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Countervailing Forces Analysis: A Key to Successful Strategic Planning

Bruce Balfe, *Consultant, Bostrom*

A major component of any successful strategic planning effort is to get the planning team's thinking coalesced around what and how current and future trends can potentially impact the organization. Countervailing forces analysis is a relatively new tool to help organizations monitor trends. Understanding the concept and methodology can add value to an organization's planning initiatives.

The Concept

"The only thing for sure about a forecast is that it will be wrong" (anonymous) is almost a truism. Most forecasts (often including those using what purports to be sophisticated "modeling") are simply linear extrapolations of a current trend or observation. Unfortunately, the world is not linear. Almost always, as a trend continues, various reactions to it develop from a variety of sources. As these reactions build and interact, they eventually create enough force to impact the original direction of the "trend." They push it in another direction – which could be a dramatic or a more moderate shift in direction or intensity.

We are all familiar with the "pendulum" theory which hypothesizes that eventually a trend will "swing back" as various pressures push on it. In the physical world, where scientific principles apply (chemistry, physics, and for the most part biology), this has some validity. But while a pendulum (i.e., a physical phenomenon) swings on a predictable trajectory, most social phenomena do not.

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Advocacy: Much More Than Just Lobbying By Ken Monroe, Chairman and CEO



"Special interests" seem to take on special importance during election years.

And this year is proving that point. By definition, as associations, we are all special interests. We form to advocate for particular constituencies. Indeed, advocating for the legitimate needs of one constituency may conflict with the legitimate needs of another constituency. But one purpose of America's democratic form of self-governance is to provide a mechanism through which society weighs and judges these competing needs.

The process of coming together to advocate for the legitimate needs of a particular constituency is universal. However, in the U.S., this process is more pervasive and formal than in other countries. In fact, it has been part of our heritage from the beginning of America's unique experiment with democracy. We are all familiar with de Tocqueville's famous observation from the 1830's that "Americans of all ages, all stations in life, and all types of dispositions are forever forming associations." What is less well known is his additional commentary that explains why: "In aristocracies, men are separated from one another by high, immovable barriers; in democracies, they are divided by a multitude of small, almost invisible threads Thus, whatever the progress of equality may be, a great number of small private associations in the midst of the great political society will always be formed in democratic peoples."

Fast forward from de Tocqueville's 1830's to today. How can associations successfully and responsibly exercise our role as advocates in the modern political world in which "special interests" have acquired a negative image? Special interests are, after all, a pervasive part of our society. Anyone who is a parent, employee, driver, pet owner, golfer, pilot, small business owner, or kayaking enthusiast is, whether they know it or not, represented by a group that advocates for them. In many ways, we are all "special interests."

The first step in being a good advocate is to acknowledge that advocacy is a legitimate action

to take on behalf of a constituency. All of us believe that on one level, given the political rhetoric denigrating "special interests," it is sometimes hard not to become defensive.

But the really hard part is learning how to advocate effectively and responsibly within the public and private sectors. Each sector has its own unique challenges and opportunities that can best be navigated by an experienced professional. Many organizations focus on public sector advocacy, although it is not the only sphere in which lobbying and advocacy occurs. Understanding the differences between public and private sector advocacy is a critical step in the overall process.

Public Sector Advocacy

Advocacy is most often associated with various levels – local, state and national – of the public sector. This type of advocacy involves presenting one's case and persuading decision makers to consider its merits. Depending on an association's tax status, sometimes it involves formal lobbying. In any case, it involves three steps:

1. Getting decision makers to be aware of the needs of your constituency.
2. Getting decision makers to truly understand those needs. Such understanding is essential to acknowledging the legitimacy (and sometimes the urgency) of those needs.
3. Getting decision makers to act on their understanding of your constituents' needs in a way that is responsive to them.

This three-part process is often reduced to one step because access to public sector decision makers can be difficult to realize. Even if it takes one step instead of three, keep in mind the progression of thought that must occur. Establishing awareness and understanding is key. Effective advocacy requires a certain level of skill and expertise. Often, associations hire independent lobbying consultants or association management firms to lobby. Experienced lobbyists understand the nuances and regulatory requirements associated with public sector

CASE STUDY: Government Relations Advocating for the Hearing-Impaired on Capitol Hill

Carole Rogin, Vice President | Andy Bopp, Director, Government Relations, Bostrom



Issue

More than 31.5 million Americans suffer from hearing loss. Approximately seven million of those men, women and children use hearing aids, the most common remedy to improve a person's ability to hear. While many insurance plans offer coverage for vision and dental, most do not provide for the cost of hearing aids, which can range in price from a couple hundred to a few thousand dollars.

