

Achieving Organizational Transformation:

PATHWAYS TO SUCCESS

Best Practices from Leading Association Executives

The 2020 Report

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A Note from .orgSource's Founder

The introduction to “Achieving Organizational Transformation: Pathways to Success” comments on the pace of cultural and technological change that resulted in disruptions to traditional business models. We wrote that as 2019 came to an end. We had no idea that we were about to experience massive personal, social and economic suffering brought on by the Covid-19 pandemic.

The Covid-19 pandemic thrust organizational leaders into an uncertain environment in which they first needed to focus on immediate adaptive strategies to provide value and help ensure survival. But successful leaders also understood that as soon as possible the focus needed to shift to transformational changes that would make their organizations more capable of mitigating future disruptions.

The process of envisioning and implementing lasting, transformational changes—from organizing the effort to creating an implementation roadmap—remains the same as described in this document. However, the vision has shifted somewhat. In order to overcome future disruptions leaders now find they need to pursue a comprehensive approach to becoming a resilient organization.

The concept of **achieving organizational resiliency** is based on seven core attributes:

- **Focused vision:** The organization knows why it exists and what is most important.
- **Adaptive, flexible, nimble:** Strategies and tactics are future oriented and constantly evolve.
- **Innovative, risk tolerant, experimental:** It is never “business as usual.” The organizational mindset/culture supports change.
- **Built for action:** Organizational culture supports efficient decision-making and delegated/decentralized authority.
- **Robust business intelligence system:** Data systems support decision-making, including environmental scanning systems and real-time feedback.
- **Enabling technologies** Digital transformation is a core strategy, integrated throughout the organization.
- **Financial health:** In addition to operating performance and diverse revenue streams, the organization has capital resources to invest in transformative change.

As we emerge from the Covid-19 pandemic, we all understand that there is no return to the old normal. A “new normal” is in store for us—and then at some point another seismic disruption will shake that normal. While we cannot predict the details, we can be assured that the organizations that have put in place the building blocks supporting resiliency will have the highest probability of success. At .orgSource we are here to support you in your journey to becoming a more resilient organization.



Sherry,
Sherry Budziak
Founder, CEO
April 2020

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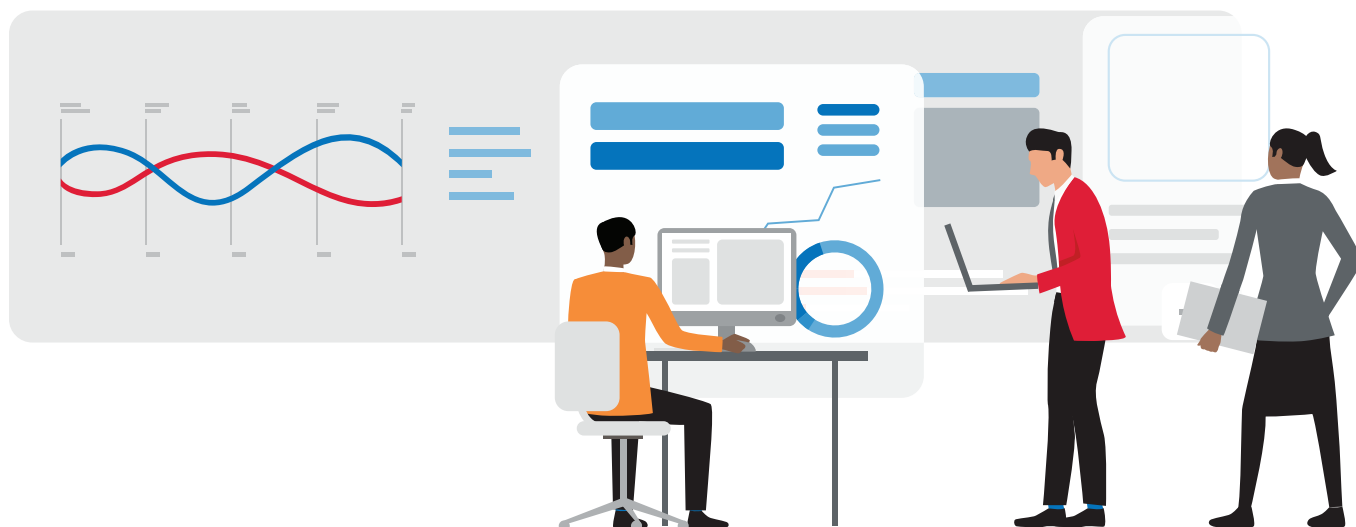
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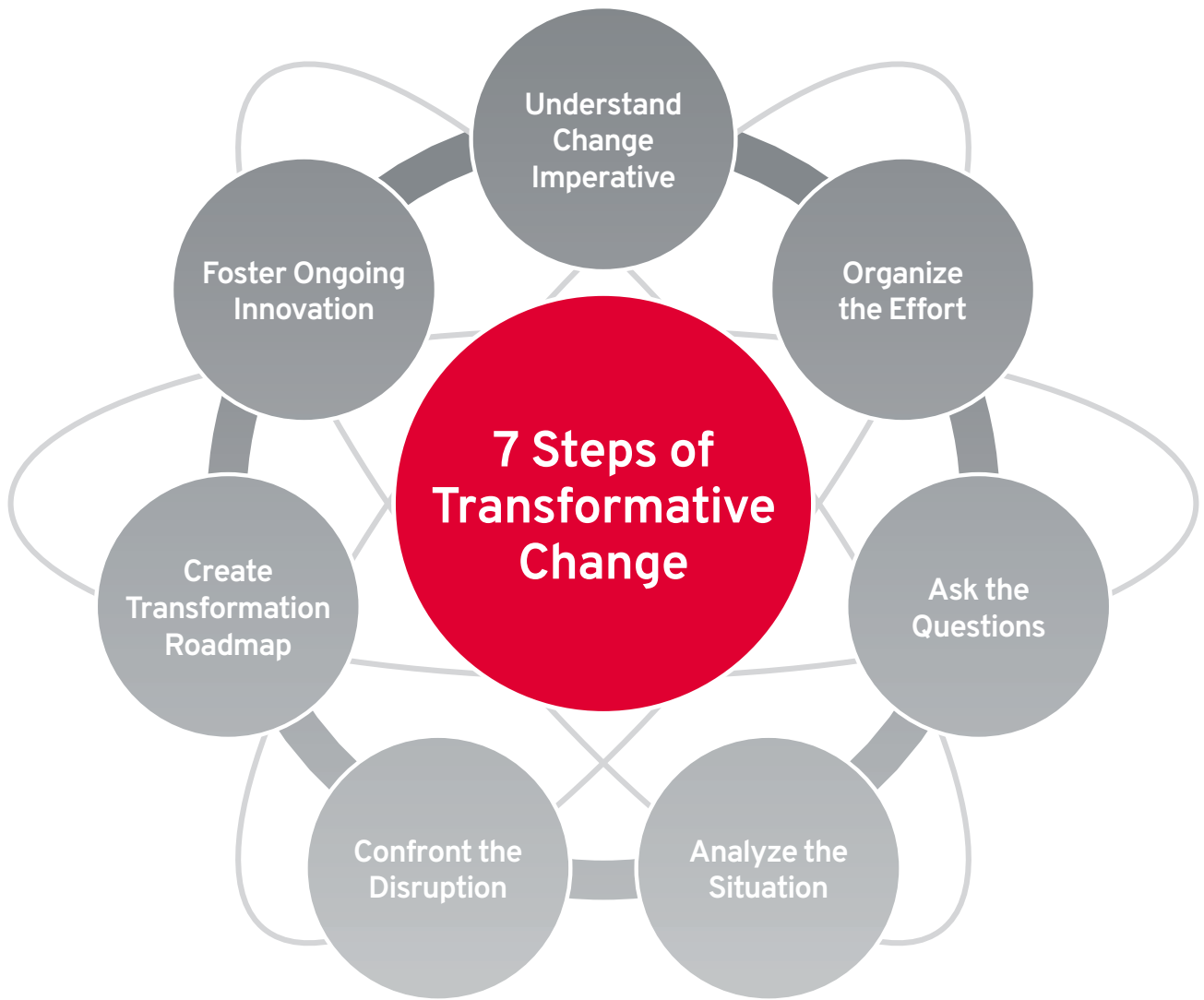
Introduction

