

7 Reasons Why Really Small Businesses Should Join their Industry Trade Association To Succeed

Even if it means eating a lot of peanut butter and jelly sandwiches

By

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Why Short-Sighted Small Business Owners Will Ignore the Advice In this E-Book and
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Introduction

This is an e-book with advice for really small business owners who want to succeed. Successful business owners share many qualities, from knowing their business to having sufficient capital to carefully monitoring those funds and spending them wisely. But success, I believe, involves more than writing a business plan and implementing it wisely. It typically requires a higher education that comes not from a university but from the shared wisdom available from the one group that can teach a new business owner more than any article or book. This group offers the best opportunity for networking and information, and that can produce inspiration and affirmation unavailable anywhere else. This group is the really small business owner's trade association.

A trade association is a local, state, national, or international nonprofit organization that exists to help grow the industry to which its members belong and to help its members become better at running their businesses. Trade association members pay dues to support the organization's programs, newsletters, websites, conferences, and if they are large enough, their management staff.

They may range in size from a handful to several thousand members. The smallest may be part of a very new industry or may represent a small niche within a much larger industry. According to the American

Society of Association Executives, there are approximately 86,054 trade and professional associations in the United States alone.

I believe trade associations are great resources for information, network, and inspiration for two reasons. First, as a member of two trade associations, I know that without this experience my business would not have survived. Second, as president of an association management company I see which businesses that join the associations I manage thrive, and which ones never understand the benefits of membership and become one of those statistics you read about—part of the 50% of all businesses that fail in the first five years (Source: Small Business Administration). In brief, the really small business owner who does not join a trade association will often become a former business owner and someone else's employee (and an unhappy one, too).

Joining a trade association is, at the most fundamental level, a marketing tactic. It is often overlooked as such because many small business owners don't understand the need for marketing and believe they just cannot afford it. Some mistakenly consider marketing a synonym for advertising. It's easy to understand why they make this mistake.

Ask most new small business owners how they will succeed and they will discuss financing and funding, office equipment, or their experience.

Ask them how they will get their first customer and they will mention a lead they have or an organization they've worked with in the past and whom they expect to attract to their new business. Ask them how they will get their second and third customers and you often will get a blank stare. They don't understand marketing and that joining a trade association is a fundamental, essential marketing tactic.

First, consider how many “how to start a business” guides treat this topic. Most guides emphasize the importance of a written business plan. Few, however, focus on the need for a written marketing plan that answers this fundamental question: How will you get customers? (See sidebar.)

A second reason can be the owner’s own resume. The need for marketing is often unclear to many small business owners because their background and skills are often operational—they know something about a particular product or service and how to create it, but less about how to market it, or to effectively reach prospects, or to manage a really small business with limited funds. They fail to recognize how trade associations can be a valuable source for finding new clients and knowing how to service them.

In this e-book we consider seven reasons for joining an industry trade association—and the reasons why most don’t join.

Why Really Small Business Owners Should Join

Before getting into the seven reasons for joining a trade association, let's consider the credentials most individuals bring to a new small business.

Most have never started a business from scratch. How good are most of us the first time we try doing anything? We make mistakes, especially as the sole owner of the business—likely the only full-time employee in the business. The owner has no in-house counsel, marketing specialist, or human resources department to provide expertise in functional areas where the owner lacks expertise. And the owner has precious little time once the doors are open to personally research industry issues or management areas they find particularly challenging. The information resources of a trade association can be an immense time-saver to the business owner.

To mitigate any mistakes and to overcome areas of insufficient information or training, it is helpful—essential—to have a network of advisors with whom the owner can consult on difficult issues or major buying decisions. We may have friends or family members who offer to help, but who could be better than individuals in the same position we're in: taking the biggest risk of our lives in the same industry.

Why go it alone when you don't have to?

Thank you SBA.

How can you afford to join and participate in your trade association?

When I considered opening my small business, I went to a Small Business Administration class where the instructor focused on the need to be frugal. He recommended starting a business only if the car was paid, the mortgage note was reasonable, the wardrobe was up to date, and there was money in the bank for emergencies. So I did, and there was an emergency (actually three of them), and I was prepared for them and for the cost of joining two trade associations that have helped my business survive and thrive.

The 7 Reasons to Join

Need reasons why you should spend all that money? Here are seven.

Reason #1: Information

Most people join trade associations for one simple reason: information. They can learn about key industry trends, new legislation, or regulations. They can learn about vendors. They can get industry statistics and understand the trends they represent. Everybody gets this one.

How does the information come to the owners? Typically in newsletters or magazine or emails. But the best information often comes not from the presentation at the conference but from the conversation with a colleague in the hallway outside the room where you heard the presentation. (More on that later.)

