

MEMBERSHIP PROMOTION

1. Description and Purpose MSBA staff conducts promotional activities to recruit new and lapsed members, retain delinquent members, increase awareness of MSBA programs and services, and encourage member participation in all aspects of the Association. Staff members also conduct research activities to determine which programs and services are valued by members and to identify new programs and services that could positively affect member recruitment and retention. These efforts prevent erosion of the MSBA membership base and leadership position.

2. Historical Information The MSBA leads all Minnesota legal associations in its share of the Minnesota attorney market. However, as shown in Chart 1, the number of attorneys who are not members continues to grow annually. Chart 1 compares total MSBA membership to the total number of licensed attorneys (active and inactive categories combined). From 2000 to 2009, MSBA membership grew by 8.3% from 14,869 to 16,101, an increase of 1,232. In the same time period, the number of attorneys licensed to practice in Minnesota grew by 21.9% from 22,685 to 27,675, an increase of 4,990.

Chart 1

**Comparison of Minnesota Licensed Attorneys (Active and Inactive) and MSBA Members
2000-2009**

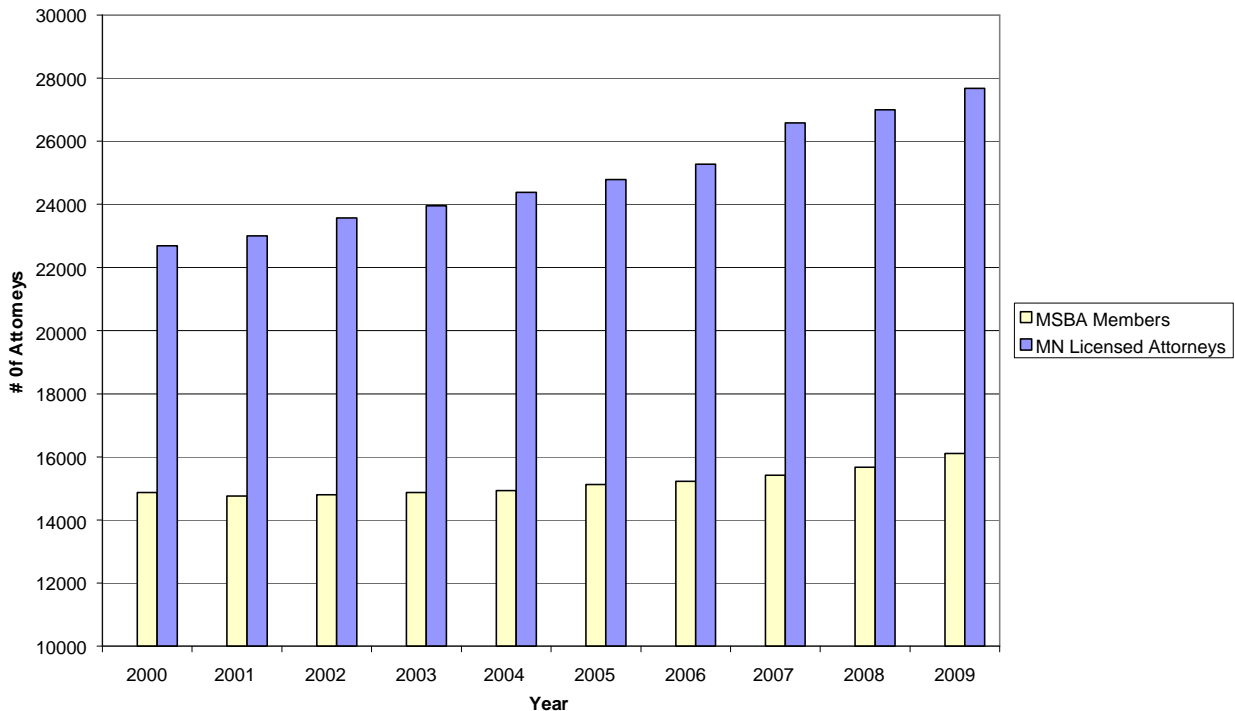


Chart 2 displays the comparative net annual increase in Minnesota attorneys and MSBA members for the last ten years, and Chart 3 shows the comparative percent annual increase. Although MSBA membership has steadily grown, the net increase is not commensurate with the net increase in the number of attorneys licensed to practice in Minnesota. Declining market penetration in membership is not unique to the MSBA; the trend is consistent throughout the country among all types of associations, including the ABA.

