

WHAT MAKES AN EFFECTIVE ASSOCIATION

Benchmarking for Performance

Richard Paton, MA, MPA

Published by:
Canadian Society of Association Executives
10 King Street East, Suite 1100
Toronto, Ontario M5C 1C3
www.csae.com

What Makes an Effective Association: Benchmarking for Performance
First Edition

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ISBN: 978-1-927816-06-6

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Library and Archives Canada Cataloguing in Publication

Paton, Richard, 1947–

What makes an effective association: benchmarking for performance /
Richard Paton, MA, PMA

Includes bibliographic references.

1. Nonprofit organizations—Management.

I. Paton, Richard, 1947– II. Canadian Society of Association Executives.

III. Title.

Product Code: PC 6132

1 2 3 4 5 6 7 8

Printed in Canada



CANADIAN SOCIETY OF ASSOCIATION EXECUTIVES
SOCIÉTÉ CANADIENNE DES DIRECTEURS D'ASSOCIATION

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Overview

The purpose of this publication is to provide a framework for association and not-for-profit leaders, as well as boards of directors and members, to assess the effectiveness of their organizations and determine where improvements are necessary. It is written from the perspective of business associations, where members represent for-profit companies, but the information applies equally to all types of associations.

The nine factors that are characteristic of high-performing or effective associations have been tested extensively with over a dozen association and not-for-profit leaders. These nine characteristics, as well as the X factor for learning and alignment, are core requirements that are essential to the performance of a wide range of associations and not-for-profit organizations.

Readers are encouraged to review each of these requirements and assess their association to determine how well the organization is performing, and where opportunities for improvements exist. For this purpose, the chart provided in the appendix is a worksheet that can be used to rank the strengths and weaknesses of your own association.

In this publication, the following terms are used:

- **Association** refers to any business, for-profit, or not-for-profit association; used unless a specific name is required.
- **CEO** refers to the most senior paid-staff person; used instead of Chief Staff Officer (CSO), Executive Director, and so on.
- **Chair** refers to the most senior position on the Board of Directors, an association committee, or a task force.

In addition, the terms *effective*, *high-performing*, and *excellent* are used to describe an association that achieves expected results and fulfills their expected mandate and role.

Acknowledgements

Given the huge number of associations and not-for-profits in Canada, and their importance to the economy and wellbeing of Canadians, I believe this country needs an organization like the Canadian Society of Association Executives (CSAE). This organization has the unique opportunity to produce literature and courses to help develop the skills required to staff and lead these organizations. CSAE, along with programs such as the Philanthropy and Non Profit program at Carleton University, can make a real difference to the performance of associations and not-for-profits.

As a business association leader, I have taken full advantage of the many publications sponsored by CSAE over the years. Thanks to Michael Anderson, President & CEO of CSAE, and Stewart Laszlo, Director of Marketing at CSAE, for the opportunity to publish this book.

I want to thank the leaders and staff of the many business associations I have worked with over the years, which allowed me to test factors for the effectiveness of associations. In addition, I have had the great opportunity of working with company leaders and staff while leading the Chemistry Industry Association of Canada for 18 years. Without that opportunity, and working with other associations on key issues, this publication would not be possible.

Richard Paton, MA, MPA, 2015

Preface

The framework for assessing association performance began with three questions that I was asked by Chemistry Industry Association of Canada members.

First, one of our longest serving board members asked me, as CEO of the association, one of his usual perceptive questions: “Does the association ever assess its performance in relation to other associations? And, if it has, what criteria did you use?” Even though I was constantly learning from other associations and comparing our association to others, this question stuck in my mind for some time. As the association’s CEO, I felt that this member deserved a good answer to his question. I was a bit embarrassed that I did not have a framework or categories that I could share with him to assess the overall performance of the association, a gap that I soon rectified. Soon after, I found myself sketching out charts of key attributes of high-performing associations, and ranking our own association on these attributes.

Second, a while later my incoming chair asked me to reflect on my years with the association, and give him and the executive committee an assessment of the association’s performance, including where I thought improvements could be made in the future. Again, I was reminded that it was important for a CEO to have a clear idea of the key elements for success in an association or not-for-profit organization. At the next executive committee meeting, I was able to share with him an assessment of our association that helped to guide our priorities for the next year.

