

It's a Race for Relevance and Florida's Associations

Learning the Radical Changes That Make a Difference

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Now, more than ever, association executives are facing an assault of unparalleled challenges: crunching time pressures, scrutiny of real member value, generational differences, unprecedented competition and an emerging technological world that is moving faster than most can cope with. This has association executives and volunteer leaders begging the question of how to remain relevant to this rapidly changing society and membership. Making modest changes to the traditional model of governing and managing just isn't cutting it. The truth is that if we can't get back on the road to relevance, the vitality of our associations is at risk.

We met for two days of dialogue, analysis and introspection with 30 association executives at the 2011 FSAE Foundation Think Tank in Destin, Florida. The group reviewed today's most significant association challenges and considered the proposed changes and implementation strategies from our bestselling book, *Race for Relevance, 5 Radical Changes for Associations*. While we recognize that the radical changes we prescribe do not apply to all associations, the discussion and feedback at the Think Tank would indicate that most have broad application to associations of all types and sizes.

What Our Associations Look Like Now, The Challenges:

Time Pressures: Time is becoming more precious and members are busier than ever with the daily demands of work and life. Associations are fighting for the time of their volunteer leaders who can't commit to the traditional time-intensive model as they once did. Commitments from volunteers are becoming harder to secure. Most are carefully evaluating the value of the time they will invest in associations. Be careful when a member says, "I don't have time," because that is usually code for, "I have something better to do with my time."

Expectations of Return on Investment: Not only are members seriously evaluating their time, but they are seriously evaluating the value of their dues. Gone are the days where members join for the mere fact that they are in the profession or industry. Members are looking for ways that the organizations can help them perform better, work more productively or more profitably.

Product Diversification: There is this perceived idea that

the more member services and benefits that we offer, the more valuable the association will be. However, our environment is one of unprecedented competition. How many businesses can an association be in and be meaningful and competitive? Associations fail to understand the downsides of product and service diversification. Too many offerings create communication clutter, disperse resources, and result in a competitive disadvantage. There is power in a narrow product line.

Generational Differences: Associations have much work to do to stay relevant to upcoming generations. We are experiencing a growing disconnect with each generation and their relationship with traditional associations. Our boards are lacking youth and this is costing associations. For example, board demographics were a major factor in associations being slow to adapt technology. We believe that the lack of youth on association boards is depriving them of energy, innovation and risk-taking.

Unprecedented Competition: The traditional association model is very vulnerable to competition with the ever-growing number of associations that offer the same benefits as well as the for-profit sector offerings in the areas of education, tradeshow, etc. Associations have a competitive advantage but many are not leveraging it.

Slow Technology Adoption: Associations' slow adoption of technology is the most obvious miss in the race for relevance. In the recent past, board demographics have discounted technology and are a big part of the reason associations lag behind. Associations are lacking the investment and mindset of embracing technology. The average association spends only 4.1% of its total revenues on technology, less than they spend on meals at events.

On the Road to Relevance, Solutions to Challenges:

There are methods and strategies to managing and governing an association that faces today's challenges: smart board selection processes, maximizing the capabilities of the CEO, focusing on member and product markets and bridging the gap in technology.

Smart Board Selection Process: Very radical and against the traditional thought process of associations, a small, perhaps five person competency based board would significantly improve the governance of most associations. Selecting a board of directors based on politics or what region they represent is a quaint relic of the past. Governing is to "direct and control." How many directors does the average association need for this function? In reality, most do it with the officers or Executive Committee – usually a group of 5.

The following are Think Tank breakout questions on board composition:

1. Do boards need to be representative of members? Or do they need to represent members' interests?
2. Why do boards do things other than direct and control?
3. Is the lack of youth on our boards a problem?

Maximizing the CEO: The average CEO is woefully

underutilized. Think Tank participants indicated that boards don't empower their CEOs due to lack of trust, fear of loss of control or perhaps they feel the CEO lacks adequate skill or knowledge. However empowered CEOs look very different than the unempowered ones. The group in Destin believe they lead through vision, display managerial courage, stay challenged by their work, succeed, and provide strategic focus. With a smart board selection, the CEO can be empowered.

Think Tank breakout questions on CEO empowerment:

1. Why don't boards empower their CEOs?
2. Do you believe the average CEO is underutilized? Why?
3. Do some CEOs prefer not to be empowered? Why?

Focusing the Member Markets: Associations continue to serve and direct efforts on marginal member segments. The need to define the specific member market and hone in to create a quality over quantity membership is at hand. It will require a rigorous rethinking on behalf of the leadership to define and competitively serve a well-defined, serviceable member market, but it is one that bears high member value.

Narrowing Product Line: It is part of our natural makeup to add and expand. However, associations need to be asking themselves if increasing the number of products and services offered is really increasing member value. Most associations will find that a spring cleaning is in order to narrow the gamut of member offerings available and concentrate resources for improved performance and competitive position. It is natural for at least one party of leadership to be hesitant about removing a product or member benefit. Overcome this by sunsetting a product with the liberty to bring it back if it is determined as a true need.

The following are Think Tank questions on member markets

and product line:

1. Why don't we see the consequences of constantly adding and expanding?
2. Why is it so difficult to get people to discontinue programs and services?
3. Does the association model of a package of benefits still make sense?

Building a Robust Technology Framework: Associations have fallen behind in adopting technology. Implementing a new technology here or there is not how associations should address this opportunity. Embracing technology and the digital age will mean creating a mindset that weaves a technology thread in everything that we are doing. This means that leadership will need to invest and continue to invest in technology allocating between 8-10% of revenues toward it. Investing in technology today for tomorrow is perhaps the imperative of all the radical changes.

Think Tank technology breakout questions:

1. Why do associations clink to face to face meetings and delivery?
2. Is social media taking networking market share away from associations?
3. Do you agree that association service delivery will continue to migrate to the internet?

Will making radical changes be easy? Absolutely not. Associations are tradition-bound and risk averse, making change particularly challenging. But it was obvious to those that attended the Think Tank that the changes we presented can be achieved and can create an organization poised for a successful future. Change is inevitable; relevance is optional. ■