<u>Race for Relevance</u>
5 Radical Changes for Associations
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Imperative for Change:
- Associations are struggling to maintain membership, generate and increase participation, attract volunteers and compete with alternative service offerings
- Robert Putnam, Bowling Alone, attributed collapse to four trends: pressures of time & money; mobility & sprawl, tv, and generational differences
- Identify 5 radical changes – overhaul governance and committee operations; empower the CEO and enhance staff expertise; rigorously define the member market; rationalize programs and services; and build a robust technology framework
- Outcomes if change – streamlined governance; true partnership between staff & volunteers; defined member market; product offerings that are desirable to members and increased financial & human resource capital
- Typical Response to change: The Tinker – minor adjustments, ie. Combine committees; The Charade – don't dare rock the boat; The Next Big Thing
- Associations need to clearly identify how to help members be more successful and determining to deliver value both convenient and accessible
- Environment has radically changed over the past 25 years – 6 realities:
    o Time – people are busier today than ever before – working more; "don't have time"; work/life balance include managing technology (huge time consumer); people have time for: meaningful work, causes they care about, activities that are fun.   People more choosy
    o Value Expectations – 70's and 80's time when members asking what they got for dues; as a result, associations added new programs, products and services and began to pursue nondues income; associations needed a value proposition
    o Market Structure – associations try to be all things to all members rather than focusing on their strengths; Harvard Business Review –"..devise its own definition of its business and to shape character as a human org and distinguish self from competitors."
    o Generational Differences – trend developing – traditional association model seems less and less appealing and relevant to each succeeding generation of members. Decline in engagement due to "career stage" or "generational differences"; generational disconnect by recognize growing differences in member needs, preferences and values and do something about it.
    o Competition – comes from a variety of sources – readership; members compare products online
    o Technology – association mentality delayed implementation for 2 to 3 years due to the response "not all of our members have internet"; real cost is the disenfranchising of progressive members

Overhaul the Governance Model:
- Governance traditions, structures and processes biggest faction effecting change

- Most assoc. boards don't effectively govern – waste time, underutilize talent & abilities; reactive; micromanage staff; they are a liability – cost of care & food for members; decision making slow; difficult to manage; biggest issue – board disengagement – "social loafing" because they don't personal responsibility
- use of staff time preparing for board meetings costly
- Disconnect between executive committee and board – usurping responsibilities
- As board gets bigger, exec comm increase in size - which becomes problematic. Group dynamics drove changes to appointing a smaller more effective group
- Sources of Large Boards – boards composed of representatives elected or selected from

  G*eographic areas* because they have different needs – allows for members to focus on the differences as opposed to focusing on needs for all members; also this impacts the quality of the directors

  Special Interest or constituencies seems that special interest matters not leadership and they become single issue oriented; adding more special interest adds to a larger board

  Good Old Boy contributes to large boards – no one wants to go off the board to make room for next generation of leadership
- Why do individuals want to be on Boards?

  Altruism – unselfish desire to serve; give something back

  Self Interest – personal gain or advantage for the practice that the director represents

  Ego – self importance or self esteem
- Harvard's Richard Hackman "groups of 6 or 7 most effective at decision making"
- Build a board based on competency, not geography, special interests, etc. Skills such as visionary, inspiring others, team building, generating resources etc.
- Governing is challenging – candidate should have a track record in governance capacity
- Analyze challenges and opportunities facing PTA next 5 to 10 years – talk or survey members
- Need a visionary – see future and help others see the same
- Question whether or not a director has to be a member – do you fill a position with an unqualified member or go outside and seek experience
- Small boards, heavily volunteer oriented – may need hands on input from directors
- Reasonably sized staff – don't need the same competencies on the board
- Selection process – rigorous and disciplined; taken seriously
- 9 Tips when downsizing –
  - Don't underestimate how difficult this will be
  - Know that few directors want to lose their seat (terms run their course)
  - Build your case carefully – pros and cons of current situation and move to downsize
  - Draft your plan with timelines; possibly in two phases
  - Take case and plan to incoming board officer
  - Once a few others agree, expand to a small core of additional leaders
  - Identify those who will stand in the way
  - Understand their concerns and be prepared to respond
  - Picture the promise – what will you gain by having a smaller board

Overhaul Committees:

- In a perfect world, committee work would produce: engaging members in a meaningful way; give members a networking opportunity; and provide the association with a pool of potential future leaders
- Research shows that 50% of committees don't have an understanding of what they are supposed to do. Board often doesn't determine how to link the work with goals
- If there isn't anything to do, some let the committee drift along (not a positive experience for committee member)
- "Call for volunteers" – those who are motivated (altruism, self interest and ego) apply. Most show up early on then they drift off
- Sometimes it is only one or two people doing the work
- If a committee produces a well thought out recommendation – how does the board handle? – too often the board rejects, reworks or fails to act on the recommendation
- Committee chair hijacks the committee for personal self interest, counters goals of mission
- Populated by "groupies" who have no intention of doing meaningful work
- Ideas to be more effective:
    o Decide how many committees you really need – conduct assessment of current committees; analyze performance and contributions
    o Get the facts to make your case – develop data on committee performance
    o Clearly define the role of the committee chair and the skills required to do the job
    o Determine the committee situations where the knowledge or expertise is available only through a member
    o Identify individuals who stand in the way –
    o Focus the conversation on a few committees to start (or task forces that don't have to have members on the board)
    o Demonstrate results – value of synergy –
    o Convert additional committees as you are able –

