

MANAGING UNCERTAINTY AND COMPLEXITY

LEARNING SCENARIOS FOR ASSOCIATIONS IN THE 21ST CENTURY

BY FRANCK SCHUURMANS AND ERIC STRANG

Professionals of both large and small associations are all too familiar with the overwhelming array of future challenges their organizations face. Serving international, if not global, audiences who address issues of diversity and ethnicity, and supporting clients in an ever-changing work environment all require developing new skills and capabilities.

These changes are leading some associations to look to partnerships and alliances to create economies of scale and scope, while others focus on a particular niche. At the same time, many associations have seen a decline in dues revenue, higher quality expectations and increasing demand for a broader array of services, products and overall support.

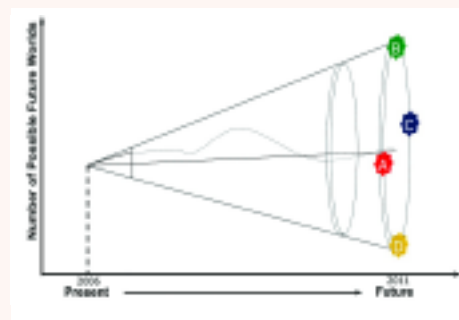
To help associations better address complexity, uncertainty and the dynamic nature of strategic choices, the Association Forum has asked Decision Strategies International (DSI) to develop a number of potential future scenarios, intended at a minimum to “shock test” your current assumptions and the validity of your strategic commitments under different potential futures. This article reports on findings, and DSI also will present even greater analysis at the Forum’s Annual Meeting on June 19 at Navy Pier.

Scenario planning is the underlying process for this initiative. This methodology is used in a variety of contexts to explore emerging uncertainties, understand rising risks and opportunities, and develop robust adaptive strategies for the future.

The Process

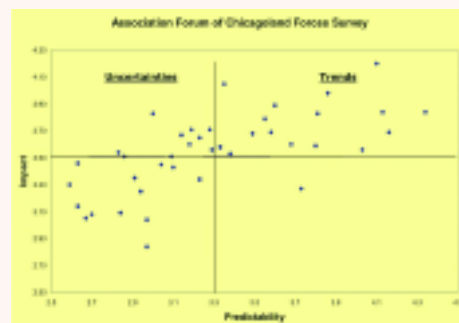
Scenarios are portrayals of a series of plausible alternative futures, usually in the form of written descriptions and/or stories. Each scenario tells a story of

how various forces might interact under certain conditions. They are designed to open up new ways of thinking about the business and provide a platform for strategic dialogue — new questions, new conversations — as the basis for strategic action. Scenarios are not a predication or forecast, but rather, they combine existing trends and key uncertainties into a few “future worlds” that are within the realm of the possible.



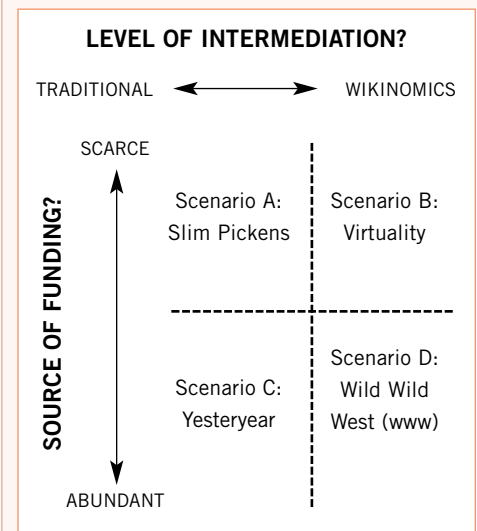
For the Forum project, *The Future of Associations*, the external environment in which associations will operate over the next five years was examined. In order to identify the dominant external forces and classify them into trends and uncertainties, a three-pronged approach was used: an extensive literature search, interviews with more than a dozen industry stakeholders and an online survey of entire Forum membership base.

The results of the analysis yield 12



trends and 11 key uncertainties that will affect the association space over the next five years (see right).

The two top uncertainties identified are the degree of intermediation and the available amount of funding, providing the axes for the 2x2 Scenario Matrix depicted below.



