

# The benefits of **TRADE** Associations

# What is a Trade Association?

“Trade associations have a crucial role to play in promoting best practice, helping companies become more competitive and formulating effective public policy and delivery. They have tremendous potential to act as a co-ordinated voice of business when talking to Government, and great value in terms of quickly disseminating messages about Government policy to their members. Productive engagement between associations and Government is very important for the policy making process...”

*Ian Lucas MP, Minister for Business and Regulatory Reform  
Department for Business, Innovation and Skills  
November 2009*

Trade Associations provide representative and other collective products and services to businesses (and sometimes individuals) with common interests. In return for a subscription fee, associations offer many products and services, including conferences, networking, training and educational materials, technical advice, and publications to name but a few. However, one of a Trade Association's main focuses are often as a representative body putting forward the collective view and position of its members, generally to government departments, agencies and regulators and also to the media and other opinion formers. Trade Associations are usually non-profit organisations with a governing body made up of elected representatives from its members, depending upon their Rules and Constitution.

**This brochure explains the value that Trade Associations provide to their members, Government and society at large.**

# Companies and individuals should join Trade Associations because...

- ▶ In the long term it is in their financial interests to do so. Trade Associations sit at the heart of their industry and offer many benefits to members. These benefits include money saving activities such as free advice on many issues, access to special rates through affinity services and regulatory cost avoidance which can often cost a significant sum of money on the open market.
- ▶ Associations are seen as the voice of their sector and able to represent all their members at every level. Associations therefore provide government and other authorities with the peace of mind that they are getting a fully considered view of what is good for the sector. This is an extremely powerful asset for members and as the membership base grows so does the Trade Association's authority.
- ▶ Associations are trusted and central to their industry. This means they can uniquely offer a wide range of information and services nobody else can easily provide in a range of communications methods. This can include collation of sensitive information to provide an industry wide statistical report service, or the management of a consumer code of conduct.
- ▶ Associations are often in a position to offer specialist advice, particularly of a technical or legal and commercial nature, which are not necessarily readily available to small and medium sized organisations. Some will also offer a consultancy service or an expert witness service on behalf of members if necessary.
- ▶ Associations often undertake specific projects which benefit members or the industry as a whole. Members would have an excellent opportunity to become involved first hand and influence the outcome of these projects should they choose to.
- ▶ Associations facilitate the opportunity for members to network with their peers at Conferences, Exhibitions and other events whilst they are learning about issues which may affect their business.
- ▶ Associations provide immediate updates regarding changes in industry technical standards, policy and news which are disseminated to members and provide an early warning system with advice on how to deal with the issues which may be encountered as a result.
- ▶ Associations often offer commercial benefits through negotiated deals with approved suppliers. Some Trade Associations negotiate excellent deals with suppliers for products which their members may wish to utilise. Typically these may include preferential rates for insurance, road recovery for fleet vehicles, health and safety and employment law services.
- ▶ Enhancement of a company's reputation often follows joining a Trade Association. For many industries, membership of the industry association is seen as a badge of quality, particularly for those industries which are heavily regulated.



# Government should consult with Trade Associations because...

- ▶ Trade Associations represent private businesses. It is those private businesses that are going to create the profits and employment that will restore the UK economy to growth and assist in the reduction of the public sector deficit. **No one else can do that.**
- ▶ Trade Associations are representative of the interests of their members. An effective Trade Association has a good intelligence network. It knows at a very early stage what issues are moving up the agenda of policy-makers and businesses and also which organisations and individuals are important in the policy making process. This intelligence gathering is complemented by a culture of knowledge sharing within the organisation. This enhances the information which is sought and the use made of it. The importance of reputation must not be understated. An effective Trade Association is certainly one which is trusted as an interlocutor on behalf of its members.
- ▶ Trade Associations identify the effects of policy measures on their sector and act as an additional resource in ensuring that Government action achieves its desired purpose.
- ▶ Trade Associations have an extensive knowledge of the industry itself or has access to such knowledge which can be quickly passed on to policy-makers. Trade Associations are leaders on sector thinking, standard setting, building proactive policies and developing a long-term strategic plan which incorporates practical solutions and greater transparency. It is therefore possible for Governmental bodies and Trade Associations to form effective partnerships and bridge mutual gaps in understanding. Trade Associations can also help identify any emerging issues and develop solutions to problems.
- ▶ Trade Association's representations to the Government on policy matters are backed up with the best-available evidence gathered from their members. This helps with assessments of the costs and benefits of policy proposals.
- ▶ Trade Associations are willing to work with others with an interest to minimize areas of difference and maximize areas of common ground. They are able to work closely with Government to sponsor the creation of additional networks, forums and alliances which can provide a focus for collaborative work with Government bodies on policy and delivery. This also helps to provide a consolidated industry view and develop skills.
- ▶ Trade Associations are the most effective way of establishing excellent lines of communication between the Government and their represented sector.

