

Understanding the Membership Growth Index (MGI)

Overview

Analysis of long-term membership trends across 31 Districts and over 1,700 Rotary clubs has yielded a single metric that predicts with better than 80% certainty whether a club will grow or decline during the coming year. A District leadership team can therefore focus its attention and communication on its most-challenged clubs, and also identify where to look for best practices and membership know-how in successful clubs.

What is the Membership Growth Index (MGI)?

The MGI is simply the percentage net gain or loss of members in a club over a 3-year period -- for example, July 1, 2021 membership compared to July 1, 2018. Thus, a club with 40 members on July 1, 2018 that grows to 44 members by July 1, 2021 has grown by 10% -- an MGI of +10. A neighboring club that declined from 40 members to 36 over the same period has an MGI of -10.

3 years is a good measurement interval for two reasons. First, it takes some year-to-year "noise" out of the data. Secondly, 3-year history of members terminated and added per club is readily available through the "Member Viability and Growth" report available in Rotary Club Central.

How does the MGI work?

We've all heard, "Success breeds success." The same can unfortunately be said about failure and the MGI data bears out both statements. Successful clubs continue to grow, and failing clubs continue to decline year after year, unless something changes. Sadly, for many failing clubs, most don't make the changes necessary to turn around their culture of decline. On the other hand, a successful club will sometimes "lose the formula" and take a tumble in membership, usually due to the club's choice of leadership.

Clubs fall into one of three groups:

- **Growth** clubs -- MGIs of +5 and above. These clubs have a better than 80% likelihood of continuing to grow in coming years, **unless something changes**.
- **Fragile Balance** clubs -- MGIs between +5 and -5. Basically, "breakeven" membership performance over the 3-year window. These clubs can go either way, and some rock along in the same group year after year with others moving towards growth or decline from there.
- **Failing** clubs -- MGIs less than -5. These clubs have a better than 80% likelihood of continuing on a downward membership trend in coming years, **unless something changes**.

What are the contributing factors?

There are only two:

- **Attrition Rate** -- The rate at which clubs lose members. The MGI Report calculates each club's actual attrition rate, on average, for the 3-year period measured. If a 40-member club terminates 12 members over the 3 years, an average of 4 per year, that's a 10% attrition rate. The calculation is based on each club's average membership over the 3 years.
- **Attraction Rate** -- The rate at which clubs attract new members. The MGI Report calculates each club's actual attraction rate, on average, for the 3-year period measured. If a 40-member club inducts 18 members over the 3 years, an average of 6 per year, that's a 15% attraction rate. The calculation is based on each club's average membership over the 3 years.

Clearly, **a club's attraction rate must exceed its attrition rate**.

Interpreting Attrition and Attraction Rates

Attrition and Retention -- A lot has been said about "retention" which is just the inverse of attrition. 85% retention is exactly the same as 15% attrition ($100\% - 85\% = 15\%$). The difference is that a club's attrition rate can be directly compared to its attraction rate.

One fact the MGI study confirmed is that **attrition is real**. People leave membership organizations every year. The average US trade association has an attrition rate of 15%. Rotary International (globally) has an attrition rate of 14.4%. Zone 33 has an attrition rate of 14.9%, with Zone 34 at 14.4%. Looking at Districts, average attrition rates fall in a very tight band - all Zone 33 districts but one are within 2% either side of the Zone average.

Clubs, on the other hand, vary widely. Attrition rates greater than 15% deserve a look, and at 20%+ one can conclude that something is wrong with the "product" -- the club experience. Members are voting with their feet. Remember that most new members join "Rotary", but most dissatisfied members leave the club, not Rotary.

Another interesting fact about attrition is that there's a "floor" at about 10% - the rate at which "life happens" to members and they leave for reasons over which the club has no control. While reducing attrition (increased retention) is an essential strategy for success, you can't **grow** your club through only that strategy. In fact, if a club's attrition rate is approaching or below 10%, there's not likely much more room for improvement. Keep doing whatever is working to keep members and turn your attention to attracting members at a higher rate. **The goal should be to keep attrition below 15% (or retention above 85%).**

Attraction -- It's been said, "We're pretty good at attracting people to Rotary and not that good at keeping them". That statement is not borne out by the MGI data. Many of our clubs are **not that good** at attracting new members. In fact, looking at clubs below the "Red Line" on the many Districts' MGI Report reveals that several clubs have attrition rates near or below the District average and are still declining. The fact is they've simply failed to recognize that attrition is real, and they need to set their sights on attracting members at a higher rate, then implement intentional strategies to do so. An attraction rate in single digits (below 10%) is a recipe for membership decline. **The goal for attraction rates should be 20% or higher.**

Analyzing your District's MGI Report

MGIs have been calculated for the most recent year beginning July 1. Scan the clubs below the "Green Line". Success breeds success. These clubs have a **growth culture**. Detailed year-by-year member counts are in the columns to the left.

Then scan the clubs below the "Red Line". These clubs have a **culture of decline**.

Clubs tend to stay in the same groups **unless something changes**, and it appears in most Rotary clubs that not much **does** change from year to year with respect to membership performance.

Then look at attrition and attraction rates, which are the keys to **"Exactly what problem are we trying to solve?"** It's not very productive to try to improve an already-low attrition rate (near or below 10%). Focus instead on finding more new members. Likewise, a club exceeding 20% attrition (replacing itself every 5 years) probably wants to take a hard look at the club experience it's delivering. All those members are leaving for some reason(s), and it's probably more productive to find and fix those reasons than to work harder at replacing them faster.

As with business, we need carefully identify the problem we are trying to solve. Then we need to put strategies and tactics in place to create a **growth culture** within our clubs. Your Zone 33 Rotary Coordinator (RC) Team has Intentional Membership Growth Strategies that are proven to work successfully. We also have the top 6 Failed Strategies that Rotarians love and continue to use that just do not provide the results needed. Please leverage your RC Team to help your district consistently grow.

More on this at: <https://www.rizones33-34.org/?s=strategies>