Finally, one of the board members, who represented one of our largest members, called me and said that their company was reviewing their involvement in about seven different associations. These reviews are done periodically by most large companies,

often on a global scale. The company wanted me to suggest some of the criteria that they could use to assess the effectiveness of various associations and then determine which created the most value for them. Their stated aim was to reduce their association expenditures by a few million dollars, or by 15 to 20 percent, as well as their participation requirement by senior staff. Thankfully, I was able to quickly share a framework and categories with him and summarize the discussion I had with the executive committee on the overall performance of the association.

These are the kinds of questions that association and not-for-profit CEOs get from members and boards, and they should be able to answer these questions. After my experiences, it was clear to me that associations need to have a good idea of some of the core characteristics necessary for high performance. As CEO, I had an obligation at all times to have a good idea of where our association was strongest or needed improvement. This was also very important when the association embarked on strategic planning or reviewed its budget expenditures for reductions.

Once I recognized the importance of establishing a framework and good practices for assessing associations and not-for-profits, I drafted a paper on assessing association performance. About the same time, the Public Policy Forum created a National Business Association Roundtable (NBAR), which held meetings about two or three times a year between 2006 and 2009. NBAR, which was composed of about a dozen of the major business associations in Canada, used the paper as background for discussions on about 70 percent of the categories. The associations shared insights on their experiences and best practices. The categories were thoroughly tested in the discussions, and they held up well as a robust and useful tool for assessing association performance. The paper was also tested with associations in learning lunches that were held from about 2010 to 2012.

This publication focuses on the requirements for the performance of business associations, but most of the benchmarking areas are relevant to a broad range of not-for-profits. The core requirements will not have the same relevance or priority for all associations and not-for-profits; however, they are a good starting point for any organization to begin a performance assessment. If required, some additions or subtractions can be made for particular types of organizations.

While working on this publication, I completed a study of the challenges association CEOs face in the transition to their jobs and managing over the longer term. The result is the book *Leading Business Associations: Making Successful Transitions*. In addition to my experience of leading an association for over 18 years and working with other associations, some of the insights about the requirements for effective associations are drawn from the interviews of 26 association CEOs that I completed for the book.

The aim of this publication and my book on leading associations is to share the insights that I developed as an association CEO and through 26 years of teaching management. I hope this synthesis of management knowledge and research, combined with practical experience, provides a foundation for associations and their leaders to improve their chances of success.

Chapter 1: Assessing Association Performance— A Framework

Common Challenges for Associations

In Canada, there are thousands of business associations and tens of thousands of other not-for-profit associations, depending on how they are defined. They vary in staff size from a few people to over a hundred. They cover all sectors of the economy, such as automotive, financial services, forest products, textiles, and paints. Not-for-profits also cover the full range of social, environmental, educational, and health sectors as well as international interests.

Given their significance to the economy and society it is important that these organizations perform well to achieve their objectives and the needs of their members or clients. Sadly, there are many instances where associations perform poorly. What is more distressing is that they may not be aware of their weaknesses and the impact on operations.

The fundamental premise of this publication is that there are core areas where all associations must perform well, plus an X factor that aligns the core areas. The CEO, management team, and the board must have a good understanding of the association's strengths and weaknesses and their impact on the effectiveness of the organization. Such an assessment will

About the Author

Richard Paton is President and CEO of the Chemistry Industry Association of Canada (CIAC) and has led the association since 1996. Before joining CIAC, he was Deputy Secretary of two branches of the Treasury Board Secretariat of the Government of Canada. In those positions he was responsible for leading management policy reforms, and the two program reviews in 1995 and 1996 that helped balance the Canadian federal government budget.

Richard has taught the practical and unique course that he designed—"The Politics of Management: Thinking like a Manager"—for 26 years at Carleton University's Masters in Public Policy and Administration program; he published the book by the same title in 2013. His next book, *Leading Business Associations: Making Successful Transitions*, was published in 2015. His new book, along with this publication, are the centrepiece of a course on leading associations and non-profit organizations taught as part of the Philanthropy and Non Profit program at Carleton University's School of Public Policy and Administration.