

ASSOCIATION
INSIGHTS
CENTER


Developing New Revenue Opportunities and Innovating in Associations

How to Use this Deck

Use this report as a strategic resource and guide tailored for CEOs, C-Suite executives, and staff and Board members. It serves as a tool to guide leaders in structurally encouraging the development of new revenue opportunities and optimizing their organizations to foster innovation.

ASAE provides this deck in partnership with McKinley Advisors.

What is the Association Insights Center?

A community of experts collaborating to face the increasingly complex environment and challenges ahead. In partnership with  **McKinley**Advisors, AIC provides critical, on-demand intelligence and tools to support association CEOs as they face the tough decisions yet to come.

The slides that follow provide a synthesis of the community's work in 2024 to support CEOs in optimizing their associations to foster and encourage new revenue opportunities and innovation within their organizations.

2023 - 2024 AIC Thought Leadership Panel



Preet Bassi, CAE	Center for Public Safety Excellence Inc
Philip K. Bell	Steel Manufacturers Association
Paul D. Bishop, CAE	Association of Boards of Certification
John E. Courtney, Ph.D.	American Society for Nutrition
Vicki Deal-Williams, FASAE, CAE	American Speech-Language-Hearing Association
Michael Desiderio	Executive MBA Council
Abraham Eshkenazi, CSCCP, FACHE, CPA, FASAE, CAE	Association for Supply Chain Management
Marsha Flanagan, M.Ed., CEM	International Association of Exhibitions & Events
James R. Flanigan, CAE	American Society for Clinical Laboratory Science
Lynn M. Gangone, CAE	American Association of Colleges for Teacher Education
Senthil Gopinath	International Congress & Convention Association
Tina C. Gordon, CAE	North Carolina Nurses Association
Melanie Gottlieb, CAE	American Association of Collegiate Registrars & Admissions Officers
David Labuskes, CAE	AVIXA
Janice R. Lachance Esq., FASAE	American Geophysical Union
Denise A. LeDuc Froemming, MBA, CPA, CAE	California CPA Education Foundation
Adam Levy, CAE	American Cleft Palate-Craniofacial Association

2023 - 2024 AIC Thought Leadership Panel



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ASAE

Smithbucklin

School Nutrition Association

American College of Osteopathic Family Physicians

American Physical Therapy Association

Association Forum

Associations International

International Institute of Building Enclosure Consultants

American Society of Anesthesiologists

American Academy of Neurology

Institute for Credentialing Excellence

Association of American Medical Colleges

Pediatric Nursing Certification Board

National Business Officers Association

American Composites Manufacturers Association

ASQExcellence

Public Sector HR Association

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Background and Introduction to the Topic

The Challenge of Developing New Revenue Opportunities

Associations support professions and fields and advance important missions, but they must also innovate to ensure financial sustainability and relevance amidst growing competition. This is especially true as new for-profit competitors have emerged in traditional association revenue areas like education, conferences, networking, and certification.

Research from the Association Insights Center (AIC) highlights the complexities associations face compared to for-profits. These include legacy governance structures, loss-leader programs, and siloed functions and departments built for traditional activities rather than experimentation or product innovation. AIC research shows that a flexible, nimble strategy and governance structure allows associations to maintain mission-based values while driving innovation.

Key learnings include fostering an innovative culture, the use of product innovation processes, and active learning feedback loops. This report details these aspects, first focusing on board/staff culture - crucial for an innovative association. Supporting a culture of experimentation involves reinforcing business mindsets among leaders, empowering staff to experiment, and strengthening the capacity for meaningful, trust-building conversations.

With an experimental culture, associations can further innovation through deliberate product innovation processes to guide new concept development, like design sprints or business model canvassing. Finally, assessment and evaluation ensure honest appraisal of program performance to optimize high-performers and sunset underperformers. **Collectively, these shifts in management and structure create building blocks for ongoing innovation to ensure relevance and high stakeholder impact.**

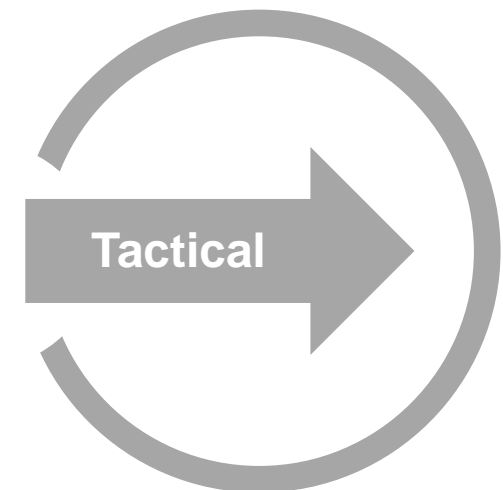
Summary of Challenges to Developing New Revenue Opportunities and Innovating in Associations



Associations rooted in mission-based endeavors may have difficulty prioritizing innovation. They may also face challenges connecting new product ideas to the organization's mission-based strategy.



Association governance models and organizational structures and processes may lack emphasis on business-minded innovation and experimentation, further limiting new ideas.



Associations may not have product or service development processes, leaving staff uncertain and disincentivized in bringing new ideas forward.

Framework for Optimizing New Revenue Opportunities and Innovation

Leadership on New Revenue Opportunities

Although there is no “one size fits all approach,” association executives identified three features that associations must build to be successful in identifying and building new revenue opportunities. These areas are a direct response to strategic, cultural and tactical challenges in the association sector. They include:



**A Strong
Cultural
Foundation**



**Reliance on an
Innovation
Process**



**A Commitment
to Feedback
and Renewal**

**Framework
for Optimizing
New Revenue
Opportunities
& Innovation**

**Create a
Strong
Cultural
Foundation**

- 1 **Cultivate a positive internal environment** that encourages employee empowerment, experimentation, and continuous improvement.
- 2 Engage and educate the board to **shift their mindset towards a business-oriented approach**, balancing risk and reward.
- 3 Foster a culture of **open communication, transparency, and collaboration** to adapt to changing needs and encourage innovation.



**Implement
an
Innovation
Process**

- 4 Implement a **structured process** for capturing, prioritizing, and developing new ideas and opportunities **based on alignment with customer goals and the organization's mission**.
- 5 **Gather input from diverse perspectives**, including staff, members, and industry partners, to inform decision-making.
- 6 **Align programs and services** with the organization's mission, strategy, and strategic plan.
- 7 **Evaluate programs and services** based on factors such as level of effort, impact, cost, and opportunity cost.

**Commit to
Feedback
& Renewal**

- 8 Emphasize **data-driven decision-making**, using tools such as SWOT analysis, scenario planning, and performance frameworks.
- 9 Allocate true costs to events and programs to **provide a clear picture of their financial impact**.
- 10 Leverage successful programs and services to **sunset underperforming areas**.

Advancing Business-Venture Innovation
5 reports from ASAE's Research Foundation.

"Anything is possible for a company when its culture is about listening, learning and harnessing individual passions and talents to the company's mission. Creating that kind of culture is my chief job as CEO."

- Satya Nadella, CEO, Microsoft

Cultural Foundations for Success

Create a Strong Cultural Foundation for Innovation

“...innovative cultures are misunderstood. The easy-to-like behaviors that get so much attention are only one side of the coin. They must be counterbalanced by some tougher and frankly less fun behaviors.

A tolerance for failure requires an intolerance for incompetence. A willingness to experiment requires rigorous discipline. Psychological safety requires comfort with brutal candor. Collaboration must be balanced with individual accountability. And flatness requires strong leadership. Innovative cultures are paradoxical. Unless the tensions created by this paradox are carefully managed, attempts to create an innovative culture will fail.”

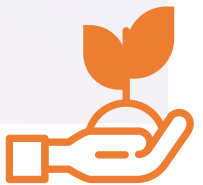
Pisano, G. P. (2020, June 6). *The Hard Truth About Innovative Cultures*. Harvard Business Review. <https://hbr.org/2019/01/the-hard-truth-about-innovative-cultures>.