We cannot explain the anomaly represented by the 2007 increase in Minnesota licensed attorneys. We note, however, that this followed implementation of new attorney classification and computer systems employed by the Attorney Registration Office.

Chart 2

**Comparative Net Annual Increase
MSBA Members and Minnesota Licensed Attorneys
2000-2009**

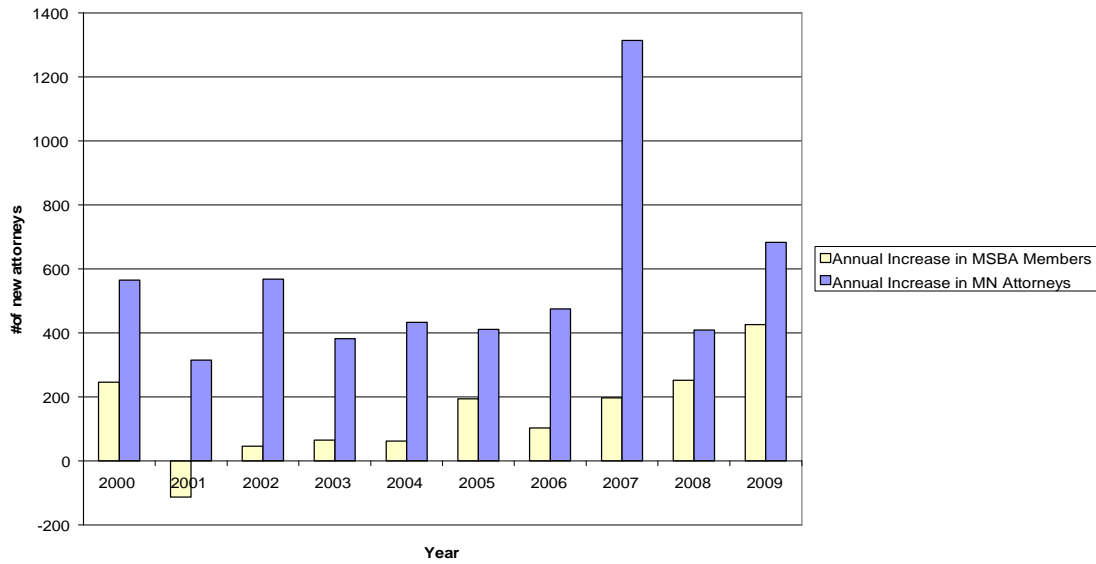
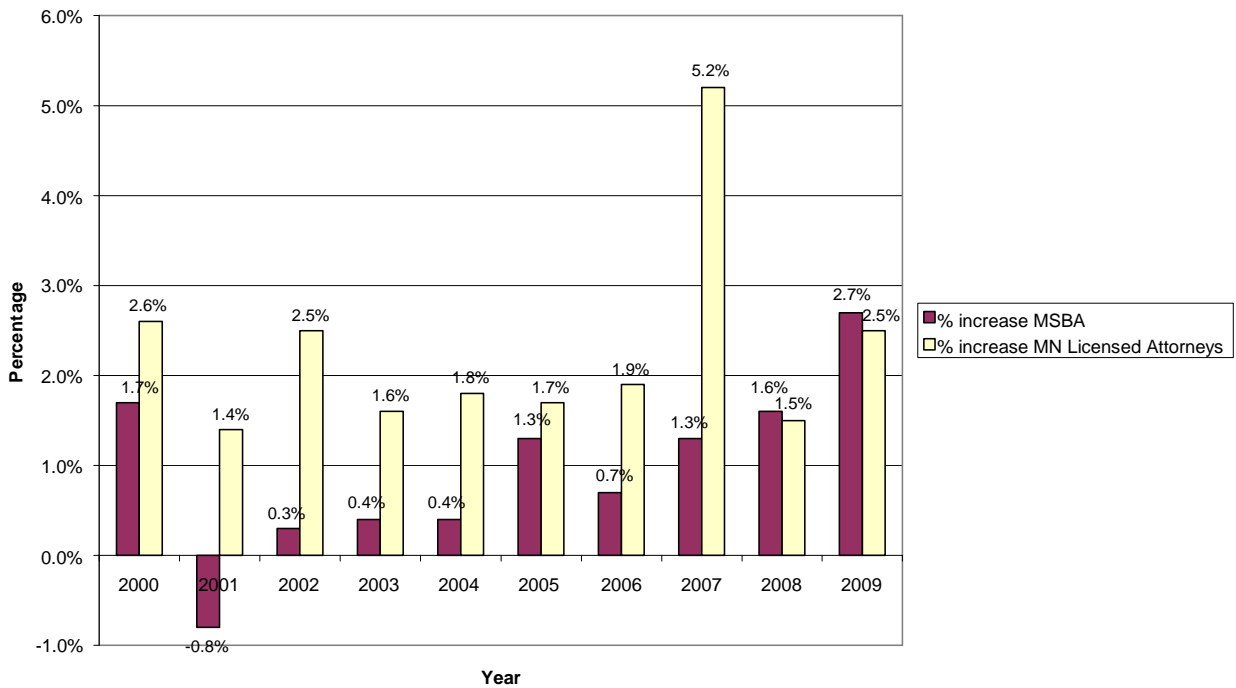


