CFAR

Briefing Notes:
Association Governance in Disruptive Times

April 2013

In This Report

The report is organized as follows.

Introduction

The following report is based on a benchmarking survey of 10 associations of varying size, structure, and mission. We look hard at the realities of association governance in today's dynamically changing environment. Most critically, we believe, the structures and processes of associations have grown sclerotic; based on antiquated organizational designs, they cannot accurately reflect the rhythms and demands of contemporary work and lifestyles. Many professions are impacted by a range of forces over which they have little control: blowback from the "Great Recession"; changing conditions in the labor market; globalization; new models for education, training, and certification; and significant shifts in regulatory landscapes. We explore how the surveyed associations weather these forces, and why it is critical for stakeholders to thoughtfully link governance change to strategy and leadership—in ways that associations often fail to do. Through interviews with association volunteers and staff leaders, we discovered that these forces present new strategic challenges and, of signal importance, *can give rise to opportunities*. This report illustrates and affirms that it is possible for associations to create systems and processes that help them meet their missions and execute strategic imperatives.

I. The Challenges of Effective Governance in a Changing Context

As Henry Ernstthal notes in his "Principles of Association Management," the heart of association governance is the delicate balance between broad member participation and the ability to make timely strategic decisions. In many ways, the "balance" Ernstthal describes is a moving target; changing demands on both sides of the equation require association leaders to recalibrate their systems continually.

Unexpectedly, every association we spoke with had either recently effected, or was currently undergoing, significant change in its governance structure. Some of them indicated that their previous systems had remained largely static for as long as *two decades.* We learned from those we interviewed that the following factors contribute to this trend:
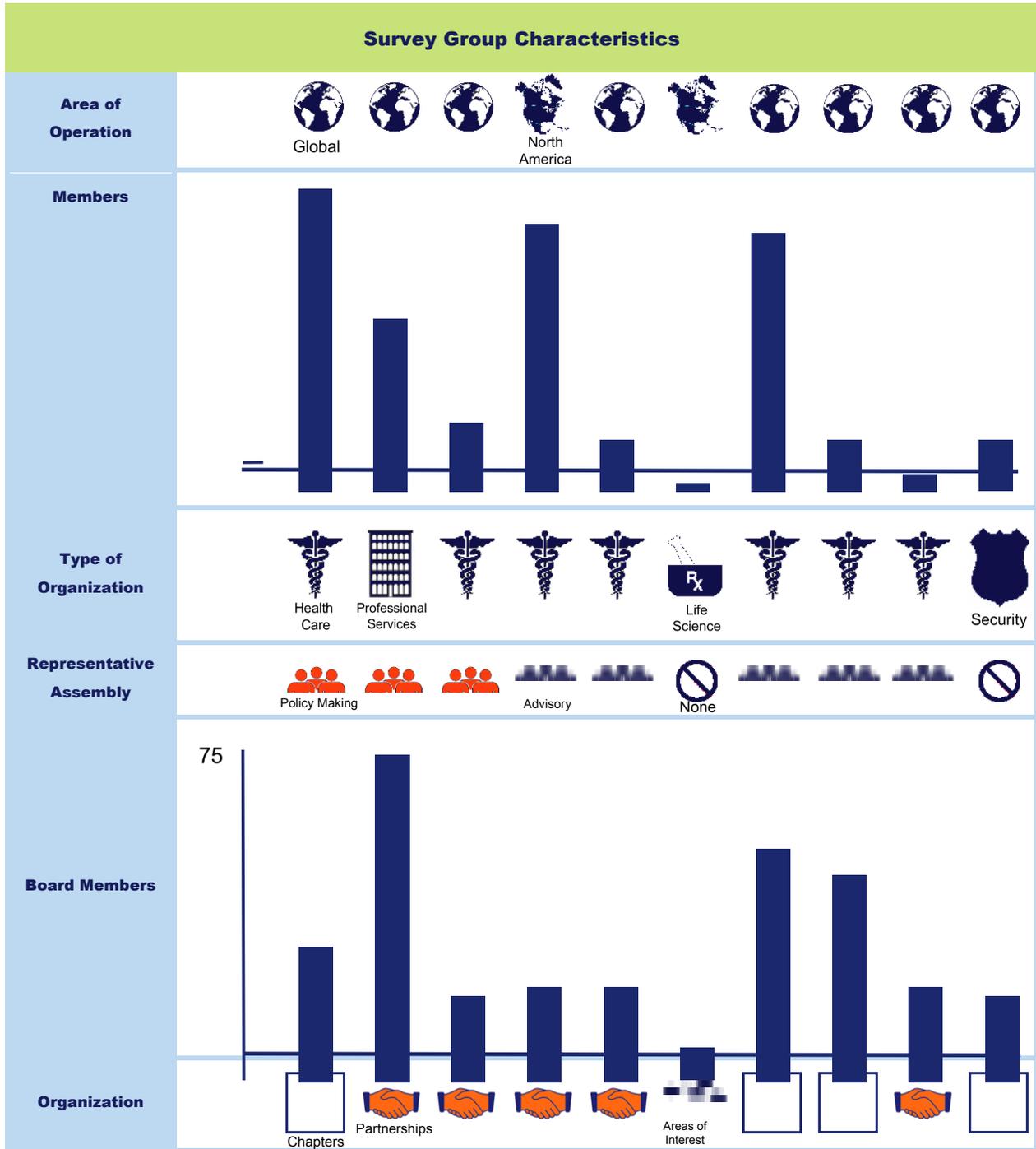
- ***Challenging economic pressures—***As we emerge from an historic recession, tighter budgets for professionals and their institutions have increased the pressure to justify association expenses and fees and demonstrate to members that they receive appropriate returns on their membership dues.