Association

The Hearing Industries Association (HIA) and its sister organization, the Better Hearing Institute (BHI), are two organizations dedicated to advocating on behalf of the millions of Americans who need better hearing healthcare. These two groups share several goals:

- > To erase the stigma that prevents millions of people from seeking help for their hearing loss.
- > Promote treatment of this national problem.
- > Educate the public on how to prevent hearing loss.

Most importantly, the groups have led a broad coalition effort to provide some financial assistance for people who need hearing aids. Currently, hearing aids are not covered by Medicare or most insurance policies.

Solution

During the course of three strategic board meetings, the Hearing Industries Association discussed how it could best help provide financial assistance for the purchase of hearing aids. The board recognized that any effort likely would be long-term and require human and financial resources. It also examined the industry overall and how (and when) it intersected with government policy. The Board soon concluded that to be successful, it would need to take a proactive approach. It developed a government relations and advocacy program to introduce legislation for a hearing aid tax credit for children and for adults 55 years of age and older.

The plan included a multi-faceted approach which began with a "Hearing on the Hill." For that May 2007 event, Hearing Industries Association members went to Capitol Hill to meet with legislators and their staffers to brief them on the issue and begin to solicit their support. As part of the event, the group also sponsored hearing screenings to raise awareness for the issue of hearing loss.

In conjunction with the BHI, the HIA developed an e-advocacy campaign at www.hearingaidtaxcredit.org to allow supporters to write and e-mail a personalized letter to their Congressional representative. The bill is now co-sponsored by 111 Representatives and 13 Senators.

Constituent events are another component of this government relations strategy. Working with Congressional office staff, HIA organizes local events with elected officials in their home districts to provide an opportunity to meet with area voters who experience hearing loss as well as patient and parent groups.

Also, for the first time in its history, HIA organized a Political Action Committee, Hear PAC, to enable the

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advocacy. Given these requirements, the involvement of an experienced advocate – or lobbyist – should not be underestimated. That expertise can mean the difference between success and failure.

Private Sector Advocacy

A less well-known dimension of advocacy is what is done in the private sector. As associations, we all engage in this, yet we seldom think about it that way. This is as important a part of association advocacy efforts as what we do in the public sector and we should approach it with a similar strategy. As we reach out to the public through direct or indirect communications activities, we are engaging in advocacy that has the same goals as public sector advocacy: to raise awareness and understanding, and influence opinions and actions. Private sector audiences may include: insurance companies, supplier industries, consumer groups, and other associations. Two examples of private sector advocacy include:

1. Medical specialty societies. These societies work with accrediting agencies and medical associations, as well as with government funding agencies, to encourage policies and programs to enhance the future growth and training of physicians in a particular specialty. This is an example of an organization in the private sector advocating on issues with public sector decision makers as well as other sector organizations.
2. Trade associations. It is common for trade associations to advocate with other trade associations and companies in their industry. Associations in the manufacturing sector routinely advocate with other trade groups as well as industry representatives in industries that are key suppliers or markets for that product. For example, automobile industry associations and aircraft manufacturer associations advocate with counterpart associations and companies in the steel and aluminum industry.

Integrated Advocacy Strategies

Advocacy is often a response to a specific event or proposed action – like pending legislation. That kind of advocacy is the most difficult to pursue and is generally the most difficult to accomplish. On the contrary, a more successful advocacy campaign involves a detailed strategic plan to help anticipate what may and may not occur. By anticipating particular courses of action (and responses), an organization can frame the issue at-hand more effectively.

An advocacy plan should address these seven elements:

1. Anticipate what issue(s) you are likely to need to address as far out as possible. That time horizon could be months or years and it may change as a situation changes.
2. Allocate resources to develop research, data, and arguments to enable a potential ally to be persuaded by and easily become an advocate for your position.
3. Focus. Focus. Focus. Advocacy is a resource – intensive activity. Spreading resources too thin will dilute your impact.
4. Consider the contribution of many advocacy tools in your plan – which might include involving other private sector organizations. Often, if an organization's key advocacy issue is in the public sector (i.e., related to legislative or regulatory action), there is a tendency to focus on using only one or a few tools. Typically, successful advocacy efforts include a mix of approaches that are coordinated and leveraged to attack the issue from several different directions. Include private sector advocacy tools in your planning even if your ultimate objective is public sector action. Sometimes the most effective way to affect public policy is with the help of some other private sector organization(s).
5. If you are engaging advocacy consultants, include them in your advocacy planning. They can be very helpful in identifying what approaches should be applied to achieve your objectives. Too often, the outside experts are brought in only at the action stage of an

advocacy campaign when the basic strategies and resource profiles are already established. But to derive the greatest value from outside experts, they should be involved from the start, to help develop the overall campaign strategy.

