

Build Your Association Through Stakeholder Development

Instead of member engagement, associations should create new value by building stronger relationships with a broader group of stakeholders.

By Jeff De Cagna, FASAE



Throughout the association universe today, the conversation about so-called “member engagement” is in full swing. Association decision makers continue their search for new engagement strategies, while new frameworks and tools to track, score and interpret data related to member engagement proliferate. In a world experiencing profound and relentless transformation that is reshaping the way current stakeholders associate, however, it is essential to examine member engagement’s deep-seated assumptions with great care.

Challenging orthodox beliefs about the role of membership requires boards and CEOs to consider three core questions about making their organizations “thrivable.” Together, the answers offer an excellent lens through which organizations can develop a different perspective on member engagement, and contrast its value with the next practice of “stakeholder development.”

What will it take for associations to thrive over the next decade and beyond?

The current focus on member engagement is inextricably linked with associations’ continued reliance on membership-centric business models, the success of which depends primarily on selling as many memberships as possible. In this context, member engagement

practices function more or less as an after-market strategy, a concerted effort to encourage members to “upgrade” by buying additional products and services on top of their membership purchase or, to a lesser extent, participate in volunteer activities organized around the association’s program of work. Moreover, in membership-centric business models, engaged members frequently are considered more valuable, not only for the direct revenue streams their engagement

creates, but also for being attractive targets for additional indirect monetization through third-party advertisers, exhibitors and sponsors.

To become thrivable—to flourish in the context of societal transformation during the next decade and beyond—as associations must make the shift away from default membership-centric business models toward more adaptive and resilient business models designed to co-create meaningful new value by nurturing

more intimate relationships with diverse networks of potential contributors. With the pace of transformation picking up in every field of human endeavor, the focus on co-creating unique value in a manner consistent with shared purpose instead of prioritizing the membership transaction lowers an unnecessary barrier to participation, opens the door to intriguing new connections beyond the association's usual suspects and accelerates trust-building and collaboration. This is the work of "stakeholder development."

What will current and future association stakeholders need to thrive over the next decade and beyond?

Another fundamental assumption underpinning member engagement is the orthodox belief that buying membership is a prerequisite for association involvement, also known as "pay to play." In addition, it is well understood by all parties to those arrangements that such involvement will occur in forms and on terms defined by the organization. In other words, the association quite literally sets the "rules of engagement" for its members, establishing a far more advantageous relationship context for the organization than for the stakeholders it seeks to engage.

The unforgiving nature of societal transformation guarantees that the association stakeholders of 2015 and beyond will continue to confront serious challenges and uncover compelling opportunities different than those of their predecessors. On the upside for them, current and future stakeholders also have abundant access through their existing network relationships to many of the tangible and intangible assets and resources (i.e., network capital) they will need to thrive in the world rapidly unfolding around them. By embracing stakeholder development, associations can still posi-

tion themselves as impact players in this unsettled environment by building an empathic understanding of their stakeholders' short-term problems, intermediate-term needs and long-term outcomes, and by placing that understanding front and center in the co-creation of new value with those stakeholders.

Why should current and future stakeholders want relationships with associations over the next decade and beyond?

Implicit in the idea of membership as the organizing premise for associations and their business models is the notion that joining is the only acceptable entry point into the relationship with the organization. (Some association decision makers talk about having both members and customers, but customers are almost always viewed as secondary to members, as well as possible converts to membership at some future point.) This orthodox belief is typically expressed in marketing terms, of which the practice of member engagement is an extension, and leads associations to focus their attention on developing strong answers to the "what's in it for me" questions they expect inevitably will be asked.

For 21st century stakeholders, however, the calculus of entering into a relationship with any organization—especially a legacy organization—is a good deal more complicated than the traditional binary choice of membership. Living and working in a highly networked world means no stakeholder stands alone, and all decisions are shaped to some extent by the meaning of existing network relationships—and the value of the network capital that flows through them. Whether current and future stakeholders will choose to share their trusted connections—as well as their own time, energy and passion—with associations will depend on how the network can

benefit from the relationship, not just the individual stakeholders. Instead of making purely self-interested decisions, stakeholders will consider whether investing their network capital with the association will increase its value for others. Through stakeholder development, associations can encourage investment in collaborative value creation by supporting more frequent and meaningful interactions among diverse networks of contributors who bring different types of assets and resources to the work of co-creation.

As the transformation of our society gets deeper, faster and more intense in the years ahead, association decision makers will need to make business model adaptability and resilience their top priority as part of the broader effort to build their organizations to thrive. To minimize the influence of internal resistance and move decisively in this direction, boards, CEOs and their staff teams must embrace their shared responsibility to question the most sacrosanct orthodox beliefs that have lived at the heart of association work for decades, including the enduring wisdom of pursuing member engagement.

In its place, associations have the opportunity to adopt the next practice of stakeholder development and spark the process of creating truly 21st century organizations at precisely the time when a more generative approach is essential to reaching the next trajectory of success. ▣

Jeff De Cagna, FASAE, is chief strategist and founder of Reston, Va.-based Principled Innovation LLC. He may be reached at jeff@principledinnovation.com and [@pinnovation](https://www.pinnovation.com).

Next Practice:

The Three **As** of Stakeholder Development

By following the three **As** of stakeholder development, association decision makers can take important steps forward in building their organizations to thrive.

Ask. Stakeholder development begins with a question, not a proposition. Instead of selling the membership benefits package, associations should ask stakeholders about the problems they are trying to solve, the needs they are trying to meet and the outcomes they are trying to achieve. In asking these questions, association decision makers also agree to listen to and learn from the answers their stakeholders give with both empathy and care.

Attract. Stakeholder development concentrates on attracting stakeholders to the value of cultivating a mutually beneficial relationship instead of convincing them to join on the organization's pre-set terms. Attracting stakeholders is a process of discovery and negotiation around shaping shared purpose and the co-creation of meaningful value that helps solve problems, meet needs and achieve outcomes.

Activate. Stakeholder development energizes stakeholders and their networks by putting the focus on meaningful collaboration and co-creation involving all interested contributors instead of constraining participation based on membership status. Associations can activate diverse stakeholder networks to share their network capital by increasing the frequency and meaning of interactions with other contributors offering unique assets and resources.

Jeff De Cagna,
FASAE



THE SIX Rs OF ASSOCIATION THRIVABILITY: BUILDING A TRULY 21ST CENTURY ORGANIZATION

Your association is surviving—but is it **THRIVING?**

Join Jeff at Association Forum as he leads you on a powerful discovery of the impact of societal transformation and six strategies that can help minimize your organization's internal resistance to transformation and its external risk of innovation. Register to attend at associationforum.org/thrive.

April 21, 2015 9 a.m. - 4 p.m.

10 South Riverside Plaza, Suite 800
Chicago, IL 60606