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Leveraging Component Organizations in Strategic Planning

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Introduction

Many different types of associations have, over the years, developed component structures to support the overall Mission of the association. These component structures include county medical societies working with state medical societies, regional industry groups working with a national body or a national interest group working within a global, international parent association.

No matter their type or structure, components of a parent association represent a tremendous resource for the implementation of the association's strategic plan and corresponding business strategy. Across all association types, components represent a universal opportunity for sustainable association growth, increased membership value and the expanded accomplishment of the parent association's Mission.

Unfortunately, for many associations, components also seem to represent a source of universal frustration. Component executives struggle to identify key strategies and allocate scarce resources. These executives also struggle with the inherent role of balancing the needs and desires of the component organization with that of the parent organization.

In order to take advantage of the inherent strengths of the component system and leverage these strengths for the joint benefit of the parent and component bodies, association executives must understand the implications of several issues on the development and implementation of the parent body's strategic plan and related business plans.

- 1 What are the characteristics of the membership and other markets and what are the implications of these characteristics for leveraging components in the association's strategic plan?
- 2 What are the characteristics of the component structure and what are the implications for the association's strategic plan?
- 3 What are the capabilities of the parent body and how are these capabilities best applied to the needs of the components relative to the association's strategic plan?
- 4 What are the critical issues when developing a strategic plan that successfully includes the input of the component organization?
- 5 What are the critical issues when implementing a strategic plan that leverages the joint capabilities of the parent body and its components?
- 6 What are common mistakes made in joint component and parent body strategic planning and implementation?

By understanding the issues in these six areas and their implications for strategic planning and implementation, association executives will be able to improve their ability to incorporate component organizations into the development and implementation of successful association strategic plans.

Characteristics of the Market

Market characteristics describe the realities of your marketplace that influence your decisions regarding organizational strategy.

There are four market characteristics that have the greatest impact on leveraging your component structure.

- Market size
- Market distribution
- Membership affiliation
- Geographic variances in market needs

Market Size

Market size is the total universe of potential members and customers. How many people and companies represent a legitimate opportunity for the association?

Market size is directly related to potential revenue opportunities and corresponding investment needs. The value of incorporating components into your business planning and implementation is directly related to market size.

Component structures allow for more customized service delivery, create a mechanism for more frequent monitoring of market issues or complaints and allow the concerns and input of a large number of people to be funneled more efficiently to the parent body. The larger your market universe, the more these features of a component system represent a valuable resource for the parent association.

Market Distribution

Market distribution describes how evenly your components and membership are distributed across the geographic region you serve. Your market can be equally distributed or heavily concentrated within a defined geographic region.

The advantages of using a local component structure are directly related to the level of member centralization and concentration. Studies conducted by Association Laboratory Inc. indicate that the primary benefit of local components is “easy access” to services, networking and other component activities. The more barriers to this access through travel, costs, time, etc. the less valuable the local experience.

As a result, the more your members are heavily concentrated within a geographic region, the more advantageous it becomes to use components as a key component in your strategic and business plan.

Membership Affiliation

Membership affiliation is defined as the extent to which the individual members you serve are similar in terms of training, experience or outlook and the extent to which this similarity influences their decision to congregate and participate in organizations of peers.

The affiliation of each audience is distinct. If you serve three separate audiences, they each have a separate idea of affiliation and the source and intensity of this affiliation may be different. The more dissimilar the audiences you serve and the greater the disparity between their experience, training or outlook, the less affiliation exists between these different audiences.

The association must understand two key components of affiliation.

First, how strong is the sense of membership affiliation for each market? Second, where does this affiliation reside, in the parent or the component?

The stronger the sense of membership affiliation and the more your market's sense of affiliation resides with the component, the greater the necessity of incorporating the component into your strategic plan.

