

SOLUTIONS

FOR ASSOCIATION PROFESSIONALS AND VOLUNTEERS

BOSTROM'S SOLUTIONS

Solutions, Bostrom Corporation's newsletter for association professionals and volunteers, provides leading-edge thinking on the trends, issues and opportunities facing associations. Each of the featured articles draws on Bostrom's 70-year history of advising professionals on how to lead and manage successful associations.

ISSUE THREE

Solutions welcomes your feedback and your suggestions for future articles. If you have comments or questions you want to direct to us, wish to submit an idea for a *Solutions* topic, or if you want to receive the latest issue of *Solutions*, please e-mail us at solutions@bostrom.com.

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Chief Elected Officers and CEOs Help Each Other Succeed

By John Bailey

Smart leaders know that one of the best ways to be successful is to help others on their teams be successful. When the team meets its goals and objectives, the leaders do too. It's a win-win formula for team and individual success.

This logic is particularly true for an association and its two leaders—the chief elected officer and the chief executive officer (CEO). If the association's leaders commit to help each other be successful, they will greatly enhance the opportunity for the association to succeed.

See "Succeed", page 5

Certification Enhances Membership Value and Generates Revenues

By Charles McGrath

A number of economic factors are driving associations to re-think the products and services they are providing to members. The reality is that members are demanding greater value for their membership dues investment and that associations themselves are under increasing pressure to find new resources to fund products/services.* A certification program has become an increasingly attractive way for associations to address both issues.

From the members' perspective, certification is an excellent way to differentiate themselves in their profession as individuals that meet specific professional qualifications (education, knowledge, skills, quality, etc.) and have been granted recognition as such.

The profession also benefits by having established standards of professional practice. The profession or occupation is able to regulate itself by using the standards that are developed through the certification program.

Lastly, the association benefits by being able to provide its members with a program that offers significant value. While a credentialing process is almost always voluntary, most members strive to achieve certification because of the 'status' and business advantages it offers. This built-in member demand, while it may require re-directing valuable association resources to meet, provides the association with a new opportunity to generate non-dues revenue.

See "Certification", page 6

Association Directions— The Need to Provide Greater Value



By Ken Monroe

In an earlier issue of *Solutions*, I introduced the idea that there are a few overarching issues that we must pay attention to in our planning activities if we are going to steer our associations successfully into the future.

Key among these is the need to provide adequate resources to support association activities that meet members' needs.

While experienced association professionals are already addressing this issue, its growing importance warrants a review of the topic. This review will also benefit new association executives and board members who are not as familiar with the issue.

PRESSURE ON RESOURCES

The adequacy of resources intensified as a concern over the last couple of years due to changes that have occurred in the economic environment. Associations are competing for fewer available dollars in general, while ready access to information (e.g., the Internet) has raised the question among some members whether they need associations at all.

The bottom line for associations is that member needs and revenue sources are changing and are putting pressure on associations to:

- Identify new resources that can help offset the current pressure on dues revenue;
- Be better stewards of existing resources (i.e., get more 'bang for the buck').

Programs and services can be aligned to be more responsive to changing member needs, thus demonstrating more value. In a time of tight resources, this often means focusing on fewer, high impact activities and foregoing (or handling differently) other activities that are less cost effective.

FOCUS ON WHAT'S MOST IMPORTANT

An approach often overlooked when focusing existing resources on clients' priorities is to outsource

non-essential activities or functions. Every department, function, service and product of the organization should be open to scrutiny as a candidate for possible outsourcing.

Outsourcing offers an association three important benefits. It allows you to:

1. Focus staff and financial resources on areas that provide the greatest competitive advantage to the association and value to your members. These are typically the association's core competencies and strategic business goals.
2. Gain access to technology, knowledge and skills that your association might not be able to attract or afford on its own.
3. Reduce costs and risks associated with keeping up with the latest concepts and technological advances.