Chart 3

**Comparative Percent Increase of Minnesota Licensed Attorneys and MSBA Members
2000-2009**



Ongoing recruitment and retention campaigns are designed to increase market share. They generate awareness of MSBA programs and services, communicate value and benefits of membership, and encourage member involvement in MSBA programs and activities. Although recruitment and retention are continuous efforts, recruitment is the primary focus from November through March, and retention is the primary focus from April through October. Tactics employed include direct mail, e-mail, incentives, telephone calls, training sessions, and onsite exhibits and a presence at law-related educational and professional events.

The annual retention goal is 93% of the members who are billed. About one-third of the members (accounting for about one-third of the dues collected) are invoiced through our law firm billing set-up, a streamlined process handled by a single contact at participating law firms and primarily via e-mail. The first dues invoice to individual members is mailed in May, up to four additional invoices are mailed to unpaid members in subsequent months, and a suspend notice is mailed and/or e-mailed at the end of October. Independent of dues billing, we employ a variety of tactics promoting retention, such as personalized and generic direct mail pieces, e-mail messages, ads, posters, telephone calls, and testimonials. The following table shows retention rates for the past ten years.

| Retention Rates | | | | | | | | | |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| 92% | 92% | 92% | 93% | 93% | 93% | 92% | 93% | 93% | 92% |

The MSBA suspends about 1,100 – 1,400 attorneys every year for non-payment of dues. About 100 of them renew membership in the two months following their suspension. Offsetting the remainder of non-renewals are gains in membership from prospects who join at reduced dues rates halfway through the year, approximately 1,000 new admittees who receive free membership for the first year, and other attorneys who join for various reasons throughout the year.

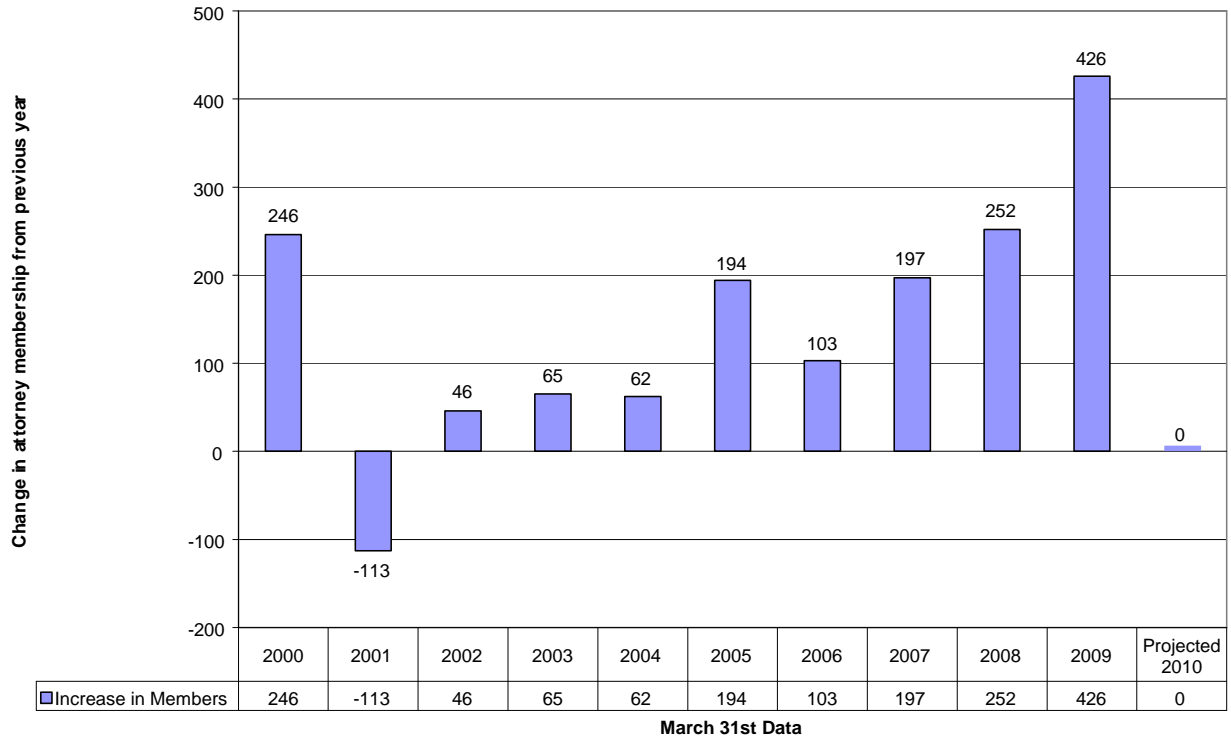
Experience over the years demonstrates that MSBA membership as of the end of March in any given year is the most reliable indicator of total membership for that year. Therefore, membership is reported as of March 31 every year, and that figure is used as the baseline against which the following year's growth is measured.

