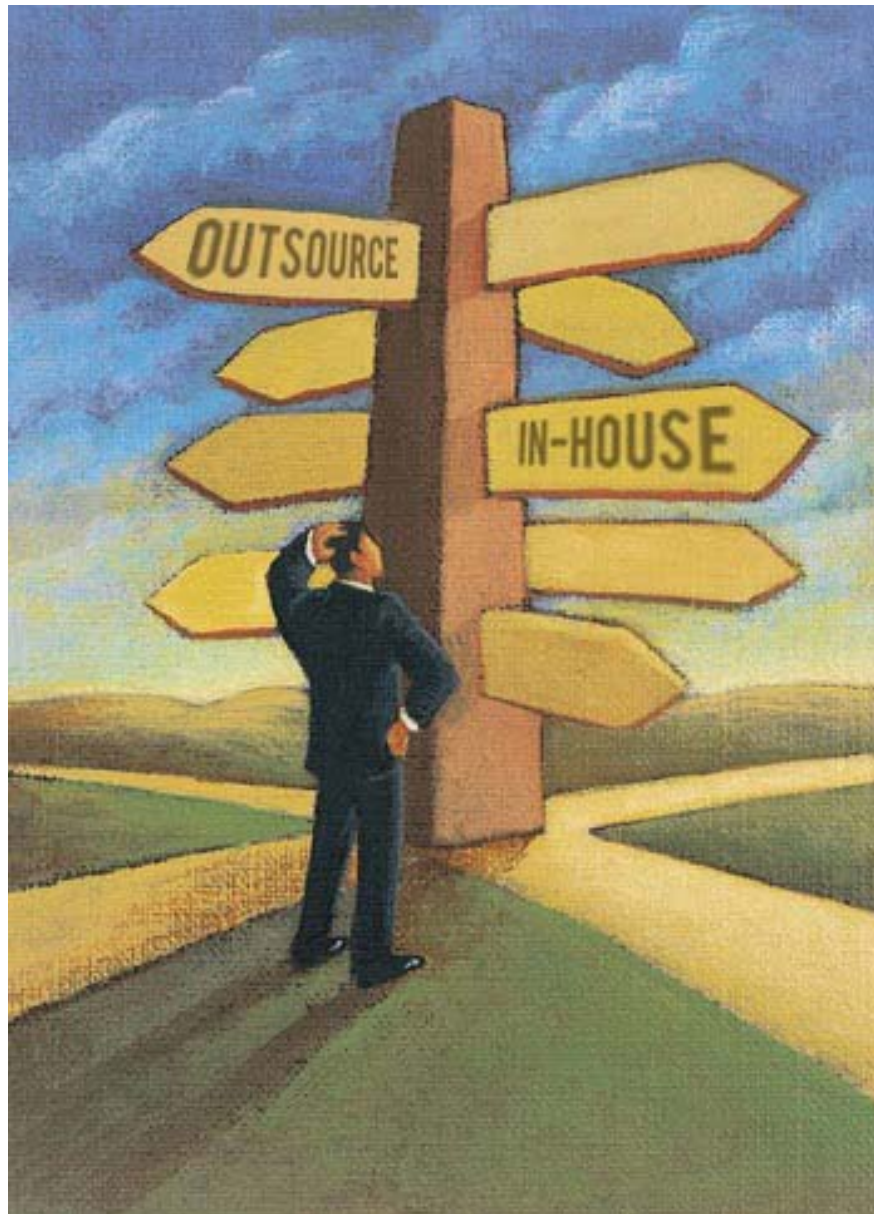


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*executive brief*

AUGUST 2008



The Case for Outsourcing  
Membership Fulfillment Activities

# Membership Fulfillment Today

Membership fulfillment is a complicated function that has typically been managed internally. This means organizations have internal departments responsible for the following critical functions:

- Lock Box Processing
- Transaction Entry
- Member Service (phone, mail and email)
- Mailing Services (Welcome Kits, Invoices, Renewal Notices, Premiums)
- Ecommerce
- List Services
- Membership Database Maintenance

If all the services are not provided by internal departments, multiple outside vendors are used, typically for the following:

- Lock Box Processing
- Mailing Services

This business model creates both operating and financial challenges for the organization. First, the membership database system needs to be assessed. The following questions must be answered:

- Does the software meet all of our marketing needs for “mainstream” members and large donors?
- Are actionable reports provided?
- How do I keep the system up to date with the latest technology?
- Does the system seamlessly manage our basic membership business as well as large donors and/or contributors?
- Is the system easily scalable for growth?