- ***"Frazzled" and overstressed member work lives—***Members feel increasing pressures on their available time, and this has far-reaching implications for associations. Members have fewer hours to devote to service, especially in the larger blocks association participation often demands. Members are also more hesitant to make long-term leadership commitments.

- ***Generational shifts in membership to a younger demographic—***Many associations are seeing their demographics change as older members retire, and younger cohorts bring in different dispositions and expectations. Executives we spoke with suggested that younger members are less inclined to join an association without clearly understanding the benefits, and that they juggle many competing priorities. Additionally, our interviewees reported that younger members conceive of participation differently; they tend to be less receptive to business travel and face-to-face meeting time.

- ***Technology as both a restraining and an enabling force—***Technology both contributes to the information/work overload mentioned above, and also creates new opportunities. Association communications can get lost in the email overload many professionals experience. Associations are no longer unique in their ability to bring practitioners together, given the wealth of web-based communities and forums, and find themselves challenged to demonstrate membership value in novel ways. Members of all ages expect associations to utilize technology to engage them, save time, increase access to information, and provide unique, targeted opportunities to communicate with both fellow members and their association. Associations are only just beginning to leverage these possibilities.

- ***Changes in advocacy strategies—***Associations increasingly depend on member groups for their lobbying and advocacy skills. In the highly politicized world of healthcare professionals, associations are expected to increase their capacity for advocacy without raising dues, while continuing to provide members with valuable products. At the same time, the Internet has made it easier for members to participate directly, in grass roots fashion, in policy discourse at the local, state, and federal levels. This dichotomy calls for bolstering coordination between staff and members.

- ***Resisting "governance creep" as an organization grows in complexity—*** Associations battle what one executive referred to as "governance creep." Eight of our interviewees noted the tendency of the governance system, like any bureaucracy, to self-replicate; they worried that governance could become an end in itself, rather than the means to deliver value for the membership. The following observation from one survey participant sparked robust debate when we shared it with a governance review task force: *"Most members don't care about governance. They want to know what programs and services they can take advantage of."* This brings to the surface two interrelated questions: whom do governance structures serve; and what ultimately is the value of their complexity? "Governance creep" in associations is problematic for several reasons:

  - It directs staff and volunteer energy, as well as association funds, towards feeding the governance process itself (i.e., meeting planning and delivery, materials circulation, ongoing teleconferences, etc.), and diverts it from delivering products and services to members.

  - The complexity created by this "governance creep" discourages many members, and puts up a barrier to broader volunteer participation in the organization.

  - New governance entities (committees, sections) are more easily created than destroyed, and the result is often an ever-growing organizational albatross that demands constant maintenance (see bullet above).

And it's not just an aversion to complexity that drives some members away. As one person put it, *"If you volunteer, you want to feel you are making a substantive contribution."* Overgrown governance structures and dense processes can separate volunteers and staff from feeling they are making a difference in the organization.

Snapshot of the Organizations Benchmarked

Although we are careful to preserve the anonymity of our survey group, our survey population has the following characteristics:

Survey Group Characteristics

Area of Operation

Global   North America

Members

Type of Organization

Health Care   Professional Services   Life Science   Security

Representative Assembly

Policy Making   Advisory   None

Board Members

75

Organization

Chapters   Partnerships   Areas of Interest

II.   Overcoming Governance Challenges

The perfect balance between broad member participation and the ability to make timely strategic decisions may be elusive, but *trying to strike it forces associations to think in fresh, creative ways* about member participation and engagement. Each organization we studied took a unique approach to refining their governance process.