Chart 4 shows the annual net change in membership from March 2000 through March 2009, and the projected change for 2010. The 2010 attorney membership count, when reported, is expected to show no growth but no significant loss. This stabilization will reflect decisions made by some attorneys who chose to stop – at least temporarily – spending for discretionary expenses related to their profession for financial reasons, including unfavorable personal economic circumstances or their employers no longer pay for MSBA and district dues. As Chart 4 shows, the annual changes in attorney membership since 2006 have been significant. That we have continued a positive trend this year and have not experienced substantial membership loss during a period of severe economic downturn is encouraging.

Chart 4

MSBA Annual Change in Attorney Membership

Data taken March 31 of every year



3. Personnel. There are 2.45 FTE positions allocated to this program.

4. Report on 2009-10 Performance Standards

A. Achieve a minimum net increase in attorney members of 2% per year.

We believe this goal will not be met. We experienced a record 2.7% net increase of 426 in 2008-09, the biggest increase in 13 years. Given that, a projected 2% net increase was thought to be conservative in light of the downturned economy. That projection has proven too ambitious for this economy, and the current projection for 2009-10 is 0%, ending even with 2008-09. In the face of continuing economic challenges, static membership numbers for 2009-10, and increases in the state license fees, we propose modifying this standard to read: Achieve a minimum net increase in attorney members of 1% in 2011 and 1.5% in 2011-12.

B. Retain a minimum 93% retention rate per year.

This goal was not met. We retained 91.5% of attorney members.

C. Retain a minimum market penetration of 58% per year.

We project our penetration rate at March 31 this year will be 66% of active, 13% of inactive, and 58% of the total. The "active" category under the Minnesota attorney classification system includes all MSBA attorney categories except non-resident, retired, and disabled members. We believe this performance standard should measure penetration of the "active" category only, and we believe increases in the attorney license fees likely will negatively impact MSBA membership growth until the license fee increases expire in July 2011. We propose changing this performance standard for the remaining two years of this three-year plan to read: retain a minimum market penetration rate among "active" licensed attorneys of 65% per year.

D. Achieve a growth in the unduplicated number of members using the online services as follows:

- *Fastcase – attain a minimum of 25% per year*
At mid-year we are at 53% of the goal. Although growth has steadily increased from month to month, we believe we will not reach the 2009-10 goal. For 2010-11 and 2011-12, we propose modifying this standard to read: Fastcase – attain a minimum of 20% per year.
- *mndocs – increase by at least 10% per year*
At mid-year we are at 59% of goal but behind from the same point in time last year. We believe we will not meet this goal but that we will achieve the same number of licenses as we had at the end of June 2009. We have sold over 100 licenses to paralegal students whose instructors have specifically requested to use mndocs in their classrooms as a teaching tool. These licenses are not included in the performance standard count because paralegal students are not members.
- *practicelaw – increase by 12% year 2010*
At mid-year we are at 63% of the goal but behind from the same point in time last year. We believe we will not meet the 2009-10 goal. The count of members who use practicelaw is determined through the member-only login. Since September 2009 anyone can access practicelaw and explore the site without going through the login, except for access to the most valuable assets on the site such as forms. We believe this explains the decrease and with the exclusion of occasional browsers we now are getting a more realistic measure of the site's actual use.
- *mnfindalawyer – increase by 15% per year*
mnfindalawyer volume has remained steady and averages 61% of the 2009-10 goal. We are ahead from the same point in time last year, but because volume has been static, we believe we will not meet this goal. We propose modifying this standard for 2010-11 and 2011-12 to read: mnfindalawyer – increase by 10% per year.

