

**7 Measures of Success:  
Pathways to Success**  
Michael E. Gallery, PhD, CAE  
President  
OPIS, LLC

ASAE & The Center  
for Association Leadership

© ASAE & The Center for Association Leadership 2006

## 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

ASAE & The Center  
for Association Leadership

© ASAE & The Center for Association Leadership 2006

## Why not apply the same methodology to associations?

ASAE & The Center  
for Association Leadership

© ASAE & The Center for Association Leadership 2006

## ASAE & The Center

- 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

ASAE & The Center  
for Association Leadership

© ASAE & The Center for Association Leadership 2006

## 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

ASAE & The Center  
for Association Leadership

© ASAE & The Center for Association Leadership 2006

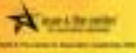
## Eligibility Criteria

- 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

ASAE & The Center  
for Association Leadership

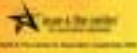
© ASAE & The Center for Association Leadership 2006

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



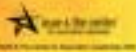
## The Study Group

- 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



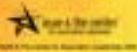
## The Control Group

- 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



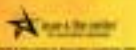
## Comparing Good to Great

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



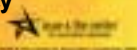
## Data Gathering

- Documentary evidence
  - Internal
  - Public
- Onsite inspections/interviews
- Follow up surveying and data collection



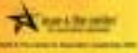
## 11 Areas of Comparison

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• <b>Vision</b><ul style="list-style-type: none"><li>• Core values, mission, purpose, goals</li></ul></li><li>• <b>Markets, Competitors and Environment</b></li><li>• <b>Organizational Arrangements</b><ul style="list-style-type: none"><li>• Structure, policies, systems</li></ul></li><li>• <b>Use of Technology</b></li><li>• <b>Business Strategy</b></li></ul> | <ul style="list-style-type: none"><li>• <b>Products and Services</b></li><li>• <b>Leadership</b><ul style="list-style-type: none"><li>• Staff</li><li>• Elected</li></ul></li><li>• <b>Community and Culture</b></li><li>• <b>Financial Health</b></li><li>• <b>Physical Setting and Location</b></li><li>• <b>Public Policy</b></li></ul> |
|--|--|

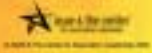


## Research Questions

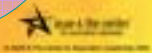
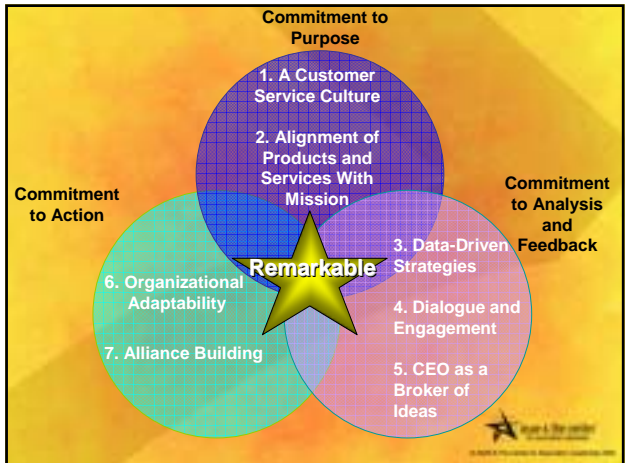
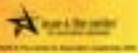
- What are the obvious differences between the two members of the matched-pair?
- What are the similarities?
- What data calls in to question the prevailing “conventional wisdom” within the association management field?
- What is the essence of the pairing?
  - Why is one great and the other merely good?



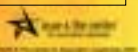
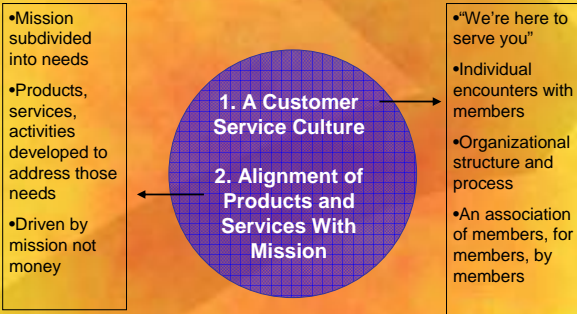
Two task force members  
per matched pair  
prepared  
detailed dossiers



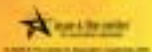
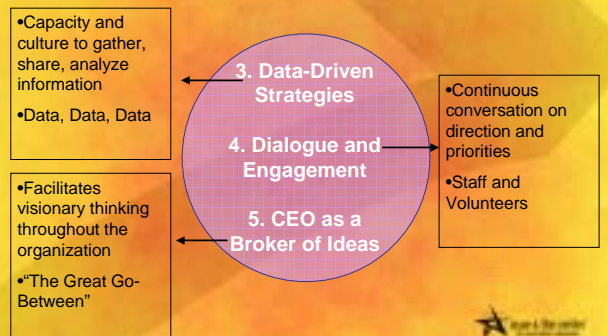
## Seven Metrics Identified



## Commitment to Purpose



## Commitment to Analysis and Feedback



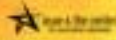
## Commitment to Action

- Learn from and respond to change
- Know what not to change
- The will to act

6. Organizational Adaptability

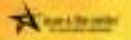
7. Alliance Building

- Secure and confident enough to seek partners and projects that complement their mission and purpose
- Partnering for the right purpose



