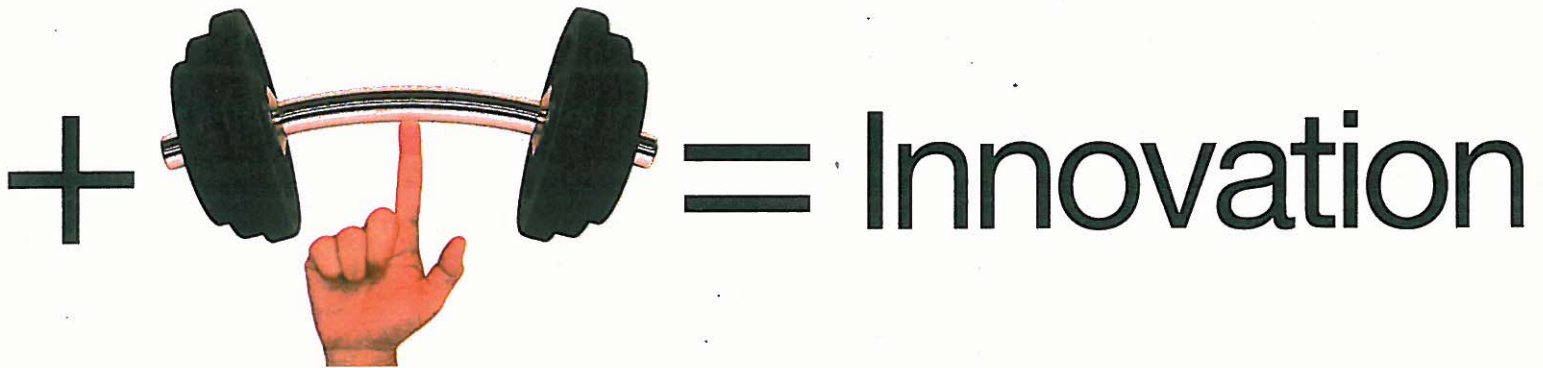


# The Innovat Equatio



*Is your association built for innovation? If you simply wait until good ideas come along, it may be too late. But when the right conditions are developed in advance, they add up to an association that finds the right ideas and makes them a reality.*

**By Stephanie Schall**

# ion n

During my years as a director of marketing for various associations, I noticed a common occurrence at board meetings, which I now jokingly refer to as the “shower-thinking” phenomenon.

It appeared that the information or dialogue during the first day of the meeting would get the creative thinking started for some board members, and they would walk in the next morning to breakfast with program ideas and thoughts that came to them in the shower for what the association should be doing more of for members: a new topic for a webinar series, an idea for sponsorship, a new functionality for the website, and so on. The headquarters staff would respond the way any good,

customer-service-oriented team would, by taking diligent notes and heading back to the office to start developing the program or idea, full-steam ahead.

Fast forward three months (or six, or 18), and on the monthly board teleconference inevitably we’d hear comments such as, “Whatever happened to the idea about ... ?” or “Why aren’t more members attending this webinar?” Responses usually ranged from, “It’s taking us longer than anticipated to get this moving,” to, “We’re not sure what to do next,” or, “We don’t know why registration is low.” It became clear to us that there must be proven, better ways for going about developing new programs for associations.

# Volunteer leaders need to feel empowered to make decisions. If decision points are solely aligned with preexisting meetings or teleconferences, then momentum is put at risk and opportunities may be lost.

In 2007, we established the SmithBucklin Innovation Center to work with associations to improve their organizations through new product development. We adapt the latest approaches utilized by innovative for-profit global businesses and apply them in the nonprofit environment.

Studying various models for innovation, we have found that success comes from being prepared—"innovation readiness," if you will—which means having the right goals, infrastructure, and processes established first. More often than not, ideas come later and not out of the blue like those "shower-thinking" ideas that sent staff scrambling.

A lot of for-profit organizations have this figured out, but in some ways they're also at an advantage over their nonprofit counterparts. Certain characteristics associated with for-profit innovation may act as barriers to the adoption and embrace of this business strategy within the association industry:

**Research and development.** Many for profits fund and support research and development activities or teams. Most associations "plan the work and work the plan" and don't provide the means for thoughtful activities to be executed that may yield new opportunities.

