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Revenue Diversification and 501 (C) 6 Nonprofit Trade Associations: Technology Councils of North American and the Pittsburgh Technology Council

Reuben Dacher-Shapiro
Binghamton University--SUNY

REVENUE DIVERSIFICATION AND 501 (C) 6 NONPROFIT TRADE ASSOCIATIONS: TECHNOLOGY COUNCILS OF NORTH AMERICA AND THE PITTSBURGH TECHNOLOGY COUNCIL

BY

REUBEN DACHER-SHAPIRO

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Kristina Lambright____
Assistant Professor and Director of Graduate Studies
Department of Public Administration
May 7, 2013

Nadia Rubaii____
Associate Professor
Department of Public Administration
May 7, 2013

Audrey Russo____
President and Chief Executive Officer
The Pittsburgh Technology Council
May 7, 2013

Executive Summary

Since 2009 the Pittsburgh Technology Council (PTC) has been experiencing a decrease in the revenue they generate from the sale of insurance to its members. This decrease is a significant problem because it is non-program related unrestricted revenue. This type of revenue is vital for PTC because it allows them to constantly adapt to the needs of their members in the volatile economic environment of the Southwestern Pennsylvania technology sector.

To assist the PTC with the aforementioned problem, interviews were conducted either Chief Executive Officers (CEOs) or Executive Directors (EDs) of nine Technology Councils of North America (TECNA) 501 (c) 6 nonprofit trade associations to examine their revenue diversification strategies. Furthermore, form 990 tax returns were examined for each participating organization to determine their current level of revenue concentration. Six findings emerged from the data. First, TECNA organizations have diversified revenue streams that support their core mission related programs and generate the majority of their revenue from member programing. Second, TECNA organizations have a variety of activities they plan to or currently engage in to generate unrestricted revenue; some are non-program related, but most focus on program services and activities. Third, TECNA organizations believe revenue diversification positively affects their financial stability. Fourth, TECNA organizations believe revenue diversification has had a positive impact on their organizational autonomy. Fifth, TECNA organizations believe revenue diversification improves their ability to achieve their mission but acknowledge the need to balance competing interests. Lastly, TECNA organizations are interested in the revenue diversification activities and strategies of their peers.

The above findings resulted in three recommendations to the Pittsburgh Technology Council. First, PTC should look to diversify their revenue by examining the value added

member programming services of other TECNA organizations. Second, work with other TECNA member organizations and share ideas and collaborate to explore potential unrestricted revenue generating activities. Third, develop long term strategies to coordinate with universities to ensure that 501 (c) 6 nonprofit trade associations are the subject of and therefore benefit from more scholarly research. The PTC and other TECNA organizations can use these recommendations to develop their future revenue diversification strategies.

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Problem Definition

Since 1983 the Pittsburgh Technology Council (PTC) has been the principal point of connection for companies from four primary clusters of the technology industry in Southwestern Pennsylvania. These clusters include Advanced Manufacturing/Materials, Green Technology, Information Technology, and the Life Sciences sector. Collectively, these four clusters represent a critical mass of business in the region. PTC is a 501 (c) 6 nonprofit trade association which focuses on building programs and providing services that allow its member organizations to succeed. PTC provides services in four core areas—Talent, Business Development, Government Relations, and Visibility—to its 1,400 plus members to help them earn, raise, and save money. Focusing on these four core service areas enables PTC to achieve its mission by empowering its members and providing great value by connecting them with direct business building opportunities and the essential resources needed for business growth.

For the past 30 years PTC has created programs that generate the necessary resources to offer its members the highest quality services through membership. The services provided by the council to members, its value-proposition, are the catalyst to mission achievement. PTC generates resources through a variety of different business activities. Revenue is generated from two major service areas, member programming and commission on insurance sales, in addition to a variety of other minor sources. Membership fees, attendance at council events, sponsorship, and advertising are sources of member programing revenue. Insurance revenue is generated from commission on the sale of medical, dental and vision, life and disability, and property and casualty insurance. Additional revenue comes from contracted services, minor sources, grants, trade income, and interest.

The key to an organization's survival is its ability to acquire and maintain resources (Froelich, 1999). In the case of nonprofit organizations, not all funding has an equal effect on the bottom line. Complying with the conditions attached to funding and coping with fluctuations in revenue imposes direct and indirect costs on organizations and requires the attention of managers and boards (Pratt, 2004). PTC generated the majority of its income through member programming activity and other sources (72% of total revenue in 2012). These other sources include renting office space and providing technology business related services. According to Pratt (2004), "the autonomy of nonprofit organizations is directly related to the extent of their reliance on suppliers of funds." Increasing the number of revenue sources is generally a useful strategy to maintain or increase financial stability and organizational autonomy.

The significant decrease in revenue from PTC's only other main source of revenue—commission on insurance—has exacerbated the problem of the organization relying on revenue from programming activity and other sources. In 2009 and 2010, 37% of PTC's total revenue came from their insurance program. However, the percent of PTC's total revenue that came from insurance dropped to 32% and 28% of total revenue in 2011 and 2012, respectively. Revenue from insurance is vitally important to the autonomy of the council because it is unrestricted. From 2009 through 2012, the total revenue PTC received from insurance declined by nearly $350,000. This decrease in revenue from insurance has led to management's desire to further diversify their revenue streams by searching for new revenue streams that will yield non-program related unrestricted income (A. Russo, personal communication, October 24, 2012). Diversifying revenue is one mechanism to increase organizational autonomy and is desirable because organizations with greater autonomy are better able to chart their own course, remain flexible, and have the time and freedom to ask major questions and create long term strategic plans (Pratt, 2004).

One strategy for revenue diversification is pursuing commercial revenue, sometimes referred to as business income, commercial income, commercial share, fee income, earned income, or profit-motivated income (Child, 2010). The insurance program is commercial because it is an activity that generates profits that are not tax exempt. The earnings from the program are not reported on the PTC form 990 and its revenue is used to support its core mission related programs (A. Russo, personal communication, April 2, 2013). Initiating a new commercial venture could offset the loss of revenue from the sale of insurance by providing a large amount of unrestricted funds. Pursuing this revenue diversification strategy could help PTC maintain the autonomy they need to continually transform the technology industry and provide the greatest value proposition to its members in a mercurial economic environment. Despite the potential benefit of additional revenue from commercial ventures, it can distract nonprofits' managers from their core social missions and, in some cases, even subvert those missions (Foster & Bradach, 2005). This apprehension raises compelling questions for PTC and the nonprofit community as a whole as they develop their revenue diversification strategies.

Examining potential revenue generating activities for PTC, with a focus on non-program related unrestricted revenue, and investigating its impact on financial stability, organizational autonomy, and mission achievement will help management determine the best course of action for revenue diversification, while contributing to knowledge and understanding of revenue diversification in the nonprofit sector.

