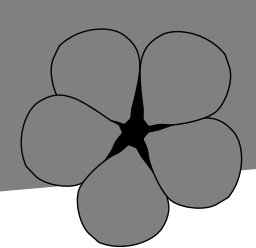




White paper



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About this White Paper

White paper

The recommendations and strategies contained in this White Paper are an accumulation of knowledge and experience drawn from a number of sources. MCI solicited the opinions and input of Brussels-based European and international association leaders on issues we believe to be important and worthy of further reflection.

Whilst the reflections are founded on MCI's twenty years of experience helping associations perform, grow, add value and communicate effectively, these are validated by the quantitative and qualitative data gathered through research.

MCI surveyed 450 Brussels-based trade and professional associations between September and November 2010. Of the 74 respondents (16% of the sample), 53% were professional associations and 47% trade associations. Nearly a third (32%) represented a federation of national associations, 27% were from a trade association of corporate members only, 22% represented a federation with both association and corporate members, 11% were from an association of individual professionals and corporate members and 8% from an association of individual professionals only. Nearly three-quarters of these associations (72%) employed between 1-10 staff, 5% between 10-15 and 18% more than 15 staff.

In addition, in-depth, face-to-face interviews were conducted with 12 associations: ACEA – European Automobile Manufacturers' Association; Cefic – European Chemical Industry Council; EACA – European Association of Communications Agencies; ETNO – European Telecommunications Network Operators' Association; EUFORES – European Forum for Renewable Energy Sources; EU-OEA – European Ocean Energy Association; Eurometaux – European Association of Metals; EuropaBio – European Association for Bioindustries; Municipal Waste Europe; Orgalime – European Engineering Industries Association; PANGEA – Partners for Euro-African Green Energy; and UNESDA – Union of European Beverages Associations.

Acknowledgements

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We are also grateful to Charles Laroche, former Head of External Affairs at Unilever with leadership roles in many trade associations, for permission to quote parts of his keynote speech to the MCI-American Chamber of Commerce (Amcham) debate on 'Mastering your Memberships and Maximising your Return on Investment' on 28 October 2010 in Brussels.

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Foreword

Foreword

In today's rapidly evolving world, associations must regularly review their mission, core purpose and value proposition to ensure their continuing relevance to the industry or profession they serve.

Many global trends and market factors affect the sustainability of associations including: economic recession; government intrusion and regulations; the increasing need for globally accepted standards; technological innovation; social media and networking; demographic changes such as an increasing middle class and multiple generations, from a digital-savvy young generation to an ageing population; a global skills shortage and a growing desire for education and career advancement; the shift in power from west to east and the emergence of rapidly developing economies (RDEs) such as China, India and Brazil; and climate change and the focus on sustainability and corporate social responsibility (CSR).

Add to these external factors the need for association members (whether companies, individuals or affiliated institutions) to receive value from their membership and their desire for a return on investment (ROI) more rigorously evaluated and measured than in the past - together with increased competition and ease of access to information - it is obvious that associations must review, rethink and reinvent their strategies on a regular basis.

Being lean and quick to adapt to market shifts, customer demands and future opportunities is not inherent to most associations, given their framework and governance structure. However, we believe that, more than ever, associations today must be future-orientated and proactive, listening to and learning from their customers (members, prospect members and associated stakeholders) and must strive to innovate.

As the trusted authority representing their industry or profession, associations must be seen as the thought leaders who guide their member communities towards future success.

We hope that this White Paper, which outlines some of the current challenges and future opportunities facing associations, as well as suggests some strategies towards innovation and sustainability, will serve as inspiration to our association community, allowing both volunteer and staff leaders to benchmark their activities and approach with those of their peers.

Nikki Walker

Vice President
Global Association
Management & Consulting
MCI

White paper

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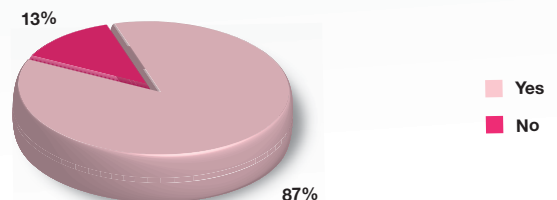
UNDERSTANDING THE OPPORTUNITIES

This White Paper is based on our research and in-depth interviews with Brussels-based associations representing a wide range of professions and industry sectors from automotive and chemicals to communications, food and beverages, healthcare and pharmaceuticals, engineering, raw materials, renewable and traditional energies, telecoms and waste management. It provides a snapshot of the key issues that associations are having to address and our recommendations, based on these findings and 20 years of experience of working with diverse associations around the world.

