



## Guidelines on Business Development within TMS

**BUSINESS DEVELOPMENT AT TMS:** Business development is the pursuit of new products, services, or initiatives by the society staff and volunteers with the goal of generating a benefit for the society based on at least one of three clearly defined metrics:

1. Positive Excess Revenue
2. Increase in Dues-Paying Membership
3. Increase in Society Reputation (as this metric is the most ambiguous in definition and quantification, it is desirable that it not be a standalone metric of success but instead be coupled with at least one of the other metrics)

Business development may apply to an extension of established TMS product lines (e.g., specialty meetings, journals, books, short courses, government-sponsored roadmapping, etc.) or an original initiative with which TMS has no existing baseline experience from which to undertake the effort. At the time of this writing, for example, such an original initiative might involve the development of standards or certifications.

**BUSINESS DEVELOPMENT CRITERIA:** TMS staff and volunteers may engage in business development activities provided that such activities satisfy the following criteria:

1. They are in compliance with existing TMS articles of incorporation, bylaws, policies, practices, and procedures.
2. They are in support of the TMS mission statement: "The mission of TMS is promote the global science and engineering professions concerned with minerals, metals, and materials."
3. They are ethically and legally forthright and are mindful of compliance with anti-trust laws.
4. They are absent of any organizational, regional, national, and international biases.
5. They do no harm to the brand of TMS as an unprejudiced, impartial, and eminent representative of the materials science and engineering community.
6. They represent the interests of an existing or desired TMS member-volunteer constituency and/or are relevant to the execution of the TMS Strategic Plan.
7. They are likely to be successfully executed based on the resources (staff, volunteer, funding, etc.) that the society can bring to bear.
8. They have a business plan that projects a financial return over time sufficient to contribute to sustaining the TMS Reserve/Development Fund at mandated levels.

**APPROVAL OF BUSINESS DEVELOPMENT INITIATIVES:** Judgment as to what constitutes a reasonable business development initiative is the responsibility of the Executive Director except in cases where a new financial risk is to be assumed or the Development Budget would have to be utilized in a manner not hitherto fore approved. In such cases, the initiative would have to be approved by the Board of Directors.

**THE ROLE OF BUSINESS PLANS:** Any new business development initiative, either based on an existing product line or an original one, must be described in a business plan that articulates the scope of the project, the rationale for undertaking it, the metrics of success, and the relevant timeline.

**THE ROLE OF FINANCIAL RETURN:** In crafting the annual budget and operating plan, the staff and volunteers use the Board-mandated guideline that society operations must be self-sustaining *and* generate a modest cumulative financial return

(called “excess revenue”) of at least 1%. Not all society programs contribute equally toward achieving this return. Many programs, in fact, operate at a loss and must be subsidized by the success of other programs so that the annual budget can be balanced and the cumulative return target achieved.

Programs and activities that operate at a deficit include, but are not limited to

1. Student activities
2. Volunteer, Board of Directors, division, and committee support
3. ABET accreditation participation
4. Professional registration participation
5. Honors and awards programs
6. Public and governmental affairs
7. Headquarters operations

Programs and activities that generate a return capable of subsidizing deficit programs include, but are not limited to

1. Professional membership
2. *Journal of Electronic Materials*
3. *JOM*
4. *Metallurgical and Materials Transactions*
5. Knowledge products
6. TMS Annual Meeting and Exhibition
7. Materials Science & Technology (MS&T) conference
8. Specialty meetings
9. Short courses
10. Outsourcing of meeting services resources
11. Contracts and grants (e.g., to perform road mapping)
12. Investments

Once society revenues and expenses are balanced for the year, the surplus that remains is divided roughly evenly between distribution to the Reserve Fund and distribution to staff via a bonus and incentive pool.

**ABOUT THE RESERVE FUND AND DEVELOPMENT BUDGET:** The Reserve Fund is a safeguard for the society as a cushion against severe economic conditions and unanticipated events as well as to provide a resource from which the Development Budget can be built to support new product, service, and initiative development. The minimum Reserve Fund amount is 25% of the operating revenue in the Annual Operating Plan. For the 2000s, the Reserve Fund has averaged roughly 36% of the operating revenue. The delta (an average 11 points) equates to the amount of money that can be spent via the Development Budget for emergent initiatives (provided that the initiative has the support of the Board of Directors). TMS does not have an upper threshold that defines the maximum amount that should be in the Reserve Fund. Based on research of other society practices, this number is typically 50% or greater as compared to the TMS baseline (25%).

**ABOUT ANTI-TRUST:** In the United States, antitrust laws are set forth in the Sherman Act and a host of other statutes. These laws prohibit combinations of competitors in restraint of trade, attempts to monopolize, and other anti-competitive activities. Since most association activities involve intermingling groups of competitors, the opportunity to unlawfully restrain trade is always present, specifically when the association’s actions further the interests of certain groups to the exclusion of others. Notwithstanding the nebulous nature of the antitrust law, penalties for violating them, both civil and criminal, are severe, including fines and imprisonment. Notable example: The National Society of Professional Engineers had its Engineering Code of Ethics struck down in the 1970’s for encouraging the constraint of trade (it has since been rewritten to remove anti-competitive language).

**ABOUT NON-BUSINESS OPPORTUNITIES:** The process for the development of non-business opportunities are described in the document “Guidelines on Mission-Driven Development within TMS.”