

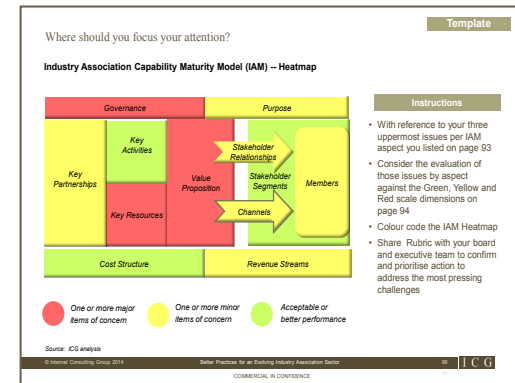
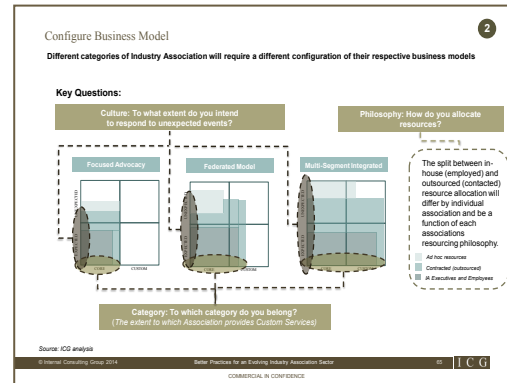
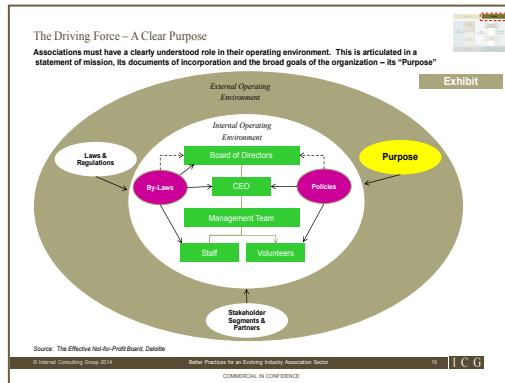


Knowledge Area Review

Better Practices for an Evolving Industry Association Sector – Product Brochure

July 2014

Product Sample: Knowledge Area Review of Industry Associations



PRODUCT SAMPLE: BETTER PRACTICES FOR INDUSTRY ASSOCIATIONS (total of 102 pages)

Commercial research relevant to any organisation seeking to improve association performance

To purchase this KAR, contact your preferred ICG affiliate or local ICG office.

Describes the set of better practices and competencies that successful and sustainable associations demonstrate

- Describes the **traditional role** of the trade/industry association
- Describes the industry association **ecosystem**
- Overview of the **critical dimensions** within which an association must operate to survive – i.e., the **industry association model**
- Best practices and key success factors
- A compelling value proposition and supporting governance model
- Due and non-dues revenue
- Governance principles and staffing
- Challenges – role and relevance, change from outside and inside
- Key learnings and an evaluation rubric for trade and industry association self assessment
- References all exhibits to their original sources.

