
Looking Forward 2012: Influences on the Association Environment

A Strategic White Paper by



Association Laboratory Inc.

Association Laboratory Inc. is a strategic think tank specializing in trade, professional, and credentialing associations. The award-winning company serves a national client base of leading associations through strategic qualitative and quantitative research, management consulting, and strategic planning with staff in Chicago, IL, and Washington, DC.

More information can be found at www.associationlaboratory.com

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Introduction and Use of This White Paper

During 2011, Association Laboratory conducted a wide range of qualitative and quantitative research for marketing, membership, and strategic planning purposes. Research efforts supported clients from several different professions and industries.

This white paper is a brief summary of the strategic themes identified through this research and potential implications for the association community. It incorporates commentary from several association executives with a range of experience in association management and in a variety of industries and professions. As a result, there is not necessarily agreement on environmental changes or their implications. This white paper attempts to capture these debates and frame the issue for continued discussion.

Where possible, Association Laboratory cites objective data in support of various statements but this paper is not a quantitative or objective report. It is a consolidation of opinions and ideas gleaned from a wide variety of research and from individuals with different perspectives on the issues. It should be used as a catalyst for continued discussion, not as an empirically validated statement of fact.

Association Laboratory would like to thank the following contributing authors:

Chris Mahaffey, FASAE, CAE

Executive Director
American College of Foot and Ankle Surgeons

Dan Borschke, FASAE, CAE

Executive Director
National Association of Concessionaires

Alfons Westgeest, FASAE

Managing Partner, Kellen Europe

Gary LaBranche, FASAE, CAE

President & CEO
Association for Corporate Growth

Elaine Kirshenbaum

VP for Policy, Planning and Member Services
Massachusetts Medical Society

Kevin McCray, CAE

Executive Director
National Ground Water Association

Christie Tarantino, CAE

President and CEO
Association Forum of Chicagoland

Kristin Hodgson, CAE

Director, Member & Customer Services
Clinical and Laboratory Standards Institute

Barbara Morrison, CAE, IOM

Executive Director
International Association of Oral & Maxillofacial Surgeons

Robert H. Rich, Ph.D., CAE

Assistant Secretary, Strategy Development
Office of the Secretary & General Counsel
American Chemical Society

Andrew S. Goldschmidt, CAE

Director, Membership and Marketing
National Association of Counties

Executive Summary

During 2011, Association Laboratory conducted a wide range of qualitative and quantitative research for marketing, membership, and strategic planning purposes. This white paper is a brief summary of the strategic themes identified through this research and potential implications for the association community. It incorporates commentary from several association executives with a range of experience in association management and in a variety of industries and professions.

The following strategic themes have been identified:

⇒ While private investment capital is at record levels and access to credit through traditional financial institutions is improving, financial challenges for states and the U.S. federal government will create **a challenging economic environment for associations representing professions or industries reliant on public funding**. Additionally, a cautious consumer will continue to inhibit overall economic growth.

⇒ **Association members perceive they are operating in an environment of greater regulatory scrutiny and uncertainty than in the past**. Association members will face increased regulatory scrutiny and, in some industries, negative and/or positive repercussions due to regulatory change. Association members will continue to be uncertain of the full impact of many regulations until final implementation and, in some cases, legal action related to legislation, has run its course. Association members will need to make critical decisions in a business environment that remains in flux, offering little or no stability for long-term planning.

⇒ **Associations will operate in an increasingly linked and complex global economy**. Technology has effectively eliminated the barriers for the global movement of information, capital, and expertise; association members now operate and compete in a global economy. The increasing purchasing power of individuals in Asia, particularly China and India, is shifting economic power from the West (Europe and United States) to Asia and the subcontinent. This shift in economic power will mean that many industries, and the professions which are integral to their success, will face unprecedented economic pressure. The ability of these industries to adapt will be critical to their survival.

⇒ Association members will continue to incorporate technology into every aspect of their business and professional lives but **the strategic use of technology for competitive advantage will be limited**. The convergence of technology from distinct information channels such as Facebook, Twitter, and interest-specific websites, to a single all encompassing, multi-media experience accessed via multiple entry points and devices will continue.

⇒ Association members will continue to adopt social media but it will not be a strategic “game changer” for industries or professions. **Social media is primarily about the convergence of technology**, allowing multimedia exchanges of information and the dramatic reduction in the barriers for the sharing of information. The acceptance and use of technology may vary by industry and profession but it is reasonable to conclude that younger generations are more comfortable with the use of technology, and that they will be more comfortable using technology to interact with the association as members and volunteer leaders.