Research Questions

To assist PTC in determining the best activities to engage in to increase their non-program related unrestricted revenue streams this study seeks to answer the following questions.

1. What revenue diversification strategies do 501 (c) 6 nonprofit trade associations pursue to generate non-program related unrestricted revenue?
2. How does revenue diversification affect the financial stability, organizational autonomy, and mission achievement of 501 (c) 6 nonprofit trade associations?

Conceptual Framework

Nonprofit organizations pursue diversified revenue streams in order to decrease dependence on one source of revenue (Brinckerhoff, 2009; Chang & Tuckman, 1994; Froelich, 1999; Frumkin & Keating, 2011; Pratt, 2004). In pursuit of more diversified revenue streams nonprofit organizations increasingly initiate commercial business ventures to provide additional resources for their core mission-related activities (Foster & Bradach, 2005; Moeller & Valentinov, 2012). Such diversification is a strategy to assure organizational survival. For the purposes of this project commercial activities will be defined as profit motivated earned income ventures that derive income from products or services within existing programs or others which are completely separate from the nonprofit’s core mission (Foster & Bradach, 2005). This literature review investigated the available research on nonprofit revenue diversification and the potential consequences of generating resources through commercial activities. Three main areas of literature were identified with respect to revenue diversification among nonprofits: resource dependence, financial vulnerability, and commercial activities. The literature review is organized according to these areas and will conclude with an examination of the limitations of the nonprofit literature.

Literature Review

Revenue Diversification and Resource Dependence

According to resource dependency theory, an organization's survival is contingent upon its ability to acquire and maintain resources (Froelich, 1999). Nonprofit organizations are dependent on resources generated from a myriad of activities to support their mission related work (Froelich, 1999). Various sources of revenue include government grants and contracts; fees and dues charged to clients; contributions from individuals, foundations, corporations, and federated funders; and interest from investments or endowments (Frumkin & Keating, 2011; Tschirhart & Bielefeld, 2012). Organizations that rely on just a few resources can become dependent on them, at great risk to the future of the organization itself (Froelich, 1999). Environmental conditions caused by resource scarcity and uncertainty necessitate that organizations adapt to the requirements of important resource providers (Froelich, 1999; Moeller & Valentinov, 2012; Pratt, 2004). The requirements demanded by these resource providers (such as determining the personnel, time, and place, for a given activity) can be unwelcome, burdensome, and intrusive thereby decreasing organizational autonomy (Pratt, 2004). Given these conditions, nonprofits use revenue diversification as a strategy to reduce resource dependence.

The concept of revenue diversification is derived from modern portfolio theory which articulates the process by which an investor selects investments for a portfolio (Carroll and Stater, 1999). The theory holds that through a broad mix of holdings one can reduce risk exposure. By not concentrating on any one investment, investors can avoid major swings in the underlying value of their assets while growing their portfolios over time (Frumkin & Keating, 2011). Applied to the nonprofit sector, when organizations pursue a variety of revenue streams, they utilize diversification to diminish the risk of financial instability associated with losing a major source of revenue.

Revenue Diversification and Financial Vulnerability

Financial vulnerability is a concern to nonprofits and has been the subject of multiple studies (Carrol & Stater, 2009; Chang & Tuckman, 1994; Frumkin & Keating, 2011; Greenlee & Trussel, 2000; Hager, 2001; Trussel, 2002; Tuckman & Chang, 1991). One of the key predictors of financial vulnerability in nonprofits is the extent to which revenue is diversified. Though variations in definitions exist among scholars, according to Tuckman and Chang (1991) a commonly accepted definition of when nonprofit financial vulnerability occurs is in situations in which an organization "is likely to cut back its program service offerings immediately when it experiences a financial shock" (p. 445). Empirical studies have found that revenue diversification can protect against financial vulnerability by compensating for the loss of revenue from one source with the addition of revenue from one, or many, other sources (Carrol & Stater, 2009; Chang & Tuckman, 1994; Froelich, 1999; Frumkin & Keating, 2011; Hager, 2001; Pratt, 2004).

There is a positive correlation between revenue diversification and financial stability when nonprofits have high operating margins and a large holding of net assets (Chang & Tuckman, 1994; Tuckman & Chang, 1991). Other studies find that increased diversification of revenue decreases the likelihood an organization will become financially vulnerable and cut its program expenses or experience a loss in net assets over three years (Greenlee & Trussel, 2000;

Trussel, 2002). Consistent with this research, Hager (2001) found that high revenue concentration, the opposite of revenue diversification, "was useful in predicting the death of visual arts organizations, theaters, music organizations, and generic performing arts organizations" (p. 389). Further research indicates that since organizations with more diversified revenue portfolios are less volatile over time, diversification seems to be an effective method for limiting instability associated with dependence on a particular revenue source (Carroll & Stater, 2009). There can be an advantage to concentration of revenue streams but the benefit is outweighed by disadvantage. Despite finding that nonprofit managers whom depend heavily on a single source of revenue are able to operate at greater levels of administrative efficiency Frumkin and Keating (2011) note that "the risks of revenue concentration are real and may even threaten the viability of an organization over time" (p. 163).

Commercial Activities

In light of the risks associated with limited sources of revenue, nonprofit organizations seek ways to generate resources to ensure financial stability. A common strategy for nonprofit revenue diversification is engaging in commercial activities including selling goods and services such as clothing and food, or directly charging fees for basic program services such as day care (Froelich, 1999). There is concern among scholars that when nonprofits engage in commercial activities it can threaten their social value (Eikenberry & Kluver, 2004; Froelich, 1999), cause mission drift (Foster & Bradach, 2005; Minkoff & Powell, 2006), result in mission-market tensions (Young, 2010), or turn nonprofits into for-profit organizations in disguise (Wesibrod, 2004). Offering an alternative perspective, Moeller and Valentinov (2011) assert that the negative view of commercial activities in the nonprofit sector is predicated on a mechanistic view of the sector where nonprofits are machines transforming the inputs provided by donors and volunteers into mission-related outputs. Moeller and Valentinov (2011) argue, in reality, nonprofits operate in a continued state of resource uncertainty, and thus commercial activities should be viewed as the self-regulatory mechanism that enables, rather than hinders, mission delivery.