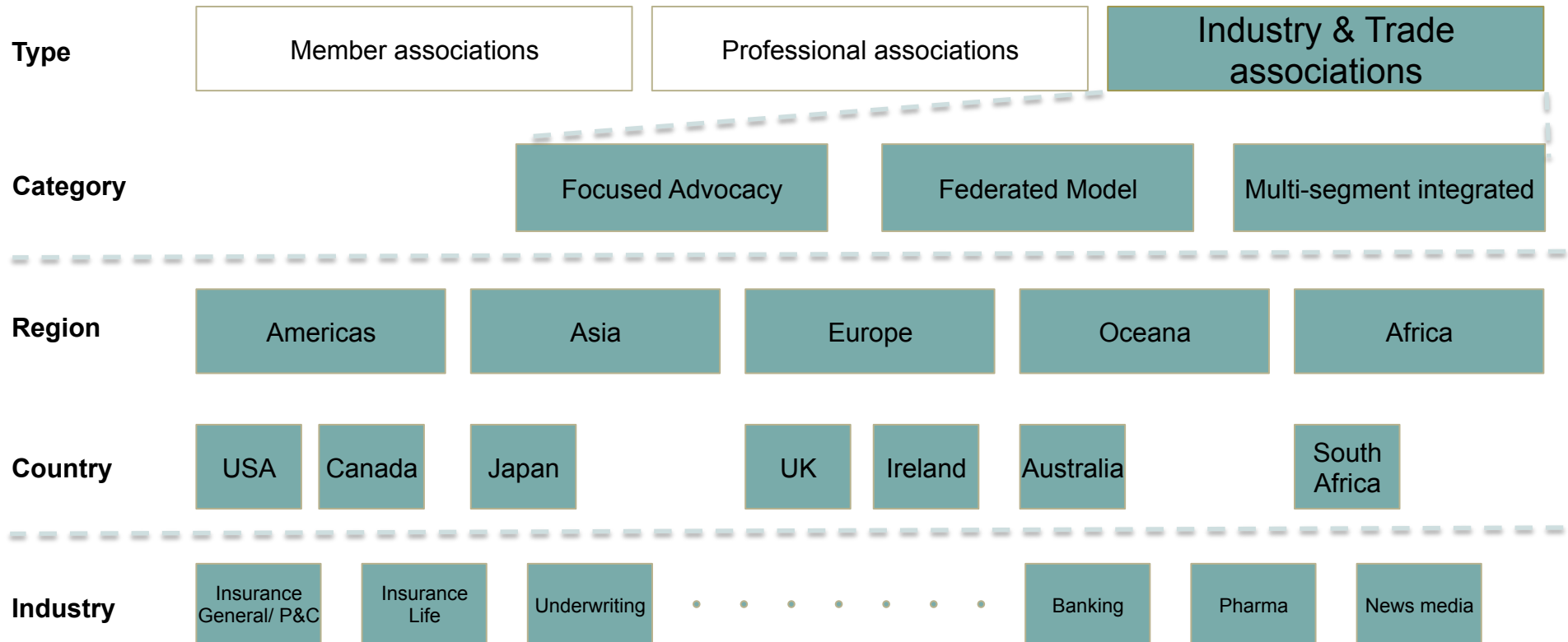
Better Practices for an Evolving Industry Association Sector – Structure and Content

Contents

1. Introduction
2. Executive Summary
3. The Traditional Role of Associations
4. How Associations Execute Their Accountabilities
5. How Associations Are Evolving
6. Key Learnings
7. Are You Prepared? – A Self-Evaluation Rubric
8. Appendices
9. Relevant Articles and Additional Knowledge References

The scope of this KAR

For the purposes of this KAR, we will focus on Industry and Trade Associations predominantly and draw insight from research of other types of associations where applicable