⇒ The economic downturn identified gaps in some governance models that may have limited the association’s ability to react in a timely manner to industry or professional challenges. **Association governance will continue to modernize to better reflect growing volunteer sophistication and the needs of associations operating in more dynamic business environments**. A globally interconnected industry or profession must now rely on volunteer leaders who may be even more geographically removed from each other than in the past.

⇒ Associations will be expected to improve Mission-based outcomes and membership service but a more rational, data-driven approach will be essential given the challenges in the marketplace. **The future environment facing associations will place a premium on in-depth market understanding and organizational flexibility of capacity and capability to meet member needs.** Otherwise, competitors for the time, money, and energy of members will gradually siphon off the most valuable components of the association's market, leaving the organization without the critical mass necessary for long-term sustainable growth.

⇒ **A generation of long-term association chief staff officers will begin to retire.** The Great Recession of 2008 took a toll on existing chief staff officers. The highly competitive labor market allows boards to establish a higher bar for qualifications for the chief staff officer. Generally speaking, potential chief staff officers will face more stringent hiring qualifications than in the past simply because the number of qualified executives is outpacing the supply of chief staff positions. Boards of Directors will seek out association executives with more demonstrated success at implementing growth strategies or more externally validated symbols of expertise, such as credentials.

The Economist published a series of articles on what they believe will be dominant forces in 2012 called
"The World in 2012"
<http://www.economist.com/theworldin/2012>

External Influences on the Association Business Environment

Association members will be operating in a constrained public funding environment, particularly in professions or industries substantially reliant on substantive government funding such as education, research, and healthcare.

Many local and state governments and the federal government face challenging economic situations. There is strong public resistance to increased taxes and public debt. In combination, this makes it difficult to substantively increase government revenue, but, given the country's continuing economic challenges, equally difficult to reduce services. Finally, federal policy-makers continue to promulgate unfunded mandates that add to the restrictive financing situation facing state governments. The result has been virtual political gridlock on the national level and controversy in states such as Wisconsin and Ohio as state governments experiment with different budget policy solutions.

Specific information on local, state, and federal financial status can be found at www.usgovernmentrevenue.com

The availability of traditional bank financing will begin to increase.

During the past two years, there has been decreased ability of companies to access credit to finance growth due to changes in banking regulations and the impact of the economic downturn on bank revenue. There is evidence that the banking industry has begun to deal with these challenges. The result will be growing availability of credit to finance growth.

Paul Kasriel, chief economist at Northern Trust, a Chicago-based bank, outlined his views in a recent article titled *With Business Up, Owners Say Banks Lending Again*. He says "his reading of Federal Reserve data has convinced him that banks have finally taken the baton from the Fed and are now making credit more available." <http://n.pr/zFS9ke>

The abundance of private investment capital will result in substantive mergers and acquisition activity.

There is an abundant supply of private investment capital. According to Gary LaBranche, President of the Association for Corporate Growth, there is "more than \$500 billion in investment capital available within private equity funds – a historic amount. In addition, companies report more than \$1 trillion in cash on their balance sheets." LaBranche explained that a consequence of this "over-supply" of investment capital combined with a "lack of significant returns on cash" will accelerate mergers and acquisitions, provide significant liquidity to re-invest in growing companies, and foster generational change in business ownership.

Trade association members will continue to deal with a cautious consumer.

Recent government reports project that the U.S. economy may experience modest growth in 2012. The Federal Reserve has indicated that it will maintain historically low interest rates. For private business, there will be continued uncertainty regarding the purchasing intentions of customers who are becoming more discerning buyers, and are placing a greater importance on value. When consumers are more cautious, they invest more time considering purchase decisions and are more discerning about how well a particular product or service meets their needs. "Good enough" no longer is good enough as consumers seek the most value for the lowest dollar investment.

IMPLICATIONS FOR ASSOCIATIONS

There are several potential implications for associations:

Associations who support industries and professions who are heavily reliant on public funding (ex: education) or who are more directly affected by the recession (ex: commercial construction) will be serving members who are increasingly price sensitive.

Members will place a greater priority on associations that can serve them effectively in a cost-conscious environment, and may reduce the number of associations to which they belong. These members may also resist initiatives requiring substantive out-of-pocket expenditures, such as face-to-face events, unless a clear return on investment can be identified. Finally, services designed to educate and support members facing financial challenges may represent opportunities for associations.