Geographic Variances in Membership Needs

Each association identifies a particular set of membership or market needs and creates programs, products and services to address these needs. The value of incorporating components into your strategic plan is directly related to the extent to which membership needs are different in each geographic market segment. The more needs differ by geographic region, the more advantageous are strategies using components.

When there are large disparities in needs by region, the local component provides an effective means of customizing the broader parent strategies to fit the unique needs and desires of a local audience.

Characteristics of the Component Structure

The ability of the parent association to leverage the component structure in strategic planning is affected by key characteristics of the component structure. Component characteristics describe the realities of your component structure that influence your decisions regarding organizational strategy.

There are three main characteristics that have the greatest impact on leveraging your component structure.

- Governance independence
- Resource availability, capacity and capability
 - Staff
 - Financial
 - Volunteer
 - Geographic variances in component resources
- Operations
 - Operational independence
 - Service focus

Governance Independence

Governance independence is defined as the extent to which the component can make decisions independently of the parent association. The ability of your component to make decisions independently of the parent association is directly related to the extent to which you must include components in the strategic planning process.

If you desire to leverage components for your association's success consider that the more independent they are, the more you must work to include their leadership in the process of strategic planning and the implementation of the business plan.

Resources

The availability, capacity and distribution of resources within the component structure will have implications on the strategic plan.

There are three types of primary resources that must be evaluated when considering the best means of leveraging your component structure for business success.

- Financial resources
- Staff resources
- Volunteer resources

When evaluating the inclusion of your component structure into the strategic planning process, you must consider the availability of each resource, the capacity of the component to provide each resource and the capability of staff and volunteer resources. The availability and amount of each of these resources will vary by component and these variances must be taken into account when leveraging component structures in strategic planning.

Financial Resources

Financial resources represent the availability and amount of cash at the disposal of the component. The availability and amount of financial resources are directly related to the extent to which you should incorporate components into your planning process.

A component with significant resources can be a powerful ally or a potential competitor. A weak component may represent a potential drag on the parent association and a corresponding barrier to the effective implementation of the business plan.

Staff Resources

Staff resources represent the availability, capacity and capability of component staff. The availability, capacity and capability of staff resources are directly related to the extent to which you should incorporate components into your planning process.

As with financial resources, a component with significant staff resources can be a powerful ally or a potential competitor. A weak component may require an inordinate amount of support given the value of including their specific component in the strategic planning process.

Staff represents an opportunity for the parent to have a local, professional presence that reduces parent staff time and provides for more consistent, personal service relative to the initiatives outlined in the strategic plan.

Volunteer Resources

The existence, capacity and capability of volunteer leadership are directly related to the extent to which you should include components in the strategic planning process. As with staff, a core of capable volunteer leaders represents an important local resource and can provide the parent body with additional local credibility.

Volunteer leaders need different types of support than professional component staff. Where component volunteer leadership is asked to lead a particular business strategy, parent association executives will need to allocate more time to component leadership recruitment, training and management.

The quality of your component leadership will only be as good as the component leadership in office. For ongoing use of these leaders, the parent must invest in developing the component volunteer leadership and create a pipeline of future leaders.

Geographic Variances in Component Resources

Distribution of resources is defined as the extent to which financial, staff and volunteer resources differ among components. The more resources differ between components, the more difficult it becomes to successfully implement component strategies because the execution of the strategic plan must be customized to each component. This customization inherently reduces potential economies of scale and creates additional expense and staff time.

Operations

Operational Independence

Operational independence refers to the extent to which the actual provision of programs, products and services by the component is independent of the parent body. Does the component have a separate database or rely on the parent? Are parent membership dues collected directly or through transfers from the components?

The level of operational independence is directly related to the extent to which you must include components in the business planning process.

Service Focus

Operational focus describes the extent to which the component is the primary means of member service delivery vs. the parent association. The extent to which the component is the primary means of delivering member products and services is directly related to the need of the parent association to include the component in strategic planning.

