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Not your Father's Oldsmobile

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"It's not your father's Oldsmobile" is an advertising slogan from 1980s. Its purpose was to communicate that the company's vehicles had improved considerably from their perceived image.

I use the statement with volunteer leaders to help them understand the need for boards and associations to evolve.

There are external influences that suggest associations should adapt. Yet many boards think the status quo is OK. Their meetings might be characterized by a focus on current year activities and ideas for new projects.

Consider this a reality check.

Oldsmobile, America's oldest automotive brand of 106 years, closed down in 2004. And in 2017, after 50 years of entertainment Ringling Brothers and Barnum and Bailey permanently closed "The Greatest Show on Earth." Could this happen to your association?

Resistors

There are unwitting directors who resist change. Many simply don't think of the association as a business that must evolve. They're just happy to have a seat at the board table.

Some directors are influenced by group-think. For example, when a director reads IRS Form 990 as required by law, he or she might notice that the association has no conflict of interest policy. Discussing it with the rest of the board the director may be told, "You don't really need to worry about that."

In associations where member companies are characterized by a succession of family members, the prior leaders hold sway. A father who previously served in an association leadership role may advise a currently serving son or daughter, "You don't have to pay attention to those things – we never did."

"This is a real issue in today's association environment," said Suzanne Gebel, CAE, Executive Director of the Iowa Funeral Directors Association. "New laws, policy requirements, online networking, and competition have forced associations to evolve from a social club model to a business model to stay relevant and provide value for members."

Gebel went on to share that “legacy” board members – those who have a parent or co-worker who previously served on the board – are met back at the office or at home with questions about why the association is doing things so differently now. “Those who served an association as a board member years ago do not understand the myriad of new factors that have changed associations. They remember a time when everyone just belonged because it was the ‘right thing to do’ for their profession.”

Influences on Associations

Many factors influence associations. This list is not meant to be comprehensive but rather to get the attention of board members who say, “We don’t need to worry about that.”

Sarbanes-Oxley – In 2002 Congress focused on the governance of public companies. Sarbanes-Oxley passed prescribing that public boards adopt practices regarding conflicts of interest, document retention and audits. The law had an indirect impact on associations.

IRS Form 990 – Nearly every nonprofit files Form 990 annually. In 2008 the IRS incorporated many principles prescribed for public company boards through a series of policy questions. With Form 990 being a public record members are aware if the board has any conflicts of interest, if a financial audit is conducted, or if a significant diversion (theft of funds) occurred.

Scrutiny – Outside forces are scrutinizing the association. The government may wonder if it is worthy of federal tax exemption. The news media may inquire into spending patterns and savings. Some associations have built a strong financial reserve with the current board unaware of its best use so it builds but sits idle.

Competition – The model that associations developed to build lasting relationships with members appeals to other organizations. Loyalty programs (airlines), preferred customers (APPs), and membership (Sam’s Club) compete for members and often their enrollment is free.

Technology – Companies invest heavily in technology, communications and internet presence. Some associations consider technology a luxury, preferring to spend more on food and beverage. New generations expect association communications to be as seamless as Amazon. Having to register for an event by printing forms and faxing is wasting time.

Generations – Baby boomers were avid joiners. As described in the book “Bowling Alone,” they enjoyed three comfort zones; their lifelong workplace, a weekly church visit, and civic clubs or trade associations. Today the options to engage are endless – without paying dues.

ROI - Persons writing the dues check are asking, “What’s the return on investment?” Members often expect a two or three-fold return for dues paid. Associations must demonstrate value and deliver indispensable programs and services.

Brand Strength – An association must appear strong through its brand, including its logo, mission statement, and internet presence. Too many associations are married to a mission statement from the 1950s and a logo designed by the president’s daughter or son that nobody is willing to change.

Performance – Volunteer boards may not give much thought to measuring performance. From a self-evaluation of their governance to comparisons against established benchmarks, monitoring performance is critical. High performing boards make knowledge based decisions rather than reacting to “good ideas.”

It’s worth repeating in associations, “It’s not your father’s Oldsmobile.”

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Note: Bob Harris, CAE, provides free governance tips and templates at www.nonprofitcenter.com.

