is the association model broken?

the case for reinvention

Few would dispute that the number of associations facing membership challenges is growing, and some argue that the association model itself is in danger of drifting toward irrelevance.

Many associations today are just getting by or, worse, struggling for survival. Futurist Karl Albrecht contends that the ground rules for associations have shifted substantially, and it's time for association leaders to reinvent the model. The process for reinvention, Albrecht argues, must begin with strategic conversations that run across the entire organization and are firmly focused on value — defining it, designing it, and delivering it.

by Karl Albrecht

In our recent survey of the strategic management practices of associations, nearly 51 percent of the 459 respondents reported their membership levels have been flat or declining during the past three years. Specifically,

5.9 percent reported "significant decline;"
19.3 percent reported "slight decline;"
25.5 percent reported "stayed about the same;"
34.3 percent reported "slight increase;"
15.0 percent reported "significant increase."

The Situation

This appears to be a continuation — and possibly an acceleration — of a broad trend identified some time ago, which has had an increasing number of association executives concerned over the past five years or perhaps longer.

The "customers" — members, prospective members, clients, constituents, donors, patrons, supporters — seem to be wandering away. While many associations are surviving well and growing, some even rapidly, it appears that, overall, associations have a problem. Like the nightclub that used to be the "in" place but lost its glow as the crowd migrated to some other "in" spot, some associations seem to be losing their special places in the personal, professional, or business lives of the people whose needs they used to serve.

Few would dispute that the number of associations facing membership challenges is growing, and some argue that the association model itself is in danger of drifting toward irrelevance.

Framing the issue in those terms poses a dramatic question: Can association leaders reverse this long-term secular trend by diligent effort — "doing the same thing harder" — or are we faced with a case for reinventing the association model itself? Can we simply work our way to a more successful place in the competitive arena by overhauling the Web site, revamping the annual conference, adding new services, fancying up the membership recruiting package, and the like? Or do we need to dismantle the business model and reconstruct it according to a new rationale?

The Diagnosis

The case for the "business-as-usual" strategy looks increasingly pale in the face of several stark new realities that converge:

- "Community service" is no longer a taken-for-granted social value in economically developed countries, particularly the United States.
- The time-honored "urge to affiliate," admiringly attributed to Americans by the distinguished historian Alexis de Tocqueville, seems to have been fading for at least two decades or longer.
- Generational shifts do not augur well for a new population of joiners and volunteers. Commentators may debate about the legitimacy of such labels as "Gen X," "Gen Y," the "Echo Boom" and others, but few would argue that people in the 20-to-40 age cohort are stampeding to find meaning and significance by joining associations.
- Since the 1960s, Americans repeatedly have been pulling up stakes and moving around: The average term of residence for households is now estimated at less than five years. This relentless mobility has broken most of the links people traditionally have felt to their neighbors, neighborhoods, and communities. Perhaps we're learning to think of transitory relationships as increasingly normal. This trend seems to be increasing in almost all economically developed countries.
- The concept of loyalty between workers and employers — in both directions — seems increasingly quaint as the contingent workforce and the "free-agent" ideology become ever more prevalent.
- The explosive build-out of the Internet and World Wide Web, in little more than a decade, has created virtual communities of interest defined less by needs for fellowship and more by common appetites for information. We're witnessing the dismantling and delocalization of communities.

We probably don't understand any of these tectonic social shifts as well as we need to, and a certain humility is probably in order as we try to translate their lessons into strategic themes and imperatives for associations. In any case, however, it seems that the effects of these trends can only increase.

Now certainly, to paraphrase Mark Twain's famous comment about his supposed death, reports of the demise of the association model altogether are exaggerated.

However, one might be forgiven for a sense of unease with regard to the long-term viability of the model. Some associations are thriving but some indeed are going out of business. Others are merging for survival. Many more are cost-cutting their way into a state of impaired viability. Perhaps we can learn from the relatively few that are growing rapidly.

The Prescription

We're still confronted with a perplexing question: Can the state of affairs be reversed by energetic and diligent effort, or is some new solution required?