Support by Parent Association

When developing the association strategic plan, the evaluation of market characteristics and component characteristics is vital to understanding the level that component structures can be leveraged to improve the strategic planning and implementation process.

The parent association must also consider, and be realistic about, the nature and volume of support that can be provided to components to leverage the component system for business success. Strategic plans that rely on component structures but do not provide the necessary support for plan implementation will have less chance of success and may cause long-term damage to the local credibility of the parent association.

Support Trinity

Generally speaking, the parent organization can provide three types of support, described here as the Support Trinity. The components of the Support Trinity are time, money and expertise.

This trinity can be visualized as a three legged stool that supports the ability of the component to help achieve the strategic plan. Each leg of the stool relies on the other two resource legs of the trinity and if any one of the three is inadequate, the stool falls.

At some level, the parent body must provide all three resources. The balancing of these three resources thus becomes a vital activity and these balancing decisions eventually impact the parent organizational and staffing structure.

The goal of the parent association is to increase the abilities and performance of each individual component by providing these resources. The staff and operational structure of the parent is designed to provide the resources that are most meaningful. For example, if the parent provides technology expertise, then the parent must be organized from a staffing and vendor standpoint to provide technology expertise.

The following briefly describes each component of the Support Trinity.

Time

One of the fundamental support mechanisms of the parent body is to save the component Time.

The parent can help the component save time through a variety of mechanisms. This can be done through expertise (providing a template from the parent) or through direct financial assistance (help the component purchase local assistance).

Time saving strategies helps components focus their staff and volunteer resources on other priorities that more closely meet the specific demands of the strategic plan.

Money

Money is defined as direct financial support to the components that allow them to purchase products, services or support.

The provision of financial resources is best for components that have more advanced staff and volunteer capabilities, allowing for a more sophisticated use of funds to improve performance.

Expertise

The final fundamental support mechanism of the parent body is to provide expertise.

Expertise is the provision of advice and support to the components within your system. Common examples of expertise include the provision of templates for particular tasks, such as newsletters or information on best or successful practices. Expertise can also be applied through the direct provision of services, for example web design or database management.

The less sophisticated your component structure, the more they benefit from the greater expertise of the parent body. The larger your component structure, the greater impact expertise can have on business plan execution. For example, a template by-law takes the same amount of time to create for 50 chapters as 10 chapters.

Balancing the Support Trinity

The parent body must make decisions regarding the balance of these three resources based on two criteria.

First, what does the component structure need to successfully implement the business plan? Second, which resource can the parent body realistically provide to the component system?

The component system will have systemic strengths and weaknesses. In addition, each individual component will have strengths and weaknesses. The parent body must assess these systemic and individual component strengths and weaknesses to identify the best means of providing the Support Trinity. The more support that can be provided consistently across all component bodies, the more economies of scale and consistency of service can be achieved by the parent.

As parent staff and volunteer leaders change, the potential for changing service strategies also exists. The failure to provide consistent service to the components results in diminished credibility for the parent and reduces the chances of successfully developing and implementing a strategic plan that leverages the component structure.

Including Components in the Strategic Planning Process

Based on an assessment of the component structure, a determination will be made by the parent body on the extent to which components will be critical to the implementation of the strategic plan. This decision will affect how closely and intimately the components are involved in the research and development of the strategic plan.

Based on Association Laboratory Inc.'s work with associations in strategic planning, we've identified the following several areas the parent must consider to improve the ability of the component to participate in the planning process so that the final strategic plan accurately reflects their needs and achieves their support.

Component Role Delineation

Component representatives often come to the table with confused or differing understandings of their role as participants in the strategic planning process. Are they present to represent the component or to simply provide input based on their experiences as a member? Should they consider the best interests of their component or of the association as a whole?

Before you include your components in the strategic planning process you must identify and communicate the role they are to fulfill so that their comments and suggestions can be taken within the proper context for decision-making.

