Global Growth:
A World of Opportunity
How associations should approach international development.

By Terrance Barkan, CAE
For as long as they’ve existed, associations have been international in nature. The Brussels-based Union of International Associations, for instance, currently monitors more than 38,000 active international organizations and adds approximately 1,200 new ones every year.

What has been lacking so far, however, is concrete data about how international associations approach global development that other organizations can use to refine their own strategies.

A recent GLOBALSTRAT survey of nearly 350 international associations from 22 different countries changes that. Its results form the basis of a 2015 white paper, “Global Growth Strategies: The International Association,” that explores how professional societies, trade associations, federations, charities, coalition groups and certification bodies alike are approaching international issues and tackling their most formidable challenges in the areas of governance, business models, culture, standards, currency, credentials, legal, finance and competition.

Using the lessons gleaned from this research, associations grappling with international expansion can develop a solid international growth strategy.

Top 5 Common Challenges

Survey participants noted the foremost challenges they face growing globally. While the specific challenges organizations face depend on their particular sector, current international footprint, resources, capabilities and number of competitors, the result is a list of the five most common obstacles nearly every international organization must address:

1. Defining appropriate business models. Associations’ No. 1 challenge, by far, is defining what business model is most appropriate for international markets. Despite associations already having well-established business models, many organizations believe the business model they use today in the United States probably will not work in new international markets.

2. Accurately assessing the real potential of international markets. Many associations believe countries like China hold great opportunity simply because they are so large and their economies continue to rapidly grow. However, assessing the real potential of an international market for a particular association is much more complicated than just looking at a country’s population and gross domestic product. Other factors must be taken into account, such as existing competition (from other associations as well as the for-profit sector), the prevalence of English (unless you are prepared to translate), and regulatory, cultural and other administrative barriers.

States and mainland China. The good news is that U.S. associations are much more focused than their European counterparts on growing in Latin America and Central Asia/India.

According to GLOBALSTRAT’s survey, organizations with a higher percentage of international members are more likely to experience a higher level of international growth, and faster growth overall. For instance, associations with at least a 15 percent international membership were 56 percent more likely to experience faster international growth than other associations.

Targets for Future Growth

U.S. associations face increased competition from foreign competitors. European associations, for example, are looking to grow in many of the same regions where U.S. associations have a presence, including expansion from Europe into the United
3. **Language barriers.** Depending on the sector, language can be a major obstacle to international development. Associations that address technology, engineering, science or medicine often find that English is widely used. On the other hand, if your target members do not use English in their day-to-day work setting, it can be a major problem. You will also find that certain countries have a high use of English at all levels such as the Nordic countries (Sweden, Norway, Finland and Denmark), the Netherlands or India.

4. **Identifying qualified partners (associations, vendors, etc.).** It is relatively easy for U.S. associations to conduct due diligence on potential domestic vendors, suppliers, partners and even sponsors. We can check with colleagues on their previous experiences, view online credit reports or see public feedback and ratings. Internationally, this is not the case. It is important to allow more time and resources to identify, vet and connect with suppliers, partners and vendors when working outside the United States.

5. **Governance structure.** Closely related to identifying the right business model, many associations struggle with establishing the right governance structure. For example, if you depend heavily on volunteer leaders in a chapter-based business model, you might find that different cultural views in some countries make it difficult to recruit volunteers. There is also an important balance to strike between providing local autonomy and representation while maintaining control.

**Need More Global Guidance?**

Read the Q&A article, “Universal Lessons for Entering New, International Markets,” on p. 28 for more information on associations’ core opportunities in the international space, how associations can measure real market potential and minimize risk exposure, and which global success metrics are critical for success.
A Process-Based Approach to Strategy Development

International growth strategies require a well thought-out plan and market research to determine which markets hold real opportunity versus those that hold false promise. Associations are unique, each representing a specific industry or profession, and each faces a distinct set of competitors, challenges and constraints. It requires serious thought and effort to develop a coordinated plan that addresses each of these challenges. Moreover, it is important that strategy development is done in the right sequence to produce a solid plan:

1. **Discovery and scoping.** At this initial stage, it is important that your strategy development team really understands the essence of what your association is about and what you are trying to achieve. Efforts to define a clear objective often reveal different visions from different stakeholders. One-on-one interviews with key stakeholders are helpful at this stage to gain individual perspectives.

   The critical first step is to define your objectives in a clear and measurable way over a specific period. For example: To grow international members and revenue by 15 percent over a three-year period.

2. **Baseline setting.** Many associations have not fully measured the contribution that international markets make to the organization. For example, you might have tracked how many members you have from outside the United States, but have you tallied the number of international exhibitors at your annual meeting? Do you know the full revenue generated from all international sources, including sponsors, online sales, membership, meeting registrations, certifications, etc.? It is important to know your starting point in order to set targets and compare future results.