In a study conducted by Association Laboratory of nearly 4,000 education administrators and teachers, more than 70% of respondents identified the following three concerns for their school districts:

1. Reduced state or federal funding for education (77%)
2. Impact of cost cutting and expense control (74%)
3. Staff reductions due to budget reductions (70%)

Associations can anticipate an environment in which individual and corporate members are much more cautious about association memberships; they will look for a stronger relationship between personal relevance and organizational return on investment.

Association members will need to improve their ability to manage their businesses effectively to address the caution and expectations of their customers. This may place a premium on strategies that focus on business growth and cost reduction. Association members will seek out information designed to support these strategies including, but not limited to, support for business development, support for improving business operations, and education and training designed to improve their personal and organizational performance.

Consolidation will result in fewer and larger organizations. Larger organizations often have greater access to specialized support (marketing, finance, etc.) eliminating their need for these services from a professional or trade association.

Association Laboratory's research consistently reveals that the membership decision by larger organizations is team-based with several people involved. For professional societies, the average member may have a less influential role within a larger company and less control over their ability to financially support association participation. Both professional and trade associations will need to build relationships with more than one decision maker to successfully influence the membership decision.

There is disagreement over whether or not government funding pressures might increase scrutiny of the non-profit status of associations.

Some executives believe the desire for revenue provides incentives to the Internal Revenue Service to target associations. Others believe the relative low return on investment in targeting the association community relative to other industry sectors will continue to help associations avoid unwanted attention.

Association members perceive they are operating in an environment of greater regulatory scrutiny and uncertainty than in the past.

Associations have traditionally supported their members with legislative and regulatory support and represented their industries and professions through advocacy. There is debate on whether or not today's legislative and regulatory environments are substantively different than in years past, but evidence is growing that the anticipated regulatory environment is unique and increasingly intrusive.

During the past three years, substantive federal legislation created another onerous set of regulations and compliance issues springing from the new healthcare and financial services legislation. Federal economic intervention increased to a level not seen since the 1930s, with the unprecedented attempt to influence economic growth through the American Recovery and Reinvestment Act of 2009. It can be argued that the breadth and scope of these initiatives has created a substantively more challenging environment for association members relative to past experience.

So far reaching were these activities that many of the implications are unknown. Different aspects of regulations affect multiple industries and professions across their scope of practice. Yet, compliance planning cannot be conducted as questions remain on many regulations because the rule making process dictating implementation has not been finalized.

Studies conducted by Association Laboratory indicate that, while there may be debate on whether or not the regulatory and legislative environment is different than in previous years, members perceive that it is different and these perceptions are driving their behavior.

Three things are apparent for 2012:

1. Association members will face increased regulatory scrutiny and in some industries negative and/or positive repercussions due to regulatory change.
2. Association members will continue to be uncertain of the full impact of regulations until the final implementation and, in some cases, legal action related to legislation, has run its course.
3. Association members will need to make critical decisions in a business environment that remains in flux, offering little or no stability for long-term planning.

While association members have traditionally faced regulatory scrutiny and dealt with uncertainty, recent developments have made this an area of greater concern.

Federal agencies are becoming more aggressive when implementing regulations due to public criticism of their actions during the recession, and due to administration efforts to increase regulatory oversight of targeted industries such as healthcare and financial services.

Substantive policy changes at the federal level have resulted in larger, more complex "omnibus" bills that impact a wider range of areas simultaneously and provide less precise guidance to regulators. As a result, more aspects of an industry or profession are affected, but the regulatory direction is less established.

Regulatory change and uncertainty presents a wide range of opportunities for associations. Collective industry or professional action is often an essential role for associations. In addition, members will need to be informed about regulatory impact and educated on how to adapt to or adopt new regulations.

Finally, larger organizations are more likely to be able to deal with regulatory changes because of greater financial resources and specialized staff.

Associations will operate in an increasingly linked and complex global economy.

Technology has effectively eliminated the barriers for the global movement of information, capital, and expertise. This means that association members now operate and compete in a global economy.

The increasing purchasing power of individuals in Asia, particularly China and India, is shifting economic power from the West (Europe and United States) to Asia and the subcontinent.

This shift in economic power will mean that many industries, and the professions which are integral to their success, will face unprecedented economic pressure. The ability of these industries to adapt will be critical to their survival.