Data-driven Decision-making

Too often, a strategic planning process becomes a battle of opinion, not knowledge, a "he said – she said" argument influenced more by someone's ability to loudly articulate a position instead of a reasoned discussion of the advantages and disadvantages of a particular recommendation.

To avoid this, the parent must provide meaningful, accurate information on the characteristics and needs of the membership and the capabilities, capacity and historical performance of both parent and component bodies. While conclusions from this data may differ among participants, the provision of this information will help everyone begin from the same common knowledge base.

By providing this information, the parent association also begins to establish a track record of objective decisions based on data so that future strategic planning activities can reflect on the reasoning of their predecessors.

Performance-driven Decision-making

Many associations have a history of decisions based on politics not performance. The historical review and future projections must be focused on performance measurements related to the achievement of the Mission and corresponding business plan not on the internal or external politics of the association.

A performance based approach provides for an objective means of assessing your success and helps the association avoid the subjective evaluation that so often dooms new initiatives or strategies.

Member Needs not Leadership Needs

Volunteer leaders are not average members. While their contributions are vital, their experiences will not accurately reflect the majority of the membership and their needs. Without taking this inherent bias into account, the association produces strategic plans and business strategies more important to the aspirations of the leadership instead of the needs of the membership.

By not reflecting member needs, the final plan will have less credibility and thus support. This lack of credibility and support directly impacts the success of your business planning process.

Understand the Level of Change

At some level, each strategic plan and corresponding business strategy requires change. Inherently, the more change that is required, the more difficult implementation becomes. When you are considering the final goals and strategies adjust your expectations to match the level of change required by your component structure.

More ambitious goals will, by necessity, be more difficult to accomplish and thus require a more well thought out plan and dedication to execution. In addition, these goals will require a longer time frame for execution.

Big Hairy Audacious Goals require Big Hairy Audacious Execution

The creation of aspirational or stretch goals, often referred to as Big Hairy Audacious Goals is a common technique in planning. This technique is designed to encourage volunteer leaders and staff to think beyond their existing organizational framework and pursue goals that motivate the association to greater levels of performance.

While this process is commendable, many associations spend little time dealing with the fact that the more audacious your goals the more difficult the execution. An equal amount of time and energy needs to be devoted to the execution of new initiatives and strategies, not maintaining a reliance on old systems and structures.

Also, Big, Hairy and Audacious, does not mean unrealistic. To establish goals beyond the reasonable ability of the organization to achieve simply contributes to lower credibility in both the planning process and the execution abilities of staff and volunteer leaders.

Including Components in Strategic Plan Implementation

After the strategic plan is developed by volunteer leaders, the most often asked question in strategic planning is “how do I translate this plan into action.” Unfortunately, for many associations, the translation of the plan into action is problematic. Failures in this area result in the plan being shelved and encourage staff and volunteer leaders to fall back into old patterns and behaviors.

Several post planning tasks can help staff and volunteer leaders improve the success of their strategic plan and the leveraging of this plan through the component structure.

Translate Strategic Plan into Business Plan

At first, a new strategic plan can seem overwhelming. To overcome this, the strategic plan needs to be subdivided into more achievable, manageable components.

Sub-goals and other intermediate metrics need to be established that allow the association to identify progress toward end goals. The major strategies need to be divided into their component tasks. Responsibility for each of these tasks needs to be established and reasonable timeframes for implementation developed. Finally a process for evaluating implementation should be developed so that adjustments in execution can be made in a timely fashion.

By breaking the strategic plan into its component parts, staff and volunteer leaders can identify the full scope of work needed and where staff and financial resources need to be applied.

Communicate the Plan

The strategic plan is not only a guide for action but also a guide for communication. The more your constituencies understand the information used in the process, conclusions drawn from the information and the recommended strategies and tactics to achieve the plan’s goals, the more these constituencies will understand how best they can assist you in implementation.

The more you rely on components for execution, the more they must understand the details of the planning process and the motivations, goals and strategies behind the plan.