Summary of Steps to Create a Strong Cultural Foundation

Create a Strong Cultural Foundation

- **Cultivate** a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement. ([Link](#))
- Engage and educate the board to shift their **mindset** towards a business-oriented approach, balancing risk and reward. ([Link](#))
- Foster a culture of open **communication**, transparency, and collaboration to adapt to changing needs and encourage innovation. ([Link](#))

Links are provided for a detailed explanation of each step.



Explanation of Theme

Create a Strong Cultural Foundation

Goal	Challenges	Keys to Success	Examples
<p>Cultivate a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement.</p>	<p>Overcoming resistance to change and the "<i>if it ain't broke, don't fix it</i>" mentality.</p>	<p>Reinforcing the shift in culture through behavior and structural changes.</p>	<ul style="list-style-type: none"> • Hold generative discussions frequently with staff to identify new ideas. • Develop an innovation process (i.e., clarify the steps to fund an idea). • Highlight innovations that have been tried, celebrate failure, and educate staff on the cost of not innovating.
<p>Engage and educate the board to shift their mindset towards a business-oriented approach, balancing risk and reward.</p>	<p>Focusing discussions on the business needs of the association.</p>	<p>Understanding that the shift in culture takes constant work and reinforcement.</p>	<ul style="list-style-type: none"> • Re-envisioning the Board recruitment process to recruit directors with vision and business mindset. • Hold Board trainings that clarify the need and urgency for innovation. • Presenting what the org. could do with more resources and activities that can be cut.
<p>Foster a culture of open communication, transparency, and collaboration to adapt to changing needs and encourage innovation.</p>	<p>Navigating organizational politics and the influence of individuals.</p>	<p>Addressing politics diplomatically by bringing them to light. Holding people accountable and understanding their motivations.</p>	<ul style="list-style-type: none"> • "Lead from the top" and model good listening and respectful dialogue. • Be transparent with staff about decisions that are made and provide psychological safety while encouraging feedback and questions.

Case Study: Association XYZ has suffered from a lack of innovation in its core benefits and service offerings. Many of the organization’s staff are long-tenured and a new CEO has been hired to spur new ideas and enliven the organization with powerful new offerings.

Create a Strong Cultural Foundation

Goal

Cultivate a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement.

Engage and educate the board to shift their **mindset** towards a business-oriented approach, balancing risk and reward.

Foster a culture of open **communication**, **transparency**, and **collaboration** to adapt to changing needs and encourage innovation.

Example Approach

Recognizing that product development is a new focus for a long-tenured staff, XYZ’s new CEO understands the need to catalyze innovation through culture. She begins by revisiting the strategic plan of the association with the Board and capturing input from all internal departments – explaining the urgency and need for revenue growth and new direction. She also begins re-inventing the culture from the top down, including adding an innovation-focused agenda item each month to senior team meetings and all staff meetings (e.g., generative ideation, “Q&A with a member” sessions, and “celebrating failures”). Finally, she begins to re-orient the staff performance evaluation process to emphasize innovation and product improvement.

The new CEO works with her leadership to instill priority focus towards innovation at the Board/leadership level as well as staff level. The Board adjusts their leadership recruitment process to encourage business-minded and visionary leaders through modest adjustments to the application process. Additionally, the Board officers now attend an annual training together focused on the Board’s role in innovating and how to lead organizations at a strategic-level. Moreover, the association develops new policies that instill a spirit of innovation in the organization, such as a risk tolerance policy that formally recognizes the role of experimentation and failure as a business imperative.

To further strengthen the cultural foundations of innovation within the association, the CEO seeks out new opportunities to build accountability mechanisms throughout the organization. Now regularly, the CEO provides business conditions updates to the staff and shares progress towards goals and targets that were developed through the recent strategic planning process. The added level of clarity helps staff to understand the “bigger picture” and why new benefits are necessary to achieve their targets.

Case Studies

Case Study: Pediatric Nursing Certification Board

The Pediatric Nursing Certification Board (PNCB) serves as a prime example of an organization that has successfully fostered a culture of innovation by implementing strategic cultural and structural elements. PNCB recognized the value of harnessing the creative potential of its workforce at all levels and took proactive steps to build innovation into the fabric of the organization.

One key initiative implemented by PNCB was the establishment of a formal process that encourages and incentivizes staff to bring forth new ideas. Employees are empowered to develop business cases for their innovative proposals, which are then presented to leadership for consideration. This structured approach not only promotes a continuous flow of fresh perspectives but also cultivates a sense of ownership and accountability among staff members.

To support this innovation pipeline, PNCB has carefully cultivated an organizational culture that nurtures and rewards creative thinking. Open communication channels, risk tolerance, and an "okay to fail" mentality are actively fostered, creating an environment where employees feel safe to experiment and push boundaries without fear of repercussions. Furthermore, PNCB recognizes the importance of incentivizing and rewarding successful innovation. Staff members whose proposed projects yield positive outcomes are eligible for financial incentives, further reinforcing the organization's commitment to encouraging and rewarding innovative thinking.

By embedding innovation into its cultural and structural foundations, PNCB has effectively leveraged the collective intellect and creativity of its workforce. This approach not only benefits the organization through a steady stream of innovative solutions but also supports the professional development of its staff, nurturing them as change agents and future leaders.

PNCB Innovation Fund

Ready for some fun and a little competitive experimentation?



Ready to dream up a potential new PNCB business opportunity?

The Board of Directors has approved a



dollar Innovation Fund to implement new ideas!


Staff members who submit a proposal approved by the Board Executive Committee receive a financial incentive.



APPROVED = \$

Early during the start of the new program!

Examples from the past (but not eligible) include:



PMHS Pediatric Primary Care Mental Health Specialty Certification Board
Alternate Pathways

CPNP Mentoring Program

No Pass, No Pay!
CPN CERTIFICATION

activate
Adolescents Can Thrive:
A PNCB Education Program

CE @ PNCB
Alt & Journal Club CE

Global Exam Pilot



EVALUATION OF NEW STRATEGIC PROJECTS OR BUSINESS OPPORTUNITIES

Have a new idea for PNCB that aligns with the current strategic plan? Use this form to gather your thoughts and any data for presentation to your supervisor and then to the senior team.

1. **Describe your idea:**
2. **What was the origin of your idea (your experience, stakeholder/certificant, another organization, a conference, a vendor, etc.):**
3. **Describe research you have done to support this idea (environmental scan, interview, project team discussion, etc.).**
4. **What is the target market/audience for this idea?**
5. **How does this align with our mission, vision, and strategy?**
6. **Decision Support Questions:**
 - a. How does the opportunity impact our certificants, organization, and industry?
 - b. What capacity and resources are required for success (level of effort, internal staffing/external consultant/vendor resources needed, equipment or software, etc.)?
 - c. What is the proposed timeline for year one?
 - d. What is the risk profile of this opportunity?
 - e. What is the expected ROI (return on investment)? What does success look like?
 - f. How might this impact our partners? Does it benefit a related organization, or would it compete with them?
 - g. Is the opportunity time sensitive? Does the opportunity require immediate review, within 4 weeks?
7. **Budget:**
 - a. What is the start-up cost for year one?
 - b. Will the opportunity be operationalized by year two?
 - c. Complete the budget template. Add an explanation for each budget line item.

Case Study: PNCB

Template that PNCB staff fill out to submit new project idea.

In addition to a description of the program, staff describe:

- Alignment to mission, vision and strategy
- Business case analysis and due diligence performed

Exceptional Experiences.



Microsoft Case Study

Challenge: Microsoft had fallen behind Google and recognized their culture was too rigid. Accountability, hierarchy and “pecking order” trumped everything, every detail had to be planned before meetings—creativity and spontaneity suffered as a result.

Solution: Microsoft CEO, Satya Nadella, led an effort to change Microsoft’s culture to one centered on three core principles: having a growth mindset, actively seeking out differences, and working towards a shared mission.