The following table shows the 2008-09 actual numbers for these programs, 2009-10 goals, volumes at the end of January 2010, and projected 2009-10 volumes.

| | 2008-09 Actual | 2009-10 Goal | January 2010 YTD | 2009-10 Projection |
|----------------------|-------------------|-----------------|---------------------|-----------------------|
| <i>Fastcase</i> | 2,812 | 4,094 | 2,178 | 2,530 |
| <i>mndocs</i> | 738 | 880 | 521 | 738 |
| <i>practicelaw</i> | 3569 | 3,920 | 2,461 | 3,570 |
| <i>mnfindalawyer</i> | 460 | 575 | 350 | 360 |

E. Monitor the impact of the economic downturn on membership and, if conditions warrant, develop a recommendation for Committee and Assembly action that allows members who are adversely financially affected by loss of jobs or significant loss of revenue to continue their membership at a greatly reduced rate or free of charge until their financial circumstances improve.

This goal was met. Upon recommendation from the MSBA Membership Committee, the Executive Director brought the issue to the Governance Committee and sought advice regarding interpretation of the Bylaws. The Committee decided it was within the Executive Director's authority to grant a di minimis number of member requests for dues waiver. To date, nine requests were approved.

5. 2010-11 Performance Standards

Except for the following proposed changes, the 2010-11 performance standards are the same as those in the three-year plan.

- A. Achieve a minimum net increase in attorney members of 1% in 2010-11 and 1.5% in 2011-12.
- C. Retain a minimum market penetration rate among “active” licensed attorneys of 65% per year.
- D. Achieve growth in the unduplicated number of members using the online services as follows:
 - Fastcase – attain a minimum of 15% per year
 - mnfindalawyer – increase by 10% per year

6. Three-Year Plan Performance Standards

- A. Achieve a minimum net increase in attorney members of 2% per year.
- B. Retain a minimum 93% retention rate per year.
- C. Maintain a minimum market penetration rate of 58% per year.
- D. Achieve growth in the unduplicated number of members using the online services as follows:
 - Fastcase – attain a minimum of 25% per year
 - mndocs – increase by at least 10% per year
 - practicelaw – increase by 12% year 2010, 7% year 2011, and 5% year 2012
 - mnfindalawyer – increase by 15% per year

The following table illustrates the actual number of MSBA attorney members and licensed attorneys in the “active” category at the end of March 2009, the projected net increases in attorney members and licensed attorneys in the “active” category for this three-year plan, and the projected market share for each of the three years in this plan. Because we believe increases in the attorney license fees may negatively impact MSBA membership growth until the license fee increases expire in July 2011, we are projecting a short-term dip in market share. We also anticipate the increase in license fees may negatively impact the number of “active” licensed attorneys, causing a slight decline in the State’s growth rate.

| Attorneys in State’s Active Category at March 31 | | | | | | | |
|---|----------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | Actual 2009 | Projected 2010 | | Projected 2011 | | Projected 2012 | |
| | # | # | net gain | # | net gain | # | net gain |
| MSBA Attorneys | 15,415 | 15,415 | 0 | 15,612 | 197 | 15,846 | 234 |
| Licensed Attorneys | 22,562 | 23,171 | 609 | 23,774 | 602 | 24,392 | 618 |
| MSBA Market Share | 68.3% | 66.5% | | 65.7% | | 65.0% | |

This next table illustrates the projected unduplicated number of members using the online services Fastcase, mndocs, practicelaw, and mnfindalawyer for each of the three years in this plan, based on our recommended changes to performance standards.

| | 2009-10 | 2010-11 | 2011-12 |
|---------------|---------|---------|---------|
| Fastcase | 2,530 | 3,036 | 3,643 |
| mndocs | 738 | 811 | 892 |
| practicelaw | 3,570 | 3,820 | 4,011 |
| mnfindalawyer | 360 | 396 | 436 |

7. Report on 2009-10 User Satisfaction.

Assessing user satisfaction is not applicable to Membership Promotion.

8. 2010-11 User Satisfaction

Assessing user satisfaction is not applicable to Membership Promotion.

9. Market Penetration

The Minnesota Supreme Court Lawyer Classification System was revised effective October 2006 and includes three status categories: active, inactive, and non-compliant. Not all definitions correlate exactly to the MSBA categories. For example, the Supreme Court has a definition “Minnesota and Not Engaged in the Practice of Law” and the MSBA does not. Chart 5 shows the Supreme Court definitions and the corresponding MSBA categories.