The global financial crisis which started in late 2008 and the ongoing economic uncertainty across Europe have brought into sharper relief the vital importance of sustainability for all businesses and the associations that support them. At stake is not just the long-term financial viability of a company or industry but, in its widest context, the very survival of the planet itself whose natural resources are under threat from a rapidly growing worldwide population with an ever greater appetite to consume and seek an enhanced standard of living.

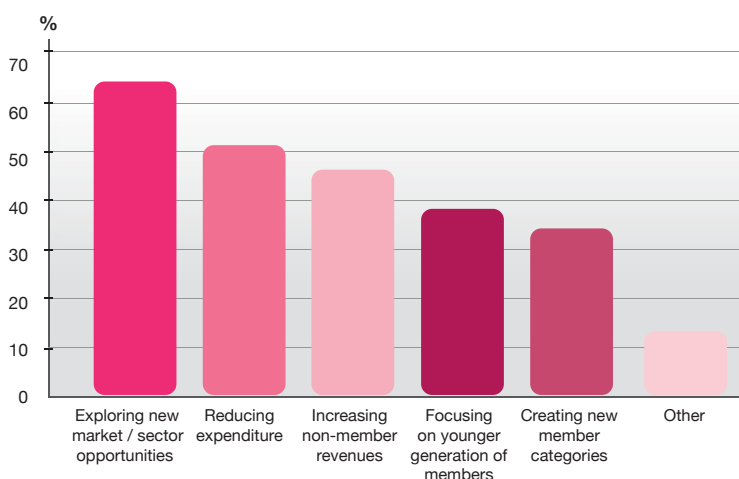
How are European trade and professional associations facing up to these challenges and helping to shape a more sustainable future for themselves and their communities? Not surprisingly, a clear majority (87%) are keenly aware of the need to adapt to their changing political and economic environments.

The need to be more responsive and adapt rapidly to changing political and economic factors



Sustainability is a broad concept that provides a framework to help associations rethink their challenges (limited resources, market unpredictability etc) as opportunities. Taking a proactive and innovative approach to the fast changing realities they are facing now and see on the horizon will allow them to ensure their continued relevance to the member communities they serve. The associations surveyed are well aware of this in the main and are taking a range of actions to deliver more value to members, from developing new programmes and pursuing new revenue streams, to exploring new markets and working in partnership with other associations to achieve common goals.

Which of the following actions is your association taking to ensure future sustainability?



1. Set a sustainable framework

The current economic and political uncertainty across much of Europe has highlighted weaknesses in governance and a decline in trust in the systems in place to deliver the goods and services we all rely on. These systemic weaknesses are also strongly reflected among European associations, whose members produce those goods and services, as many of these organisations were founded decades ago and their governance structures ill serve today's fast changing environment. Fully 63% of the respondents agreed, believing that it was 'extremely relevant' or 'very relevant' to "modify the way things have been traditionally done" by revisiting their organisational model.

In leaner times, reduced resources mean that associations must perform more like the company members they represent: to be transparent in their financial management, set clear performance indicators, contain costs and work to agreed business plans. Just over half (54%) of the respondents agreed that measurement, performance indicators and business planning are important factors in managing today's associations.

“

Sustainable development is now the No 1 paradigm for politicians, society and industry. An opportunity for industry to provide innovative products and services – more eco-efficient, more resource-efficient - under that umbrella. For us it's changing the 'business as usual' policies.

”

Hubert Mandery, Director General, Cefic – European Chemical Industry Council

“

The structure is there to cope with members' needs. Otherwise we would not be successful. It is our main task to define the needs of our members and define a working programme to cope with their requests.

”

Representative of the beverages industry

“

We are a very important information source... and a key interlocutor with the EU institutions, particularly on technical issues, where the Commission is looking to have one interlocutor per sector.