**Risk.** Volunteer leaders are often uncomfortable with activities or programs with levels of risk. Innovation may be perceived as work that needs high investment elements and therefore carries high risk. This does not have to be the case.

**Capital.** Associations historically have not had to deal with the concept of excess capital. Therefore, going beyond financial discussions focused only on savings or rainy-day funds and being able to engage in dialogue as to how to invest surplus or strategic funds can start to encourage the behavior of reinvesting in membership.

**Leadership continuity.** Associations tend to have less leadership continuity than corporate America. Innovation projects do not always fall neatly into preexisting board terms and therefore need to be able to be stewarded in different ways than existing, annual programs.

A demonstrated commitment from volunteers and staff as well as a formal process for implementation will help increase the chance of a new product or service's success, which can help grow and build sustained competitiveness for an association. Through our experience with clients of all shapes and sizes (industry, membership, budget) we have observed behaviors and collected information about what contributes to success in innovation, and we've identified four factors that, when present within an association, provide the foundation from which to embark on an innovation strategy with confidence.

**1. Set Goals and Strategies**  
Too often the question "What is our goal again?" is asked in the middle of a project, which puts the project in a dangerous

limbo of revisiting information or research and often causing "analysis paralysis." It is critical to have a dialogue about what an innovation strategy is meant to achieve.

As mentioned, growth can be measured in a variety of ways. However, a new product or service can rarely achieve multiple, varied outcomes. Prioritizing outcomes or results is necessary so that clear direction can be provided to those who will be leading and owning the work. The desired outcome should also be used as a filter to focus and assist decisions throughout the innovation process.

Goals and strategies that are agreed upon by chief staff officers and volunteer leaders allow for unified, strategic decisions as to how and where the organization's resources are deployed. They also decrease the chance of controversy or skepticism about a new project within the association.

For example, one healthcare association made a conscious decision to define its growth metrics as solely tied to expanding member participation in education programs and services. Therefore, its innovation strategy was focused on understanding the education and training needs of four defined member segments and was supported by a timeline for working through each segment. This approach allowed our team to only focus on identified member problems where an education program or product would be a possible solution.

When opportunities were identified that met the members' desire for the association to increase its advocacy

efforts, the team provided the information to the board of directors in an appendix to the innovation report. This allowed the board to reap incremental benefit and insight from the innovation work while allowing the team to stay focused and deliver on its original charge.

In addition, since the board did not prioritize desired revenue goals, two new program concepts were brought forward for consideration that had strong member interest and support but were modeled as not being able to drive profit in the near future. The team was able to present these programs as ones that met the board's initial guidelines while recognizing that investing in these programs carried higher risk. This allowed for healthy board conversation about the mission of the association, sometimes calling for investing in members for the

betterment of the profession while still focusing on the business objectives that needed to be met to keep the association strong.

## 2. Healthy Governance

Healthy governance is achieved by a board of directors that values market research, supports an environment of risk taking, and trusts expert resources to transform the association's product-development strategy into real-time action.

A healthy board also embraces trying new things by providing a "safety zone" in which volunteer leaders feel comfortable taking calculated risks. Conversely, if the tone in the boardroom is that any type of failure is "unacceptable," then staff and volunteers will likely have a difficult time embracing innovation.

It's also important that the board does not cling tightly to decision authority for the innovation strategy. Momentum is critical during this time, and volunteer leaders need to feel empowered to keep the momentum going based on market research and analysis to reach the agreed-upon business objective. If decision points are solely aligned with preexisting meetings, or teleconferences, then momentum is put at risk and opportunities may be lost.

As an example, a board of directors for a SmithBucklin client trade organization outlined specific desired outcomes for any new programs and services it planned to pursue and then charged a volunteer subcommittee to come back with findings and a development recommendation. The subcommittee utilized the desired outcomes as defined by the board as a filter

A C G I S O F T W A R E



engage.