The idea of outsourcing can be confusing or frightening if you have no prior experience with it. There are horror stories that go around, some for good reason, about outsourcing that has gone awry. However, if it is done properly, it can be a real boon. A good discussion on this important topic is presented in a related article, "Keys to Developing a Successful IT Outsourcing Relationship" (*Solutions*, Issue Two).

In short, if an activity or function doesn't directly add value to members' dues investment, then consider outsourcing it. You will likely save money and, at the same time, enhance impact.

CONSIDER NON-DUES REVENUE SOURCES

Most associations have found that it is essential to pursue non-dues revenue as a way of increasing resources. Most also try to do this in a way that the non-dues revenue generating efforts also meet member needs. Much of the association management literature in recent years devotes considerable attention to this subject, including descriptions of creative new ways to approach new revenue sources.

Most of us are very familiar with the traditional sources of non-dues revenue: advertising, sponsor-

FORMULA FOR INCREASING RESOURCES:

Making Better Use of Existing Resources + Generating New Revenues = Increased Net Resource Impact

TIPS FOR STAYING ON TOP

ships, meeting registrations, exhibit fees, auctions, placement services, selling mailing lists and data bases, certification/accreditation, classified ads, etc. And some new, creative ideas have surfaced recently, including such things as conducting an on-line auction, sponsoring “high-end travel tours,” (a new approach to the old travel discount affinity programs), and holding issue-specific support appeals for advocacy campaigns—directed both to members and other constituencies with an interest in the issue.

However, it is important to not fall into the trap of jumping into a new venture that sounds good without doing the proper homework. What was a great idea for someone else might not be at all appropriate for an organization in your circumstances. If assessing potential revenue generating ideas and market testing are not among your association’s core competencies, you should consider seeking outside expertise.

When considering a new non-dues revenue product/service, a business plan should be developed, and market testing should be conducted to make sure the new product/service will yield successful results—both in generating expected revenues and in enhancing members’ perception of value.

Laying the appropriate groundwork and developing a sound business plan sounds like drudgery, and it often is, but it is also the best way to minimize risk and maximize the likelihood of success.

SUMMARY

The challenging economic environment of recent years has put pressure on associations to find new ways of providing resources to meet member needs. Freeing-up resources (staff time and dollars) and re-focusing them on core competencies that add value to members is one method. Outsourcing is being used on an increasing basis to help achieve this re-focusing of resources. Creating new non-dues revenue sources is another method being used to create additional resources and demonstrate that the association is responsive to today’s changing member needs.

Ken Monroe is the President and Chief Executive Officer of Bostrom Corporation.

THE WORLD’S MOST INNOVATIVE ORGANIZATIONS

Who’s leading the way through good times and bad? According to a guide published by *Fast Company* magazine, it’s the organizations that are combining solid strategy, boldness, creativity and speed to lead the way in the new business environment. They provide these examples:

The Global Positioning System (and GPS suppliers like Boeing, Motorola, Trimble, etc.) is using satellites to target locations with once-unthinkable precision. The technology is transforming everything from auto insurance to agriculture, from freight hauling to stock trading.

Pottery Barn is keeping customers coming back for more (in a brutally competitive business) by making their brand a “state of mind” and getting customers to make the brand their own.

David Letterman’s production company, Worldwide Pants, does distinctive work by making comedy serious business. Long hours and nagging self-doubt are the price they pay to make people laugh.

Google’s performance is the envy of executives and engineers around the world. For techno-evangelists, it’s a marvel of web brilliance.

Washington Mutual didn’t model itself after the large banks. Instead it looked for inspiration to Wal-Mart, Target and Southwest Airlines to keep costs low, service high, and meet the needs of the middle class.

India’s Wipro Ltd., once a cooking oil supplier, now has 15,000 technologists cooking-up vital software applications and research for Ericsson, GM and the Home Depot. They have organizations worldwide wondering if they can compete with the best the world has to offer.

Parkland Memorial Hospital is using inspired leadership, passionate employees, unsurpassed productivity and grateful customers to create an environment literally bursting with life—they deliver 16,000 babies per year, more than any other hospital.

