

## ASSOCIATIONS TODAY: DEMONSTRATING RESULTS IN A CHANGING CLIMATE

OUR APRIL 2004 REPORT FOCUSED ON THE ROLE OF CORPORATE REPUTATION, HIGHLIGHTING THE FACT THAT 60 PERCENT OF THE GENERAL PUBLIC BELIEVE THAT THE STATE OF AFFAIRS IN CORPORATE AMERICA HAVE SERIOUSLY GOTTEN OFF ON THE WRONG TRACK. THIS DROP IN PUBLIC TRUST AND THE RESULTING SCRUTINY CREATES CHALLENGES FOR THE TRADE ASSOCIATIONS SERVING AMERICA'S INDUSTRIES.

Both corporations and trade associations confront the pressure to manage in a changing environment while focusing on continually improving the reputation of the organization. This report identifies both challenges and solutions for successful leadership of today's associations.

Associations have a long heritage of setting standards, representing groups with common interests, fostering commerce, and promoting volunteerism in America. They plow billions of dollars into the U.S. economy and have enormous reach, with nine out of ten adult Americans belonging to at least one association.

In a recent roundtable discussion using Wirthlin's Advanced Strategy Lab (ASL) Online® technology, more than a dozen CEOs from the U.S. Chamber of Commerce's Association Committee of 100 weighed in on the state of the industry today and into the foreseeable future. Wirthlin's ASL technology allows high energy brainstorming and rapid prioritization of issues in order to probe more in-depth and draw conclusions on the most important issues.

When given the open invitation to comment on the "state of industry associations today" the ASL Online participants

identified more challenges than successes. The core positives include:

- Associations allow an industry to speak with **one voice** in the cluttered public policy arena;
- They require **innovative** management styles, business models, and leadership; and,
- They are a good example of **collaboration**, which the members appreciate and have, in fact, tried to emulate in their own companies.

The greatest challenges are the need to:

- Address **governance** pressures effectively;
- Forge and maintain an active and effective **membership** base as members consolidate and newer members are less engaged in association activities; and,
- **Demonstrate value/ROI** to member companies.

### GOVERNANCE

The governance pressures changing the practices of corporate America are filtering down to associations. Both internal and external audiences want to know the decisions being made, the processes by

### HIGHLIGHTS

1

#### Best & Worst

Leading Association CEOs see more challenges than established successes in today's demanding climate

2

#### Volunteer Leadership

Strategies for engaging volunteers in the right tasks at the right time

2

#### Governance

Following corporate trends in oversight and decision-making.

2

#### Membership

Today's Catch 22—Be there when we need you, but not when we don't

3

#### What Matters Most

CEOs prioritize association management tasks

3

#### Presidential Politics and Associations

CEOs weigh in on campaign issues and the winner's impact

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#### Eight principles for ROI

DC Seminar highlights how to measure campaign success



**Operating in this dynamic market requires a new model to respond to the needs of the members in the advocacy arena and beyond, and it requires a different association executive management style.**

which those decisions are being made, and the measurable outcomes of those decisions. As one Association chief elaborated:

*“My view is that associations are going through a period of self-examination to determine relevance. In an increasingly competitive world, none of us can take it for granted that our members will remain members simply through loyalty. They must see continued ROI, which puts pressure on association boards to provide meaningful programs and services.”*

**MEMBERSHIP**

Another challenge that executives see is the importance of building better connections with people. Associations are a relationships and who-you-know-business.

With the pressures to do more with less, which is the trend both in corporate America and associations, executives want to maximize their participation in the short-

**Evolving Governance**

*“The evolution of association management, which began with executives as little more than “secretaries” has accelerated to demand more business-like behaviors and require more defined outcomes. However, while the demands have changed the environment in which association execs work has not kept pace. We are still encumbered by slow decision-making processes and ineffective governance.”* —

Association CEO

Volunteers are less and less willing to donate their time, but there is increased pressure on administrative overheads and an intensified search for non-dues sources of revenue. Executives’ identification of key trends over the next three years points to a more responsive and business-focused governance process.

1. Increased oversight and Sarbanes-Oxley type regulation.
2. More open and democratic decision-making processes.
3. Smaller Board sizes and longer tenure for Executive Committee.
4. Decreased frequency and social dimension of in-person meetings.
5. Increased virtual interactions.
6. Increased staff responsibility and control.

est possible time. This is anti-ethical to building strong and lasting relationships, but associations need to deal with this inherent contradiction. The group of association executives in the ASL Online session listed numerous ideas to raise participation and get members “hooked,” including:

- Upgrade the timeliness and quality of communications;
- Use e-commerce to stay in touch;
- Report in-depth at Board meetings so that Directors can question/comment on strategies and not micro-manage tactics; and,
- Focus on strategic issues at Board meetings vs. reporting on a wide range of association activities.