Engaging members through new technologies
A large medical professional organization recently used technology to simultaneously bring members together and cut costs. Facing a budget shortfall, the group made the difficult decision to host the national meeting virtually. The meeting was a runaway success, saving over $1 million for the association and its delegates without a loss of satisfaction. They continue to host these meetings virtually, noting that it also streamlines voting on motions and reduces the length of the overall event.

Leveraging technology in innovative ways

Four of our survey participants reported their organizations' concerted effort to use technology to be more flexible and engage members in new ways. Examples include utilizing web conference technology for meetings, encouraging grassroots lobbying via email and other forms of electronic communication, surveying members online to better understand their needs, and allowing interested members to join board meetings via web video. Associations are being thoughtful about how they use these new tools. As one executive put it, *"The way a young physician gets their information is different than the 55-year-old physician. Parsing out the communication and engagement methods for different demographics is challenging, but important."*

Getting creative about engagement
After realizing that the members wanted more short-term opportunities for participation, one association of medical professionals is starting to engage members through issue-specific ad hoc groups. They are also opening up dialogue across the association though social networking sites. "If people participate in the organization, they stay members," notes the executive director. "Other professional activities are not as critical to us as engagement more broadly."

We also found that while governance is typically discussed from the perspective of organizational charts and the balance of authority between association components, governance *process* is just as critical to the success of a governance *structure*. For example, too rigid an adherence to a time consuming, multi-stage process for bringing motions to an association's representative assembly may render those motions untimely and impact the strategic speed of the organization.

Simplifying governance structures and clarifying mandates to add speed and efficiency

Along with streamlining governance processes, associations we reviewed have moved towards simpler structures, trimming the number of components, committees, and sections and replacing standing entities with more ad hoc short-term efforts. These "cleaner," more adaptive governance forms give rise to relevant, nimble, and strategic processes responsive to shifts in professional environments—that can better accommodate the demands of members' busier work lives.

## *Clarifying roles and responsibilities to get unstuck*

Our interviewees also realized the need to clarify roles and responsibilities to improve their leaders' and component groups' effectiveness. One medical association identified a wider variety of possible roles—advisory, policy-making, outreach, and leadership development—for its component groups, and explicitly built them into its mandates. Another association representing clinical specialists now makes an additional investment of time to help senior staff and key volunteer leaders understand their individual roles in the governance system. In both cases, we observed how making difficult choices about role, authority, and responsibility actually allowed for greater nimbleness in dealing with organizational uncertainty and shifting member demands—and improved collaboration among various component groups.

But we also believe that for associations to keep pace with change they should recognize that roles for staff and volunteer leaders will need to remain somewhat fluid. As helpful as it may be to achieve role clarity, leaders need to be comfortable negotiating their involvement in association activities, sometimes on a case-by-case basis. One organization we spoke with attributed its ability to be more responsive to a flexible, delegable view of decision-making authority. Their governing process allows the executive committee to give various volunteer entities the power to make decisions and move quickly to implement them.

For these reasons, many of our benchmark organizations are shifting away from weighty, long-term governance structures to ad hoc groups with clear, short-term assignments (naturally, some functions will always be better served by a standing group i.e., advocacy and government affairs because of the ongoing, relationship-driven nature of their work). Ad hoc structures can be effective given the specificity of their focus and limited time commitments. In the case of our survey group, *the small time commitment piece also attracted talented members* who may have shied away from roles requiring a larger time investment.

The shift to ad hoc member groups
One association representing over 100,000 medical professionals has cut down from 52 to just three standing committees overseeing various ad hoc groups.
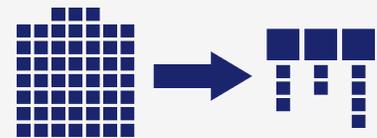
Another re-organized into three advisory councils and one cabinet, with each of those groups commissioning their own ad hoc groups to meet specific organizational goals.

The leadership selection process itself affects the quality of your leadership

Our interviewees, especially the executives, were thoughtful about the process of choosing volunteer leaders, particularly for their board. The systems varied:

- Seven of 10 organizations hold competitive elections for board seats

- Two nominate a non-competitive slate for some or all of their board seats

- One requires 50% voter disapproval to overturn a nominated slate

Although there is no "right" way to choose leadership, our take-away is that associations should consider whether their process does the following:

- Selects the best volunteer leadership for their association

- Encourages (or discourages) participation in leadership

- Supports the development of future leaders

- Achieves transparency and feels "fair"

- Produces the highest return on the investment of money, time, and resources for the organization

We spoke with two organizations that moved from competitive elections to nominating processes (for at least some of their board seats) with a simple "up or down" vote. They both felt that the benefits of holding competitive elections were outweighed by the costs to candidates and the association in terms of time and good will, and hence made the change. On the other hand, some interviewees expressed their strong belief in holding competitive elections for the sake of achieving a representative body. They discussed various ways to boost member participation in elections, including opening up ballots online. While each approach has its merits, different methods of electing/nominating/appointing leaders have different consequences for who gets to lead, how much time and energy is devoted to politicking and elections, and the volunteer's sense of who they represent when they take up their leadership role.