Outcome: Microsoft adopted and committed to a new culture, *“We will only achieve our mission if we live our culture. We start by becoming learners in all things – having a growth mindset. Then we apply that mindset to learning about our customers, being diverse and inclusive and working together as one.”*

Nadella, S., Shaw, G., & Nichols, J. T. (2019). *Hit refresh: The Quest to rediscover Microsoft’s soul and imagine a better future for everyone*. Harper Business.



Microsoft Case Study, Cont.

“I talked about these ideas every chance I got. And I looked for opportunities to change our practices and behaviors to make the growth mindset vivid and real. Part of the culture change was to give people the breathing room, the space, to bring their own voices and experiences to the conversation. The last thing I wanted was for employees to think of culture as “Satya’s thing.” I wanted them to see it as their thing, as Microsoft’s thing.”

Actions Microsoft took to drive culture change:

- Clearly define the culture they wanted and metrics to monitor attainment of the desired culture.
- Creation of an annual hackathon, which “became an avenue for people with depth and passion, people spanning product groups...to come together and start a movement.” A few projects receive funding as new business efforts.
- Employees are encouraged to question themselves every day, “Where are the places today that I had a fixed mindset? Where did I have a growth mindset?”
- Individuals were given full authority to bring ideas to life. Microsoft recognized “the key to the culture change was individual empowerment.”

Nadella, S., Shaw, G., & Nichols, J. T. (2019). *Hit refresh: The Quest to rediscover Microsoft’s soul and imagine a better future for everyone*. Harper Business.

Cultural Foundations for Success

Additional Resources & Literature

Additional Literature/Resources

- A. Pisano, G. P. (2020, June). *The Hard Truth About Innovative Cultures*. Harvard Business Review. <https://hbr.org/2019/01/the-hard-truth-about-innovative-cultures>.
- B. Brown, Joe. (2019, July) *Don't Throw Away Your Innovation Budget*. IDEO, www.ideo.com/journal/dont-throw-away-your-innovation-budget.
- C. Tabrizi, B. (2023, February 23). How Microsoft became innovative again. <https://hbr.org/2023/02/how-microsoft-became-innovative-again>.
- D. Yancey, D. (2024, February). *Building a culture of Continuous Innovation*. https://www.asaecenter.org/resources/articles/an_plus/2024/02-february/building-a-culture-of-continuous-innovation.

The Innovation Process

The Innovation Process

“Innovation takes birth in sync with the evolution of customer’s expectations and demands or vice versa.

Either way, organizations around the world have to continually innovate themselves and keep up with the people’s wants. The failure to do so or being indifferent to your customer’s need will make your competitors win. And then suddenly, customers become indifferent to you- a high-risk gamble to play at.”

Ketan Kapoor, Co-founder of Mercer-Mettl

Summary of Theme

Reliance on an Innovation Process

- Implement a structured process for capturing, prioritizing, and developing new ideas and opportunities based on alignment with customer goals and the organization's mission ([Link](#))
- Gather input from diverse perspectives, including staff, members, and industry partners, to inform decision-making ([Link](#))
- Align programs and services with the organization's mission, strategy, and strategic plan ([Link](#))
- Evaluate programs and services based on factors such as level of effort, impact, cost, and opportunity cost ([Link](#))

Links are provided for a detailed explanation of each step.



Explanation of Theme

Reliance on an Innovation Process

Goal	Challenges	Keys to Success	Examples
Implement a structured process for capturing, prioritizing, and developing new ideas and opps based on alignment with customer needs & org's mission.	Understanding that some people and departments are slower to change and working within their limits.	Leading by example at the Board and senior levels and being transparent when things don't go as planned.	<ul style="list-style-type: none"> Utilize creative processes and facilitations to provide staff with examples of how to generate ideas (e.g., design sprints). Provide templates for how to assess the business case of new concepts to ensure consistency. Rate concepts based on organizational alignment.
Gather input from diverse perspectives , including staff, members, and industry partners, to inform decision-making .	Avoiding distractions from non-revenue generating "urgent" requests.	Products must be built and focused on market demand. Otherwise, the concept will fail to gain traction and be a drag on the association's performance.	<ul style="list-style-type: none"> Use surveys to learn what members want and need. Bringing together staff with members to obtain input. Build understanding and support with a smaller group of leaders to test ideas and obtain feedback.
Align programs and services with the organization's mission, strategy, and strategic plan.	Adapting to external factors, such as industry consolidation, legal battles, or the pandemic.	Ensuring that leaders and staff prioritize strategic alignment in their ideation and program development.	<ul style="list-style-type: none"> Ensure all programs have at least one strategic pillar they advance. Sunset programs that don't align with the mission.
Evaluate programs and services based on factors such as level of effort, impact, cost, and opportunity cost.	Overcoming resource constraints, such as lack of bandwidth, staff, or funding	Regularly sunset programs and services that have run their course to free up resources for new program concepts.	<ul style="list-style-type: none"> Use planning tools with strong criteria. For example, impact on net revenue and brand, level of effort, operational complexity, and cost of not doing the program. Build pro forma and break-even analysis to articulate assumptions fully.

Reliance on an Innovation Process

Goal

Implement a **structured** process for capturing, prioritizing, and developing **new ideas and opps** based on alignment with customer needs & org's mission.

Gather input from **diverse perspectives**, including staff, members, and industry partners, to inform decision-making .

Align programs and services with the organization's mission, strategy, and strategic plan.

Evaluate programs and services based on factors such as level of effort, impact, cost, and opportunity cost.

Case Study: Association XYZ has suffered from a lack of innovation in its core benefits and service offerings. Although many of the staff are long tenured, a new CEO has been hired to spur new ideas and enliven the organization with powerful new offerings.

After beginning to make broader cultural shifts within the organization, the CEO of Association XYZ identifies the need to create structure to support new product and benefit ideas from staff. She creates an annual “design sprint” process that encourages generative thinking among cross-functional teams of staff and is rooted in the association’s annual market research. Furthermore, she provides a process for staff to identify an executive champion and utilize a template to build a business case around new ideas that surface throughout the year. Staff are aware that many ideas will not advance to the product development stage and are nonetheless incentivized through the performance evaluation process to bring forward strategically aligned concepts.

As part of the product development process, all new ideas need to be able to show they directly respond to member/stakeholder needs. Staff that are proposing a business case for a new product-concept are required to present data points that show their idea is based on market demand and that it fulfills a critical need for the marketplace. Staff are able to propose questions on the annual market research survey conducted by the association or conduct interviews with members to gather the data.

In addition to meeting market demand, the new CEO of Association XYZ has built in the criteria that all new and existing products offered by the organization are tied to the strategic pillars of the organization in a direct and meaningful way. Staff that propose a new product are thus required to make a business case as well as a strategic alignment case for each product they propose.

The new CEO includes additional criteria for new programs and services. These entail balancing the revenue upside of the idea against other criteria, such as whether the program is aligned with the organization’s core value proposition (and thus supports their brand image), whether they have the expertise today to deliver on the program (or will need to learn as they go), and whether the association will have a unique, competitive advantage that will allow them to be successful in developing and delivering the service. Each of these criteria is deemed to be a success factor for a new product launch that supports the mission, vision and values of the organization.

Case Studies

Case Study: American Academy of Orthopaedic Surgeons

AAOS conducted a capabilities assessment to understand where opportunities existed to leverage its premier educational content. Through that process, it learned that it needed to improve ease-of-access, engagement, interactivity and content alignment to individual needs.

As a result, the association established a Learning Innovation Lab to develop and test new product types, support earlier audience engagement, enable more iterations and less perfection in the development process and allow for faster time-to-market for products and solutions. By establishing a dedicated lab, AAOS intends to create a space and frame that empowers its team and inspires initiative.

AAOS has outlined a process by which ideas are developed and conceptualized, following steps including Submission, Review, Tagging, Prioritization, Ideation and Design Brief. Once approved, an idea advances to Proof-of-Concept.

The association's "Innovation Funnel" illustrates how ideas progress through various stages of evolution. Stage gate teams are formed to review and determine whether an idea advances to the next stage. They can be composed of volunteer/member sponsors, SMEs, staff representatives, external partners and business leads.

