

The AGILE Association

*Lessons learned from the experiences
of trade associations that **have** successfully
adapted to change*

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What can we learn from associations that have successfully responded to significant change? In an attempt to gather relevant information and amass a sufficient body of knowledge and understanding from associations that have experienced massive environmental change, our firm undertook a series of in-depth interviews with top staff leaders of 12 large national and international trade associations as decision support for the strategic planning efforts of one of our client organizations. The ability of leadership to address the challenges of change affects an organization's success at seeking new opportunities to serve its membership.

Our discussions with these association executives explored both the leadership's and the membership's response to change and the implications of those responses on an organization and its ability to transform or adapt successfully to its new environment. This is a summary of lessons learned from the experience of executives who have successfully adapted to environmental change affecting their organizations- and from those who have not. In essence, it is a study of their organizational agility-their ability to change to continue to meet member needs even as their environment has changed.

Environmental factors

Member expectations and technology. One environmental factor common to all 12 associations was member expectations of cost reduction and increased productivity by the associations representing them. That is, members expected change reflective of similar productivity enhancements already achieved by members' organizations in their efforts to stay or become more competitive in their own markets. ►

Determining what and where change is most needed is one of the most difficult parts of the association executive's planning processes.

Most of these associations have also been significantly affected by rapid changes in technology that have affected members' products, distribution channels, or other business practices. As members in these organizations have adapted the new technologies, they also have looked to the associations representing them to do likewise.

Deregulation and other marketplace changes. Several organizations—both U.S. and Canadian—indicated significant marketplace changes within their memberships as a result of the North American Free Trade Agreement and/or other bilateral trade agreements. Several of the U.S. trade associations studied had experienced rapid and dramatic change as a result of deregulation and changed markets and/or distribution channels.

In all of the Canadian trade associations studied, pressure by the government itself for a single “nondiscriminatory voice” speaking for their respective industries was also a major environmental factor and impetus for change.

Ranges of change

In the course of our research, we identified five models of association agility—ranging from those associations that had reinvented or restructured themselves in the face of environmental changes, to those that had begun to “tinker” with a change process but had not yet fully come to grips with their new realities, to one association that was unable to comprehend or appreciate the implications of its changed environment on the association and was therefore unable to address it (see sidebar, “Five Models of Association Agility”).

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No **holding back.** The most successful associations have been more willing than the rest to put everything on the table during the change process—including their traditional ways of doing business. In this manner, these associations have unencumbered

themselves of the baggage that would weigh down the process and restrict the organizations' flexibility. These associations, in large part, have been able to reinvent or dramatically re-engineer themselves—their structure, their processes, and even their culture—in order to take advantage of new opportunities now available to them. Those that have undertaken the most dramatic change have most understood the reality that if an association is not able or willing to change itself, circumstances will ultimately dictate what changes must take place and how they will be implemented.

Abdication of leadership. As the experience of several of the associations shows, when an association is forced to react to a scenario not of its own making and to do so under less-than-ideal circumstances, it will have abdicated the leadership opportunities it once possessed, letting others assume the lead. For instance, grass-roots members of several of these organizations have taken the change process into their own hands and are forcing the parent organizations to react to rather dramatic changes in membership structure, rather than allowing them to more actively plan and guide the change process.

A band-aid solution. The result of not making needed changes in several of these organizations is clear in terms of declining membership and markets, and ultimately may affect the organizations' ability to survive. Because the first symptom of new marketplace realities is a decline in membership and in product and service sales (such as trade shows, publication advertising, etc.), some associations have addressed only the revenue side of the equation to date—“tinkering” with the

dues rates and structure and looking primarily to new nondues revenue sources and “improved” marketing to make up the difference.