Limitations of the Nonprofit Literature

Literature on nonprofit commercialization and revenue diversification reveal a significant theoretical gap as it relates to 501 (c) 6 nonprofit organizations. The vast majority of research in the field focuses on 501 (c) 3, charitable, nonprofit organizations. This trend perpetuates the understanding of the nonprofit sector as consisting of only those organizations providing public goods or benefits (Smith, 1991). However, this perspective leaves out the member-benefit subsector-organizations such as clubs, self-help groups, professional and scientific associations, minority associations, hobby groups, sports groups, artistic groups, trade unions, and even religious groups, in which primarily provide private goods and are in some basic sense self-serving for mutual benefit (Muukkonen, 2009; Smith, 1991). The distinction between these types of organizations is significant as it relates to how we understand revenue diversification's effect on nonprofit organizations.

Based upon the literature review, this study examined the effects of revenue diversification, specifically through commercial activities, on nonprofit trade associations' financial stability, organizational autonomy, and mission achievement. While it is was not the primary focus of this research, this study's investigation of the effects of revenue diversification on 501 (c) 6 member-benefit trade associations provided an opportunity to determine the extent to which the literature largely based on 501 (c) 3 organizations is applicable in the 501 (c) 6 context.

Methodology

Data Collection

In order to determine what activities 501 (c) 6 nonprofit organizations engage in to generate non-program related unrestricted revenue I chose an explanatory qualitative research approach that was augmented by descriptive summary statistics. Explanatory research studies are conducted to develop a causal explanation of some social phenomenon (McNabb, 2008). Descriptive statistics are used to summarize sets of data and numerically describe variables of interest (McNabb, 2008).

For this research project, I conducted interviews with either Chief Executive Officers (CEOs) or Executive Directors (EDs) of nine 501 (c) 6 nonprofit trade associations. The chief benefit of utilizing an interview questionnaire is the flexibility it offers researchers in creating specific questions to enable them to answer their research questions (McNabb, 2008). The open-ended questions allowed for in-depth dialogue with the participants, probing and asking clarifying questions to gather important details to identify why these particular organizations do or do not engage in various revenue generating activities.

Once I decided to interview the CEOs and EDs of 501 (c) 6 nonprofit trade associations, I identified potential participants through the Technology Council of North America's (TECNA) membership directory. To ensure the protection of human subjects and that this project adhered to sound ethical practices, prior to engaging in data collection I received approval from the Human Subjects Research Review Committee at Binghamton University (see Appendix A). The membership directory provided contact information to appropriate participants as TECNA's membership is comprised of all nonprofit trade associations. I contacted TECNA to receive assistance in making initial contact with TECNA organization CEOs and EDs to provide them information about the study (see Appendix B). TECNA responded to my email by sending me a spreadsheet with the appropriate contact information for each member organization.

To initiate the process of data collection I sent emails to ten TECNA CEOs or EDs who had been previously identified (see Appendix C). Inclusion criteria for the ten organizations selected included the revenues and expenditures as reported in the most recent form 990 available. This was important so as to identify organizations that had between $1 and $3 million in revenues and expenditures, which were most similar to that of PTC, with revenues and expenditures of roughly $2.6 million in 2011. This information was gathered from Guidestar (www.guidestar.org). Guidestar data was collected prior to selecting interview candidates from the TECNA membership and was used to identify organizations of similar size as PTC and gather descriptive statistics of the organizations to supplement interview results.

I emailed each organization and was able to schedule interviews with six of the ten organizations between March 12, when my IRB was approved, and April 8. As the six participating organizations were insufficient for the purposes of this project, I randomly selected an additional twelve TECNA organizations, among the remaining American organizations with membership to increase the number of participants. Of the twelve, I secured three additional interviews. TECNA has eight Canadian members which I did not contact because I did not receive IRB approval to conduct this research project with participants in a foreign nation. In total, 22 organizations were asked to participate, and nine CEOs or EDs volunteered, representing a 41% participation rate. The organizations included represent 19% of TECNA's total membership of 47 organizations and 25% of their American membership of 39 organizations. Form 990 information was available for eight of the nine organizations that participated in the study. I collected data on total revenues and expenditures from the first page of each form 990. I used the "Statement of Revenues" page to gather data on how revenues were reported for each organization.

I conducted all of the interviews over the telephone due to the fact the organizations were located across the country. I assured each participant that his or her identify would remain confidential as part of the oral consent script I read prior to conducting interviews (see Appendix D). The interview questionnaire was designed to identify the types of strategies trade associations implement for revenue diversification and how they affect the organization's financial stability, autonomy, and mission achievement. The interview questions were based on a combination of information presented in the literature concerning revenue diversification and feedback from Audrey Russo the CEO of PTC. All of the interviews lasted between 30 and 45 minutes. During the interviews I took notes on my laptop which had a blank template of the interview questionnaire. The interview included eleven questions, six that were open-ended, and covered the following topics.

- Years in operation and number of member companies
- Types and amounts of revenue streams
- Concentration of revenue streams
- Strategies for revenue diversification and generating non-program related unrestricted revenue
- Impact of revenue diversification on financial stability, organizational autonomy, and mission achievement

A copy of the complete interview questionnaire is provided in Appendix E.

Limitations and Strategies to Address Limitations

There were three limitations associated with the data collection method I employed. The first limitation, with respect to the interview questionnaire, was the wording of the questions. The questions being asked in an interview must be worded so that each participant understands what is being asked. Small variations in the wording of a question can produce extreme differences in responses (McNabb, 2008). There was the potential for the organizations in the sample population to have unique definitions and understandings of the concepts about which I asked. For example, one organization that sells t-shirts may refer to it as “non-dues revenue” while another organization may refer to it as “other revenue.” To minimize the possibility for confusion, I ensured that all interview questions used consistent language and gave interviewees time to clarify definitions and ask questions throughout the interview. Additionally, descriptive statistics from each organization’s form 990 provided statistical evidence that helped clarify terminology about the types, and concentration of, each organization’s revenue streams.

A second limitation concerned the potentially sensitive nature of the questions asked. Questions about sensitive topics can arouse strong emotions or result in a refusal to answer. In light of this there was the potential for nonresponse or bias in the interview (McNabb, 2008). Some CEOs and EDs may not be willing to discuss specifics about their organization’s revenue generating activities. To address this concern, I gave verbal assurances to all of the participants that I would protect their confidentiality prior to conducting the interview. I promised that the name of the interviewee and the sponsoring organization would not be used in the study. Additionally, the email sent by TECNA was forwarded with the initial email to each organization. This reduced the potential for biased interview responses because they were aware that TECNA supported this research project.

A third limitation concerned the usage of the form 990. The form 990 only reports the total amount of revenue generated for each activity. This limited the extent of the analysis of each revenue generating activity because I did not have access to detailed information such as the expenses associated with each program or activity, the number of participants, or the fee charged for the program or activity. This information would have allowed me to provide PTC with detailed information about the expenditures and number of participants needed to make each program successful.