This question is fundamentally more psychological than intellectual. Most of the ingredients for a reinvented association model are at hand, but the challenges involved may be beyond the psychic "bandwidth" of many of today's association leadership teams. Reinvention is a popular topic for dissertations in management books and seminars, but in reality, it's usually an extremely difficult and painful experience.

Ultimately, when the leaders of an enterprise face a significant threat to its survival, they must decide whether they can turn the situation around by hard work or whether they "can't get there from here" and are forced to reinvent. Unfortunately, if they make the wrong decision, they're likely to stay wrong for a long time. The decision to reinvent an enterprise should not be taken lightly, nor should it be rejected lightly.

One only has to consider the recent fate of some of the business world's most revered icons — AT&T, Sears and Kodak, for example — to gain a healthy respect for the challenges of a complete rethink. These were strong, well-capitalized firms whose leaders could afford to hire the best business advice on the planet, and yet they failed to reinvent themselves when their worlds changed. Does anyone remember the Diners Club Card? Polaroid? Montgomery Ward?

If one studies the reinvention challenge from various angles, it becomes clear that any operational reinvention must usually be preceded by a psychological reinvention. It's not a simple matter of rearranging the furniture; the leaders of the enterprise must rearrange their own beliefs, views, and priorities. The unwillingness — or incapacity — of executives to navigate this psychological transition typically is what holds enterprises back from redefining themselves to meet a changed environment.

Curiously, the leadership team of an organization seems to pass through approximately the same series of painful psychological stages in dealing with serious threats to survival that individual human beings do. The distinguished physician and researcher Dr. Elisabeth Kübler-Ross identified five stages typically experienced by people diagnosed with a terminal illness: denial, rage, bargaining, depression, and acceptance. It's been my observation that leadership teams tend to pass through similar stages as they deal with the inescapable threat of extinction or descent into irrelevance. Consider again the evidence from the commercial sector.

As a case in point, look to SCM Corporation, once the leading American producer of typewriters, which went into bankruptcy in 1995 and never came out. In the midst of a phenomenal rise in demand for computer printers, the company clung to its increasingly obsolescent product as it spiraled down the drain.

One can only speculate about what went on in the minds of the firm's leaders in the last few years of its troubled existence. What did they think

Most of the ingredients for a reinvented association model are at hand, but the challenges involved may be beyond the psychic "bandwidth" of many of today's association leadership teams.

about and talk about? Did they see the profound change in customer needs and wants? Did they want to do something about it? Did they make a strenuous attempt to shift the focus of the firm?

One would think a group of managers or engineers or marketing people in the firm might have been sitting around one day, drinking coffee and discussing the business. Possibly someone said, "You know, those personal computers are really getting popular. And people who use them are going to need a way to print all those letters and spreadsheets they make. Do you suppose we could hook up our typewriters to those computers and sell more of them that way?"

Whatever the conversations, it didn't happen. SCM failed utterly to reinvent itself, even though it was arguably one of the best candidates to develop the printer industry. Who became the dominant player in the printer business? Hewlett-Packard, formerly a maker of engineering laboratory equipment.

In contrast, consider an historical but timeless example of a reinvention scenario, one no less instructive for its age. In 1879, Harley Procter and his cousin James Gamble ran a very successful business selling two main products: soap and candles. One day, Procter reportedly said to Gamble something like, "You know, that guy Thomas Edison has been in the news a lot lately. His electric light is becoming hugely popular. He's setting up electric generating stations to supply power to homes, businesses, and whole cities. Do you know what that spells for the candle industry?" Soon thereafter, Procter and Gamble got out of the candle-making business, concentrated their resources on their new product, Ivory soap (the magical floating feature of which reportedly came about by an accident in the production process), and made more profit than ever before. Procter & Gamble, 3M Corporation, and IBM Corporation have become legends over many decades for their capacity to adapt to shocks and rethink their businesses and their product lines, while others have been brought to the brink of death and often to extinction.