Intermediation: Information sharing, expertise, networking, certification, accreditation and lobbying

The boundaries for intermediation are *traditional*, where associations remain the gatekeepers and validators of information and *Wikinomics* where self-organizing organizations spontaneously pool free resources in return for access to a broad network. This may happen in the realm of information but can be expanded to certification, accreditation and even lobbying. With minimum overhead and highly relevant subject material, these networks can provide access to existing information and form a network for detecting weak signals among the random noise.

TOP TRENDS

- Associations will face increasing competitive intensity over shrinking member dollars
- Associations will increasingly rely on partnerships and alliances to provide scale and scope of services
- Breakthroughs in technology will increase the need for training, certification and lobbying
- Changing demographics (such as the growing Latin American population) will create new demands on associations
- Consumers expect information to be free
- Individuals will be more pro-active and selective in their means of gathering information
- Members will want multiple, e-based learning/information exchanges through their associations (as opposed to historical face-to-face meetings)
- Retirement, declining skilled workforce and competition for talent will lead to a talent shortage of members and employees
- Technology will provide greater opportunity to bloggers, special interest groups and ad hoc organizations
- The shift in the U.S. toward a service based economy will continue, with more manufacturing jobs moving overseas
- The societal shift to a more mobile workforce (telecommuting, 24 7 connectivity etc.) will continue
- There will be an increasing gap between the wealthy and the poor, with the middle-class shrinking

KEY UNCERTAINTIES

- An economic downturn will affect American discretionary spending and negatively impact associations
- An increasing percentage of employee health care costs will become the responsibility of companies and associations
- Associations are increasingly asked to play a consultative role in the work of their constituents
- Demographics (aging boomers) make the world of associations increasingly irrelevant as younger age groups turn to alternative sources
- Dues will become a negligible part of association revenue
- Information overload and unreliable information from alternative sources will lead to increased dependence on associations
- New entrants from adjacent marketplaces will increase the intensity of competition among associations
- New tax legislation (including IRS) will become a strong burden for larger and wealthier associations
- Pressure to obtain non-dues revenue from corporate sponsors will affect the independence of associations
- Sources of funding for associations will be increasingly difficult to attain
- Wikipedia (online communities) will be the dominant model of information exchange for individuals in the next decade

Funding: This axis encompasses any form of funding the associations would consider including. Scarce funds would be the result of intense competition among overlapping associations, the increased negotiation position of the buyer of services (members) and new entrants into the marketplace.

HIGHLIGHTS OF THE SCENARIOS

Scenario A: *Slim Pickens*

- Little money available
- The demands of members are similar to those of today
- Increased competition over the same amount of resources
- Consolidation

- Fewer members
- Declining influence

Scenario B: *Virtuality*

- The Internet is the new medium, but because of the lack of available funds, associations that can ride the new technology wave have an advantage that they can exploit (content, access, database)
- Virtual space is successful in part because funding for these traditional activities has dried up
- Consumers no longer see the need to be a member of an association as accreditation and certification takes place over the Internet.

Scenario C: *Yesteryear*

- This is a return to associations as both esteemed network agencies, education resources and lobbying
- The end of *Bowling Alone*, people again want to belong to a non-Internet-based community
- Associations that provide the right message for the right audience find themselves awash in resources, however even the less effective associations are able to survive.

Scenario D: *Wild Wild West (WWW)*

- Information is shared in cyberspace by spontaneous networks that emerge around issues not silos or industries.
- Associations no longer play a role.
- Tocqueville observations on the love of Americans for forming associations for any purpose takes on a whole new meaning in a new space and through a new medium.

These four very different, but plausible, futures can be used to as a basis to stimulate strategic dialogue around key strategic questions such as:

- Should we change our planning process?
- Where are the new growth opportunities? Is our strategy too narrow?
- Where are the blind spots in our current strategy?
- How do we leverage disruptive innovation before our competitors or new entrants?
- How do we adapt our strategy to changes in the environment?
- How can we meet our growth and margin objectives in a dynamic environment? 📌

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