A dominant shift in economic power from West to East is not certain though. China faces political uncertainty as it experiences changes in senior leadership, and the country grapples with unrest in its provinces due to dissatisfaction with inequality, land grabbing by officials, or environmental health and safety concerns. Chinese domestic spending will have to compensate for reduced economic growth from manufacturing exports.

India is overtaking China as the most populous nation on the planet. This increased population leads to challenges raising its lowest classes out of poverty. India's economy experienced less growth in 2011; in response, the government is trying to speed up reforms in 2012 in another attempt to reduce government red tape in areas of investment policy.

A linked global economy is driving U.S.-based associations to explore connections in other parts of the world, such as China, in order to find new members and broaden their global networks. Associations will need to consider appropriate partnerships and cultural sensitivities in expanding globally; however, those that do will see their professional or industry leadership strengthened. This exploration may shift how associations define themselves.

The View From Europe

Alfons Westgeest, FASAE, Managing Partner, Kellen Europe

"A glimmer of hope is offered by more competitive U.S. manufacturing costs and some Asian and European companies re-investing. Demand for natural resources significantly upped Canada and its currency, thereby giving the greenback an edge over its neighbor's dollar. As in 2011, Europe will have lower or zero growth in 2012. The debt burden of several countries and the wobbly euro is forcing a restructuring and causing citizens economic pain. However, do not discount Europe, as Germany is resilient and Angela Merkel increasingly running the EU show and taking others into the slip stream of a powerful export-oriented economy. Italy's new prime-minister Mario Monti has elector support for an austerity package.

Expect Europe to attempt to restart the sputtering economic engine of its North African neighboring countries and aligning economic benefits of several Middle Eastern nations. U.S.-EU trade and direct investment hugely outstrips any other bi-lateral relationship and continues to power the flow of goods and services across the Atlantic."

As associations become more global, they will no longer have “international” members. All will be simply members with equal say in the direction of the association and equal membership privileges. In addition, the traditional association membership model dominant within the United States may not be as valid in other countries that have different views of associations, association memberships, and their societal roles. The challenges to governance models should not be underestimated.

The association management profession will need to understand how to engage with a globally-diverse membership and manage the correspondingly complex business model in order to be successful.

“Operating from a U.S.-centric standpoint will become less valid as an industry or profession globalizes, even if an association’s members are U.S.-based.”

Gary LaBranche, FASAE, CAE
President & CEO
Association for Corporate Growth

Global competition will impact US-based trade associations and their corresponding professions seriously as member companies decrease spending to reduce costs or close their doors due to competitive pressures.

This may result in smaller markets in some industries. Associations will seek ways to better serve, and to more often include their non-U.S. members, in order to better market to potential non-U.S. members.

Associations must have strategies in place to address the financial, human resources, time zones, languages, and resources necessary to serve all members.

Association resources will need to be allocated to do adequate research, develop global business planning, and plan for expenses such as international travel, translations (publications, speakers at meetings), and increased assistance to members travelling internationally, such as securing visas.

Associations will need to educate volunteers about the laws of the country where the association is domiciled. With the variety of laws and regulations throughout the world, volunteers may not fully realize some actions taken may negatively impact the association if compliance with applicable laws is not followed.

Industry Influences on the Association Environment

Association members will continue to incorporate technology into every aspect of their business and professional lives but the strategic use of technology for competitive advantage will be limited.

The strategic use of technology is defined as an enterprise-wide consensus on the use of technology as a strategy to differentiate the association from alternative resources in order to successfully serve the Mission.

Too many associations will continue to view technology through the prism of “channels” or “tools” as opposed to the strategic, enterprise-wide use of technology to improve Mission-based and business outcomes. **While technology is easily viewed as a device or access point, the division between how someone accesses information and how someone shares information will be blurred to the point they are indistinguishable.**

Technology will continue to play an increasing role for associations to provide member services, particularly those with widely dispersed members or a world-wide membership.

Individual members and member companies will continue to adopt a wide variety of technological tools, from iPhones and iPads to cloud computing. The ability of businesses large and small to access, modify, or distribute information will continue to grow while the costs of these activities will continue to drop.

The convergence of technology from distinct information channels such as Facebook, Twitter, and interest-specific websites, to a single all encompassing, multi-media experience accessed via multiple entry points and devices will continue.

“Increasingly, ‘community managers’ that integrate use of multiple tools are becoming established as a profession.”