Organizations — or more specifically, their leaders — sometimes display a pathological tendency to become comatose in the face of crisis. I've seen firsthand some remarkable examples of the unwillingness of leaders of successful organizations to face the inevitable need to reinvent themselves, even to the point of near-hysterical denial of the need to change. Indeed, denial often seems to be the first stage of an involuntary process of adaptation to change. Just as Kübler-Ross discovered and clarified the five emotional stages people with terminal diseases often pass through on the way to acceptance of inevitable death, one can often detect a similar pattern on the part of business leaders faced with near-death experiences. The five stages of adjustment to a life-threatening crisis for an enterprise are typically as follows:

Organizations — or more specifically, their leaders — sometimes display a pathological tendency to become comatose in the face of crisis.

1. **Denial.** For as long as possible, leaders ignore, avoid, or discount all evidence of impending disaster. They don't believe the surveys or the market research figures. The experts are all wrong. The newcomers don't really understand the industry or the business. "People will always want buggy whips," they declare. "That new device will never amount to more than a

small part of the market." "It'll be years, if ever, before the demand grows to significant levels." "Our industry just doesn't work that way." As John Kenneth Galbraith observed, "When faced with a choice between making a profound change and proving there is no need to do so, most people get busy on the proof."

2. **Rationalizing.** When denial becomes grossly unfeasible, they resort to explaining that the change may be real but that the firm actually doesn't have to do anything differently. "We're already doing that." "We have all the technology we need to compete with them." "Our Product X is perfectly suited for the new market." "We can always acquire a firm that's in that end of the business." They're willing to embrace the new business concept, provided they can keep on doing what they've been doing for decades. As Albert Einstein reportedly commented, "Continuing to do the same thing and expecting different results is a definition of insanity."

3. **Blaming.** When they finally start to see their own blood being spilled by competitors with new and better offerings and by customers who defect to the new solutions in droves, they typically move into an angry phase. Equivalent to Kübler-Ross' emotional stage of anger, which precedes depression, this stage involves venting frustration. It begins to dawn on them, not only that they may have made a huge mistake in denying and rationalizing away the seriousness of the threat, but that they also have lost precious time. Once one of the leaders in the business, their firm now plays second fiddle to a bunch of upstart newcomers. This phase may involve a search for scapegoats: "Who got us into this mess?" "Why didn't marketing (or engineering or field operations) see this coming?" This might explain why executive executions often occur before a firm makes its turnaround. Not only does the culture need new blood; it may need to spill old blood in a ritualized accommodation to the new reality.

4. **Acceptance.** At some point, preferably sooner than later, the new

truth soaks in: We're in trouble. As comedian Bill Murray quipped in the movie *Ghostbusters* when the ghostbusters confronted the evil demons, "The usual stuff's not working." All heads, hearts, and hands turn to the search for new solutions. It becomes politically acceptable to refer to the new phase of business and politically unpopular to stay in the state of denial. Management assigns its best minds, allocates significant resources, and applies pressure to develop the new solution.

5. **Mobilization.** No one doubts any longer that the world has changed and that the firm must come up with a new product, solution, concept, or business model. Throughout the organization, people experience a strong sense of urgency, and depending on how far behind the competition they are, sometimes a sense of desperation. The energy that, in the early stages of the crisis, could have gone into getting the jump on the competition now unfortunately goes into catching up. People actively rethink their purposes, their products and processes, and their role in the marketplace.

The Anagram Analogy

However, merely wanting to change or to reinvent the enterprise, whether it's a corporation, a public agency, an institution of higher learning, or an association, is not enough to cause change. The second major challenge in rethinking the enterprise lies in the thinking process itself. Deconstructing a business model that has been working for a long time, however decrepit it may have become in recent times, is easier said than done. A big part of the difficulty lies in the human mind's attachment to familiar patterns and the difficulty of giving up a known pattern without having an obvious replacement for it.

One of the best illustrations of the difficulty of letting go of a known pattern and actively seeking a better one is the anagram — that tricky little word puzzle that requires one to rearrange a series of letters to make a familiar word. Anagrams are typically rather difficult to solve for one primary reason: They're constructed so as to suggest an acceptable word — that is, to match up with a mental pattern that makes them seem already "correct."

As an example, consider rearranging the following sequence of letters to make a known word:

m i n t e y

It has the look and feel of a real English word, even though we sense that it is not. When challenged to rearrange the letters to make a "better" word, many people find themselves somehow tethered to the existing form and unable to think of alternatives. The existing pattern imposes a kind of structural tyranny over the mind, just as the current business model of an enterprise imposes a set of invisible boundaries on the perception of what's possible. (Hint: the solution to the anagram above is a word meaning a state of animosity, constructed by moving the "e" and the "n" to the beginning of the series.)

