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The key idea in using strategic outsourcing to increase an association's success is to focus on the work strategic. What is absolutely core to achieving the association's mission? Where do the CEO and/or key staff have in-depth knowledge of the association's members? And where can they best add value to the association by focusing staff efforts?

One way to help staff focus on those areas is to free them up from other activities that can be done by others. In a word: outsource.

DOES ANY OF THIS SOUND FAMILIAR? *Do more with less. Work smarter, not harder. Our members insist on getting more value for their dues dollar. Our members insist on 24/7 turnaround. Our association must be lean and nimble. Our members can't afford an increase in the cost of X (fill in the blank for your association: dues, registration fees, etc.).*

For those of you who have never heard these statements from your board, my advice is, "Don't quit your day job!" For the rest of us who do hear these comments on a regular basis, however, no one ever actually tells us how to work smarter, or how it is possible to do more with less. This article will provide an approach to association management—carefully-targeted strategic outsourcing—which will help harried executives be successful in the increasingly difficult and fast-moving future.

And make no mistake: the future for associations is going to be very different from the recent past. The challenges of changing demographics and generations, competition from faster-moving and better-funded for-profit providers of non-traditional as well as the traditional association products and services, competition for members' dollars, and time poverty of once-active volunteers will make the future a hostile place for those associations that do not do more with less.

It should be of even greater concern to association executives that while associations have been a growth industry over the past 50 years, with the number of associations increasing and many associations growing in staff and budget, many have generally been immune from two trends affecting most other sectors of the economy: bankruptcy and consolidation (mergers, etc.). Most of our members are in professions or industries characterized by either bankruptcy or roll-ups. Yet, few associations go out of business or merge. But since associations tend to lag behind their respective industries, it is quite likely that the

environment for associations will become more hostile in the future and will make it much harder for associations not providing real value to survive.

Why are so many associations struggling?

Structure, governance, history, etc. And while all of these are problems, let's focus on an often-overlooked aspect of the typical trade association or professional society: the extraordinary range of functions and activities expected of that organization by its members. Consider a for-profit company that distributes widgets. We know what that company does: it distributes widgets. Equally interesting is what that company does not do: it does not try to sell

widgets directly to individuals, it does no basic research on widgets, and it doesn't manufacture widgets.

This company, hopefully, belongs to the American Association of Widget Distributors (AAWD). The CEO of AAWD not only has to oversee the creation of information, that CEO has to see that the information is disseminated. Our CEO is conducting educational meetings (perhaps with exhibits), overseeing a range of publications (including a Web-presence), perhaps setting standards, administering a variety of member benefits (insurance programs, etc.), lobbying on Capitol Hill, interacting with chapters and international groups, and on and on. These activities are on top of the basics of running an organization.

What's wrong with this picture? In a benign and forgiving environment, an association can try to be all things to all people. In the increasingly hostile environment of the future, our members will be less tolerant and forgiving of our inability to deliver whatever it is that they expect us to deliver. Many association executives are unwittingly setting themselves up for failure in the future because they continue to manage as they have in the past. That is, they are trying to be all things to all people.

What is strategic outsourcing?

Strategic outsourcing offers association executives an approach to increase their success as managers. Two warnings should precede the discussion of any management suggestion:

1. There's not much new under the sun.

As is the case with many management concepts, outsourcing is not new. What is new, however, is the increased relevance of its usefulness in the current environment. Moreover, it is not an especially complicated idea.

But, strategic outsourcing is more than just a fancy word for using a

vendor. If an association needs something printed, it hires a printing company. This is not outsourcing; this simply is called hiring a printing company. Similarly, if an association needs legal work performed, the association retains a lawyer. Again, this is not outsourcing of legal services.

Outsourcing occurs when an association has the capacity to perform a function internally, and chooses to have that function performed by an outside provider. Thus an association that owned a printing press and still hired a printing company would have chosen to outsource its printing.