In the words of one association executive:

*“It’s all about electronics to replace paper and unnecessary face-to-face meetings that*

*we’ve done in the past...and then making a major step forward in innovative new face-to-face communications methods. We need to reinvent association meetings, trade shows, etc.”*

Operating in this dynamic market requires a new model to respond to the needs of the members in the advocacy arena and beyond, and it requires a different association executive management style.

One association executive described it this way:

*“Making sure that our business model is aligned with that of our member companies so that we are perceived as a sound investment vs. a high-cost club.”*

And another executive addressed the advocacy challenge this way:

*“We are a department store competing against specialized boutiques. The boutiques spend their time and resources*

**Membership Satisfaction**

At the heart of every association is the viability of its membership base. Today’s leaders confront growing challenges as company consolidation reduces the overall base of potential members and economic leanness increases pressure for companies to justify their investments in dues and time. While many members experience the best part of an association to be the cross-industry relationships developed on committees and boards, many also resist the burden of contributing volunteer talent. A multi-layered approach to member activation, retention, and recruitment becomes complex. Our CEO panel identified several strategies they believe to be the most effective.

1. Demonstrating, and communicating, success on regulatory and policy issues.
2. Adding value to their respective business enterprises.
3. Facilitating the success of individuals in their corporate roles - make them look good.
4. Actively cultivating personal relationships around relevant business information.
5. Organizing meetings, conferences, site-visits that demonstrate value first, and provide social relationship in that context.

*focused on detailed industry issues while we have a broader, industry focus. Our challenge is to turn that potential liability into an asset—we represent the entire industry on all industry issues.”*

The fact of the matter, as outlined by the ASL Online participants, is that the CEO needs a set of diverse skills and multiple talents, in order to:

- Be the industry's chief spokesperson;
- Provide effective advocacy, fundraising, and entrepreneurship;
- Motivate people and build strong teams;
- Conduct a balancing act to effectively work in Washington, but not be part of Washington; and,
- Lead through consensus building and teamwork.

While consensus regarding association executive management style emerges, some see a troubling gap between the capabilities of association CEOs and their staff:

**Presidential Politics and Associations**

Our ASL OnLine CEO panel is optimistic about the national economy. Four-fifths of the CEO's feel the well-being of their respective industries mirrors that of the nation and over the next two years they see the major concerns for the national economy as: terrorism, inflation and rising interest rates, industrial spending, infrastructure investment, manufacturing jobs, oil supplies, and taxes. They see Iraq, the domestic economy and consumer confidence, and the War on Terror as the major campaign issues for the electorate.

The majority of CEO's believe a Bush re-election will be better for the growth and development of industry associations. This is driven largely by an expectation that Senator Kerry would increase taxes and environmental regulations, while President Bush would provide stability and a climate for continued prosperity. A Kerry win would also require an intensification of association lobbying efforts and the disruption of current legislative proposals.

*“Associations require sophisticated leadership, but too often those leaders do not have the first lieutenants who can provide the second tier entrepreneurial and operational leadership that the organization requires.”*

**DEMONSTRATING VALUE**

When asked to name the critical issues facing them in leading their associations, the

CEOs listed over 50 that “kept them awake at night.” The group prioritized this list, and the number one priority is: proving the ROI/Value to members.

Association executives mirror their corporate counterparts when pushed to identify specific successful approaches to ROI. Both groups of leaders are diverse and scattered in their recommendations. There is no definitive point of view, with many ways to show value and measure progress. The absence of a definitive approach can either spur creative and well-formulated methods, or waste significant resources. Many wonder if they are on the cutting edge or the bleeding edge in this high risk, but essential, proposition.

