



Association Laboratory Inc.

STRATEGIC ISSUE BRIEF

Insight is Information in Context

Points of Interest

- Creating Opportunities During Challenging Times
- Integrating Membership and Product Strategies for Improved Revenue

Creating Opportunities During Challenging Times: Balancing Opportunity vs. Fear

Economic downturns represent a tremendous opportunity for many associations.

This statement will surprise many readers, especially since the news seems to be all bad. Each new headline adds to the discordant chorus: layoffs, reduced sales, declining market value, and corporate bailout plans. This drumbeat of bad news often scares people into making poor decisions, but worse, it masks the opportunities that exist in the market for those with the will and ability to succeed.

Remember: the fundamental reason for your association’s existence is still valid, perhaps now more than ever. Savvy association executives will focus and reinforce the fundamental value of the association. Consider the following:

1. **The market evaluates you.** During an economic downturn, audiences that consider the association to be of marginal value will leave. Audiences that support what you do will stay. Invest in understanding the differences between these audiences and how best to serve them.
2. **A challenging economic environment provides incentives to eliminate marginal services or legacy programs that no longer provide value.** Invest in core value strategies, not marginal grabs for new dollars. Implement one very good program, not two mediocre programs.
3. **The value proposition between your association and its members can be more clearly identified** during an economic downturn. By focusing on the essential relationship between the association and your members, you can position the organization for growth during the economic recovery.

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4. **A shifting economic or business environment creates new opportunities.** You must understand the shifting needs of your members based on the changes in the environmental forces that impact their profession or company.
5. **The impact of new or marginal competitors is usually reduced during an economic downturn.** As the competitive environment shrinks, positioning your organization in the marketplace becomes easier. Identify and assess true competitors, not every organization that may be active in your market.

Virtually any manager can maintain an organization during an economic expansion, but the true executive also prospers during an economic downturn. A challenging economy tests your assumptions and strategies more aggressively -- use this time to identify and focus on the core of what your organization provides.

Associations that avoid panicking, choosing instead to invest in fundamental knowledge and strategy, will not only prosper during the next year but will create a foundation for sustainable growth for years to come.

Practical Insights: Dexter King, CFE, Executive Director

A Plan Well-Crafted

Dexter King, CFE, has unique insight into his association's industry. He was an active member of the International Association of Assembly Managers (IAAM), and he then served as a board member. For the past eight years, he has been on staff, and is currently Executive Director. King has seen the ups and downs from a variety of views, and perhaps that is the best perspective to have when embarking on a new strategic plan in an uncertain economy.

"We started the actual strategic planning process with Association Laboratory about a year and a half ago," explains King. In fact, their first conversations began six months before that. This was not the first plan the organization had put together, of course. However, prior to this one, "we felt we were on target, but our goals were not nearly as clearly defined or well articulated."

One reason this plan stood out, says King, was that it was "more adept and broad-reaching to the constituency than our other plans." "In the past, the approach we took was simply to work with boards and committees to garner feedback and input. What we did this time was real research of our membership and this meant we had numbers, outcomes, and a deliberate direction in which to go."

The Numbers Game

All members of IAAM (global, supplier, etc.) received an email survey and the association received an enormously high response rate of 25 percent. That kind of response allowed great comfort in crafting priorities and actions. Following the survey results, Association Laboratory produced a workbook-type guide for IAAM senior staff to use. A retreat followed, "which helped us to prioritize what we needed to do." The direction was evident, though.

"We came to two big conclusions: we had to hit a business target and a knowledge target," says King. "In order to hit those, the process helped us clearly craft four strategic directions: research, commerce, advocacy and education."

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Dynamic Membership and Product Strategy

Challenging economic times generally result in reduced member acquisition, member retention, and product sales. Too many associations fail to recognize how integrating their membership and product strategies can help them avoid these outcomes.

Integrated membership and product strategy is based on the concept that the association serves different audiences with different desires for engagement with the association. Some individuals want limited engagement through product purchases, such as event attendance. Others want full engagement and participate as volunteers, attend events, and purchase various products. Optimally, the association integrates product and membership strategy to serve individuals at the engagement level they desire.

Integrated product and membership strategy has three goals:

1. The economic impact of membership or participation on the target audience is reduced, which encourages their continued engagement with the association.
2. A financial contribution to the association from the individual or company is maintained, thus maintaining revenue.
3. The engagement of the person in the activities of the association is maintained so that it can be expanded when the economic climate improves.

Integrated membership–product strategy helps the association retain marginal audiences that otherwise would be lost.

Consider the following two scenarios:

- A dropped member might be offered a one year electronic membership and continue to receive member discounts on product purchases.
- An event attendee, while unable to attend, may be offered an online or published product that addresses similar content areas but for less cost.

Successful implementation of an integrated membership–product strategy involves adjusting the offerings of the association to specific audiences like an accordion. As full membership becomes less viable to an individual, they are given reduced options that retain their contribution and engagement with the association. As the market for one product line is reduced, a complementary product line is offered that depends on less financial or time commitment.

The key to integrated membership–product strategy is to clearly define the audiences, their engagement with the association, and to create specific strategies that address each audience’s unique needs.

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After the retreat, the staff made specific recommendations to the board. “Because of the amount of research we had done, the board felt there was great due diligence. However, some board members felt there was turf being challenged and change will always trigger questions and other points of view,” explains King. “So, we went through a series of adjustments and listened to concerns. We tweaked the product. That was a really good approach; we made it better.” They then rolled the plan out in seven different regions, finally providing it to every member through emails and e-newsletters. Finally, last summer at the IAAM Annual Conference & Trade Show, the president of the board did a full presentation to explain the new direction.

Change Is Good!

One major change this planning process helped the organization implement was to take bylaws from the late 1950s and bring them into the 21st century. Specifically, some bylaws were actually policy, so they were moved out of bylaws and into implementable policy. “Our operating policies are now changeable by the board, not a membership vote, so we can be more nimble and respond quicker to things like the economy,” says King.

They are also involving more members at a chapter level, which King feels is quite fortuitous in light of what the economy is doing. “People aren’t able to travel as much, so we’re putting into place chapter meetings in every province or state,” he explains.

When asked if they have modified the plan at all in the past four months in response to the economy, King replied that because the process was so detailed, “we know we have to deliver good knowledge through education, commerce, and advocacy using our well-crafted strategic goals.

“When people are struggling like they are now, you have to tool up and diversify to meet their needs,” he continues. “At IAAM, we now have the tools and the plan to do that. In hard economic times, we’ll have things in place that work better globally. The best part of this entire process, though, was that we clarified our direction with bountiful support.”

About Association Laboratory Inc.

Association Laboratory Inc. is one of the nation’s leading association business strategy consulting firms. The award-winning company specializes in the research and development of association business strategy.

The company serves a nationwide client base representing some of the nation’s leading trade, professional, credentialing, and philanthropic organizations.

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