3. **Environment and market research.** It’s difficult for most associations to understand where real opportunities exist. It may be popular and compelling to be in China, but is it the best opportunity? Market and competitor research might suggest that a market like South Korea or Malaysia actually has more promise for your particular association than a country with a larger population.

   You not only have to look at the potential opportunity, but also take into account a country’s particular barriers like language, culture, bureaucracy, legal constraints, competition and other factors.

4. **Analysis.** As you gather stakeholder interviews, assess market opportunities, profile your competition and consider structural obstacles in different parts of the world, you’ll begin to develop a picture of where your greatest opportunities lie and if there is sufficient demand to proceed.

   Your market research should give you an indication of which products and services will be in most demand in specific countries. For example, credentials are very much in demand in China while membership is not. If you were to lead with only membership in China, you would most likely struggle.

5. **Review governance implications.** In many cases, international markets will require a business model that’s different from your domestic one. Will your volunteer leadership be comfortable with operating differently in different parts of the world in order to be successful?

   In addition, the concept of volunteerism varies from country to country. If your business model is heavily dependent on volunteers, you may find it difficult to operate in countries that do not have a culture of volunteering with professional or trade associations.

6. **Business strategy development.** The heart of your international strategy is to choose which products and services are to be deployed into which markets, and in what sequence. In addition, determine the implementation model to use (e.g., implement through partners and affiliates, directly with staff on the ground, through chapters, etc.).

   Consider starting your strategy with a small number of highly promising markets versus attempting to engage in too many countries at once. It is better to build on your experience and success in a few countries and to expand more rapidly later.
7. **Business plan composition.** Once you have determined your business strategy, it is important to record your plan in a document that is easy to use and understand. The business plan should detail who will do what, when and how, as well as the cost to implement the plan and conservative revenue estimates. Consider a three-year budget forecast. This allows enough time to determine if your plan is working and is short enough to forecast with some certainty.

8. **Business plan execution.** At the execution and implementation phase, staff often have many questions about very practical issues. For instance, how do we acquire or build our prospect database? How do we establish a bank account or payment mechanism in the countries we have targeted? How should we handle queries that arrive in a language other than English?

It is impossible to anticipate every question or challenge when operating internationally and staff should be made comfortable knowing that this is a learning and growing experience for them and for the organization. Yes, there are cultural differences, but these are usually bridged by a passion for your members’ profession or industry. People everywhere will recognize and respect professionalism, quality and proactive customer service.

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**International Strategy: The Difference Between Success and Failure**

Most associations start with an “ad hoc” and opportunistic approach to international growth. While this can work for a while, how much more successful could an association be if it had a solid strategy and business plan for global growth? According to the “Global Growth Strategies” white paper, faster growing associations are almost 50 percent more likely to have a global growth strategy and to implement it.

It is not unusual for some staff or volunteer leadership to be very enthusiastic and supportive of international growth while others are highly skeptical. Staff skeptics may worry how a proactive international program will affect their day-to-day activities—if it will require more work on top of their current responsibilities, for example, and whether they possess the skills and knowledge to do a good job for international members. Volunteer leaders may assume that international programs are a waste of money, or that the association is not going to learn anything from outside the United States. Often, this view is taken by volunteers who do not have personal international experience and are unaware of the potential benefits.

In both cases, information and guidance are critical. A strong international strategy and business plan will address these concerns. International activities should not only be profitable, but they should contribute to your association’s body of knowledge, reputation and influence. In today’s environment, when so much innovation and business development is happening beyond the United States, even domestic-focused associations should be more aware of what is happening internationally.

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Universal Lessons for Entering New, International Markets

By Heather Ryndak Swink, CAE, M.A.

We’ve all heard the phrase “going global.” But what does that mean, exactly, and how does it apply to associations? It means that these global organizations locally connected to their members and customers wherever they operate. For associations, specifically, it means that services and benefits should be applicable and relevant for members where they live. Here, discover how to take advantage of new, international markets.
FORUM: What are the factors driving global change? What kind of change is taking place, and what are the implications of this change for associations?

Barkan: Every day we read about examples of how much of our world is interconnected and globalized. Commerce, higher education, research and innovation are connected like never before. Information technologies—specifically, social media tools and cloud computing—make connecting people and ideas easier, faster and cheaper than ever before. This has huge implications for associations. Associations exist to serve the needs of members. In a highly connected and globalized world, members will migrate to the associations that best meet their evolving needs.

The emerging economies of the world currently include more than 3 billion citizens that are enjoying rising standards of living. They are also striving for better education, training and professional development to improve their lives. Emerging economies are expected to represent the majority of global gross domestic product as early as 2020. Because these economies are still evolving, most are not well served by national associations, representing significant opportunities for more established associations that have proven content and programs.

U.S.-based associations, in particular, have to be careful to not fall into the trap of thinking that leading innovation and professional best practices occur only in the United States. The United States represents less than 5 percent of the world’s population. Even if your association...
is primarily focused on a domestic audience, the association still needs to be aware of what is happening globally if it wants to educate its members and protect their interests.