Data Analysis

To analyze the qualitative data collected during the interviews it was reduced into workable, ordered units of data using a strategy called conceptualizing (McNabb, 2008). Relevant data categories were created based on the research questions. The data were then placed in a table based on the responses to questions regarding revenue diversification and how it affected financial stability, organizational autonomy, and mission achievement. Comparative analysis of these data clusters was important in determining patterns and similarities in participants' thoughts on and strategies for revenue diversification. These comparisons helped determine which revenue diversification strategies PTC should consider pursuing (see Appendix F). Data from form 990's was collected to determine dollar amounts for the various revenue streams of each organization. I used descriptive statistics to analyze the size and concentration of each revenue stream (see Appendix F).

Findings

Six key findings were identified as a result of the analysis of the data obtained from CEOs or EDs of nine 501 (c) 6 nonprofit trade associations and their organizations most recent form 990s. First, TECNA organizations have diversified revenue streams that support their core mission related programs and generate the majority of their revenue from member programing. Second, TECNA organizations have a variety of activities they plan to or currently engage in to generate unrestricted revenue; some are non-program related, but most focus on program services and activities. Third, TECNA organizations believe revenue diversification positively affects their financial stability. Fourth, TECNA organizations believe revenue diversification has had a positive impact on their organizational autonomy. Fifth, TECNA organizations believe revenue diversification improves their ability to achieve their mission but acknowledge the need to balance competing interests. Lastly, TECNA organizations are interested in the revenue diversification activities and strategies of their peers.

Finding #1: TECNA organizations have diversified revenue streams that support their core mission related programs and generate the majority of their revenue from member programming.

Each organization has between five and twelve revenue streams as shown by their most recent form 990 as demonstrated in table #1. Most of these revenue sources are related to member programming activities which include event revenue, sponsorship revenue, and membership dues. This is significant because member programming service offerings are one of the main ways that TECNA organizations provide value to their members which is part of their core mission. One ED stated that, “All our revenue generating activities are somehow related to achieving mission.” Another CEO commented that, “All of their revenue is related to the core.” When asked if their revenue diversification strategy supports their core mission a third CEO stated, "Absolutely, publications, memberships, sponsorships. Everything is related to supporting the core mission." Of the TECNA members interviewed eight derive over 65% of their revenue from member programming activities as demonstrated in table #1. Of the eight organizations with available form 990 information, the average amount of revenue generated from membership dues and program services was 89.71%, as shown in table #1. This is significant because it shows that TECNA organizations are not generating a significant amount of revenue from non-program related activities.

Table 1: TECNA organization revenue concentration

TECNA Organizations Form 990*	Total Revenue*	Total Revenue from Member Programming *	% of Revenue from Member Programming *	% of Revenue from other sources*	Number of Revenue Streams *
#1 2011	$1,263,083	$1,126,187	89.16%	10.84%	8
#2 2012	$837,482	$815,362	97.36%	2.64%	5
#3	N/A	N/A	N/A	N/A	4**
#4 2012	$1,348,353	$1,348,006	99.97%	0.03%	7
#5 2010	$738,760	$716,785	97.03%	2.97%	4
#6 2012	$2,010,395	$1,775,288	88.31%	11.69%	5
#7 2012	$1,340,374	$1,300,768	97.05%	2.95%	12
#8 2012	$318,714	$221,430	69.48%	30.52%	5
#9 2012	$2,995,038	$2,375,222	79.31%	20.69%	10
Average	$1,356,525	$1,209,881	89.71%	10.81%	6.7
PTC 2011	$2,757,851	$2,723,768	98.66%	1.34%	7

* These numbers do not reflect current levels of revenue for all of these organizations. All of this information was obtained from each organization's most recent form 990 on guidestar.org. The year represents the current fiscal year when the 990 was filed. For example, the first organizations 990 represents the tax year beginning September 1, 2010 and ending August 31, 2011. Not all organizations filed on the same day and month.
** Information gathered from personal interviews

Finding #2: TECNA organizations have a variety of activities they plan to or currently engage in to generate unrestricted revenue; some are non-program related, but most focus on program services and activities.

Of the CEOs and EDs interviewed eight stated they had future plans to diversify their program service offerings. One ED stated their organization, "plans on expanding programming and diversifying approach in terms of events and programs offered." A different CEO is "looking to add additional programs and services revolved around talent and professional development." The one CEO who commented that diversification was not part of their future plans stated they were focused on "securing more membership and strengthening their hold on the membership market they already have." In addition to diversifying their program service offerings, one ED plans to open up a 501 (c) 3 nonprofit as a subsidiary of their 501 (c) 6.

In the interviews, I identified several examples of program related unrestricted revenue generating activities TECNA organizations currently operate or are considering for the future. ,For instance, one organization offers its members a Business Essentials Program. In this program the council selects twelve members to sell a technology related product or service at a discount one month out of the year and share sales revenue with the sponsoring council. As a second example, another organization offers its members a Board of Advisors program. This program gives members the opportunity to pay a fee and have an employee serve on the Board to provide feedback and enhance engagement throughout the year. Different organizations are also innovating the ways that they generate money from sponsorship and advertising. One organization charges each board member $5,000 which is used for sponsorship. Two organizations discussed selling sponsorships and advertisements on their social media platforms like Twitter and Facebook. In addition, three interviewees talked about developing new programs and services that focus on helping their members find talent and develop personnel.

Some of the non-program related unrestricted revenue generating activities TECNA organizations are engaging include back office service provision, publication services, and an on-line technology marketplace. Two organizations have explored charging fees to plan events for other organizations. One CEO mentioned their organization has explored the idea of creating a web-site for technology related products like E-bay. Another organization publishes its own magazine that promotes the technology sector in their region (see Appendix G for detailed description of all revenue generating activities).

Finding #3: TECNA organizations believe revenue diversification positively affects their financial stability.

Of the nine CEOs and EDs interviewed, seven felt strongly about the positive effects of revenue diversification on the financial stability of their organization. One CEO stated that having additional revenue streams, "ensured that the organization could continue to provide value to its member's years into the future." Another ED believes that, "all of their revenue generating activity is vital to ensuring the financial stability of the organization." A second CEO commented that, "we (their TECNA organization) are more stable because revenue is coming from a variety of sources." Finding #3 is consistent with dependency theory which holds that organizations depending on a few, select resources risk becoming reliant and jeopardizing their future success (Froelich, 1999). Nonprofit organizations pursue a variety of revenue streams, and use diversification to diminish the risk of financial instability associated with losing a major source of revenue (Brinckeroff, 2009; Chang & Tuckman, 1994; Froelich, 1999; Frumkin & Keating, 2011; Pratt, 2004).