Learning Innovation Lab | How Are Ideas Developed?



Ideas are submitted via the online form.



The LIL team reviews ideas and contacts the submitter for additional information if needed.



Ideas are tagged based on review. Tags include Viable, Conceptual, Route, and Enhancement.



LIL team performs quarterly prioritization to determine which ideas advance to the funnel.



LIL team conducts ideation on idea to gather insights, propose features, and identify risks.



LIL team develops design brief capturing ideation outputs. Design brief is reviewed by staff leadership

If Ideas are tagged Route or Enhancement, LIL team routes the idea to the appropriate AAOS team



Routing

If design brief is approved, idea advances to Proof-of-Concept phase. If idea is not approved, it is returned to an earlier phase in the funnel for potential future development.



Approval or Return

AAOS
AMERICAN ACADEMY OF
ORTHOPAEDIC SURGEONS

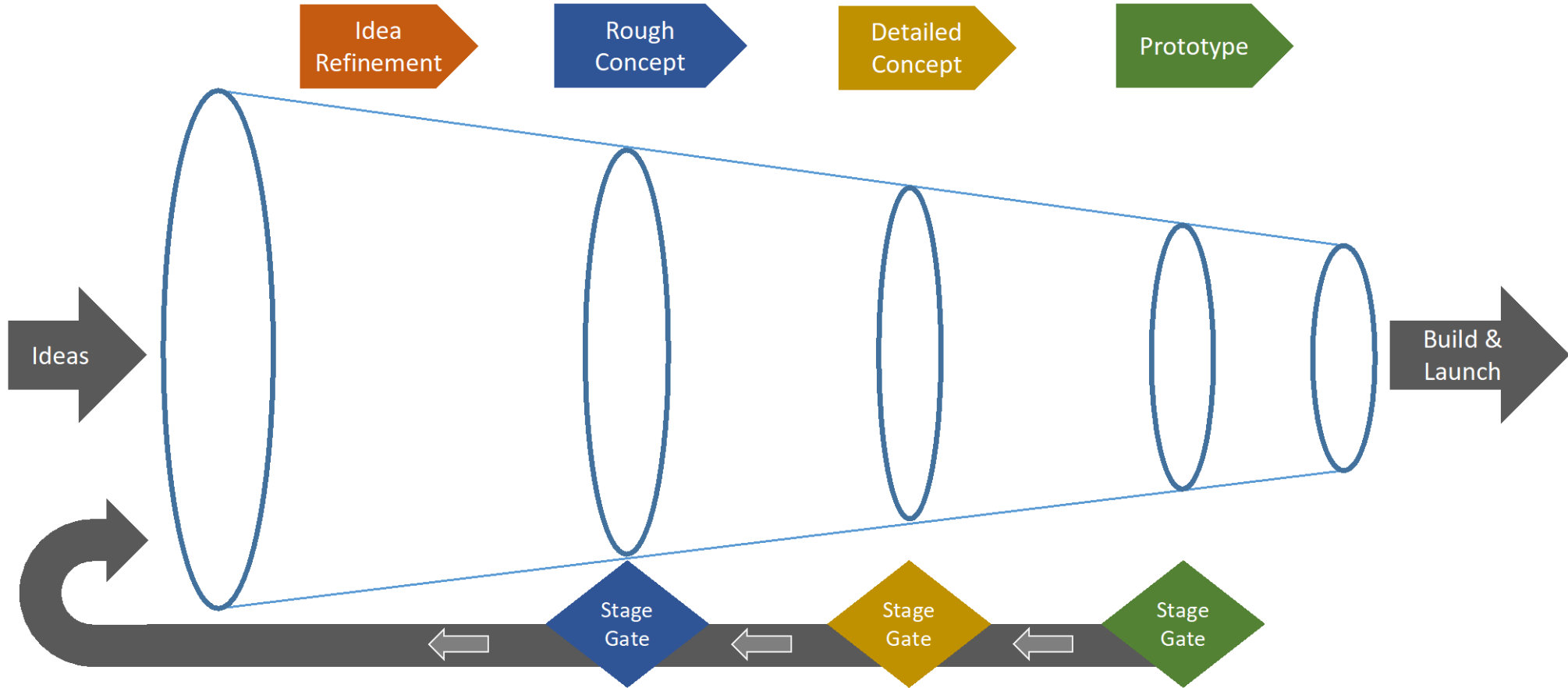
 asae[®]

The Center for Association Leadership

Exceptional Experiences.

Learning Innovation Lab | Innovation Funnel

Ideas progress through the phases of the innovation funnel



Stage gate teams support ideation by assessing the viability of ideas, their position within AAOS' portfolio of offerings and the associated risk of progressing them to market.

Ideas can return to earlier phases based on Stage Gate reviews



Case Study: Endocrine Society

The Endocrine Society sought to strengthen its financial position by exploring investment opportunities consistent with the Society's mission, vision and core values. Through an Innovation Development Fund (IDF), the Society sought to extend its core capabilities into related business adjacencies to secure the revenue needed to meet current and future operational needs.

As a part of this process, the Society created a scoring rubric by which it could evaluate how investment opportunities may align with the association's goals for the IDF.

**Endocrine
Society**

**Investment
Scoring Rubric**

Potential Criteria	Scoring Rubric		
Aligns with or Strengthens Core Society Operations/Capabilities (membership, publications, meetings, education, etc.)	Weak	Moderate	Strong
Contributes to diversification by targeting new, non-endocrinology markets	Weak	Moderate	Strong
Strengthens the Endocrine Society brand or is strengthened by the brand	Weak	Moderate	Strong
Level of Investment Required within 3 Years	\$0-5M	\$5-10M	\$10M+
Projected Annual Net Income Potential within 3 Years	\$0-2M	\$2-5M	\$5M+
Outcome of Benefit/Risk Assessment	Low	Moderate	High

The Innovation Process

Additional Resources & Literature

Additional Literature/Resources

- A. Hofmann, D. A., & Sumanth, J. J. (2024, April). A growth strategy that creates and protects value. Innovation. <https://hbr.org/2024/04/a-growth-strategy-that-creates-and-protects-value>.
- B. Brown, J. (2024, February). The Five Deadly Innovation Traps-and how to avoid them. <https://www.ideo.com/journal/the-five-deadly-innovation-traps--and-how-to-avoid-them>.
- C. Deloitte. (n.d.). Ten types of innovation. <https://www.deloittedigital.com/us/en/capabilities/creative-experience-design/applied-design-innovation/ten-types.html>.

Spotlight: Approaches to Support New Revenue Opportunities and Innovation in Associations

Market Research

- Conduct market research, analysis and environmental scanning to identify opportunities and needs
- Draw from the expertise and ideas of members and staff, as well as their networks

Fully Consider the Role of Partnerships

- Identify organizations with similar objectives or complementary objectives
- Identify and collaborate with potential customers (those who may be in competition and determine how to collaborate synergistically)

Alignment

- Utilize strategic planning process with time for ideation, scoring, and prioritization of possibilities calibrated by cost, revenue potential, staff capacity, degree of effort and market/customer base
- Utilize tools, frameworks and models to support decision-making and innovation process (ForesightWorks, EOS, SWOT analysis, standard R&D models)

Operations

- Streamline decision-making and vesting authority for financial decision-making within staff
- Have a formal leadership team that reviews and discusses viability, supports need and revenue/impact

Spotlight: Approaches to Product / Service Pricing Utilized by Associations

Benchmarking

- Identify other competing products in the marketplace to benchmark
 - Identify similar types of products with a similar customer base

Evaluate Organizational Costs and Pricing Models

- Consider alternative models (e.g., cost-based versus value-based)
- Developing a range of price points based on profit margins
- Consider indirect and direct costs

Pricing Sensitivity Analysis

- Gather price sensitivity through surveys
- Consider ability to pay based on world region (e.g., World Bank)
- Test pricing through customer advocate board and trusted individuals

Short- and Long- Term Planning

- Consider short-term and long-term pricing plans
- Move all pricing decisions (all products) under one group or committee for a holistic consideration
- Purchase time with an expert on pricing
- Track internal datapoints when making price changes to understand market reaction

Feedback and Renewal

Feedback and Renewal

“It’s important to recognize that a feedback system only works when people believe changes will be made as a result of their feedback. So the trick is to ask the questions and then actually do something with the result.