6. Build metrics into your advocacy plan to measure success. These metrics can serve as benchmarks to help your organization evaluate progress along the way and suggest a change of course if benchmarks are unmet.
7. Be flexible, but also be careful. Advocacy is a very dynamic process that can take many unexpected twists and turns. You need to be prepared to modify your strategy as needed. But be careful to resist jumping from pillar to post every time there is an unexpected development related to your issue. This is another circumstance where it is important

to include your external experts. They can be very helpful in interpreting whether a change in the environment calls for a rethinking of the advocacy strategy or if it's just a temporary distraction that does not change your core strategy.

In summary, as associations, we should be proud of our role as advocates, resist being discouraged by the political rhetoric that negatively brands us as "special interests," plan our advocacy work wisely and creatively, and utilize all the resources that are available to succeed in this increasingly complex advocacy environment.

CASE STUDY: Government Relations Advocating for the Hearing-Impaired on Capitol Hill

Carole Rogin, *Vice President* | Andy Bopp, *Director, Government Relations, Bostrom*

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group to support congressional candidates that champion the legislation. The group surpassed its original fundraising goal and generated even more visibility for the issues at hand.

Results

HIA developed a broad-based coalition including patient groups, parent groups, audiologists, hearing aid dispensers, healthcare organizations and other groups to demonstrate the genuine consumer need for a hearing aid tax credit for children and for adults 55 years of age or older. Since the bill's introduction in the 108th Congress, the legislation has had an increasing level of support – and a new champion in the House – Rep. Carolyn McCarthy (D-NY). While the composition of the congress has changed over the last couple of years, the coalition has attracted many new co-sponsors, thanks to the relationships HIA has cultivated on Capitol Hill.

The legislation faces no real opposition. However, cost will continue to be a primary issue. The November elections brought new leadership to

Most importantly, the groups sought to level the medical reimbursement playing field. Currently, hearing aids are not covered by Medicare or most insurance policies.

the White House and many new faces to Congress. Until the 111th Congress convenes, HIA will work on its strategy, continue to build its base of support and be a key voice on the issue.

For more information on Bostrom's government relations capabilities contact: Andy Bopp 202.216.9623.

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The concept of countervailing forces analysis is based on two assumptions:

1. Many trends related to human systems and processes will generate enough reaction from enough different places to impact eventually on the direction and/or intensity of the trend.
2. It's likely that the shift in direction will not be back in exactly the same direction from which the initial trend originated. Rather, it will be a different direction, determined by the number and nature of the forces acting on it.

"Any prediction of an impossible result will not happen" is an aphorism in the social sciences. This seems logical, but we see examples of it all the time. For example, some people predicted that by 2060, Medicare will consume 100% of the U.S. gross domestic product. Clearly, this prediction will not be realized because a trend of that impact will generate countervailing forces to push it in some other direction and magnitude.

Another example is HMOs. In the 1980s, when the HMO concept first surfaced, government became a strong supporter and began to fund it. Managed care also became a popular story line in the media. Based on this early enthusiasm and support, many forecasters predicted rapid enrollment in and growth of HMOs. In reality, managed care did grow and become a key force but the model evolved to encompass other formats and began to generate counter pressures. Eventually, managed care, and especially HMOs, became a media target. HMOs ended up as a poster child for denial of medical care rather than its availability. How did this happen? What were the forces that drove HMOs from their early popularity to a symbol of the need for reform in the U.S. healthcare system? Why and how did those forces develop and evolve? Through which vehicles did they exert impact? While formal, quantitative forecasting techniques cannot answer these questions, an informed application of countervailing forces can.

In short, social systems and processes (including markets) are subject to the vagaries of human

behavior. Countervailing forces analysis is a way of systematically thinking about what the possible reactions might be to a trend and what (if any) shift in direction those reactions might generate. By nature, this is subjective and speculative. However, by thinking systematically about trends within this framework, possible future directions can be hypothesized and evaluated; alternative potential future scenarios can be identified.

All of this seems like a marvelous grasp of the obvious. And it is. All of us use this kind of thought process. For example, whenever we hear an observation like "if they put this program into effect, by this time next year, such and such will happen." Observations like those are based on implicit assumptions about the type of reaction people (individually and/or collectively) will have. However, it is very hard to assess such statements because they are based on implicit assumptions. By consciously and systematically thinking through and documenting the nature of the assumptions and predicted reactions, their potential validity can be assessed better. Surprisingly, "forecasting experts" have written little about this kind of approach, probably because it is a "soft" methodology. But we believe this approach is valuable.

