

Environmental Trends Impacting Associations

Introduction

During the previous 12 months, Association Laboratory Inc. worked with a wide variety of associations on membership research and business strategy development. The following represents Association Laboratory's conclusions regarding key themes related to the future of the association business environment based on a review of both qualitative and quantitative research.

Identification of Societal Changes

Two fundamental changes will continue to have a dramatic impact on society.

- Generational transition from the Baby Boom generation to the Millennial Generation
- Continued introduction of new technology and new applications of technology

Generational Transition

As the Baby Boomers retire they will be replaced by members of the Millennial Generation.

The current association business environment is a product of the values, experiences and needs of the Baby Boom generation. Since the Millennial Generation has different values, experiences and needs, associations currently designed to serve Baby Boomers will need to be reinvented to serve the Millennial Generation. The more directly the association serves the Millennial Generation, the sooner and faster this impact will be felt.

Technology Transformation

New technology and new applications of technology will be a constant within the business environment of associations.

Technology is a disruptive force that has eliminated geographic barriers to information flow and created new and faster information delivery channels. The result has been new products, new services, new competitors and new opportunities for associations.

Associations will need to embrace technology as a critical component of their operational infrastructure. Failing to make this ongoing investment will limit an association's ability to meet the new expectations of the Millennial Generation.

The Impact of Societal Changes on the Environment Facing Associations

The confluence of generational transition with technological transformation created four distinct environmental influences on the environment within which associations operate.

- Geographic irrelevance
- Economic uncertainty
- Workforce evolution
- Government scrutiny

Geographic Irrelevance

Technology has reduced or eliminated the limiting influence of geographic barriers. This means that geographic distinctions between organizations will become increasingly meaningless.

Associations based on geography (e.g. state associations) will have to provide information uniquely relevant to geographic limits (e.g. state government affairs) or be prepared to compete on the national or international stage with larger, more sophisticated organizations.

Economic Uncertainty

Technology combined with shifting market needs caused by generational transition will continue to create successive waves of change on associations and their members. The constantly shifting business climate will produce both opportunities and challenges for associations.

A rapidly changing, complex and competitive marketplace will be the reality in which associations operate. The modern association will need to constantly monitor and react to this dynamic environment and understand the implications of change on the membership.

Workforce Evolution

The Millennial Generation represents future association members, volunteer leaders and the association industry's workforce.

First, this generation will have different expectations of the member, volunteer and employee experience. Their behavior will be characterized by less loyalty to organizations and more loyalty to "self". Only organizations truly relevant to their goals will be considered for membership, service or employment.

Second, this generation's familiarity with technology will reduce technology as a strategic advantage for organizations. For example, hotels will no longer promote Wi-Fi or Internet access. These, and other technologies, will be expected as components of the infrastructure and be noted for their absence not their presence.

Today's text messaging, Facebook visiting teenager will be tomorrow's doctor, lawyer or business executive and the comfort level and behavior patterns established with technology in their youth will carry over to their adult life, not as something special or new but as their standard reality.

Government Scrutiny

Generational transition and new technology continue to create societal anxiety. Existing organizations have a great deal to lose by change and new or expanding organizations have a great deal to gain through change. This conflict will define public policy and regulatory debates in the foreseeable future.

Both associations and their members will be operating in an environment where their conduct will be open to public debate and discussion. Associations must recognize this trend and be prepared for both internal decision-making and external activity to pass government and public muster.

The Impact of Environmental Forces on Association Operations

These proceeding environmental pressures directly impact associations in four key areas.

- Member expectations
- Governance
- Executive competence
- Business models

Member Expectations

The Millennial Generation will require faster, more customized solutions to their personal or professional challenges. A generation accustomed to Google and downloadable files will not wait 4 – 6 weeks for delivery. This generation will also desire a more compelling member experience. They will be unwilling to “pay dues” or otherwise participate in activities they see as irrelevant.

Association governance systems, staff and business model will need to be able to address these expectations.

Association Governance

Associations have traditionally been deliberative bodies. In the future, association governance structures will need to support future-focused, rapid decision-making so that the decisions are not obsolete by the time they are implemented.

In addition, to successfully attract quality volunteer leaders, associations will need to create a compelling volunteer experience. This experience will need to provide volunteers with high levels of value for their investment of time.

Association staff and the supporting business model will need to be able to support faster decision-making and create more useful, relevant and meaningful roles for volunteer leaders.

Executive Competence

Changing volunteer expectations and availability will result in new roles and higher performance expectations for staff.

Association staff will need to demonstrate their competence through their experience and credentials. Staff will increasingly be increasingly evaluated by Boards based on their performance not political skills.

Association staff will need to have a willingness to continually embrace change in order to succeed in a complex, dynamic and rapidly changing business environment.

Evolving Association Business Models

The future environment facing associations will place a premium on in-depth market understanding and organizational flexibility of capacity and capability to meet member needs.

Otherwise, competitors for the time, money and energy of members will gradually siphon off the most valuable components of the association’s market leaving the organization without a critical mass necessary for long term sustainable growth.

Associations will need to explore hybrid business models for service. The traditional captive association business structure will become diluted as association executives customize their association's business model to uniquely serve their members and other constituencies using specialized external resources and new staff models.

Closing

The future environment facing associations represents both opportunity and danger. The highly complex, competitive and rapidly changing environment will require association executives to create business models based on flexibility of capacity and capability built on a foundation of market knowledge and with solutions implemented with a sense of urgency in order to be successful.

About the author

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