# Other parties should deal with members of Trade Associations because...

- ▶ Using Trade Association members should give peace of mind. Many Trade Associations require their members to undergo a vetting process before joining and are subsequently monitored regularly to ensure continuity. A Trade Association's logo on the letterhead and advertising material is often the sign of a reputable and trustworthy organisation.
- ▶ Many Trade Associations require their members to sign up to a Code of Practice giving a minimum standard that the organisation is expected to meet and details of how it should conduct its business in a fair and reasonable way.
- ▶ Using Trade Association members means that there is somewhere to go for help in the event that things go wrong. With the best will in the world, even the best organisations have problems occasionally. Many Trade Associations have a complaints process and can effectively help resolve the problem, acting as a mediator between the customer and the member organisation if necessary.
- ▶ Some Trade Associations operate Deposit Indemnity Schemes which are a guarantee that customers do not lose their deposit should a member organisation cease trading for any reason. They are often voucher based schemes which are redeemable with other member organisations.
- ▶ Trade Associations sometimes require members to provide insurance backing customers for long term guarantees. Lack of insurance can mean that if something goes wrong within the guarantee period and the original member company does not continue to exist, the cost of any remedial work falls to the customer, making the guarantee worthless. Insurance backing means that the cost of this can be reclaimed and customers are not out of pocket.
- ▶ Trade Association members are reputable businesses. Membership of a Trade Association in most industries is a commercial decision for the organisation and if it were not serious about proving its worth, it would not take the trouble to be involved with other like-minded organisations.
- ▶ Some Trade Associations are TrustMark Licensed Operators. TrustMark is a scheme set up by the Government to help consumers find reputable tradesmen to undertake work on their home. There is a minimum standard to meet for a TrustMark registered business and Trade Association Licensed Operator status means that the Trade Association has authorisation to administer this for their industry. There are other similar schemes such as 'Buy with Confidence' and 'Trust a Trader' which are on a regional basis rather than national, although none are endorsed by the Government other than TrustMark.



# The Trade Association Forum

The Trade Association Forum is an umbrella body for industry trade bodies – a Trade Association for Trade Associations of sorts. The Forum's mission is to promote the role of trade associations in creating a positive business environment, forming public policy and supporting its members with appropriate services. It disseminates best practice and increases the professionalism of trade associations.

The Forum estimates that there are around 900 separately run Trade Associations employing full time staff within the United Kingdom. Over 300 of those are members of the Trade Association Forum and they in turn represent some 500,000 businesses within the United Kingdom. The Trade Association Forum's website ([www.taforum.org](http://www.taforum.org)) is an excellent source of information on and for Trade Associations and it includes a comprehensive directory of British associations. A major feature of the work undertaken by the Forum has been regular benchmarking exercises covering such variables as association income and structure, membership, governance, management and staffing, financial management, representation, industry leadership, membership services, information and advice, training and education and commercial services.

# Further Information

Further information regarding **Trade Associations** and their activities can be obtained from Linda Cavender at the Trade Association Forum, Centre Point, 103 New Oxford Street, London WC1A 1DU. **Tel:** 020 7395 8283 or **e-mail:** [linda.cavender@cbi.org.uk](mailto:linda.cavender@cbi.org.uk).