The Methodology

1. Document the Trend – What is the trend in question? What evidence (hard or soft) exists to support it and what is its likely path?
2. Stakeholder Analysis – Who are the stakeholders that this trend will affect? Of those stakeholders, who will be motivated to act? Is the reaction likely to be individual (i.e., stop buying something) or collective (i.e., advocacy)?
3. Identify Countervailing Force(s) – For each of the stakeholder reactions that have potential impact:
 - a. What is the nature and intensity of the expected reaction and in which direction will the trend move as a result? Why do we think that might happen?
 - b. What is the estimate of when the impact might occur?

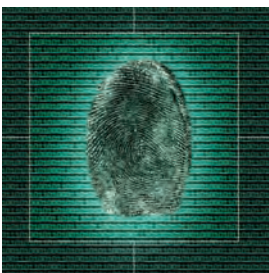
4. Overall Impact – What is the anticipated, overall effect of the stakeholders' actions? What "story line" can be developed about how this might play out?

Trend analysis is not easy work; there are no black and white answers. For example, managed care is a prediction that turned out to be off base. Many off-base predictions relate to technological developments and their

anticipated impact. However, implicit in many of them are key assumptions about human behavior. As we consider using this methodology to help identify the path of current trends in a given industry, the human factor will continue to play an important role that is difficult to quantify but can and should be addressed.

Taking A Comprehensive Approach to Data Security: Separating Fact From Fiction

Chris Hecht, *Manager of Application Development, Bostrom*



Given the vast amount of information transmitted electronically – through e-mail, instant messaging, e-commerce, file sharing and a host of other vehicles – it's more important than ever to ensure that your organization has an appropriate and up-to-date security policy and infrastructure. Put simply, data security is all about protecting information and corresponding systems from unauthorized use. Information should be safeguarded at every stage – its creation, ongoing use and destruction.

Smart organizations take a proactive and comprehensive approach to data security. But it's not just about electronic communications. Ensuring the safety of hardware, personnel and other assets, is also a critical component.

The first step in data security is conducting an audit to evaluate existing hardware and software. What does this inventory include? What and where are your biggest weaknesses and risks? Keep in mind that the biggest weaknesses may not be the riskiest. Select "best of breed" solutions – every component and each application may not need to be located within the walls of your office.

Often, there appears to be as much information about data security as there is information to safeguard. How and when should organizations approach security? Below are some common issues to help separate fact from fiction.

Fiction: Hackers compromise data security.

Fact: Other factors compromise data security more often than hackers.

- > An absence of a comprehensive physical and cyber security plan can compromise data and overall workplace security; people may unwittingly transfer sensitive information to others.
- > System users may use passwords ineffectively. Does your organization have a password policy to outline how passwords should be created? If the policy requires long, convoluted passwords, users may not remember them and/or store them in an unsecure place. A flexible password policy is an important step to ensuring that passwords are used and recalled readily by users.
- > Unsecured systems or hardware (was a laptop left in a car?), the lack of anti-virus software and password postings can be threats to security.
- > A disgruntled individual can pose a security risk.

Fiction: Only large organizations can have a robust, comprehensive, quality security infrastructure.

Fact: With the escalation of SaaS (Software as a Service) and more affordable pricing, even small organizations can overcome barriers to entry. SaaS involves hosting an application as a service to customers across the Internet, which makes it unnecessary for the customer to install and run the application. Using SaaS helps reduce software and other costs.

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Fiction: To be effective, security must be complicated.

Fact: Security should be layered yet simple. All employees should understand security basics and know when and who to contact with any questions.

Fiction: Many may think that it's the responsibility of the IT department to manage security. While networks, systems and applications are important to an overall security strategy, each and every individual within an organization has an important role to play. Staff needs to be informed about the security plan and understand their important role in safeguarding data and property. The very best system will fail unless people understand how, when and where to use it – and as importantly, what potential threats may look like. Everyone in an organization should be educated on, thinking about and following good security practices.

Fact: Everyone in an organization is responsible for security.

Fiction: The more expensive the system, the better it will be.

Fact: A higher price tag does not necessarily translate into heightened security. Before considering any new security measures, an organization first must understand its security needs. Conducting an audit allows an organization to take stock of its different data sources and begin to map out a plan for the most effective security infrastructure. Remember that not all data is created equal; not all data requires the same level of security. Take a comprehensive look at security needs and solutions.

Fiction: Regulations ensure security.

Fact: Regulations may be a catalyst for management to review security needs but the existence of regulations alone does not ensure security. Organizations that approach security with a “wait and see” attitude will lose in the long-run. Take a proactive approach to security issues to protect data and other assets.

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