A lack of revenue diversification can make a nonprofit financially vulnerable. Defined by Tuckman and Chang (1991), financial vulnerability is when an organization, "is likely to cut back it program service offerings immediately when it experiences financial shock" (p. 445). For example, a CEO of one TECNA organization is currently undergoing a major revenue diversification initiative because "We (the organization) cannot continue to operate in the current manner, if we do not diversify we will not be able to continue to sustain one of our major programs." This quote is consistent with research suggesting revenue diversification can protect against financial vulnerability by compensating for the loss of revenue in one source with the addition of revenue from one, or many, other sources (Carrol & Stater, 2009; Chang & Tuckman, 1994; Froelich, 1999; Frumkin & Keating, 2011; Hager, 2001; Pratt, 2004).

Finding #4: TECNA organizations believe revenue diversification has had a positive impact on their organizational autonomy.

Of the CEOs and EDs interviewed, seven believe revenue diversification positively impacts organizational autonomy. Having additional resources allows managers flexibility in how they structure their program and service offerings. For example, revenue diversification allowed one organization to drop a major event which "smoothed out their schedule and placed less demand on the staff." One ED believes that revenue diversification "lends itself to flexibility and allows you (the organization) to be entrepreneurial in your approach but remain focused on the core mission." Another CEO, when asked about if revenue diversification increased their autonomy replied, "No doubt about it."

Requirements demanded by resource providers can be unwelcome, burdensome, and intrusive, thereby decreasing organizational autonomy (Pratt, 2004). Resource dependency theory holds that environmental conditions caused by resource scarcity and uncertainty result in organizations adapting to the requirements of important resource providers (Froelich, 1999; Moeller & Valentinov, 2012; Pratt, 2004). Finding #4 supports the idea that, given these conditions, nonprofits use revenue diversification as a strategy to reduce resource dependence. When asked about revenue diversification and autonomy, one CEO said, “The less you rely on one source (of revenue) the more autonomous you can be. If you are just relying on membership you are potentially at the mercy of the economy.”

Finding #5: TECNA organizations believe revenue diversification improves their ability to achieve their mission but acknowledge the need to balance competing interests.

Six CEOs and EDs of TECNA organizations indicated that revenue diversification makes it easier for the organization to fulfill their missions. One ED said that “It (revenue diversification) is vital; it is very hard to generate revenue and profit we need from memberships and sponsorships. Doing events helps achieve mission as well.” Another CEO commented that “It (revenue diversification) is the only way we will achieve it (mission). If we don’t have it we won’t get there.” While the majority of those interviewed spoke to the benefits of revenue diversification, every interviewee mentioned that diversification can potentially disrupt internal operations by placing additional resource commitments on an organization’s managers and staff members. One CEO mentioned how one of their new programs “had a high opportunity cost for the director of marketing and communications because they spent additional time negotiating relationships and setting up the program.”

When managers and staff start to focus on commercial activities it can allow organizations to lose sight of their core mission, and some cases even subvert those missions (Foster & Bradach, 2005; Minkoff & Powell). CEOs and EDs acknowledged this potential and spoke about the need to balance the competing interests of initiating new programs and focusing on core mission. One ED commented that revenue diversification “is about balancing competing interests of generating revenue and providing programs that give value to the membership.”

Each TECNA organization may focus on different service areas such as, business development, education, visibility, workforce development, marketing, government services or sales, among others. However, they all share a core-mission that is predicated on providing value to their membership by helping the growth and development of the regional technology industry. Understanding the need to, as one ED stated, "balance the competing interests of generating revenue and providing programs that give value to the membership" can help nonprofit trade associations avoid the potential pitfalls of earned income ventures.

Finding#6: TECNA organizations are interested in the revenue diversification activities and strategies of their peers.

Of the nine CEOs and EDs interviewed, seven specifically asked if they would be able to read the results of this research project upon completion. This indicates that revenue diversification is a topic of significant interest for the nonprofit technology trade association community. Of the seven interviewees who requested a copy of the research paper, two mentioned the possibility of presenting the results of this project at the annual TECNA conference this summer in Minneapolis, Minnesota, suggesting that there is an interest in sharing information and ideas among these technology councils. Because these entities are located in different regions across the country any concerns related to competition for scarce resources is eliminated, thereby decreasing potential impediments to collaboration in this area.

Recommendations

Based on the findings I am making the following three recommendations to the Pittsburgh Technology Council. First, PTC should look to diversify their revenue by examining the value added member programming services of other TECNA organizations (see Appendix

G). Second, PTC should work with other TECNA member organizations and share ideas and collaborate to explore potential unrestricted revenue generating activities. Third, PTC should develop long term strategies to coordinate with universities to ensure that 501 (c) 6 nonprofit trade associations are the subject of and therefore benefit from more scholarly research.

Recommendation #1: Look to diversify your revenue by examining the value added member programing services of other TECNA organizations.

The CEO of the Pittsburgh Technology Council should review the member programing activities and ideas presented in finding #2 and implement those that seem viable. The PTC is looking to specifically diversify through non-program related activities. However, this is not recommended due to the high concentration of revenue generated from program services, shown in finding #1, indicating these activities do not generate a significant amount of revenue. Management should consider important internal factors, such as staff time, resources, and connection to mission, and external factors, such as membership interests, when considering any new revenue generating activity. As stated in finding #5, new revenue generating programs can demand significant time commitment from staff. This time commitment can potentially interfere with staff's ability to complete responsibilities related to daily operations. In turn, this could negatively impact a certain aspect of an organization's ability to achieve its mission. For example, having the events coordinator design a new event series based on STEM (Science Technology Engineering Math) education may take time away from event programing for a social media and marketing series. If social media and marketing is part of their core-mission while STEM education is not, designing an events series focusing on STEM education could cause a potential decrease in mission achievement. Examining relevant internal factors will allow management to make an informed decision on if, and which, revenue generating activity they should pursue in the future.

After all options are considered PTC should survey the membership, and the technology community at large, to determine which revenue generating activity would generate the most interest. This data will provide valuable insight into the support for and potential financial success of any venture. Surveymonkey.com offers a low-cost effective way to survey the 1,400 members of the PTC. Nonprofit trade associations' focus on providing value for their members allows them to operate multiple revenue streams that achieve the dual bottom line of generating revenue and achieving mission. TECNA organizations are not immune to the potential negative repercussions of further diversifying their revenue streams. However, communication with stakeholders in the technology community, specifically their members, will assist them in planning a revenue diversification strategy that simultaneously facilitates revenue generation and mission achievement.

Recommendation #2: Work with other TECNA member organizations and share ideas and collaborate to explore potential unrestricted revenue generating activities.