Market redefinition. Most of these associations have broadened their membership definitions somewhat in order to increase the size of their markets. However, as they are doing this, several are finding it increasingly difficult to serve their broader constituencies for their core representation and advocacy functions. Where there has been recognition of this fact, in the most successful change model, the association has taken one of two rather different approaches—either to redefine its market much more narrowly in order to most effectively represent just that one constituency or to broaden itself horizontally and become an umbrella organization consisting of several “mini” associations, each representing one key constituency. Among the six most successful associations, half have modeled themselves after the former of these approaches and half the latter.

Contributors to change

Volunteer buy-in and environmental scanning. In general, those associations most able to make the changes necessary to align themselves with their changed environments have been best able to involve their leadership in recognizing the implications of those changes on their associations and their ability to serve changed member needs. Volunteer leaders have to “live it and breathe it,” according to one executive we interviewed, in order to communicate change strategies adequately and sell change effectively to all key constituencies.

Five Models of Association Agility and Their Key Characteristics

1. Able to leap tall buildings (i.e., extremely agile)

- Has a continual, objective process to identify key trends and their implications on the association's membership and on the organization itself.
- Reinvented or dramatically reengineered itself based on an understanding of changes affecting it to meet new expectations of members and its market.

- Involves leadership in visioning and long-term strategy development; leadership "sells" that vision to membership and other key constituents.
- Nothing is "sacred" as the association response to changes is considered.

2. Able to leap short buildings (i.e., agile, but not at the front of the pack)

- Has an intermittent process to identify key

trends and their implications on the association's membership and on the organization.

- Has effected many but not all of the changes necessary to respond most effectively to its changed environment. Membership structure addressed but not dues structure.

3. Able to see above the first floor with some effort (i.e., has potential but needs to work out more often)

- Has a sporadic trend identification and assessment process.
- Willingness to "tinker" with existing membership and dues structures, but unable as yet to effect significant and effective change (or to understand how these should change).

- Impacts of environmental change on the association continue, and may be increasing.

- Attempts to add new nondues revenue programs and increased emphasis on "better" marketing.

4. Recognizes what a building is

- (i.e., very much out of shape, but at least

recognizes the problem at hand; has potential for growth)

Although there is general awareness that environmental factors affecting the association **are fundamental** and serious, no real initiatives have yet been undertaken to assess environmental trends and their impacts on the membership or on the association.

- Stop-gap measures applied to dues rate, but structure issues not yet addressed.

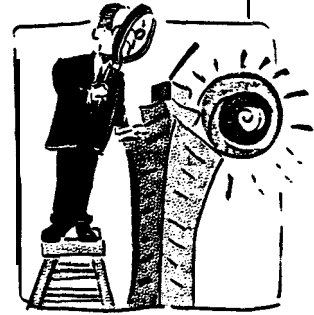
- Membership numbers and revenues continue to decline.

5. Is oblivious to its surroundings (i.e., couch potatoes never won this race)

- Has no process in place for trend identification and assessment.

- Leadership unable to agree on what approaches to take to seriously declining membership and dues revenues, and so no changes made.

- Association does not survive.



These leaders said it is imperative that their organizations have a continual, reliable, and objective means of assessing environmental trends and the changing member needs in order to effectively stay "ahead of the curve" and maintain organizational flexibility and agility. They said that in this process leadership cannot listen only to themselves but must listen carefully to representatives of all key member segments through an open and objective process if the organization is to

truly assess and understand member needs.

Transitional change and long-term vision. Many of the associations effecting change are doing so in stages—transitioning changes in across a period of time. While in most cases, the change process takes place during a one-to-two-year period at most, several association executives said that they have effected change in several stages during a relatively long period (five or more years.)—Most associations or

executives, though, at least have developed a long-term vision that allows them to move forward with changes in a relatively consistent manner.