Transparency is another important part of Google culture. It’s important that we be transparent about the feedback we heard, and how we went about addressing it. Being transparent as a company increases customer trust on one hand, and employee trust on the other. It’s important that people understand why we prioritized the changes we made. That’s core to the company’s DNA.”

Google (2020, September) *Google's guide to innovation: How to unlock strategy, resources and technology.* <https://cloud.google.com/resources/guide-to-innovation-whitepaper?hl=en>.

Summary of Theme

Maintain a Commitment to Feedback and Renewal

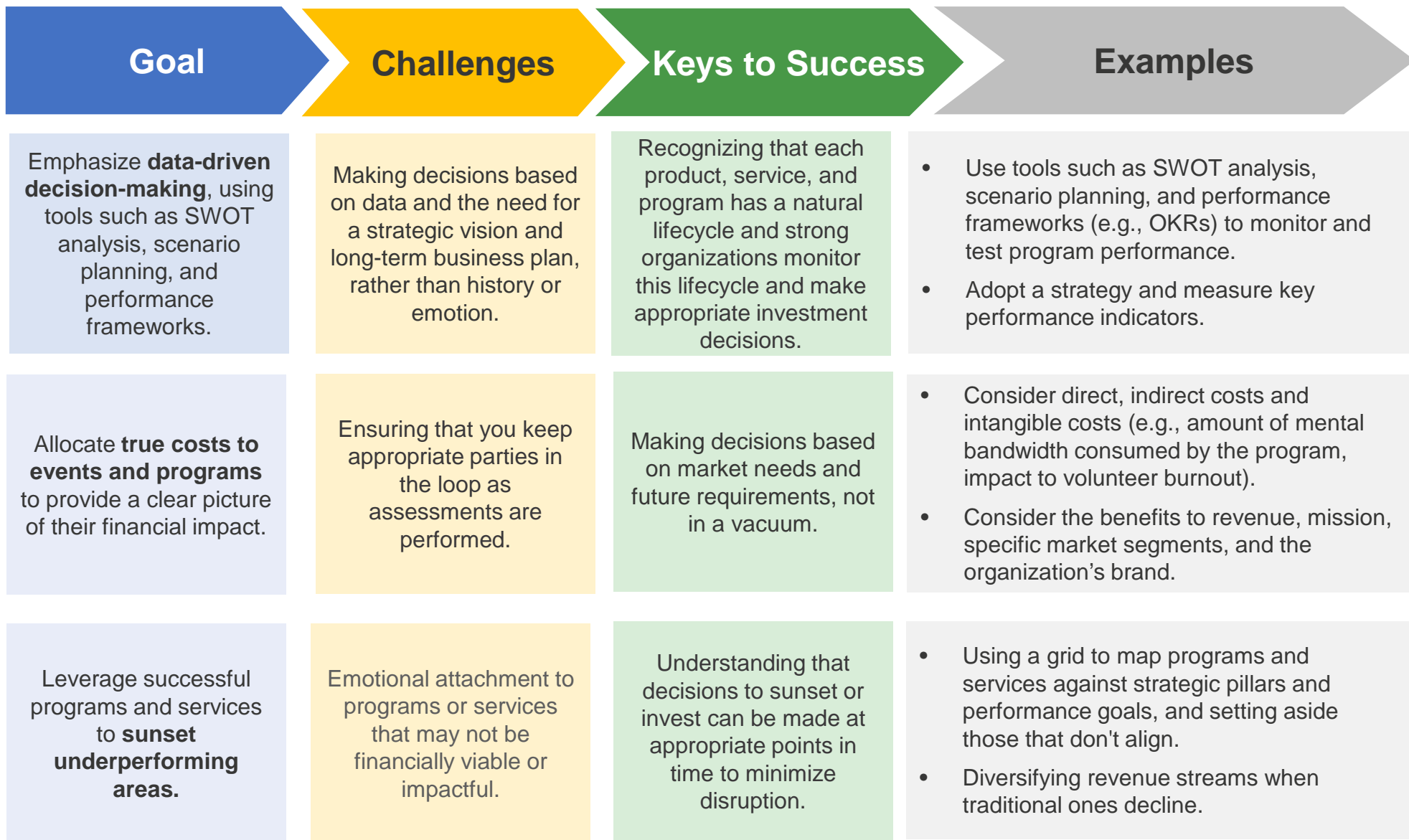
- Emphasize data-driven decision-making, using tools such as SWOT analysis, scenario planning, and performance frameworks ([Link](#))
- Allocate true costs to events and programs to provide a clear picture of their financial impact ([Link](#))
- Leverage successful programs and services to sunset underperforming areas ([Link](#))

Links are provided for a detailed explanation of each step.



Explanation of Theme

Maintain a Commitment to Feedback and Renewal



Maintain a Commitment to Feedback and Renewal

Goal

Emphasize **data-driven decision-making**, using tools such as SWOT analysis, scenario planning, and performance frameworks.

Allocate **true costs to events and programs** to provide a clear picture of their financial impact.

Leverage successful programs and services to **sunset underperforming areas**.

Case Study: Association XYZ has suffered from a lack of innovation in its core benefits and service offerings. Although many of the staff are long tenured, a new CEO has been hired to spur new ideas and enliven the organization with powerful new offerings.

The CEO of Association XYZ has recognized that little attention has been paid to the number of programs and benefits offered by the organization and it has become difficult for stakeholders to understand a clear value proposition for the organization given the many activities that are supported today. In response, the CEO initiates a portfolio assessment that compares existing programs and new concepts along a set of criteria, including support of the mission, alignment to organizational strategy, value to members, profitability, and value of the program compared to the level of effort entailed. This repeatable process results in recommendations for sunsetting two underperforming programs and frees up additional resources for a new activity.

As part of the portfolio assessment, the CEO and her staff develop a “level of effort” metric that is considered in the analysis. This incorporates the number of staff and volunteer hours that are required to service the program, including the senior leadership’s time in reviewing and discussing the program. This holistic view of each program provides a clearer picture of the drain versus benefit of association programs. On an ongoing basis, each program is reviewed every several years to understand its performance and whether adjustments or improvements can be made that will result in additional revenue and usage.

After completing the portfolio assessment, the CEO engages the Board of Directors to share results and engage in a broader conversation about the opportunity costs of pursuing the full suite of activities. As part of her presentation, she highlights data that illustrates the lack of sustainability of the current set of programs, the impact to the organization’s adaptability and the distraction caused to members and the organization by servicing many different areas. She uses the opportunity to re-focus the organization towards its “wheelhouse” in alignment with its strategy.