Association executives—and hopefully their boards—know that they are facing perilous times. Driven by the pace of cultural and technological change, they are experiencing major disruptions in the traditional business models that used to guide organizational growth strategies. Continuing to rely on prior patterns of member engagement, employer-based dues payments and annual meeting revenue will doom an association to failure. The current environment calls for transformative change, but the path to successful change is difficult and illusive. At .orgSource, we have worked with hundreds of associations, interviewed a multitude of innovative leaders, and surveyed numerous association executives. We have learned a great deal about what types of transformation are needed and what sets the stage for successful change. In this paper we share key factors that we believe will set you on the pathway to future success.

In synthesizing the lessons from associations which have undergone successful transformative changes, we have identified seven major steps. Organizations may find themselves simultaneously involved in aspects of more than one step—and they may find that they revisit a previous step as new information is identified.

THE CURRENT ENVIRONMENT CALLS FOR TRANSFORMATIVE CHANGE, BUT THE PATH TO SUCCESSFUL CHANGE IS DIFFICULT AND ILLUSIVE.





Understand the Imperative for Change

The first step in developing and implementing a successful change strategy is for the organization to come to grips with the reasons for change—and why transformative change is necessary for success. This begins with the management team and board understanding that business as usual will not allow the organization to grow and achieve its vision.

Gaining consensus that there is a need for transformative change does not occur just from a “feeling.” It requires an examination of data pointing to weaknesses in the organization’s existing business model as it strives to function in the face of disruptive forces. For some organizations this takes the form of a “burning platform”—a crisis seems to be underway already. Other organizations are more fortunate and see the future at an earlier stage. Those more fortunate organizations benefit from already having developed metrics—including leading indicators—of the health of their organizations. If your organization does not already routinely monitor—and pay attention to—trended metrics of organizational health, then there is no time to waste.

The metrics help develop a preliminary answer as to whether your current business model addresses core issues faced by associations, including declines in relevancy, credibility, role in the profession and traditional engagement channels. Depending on the answers, the management team and board should align quickly around the recognition that a concerted response is needed.

DOES YOUR CURRENT BUSINESS MODEL ADDRESS CORE ISSUES FACED BY ASSOCIATIONS, INCLUDING DECLINES IN RELEVANCY, CREDIBILITY, ROLE IN THE PROFESSION AND TRADITIONAL ENGAGEMENT CHANNELS?

Organize the Effort

While understanding the imperative for change is the first step, crafting and implementing solutions requires focused, sustained effort. Successful organizations achieve that type of effort by putting in place a well-defined oversight and change management structure. There are a variety of ways to organize change efforts. A good starting point is to include the following roles:

1. Transformation Oversight Group

- Sets vision and strategic priorities for change.
- Provides/approves resources.
- Comprises either the entire senior management group or a subset; may also include board representation.
- Includes the CEO—transformative change is not a delegated responsibility.

2. Lead Transformation Executive

- Provides operational leadership for transformative change efforts.
- Direct interface with the Transformation Oversight Group.
- Ensures coordination and cross-functional input for change initiatives.
- Responsible for monitoring and meeting performance metrics.

3. Project Leaders/Project Groups

- Specific task groups composed of a leader and cross-functional subject matter experts dealing with a specific change initiative.
- Project Leaders coordinate among themselves through a transformative change working group led by the Lead Transformation Executive.



Ask Hard Questions: Know Who You Are

Once a structure is in place to guide transformative change, successful organizations begin to challenge themselves by posing fundamental questions, such as:

- **Why does the association exist?**
- **If the association did not exist today, would industry leaders create it?**
- **If not, why not?**
- **In order to be relevant, how should the association's mission change over the next 10 years?**

As the founders of .orgCompanies state in their book *Association 4.0: Positioning for Success in an Era of Disruption*:

“Think about what your organization can do to deliver new value to members. Think about what services, products and intangibles attracted members in the past and how those benefits could be updated to be meaningful in the future. Ask yourself whether you can extend the boundaries of your membership beyond your current constituent group.” (p. 20)

Of course, asking the fundamental questions is not enough. The questions are not to be treated just as a thought exercise. Instead, the next phase involves gathering and analyzing the organization's current situation and investigating potential future scenarios in order to begin to craft data-driven responses.

ASKING WHY YOUR ORGANIZATION EXISTS IS NOT JUST A THOUGHT EXERCISE—IT SHOULD LEAD TO ANALYZING YOUR CURRENT SITUATION AND FUTURE SCENARIOS TO BEGIN CRAFTING DATA-DRIVEN RESPONSES.

