

Road to Relevance

5 Strategies for Competitive Associations

HARRISON COERVER AND MARY BYERS, CAE

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Foreword

This is a book about competition. It's a book about how your association can perform well despite the onslaught of unprecedented, ubiquitous, and relentless competition in the space that once belonged exclusively to associations. And it's a book about the "new normal" facing today's associations.

Even before the Great Recession of 2008, associations were challenged by a convergence of fundamental changes in markets, member preferences, and technology. Call *Road to Relevance* a guidebook, a playbook, or a handbook, its purpose is to equip association executives and volunteers with guidance in strategic thinking and, more importantly, strategic acting in the world of association management.

We define strategy as "the skillful, creative, and disciplined use of an organization's resources to achieve its objectives." In essence, this book is all about how to optimize the association's resources in very challenging and changing times.

To be successful, strategies have to fit an organization's industry dynamics and market conditions and take into account internal functioning and capabilities. In their article, "Your Strategy Needs a Strategy," Reeves, Love, and Tillmanns call this "matching strategy-making process to the specific demands of competitive environments."¹ Accordingly, we have identified the five strategic concepts that we are convinced are the right ones to prescribe for trade associations and professional societies today. They aren't new. As a matter of fact, they have been around

for years. What is new is their application to the way associations are governed and managed.

Strategy becomes a multiplier for your association when you narrow your attention and determine to do fewer things—and to do them with excellence. It's the same concept that today's most successful for-profit companies use—and one you can adapt to ensure your association's future.

In the quest to create a winning value proposition, the average association is trying to be too many things to too many people, thereby reducing its significance and increasing the chances of irrelevance. Yet, as Peter Drucker writes, "Wherever we find a business that is outstandingly successful, we will find that it has thought through the concentration alternatives and has made a concentration decision."² He also notes, "The worst thing to do is a little bit of everything. This makes sure that nothing is being accomplished. It is better to pick the wrong priority than none at all."³

While we wouldn't recommend picking the wrong priority, we do agree that it is dangerous to pick none at all. We've seen this failure time and time again in our work with more than 1,400 trade and professional organizations. Yet "business as usual" no longer produces the same results and the uncertainty of "business as unusual" keeps many organizations stuck.

In our first book, *Race for Relevance: 5 Radical Changes for Associations*, we identified the six challenges that have changed forever the environment for associations. We also suggested five radical changes to ensure future relevance and success. We know we hit a nerve. We receive emails and calls almost daily asking, "Did you write this about *our* association?"

The radical changes have certainly provoked thought, discussion, deliberation, and in some cases, disagreement. We're gratified by the discourse. Like Peter Drucker, who believes it's better to pick the wrong priority than none at all, we believe it's better to have an honest conversation about an association's future—however difficult this may be—than not to talk at all. In many cases, these discussions have ended with a question: "We know we need to do something, but what—and how?"

This book answers the "what" and "how." We identify five practical, realistic strategies for your organization and share how to implement them. You'll learn how to:

- Build on strength;
- Concentrate resources;
- Integrate programs and services;
- Align people and processes for efficiency;
- Abandon services and activities when necessary.

Road to Relevance is designed for association professionals and volunteer leaders alike. Part primer, part field manual, it includes adaptable examples from the for-profit world and case studies of successful associations that have applied the concepts in the book—and are succeeding as a result. Though it is not necessary to be familiar with our first book, *Race for Relevance*, the two books are written as companion guides. *Road to Relevance* begins where *Race for Relevance* ends. Both help generate conversation and possibility thinking for staff and leaders. Both books help you identify what's most significant—and, therefore, meaningful—about what you offer members. And both provide roadmaps for those leading both professional societies and trade groups.

We know that strategy is difficult. It's more fun to chase after a new idea or the latest management fad, but successful organizations purposely don't do that. And that's what makes them successful. It takes great discipline and determination to harness the power of focus to implement strategy.

The bottom line: Associations that focus on helping members work less stressfully, more productively, and more profitably will remain competitive. Those that don't will simply be a footnote in the annals of history—such as the Textile Distributors Association; the International Cake, Candy & Party Supply Association; and the Community Broadcasters Association.

We challenge you to have the courage to adapt the strategies in this book. They lead to new thinking, clearer decisions, and effective planning. More than anything, they lead to a relevant association that successfully competes in the "new normal."

Harrison Mary

CHAPTER ONE

The New Normal

"It is increasingly clear that the current downturn is fundamentally different from recessions of recent decades. We are experiencing not merely another turn of the business cycle, but a restructuring of the economic order."