More information on these, and other examples is provided in the *Fast Company* guide, *Business at its Best*, available at www.fastcompany.com/guides/bizbest.html.



Operating Documents: Asset or Hindrance?

By Sharon Bennett

Operating documents—the bylaws, policies and procedures that provide an operating framework for an organization—are infamous for being a dull but necessary subject. After all, how exciting can the formulation of rules for how an organization will function get?

Well, there's a contrary view. Savvy leaders have learned that operating documents, while a requirement, are also an important way to keep the organization effectively focused on its mission. And by keeping their operating documents workable and meaningful, they're keeping them from becoming a hindrance to future programs and activities. They're making them an asset and, as such, investing in the ongoing success of the organization.

EFFECTIVE DOCUMENTS ARE FOCUSED ON THE MISSION, YET FLEXIBLE

If operating documents are going to work for an organization, they have to be kept meaningful and workable for the organization. Put another way, they have to enable the leadership and staff to operate in such a way that they are fulfilling the mission of the organization, yet are flexible enough to allow them to respond to the changing needs and circumstances of the environment in which they are operating.

UNDERSTANDING OPERATING DOCUMENTS

The first step in making sure that your operating documents are meaningful for the organization is to make sure you clearly understand their roles and use. The following definitions are a first step in gaining an understanding.

Bylaws. The rules which are concerned with the purpose and management of an organization. They are established by the original founders and can only be amended by a majority (usually two-thirds) vote of the regular membership.

Policy. A course of performance or a guiding principle that determines both immediate and long-term decisions and endeavors.

Procedure. A method that is established to carry out a policy.

Keeping the documents true to the mission, yet workable requires an annual review by the board (bylaws and policies) and staff (policies and procedures).

On the positive side. A good example of how an organization can benefit from a periodic review of its operating documents can be found in the area of membership categories. Many bylaws and policies contain restrictive language on what types of individuals or companies, with what types of qualifications, can become members. This obviously puts limits on the number of people who can become members, and on growth of the organization.

If a goal of the organization is to grow its membership, then periodic review of the operating documents provides the leadership with an opportunity to amend the bylaws and update the policies in order to accommodate a broader definition of membership categories without diluting the organization's mission.

On the not-so-positive side. Reviews of operating documents can present a risk to the organization: It can create the false impression that board members or staff leaders have the opportunity, and the right, to change bylaws and policies to respond to short-term needs or problems that are not related to the mission.

An example of this risk is the board that changes the bylaws to increase the requirements for board membership (e.g., number of years of membership in the organization) in order to block a board candidate with lesser qualifications. But when another candidate comes along that the board approves of, but who also has lesser qualifications, the board is "hamstrung" by its own earlier actions.

Flexibility to change is good, as long as that change is related to supporting the mission of the organization.

SUMMARY

Savvy leaders have learned that operating documents, which provide the operating framework for the organization, can be an asset if they are kept both workable and meaningful. Keeping documents workable means the organization is able to respond to a changing environment and competitive pressures, while keeping the documents meaningful means the organization is focused on its mission.

Sharon Bennett is a Principal of Bostrom Corporation.

Succeed cont.

GUIDELINES FOR SUCCESS

There are many steps that chief elected officers and CEOs can take to help each other and their organizations succeed, including:

- **Become enablers.** Adopt the role of enablers and commit to helping each other succeed. In addition to helping each other, you will be serving as role models for other officers and staff members. Odds are they will emulate your positive attitudes and efforts—all to the benefit of the organization.
- **Spend time up front.** A few months before the chief elected officer's term begins, take the time to discuss the contributions he or she hopes to make and set plans on how the two of you can cooperate to accomplish those goals. In addition to getting the year off to a running start, the time you spend up front will be a solid indication that you care about each other, and about each other's aspirations, and that you are committed to each other's success.

One successful technique is to ask each other to envision what he or she hopes to be able to say at the end of the year. For example, you might ask, "What will you want to claim was your finest accomplishment?" In the best of all possible worlds, you will both have the same goal. But having the same goal is not mandatory. Just using the process of voicing opinions and clarifying what each wants is a valuable outcome.

