

# From struggle to success: an association's story

*Beverley Main, Chief Executive of Human Resources Institute of New Zealand (HRINZ), shares with Jennyfer Nguyen how the association was saved from insolvency and closure*



**In the not-for-profit sector, it is common to see failing associations just close up and restart a few years later. HRINZ is what can easily be called a turnaround success story. What state was the association in when you first came on board in 1998?**

In 1998, the Institute of Personnel Management of New Zealand (IPMNZ), as it was formerly known, was on the verge of closing and disappearing forever. Yet, it was not until the auditors had come in did the Board and management team truly realise the severity of the situation. The organisation had been living off the following year's subscription income and living beyond its means for some years; all the previous surpluses were exhausted.

In my first weeks there, the biggest challenges were determining what the annual budget was and how the next lot of wages were going to be paid. The paid staff had consisted of a couple of office administrators and there was no clear accountability in the association. The audit had also revealed that only 1200 of the 1750 people on our database were actual members, with many free memberships and duplicates inflating the numbers.

## **What kickstarted HRINZ's turnaround from this dire state?**

Prior to the audit, newly elected National President, Dr Paul Toulson, was already pushing towards a review of the constitution, addressing governance issues, a relocation of National Office from Auckland to Wellington and appointing a full-time chief executive. In their search for a new CEO, the organisation recognised the need to employ someone who was business-minded and business-savvy. This is where I came in. Unlike my predecessors, I had not come from an HR background. I was an independent business consultant with over 20 years' experience in operations and small business management.

In the wake of the audit, we needed to produce a budget that would allow us to trade our way out of the mess to keep running. That first year, we broke even and every year since we've met or exceeded projections - usually producing healthy that have been reinvested into membership benefits. The organisation was turned around in less than two years and, 10 years on we have managed to generate enough funds to purchase new premises in downtown Wellington.

## **What do you attribute this revival to?**

Beside the financials, it was membership. Before we could make any changes, we had to seek out our members and talk to them. The feedback showed us how little benefit the members felt the association provided them. There was also a strong perception of an old boys' club, making many feel excluded. Achieving an unprecedented 10-15 per cent net increase in membership growth each year came from getting the basics right. We wanted to recreate that desire to belong. We built up the support networks and a new marketing direction was adopted. Soon word-of-mouth took over. To this day, it's still about listening and providing.

For example, our members have long called for social networks and we have reinvigorated these. Our online forums are particularly useful for overseas members. Especially after September 11, when many existing and new members were wanting to return or migrate to New Zealand, they could find out about the job situation, renew or form networks and get up to speed with current issues before coming back. Today, we represent over 50 per cent of the HR community in New Zealand – 4,000 members out of a potential 7,600.

...2

### **Why have you pushed individual membership rather than organisational?**

From the beginning, we never wanted to offer organisational membership. Individuals that seek out membership and accreditation show initiative and are serious about their profession. We always wanted to reflect credibility, accountability and the highest level of achievements and standards. An individual's bad behaviour cannot hide behind an organisational membership. The disciplinary processes deal with the actions of the individual, not the organisation.

### **Tell us about the proposed introduction of HRINZ's Continuing Professional Development (CPD) program.**

We haven't introduced a CPD program yet but are well on the way to doing so. We want members to maintain the level of credibility and standards that have already been achieved.

Skills must be updated and employment laws will continually change. Our CPD program will require individuals to maintain a career log of events, research, achievements and external courses and points will be awarded. Currently, only 9-11 per cent of our members are accredited.

### **What was the process behind the proposal to change the Board structure?**

The Board structure has not changed since the 1998 constitution review. Since then, the association has expanded from seven to 12 branches and all are represented on our National Board, along with eight elected directors and three ex-officio directors – taking the total to 23. This makes it very difficult for everyone to be heard or to get things done quickly.

A new model has been investigated with around only eight directors in total. These changes will be presented to members with a view to implement them by early 2013.

### **What are your visions and plans to see HRINZ's continued success?**

While we'd like to see more membership growth, there are only around 3000 HR practitioners left to attract. It is unlikely that we'll see the large growth experienced between 2000 and 2007. We'll be focusing more on retention, which is currently at around 90 per cent.

*This article first appeared in Associations, Edition 28 – March 2011*