

BUSINESS MANAGEMENT FOR MOTORCYCLISTS RIGHTS ORGANIZATIONS

Rich Benson
Coordinator, ABATE of Oregon

Introduction

Upon my election as coordinator I realized that even though I had been sent to many seminars and classes, both MRF functions and classes put on by other groups non motorcycle oriented, I wasn't prepared for what lay in store for me. At the Ninth Meeting of the Minds, I had some discussions with other new leaders of state Motorcyclists' Rights Organizations (MROs). We all agreed on one main point that we felt lacking in: business management. Not that there haven't been seminars on how to deal with your role as a leader in the movement, but more in the actual role you have to fill as the business manager of a non-profit or not for profit business. This can be very challenging to say the least, but it can be a very gratifying educational process. There are also special problems that are unique to our type of people which I will try to address.

I would like to start by saying that the most important thing that you always have to keep in mind is the protection of your organization and the purpose of its existence. The cause of motorcyclists' rights is what is at stake, and you as a leader must be willing to take whatever steps are necessary to keep that cause foremost in the minds of your members.

As I delve into the topic of MRO business management I will try to divide the subject into several categories. In each category we will try to define the problems commonly found in all MROs and then offer some solutions and how to implement them.

The Corporate Structure

An MRO is usually incorporated as a 501(c)4 non-profit organization. This is not written in stone and thus does not necessarily change the way the organization deals with its success or failures. It does however affect the way that your

organization makes revenue and how it is required to spend that same money. So first off, know your tax status and its guidelines.

Most MROs have an elected group of state officers and a board of directors. Understanding the role of those positions seems to be where most of the discrepancies occur. Let's take a look at a typical non-functioning board as opposed to one which is efficient and productive.

The main problem that is encountered by the non-functioning board is the separation of chapters from the state organization. In our efforts to be as democratic as possible many of us have created a situation which I refer to as "the children disciplining the parent." This may be wonderful for stirring ill feelings but it hinders an organization in getting business done. In many instances the chapters use this scenario for their own purposes, losing sight of what is best for the MRO.

You must make them aware of the legal obligations that the group has to abide by. Again, protection of the MRO is at stake. The benefits of doing business within the law are obvious, and it also focuses everyone's attention on common objectives, thus less internal strife.

All too often the non-functioning board meeting is characterized by personal attacks and arguing over issues that have nothing to do with what the MRO is all about. There are ways to turn this trend around.

In order to clarify the legal obligations of the organization you can first look at your organization's Articles of Incorporation. This document is what put your MRO in business in the first place. It states your purpose as a business and why it exists. It is a marvelous tool for unifying the board members.

Quite often the members don't even know how or why the organization is incorporated at all. When the truth be told as to what your orga-

nization is legally responsible to do in its incorporated intent, most personal problems are eliminated. This focuses the whole organization on achieving its goals. Furthermore, it is a legal document which, if not adhered to, could jeopardize the existence of the organization.

The efficient board knows the purpose of the MRO and the duties of its officers. They understand that in no way can they let petty personal differences obstruct their focus on doing business. At the same time the state officers also understand that they are there to do a job for the organization under the direction of the board.

As a leader of an MRO you must not be a one-person show. Autocratic management usually doesn't make it with bikers. Diplomacy and truthfulness will develop respect and thus more cooperation among the board members.

Tax Laws and the MRO

One of the most troublesome topics that the leader of any MRO has to face is the organization's tax exempt status and keeping within the law. Much of this confusion can be cleared up simply by cleaning up your records. A good non-profit tax attorney is invaluable in making sure your MRO is in good standing with the IRS and your state tax collectors.

The IRS has been used to take down many people and organizations considered enemies of the establishment. It is your responsibility to protect the organization from any such occurrence.

Some of the laws pertaining to tax exempt organizations vary from state to state. Therefore we will only deal with some of the major problems that seem to confuse us all. The first problem that comes up rather regularly is the one of *unrelated business income*. This is income derived by means other than what your organization is about, or its incorporated intent.