Leadership's role, said one executive whose association is dealing successfully with change, is to develop (and sell) the vision and the underlying concepts that will guide its implementation. Implementation may be chaotic and somewhat messy, but what is essential throughout is that leadership hold true to that vision. ►

Underpinnings of change

Putting change concepts in place

Resistance to change is strong. Leaders must understand that they may not achieve total agreement upon changes

needed and the concepts that will underlie the implementation of the changes. One of leadership's most important roles' is to decide on the change concepts, making up the definitions and how-to's of implement-

ing these concepts along the way-as long as leadership can remain responsive to new information along the way that may redefine how the change concepts should ultimately be implemented. (Continued on page 92)

Environmental Changes Faced by Trade Associations

Markets and membership

- The memberships of most of the associations studied have changed dramatically; most now have fewer but larger members. Many have members whose operations now cross national boundaries.

What were relatively homogeneous association memberships in the past have now become splintered into smaller and somewhat more diverse constituencies.

- As associations set about redefining their constituencies, the criteria they are using include similarities of values, interests, customer base, market segment, or cost structure.

- Association names are being changed to better position the associations to both existing and future/potential members and customers.

Association structure

- Associations are finding that achieving the necessary level of consensus through a single policy development, representation, and advocacy function, as they did in the past, is becoming almost impossible within the traditional association structure.

A number of these associations have set up regional councils, market "alliances," or other special structures within the framework of the association to adequately develop and deliver member service to specific member

segments; the association itself provides the necessary infrastructure, core competencies, and mechanisms for coordinating work of the individual units.

In a few cases, associations have refocused their mission and energies on a narrower, more strictly defined industry segment. Other associations have created matrix-type organizations that at the highest level address the issues and needs members have in common, while at the same time creating a structure (i.e., mini associations, councils, alliances, sections) to address the unique needs of specific member segments within it.

Dues structure

- Declining dues revenues are generally one of the first problems addressed by leadership as an association's membership begins to change.

- Members are increasing demanding "value for dues." These associations have come to realize that they have to offer members real value-equal to or greater than the amount of dues paid-or they will soon be out of business.

- Both dues structure and rate changes have been effected by most of these organizations. They say that reviewing the relevance of the dues base to value delivered by the association should be a continuing responsibility of an association's leadership.

Member services

- Member needs have changed dramatically, away from traditional product and service offerings. Representation and advocacy remain the primary need the member companies look to their trade associations to fulfill. Effective communication to members and other key constituents is becoming an organizational imperative.

- Among the most effective member services these associations now provide are tools and resources to help members adjust to change occurring within their industry.

- Group purchasing programs appear to be declining, as larger, more productive member entities are providing these for themselves.

- A few of these associations have come to understand that services developed and delivered in collaboration with others in their members' food chain can be more effectively and efficiently delivered, eliminating duplication of service and of cost and thus responding to member pressure for increased productivity and

Operations

- Most have made cost reductions and productivity enhancements. Many have realigned internal functions consistent with the changed needs of their members. Most have downsized staff and are now outsourcing many functions.

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Paying attention to corporate culture. Many of the executives we interviewed told us that issues of “culture” are the most difficult to deal with during the change process, yet as restructuring is planned and implemented not enough attention ‘is paid to these issues. As a result, many executives have found implementation more difficult and “repair” jobs among both members and

One executive described a painful process of narrowing the association’s focus to one of the several constituencies the organization had previously represented. The association ultimately closed the loop by holding a formal, visible dinner at which many of the organization’s founders and leaders from constituent groups that were being left behind were recognized for their contributions to the growth of the organization. It was important, the executive said, for the thanks to be delivered in an eloquent and face-saving manner.

Others found that insufficient communication about the long-term vision for the organization by its leaders led to conscious and unconscious “sabotage” at all levels. These efforts came from both volunteer leaders (who had not sufficiently bought into the process of forming that vision) and from staff fearful of what change would mean for themselves, their functions, and their accumulated power structure.

The association executives who appear to have been the most successful in steering their organizations toward the future said risk of failure should not inhibit the change process; mistakes made along the way can always be corrected. The greater risk, most agree, is in not changing at all.

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