Robert H. Rich, Ph.D., CAE
Assistant Secretary, Strategy Development, Office of the Secretary & General Counsel
American Chemical Society

Today’s business environment is populated with a variety of consultants, providers and “gurus” who specialize in a particular information delivery channel such as websites or social media.

These distinctions, though, are becoming increasingly meaningless to the user. The user doesn’t see the “channel” the user simply sees the experience.

The information access technology (tablets, smart phones) will become less important as it improves in reliability and interconnectivity. Users will expect it to work, all the time, to the point where these devices become a utility that is noticed for its failure, not for its success. For example, people expect their refrigerator to work all the time and only notice it when it fails.

As a result, the user of technology will increasingly ignore the technological aspects of their access device and focus more on the ease of access to relevant content and personal interaction.

CIO Update identified the Top 20 Technology Trends in a February 2012 article.
<http://bit.ly/zmkPvm>

IMPLICATIONS FOR ASSOCIATIONS

A common question for associations is whether or not their members prefer a particular information channel. The answer, based on our research, is a resounding yes! They prefer all of them.

Associations will need to stop focusing on which channel is preferred and start focusing on how to develop and manage an integrated approach to communication and information dissemination that includes social media, websites, mobile access, and traditional media.

In addition, associations will need to invest in identifying the desired member experience so that metrics can be developed to measure the effectiveness of different information dissemination methods based on market needs and association strategy.

Finally, while technology will allow for near-universal access to information, anecdotal evidence suggests that face-to-face meetings are increasingly recognized as important to the discussion of complex topics and the development of strategic relationships—two critical aspects of networking that are less effectively accomplished via online methods yet often fundamental to member value.

Association governance will continue to modernize to better reflect growing volunteer sophistication and the needs of associations operating in more dynamic business environments.

The Association Forum of Chicagoland Professional Practice Statement on governance introduces the following reason for the existence of a well thought-out governance process:

“Association governance exists to identify and achieve the organizational mission, goals and strategic outcomes. Associations are most successful when they are driven by strategic plans that clearly define expected end-results (outcomes), using a governance structure that is sufficiently plan-focused, flexible, and depoliticized to produce those results.”¹

Associations have debated governance systems for many years. Topics range from the role of staff vs. volunteers to the size and make-up of the Board of Directors. There is still no clear industry consensus because the diverse nature of associations ensures that virtually all models work at some level and a unique model needs to be developed for each organization.

Association Laboratory’s research indicates that, overall, volunteer leaders are growing in their sophistication regarding governance as an important function of their responsibilities to the association. The reason may be some of the challenges to governance.

Several factors are now challenging all governance models:

⇒ Technology has improved the association’s ability to share information with volunteer leaders and facilitate communication between leaders. Geographical separation is no longer as substantive a barrier to participation as in the past. This allows for individuals to participate who otherwise may not have had the financial ability or time. It also expands the pool of potential volunteer leaders.

“The ability to participate in association activities conveniently, no matter the location of the member, is critical to the continued growth and success of the association.”

Barbara Morrison, CAE, IOM
Executive Director
International Association of Oral & Maxillofacial Surgeons

¹ Association Forum of Chicagoland Professional Practices Statement on Strategic Governance

⇒ A globally interconnected industry or profession must now rely on volunteer leaders who may be even more geographically removed from each other than in the past. This increases the odds that Board members will not only be geographically separated but also have different cultural attitudes about their role as a volunteer leader.

⇒ The economic downturn identified gaps in some governance models that may have limited the association's ability to react in a timely manner to industry or professional challenges. An important role for governance in many associations is to create a deliberative mechanism for decision making. A natural consequence of a deliberative system, though, is the increased time it takes to make decisions.

⇒ Generation X and Millennial members seek different types of volunteer leadership opportunities from older cohorts. They will give their time and focus to associations that provide shorter, more focused opportunities and those that can be squeezed into otherwise very full lives. Traditional notions of "paying your dues" before assuming significant leadership will gradually decline, since new members want to be active and influential right away. At all ages, volunteer leaders will continue to seek a variety of roles, from the tactical to the strategic, based on their interests, abilities, time, and financial resources.

As the markets of many associations become more complex, representative governance models will face greater challenges as they seek to identify which segments of the market are represented and to what extent they are represented within the governance model.

Association staff and the supporting business model will need to be able to support faster decision making and create more useful, relevant, and meaningful roles for volunteer leaders.