As a tax exempt organization, you are not allowed to compete with private enterprise, since they are required to pay taxes. If you find that you are making some unrelated business income you are much better off to include it on your tax report and pay the taxes. Let's look at a couple of examples and see how it works.

In the first example an MRO wants to have a

fund raiser by selling beer. The act of just selling beer would be unrelated to the purpose of your organization. However, if like most other MROs, you put on a run then the beer sales is coincidental to the run and therefore related. Be careful though; depending on your organization's corporate status, a run in itself may need to have a theme or reason within your incorporated intent. To get around this some MROs call them safety rallies or education camp outs or whatever it takes to relate the event with what the MRO is all about. It is often advisable to make a statement on the event flier or other advertising as to what the money is being used for.

It is also advisable to make it clear that monies spent at your functions are not tax deductible. (Note: This is true only if you are not classified as a 501(c)3 charity.) The same goes for donations to the MRO.

In the next scenario, we have a whole lot of newsletter advertisement money. Now I know that some folks like to play around with this one but let's clarify one thing up front. The IRS is pretty cut and dried about who can receive money in exchange for advertising and claim it as related business income: journalism schools, period. They teach journalism and part of that business is advertising.

You can call it ads given to corporate sponsors, or thank you's for donations, but by doing so you're entering a grey area of the IRS and once in there the IRS usually wins. So what to do about ad money? Simple: report the income and pay the tax.

The amount of ad money in relation to the cost of the newsletter and whether or not you pay your editor, will determine if you have to pay tax or not. At any rate go ahead and accept ad money because even if you do have to pay tax on it, you will be offsetting newsletter cost. It should be no problem as long as your advertising isn't an income over the cost of the newsletter itself.

As you can see, the services of a good accountant can be well worth the cost. If your MRO can't afford to spend the money to do that then it is up to you to educate yourself the best way possible. There are many excellent reference books on this subject at your local library.

There are also classes put on by tax consulting firms throughout the nation. I was fortunate enough to have the opportunity to have several lengthy visits with our tax attorney and his information was well worth every penny spent. After all it's the health of your MRO that's at stake. Finally, remember that tax law changes constantly and it is imperative to review your situation annually.

Taking Care of Business

In today's world of politics and business, the way you do business is the way you will be looked upon. That is, if we do business in an unorganized fashion, we will not be taken seriously. There are many other groups that are smaller than most MROs and yet they seem to get much more support and publicity than we do. Why is this? ORGANIZATION!

Part of being organized is just how you do business. It is essential to understand trade offs and compromise.

Sure, a lot of this sounds a lot like becoming the very people that we are at conflict with, but remember this: they are the ones in power, they make the rules, and they have been playing this game professionally longer than we've been amateurs. Many people think that it's selling out but I say we can beat them at their own game if we're shrewd and street wise.

Something else that is a major part of taking care of business and one that earns respect among MRO leaders is following up on requests from other organizations. This also holds true when dealing with bureaucrats and elected officials.

If you offer to help another MRO or respond to a request for information, do it in a timely manner. One thing that seems to work well is, don't do business if you're partying. Save business for when you both are straight. This way you are more likely not to forget what the business was about. Sometimes you can hear someone tell another about how someone told them that they would do something for them but didn't follow through. It can cause hurt feelings and separation between organizations within the movement, producing less organization and more infighting. If it's just as simple as making a few phone calls,

or gathering some information, and it will save some ill feelings besides help another MRO, then do it, and do it as quickly as possible. And as with our peers, our reputation is also going to be judged by politicians according to the same factors. If we do not follow through in a timely fashion we will not be taken seriously.

Some Low Down On the Real Job

When you started out on this journey into the heretofore unknown, non-profit business, you felt that there was something that your organization needed and that you could fill that need. With that in mind, the board of directors saw fit to elect you as the presiding officer. It is therefore your duty to be true to the job which you took upon yourself. This is also true of other key positions such as secretaries and treasurers.