Customize for Your Component Structure

As noted earlier, the capabilities and capacity of each component will be different. To the extent you are able; you need to customize the strategic plan for each component section.

Based on each component, consider how best to customize the delivery of the Support Trinity, (time, money, and expertise) based on the individual needs of the components.

Test Plan Execution

By implementing a poor idea across all your components you not only invest a larger amount of resources into this poor idea, but must now overcome a larger base of dissatisfaction from your components as you attempt to correct for a mistake.

To avoid this, identify a small number of representative component sections and test the communication and implementation of the plan. Include the component actively in this evaluation and listen closely and objectively to their feedback. Use the lessons learned to adjust the plan for a more broad-based roll-out.

Manage Expectations

Just as each component is different; their interest in the plan and their ability to execute the plan will be different. Accept these differences. Accept deviations from the plan if they still accomplish the critical goals.

Use variances in the plan as a means of identifying how you must adjust implementation and modify the application of resources and support.

Maintain a Positive Attitude

Component staff executives are not just managers but leaders. They are responsible for identifying and organizing critical resources at the local level. The components must want the parent association to succeed but these same components can not be forced into compliance with the parent and the strategic plan. Communication and interaction with the components must be positive, open, honest and objective. This builds the credibility vital to leveraging components as a vital asset for the parent association.

Common Mistakes when Using Components in Strategic Planning

In Association Laboratory Inc.'s experience with associations of all types and sizes and our activities in strategic planning and execution, the following are the most common problems or challenges associated with leveraging the component system in strategic and business planning.

The Component System Does Not Make Sense

Too often, the historical evolution of the component structure results in a haphazard component structure. The structure reflects political needs not membership needs and does not accurately reflect the realities of the membership or the strategic goals of the association.

Components Are Not Prepared for Role

If you are going to rely strongly on components for your parent association's success, then you must prepare the components for their role in this success. This involves the identification, training and support of component volunteer and/or staff resources and the provision of ongoing support for these leaders from the parent body.

National Views Components Differently than Members

Too often, volunteer leaders and staff at both the component and parent bodies see themselves as separate, often competing entities. The membership may have a completely different viewpoint and see one as definitely superior or treat the component and the parent as a single entity. Staff and volunteer perceptions and rivalries can not take precedence over the realities of the membership and their needs and perceptions.

Parent Develops One Size Fits All Plan

Sometimes the parent body develops a one-size-fits-all strategic and business plan involving components. The plan doesn't reflect differences between components and does not take advantage of differences between components. This makes it more difficult to implement. In addition, the parent often develops a plan that doesn't reflect the capabilities of either parent or components. By not matching the plan to needs and capabilities the parent wastes limited staff and financial resources.

Plan Reflects Leadership Not Member Needs

As noted earlier, volunteer leadership is inherently biased. They are not "average" members. As a result, the strategic plan often reflects the aspirations, needs and desires of volunteer leaders not the membership. These plans lack credibility with component leadership (often suffering from similar biases) and the membership and face significant challenges in implementation.

A plan that doesn't reflect member needs and desires will not receive member support.

Inconsistency of Service

Component structures often suffer from inconsistency of service over time. This inconsistency occurs for the following reasons.

- Changing staff at the national or component level
- Changing parent and component priorities over time
- Changing volunteer leadership at the parent and component over time

As a result, components become a “flavor of the month” based on the priorities of changing staff and volunteer leadership. If components are used in an inconsistent or unequal manner, there will be a natural cynicism regarding interaction with the parent. By creating a perception that, “they only call when they need something”, will make meaningful strategic planning and implementation difficult.

Closing

In closing, component structures represent a tremendous potential asset for the parent association. They provide local access and contact to the membership and provide for more customized and thus valuable programs, products and services.

Unfortunately, poor component structures, lack of component support and inconsistent use of components, among other problems creates frustrating challenges for component executives when attempting to leverage components for business success.