2. Nothing is as easy to do as the magazine articles make it sound.

Since warning #1 tells us that this is nothing new, why don't we see more of it? As is the case with many straightforward ideas, it is very hard to implement. It requires us to look at our organizations in a different way than we currently do. The most successful managers (which would include most CEOs, otherwise why would they have been selected?) find it hardest to change patterns which have proved successful in the past. Whoever said, "If it ain't broke, don't fix it" might have been a good mechanic, but was not a very good manager. Just because something ain't broke today does not mean that it will work in the future.

When to use strategic outsourcing

The key idea in using strategic outsourcing to increase an association's success is to focus on the work strategic. What are the major items that the association needs to accomplish? What are the major activities that provide value to members? What is absolutely core to achieving the association's mission? Where do the CEO and/or key staff have in-depth knowledge of the association's members (or industry or profession)? And where can they best add value to the association by focusing staff efforts?

One way to help staff focus on those areas is to free them up from other activities that can be done by others. In a word: outsource. By outsourcing non-core activities, the association may achieve one or more of the following benefits:

1. Save money.

There are a variety of services that can be provided at lower costs by firms specializing in those services. For example, a company that can spread the costs of a piece of equipment across several association clients can provide a service at lower cost than can an association that might have to purchase that piece of equipment by itself. Printing services are an example. Cost savings also come about in terms of personnel expenses. An association's meeting staff might be very busy around the annual meeting, but under-used during the rest of the year; however, the CEO might find that the association needs full-time meeting staff in order to secure the level of skill

required. This CEO could likely save money by outsourcing meeting services.

2. *Improve quality or performance.*

While saving money is certainly on every executive's mind, it is also true that some associations can improve quality by outsourcing a function. For example, an association that has difficulty providing accurate financial information would benefit from outsourcing its accounting function. Or, an association that only has one meeting per year and has a difficult time handling meeting registration might benefit from outsourcing.

It is important for the association executive to keep money and quality issues separate. It is possible sometimes to improve quality while saving money; however, there are times when it makes sense to pay more money to have something done correctly.

3. *Focus on strategic accomplishments.*

The successful association of the near future will identify those activities that add value to the members and which the CEO and staff have a special edge or understanding. Outsourcing allows this to happen. Here is where the association is truly able to leverage its staff and volunteer resources: focusing on those activities in which the association has a real competitive advantage.

Again, it is important for the executive to identify how outsourcing will help the association. Other executives might be willing to pay a premium to free up their time to focus on those activities that truly helped the organization grow (thereby generating additional revenue to offset additional expenses).

An emerging model of association management

In the last five years there has been an increase in the number of associations that have chosen to employ only a CEO (or perhaps a CEO and a very limited number of core staff) who outsources the non-essential functions. While there have long been association CEOs who are the association's sole employees and who manage a collection of vendor providers, sometimes called the virtual association, this is not outsourcing. These associations have no choice: they are typically too small to hire the staff necessary to perform the functions. Moreover, many of these associations begin to hire staff and replace vendors as the association grows.

Most boards that have chosen the outsourcing approach report satisfaction with outsourcing non-essential association functions. Many CEOs say they had been spending in excess of 50 percent of their time on issues of personnel (hiring, firing, insurance, etc.), office space and facilities, database and technology support, etc.—all overhead issues having nothing directly to do with either mission or members.


Okay, what's the catch?

The earlier warning that *nothing is as easy to do as the magazine articles make it*

sound holds true for any outsourcing relationship; it is especially true when an association outsources a large number of functions. The most common stumbling block comes at the front end: the association is not really clear as to what it is trying to accomplish and how it will take advantage of the opportunities offered by the new arrangement. For example, were the association to outsource a function and not reduce any staff, the new arrangement is unlikely to save the organization much money. However, if staff were reassigned to more valuable duties (or the outsource provider increased the quality of the service compared to the association's

staff), the outsourcing arrangement might help the association grow or serve its members better than previously.

Of course there are pitfalls in outsourcing. But the challenges and threats to association success in the next decade are severe. More of the same or business as usual are generally unsuccessful responses to a changing environment. Outsourcing offers association executives a creative way to do more with less and, if used carefully, has the potential to help associations survive what could be very rough times in the near future. □

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