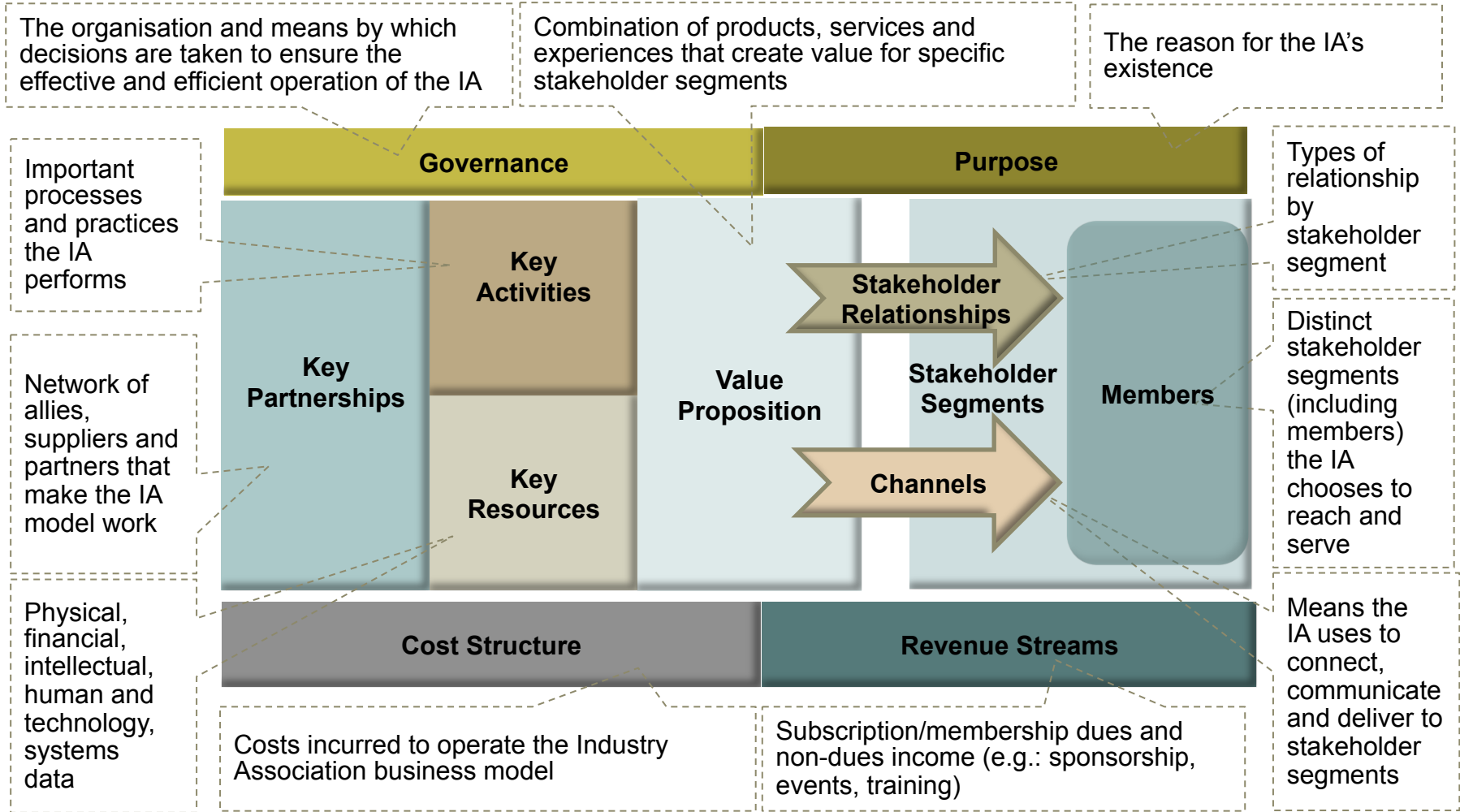
Source: ICG analysis

Note: See appendix for two Exhibits demonstrating the global footprint of insurance industry associations

Critical dimensions within which associations must operate

The Industry Association Model (IAM)

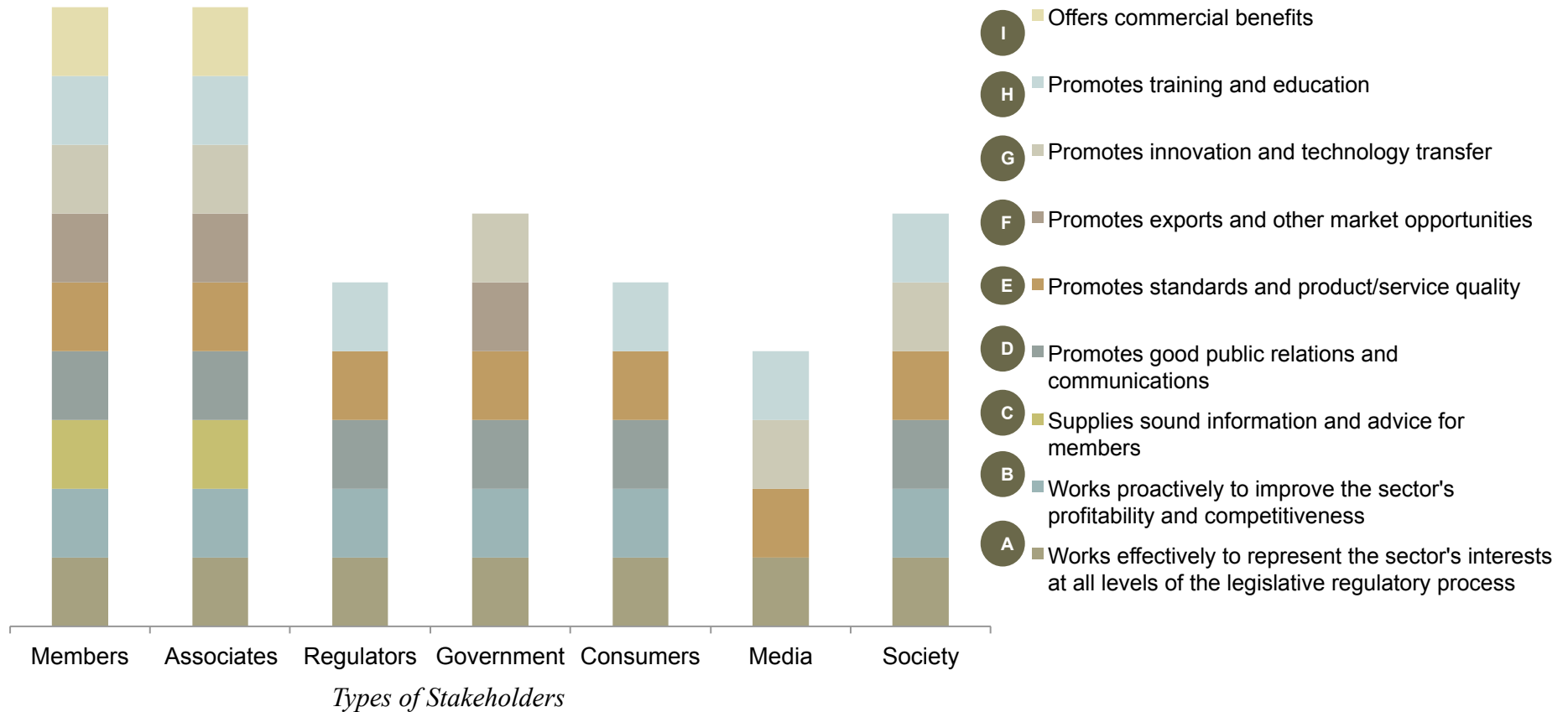
A conceptual framework which outlines the 12 critical aspects of an Industry Association
(Description of framework aspects)