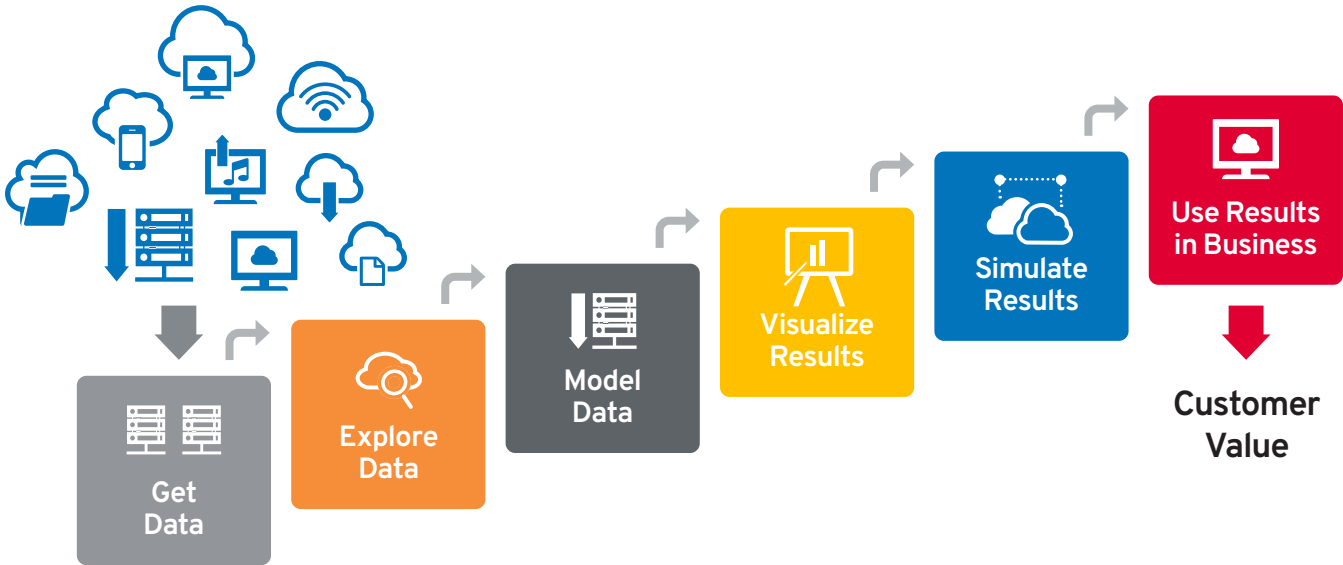


“IF I HAD AN HOUR TO SOLVE A PROBLEM AND MY LIFE DEPENDED ON THE SOLUTION, I WOULD SPEND THE FIRST 55 MINUTES DETERMINING THE PROPER QUESTION TO ASK, FOR ONCE I KNOW THE PROPER QUESTION, I COULD SOLVE THE PROBLEM IN LESS THAN FIVE MINUTES.”

(Unknown; attributed to Albert Einstein).

Analyze the Situation

Organizations that understand the transformative power of data leverage that power into knowledge-based decision making. By synthesizing relevant data, undertaking insightful analysis, projecting the impact and using the results, successful organizations produce greater customer value.



The analysis phase should be designed to address several basic issues:

- How well are you doing on key performance indicators/trends?
- How well do your capabilities mesh with potential future scenarios?
- How well equipped are you for transformative change to meet future potentialities?



Key Performance Indicators/Trends

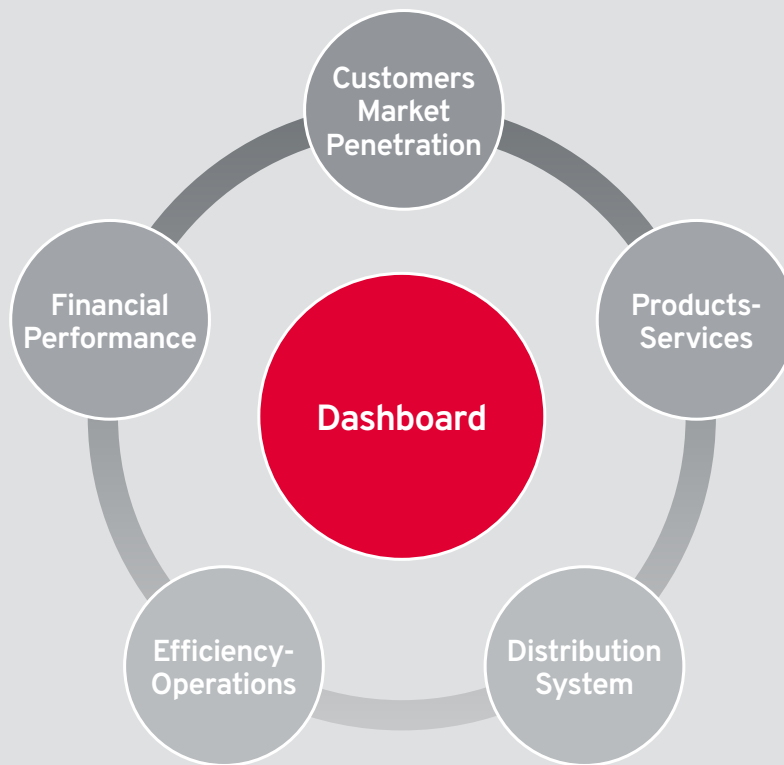
Association executives routinely have access to a wide variety of data sources—data are all around. But the real issue facing leaders is access to reliable, valid, useable information. In fact, when individuals are inundated with data—but also encounter a shortage of solid analysis and insights—the mere presence of disparate data points may decrease data-driven decision making. What is needed is not just gathering data, but also seeing relationships and trends, developing a vision of how the trends may play out, and then forging a plan.

There are a variety of data types and approaches to synthesizing data that an association may consider. Many executives find that dashboard approach work well for monitoring performance, particularly if the key measures monitored by the executive team have more detailed measures that are linked and cascade down the operational levels of the organization.

The development of performance indicators should include both historical data as well as projections/models designed to anticipate future developments. Whereas many associations are well versed in monitoring historical data (number of members, number of renewals, etc.), it is important to examine trends in terms of what they may indicate for the future. Leaders of successful associations know the value of identifying leading indicators, data that may predict future occurrences. Another thing they know is that things will not stay the same—treating trends as if they automatically will continue in a linear fashion would be a grave mistake.

Following are some potential areas for focus and related questions as associations gather data, undertake analyses and structure key performance indicators:

DATA ARE ALL
AROUND...THE ISSUE
FACING ASSOCIATION
LEADERS IS ACCESS
TO RELIABLE,
VALID, USEABLE
INFORMATION.



Customers/Market Penetration

- Who are your customers—and how are their characteristics changing?
- Where are the numbers going (new versus return, by segments), and what are market share trends?
- What are customers doing— how are they engaging?
- What do their behaviors/interactions indicate about what they want now and into the future?
- What are they thinking about the value of the association (voice of the customer)?
- What steps do customer segments typically go through on their way to joining or making a purchase decision (customer journeys)?

