

Setting your organisation's fees should be a task for the management committee, not the members at the AGM.

The management committee should set fees after preparing the annual budget, so you're aware of all of the expenses the organisation will incur. You'll therefore need to allow plenty of time for preparing the budget before it comes time to set your fees.

See the *Guide* to budgets for more information and tips for setting your budget.

A *Sports organisation fee calculator* is available in the resources. This tool can be used to ensure that your membership fees consider both the actual costs of running your organisation, as well as the true value of your services.

When setting your fees, don't just focus on breaking even. Remember that sport in Australia has a very high intrinsic value as it brings so many benefits to the community. Consider also the contributions of your volunteers in delivering exceptional experiences for members. You should therefore choose to adopt a *value-based pricing* approach that not only covers your costs, but also reflects the true value of the services and experiences you provide.

Additionally, don't fall into the trap of trying to keep your fees too cheap by relying on your other income streams to make up any shortfall. The *Sports organisation fee calculator* will help you separate out your income from membership fees, as well as from the other income you make from things like your canteen, bar, fundraising and sponsorship. Ideally, your membership income should more than cover your operating expenses, so that income from these other business units can help you grow!

The importance of getting your fees right

The level of service you offer at your organisation, in combination with the membership fees you set, broadcasts a clear message about the culture of your organisation.

Much like an airline's pricing strategy, where a cut-price airline might be seen as 'cheap', while a full-service airline is perceived as offering superior service at a higher price, your organisation's pricing can say a lot about you. Higher fees can signal premium service and experiences, while low fees can risk coming across as 'cheap and nasty'.

The process of setting the right fees involves an understanding of your organisation's true value. This value is embodied in your fixed assets, being your facilities and equipment which can add up to millions of dollars, as well as your intangible assets, like the time commitment of your volunteers. Add to this your ongoing expenses like maintenance, affiliation fees, insurance and lease fees, and you're looking at a considerable financial base of operations.

Organisations offering top-notch services at low fees might overburden volunteers. On the other hand, organisations offering high-quality services at higher fees are usually more sustainable. Organisations in economically strained communities might need to set lower fees, but can manage their service levels to avoid burning out their volunteers.

Setting your fees correctly is all about making informed decisions - determining service levels that meet the expectations of your members and setting fees that reflect your organisation's own costs and your unique value proposition. Just as with airlines, your pricing strategy is an important part of your organisation's identity.

Once you've set your fees right, it's important to make it easy for people to pay! Check out the *'Making Money'* resource for more information on simplifying payment processes for members.



How to use the Sports organisation fee calculator

The following steps describe how to use the *Sports organisation fee calculator*, available in the resources section. The calculator is a great tool for working out how you should be setting your fees, as it separates out your Sport-Related Income and Sport-Related Expenditure from your Ancillary Income and Expenditure. It's not a tool to replace your budget. Rather, the projected income and expenditure from your budget will feed into this calculator.

The following steps will help you use the tool to make informed decisions about your fees and to engage meaningfully with members:

Customise the tool for your organisation

As you are filling in your income and expenditure line items, modify the grey cells as needed, changing item names and figures so that the tool is specific for your organisation. In the leftmost column of figures for Tabs 1 and 2, input your budgeted figures for the coming year. The spreadsheet will then automatically populate the other columns, allowing for inflation over time.

2. Identify sport-related income

Sport-related income on Tab 1 will include your registration fees and may also include game fees, coaching clinics and gate takings. This is all the money you expect to receive that is directly related to running your sporting programs.

3. Consider other income

Ancillary income items on Tab 1 include any other areas where your organisation will make money, such as your canteen and bar income, merchandise sales, facility hire or sponsorship.

4. Differentiate between sport-related and ancillary expenditure

While you will find that you typically only have a short list of sport-related income, your list of sport-related expenditure items on Tab 2 is likely to be much longer, as it includes everything your organisation needs to spend to run your sporting activities, as well as all of your fixed costs for running an incorporated association. Your ancillary expenditure will include the costs associated with each item of ancillary income, such as the cost of goods to be sold in the bar or canteen, merchandise costs and sponsorship signage.

5. Input the number of members

In Tab 4 of the spreadsheet, add in your anticipated or actual number of members for the year where indicated, at C. This sheet will then show you your total annual sport-related income and expenditure, calculate your average income and expenditure per member and show your average profit or loss per member, taking into account only your sport-related income and expenditure. The ideal scenario is when your sport-related income more than covers your sport-related expenses, meaning that any profit generated by your ancillary activities can be invested in things like new or improved facilities, equipment and programs, all of which will benefit your members

6. Initiate a pricing strategy discussion

If Tab 4 shows a significant shortfall per member, it's time to consider how you will increase your pricing. If you find that you are a long way behind a break-even point, you should consider bringing your fees up to where they need to be gradually, say over a few seasons, but communicate this to members early.

7. Engage with members

You can share the pie chart on Tab 3 with members to visually demonstrate where their membership fees are allocated. By doing so, you are demonstrating your value and addressing any questions about how funds are allocated.

8. Review your fees every year

Revisit and revise your budget and pricing annually. This will allow you to align your fee structure with your increasing organisation expenses and your unique value proposition. Keeping your fees incrementally moving upwards each year is a strategic way to prevent periods of fee stagnation, which can lead to a gap between where your fees currently stand and where they should be. Smaller, regular, well-communicated fee increases will avoid the need for a significant fee hike all at once, which may not be well received by members.

A note about grants

Grants are not included in the *Sports organisation fee calculator*. As grants are project based, there will always be an obligation for you to spend the grant money on the funded project. Grants should therefore not be budgeted to contribute to profit.