Once the answers to 1-5 are satisfactorily answered, the cost to acquire, maintain and update the

**While all the above can be accomplished, membership organizations have the option of considering outsourcing their fulfillment operations to improve member service, reduce capital and operating expenses, and create efficiencies.**

system must be considered. Beyond the systems review, the cost of maintaining fulfillment functions internally needs to be analyzed. For those using outside vendors, there are other considerations.

requiring management time and expense to ensure great service to members. Second, the organization needs to monitor the vendors long term plans to ensure it can continue to support the changing needs of the membership.

First, the outside vendors need to be coordinated for day-to-day tasks, thereby

requiring management time and expense to ensure great service to members. Second, the

organization needs to monitor the vendors long term plans to ensure it can continue to support the

# The Case for Outsourcing

More than a few membership organizations have outsourced all or part of their fulfillment operations to outside vendors. Below please find the reasons membership organizations should evaluate in regards to outsourcing:

## **Resource Savings**

- Reduce capital expense requirements for software, hardware, mail opening equipment, etc.
- Eliminate or reduce ongoing hardware, software and machine maintenance costs
- Reduce salary and benefits costs
- Minimize space requirements and costs

## **Process Benefits**

- Improve the ability to manage outsourced functions by managing one vendor
- Improve cash flow with more frequent deposits
- Improve accuracy of transaction processing due to vendor experience with multiple, complex marketing programs
- Increase member service hours to provide better service

## **Additional Management Benefits**

- Improve management efficiency with a single vendor
- Increase exposure to new ideas by interacting with other companies
- Reduce postage expenses by obtaining greater postal discounts
- Improve business analysis with enhanced reporting
- Improve member service and bottom line

The above benefits can be realized by all membership organizations. That said, there are some concerns that need to be addressed to continue the proper evaluation of the opportunity.

# Objections and Resolutions

## **Membership Security**

The most valuable asset of each organization is its membership. As a result, many organizations perceive only an internal management system can protect the integrity of the list.

Third party suppliers can protect the confidentiality of an organization's members and marketing efforts. Each year, many undergo the rigorous scrutiny of a SAS 70 audit. This third party examination evaluates all aspects of the operations from mail receipt to data security. The testing conducted verifies compliance with generally accepted auditing principals.

In addition, publicly traded companies are governed by the rules of the Sarbanes Oxley Act. In short, these regulatory audits protect an association's members, practices and business.

The membership database is also accessible by marketing staff to analyze member segments. Marketing trends can be identified by drilling down into the database. The resulting analyses provide the opportunity to alter marketing efforts to improve performance and member service.

### **Access and Control**

An in-house membership fulfillment system provides the organization with complete access to the membership database and to the policies that govern the business. With the technological investments made by fulfillment vendors, the same is true.

The transaction processing systems for inbound and outbound mail are available for viewing in a real-time environment from the client's desktop. Clients can view mail receipts, bank deposits, data entry and lettershop job tracking. This window into the operations provides access to information as if the work is being performed internally.

**Organizations can have the vendor provide basic member service, while their in-house staff continues to provide service for special events, products and offers. Or, the vendor can assume all member service activities.**

For member service, clients can be granted read only or write access. This means member service can continue to be provided from headquarters in conjunction with the vendor's contact center.

### **Customization**

Each membership organization manages its business uniquely. Many in-house fulfillment management database systems are designed with a specific structure. This means they may limit the organization's ability to continue its efforts without restriction or significant modifications.

Fulfillment organizations are accustomed to modifying their base software to fit the needs of each organization. As a result, the vendors may allow for the customization of each database. While the base fulfillment system needs an overall structure, the system can be customized to meet their unique requirements for prospecting, contributions and/or events.

### **Full versus Partial Service**

Having maintained fulfillment in-house for so many years, organizations may be hesitant to outsource their lifeblood to a relative stranger. Fulfillment houses understand that and have the ability to build a relationship from partial service to full service. This means companies can begin by outsourcing lock box processing and/or mailing services to start. As confidence is gained with the vendor's abilities, the relationship can be expanded by adding more services.

## Executive Summary

The decision to continue in-house operations or to outsource is complicated; there are many factors to be considered. Outsourcing provides the opportunity to explore any and all options regarding membership fulfillment activities. The result of outsourcing efforts, regardless of the degree, will be improved member service, reduced costs and increased profits.

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### *About Palm Coast Data*

Palm Coast Data is a unit of Amrep Corporation. For nearly 50 years, we have provided a level of excellence in subscription and membership fulfillment services that is second to none.

Palm Coast Data is a respected industry leader, with a client roster that includes nearly 900 of the United States' leading magazines and membership organizations. Our management team, experienced associates and state-of-the-art systems and technologies, work in concert to provide our clients the most reliable and flexible services available.

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