

Organizational Business Models for Associations

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Model	Characteristics	Benefits	Drawbacks	Model to consider if
Strategic or Regional Alliances	A cooperative arrangement with an organization usually for a specific purpose and time period. Each organization retains individual identities; both share in the responsibility and expenses for the development of a program/service.	Capitalizes on respective strengths, limited liability, reduced-cost opportunities, shared risks and rewards, and lower cost model to adopt.	Limited in scope; can become ineffective; consume more human/financial resources than expected, and loss of organizational flexibility.	<ul style="list-style-type: none"> You want to test pilot the strengths and weaknesses of a potential organization before establishing a longer and more committed relationship. There are specific activities for joint sponsorship or collaboration for bringing two or more organizations together.
International Affiliates	Partner with an existing national organization that has a comparable mission to accomplish mutual goals. Members of your organization can also belong to this affiliate. More of less "equal" to your organization, but legally and operationally separate. Often entered into as an alternative to direct competition. Roles/responsibilities are outlined in an agreement.	Expands awareness and reach of your programs and services; meets members' needs locally, represents unifying voice for profession/industry while allowing for local autonomy.	Less control and accountability; may be infrastructure weaknesses of affiliate in its ability to deliver; costs to develop an agreement as well as dedicated staff time.	<ul style="list-style-type: none"> There may be benefits to a sustained relationship through joint meetings, educational programs, cooperative publication exchanges, etc. You know the strengths and weaknesses of this national organization.
International Chapters	Group of members that have a formal relationship with the umbrella organization and have jurisdiction over a defined geographic area. Operate under umbrella organization's policies and procedures. Traditional form of international development.	Establishes a charter, there is an element of control, a financial return, localized service, and branding/recognition of name and products & services.	Big Brother (extension), extensive staff time; can be costly; leadership transition issues, and members may see little interest or benefit in belonging to an international membership.	<ul style="list-style-type: none"> Practice of profession or industry is similar. There is value in exchange of knowledge/information among members. Members can serve as advocates for your programs and services, and Want to be part of the same family.

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International Representatives	Volunteer leaders or “industry experts” who are usually paid a fee plus commission to recruit and retain members, promote and sell the association’s products and services and attract international exhibitors and attendees.	The association establishes an extension of itself by creating a “local” presence – usually with someone that has expertise and experience directly in that industry or related to that industry; Serves as the association’s “marketing arm” for specific products and services.	Still costly; each representative can cost from a few thousand dollars to \$50,000+ per year. There’s a limit to what a representative can accomplish on behalf of the association, especially if not full-time position. Can be difficult to find individuals with the necessary industry background and marketing expertise.	<ul style="list-style-type: none"> • You want an overseas presence but not at the expense of a fully-staffed office. Representatives are usually less than half the cost of having an overseas office. • You know of industry personnel who are “experts” and champions of your organization, and have the knowledge, networking capability, and time to market your products and services.
Federations	Group of regional or national associations are members. Each member is an independent organization. Brings together several established entities that share common goals.	Accommodates need for national identity while retaining international recognition. Single, unified voice worldwide but allows for autonomy within each member organization. Low financial investment.	Members can have own agendas and break rank; can be poorly funded and/or strong rule the weak; highly dysfunctional if Board size gets too large, and difficult to see how money invested is directly benefiting members of the national association.	<ul style="list-style-type: none"> • Practice of profession or industry is very different but can agree on common goals. • Each national organization wants to preserve its own identity and unite through a neutral entity; and • Your organization is willing to provide the secretariat support.
Overseas Offices	Creates a presence in another country/region through an association management company (AMC) or independent office who meets the needs of members locally. Office provides a variety of services (i.e., recruits/retains members, builds relationships, organizes meetings, develops marketing material, conducts market research, monitors government issues, and promulgates standards).	Establishes an extension of your organization; can assess and meet needs locally, usually through a well-trained, multi-lingual staff; can create new products and services focused on region; can perform specific functions within region (lobbying, chapter support, strategic analysis, etc.).	Costly; may not see a return on investment for several years; can be difficult to monitor office’s performance unless there is strong accountability and communication with headquarters.	<ul style="list-style-type: none"> • Financial resources exist. • You want to position your organization in a particular market. • Already have existing activities in particular countries or regions, and • Need a local presence to service members more effectively.

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Licensing Agreements	A parent organization provides a license to its international affiliate or sponsor (i.e., for profit company, institution, etc.) to be the exclusive distributor of its products and services. The parent association owns exclusive rights to its name, logo, educational and training materials, publications, etc. A percentage of revenue generated by the agreed upon publications, training materials, etc. by international affiliate or sponsor are shared with the parent association.	Defines the roles and responsibilities of the association and its affiliate or sponsor. Affiliate/sponsor becomes the association's distribution channel for its education and training programs, publications, etc. Expansion and increased visibility of the association's name, logo, etc.; Revenue sharing between the association and its affiliate /sponsor.	Can be costly to set up licensing agreements – each may need to be individually negotiated. Can be slow and expensive to rely upon an affiliate/sponsor to adapt material, translate, and market products and services. Can be difficult managing cultural differences, expectations, and expertise of affiliate/sponsor from a U.S. based headquarters.	<ul style="list-style-type: none"> • You are looking for a quick entry into various markets through experienced locals on the ground that can expand your brand internationally with particular products. • Laws within a country are in place to protect your intellectual property. • Your experienced locals have the financial capital, commitment, and marketing expertise to honor the agreement.
Hybrid or Combination of Models	Combine a few different structural options (i.e., strategic alliance, affiliate, overseas office) depending upon level of international activity, and existence of and relationship with counterpart organizations. Realizes that “one size doesn't fit all.”	Allows for maximum flexibility in meeting the needs of international membership and partnering with national organizations; provides opportunity to test pilot strength/weaknesses of a more limited structure (i.e., strategic alliance) before establishing a longer and more committed relationship, (i.e., affiliation).	Can be costly in developing different types of agreements; time-consuming in managing multiple relationships; can create confusion among members and give impression that organization is being opportunistic, which could create resentment and member backlash.	<ul style="list-style-type: none"> • There is a need for customizing the arrangements of specific needs of members or a local group. • Your organization has the staff and financial resources along with the flexibility to manage various organizational models.

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