Reinventing a familiar and comfortable business concept or model is a lot like solving a difficult anagram: one has to let go of a seemingly acceptable solution in search of a better one. According to historical accounts, England's Lord Melbourne challenged Queen Victoria to solve the below anagram, which reportedly kept her awake the whole night:

t e r a l b a y

Inasmuch as this collection of eight letters can be rearranged in almost 40,000 ways, brute force and persistence are not particularly appealing as an avenue to a solution. One needs a mental strategy, a more productive way of designing a solution.

Although the solution to this anagram is left as an exercise for the reader, consider a few mental strategies before you attack it yourself, abandon it, or search for the solution on the Internet. You must find a way to break the tyranny of the comfortable pattern presented by the letters — or by the current business concept or model. One way to do this is to completely deconstruct the present arrangement, or model. For example, take eight small scraps of paper and write one of the letters on each scrap. Then lay them out before you on your desk or table. Start shifting them around, trying various combinations of two and three letters, allowing your intuitive radar to search for other possible patterns.

In the reinvention process, the counterpart to solving the anagram is an experience in which the leadership team deconstructs the elements of business opportunity and explores interesting new architectures for delivering value. Executives disposed toward a bolder type of thinking might even engage in a "utopian design" exercise, which involves deliberately pretending that they know nothing about the currently accepted structure for value delivery — the hospital, the university, the bank, or the association. Then they proceed to design a naïve new configuration from the ground up and test it against known versions.

The Strategic Conversation

So much for anagrams. They may be amusing, but reinventing a business enterprise is for real. Presuming associations of various kinds want to get out of the "deer-in-the-headlights" mode and actively move forward to reinvent or redefine themselves, how do they do it? What are the steps?

Perhaps the first step in the metamorphosis is to transform the organization's approach to defining its destiny. While many enterprises have a strategic planning process of some sort, either formal or informal, many do not have an adequate process for sharing ownership of the vision, mission, core strategy and direction. For too many enterprises, the so-called strategic planning process is little more than an annual ritual that does little to shape the real future. In many cases, the next year is a simple extrapolation of the activities and preoccupations of the current year, and the strategic plan simply reflects that inertial drift.

Given the ever-increasing need to adapt more rapidly, the traditional concept of strategic planning may have seen its day. Indeed, management theorist Henry Mintzberg speaks of the death of strategic planning and argues that it must eventually give way to a process of continuous, guided evolution. The customary annual cycle of planning and budgeting seems to make organizational leaders slaves to the calendar rather than creative architects of their own destiny. And, truth be told, many so-called strategic planning systems are little more than elaborate operational planning and budgeting exercises, involving very little in the way of true strategic thinking. A number of association executives in our recent survey expressed the view that "strategic planning is dead" and that *continuous adaptation* is becoming their model of choice.

More important than any particular ritual of planning is the *strategic conversation*, the ongoing discourse that takes place across the organization and down through its various levels. A healthy strategic conversation leads to a clearer shared understanding of the organization's challenges and opportunities, greater acceptance of the need for evolutionary change, new ideas for creating value, and a readiness within the culture for doing things in new ways. The strategic conversation sets the context for change.

Organizations without a healthy and continuous strategic conversation tend to stagnate, with the leaders trying to move people in a direction they do not understand, accept, or see value in. In those kinds of organizations, the employees tend to behave as passive bystanders, and the leaders often treat them the same way.

In some cases, a strong "loner" type of leader sees no particular value in sharing the thought process of vision and change with the general population. He or she may have read Sun Tzu's *The Art of War* and concluded that withholding information rather than sharing it, telling rather than asking, and driving people rather than developing them is the preferred way to manage. Sometimes the person at the helm prefers the "Clint Eastwood" style of leadership. In many Westerns, the archetypal "Western hero" figure rides in to save the town from the bandits, but nobody else knows what his plan is. They're reduced to playing bit parts as the hero single-handedly defeats the crooks. That approach might work well for Western movies, but in today's increasingly complex knowledge-based organizations, it's a prescription for disaster.