Source: ICG analysis

Each association deals with its numerous constituencies to provide and receive value to/from each in the context of these core principles

Services by Stakeholder Type



Source: ICG analysis

Six key Governance Principles for Industry Associations

Sample Exhibit 4

Governance structures and practices need to be appropriate for the environment in which associations now operate

1

The **board should be representative** of the membership. This principle is often the most difficult to achieve, particularly for associations with many members or where the members have widely differing characteristics. It may not be possible to please everyone all the time. It is sometimes said that every member of a trade association believes that the association is dominated by a group of members of whom they are not one. Depending on the nature of the association, representativeness can be achieved by election or selection. It is common practice to reserve a particular number of seats for certain categories of members. However, once elected, board members must serve the interests of the whole association.

2

The **board should be accountable** to the members. In some cases accountability can be achieved by elections although this is not generally effective in a trade association. Accountability is better achieved by effective two-way communication with the members within a framework that includes the purpose and objectives of the association.

3

The **governance arrangements should be transparent**. This follows on from the accountability principle. The selection process for board members, if there is one, must be transparent. More generally the entire governance arrangements should be documented and readily accessible to the members.

4

There must be a **proper distinction between governance and management**, one of the principles in the Combined Code in respect of listed companies. Boards must concentrate on the major issues such as the strategy and direction of the association, possible restructuring, the budget and policy priorities. The chief executive must be allowed to get on with the day-to-day management. Only if there is such a distinction will industry leaders be willing to become involved in the association.

5

The governance arrangement should be sufficiently **flexible** such that they do not quickly become outdated as circumstances change. One way to achieve this flexibility is to have a short simple constitution which delegates as much as possible to the board. A second way to achieve flexibility is to move away from working through standing committees and towards working with time limited project groups.

6

Transparency and accountability to the outside world. This derives from the fact that trade associations generally seek to participate in the policy making process by claiming to be representative of a particular sector.

Source: *Good practice in trade association governance 2001* by Mark Boleat

Barriers to Innovation Adoption in the Association World

Sample Exhibit 5

The principles of innovation described above were derived from case studies of innovation in the for-profit world. Associations are similar to for-profit organizations in many ways, but different in many others



- In the association world, the “top” of the house is sometimes hard to define

- Many associations approach decision-making from a personal perspective

Associations have

- For many associations,

“Innovative organizations commit resources to the process of innovation. But many associations have budgets they either perceive to be too small to allow for such an investment, or which are already overstretched into dozens or hundreds of association programs and activities. Innovation does not require a big financial budget in order to happen—many small organizations are good at innovation. Innovation does, however, require some investment of resources—money, staff time, expertise, management processes—and too many associations are unwilling to seriously commit a portion of these resources to its execution”

“It is not surprising that as

Source: Wisconsin Society of Association Executives (WSAE) Innovation Task Force



Internal Consulting Group

Email enquiries@internalconsulting.com or
visit our website at www.internalconsulting.com