“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*



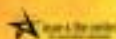
## Conventional Wisdoms

- 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



## 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



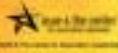
## Smaller Boards Are Better Boards

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



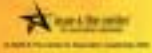
## Democratic/Open Board Selection Process

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



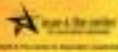
## CEO Should Come from Association Profession

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



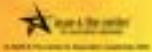
## Reserves Should Equal 50% of Annual Revenues

- **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



## Staff Driven versus Member Driven

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



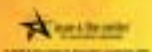
## Be Proactive not Reactive

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



## Unique Findings to Nonprofits

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



## Is Your Organization Ready?

Readiness Question	YES	NO
Does your organization have a written mission statement?		
Does your organization have a written strategic plan?		
Has your membership generally increased over the past 10 years?		
Over the past 10-12 years, has your organization finished its fiscal year in the black at least 70% of the time?		
When you divide your current total dues revenue by the number of members you have do you arrive at a ratio equal to or greater than \$170/member		

## Ready?

When you divide your current total revenue by the number of staff you have do you arrive at a ratio equal to or greater than \$164,000/staff member?		
When you divide your current total expenses by the number of staff you have do you arrive at a ratio equal to or greater than \$158,000/staff member?		

## 7 Measures Profile

### 7 Measures of Success Score Summary Profile Organization

5							
4					4.1		
3	3.7	3.9	3.2	3.5		3.6	3.6
2							
1							
	Customer focus	Alignment	Data	Dialogue	CEO	Adaptability	Alliances

## Customer Service Culture

The organization knows a great deal about its customers' needs because it collects data routinely about what they want
The market has been segmented in order to tailor the organization's offerings to those segments.
Staff, no matter what role or department, views themselves as customer service agents.
The organization operates within a budget driven by customer needs.
The organization's mission statement and vision for the future are customer-focused.
Customer service levels are tracked routinely by measuring customer satisfaction with our products, services, interactions, etc.

## Alignment

The organization has a clear statement of what it does and why it exists.
The major activities of the organization are consistent with the organization's mission.
Organizational changes are consistent with the organization's mission.
The organization has some products and services that generate revenue but are not related to our mission.
Organizational leaders and staff demonstrate a common understanding of the organization's mission.
The major goals for forming alliances or partnerships are to further our mission and satisfy/meet the needs of members, not necessarily to increase revenue.

## Data Driven...

Organizational leaders and staff demonstrate a clear understanding of the markets they serve.
Data from environmental scans are included in decision-making processes.
Every research effort has a purpose and is carefully planned so that data are not collected for data's sake.
The organization has a plan for sharing and communicating data from the outset of a research project that includes communicating research findings that are negative.
Several different methodologies are used to collect data about particular issues (e.g., focus groups, surveys, interviews).

## Data Driven Continued

For each research project, data are related to similar, appropriate data from other sources.

Our limited resources prevent us from conducting research.

The organization conducts formal evaluations to assess whether its outcomes have been achieved.

Evaluation data are used to modify organizational activities.

Market research data are used to modify/develop programs.

## Dialogue

Staff and volunteers have easy access to what they need to know when they need to know it.

Staff and volunteers receive regular feedback about how the organization is performing.

Staff throughout the organization are involved in major planning activities.

All parts of the organization demonstrate a clear understanding of what other parts of the organization are doing.

Each department of the organization positively interacts with the other departments.

Cross-functional teams are commonly used to accomplish organizational goals.

Each individual's responsibility for achieving an outcome is clearly defined.

## CEO as Broker

The CEO strives to create a consensus-driven vision among members and the leadership rather leading the organization with his/her personal vision.

The CEO routinely asks both the staff and leadership for feedback regarding the organization's performance.

The CEO offers the board and staff advice for solving problems and meeting challenges.

The CEO encourages innovative or creative ideas and suggestions from the staff and volunteers.

The CEO does not play favorites by giving more credence to one staff member or volunteer over others.

## CEO as Broker, continued

- Staff and leadership are encouraged to work as a team thus avoiding a "we-versus-they" mentality.
- The organization's CEO has a passion for excellence.
- The CEO provides the board with the facts and information needed to make good decisions.

## Organizational Adaptability

Programs are evaluated to determine if they are successfully meeting member needs.

Programs not meeting member needs are dropped or revised.

Leaders and staff often fail to understand how a change in one area affects other areas.

The organization is open to different approaches to accomplish the same objective.

The organization continuously reviews, revises policies and procedures in order to become more effective and efficient.

## Organizational Adaptability, Continued

The organization is intolerant of risk.

Staff throughout the organization participate in change.

Individual are held accountable for organizational results

The organization's leadership demonstrates an ability to redirect resources based on analysis of the environment.

Changes in activities and outcomes have occurred without a change in the organization's underlying purpose.

## Alliances

The organization routinely scans the environment for issues and challenges requiring action in concert with coalitions and partnerships.

Criteria for determining relationships with other are vague or nonexistent.

Decisions about formal relationships with other organizations are guided by the strategic plan.

## Alliances, Continued

Competitors or unconventional organizations are excluded as potential partners.

The organization believes that the foundation for effective partnerships or alliances is having each partner get something they want from the relationship (i.e., win/win).

The major goals for forming alliances or partnerships are to further our mission and satisfy/meet the needs of members, not necessarily to increase revenue.