

The Secret of Scale: Building Large-Scale Citizen Organizations

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The Challenge

How can we organize at scale for social change?

We are consistently out-organized by conservative business and social forces.

The decline of union membership and liberal church attendance has crippled the largest progressive organizing institutions.

The confluence of rapid globalization, rising corporate power, global climate change, and increasing economic segregation creates a critical challenge: how can we organize at scale for social justice and progressive change? **How can we build social justice institutions that engage and build trusted, long-term relationships with millions of Americans?**

Today, progressive organizations are too often out-funded and out-organized at national, state, and local levels by conservative business and social forces. Across the country, conservatives are slashing public services, loosening already weak business regulations, and launching attacks on the rights of workers, immigrants, LGBT individuals, and women. And even the policy advances that we have secured, such as healthcare reform and financial reform, have been tempered by significant compromises with business interests and conservative institutions.

The reality is that we simply do not have the large-scale progressive institutions that we need to spearhead policy change and hold elected officials accountable. **Labor unions and liberal churches, the two major base-building institutions that fueled the major progressive advances of the past century, have been in steady membership decline for thirty years.** From worker rights to the New Deal to civil rights, labor unions and churches have been the people-powered engines of our movements. But over the past thirty years, the percentage of Americans who are union members has been cut almost in half,¹ and the increasing secularization of liberals² has steadily eroded the membership of liberal churches.

The declining memberships of unions and liberal churches creates a critical need to develop new models for rebuilding our base and organizing at scale.

The Power of Functional Organizing

The largest institutions in the country share the same model: functional organizing

Functional organizing fuels all of the largest institutions on the left: unions, churches, Planned Parenthood, and the Sierra Club

The largest membership organizations in the country all share the same organizing model: functional organizing. Functional organizations attract members with benefits and services and then build on this base to advocate for their members.³

From churches to AARP to professional associations to YMCAs to labor unions to 4-H clubs to business associations, all of the major membership organizations in the country are functional organizations—providing key material and social benefits for members, whether that be discounts from AARP, the spiritual fellowship of a church, the business services of a local chamber of commerce, or the benefits and collective bargaining of labor unions.

Tellingly, the largest institutions on the left are those that utilize functional organizing.

- Fifteen million workers belong to unions that provide better wages, benefits, and worker protections for their members and then activate them for political and advocacy efforts.
- Eight million self-described liberals attend church regularly to be a part of a spiritual and social community.
- Planned Parenthood provides reproductive health services and education to five million women each year through 825 health centers across the country.
- The Sierra Club runs hiking clubs and regular outings, and then activates their million plus members into a powerful political voice for the environment.

¹ From over 20% in the early 1980's to just 12.3% in 2009. Bureau of Labor Statistics, 2009.

² By 2009, nearly twice as many church-goers identify as conservative than identify as liberal. Pew Forum, 2009.

³ Academics have traditionally used the terms “utilitarian” (material benefit) & “solidary” (social benefit) organizing. Clark & Wilson 1961. I use the new “functional” organizing frame to encompass both of social and material benefits.

The left has come to rely too heavily on issue organizations that face inherent limitations in scope and scale.

Amidst the steady decline of union membership and liberal church attendance, the left has tried to rebuild our base with issue organizing. However, although issue organizations play an important role in advancing focused policy agendas, they are inherently limited in scope and scale.

Issue organizations start with the assumption that people will join institutions because they care about the issues and want to “get political.” But **most Americans simply don’t have the time, energy, or money to dedicate to purely political pursuits**—most people are too focused on taking care of their daily needs. As a result, issue organizations very rarely grow to engage more than a few hundred thousand members.

In order to engage tens of millions of Americans in citizen movements, we need new functional organizing institutions that provide services and benefits that meet the daily needs of Americans.

Advantages of Functional Organizing

Functional organizing creates long-term, deep relationships with members and generates sustainable revenue streams

Functional organizing offers several key advantages over issue organizing:

1. **Scale** – by supporting people’s daily needs, functional organizations can tap into broader networks of Americans who may not otherwise be drawn to political organizing.
2. **Deep Member Engagement** – members are consistently engaged in the organization’s activities; from church masses to NRA hunting outings to business networking events to union hall socials, functional organizations have regular opportunities to engage members.
3. **Financial Sustainability** – by providing benefits and services that members need, functional organizations create revenue streams for sustaining and growing their organization.