Chart 5
Minnesota Supreme Court Lawyer Registration Classification

| Supreme Court Status | Supreme Court Definition | MSBA Category * |
|--|---|--|
| Active | A lawyer or judge who <ul style="list-style-type: none"> • has paid the registration fee; • is in compliance with CLE rules; • is not disbarred, suspended, or on permanent disability; • is in compliance with Rule 1.15 MRPC, and with Rule 6 (malpractice insurance reporting) of the Lawyer Registration Rules. | <ul style="list-style-type: none"> • Intermediate • Senior • Emeritus • Legal services intermediate & senior • MN CLE senior • Public lawyer intermediate & senior |
| Income Less than \$25,000 | A lawyer or judge on active status that certifies his/her gross income, excluding spouse's, is less than \$25,000. | Under \$35,000 income intermediate & senior |
| On Fulltime Military Duty | A lawyer or judge on fulltime duty in the armed forces. | Service associate junior, intermediate, and senior |
| On Fulltime Military Duty and Income Less than \$25,000 | A lawyer or judge on fulltime duty in the armed forces and certifies his/her gross income, excluding spouse's, is less than \$25,000. | |
| Admitted Less than Three Years | A lawyer or judge admitted to practice law fewer than three years in each and every licensing jurisdiction. | <ul style="list-style-type: none"> • New admittee • Junior • Public lawyer NA & jr. • Legal services NA & jr. |
| Admitted Less than Three Years and Income less than \$25,000 | A lawyer or judge admitted to practice law fewer than three years in each and every licensing jurisdiction and certifies his/her gross income, excluding spouse's, is less than \$25,000. | Under \$35,000 junior |
| Inactive | A lawyer or judge who has elected to be on inactive status pursuant to Rule 2C1-4 and meets criteria set for an active lawyer except the malpractice insurance rule. An inactive lawyer or judge is in good standing but cannot practice law in MN. | |
| Out-of-State | <ul style="list-style-type: none"> • permanent resident of another state; • in good standing; • does not hold judicial office in Minnesota • not engaged in the practice of law in MN | Non-resident junior, intermediate, and senior |
| Minnesota and Not engaged in the Practice of Law | <ul style="list-style-type: none"> • resident of Minnesota; • in good standing; • does not hold judicial office in Minnesota • not engaged in the practice of law in MN | |
| Retired | <ul style="list-style-type: none"> • currently on active or inactive status; • does not hold judicial office in Minnesota; • not engaged in the practice of law in Minnesota; • at least 62 years of age; and, • retired from any gainful employment | Retired |
| Permanent Disability | <ul style="list-style-type: none"> • on active or inactive status; • does not hold judicial office in Minnesota; | Disabled junior, intermediate & senior |

| Supreme Court Status | Supreme Court Definition | MSBA Category * |
|----------------------|--|---|
| | <ul style="list-style-type: none"> not engaged in the practice of law in MN totally disabled. | |
| Non-Compliant | A judge or lawyer who has not met all the criteria to be on active or inactive status. Not in good standing and cannot practice law. | <ul style="list-style-type: none"> Suspended Expelled |

* "Active" in MSBA database unless deceased, bad address, or have requested not to be contacted.

MSBA membership has grown every year but not at the same pace as the number of attorneys licensed in Minnesota. Chart 6 shows market share of the total (active and inactive categories) over the past ten years, measured as of March 31 every year. It's important to note that we have recently reversed the trend of steady decline and now are achieving modest increases or holding steady.