Products/Services

- What is being purchased?
- What is trending up/down?
- What types of knowledge resources/content are accessed the most?
- How are products/services trending by customer segment?
- How does pricing strategy relate to purchase volume?

Distribution System

- What are trends for face-to-face products?>
- What are the trends for any local/chapter-based activities?
- What are the trends for electronic products?

Organizational Efficiency/Operations

- What are trends for key human resources metrics (e.g., turnover), as well as organizational culture measures?
- What are trends for quality and performance improvement measures?
- What are trends for productivity and technology measures?

Financial Performance

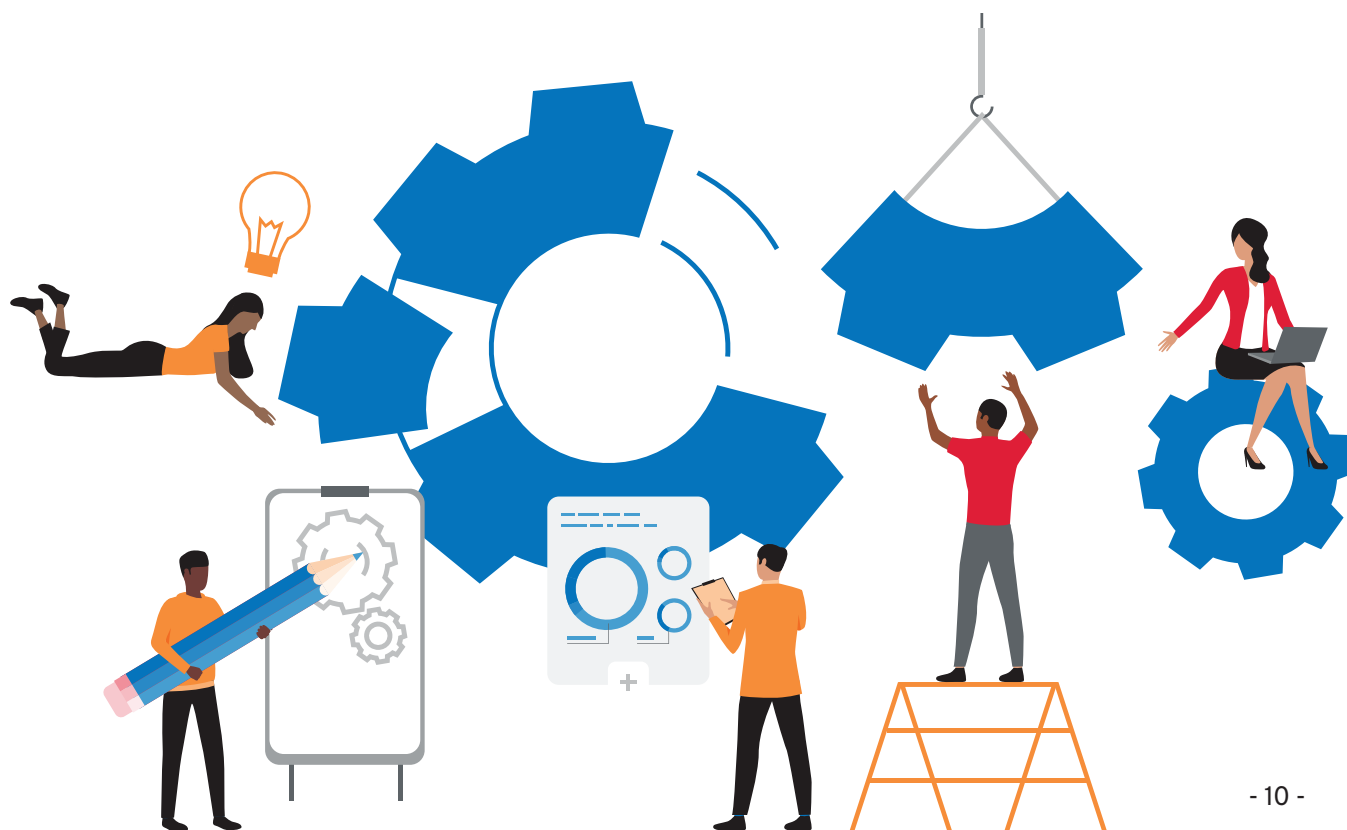
- What's profitable—trending up/down—and what are revenue/expense trends?
- What are the balance sheet trends?
- What are trends in capital available for product and infrastructure investments?

Future Scenarios

The purpose of gathering data is not only to create a picture of where you are at a given moment in time, but also to explore where you are headed and whether you are well positioned for success in an era of uncertainty. While the future is unknown, we do know that the pace of change has been accelerating and technology has been a major source of disruptive forces across a broad spectrum of industries. The most successful leaders are those who anticipate a range of potential scenarios and position their organizations to be flexible and capable of rapid response and innovation. The key is to think in terms of developing the building blocks—the people, process, and systems—to meet a range of future scenarios, adjusting as necessary along the way.

Many associations are clearly experiencing major disruptions in traditional forces impacting their relevancy, credibility and role in the profession. Those factors in turn affect traditional engagement channels, negatively impacting the customer base, the value of historical products and services, and the ability of the association to compete in an altered competitive landscape.

