



Association Laboratory Inc.

STRATEGIC ISSUE BRIEF

Insight is Information in Context

Points of Interest

- How Decentralized Production Impacts Associations
- Optimizing Your Membership Categories for Financial Success

Does Decentralized Production Change the Game for Associations?

During the last 20 years, the ability of information, labor and money to move more freely has created both opportunities and challenges for society. This freedom produced the rise of global financial powerhouses and created controversy over immigration policy. This freedom has resulted in concentrations of production capacity in areas where labor is cheap and where money can be easily targeted. Countries such as China and India have prospered while the loss of traditional mass market production from western developed countries such as the United States has created new challenges for business leaders and policy makers.

In a presentation at the recent ASAE Membership and Marketing Conference, John Winsor, author of “Baked In: The Power of Aligning Marketing and Product Innovation,” described the introduction of low cost three-dimensional (3D) printing and its impact on production. A 3D printer allows a person to create a 3D form or prototype based on a 3D scan or template. This information can then be transmitted digitally to a factory or manufacturing facility, thus saving time and money in creation of models or prototypes. Ideas go directly from inventor to manufacturer – no matter where that manufacturer is located.

“Now that the price of these 3D printers has dropped dramatically, almost any enterprise can afford to buy one, so the net result is that companies are using them more and more,” says Pete Basiliere, research director at consulting firm Gartner (IT). – *Source Bloomberg Businessweek.*

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This technology allows for many types of organizations to benefit from the de-centralization of production. Consider the implications for many traditional businesses:

- Architects can develop three-dimensional models of buildings or building components for review before final design and construction.
- Standards organizations could use computer specifications to develop actual prototypes for testing and analysis.
- Small, family-owned companies could custom-design and produce components for larger factories.

Imagine a future where not only money, people and information flow freely, but also industrial capacity. Traditional business models were originally established to centralize resources to reduce costs and improve efficiency and distribution. This traditional business model is now under constant pressure as the newer models become dominant.

If people, money, information and now production are more mobile, associations will need to prepare individuals and companies for much more dynamic professional lives and business models. Flexibility of capacity and capability will be a primary driving strategic force.

Optimizing Membership Categories for Financial Success

Too often, associations struggle with a membership structure that is designed to meet the political desires of the board or legacy issues regarding how much members can (or will) pay. This has resulted in opinion-driven decisions on one of the most fundamental association business strategies: the attributes of membership.

Traditionally, membership included some direct benefit, such as a magazine or journal, as well as discounts on product purchases. Recently, a common attribute of membership is access to online resources. Rarely, though, are these attributes optimized to the needs of members or the goals of the association. Discrete choice analysis is a sophisticated research technique designed to address this issue.

It is a statistical technique for modeling trade-offs audiences make between the features and the price of a good or service. Results of this analysis indicate what features may be added, eliminated, or enhanced, and how the different versions of the same item may sell at different price levels.

This is a perfect technique for determining what features should be included in a membership category to maximize membership acquisition and retention while ensuring the association's financial goals are fully realized.

Normally, this research consists of the following stages:

1. The attributes for testing must be identified (example: price) and then the variation between attributes must be established (example: \$10 between price point and \$50).

2. An online survey of the target audience is conducted. Each respondent is given a series of discrete choices from which to pick.

3. After the survey, statistical techniques are applied to identify the relationship between membership attributes desired by a particular audience.

When Association Laboratory conducts this analysis, a market choice simulator is created that allows us to input different combinations of attributes into the model to determine the optimum configuration of membership attributes relative to the association's membership and financial goals.

This innovative tool works great for conference configuration too! By analyzing audience preferences for cities, registration fees and included benefits such as meals, the association identifies where a price increase or change in conference benefits improves the overall success of the event.



Listen to Your Market – Not Your Organizational Structure

Many associations have established traditional silos to define their organizational structure. There are silos for meetings, membership, marketing, publications, and online resources, to name a few. A great deal of time for many associations is spent ensuring that these silos are properly coordinated.

Unfortunately, when your organization is structured as silos, it is too easy for association executives to let their thinking follow the structure instead of the market's needs. The meetings executive is concerned about meetings and does not sufficiently consider membership issues. The membership person does not adequately consider the impact of membership strategy on product sales. Finally, the association must create communication tools and processes designed to help executives overcome silo created barriers. Modern associations are now looking at alternative structures.

- **Audience-based Structures**

The Chicago-based American Health Information Management Association (AHIMA) represents nearly 57,000 professionals involved in health information management. Since 2007, the association has had some of their most robust marketing success when they concentrated on a distinct audience. A recent marketing audit of the organization conducted by Association Laboratory also highlighted how marketing processes were becoming a hindrance to flexible, member-centric behavior by staff.

This summer, AHIMA restructured their marketing business unit to focus on strategic audiences critical to the success of the organization. This allows staff responsible for different product lines (events, publications, etc.) to coordinate on the satisfaction of audiences needs, not simply on their particular area of responsibility.

- **Strategy-based Structures**

The Arlington, VA-based Associated Builders and Contractors Inc. (ABC), represents more than 25,000 general and subcontractors in the commercial construction industry.

The association recently completed a comprehensive strategic plan with the assistance of Association Laboratory. Three distinct business strategies were the result of this plan:

- o Customized products/services to create member value
- o Member-driven, issues-driven government affairs
- o Construction workforce development

Following approval of the plan, ABC restructured their staff around these three strategies. A fourth component devoted to staff positions such as human resources and legal was also created.

This structure allows ABC to understand how the work of the staff and volunteers leads directly to performance in each of the key strategies.

These structures focus association resources on audiences and strategies not artificial, internally created divisions that are unimportant to the association's success. Both allow the association to have a clear understanding of their success and the return on investment of their marketing dollars.



Association Laboratory News

Dean West to serve on ASAE Membership Council

Association Laboratory is pleased to announce that Dean West, President has been re-appointed to the ASAE Membership Council. Mr. West, is a fellow of the American Society of Association Executives and a frequent volunteer leader who has also chaired the ASAE Professional Development Council and served on the Association Forum of Chicagoland's Board of Directors.

Cecilia Sepp Receives Prestigious Stern Award

Association Laboratory is pleased to announce that Cecilia Sepp, Senior Strategy Associate, was named the 2010 recipient of the American Independent Writers (AIW) Philip M. Stern Award, the organization's highest honor. Presented at AIW's 35th annual writers conference in Washington, DC, Sepp was selected as this year's recipient "in recognition of exceptional achievement, leadership, and service on behalf of the freelance writing community." Sepp, an AIW board member for the past three years, served as President 2007-2009, and is currently serving a term as a board member of AIW's foundation, the Freedom To Write Fund (FWF).

Future Speaking Engagements

Dean West, President of Association Laboratory, will present **Developing Business Strategy for Large, Complex Associations** at the ASAE Annual Meeting in Los Angeles, CA, in August.

Mr. West will speak on the **Development of Performance and Management Dashboards** this October at the European Society of Association Executives in Brussels, Belgium.

Want to learn more? Visit our web site for our complimentary articles regarding the unique issues of association management:
www.associationlaboratory.com

Association Laboratory [Decision Support Services](#) help associations make timely, effective, data-driven decisions through objective, independent research, integrated online information reporting dashboards, and ongoing staff support.

Four key features of [Decision Support Services](#) support these goals:

1. Comprehensive Decision Management Blueprint
2. Visual, Interactive Decision Support Dashboards
3. Independent, Objective Primary Research
4. Ongoing Staff Support by Association Laboratory Consultants

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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