Chart 6

MSBA Market Share - Active and Inactive Categories Total
2000-2009

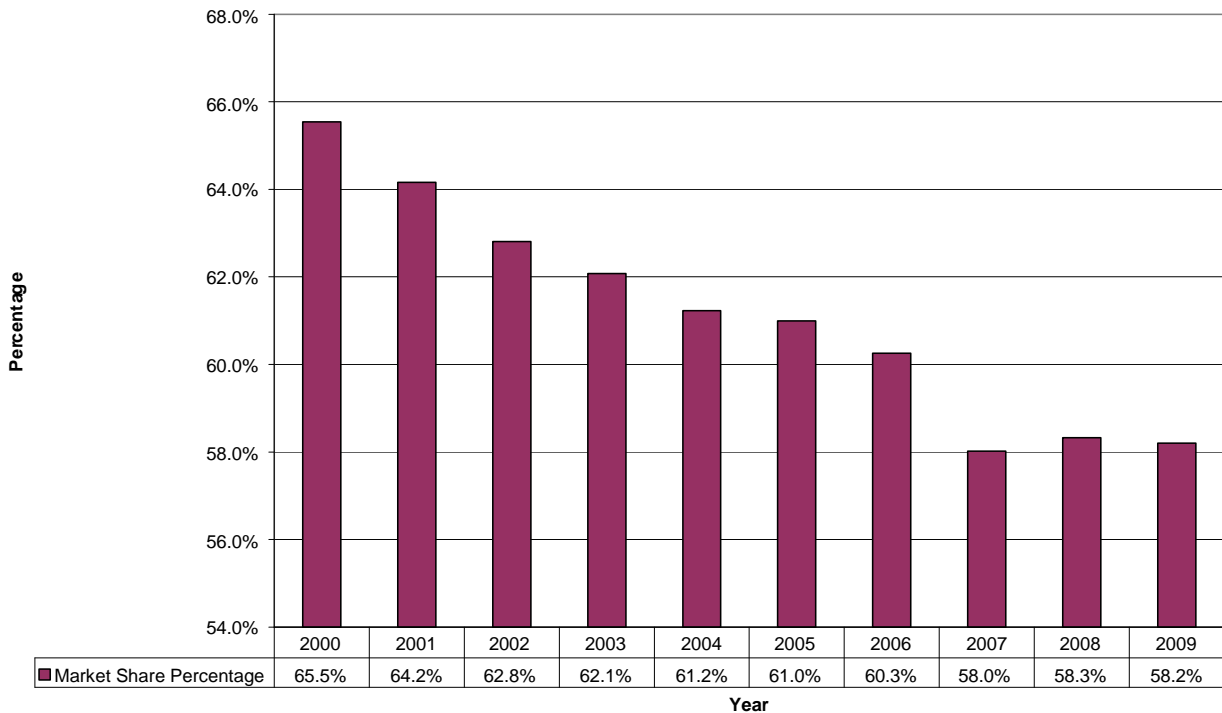
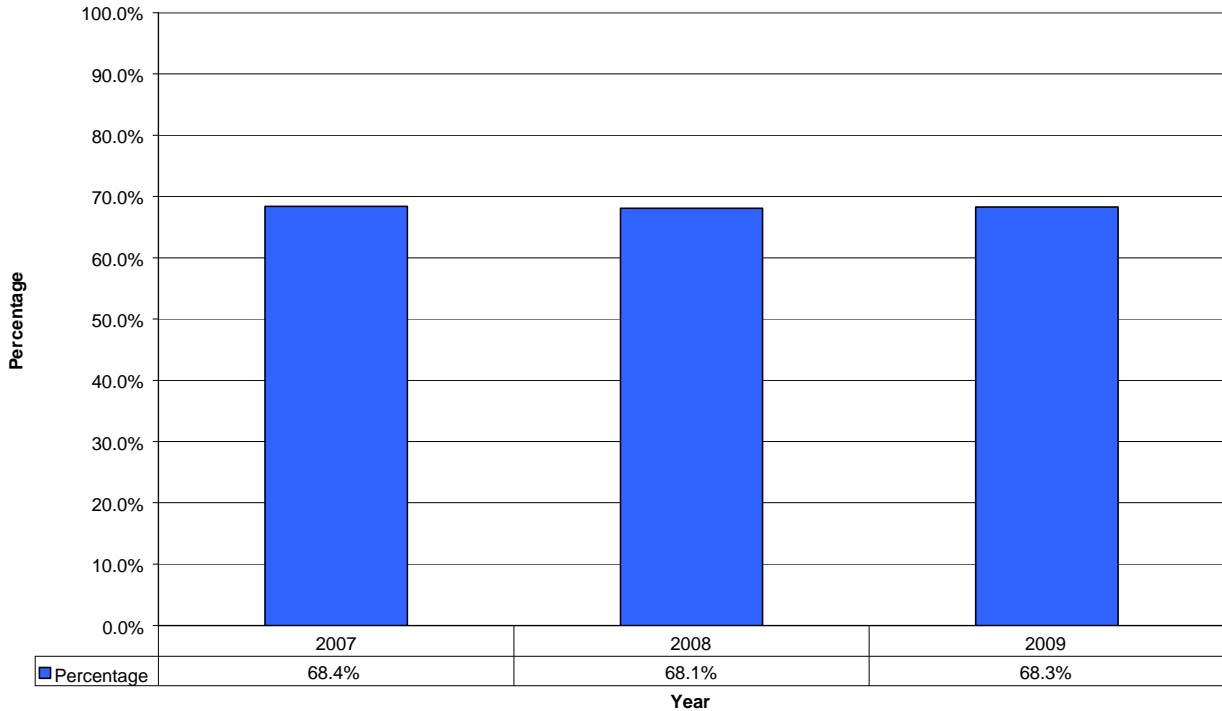


