

7 Measures of Success - The Path to Greatness

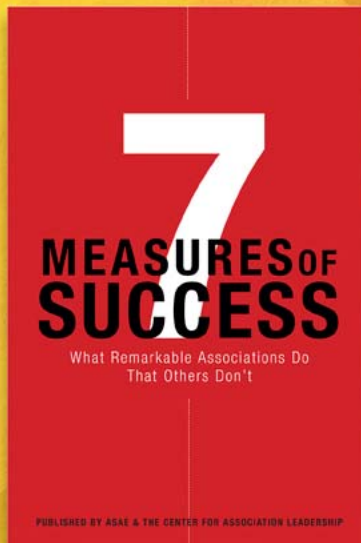
Thursday, September 27, 2007
9:00-10:30am

Robert M. Skelton

***Chief Administrative Officer
ASAE & The Center for Association
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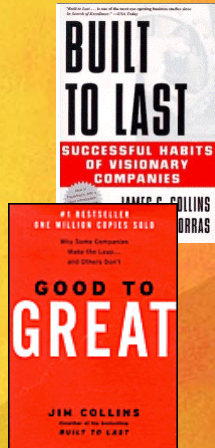
7 Measures of Success – What is it?

- A framework for instilling organizational excellence
- The attributes or characteristics displayed by exemplary organizations
- Not a baseline or formula.



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The Inspiration



- **Matched-Pair Methodology**

- Common to social sciences, applied by Collins and Porras to companies
- Compare two companies
 - Created in same era
 - Facing same market challenges and opportunities
 - Same demographics
 - Same technology shifts
 - Same socioeconomic experience



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Why not apply the same methodology to associations?



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- The first to apply the comparison research methodology to the nonprofit community
- Four year effort
 - September 2002 to August 2006
 - Collins as mentor and guide
- Over 18,000 hours of work
- 100 boxes of information collected and reviewed



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Methodology

- Jurying process - To identify candidates for "great" associations
 - Survey of 1,000 association executives
 - CEOs and senior leaders from trade, professional, and philanthropic non-profits
 - 32% response rate; 95% confidence level for sampling error
 - Initial list of 104 associations
 - Any association with close ties to research project team excluded
 - Initial data provided by 51 of these associations
 - 15 year study period



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Eligibility Criteria

- In operation minimum of 20 years
- Finished more years in black than red
- Exhibited the ability to retain
 - Members
 - Donors
 - Market share
- More than one CEO during the study period
- Willingness and ability to fully cooperate in the research process



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**Nine organizations
immediately
stood out
as being
remarkable**



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The Study Group

- AARP
- American College of Cardiology
- American Dental Association
- Associated General Contractors of America
- Girl Scouts of the USA
- National Associations of Counties
- Ohio Society of CPAs
- Radiological Society of North America
- Society for Human Resource Management



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The Control Group

- Each association in the Study Group paired with an association as similar to it as possible
 - Budget and staff size
 - Type (individual membership, trade, philanthropic)
 - Geographic scope
 - Similarity in mission and/or membership



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Comparing Good to Great

None of the organizations
(study or control)
were less than
“Bronze or Silver
Medal Olympians”



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11 Areas of Comparison

- **Vision**
 - Core values, mission, purpose, goals
- **Markets, Competitors and Environment**
- **Organizational Arrangements**
 - Structure, policies, systems
- **Use of Technology**
- **Business Strategy**
- **Products and Services**
- **Leadership**
 - Staff
 - Elected
- **Community and Culture**
- **Financial Health**
- **Physical Setting and Location**
- **Public Policy**



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Research Questions

- What did all the associations share in common? What are the prerequisites for successful performance?
- What factors set the highly successful associations apart from the others?
- What unique characteristics do they, as a group, share that makes them different than those in the successful group?
- What are the obvious differences and similarities between the associations in each matched-pair? Why is one great and the other merely good?
- How does the data support or contradict the conventional wisdoms?



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The Result: 3 Commitments

1. To Purpose
2. To Analysis & Feedback
3. To Action

And.....