Reason #2: Inspiration

Where do most good ideas come from? For a lot of us that long, hot shower offers the quality relaxation time we need to get the brain to dream, to think beyond the usual and ordinary and to consider the unusual and special. So, where else can you find that time away from the office that allow you to think about your business' future and enjoy the company of those facing similar challenges and problems.

A trade association committee meeting or conference can be the best place to find inspiration. You're away from the office and the phones and the PC (and if you're smart, not looking at your PDA every five minutes). You hear about an approach or process that you know you can emulate easily and quickly—and perhaps inexpensively.

For me, one person's idea is usually a springboard to another of my own. Put me in a situation where I'm just focusing on my industry and my business and the proverbial creative juices start bubbling. The lack of distractions allows that "aha!" moment to occur. And it's not always some big idea that will make you a million. Sometimes it's a small idea that solves a that nagging problem—the one that keeps you at the office late too many nights and that prevents you from focusing more time looking for a moment of real inspiration.

Reason #3: Support

As an association member, you have ready access to dozens or hundreds of individuals and organizations that can act as unpaid consultants or advisors who offer support in ways big and small, all of which help you succeed. Your colleagues can lend an ear when you most need one. Offer information and inspiration. Remind you that you do have the skills you need to succeed. And if, like most really small businesses, you work alone or with one or two individuals who may not be partners or peers (in age or

experience), your fellow members can be that all important sounding board or, if things aren't going well, a shoulder to cry on. (Hey, it happens. Starting a business from scratch is stressful.)

Reason #4: Referrals and Other New Business Opportunities

Finding customers can be very difficult for many small business owners. A trade association's educational programs can teach an owner how to do this, but the association can also offer informal and formal ways of putting owners and buyers together. Here are three scenarios. They are not theoretical; they are based on my own experiences.

Scenario 1: A small business owner joins an association, goes to the conference, and even joins a committee—and still wonders why he or she spent so much time and has no new business to show for it. And then the call comes.

A colleague you met at the association's conference and who runs a much larger business receives a call from a prospect that is a poor fit because he or she is just small potatoes. The prospect asks your colleague to recommend someone more appropriate—the owner of a smaller firm. Having met you, gotten to know you, and recognized that you're running a professional, if small operation, your competitor mentions you (and perhaps others). You move quickly to get this piece of heaven that just landed in your

Why do I want to sit down with my “enemy?” Because they are not really your enemies. Most are not really your competitors. Circumstances vary, of course, from one industry to another, but often the other association members compete for entirely different types of customers. They are big, you are small. They focus on the east coast, you on the west coast. They focus on one specific group of prospects about which you know nothing and would never pursue. They have the years in business that some prospects demand and you don't (yet). These are colleagues, and often will become friends.

lap. Keep your new customer for any reasonable length of time and you've made back the cost of membership 10 times over.

I know it can happen because it did happen to me—more than once.

Scenario #2: A colleague you met recently at the association's conference has the opportunity to take on a substantial piece of new business. However, the size of the project involved is so large your colleague cannot handle it alone. Having met you, gotten to know you, and recognized that you're running a professional (if small) operation, your competitor calls to see if you'd be willing to act as a subcontractor for a piece of this sizeable project.

I know it can happen because it has happened dozens of times to members of associations I manage—and to me.

Scenario #3: Your trade association offers a service where those who want to buy the produce or service can find members of your association, or perhaps even post a request for proposals to which the association members may respond. But only association members have access to such leads—customers who are definitely going to buy from someone, perhaps you, but only if you are a member.

Does this opportunity work? I'll say; it's where I obtained one-third of my current clients.

Reason #5: Resources

Most successful business people didn't know everything they needed to know when they opened their new small businesses, but usually recognize that learning was essential to their success. Important lessons about general business operations and strategies can come from a classroom, but for obtaining industry-specific information, nothing beats a well-run trade association. This is especially true when you are in a fast-changing industry or on subject to frequent legislative or regulatory activity or one that is strongly influenced by international competition. Is there any better resource than a colleague willing to share their information or experiences when they were at your stage in the business cycle?