There are clearly limitations to functional organizing as well. Functional organizations rarely have the same ideological coherence as issue groups and can struggle to activate their members for political and policy objectives. Consequently, many of the most effective functional organizations are those that find a tight connection between the services they provide and the issues they advocate for (e.g. the NRA, Planned Parenthood, and labor unions).

Progressive identity-based organizations are particularly well positioned to incorporate functional organizing efforts by offering benefits and services to members. However identity organizations rarely receive the long-term investments needed to build sustainable services and benefits models.

The Conservative Base

Conservative successes in policy-making and politics are driven by three forces: business associations, conservative churches, and gun clubs

Conservative success in politics and policy-making is driven and funded by a powerful triumvirate:

1. Business interests led by the Chambers of Commerce;
2. Conservative church networks spearheaded by Focus on the Family; and
3. Gun clubs fueled by the National Rifle Association.

Business interests swamp all other spending on lobbying and political campaigns. In 2009, various business sectors combined spent \$2.9B on federal lobbying while labor unions spent just \$44M and all ideological groups combined spent only \$156M. On the political contributions side, business accounted for 75% of contributions in the 2010 cycle, while labor accounted for only 4% and all ideological groups combined accounted for just 7%.⁴

Just as critical to conservatives’ success as the deep pockets of business, though, is the huge base of citizens that conservatives cultivate and activate through business associations, churches, and gun clubs. The almost four million members of the NRA block even the most basic gun control legislation, regardless of the party in power. Conservative Christian groups organize the millions of members of conservative churches in order to keep social issues at the center of political debate.

⁴ Open Secrets, 2010.

And business associations for every segment of the corporate world organize business leaders and advance their agendas at local, state, and national levels.

These conservative institutions are all functional organizations: providing tangible, critical benefits to their members before engaging them in politics

These conservative base-building institutions all rely on functional organizing—providing valuable benefits to members first and then activating them for political purposes. Industry associations have built powerful networks of business leaders by offering group benefits and services and facilitating valuable networking. The NRA has attracted nearly four million members through conferences, magazines, hunting outings, and member benefits.⁵ And conservative churches are growing rapidly by becoming full-service functional organizations with babysitting, youth groups, bands, summer camps, sports leagues, and private schools.

Functional organizing is what makes conservative base institutions so large, dynamic, and well-funded. Functional organizing also facilitates deep relationships with members—these institutions engage members dozens of times each year, providing ample opportunity for politicization.

Conservatives have launched effective campaigns to undermine our base institutions

Conservatives fully understand the power of functional organizing. That is why they have launched sophisticated campaigns to restrict union organizing, defund ACORN, and isolate Planned Parenthood, striking at the heart of key progressive functional organizing institutions.⁶

The Elements of Effective Functional Organizing

The key to functional organizing is that individuals become members in order to gain access to benefits or services that fill a critical need in their lives.

Not all functional organizations, however, have outsized policy influence. Some never grow to scale because their benefits serve a niche market. Others do not have the ability to deeply influence their members politically.

The foundation of every functional organization is a set of benefits and services that fill a critical need in people's lives.

There are four core characteristics of high-impact, large-scale functional organizations:

1. **Filling a Scaled Market Need** – effectively fills a critical market need that millions of people have in common; for example, the AARP discount card, YMCA health and fitness centers, and Planned Parenthood women's health services.
2. **A Revenue Engine** – a core business model that generates significant revenue from each member through membership dues, donations, or revenue from services and advertising.
3. **A Trusted Relationship with Members** – builds a trusted relationship through community, services, and information; examples include the NRA Magazine, church sermons, and union member-to-member political advocacy.
4. **Common Interests in Membership** – some common connection between members that the organization can speak to and advocate for in the policy arena.

Effective functional organizing must develop long-term, trusted relationships with members.

Functional organizations often operate much like businesses with clear bottom-line profit goals and a focus on growth. This approach can create challenges and conflicts of interest for effective advocacy, but these business models have driven the growth of our nation's largest institutions.

⁵ One member benefit of the NRA is thousands of dollars of accidental death & dismemberment coverage and firearm insurance.

⁶ See Ilyse Hogue's March, 2011 article in *The Nation*, *Why the Right Attacked Unions, ACORN and Planned Parenthood*

A Robust Revenue Model

Functional organizations develop profitable revenue engines from membership & earned-revenue.

Large functional organizations build monopsony power that fuels high-margins and unique member benefits.

The revenue models of functional organizations differ dramatically from those of issue-based organizations that rely heavily on foundation and large-donor support. Successful functional organizations have profitable revenue engines derived from members and earned-revenue.

