

## AMC Connection

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### Demand Continues to Grow for AMC Management Services

*AMC Connection*, March 2009

By: Michael T. LoBue, CAE

Recently, I've been watching the listserves and flow of press releases from association management companies. The news is nearly always good — new clients, awards, new services being offered. Likewise, my conversations with colleagues always seem to include mention of a new exciting development for an AMC (including, thankfully, a fair share of good news for my own firm). The anecdotal evidence is in, and the association management company industry seems to be on the rise. But is it possible this is self-promotion gone wild, or worse yet, a group delusion? As those who know me can attest, when uncertainty is in the air, I want to see objective data and numbers. In this case, we're fortunate to have three years of request for proposal (RFP) data from the association management company trade association, AMC Institute.

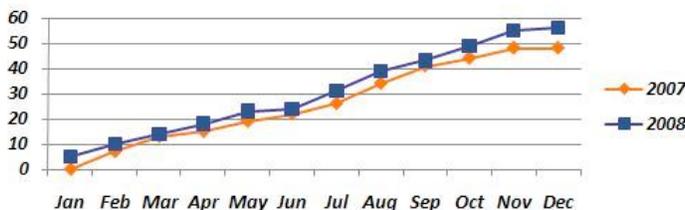
But let me step back several years ago for a moment so that we're all on the same page. Leaders from both the ASAE & The Center and AMC Institute communities recognized that the increasing number and complexity of RFP inquiries were straining the traditional avenues for RFP distribution. In addition, an increasing number of search committees were seeking a "one-stop shop" option to simplify their work. And perhaps most important, a process was needed to ensure that those completing an RFP process were left with a positive impression of the AMC community — in addition to finding the right company for their needs.

As a result of these conversations, AMC Institute and ASAE & The Center both took action, each building on its core focus and strengths, with a careful eye to avoiding unproductive duplication. ASAE & The Center committed to continue publishing its Annual Guide to Association Management Companies, and also developed a [special section of its website](#) to help ensure that search committees include the AMC model in their considerations. AMC Institute undertook significant work and investment to build an online platform that offers association leaders guidelines for creating high quality RFPs for AMC services and also providing an efficient means for promoting their RFPs — a system that the process simple and professional — which represents the industry well. The two organizations continue to support each other's complementary roles to this day. ASAE & The Center promotes AMC Institute's RFP service to those inquiring about RFP distribution and in its Guide to Association Management Companies. AMC Institute promotes ASAE (which includes an online version of the Guide to AMCs) on its website, ensuring maximum information and maximum choice for those seeking an AMC.

#### A Rising Tide

AMC Institute began analyzing RFP submissions in 2005, when this activity was but a trickle — about two submissions per month. In 2007, the next year program data was gathered and analyzed, the rate nearly doubled. Chart 1 shows the monthly RFP submissions for 2007 (48) and 2008 (56). Relative to the potential that exists, this seems to be low volume. But, it was a steady stream of more than one per week during the year.

**Chart 1: RFP Submissions in 2007 & 2008**



*In 2008 the AMC Institute experienced a 17 percent increase in the number of associations seeking services through its RFP service.*

#### The Types of Associations Seeking AMC Services

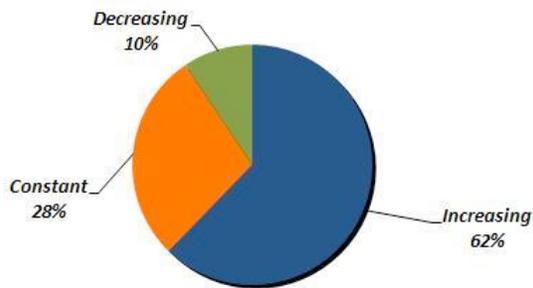
There was a rich mix of associations seeking AMC services:

- Slightly more than half were 501(c)(3) exempt organizations; the remainders were 501(c)(6), and other exempt class entities.
- Of the 43 that designated scope, 40 percent were international, 25 percent were national, and 13 percent were state-based — about a quarter did not indicate their scope.
- Average membership size was 1,270, a bit lower than the average of 1,470 in 2007.
- Average age of organizations was 32 years, including four organizations between \$1M and \$2M in revenue that were older than 40 years.
- One was a start-up.

