



Association Strategy Trends in 2022

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Introduction

When we ask association leaders about the trends and issues affecting their members today, the responses are remarkably similar across the various sectors and professions where The Portage Group consulting team has worked. Often, the leader's answer begins with something like "The changes we're navigating are unprecedented" or "Where do I begin?"

TPG's 2022 Fall Whitepaper is based on a review of research and planning work with over 20 clients in the professional and trade association space in 2021-2022. It identifies our team's 'Top Five' list of strategic issues associations today are focused on. We also summarize several strategies and initiatives that outline what associations are doing to make a significant impact on the major issues and challenges that dominate the agenda for the professions and industries they serve.

The sheer volume, complexity, and diversity of issues association directors and executives must understand today is dizzying. In addition to the growing number of pressing emerging issues, several longstanding issues that have been the subject of discussion for years – like talent and labour – have reached a critical inflection point for the industries and professions they represent.

Much of our strategy work helps clients to make sense of the issues shaping their associations and their members and supports associations to develop strategy that focuses on what's most important to address and accomplish. Increasingly, the best strategy prioritizes the issues and embraces the advice "to do a few things and do them very well."

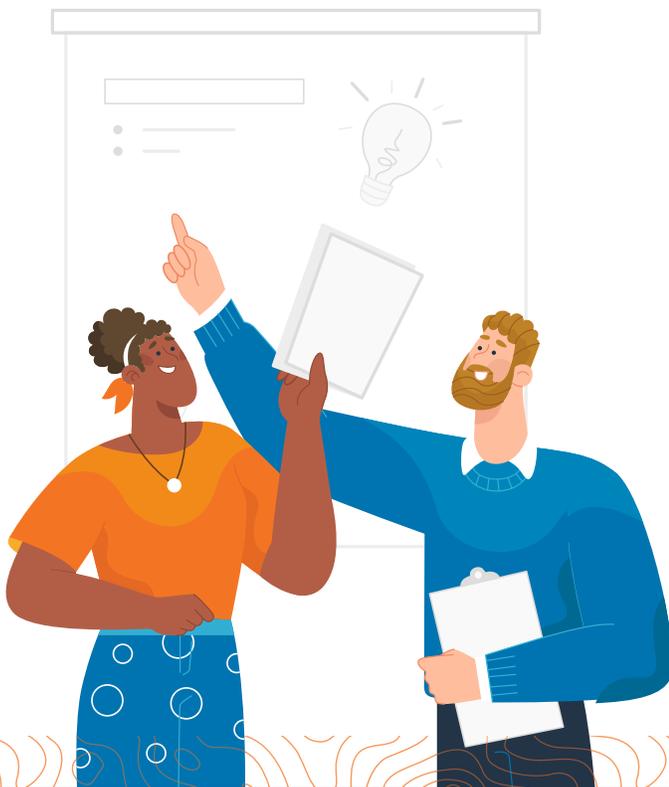
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What Strategic Issues Are Top-of-Mind for Associations in 2022?

With so much happening in the world surrounding their organizations and their members, what issues are association leaders choosing to focus on as those that have greatest significance and require substantive action?

A review of recent planning work with over 20 TPG clients reveals several strategic issues that today's associations are working to influence. We have outlined our top five that are priorities for most associations we know.



1. Global Political, Social and Economic Volatility

Globalization has connected us in many ways - for better and for worse.

For industry associations, supply chain and logistical issues continue to be top of mind for the member companies they serve. Ongoing supply chain impacts from the pandemic, a rise in extreme climate events, sanctions and geopolitical trade conflict, not to mention unpredictable costs, and a host of other factors means that what happens in one part of the world has impacts elsewhere.

The result for industry associations is that members are struggling to do business effectively where every industry is a global one. More generally, professional and trade association members alike need help from associations to navigate a tumultuous and unpredictable environment where sociopolitical volatility and economic concerns are affecting all facets of society.

Organization leaders are also increasingly concerned about the political and social polarization that has manifested in civil unrest, scepticism about information, and the undermining of institutions.

Understanding, monitoring, and managing risk are important aspects of a good strategy.

2. The Labour and Talent Crisis

Labour and talent shortages have long been a focus for associations but have now reached a critical inflection point for many professions and industries. The association sector has been talking for years about the looming exit of baby boomers from the sector. The issue is not only the exodus of older, experienced workers but the entry of skilled trades and other workers to replace those exiting from the workforce. Sectors like construction are facing the real prospect that they will not have the workers to meet demand.

