



PROFESSIONAL BODIES

CONFRONTING THE ECONOMIC PRESSURES

Professional Bodies, Learned Societies and other representative organisations, due to their nature, face a number of economic pressures in common.

“Economic pressures are a normal part of business life, but they are particularly threatening to Professional Bodies.” Can this really be so?

Most Professional Bodies started life as the sole representative body in their chosen field of interest, and were given powers, and responsibilities, and may have been incorporated by Royal Charter. They later may have become charities and/or awarding bodies, thereby acquiring additional (essentially non-commercial) responsibilities.

Indeed, such is the importance of the work of Professional Bodies that Royal Charters are granted by the Sovereign only to those entities that can demonstrate “pre-eminence, stability and permanence” in their particular field.

As these organisations have matured, they will have created infrastructure and therefore overhead cost obligations which have to be met.

Whilst the non-commercial objectives and responsibilities may have remained fixed, the operating environment and competitive frame has not stood still. Thus the traditional playing field of the Professional Bodies will have changed significantly over time.

Has the Professional Body responded to its changing environment?
Has it been able to, given the constraints of the model it works within?

Growing Competition

There are signs of “creeping fragmentation” in professions, whereby more and more institutes are being formed, each addressing a sub-specialism of the original broad profession. This creates competition. Such changes in market structures are a normal occurrence in most commercial sectors and market participants need to respond to them with appropriate strategies, or sink.

Many Professional Bodies earn much of their revenue from “Awarding Body” activities (qualifications). However, the growth of the (UK) state provision of Further and Higher Education has taken business away from the Professional Bodies. In addition, more and more organisations are being granted official “Awarding Body” status by the authorities, and this threatens the revenue stream too. And many Professional Bodies receive much of their qualifications income from overseas by effectively making up for the shortage of university places in many countries. However, new qualifications providers are entering these markets, notably universities from the US, Australia and the UK.

The UK government has over recent years created a string of “Standards Setting Bodies” which also could encroach upon existing Professional Bodies’ activities and reason for existence.

Finally, some argue that there is less demand nowadays for Professional Bodies - people are simply less inclined than before to engage with them. Professional Bodies are perceived perhaps as less relevant in this age of instant access to knowledge and networks through the internet. And also people can direct their “affiliation” (need for belonging) towards their sector, or employer (“What do you do?” “I’m in Chemicals” or “I work for GSK”) rather than towards their profession (“I’m an accountant”). Thus maintaining membership numbers is a challenge.

Responding to the Pressure

Given the economic pressures, remedies need to be sought. Professional Bodies need to:

- Find ways to sustain current revenue streams
- Replace lost revenue with new revenue streams
- Manage costs.

However, many of them freely admit that, for various reasons (including structural and competence-related), they are not good at innovating, or dealing with risk, and not at all good at cost control. One reason, it is argued, is that there is limited room for manoeuvre on costs within the constraints of the regulatory, quality assurance and “volunteer” environment. Another is that, in charity environments, there is often a very strong aversion to reducing staff numbers.

Appropriate responses need to be found to these economic threats, responses which are practical, realistic, and can be implemented within the governance structures and the wide stakeholder mix that typify Professional Bodies. A significant management challenge indeed.

Oriel helps Professional Bodies to create the circumstances where they can deliver results, even in these turbulent times.

We work with Management Teams to develop revenue streams, create strategies to achieve the objectives and move the organisation forward.

For further information or an exploratory discussion,

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