The PTC should work with other TECNA members to collectively share ideas about their revenue diversification strategies and experiences. Finding #6 offers evidence that TECNA organizations are interested in sharing information and strategies. Despite differences in size and specific areas of service provision, the vast majority of TECNA organizations are 501 (c) 6 nonprofit trade associations whose core-mission is related to providing value to its members and growing the technology sector in their region. The mission of TECNA is to raise the visibility and viability of the technology industry across North America. The annual TECNA conferences and CEO retreats provide an opportunity for members to collaborate with each other to design new programs and services that not only generate revenue but provide value, speak of their success and failures, and support each other in their mutual goal of growing the technology industry across North America.

Recommendation #3: Develop long term strategies to coordinate with universities to ensure that 501 (c) 6 nonprofit trade associations are the subject of and therefore benefit from more scholarly research.

The majority of the literature reviewed in this project did not explicitly differentiate between 501 (c) 3 and 501 (c) 6 organizations in their studies. As shown in findings #3, #4, and #5, revenue diversification is a mechanism that can improve financial stability and organizational autonomy while increasing mission achievement. Despite these findings, further research is needed to determine the extent to which nonprofit literature on 501 (c) 3 nonprofits is applicable in the 501 (c) 6 contexts. Partnering with universities to promote research that focuses on 501 (c) 6 trade associations will not only benefit PTC and TECNA members but the trade association community in general and further our knowledge and understanding of the distinctions between 501 (c) 3 and 501 (c) 6 nonprofit organizations.

Conclusion

The Pittsburgh Technology Councils ability to continually provide great value to its members in the mercurial environment of the technology industry in southwestern Pennsylvania is contingent, in part, on their ability diversify their revenue streams to generate additional unrestricted revenue. There are a variety of program designs and service offerings that are viable for the PTC, and other TECNA members, to diversify their revenue. The success of any potential revenue generating activity will be reliant on management's ability to successfully analyze critical internal and external environmental factors that can negatively impact a new program or service offering. Sharing knowledge and ideas with other TECNA organizations will assist the PTC in developing innovative programs and services that not only generate revenue, but also provide value to its members. Partnering with universities to study revenue diversification in 501 (c) 6 nonprofit trade associations will help PTC better understand how revenue diversification impacts its financial stability, organizational autonomy, and mission achievement; additionally it will help the nonprofit community better understand the distinctions between 501 (c) 3 and 501 (c) 6 nonprofit organizations.

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Appendix A

Date: March 12, 2013

To: Reuben Dacher-Shapiro, CCPA

From: Anne M. Casella, CIP Administrator
Human Subjects Research Review Committee

Subject: Human Subjects Research Approval
Protocol Number: 2242-13
Protocol title: *Unrestricted Revenue and 501C 6 Nonprofit Trade Associations*

Your project identified above was reviewed by the HSRRC and has received an Exempt approval pursuant to the Department of Health and Human Services (DHHS) regulations, 45 CFR 46.101(b)(2) .

An exempt status signifies that you will not be required to submit a Continuing Review application as long as your project involving human subjects remains unchanged. If your project undergoes any changes these changes must be reported to our office prior to implementation. Please complete the modification form found at the following link: http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php

Principal Investigators or any individual involved in the research must report any problems involving the conduct of the study or subject participation. Any problems involving recruitment and consent processes or any deviations from the approved protocol should be reported in writing within five (5) business days as outlined in Binghamton University, Human Subjects Research Review Office, Policy and Procedures IX.F.1 Unanticipated Problems/adverse events/complaints. We require that the Unanticipated Problems/adverse events/complaints form be submitted to our office, found at the following link: http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php

University policy requires you to maintain as a part of your records, any documents pertaining to the use of human subjects in your research. This includes any information or materials conveyed to, and received from, the subjects, as well as any executed consent forms, data and analysis results. These records must be maintained for at least six years after project completion or termination. If this is a funded project, you should be aware that these records are subject to inspection and review by authorized representative of the University, State and Federal governments.

Please notify this office when your project is complete by completing and forwarding to our office the Protocol closure form found at the following link: http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php Upon notification we will close the above referenced file. Any reactivation of the project will require a new application.

This documentation is being provided to you via email. A hard copy will not be mailed unless you request us to do so.

Thank you for your cooperation, I wish you success in your research, and please do not hesitate to contact our office if you have any questions or require further assistance.

cc: file
Kristina Lambright

Diane Bulizak, Secretary
Human Subjects Research Review Office
Biotechnology Building, Room 2205
Binghamton University
85 Murray Hill Rd.
Vestal, NY 13850
dbulizak@binghamton.edu
Telephone: (607) 777-3818
Fax: (607) 777-5025

Appendix B

TECNA

I am currently conducting research that pertains to my experience interning at the Pittsburgh Technology Council this past summer with Ms. Audrey Russo. I am a second year Masters in Public Administration student at the State University of New York at Binghamton. I am reaching out to you because my research requires that I interview Chief Executive Officers and Executive Directors of TECNA member organizations. I am specifically looking to interview the CEO's from the organizations listed below. I have attached the document citing my IRB approval from the Binghamton Universities Human Subjects Board. Please let me know what other information you would like or is there is anything else I can do to help in this process. Thanks for your time and consideration.

Sincerely,

--
Reuben E. Dacher-Shapiro
Graduate Intern
Pittsburgh Technology Council
Binghamton University
Masters in Public Administration 2013
rdacher10@gmail.com
(c) 518-461-9769

Appendix C

Mr. or Ms.

I am currently conducting research that pertains to my experience interning at the Pittsburgh Technology Council this past summer with Ms. Audrey Russo. I am a second year Masters in Public Administration student at the State University of New York at Binghamton. I am reaching out to you because my research requires that I interviewing CEOs or Executive Directors of TECNA member organizations. I have attached the document citing my IRB approval from the Binghamton Universities Human Subjects Board. Would you be able to set up a time to conduct a 30 minute interview? Please let me know if you would like more information on the interview or the project. Thank you for your time and consideration.

Sincerely,

Reuben E. Dacher-Shapiro
Graduate Intern
Pittsburgh Technology Council
Binghamton University
Masters in Public Administration 2013
rdacher10@gmail.com
(c) 518-461-9769

Appendix D

Consent Script

Sir or Madam. By agreeing to participate in this interview you give me consent to use all of the data collected for my research project. This interview will be conducted in confidentiality and neither you nor your sponsoring organizations name will be included in the research project. This research is being conducted through the State University of New York at Binghamton's Masters in Public Administration program and is in accordance with all Institutional Review Board requirements.