— IAN DAVIS⁴

Our jobs as consultants put us in board rooms, off-site retreats, and strategy sessions week in and week out. Between us, we've worked with more than 1,400 not-for-profit organizations. Though the locations and associations vary, we hear similar comments and questions. That's how our first book, *Race for Relevance*, came to be. When we started to hear the same concerns and comments from a wide variety of associations—whether they served dentists, physicians, plumbers, engineers, veterinarians, attorneys, car and truck dealers, law enforcement officials, convenience store owners, nurses, manufacturers, school principals, or bankers—we began to pay attention. The more we listened, the more convinced we became that the patterns we were seeing were actually a fundamental shift that led to what we call the new normal, based on six challenges facing today's associations. We also proposed five radical changes and outlined them in *Race for Relevance*.

Although the two books are complementary, you need not have read *Race to Relevance* to fully understand *Road to Relevance*. In case you haven't read *Race*, the following is a brief review of the challenges it outlined:

1. Time Pressures

The traditional association model is time intensive. We ask members to take time to serve on a board or committee, to read our publications and e-blasts, and to attend the annual meeting and continuing education programs. Yet people are busier than ever before. They work longer hours managing two-income households and juggling busy schedules. They fight for time for family, friends, and recreation, and they are examining their commitments more closely than ever.

Because the current association model requires a large time commitment, the pressures on members' time should be a concern. In fact, one Realtor® executive shared with us that when nonrenewing members were called, they used to say, "I can't afford the dues." Now she hears, "I didn't have time to access your programs and services." This shift should be a significant concern.

2. Value Expectations

In the "good ol' days" of association management, membership in a professional society was considered part of being a professional. Company membership in a trade association was considered an obligation. In the past, people and companies belonged because it was the "right thing to do." Members sent in their dues. Nobody asked any questions. No more. Individuals and companies expect return on their dues investment. The pressure on associations to demonstrate value has increased, and it is not going away.

3. Member Market Structure

All member markets are dynamic and over time most have undergone significant changes. Some have been rapidly transformed. (Consider how radically banking changed in the recession, for example.) Many associations are struggling to serve member markets that are vastly different from those they were initially designed to serve. Industry consolidation trends (such as what has occurred in publishing and education) and

professional specialization (as in medicine and accounting) require a rigorous rethinking of the member market the association can competitively serve—and a look at whether today's members will even be around in a decade.

4. Generational Differences

While stereotyping is dangerous, it's clear that each generation has its own values. According to the 2006 report, "Generations and the Future of Association Participation," the difference between Generation X and Baby Boomers is "not in the propensity to join associations but in their expectations about what membership means and the return it provides."⁵ Almost all our association clients express concerns about attracting and engaging young professionals and new entrants into the field. The association disconnect with each succeeding generation is real and growing.

5. Competition

In the past, most associations played in their own sandboxes with little competition. That competition-free environment is gone. The number of associations serving industries and professions has grown dramatically, resulting in increased association versus association competition. Competition from the for-profit sector has increased for virtually every association offering, from publications to trade shows to educational programs. Competition from the internet has been a game changer. Associations' ability (or lack thereof) to compete with a wide range of product and service providers is a new and considerable challenge.

6. Technology

A tidal wave of technologies has evolved to offer virtually every association deliverable and function: education, information, networking, fundraising, grassroots mobilization, and more. Associations were slow to adopt technology as the internet age dawned in the early 1990s, and their relevance is increasingly at risk if they don't bridge the resulting gap. Effectively responding to the potential of technologies that didn't exist just a few years ago is a major challenge for slow, reactive association practices.

If the Shoe Fits...

Which of the above challenges are affecting your association? Take a minute to rank them. Which appear highest on your list? Is it generational issues? Market specialization or consolidation? Time pressures? Whatever you ranked highest, know that these six challenges are increasingly and more rapidly making it difficult for associations to provide relevant value propositions and harder for members to find the time to take advantage of this value in a meaningful way. No association is immune, but some are challenged more directly than others.

Radical Change

We don't see the impact of the above challenges ending anytime soon. In fact, we see acceleration in the pressures on today's associations. Here are the radical changes we proposed to address the above issues. (To understand them and to learn how to start a conversation with your board about them, we recommend reading *Race for Relevance* if you haven't already done so. Many clients have told us their entire board has read the book and had productive discussions about it.)