Trade associations also offer many other resources and membership benefits. The most obvious is access to qualified vendors who know and understand your industry: the best or right kind of printer or insurance rep or equipment vendor or designer or lobbyist—the list is practically endless. At some associations the member can obtain important resources, such as industry-specific insurance, at a significant discount that is available only to association members. But often the biggest savings is the time you won't spend looking for something or someone because you called a colleague who knew just the right

Who can keep up with the latest hardware and software or new social media trends? Unless you have an IT background, this is one tough challenge. But without this important information you'll spend more time and money doing your work—and make less money. Trade association staff and members are both an invaluable resource for this information. Years ago I first heard about online surveys like SurveyMonkey at an association meeting. More recently I didn't understand Twitter until I attended a social media training class. Keeping up with these innovations is a task made easy when you're in the room with those whose job it is to keep up with IT issues—or any others that are not your specialty.

person to use.” Your time is your single most valuable commodity. Any time you can save chasing suppliers is time you can spend on marketing your business—to get that next client.

Reason #6: Affirmation

When you first join a trade association it can seem that everyone knows the joke but you, everyone speaks a different language, everyone is more experienced and smarter and just so much more knowledgeable. And then comes the moment when you have an idea and say, “Well, here’s how I do it and my clients seem to like that system,” or “I know a new software program that will do that.” And they all start jotting down this little gem you’ve shared. (Guess you know a few things after all.)

Remember, there’s a reason (or two or three) why you thought you were good enough to succeed in this business. You may be new at starting a business, but you know something about this business you are in. There will be plenty of times when you will think you know less than everyone in the room, but there will also be times when you are the one who knows something valuable. The confidence and ego kick you get from these moments are so important to have and remember when it seems like your new little business will never take off.

It’s nice when your family says you are great. It’s better when your colleagues say it and show it.

Starting a new small business can be a lonely experience some days.

You rarely see anyone until the letter carrier arrives. You don’t have a lot of interaction, and that often means you don’t have a lot of inspiration. When I joined one trade association as a provisional member I attended a regional event that was, essentially, one big idea exchange. It was as if the air I was breathing was pure oxygen. I received so much great information and was inspired by so many ideas that I couldn’t wait to get back to my office to implement them. That’s the sign of a well run association event—you leave with more than a few ideas for improving operations or sales, and your profitability.

Reason #7: Fun

We need clients. We need a paycheck. We need signs of success. But we need more than that because all work and no play makes for one very boring, tired, and unhappy small business owner. It is important to find some opportunities to enjoy yourself; well-run associations offer that, in addition to all the other reasons for joining I've already listed.

In my experience, business owners who succeed are often those who enjoy life at work and at home. Some of that enjoyment can and should come from your trade association involvement. Small business owners who make the time to become active members of their trade association (and I emphasize the word active) are happier people. They might get to go to nice receptions and dinners, travel to some great cities, stay at nice resorts. But more important than all of that, they make good friends and meet interesting colleagues. They have fun. And if you're not occasionally having some fun at association meetings, talk to the executive director about the need to change that situation.

Life is just too short and learning doesn't need to be dull or painful.

Getting the Most Out of Membership by Being More than a Checkbook Member

Joining an association is good thing. But to get the most ROI you must do more than join; you must get involved.

Those owners who do get involved are not “checkbook members,” those who just write a check for the membership dues, get the magazine or newsletter, and occasionally visit the Members Only website. They are also the ones who receive the annual industry survey but don’t attend the webinar or conference session where colleagues analyze the information and show how to use it to improve your operations and increase your profitability.

And frequently they are the ones who most often complain about getting too little in return for their membership dues.

The reason for becoming involved is really very simple. The Internet is a great resource for information. The same can be said of a magazine or industry newsletter. But the best resources in business are people, especially when they are informed, experienced colleagues. Face and phone time with your colleagues can only occur if you attend a conference, or enroll in a training class, or join a committee.

Talk with anyone who has ever become actively involved in a trade association, especially those in leadership positions, and they'll all say the same thing: you get so much more out of the experience than you put in. You'll hear things before others (meaning nonmembers) do, hear things others never learn, establish lasting relationships—and you'll certainly have fun.

I've received information on new business prospects only because of the relationships I developed with the person I met on a committee. I've met colleagues I can call for information, and insights, and whom I can speak with in confidence. When I start to ask a question that begins with one of the following:

- “Have you ever had to. . . ,” or
- “Have you ever bought a . . . ,” or
- “Did you ever hire an employee who . . . ,”

the best possible answers will come from one of many of trusted colleagues I've met in my own trade associations.

How can you get involved? Ask your association executive director for a list of the committees that exist and a description of the work each committee (now often called a task force) performs and the time expected from committee members. Then consider your own personal preferences and needs. Do you want to know more a lot about marketing and want to work on the association's marketing committee because you believe that's where you can best contribute? Are you a natural born salesperson who would be well

suiting to the Membership Committee? Do you want to learn about legislation and so would be well suited to the Legislative Committee? Some join where they know they can contribute, others where they want to learn. The choice is yours and your association will welcome your volunteer contributions wherever you decide to participate.