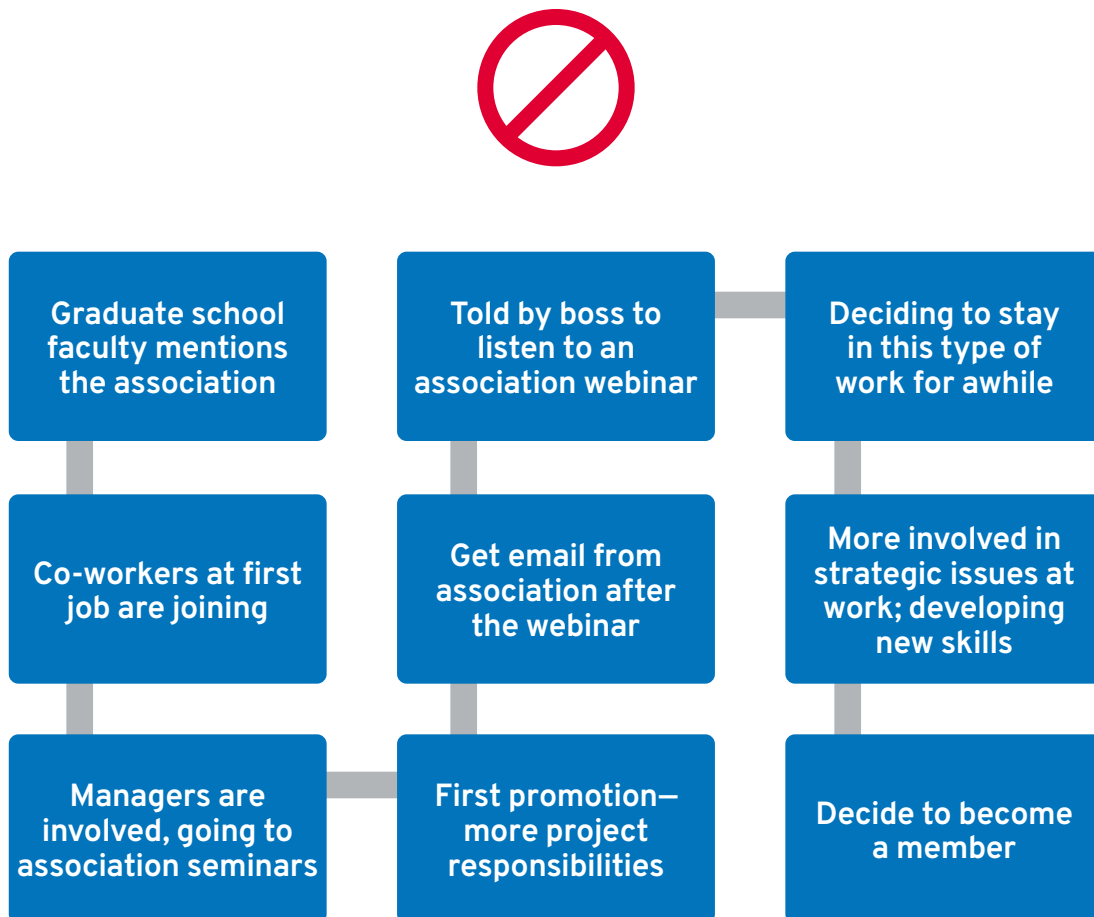
THE MOST SUCCESSFUL LEADERS ARE THOSE THAT ANTICIPATE A RANGE OF POTENTIAL SCENARIOS AND POSITION THEIR ORGANIZATIONS TO BE FLEXIBLE AND CAPABLE OF RAPID RESPONSE AND INNOVATION.



As one example of the type of fundamental change that associations are experiencing, the emergence of the digital era and related cultural preferences has caused disruption in prototypical customer journeys such as the one represented below:

The Need for New Customer Journey Models

Traditional customer journeys to membership are disappearing. Reliance on a pathway such as the following is no longer viable. Instead, individuals enter a field through more diverse pathways and may not develop the same sense of career commitment as in the past. National meetings and peer-to-peer knowledge sharing also are perceived as less critical as individuals look to a broader range of digital resources as needed.



What new/replacement pathways can be forged with relevant products, services and resources that will lead to new styles of customer loyalty and engagement?

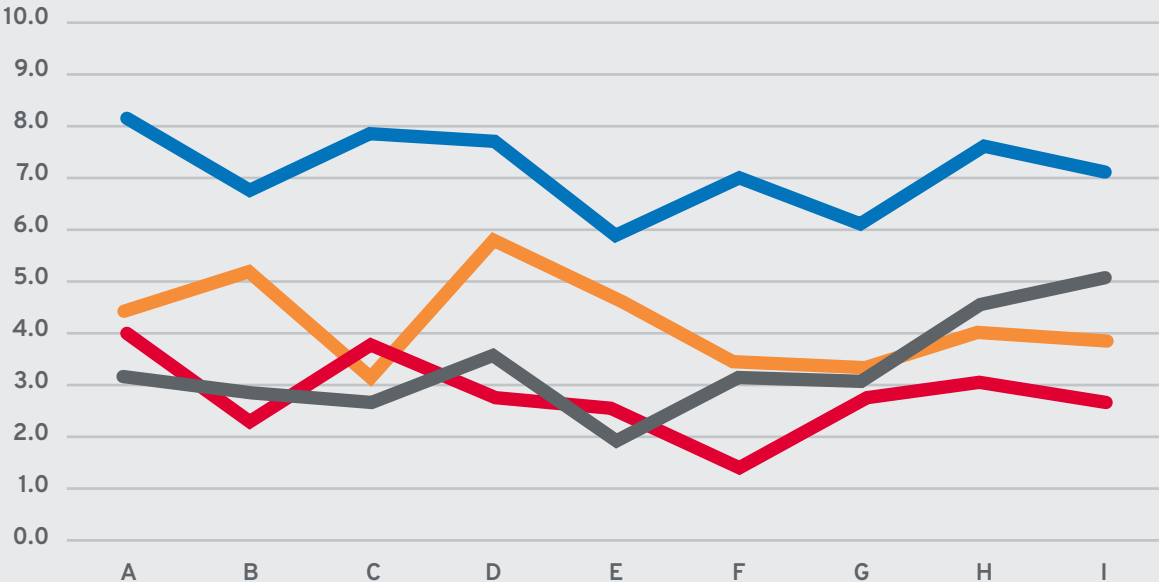
Capability to Undertake Transformative Change

Apart from the ability to gather relevant data, interpret it and develop a vision to respond to potential future scenarios, associations require a set of core building blocks to effectively and efficiently implement transformational change. The building blocks address organizational culture and capabilities, including people, processes and systems. Therefore, before attempting to engage in significant change initiatives, executives at successful organizations take stock as to whether they need to address underlying success factors. Based on its work across organizations at various stages of readiness, .orgSource has developed a “Transformation Readiness Survey© “ consisting of 72 questions across nine domains critical for organizational change:

- Strategy
- Processes/operations
- Decision making
- Technology/systems
- Innovation/trends
- Cybersecurity
- Revenue
- Metrics/analytics
- People/skills/culture

While association readiness varies significantly across the nine domains, once areas are identified for improvement, rapid progress can be made. Paying attention to improving readiness in specific areas can pay enormous dividends in terms of the ability to successfully design and implement transformative change, as well as the ability to continue to rapidly innovate to meet future demands and the new sources of disruption that the association will continue to face.

Comparisons of Four Organizations Across Nine Readiness Domains



Confront the Disruption

Having gathered data, undertaken initial analyses, prioritized organizational enablers that require improvement, and begun to ask key questions for the future, effective association leaders begin to mobilize their organizations to forge specific plans to confront disruption and foment transformative change. This typically involves a strategic plan—but not necessarily one that relies on traditional planning models.

THERE IS A GAP BETWEEN FORMAL STRATEGIC PLANS AND ACTUAL BEHAVIORS... TRADITIONAL STRATEGIC PLANS HAVE FAILED TO PROVIDE THE TYPE OF ONGOING STRATEGIC FOCUS THAT IS NEEDED FOR NAVIGATING THE FUTURE.