My good friend Brian Stovall reminded me of something very pertinent to what I'm talking about. He reminded me of my personal agenda. WHAT? Personal Agenda! All right, calm down and let me explain.

When I started really getting into the nitty gritty of motorcycle politics, I personally had a vision of what it should be like. Secretaries, offices, lobbyists, office workers, and managers. Being organized, and analyzing how to get there from where we are at this point in time. A business plan. This is what I personally want for our organization. I personally feel that it's the best way that we can beat the system.

The point is that as long as your personal agenda is in the best interest of your organization and not just your ego, then it's all right to have a personal agenda. Turn egoism into pride in accomplishment without becoming a braggart. Is the importance in the success of the cause, or in who gets the credit for getting us there? Awards are nice, but few and far between for the leaders. Again I ask you, why are you in this position?

This doesn't mean that you'll never be recognized for your efforts. If you do a good job and keep on the right track the people will let you know. The best satisfaction is when somewhere, at a run or some other event, a member comes up and says, "Thanks for doing such a good job." It's nice to know that your work is appreciated. It's

also a good barometer of how well you're doing your job.

Diplomacy: the only thought that I have on this much discussed subject is, put yourself in the other guy's shoes. Always take a look from the other person's position. Deal with problems as they arise and deal with them as fairly as possible for all of the people involved. Other than this all that can be said for diplomacy is that it works more often than not. So use it!

So what was the reason you stepped up? Analyze your organization. What's lacking in your plan? In your organization's plan? Or does your organization have one? How's your business house? In order, or trashed, or just in need of a little clean up? Remember if you appear to be unorganized, you probably are.

Find your organization's weak points and try to build them into strong points. Always try to improve upon its strengths. We need to blend earning dollars with spending those same dollars to become successful at our ultimate goals. It is very difficult to say what's right for any one MRO. Consult with your fellow officers. Get suggestions from chapter and regional leaders. Ask the opinions of other MRO leaders as well.

Since we're separated by miles and different state laws all that can be said is that each presiding officer has to do a reality check on their own organization. Prioritize what the needs are for your MRO. What is it that is keeping it from being successful? What is working right?

Put together a plan of action that the board will support and stick to it unless it proves to be not working. Then alter it when necessary so that it will work, or replace it with a new or alternate plan.

When setting up a business plan take a look at your opposition and see what tools they utilize. You can learn a lot from your foes. We need to use the same tools for our cause as they do for theirs: computers, fax machines, data bases, and knowledge of the efficient use of these tools. These are all important things to keep in mind and areas in which we all need to spend a little more money. I can't emphasize enough the need to educate our people. It is difficult to be new at something, but if you have a little more knowledge

about your job it sure makes it a lot easier. One way of looking at the future success of your MRO is this: if the next person to fill your position has an easier time of it than you do, they will be able to do it that much more efficiently. You should want that next leader to be able to do a better job than yourself for the betterment of the cause. Who cares who is more successful just as long as the movement is successful for us all.

In closing I would like share some thoughts toward the future. As the motorcyclists' rights movement grows and becomes more successful, the need to be professional at what we do becomes ever increasingly evident. This is where the need for dollars comes in.

Although we all fear being ripped off, let's examine how it is that we elect our officers and how we can compensate them without the fear of being shammed.

In order to do some of these jobs in the movement it requires more time than most people can afford to give. As many of you know it can easily become a full time job plus overtime. There just aren't that many people that can afford to do that in this movement.

I still believe that the willingness to do the work must first and foremost come from within one's heart and love of motorcycling. Nevertheless, conducting business in a businesslike manner means that in time, you must hire the best person you can and replace them if they don't fill the needs of the position. That is why there has to be an overall business plan that will make your MRO successful at generating the dollars necessary to pay the way. You need to spend money to make money, and you know that story.

