A plan for your chapter finances is key to your long-term success

Though your chapter can't survive without them, member dues on their own aren't enough to ensure your chapter remains financially sound. Many chapters live "paycheck to paycheck," collecting what they need to run their programs, but without a plan for remaining solvent (and thriving) for the long-term.

A flourishing chapter requires more revenue than what comes from dues; according to the consulting firm BDO, reserves of at least six months are a good safety net. The exact amount varies by chapter, and is based on specifics like size, sector, scope, needs, and plans.

A recent BDO study says that only 46 percent of organizations have six months in the bank, and more than 40 percent of those surveyed said meeting their financial demands is a challenge. But yet, many continue to spend more, instead of less in those situations. Forty-seven percent said it's "somewhat likely" they'll start new programs without eliminating others, and 15 percent say spending more is a "very likely" next step for them.

Where does your chapter fall? Can you stay afloat for the next six months? What structures and processes do you have in place to ensure your financial success? Here are a few ways you can increase the financial stability of your chapter.

Have the right person (or people) in charge of your money. Should your VP of finance/treasurer be a bookkeeper? Or would an accountant be a better fit? (Check out this post if you want a

better understanding of the differences.)
Maybe it's neither. Some organizations choose to fill that role with a person who is well-organized and understands money. They support him or her with a committee to handle the financial nuts and bolts, such as reviewing financial activity against plans and making recommendations for adjusting where necessary.

Create additional sources of non-dues revenue. Dues are great, but your chapter's future requires additional ways to bring in revenue and solidify your reserves. Consider selling promotional chapter "swag" (another way to raise the public profile of your chapter), charging sponsors to advertise on your website, and:

Charging attendance fees for events. Membership in your organization doesn't have to mean all your events should be free for members. Fees, even small ones, have been shown to positively impact a person's desire to attend an event and become a member of your organization, even if they know they will still have to pay for events once they join. Psychology plays a role here: we assign value to things, including experiences, and we're willing to pay for those things if we believe they'll provide the value we desire. Of course, offer a discount to members and make that difference in cost visible, so members and guests see it, and guests see another reason to join.

Getting event sponsors. Have you thought about having members sponsor events or offering in-kind sponsorships for things like awards and food? A tiered sponsorship program decreases some of your costs, while giving members and their companies some additional publicity at a level that works best for them.

Get buy in from all members of your board. Leadership drives your chapter and ultimately your budget, so it helps when everyone is on the same page when it comes to chapter finances. And it's best if that level of agreement happens early, making it less stressful when you implement your financial plan or need to adjust to spend more, or less, in certain areas. Buy in also means fewer surprises for the board, as they already know where money is being allocated. They've provided insight and input, to better align chapter finances with the goals of the board.

A broad, long-term approach to your chapter finances helps keep them stable in the short-term and lets you more easily plan for the reasons you're in existence, enhancing the values of your chapter for members, and converting more guests into members.