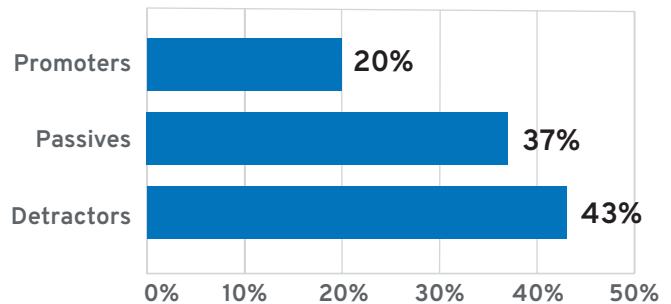
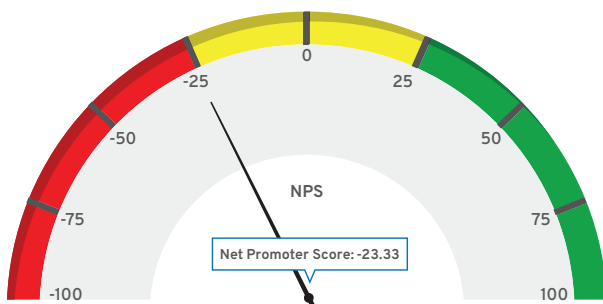
The Problem with Traditional Strategic Planning

While most associations engage in strategic planning on a regular basis, they tend to adopt traditional planning models that fail to provide the guidance and impact desired. Too often associations leaders report that there is too much of a gap between the formal strategic plan and actual behaviors. In many cases, the strategic plan is simply seen as failing to provide the type of ongoing strategic focus that is needed for navigating the future.

Among the concerns stemming from traditional strategic planning models, association leaders note the following types of issues:

- It generates little energy (Been there...Done that).
- It is based on board member experiences as association members and leaders but under leverages board member expertise in their field.
- It is event driven (time to update the strategic plan) as opposed to an ongoing integrated planning process that advances the association.
- It is inward looking focusing primarily on the association as opposed to changes occurring in the profession and industry and how they impact members and customers.
- It is generally based on current conditions and doesn't anticipate change.
- It puts goals before strategy.
- It results in slow, iterative change. . .if any.
- It is the wrong approach if an association needs to transform its business model to increase its relevancy to its members and customers, ensure its sustainability, and grow.

Overall, many association executives state that their traditional planning efforts are neither supporting the need for change, nor adequately impacting decision-making. Specifically, .orgSource asked association leaders how satisfied they were with their organizations' ability to be strategically focused—not just in their formal strategic planning, but also in everyday decision making. Satisfaction was measured using a net promoter scale (0-6 detractors; 7-8 passives; and 9-10 promoters). Unfortunately, dissatisfaction was significant, with a net promoter score of negative 23% (promoters minus detractors).



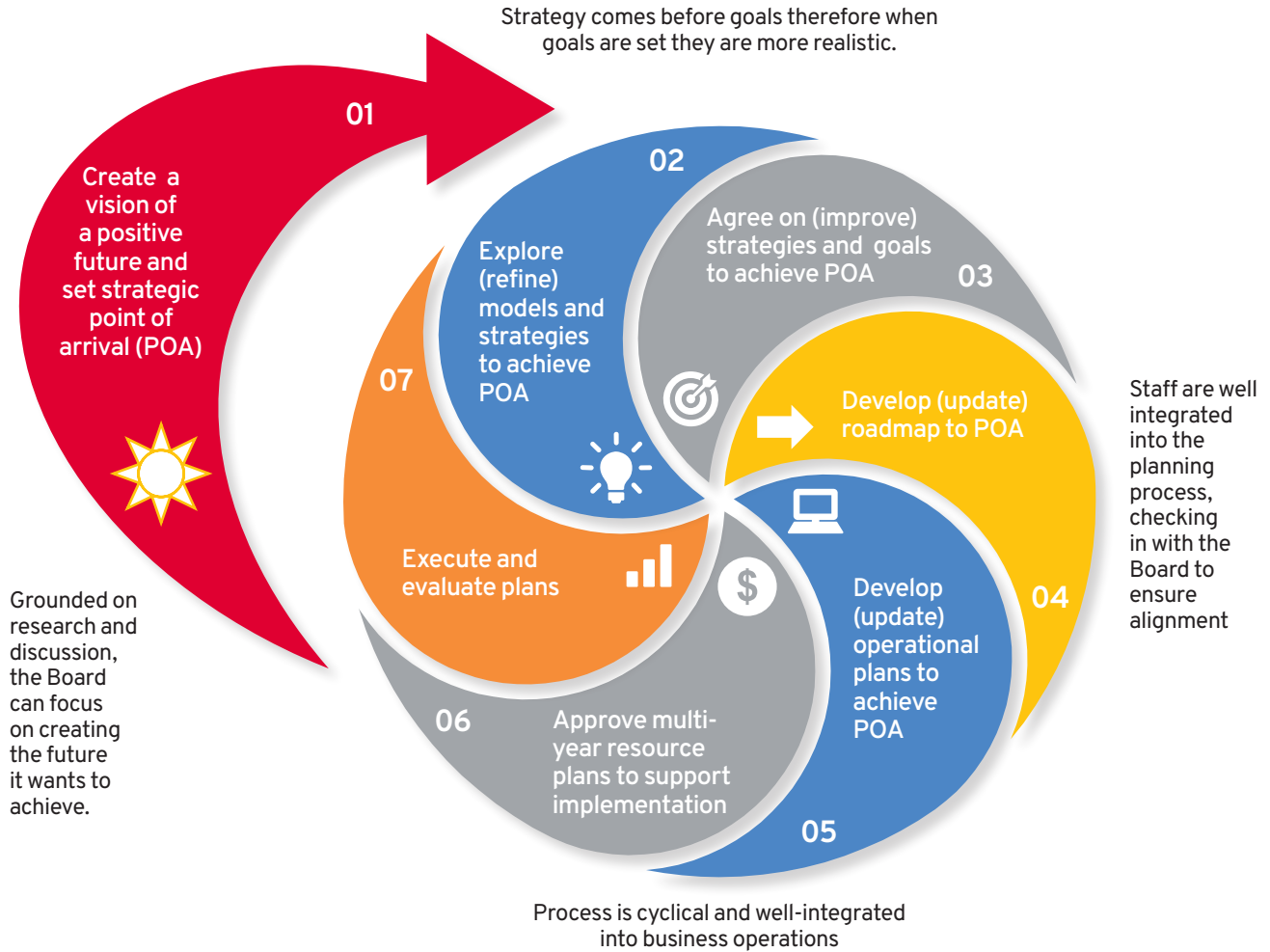
Integrated Planning Approach

In response to the problems of the traditional strategic planning model, association leaders are gravitating to more integrative approaches and placing more emphasis on strategic thinking. In working with executives from a variety of associations, .orgSource has developed a model that supports transformative change.