Case Studies

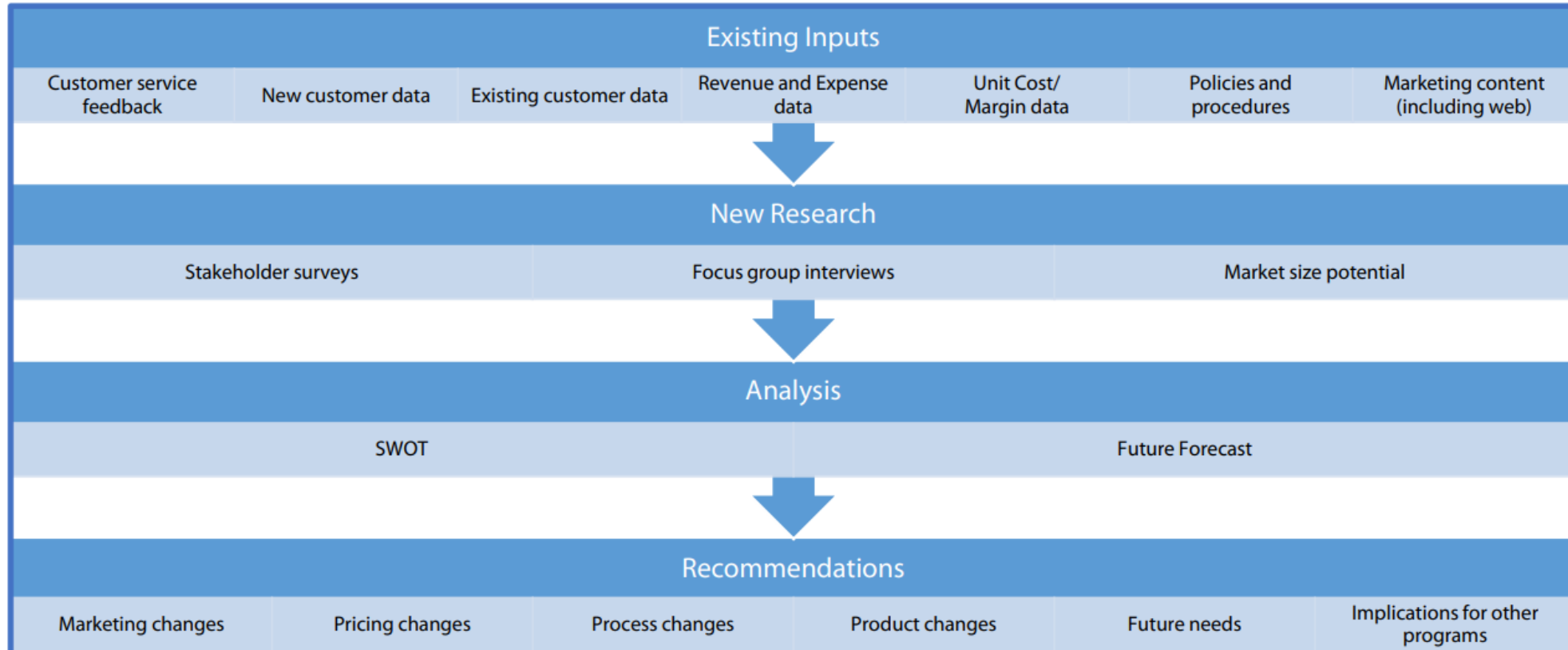
Case Study: Center for Public Safety Excellence

CPSE engages in a review of two of its 10 program areas on an annual basis to identify any changes that may need to be made in product, process, pricing or marketing, as well as consider future needs for adaptation and implications of the program areas on other programs. Each program is reviewed every five years.

The association leverages a breadth of existing data to identify gaps in knowledge about the programs and design new research to fill in those gaps. Using those data, CPSE conducts an analysis prior to preparing recommendations.



CENTER FOR PUBLIC SAFETY EXCELLENCE PROGRAM BUSINESS PLANNING PROCESS



Models

Tools to Support Feedback and Renewal

Associations can leverage a multitude of tools to convert data about products and services into knowledge that supports product innovation.

McKinley Advisors has provided three examples that span a spectrum of analyses that may be undertaken. These incorporate both qualitative and quantitative data to provide a rich and dynamic assessment of performance.

Product Scorecard

- Financial data
- Member perception data
- Staff experience

➤ *Convert to a product performance ranking to assess priorities and inform investment*

Net Impact/ Investment Matrix

- Perceived Importance / impact
- Profitability/ revenue margin

➤ *Determine product strategy*

Cost vs Revenue vs Engagement

- Product expense
- Product revenue
- Product engagement

➤ *Understand how resources are being deployed on behalf of products relative to participation*

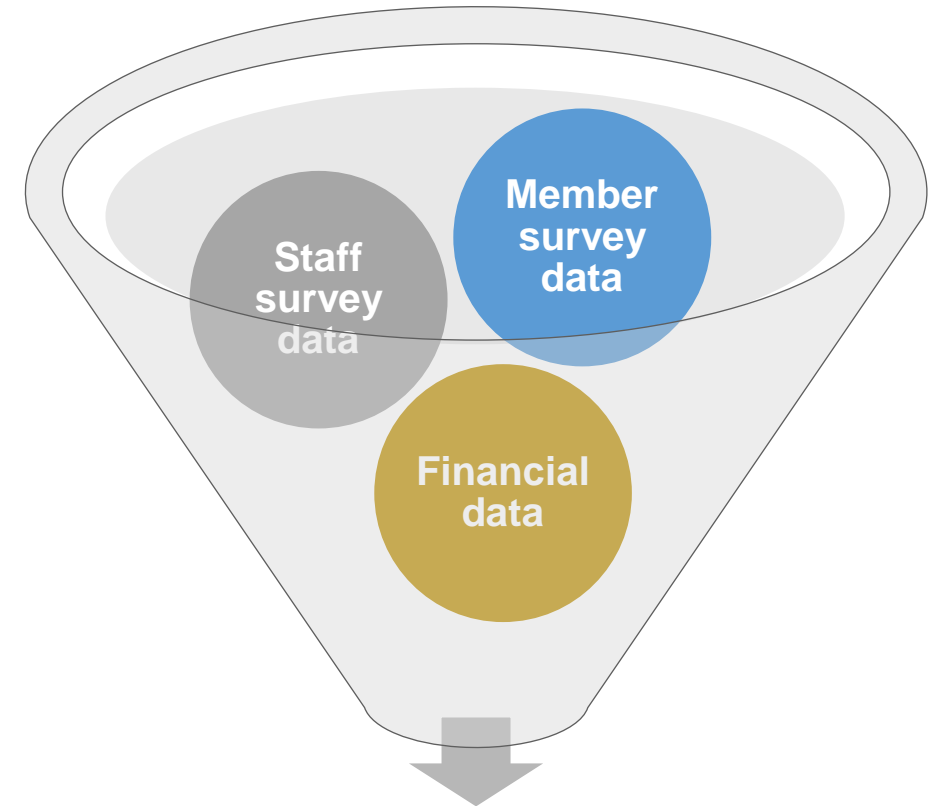
Building a Product Scorecard

A strategy for assessing each program or service is to assign a rating based on a series of data points representing financial data (e.g., net profit), member perception data, and staff survey data (e.g., alignment, resource investment).

A percentile range is then used to calculate an overall score to help inform an association about overall product performance.