Associations have traditionally been deliberative bodies. In many cases, this deliberative model has helped associations avoid "knee jerk" reactions to changes in their business or professional environment. In the future, association governance structures will need to improve the balance between deliberation and more future-focused, rapid decision making so that decisions are not obsolete by the time they are implemented. Associations will increasingly seek to modernize their business model to make more effective decisions on behalf of the organization.

The effective performance of the board of directors will increasingly be the focus of modern associations and the corporate model that positions the Board as less active in daily operations will be at the forefront of this change.

In addition, to successfully attract quality volunteer leaders, associations will need to create a compelling volunteer experience. This experience will need to provide volunteers with high levels of value for their investment of time.

Without a clear best practice in governance, associations will continue to discuss and experiment with revised governance models. Association Laboratory has identified the following themes in this experimentation:

⇒ Volunteers, regardless of their official role within the association, will continue to be viewed as content experts, regardless of staff expertise, and counted on to provide counsel to the association on the implications of professional or industry change. This will place a premium on the ability of the staff to create and manage processes that effectively use this knowledge to separate the association from general, often free, information sources.

⇒ Associations will attempt to revise their governance model to match the speed of their members' professional or business environment, and to continue to serve markets with multiple and changing constituencies. For example, members active in technology may face a more quickly changing environment than members in road construction.

⇒Associations will focus more on matching the role of the chief staff officer to their culture and strategy. For example, an association seeking an executive to act as a public, external spokesperson will work to develop a governance system that matches and supports this role.

⇒Associations will place a greater focus on sustaining a culture of staff leadership to improve the association's program/service continuity and provide for oversight of association initiatives.

⇒Associations will place greater emphasis on the path for leadership ascension which assures that volunteer leaders are adequately prepared to assume their position as stewards of the association. Providing leadership roles for younger members and those members located great distances from the association headquarters must be a strategic role. Younger members need to feel valued and respected.

⇒Associations will also need to evaluate their role in promoting leadership paths that reflect the diverse nature of the population and to ensure that individual perspectives biased by socioeconomic, ethnic, religious, racial, or gender identity are not institutionalized into the association's structure.

Organizational Influences Within the Association Environment

Associations will work harder to develop rational, data-driven business strategy.

In a dynamic environment characterized by continuing economic challenges, increased competition, and higher membership and volunteer expectations, the margin for error for association experimentation will be smaller than in the past.

The economic downturn hit the association community's main revenue streams very hard. From dropped dues to reduced convention attendance and decreased advertising sales, the traditional and previously dependable primary revenue streams for many associations took substantive hits, severely reducing cash flow and, in some cases, cash reserves.

Like other recessions, the more clearly the association had positioned itself in the marketplace and the more value membership represented before the Great Recession of 2008, the more likely the association was to navigate this economic climate.

IMPLICATIONS FOR ASSOCIATIONS

Associations will continue to be expected to experiment to improve Mission-based outcomes and membership service but a more rational, data-driven approach will be essential given the challenges in the marketplace.

The future environment facing associations will place a premium on in-depth market understanding and organizational flexibility of capacity and capability to meet member needs.

“Data-driven decision making must become an operating norm for associations.”

Kristin Hodgson, CAE
Director, Member & Customer Services
Clinical and Laboratory Standards Institute

Otherwise, competitors for the time, money, and energy of members will gradually siphon off the most valuable components of the association's market, leaving the organization without a critical mass necessary for long-term sustainable growth.

Association executives will invest more time and resources making data-driven decisions designed to inform more narrowly-focused strategy. The primary focus of these efforts will be to identify the primary market for service; no longer will successful associations try to serve “everyone.”

In addition, associations will invest more heavily in implementing the 3 – 4 activities essential to their role in the members' lives instead of developing a huge service offering that is hard to execute and harder to communicate.

This will be particularly challenging for more member-driven organizations as opposed to staff-driven organizations because more decision makers will need to be educated regarding the issues, and then brought to agreement on conclusions and strategies.

Association members will continue to adopt social media but it will not be a strategic “game changer” for industries or professions.

While it is easy to predict that social media tools will fundamentally change the nature of associations (particularly if you are a social media consultant), this easy explanation fails to take into account that the basic motivations for interaction and engagement are not different. It is these motivations that drive behavior no matter the communication or networking tools available.

Association executives will continue to explore the use of social media tools to build engagement but in the context of all interactions with the member, not just those via Twitter, Facebook, or related entities.