For example, in 2010, the NRA generated \$157 million (of a total \$228 million budget) from membership and earned-revenue activities ranging from \$22 million in magazine income, \$18 million from local gun classes and programs, and \$11 million in royalties for brand partnerships.

The most successful functional organizations aggregate consumers to build monopsony⁷ power—they organize consumers to negotiate better deals and products from companies. For example, AARP's 40 million members enable the organization to negotiate improved insurance terms and discounts on a range of products for seniors.

This aggregated consumer power both creates valuable member benefits (e.g. AARP discount card) and generates high-margin revenues for functional organizations. For example, 70% of AARP's \$1 billion budget comes from earned revenue from marketing and royalty payments from companies looking to sell products to seniors (insurance, financial services, travel, etc.).

A series of services lend themselves particularly well to functional organizing models, including insurance, financial services, discount cards, magazines & media, and clubs & classes. These services have scale and network effects that give associations competitive advantages in these sectors.

21st Century Functional Organizations

The next generation of functional organizations will differ from today's legacy organizations.

They will be network-centric, diverse, plugged into social media, and global in scope.

The next generation of functional organizations will not look like the NRA and AARP. Economic, technological, and cultural shifts will fuel a new set of functional organizations that have several key characteristics:

- **Network-centric:** high-growth functional organizations will be less hierarchical and more distributed in their structure. Catalyzing member-to-member relationships will be as important as developing institution-to-member relationships. Self-organizing of activities and advocacy will be as prevalent as institution-led actions.
- **Diverse:** 21st century functional organizations will tap into the rapid shifts in demographics in the United States (and other developed countries) that have been driven by immigration and birth patterns.
- **Social-Network Driven:** the fastest growing functional organizations will be completely integrated with social networking platforms, particularly Facebook and Twitter. The same social networking forces that are fueling unprecedented growth for companies like Pinterest and Instagram, will provide a platform for growing citizen movements.
- **Global:** new functional organizations will organize globally, while developing leadership and engagement locally.

Functional Organizing Opportunities

There are a wide range of possible opportunities to use functional organizing within new and existing citizen organizations to build large-scale citizen organizations.

A series of organizations and entrepreneurs are working to launch new functional organizing initiatives that have the potential to grow to scale and transform civic engagement, including:

- **A New Americans Association:** creating an association providing immigrants with services ranging from discounts on remittances (a multi-billion dollar market), to assistance and financing for naturalization processes, to English classes, to job networks.



⁷ A monopsony is a buyer's monopoly—a single buyer (or organized buyers) hold power over multiple sellers.



- **A National Parents Association:** creating a national parents association that provides health, financial, and childcare benefits, discounts, and community support to parents across the country—an opportunity to organize tens of millions of parents across the country to advance equal opportunity for all children and families.



- **Health Care Cooperatives:** the Affordable Care Act provides billions in loans for new health care cooperatives that can organize citizens to take advantage of health exchanges. In response, new health care cooperatives are emerging across the country.



- **Renewable Energy:** the opening of local energy markets to competition has created unprecedented opportunities to organize citizens who care about the environment with renewable electricity options for their home.



- **Local Food Networks:** employer-based CSAs that provide weekly farm shares to employees create opportunities to engage millions of Americans around food and environment issues.

These, and many more opportunities, are ripe for investment and support. The ventures are in varying stages of development ranging from basic ideation to feasibility analysis to pilot preparation. In order to advance new organizing models, it is critical to fund market testing and pilots of these ideas.

Additionally, most existing civic organizations have revenue-generating functional organizing opportunities that they have not tapped. From financial services to health information to insurance pooling to worker services to childcare and family supports, citizen organizations have a wide range of opportunities to provide and broker critical services for constituents.

What is Needed Now

Reinvigorating civic organizing efforts will require:

- 1) A small group of key funders and organization leaders working together to **deepen our understanding of models for scale**
- 2) A core group of funders who are willing to **invest in early market research and piloting** of functional organizing initiatives
- 3) An **accelerator** to seed and support high-growth civic ventures
- 4) A wide range of **social entrepreneurs** developing new functional organizing initiatives
- 5) **Online social networking tools** that enable organizations to more effectively organize online (which will be crucial to rapidly scaling functional organizing efforts)

This memo was prepared by Peter Murray, who leads Accelerate Change, a new incubator for high-growth, functional organizing ventures. Mr. Murray has spent the last 15 years leading and supporting social ventures and nonprofit organizations. For more information, please contact Peter at peter@acceleratechange.org.