- **Appreciate each other's roles.** While it's an obvious cliché, it's good to remind each other every so often that the association exists for its members. And since the volunteer leader is the key representative of members, you should also remind each other that the volunteer leader is crucial to the organization and must make a significant contribution to the organization's success.

While the CEO can say that he or she is able to provide anything the organization needs, the CEO must always remember that he or she cannot serve as the key representative of members; only the chief elected officer can serve that role.

It is also critical for both leaders to adhere to, and respect, the basic tenet that the volunteer leader runs the organization's policy-setting arm while the CEO manages the organization's administrative arm and staff.

- **Put yourself in their place.** The ability to empathize is a powerful human quality that should be used continuously. The CEO should keep in mind that this is the volunteer's time in the spotlight and that he or she will want to perform like, and look like, an effective leader. Help them. Providing support throughout their term will go a long way toward helping them be successful.

The volunteer leader should also keep in mind that the CEO's job is pressure packed, often with too few resources to cope with too many projects, programs and problems, and with a membership that often wants more for less.

- **Leverage individual strengths.** Is the glass half empty or half full? You can choose to view each other as not matching up to a preconceived set of leadership qualities—or you can choose to accentuate each other's strengths (e.g., financial acumen, public speaking, planning, etc.). With a positive attitude, you'll find yourselves taking advantage of each other's strengths to the benefit of the association and its members.
- **Listen, listen, listen.** Remember the old adage: We have two ears and one mouth, so use them in proportion. Being a good listener sends a clear message that you value each other's insights and feedback. Listen for ideas and suggestions that can benefit the association. Your listening ability undoubtedly helped you get to where you are today. By continuing to listen, it can help you go even further.

SUMMARY

As association leaders, you have opportunities to serve as enablers and, in the process, to help your organization be more successful in achieving its mission. By taking your enabler roles seriously, you will spend time with each other before the new chief elected officer's year begins to jointly set goals against which the year's success will be measured. You also will map out a plan of how to get there. Good enablers also display empathy and solid listening skills with their chief elected officers.

John Bailey, CAE is a Vice President of Bostrom Corporation.

Certification cont.

THE IMPORTANCE OF A SOUND BUSINESS PLAN

Regardless of the reason that your association wants to establish a certification program, (e.g., better position the profession, develop industry practices consensus, add a new value-added member benefit, generate non-dues revenue) step one has to be the creation of a business plan and application of sound business principles in order to maximize the chances of program success. The risks associated with program failure (wasted resources, loss of credibility with members and the profession, etc.) can be catastrophic to your association.

The following are a few key elements of a certification program business plan.

Marketing. Every business plan begins with market research to develop a solid understanding of what market segment and what customer within that segment you're targeting. Being specific is critical to your success because it will enable you to focus your resources and message. 'Positioning' your credential so that it is differentiated and having a solid understanding of your competition for certification are also important.

Program Features and Benefits. Value is created when members perceive they are receiving benefits (e.g., job opportunities) vs. features (e.g., a referral directory.) You need to understand this difference to be successful, and keep the credential as the program's key benefit.

Goals, Strategies and Tactics. A good business plan has goals that define what the program is striving to achieve. The more often goals are measurable the better, because they can help the organization gauge its success in accomplishing the plan. Goals are supported by strategies that define a course of action for achieving the goals, and by specific tactics for implementing the strategies.

DERIVING REVENUE

The business plan also must consider the financial implications of the program, based on whether the



CREDENTIALING DEFINITIONS

Certification. An organization grants recognition to an individual who has met predetermined qualifications or standards usually a voluntary process (e.g., an interior designer is certified.)

Certificate of Knowledge. A process by which an individual demonstrates a narrow scope of knowledge needed to correctly perform a certain profession or occupation (e.g., an automotive technician can receive a certificate of knowledge.)