”

Representative of the telecoms industry

A sustainable association is an organisation that generates growth, profitability and member value by integrating principles of sustainable development throughout the association. We stress ‘profitability’ as it is essential that all associations, although ‘not-for-profit’ organisations, generate surpluses which can be reinvested in initiatives, programmes and services designed to fulfil the organisation’s mission as well as reinforce value and relevance to members: 48% of respondents agreed that generating profit to reinvest in member services and/or in reserves was critical.

To this we would add that a sustainable business model for associations must also be based on corporate social responsibility: good governance, staff empowerment, sustainability reporting and lifecycle analysis of the resources used (energy, waste, water, carbon emissions) which will have the added advantage of cutting costs in the short-term and changing behaviour to embrace sustainability.

Investing in the right staff and structures is critical to the development of any association, a fact recognised by a majority of the respondents, 60% of whom stated that their biggest concern was “not having enough resources to be able to grow.”

Sustainable business model

Governance	Talent	Office Operations
Vision and strategy	Engage employees and behaviours	Reduce energy and water
Leadership and empowerment	Employee health and safety	Increase energy efficiency and use of green energy
Objectives and metrics	Diversity and labour rights	Reduce waste and improve recycling
Accountability and performance	Human rights	Use sustainable materials
Business ethics		Recycling bins
		Maximise technology use

2. Position your association as a thought leader

Today’s associations have to be ever more flexible, responsive and interactive with multiple stakeholders. To stand out and be listened to in a world of 24-hour news and information, social media and instant commentary, associations must be the authoritative voice of their industry or sector and the source of trusted information and expertise. Thought leadership distinguishes an association from the competition and positions it as the authority in its field, a fact clearly recognised by 70% of respondents who agreed that they must be considered thought leaders in order to help their members navigate the future.

Thought leadership also bestows credibility on an organisation as the trusted interlocutor with its target audiences and source of information and content and as a sought-after potential partner by other associations looking to collaborate on joint programmes or policy initiatives of mutual benefit.

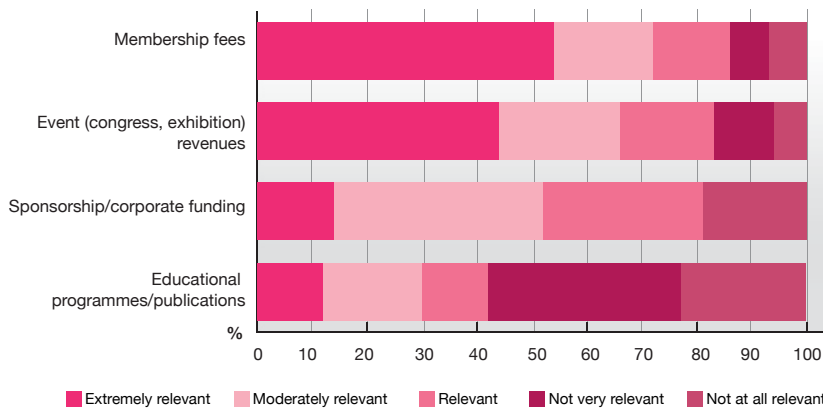
Being a recognised leader also helps attract and retain members and keeps your association “top of mind,” reinforcing its value to individuals or companies facing increasing budget scrutiny and who need to maximise their return on investment.

3. Demonstrate value and relevance to members

An association is only as good as its members. It must rely on the expertise, shared vision and commitment of its members to drive forward its industry’s agenda or mission, but members will only be prepared to invest time and money in an association if they can see it offers significant results or benefits, which could be a favourable policy environment, access to industry specialists, sector intelligence, continuing education, certification or career advancement.

Membership rates are declining - 54% of respondents registered falling membership fees as their ‘most significant’ decline in revenues - but is this just a temporary symptom of the economic downturn or the sign of a longer-term malaise?

Where have you seen the most significant decline in revenues?



At a time of budget restrictions and cost-containment, members are demanding more value than ever from their membership (noted by 56% of respondents), forcing many associations to rethink their strategies and structures if they are to continue to provide the services their members demand, remain relevant in tomorrow’s world and develop sustainably in the long-term.