Empower the CEO and Enhance Staff
- Trends driving transition to staff empowerment:
    o Time pressures on volunteer leaders, limits ability to contribute like in the past
    o Complex organizations – communications multifaceted; legal structure complicated
    o Volunteers have wide range of skills but are not professional executives
    o Board members have varying levels of commitment from modest to considerable
- Officers are far more engage than members of a large board – dynamics are more productive
- Candor is key between staff and volunteer leadership. Each has a clearer picture of their roles and responsibilities – Board responsible for governing and staff for meeting the objectives set by the board
- Mind Set Regarding Staff – function of 3 things: association culture; personalities of both staff and volunteers and history
    o History – If hired from outside failed, trend is to look inside the organization and vice versa. If hired a strong executive in the past, then response to hire an administrator. Criteria should also include management skills for tax exempt membership org, too.
    o Culture of staff servitude – staff are vassals and volunteers are the masters.
- What does it take to be the CEO/executive staff

- - Skill Set of the Future – new competencies are emerging and some not yet identified – staff are going to acquire an increased level of industrial or professional expertise – dynamics of the marketplace, competitive and strategic factors and technical trends and their implications
  - High quality staff will also be skilled at bringing out the best in volunteers = entire team will become stronger
- Current trend – delegation of work to staff lags behind the challenges confronting associations. Volunteers hanging onto roles which they lack necessary skills and adequate time in today's association is costly – results in poor decision making, delayed action and missed opportunities.
- Implementation
  - Institute a three year strategic planning cycle – with volunteers and staff as equal partners
  - Conduct an annual performance appraisal of the OE
  - Complete an annual board self-evaluation process – timing consistent with CEO
  - Perform evaluation and feedback surveys after each board meeting – short, 3-5 minutes to complete; key elements of meeting and ways to improve

Rationalize the Member Market
- Past, association's approach to focus on member's common interests and needs. Today, those are scarce – one members needs and interests diametrically opposed to another. What to do?
- Options: 1) continue to struggle with divergent needs and interests; 2) organize and structure to meet diverse needs; & 3) focus solely on the needs of a definable segment – what author believes
- The days of broad based association's ability to add value to diverse and complex member markets is coming to an end.
- Emergence of Specialty associations – growth of association over the last 50 years show almost all of them with a narrower focus than their predecessors; mission is clearer with a well defined market; value proposition is stronger because programs and services are more focused; communication improved and competitiveness is enhanced.
- Increased competition and higher member expectations team up with member market changes to create an environment that is hostile to broad based associations.
- Member scrutiny of dues and value - increasingly question return on investment; questioning why paying dues when they don't need, use or value a significant percentage of the association's offerings. Question whey paying to support programs and services designed for members in other segments
- Member Market Mindset – Traditional market ie, "We serve CPAs" etc, act as if nothing has changed. Reality is that fundamental and irreversible changes taken place in their member markets.
- Most associations intent on growth –to stretch and expand scope of membership
- If narrowly defined market – resources be more concentrated, value of belonging significantly enhanced, retention rates improved and target market share higher
- How broad a constituency can your association effectively serve? Where should you draw a line around your target member to concentrate for maximum performance?
- Questions to consider – the first 4 are about the market; the remaining about membership

- What major industry trends have resulted in changes in the profile of the member?
  - How many distinct member segment are there in the market today?
  - What would segmentations of the member market reveal if you compared it to 1960 and 2010?
  - What assumptions are you making about the member profile in the coming years?
  - What membership segments have high nonrenewal? Why?
  - What potential membership segments are more difficult to recruit? Who are "hard sells in your recruitment campaigns? Why?
  - What membership segments give the association low satisfaction rates in member surveys? Why?
  - What member segments have membership in another industry association? Why?
  - What member segments have low participation rates in your associations meetings and conferences? Which have low utilization of fee for service offerings? Why?
  - If you have special interest groups, sections, etc, which are most successful and which ones are struggling?
  - Knowing what you know today, what extension of the member market undertaken by the association in the past did not produce anticipated results? If you could turn the clock back and remake the decision, would you? Why?
- Create a matrix and rate the categories using data

Rationalize Programs, Services and Activities
- Volume equal value? 80/20 rule means 80% of member value is derived from 20% of benefits offered. Major flawed assumption – the way to add value to membership is to add more programs, services and benefits.
- Programs and services are often continued without much challenge. Once a program gets started, no one around to pull the plug.
- Programs and services are often increased to "meet the diverse interests of membership". – Need to ask "what services are targeted to which segment?"
- Concentrate on resources on the most important member benefits will pay off rather than continuing to offer a broad range of benefits
- "Concentrate your energy and hoard your strength" – Sun Tzu
- Major void in association thinking about programs and services – resources. Most board members don't consider what is required to develop, maintain, deliver, support and market programs and services. Human resources – most valuable asset.
- Realigning resources – a strategic approach to association program and service thinking requires skillful, creative and disciplined use of resources.
- Questions to create a dialogue – Are we allocating resources to focus on opportunities to add value? Resources based on history and tradition or based on tomorrow's opportunities? Are we meeting the needs of our members? Resources to what we know how to do vs what we should be doing? What are resources being allocated with marginal return? What programs are not optimizing the resources required to support them? How can we reduce or discontinue underperforming so we can reallocate them to programs that will produce returns going forward?