Benefits of this model include:

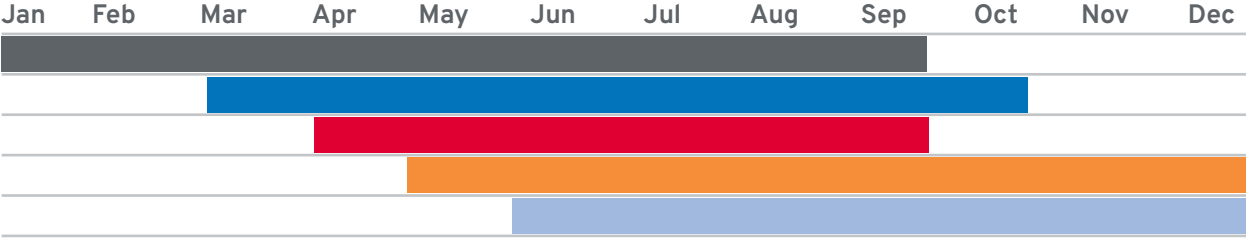
- It is grounded on research and discussion focusing on creating a positive future—a strategic “Point of Arrival” (POA)—that the Board/Management team wants to achieve for their members and other stakeholders.
- The focus is on the experience of the member/customer.
- Strategy comes before goals; therefore, when goals are set, they are more realistic.
- Consideration is given to a range of potential future scenarios, including the types and levels of risk associated with each scenario.
- Initiatives are change oriented and designed to support flexible, innovative adaptations to uncertainty.
- Staff are well integrated into the planning process, specific responsibilities cascade from plan goals.
- The process is cyclical, sustainable, and well-integrated into business operations.

.orgSource Integrated Planning Model

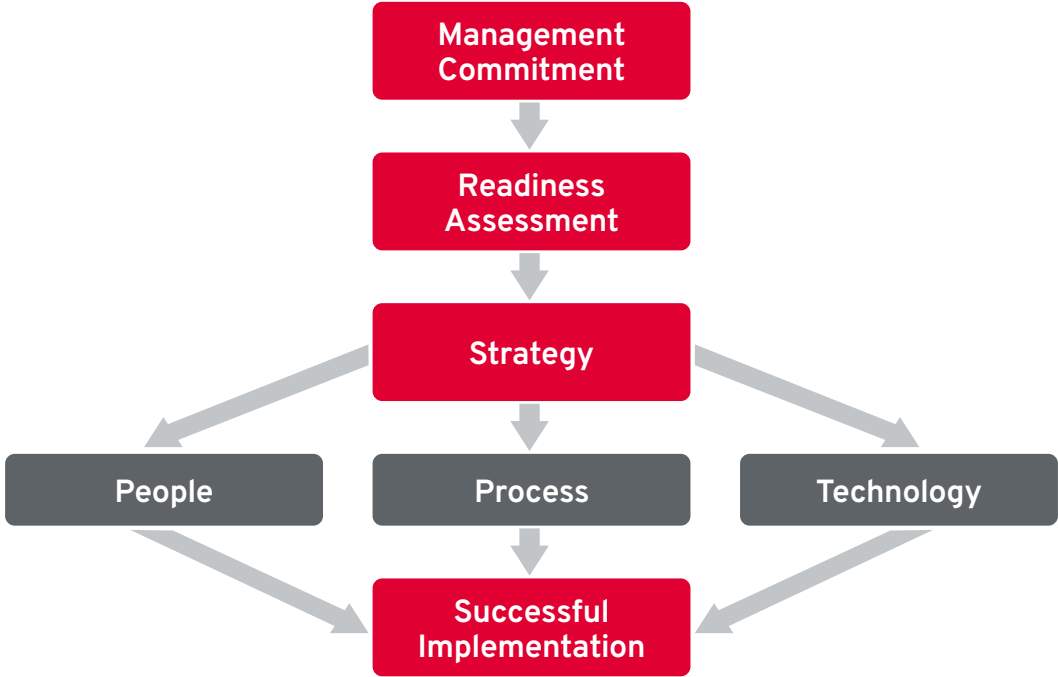


Create Transformation Roadmap

The integrated planning model includes an approach for developing and funding of operational plans. The transformation roadmap is simply the next level of detail, including detailed priorities and timing for various initiatives. The roadmap also specifies accountabilities, dependencies and implementation benchmarks, as well as project leaders, multi-functional teams and resources necessary to accomplish the roadmap initiatives.



As is the case throughout a successful change process, the roadmap begins with senior management commitment and builds upon organizational readiness and the strategic vision for the future. The roadmap draws together people, processes and technology into a coherent, integrated effort to achieve success.



An important aspect of implementing the transformation roadmap is adoption of project management processes and tools. However, too often project management efforts fail as progress is monitored but not managed. Deadlines are missed and specifications are not met. In such cases association leaders have found that the culprit may be a failure to understand that successful project management starts with the creation of a well-defined oversight and operational structure.

TOO OFTEN PROJECT MANAGEMENT EFFORTS FAIL, AS PROGRESS IS MONITORED BUT NOT MANAGED. DEADLINES ARE MISSED AND SPECIFICATIONS ARE NOT MET.

Developing an effective project management structure requires clarity regarding expected outcomes (on-time; on-budget; according to specifications), as well as delineating the various task groups, teams, internal subject matter experts, and external specialists necessary to achieve those outcomes. It also includes operational rules and related systems for how the project teams/ task groups will interact, collaborate, make decisions and share information up and down the organization.

One conceptual tool that can aid in developing an effective structure for managing change and ensuring collaboration is the RACI matrix:

RACI Matrix for Project Management Assignments

R (Responsibility): Person or role responsible for ensuring that the item is completed																	
A (Accountable): Person or role responsible for doing or completing the item																	
C (Consulted): Person or role whose subject matter expertise is required in order to complete the item																	
I (Informed): Person or role that needs to be kept informed of the item’s status																	
RACI Matrix: [Project Name]																	
Project Deliverable (or Activity)	Project Leadership [List Names]				Key Project Team [List Names]				Project Sub-Teams [List Names]				External Contributors [List Names]				
	[Project Owner]																
Phase 1																	
[List Deliverables]	R				A	A				C	C			I	I	I	I
Phase 2																	
[List Deliverables]																	

(The RACI letters in the example matrix are listed to demonstrate how the matrix is used. Your project likely will have different RACI assignments.)