Appendix E

Interview Questionnaire

Hello, my name is Reuben Dacher-Shapiro and I am a second year Master's in Public Administration student at the State University of New York at Binghamton. I am investigating revenue diversification strategies and how they affect 501 (c) 6 nonprofit trade associations. The purpose of this project is to contribute to the growing body of literature on nonprofit revenue diversification and assist the Pittsburgh Technology Council (PTC) with their plans to further diversify their revenue in the future. I am interviewing CEO's and Executive Director's from Technology Councils of North America (TECNA) members from across the Unites States to collect data for my capstone project. This interview will pose no risk to you or your organization. Data from this interview will be shared in an aggregate manner. Confidentiality will be protected neither you nor your organization's name will be used in the final project. (Read oral consent script) Before starting do you have any questions about me, my program, this project or the interview?

1. How many member organizations do you serve?
2. How many member employees do you serve?
3. How many revenue streams does your organization currently have?
4. Are these revenue streams restricted or unrestricted revenue?
5. Where does the majority of your revenue come from?

Nonprofit organizations are increasingly engaging in commercial activities as a strategy to diversify their revenue streams and generate additional revenue to support their core-mission related activities, increase financial stability, and increase organizational autonomy. There is a growing body of literature that points to the negative effects this type of activity can have on nonprofits such as diverting nonprofits from their core social mission.

1. Does your organization pursue diversified revenue streams to support its core-mission related programs? If yes, how does revenue diversification impact your organizations short and long term future? Could you explain the benefits or drawbacks? If no, why?

2. How do you think revenue diversification affects the financial stability of your organization?

3. How do you think revenue diversification affects the autonomy of your organization?

4. How do you think revenue diversification affects your organizations ability to achieve its mission?

5. Do you have plans for further diversifying your revenue in the future? If yes, what are they? Which of these do you believe holds the most promise? If no, why?

6. Do you have any questions?

As previously stated your anonymity will be protected and neither you nor your organizations name will be used in the final project. Thank you for taking the time to participate in this interview.

Appendix F

Qualitative and Quantitative Data Tables

TECNA Organization	Number of Revenue Streams (Largest source of revenue in bold)	Pursue Diversified Revenue Streams to Support Core Mission Related Programs?	Diversification's Effect on Financial Stability	Diversification's Effect on Autonomy	Diversifications Effect on Mission Achievement
#1 Companies(C)-700 Employees(E)-100,000	4- **Memberships**, sponsorships, event revenue, non-dues revenue	No, 9 pathways to vision and none have to do with revenue	Same diversification last 5.5 years	(increases it) No doubt about it. Only stakeholder group deal with is members	Important because non-dues related activities provide value to members
#2 C-300 E-N/A	5- **Memberships**, sponsorships, function income, restricted income, other income	Yes, all revenue generating activities somehow connected to achieving mission. Balance competing interests	Very positive, All the additional overhead gives a stronger base to provide core services.	Some of the additional revenue gives more flexibility in how you structure your programs. Must ask, is it worth it (take on new management) for the additional overhead, staff, operations?	It is vital, it is very hard to generate revenue and profit margin we need from memberships and sponsorships. Doing events helps achieve mission as well.
#3 C-600 E-50,000	4- **Memberships**, sponsorship, events, other	Yes, always looking to diversify while continually providing value	We are more stable because revenue is coming from a variety of sources	Helps a great deal, we don't take government money. Provides lots of internal management flexibility	Hurts a little because you have to sell lots of stuff. (Increased administrative time commitment)
#4 C-525 E-N/A	4- **Memberships**, sponsorship, event, grant work	All of the revenue is related to the core	Key to a strong organization is a strong and healthy membership	Does not affect decision making at all.	Don't have enough resources to spread into different area

#5 C-400 E-20,000	2- **Dues revenue**, non-dues revenue	Yes, number #1 priority is making connections and providing educational opportunities	We cannot continue to operate in the current manner, if we do not diversify is will not allow us to continue to sustain our workforce initiative	Could detract, we will need to balance the competing interests of the 501 (c) 6 with the 501 (c) 3 But it will provide more flexibility and leave both sides more autonomous	Will make it easier to achieve mission because we will have member benefits and tech force development. (with a 501 (c) 3 and 501 (c) 6)
#6 C-1000 E-200,250	4- **Sponsorship**, membership, other (public policy services, publications)	Absolutely, publications, memberships, sponsorships. Everything is related to supporting the core mission	It's good. Better to have your eggs in many different baskets. I think diversification is the name of the game.	No impact whatsoever	It is the only way we will achieve it. If we don't have it we won't get there. We are one of the best organizations because we have been diversified from the very beginning
#7 C-620 E-100,000	3- **Sponsorships**, memberships, non-dues revenue (special events)	Yes. Brings more people to the table and deepens the relationship with members	Additional revenue provides financial stability and ensures organization can continue to provide value to its members	Increases autonomy. Allowed us to spread out programing and give us flexibility in how we structure our operations. Allowed us to drop a major annual event and place less demand on the staff	Allows us to foster deeper and more meaningful relationships with our members.
#8 C-250 E-12,000	4- **Sponsorships**, memberships, events,	No, not part of immediate priorities. But have	The different activities such as sponsorships and the	Lends itself to flexibility and allows you to diversify and be	It is about balancing competing interests of

	mentorship program	partnered with health insurance companies to provide insurance. This type of revenue is beneficial to both the council and its members	membership program and vital to ensuring financial stability	entrepreneurial in the approach. But we are focused on the core mission and have to balance competing interests	generating revenue and providing programs that give value to the membership
#9 C- 1900 E- 19,200	4- **Memberships**, sponsorship and events, political action committee (PAC) , other	No, all our activities fall under the nonprofit banner. Explored creating an event management arm but don't want to do it because it could be distracting	Very favorably. Generated revenue from membership categories and sponsorships.	The less you rely on one source the more autonomous you can be. If you are just relying on membership you are potentially at the mercy of the economy	Being able to come up with ways to achieve mission has allowed us to generate more revenue. Because we have such a robust bottom line we have been able to hire a full time lobbyist, government relations director, and PR director

*TECNA Organizations Most Recent**	*Total Revenue**	*Total Revenue from Membership and Programing Services**	*% of Revenue from Membership and Program Services **	*% of Revenue from other sources**	*Number of Revenue Streams (Largest source of revenue in bold)***
#1 2011	$1,263,083	$1,126,187	89.16%	10.84%	4-**Memberships**, sponsorships, event revenue, non-dues revenue
#2 2012	$837,482	$815,362	97.36%	2.64%	5- **Memberships**, sponsorships, function income, restricted income, other income
#3	N/A	N/A	N/A	N/A	4- **Memberships**,

					sponsorship, events, other
#4 2012	$1,348,353	$1,348,006	99.97%	0.03%	4- **Memberships**, sponsorship, event, grant work
#5 2010	$738,760	$716,785	97.03%	2.97%	2- **Dues revenue**, non-dues revenue
#6 2012	$2,010,395	$1,775,288	88.31%	11.69%	4- **Sponsorship**, membership, other (public policy services, publications)
#7 2012	$1,340,374	$1,300,768	97.05%	2.95%	3- **Sponsorships**, memberships, non-dues revenue (special events)
#8 2012	$318,714	$221,430	69.48%	30.52%	4-**Sponsorships**, memberships, events, mentorship program
#9 2012	$2,995,038	$2,375,222	79.31%	20.69%	4-**Memberships**, sponsorship and events, political action committee (PAC) , other
Avg	$1,356,525	$1,209,881	89.71%	10.81%	N/A
PTC 2011	$2,757,851	$2,723,768	92.66%	1.24%	4-**Memberships**, sponsorships, events, other

*These numbers do not reflect current levels of revenue for all of these organizations. All of this information was obtained from each organization's most recent form 990 on guidestar.org. The year represents the current fiscal year when the 990 was filed. For example, the first organizations 990 represents the tax year beginning September 1, 2010 and ending August 31, 2011. Not all organizations filed on the same day and month.