For some industries and professions, it is not exaggerating to suggest this issue has now reached the point of being a crisis. Earlier this year, Statistics Canada data measured the unemployment-to-job vacancy ratio at its lowest-ever point in the first quarter of 2022.* The data shows that the labour crunch is being felt in every province and across many sectors, coming at a time where government spending has been on the rise. Initiatives to replace aging infrastructure across the country, and increased government spending as a strategy to stabilize the economy during the Covid 19 pandemic has exacerbated the labour challenges facing businesses and professionals across the country.

3. Increased Legislation and Climate Regulation

Professions and industries across the country are bearing the burden of increased regulation from every level of government. While regulation is important to ensure products and services adhere to standards, onerous regulations with overlapping and conflicting requirements in different jurisdictions are creating significant barriers for many businesses and professionals to carrying out their work effectively, efficiently and profitably.

Climate change in particular is in sharp relief as a social, political and economic imperative, resulting in increasing pressure on individuals, businesses and governments to act. Environmental legislation including the Canadian Net-Zero Emissions Accountability Act (2021) as well as increasing environmental regulation at the provincial and municipal levels, is having significant impacts on sectors and professions of all kinds.

* Statistics Canada. *Labour Shortage Trends in Canada*. June 2022. https://www.statcan.gc.ca/en/subjects-start/labour_/labour-shortage-trends-canada

4. Environmental Social and Governance

As climate change, and social issues related to discrimination and inequality, take centre stage in our social discourse, more members and stakeholders are demanding their associations engage in work that fosters meaningful and positive environmental and social change.

In addition to a recognition that change must come from all corners of society, stakeholders from a few different projects have recently pointed out that a meaningful focus on Environmental, Social and Governance (ESG) principles is imperative for associations to gain – and retain – relevance with current and potential stakeholders, especially those from younger age demographics. Governments also have in some cases applied a quid pro quo that the organizations with whom they deal (e.g., to receive project funding) must actively advance ESG.

As the result, association volunteer and staff leaders are increasingly including a focus on key aspects of ESG - such as environmental sustainability and diversity, equity, and inclusion - as a strategic pillar or guiding principle from which other aspects of the strategy will flow. Moreover, associations are moving beyond sensitizing their own stakeholders to ESG by taking concrete action to demonstrate they are committed.

5. The Evolution of Membership

Peoples' time – and attention span – is shorter than ever and diffused. Across the board, associations continue to struggle to get members' attention and to garner sufficient engagement to support the important work they do.

Engaging young members is especially critical to the sustainability of associations and continues as a key strategic issue for many. This is an important consideration for associations focused on making headway on issues related to talent and labour shortages. Many associations have yet to find true success in attracting and retaining the younger generation using traditional approaches.

For industry associations, consolidation and vertical integration continues across many sectors, resulting in a steadily decreasing number of larger and better-resourced member organizations. On the other hand, technology and innovation is changing the landscape of industry stakeholders, giving rise to start-ups and new companies that provide new products, services, and solutions. Where in the past associations could emphasize that the collective community they represented provided the individual member with value impossible to replicate, well-resourced members may now do a better job than what an association provides and at best may engage sporadically, on an 'à-la-carte' basis.

Strategies to Have a Measurable Effect on Today's Complex Association Issues

While its interesting to understand what the strategic issues are that associations today are focused on, understanding what these organizations are doing to make a big difference on today's complex association issues is even more valuable.

Government Relations

In an environment where regulation and bureaucratic 'red tape' impedes members from conducting business effectively, today's associations are employing several strategies to ensure they are directing – rather than being directed by – regulatory change. These include:

- » **Proactive Action on Climate Change:** Being proactive by taking a supportive position on climate change and enacting programs and services – before the industry becomes legislated by it. This sometimes means developing certifications, standards and other programs that reflect positive environmental change by members and industry stakeholders. Participation in these programs may be voluntary for now, but they can showcase the association and industry's commitment to meet – or exceed – government climate goals.
- » **Building a Strong GR 'Bench':** Building staff and volunteer capacity with strong government relations expertise to position the association as the 'go-to' expert for government, media, and the public. Especially with larger business members, the association that shows it is a centre of advocacy excellence, with corresponding results on issues that matter, has greater prospects of retaining members.
- » **Being An Ally Instead of An Adversary:** Positioning the association – and its advocacy positions – as being supportive and in alignment with government goals and agendas, rather than taking an adversarial stance to achieve desired policy outcomes.
- » **Relationship Building:** Focusing on developing effective relationships 'on both sides of the aisle' is a time-tested strategy to consider in an environment where today's governments may tomorrow be replaced by the opposition. Furthermore, fostering strong relationships not just with politicians – but with the bureaucrats and government 'gatekeepers' as well – is a consideration. While many associations build non-partisan relationships with politicians and permanent staff, being seen as an indispensable resource on policy issues (often consulted by government ahead of internal policy decisions) is the end goal.