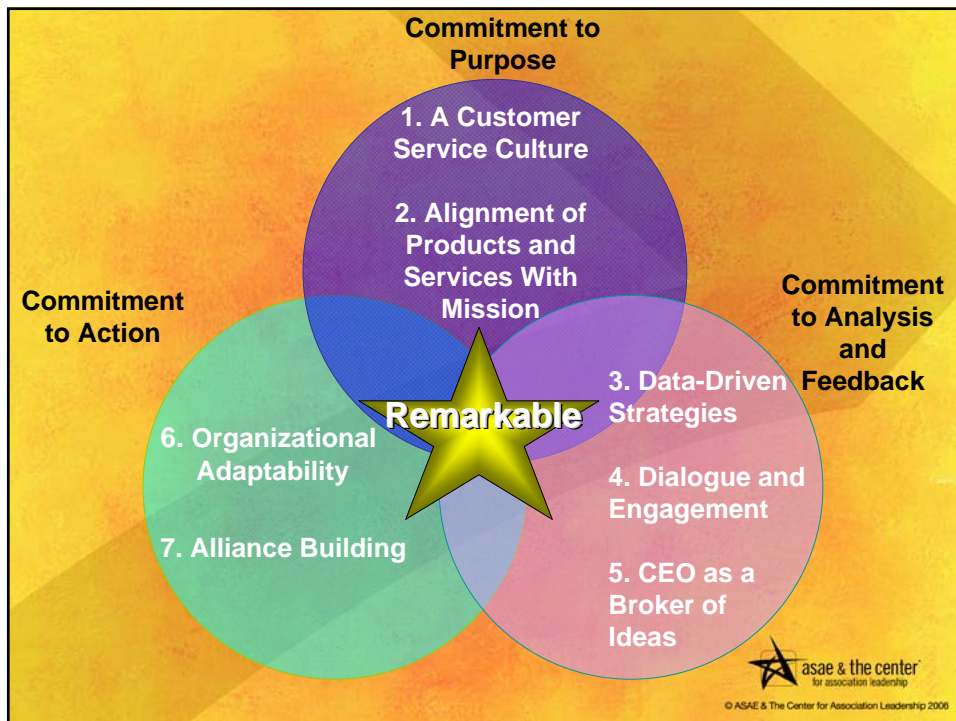


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Seven Models Identified



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Commitment to Purpose

- Mission subdivided into needs
- Products, services, activities developed to address those needs
- Driven by mission not money



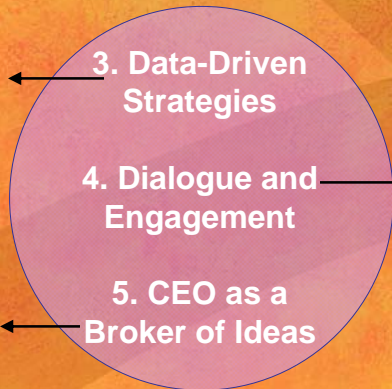
- “We’re here to serve you”
- Individual encounters with members
- Organizational structure and process
- An association of members, for members, by members



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Commitment to Analysis and Feedback

- Capacity and culture to gather, share, analyze information
- Data, Data, Data



- Facilitates visionary thinking throughout the organization
- “The Great Go-Between”