“
The more we can anticipate the more impact you have and the more added value as an association.
 ”

Guy Thiran, Secretary General,
 Eurometaux – European
 Association of Metals

“

The biggest project we're working on at the moment is a virtual school, a faculty of trainers who offer courses to agencies right across our 31 member countries. There are huge differences in quality in education and training in different European countries.

”

Dominic Lyle, Director General,
EACA - European Association of
Communications Agencies

Not surprisingly, continuing to deliver value to their members was the biggest concern of 73% of respondents who rated it 'extremely significant' or 'very significant'. So what steps are associations taking to deliver real value to their members and what more could they do?

• **Top class education and industry intelligence**

Where members feel they are getting real value (such as high quality educational programmes or events) they are still willing to invest – only 12% of respondents reported a significant decline in revenues from their educational programmes or publications.

Professional associations must ensure that their programmes and continuous professional development courses continue to cater to the needs of their members through actively soliciting feedback and monitoring. Indeed, responding to demand from members to create new programmes or activities was cited by 60% of respondents as 'very important' or 'important'.

Just over 50% of respondents currently rank the use of new technologies to deliver services as their most important initiative and we believe that this trend will markedly increase in the next few years. Webinars and e-learning deliver high quality content at low cost and are more flexible and adaptable to members' schedules. These new formats are also more attuned to younger members who are used to interacting digitally to share information and learning and they help to address the problem of attracting and motivating younger members to engage with associations and stay as members.

• **Shaping a rapidly evolving policy and regulatory environment**

For trade associations, however, the value to members comes primarily from the associations' ability to engage with and influence the rapidly evolving policy and regulatory environment. Estimates vary widely on the amount of legislation affecting European companies which emanates from Brussels, depending on the sector and subsidiarity but, increasingly, EU regulation has primacy, particularly in environmental protection and chemicals regulation, where it is also influencing global standards.

Brussels-based European trade associations representing large companies, particularly in the automotive, energy production, food and drink, IT and telecoms, and engineering sectors, have to operate on multiple levels:

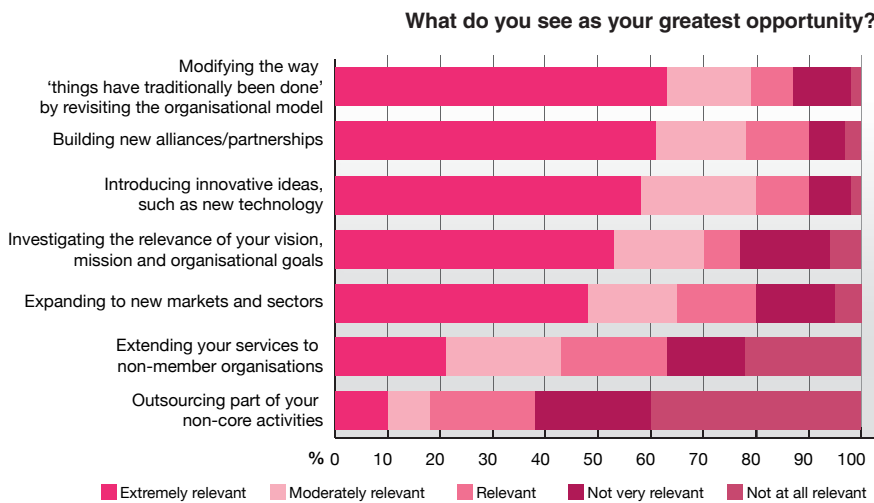
- as providers of policy intelligence and analysis of EU legislative proposals to their national and corporate members
- as the representative voice of - and source of expertise about - their particular industry in negotiations with EU policy-makers
- increasingly, as European industry experts in discussions with international regulators and authorities.

Corporate members who operate globally and regionally are also putting increased pressure on trade associations to help highlight their demands for harmonised technical and regulatory standards to apply worldwide wherever possible in order to minimise barriers to trade, ensure safer products and reduce unnecessary costs.

With limited resources and an ever increasing policy and regulatory workload to monitor and negotiate, it is increasingly clear that building strategic alliances with other industry associations, often on ad hoc issues, to present a unified voice to regulators will help to achieve smarter regulatory frameworks (see page 11).

