Next Generation Business Models for Associations
How to Use this Deck

• Use the following slides to introduce the topic of next generation business models and discuss challenges and opportunities that might warrant you to adjust your association's business model.

• Customize the slides as needed. It’s likely that some aspects of the business model discussed here are more relevant to your association than others. You can add your branding, revise text, and insert new slides.

• This deck takes approximately 15-20 minutes to present.
What is the Association Insights Center?

A community of experts collaborating to face the increasingly complex environment and challenges ahead. The AIC provides critical, on-demand intelligence and tools to support association CEOs as they face the tough decisions yet to come.

The slides that follow provide synthesis of the community’s work in 2022 to support CEOs in guiding Boards to discuss innovation of the association business model.
Most association executives feel **very confident** that the association is structured/set to **provide value** and deliver on the **organization’s mission**. However, relatively few are **very confident** that the association’s business model is set to **realize enough opportunity** and **produce financial results**.

How confident are you that your existing business model will continue to drive success for the organization in the following areas in the future?

N=170; Base: All Respondents
Positioning Your Association for a Successful Future

Association executives cited the following actions and resources as proactive measures they are pursuing that strengthen confidence towards their business model:

- Changing and/or improving existing services and/or activities
- Evolving new services and/or activities
- Sufficient resources to evolve / adapt / sustain
- Staff culture and infrastructure to drive the business model forward
“The pace of change has never been this fast, yet it will never be this slow again… you are rightly anxious about how quickly our existing business models are being disrupted. Still, if you’re anxious, imagine how the folks who aren’t in this room are feeling.”

Justin Trudeau, Speaking to CEOs of Global Corporations at the World Economic Forum, 2018
Threats to the Association Business Model

1. Changes in stakeholder preferences
2. Marketplace shifts
3. Intense competition from non-traditional competitors
4. Traditional modes of decision-making and product improvements cannot keep pace with the pace of change in other sectors
Meeting the Challenge through Action

Associations are adjusting their business models primarily through two approaches:

- Develop New Product and Service Lines
- Innovate and Evolve Existing Product and Service Lines

Invest | Understand | Learn | Partner
Approaches to Developing New Product and Service Lines

Associations can take a multitude of actions – from conservative “in the box” concepts to revolutionary “new” concepts – to build out new product and service lines that target existing and/or new stakeholders. What will your association’s financial status, culture and tolerance for risk permit? Examples of conservative to revolutionary ideas shown below.

1. **Develop new products and services**
   - Create new data products for members

2. **Re-envision strategy and operations**

3. **Develop new models for engagement**
   - Leverage voice of members and stakeholders in budget prioritization
   - Build a “venture capital” or “growth opportunity” fund to support innovations
Many associations have either already begun optimizing/improving existing product and service lines or have plans to do so in the future, starting by asking tough questions like those below:

**Meetings**
- How can we manage rising costs and lower attendee budgets?

**Education**
- How can we repurpose existing content for new markets?

**Advocacy**
- How do we build a better grassroots and grasstops coalition of members?

**Publications**
- How do we contend with open-access?

**Partnerships**
- How can we use volunteer leaders to engage partners?
To get started, associations are taking early actions that can lay the groundwork for future updates of the business model, engaging in business planning and research to make informed decisions.

**Invest**
- Identify new funding sources

**Understand**
- Capture real time data to understand the marketplace

**Learn**
- Build on the lessons learned from other associations and internal experiments

**Partner**
- Create a model for identifying, vetting and pursuing partnerships
Competing through Membership, Meetings and Education

Executives provided insight into their own programs, including membership, meetings and education; reflecting on what changes are necessary to the existing model to stay competitive in the future.
Competing on Membership

- **Market expansion**: Identify opportunities and feasibility of expanding the market to adjacent sectors/fields.
- **Membership model overhaul**: Assess whether the membership concept needs to change (is a “fee-based” membership optimal over transactional, subscription?).
- **Value proposition reevaluation**: Consider how and where the association can create value outside of what is available for free (e.g., social media) and reevaluate how value is delivered (e.g., association as the form of connection in today’s remote world).

“While our mission is strong, new competitors constantly enter the market. While competition is good, our profession is shrinking and market share becomes more daunting to maintain.”