- Associations involved in multiple areas (ie department store mentality). Now vulnerable to specialized competitors. Department store mentality – failing.
- If you want to try to be the "department store" offerings – some questions – Do you have, the expertise required to competitively offer each service? Do you have the capital required to develop these businesses? Do you have the marketing skills to effectively promote a broad range of diverse programs? Are you willing to compete with biggest supplier or associate members?
- Communication consequences – many associations grumble members don't know about all good services association offers. Association is trying to do too much – communicate & promote a long list of services and benefits – create clutter & effectiveness diminishes significantly; Reaction is to send out more communication – adds to the problem.
- Effective communication – narrow range of products in a single category; power of simplicity ie, Google home page
- Questions to stimulate dialogue around programs and services:
    - What prog/services have consistently attracted participation by only a small percentage of members? Which have been used consistently by high percentage of members?
    - What services/activities failed to measure up to expectations, particularly after several attempts to promote them more effectively? Which services have "taken off" and are more successful than expected?
    - Which programs operate at a loss and require subsidies from dues or margins to maintain? If they are valuable, why do we need to subsidize them? Which programs generate strong margins after all resources requirements are allocated?
    - What services have peaked in their lifecycle and are mature or in decline? What services are in a growth mode and have the most future potential?
    - What services are readily available elsewhere? Where are we the sole provider or market leader? Where do we have low market share? High market share?
    - What activities or products are a drain on our resources, those that divert energy and creativity from opportunities? Which services match our associations intangible resources?
    - Which service areas are aligned with market conditions of the past? Which are well matched with current, high impact market or other trends?
- Culture is adverse to change. Need radical departure from conventional thinking. Absent of a financial crisis, pushback will be substantial, emotional and political. **Data is critical.
- A look at trends and data on a matrix is helpful

Bridge the technology and build a framework for the Future
- Current association trend – based on members coming to the association – conferences, seminars, committee meetings, etc. Technology based members will turn this around and take association to the member – every function can be done electronically where ever members are
- Tomorrow's effective association must have a framework that prepares and equips it to maintain technological relevance
- Mindset of the BOD – composed of individuals with diverse perspectives on technology – from early adopter to late adopters. Building competent board – can include recruiting a board member with a level of knowledge and understanding of technology potential and how to use

- Customer databases powerful marketing tool for decades. Only a handful of associations have mastered and exploited database technologies.
- Resources allocated to technology inadequate in most cases. – critical investment for future
- Anchored to Traditional Delivery Mechanisms – "members want information in print" while may be true in some aspects, members want 24/7 access to information
- Leave no member behind – in 1990's heard "we can't switch" delay in the change created some damage. Progressive members dismayed at the lack of adopting technology. Longer it took to come on board, the farther behind they got. Competitors filled the void.
- Reluctance to give up control, ie social networks. While legal counsel issued fierce warnings, members when to other online forums and social networks. Associations ended up sidelined.
- Philosophy going forward:
  - Capitalizing on the potential of technology, internet technology is imperative
  - Comprehensive technology plan is essential to guide challenging decision making
  - Exploiting technology opportunities will require additional resources
  - Thinking that you can always "catch up later" is dangerous assumption
  - Taking risks will be required
  - Do not let members who are late adopters handcuff efforts
- Take action: "catch up" where necessary; institutionalizing a philosophy, and building a framework for the future
- Comprehensive Technology Planning – role of technology increasingly critical to relevance and performance; rate of technology will continue to accelerate
- Start with a strategic plan – how can you leverage technology to achieve mission? Investigate opportunities to add value to current programs, etc.
- Questions to consider:
  - Are we paying adequate attention to the growing potential of information and communication technologies to add value to membership?
  - Is it a good assumption that technological advances will accelerate and have an increasing impact on how the association does business and delivers value?
  - Are our members ahead of us in adopting technology? If so, what percentage is adopting technology faster than us?
  - What is the condition of our technology infrastructure? Has it been maintained and upgraded appropriately?
  - What percentage of our budget is allocated to maintenance, testing and development of our information and communication technologies?
  - Do we have a current organization-wide plan for technology? If so, is it being followed?
  - Do we have adequate staff to ensure we're keeping up with rapid advances in tech?
  - Would we benefit from partnering long-term with a technology consultant to supplement current staff or provide expertise unavailable to staff?