Across the board, Association Laboratory research indicates that social media channels are simply a different mechanism for communication or interaction and not some fundamentally different aspect of the member experience. Rather than replacing any part of the member experience, social media tools enhance the current experience, especially in robust online communities.

Social media is primarily about the convergence of technology, allowing multimedia exchanges of information and the dramatic reduction in the barriers for the sharing of information.

Associations will need to continue educating themselves on social media and to begin incorporating social media into their information delivery mix. Since ROI on social media is difficult to measure, associations will need to proceed with appropriate expectations and a clear understanding of the opportunity costs of this investment. Both the social media supplier community and practitioner community continue to experiment with social media. There is no clear “best practice” for developing and implementing a social media strategy beyond what is required of any business strategy: a well thought-out plan of action with clear goals and a focus on execution.

“It is important to know the source of predictions. Pay attention to trends; and analyze data critically. Listen to many sources. Most of all, pay attention to actual member or market behavior. Don’t plan strategy solely on the basis of predictions from consultants or others with a vested interest in driving demand.”

Gary LaBranche

Associations should be cautious about establishing private networks. The success of large scale social media, such as Facebook and Twitter, lies in the elimination of barriers to entry and interaction that allow for easy interconnectivity between people. The more barriers you have to cross to connect, the less likely you are to connect.

The acceptance and use of technology may vary by industry and profession but it is reasonable to conclude that younger generations are more comfortable with the use of technology and that they will be more comfortable using technology to interact with the association as members and volunteer leaders.

There may be dangers to an over-reliance on people’s understanding and use of technology by staff as it relates to service. The ease of electronic information dissemination means that sometimes the purpose of this dissemination, to inform volunteer leadership for example, is forgotten.

Professional Influences on the Association Environment

A generation of long-term association chief staff officers will begin to retire. The Great Recession of 2008 took a toll on existing chief staff officers. Many discovered they did not have the business skills to be effective in this type of challenging economic climate. Others discovered they built associations that struggled to provide value during the recession and thus came under fire from volunteer leadership.

Some chief staff officers are personally exhausted by the efforts necessary to maintain their association in the economic fallout and, nearing retirement, are burned out and lack the enthusiasm necessary to lead the association. Also, due to the impact of the recession on retirement savings, some executives will be forced to remain in the workforce longer than they may have desired.

“The ranks of CEOs are filled with aging boomers – they will retire. Also, many CEOs who were going to retire have put it off until their investments came back – there is a HUGE backlog of CEOs waiting to retire.”

Dan Borschke, FASAE, CAE
Executive Director
National Association of Concessionaires

Association Laboratory anticipates three general themes in chief staff officer selection.

They are not mutually exclusive but each may be dominant in a particular type of association:

⇒ *Insider Selection*: There is a greater interest in engaging a chief staff officer who is already within the profession or industry and may already sit on the Board of Directors. The primary motivation in this instance is to engage someone with whom the board is familiar and who is already knowledgeable about the issues facing the organization, industry, or profession.

⇒ *Executive/Administrative Management Selection*: In particular for associations who have faced mismanagement or other administrative challenges, association executives with demonstrated association and administrative experience and who have attained their CAE are attractive.

⇒ *Credential-based Selection*: Associations with a scientific or technical focus or who represent members in a credential-based professional environment will place a greater emphasis on advanced degrees.

IMPLICATIONS FOR ASSOCIATIONS

The highly competitive labor market allows boards to establish a higher bar for qualifications for the chief staff officer. Generally speaking, potential chief staff officers will face more stringent hiring qualifications than in the past simply because the number of qualified executives is outpacing the supply of chief staff positions.

Boards of Directors will seek out association executives with more demonstrated success at implementing growth strategies or more externally validated symbols of expertise, such as credentials.

This will place pressure on association executives who have a narrow professional focus, for example, membership or meetings, and on association executives who do not have a strong grounding in the nonprofit business model (e.g., those hired directly from industry). Associations seeking strategic growth opportunities worldwide will seek executives that have had a stint abroad or otherwise relevant international experience.

Personal Influences on the Association Environment

Association executives will have to improve their entrepreneurial and cross-business domain competence.

Traditionally, association executives climbed a career ladder within a particular business domain, for example finance, membership, or meetings. In addition, the management of the process was as important as the delivery of business outcomes. This has resulted in an industry that places a high value on outcomes (budget, number of staff) that are not measurements of success, but of work.

IMPLICATIONS FOR ASSOCIATIONS

Future association CEOs will need a more robust education and experience across business domains and will need to demonstrate how they have successfully advanced the Mission and strategic outcomes of the association. They can no longer act as programmatic caretakers of the association's resources.