4. Develop new initiatives and revenue streams

Inevitably, tighter budgets have led many associations to look at potential new revenue sources. Over a third of respondents (41%) feared further revenue decline and 60% were concerned about not having enough resources to grow. The need to explore new market or sector opportunities was rated by 48% as ‘extremely relevant’ or ‘very relevant’ and 58% thought innovative ideas, such as new technology to deliver products and programmes were the way forward.



Generating revenue is key to ensuring the sustainability of an association in order to allow reinvestment in new initiatives, programmes and member services, thereby underpinning the continued relevance of the organisation to members. We have already seen that digital channels can be used to deliver high quality, cost-effective educational programmes but these can also be used to sell other online services, such as publications, research or monitoring to a broader audience beyond the current membership. Coalitions can also be sought with complementary partners to develop new programmes with broader appeal, such as inter-related health issues.

Specific new initiatives cited by respondents included helping to inform members about EU funding opportunities, advising on partners and helping to draft proposals – offering commercial tools and expertise in addition to industry knowledge; setting up companies to help their members implement the REACH legislation; and working co-operatively with 15 other organisations in the fields of environment, sustainability and development to host conferences and events.

“
Our members are global players so they see a need for harmonised or at least co-ordinated tests and standards.. and we try to push the EU to accept that they not only legislate for Europe but very often EU regulation is taken up by other global regulators.”

Representative of the automotive industry

“
We have to have a wide range of activities and it's crucial to stay connected to our membership... to help them understand the whole European scene.”

Nathalie Rousseau, Executive Officer, EU-OEA – European Ocean Energy Association

“
We have evaluation processes to establish best practice. It's not so much new services but improving the tools that we have.”

Jan Geiss, Secretary General, EUFORES – European Forum for Renewable Energy Sources

“
My biggest challenges are finding competent staff, project management and administration.”

A representative of the waste management industry

¹ Keynote speech to the MCI-American Chamber of Commerce (Amcham) debate on 'Mastering your Memberships and Maximising your Return on Investment', 28 October 2010, Brussels

5. Constantly innovate

An innovative association is....

Characterised by its	Responsible	Accountable
<ul style="list-style-type: none"> • Strong value proposition • Alignment with its membership • Ability to monitor and adapt to the changing environment • Forward-looking approach and ability to anticipate changes • Vision/leadership • Thought leadership 	Towards its membership, stakeholders and wider community	For its actions

Key to the long-term sustainability of an association is its capacity to adapt and renew - innovation is the ongoing process and open mindset that enables associations to be proactive, adaptable and able to grow. To do so, it must infuse all aspects of an association's operations, not just its use of technology, in order to deliver its goals and mission. This was endorsed by the vast majority of the respondents (81%) who acknowledged that they are having to respond to their members' demands to innovate and 76% agreed that their associations need to constantly innovate to remain relevant.

“Innovation can be an enabler for building trust and creating new business opportunities if it reconnects people in their relationship with their environment and society... More than ever there is a role for companies and industry sectors to be engaged and behave responsibly”, as Charles Laroche, former Head of External Affairs at Unilever with long experience of leadership roles in many trade associations, pointed out¹.

An innovative mindset drives change: to test the continued relevance of how things are done and why. For 53% of respondents it means investigating their mission, vision or goals and this is driving the creation of new services and revenue sources. It also involves opening doors to new ways of working and collaborating, leading to new opportunities.



6. Extend your outreach through partnerships and alliances

Building partnerships and alliances is one innovative trend common to all associations - 81% of respondents agreed strongly that “collaboration, partnerships and alliances are important for my association.”

For trade associations, the interconnectedness of many industry sectors means that it is increasingly difficult for one association to be the sole ‘voice’ of that industry. Multinational companies in the consumer goods sphere, for example, have to cover an enormous range of issues from food safety, plastics and packaging to hygiene, detergents, chemicals, biotechnology and consumer protection. No one association can be an expert in all these fields so, increasingly, associations are building alliances to work together on an ad hoc basis where they have a common position on a specific policy issue. That way, the EU institutions have to deal with fewer interlocutors and are alerted to agreed stakeholder positions in advance of a negotiation.

