know your choice.

The Chamber is also operating an Audio Visual Service and a Conference Service. We have all types of video and audio equipment and different sizes of halls for conferences and meetings. We can make them available for your company meetings.

The Chamber has ON-LINE DATA access service, which provides information on American Patents, British Standards, Chemistry and Chemical Engineering, Automobile Industry, Biotechnology, Computer Science & Computers, Credit Reports of American Firms, Investment and Incentives.

We are enclosing a stamped receipt of your membership and entrance fee.

Looking forward to a long and mutually beneficial association,

Yours faithfully,

SECRETARY GENERAL

Encl.: As above

Draft of 1st letter asking for annual subscription

Ref. No.

Date:

To

ALL MEMBERS OF THE CHAASBER

Dear Sir,

ANNUAL SUBSCRIPTION FOR THE YEAR 1993-94

You are an esteemed member of this Chamber. The Chamber's financial year commences on 1st April every year. According to our Constitution, the annual subscription is to be paid within 15 days from the commencement of the new financial year. May we, therefore, request you to please remit your subscription on or before 15th April this year.

The schedule of subscription is appended below. You are requested to check the relevant rate from the schedule and remit your subscription accordingly. Your cheque should be drawn in favour of ----- ***Chamber of Commerce & Industries***

Accordingly, a bill for annual subscription is enclosed.

We are grateful to you for your sustained interest in the activities of the Chamber and for your active support.

As in the past, we trust you will continue to render your valuable co-operation to this Chamber in years to come.

Assuring our services and best co-operation at all times.

Thanking you,

Yours faithfully,

SECRETARY GENERAL

Encl.: Bill for annual subscription.

Reminder I asking for Annual Subscription

Ref. No.

Date:

Dear Member,

May I kindly invite your kind attention to our letter dated ----- requesting you to remit your annual subscription for the year 1993-94.

The Constitution of the Chamber provides the right of voting to only those members who pay the annual subscription within 15 days of the beginning of the financial year. You have been in the voters list during the past year and I am sure, you would like to be in this list this year as well.

May I, therefore, request you to expedite the annual subscription before 15th April.

I am sure, you will do so.

Yours faithfully,

SECRETARY GENERAL

Second Reminder asking for annual subscription of the Chamber

Ref. No.

Date

Dear Member,

Current Annual Subscription of the Chamber

Kindly refer to our earlier letters regarding your arrears of the Chamber's membership. The letters might have escaped your attention. May we once again remind you to pay the Annual Subscription of your membership for the year 1993-94.

We have had the pleasure of your association as our esteemed member so far. We are sure that our mutual association will continue to strengthen in the future as well. We believe that the membership of the Chamber is important to you and your organisation.

We are grateful to you for your sustained interest in the activities of the Chamber and for your active support for the same. We trust you will continue to render valuable co-operation to the Chamber in the days to come.

Assuring you of our best services and co-operation at all times.

Your immediate payment of subscription will be highly appreciated.

Thanking you,

Yours faithfully,

SECRETARY GENERAL

Encl.: Subscription Bill

Reminder III asking for Annual Subscription

Dear Member,

Current Annual Subscription of the Chamber

May I request you to refer to our earlier correspondence requesting you to send your annual subscription to the Chamber for the year 1993-94.

So far we have not received your remittance and hence we are once again sending a reminder. You will appreciate that the Chamber is an institution of members like you and unless members support its program of work, it just cannot do anything. We have planned many ambitious programs of organising activities to promote the interests of members like you and unless you strengthen your own organisation, we can not be effective.

We count on your support and I request you to renew your membership by paying your subscription.

From 3.00 p.m. to 5.00 p.m. I set aside time to talk with Chamber members about their concerns and their problems. Please give me a call on any day. I would like to hear from you.

Looking forward eagerly to meet you,

Yours faithfully,

SECRETARY GENERAL