#### Associations Seeking AMCs in 2008 Were Optimistic About Growth

More than 60 percent of the associations submitting RFPs to the Institute in 2008 were optimistic about the growth potential for their organizations. A cynic might think association leaders are trying to position their association as attractively as possible to prospective service providers. This is possible, but when this question was asked in 2007, only about 25 percent of the association leaders saw their organizations poised for growth. Chart 2 shows this contrast between the two periods.

**Chart 2: Outlook for Growth Potential Beyond 2008**



We did not solicit any other information about why association leaders were so optimistic about growth, nor do we have any other information that might shed light on this topic, but it is nonetheless very good news in an otherwise very challenging business climate.

**Is Accreditation Important?**

The simple answer is that it's becoming important.

While there was a slight increase between 2005 and 2008 in the associations giving any of the three affirmative responses to this question — 84 percent versus 78 percent — the big change occurred in those stating that it is “very important”. In 2005, only 9 percent of the submitting associations responded that an AMC accredited firm is “very important” to them; in 2008, 25 percent of the association leaders stated that the AMC accreditation is “very important.” This is nearly a three-fold increase in the importance of AMC accreditation. See the year-over-year comparisons in Chart 3.

**Chart 3: Importance of AMC Accreditation 2005, 2007 &, 2008**



**RFP Program in 2009**

Recognizing the value of the RFP Program to association leaders and Institute members, AMC Institute is planning to make it easier for association executives to submit RFPs just for selected projects or services not necessarily involving full management. That is possible today, and such RFPs have been received, but it can certainly be easier than it is now.

There also will be enhancements to the program making it easier to shop for AMC service providers outside the United States. Many of AMC Institute’s U.S.-based firms support associations with international members. But not all have the ability to provide management and other support services in locations outside the United States. The planned enhancements will make it easier to find AMCs that can serve associations in virtually every part of the world today.

**Conclusion**

The data confirms the anecdotal evidence. The increased demand for AMC services evidenced in 2008 through the AMC Institute’s RFP program is one of several indicators that associations are looking to the AMC model to meet present demands and future growth opportunities for their members.

AMC Institute’s RFP program is a classic win-win arrangement whereby association leaders receive guidance in the preparation and writing of quality proposals and the means to have them distributed to AMCs, at the same time AMC Institute members receive quality opportunities to grow their businesses. It’s also another demonstration of AMC Institute and ASAE & The Center complementing, rather than competing, with one another — and one of the many reasons why it is a smart decision for an AMC to be members of both organizations. Together, we can continue to sustain AMC industry growth.

*Participation in AMC Institute’s RFP program is open without additional fee to every full AMC Institute member, and is one of the more valued AMC Institute member benefits. For information on joining AMC Institute, visit <http://www.amcinstitute.org/join/index.cfm>.*

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**Thomas Osina, CAE**, March 13, 2009

While I can appreciate the rah rah writing about AMCInstitute's RFP program, like speeches from political candidates, let's look at the spin.

Michael writes, "AMC Institute began analyzing RFP submissions in 2005, when this activity was but a trickle — about two submissions per month. In 2007, the next year program data was gathered and analyzed, the rate nearly doubled. Chart 1 shows the monthly RFP submissions for 2007 (48) and 2008 (56). Relative to the potential that exists, this seems to be low volume. But, it was a steady stream of more than one per week during the year."

Now take the more than one per week (56 instead of 52) RFP submissions) and divide that among the number of AMCs hungry for business. Lots of losers left behind. As a membership benefit, I would be hard pressed to join AMC Institute based on this record.



**Michael Ward, CAE**, March 10, 2009

As can be expected from Mr. Lobue...wit, incite and a well thought through presentation of ideas.