Equally, for professional associations, seeking new partnerships and alliances allows them to reach out to wider audiences and build community – a process that necessitates trust and mutual understanding.

• Competition

One issue that elicited contradictory responses was competition. Over two-thirds (69%) of respondents felt that they were not facing more competition than last year, but those who did clearly identified other associations in the same field (67%) and private, for-profit sector organisations as their key competitors. A further 27% noted competition from other associations not previously in the same sector but now moving into their field.

Most were careful to make clear that their members continue to see a return on their investment from the association when it acts alone as well as when it works as part of an ad hoc alliance with other associations on a specific issue of mutual interest. For example, some engineering associations worked with the automotive and aerospace sectors on the negotiations for the REACH legislation to regulate and authorise chemicals as they all used chemicals in basically the same way, but each had different issues when it came to implementation and they went on to lobby separately at that point.

We would advise associations to guard against complacency. We believe we are seeing a trend towards greater competition in an increasingly crowded association marketplace and only those associations with a clearly differentiated vision, strategy and structure are likely to survive in the longer-term.

“
*Partnerships are very important ...
We cannot follow every issue, so we have trusted partners to do that.*”

Guy Thiran, Secretary General,
Eurometaux – European
Association of Metals

ATE
ATE
ATE

“

We use new media for overall communication on biotechnology and have a dedicated new website to raise support for GMOs in more of a campaign style hoping to reach out to the general public.

”

Nathalie Moll, Secretary General,
EuropaBio - European Association
for Bioindustries

“

It is helpful to have a brand or an image. It is hard to build and easy to destroy... When we're communicating with the media, or the EU institutions we want the brand to represent reliability and credibility.

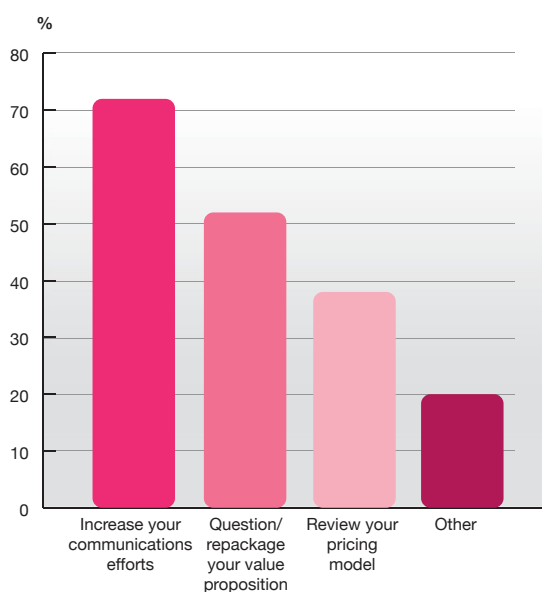
”

Hubert Mandery, Director General,
Cefic – European Chemical
Industry Council

7. Communicate, communicate, communicate

The importance of communication during tough economic times is clearly not underestimated by associations: 72% of those surveyed said they were intending to increase their communications to their members and stakeholders to help reinforce the value of the association. A further 68% believed that associations need to market their brand as successfully as companies and 22% are looking to improve their marketing, visibility and press coverage.

What actions are you taking to counter decreasing revenues?



It is interesting to note the increasing importance of branding to associations which traditionally saw this as the domain of their member companies and products. However, in a crowded media and policy marketplace, associations are under greater pressure to identify their mission and goals more clearly and effectively to multiple audiences and are using brands to signal their credibility and reliability.

More striking, perhaps, were the wide discrepancies in how often associations communicated with members and obtained feedback on their needs: over half (52%) conducted annual members' needs assessments, but 30% claimed never to do so. We were surprised by this figure as we believe that listening to members and seeking their input is vital to set the path of the association and ensure continued relevance or return on investment.

Technology has radically improved the ways and speed with which we communicate, network and work and it is seen by associations as a way to help them interact with members at little cost. Quick polls, rapid surveys, online voting and using social media as discussion groups around a policy issue are all ways for associations to gather and use data. These are tools that associations should embrace to be more effective, quicker and agile – better able to react to a fast changing information environment.