It's About Value

What should be the structure of the strategic conversation? What is it about? In simple terms, it's about value — defining it, designing it, and delivering it. It's the ongoing, never-ending, never-satisfied, continuously explorative discussion of the means by which the enterprise can thrive in its business environment by delivering superior value. Presumably, every organization, every enterprise, exists for the purpose of creating value for some recognized set of constituents — customers, clients, taxpayers, students, patients, subscribers, members, patrons — call them what you like.

J. Willard Marriott Sr., the esteemed founder of the Marriott Corporation, often quoted Winston Churchill's famous statement, "Success is never final." He contended that it's harder to stay at the top than to get there. He asserted that the value-creating relationship between the enterprise and those it serves must inevitably evolve over time, and those enterprises that cannot evolve their capacity to deliver value will

ultimately lose the competitive battle.

The case for reinventing any enterprise calls for a "back-to-the customer" kind of humility. Many enterprises, both commercial and non-profit, tend to confuse the idea of customers' wants and needs with the products and services they offer. "What do our customers (members, prospective members, constituents, sponsors, donors, owners) really want?" "They want what we sell them." Too often this circular logic starts and ends with the product line rather than the underlying value proposition.

If the strategic conversation is supposed to focus on value, then what is the vocabulary of that conversation? How do we articulate the discussion of value, and how do we turn the discussion into action? The answer lies, at least partially, in adopting a somewhat more precise lexicon of value that helps people know it when they see it. Several key conceptual terms that can illuminate the strategic conversation have emerged in recent years.

- **Value receivers.** Formerly referred to by terms such as customers, members, and other outdated labels, value receivers are all of the people and entities who seek to meet their unique needs by doing business with the enterprise. We could also think of them as value seekers. Some value receivers or seekers may serve as patrons or sponsors, meeting their needs and objectives by enabling the enterprise to create value. Others might be nonpaying recipients of value, such as welfare clients or others who benefit from public services. Still others may be discretionary buyers of products or services, in the traditionally accepted connotation of the term "customer."
- **Value package.** This is the unique configuration of things and experiences the enterprise offers in hopes of engaging its prospective value receivers in a mutually beneficial relationship, either transitory or time-extended in nature. Commonplace examples of value packages might include a hospital stay, an airline flight, a course of study at a university, or an educational conference produced by an association.
- **Value proposition.** The core benefit premise that gives the value package its competitive appeal. It's the organizing principle that drives the design of the value package. Those who operate the Walt Disney theme parks like to characterize the value proposition of the

park experience simply as "fun." One could characterize the value proposition of an insurance policy as "peace of mind." A complex value package might incorporate several interrelated value propositions. Articulating the value proposition of a particular enterprise can sometimes be deceptively difficult, particularly when it has been taken for granted for a very long time.

- **Value model.** The precise and actionable definition of the key dimensions of value that the value receivers seek to maximize or optimize. It's the mental scorecard — either conscious or unexpressed — by which they judge the value they receive in their experiences with the enterprise. Many enterprises — perhaps most — have no clearly articulated value model against which to measure their performance in the eyes of those they serve: "We pretty well know what our members want, and that's what we provide." Without a validated definition of the value model and its component value propositions as they exist in the minds of the value receivers themselves, the enterprise increasingly becomes myopically product-focused rather than value-focused.

Part of the strategic conversation is the process of understanding these value receivers, the contexts in which they live and behave, and the forces acting on them to shape their motivations. It's surprising how many associations know almost nothing significant about their members and even less about the prospective members they would like to engage. Many associations — and many commercial enterprises, for that matter — have little more than a rudimentary demographic understanding of those whose needs they aspire to serve. If we don't understand them and don't understand their motivations, how can we hope to craft a value package they want to buy?

Another key part of the strategic conversation is the process of continuously questioning the design of the value package and rating it against the scorecard the value receivers carry around in their heads. Without a clear understanding of the value receivers and their respective value models — which might not be the same for all of them — the definition of the value proposition becomes vague and diffuse. Worse, the design of the value package becomes detached from any plausible model for measuring performance (i.e., the perceptions of the value receivers of what they're getting). Too many associations seem burdened with vaguely defined value packages that try to appeal to everybody but offer little real value to anybody.