The cost-benefit of competitive elections
To the executive director of one association, *"In an election system, there are clear winners and losers, and in the end the losers disengage. It is enough to also keep potential leaders away. The cost of the elections is high and the people who vote, in terms of numbers, are small."*

Our interviewees preached the value of a talent-management approach to cultivating leadership in their organization. Although it's more common to the business world, this framework also applies to associations. Because the quality of volunteer leadership has a huge impact on an association's ability to serve its members, and volunteer turnover is high and members need to ride quickly up the learning curve to be effective, managing talent is particularly important in this environment. Almost every organization in our survey thought through succession planning for their board leadership, but some employed additional tactics. One association moves elected officials from secretary to treasurer to vice president to president to past president, ensuring that the board president is well prepared for her short term in office and wastes no time getting up to speed. Other examples include rotating past board members onto the nominating committee to ensure nominees are a good "fit" for their role, allowing committee chairs to nominate and mentor their successors, and designating board seats for lay persons or young professionals to ensure that the board represents a diversity of opinions.

III.   Implementing Change after Governance Review

Although we set out to examine the governance systems of the 10 associations that we surveyed, we were also able to learn significant lessons about the process of assessing and changing a governance system, and identified the following best practices:

Communication is critical to the success of the governance review process

Interviewees emphasized the need for a deliberative and inclusive approach to governance review—to move slowly, be transparent, and communicate with members and important stakeholders often and through several media. In other words, the review process needs to bring the whole association "along for the ride." Associations undergoing this process should be prepared to spend a great deal of time "in touch" with staff and members (especially leadership) about what they are doing and why.

In the experience of our interviewees, communication is not as simple as releasing meeting minutes or sending out a handful of emails on the association listserv. The amount of information received daily by members makes it unlikely that such messages will be noticed. One association for medical professionals bemoaned the challenge of standing out in the flow of information pushed to members each day. "Plenty of information is flowing," he noted. "But is it high-quality information that members care about? That's what we worry about." Our conversations with association leaders suggest that governance review benefits from a more campaign-oriented style of communication that engages members through different modes (face-to-face, e-mail, web), at different times, and through a variety of venues.

> **Don't take the journey alone**
>
> As strong as the inclination may be to bring a polished, well-thought out idea to the membership, our interviewees cautioned against it. *"For our first [unsuccessful] attempt at governance reform, we had a hard-working ad hoc committee that brought forward well-grounded recommendations, but they took the journey alone. They didn't engage the membership along the way."*

The task force must champion the review process

We found that successful review processes were led by highly respected groups of members and staff who played a central and visible role by:

- Owning the process and the results, and having adequate time to work through the data and recommendations

- Serving as ambassadors for the recommendations by taking up a visible role in communicating them to various constituency groups. They used their networks of influence and visibility to keep the membership connected to the review process, and to champion change when change required implementation

> **Task force-mounted telephone campaign**
>
> Our interviewees constantly emphasized the importance of their task force members in outreach efforts. One striking example—an organization on the cusp of recommending governance changes to their representative assembly had members of the review task force personally call every one of the 150 delegates to get their feedback on the recommendations, answer their questions, and get a sense of their support for the motion. The calls helped ease the concerns of many delegates, and the recommendations passed.

Create bridge structures to ease the transition to a new system

Our interviewees also borrowed from change management concepts like transition planning when seeking to implement their recommendations. One organization highlighted the steps they took to respect existing structures, even as roles changed or groups dissolved. *"Don't underestimate how personally the membership may take the changes,"* noted one interviewee. In that case, the process respected the mandate of the membership by keeping elected volunteer leaders in place while transitioning their delegate assembly to an advisory, as opposed to policy-making, role. They celebrated the contributions of leaders from the old system even while recognizing the need to change that system. Creating this bridge gave current leaders a role through the transition that kept them engaged and enfranchised.

Governance review case examples

To illustrate the best practices from above, we profile two attempts at the full governance review process, with subsequent recommendations for wide-ranging changes inside their associations. The outcomes were very different, so we compared the processes along a number of measures, many of which we have mentioned in our report. This evidence is anecdotal, but provides an instructive example of how the review process influences the outcome.