Licensure. A mandatory credentialing process by which a government agency grants permission to an individual to engage in an occupation or profession, attesting that he or she has a minimum degree of knowledge or skill (e.g., a physician is licensed.)

Accreditation. A process by which an entity grants recognition to an organization that has met predetermined standards (e.g., a chamber of commerce can become accredited.)

goal of the program is intended to only meet members' needs for value-added programs and services or whether it is also intended to generate non-dues revenue for the association.

Key financial considerations include the fees that will be charged for credentialing, projections for program revenues and expenses, and a forecast for when the program will reach a break-even point. Modeling the above information will help you zero-in on what fees you will need to charge to achieve "x" revenue within "y" time frame.

“ VALUE IS CREATED WHEN MEMBERS PERCEIVE THEY ARE RECEIVING BENEFITS VS. FEATURES. ”



Certification cont.

In addition to certification fees, additional revenues can be derived from re-certification and from associated program products and services, including continuing education, collateral items (pins, shirts, coffee mugs), certificates and plaques, licensing fees for using the certification logo/mark on the member's stationery, the sale of the program mailing list, program publications, etc.

SUMMARY

A certification program is an excellent way of providing a value-added program to your members, enhancing the association 'brand' and creating a source of non-dues revenue. Careful thought needs to be given to the financial implications of creating a program, including the staff and budget resources that will be diverted to the program and how long it

will take to reach a break-even point based upon projected expenses and revenues. The application of a solid business plan and business principles are also requirements of success.

Charles McGrath, CAE is a Vice President and General Manager of Bostrom Corporation.

* An excellent discussion of this subject is presented in a related article, "Association Trends—The Need to Provide Greater Value," in this issue of *Solutions*.

FOOTNOTE

Lenora G. Knapp, PhD and Joan E. Knapp, PhD, *The Business of Certification: A Comprehensive Guide to Developing a Successful Program* (American Society of Association Executives, Washington, DC, 2002).

TIPS FOR STAYING ON

TOP

QUALITIES OF "THE BEST BOSSES"

For every fire-breathing orator like General George Patton, you can find a leader like Mahatma Gandhi, who led with compassion, or like Martin Luther King Jr., whose moral convictions inspired his followers. That's why savvy leaders know that there is no single formula for effective leadership: The rules change depending on whom you're guiding and the conditions around you.

So in this period of economic insecurity, *Fortune Small Business* magazine partnered with Winning Workplaces, a not-for-profit organization in Evanston, IL that helps small businesses adopt successful workforce practices, to find out which bosses have been best able to adapt to today's business conditions.

In the study, they found several leaders who have created dynamic corporate cultures that can stand up to anything the unstable economic environment throws at them. The following are a few highlights of the styles of the leaders and the cultures they create.

1. **Care about employees.** The more convinced people are that you care about them, the more

demanding you can be, which in turn develops mutual respect in the workplace.

2. **Share your feelings.** You have to get employees to care about doing a good job, and sometimes that means exhibiting behavior that embarrasses most business types.
3. **Demonstrate how deeply you value employees.** Good leaders don't micromanage; they impart the feeling of trust and autonomy.
4. **Improve lives.** Don't measure success strictly by the numbers. Judge yourself by how much you improve employees' lives.
5. **Strive for consistency.** Don't be content to only shine at dramatic junctures. Being a great boss is a day-in, day-out job that requires more humility than bravado.

The study also found that small business owners have a distinct advantage over large companies in one crucial respect: it's easier for them to care about their employees.

Source: *Fortune Small Business*.

SOLUTIONS

LEADING-EDGE THINKING FOR
ASSOCIATION PROFESSIONALS
AND VOLUNTEERS

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ABOUT BOSTROM CORPORATION

Bostrom Corporation is a professional services firm offering comprehensive management, consulting and outsourcing to the not-for-profit community. For over 70 years Bostrom has continually met the needs that define our clients' success.

A few of the services provided at Bostrom include:

- Strategic Planning
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- Marketing and Communications
- Membership Management
- Technology and Infrastructure

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