Appendix 1: Association Laboratory Environmental Scanning Model

The Association Laboratory environmental scanning model postulates that there are five distinct areas of the environment to be monitored:

1. **External factors** – changes in the environment beyond the control of the association or its industry or members. These are factors substantively external to the profession or industry and its participants.
2. **Industry factors** – changes within the industry in which the association’s members are predominantly active. These are factors affecting groups of companies or organizations in the same business domains, commonly referred to as industries.
3. **Organizational factors** – changes within the organizations that represent the predominant employing entity within the industry. These are factors affecting individual companies or organizations.
4. **Professional factors** – changes within the profession that is predominant within the organization represented or served by the association. These are factors affecting groups of individuals commonly organized by profession. They impact groups of individuals.
5. **Personal factors** – changes in the personal lives of individual members or the people who work at member organizations. These are factors affecting the individual.

Environmental factors can exist within a single level or across multiple levels. The more areas crossed by an environmental influence, the greater the strategic implications.

Other important considerations include the following:

What is the likelihood of an environmental factor occurring?

What is the severity of the environmental factor? How big is it?

What is the variability of the environmental factor? How much does it change over time?

What is the speed of change? How quickly does it change over time?

By understanding the environment within which the association and its members operate, one can more accurately predict future challenges, opportunities, or needs.



Appendix 2: About Association Laboratory Inc.

Association Laboratory is a strategic think tank specializing in association business strategy. The company is a nationally recognized leader in association management, serving a client base of leading national and international professional societies and trade associations through staff in Chicago, IL, and Washington, DC.

The company is known for its expertise in association research, business model development, and sustainable business strategy.

Association Laboratory achieved this recognition by providing association leaders with a unique value proposition.

1. [We take a holistic view of the association.](#)

Association Laboratory views the association as a whole, not as a particular part, such as just membership or meetings. The company has practical experience and expertise in all aspects of association management from marketing and membership, professional education and credentialing, to government affairs.

This organization-wide viewpoint ensures that association problems are accurately diagnosed and solutions take all aspects of the association into account.

2. [We provide empirically validated data using the most sophisticated analytical techniques in the association industry to inform strategy.](#)

Association Laboratory provides full service qualitative and quantitative research and applies the most sophisticated analytical tools in the association industry. This ensures that the information received is not only of the highest quality and validity, but also that decisions made, based on the information, are credible and trusted by all stakeholders.

3. [We develop association-led, consensus-driven engagements so that the learning from the research and strategy process resides in the association.](#)

Association Laboratory develops engagements specifically designed to build internal consensus on strategy and long-term adoption of strategy by the association. This collaborative business process ensures that there is shared understanding of information, that goals and strategies are developed by your leadership, and that the vetting and adoption process meets the unique needs of your association and its essential role in the industry and profession.

4. [We measure our success by helping the association achieve its desired outcomes.](#)

Association Laboratory implements an ongoing conversation with our clients for one year following each engagement to determine how collected information was incorporated into decisions and how the final recommendations were implemented. This commitment to ongoing evaluation ensures that Association Laboratory incorporates new learning from every engagement into a collaborative, outcomes-focused consultative process.

Principal Authors

Dean West, FASAE

President

Dean West is the Founder of Association Laboratory Inc. He is a former association chief staff officer with over 20 years' experience in association management and consulting. Mr. West is a nationally recognized expert in association strategy having been recognized as a Fellow of the American Society of Association Executives. He has served on the ASAE Professional Development and Membership Councils and the Board of Directors of the Association Forum of Chicagoland.

dwest@associationlaboratory.com

Main Line: 312.466.5702

Direct Line: 773.772.2014

Chicago, IL

Cecilia Sepp

Vice President

Cecilia Sepp is Vice President at Association Laboratory Inc. and a nationally recognized expert in association management. Ms. Sepp is a member of the professional faculty of ASAE University, leading online courses on component relations, supervisory management, marketing, and leadership. She has served as Chair of the ASAE Communication Section Council and is currently serving on the Content Creation Committee for Association Media & Publishing.

csepp@associationlaboratory.com

Main Line: 312.466.5702

Direct Line: 301.346.9656

Washington, DC

Association Laboratory Inc.

Suite 2200

30 South Wacker Drive

Chicago, IL 60606

www.associationlaboratory.com

Twitter: @associationlab