	Association A	Association B
Board Buy-in?	Yes, review process partially initiated by the board.	Board member support was unclear and each represented constituencies instead of the interests of the organization.
Communication Approach	Task force members personally called every member of assembly to answer questions and receive feedback.	Communicated directly with the board, but not with the wider membership
Task Force Composition	Ad hoc, mix of current and past assembly members. Included executive leader.	Ad hoc, mix of current and past assembly members. Included executive leader.
Leadership	Lead by highly respected volunteer leader.	Lead by highly respected volunteer leader.
Vetting of Recommendations	Vetted proposed changes with assembly. Every piece of feedback was either incorporated, or it was explained why it was not.	Discussed at each board meeting.
Implementation Plan	Proposed a new governance model, as a way to build momentum for more specific bylaws changes.	Proposed bylaw changes.
RESULT	APPROVED	VOTED DOWN

From the start, Association B struggled with board support for the endeavor. Their executive director conveyed to us that board members approached the review as representatives of their individual constituencies, rather than as a united group representing the membership as a whole. And although both organizations built a solid task force to lead the effort, Association A took a different approach in communicating with the wider membership. They focused on direct communication with members, remaining open to the give and take, and revising based on member input. These differences contributed to the different outcomes.

Conclusions

As associations face a rapidly changing landscape and new constraints on their organizations and members, they will benefit from taking a hard look at their governance systems—not only to ensure they are "up to date," but also to make sure they are flexible enough to be relevant years into the future. The associations in our survey provided advice beneficial to any organization going through this process:

■ Refine governance processes and think creatively about member engagement to speed strategic decision-making

■ Streamline structures and utilize ad hoc committees to battle "governance creep"

■ Clarify individual roles and group mandates to improve the ability to react in times of uncertainty

■ Think critically about how to choose and develop quality leaders

In addition, our interviewees shared lessons learned about conducting a successful governance review process, including employing a campaign-style communication approach, forming an effective, mixed volunteer-staff group to lead the review, engaging with important stakeholders and influencers throughout the process, and building transitional structures while implementing changes. We hope that others can apply these insights to their own efforts.

Appendix A: Methodological Limitations of this Study

We would like to acknowledge a few limitations of our governance benchmarking study, as well as their implications.

Sample size and choice

Naturally, a survey of 10 associations is by no means perfectly representative of the wider landscape of thousands of associations and how they approach governance. We were, however, thoughtful in choosing major associations that covered a range of professional associations where governance is complex and seen as out of sync with the mission and strategy.

Survey participants mostly staff leaders

In contacting associations for interviews, we were generally directed towards the staff leadership in the organization as the authoritative source on issues of governance. Three of these organizations allowed us to speak with both staff and volunteer leadership, and we found that their views on governance largely coincided. Additionally, the historical perspective afforded to long-time staff members (particularly the executive director or CEO) provided us with a context that we did not experience with some of the volunteer leaders we spoke with. As a result, the voices represented in our survey are largely those of association executives. We recognize that this introduces a possible bias to the study, but consider this risk to be small, especially considering the small variance in viewpoints between staff and volunteers in cases where we were able to speak with both.

High-level view of governance

As we are still early in the review process, we purposefully focused on broader issues around how organizations think about governance and how they build their systems to match their organizational goals, rather than on more minute details of each organization's governance structures and processes. We have focused the scope of our report accordingly.

Appendix B: Interview Protocol

Informational questions

- Please describe your current governance structures—board, house, chapters, etc.
- What are the roles of these various groups?
- Have the number or type of member groups changed (grown or gotten smaller) over recent time?
- Do members of chapters also have to be members of the national organization?
- How does one become a board member?
- How does one become a member of a chapter or other constituent group?
- How is policy passed? Who does what, when?
- How does information flow between groups?

Roles

- How clear are the roles of:
  - Board members
  - House delegates
  - Other volunteers
- How clear are the lines of authority between the national organization and these member groups?
- How clear are staff roles in relation to member roles in these groups and processes?

Governance processes

- How do you define governance processes for the various entities inside the association?
- Do you feel that your governance processes encourage the kind of dialogue you want from your leadership?
- Does your governance structure balance well representation versus nimbleness?

Governance assessment and improvement

- Have you gone through a governance assessment process over the last several years?
- If yes, what was the result of this process?
- Describe the process your association has used *(if you have conducted an assessment)*.
- How do you think about the return on investment of time and resources in governance?
- What works well about this structure?

- What areas of improvement do you envision for your association's governance?

- How does the broader association regard the governance process?

- Have you tried any specific innovations in structure or process that you would share with us?