Don't try to reinvent the wheel. Look at some of the other more successful MROs across the nation. Emulate them, try their way or alter it to fit your needs. Talk to the experienced leaders of successful organizations and see if something they are doing might help your MRO. If we let our egos and personalities get in the way, we'll never achieve our goals. Stay true to the cause.

Sample Business Plan

The first order of business is: Get Your Basic Business In Shape. Take care of the little stuff (i.e.

bookkeeping, IRS, State Taxes, Minutes).

We need to make money. We need to create a strategy and part of that strategy has to be revenue. That means we have to put on an event of some sort and advertise and PR the hell out of it. Make it a success, then spend some of the money on what your organization is incorporated to do. If it states in your Articles of Incorporation anything about motorcycle safety, you can spend the money on a program such as ABATE of Minnesota's Drunk Rider Transport, or an education program, or PSAs. By doing so you are abiding by all of your IRS requirements.

The benefit comes back to your organization in public relations. The folks that were your opponents, may actually end up being your allies and help you in your efforts if they see that you are serious.

Spend money to educate your officers. National MRO events are good. There are plenty of seminars and classes offered by political and business groups that you may be able to access more frequently and at reasonable cost. Anyway it's another way to spend your money that is beneficial.

You as leaders have to be informing your

board so they will support the business plan, or finding one that they will. The plan settled upon has to comply with your incorporated intent.

The View from Here

ABATE of Oregon has the unfortunate distinctive problem of having the helmet law in our state passed by a referendum vote of the people. What that does is implies to the legislators that this is what their constituents want, therefore making it that much harder to repeal.

Since we've gotten our business act together and started to incorporate programs that are positive in nature, we've seen a change in attitude towards ABATE. It has been very positive for us. I believe that in the future we will be successful at repealing the helmet law in Oregon and that we can gain the support of the citizens of our state by projecting a positive image in what we do and the way we do business.

In the future I can see computer networks with customized data bases, fax modems, copiers, and everything it takes to run an efficient operation. There are those already doing so and we should be learning from them. If we refuse to listen then we are defeating ourselves.

Sample Business Plan Outline

Behind the Scenes or Cleaning Up Your Act

- A. IRS status
 - 1. Articles of Incorporation
 - 2. Record Keeping
 - 3. Treasury
- B. Set up a Bylaws Committee
 - 1. Do not contradict or repeat articles of incorporation
 - 2. Set up Organizational Structure
 - 3. Adopt Financial Policies
- C. Set Up Rules of Operation Committee
 - 1. Do not contradict or repeat bylaws

Making Money

- A. Put on successful events

1. Publicize the event heavily
 - a. Posters & fliers
 - b. Radio & TV
 2. Give the customer a quality event
 - a. Spend the \$ to get the best entertainment affordable
 - b. Workers are hosts not the people partying
- B. All of the above goes for charity events also

Spending Money

- A. Analyze costs
1. Membership (what does it cost per member)
 - a. The membership packet (card, patch, envelopes, postage)
 2. Newsletter
 - a. Shop for the best printing deal (usually a web press)
 - b. Bulk mail costs
 - c. Format
 - d. Type of paper (weight)
 3. Products
 4. General operating expenses
 - a. Phone bills
 - b. Meeting place rentals
 - c. Officer reimbursements
- B. Promote the organization
1. Buy advertising
 - a. PSAs
 - b. Distribute your newsletter to shops, etc.
- C. Start programs to reflect incorporated intent
1. Motorcycle awareness for new drivers
 2. Produce public service announcements
 - a. Check with companies that do corporate videos
 - b. Train people through cable access TV
 3. Set up funds within the treasury to finance programs
 - a. Chapters can donate and thus reflect tax status
 - b. Lobbyist fund, legal fund, education fund, etc.
- D. Pay to train your people
- E. Buy necessary equipment
1. Computers
 2. Office supplies
 3. An office
 4. Generators or run equipment