TECNA Organization	Other Revenue Generating Activities	Future Plans	Unrelated Business Income	Does this organization operate a 501 (c) 3?
#1	Business essentials program	Want to double membership. Everything revolves around membership, increases credibility and sponsorships. 410 K	No**	Yes

		provider plan creates stickiness and makes it less likely members will cancel membership.		
#2	Government projects Manage other trade associations	Want to move away from government contracts and figure out how to survive by providing direct services and programs that are not events and provide value to our members. Ideas revolve around helping our members find talent and develop their personnel.	No	No
#3	Special projects Affinity relationships	Looking at adding additional programs and services revolved around talent and professional development.	No	No
#4	Advertising which is bundled into special events and sponsorships. Auctioning off lunches with a CEO/CIO, person of interest to tech community.	Get more of membership market and strengthen hold on market you already have. Expanding different levels of events. Breakfast seminar panel discussions. Summits. Making a conscious effort not to be an events organization and shift more and more value into membership.	No	No
#5	Advertising for a magazines website. Produce magazine for other companies. Open up innovation centers and incubators. Open up a store front.	Create 501 (c) 3 to manage technology workforce development efforts. Host job and internship fairs, create tech job website, and a resume revue fee service charge.	No	No***
#6	Public policy services and publications.	Put together magazines for other external publications. Would like to provide more back office operations for other organizations that do not want to do event planning. Provide more services for	No	Yes

		organizations.		
#7	Job fairs where companies pay to have a booth. Board of Advisors where every company can pay to have a person serve on the board.	Overhaul digital communication and social media and sell sponsorships around the new digital website and social media platforms.	No	No
#8	Partnered with health companies to provide insurance. Mentorship program.	Plan on expanding programming and diversifying approach in terms of events and programs offered.	No	No
#9	Selling billboard adds. Social media and media advertising and sponsorships. General fees for marketing media. Create a marketplace like ebay for technology related services and products. Board members pay to sit on board.	Want to get more sponsorship. Get 15 CIOs to come together to talk about an issue of importance. Charge $10,000 to sponsor something and they can come meet the CIOs. Generate more revenue by going deeper into the core areas of sponsorship and revenue.	No	Yes
#10 PTC		Want more non-program related unrestricted revenue. (Commercial or earned income)	Yes	***No

*This organization had generated unrelated business income listed on their most recent form 990. However, after reviewing their CEO I learned that the activity that generated this income had been cancelled.

**This organization is currently looking to start a 501 (c) 3 as a subsidiary of their 501 (c) 6.

*** They used to run a 501 (c) 3 nonprofit as a subsidiary of their 501 (c) 6

Appendix G

Board of Advisors (BOA). One organization offers its members a BOA to provide them with an avenue for enhanced engagement throughout the year. The BOA serves the TECNA organization that runs it by providing advice and feedback, outreach to grow the organization, and other assistance to raise their profile as the primary voice for technology in the region. Signing up for the BOA program is open to one representative per member organization. According to the CEO that runs this program, "This (program) not only strengthens the relationship between a TECNA organization and its members, but provides valuable feedback to the organization as to how it can provide greater value to its members." This feedback and two way communication with BOA members is vital to helping the TECNA organization continually work to improve the value proposition it provides its members. There is an annual fee for joining the advisory board in addition to regular membership dues.

Business Essentials Program. One organization offers its members a business essentials program that provides significant discounts to its members on specific products and services. The program is structured so that each year the TECNA organization chooses twelve partner organizations. Each organization offers a product or service that they provide during one month out of the year with each organization selling a different product or service each month. Some of the products and services offered include: a 401K multiple employer program, employment law and human resource services, payroll services, outsourcing services, office products, and an employee benefits programs. The program is offered with the following requirements for selecting its partners: the partner must be a current council member in good standing, attend a minimum of six events annually, purchase one trade show booth at a council event annually, provide a substantive discount, and must include a revenue sharing component with the council. This type of program provides other member companies with access to high quality discounted products and services while also increasing the council's non-dues related revenue through the revenue sharing component. The CEO stated the benefit of the program is "it increases the visibility of the partner companies selected each year and helps member organizations make new connections that can foster new business relationships."

Sponsorships and Advertising. Sponsorships and advertising are already a major part of TECNA organizations revenue base. Different organizations are innovating the ways that they generate money from both activities. One organization charges each board member $5,000 which is used for sponsorship. Two organizations discussed selling sponsorships and advertisements on their social media platforms like Twitter and Facebook. According to one of these CEOs, they are planning to "overhaul their digital communication and social media and expect to have unrestricted sponsorship revenue around their new digital platforms." Two organizations also host annual golf tournaments which afford them more opportunity to generate sponsorship revenue. Another organization suggested an event where executives or prominent individuals in the technology sector convene to discuss an issue of importance. The organization can charge each sponsor a certain fee and allow them to attend a roundtable discussion after the presentation.

Personnel Development. Three interviewees talked about developing new programs and service that focus on helping their members find talent and develop personnel. For example, one

ED mentioned, "hosting job and internship fairs, creating a tech job website, and offering a resume-review service."

Back Office Services. Some TECNA members are seeking to provide back office operations for other organizations. Two have explored charging fees to plan events for other organizations. Other service opportunities discussed include renting out office space, and selling marketing, web-site design, and human resource services.

On-line Technology Marketplace. One CEO mentioned their organization has explored the idea of creating a web-site for technology related products. He stated that, "It would be like E-bay, where you can go buy and sell things related to technology." The TECNA organization would host the website and receive commission on transactions conducted on the site.

Publication Services. One organization publishes its own magazine that promotes the technology sector in their region. Their CEO also has future plans to, "take advantage of the fact that they can put together magazines for other publications." Another ED also mentioned they are interested in, "producing a magazine for other companies."