Chart 7 shows market share of the active category, measured as of March 31 every year since the new classification system was begun. MSBA market penetration in this category (all MSBA categories except non-resident, retired, and disabled members) has seen minimal change.

Chart 7

MSBA Market Share - Active Category
2007-2009



10. Current Issues and Challenges

A. Budget cutbacks in the three-year plan reduced the staff hours and financial resources assigned to the Marketing Group. Those reductions directly impact recruitment, retention, and product promotion and may jeopardize the recent pattern in membership growth, which has been the highest of this decade.

B. The economic downturn has negatively impacted our membership. Although we continue to gain new members and experienced a record increase in 2009, we experienced a decrease in the retention rate among 2009-10 membership year renewals. We experienced a decrease in revenue or revenue stream from circumstances such as the following:

- The number of members who choose the under \$35,000 AGI category increased – 4.0% and 4.9 % as of the end of January 2009 and 2010 respectively.
- The number of attorneys for whom their firms or other employers pay MSBA dues decreased, and many of those choose not to pay dues themselves.
- From a survey conducted of members who did not renew, we saw a 31% increase in the percentage of responses concerning economic factors.
- Although we cannot document this, we believe we experienced an increase in the number of members who silently dropped out.

C. Increasingly, members and prospects expect to be able to conduct transactions online. We developed and implemented online first-time application and dues payment and membership renewal and dues payment capabilities in 2008. Those options have been well-received and the number of users is growing. These changes are too recent to have established a reliable history, but, for example, in the first 8 months of 2009-10 over 2008-09, online application use increased by 5.2%. Because there is no direct interface with iMIS, all the data entry associated with the new

and renewal applications is manual. An upgrade to the current system or a switch to another management system is essential to correct these shortcomings and enable Marketing staff to more effectively build, track, and monitor member and prospect profiles, product and service use, recruitment and retention campaign effectiveness, and target members and prospects for various offers.

D. Minnesota attorney license fees increased across all categories. For members in the standard senior rate category – over 60% of our membership – the increase is \$100 annually. If you add \$100 to current MSBA and district standard senior dues rates, the MSBA/HCBA dues increase from \$660 to \$760 and the MSBA/RCBA dues increase from \$594 to \$694. We believe this increase will cause some members to drop their MSBA and district memberships.

11. Explanation of Budget Categories

New Admittees/Swearing-In Ceremony: Expenses associated with sponsoring and hosting the October and May Swearing-In ceremonies, including printing the ceremony programs, printing and calligraphy of the new member certificates, catering coffee and punch at the ceremony, and miscellaneous expenses such as fees to courier materials to the events.

New Member/Interest Packets: Expenses related to printing and mailing packets of materials for new members and interested prospects, such as the large-size mailing envelope, “welcome” folder and contents, letterhead and cover letters, new admittee profile, and interest card.

Student Recruitment: Materials specifically related to student recruitment include brochures and flyers sent in response to requests for information and/or distributed at law school events, and the law student membership application

Market Research: Expenses related to third-party research results such as from the ABA and the American Society of Association Executives. It also includes expenses related to research we conduct, such as printing and postage of surveys we mail, and professional assistance for which we contract.

Recruitment Campaigns: A variety of expenses incurred for new member recruitment, including printing informational brochures and targeted recruitment pieces, external design and production assistance, postage for direct mail campaigns and follow-up mailings, printing and mailing the membership application, envelopes and letterhead, long-distance telephone charges, and travel expenses incurred by the Outreach Manager.

Retention Campaigns: A variety of expenses incurred for retention of current members, including printing informational brochures and targeted pieces, external design and production assistance, postage for direct mail campaigns and follow-up mailings, ads, posters, envelopes and letterhead, courier fees, long-distance telephone charges, and travel expenses incurred by the Outreach Manager.

Miscellaneous: Expenses such as office supplies, professional membership dues, photocopy charges, long-distance telephone charges, and non-capital expenses related to developing online application and dues payment capability.