Insights courtesy of McKinley Advisors.
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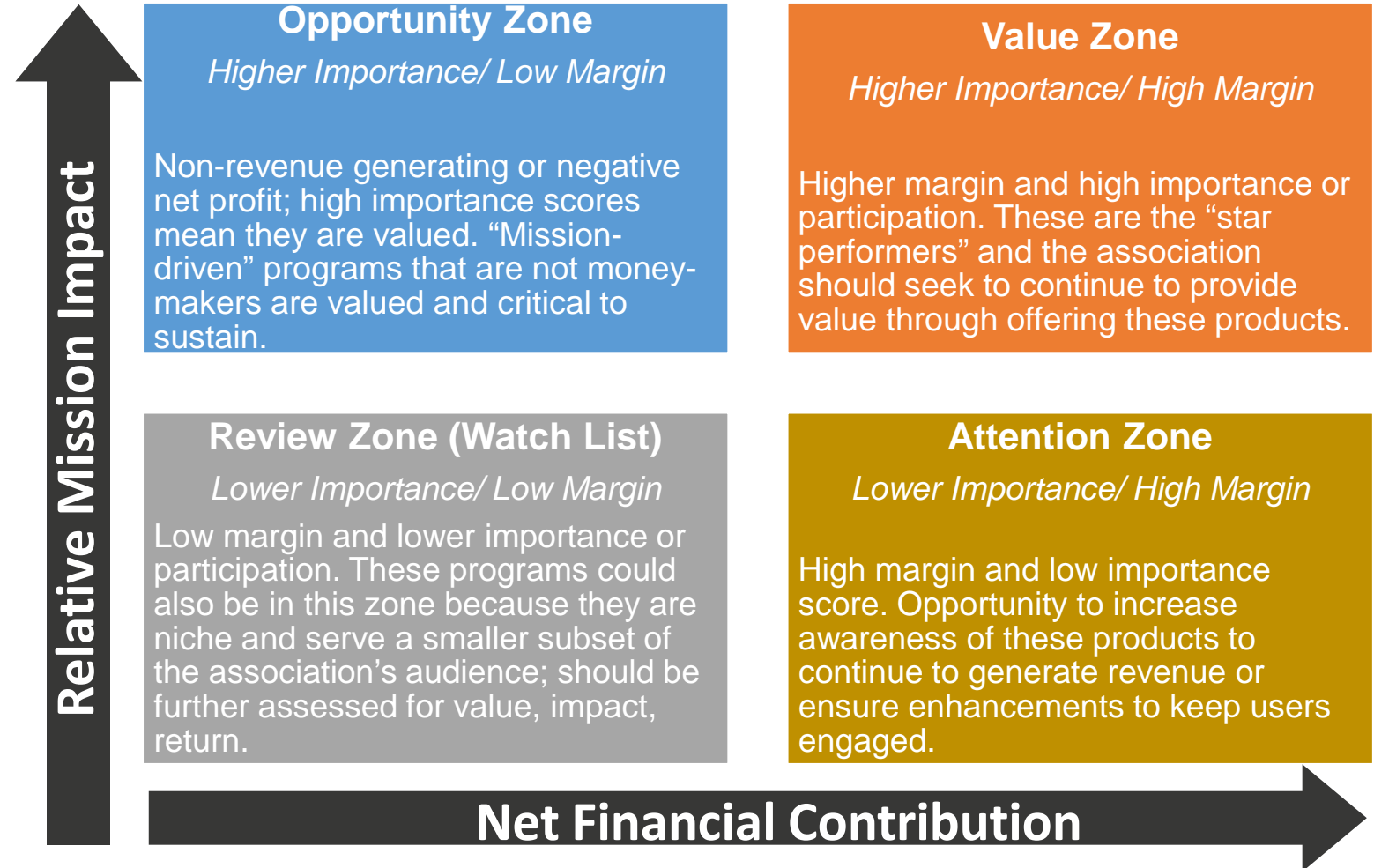
Product Scorecard

Net Impact/ Investment Matrix

For associations looking to understand where opportunity exists within the product portfolio, they may consider comparing variables such as member perception of mission impact against the net financial contribution of a product to the organization's revenue. This can be leveraged to create product strategy and/or sunset products.



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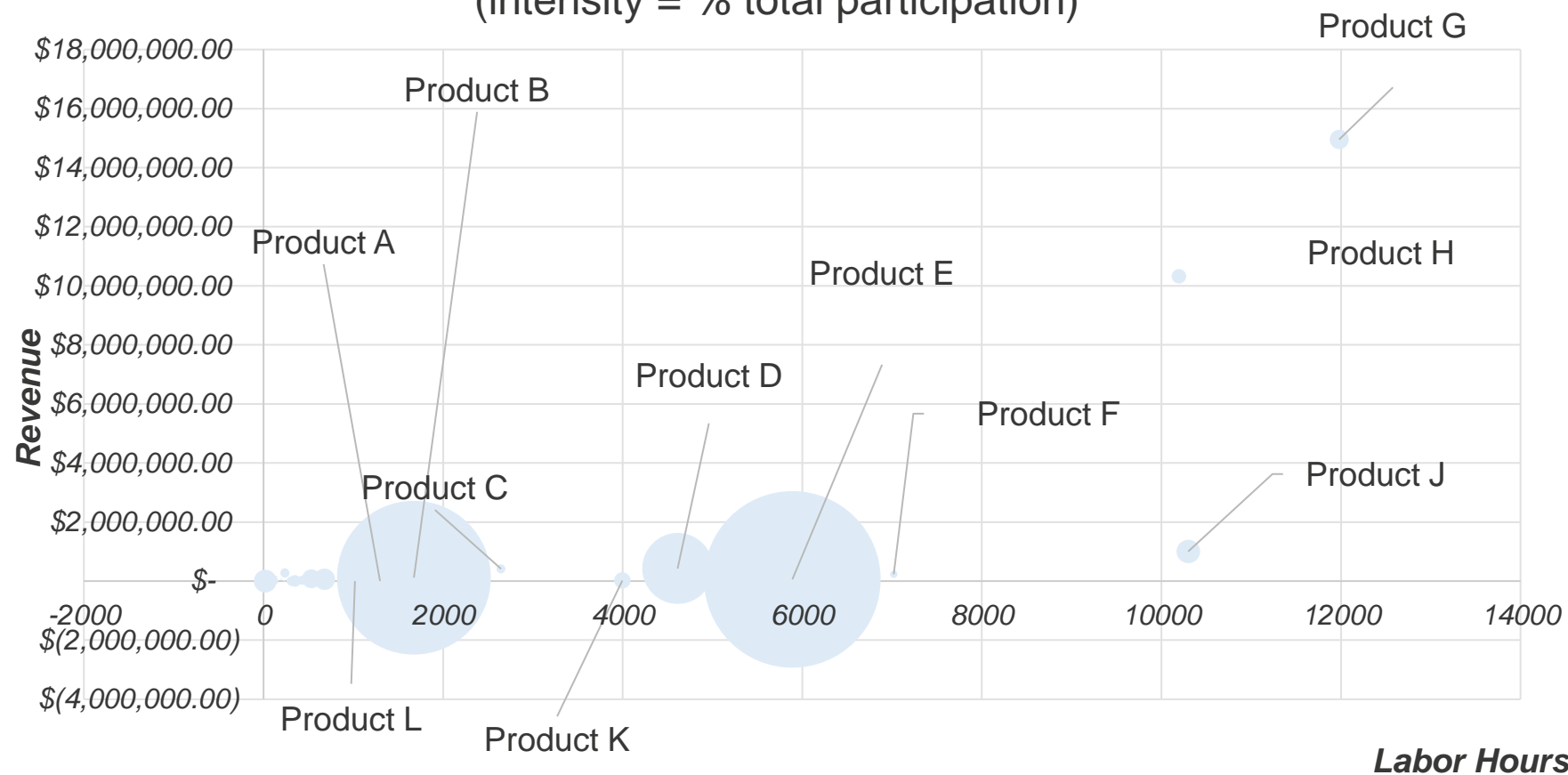
Exploring Critical Intersections of Data

Associations may also want to consider mapping specific costs against product participation or engagement measures to assess how resources are deployed against products in the portfolio.



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Labor x Revenue
(intensity = % total participation)



Feedback and Renewal

Additional Resources & Literature

Additional Literature/Resources

- Eckert, V. H. (2019, October). Why successful innovation begins and ends with customers. <https://www.pwc.com.au/digitalpulse/customer-innovation-market-feedback.html>.

Spotlight: Approaches to Considering and Evaluating the Impact of Innovation on Membership

Strategy

- Align education, website, and marketing strategies to position the association as the members' professional home and community

Research

- Conduct member research, develop member journey maps and measure success at key points (e.g., engagement and utilization of services at 3 months a member)

Alignment

- Adopt a “jobs to be done” philosophy about the purpose and nature of membership
- Develop member categories to fit the actual need of those individuals (e.g., student members are “developing members” and receive benefits aligned with their career stage; dues rates are adjusted accordingly)

Operations

- It is essential to understand what it takes to get people to renew, what churn rate will be, other key performance indicators associated with renewal
- “Meet members where they're at” by offering only what they want, including synchronized billing model, monthly/annual billing, rolling renewals, etc.

Appendix

What are the Unique Challenges Faced by Associations?

AIC TLP identified a set of challenges, or questions, faced by associations relative to developing new revenue opportunities and innovating as organizations. These are unique to associations and require leaders to be proactive and intentional in addressing them. They include:

Strategic Questions

- How can associations align programs, products and/or services to complex organizational strategies?
- How do we facilitate alignment across many leaders on identifying and pursuing new revenue opportunities?
- How do we manage expectations for new product developments (e.g., they may not be profitable to start)?