- Continuous conversation on direction and priorities
- Staff and Volunteers



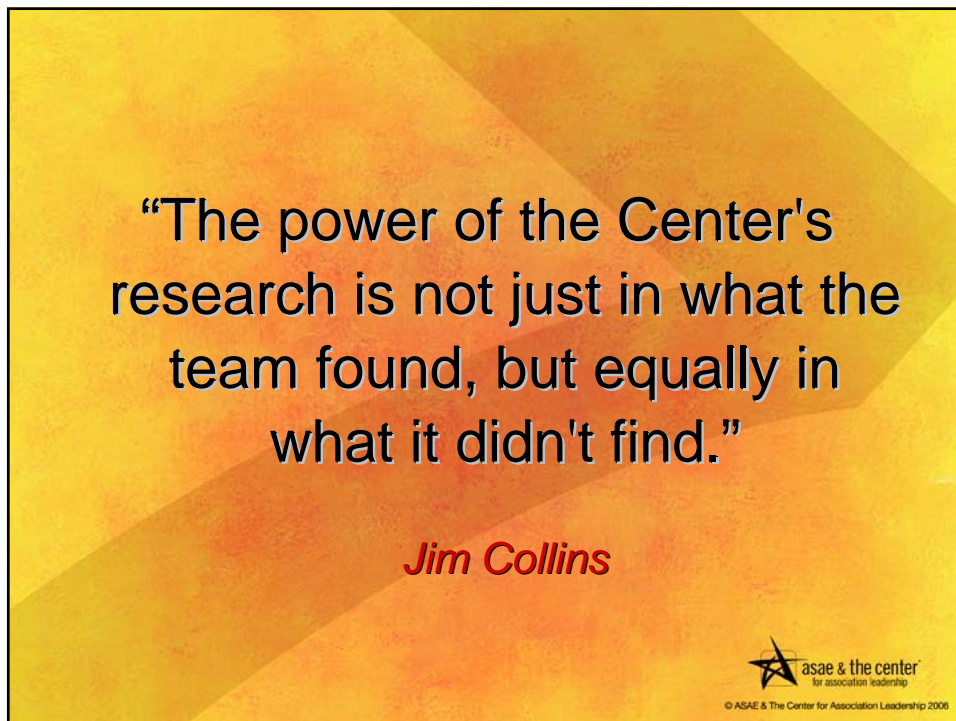
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Commitment to Action



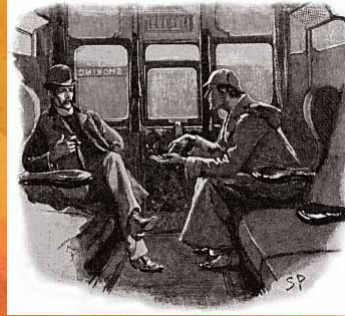
“The power of the Center's research is not just in what the team found, but equally in what it didn't find.”

Jim Collins



“Is there any other point to which you would like to draw my attention?”

“To the curious incident of the dog in the night-time”



“The dog did nothing in the night-time.”

“That was the curious incident,” remarked Sherlock Holmes.

Sir Arthur Conan Doyle
“Silver Blaze”
The Memoirs of Sherlock Holmes

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Conventional Wisdoms – Myths?

- Smaller boards are better than big ones
- Democratic selection processes yield more effective boards
- CEO should come from the association profession
- Reserves should equal 50% of operating budget
- Staff driven versus member driven
- Be proactive, not reactive

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Caveat

- We cannot prove or disprove the validity of these “conventional wisdoms”
- We can only state that conventional wisdom would lead one to believe these characteristics would be present/absent in the study group
- Study findings did not in fact yield this result



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Smaller Boards Are Better Boards

- **What DOES matter:**
 - Strategic rather than operational focus
 - Board/staff shared understanding and alignment of roles
 - Data driven strategic decision making



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Democratic/Open Board Selection Process

- **What DOES matter:**
 - No rigid up-the-ladder pathway to board service
 - Transparency and effective communication of process
 - Clarity of expectations and role



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CEO Should Come from Association Profession

- **What DOES matter:**
 - CEO able to match their style to culture of organization
 - CEO and Board with shared understanding of CEO expectations



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Reserves Should Equal 50% of Annual Revenues

- **What DOES Matter:**
 - How reserves are used
 - Invest in organizational improvements vs. Replace falling revenues
 - Non-profit is a tax status, not a philosophy
 - For profits pay dividends to shareholders
 - Non-profits reinvest retained earnings in programs and services



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Staff Driven versus Member Driven

- **What DOES matter:**
 - Data Driven
 - Member Focused



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Be Proactive not Reactive

- **What DOES matter:**
 - More adaptable to change – whether being proactive or reactive
 - Able to change strategies and tactics without altering its core mission



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Unique Findings to Nonprofits

- Collaborating for the right purpose
- Ongoing dialogue and engagement
- Intensely data driven



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Remarkable Associations

Disciplined People
engaged in
Disciplined Thought
taking
Disciplined Action



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What's Next?

- **Assessment Tool & Guide**— coming soon!
- **Pilot Implementation Project - ABC**
- **Implementation Practices**
- **Share Groups**
- **Educational Programming**
 - Research Implications for Organizational Change
 - Identifying and Understanding Your Primary Customer
 - Additional Sessions at Springtime and Annual Meeting
- **Email Measures@asaecenter.org**
for more information



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Thank you!

Discussion



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