1. Overhaul the Governance Model.

Associations need boards composed for performance, not boards composed according to geography, special interest, who one knows, or how long they've been hanging around. We need boards that can govern—direct and control—the association, not micromanage or mismanage it. We believe a smaller, competency-based board, with directors carefully selected for competencies critical to the organization's future, can be more effective. A radical idea? Not really. In practice, many associations are actually governed by a similarly sized executive committee. Why not just make that reality the official board?

2. Empower the CEO and Enhance Staff Expertise.

A successful association cannot afford to underuse its human capital, whether it be volunteer leaders or staff members. All should be operating at the highest and best use of their time and expertise. They should not be wasting time in board meetings, in unfocused committee meetings, or on projects or tasks that don't add to the member value proposition. The association that fails to optimize its CEO and staff is not in a competitive

mode. In particular, the CEO is in a key role and must have the support of the board in managing the association in challenging times.

3. Rigorously Define the Member Market.

Too many associations are structured to serve a market that doesn't exist anymore. Take medicine, for example. The American Medical Association, founded in 1847, originally represented self-employed doctors, mostly solo-practitioners. Today, few medical school graduates will ever own their own practices. Instead, they will work for a corporate-owned entity, in a clinic or large healthcare system. The days of associations' ability to serve broad, sprawling member markets are over. Associations cannot be the equivalent of the obsolete department store in a retail industry with specialty stores, discounters, manufacturer's outlets, category killers, and online operators. Associations need a disciplined analysis of their member markets as they exist today and are likely to evolve tomorrow.

4. Rationalize Programs and Services.

The typical association tries to do too much. For most, the underlying thinking is that the more programs, services, products, and activities offered the more valuable membership is. Unfortunately, volume does not equal value. Associations should purposely concentrate their resources on a limited number of key programs and activities and should eliminate those that are obsolete, underperforming, or no longer relevant. By abandoning the losers, associations can allocate more resources to the winners. A benefit of a narrow product line is the improved ability to promote a few strong programs versus a long laundry list of "stuff."

5. Bridge the Technology Gap.

For most associations, investments in technology have been made slowly and grudgingly. A new mindset must acknowledge the promise of technology and how it will be critical in positioning associations in the future. Capitalizing on technology is not an option for associations. It is an imperative. Ignoring it is a shortcut to irrelevance.

The Future Starts Now

The association landscape has changed. What is your organization doing about it? It's foolhardy to hope the winds of change will take us back to the kinder and gentler days of the past. And it's downright delusional to think your association hasn't been, or won't be, affected. We bet you're already seeing the effects: member loss, declining participation in programs and services, and decreases in nondues revenue. Whether you care to admit it or not, it's happening. And it's not likely going to change anytime soon. Read what Ian Davis, McKinsey & Company's worldwide managing director, has to say:

For some organizations, near-term survival is the only agenda item. Others are peering through the fog of uncertainty, thinking about how to position themselves once the crisis has passed and things return to normal. The question is, "What will normal look like?" While no one can say how long the crisis will last, what we find on the other side will not look like the normal of recent years. The new normal will be shaped by a confluence of powerful forces—some arising directly from the financial crisis and *some that were at work long before it began.* (Emphasis added.)⁶

There Is Hope

Whether you are an association CEO, staff member, or a volunteer leader, your association's story can have a happy ending. One of the best parts of our job is seeing a group of individuals set aside their own agendas and put their hearts and minds together to ensure the success of an organization, profession, or industry. We've seen some gutsy, game-changing decisions and some fabulous achievements, which we'll share in these pages.

What do the successful associations have in common? They are structured correctly. They have the right leaders and staff in place. They have a narrowly focused value proposition for a carefully identified market. They are leveraging technology. They are disciplined. And they are strategic. Read on to find how you can be, too.

CHAPTER TWO

Build on Strength

"There is great solace in the simple fact of clarity—about what is vital, and what is not."

— JIM COLLINS⁷

The challenges confronting associations in the new normal environment are considerable. And this challenging environment requires associations to be more focused, more competitive, and considerably more adept at using resources.

Operating in the new normal is not going to be easy for most associations. Tradition is the master of most associations. "The way we've always done it" sets the tone. But let's be honest: Many associations are run more like clubs than businesses, making it difficult, if not impossible, to make the necessary adjustments to thrive in the new normal environment.

We want to be clear: We recognize the unique nature of not-for-profits. We work almost exclusively with them. In our work, which spans decades, we've seen a shift. Today's thriving associations are more entrepreneurial and are adopting strategies previously seen in for-profit companies. Though profit isn't a driving motive for most associations, business strategies help strengthen organizations and often provide vital financial resources. And where they don't provide financial resources, they at least

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