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Chambers Squeezed By Recession

Increasing number of small businesses unable to pay dues

By Liz Michalski
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Today

Like the businesses they represent, the region's chambers of commerce are being squeezed by the recession.

With membership turnover up among small businesses, chambers are working hard to show why their dues are worth the investment while coming up with creative ways to attract new members.

"There isn't a chamber in the country that hasn't gone through a decline," said R. Nelson "Oz" Griebel, president and chief executive officer of the MetroHartford Alliance.

The Alliance saw revenues drop by about 9 percent last year; total revenue declined from \$4.8 million in 2008 to \$4.4 million in 2009, with dues decreasing from \$3.5 million to \$3.3 million.

"We are a reflection of the economy," Griebel said, noting that smaller businesses, in addition to struggling to pay dues, may not have the manpower to attend an event.



R. Nelson "Oz" Griebel, president and CEO,
MetroHartford Alliance

The economic downturn has caused chambers to "aggressively appreciate" members, said Griebel.

"Just because a company has belonged for 10 years doesn't mean they'll belong tomorrow. You get up every day, not taking anything for granted," he said.

Despite the challenges, Griebel said that the Alliance is holding its own.

Notably, churn rates are higher with smaller businesses, Griebel said, adding that memberships of large- to mid-sized companies have remained constant.

Lisa Bohman, executive director of the Avon Chamber of Commerce, agreed.

Membership with the Avon chamber has held steady at about 350 members over the past two years, but the members themselves have changed.

“You particularly see it hitting our retail sector. They just don’t have the money for dues,” said Bohman, who has been with the chamber for 10 years.

In her experience, when a company pulls out of the chamber for financial reasons, it’s often a good indicator that the business won’t make it, she said.

Like many of the area chambers, Avon’s group runs mainly on dues; it holds no major fundraisers. To keep membership rates affordable, the Avon chamber hasn’t raised them in 10 years, said Bohman.

That means a tight rein on the bottom line, she said.

“We’ve held the same staff structure for the past five years,” Bohman said. The office consists of Bohman, a part-time bookkeeper, and an administrative assistant who also is a part-time employee.

Among its cost-cutting strategies, she eliminated all print communications. Members receive newsletters and calendars by e-mail. The few members who prefer not to use e-mail are communicated with a fax.

“We found a huge cost savings there,” she said.

Bohman also introduced a recruiting promotion last year by discounting dues for members who brought in new members. The more new members they recruited, the greater their discount and a potential of receiving a free membership.

Since the beginning of the current fiscal year, 17 new members have been recruited.

Some board members balked at giving away membership, but Bohman persisted. “I figured that worse-case scenario, we’d stay even,” she said.

Work Harder

Avon's chamber and the other business organizations are working harder to retain and grow their membership.

The Alliance is actively developing ways to show its members that their fees are a worthwhile investment, Griebel said. "You don't wait for the renewal period to find out if they're happy," said Griebel.

To stay focused, the Alliance works closely off its four-year plan, developed with major input from members. Now, halfway through its second such plan and based on member feedback, Griebel said that the Alliance has implemented changes such as establishing a networking group aimed at young professionals and increasing its focus on public policy at the state Capitol.

"It's a constant evaluation of how do you leverage the resources [that] you have," said Griebel, who notes that the Alliance, like other chambers, has cut travel and print media as a way to reduce expenses.

Diverse Revenues

Unlike many area chambers, the Middlesex Chamber of Commerce relies upon a mix of dues and events to maintain its budget.

That diversity has given the Middlesex Chamber a comfortable reserve, and its events still draw large crowds, said President Larry McHugh. A recent breakfast netted about \$150,000, he said.

Still, the chamber has made some cuts. When two staffers left at the end of 2009, the decision was made not to replace them, he said. And like the Alliance, the Middlesex Chamber depends upon an active and engaged membership to keep it going.

"We have about 750 people involved on committees," McHugh said. The chamber has approximately 2,500 members total.

While the chamber recently increased its dues across the board by \$5, it also understands that dues aren't always a first priority if a member is struggling to survive.

"If we know they are in financial difficulty, we'll carry them," McHugh said. "It's the right thing to do right now, and we'd rather work with them."



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Ray (January 25, 2010 12:45PM EST)

Hi Liz, Enjoyed your "Chambers Squeezed By Recession" article. I like the phrase that a financial analyst commented on the status of our economy as being out of the intensive care unit however, still in the Hospital. As Vice President of Membership with the Central CT Chambers of Commerce in Bristol with Affilaiate Cahmbers Burlington, Farmington, Plainville, Plymouth/Terryville as well as Wolcott. We are also gaining some new and losing some old. Finding more small business owners signing on for our Group Health Insurance Benefits.

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