Given the continuing demassification or "microtizing" of all developed societies, associations are at risk for irrelevance. More and more of them are finding that their generic "one-size-fits-all" value package competes poorly with the myriad unbundled choices offered by the current business environment. For most associations, particularly larger ones and those with relatively complex fields of practice, a movement toward greater diversity and more targeted products and services seems imperative.

It's surprising how many associations know almost nothing significant about their members and even less about the prospective members they would like to engage.

What Value Propositions Can Associations Offer?

Taking the wide-angle view of associations in general and their attempts to create value for their members and others, the value packages they offer tend to revolve around some combination of five key dimensions of value, or value propositions if one prefers that definition. The balance and emphasis of these five value propositions can vary considerably with the nature and mission of the association and with the needs of its members. The five key value propositions — and areas for potential strategic advantage — seem to be as follows:

1. Fellowship. The sense of community, belonging, identity, connectedness, shared fate, common purpose, personal experience and mutual support.

2. Mutual assistance. Opportunities to collaborate, cooperate, help one another, share resources, solve mutual problems, do business together, and team up for collective advantage.

3. Learning and growth. Opportunities and experiences that enable members to broaden their personal or professional qualifications, share knowledge and information, learn from one another, and grow personally through quality relationships.

4. Advocacy. A joint effort, mediated by the association or an equivalent organizational mechanism, that enables members to make their voices heard and their interests known to those who influence the political, legal, and social context.

5. Unique products and services. Special kinds of value related to the common purpose of the members, uniquely provided by the association. These can include special credentials, testing, specialized information, unique educational experiences, referral networks, communities of interest or practice, and various personal services of practical value such as insurance programs, legal advice, and health services.

Many associations, whether their leaders consciously articulate these five value elements or not, try to offer a little of each. Particularly in the case of newer, smaller, or less well funded associations, there is a tendency to open up shop and hope for the best. Nowadays, every association needs a Web site. But a Web site is no longer a differentiator; it's a base expectation. And if it delivers little in the way of real value, a typical member or prospective member may visit it once in his or her lifetime. If all it offers is the generic "designer look," with the usual clichéd photos of happy people in the proper ethnic mixture, the obligatory menu, and the schedule of events, it's little better than having a telephone number.

Some associations would be well advised to focus strongly on one or a just a few of the five principal value elements enumerated above, rather than trying to cover them all equally. For example, some associations by their very nature focus less on fellowship opportunities and spend much more time in other areas. AARP, for example, concentrates heavily on two dimensions: advocacy and unique services. While the association does offer programs and opportunities for community building and fellowship, its most-familiar proposition is based on delivering a package of valuable services to a very large population.

In contrast, a small, specialized association such as the Pearl Harbor Survivors Association concentrates primarily on fellowship and dedication to a common cause. The very nature of its qualification for membership makes it a uniquely personal and interpersonal enterprise.

A small trade association might need to concentrate on helping its members collaborate, do business with one another, or solve common problems. It might also advocate for certain legal, political, or social changes that favor the interests of its members. It might set standards for its field of practice, promote safety, and promote consumer acceptance of its members' products and services.

There is nothing dishonorable or disreputable about focusing limited resources on a few key areas of maximum potential payoff. Management guru Peter F. Drucker has preached this principle for decades. And as the surrounding business environment continues its inexorable movement toward demassification, microtizing, unbundling, and diversified specialization, it only makes sense for every association to look closely at the needs of its intended value receivers and focus on doing a few key things better than the proliferating population of competing entities.

Threats and Opportunities

During our recent series of environmental-scan focus group sessions, association executives as well as researchers, consultants, Internet sources, and the business press contributed a wealth of key trends that they assert will affect associations to a greater or lesser degree during the coming five years. More than 200 trends emerged from the harvest, each interesting in its own particular way, and some of interest to certain types of associations more than others.

The faint of heart might look at such a compilation of strategic trends and feel a sense of apprehension — for some, even desperation. But those blessed (or afflicted) with an appetite for bold thinking will perceive an abundance of opportunity. Here we might paraphrase the often-quoted Asian concept of crisis as composed of equal parts danger and opportunity (the Chinese ideograph, subject to argumentation by some scholars, is sometimes characterized as portraying a crisis as "opportunity riding the dangerous wind").