**EXPERIENCE THE FREEDOM.** Engage members, empower staff, and gain insight with Association Anywhere® - an AMS built on an enterprise web-based platform, to support all constituents - anywhere, anytime, and securely, with any device. Select from over 40 fully-integrated applications that work from a central customer database. Deploy online self-service features to your website, rapidly. Make confident decisions with the industry's top business intelligence and reporting tools. Call or visit ACGI Software - the trusted leader in association management software and best practices - and experience the freedom, today! Visit us at booth #308 at the ASAE Technology Conference & Expo.



by:



1.866.669.ACGI (2244) | [www.acgisoftware.com](http://www.acgisoftware.com)

throughout the innovation process. As new program ideas or concepts were tested and reviewed and found to meet the expectations of the board, the subcommittee proceeded to the next step of innovation. If they fell short, they were placed to the side or in a "future-pipeline" report. This allowed the subcommittee to maintain momentum by not having to ask permission of the board every time new or "interesting" information was uncovered.

### **3. Financial Stability**

Funds invested in product development efforts will not always generate immediate profits. However, financial policies can be structured to enable association leaders to manage and access the funds if a prudent business case exists.

If an association's financial-management policies are overly restrictive, it will have trouble allowing for different levels and types of program investment. A fund or reserve earmarked for strategic investments, on the other hand, provides the board with a clear separation of what is needed to invest in growth versus annual operations or what is needed for a rainy day. This structure tends to provide peace of mind that the financial table stakes of the association are taken care of.

When an association has a fund labeled "strategic investment" or "strategic reserves," it shows the volunteer leaders' understanding of and commitment to the idea that an association's work doesn't solely amount to operations (status quo) or savings (safety

net). At the start of the innovation process, another client trade organization consciously moved \$120,000 from its "rainy day fund" to create a strategic reserves fund. This fund transfer still left the association with appropriate funding for any unforeseen crisis. However, the board sent a clear message that it expected to make decisions to invest those funds at the completion of the innovation process. That fund was created for investing, not saving. When our team made its development recommendation, the board had less angst over the decision to spend, because the money had been earmarked for exactly that purpose.

### **4. Confidence in Execution**

A staff that has the capacity and flexibility to successfully manage all current association functions is critical so that new value can be created without damaging what is working within the association today.

This established baseline of strong execution and operational excellence tends to enable a board to more easily accept the risks and unknowns of innovation. A board that has faith in its headquarters team's ability to communicate openly and honestly, by reaching out for input and direction and bringing forward issues both simple and complex, typically makes it easier for the board to greenlight the innovation process.

The process is most successful when a board of directors approaches this process as a journey that leadership,

volunteers, and staff take together. A client technology organization once thanked our team for bringing forward new information about its market that conflicted with assumptions the board of directors had made when entering into the process. Sometimes work teams feel pressured to put successful project management ahead of difficult or unexpected conversations, putting the overall project and its objectives at risk. When the innovation process is seen as a test of "Let's see what they can come up with" or "Let's see if they can get it right," the right mindset and environment are not yet in place.

Additionally, one of the benefits of allowing staff to follow a market-driven innovation process is that, while the process begins with identified goals and objectives, target constituents can tell the association what they need and how they want to access the solution. Therefore, there isn't a need for tracking back to who was "right" or "wrong."

While the above considerations should not act as barriers to the adoption of an innovation strategy, they form the foundation on which a proven product-development process can be enacted. By taking into account each factor, an association increases its chances for successful innovation. Generating new, innovative products and services allows organizations to continue to provide their members with the valuable, relevant products and services they seek and, in turn, allows organizations to position themselves for sustained growth in both the short and long term. **an**

*Stephanie Schall is the senior director of the Innovation Center at SmithBucklin in Chicago. Email: [sschall@smithbucklin.com](mailto:sschall@smithbucklin.com)*

#### **FOUR QUALITIES OF AN INNOVATIVE ASSOCIATION**

- 1. Goals first.** Knowing what goals an innovation strategy is meant to fulfill will better guide idea generation.
- 2. Governance that embraces risk.** The board should empower staff and volunteers to take calculated risks. Fear of failure will paralyze innovation.
- 3. Financial investment.** When money is set aside for innovation and experimentation, operations can remain steady while supporting new ideas with the resources they need to gain traction.
- 4. A baseline of excellence.** A board that is confident in its staff's ability to communicate and execute will be more comfortable entering new territory.