*“In our new strategic framework, we reject the traditional way of measuring our organizational success in favor of a new, uncharted and very difficult measurement. Rather than count success by increases in participants or evaluations on seminars, our new measure of success will be the extent to which we improve the quality of our members' performance. This requires a wholly new approach, one that we'll have to invent.”* — Association CEO



**“Associations today are under increased pressure to quantify the value of membership. There are a number of well-formulated methods to do that while accounting for the factors that are outside the control of the association executive.”**

**Jean Statler  
Senior Vice President  
and  
Associations  
Consultancy Leader**

<b>Most Important Issues</b>	<b>Average Rating (1-10)</b>
1. <b>Proving the ROI / value to members</b>	<b>9.8</b>
2. Keeping up with public policy	8.8
3. Attracting new members	8.5
4. Growth of non-dues revenue	8.1
5. Growing association revenue	7.9
6. Creating a positive image for the industry	7.5
7. Clear understanding of member needs	7.2
8. Service delivery vs. Resource available	7.0
9. Maintain leader to leader relevance	6.8
10. Board relationships and turnover issues	6.7
11. Staff retention	6.6
12. Keeping member attention and focus	6.5
13. Implementing new marketing techniques	5.8
14. Consolidation of member companies	5.8
15. Engaging younger members	5.8
16. Maintaining value of certification programs	5.7
17. Attraction of small business members	5.3
18. Competing with state and local associations	4.0

## DEMONSTRATING ROI – BEST PRACTICES IN PUBLIC COMMUNICATIONS PROGRAMS

To help executives focus on ways to reduce costs and achieve measurable returns on investment, WirthlinWorldwide and Fleishman-Hillard co-sponsored a seminar on June 8th to showcase the best practices that demonstrate ROI in public communications programs. The morning event was also hosted by the National Journal Group and Atlantic Research.

One session featured Red Cavaney, President and CEO of the American Petroleum Institute (API), and Craig Fuller, President and CEO of the National Association of Chain Drug Stores (NACDS), who shared ways in which active ROI management is best demonstrated, while operating within an established strategic framework.

Mr. Cavaney's initial challenge with API was to move the industry reputation from the public's focus on something he and his members could not control—**price**—to things they could impact—inventory, access, responsible development. In making this paradigm shift, he highlighted the importance of a strategic framework:

*"Unlike a lot of products and other tangibles, what we are trafficking in is the marketplace of ideas. It is 20 times easier to get lost when you are trafficking in the marketplace of ideas if you don't have a strategic framework and if you don't have a map. ... It is more critical to create a framework to help members achieve tangible measurement."*

Mr. Fuller's expertise in issues and campaigns integrates the lessons learned as a senior executive in the private sector, his eight year staff leadership tenure in the Reagan White House, and his five years

of service leading NACDS. The strategic framework that Mr. Fuller applies to the development of messaging is to understand the audience, to understand the current environment (where you are starting from), to identify campaign goals and the desirable end state, and to monitor key metrics along the way. He reminds us that the strategy must always include components that reinforce the base, even if the campaign is targeted at another audience segment.

In all, eight central principles for the development of a successful campaign with an eye to accountability emerge.

- 1. Understand your audience.** Know who the different segments are and how their perceptions both align and diverge so that you have attitudinal and decision-making profiles, not just demographic descriptions.
- 2. Have a unified and agreed upon vision of success.** The key to a successful campaign is good leadership and "buy in" from upper management.
- 3. Create a strategic framework that can be used as a map to guide campaign activity.** Sometimes campaign managers incorrectly focus too much on the details while ignoring the strategy.
- 4. Focus the debate on issues and problems that can be solved.** The strategy must include goals that can be addressed by the campaign.
- 5. Stick to your messages and issues.** The messages that are most effective are those which adhere to a specific strategy and are consistently sustained over a period of time.
- 6. Establish meaningful connections that sustain for the long run.** Recognizing that communication is not as effective when launched in a crisis situation, make and retain

meaningful connections with target audiences that build a strong connection and create a sustained relationship.

**7. Research, Research, Research.** Before, during and after. The success of effective ROI measurement hinges on the research. Research is needed at the onset of the campaign to guide strategy development and messaging. Research conducted while the campaign is active allows managers to monitor the activity and make adjustments as needed in tactics and strategy. After the campaign has finished, research provides a needed measure of accountability.

**8. There is no silver bullet to solve the problem of showing ROI, but success is possible.** The essence of active ROI management involves identifying criteria for success and then identifying a measurement tool.

## CONCLUSION

In conclusion, industry associations are in a season of transformation. The combination of diminishing member volunteerism, a results oriented membership base, revenue pressure, and governance demands all ask association leaders to do more with less. From our perspective, these pressures provide both a challenge and an opportunity. Association leaders and staff will assume more autonomy and leadership on short-term management issues, while operating within the broader strategic umbrella defined by industry leaders and Board members. Successful associations will become even more relevant to their members' business objectives and will provide documentation of their success on specific policy and program objectives.

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