

Designing Association Business Models for the Network Age

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As the powerful forces of cultural, demographic, economic, political, social and, above all, technological shift combine to relentlessly transform our society, associations need fresh thinking on how to successfully attract the stakeholders of the future through radical new value creation. The coming generations of potential association contributors bring a 21st century sensibility to the fundamental human experience of associating. For them, it is primarily an immersive digital experience of uninterrupted social engagement that increasingly takes place “on the go” from smartphones, tablets and other portable devices. This kind of diverse real-time interaction creates a rich mix of personal and professional sharing that defies the traditional categories of conversation, collaboration and learning familiar to most associations.

To build their organizations to thrive over the next decade and beyond, association boards, CEOs and senior executives must understand and respect a fundamental truth: the deepest untapped value for stakeholders of the future lives within the networks of relationships in which they voluntarily engage, and not in more of the same kinds of standard products, services and other conventional forms of value associations have always pushed out from the core of their organizations. Helping future stakeholders make use of the full measure of this compelling yet often hard-to-reach network value will require association leaders to imagine novel discovery-driven business models that connect a broader range of contributors in meaningful collaboration and co-creation through the use of emerging technologies.

The critical challenge for association leaders trying to help their organizations flourish in this age of networks is to design and develop new business models that are both adaptive and resilient. On the one hand, adaptive business models can more easily support our stakeholders’ network activity, and shift to capitalize on new opportunities as they emerge. On the other hand, resilient business models can create lasting influence with stakeholders who recognize the shared value embedded in those relationships. While traditional membership-centric association business models have demonstrated resilience for many decades, their durable foundation has begun to fracture in recent years under the extreme stress of relentless societal transformation. To create 21st century business models with attributes of *both* resilience and adaptability then, association leaders need to think along four design continuums, as described below.

Four Business Model Design Continuums

Act in real time to connect with long-term outcomes^{3/4}The typical association business model operates on a slow-running internal clock that is synchronized to carefully-crafted organizational schedules for strategic and operational planning, budgeting and governing activities. This calendar-based view of new value creation is a complete

mismatch with the dynamic environment in which our stakeholders operate today. They live and work in an ambiguous and uncertain world, running at full-speed, that places a high premium on clarity and focus in the pursuit of important personal and professional outcomes. As the pressure these stakeholders face intensifies in the years ahead, they will continue to rely upon their most trusted networks for the critical advice, guidance and support they need to become the people they aspire to be.

Associations can increase their pace of new value creation by thinking and acting in real time to understand and serve immediate stakeholder priorities and problems, but on their stakeholders' terms. By paying close attention to the exchanges of value occurring within stakeholder networks, associations can use their real time orientation to nurture a more empathic understanding of who their stakeholders are and what really matters to them in the long term. It is a chance to understand their intentions, i.e., the actions they have taken and will take going forward to achieve their outcomes, as well as the constraints that interfere with realizing their ambitions. By forming more intimate and enduring relationships, associations can better anticipate their stakeholders' future challenges and choices, and build organizational capacity to rapidly create the right kinds of radical new value.

Build a fully digital platform to create a meaningful presence^{3/4}Current association business models tend to rely on hybrid value creation platforms that combine some digital elements with long-standing physical/in-person offers and experiences, including print magazines, books and other physical products, as well as annual meetings, conferences and other face-to-face events. There is nothing inherently bad about these physical and in-person value offers, of course, and for many associations, they still represent significant revenue streams in the form of third-party financial support. Setting aside the emerging threats to these kinds of advertising, exhibit and sponsorship revenues, as well as the growing costs involved in generating them, the deeper concern for association leaders should be that their business models remain more focused on delivering pre-determined outputs rather than providing a flexible and usable platform for stakeholders to co-create shared value across their networks.

The powerful social networks and related tools in widespread use worldwide today make it simple and convenient for future stakeholders to work toward their outcomes in collaboration with their most trusted and important connections. Unfortunately, most associations still think of this public platform as a (mostly) free sales and marketing channel for their existing products and services, when it could be a genuine wellspring of imagination, insight and innovation. Associations can develop adaptive business models by building out more robust digital platforms capable of integrating various streams of conversation as they are shared across the global public sphere. In addition, associations can bring greater richness to those conversations by infusing them with their curated wisdom, and by more fully engaging their broader networks of stakeholders to participate, without seeking to control them. The intelligent application of social, mobile and related network technologies offers associations the opportunity to create more resilient business models by building a meaningful 24/7/365 presence in the lives of all their stakeholders, and not just those who attend events or read the monthly magazine.

Accelerate critical flows to access hidden assets^{3/4}Membership-centric association business models tend to favor flows of value between and among members, i.e., those stakeholders who have paid the association for the opportunity to participate in its traditional activities, within its traditional boundaries. Too often, however, the contributions of stakeholders who have failed to embrace the membership value proposition with their financial support are regarded as less valuable only because of the decision not to join the association. In this context, the extractive nature of membership's inevitable binary choice (either you are a member or you are not) manifests itself less as an authentic attempt to build community, and more as a shortsighted and dangerous test of fidelity, with the growing likelihood of unintended negative consequences for the success of both associations and their stakeholders.

The polarity of networks is very different. In networks, value flows from person to person based on the proximity and quality of the connections between them, as well as the perceived quality of what they can offer each other, not because of artificial limits imposed from the outside. Even associations, which seek to convene networks through the membership mechanism, do not own all of the distributed connections that extend beyond the boundaries of the association itself. To build more adaptive business models, then, associations need to reject limits and focus instead on scaling networks to include more knowledgeable and passionate contributors capable of creating accelerated flows of value, regardless of whether those contributors are interested in membership. Over time, these valuable contributors may be able to play an important role in bridging out to new areas of the network that are otherwise disconnected and, in turn, surface important knowledge and other valuable assets that were previously hidden from view and inaccessible.

Develop smart value to shape thick value^{3/4}As previously discussed, traditional association business models still tend to emphasize the creation and delivery of value in either a physical or in-person form. To facilitate the development of this value, associations often rely on the use of reported data collected from stakeholders through various types of physical and online survey instruments. This approach is proving to be less attractive, however, as today's stakeholders have been deluged with survey requests from every conceivable direction. In the years ahead, this kind of feedback will continue to diminish in importance as a declining number of stakeholders participate in such stand-alone surveys, allowing the opinions of the highly content and the highly irate to dominate and distort those results, rendering them meaningless.

Through the creation of more fully digital platforms, however, associations can begin to develop "smart value" offers capable of capturing real-time data developed from actual stakeholder use. These smart value offers can be designed to directly influence stakeholder behavior in positive ways. For example, the application of game dynamics can make even routine learning a richer and more compelling experience, and can return invaluable information on how future stakeholders understand, think about and perform their work relative to others in their network. As associations expand the forms of smart value they offer, it will be possible to integrate those data with empathic insights and perspectives developed through other interactions to shape thicker forms of value that can build lasting relationships with future stakeholders.

The harsh and unforgiving forces of relentless societal transformation will continue to challenge the association community's most orthodox beliefs about what associations are *supposed to be* and what they are *supposed to do*. While there is no single formula to build associations to thrive over the next decade and beyond, there are 21st century mindsets that association leaders can apply to the essential work of business model design and innovation in order to accelerate the pace of progress inside their organizations. To do that, however, association boards, CEOs, senior executives, as well as other staff and voluntary leaders, will need to connect the vast and exciting opportunities created by a world in flux with a shared sense of responsibility for capitalizing on them. Whether they will be able to do that remains to be seen.