- Education Industry (Professional Association)

“Our industry is growing yet consolidating. Fewer members make membership organizations difficult.”

– Financial Industry (Trade Association)
Competing on Meetings

• **Reduce expenses**: Rising costs and smaller attendee budgets represent threats, identify ways to **lower costs** (e.g., shorter meetings, new venues).

• **Adapt to new technologies**: Learning continues to change, must incorporate **better/newer technologies and approaches** for meetings (e.g., adult learning).

• **Customize content to stakeholder needs**: Provide content that is laser-focused on needs: more **niche, targeted and leading-edge** content.

• **Tailor to stakeholder expectations**: Develop a **sustainable omnichannel** model that meets needs, expectations and budgets.

“We need to continue to evolve the services we provide, yet our members can’t clearly articulate what they need, so we have to project their areas of concern as we develop new offerings.”

- Construction Industry (Trade Association)
Competing on Education

• **Upgrade capabilities** through faster speed-to-market, more cohesive learner pathways, learner options (e.g., high level courses), more cohesive strategy.

• **Introduce new technologies and products**, e.g., bring cohorts together, micro learning, new innovative delivery methods.

• **Keep pace with an evolving market** (leading-edge content, personalized learning), and create content for new markets.

“Continuing professional ed is widely available, quality is ‘good enough’ and often free, causing severe disruption in one of our major revenue streams.”

– Healthcare Industry (Professional Association)
Competing through Advocacy, Publications and Partnerships

Executives provided insight into their own programs, including advocacy, publications and partnerships; reflecting on what changes are necessary to the existing model to stay competitive in the future.
Competing on Advocacy

• **Leverage grassroots and grasstops**: Need to better engage members and stakeholders to catalyze action.
• **Optimize communication** to membership about issues (wins, actions needed) to accelerate engagement.

“*The membership is not grasping the how powerful (resources) these huge corporations are/have and what lengths they will go to secure market dominance.*

- Construction Industry (Trade Association)
Competing on Publications

• **Adapt the business portfolio** to account for transitioning to open-access publishing.

• **Recalibrate the business model in publications** to provide revenue and value for members (e.g., more publications, new technologies, continued digital transformation, new product lines).

“The ‘traditional’ models of revenues are changing and becoming less viable, without an obvious replacement. While we have some innovation, none of that comes anywhere near replacing lost revenues from our main revenue sources.”

– Government Industry (Hybrid Association)
Competing on Partnerships, Alliances, and Joint-Programs

• **Focus attention to strategic partnerships** through assessment of value proposition to partners, dedicated staff time, resources allocated to manage coalitions, identification and vetting of partners.

• **Foster engagement with partners** to fulfill revenue goals and support mission, strengthen involvement by volunteer leaders to engage partners, tailored packages to meet partner needs.

*There is “considerable consolidation among member companies and intrusion into our services by competitors.”*

– **Scientific Industry** (Trade Association)
Getting Started on Business Model Change

Key Question:

*How can we innovate our business model to capitalize on new opportunities and generate financial results that grow the association?*

- What is our tolerance for risk? Our members?
- What business intelligence do we need?
- What voices are missing in our conversations?
- How can we support and guide staff in this exploration?
- Where is our field/industry going and how will we meet it/stay ahead?
- How will we invest in this?
- What are we willing to give up to gain something new?
- What external factors must be considered?
- Is our governance sufficiently nimble to support ongoing and rapid evolution?
Getting Started on Business Model Change

Key Question:
How can we innovate our business model to capitalize on new opportunities and generate financial results that sustain (and/or grow) the association?

What is our tolerance for risk taking and how is that reflected in our staff culture and competencies?

What business intelligence do we need to make informed decisions?

What stakeholder voices are missing in the conversation?

How can we support and guide staff in this exploration?

What do we need to get creative?

What skillsets do we need to engage around this? Are they available to us now?

What might need to change to get us to the next version of (association)?

(Exceptional Experiences)
Appendix
What is an association business model?

A **business model** refers to how your organization identifies revenue sources, serves its member or stakeholder base, the products and services it provides and how it finances its operations.

Meet the unique needs of stakeholders:

- **Membership**
- **Advocacy**
- **Education and professional development**
- **Meetings, conferences, tradeshows**