

THE ASSOCIATION FUTUREScape

The following are significant trends and observations about what associations will look like and the challenges that they will face over the next 5 years. It is a future snap-shot of the external and internal forces that will shape the environment in which associations must successfully operate as a business. All of these trends have been impacting and confronting associations for some time; what is changing is the magnitude of their impact.

Value Proposition

Over the next 60 months, members are going to expect more from their association. Associations will have to clearly understand what members need and want through continuous external and internal scanning. Associations will need to have a solid “value proposition” if they are going to add and retain members. Many members will probably belong to a fewer number of not-for-profit organizations in the future. They will make their choices based on their perception of the association’s ROI. In this regard it is not profit or the dues that they pay, but the total package of what they perceive that they get for the time, energy and dollars that they invest in a particular association. They want two things which are of equal importance:

- High quality programs, products and services; and
- To have an “enjoyable” experience and be able to define what an enjoyable experience means to them.

Successful associations understand that the best approach is to provide a fewer number of products/services, with higher sustained quality that are better tailored to the diverse segments of membership. An association’s value proposition has always been a requirement, but over the next 5 years it will be challenged by members like never before.

Competition

There is an emerging type of competition for associations. It is not another not-for-profit, academic institution or the government. It is for-profit organizations that are increasingly finding a new market place in the not-for-profit world. For-profit companies are now providing products and services that have been traditional mainstays of associations (e.g. meetings, training, continuing education, certification, websites, social media, networking, etc.). However, they are only interested in the business lines that produce net [non-dues] revenue, or in their case a profit. They will leave the break-even or subsidized programs to the associations. This trend will increase, fueled by the ongoing need of for-profits to develop new markets and revenue sources. This new competition will become a serious issue for associations from an economic viability standpoint as will be explained under the next trend.

Financial Resources

Many associations will face new financial challenges. The impact of the current economic down-turn on associations includes slowing membership growth, the inability to increase dues in a difficult economic environment, and reduced non-dues revenue brought about by decreased discretionary spending such as meeting attendance, sponsor support, etc. Added to this is competition from the for-profit private sector which seeks to cherry-pick the association’s best sources of non-dues revenue.

The problem is that most associations are highly dependent on a very limited number of non-dues revenue sources (i.e., they have only three or four net profit legs under their financial stool). This is attributable—or at least exacerbated by—the mandates of their mission focus. Associations cannot chase a profitable business line that is inconsistent with their reason for existing and, to some measure, are required to provide services that can be resource drains rather than profit centers. Loss of one or more of their profit centers creates significant financial stability issues for membership associations.

Accordingly, over the next 60 months successful associations will focus on increasing the diversity of their revenue streams. For some this will mean identifying new areas where they can better serve members and at the same time develop entirely new sources of significant revenue.

Human Resources

Members will demand more of their associations over the next 60 months, not less. At the same time, associations will try to reduce expenses and cut costs. This will put a significant strain on existing resources. Associations will need to make sure that they are using all of their resources efficiently and effectively – especially their human resources.

One of the unique aspects of the association operating model is the blend of paid and volunteer resources in accomplishing the work of the enterprise. Declining volunteerism has been a growing challenge for associations for some time but over the next five years the challenge will increase. In a tough economic environment, members will be more focused on their livelihood and economic stability and will have less time, energy and motivation to volunteer. Volunteer trends and issues include:

- Employers will provide less direct financial support for travel costs for their employees who are involved in volunteerism.
- In many cases, downsizing has increased individual workloads and is all but eliminating extra time for volunteerism. In addition, many individuals indicate that the demands of their work and personal lives make volunteering less appealing and important.
- Associations as a whole have not done a good job of marketing and educating employers on the benefits of having their employees belong to an association and be involved as a volunteer.

Associations will need to change their culture and the structure of how they traditionally approached volunteer work. They will have to stop asking volunteers to change their lives to meet the association's work – and start changing the work to meet the realities of time that their members will be able to give as volunteers. To attract volunteers, the association work will need to be faster, focused, more flexible and enjoyable. Associations will also need to make much more use of technology (e.g., Web 2.0) to significantly reduce doing work via face to face meetings.

As members' wants and needs expand, and volunteerism declines, this will place added pressure on the association leadership to ensure that the organization is using its human resources in the most effective and efficient manner possible while continuing to grow

funding sources to support proper resource allocation. This relates to the previous discussion concerning financial resources and developing more diversified sources of revenue in order to be able to pay for more of the association work that will need to be accomplished in the future.

Summary

Increasing competition, higher demands and limited resources imply a rather dismal future for membership associations. But as with any successful business, the application of strong leadership, expansive thinking, sound planning, strong financial management and calculated risk-taking will allow an association to *profit* from the environment it will face over the next five years. Exploration of market opportunities where an association could make a positive impact for members and itself is an appropriate and powerful tool toward that goal.