By understanding the inherent structure of your market and your component system, identifying the support trinity of resources the parent can provide and including components in a meaningful dialog on the planning and implementation of the strategic plan, component executives can begin overcoming these challenges.

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About the Author

Dean A. West is a former executive director with 17 years of experience as an association executive and consultant. He is currently a member of the Board of Directors of the Association Forum of Chicagoland. He is immediate past Chairman of the Professional Development Council for the American Society of Association Executives. Mr. West is a frequent author and speaker on association management topics. He can be reached at dwest@associationlaboratory.com or by calling Association Laboratory Inc. headquarters in Chicago at 312.466.5702.

About the Company

Association Laboratory Inc. is a national consulting firm headquartered in Chicago, IL that specializes in membership research, strategic planning and the development of business strategy for associations. The company serves a nation-wide client based of trade and professional organizations representing some of the nation's leading industries and professions. More information on Association Laboratory Inc. and additional articles on association management topics can be found at www.associationlaboratory.com.

Attachment 1: Decision Key for Assessing Market

Instructions

The following outlines key market characteristics. Using the scale, evaluate each characteristic of your existing market. The smaller the number, the more important or advantageous it becomes to incorporate the component system into your strategic plan development and implementation.

	Market Size	
	How large is your existing membership market? Since size is relative, very small is defined as < 500 and very large is defined as > 10,000.	
Very Large	1 2 3 4 5 6 7 8 9 10	Very Small
	Market Distribution	
	Geographic distribution describes how evenly your membership is distributed across the geographic region you serve.	
Very Centralized and Concentrated	1 2 3 4 5 6 7 8 9 10	Very Decentralized or Evenly Distributed
	Membership Affiliation Strength	
	Affiliation relates to the extent to which the individual members you serve are similar in terms of training, experience or outlook. To what extent are they peers? This sense of affiliation can be strong or weak and impacts strategy.	
Strong	1 2 3 4 5 6 7 8 9 10	Weak
	Membership Affiliation Location	
	Affiliation relates to the extent to which the individual members you serve are similar in terms of training, experience or outlook. This sense of affiliation can rest with the national or component and impacts strategy.	
Component Affiliation	1 2 3 4 5 6 7 8 9 10	National Affiliation

	<p>Regional Variation of Market Needs</p> <p>How much do the needs or interests of the market differ by geographical region?</p>	
High Variation by Region	1 2 3 4 5 6 7 8 9 10	Low Variation by Region

Attachment 2: Decision Key for Assessing Component Structure

Instructions

The following outlines key component characteristics. Using the scale, evaluate each characteristic of your existing component system. The smaller the number, the more important or advantageous it becomes to incorporate the component system into your strategic plan development and implementation.

	Volunteer Resources	
	What is the strength of component volunteer leadership? Do they represent a significant asset or hindrance to leveraging the component system?	
Strong	1 2 3 4 5 6 7 8 9 10	Weak
	Staff Resources	
	What is the strength of component staff leadership? Do they represent a significant asset or hindrance to leveraging the component system?	
Strong	1 2 3 4 5 6 7 8 9 10	Weak
	Financial Resources	
	What is the strength of component financial resources?	
Strong	1 2 3 4 5 6 7 8 9 10	Weak
	Governance Independence	
	How closely is the governance of the component integrated with the governance of the national body? Are they completely independent, completely integrated or somewhere in between?	
High Independence (limited or no integration with national body)	1 2 3 4 5 6 7 8 9 10	Low Independence (highly integrated with national body)

	Operational Independence	
	How closely are the operations of the component integrated with the operations of the national body? Are they completely independent, completely integrated or somewhere in between?	
Low Integration	1 2 3 4 5 6 7 8 9 10	High Integration
	Service Delivery	
	Service delivery relates to the primary channel for delivery of member services. Is the primary channel the component or the national?	
Component Delivery	1 2 3 4 5 6 7 8 9 10	National Delivery