FORUM: How can associations measure international market potential? How should they identify and assess the overall environment?

Barkan: This is one of the most difficult things for an association to do. It is not enough to say, “There are 1.4 billion people in China; therefore, we should be in China.” There are a lot of factors to determine where your best opportunities are, including: language, culture, level of existing competition, current level of economic development, currency or regulatory restrictions, etc. Often, your best opportunities are in countries that were not obvious at first but rise to the top upon deeper inspection.

FORUM: Associations tend to be somewhat conservative and risk-averse. International growth and development can place associations far outside their comfort zone. What can be done to control and minimize risk exposure?

Barkan: International growth does involve risk because you are taking your brand and services to new markets. This is at odds with many associations’ very conservative approach to risk. One way to minimize this risk is the development of a well-thought-out strategy so that your international programs are not ad hoc. Another approach is to focus your efforts on your best market opportunities first and avoid spreading your resources too thin by chasing too many markets at once.

FORUM: How much should an association invest in international growth?

Barkan: This should be discussed as a part of your risk management approach. It should be recognized that underinvestment can be as risky as over-investing. If you have identified true market opportunities, you need to invest enough for your effort to succeed. If you do not have the resources to do so, you are better off waiting until you can implement properly than risk failing from underinvesting.

FORUM: Why do so many associations “fail” at international development? And why are associations at risk if they do not grow their international business?

Barkan: These are two very different but related questions. First of all, where we have seen associations fail most often is that they do not have a real strategy. They operate in a more opportunistic and ad hoc fashion. This can work when the opportunities are plentiful but it will only get you so far and leaves you vulnerable to an organized competitor. This leads us to the second question. Associations that have a broader base of membership and revenues from international activities are less reliant on one particular market. In addition, new competition from associations and for-profit companies is emerging globally. If you believe that the world is globalizing then you might also believe that your profession or industry needs an association to represent the interest of the members globally. If your association doesn’t assume that role, then it will be another organization that does it at some point because that is what the market demands.

FORUM: How can associations leverage social media to recruit and engage international members?

Barkan: Social media—LinkedIn, in particular—gives an unprecedented opportunity to identify thought leaders, speakers, authors and prospective members in international markets in a very targeted and cost-effective manner. Especially now, with tighter restrictions on the use of purchased marketing lists, social media is a tool to reach prospective members and get them to “opt-in” to receive further communication. It’s often the first step to becoming a member.

On the other hand, new social media-based online communities provide alternative and competing platforms from which association members network, communicate and share informa-
tion. These ad hoc online communities are also organizing live events, posing a real and growing threat to the traditional association model—especially since participation in these new online forums is often for free or at a very low cost.

**FORUM:** What are some associations that have “gone global” well, and what were the key contributors to their success? What can other associations learn from their results?

**Barkan:** There is an increasing cadre of associations that have learned how to harness the power of international markets. Diverse organizations like the Project Management Institute, the Entrepreneurs Organization, the Society for Human Resource Management, the International Coaches Federation, the Institute of Management Accountants and the CFA Institute have propelled their growth far beyond what was possible in their traditional home market.
FORUM: Often there is confusion between the terms “international” and “global.” What’s the difference?

Barkan: I think it is important for an association to be clear with itself about what it hopes to achieve and become through an international strategy. There is a large difference between a U.S.-based association that has a lot of international programs, an association that has significant international membership and an association that wants to become truly global. One is not better than the other but they will require very different strategic approaches.

Some “international” associations are primarily national in scope, having fewer than 5 percent of their total members from outside their national borders. This type of organization is international in name only with no dedicated services or representation of international members. They are primarily concerned with national issues, regulations and standards. Other associations are proactively international, with up to 50 percent of their membership from outside their national
need more global guidance?
for more on how associations should approach international development, see this issue’s cover story, “global growth: a world of opportunity,” on p. 14.

FORUM: What are core opportunities for associations in the international space?

Barkan: Fortunately for associations, there are areas of activity that are difficult for for-profit entities to compete in. These include: setting standards, providing peer-reviewed quality journals, professional credentials or certifications, government advocacy and education. Many companies provide education and training, but associations have a higher level of credibility because of the peer review process of content development and the nonprofit mission. 🌍

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Borders. Most often they will have developed some dedicated services or representation of international members that deliver unique services or networking opportunities at a local/regional/national level outside the “home” territory.

In a “global” organization, a “home” base or market cannot be easily defined other than a historic one. No single country or region constitutes more than 50 percent of its total membership. The board has representatives of many countries, elected based on regional as well as professional criteria. The focus will be almost exclusively on global and international issues. Chapters or affiliates will disseminate global decisions downward and raise local and national issues up to the board level. Each region, chapter or affiliate will maintain at least the majority of its infrastructure needs locally. The board and a global coordination center will oversee the global organizational management. Multiple language versions of information may be implemented.

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