



Association Laboratory Inc.

STRATEGIC ISSUE BRIEF

Insight is Information in Context

Points of Interest:

- Systemic vs. programmatic problems
- Simple techniques for evaluating your association

Separating Symptoms from Problems

Recently, Association Laboratory was approached by an association to conduct a publication audit. After additional exploration, it was apparent that the marketing challenges facing their primary publication were merely symptoms of a greater problem related to member value.

This is one example of how important it is to clearly identify the problem, not the symptoms of the problem.

Systemic vs. Programmatic Problems

Most associations have created a complex mix of products, services, and initiatives because many different types of individuals and/or companies might be targeted. This complex portfolio makes it difficult to recognize the nature of your specific problem because the volume of potential challenges increases with the complexity of your markets and program/service portfolio.

The market provides evidence on the acceptance of your programs. If the market isn't buying what you are selling, you have a problem. By identifying the size and scope of the market's response to your efforts you begin to define the nature of your problem.

A **systemic marketing problem** is characterized by declines in virtually every program. This indicates that the basic relationship that creates meaning and value between the organization and the member is at risk.

A **programmatic marketing problem** is characterized by declines in one program or component of the association's many products and services. This problem may indicate a tactical failure in this specific area.

By identifying whether you have a systemic or programmatic marketing problem, you can prioritize your response.

Potential Scenarios in Association Marketing Diagnosis

There are three strategic scenarios to consider when evaluating the association:

1. All primary programs, service or initiatives are growing.

This is characteristic of an association successfully aligning the portfolio of programs with the needs of the market. The goal in this scenario is to invest in

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future-focused processes and infrastructure to monitor anticipated changes in the business environment or the market's needs.

2. Growth is uneven among primary programs, services, or initiatives. Some are growing while others are static or in decline.

By identifying whether you have a systemic or programmatic marketing problem, you can prioritize your response.

This is characteristic of the failure of a specific program to meet member needs, or of poor execution of the product or service by the association. While the association as a whole might be prospering, a declining program needs specific review. The goal in this scenario is to isolate the specific challenges facing this individual program.

3. Virtually all primary programs are in decline.

A decline in virtually all areas may be symptomatic of the association's failure to understand and deliver the basic value proposition desired by the membership, or of a substantive shift in the business environment within which members operate.

The goal in this scenario is to implement a comprehensive review of the membership, their needs, and the environmental influences that may impact their relationship with the association, in order to realign the association with its critical constituencies.

By understanding which scenario is representative of your association's situation, you can begin crafting a methodology to explore potential solutions to your challenges.

Practical Insight ... from Rob Nelson, MBA

Diagnosis for Improvement OR Facing Challenges Head On

When Rob Nelson accepted the position of director of business development and research at the American Health Information Management Association (AHIMA) a little over a year ago, he was encouraged by the organization's many strengths. At the same time, he was excited by some opportunities to help improve the organization's data-driven decision-making capabilities.

"We really wanted to take a look at the concepts of business intelligence and insight as well as market research and analytics to try to understand holistically where the organization was currently," explains

Nelson. "What things are we doing today? What best practices do we employ? The first step we took in identifying and assessing the organization was by conducting an internal research audit."

The members of AHIMA's senior staff examined specifically the research function within the association. They used the research audit, with the help of Association Laboratory, to step back and get a solid picture of how information was being collected and disseminated and how engaged the staff was in the activities. Perhaps more importantly, AHIMA wanted to discover how they could improve the processes.

Listen Up

The purpose of a research audit is to provide a functional assessment of the research areas within an organization. One way to get at that information is by conducting interviews with staff members to de-

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termine not just who's producing pieces of "stuff," but putting insight alongside the stuff, and receiving actionable ideas in order to more effectively make decisions. AHIMA and Association Laboratory conducted about 25 in-person interviews with staff across all departments, mainly during employee reviews. Through the results of the interviews, they were able to scan for best practices and determine where needs and gaps were.

