

Formulating Effective Strategies

By Roma Ihnatowycz

When it comes to strategy planning there's no skipping steps: associations need to dedicate time, research and energy to formulating their goals properly

The dictionary definition of strategy is 'the art of devising plans toward a goal.' The reality, however, is often much different. Strategy is one of those popular words that get tossed about like a basketball these days – everyone seems to be 'strategizing' about one thing or another, even if it's just figuring out what to have for dinner.

When it comes to association management, however, it's about a whole lot more than choosing fish or chicken. Good strategies are integral to the success of running of a not-for-profit organization and require adequate time and thorough preparation. Yet surprisingly there are still many associations taking a far more simplified approach.

"A lot of organizations may engage in strategic planning but some are hit and miss at it," says Jim Pealow, CAE, managing partner at Association Management & Consulting Evaluation Services (AMCES). "They don't do it on a regular basis, they don't do it properly and then it becomes a problem."

The first, crucial step of any strategy is formulation, and here is where many associations slip up. Formulating strategy is more drawn out and complex than organizations care to realize. While staff and volunteers are quick to decide what they want to do, they fall short of conducting the necessary background research to ensure that their decision is an educated one.

"Research is key," says Pealow. Long before you think about goals you need to define the environment your association is working in. This is done through an external environmental assessment. Readily referred to as PEST – political, economic, social and technological – this assessment examines all aspects of an association's area of specialization. "You are looking at trends or issues, because some of the trends or issues may be opportunities or threats," says Pealow. "It's an important step for determining priorities."

Next, an association needs to examine its internal environment, looking objectively at strengths, weaknesses and opportunities. This internal and external information gathering determines the issues that need to be addressed, which then form the basis of different strategies. An association may learn that it is not growing its membership fast enough, or that it is not well known, or that its advocacy efforts are poor.

Without this prep work, a not-for-profit may end up acting on old ideas and concerns. "A lot of organizations have an idea of where they are going but in many ways they are working with half the information," says Pealow. "They may be working on something that is no longer applicable to the needs of their members, or no longer consistent with what is happening in the external environment. If you are just 'assuming' you are increasing the risk of failure."

After this stage comes the hard part: narrowing down the choices. Issues need to be listed, examined and prioritized, with only a select few turning into strategies. Few organizations can tackle everything at once, and they need to stagger their efforts over many years. “No organization can ever address all the issues; they don’t have the resources,” says Pealow. “So they have to select their top issues and eventually those are turned into goals or strategies.”

Also important to good strategy formulation is a clear vision for the association, one that outlines the organization’s purpose and its view of where it wants to be ten years time. This forms the basis for a mission statement, which in turn is supported by the goals set by the association.

Case in point

The comprehensive process of strategy formulation was magnified for the Marketing, Research and Intelligence Association (MRIA) when it was established in 2005 from the merger of three predecessor organizations. Determining the group’s initial vision statement and goals was a weighty task and one that required time, effort, as well as a fair dose of diplomacy and teamwork among a once disparate group of volunteers.

MRIA took all the necessary steps to turn the initial stage of strategy planning into a seamless operation with a successful outcome. An inter-association task force first mapped out the general ground rules for the new association and formulated its first constitution. Then over a six month period the association devised its first strategic plan after extensively researching both the internal and external environments.

One of the initiatives MRIA took was inviting member input through an online survey. More than a quarter of its 1600 members participated with ideas and suggestions. “This served us very well in terms of being able to size up the direction that our members saw the association going in,” says Brendan Wycks, CAE, Executive Director at MRIA.

The association also did a thorough environmental scan, benchmarking against other relevant associations. It is continuing this process with its second round of strategy formulation. This benchmarking is helping MRIA with its strategic challenge of identifying new revenue sources and a new financial model to generate more net income on an annual basis. “We are looking at benchmarking against associations that have totally different financial models than ours,” says Wycks. “If we learn from them, and they are relevant and applicable, we might be able to adopt either wholesale or parts of another association’s financial model.”

For its initial strategy, MRIA formulated a 12-page plan for a three-year period containing eight strategic priorities, each outlined in bullet form with its objectives. Included in the list were government advocacy and raising the reputation of the industry. To address the latter the association launched a campaign that educated Canadians on the societal value of public opinion research.

“Equally important,” says Wycks, “is devoting ample time to see the formulation through from start to finish. It cannot be compressed into a short period. For MRIA, six months were needed to formulate the organization’s first strategy, and 10 months have been allotted for the second. You

need to allow time for thinking, information gathering, reflection, compiling a first draft, refining it and then finalizing it,” says Wycks. “You don’t want to have a rushed and compressed process.”

Additional tips from Wycks for formulating strategy include involving as many volunteer leaders as possible and ensuring key stakeholders have their say. This, he says, results in more ownership of the final product, which helps facilitate its implementation. Communicating with members and other participants throughout the formulation process is also crucial, as is writing out a structured plan that can then drive the development of annual business plans and budgets.

Input from members

The Canadian Urban Transit Association (CUTA) also operates on a three-year cycle for its strategy formulation, a process that begins with in-depth membership consultation. This is done in the form of a lengthy telephone survey that is conducted by a third-party company. About 10 per cent of CUTA’s 450 members are queried in a 45-minute phone call. .

“First we get reactions on the level of importance of each of our major services and then we ask them how well we’ve performed in these,” says Michael Roschlau, CUTA president and CEO. “That’s the baseline feedback as well as input on what is important going into the future.”

Soliciting membership opinion is vital to effective strategy formulation, says Roschlau. “Make sure the outreach is there and that you’re undertaking the planning with input that is meaningful and that is representative of your constituencies and membership.”

In the course of one such survey, the association determined it needed to enhance the value of membership to its private sector business members, which evolved into a key multi-year strategy. This resulted in the creation of a task force among business members to identify potential enhancements. This then turned into an action plan that identified, costed and developed implementation plans for various membership enhancements.

Normally, after devising an initial series of strategies based in part on membership input, CUTA revisits the strategies annually for analysis and review. “We continue on a three-year rotation with an annual review and update. Some strategies may not last three years if they are completed more quickly.”

CUTA has anywhere between 10 and 15 strategies in place at any given time, with each incorporating seven key elements such as activities, responsibilities and timelines. These are embedded in a template that the association uses for formulating new strategies.

Strategy formulation, says Roschlau, is an activity that people either love or hate, and having a good outside facilitator to merge these two groups to ensure balanced input is helpful. Also important is allotting enough time to the process and paying attention to sequencing.

“Before you get your board involved in any kind of strategic planning,” he says, “you need to have in place detailed information about your constituency, input on your members’ needs, their

current satisfaction level, and how they would like to see the value of their membership enhanced.”

In short, says Roschlau: “You need the right information to make good decisions.”

That, in a nutshell, is what successful strategy formulation is all about.