Foster Ongoing Innovation

If transformative change were to be treated merely as a project—with a discrete beginning, middle, and end—then it would be doomed to failure. Instead, it is an ongoing necessity in the life of an association. Undertaking transformative change involves a future-oriented mindset mobilizing the organization to anticipate fundamental disruptions and achieve necessary, rapid adaptations. Leading association executives strive to develop organizational cultures that are comfortable with risk, understand the importance of innovation and experimentation, foster problem solving, and are designed to be agile in the face of uncertainty.

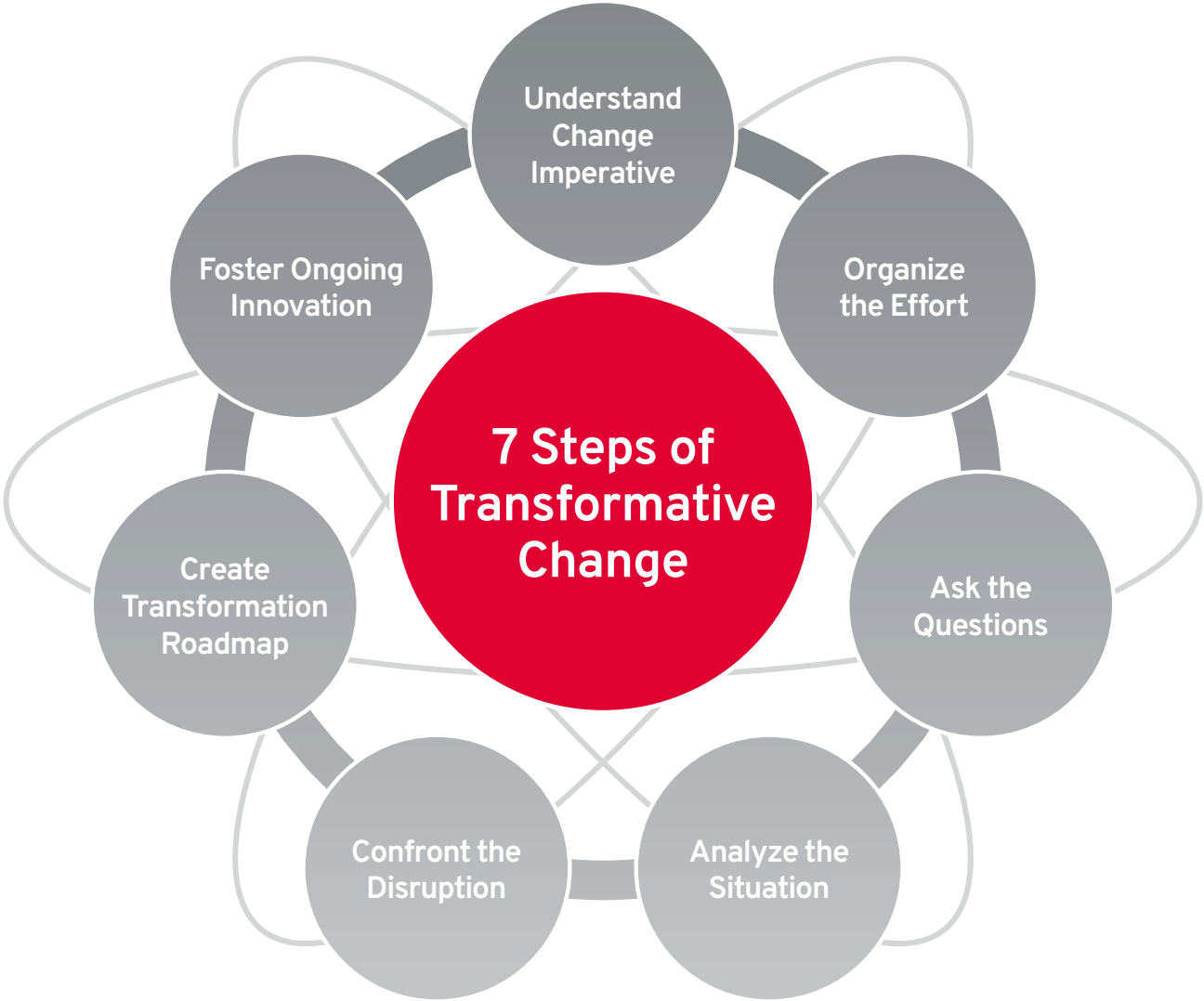
There are a variety of behaviors that association leaders employ to foster an organizational culture for change and innovation. Examples include:

- Routinely devote Senior Management Team time to assess data trends (internal and external indicators) that may signal future changes and industry disruptors.
- Guide the formal development and assessment of future scenarios, including varying probabilities, risks and capabilities needed to respond.
- Foster experimentation and innovation (e.g., explicitly charter innovation teams to design and test product/service concepts).
- Reward inquisitiveness, including supporting opportunities to explore the adaptation of best practices from external industries.
- Explicitly assign responsibilities for environmental scanning and identification of innovations within each functional/operational unit of the organization.
- Foster cross-functional exchanges and team involvement across the organization.
- Incorporate a “voice of the customer” component in the overall data gathering/measurement function.
- Invest in business intelligence systems to further support data analysis, interpretation, and modeling.
- Explore product/service innovations through collaborations with other organizations.

LEADING ASSOCIATION EXECUTIVES STRIVE TO DEVELOP ORGANIZATIONAL CULTURES THAT ARE COMFORTABLE WITH RISK, UNDERSTAND THE IMPORTANCE OF INNOVATION AND EXPERIMENTATION, FOSTER PROBLEM SOLVING, AND ARE DESIGNED TO BE AGILE IN THE FACE OF UNCERTAINTY.

Conclusion

As noted at the outset, lessons from association leaders make clear that transformative change can be difficult and illusive. However, their experiences also teach us that with focus and hard work, transformative change can strengthen the ability of associations to serve their constituents and achieve their organizational vision.



The pathway to success is not linear. Organizations may find themselves simultaneously involved in data analysis, beginning to ask the hard questions and undertaking the initial stages of an integrated planning process. Or they may be well along in planning when new insights suggest the need for additional information and crafting of a previously unforeseen scenario. The process will be messy, but ultimately rewarding for those organizations that are committed to thriving in an uncertain future.

Since 2005 .orgSource has helped organizations shape their future.

In a challenging—and constantly changing—landscape of disruption, we know association leaders have a lot on their minds.

Whether you need a facilitator to help you “ask the better question,” an expert in operational improvements, a leader in digital transformation or leadership development, we can help you...

Build Value, Innovate Within and Discover Strategy.



Find out more.