Most task forces in most trade associations meet by conference call, not in person. They typically require only an hour or two a month. The time spent on committee business outside of the calls will usually be no more than the same amount of time. And if you find the work too time consuming or less interesting than you expected, ask about moving to another committee. The key is to get involved in some way so that you can get to know your colleagues and your industry better.

Being an active member of an association is the closest thing to graduate school you'll find and the rewards are many. But if you still need more reasons, just look at the individuals who are involved. These are hard core capitalists, not philanthropists. They don't spend their time on frivolous activities. They spend their time where it will do them and their companies the most good. They are, in most every case, successful. Isn't this the group you want to be around—to learn from? It's the smart decision and it's often what separates the well-intentioned from the successful.

When I talk with someone who says they cannot afford to join a trade association or cannot justify the cost of attending the annual conference, I can almost always predict their chances of success and the likelihood they will grow. These people are short-sighted and they're spending their money on the wrong things. They cannot see the value of and necessity of marketing and they don't see trade association membership as both a good resource for education and, eventually, for improving their own income. They just don't get it.

Time to Decide

Will you get it? Will you make the sacrifices necessary to enjoy the long-term benefits? So what if you have to take PB&J to work in a sack or cook at home instead of eating out. This is more than your new business we're talking about; this is your life. You may get only one chance to get it right. Make the most of that change. Join. Get Involved. And hey, have a little fun.

Why Short-Sighted Small Business Owners Will Ignore the Advice In this E-Book and Won't Join their Association—Especially in a Tight Economy

As I write this e-book the country is suffering through a recession and unprecedented stock market declines and the biggest government bailout in US history. Because of these economic problems many companies have decided this is the worst possible time to join an association. Big mistake. Big.

As someone once said, you cannot cut your way to growth. Tough economic times are when it is most essential for you to participate in your association. If you are a vendor, why would you miss the best opportunity of the entire year, in a bad year economically, to meet with your customers—individuals who you know are decision makers?

If you are an association member, what better time to learn about industry trends? When could it be more important to hear presentations on how to better manage and market your company? When times are tough you need all the help you can get to survive and succeed—and your association is the best resource for that help. And yet, some business owners don't join their trade association because they believe they cannot afford either the time or the money—because of the tight economy.

Of course, with precious little capital to spare for marketing, considering just the association's annual dues can be daunting. After joining come the offers to attend regional seminars and the annual conference—and with it the thought of spending hundreds more on registration fees, airfare, hotel room nights, and meals. Most small business owners believe the hundreds or a few thousand dollars required would be better spent elsewhere—including their paychecks. But joining an industry trade association, a business owner is investing in the long-term health of the business.

Others don't join because they have little awareness of the concept of a trade association and why for several centuries they have existed in this country. For some owners who immigrated to the US, the issue is cultural. A few have even said to me, "Why should I sit down with my enemy?" I have had to explain that their fellow association members may be their competitors, but in many cases they are not enemies. Instead, they are often happy to share the wisdom of their experience to support the association and to expand the industry it supports.

Although it may seem like an unnecessary expense, it is essential to see the return on investment (ROI) that can come from membership in a trade association. And business owners can afford membership by being frugal in other operational aspects. Use frequent flyer points to get to a business destination. Stay with friends if you can, or at a cheaper motel that offers free breakfast if you cannot. Do without something else—whatever it takes to afford it. The payoff will be well worth the sacrifice.

About the Author

Bob McLean is a 30-year veteran of the communications industry, including 20 years in the association world. He opened his own association management company, REM Association Services, in 1996. He is a registered lobbyist on Capitol Hill, provides management services, teaches training classes, and consults on association program development and strategic planning. McLean is executive director for several nonprofit trade associations his firm manages.

In 2002 McLean received the Certified Association Executive (CAE) designation from the American Society of Association Executives (ASAE). CAE is an indication of demonstrated skill in leadership, activity in community affairs and expertise in association management. In 2005 he was named to ASAE's Association Management Company (AMC) Section Council. In 2007 he became its vice chair and in 2008 its chair. Section council members are selected based on their experience and leadership as AMC executives.

McLean is also a member of the Association Management Company Institute and has been a member of its leadership. He was the inaugural chair of the Government Relations Committee from 2005 to 2007. From 1988 to 1996 McLean was a writer and editor for a national association. Prior to his DC career, McLean represented numerous retail and industrial clients in advertising and public relations.

In 1976, McLean, a native of Memphis, TN, graduated cum laude from The University of Memphis with a BA in Journalism. In 1994 he received his MA in English from George Mason University, where he has served as an adjunct faculty member.