"We received positive reaction from the staff who participated in this audit," says Nelson. "The truth is that people are looking for improvements, and we reached out and built relationships. We listened to everyone and gave them a voice."

Putting a Process in Place

The end goal, Nelson explained, is learning how AHIMA can become best in class in this function. "Can we set an example to follow? If so, then we can share that knowledge and experience with others." AHIMA knew getting to that point requires setting priorities.

"Basically, we prioritized on points of pain and also on low-hanging fruit that became pretty obvious through our various conversations," Nelson says. The association also prioritized on several critical criteria such as significant and strategic impact and what was operationally essential. Those things that presented an immediate opportunity would be done first, while a longer laundry list of things to do over time followed.

"We devised a nine-point plan to really bring the organization forward in this functional area," explains Nelson. "Within that plan, we also have 75+ line item initiatives." The nine points included:

- Education/training
- Policy Engagement
- Capacity
- Budget/financial resources
- Function for the organization and strategy

- Awareness
- Effectiveness of information accessing and utility
- Competitive and business intelligence
- Operations

Surrounding this effort is appropriate timing of what comes next as AHIMA continues to work on the plan and the related initiatives. Their next step involves conversations with member leaders and senior staff, asking the question: "Now that we have these recommendations, what makes sense to you?" They will use the input to educate the staff on process design, development, policy, research, and guidelines for the future.

They will focus on functional business areas, rather than involving particular departments, and it will depend upon the buy-in of others. One thing AHIMA determined through this process was a need for more staff in order to best meet member needs. That fell under the "capacity" bullet in the nine-point plan. They also decided they needed to find strategic suppliers to be involved on an ongoing basis in order to move the organization forward, "both in capacity and sophistication that we may not have internally," says Nelson.

Completing the Cycle

As with any good research, it becomes a continuous circle—research feeds into education which feeds into evaluation and more research and so on.

"Once you create processes, you can improve over time," says Nelson. "At AHIMA, we're trying to establish a base. One hugely important component is that we have measurable results, key metrics, by which to see how we're doing. You can only improve what you measure, so we had to really spend some time on exactly what that looks like. We still don't have that down to an exact science, but we're working on it."

"The ultimate goal of AHIMA's research, and its related improvements, is to serve the members better. Once we identify our opportunities, we can do that."

Methods of Evaluating the Association

While there are many methods of evaluation, the following describes a quick process developed by Association Laboratory. A template to help you with this analysis is available at www.associationlaboratory.com.

This analysis requires the following information.

1. Five years of unit sales performance for the primary association programs, services, or initiatives.
2. Five years of historical results for the number of people served by key programs, services or initiatives.
3. Five years historical results of the financial resources invested in producing each program, service, or initiative, and the profit or net return on the investment of those resources.

Financial & Sales Evaluation by Category

Purchases, attendance, and other behaviors provide evidence of the reception of your programs, services, or initiatives by the market.

- By reviewing trends in the numbers of people involved you can compare programs based on the number of people served.
- By comparing the financial performance you can assess the total dollar value of each program relative to the number of people served.
- By reviewing the net income of programs you can assess the efficiency or net return on these programs given the resources invested.

The optimal association program will serve the largest number of people, generate the most total revenue and have the strongest profit.

Changes in individual trends indicate specific

problems. For example, if a conference is growing in attendance, but declining in profitability, the problem may be in management execution. Training programs to help staff implement a profitable conference might be a potential solution.

The use of performance data provides for an objective, data-driven and transparent evaluation process that can be used to compare association products, services, and initiatives.

This simple method allows you to identify and prioritize areas for additional analysis based on the market's acceptance of each program, service, or initiative. It also establishes basic "apples to apples" information that you can use as a benchmark to monitor progress.

The use of performance data provides for an objective, data-driven and transparent evaluation process that can be used to compare association products, services, and initiatives.

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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