Public Awareness and Industry Relations

Due to the resources required to make a meaningful impact, many associations face an uphill battle when it comes to raising their profile and awareness with industry, media, and the public. Despite this, public awareness and industry relations are important to associations and the members they serve. To achieve more success, associations are engaging in some of the following:

- » **Amplifying Results Through Partnership and Collaboration:** With so many organizations working on many of the same issues, combining reach and resources through partnership and collaboration with related organizations makes a lot of sense. Association leaders able to look beyond the boundaries of their individual professions and industries to work with others in their broader ecosystem of organizations are more likely to see a tangible impact on raising awareness related to key issues like labour and talent, and others.
- » **Raising Profile by 'Walking the Talk' on Environmental Social and Governance:** Raising the association's profile through meaningful programs and initiatives that link the industry or profession to projects that impact key social and environmental issues like inequality, discrimination and climate change is also a strategy being used increasingly.

Education, Data and Resources

Associations may not be able to fix all the complex challenges members face – but they can provide good quality education, training, and resources to guide them on their way. Among some of the more interesting initiatives we have observed around education, data, and resources recently include the following:

- » **Helping to Close the Skills Gap:** Developing education and certification programs, including micro credentialing, to facilitate training and closing the skills gap that plagues many sectors and professions.
- » **Helping Members to Practice and to Do Business Using ESG Principles:** Whether it is EDI training, or a certification, designation or labelling program related to sustainable industry practice, associations are increasingly providing members and stakeholders with education, tools and resources to take on the mantle of change.
- » **Education Partnership:** Partnership in education is on the rise to counter the traditionally crowded and competitive landscape of offerings. This may involve leveraging the platform of one organization and content from other(s) to provide better quality and more streamlined content that is more accessible to the industry/profession and potential users.

- » **Showing Members How They Measure Up:** Up-to-date and good quality data and analysis to help members do their jobs and run their businesses more effectively is in high demand across industries and professions. Providing tools, templates and dashboards to help members address pressing issues is also a strategy we've observed recently. For example, one association recently committed in their strategy to develop a suite of tools to support member companies in measuring and reporting to shareholders on ESG goals.

Membership Growth and Engagement

Whether it is targeted to specific member segments (like young professionals or small and medium-sized enterprise), membership growth and engagement continues to frequently appear as an association priority. Among some of the interesting strategies and initiatives we've seen undertaken include the following:

- » **Membership Model Review:** Increasingly, associations are re-evaluating their membership models with a view to ensuring their organizations continue to represent the true spectrum of individual and organizational stakeholders that make up the evolving industries and professions they serve. This may include the development of new member categories for emerging and/or allied groups and/or partnership or mergers with other related associations.
- » **Engaging Members in Decision-Making:** Engaging members on committees, tables, and working groups to roll up their sleeves in the issues that matter most to them (EDI, ESG, labour, etc.). A key consideration is the task is focused and finite, so the volunteer will see what difference they can make, and their time commitment is not onerous.
- » **Customizing the Membership Experience:** Investing in robust data and data management to better understand – and cater to – diverse member groups is a good starting point (while recognizing that even within segmented groups – such as young professionals – not everyone has the same needs or expectations).
- » **Building Depth Within Member Companies/Organizations:** Where many associations traditionally have one or two principal, if not official, contacts with the members they serve, there is an increased focus on building depth by connecting with and providing value to employees across multiple areas of focus and seniority within the organization.

Conclusion

In determining where to focus strategic efforts and resources, today's leading associations must do more than scan the environment to understand what is happening on a political, economic, and social level. Central to their success is taking a regular pulse of their members to develop a deep understanding about what they are dealing with in their professions and businesses and importantly, how the association may help.

While it is clear is that it is a remarkably challenging time to be in a position of association leadership, we would also assert that there have rarely been periods of time where associations have had so many opportunities to shine in their roles as advocates, supporters and as providers of valuable programs, services and solutions to their members.

TPG periodically develops topical publications and research focused on the Canadian association/non-profit sector. If you would like to receive future publications – or participate in future research initiatives – please subscribe to our website or email us directly at contact@portagegroup.com