Cultural Questions

- How can we ensure a business focus, mentality, and culture among volunteer leaders?
- How can we build a culture of risk tolerance within the organization and among its staff?
- What kind of processes and skills are needed to foster a culture of innovation within the organization?
- How can we evolve the association to be more consumer-centric?

Tactical Questions

- What does a strong product development process look like?
- How should we price products/services; how do we (should we?) fit them into the membership bundle?
- How can we best lead the Board and staff through making program cuts and “sunset” discussions?
- How can we design a budget process that accommodates experimentation?

Detailed Explanation of Themes

Cultivate a positive internal environment that encourages employee empowerment, experimentation, and continuous improvement.



Focus

- Moving away from risk intolerance and toward employee empowerment and encouraging new solutions.

- Overcoming resistance to change and the "*if it ain't broke, don't fix it*" mentality.

- Giving staff a clear vision of what you're building to reduce pushback.
- Reinforcing the shift in culture through behavior and structural changes.

Examples

- Signify the importance of innovation by designing an innovation process.
- Introduce small, low-risk efforts to try new things.
- Implement a learning-centric organizational design rooted in Agile/Lean Sigma processes.

- Confront this mentality head-on by pointing to long-term challenges and opportunities through strategic planning.
- Incentivize innovation structurally, through financial rewards, recognition, and even celebrations of failure.

- Make changes at the top of the organization.
- Create psychological safety around experimentation and risk-taking.
- Ensure the culture is customer-focused with servant leadership at the center of the mission.



Engage and educate the board to shift their mindset towards a more business-oriented approach, balancing risk and reward.



Focus

- Educating the board on the need to focus on the business side of running the association and their role in it.
- Focusing discussions on the business needs of the association.
- Understanding that the shift in culture takes constant work and reinforcement
- Keeping the focus on the business goals over time.

Examples

- Planting the idea during board recruitment and orientation.
- Encouraging the election/appointment of business-minded candidates.
- Presenting evidence of what the org. could do with more resources and low-value activities that could be cut.
- Discuss running the organization as a business within each board meeting topic.
- Get new board members up to speed on the importance of a business focus.



Foster a culture of open communication, transparency, and collaboration to adapt to changing needs and encourage innovation.



Focus

- Listening to understand why people believe certain things and fostering a culture of respectful disagreement and trust.

- Navigating organizational politics and the influence of individuals.

- Recognizing that change management takes time, persistence, and consistency.

Examples

- “Lead from the top” and model good listening and respectful dialogue.
- Be transparent with staff about decisions that are made and provide psychological safety while encouraging feedback and questions.

- Addressing politics diplomatically by bringing them to light.
- Holding people accountable and understanding their motivations.

- Questioning the "why" on a continual basis.



Implement a structured process for capturing, prioritizing, and developing new ideas and opportunities based on alignment with customer goals and the organization's mission



Focus

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> • Provide a framework or structure to support the development of concepts to ensure they are aligned to association goals and evaluated with set criteria. | <ul style="list-style-type: none"> • Understanding that some people and departments are slower to change and working within their limits. • Breaking down silos between departments. | <ul style="list-style-type: none"> • Leading by example at the board and senior levels and being transparent when things don't go as planned. • Transitioning in new leaders with innovative mindsets. |
|--|--|--|

Examples

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Utilize creative processes and facilitations to provide staff with examples of how to generate ideas (e.g., design sprints, generative sessions). • Provide templates for how to assess the business case of new concepts to ensure consistency and rate concepts based on organizational alignment. | <ul style="list-style-type: none"> • Being mindful that pushing people too hard can result in the opposite reaction. • Use cross-departmental teams and processes in the design of new products and services. | <ul style="list-style-type: none"> • Using iterative processes coupled with honest assessment to contribute to persistence. |
|---|---|--|

Gather input on ideas from diverse perspectives, including staff, members, and industry partners, to inform decision-making



Focus

- Identify the right process to gain input and test ideas.
- Dig deep to understand members' and customers' true needs and expectations.
- Avoiding distractions from non-revenue generating "urgent" requests.
- Understanding that members expect more from associations and will leave if ideas are misaligned to their needs.

Examples

- Use surveys to see what members want and need.
- Bringing together the team with members to obtain input.
- Build understanding and support with a smaller group of leaders to test ideas and obtain feedback.
- Learn to "say no" and utilize revenue goals as criteria for prioritizing revenue-generating activities.
- Socialize the right language to help leaders recognize tradeoffs, such as "[Even - Over](#)" statements.
- New revenue opportunities (products, services, etc.) must be built and focused on market demand (e.g., member needs). Otherwise, the concept will fail to gain traction and be a drag on the association's performance.

Align programs and services with the organization's mission, strategy, and strategic plan



Focus

- Ensure that new and existing programs are aligned to the direction of the association's strategy.
- Adapting to external factors, such as industry consolidation, legal battles, or the pandemic
- Ensuring that leaders and staff prioritize strategic alignment in their ideation and program development.

Examples

- Ensure all programs have at least one strategic pillar they advance.
- Sunset programs that don't align with the mission.
- Being flexible on details without giving ground on fundamental expectations.
- Asking questions about the connection to the mission and strategy early and often in the process.
- Set collective and individual staff goals that relate directly to the strategic plan.



Evaluate program and service concepts based on factors such as level of effort, impact, cost, and opportunity cost



Focus

- Gain an accurate picture of the true costs and level of effort involved with new and existing program concepts.
- Overcoming resource constraints, such as lack of bandwidth, staff, or funding
- Increasing engagement, buy-in, and accountability through deliberate choices.

Examples

- Use planning tools with strong criteria. For example, impact on net revenue and brand, level of effort, operational complexity, and cost of not doing the program.
- Build pro forma and break-even analysis to articulate assumptions fully.
- Regularly sunset programs and services that have run their course to free up resources for new program concepts.
- Making conscious and deliberate decisions, rather than relying on past practices.
- Recognize that not making a decision is a decision, as is doing something because it's always been done that way.



Emphasize data-driven decision-making, using tools such as SWOT analysis, scenario planning, and performance frameworks



Focus

- Implement a process to ensure programs are regularly assessed and that appropriate investments or sunsetting occurs.
- Making decisions based on data and the need for a strategic vision and long-term business plan, rather than history or emotion
- Recognizing that each product, service, and program has a natural lifecycle and strong organizations monitor this lifecycle and make appropriate investment decisions.

Examples

- Use tools such as SWOT analysis, scenario planning, and performance frameworks (e.g., OKRs) to monitor and test program performance.
- Adopt a strategy and measure key performance indicators.
- Leveraging data to battle the emotional side of conversations; challenge people to be bold and make hard decisions.
- “Building muscle” around data-driven product and program strategies overtime and incorporating it into your culture.

Allocate true costs to events and programs to provide a clear picture of their financial impact



Focus

- Ensure that assessments include all true costs and benefits of running the program.
- Ensuring that you keep appropriate parties in the loop as assessments are performed.
- Making decisions based on market needs and future requirements, not in a vacuum

Examples

- Consider direct and indirect costs (overhead) as well as intangible costs (e.g., amount of mental bandwidth consumed by program, impact to volunteer burnout).
- Including relevant staff to provide input into programs as well as staff that may be impacted in their work (e.g., CFO).
- Using data, discipline, and determination to make difficult decisions.
- Consider the benefits to revenue, mission, specific market segments, and the organization's brand.



Leverage successful programs and services to sunset underperforming areas



Focus

- Ensure that the organization is engaged in supporting a limited number of high performing, high priority activities.
- Emotional attachment to programs or services that may not be financially viable or impactful.
- Convincing people that even good programs sometimes need to be cut based on data and ROI.
- Understanding that decisions to sunset or invest can be made at appropriate points in time to minimize disruption.

Examples

- Using a grid to map programs and services against strategic pillars and performance goals, and setting aside those that don't align.
- Diversifying revenue streams when traditional ones decline.
- Explaining that all programs must either bring in considerable revenue or create substantial value, and everything else slows the organization down.
- Consider the human/cultural side of leadership dynamics and possible disruptions, such as taking advantage of down economic cycles to make needed changes and alleviate some pressure.