We may be at a significant point of inflection — the kind of historical choice-point that presents itself perhaps once in a half-century. What association leaders do at this point of choice — whether they retreat to the familiar and comfortable ways or move boldly and aggressively to redefine and reinvent their enterprises — will, more than any other factor, shape the association community and its fields of practice for the rest of this century.

Dr. Karl Albrecht is a management consultant, futurist, speaker, and author of more than 20 books on various aspects of human and organizational performance. He can be reached at Karl@KarlAlbrecht.com.

commentary

BY LAWRENCE LYNCH, CAE

The need to reinvent the association model is stronger than ever. There are clear signs that the value of associations is not waning, but the delivery model is undergoing a not-so-subtle change. Unfortunately, few are acknowledging that change.

What does it look like? Communications, the backbone of association services, is the greatest example of our changing landscape. One needs to look back a mere 20 years. It was the dawn of the fax machine. Federal Express, as we know it today, was just 10 years old. Only the wealthy had cell phones. The ARPANET was just morphing into the Internet. Few companies had computers in their offices and, for the most part, those that did saw them as data and arithmetic devices rather than communication tools. More importantly, a generation of new association leaders was coming of age — and they are seeing their roles quite differently than many of us saw (see) ours.

To this day associations play a key role in closing communication gaps within their constituencies. The communal nature of an association enables members to stay in touch with each other and their businesses or their professions. The typical association leadership model represents individuals with years of industry experience who know the wants and needs of the members. More often than not, it also involves a strategy that embodies a long-range plan but is driven by the timeframe of that individual's role as a leader.

For years we have accepted the premise that the association structure and its tax status force us to consider its management systems differently. However, before we can take apart and rebuild the business model according to a new rationale, a major shift in leadership and governance must take place. In short, for many organizations that seek to prosper and serve the needs of their members, the current process of "moving through the chairs" and driving a one- or two-year-long agenda as chair doesn't work.

Some of the leadership gap is driven by the confusing view of the association as a nonprofit. It amazes me that, in my years as both an executive and supporter of the industry, I find many associations adopt that nonprofit mindset not only as a status but as a goal.

It's a concept driven as much by our volunteer leaders as it is by us as executives. A few years ago, I was speaking with a colleague in my then-corporate world. This person was trying to convince me that a major change about to take place in our business was a good thing. We had to make some dramatic cuts in the business while remaining "operating-income neutral" — in other words, cut the budget in the face of reduced revenues but drive the same operating income. This person, a volunteer leader in a variety of associations, shared with me how I should be excited by this new business prospect. I could run the business just like an

association — at break even. (Unfortunately, he didn't understand the concept of operating income-neutral either.) My point there is the general concept that, at best, an association should be a break-even proposition.

This leadership conundrum, driven less by a vision and value proposition and more by a tax status, will be the Achilles heel that could weaken or even destroy many associations as we know them today.

Some of the greatest threats to membership today are coming from ordinary businesses that will target specific needs of an industry or industry segment. Their ability to deftly move from project to project and deliver "mass-customized" products will better serve many association members and deliver better products faster and at a better price.

Clearly, these companies will not turn everyone away from membership. But those marginal members who question the value of dues-related expenses versus the product-driven approach will question the value of their dues — and look to the business resource to satisfy their needs.

Facing this threat means accepting a significant change in mindset for both chief elected officers and chief staff officers. It means that serving for 20 years as executive director of the same association is not a sign of success; it is a sign of stagnation. Decision making will have to be pushed down to the chief staff officer level with regular input from key board members — but not the entire board. It may mean a different type of board composition for longer terms, with different roles focused on strategy.

Warren Bennis defines leadership as "a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential." Indeed, as leaders of associations, we must take an active rather than passive role in creating and driving the vision of the organization. Reinvention of the association model starts with the reinvention of ourselves and our members.

Lawrence Lynch is the chief executive officer of the National Registry of Food Safety Professionals. He can be reached at llynch@nrfsp.com.