

AOCS – How does it stack up?

In his report to the membership at the AOCS Annual Meeting in St. Louis, Dr. E.G. Perkins, AOCS treasurer, pointed out that, like most financial entities, AOCS is facing the prospect of very tight future budgets. He noted that, exclusive of the extraordinary item of the World Conference on Soaps and Detergents, the Society could have virtually broken even in 1977, that the basic operating budget projects a small deficit for 1978, and that he anticipates a growing deficit in 1979. To meet this challenge, the AOCS Finance Committee is considering a variety of possible sources of new revenue in the future.

Whenever things are rosy financially, there is a tendency to accept life as it is, to be at least a little complacent. As the situation changes, and belt tightening becomes inevitable, it's only fair to ask "how are we really doing? Are we really spending our funds to serve our purpose and needs? Where is the fat?"

One way to answer these questions is to compare oneself with similar entities.

In 1977 the American Society of Association Executives surveyed its 3000-plus members to determine how they raised operating funds and spent them. The ASAE issued *Association Operating Rate Report 1977* in which the results of the survey were presented. It is interesting to compare AOCS with other organizations of similar budgets, scopes, and types. And it is informative.

The data presented below are taken from the ASAE report and the audited figures for AOCS operations for fiscal year 1977. While it's not always possible to be absolutely sure that the Society's charts of accounts have been categorized in the same way as other organizations, definitions provided with the survey made reasonable allocations relatively easy.

The comparisons used here are AOCS with other organizations with budgets of \$500,000 to \$999,999 (AOCS in 1977 spent \$740,000 of \$792,000 received), with other

national organizations, and with other technical/scientific societies.

Dues and subscriptions have been combined in this comparison primarily because associations have an endless variety of ways of splitting the fees paid by members between organization membership publications and "dues."

Education programs for AOCS include short courses and world conferences, while meetings and conventions refer only to the AOCS Annual Meeting. Certifications and standards include income derived from the Smalley Program and referee fees, but do not include AOCS Official Methods sales. Exhibits include all exhibits held at any AOCS meeting or conference. Publications sales include monographs, official supplies, and Official Methods. Investment income is interest paid on savings accounts, certificates of deposit, and other insured investments. Other includes primarily page charges paid by authors to *JAOCs* or *Lipids*.

In general, AOCS relies less on *JAOCs* and dues to finance its projects than do other groups. The Society has in practice, if not in stated policy, relied more heavily on "extra" services to pay their own way rather than be subsidized by member fees. Hence, AOCS derives a larger than average share of its income from programs and short courses, meetings, and publication (monographs).

The comparisons in Table II are for expense by the object of that expense. Personnel includes all paid staff of the Society. Travel includes staff travel and executive and finance committee expenses – all travel and related expenses which cannot be charged to specific programs. The major object of expense, communication, includes the cost of producing the journals, the cost of running conferences and meetings, telephone, stationery, and similar costs. Office equipment and supplies are those expenses for general office operations. Services and fees include audit expenses, the charges made to AOCS for administration and handling the Smalley Program, and the cost of selling and

TABLE I
Sources of Income (Percent)

Income source	AOCS	Similar budget	National scope	Technical societies
Dues and subscriptions	32.2	56.0	57.4	50.8
Education programs	16.5	5.0	3.7	5.7
Certification/standards	4.1	0.9	1.1	1.2
Meetings and conventions	7.6	7.9	9.4	7.3
Exhibits	4.5	5.4	6.6	5.1
Advertising	12.5	4.8	5.7	6.9
Publications	11.8	2.8	3.4	8.1
Investments	2.3	3.4	3.1	2.7
Other	8.5	13.8	9.6	12.2

TABLE II
Expenses of Objects of Expense (Percent)

Object	AOCS	Similar budget	National scope	Technical societies
Personnel	25.7	35.6	36.0	35.0
Travel	1.1	5.8	6.9	6.6
Occupancy	2.3	5.3	4.5	4.4
Communication	58.8	18.5	16.0	21.3
Data processing	1.3	2.0	1.1	1.6
Equipment/supplies	1.4	4.5	3.5	4.0
Services and fees	8.9	9.4	10.3	7.7
Other	0.5	18.9	21.7	19.4

TABLE III
Expenses by Function (Percent)

Function	AOCS	Similar budget	National scope	Technical societies
Administration	15.9	35.5	36.3	28.3
Membership fulfillment	3.8	9.8	6.6	8.0
Public relations	0.2	4.2	8.5	3.5
Publications	51.6	16.2	16.6	30.8
Conventions and meetings	9.5	10.5	12.0	12.4
Education programs	14.2	9.1	5.3	6.7
Certification/standards	4.2	1.0	2.6	1.9
Other	0.6	13.7	12.1	8.4

publishing advertising. Other expenses are primarily miscellaneous costs chargeable to various professional activities and to general office operation.

The telling comparison in Table II is in "communication." This category can be generally defined as "membership services" in that it includes AOCS journals, meetings, and other publication programs. AOCS has as its basic central purpose the communication of scientific information. This table shows that the Society is very productive in comparison to other similar groups. When one considers that personnel costs include three staff members who are involved in journal production — a function normally done by the printer and thus chargeable to "Communications" — AOCS looks even better. Also, since three-fourths of the services and fees paid for by AOCS are for the operation of a professional activity — the Smalley Check Sample Program — it becomes even more apparent that the Society's leadership has done a commendable job of getting value for the membership's dollar.

Table III presents expenses restructured to fit functional categories. Most of these categories are self-explanatory by title and match up fairly well with the income source in Table I. Membership fulfillment is the cost of maintaining membership records and sending dues and renewal notices as well as the cost of membership promotion. When applicable, personnel costs are charged to the function they serve as are other identifiable overhead costs.

Again, AOCS stands well in a comparison with other groups. The Society provides direct service to its membership and the industries it represents through its publications, meetings, and other professional activities. The general administrative and overhead costs are very low. Clearly the Society is applying its resources rather efficiently to the advancement of its stated purposes.

Since 1972 the cost of living, as reflected by the Consumer Price Index, has risen 48.8 percent. This has imposed hardships on individuals and organizations alike. But over the same space, AOCS has fared rather well, primarily because of the success of the world conferences, the extra income generated by the new and expanding monograph program, increases in membership of about 30 percent, and careful budgeting by the Finance Committee. During this time prices on most AOCS services to members have held the line quite well. There has been no individual dues increase and other increases have reflected only the direct higher charges made to AOCS by outside suppliers.

New programs have accounted for the major increase in AOCS budgets over the five-year period. Income since 1972 rose from about \$420,000 to over \$750,000, an increase of some 80 percent. In the same period, expenditures increased 76 percent from about \$400,000 to over \$700,000. However, when the new programs are deducted from these figures, income has increased 36 percent while expenses have increased only 32 percent — a fairly decent showing against the increase in the cost of living. When the differences in the cost of publishing and mailing *JAOCs* and *Lipids* are equalized between the two years, the increased cost of operations is less than 20

percent. (There were over 300 more papers published in *JAOCs* in 1977 over 1972.)

The Society is currently in very good financial condition, thanks to successful programs, efficient operations, and good leadership. AOCS owes its success, in the final analysis, to the many active members who take part in Society activities and programs and to the companies and institutions who support these members in their efforts. Not only do the tables above show that AOCS stacks up very well with its contemporary groups, but the high percentage of members who are active and who express their support through hard work also attests to the Society's strengths.

Executive Director James Lyon



Women attending the spouses' program (below) applaud program of past and present St. Louis music by Trebor Jay Tichenor (at piano above).