Social media are also a simple way for associations to keep abreast of what their members are interested in and following without having to set up more structured

communications channels. The value and importance of social media is beginning to be recognised, although for most associations this appears to be little more than hype at the moment: 31% of respondents agreed that social media and viral marketing are powerful communication tools for associations – but only 11% are actually claiming to use them.

Communication is increasingly multi-channel and multi-audience, interactive and proactive, allowing associations and members alike to gain feedback, empower peer-to-peer communication and generate content and data for the association. The importance of social media and the impact of peer-to-peer viral marketing should not be underestimated – it reduces the burden and cost on associations and is an extremely effective way of reaching out to younger members. In the longer-term, it helps build communities of interest across sectors and platforms, which gives associations new opportunities to connect with new markets, potential members and partners.

8. Invest in future leaders

If associations are to be sustainable, they must attract and retain younger members who not only represent the future of the association but will become the future leaders in their profession or industry. Many professions today are faced with a global skills shortage – associations can help to redress this by attracting the younger generation whilst they are students so that the association can accompany them throughout their professional career. Most associations are acutely aware that they must focus on attracting the next generation of members and leaders: 63% agreed ‘very strongly’ or ‘strongly’ with this statement and 34% are creating new member categories to attract new blood.

However, today’s association leaders are often ill-equipped to understand the needs of the Millennial Generation which is digitally savvy and has grown up in a 24/7 connected world. They need to understand what younger members want and need in the way of career development, education and services to make the association relevant when there are plenty of other non-association information sources available to them online. Ensuring that the voice of the younger members is heard through committees, working groups and, ultimately, election to the Board, is an important future-orientated strategy for tomorrow’s innovative associations.

Succession planning is therefore essential but too few associations, however, appear to be taking heed - only 23% rated this important. Attracting new younger members is not enough, they must be actively helped to grow and develop with the association if it is to thrive in the future.

“

We introduced social media before our members and the results pay as we’ve seen increased traffic to our website. For example, we sell our publications online and not just directly to members.

”

Representative of the engineering industry

INVEST IN FUTURE LEADERS
INVEST IN FUTURE LEADERS
INVEST IN FUTURE LEADERS

Conclusion

Associations are facing multiple challenges - limited resources, budgetary constraints, market unpredictability and a rapidly changing political and economic environment – but these also present opportunities if the leadership has the vision to adapt and embrace them. Straitened economic times have highlighted all organisations' need to rethink their structures, governance models, use of resources and ways of working to ensure they are sustainable and fit for the future.

But they also need to focus on the value and relevance of what they offer to their members and as potential partners. Associations must be the authoritative source of knowledge and industry and policy intelligence and be seen as the thought leader in their sectors if they are to be a credible and respected interlocutor with industry, members, policy-makers and regulators.

Innovation and new technologies are driving changes in the way we communicate, network, educate and inform, at very low cost, and are opening up new possibilities to find, collaborate and interact with new partners, existing members and stakeholders. By working smarter, being agile and constantly innovative, associations can anticipate and respond to their members' needs and ensure their future relevance and sustainability.

“

We should all have responsible business practices. We should all be environmentally, economically and socially sustainable.”

Briana Sapp, Programme Director,
PANGEA – Partners for Euro-African
Green Energy

UNDERSTANDING
UNDERSTANDING
UNDERSTANDING

About MCI

MCI Brussels office provides organisations with strategic guidance and consultative advice based on 20 years of experience in successfully managing trade and professional associations, federations, healthcare societies and technology user groups. Whether organisations need full management services or expert help with a specific project, our competency directors and association specialists will provide flexible solutions and engage with the association's community from strategy to implementation.

Alternatively, our Brussels-based team will deliver tailor-made association services and infrastructure to meet the needs and culture of the organisation, whilst building long-term relationships with its community.

MCI Brussels office practises the very best in industry standards as demonstrated by our AMC Institute accreditation since 2006.

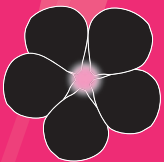
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For more information visit:

Main website: www.mci-group.com/associations

www.growglobally.org – a resource for global strategy, regional planning and local execution

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